Legitimacy threats and organizational responses: Drivers leading to symbolic vs substantive actions

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Abstract

In my dissertation I investigate the drivers leading organizations to respond symbolically versus substantially to legitimacy threats due to their (perceived) socially irresponsible behaviours. To do so, I conducted a qualitative research over ten Food & Beverage (F&B) companies subject to a legitimacy threat as a result of their misleading marketing practices. My findings suggest that it is possible to group these organizations in three distinct profiles: a) The Committed Actors, which solely engage in substantive actions; b) The Calculating Actors, whose first response concerns denial of responsibility followed by symbolic actions and c) The Compliant Actors, which first deny their responsibility and implement substantive actions at a later stage. On the basis of these findings, my work contributes to the literature by shedding light on the interplay between symbolic and substantive actions and by unveiling the internal and external organizational drivers shaping this interplay. My study also demonstrates to have some managerial implications because it shows the role of corporate social responsibility in organizations' attempt to gain stakeholders' support.

Key Words: Legitimacy Threat; Symbolic Actions; Substantive Actions; Corporate Social Responsibility

Resumo

Na minha dissertação, eu investigo os factores que originam respostas simbólicas versus substantivas por parte de organizações que sofrem de ameaças de legitimidade devido aos seus (perceptíveis) comportamentos socialmente irresponsáveis. Para isso, conduzi uma pesquisa qualitativa sobre dez empresas do sector alimentar e de bebidas sujeitas a ameaças de legitimidade em resultado das suas práticas de marketing enganadoras. As minhas conclusões sugerem que é possível agrupar estas organizações em três perfis distintos: a) Os Actores Comprometidos, que somente se comprometem com acções substantivas; b) Os Actores Calculistas, cuja primeira resposta consiste em negação de responsabilidade seguido de acções simbólicas e c) Os Actores Complacentes, que primeiro negam qualquer responsabilidade e, numa fase posterior, implementam acções substantivas. Na base destes resultados, o meu trabalho contribui para a literatura ao evidenciar a interacção entre acções simbólicas e substantivas e ao relevar os factores internos e externos que formatam esta mesma interacção. O meu estudo também demonstra ter algumas implicações para o processo de gestão porque demonstra o papel da responsabilidade social corporativa na tentativa das organizações ganharem o apoio dos seus constituintes.

Palavras-Chave: Ameaça de Legitimidade; Acções Simbólicas; Acções Substantivas; Responsabilidade Social Corporativa

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Abbreviations

BKE – Boost Kid Essentials

CSPI – Center for Science in the Public Interest

EFSA – European Food Safety Authority

FDA – Food and Drug Administration

FTC – Federal Trade Commission

NGOs – Non-Governmental Organizations

WHO – World Health Organization

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1. Introduction

Over the past decades, organizational legitimacy has been on the spotlight of both business and academic worlds. Overall, the problem statement that this paper undertakes to solve is the following:

What are the drivers leading organizations to respond symbolically versus substantially to legitimacy threats due to socially irresponsible behaviours?

To address this research question I focused on ten single companies belonging to the F&B sector in view of their difficulty to address a legitimacy threat. That is because they have been exposed to high public discredit owing to their products' harmful contribution to the spread of non-communicable diseases, particularly the obesity epidemic. The sector is therefore perceived as a questionable one and stakeholders are extremely careful in scrutinizing companies' practices in order to see answers to their requests.

In an era where consumers are striving to adopt a healthier lifestyle, there is currently a manifest inconsistency. On the one hand, Pepsi, Campbell's and their counterparts have implemented industry-regulated programs, launched nutrition programs, sponsoring sporting events, funding research centres as well as partnering with NGOs (Grotz 2006; Rowe et al 2009; Mialon et al 2015). On the other hand, they advertise products with excessive salt, sugar and saturated fat as being highly 'nutritious', 'healthy' and 'all-natural' Browner and Warner 2009). Accordingly, regulatory bodies and consumers have been demanding more transparency by means of class action lawsuits with both image and financial repercussions (Courtney, 2006).

Hence, one can argue that these ten firms are likely to suffer from a legitimacy threat. Against this backdrop, scholars have shed light on several strategies used by organizations to ensure their survival and thrive (Deephouse and Carter 2005; Walker and Wan 2012; Scherer et al 2013).

This study applies the theoretical concepts of symbolic and substantive actions to the institutional theory of corporate legitimacy. Rao (1994, p.30) stated that "legitimacy flows from symbols" but, in the present day, they may be perceived as mere green-washing tool "whose motive is to engage in green talk to manage their corporate image" (Walker and Wan 2012, p.2). Therefore, I present a research vehicle to identify organizational strategic responses to tackle legitimacy threats.

To infer why organizations respond symbolically versus substantially to a legitimacy threat, I examine a set of eight potential variables: media coverage; type of claim; firm size; CSR orientation; competition CSR orientation; perceived deviance; organizational ownership and base location. From these data, I defined three organizational profiles grounded on their type and moment of response: the committed actors, which only engage in substantive actions; the calculating actors, which first deny any wrongdoing and further implement symbolic actions and the compliant actors, whose responses are denial of responsibility followed by substantive actions.

My dissertation therefore contributes to a more profound understanding of literature on organizational legitimacy as follows. First, I identified an interplay between symbolic and substantive actions. Second, the internal and external drivers covered proved to shape this same interaction. Furthermore, I hope to provide the managerial class with relevant implications of different responses aimed at gaining stakeholders' support. Finally, I plan to take a proactive approach about the paper's limitations and future research.

The work's research structure is designed as follows: Section 2 outlines the prevailing literature on organizational legitimacy and symbolic versus substantive actions. Subsequently, Data and Methodology will be thoroughly decomposed in Section 3 where the specific context of the F&B industry will be addressed. Thereafter, Section 4 describes the paper's main findings in line with the qualitative model and its explanatory elements. Lastly, this work terminates with contributions to the literature, a critical view on limitations as well as a brief suggestion of further research topics.

2. Literature Review

2.1. Organizational Legitimacy

2.1.1. Definition

The concept of organizational legitimacy has increasingly become a research topic receiving close review over the last three decades (Deephouse and Schuman, 2008). As mentioned by Deephouse and Carter (2005), its influence on institutional theory and resource dependence theory sheds light on the multidimensional nature of such conception.

Primary research carried out by Maurer (cited in Schuman 1995, p.573) understood legitimacy as "the process whereby an organization justifies to a peer or superordinate system its right to exist." In this case, legitimacy acceptance was solely attained according to a hierarchical process of internal evaluation.

A few years later, a new current of thought emerged by the hand of Pfeffer and others (cited in Schuman 1995, p.573) in which the evaluative dimension was combined with the compliance between organizational practices and "the norms of acceptable behaviour in the larger social system" (Dowling and Pfeffer, cited in Schuman 1995, p.573).

Research carried by Meyer and Scott (cited in Schuman 1995, p.573) converged from *desirability* to the *comprehension* of the reasons invoked behind an organization's existence. As a result, this new paradigm would originate the emergence of the denominated *cognitive legitimacy*.

For the specific purpose of this paper, an omnibus-based definition highlighting both evaluative and cultural-based standpoints will be explored with reference to Suchman (1995, p.574):

"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."

2.1.2. Legitimacy and Responses to Legitimacy Threats

To some extent, social agents hold the power in promoting or recriminating a set of organizational practices which are thought to be aligned with the interests of a narrow social group or an entire community where they pertain (Bitektine, 2011).

Although legitimacy is capable to surpass the effects of a sporadic event, it is yet gradually developed and shaped based on a sequence of occurrences (Suchman, 1995). In fact, the latter dictate if the social approval 'umbrella' is reassured by a collective audience of stakeholders on the basis of generally accepted goals and behavioural patterns (Blanco et al, 2013).

Organizations, as participating members of a community, tend to pursue legitimacy in the course of their core business activities (Walker and Wan, 2012). Indeed, legitimacy is strictly linked with the capacity to acquire key resources (Elsbach and Sutton 1992; Bansal and Roth 2000; Deephouse and Carter 2005; Walker and Wan 2012; Scherer et al 2013). Specifically, positive legitimacy perceptions prove to be linked with a rising investor appeal, less volatile stock prices and strengthened relationships with business partners (Panwar et al, 2014).

Overall, companies who hold themselves accountable of their actions are more likely to beget acknowledgment, meaning and trust around their *raison d'être* (Elsbach, 2003). On the other hand, "persons or institutions who lose legitimacy find it difficult to enter into processes of social exchange as their partners do not rely on their compliance with social rules" (Palazzo and Scherer 2006, p.71) and may even perceive them as unnecessary or irrational (Meyer and Rowan, cited in Palazzo and Scherer 2006). An organization's legitimacy can be threatened when its behaviours are perceived as inconsistent with broadly accepted values and beliefs.

In particular, there is evidence that corporate scandals' rising multiplicity and frequency might have jeopardized organizational legitimacy and even its survival (Siomkos and Shrivastava, 1989). Indeed, if key stakeholders disapprove the actions of a responsible company, they may retrain support towards its goals or activities (Elsbach and Sutton, 1992). This process turns into "self-reinforcing feedback loops" where stakeholders aim to disassociate from the firm as a way to maintain their integrity intact (Schuman 1995, p.597).

In this scenario, an organization should work to repair its legitimacy (Schuman, 1995). Such case "generally represents a reactive response to an unforeseen crisis of meaning" wherein the organization solely acknowledged it through the emergence of a disruptive event (Schuman 1995, p.597). Thus, repairing legitimacy is not a straightforward process and there is no consensus in respect to which sort of organizational strategies are more effective to stanch a legitimacy crisis (Lamin and Zaheer, 2012).

With the purpose of defending themselves to imminent crisis, firms have an array of strategies at their disposal to repair their legitimacy (Lamin and Zaheer, 2012). In particular, this paper explores the adoption of symbolic versus substantive actions.

2.1.2.1. Symbolic vs. Substantive Actions

For simplicity purposes my discussion will point to the contrast between symbolic and substantive actions. These concepts' definition and explanation will be employed according to Ashforth and Gibbs (1990) research:

Symbolic Actions are defined as a portrayal of an organization's changes with the aim of appearing consistent with social values and expectations besides avoiding side effects. It is closely linked with *impression management* since it replaces the meaning of acts into short-term superficial and image-based practices.

As a general rule, firms use the following tactics when implementing this strategy:

Espousing Socially Accepted Goals. Firms publicize socially acceptable goals in contrast with the ones actually put in practice in order to ensure respectability. One example is the formulation and disclosure of ethics policies that fail to be overseen.

Denial and Concealment. Companies suppress information concerning their activities or results that may jeopardize their legitimacy by misrepresenting one's condition.

Redefining Means and Ends. Managers attempt to justify an organization's past actions in view of a new social paradigm governed by different values perceived as legitimate. For instance, sponsorship of sporting or community events illustrates this course of action.

Offering Accounts. This tool intends to dissociate an organization from an event with potential damaging effects to its legitimacy. It comprises 'excuses' as well as 'justifications'. The former relates to deny or reduce responsibility whereas the latter focuses on limiting negative consequences.

Offering Apologies. It concerns an acknowledgement of partial or total accountability for a damaging situation, implying some sort of regret.

Ceremonial Conformity. Organizations can opt to apply a set of high noticeable activities which are in line with stakeholders' expectations without a 'substance' correspondence. One case is the implementation of a corporate ethics committee or inviting a NGO to be part of the board of directors.

In turn, *Substantive Actions* are based on real, effective changes in organizational goals, structures, and processes or socially institutionalized practices.

In general terms, firms use the following tactics when implementing this strategy:

Role Performance. Organizations perform in agreement with their key constituents' expectations upon which they rely in terms of vital resources. Such practice proves to be imperial to firm's survival. One example is providing consumers with a good quality-price relationship.

Coercive Isomorphism. It refers to the compliance with stakeholders' values, beliefs and norms as a sign of corporative willingness and capacity to explain its *raison d'être*. Changing a manufacturing process due to environmental concerns portrays this behaviour.

Altering Resource Dependencies. Firms tend to adjust the combination of installed resources with the purpose of obtaining flexibility to meet key stakeholders' expectations.

Altering Socially Institutionalized Practices. Companies tend to apply socially institutionalized practices, norms and traditions as a way to consistently conform to their ends or means.

Previous research indicates that firms' attempt to repair their legitimacy involves defensive efforts (Ashforth and Gibbs, 1990). On the one hand, firms need to provide an immediate answer to stakeholders' expectations to avoid negative effects. They thus have incentives to perform symbolic actions. On the other hand, stakeholders are demanding effective changes in companies' course of action by pushing organizations to perform substantive actions instead (Desai, 2011).

