Can ‘Sin Industries’ Prove Their Legitimacy Through CSR Reporting? A Study of UK Tobacco and Gambling Companies

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Abstract

Purpose – The purpose of this study is to examine the ways that sin industry companies attempt to utilise CSR reporting for legitimation.

Design/methodology/approach – Conventional and summative content analyses were carried out on annual CSR reports in UK tobacco and gambling companies, juxtaposed against analysis of the actual behaviour of the companies, collectively and individually.

Findings – The paper concludes that there is an ongoing tension between the business of sin industry companies and their attempts to establish and maintain any legitimacy, using CSR reporting in particular ways to try to prove their credentials to society and to engage salient stakeholder support. Ultimately, they aim to give themselves the scope for strategic choice to enable survival and financial flourishing.

Research limitations/implications – Further research on CSR on other sin industries and in other jurisdictions with different regulatory situations could shed further light on the achievement or denial of different types of legitimacy. Studying different time periods as industries change would be of value.

Originality/value – This study allowed for a comprehensive, dynamic, and inclusive understanding of the interplay of CSR reporting and legitimacy by addressing conflicting interests between sin companies’ social effects and inherent activities at the industry level. The methodology of multiple case study design in two sin industries combined content analysis of CSR reports, juxtaposed against analysis of behaviour in context. Previous research included the juxtaposition of actuality in analysis of only single case studies or particular issues. Thus, this research allows for a broader industry understanding. On a practical basis, the study offers guidelines to stakeholders on the use of CSR reports from sin companies, and suggests the establishment of objective external CSR reports, overseen by accounting regulators. At the social level, the paper provides an overview of sin industries in society, and mitigating their harms.

Keywords – Legitimacy; Corporate Social Responsibility; Sin industries; CSR reporting

Paper type – Research paper

Introduction

This paper focuses on the interaction of the concept of legitimacy with corporate social responsibility (CSR), specifically CSR reporting. It shines a light on how CSR influences legitimacy in contexts where legitimacy is in doubt, namely, sin industries.

Legitimacy of a company may be defined as ‘‘the perceived appropriateness of an organization to a social system in terms of rules, values, norms, and definitions” (Deephouse et al., 2017). Although sin industry companies have a legal license to operate, they do not necessarily possess the social approval inherent in legitimacy to justify their potentially harmful products and services. These are sectors whose activities are frowned upon by some or most of society, because they are perceived as making money from exploiting human weaknesses and frailties (Blitz & Fabozzi, 2017). The tobacco, gambling, alcohol, pornography and firearms industries are considered to be sin industries because they largely deviate from social, ethical and environmental standards in the way they make their profits, and it is argued that these firms are of dubious social value. Rather they are often the cause of physical, psychological, and social damage (Eurosif, 2012). Sin stocks sit on the opposite end of the spectrum from ethical investing, and are automatically excluded from socially responsible investment funds which comprise stocks from companies which excel on environmental, social and governance (ESG) criteria.

Thus, companies in sin industries have particular issues in the way they approach proving their legitimacy to ensure their continuity. CSR is often used as a means of attempting to convey their net contribution to society, to counter accusations made against them about their damaging activities. In short, CSR is used to prove an ongoing right to exist. Increasingly, companies, including those in sin industries are using regular CSR reports to enhance their legitimacy. However, in sin industries, there is a paradox in trying to present themselves as socially responsible when their core activities are generally perceived as harmful. They often claim CSR to present a socially responsible image while their essential activities suggest otherwise. Inherent in this CSR presentation is an attempt to gain legitimacy in the eyes of salient stakeholders, who have the power to influence their right to exist, e.g., regulators (Mitchell et al., 1997).

The framing of CSR reporting may try to present a generalized progressive image of how an enterprise is making a positive contribution to society, or is, at least, benign. In circumstances where a company is subject to accusations of wrongdoing of some kind, the CSR report may be a way of answering charges against it, or even admitting its offenses and apologizing and making reparations, in an attempt to purge its past and start afresh on a constructive note, one of the issues examined in the research. The external context in which the CSR report is written is important to understand to what extent and how company circumstances may influence the impression management attempted in a report, as compared with their actual behaviour and practices.

The study also takes account of the fact that sin companies are allied to each other in attempts to neutralise antagonism toward the industry as a whole. At the same time, like any industry rivals, they are in competition with each other to receive favourable evaluations from all stakeholders. The multiple case study design, consisting of 10 sin industry companies in two industries, allows for the depth and understanding offered by qualitative research alongside some general insights derived from the cases, which may not be available from single case studies.