Ashforth and Gibbs (1990) demonstrate the difficulty faced by organizations when applying a symbolic management strategy. Bearing in mind that the challenge in question is associated with an "established organizational infrastructure", a symbolic response is more likely to trigger a stricter call for substantive changes by stakeholders (Ashforth and Gibbs 1990, p.183). Nonetheless, an organization capacity to act substantially may be endangered due to lack of time or available resources (Ashforth and Gibbs, 1990). Moreover, there is a patent managerial instinct to defend the *status quo* through denial, accounts, among other responses (Fooks et al, 2012).

Given this last orientation, defensive institutional efforts are considered to be risky because they can be seen as a superficial act of manipulation (Desai, 2011). These facts are widely deepened by Ashforth and Gibbs (1990, p.186) who invoked the *self-promoter's paradox* upon which individuals regard an organization's protests as a blameworthy 'self-serving' act that proves one's incompetence. By the same token, literature suggests that companies that constantly claim their conformity to constituents' request for substantial changes are the ones less likely to proceed with them (Fiss and Zajac, 2006).

A complementary stream of thought embraced by Lamin and Zaheer (2012, p.62) undermines the usage of "traditional arguments of institutional theorists" on the premise that they will have a useless, minimal effect on shaping public negative perceptions. In line with their findings, none response to legitimacy threat had a positive effect on the general public and solely accommodation proved to be a lesser evil (Lamin and Zaheer 2012).

Against this background, the current study intends to discover what drivers lead to the adoption of symbolic versus substantive actions when organizations are confronted with a legitimacy threat.

3. Data and Methodology

3.1. Research Setting

The purpose of this paper is to build an explanatory model of the drivers leading organizations to respond symbolically versus substantially to legitimacy threats. I thus decided to dwell on ten F&B companies that are faced with such challenge in the U.S. market.

In general terms, the F&B sector is composed by corporations that market packaged foods (Unilever), restaurant meals (McDonald's) and non-alcoholic beverages (PepsiCo) (Nixon et al, 2015). The sector is valued at $7 trillion representing circa 10% of the global economy (Oxfam, 2013). The sector's competitive landscape is characterized by a high rivalry frame lauded by low profit margins (BMI Research, 2015). Moreover, there is a high market concentration wherein 15 firms control 80% of the U.S. market (Calbench, 2013). Moreover, the U.S. is among the top 3 food and drink producers in turnover terms.

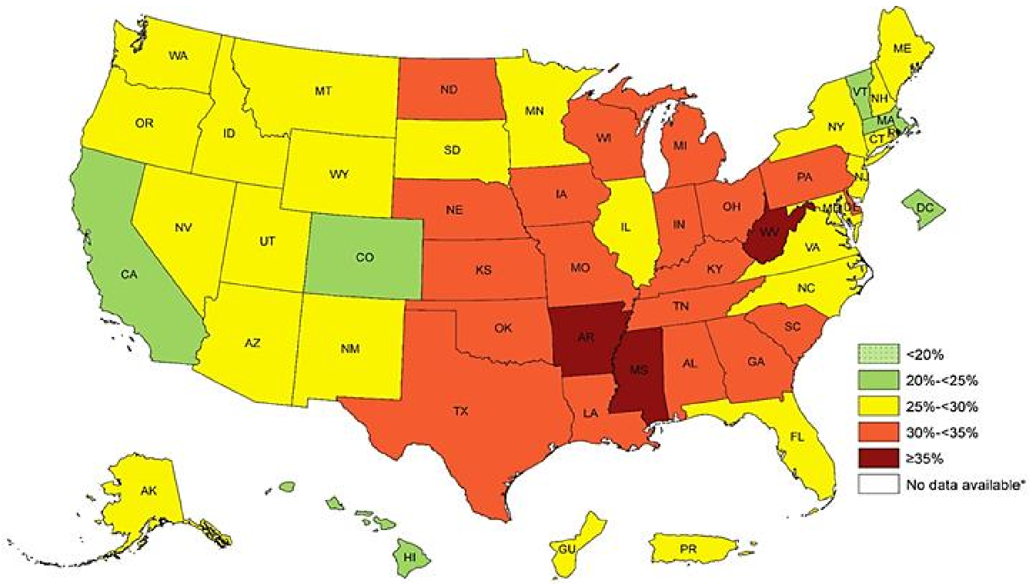
Table 1 - Distribution of Turnover, Number of Employees and Companies in the F&B industry worldwide (2012-2013)

	Turnover (€ billion)	% of total manufacturing turnover	Employees (1,000)	Number of companies
EU	1,244	15	4,220	289,000
China[1]	767	11	6,740	400,000
US	578	13	1,414	25,798
Japan	466	12	1,427	59,458
Brazil	169	22	1,626	32,000
Mexico	102	12	793	170,000
Russia	99	15[1]	1,300[2]	43,016
India	95	9	1,700	36,881
Canada	72	16	288	6,526
Australia	62	23	220	7,507
South Korea	32	6	179	23,929
New Zealand	27	47	81	3,302

Source: FoodDrinkEurope, *European Food and Drink Industry 2014-2015,* 2015

The F&B sector has been judged as a responsible agent for the spread of non-communicable diseases, with particular emphasis on the obesity epidemic. This disease has indeed arisen as a worldwide concern as far as health policy is concerned (Nixon et al, 2015). According to the WHO (2015), overweight and obese are defined as "abnormal or excessive fat accumulation that may impair health." The same institution reveals that obesity has more than doubled across the globe since 1980 due to an excessive intake of foods with a high fat content and a sedentary lifestyle. As a consequence, the probability of suffering from chronic diseases as type 2 diabetes has increased exponentially. These indicators are even more overwhelming in the U.S. where two-thirds of the adult population is overweight or obese (Brownell and Warner, 2009). To exacerbate, no U.S. state had a predominance of obesity lower than 20% in 2014.

Figure 1 - Prevalence of Self-Reported Obesity among U.S. Adults by State and Territory



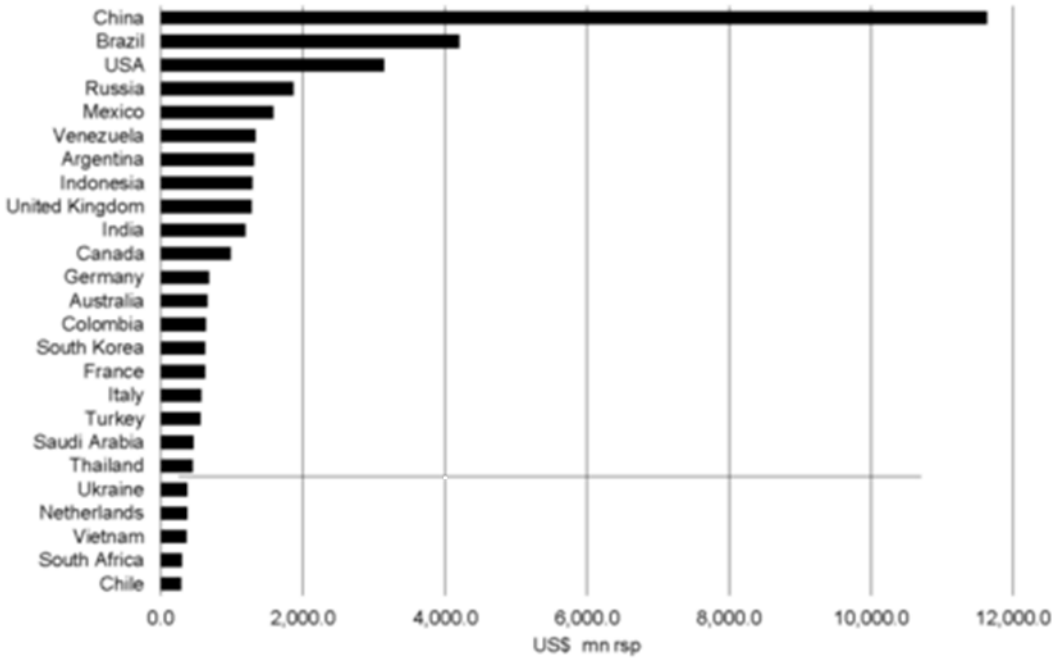
Source: Centers for Disease Control and Prevention, *Obesity Prevalence Maps,* 2014

Economically, it is estimated that $190 billion are annually added up to the country’s national healthcare system owing to this epidemic.

“Such statistics worry people, leading the press, parent groups, school officials, nutrition experts, health care providers, and government leaders to conclude that something must be done” (Brownell and Warner 2009, p.4). Given this background, the F&B industry has become susceptible to high scrutiny. The question whether the sector should be held accountable for the worsening of population’s health condition has caused much debate over the years (Grotz, 2006).

Times have indeed changed and the buzzword ‘we are what we eat’ portrays the current panorama. Consumers are becoming more attentive to their health condition and, consequently, apologists of a healthier lifestyle. Correspondingly, the U.S. has become the top 3 health and wellness growth market in 2012.

Figure 2 - Top 30 Health and Wellness Growth Markets 2011-2012



Source: Euromonitor International, *Health and Wellness the Trillion Dollar Industry in 2017: Key Research Highlights,* 2012

This trend is corroborated by Nielsen's 2015 Global Survey results at which 83% of North Americans taking action to lose weight does it through diet changes. Hence, new consumption patterns have led major U.S. F&B firms to lose a total of $18 billion in market share from 2009 to 2014. On the other hand, Nielsen's study reveals that the sales of healthful products grew 7% from 2012 to 2014 with a special emphasis on those whose package labels contained 'natural' (+24%) and 'organic' (28%) claims.

Figure 3 - Sales change for selected Healthy, Semi-Healthy and Indulgent categories in North America 2012-2014

Source: Nielsen, *Global Health & Wellness Survey,* 2012

In view of a new scenario, food corporations' strategy to shape public discourse has been founded on a web of manipulative activities with the purpose of remaining credible and transparent to stakeholders' lens (Ludwig and Nestle, 2008). The underlying message conveys that the industry's players are proactive social actors who want to be 'part of the solution' in fighting non-communicable diseases (Brownell and Warner, 2009). In this respect, CSR annual reports are common instruments whereby these firms communicate their commitment to health concerns (Herrick, 2009). By the same token, F&B companies are reducing the amount of unhealthy ingredients in their products or menus as well as developing new ones with attractive health claims (Petty, 2015).

Nonetheless, the WHO's Director-General states that "the formulation of health policies must be protected from distortion by commercial or vested interests" (WHO, 2013). Therefore, stakeholders have become conscious concerning the conflict of interests prevailing in this industry (Brownell and Warner, 2009). In pursuing profitability, companies are engaging in misleading marketing practices by advertising products with low nutritional value as 'all natural', 'healthy', among other claims (Courtney, 2006).

3.2. Sample

This study's sampling consists of F&B organizations that were accused of misleading marketing practices towards their 'good-for-you' products. My sampling strategy was based on the following criteria:

First, I chose organizations that represent a significant portion of the industry's sales and the lobbying power above-described.

Second, I ensured that their product portfolio includes a wide array of F&B categories in order to enlarge the managerial relevance of the study's problem statement.

Third, I focused on one single market (U.S.) since organizations compete for the same consumers by offering similar products as well as attempting to stay credible among the same audiences (Deephouse, 2000).

Fourth, I conducted my research within the period 2008-2015 because it encompasses the spread of the obesity epidemic in the U.S. alongside an increasing public scrutiny of the F&B sector's actions.

Fifth, I opted for investigating a reasonable number of cases in order to ensure diversity of scenarios and thereby enrich the validity of the paper's conclusions (Bansal and Roth 2000; Zeet and Huy 2007).

This process led to a number of 19 companies. However, 9 had to be excluded from the original set due to missing data points and inconclusive judicial proceedings. Thus, this sampling strategy drove me to identify the following ten organizations:

Table 2 - Sampling: Ten F&B Organizations

Company	Product	Accusation	Year
Danone	*DanActive* dairy drink & *Activia* yogurt	Deceptive Advertising	2008
PepsiCo	*Naked Juice* juices and smoothies	False Advertising	2011
General Mills	*Nature Valley* bars	Misleading Labelling	2012
Ferrero	*Nutella* chocolate spread	Fraudulent advertising	2011
Campbell's	*Campbell's Heart-Check Mark-* certified soup	Misleading Labelling	2010
Tyson Foods	*Van's Natural* snacks	Misleading Labelling	2015
WhiteWave Foods	*Horizon Organic* milk drinks and yogurts	False Advertising	2013
ConAgra Foods	*Alexia Potato* frozen products	Misleading Labelling	2011
Unilever	*Country Crock& I Can't Believe It's Not Butter* margarine spreads	False Advertising	2009
Nestlé	*Boost Kid Essentials* high-vitamin drink	Fraudulent advertising	2010

3.3. Measures and Data Sources

Considering my research question, I first examined the legitimacy threats suffered by my sample of ten F&B companies as well as the type of response given by each of them – symbolic versus substantive.

1. Legitimacy Threat

Legitimacy threat consists of a generalized perception that the actions of an organization are undesirable or inadequate when compared to its society's established values, beliefs and course of action (Schuman 1995; Palazzo and Scherer 2006; Lamin and Zaheer 2012). I considered a company subject to a legitimacy threat whenever it was exposed to a class action lawsuit raised by individual consumers or public interest groups (Courtney, 2006). I therefore analysed online articles from credible media sources that cover international business news (*The Guardian, Forbes, The Economist, Wall Street Journal, New York Times*) in order to identify if and when the ten organizations were targeted by such court cases (Hillman and Keim, 2001).

2. Symbolic Actions

Relying on previous literature (Ashforth and Gibbs, 1990), symbolic actions concern image-based practises intended to convince stakeholders of an organization's congruency with societal norms and expectations. They include 1) Espousing Socially Accepted Goals, 2) Denial and Concealment, 3) Redefining Means and Ends, 4) Offering Accounts, 5) Offering Apologies and 6) Ceremonial Conformity (Ashforth and Gibbs, 1990). With the aim of pinpointing them, I gathered data from companies' CSR reports, online articles of news agencies and newspapers (*Bloomberg, Reuters*, *NBC News, Law 360,* among others) alongside specialized publications made by regulatory bodies and public interest groups (*Food and Drug Administration, Center for Science in the Public Interest*).

3. Substantive Actions

According to Ashforth and Gibbs (1990), substantive actions correspond to effective changes in organizational goals, structures, processes or socially institutionalized practices. They involve 1) Role Performance, 2) Coercive Isomorphism, 3) Altering Resource Dependencies and 4) Altering Socially Institutionalized Practices. Similar to the above-mentioned description, I collected data from CSR reports, online articles of news agencies and newspapers as well as publications made by regulatory bodies and public interest groups to detect this sort of responses.

Second, I identified nine possible drivers leading organizations to respond symbolically versus substantially to a legitimacy threat on the basis of previous scholars. They are as follows:

A) Media Coverage
B) Type of Claim
C) Firm Size
D) Financial Performance
E) CSR Orientation
F) Competition CSR Orientation
G) Perceived Deviance

H) Organizational Ownership

I) Base Location

A) Media Coverage. This measure is the number of news reporting class action lawsuits against F&B corporations (Pollock and Rindova 2003; Madsen and Rogers 2015). I decided to study the influence of media agents on organizational responses because by holding the power to frame events in a positive or negative way, they affect to which extent stakeholders end up approving or disapproving an organization's behaviour. So, media coverage can influence stakeholders' perceptions of corporations' questionable behaviours, alternatively boosting or reducing their criticism (Pollock and Rindova 2003). Hence, different levels of media coverage may unleash divergent types of organizational response to a legitimacy threat. So as to analyse this variable, I decomposed it into three levels according to the evidenced number of news: low, medium and high.[1]

B) Type of Claim. This driver indicates the specific health benefit promoted by F&B companies in their products' advertisements or package labelling. There are three main label claims for conventional foods and dietary supplements: *health claims, nutrient content claims* and *structure/function claims*. For the purpose of this study, the latter claim was removed due to its lower incidence of use among the initial sample of companies. I solved to investigate this factor since deceived consumers may find health claims more easily criticisable than nutrient content ones owing to their direct link between food and healing, prevention or diseases' treatment (Chan et al 2013; Hasler 2008). Thus, different types of claims may trigger diverse responses to a legitimacy threat. I analysed 'Type of Claim' according to U.S. FDA guidelines.[2]

C) Size. This variable is based upon a firm's total annual revenues (Stanwick and Stanwick, 1998). I opted for studying the impact of a firm's size on its response since larger organizations are usually exposed to a higher level of public attention and, as a result, of stakeholders' pressures in the event of socially questionable behaviours (Darnall et al, 2009). On the other hand, these corporations are proficient in resisting to such forces by allocating resources to lobbying and litigation as a sign of their power (Darnall et al, 2009). In this respect, one can expect this variable to have an impact on organizational responses to a

[1] Appendix 1 develops Media Coverage's data sources in greater detail.

[2] Appendixes 2 and 3 develop Type of Claim's definition and data sources in greater detail.

legitimacy threat. I measured ‘Firm Size’ as ‘large’ or ‘small’ by examining companies’ last three years of revenues extracted from their annual reports.[3]

D) Financial Performance. This indicator refers to companies’ operating margin. My decision to study it lies in the fact that high-performing firms are supposed to have greater resources to invest (Padgett and Moura-Leite, 2012). Because of that, they can allocate their budget to different purposes according to their priorities. Moreover, they are often regarded as greedy and negligent by not adhering to their community’s values. One can thus expect them to face a higher degree of stakeholders’ pressure (Filatotchev and Nakajima, 2014). As a result, this driver is able to affect organizational responses to a legitimacy threat. I measured ‘Financial Performance’ as ‘high’ or ‘low’ through companies’ operating margin of the last three years extracted from their annual reports.[4]

E) CSR Orientation. This variable represents an organization’s level of CSR performance. It covers three distinct courses of action: *instrumental*, *transactional* and *transformational* (Palazzo and Richter, 2005). My choice was founded on the fact that CSR activities are currently implemented so as to comply with the demands raised by organizations’ most critical stakeholders (Panwar et al, 2014). How corporations tackle social issues can then benefit or damage stakeholders’ perceptions of their contestable conduct. In this way, each level of CSR performance may cause a different kind of organizational response to a legitimacy threat. I examined ‘CSR Orientation’ accessing to companies’ websites and CSR reports.[5]

F) Competition CSR Orientation. This factor describes the level of CSR performance evidenced in each firm’s main competitor from a certain product category. I decided to lean on organizations’ competitive setting since firms operating in a high-similarity condition can generate stronger public criticism if they belong to a controversial industry (Deephouse, 1999). Bearing in mind that CSR actions are commonly used to obtain a competitive advantage (Porter and Kramer 2006), organizations fostering the same CSR performance level as their counterparts may be subject to a more intense stakeholders’ pressure and so, respond differently to a legitimacy threat. I measured ‘Competition CSR Orientation’ by investigating companies’ websites and CSR reports.[6]

[3] Appendix 4 develops Firm Size’s measure and data sources in greater detail.
[4] Appendix 4 develops Financial Performance’s measure and data sources in greater detail.
[5] Appendixes 5, 6 and 7 elaborate CSR Orientation’s measure and data sources in greater detail.
[6] Appendixes 8, 9 and 10 deepen Competition CSR Orientation’s measure and data sources in greater detail.

G) Perceived Deviance. This indicator corresponds to the comparison of an "organization's actions with those of other, similar organizations" (Reuber and Fischer 2009, p.44). I opted for studying this variable considering that if illegitimate practices are perceived as more deviant from an industry's general rule, the potential damages to an organization's reputation tend to be deeper (Reuber and Fischer, 2009). Moreover, firms will face a serious legitimacy loss when such actions have a direct impact on stakeholders' interests and outcomes (Reuber and Fischer, 2009). Based on this assumption, as long as a firm's strategy lies in maintaining a high level of similarity with its competition, stakeholders will not question its legitimacy (Deephouse, 1999). Therefore, I can assume this variable to influence organizational responses to a legitimacy threat. I measured 'Perceived Deviance' as 'strong' or 'weak' according to the number of class action lawsuits faced by a firm's most direct competitor.[7]

H) Organizational Ownership. This driver concerns whether a firm is publicly traded or privately held. My decision to study it lies in the fact publicly traded organizations are usually exposed to a higher level of public attention and so, of stakeholders' pressures in case of socially questionable behaviours (Panwar et al, 2014). If such course of action happens within a publicly contested sector, stakeholders may disapprove an organization's attempt to conform to social expectations to a greater extent. So, one can expect this variable to have an impact on organizational responses to a legitimacy threat. I measured 'Organizational Ownership' using an investor guide platform. [8]

I) Base Location. This variable considers the geographical area where an organization began its business activities: U.S. or Europe. I first decided to study the influence of geographical location on organizational responses because both regions are subject to different legal frameworks. Second, U.S. social construct is more directed to legal affairs, strong practical focus, individualism and mild governmental pressure (Guillen et al, 2002). Lastly, the emergence of business ethics in America aroused mostly from several corporate scandals. In this context, I can predict a firm's base location to affect how organizations respond to a legitimacy threat. So as to analyse this variable, I navigated in the corporate websites of the sampling firms.[9]

[7] Appendix 11 develops Perceived Deviance's measure and data sources in greater detail.
[8] Appendix 12 analyses Organizational Ownership's measure and data sources in greater detail.
[9] Appendix 13 elaborates Base Location's measure and data sources in greater detail.

4. Findings

The purpose of this paper was to determine the leading causes of organizations' symbolic versus substantial responses to legitimacy threats due to socially irresponsible behaviours. Thus, I identified three distinct profiles founded on the consistency of the patterns: the committed actor, the calculating actor and the compliant actor.

4.1. The Committed Actors

This category includes Unilever and Nestlé. These organizations engage in substantive actions when attempting to defend their legitimacy, that is why I labelled them 'committed'. In this context, their first and unique response was based on fulfilling the expectations raised by stakeholders through structural changes in these actors' practices.

To illustrate, Unilever had been accused of misleading health claims on its *Country Crock* and *I Can't Believe It's Not Butter* margarines in 2009. *Country Crock* is a buttery spread used for spreading, topping and cooking sold in ten product assortments, such as the *Country Rock Original* and *Country Rock Light*. *I Can't Believe It's Not Butter* is a creamy spread intended to cook, spread, top and bake. The brand is marketed in the *Original*, *Light* and *Olive Oil* varieties.

Figure 4 - Country Crock and I Can't Believe It's Not Butter packaging

Source (1): Country Crock, *Country Crock Original*, 2016

Source (2): I can't believe it's not Butter, *I can't believe it's not Butter Original Spread*, 2016

These products were hit with a class action lawsuit filed by consumers due to several practices. First of all, the comparison made between margarine and butter to stress that the former is a healthier alternative: "The label [for I Can't Believe It's Not Butter! Original] claims '70 percent less saturated fat than butter' to falsely imply that it is healthier than butter despite possessing harmful amounts of trans fats," (Law 360, 2009).

Figure 5 - I Can't Believe It's Not Butter deceptive marketing claims

Source (1): Marketing Daily, '*I Can't Believe' Launches Musical Extravaganza*, 2009

Source (2): The Richest, *Top 10 Of The Most Successful Celeb Endorsements Of All Time*, 2014

In addition, the brands were marketed as being 'cholesterol-free', 'natural' and 'nutritious' whereas they contain trans fats and are composed by artificial trans fats: "Unilever falsely markets its margarines as healthful despite the fact that its margarines have dangerous levels of artificial trans fat, a toxic food additive banned in many parts of the world" (Law 360, 2009). Furthermore, "The nutritional labels also omit trans fat information, the key component of what purportedly makes the products unhealthy" (Law 360, 2009). Finally, the allegation condemns the usage of 'no trans fat' or '0g trans fat' in the brands' nutrition facts when this ingredient is actually present in both products: "The plaintiffs are asking the court for an injunction barring Unilever from marketing margarines that contain artificial trans fat as "no trans fat" or "0g trans fat,"" (Law 360, 2009).

Figure 6 - Country Crock mislabelling evidence

Source (1): Country Crock, *Frequently Asked Questions*, 2016

Source (2): Livin La Vida Low-Carb, *Unilever Attempts to Pass off Two Versions Of Same Fake Butter-Like Product*, 2014

The case ended up triggering an immediate reaction in the marketplace along with a lower financial performance. Not only was Unilever the market leader on the spreads category in the U.S. but its main rival, Smart Balance, launched a marketing campaign underscoring Unilever's misconduct. Furthermore, the company's operating margin in Americas dropped 8% in 2009 (Unilever, 2010).

Another case portraying a substantive action involved Nestlé and its probiotic beverage *Boost Kid Essentials* (BKE). This drink is a vitamin and mineral-booster designed for children whose ages range between 1 and 13 who suffer from dietary deficiencies. The Swiss-based company claimed that the beverage minimized children's illness, reinforced their immune system alongside protection from colds and flu as noted one the following figure.