This paper is one of the first studies to bring together legitimacy and CSR in companies in sin industries, recognising conflicting interests between their social effects and inherent activities. Legitimacy theory offers a theoretical explanatory underpinning to CSR in these companies. The study concentrates on the regulated tobacco and gambling industries in the UK where CSR reports and media stories about the activities and controversies involving the corporate sector are available. The empirical data for the research is drawn from the CSR reports of publicly listed companies, sustainability information on the web page of unlisted companies, newspaper articles, and external organisational reports about the practices of the companies. The methodology employed is content analysis to decode the companies' CSR statements and evaluate them alongside an analysis of their contemporaneous contextual issues and behaviour.

Literature Review

Sin industries have always been subjected to scrutiny and criticism. Nonetheless, there has been limited study of their organisational legitimacy, corporate strategies and techniques adopted to gain strategic legitimacy (Miller & Michelson, 2013; Reast et al., 2012), specifically via CSR.

Legitimacy

The application of legitimacy theory is pertinent in interpreting CSR behaviour in companies, and recently, the copious literature on the legitimacy concept has been reviewed and reframed (Deephouse et al., 2017; Suddaby et al., 2017). The Deephouse et al. (2017) team examining legitimacy included Mark Suchman, the pioneering authority on legitimacy theory. The authors arrived at four basic states of organisational legitimacy – accepted, proper, debated, and illegitimate, thereby opting for legitimacy as a quasi-continuous concept. "Accepted" organizations are those whose legitimacy is assumed, taken for granted. "Proper" refers to organizations whose legitimacy has recently been evaluated and passed, but its legitimacy is not as embedded as accepted organizations. "Debated" legitimacy refers to instances of organisations whose stakeholders are in disagreement about its legitimacy, so there is some dispute about its activities and/or fundamental values. "Illegitimate" organisations are assessed as inappropriate by the social system, indicating they should be radically reformed or cease to exist altogether.

The illegitimate category definition suggests why legitimacy matters, for a company's very survival. Also, legitimacy may influence market access and the availability of strategic choices, and resulting financial performance via stakeholder support or withholding. Tilling and Tilt (2010) refer to this as necessary resource flows to the organisation. They identify four key constituencies that control critical resources – the public, media, financial community, and the state. Generally, the state, regulatory agencies, and licensing boards are significant. However, on an informal level, public opinion as a reflection of social values, and the media, with increasingly social media as possible formers of public opinion, are recognised as powerful in conferring or refusing legitimacy. In effect companies can influence the public policy process directly by addressing communal or regulatory concerns, or via projecting a socially desirable image (Patten, 1992). Moreover, key stakeholders are not isolated, but actually influence each other, so, for example, public opinion pressures, influenced by media, may shape regulation.

On what bases is legitimacy judged by stakeholders? There has been much previous debate about typologies of legitimacy (Reast et al., 2012; Suddaby et al., 2017). Deephouse et al. confirm four criteria to adjudicate on legitimacy – regulatory, pragmatic, moral, cultural-cognitive. They emphasise that the four types are not entirely discrete and independent of each other. For example, regulatory certification may rely on moral and cultural cognitive acceptance, alongside pragmatic elements when a company's activities can be seen to make some practical contribution to society.

Pragmatism entails a strategic approach from the perspective of the organisation seeking legitimacy, whereby legitimacy is a controllable variable and hence forms part of responsible reporting (Dowling & Pfeffer, 1975: Ashforth & Gibbs, 1990). "Organisations seek to establish congruence between the social values associated with or implied by their activities/practices and the norms of acceptable behaviour in the larger social system of which they are a part" (Dowling and Pfeffer, 1975, p. 122). This congruence is variously described as fit, consistency, acceptance, cultural alignment, and normative support (Suddaby et al., 2017). When an organisation's real or apparent behaviour conflicts with the social norms there occurs a "legitimacy gap" (Sethi, 1978).

Sin Industries and Legitimacy

Sin industries are associated with "products, services or concepts that for reasons of delicacy, decency, morality, or even fear, elicit reactions of distaste, disgust, offence or outrage when mentioned or when openly presented" (Wilson and West, 1981, p. 92). The legitimacy of sin industries is affected by cognitive beliefs about their companies and products (Galvin, et al., 2004). Laczniak and Murphy (2007) have strongly advocated the ethical obligations of these firms as their activities are likely to negatively impact consumers. According to Grougiou et al. (2016), sin industries are designated as core-stigmatised, "usually associated with deeply-rooted negative evaluations which require systematic strategies to minimize their impact" (p. 906). This type of stigma is considered to be of a permanent nature, because of the fundamental outputs, routines, actions and operations of these companies.