Figure 7 - Boost Kid Essentials misleading health claim evidence

Source (1): Truth In Advertising, *NESTLE BOOST KID ESSENTIALS*, 2012

Source (2): Kid Essentials, BOOST Kid Essentials drink provides complete nutrition with a Kid-Approved taste!, 2016

Due to the claims' lack of scientific evidence, the firm was charged by the FTC for fraudulent advertising in 2009: "clinical studies do not prove that drinking [Boost Kid Essentials] reduces the general incidence of illness in children, including respiratory tract infections, reduces the duration of acute diarrhea in children up to the age of 13, [or] strengthens the immune system, thereby providing protection against cold and flu viruses" (Law 360, 2012). Consequently, "The ads falsely claimed that BOOST Kid Essentials is clinically shown to reduce illness in children, to protect from colds and flu by strengthening the immune system, and to help children up to age 13 recover more quickly from diarrhea, the FTC charged" (FDA, 2010). The event's aftermath engendered negative brand image for the company in view of a putative class action brought by a group of consumers in 2011: "The Complaint alleges that Nestle promoted BKE, a drink promoted as having a variety of health benefits for children. Plaintiffs are parents who purchased BKE for their children based on these purported health benefits" (Truth in Advertising, 2012). Moreover, "Nestle made specific claims about that health benefits of BKE, including that BKE: (1) prevents upper respiratory tract infections in children; (2) strengthens the immune system; (3) protects against cold and flu; (4) reduces the duration of bouts of diarrhea; and (5) reduces absences from school or day-care due to illnesses… The BKE label also represented that the product provided "immunity protection" (Truth in Advertising, 2012).

In view of the above circumstances, Unilever and Nestlé responded by engaging in substantive actions. Focusing on Unilever, the company settled a non-monetary agreement by which committed to eliminate trans fat from both *Country Crock* and *I Can't Believe It's Not Butter* products until the end of 2011. In the words of one of the plaintiffs' attorneys, "To get this commitment from them in this settlement is, I think, going to be a great benefit to Americans and public health in this country" (Law 360, 2011). As such, the company unveiled that 99% of its brand portfolio was trans-fat free: "At end 2011, over 99% of our portfolio was free from trans fats originating from partially hydrogenated vegetable oil. We are on track to deliver our 2012 target" (Unilever, 2011). Concerning Nestlé, the firm also reached a non-monetary agreement which lied in the revision of Nestlé's claims on its communication channels until they were backed up by new scientific support. As disclosed by the FTC, "Under the proposed settlement, Nestlé HCN has agreed to stop claiming that BOOST Kid Essentials will reduce the risk of colds, flu, and other upper respiratory tract infections unless the claim is approved by the Food and Drug Administration. The FTC's proposed settlement also prohibits Nestlé HCN from making any claims about the health benefits, performance, or efficacy of any probiotic and nutrition drinks that it sells at retail, unless the claims are true and backed by competent and reliable scientific evidence. It also bars the company from misrepresenting any tests or studies" (FTC, 2010). Aimed at enforcing the accuracy of the health benefits claimed before, the organization took a step forward: "This included the creation of the Nestlé Health Science Company and the Nestlé Institute of Health Sciences – a major strategic move for Nestlé to pioneer a new industry between food and pharmaceuticals. Both entities began operations in 2011 and made a strong start in their quest to develop science-based personalised nutrition to prevent and treat increasingly prevalent health conditions that are placing an unsustainable burden on the world's healthcare systems" (Nestlé, 2011).

As demonstrated, Unilever and Nestlé were subject to a legitimacy threat raised by public interest groups and individual consumers. The table below summarizes these organizations' socially questionable behaviours.

Table 3 - Accusations brought against Committed Actors

Company	Product	Accusation	Evidence
Unilever	*Country Crock& I Can't Believe It's Not Butter* margarine spreads	False Advertising	"Unilever falsely markets its margarines as healthful despite the fact that its margarines have dangerous levels of artificial trans fat, a toxic food additive banned in many parts of the world," "The label [for I Can't Believe It's Not Butter! Original] claims '70 percent less saturated fat than butter' to falsely imply that it is healthier than butter despite possessing harmful amounts of trans fats,"
Nestlé	*Boost Kid Essentials* drink	Fraudulent Advertising	"clinical studies do not prove that drinking [Boost Kid Essentials] reduces the general incidence of illness in children, including respiratory tract infections, reduces the duration of acute diarrhea in children up to the age of 13, [or] strengthens the immune system, thereby providing protection against cold and flu viruses." "The ads falsely claimed that BOOST Kid Essentials is clinically shown to reduce illness in children, to protect from colds and flu by strengthening the immune system, and to help children up to age 13 recover more quickly from diarrhea, the FTC charged"

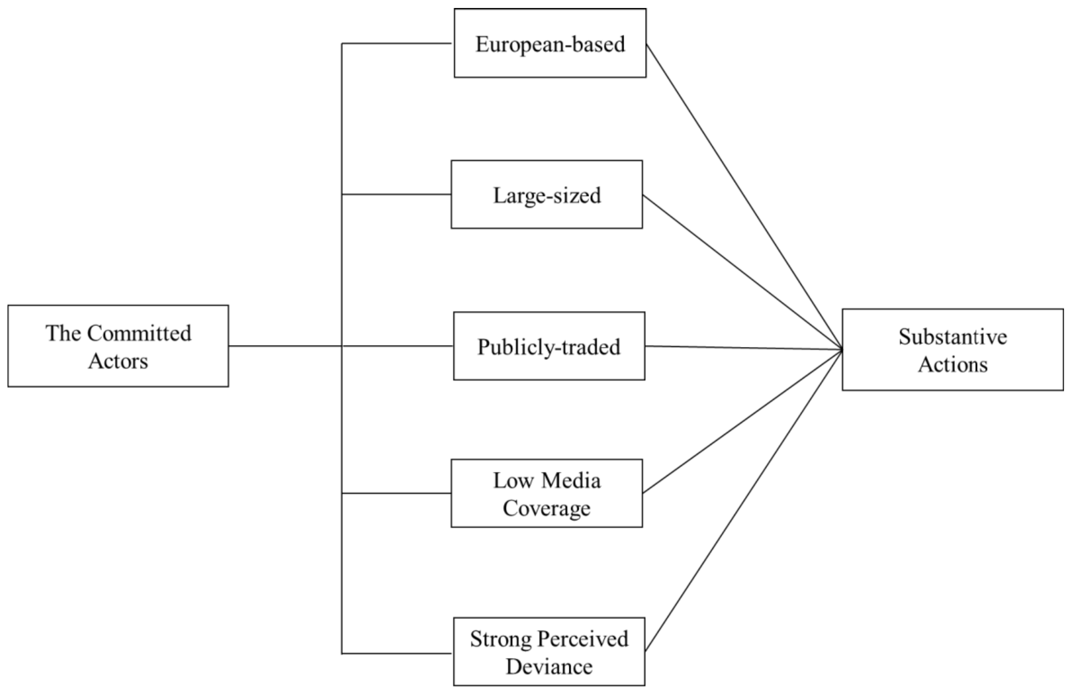
These cases' repercussions focused on financial damage coupled with general distrust towards the reliance of firms' 'healthful' products. Based on this paper's analysis, the two companies share similar characteristics which could explain why they both responded through substantive actions as shown in the table underneath.

Table 4 - Committed Actors' responses to class action lawsuits: Substantive Actions

Company	First Response	Evidence
Unilever	Substantive Action	“To get this commitment from them in this settlement is, I think, going to be a great benefit to Americans and public health in this country”... “will substantially benefit its customers and will encourage competitors to also move away from the use of PHVOs” “At end 2011, over 99% of our portfolio was free from trans fats originating from partially hydrogenated vegetable oil.”
Nestlé	Substantive Action	The settlement “provides clarity regarding new advertising standards applicable to health benefit claims for Boost Kid Essentials and similar products - standards that are consistent with Nestlé HealthCare Nutrition’s current product development efforts and its desire to continue to serve the needs of its consumers.” “Under the proposed settlement, Nestlé HCN has agreed to stop claiming that BOOST Kid Essentials will reduce the risk of colds, flu, and other upper respiratory tract infections unless the claim is approved by the Food and Drug Administration”

In summary, they are European-based, large-sized and publicly-traded organizations. Moreover, their target behaviour had a strong perceived deviance along with low media coverage.

Diagram 1 – The Committed Actors: Drivers and Responses to Legitimacy Threats



First, both organizations are European-based and therefore they operate in one of the world's most stringent regulatory framework concerning nutrition and health claims on food products (Silva, 2013). The European Commission has indeed imposed stricter rules with regard to those claims since 2007 wherein the "European Food Safety Authority (EFSA) is responsible for verifying the scientific substantiation of the submitted claims, some of which are currently in use, some of which are proposed by applicants" (Patel 2012, p.340). Therefore, Unilever and Nestlé are obliged to comply with detailed technical and scientific guidelines so that their proposed claims can be approved within European boundaries. The table below exemplifies the list of permitted nutrition claims in the European Union.

Table 5 - List of Permitted Nutrition Claims in the EU

TABLE 1. LIST OF PERMITTED NUTRITION CLAIMS IN THE EU.

Low energy	Source of fiber
Energy reduced	High fiber
Energy free	Source of protein
Low fat	High protein
Fat free	Source of [name of vitamin(s)] and/or [name of mineral(s)]
Low saturated fat	High [name of vitamin(s)] and/or [name of mineral(s)]
Saturated-fat free	Contains [name of the nutrient or other substance]
Low sugar	Increased [name of the nutrient]
Sugar free	Reduced [name of the nutrient]
With no added sugars	Light/lite
Low sodium/salt	Naturally/natural (as a qualifier for other nutrition claim,
Very low sodium/salt	*e.g.* "naturally high in fibre")
Sodium free or salt free	

Source: Silva, *The EU Regulation on Nutrition and Health Claims: Current and Future* Trends, 2012

Unlike U.S., claims such as 'cholesterol-free' and 'high energy' are not allowed in the European Union (Silva, 2013). Such regulatory scrutiny is highlighted by the number of nutrient-function claims' rejections prosecuted by the EFSA.

Table 6 - EFSA Evaluations of Nutrient-Function Claims

	Batch number	
	1	2
Publication date	October 1, 2009	February 25, 2010
Number of claims processed	523	416
Substances involved	Vitamins & minerals Dietary fibers Fatty acids Probiotic bacteria Other (chewing gum, plant extracts, etc.)	Antioxidants Carbohydrates glycemic index/Response Probiotics/microorganisms Botanicals and herbals Substances linked to joints health Other (honey, stearic acid, guar gum, *etc.*)
Positive evaluations	33%	2%
Negative evaluations	66%	98%

Source: Silva, *The EU Regulation on Nutrition and Health Claims: Current and Future* Trends, 2012

These negative evaluations arise from the "weakness of the scientific evidence submitted, and insufficient characterization of the substance for which the claim is made" (Silva 2013, p.161). Given this background, companies whose business is highly dependent on the European market are forced to revise their products' formulation and communication of health benefits to consumers. Therefore, Unilever and Nestlé aggregate the required competences and motivation to act in a substantive manner against the allegations of deceptive marketing practices.

Other explanatory variables behind the enforcement of substantive reactions are these actors' condition of large-sized and publicly-held companies. As shown in Appendix 4, Unilever and Nestlé generate worldwide revenues well above their peers' average. In reality, "Nestlé is the largest food company in the world with earnings that exceed $100 billion annually" (Food Politics, 2010). Besides, both organizations trade their shares in the largest European and American stock exchanges such as Euronext and Nasdaq, among others. These evidences suggest that this type of corporations is more capable of fostering resources' acquisition and obtain critical core competencies to address external demands. As a consequence, their product innovation, marketing and value chain integration can be implemented on behalf of substantive actions. In addition, these companies have a higher degree of awareness which results in an ongoing assessment of all their practices. In the light of this situation, stakeholders' new expectations and moral beliefs are more easily conveyed to these organizations. Thus, there is the expectation that they do not just 'talk' but also 'walk' by committing themselves to put in practice effective structural changes.

An additional influencing factor is the strong perceived deviance of an organization's (mis)conduct. As exemplified by Appendix 11, there is no record that Unilever and Nestlé's main competitors in the examined categories (JM Smucker and Abbott, respectively) have ever been accused of similar claims. Hence, this finding uncovers that the investigated companies incurred in an illegitimate behaviour which is perceived as deviant from each category's standard practices. Thereby, consumers' protests and disapproval are fully directed towards one single company. This scenario prevents Unilever and Nestlé from masking their misbehaviour by means of symbolic actions. If they attempt to, consumers will grasp it as a redundant measure and firms' legitimacy will become even more weakened. The only alternative to defend it is to act in conformity with the increasing contestation.

Equally important is the effect of low media coverage on companies' option for substantive actions. As noted on Appendix 1, Unilever and Nestlé are among the firms who saw their court cases being less subject to media outreach. Given this orientation, the potential negative brand associations in consumers' mind were disseminated in a lower scale. Because of that, public disapproval concerning organizations' deceptive actions tends to evolve in a smoother, moderate way. In this perspective, these firms are less likely to engage in symbolic actions since there is no urgent need to resemble congruent with social values and minimize side effects. Instead, firms dealing with this issue choose to tackle it through its substance as a way to ensure a 'clean' record and preservation of stakeholders' engagement.