Thus, sin industry companies have particular issues in establishing legitimacy. Suchman's (1995) tripartite gaining, maintaining and repairing legitimation challenges would seem to be pertinent to sin industry companies. It is debatable whether these companies ever gain real legitimacy in any deep-seated sense that fulfills all four regulatory, pragmatic, moral and cultural-cognitive criteria, as there is a mistrust about them, even if they are legally licensed. Thus, legitimacy is always precarious with respect to its maintenance. There are constant attempts by various stakeholders to curtail the activities of sin companies. Examples are the imposition of plain packaging for tobacco products or restricting gambling advertising. There is often a struggle between the authorities controlling sin companies and sin companies finding ways of resisting any further regulatory restrictions, and indeed, loosening existing limitations. The issue for companies is to find an appropriate response, depending on the type of challenge and who are the key stakeholders, according to Deephouse et al. (2017). With sin industries, challenges arising from rule breaking and scandals are often seen by key stakeholders as moral or cultural-cognitive transgressions. These are difficult to counter with pragmatic responses, which may be the easiest ones to effect. The unstable state of legitimacy in sin companies emphasises legitimation as an ongoing process, since organisations, stakeholders and criteria may change over time (Kuruppu et al., 2019; Suddaby et al., 2017).

Sin Industries and Corporate Social Responsibility

A growing trend is for sin industry companies to attempt to shore up their legitimacy through publicising their CSR credentials. This is consistent with Brown and Dacin's (1997) view that the principal purpose of CSR in a company is to illustrate its status and activities with respect to its perceived societal and stakeholder obligations. Similarly, Carroll (1999) concluded that CSR addresses and captures the most important concerns of the public regarding business and society relationships. Generally, research has continuously established the positive relation between firm goodwill and value with their sustainability policy (Cai et al., 2012).

Significantly for sin companies, Key and Popkin (1998) observed that regulation comes from social and ethical concerns of stakeholders, so publicising CSR activities should benefit the businesses. The attitude of sin companies towards CSR has been described as, "a useful portmanteau description for a well-considered present-day business response to suspicion pressures and attacks" (Henderson, 2001. p.146). Thus, organisations advertise their engagement in CSR, which may be employed as a shield for questionable behaviour (Banerjee, 2008).

Impression management is a key part of CSR activities for sin companies, due to a heightened level of scrutiny by multiple stakeholders. One way of making positive impressions to a broad array of stakeholders is via CSR reporting, since communication for collective meaning making is an inherent part of legitimation, which is dependent on persuasion and influence grounded in language (Suddaby et al., 2017). Such reporting is also a way of countering negative publicity from media and others (Lamin & Zaheer, 2012).

It has been observed that many companies utilise voluntary sustainability reporting as façades for hypocrisy regarding actual behaviour, to placate different stakeholders (Cho et al., 2015). In essence, there is a disconnect between self-reports and real impact (Buhr et al., 2014). This is especially so in the ecological sphere in environmentally sensitive industries (Wiseman, 1982; Milne & Gray, 2013). Moreover, attempts to integrate annual reports of companies so they combine sustainability or ESG reports as part of the report merely subordinates the ESG reports to the conventional annual financial statements.

While all firms use CSR reporting to attract and retain vital stakeholder support, and, in some instances to produce a façade of corporate responsibility, Grougiou et al. (2016) find that sin industry companies are significantly more likely than matched non-sin companies to issue stand-alone CSR reports. These reports are geared to signal conformity, to generate an image of being a normal mainstream company, just like any other. CSR reporting constitutes a systematic ongoing and unceasing method of countering the core-stigma of sin companies. The apparent normality also has the effect of legitimising the consumption of their products as an ordinary activity, so absolving their consumers from any stigma attaching to the use of their products or services.

Palazzo and Richter (2005) developed a CSR framework for the tobacco industry. They argue that although the tobacco companies practice sustainability, this CSR engagement is to distract consumers from the harmful impact of their business. They concluded that the marketing activities of the tobacco companies ultimately attract non-smokers, mostly youngsters. The World Health Organisation (WHO, 2008) in their study of the tobacco industry has described social responsibility in this industry as an intrinsic contradiction. WHO has concluded that despite companies' claims of sustainability, they continue using irresponsible and unethical strategies to increase their profits.

Research in gambling has focussed on its cause of addictive problem gambling. Studies have attempted to measure the cost society bears from gambling (Henriksson, 2001). Grinols and Mustard (2001) calculated these social costs as being 1.9 times higher than the social benefits. More recently, the dangers of online gambling and its easy accessibility have come to the fore (Griffiths et al., 2009; Monaghan, 2009).