4.2. The Calculating Actors

This set of organizations is composed by Danone, PepsiCo and General Mills. The 3 firms responded to a legitimacy threat through denial and, further, employing symbolic actions. So, these firms first opt for dismissing the accusation and negating the problem's existence. Afterwards, they end up following symbolic actions: a pragmatic approach that avoids any further burden without altering deep-rooted policies. It was for this reason I called them 'calculating'.

For instance, PepsiCo's range of *Naked Juice* drinks was accused of misleading labelling owing to its '100% Juice', 'all-natural' and 'non-GMO' claims. *Naked Juice* is an ecofriendly drink made with fruits and vegetables aimed at having a positive impact on the planet along with consumers' health. The brand's product line comprises juices, smoothies and coconut water.

Figure 8 - Naked Juice product portfolio

Source: Naked Juice, *Our Products*, 2016

In this regard, the complaint argued that the vitamins contained in *Naked Juice* products were actually synthetic ingredients: "the lawsuit claims that the [Naked Juice products] contain ingredients that are not "All Natural" and contain GMOs (or Genetically Modified Organisms)" (Huffington Post, 2013).

Figure 9 - Naked Juice mislabelling evidence

Source: Kind Wellbeing, *Naked Juice – False Labeling*, 2015

Therefore, "consumers were deceived into believing that the unnatural products were in fact natural substances." (CSPI, 2011). As an evidence, the lawsuit defends its viewpoint resorting to the messages claimed in the brand's packaging: "Defendants further enticed consumers to purchase Naked beverages by promising, on the package of every Naked Juice bottle, that the beverage contains "only the **freshest, purest** stuff in the world and [we] leave out everything else" (emphasis in original)" (CSPI, 2011). Hence, the plaintiffs declared that these claims allowed PepsiCo to boost sales due to consumers' willingness to pay a premium price for healthful products: "Defendants know that its target market value and will pay more for all-natural non-GMO 100% juice beverages than conventional beverages … Defendants further cultivated a healthy and socially conscious image in an effort to promote the sale of these beverages" (CSPI, 2011). Overall, "Defendants knew their representations are false and deceptive. More than that, Defendants intended to deceive consumers" (CSPI, 2011). As a result, the lawsuit begot massive media coverage with reputational damages for the company. Indeed, the current study found that the company obtained the highest score in this indicator (See Appendix 1). On top of that, one of *Naked Juice* competitors, Suja Juice, launched a print advertising campaign to position itself as an organic healthier alternative to PepsiCo's brand.

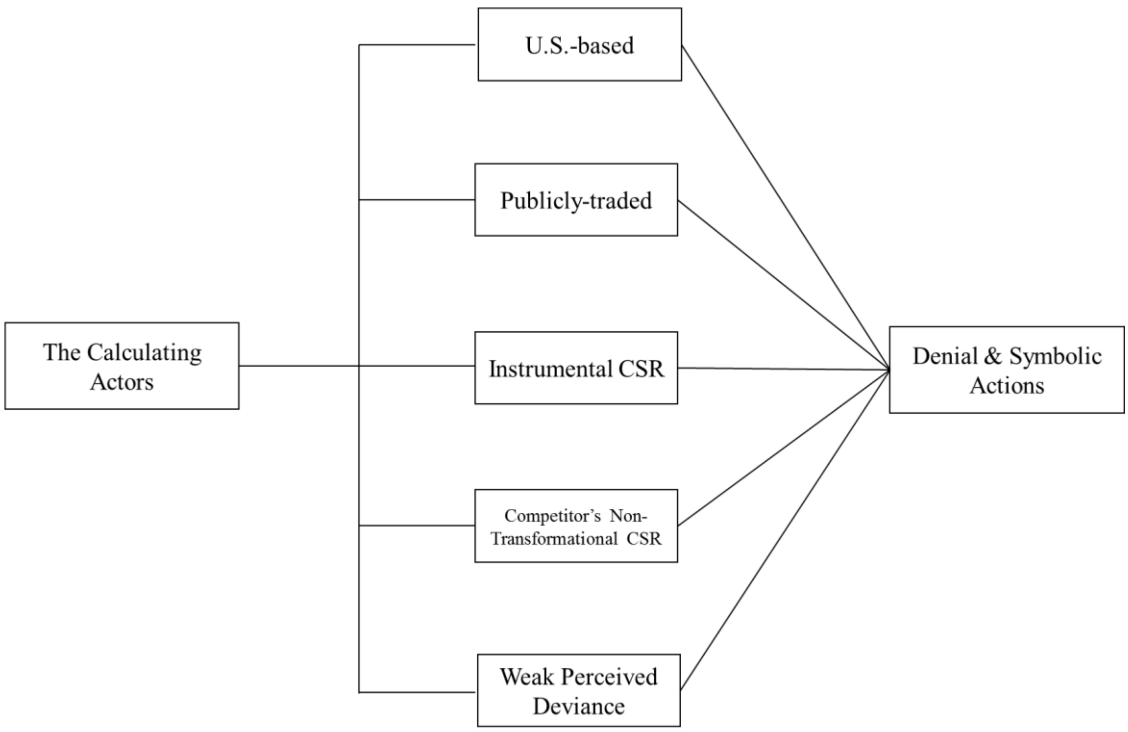
Figure 10 - Naked Juice competitor's print advertising campaign

Source: San Diego Free Press, *The Shameful Truth About the Naked Juice Class Action Lawsuit Settlement and What American Consumers Can Do About it*, 2014

In this context, PepsiCo denied at first any responsibility for the case in 2011: "… Naked Juice denies all of Plaintiffs' claims in these consolidated actions, denies any and all allegations of wrongdoing, fault, liability or damage of any kind to Plaintiffs" (Law 360, 2013). Likewise, the company argued the accuracy of the brand’s targeted claims: “Our juices and smoothies are made with all-natural fruits and vegetables – with no added sugar and no preservatives” (Food Business Review, 2013). Two years later, the company applied diverse symbolic actions to close the court case. First, PepsiCo agreed to settle it for $9M “to avoid the expenses, uncertainties, delays, and other risks inherent in continued litigation” (Law 360, 2013). Moreover, it accepted to refund each consumer up to $75 and cease the use of the ‘all natural’ claim on the product’s packaging: “…we've chosen not to use 'All Natural' to describe our juices and smoothies on our packaging” (Fox News, 2013). Finally, the firm pledged to ascertain the truth of its ‘non-GMO’ claim: “to ensure that our consumers most concerned about that issue can feel even more confident about Naked products, we plan to enlist an independent, third-party to confirm our non-G.M.O. status” (Fox News, 2013).

Given the current paper’s findings, this sequence of denial and further symbolic reactions is thus founded on a well-defined profile: PepsiCo is a U.S.-based, publicly-traded company that adopts an instrumental CSR policy. Moreover, its conduct proved to have a weak perceived deviance and the firm’s main competitor followed a non-transformational CSR policy.

Diagram 2 – The Calculating Actors: Drivers and Responses to Legitimacy Threats



First of all, United States is one of the world's most affected countries by the spread of non-communicable diseases, with particular emphasis on obesity (Pomeranz, 2013) (See Figure 1). Against this background, the Big Food players have been exercising their lobby power by spending millions of dollars to prevent a more rigorous public health law and policy in the U.S. In fact, industry's self-regulation and voluntary agreements have delayed the implementation of greater transparency and accuracy levels within the country's regulatory framework (Réquillart and Soler, 2014). As FDA commissioner observed, "[T]he public health importance of food labeling as an essential means for informing consumers about proper nutrition … has not been substantially addressed since the FDA implemented the Nutrition Labeling and Education Act, more than 16 years ago" (FDA, 2009). For example, "Structure/function claims do not require FDA preauthorization or approval and the manufacturer, not the FDA, is responsible for ensuring that the claim is accurate and truthful." (Parker 2003, p.49). In addition, the use of the term 'natural' for processed foods has not been subject to a more comprehensive policy by the FDA despite being one of the most common claims in the U.S. In this scenario, companies with large business operations in the U.S. market are capable of cutting corners due to a mild regulatory policy and supervision. In particular, the content of their advertising campaigns as well as nutritional information disclosed in the products' packaging. Therefore, F&B organizations such as PepsiCo are more likely to promptly deny their responsibility and engage in symbolic actions to soften consumers' disapproval for products' deceptive claims.

An additional driver of these firms' types of response is their publicly-owned condition. In fact, PepsiCo trades its shares on the world's most relevant stock exchanges, namely the New York Stock Exchange (NYSE), Standard & Poor's 500 (S&P 500) and Euronext. As mentioned above, publicly-held organizations have an easier access to capital funding. This financial benefit empowers them to leverage their core competencies and finance extraordinary expenses such as the cost of complying with regulatory requirements and the settlement of litigation processes. Furthermore, there is an increased public awareness and scrutiny of these corporations' practices along with their implications on a vast number of stakeholders. In consequence, the added pressure to conform to arising societal expectations leads to a succession of short-term tactical moves. On the one hand, when confronted with a legitimacy threat, an organization's intuitive reaction is to negate any wrongdoing. On the other hand, it employs impression management techniques aimed at shaping stakeholders' perception of its actions' legitimacy.

Equally pertinent is the instrumental CSR policy adopted by this sort of organizations. As observed in Appendix 6, PepsiCo's CSR orientation is grounded on the firm's ability to be a good corporate citizen in order to attain its long-term profitability. Under these conditions, companies' self-interest prevails over social welfare in the sense that CSR activities are implemented with the purpose of "gaining public respect, reputation or even admiration" (Palazzo and Richter 2005, p.396). In light of this instrumental approach, corporations expect such brand equity elements to gain stakeholders' trust and so accomplish financial success. Thus, once organizations' legitimacy is threatened, their first reaction is to refuse any guilt so as to avoid constituents' negative associations. At a later stage, firms' unconcern about stakeholders' interests is revealed by the use of disengaged, superficial actions.

In terms of firms' perceived deviance, the ones rated 'low' on this variable also belong to the 'calculating' profile. In reality, PepsiCo's main competitor in the processed fruit and vegetable beverages category (Coca-Cola) was hit by a class action lawsuit before *Naked Juice* (See Appendix 11). In 2009, a consumer accused *Minute Maid* brand of misleading labelling since its *Enhanced Pomegranate Blueberry* juice "created a misleading impression that it contains more of the in-demand juices than it actually does" (Law 360, 2015). On account of this process, PepsiCo's misbehaviour resembled similar to the industry's widespread practices from stakeholders' lens. Hence, the latter becomes less urged to criticise the company's course of action. In that case, assigning symbolic actions to shape public's perception is sufficient to safeguard organization's legitimacy.

The last defining characteristic of the calculating actor consists of its main competitor's non-transformational CSR policy. As described in Appendix 9, Coca-Cola adopts a transactional CSR orientation. The implicit line of reasoning indicates that a category's two most powerful players do not place society's well-being above their own interests. In turn, they face CSR as one strategic tool to accomplish their ultimate goals. If one argues that both corporations carry their business under a controversial sector, a high-similarity condition will trigger a two-fold public protest against an illegitimate behaviour. Consequently, their immediate reaction to a legitimacy threat is to defend their integrity through denial of responsibility. Thereafter, their attempt to solve the issue is consonant with their CSR orientation: employing look-alike greenwashing techniques to remain legitimate.

Likewise, Danone and General Mills were accused of deceptive marketing practices when promoting their *DanActive*, *Activia* dairy products and *Nature Valley* bars, respectively. Table 7 illustrates the underlying allegations.

Table 7 - Accusations brought against Calculating Actors

Company	First Response	Evidence
Unilever	Substantive Action	"To get this commitment from them in this settlement is, I think, going to be a great benefit to Americans and public health in this country"... "will substantially benefit its customers and will encourage competitors to also move away from the use of PHVOs" "At end 2011, over 99% of our portfolio was free from trans fats originating from partially hydrogenated vegetable oil."
Nestlé	Substantive Action	The settlement "provides clarity regarding new advertising standards applicable to health benefit claims for Boost Kid Essentials and similar products - standards that are consistent with Nestlé HealthCare Nutrition's current product development efforts and its desire to continue to serve the needs of its consumers." "Under the proposed settlement, Nestlé HCN has agreed to stop claiming that BOOST Kid Essentials will reduce the risk of colds, flu, and other upper respiratory tract infections unless the claim is approved by the Food and Drug Administration"

In fact, both organizations share the same characteristics as PepsiCo and, as a result, both begin by denying the allegations against their products. Lastly, they end up engaging in symbolic actions to defend their legitimacy as noted on the following table.