The major gambling companies in the UK practice CSR reporting (Jones et al., 2009). Self-exclusion, deposit limits (Soriano et al., 2012), training of staff in CSR (Pratten & Walton, 2009) and other such “sustainability” procedures have been mentioned in the UK gambling industry. Miller and Michelson (2012) highlight that gambling is considered an ethically and morally wrong activity. Hence it is difficult to regard the CSR practices of such companies as legitimate. Thus, the adoption and use of CSR in the gambling industry is likely to draw criticism and challenges by its opponents. Reast, et al. (2012) conducted a case study on the failure of a supercasino project to examine the different strategies which the UK gambling industry employs to justify its legitimacy. The results suggested that these gambling firms engage in efforts like CSR initiatives and “responsible gambling” programmes to gain social legitimacy, attempting to ensure their long-term viability.

The controversial industries have not found prominence in CSR research. The sin industries of tobacco and gambling have received some attention separately regarding legitimacy or CSR, frequently based on single case studies, but these studies have not investigated the interaction of legitimacy theory with CSR reporting and actual practice in these industries. This was the purpose of this research.

How do sin industries attempt to use CSR to justify their social legitimacy? Prior research has established that CSR reporting is a way to publicise their various activities and professed achievements in the social responsibility sphere, to prove legitimacy via undertakings such as corporate philanthropy, stakeholder collaboration, and environmental sustainability. (Grougiou et al., 2016). These are aimed to prove the validity of self-regulation to key direct and indirect stakeholders, especially the four key constituencies that control critical resources – the public, media, financial community, and the state (Tilling & Tilt, 2010).

The following model delineates how legitimacy seeking occurs via CSR reporting:

Figure 1 here

Since CSR reporting is so important in the strategies of sin companies, this study investigates how selected sin industries enact their legitimacy seeking according to the proposed model by analysing the content of their reports.

Methodology

The study consisted of content analysis of the CSR reporting of 10 UK based companies – 3 tobacco companies and 7 gambling companies.

There are three UK tobacco companies, British American Tobacco (BAT), Imperial Tobacco plc and Gallaher Ltd which was acquired by Japan Tobacco International (JTI) in 2007. The tobacco market in the UK is dominated by Imperial Tobacco and JTI which together comprised 84 percent of the market with BAT at 8 percent. UK tobacco sales have been in decline since 1974 after a high point. However, the profits of this industry have increased over recent years despite declining sales because regular price increases on cigarettes have outpaced people's ability to give up smoking. In fact, BAT reported increased first half revenues for 2020 despite the COVID-19 pandemic, as government unemployment support gave smokers money, so they were not forced to switch to cheaper brands, smoke less or quit (Nilsson, 2020). According to an analysis, the cost of smoking to the economy was £11 billion a year in 2017. In that year, £9.5 billion was generated in excise duty from tobacco products in the UK, leaving a deficit of approximately £1.5 billion (ASH Action on Smoking and Health, 2017).

However, the major tobacco companies operating in the UK are not paying corporation tax at the rate they should, as they have reorganized corporate structures to enable profits to be shifted overseas, resulting in significantly more in corporation tax overseas than domestically. Branston and Gilmore (2019), whose research revealed these tax discrepancies, call for a special levy on tobacco companies, similar to a surcharge imposed on banks to compensate for their costs to the country in the wake of the 2008 financial crisis. The researchers also recommend mandated country-by-country reporting on tobacco sales and profits.

Tobacco companies have been trying to offset declines in traditional cigarettes with new products, such as vaping and heated tobacco devices, but sales of these have actually been in decline. Moreover, their safety has been questioned by authorities. Thus, tobacco companies remain reliant on conventional cigarettes.

The tobacco industry adopted CSR strategies and reporting around the 1990s, attempting to foster a good reputation and influence the policy makers from regulating tobacco consumption, although tobacco is acknowledged as a leading cause for preventable deaths in the world. As tobacco companies are not permitted by law to promote or advertise their products and services directly, CSR reporting may be regarded as an alternative (World Health Organisation, 2008; 2009).

The second sin industry in the study includes 7 gambling companies encompassing betting shops and online gambling activities. These are William Hill, Ladbrokes, Gala Coral Group, Betfred, Paddy Power, Playtech and Betfair. The industry saw two mergers in 2016, between Ladbrokes and Gala Coral Group and between Betfair and Paddy Power.

The Gambling Commission, established to regulate the industry in 2005, aims to protect vulnerable persons and monitor the rising Internet gambling sector. The Gambling Act of 2005 opened the door to TV advertising for sports betting, online casinos and poker, giving betting companies direct access to people's homes. It is alleged that the Act made the UK one of the most deregulated in the world (Ford, 2019). The industry's income, along with the amount of tax it pays to the Treasury, has soared since, according to data from the Gambling Commission. Gross gambling yield – the amount gambling firms win from customers – was £8.36 billion in the year beginning April 2008. Gambling revenues climbed almost 70 percent to reach a record £14.5 billion in the year to September 2018. Income from so-called remote betting – such as online casinos, poker and bingo – was £817 million in 2009 but reached £5.6 billion in 2018, making up 39 percent of the industry (Gambling Commission, 2019). The amount British gamblers lost on fixed-odds betting terminals (FOBTs) which are electronic gaming machines in betting shops, increased by 74 percent between 2009 and 2017, from £1 billion to £1.8 billion, despite the number of machines rising by just 9 percent over the same period, indicating people were losing ever larger sums.

The gambling industry is a major player in the UK economy by contributing almost £2.9 billion via betting, gaming and lottery duty in fiscal 2017/18. This kind of public income can have the effect of slowing anti-gambling legislation (Hancock et al. 2008). However, a study by the charity GambleAware and the think-tank Institute for Public Policy Research found that problem gambling could be costing the UK economy £1.2 billion per year (IPPR, 2016). Gambling advertisements also contribute to media income whilst sports sponsorship also gives sports teams incentives to engage positively with the industry because of critical income provided by the gambling companies.

This industry has always been associated with negative social effects, mainly problem gambling. In a NatCen Social Research report (2017) prepared for the Gambling Commission, it was found that in 2016, the number of adult problem gamblers in Great Britain was approximately 340,000, while the estimation of potential problem gamblers is even higher at up to 460,000. Of course, there are serious knock-on harms on family members of problem gamblers. The NatCen Social Research report asserts that “much remains to be done if harms from gambling are to be reduced”. The industry faced multiple regulations, such as a rise from 15 percent to 21 percent in remote gaming taxes in 2018 and the 2019 lowering of the betting ceiling on FOBTs to £2 from its previous £100.

Further, in 2020, after a year-long inquiry, a 50 strong All Party Parliamentary Group for Gambling Related Harm (GRH APPG), recommended new more restrictive gambling legislation with respect to advertising and marketing, tax avoidance, and the imposition of levies to support consumer redress. The Group emphasised that its drastic measures carry public support and that it was necessitated by the fact that gambling companies had resisted change at every turn and could not be trusted to self-regulate. Then, in 2021, a review of the 2005 Gambling Act to bring it into the digital age was expected to result in advertising curbs, severe stake limits and bans on sports sponsorship. Also, a think-tank report predicted that if gambling spending fell by 10 percent, the economy would derive net benefits because more would be spent by consumers in productive sectors with longer supply chains, and generating more taxes, along with the creation of 24000 jobs.

Content Analysis

The method employed for this study was content analysis. Content analysis has been defined as “a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales of varying levels of complexity” (Abbot and Monsen, 1979, p. 504). It can be used to understand social and environmental disclosures, as it helps to make valid inferences by coding and interpreting textual data, thus transforming qualitative material to quantitative form. The validity and authenticity of the study is increased by an analytic procedure like a coding scheme. Two distinct approaches of content analysis, conventional and summative, were employed. Conventional content analysis derives coding categories directly from text. Summative content analysis identifies and quantifies words or content in the text for comparisons and interpretation of underlying context. The conventional content analysis helps to negate preconceived and theoretical categories as it is based on actual text, thereby facilitating the emergence of new insights and categories to stem directly from data rather than preconceived categories (Kondracki & Wellman, 2002). The summative analysis provides useful insights into how words are used. It goes beyond word counts to include latent content analysis. (Holsti, 1969). There are several advantages of a summative content analysis, as it provides basic insights into the usage of words. If the results are consistent with the interpretation, it demonstrates credibility.

The CSR reports, or the relevant section of annual reports of the 10 companies where companies do not publish separate CSR reports, were analysed. The sources for CSR reports were Corporate Social Responsibility Newswire, CorporateRegister.com, Ethic Scan, Research Gate and company websites. For an effective comparison between the companies, the Chief Executive Officer's statement was selected for analysis. The CEO is the voice of the company and represents its public face. He (all CEOs in the study were male) makes various claims of engagement and achievements in CSR activities and thus, his statement is the company's justification of sustainability and legitimacy.