Table 8 - Calculating Actors' responses to class action lawsuits: Denial and Symbolic Actions

Company	First Response	Evidence	Second Response	Evidence
Danone	Denial	"The lawsuit claims the advertising was not true ... Dannon stands by its advertising and denies it did anything wrong." "Dannon proudly stands by the claims of its products and the clinical studies which support them"	Symbolic Action	"… Danone agreed to more clearly convey that Activia's beneficial effects on irregularity and transit time are confirmed on three servings per day" "Dannon also agreed that DanActive will not be marketed as a cold or flu remedy, which Dannon maintains it has never done" "the essence of Dannon's advertising remains unchanged and will continue to be truthful and in compliance with all laws and regulations."
PepsiCo	Denial	"… Naked Juice denies all of Plaintiffs' claims in these consolidated actions, denies any and all allegations of wrongdoing, fault, liability or damage of any kind to Plaintiffs." "Our juices and smoothies are made with all-natural fruits and vegetables — with no added sugar and no preservatives,"	Symbolic Action	"However, until there is more detailed regulatory guidance around the word 'natural', we've chosen not to use 'all natural' to describe our juices and smoothies on our packaging," "to ensure that our consumers most concerned about that issue can feel even more confident about Naked products, we plan to enlist an independent, third-party to confirm our non-G.M.O. status"
General Mills	Denial	"We stand behind our products and the accuracy of our label"	Symbolic Action	Removal of "100% Natural" label "if those products contain high-fructose corn syrup, high-maltose corn syrup, dextrose monohydrate, maltodextrin, soy protein isolate, or several other artificially produced ingredients". The new packaging reads: "made with 100% natural oats."

4.3. The Compliant Actors

Included in this final selection are Ferrero, Campbell's, Tyson Foods, ConAgra Foods and WhiteWave Foods. Similar to the calculating actor, these organizations' primary response to a legitimacy threat is to deny any wrongdoing. In spite of this initial protest, these firms change their behaviour through the adoption of substantive actions at a later stage. Such evidence thus reflect a new social construct: organizations should play a supporting role in tackling the spread of non-communicable diseases. Bearing this in mind, their last conduct follows the exact pattern of the committed actor. That is why I called them 'compliant'.

For example, ConAgra Foods' *Alexia Foods* frozen products were charged of deceptive mislabelling in 2011 due to improper use of the 'all natural' claim. *Alexia Foods* is a frozen food brand intended to provide all-natural, gourmet-inspired side dishes. Its vast product portfolio includes *Smart Classics Potatoes*, *Artisan Breads*, *Premium Frozen Vegetables*, among others.

Figure 11 - Alexia Food product portfolio

Source: Alexia Foods, *Alexia All-Natural Frozen Products*, 2016

The brand's frozen products were hit by a class action lawsuit upon which ConAgra Foods falsely advertised them as 'all natural'.

Figure 12 - Alexia Foods misleading 'all natural' claim evidence

Source: Prepared Foods, *Alexia Foods Launches Two New Frozen Products*, 2014

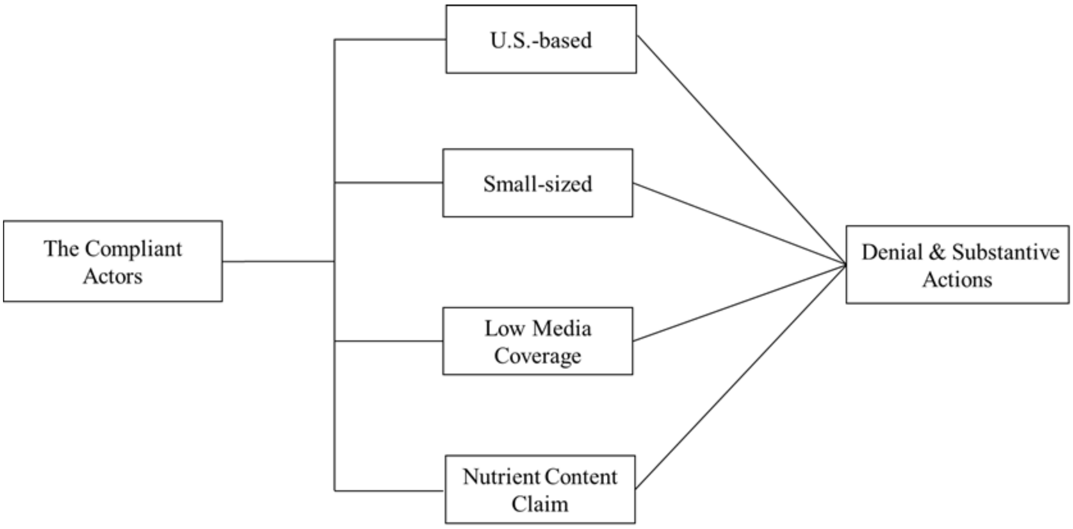
Quoting the complaint, “Contrary to Alexia's "All Natural" claim, however, the products contain a synthetic chemical preservative that may lead to imbalanced levels of minerals in the body and bone loss if used in excess” (Manatt, 2012). In fact, the plaintiff argues that the company breached U.S. food regulatory standards: “Alexia knew, or should have known, that federal laws and regulations define “natural” as excluding synthetic substances like disodium dihydrogen pyrophosphate” (Manatt, 2012). Moreover, the lawsuit argues that the ‘all-natural’ expression allows the brand to increase its profits as a result of consumers’ willingness to spend more money for this sort of claims: “By marketing its Products as “All Natural,” Alexia is able to command a higher price for its Products and increase its profits because consumers pay a premium price for products they believe are “All Natural.” Therefore, Alexia deceives consumers, and deceived Plaintiff, by marketing the Products as “All Natural” when in fact they contain a synthetic chemical preservative” (Manatt, 2012). Soon after the allegation, ConAgra Foods recognized that “the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our corporate and brand image” (ConAgra Foods, 2011). However, the company’s financial results experienced a decline one year later. In 2012, ConAgra Foods’ operating profit within the Consumer Foods’ segment decreased 6%: “Consumer Foods operating profit decreased $73 million in fiscal 2012 versus the prior year to $1.05 billion” (ConAgra Foods, 2012).

When responding to the accusations, the firm’s immediate reaction was to refuse “any liability or wrongdoing of any kind associated with the claims” (Truth In Advertising, 2013). Yet, two years later, ConAgra Foods engaged in substantive actions in conformity to the terms of the final agreement. Hence, the organization agreed to "pay $2.5 million into a cash settlement fund and establish a separate voucher fund worth $700,000" (Manatt, 2012). Furthermore, it pledged to readjust *Alexia Foods* products' ingredients: "Under the Settlement, ConAgra has agreed to reformulate the ingredients in the Alexia Products as follows: "For as long as ConAgra chooses to sell the Alexia Products, ConAgra will use citric acid or other naturally-sourced compound in the Alexia Products, rather than disodium" (Manatt, 2012). In this respect, a company's spokesperson highlighted ConAgra Foods' commitment to meet consumers' expectations by providing them with trustworthy information: "Since this is not an ingredient that consumers are generally familiar with, we had already begun to remove it from applicable Alexia products to eliminate any potential consumer confusion over the ingredient or its purpose" (Law 360, 2013).

A corporation that also underwent equivalent circumstances was WhiteWave Foods. Its brand of flavoured milk drinks and yogurts, *Horizon Milk*, was charged with a class action lawsuit in 2013. In fact, the ingredients' list of certain products contained 'evaporated cane juice' rather than sugar with the purpose of misleading consumers about the products' health benefits. Based on the plaintiff's argument, Tyson Foods did not comply with the minimum regulatory standards and ended up misleading consumers into paying a premium price for undesirable ingredients. In the beginning, the company denied any infringement standing by its products' claims. Notwithstanding, WhiteWave Foods recognized the importance of ensuring that consumers make responsible and educated choices. So, both parties reached an agreement in which the firm pledged to implement the following actions: provide consumers with a partial cash refund and replace 'evaporated cane juice' on the products' ingredients list with 'organic cane sugar' and 'cane sugar'.

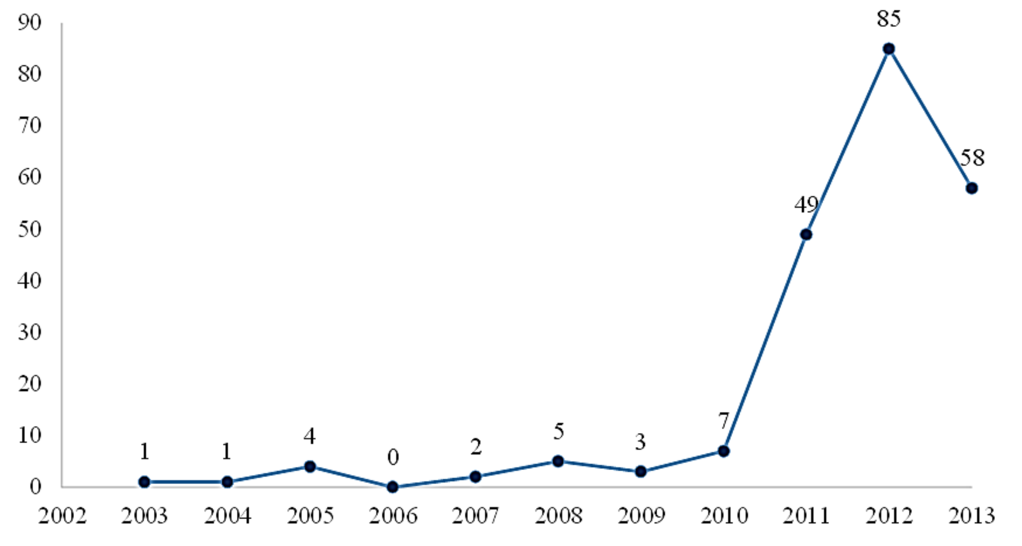
As observed, ConAgra Foods and WhiteWave Foods were subject to a legitimacy threat carried out by individual consumers. Both cases uncovered the same sequence of responses aimed at defending companies' legitimacy towards their stakeholders. As a result, an initial denial of responsibility is followed by the enforcement of substantive actions. In order to justify the previous course of action, I identified a set of common organizational patterns: U.S.-based and small-sized organizations whose targeted claim was nutrient content-related alongside low media coverage. Overall, the compliant actor's profile combines characteristics pertaining to the first two groups of companies (the committed and calculating actors).

Diagram 3 – The Compliant Actors: Drivers and Responses to Legitimacy Threats



As previously mentioned, the U.S. F&B industry is described as having a concentrated competitive landscape in tandem with a bland regulatory framework. Under these conditions, big companies' lobbying power has precluded a more assertive intervention by the country's governmental bodies. Therefore, companies with large business operations in the U.S. are incentivized to deny their involvement in any misleading marketing practices raised by interest groups or individual consumers. Anyhow, the number of class action lawsuits against F&B manufacturers has experienced an upward trend since 2010. To illustrate, there were 85 'natural and 'all-natural' lawsuits in 2012, more than in the nine previous years (72).

Figure 13 - Evolution of 'natural' and 'all natural' lawsuits in the U.S. (2003-2013)



Source: Food Navigator, *Have 'all-natural' lawsuits peaked? And what defense strategies are working?*, 2014

As evidenced, these organizations have been subject to higher criticism by their stakeholders and, as a consequence, they are now pressed to demonstrate their congruence with recent moral values and expectations. In this sense, symbolic actions are now perceived as not only unconvincing but also a brainwashing mechanism. Thereafter, these firms' ultimate alternative is to engage in substantive actions.

A second explanatory variable is companies' small size. As noted on Appendix 4, the total revenues of ConAgra Foods and others are below the whole sample's mean. Unlike large-sized organizations, the former have a simpler value chain which empowers them to respond effectively to unexpected market conditions in a short period of time. According to this argument, the quickest response one can give to an accusation is to promptly deny it. In addition, small-sized corporations benefit from their flexible decision-making process and flat communication flow to adjust their established core practices. Hence, their noncomplex business structure encourages them to employ substantive rather than symbolic actions.

Considering the type of claim, the current paper concluded that firms promoting nutrition content claims are more likely to be compliant actors. In general terms, these claims describe the level of a nutrient in a product (See Appendix 2). As evidenced in Appendix 3, ConAgra Foods and the remaining compliant actors made use of this kind of claim. In reality, "Food manufacturers' use of these claims to differentiate their products forms an important basis for competition on nutritional quality" (Caswell et al 2003, p.147). On that basis, a recent study found that most companies tend to lean on nutrition content claims rather than health claims because they are easier to prove (Patel, 2012). For instance, expressions as 'low fat' or 'low carb' do not establish a direct relationship with any health condition. On the other hand, health claims must be substantiated by accurate scientific evidence (Patel, 2012). Given this background, implementing the latter is a more time-consuming, expensive process whose findings may be subject to stronger criticism and investigation. In that case, one can argue that the usage of nutrition content claims facilitates organizations' adoption of substantive actions to defend their legitimacy.