The first step in conventional content analysis was to read the text of the CSR reports and CEO statements, word-by-word to derive possible themes, officially known as nodes. The initial labels for the nodes were developed from the opening analysis and the process continued until a coding scheme was developed. Global Reporting Initiative (GRI) standards for reporting on a range of economic, environmental and social impacts were invoked as guides to frame the nodes (GRI Standards). Fifteen nodes which are representative of the standard and necessary elements in a CSR report, were developed. The nodes covered the interests of consumers, employees and stakeholders of the company. They assess company attitude, challenges faced, CSR strategies, past achievements and future goals.

For the summative content analysis, a word frequency was run on NVivo Pro. This test showed the most frequent words in the company report, indicating the image that the company wants to project by using them multiple times to attract attention. The relative frequencies of the words also offer insights into corporate priorities. These analyses should give a detailed picture of the company's CSR policy and actions in order to assess their attempts to justify their legitimacy.

As it is proposed that companies frame their reports to prove their legitimacy in response to public concerns, the company reports analysis is then compared with actual context and behaviour of the companies. Past studies have found media accounts useful as reflecting extant issues in public discourse (Suddaby et al., 2017). Therefore, context is described by means of media coverage of the same companies over a 15-year period.

Results

Content Analysis

The content analysis found 15 nodes in the companies' CSR reports. The nodes are:

- Actions and Steps taken - This node describes CSR/sustainability activities undertaken by the company.
- Attitude towards CSR - This node highlights a positive attitude portraying the beliefs of the company in CSR ideas and practices.
- Attitude to Technology - Adopting advanced and eco-friendly technology is portrayed as important in a company's efforts toward CSR. This node refers to any such technological references in the analysed report.
- Awards and Accreditation - This node shows the awards, credits and recognition that the company has received for its CSR activities.

- Background Information - This node is for any general background information about the company provided in the report.
- Challenges Faced - This node is further divided into sub-nodes of economic, environmental, operational and socio-cultural challenges which the company has faced or is facing in implementing better, ethical practices and methods of business.
- Consumer Orientation - This node refers to policies emphasising the importance and constructive attitude of the company towards its consumers.
- CSR Strategy - This node highlights the CSR programme of the company, depicting its strategy outline and working scheme.
- Employee Orientation - This node picks up references for the progress and development of employee well-being as important stakeholders of the company.
- Failures and Self-criticism - This node refers to any acknowledgments by the company of its flaws and failures as a CSR actor.
- Governmental and other Organisational References - In terms of CSR, many policies and initiatives come from the Government as well as independent organisations, such as NGOs. This node refers to compliance or even alliances of the company with such entities.
- Past Achievements - This node highlights any previous achievements of CSR goals and sustainable actions.
- Set Standards and Values - This node refers to statements of standards, beliefs, values and rules by which the company aims to abide in all its programmes and strategies.
- Stakeholder orientation - This node points out the attitude and orientation of company goals towards its stakeholders as important interest-holders in a company.
- Sustainability goals - This node denotes the sustainability goals of the company.

Table 1 shows the coding scheme for the 15 nodes of the three tobacco companies. The top 5 nodes, based on the number of references, have been highlighted in red for each company.

Table 1 here

Table 2 shows the coding scheme developed from analysing the CSR reports of the gambling companies with the top 5 nodes based on the number of references for each company highlighted in red.

Table 2 here

Table 3 shows the results of the word frequency count in the CSR report for the tobacco companies. The 10 most frequent words are presented in the Table. The count denotes the frequency of the word and the weighted percentage calculated for the word with respect to the other words in the text, expressing the importance of that particular word in the entire report.

Table 3 here

Table 4 shows the results of the word frequency count in the CSR report of the gambling companies, with the frequency and weighted percentage of the 10 most frequent words for each company.

Table 4 here

Analysis of Results

Tobacco Companies

On analysing the results, similar trends can be noticed in the claims of the three tobacco companies. The common highlight of their reports shows their attitude to CSR, portrayed in a positive light.

Primary importance has been given to the CSR strategy adopted by the companies, their sustainability goals and finally the actions and steps taken by them to reduce the harmful impact of their products, to practice responsible marketing and be part of industry initiatives. These topics paint a constructive picture of the companies portraying them to be responsible and concerned. However, the companies' CSR reports have been less attentive in their approach to customers, employees or other stakeholders with only JTI outlining sustainable schemes for employee benefits.

By-and-large, mention of challenges is negligible, with the exception of BAT which describes operational challenges that they encounter, like a high level of illegal tobacco. These are challenges for which the company is not depicted as a perpetrator. It can be argued that this concern does not reflect CSR, but it is rather a worry about potential lost income. Imperial and JTI have focused more on their set standards and values of responsibility and emphasised their efforts and achievements in CSR to project a more socially legitimate image. The omission of health threats of tobacco in annual reports is consistent with Tilling and Tilt's (2010) study of Rothman Tobacco's annual reports over a 24-year period.

The word frequency test shows the most common words used by the companies to influence the reader by resounding those words. BAT has used mostly serious words like "business", "corporate", "tobacco", "executive", words that seem most directed to investors about strategy and pragmatism . Peripheral importance has been given to rural welfare schemes for "agriculture" and the "farmer". Imperial Tobacco and JTI are on similar tracks with respect to strategy and investor-oriented words. In addition, they have repeatedly used words such as "sustainability", "responsible", "natural", "impacts" to attract attention to their sustainability mindset and give the impression of a committed CSR programme.

In checking the context for their CSR disclosures, in reality, these companies have been subjected to criticism and even prosecution for their business practices, some of which were proven to be illegal. BAT has faced the largest number of allegations. It tried to use endowments to prestigious universities to enhance its reputation. It made an offer to a London School of Hygiene and Tropical Medicine student of a £1500 grant and work experience which was rejected by the School (Meikle, 2002). In 2011, Durham University was condemned for accepting a £125,000 grant from BAT toward an Education for Afghan Women Appeal (Tobin, 2011). In its Annual General Meeting in 2007, BAT was accused of objectionable marketing tactics. Advertisements proved that BAT was selling loose cigarettes rather than in a pack, a practice illegal in the UK since 1991, as it made cigarettes easier to buy (ASH, 2007). It was also reported that BAT was using marketing that glamorises smoking to attract young people, a breach of the UK Tobacco Advertising Act 2002. The most cynical attempt by BAT was to sponsor public health initiatives. BAT engaged in a Blindness Relief programme in Bangladesh, by making large donations and generating publicity (World Health Organization, 2004). Meanwhile, smoking remains a major cause of cataracts which cause blindness. Latterly, BAT was facing investigation by the US Department of Justice, for bribing policymakers in Africa to cover up allegations of environmental damage in Uganda and corporate espionage in Kenya, violations which could result in prison for the Company's executives (Doward, 2016).

In 2000, there was evidence that Imperial Tobacco was involved in smuggling and export of UK-made cigarettes, to be brought back into the UK black market (ASH, 2002).This greatly enhanced its commercial success. Interestingly, Imperial Tobacco dropped the word "tobacco" from its name to gain credibility and enhance its image, renaming itself Imperial Brands PLC in 2016 (Martin, 2015). This is in clear contrast to the fact that it generated more than £25 billion from tobacco products in 2015. Similarly, Japan Tobacco International also eliminated the word 'tobacco' from its designation and now calls itself JTI.

Tobacco advertising and sponsorship of sport has been banned, but companies continue to sponsor respectable organisations to appear socially responsible. BAT is a sponsor of the Marie Curie cancer charity and Bloomberg. Ironically, Michael Bloomberg has a strong public stand against tobacco. Healthcare professionals have protested against such sponsorship as morally unacceptable. On the cultural front, JTI has been a leading sponsor of the Royal Academy London, although other UK galleries and museums have declined donations from tobacco companies (The Guardian, 2016).

JTI provided hospitality worth thousands of pounds to six Members of Parliament (MPs) in attempts to drop regulation for plain cigarette packaging. Previously, JTI spent £23,000 entertaining 20 MPs in six months, and subsequently, almost half of them voted against a bill that aims to ban smoking in cars (Hastings, 2012). All three tobacco companies challenged the lawfulness of the government's new plain packaging regulation banning logos or branding on tobacco products in 2015, but they later lost a High Court battle on the matter (Boseley, 2016).

Having met only limited success with alternative products, tobacco companies have reverted to targeting more dependable traditional cigarettes, a strategy promoted by the new CEO of Imperial (Nilsson, 2021). Meanwhile, BAT faced a backlash by pressing ahead with a 9.5 percent pay increase for its CEO, even as many top executives were taking pay cuts or forfeitures in the face of the COVID-19 pandemic, whilst the company was the subject of a US criminal inquiry into sanctions-busting (Kleinman, 2020). Tobacco companies cannot be indifferent to increasing pressure on the industry, by the US administration's plans to strip cigarettes of nicotine and banning menthol products (Nilsson, 2021a). Moreover, New Zealand is pursuing a Smokefree 2025 goal (Edwards et al., 2021).