The last factor covered by the current analysis is the low media coverage of organizations' misbehaviour. As described in Appendix 1, the fraudulent conduct of ConAgra Foods, WhiteWave Foods and other compliant actors was not widely reported by media agents. In a first moment, organizations opt for denying any wrongdoing so that they can restrain potential reputational damages unchained by the press. Nonetheless, there were no significant negative associations or severe criticism since firms' misconduct reached stakeholders in an unnoticed way. Consequently, their legitimacy remained inviolable. With reference to the committed actors, organizations are thus less incited to resort to symbolic actions since their integrity is not compromised. In turn, they solve their court proceedings by means of substantive actions. Firms are then able to counter a complicated issue and enhance their legitimacy among stakeholders. Ultimately, Ferrero, Campbell's, and Tyson Foods were also charged for fraudulent practises. Table 9 describes these firms' socially questionable behaviours.

Table 9 - Accusations brought against Compliant Actors

Company	Product	Accusation	Evidence
Ferrero	*Nutella* chocolate spread	Fraudulent Advertising	"In Nutella's marketing and advertising, Defendant omits that the nutritional value claimed, if any, is not derived from Nutella, but is instead derived from other foods or drinks (e.g., whole grain breads, fruit and milk) which are advertised to be consumed along with Nutella." "Defendant's claims regarding Nutella are also false and misleading because they omit that Nutella contains over 55% processed sugar, the consumption of which has been shown to cause type 2 diabetes and other serious health problems."
Campbell's	*Campbell's Heart-Check Mark*-certified soup	Misleading Labelling	"That misrepresentation (or omission of the true facts) is unfair, deceptive, and misleading." "This case is not only about AHA's willingness to mislead consumers for a fee; it is also about the manufacturers who are willing to pay that fee, and funnel other monies to the AHA, in furtherance of schemes to prey upon consumer demand for products that are legitimately healthy,"
Tyson Foods	*Van's Totally Natural* Waffles	Misleading Labelling	Tyson Foods "engaged in the unfair, unlawful, deceptive, and fraudulent practice of falsely describing and advertising certain products as "totally natural" and/or "all natural" when, in fact, they contain the synthetic chemical Sodium Acid Pyrophosphate." "Defendant's advertising/labeling of these Products as "totally natural" and/or "all natural" is false, dishonest and intended to induce consumers to purchase these Products, at a premium price, while ultimately failing to meet consumer expectations"
WhiteWave Foods	*Horizon Organic* milk drinks and yogurts	False Advertising	"Whitewave engaged in a uniform campaign through which it purposefully misrepresented and continues to purposefully misrepresent to consumers that its products contain ECJ even though "evaporated cane juice" is not "juice" at all— is nothing more than sugar, cleverly disguised" "Further, EVJ is not the common or usual name of any type of sweetener, or even any type of juice, and the use of such a name is false and misleading."
ConAgra Foods	*Alexia Potato* frozen products	Misleading Labelling	"Contrary to Alexia's "All Natural" claim, however, the products contain a synthetic chemical preservative that may lead to imbalanced levels of minerals in the body and bone loss if used in excess" "By marketing its Products as "All Natural," Alexia is able to command a higher price for its products and increase its profits because consumers pay a premium for products they believe are "All Natural."

Moreover, they all have in common the same characteristics as ConAgra Foods and WhiteWave Foods. In this way, the current study inferred that they all react to a legitimacy threat through denial of responsibility followed by substantive actions as seen in the following table.

Table 10 - Compliant Actors' responses to class action lawsuits: Denial and Substantive Actions

Company	First Response	Evidence	Second Response	Evidence
Ferrero	Denial	"Ferrero USA continues to stand by its product" "Ferrero denies the allegations and stands by its products and advertising"	Substantive Action	Agreed to "modify labeling of Nutella and certain marketing statements, create new television advertisements and modify the Nutella website, "
Campbell's	Denial	"Labels and advertising were accurate and in compliance with the law"	Substantive Action	"Campbell agreed to a new process for labeling and advertising claims in California to avoid inconsistent comparisons between the same varieties of reduced sodium condensed and regular condensed soup."
Tyson Foods	Denial	"We take our ingredients very seriously and do not agree with this lawsuit"	Substantive Action	Decision to modify the product label: "Although we don't agree with the lawsuit, it's best for us to move forward as we would rather focus on delivering on our mission to provide simple, delicious foods made with wholesome ingredients."
WhiteWave Foods	Denial	It refused "any liability or wrongdoing of any kind associated with the claims"	Substantive Action	"As part of that commitment, WhiteWave has agreed to replace 'evaporated cane juice' on our products ingredients list with 'organic cane sugar' and 'cane sugar'"
ConAgra Foods	Denial	"ConAgra answered the Consolidated Complaint on May 29, 2012, denying liability"	Substantive Action	"Since this is not an ingredient that consumers are generally familiar with, we had already begun to remove it from applicable Alexia products to eliminate any potential consumer confusion over the ingredient or its purpose"

5. Contributions

Along this thesis, I resolved to address the following research question: What are the drivers leading organizations to respond symbolically versus substantially to legitimacy threats due to socially irresponsible behaviours? When analysing a set of ten F&B companies, I discovered three organizational profiles with a distinct sequence of responses to defend their legitimacy. To do so, the current study examined eight explanatory variables that resulted in the definition of clear, established patterns. The overall findings can thus be summarized as follows:

A) The Committed Actors. These organizations' unique response to defend their legitimacy is based on substantive actions. In other words, they incur in authentic, effective changes on their goals, structures or processes as a sign of engagement with stakeholders' values and expectations. They are characterized by being European-based, large-sized and publicly-traded. Their actions had a strong perceived deviance besides low media coverage.

B) The Calculating Actors. In the first place, these corporations defend their legitimacy through denial of responsibility and further engage in symbolic actions. Such pragmatic course of action aims at preventing any additional liability. Thus, organizations end up implementing image-based policies to comply with constituents' norms. They are U.S.-based, publicly-traded and apply an instrumental CSR policy. Their practices had a weak perceived deviance and their main competition employed a non-transformational CSR policy.

C) The Compliant Actors. This cluster incorporates the types of response given by the previous actors. On the one hand, they first defend their legitimacy via denial of responsibility. On the other hand, they put substantive actions in practice in a subsequent period. Altogether, these organizations recognize the importance of committing to their stakeholders' social expectations despite an initial defensive approach. They are U.S.-based, small-sized organizations whose targeted claim was nutrient content-related along with low media coverage.

Those findings allowed me to present four main contributions to the literature:

1) Responses to Legitimacy Threats

The first contribution provided by this thesis lies in the way organizations respond to a legitimacy threat. As previously mentioned, I examined the adoption of both symbolic and substantive actions. Based on the findings, I identified three organizational profiles and concluded that there was no evident steady course of action at the time of audiences' strong criticism. In other words, firms frame their strategy by interacting with either symbolic or substantive actions over time. In reality, the study's data analysis proved that all but the committed actors decided to defend their legitimacy by means of more than one response. For example, the compliant actors first denied any wrongdoing (symbolic action) but thereafter engaged in substantive actions to mitigate a potential legitimacy loss. Therefore, I infer that organizational responses to a legitimacy threat are complex and difficult to standardize owing to the interplay between symbolic and substantive actions.

2) Role of Denial

An observation that has emerged from the data analysis concerns organizations' use of denial of responsibility as a first response to defend their legitimacy. In fact, eight out of the ten sampling companies followed this practice. According to the many of their spokespeople, these firms' main priority was to "stand behind our products and the accuracy of our label" (Food Navigator, 2014) as well as denying "any and all allegations of wrongdoing, fault, liability or damage of any kind" (Dairy Reporter, 2013). One can thus argue that such defensive mechanism is a convenient, straightforward way of softening stakeholders' disapproval under significant time constraints. In addition, it can give enough room to assess the underlying problem and define a thorough strategic response. As a result, managers expect a negative corporate event not to turn into a legitimacy threat. However, such response may be counterproductive to legitimacy repairing supposing that a firm is indeed guilty of the targeted allegations.

3) Set of Drivers

Considering my research question, I found eight internal and external explanatory variables of organizations' responses to legitimacy threats. When analysing them one by one, I identified a variable-response connection in regard to the use of symbolic versus substantive actions. Accordingly, the characteristics more likely to trigger a symbolic action consist of: U.S.-based, small-sized companies that apply an instrumental CSR policy and advertise their products based on nutrient-content claims. Moreover, their socially questionable behaviours have a weak perceived deviance whereas their main competitor employs a non-transformational CSR policy. Indeed, this organizational profile is more concerned about complying with the norms without endangering their *status quo*. On the other hand, I concluded that the following factors are associated with the selection of substantive actions: European-based, large-sized corporations whose alleged misconduct had a strong perceived deviance alongside low media coverage. Under these circumstances, an organization decides to place stakeholders' interests above its own through structural changes on previous goals, activities or processes.

4) Corporate Social Responsibility

Finally, this dissertation's problem statement allows me to address the concept of corporate social responsibility. Bearing in mind that the sampling companies were subject to a legitimacy threat, I can discuss its causes and implications from stakeholders and organizations' viewpoints, respectively. According to the former, why have these firms been criticised? They allegedly followed misleading marketing practices in order to boost sales of their 'healthful' product portfolio. In detail, these corporations were accused of advertising and labelling them through deceptive health or nutrient content claims. In this scenario, I found that the type of claim more prone to induce a stronger public disapproval is a health claim. The fact that it establishes a direct link between a food substance and the treatment of a health-risk condition makes it harder to prove through scientific studies. Consequently, consumers tend to complain about health claims' lack of evidence and distrust companies' proceedings to a larger extent.

In turn, managers need to consider the implications of using either health or nutrient content claims to differentiate their products. As illustrated above, pursuing a health claim may be a risky approach since it entrusts firms with higher transparency and accountability levels. Hence, firms must ensure the trustworthiness of their health claims to maintain stakeholders' engagement. In contrast, nutrient content claims are easier to substantiate and do not set a cause-effect relationship towards one's health condition. So, managers who decide to proceed with a nutrient content claim find a prudent and safe alternative to simply uphold stakeholders' expectations. That is why most advertisements are grounded on nutrient content claims (Patel, 2012). Ultimately, whether a firm is perceived as a socially responsible corporate citizen depends on the accuracy of the information provided to its constituents.

6. Limitations and Future Research

When developing the previous findings and contributions, I verified the existence of four main limitations in the course of this investigation.

First, this thesis illustrated that organizations can implement distinct strategic responses to defend their legitimacy using either symbolic or substantive actions. However, the effect of such strategies on companies' legitimacy repairing was not examined. Future research could then identify which types of responses are more likely to positively influence stakeholders' perceptions of organizations' practices.

Second, the fact that I followed a methodology founded on qualitative research precluded me to validate the paper's findings on a large scale. Thus, scholars may apply quantitative testing in order to obtain statistically significant nexus on the reached conclusions.

Third, the data collection process was entirely based on secondary data, namely publicly available information. If further research considers conducting in-depth interviews with the sampling firms, their insights may accentuate the most critical drivers of organizations' different responses to legitimacy threats. As a result, scholars would be able to analyse data for the study's specific purpose and generate trustworthy findings.

Lastly, the impact of organizations' financial performance on their responses to legitimacy threats could not be tested due to inconclusive results. Nonetheless, this variable could be subject of further study within a different research setting such as a new industry or country.

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Appendix

A) Media Coverage. To measure the variable "media coverage", I conducted an online search by adding each company's targeted product to the ensuing keywords in Google search engine: 'misleading advertising class action lawsuit', 'misleading advertising claims', 'deceptive marketing practises', 'false labelling', 'misleading labelling', 'false health claims', 'deceptive health claims'. In addition, the database time period was up to two years after the lawsuit's announcement to track companies' press releases and ensure the cases' settlement. The first twelve pages searched for the ten firms generated a total of 575 news. For a better data analysis, media coverage results were encoded in three categories based on the number of news: low, medium and high. I assessed low media coverage when the number of news was less than or equal to 30; medium media coverage when it was between 31 and 60 and high media coverage whenever surpassed 60 news. The table below summarizes my data analysis.

Appendix 1 - Media Coverage

Company	Danone	Unilever	General Mills	Ferrero	Campbell's	Nestlé	PepsiCo	Tyson	WhiteWave	ConAgra
# news	46	7	62	78	33	18	83	9	7	18
Coverage	Medium	Low	High	High	Medium	Low	High	Low	Low	Low

B) Type of Claim. I measured this variable employing the same procedures as in 'media coverage' measure. The diverse set of online articles allowed me to identify the claims used by the ten firms as part of their marketing tactics. Following Caswell et al (2003) procedure, each claim was coded as being 'health' or 'nutrient content' with reference to U.S. FDA guidance. The tables underneath illustrate my data analysis.

Appendix 2 - Type of Claim: Definition

a) Health Claim	Describes a relationship between a food substance (a food, food component, or dietary supplement ingredient), and reduced risk of a disease or health-related condition
b) Nutrient Content Claim	Describes the level of a nutrient in the product, using terms such as free, high, and low, or they compare the level of a nutrient in a food to that of another food
c) Structure/Functional Claim	Describes the role of a nutrient or dietary ingredient intended to affect the normal structure or function of the human body

Appendix 3 - Type of Claim: Evidence

Company	Danone	Unilever	General Mills	Ferrero	Campbell's	Nestlé	PepsiCo	Tyson	WhiteWave	ConAgra
Health Claim	✓					✓				
Nutrient Content Claim		✓	✓	✓	✓		✓	✓	✓	✓

C) Size and *D) Financial Performance.* To measure the variables 'firm size' and 'financial performance', I followed Stanwick and Stanwick (1998) by considering companies' total annual revenues (size) and operating margins (financial performance). As data source, I used companies' annual reports to access worldwide annual revenues (Bansal and Roth, 2000). These indicators were measured three years before the dependent variable has occurred so that reverse causation could be minimized (Cuypers et al, 2016). Before coding a firm's size as 'large' or 'small', I computed the annual revenues' mean for the ten samples ($34M). Then, the deviation of each sample's value was compared to the mean. If positive, the firm's size was coded 'large'. If negative, it was coded 'small'. Concerning financial performance, I computed the operating margin for the ten samples alongside their mean (13.3%). Then, I coded each firm as having a 'high' or 'low' financial performance depending on the difference between the overall sample (13.3%) mean and each sample's value. Appendix 4 summarizes my data analysis.

Appendix 4 - Firm Size and Financial Performance

Company	Danone	Unilever	General Mills	Ferrero	Campbell's	Nestlé	PepsiCo	Tyson	WhiteWave	ConAgra
Operating Profits ($M)	1,546	7,167	2,946	N/A	1,185	15,699	8,332	1,430	180	1,652
Revenues ($M)	12,776	40,523	14,880	6,600	7,586	107,618	57,838	37,580	2,289	12,079
Operating Margin (%)	12.1%	17.7%	19.8%	N/A	15.6%	14.6%	14.4%	3.8%	7.9%	13.7%
Firm Size	Small	Large	Small	Small	Small	Large	Large	Large	Small	Small
Financial Performance	Low	High	High	N/A	High	High	High	Low	Low	High

E) CSR Orientation. To measure this driver, I navigated in companies' websites and "adopted a content analysis approach of the CSR reports" (Guthrie et al, cited in Jochim et al 2015, p.267). This collection dated back to the preceding year of each lawsuit's announcement to avoid any overlap with the dependent variable (Cuypers et al, 2016). Further, the research was narrowed to the CEOs' message upon which companies' CSR orientation could be ascertained. Later, I assigned each discourse to a specific CSR performance level. With the aim of reassuring the study's reliability, I mostly identified two quotes to justify each firm's CSR orientation. The tables below describe my data analysis.

Appendix 5 - CSR Orientation (Committed Actors)

Company	CSR Policy Level	Evidence
Unilever	Instrumental	"Our quest to run the company more sustainably is fuelling our innovation pipeline, delivering cost savings and helping us to 'win' with our retail and food service customers who have sustainability programmes of their own and who want to work jointly with us." "this agenda holds the potential for the long-term and sustainable success of our business and our brands."
Nestlé	Transactional	"Nestlé believes it must manage its operations in a manner to comply with the highest standards of business practice and environmental sustainability." "This involves compliance with national laws and relevant conventions, as well as our own regulations, which often go beyond our legal obligations." "to build a profitable business for our shareholders, we must go beyond compliance and sustainability to a third level: creating long-term value both for society and for our shareholders."

Appendix 6 - CSR Orientation (Calculating Actors)

Company	CSR Policy Level	Evidence
Danone	Instrumental	"And with very clear priorities. The first being to seek maximum efficiency… to improve our margins and our earnings per share" "Regarding Danone's social plan, we consider it to be a competitive advantage and the best way to prepare for the future. The current crisis is not only financial and economic. Clearly it also affects lifestyle, production and consumption."
PepsiCo	Instrumental	"our ability to have a positive impact on the world is vast. We believe that building a healthier future for people and our planet is good for PepsiCo's financial success and good for the world." "our long-term profitable growth (our Performance) is linked intrinsically to our ability to deliver on our social and environ mental objectives (our Purpose)." "It is, instead, about enlightened self interest."
General Mills	Instrumental	"Our goal is to be the health leader in every food category in which we compete." "Our goal is to stand among the most socially responsible consumer food companies in the world. Every day we work to earn the trust of consumers, beginning with the safety of our products. Being a responsible corporate citizen is integral to maintaining that trust."

Appendix 7 - CSR Orientation (Compliant Actors)

Company	CSR Policy Level	Evidence
Ferrero	Transactional	"Ferrero is conscious that today its products need to be innovative in a new dimension: in a world of increasing population and increasingly scarce and expensive raw materials, a greater sustainability of those same products is urgently needed."
Campbell's	Instrumental	"helping to build a more sustainable environment, and honoring our role in society from the farm to the family… and ultimately create business advantage over the long term."
Tyson Foods	Instrumental	"Sustainability means different things to different people. At Tyson Foods, we define it as doing the right thing in all aspects of our business so our company can stand strong for many years to come." "We're focused on four key areas: people, planet, profit, and products." "It also involves maintaining a strong bottom line since we must manage our financial resources first in order to pay for our social, environmental, and product-related efforts."
WhiteWave Foods	Transactional	"It is more than just the right thing to do, it is a requirement to succeed and stay competitive." "we continue to improve our business practices and remain focused on becoming a best-in-class food and beverage company." "we align our corporate responsibility initiatives with our business objectives. As we work to transform our business, we are committed to doing it in a way that is right for us, right for consumers, right for our retail customers and right for the environment."
ConAgra Foods	Transactional	"We also must demonstrate an unwavering dedication to doing what's right. We must continue to find better ways to be a good steward of our environment, nourish our employees, give back to the communities we serve and drive economic gain for our stakeholders." " We also must demonstrate an unwavering dedication to doing what's right. We must continue to find better ways to be a good steward of our environment, nourish our employees, give back to the communities we serve and drive economic gain for our stakeholders."

F) Competition CSR Orientation. I grounded the selection process of each firm's main competitor on the F&B category affected in each specific class action lawsuit. I consulted U.S. market share values from published sources, namely online news editorials from U.S. popular newspapers and data portals (*Statista*, *Datamonitor*). Afterwards, the steps taken were identical to the ones followed in the 'CSR orientation' measure. Appendixes 8, 9 and 10 portray my data analysis.

Appendix 8 - Competition CSR Orientation (Committed Actors)

Company	Main Competitor	CSR Policy Level	Evidence
Unilever	JM Smucker	Transactional	"We will create a better tomorrow by focusing on preserving our culture, ensuring our long-term economic viability, limiting our environmental impact, and being socially responsible."
Nestlé	Abbott	Transactional	"The environments in which we operate – natural, social, economic and political – are particularly sensitive and challenging, requiring companies like Abbott to be more thoughtful than ever about the ways we operate our business."

Appendix 9 - Competition CSR Orientation (Calculating Actors)

Company	Main Competitor	CSR Policy Level	Evidence
Danone	General Mills	Instrumental	"Our goal is to be the health leader in every food category in which we compete." "Our goal is to stand among the most socially responsible consumer food companies in the world. Every day we work to earn the trust of consumers, beginning with the safety of our products. Being a responsible corporate citizen is integral to maintaining that trust."
PepsiCo	Coca-Cola	Transactional	"The strength and sustainability of our brands are directly related to our social license to operate, which we must earn daily by keeping our promises to our customers, consumers, associates, investors, communities and partners."
General Mills	Kellogg's	Instrumental	"Companies today face higher expectations from their customers, their ultimate consumers, investors and communities, among others. These stakeholders look at the choices we make in deciding whether to choose us." "I firmly believe that developing and implementing our strategy will strengthen our business in the long term." "We are in a position to expand nutritious food choices for consumers. We see tremendous potential for growth in developing markets... to improve the efficiency of our operations."

Appendix 10 - Competition CSR Orientation (Compliant Actors)

Company	Main Competitor	CSR Policy Level	Evidence
Ferrero	JM Smucker	Transactional	"We will create a better tomorrow by focusing on preserving our culture, ensuring our long-term economic viability, limiting our environmental impact, and being socially responsible."
Campbell's	General Mills	Instrumental	"Our goal is to be the health leader in every food category in which we compete." "Our goal is to stand among the most socially responsible consumer food companies in the world. Every day we work to earn the trust of consumers, beginning with the safety of our products. Being a responsible corporate citizen is integral to maintaining that trust."
Tyson Foods	Kellogg's	Instrumental	"Companies today face higher expectations from their customers, their ultimate consumers, investors and communities, among others. These stakeholders look at the choices we make in deciding whether to choose us." "I firmly believe that developing and implementing our strategy will strengthen our business in the long term. "We are in a position to expand nutritious food choices for consumers. We see tremendous potential for growth in developing markets... to improve the efficiency of our operations"
WhiteWave Foods	Cropp Cooperative	Transformational	"The scope of information in this report includes benchmark sustainability information with regard to our cooperative's impact and contribution to our families, our earth and the wide array of communities we touch - a concept often called, "people, planet and profits." "As an organic farmer-owned cooperative, sustainability has been ingrained in our mission from the start."
ConAgra Foods	Heinz	Transactional	"As one of the best-performing global companies in the packaged foods industry, the H.J. Heinz Company is demonstrating our commitment to the sustainable health of people and the planet while delivering profitable growth for the benefit of our shareholders." "Long term, Heinz is committed to reducing packaging material and our use of fossil fuels in transportation while continuing to explore the use of renewable energy as it becomes more cost effective."

G) Perceived Deviance. I solved to measure this indicator based on the number of class action lawsuits faced by the ten firms' main competitor. Given the list obtained from 'Competition CSR orientation' measure, I conducted an online search via Google's search engine by adding each competitor's name to the same keywords as in 'Media Coverage' variable. Then, the data was collected in conformity to the media sources used to identify this study's sample. As previous scholars did, the collected cases dated back to the years before the sample's lawsuits to avert any overlap with the dependent variable (Cuypers et al, 2016). Finally, I coded the sample's firms as having a 'weak' or 'strong' deviance from its main competitor whether the latter faced one or none class action lawsuit. The table below illustrates my data analysis.

Appendix 11 - Perceived Deviance

Company	Main Competitor	Evidence (Nº Lawsuits)	Perceived Deviance
Danone	General Mills	0	Strong
Unilever	JM Smucker	0	Strong
General Mills	Kellogg's	2	Weak
Ferrero	JM Smucker	0	Strong
Campbell's	General Mills	0	Strong
Nestlé	Abbott	0	Strong
PepsiCo	Coca-Cola	1	Weak
Tyson Foods	Kellogg's	2	Weak
WhiteWave Foods	Cropp Cooperative	0	Strong
ConAgra Foods	Heinz	2	Weak

H) Organizational Ownership. To assess this driver, I first verified an investor guide platform (*Investor Guide*) to examine which firms were public-owned. Then, I was able to confirm the private ownership of the two remaining companies through their websites (Ferrero and Tyson Foods). At last, I coded each organization according to their ownership (Bansal and Roth, 2000). Appendix 12 exemplifies my data analysis.

Appendix 12 - Organizational Ownership

Company	Danone	Unilever	General Mills	Ferrero	Campbell's	Nestlé	PepsiCo	Tyson	WhiteWave	ConAgra
Publicly traded	✓	✓	✓	✓	✓	✓	✓		✓	✓
Privately held				✓				✓		

I) Base Location. This variable's data collection consisted of navigating in the corporate websites of the sample's firms to infer if they were U.S.-based or European-based. After, I coded each firm according to the data obtained: six American and four European organizations. The table underneath describes my data analysis.

Appendix 13 - Base Location

Company	Danone	Unilever	General Mills	Ferrero	Campbell's	Nestlé	PepsiCo	Tyson	WhiteWave	ConAgra
U.S.-based			✓		✓		✓	✓	✓	✓
European-based	✓	✓		✓		✓				