Gambling Companies

The coding results for the gambling companies show mostly common trends in presenting CSR as a strategic business policy. Each of these companies have discussed in depth the actions and steps that they have taken to fulfil their social obligations and have carefully outlined their CSR strategy to appear sincere and rational. Gala Coral refers to its progressive attitude to technology, adopting advanced tools for consumer protection and to monitor betting activities. Training, equality and welfare policies for employees have formed a significant part of all company reports, but Gala Coral Group and Betfred have chosen to focus relatively more on a consumer orientation. The other stakeholders of the gambling companies have found no mention. William Hill and Ladbrokes depict commitment through their goals of responsible gambling, self-exclusion techniques, reducing problem gambling and community initiatives. Four of the companies, William Hill, Ladbrokes, Betfair and Paddy Power have expounded on their past achievements in the fields of responsible advertising, detection of problem gamblers and control of high stakes. Paddy Power, Playtech and Betfair report CSR activities whereby they are part of gambling protection groups and have contributed to charities. Significantly, none of the companies have admitted to any failures or challenges faced, despite well-known obstacles that gambling must overcome by way of operational, economic and social challenges to legitimacy. Nonetheless, the companies have omitted any difficulties or negativity in their reports, thereby presenting an unequivocally affirmative CSR attitude, similar to the tobacco industry.

The word frequency test reinforces the image that the companies project in their CSR reports, using CSR as a strategic modus operandi. William Hill has continuously used ‘gambling’, “responsible” and “community”, attempting to project a responsible attitude to gambling and situating themselves as an inherent part of their society. Ladbrokes and Gala Coral Group have repeatedly used “gambling”, “business”, “responsible”, “betting” to put across their constructive approach in controlling their betting function. Gala Coral emphasises “integrity”. Betfred conveys its emphasis on “staff” and “customers” to prevent illegal “age” gambling and “crime”. Paddy Power has concentrated on promoting “paddy”, “power” as a “responsible”, “business”. Playtech has described itself as part of the “group”, “industry” and about its “licensees” and “employees”. Betfair highlights issues like “health”, “charity”, “safety” and “responsibility” in its report. This is consistent with the claim that the notion of “responsible gambling” locates the problem in the individual gambler, not the product (Ford, 2019), placing the industry as helper rather than harmer.

As with the tobacco companies, if one examines the context in which the gambling companies operate, the denunciations, scandals and accusations against them are at considerable variance with the messages they attempt to convey in their reporting.

Research on marketing in gambling between 2014 and 2018, mainly in Australia and the UK showed that gambling marketing is highly targeted, especially around sport, with the most popular strategies being increasing brand awareness, advertising complex financial incentives and betting odds for participation. Perceptions of gambling advertising, particularly among vulnerable groups (e.g. children, problem gamblers) appear to be influenced by this targeted content. Emerging research suggests that exposure to gambling marketing is associated with more frequent and riskier gambling behaviour (Newall et al., 2019). As problem gambling increases, William Hill has been sued for more than £2 million by a man who lost his career and family to his gambling addiction. After he opted for self-exclusion, the company allowed him to start betting again, which led to a single, huge bet loss (BBC, 2008). Sports sponsorships by gambling companies have frequently been condemned. For example, Andy Murray, a leading tennis player, has criticized William Hill for being the official sponsor of the Australian Open Tennis tournament. This is highly relevant as tennis faces match-fixing inquiries (McLeman, 2016).

The gambling companies have been implicated in multiple cases of money laundering, fraud and cyber-theft. For instance, Gala Coral Group, on directive of the Gambling Commission had to pay restitution of £880,000 for failure to prevent money laundering and problem gambling. It did not stop a VIP customer from losing money which turned out to be illicit funds (Beckett, 2016). Gala

Coral has repeatedly failed tests against its claims of staff training, innovative tools and anti-money laundering team. Paddy Power was forced to pay out £280,000, having been found guilty of encouraging a problem gambler to continue betting until he lost his home, job and access to his children (Davies, 2016). Following outrage and complaints, Paddy Power was reprimanded by the Advertising Standards Authority in the UK to remove its advertisement offering wagers on the outcome of the Oscar Pistorius high profile murder trial in South Africa. It was believed that the ad trivialized issues surrounding the trial, the death of a woman, and disability, and ads of this kind can inspire further similar offences (The Journal.ie, 2014). Paddy Power has faced bans for several tasteless advertisements like betting on two old ladies crossing the road, and a depiction of Jesus gambling during the Last Supper (Paddy Power's 10 most controversial adverts, 2012). Ironically, these notorious advertisements act as publicity stunts to highlight Paddy Power's profile.

Betting shops were estimated to make almost £34 million weekly from FOBTs, designated as destructive as 'crack cocaine' (Gentleman, 2013). These betting terminals are concentrated in poor neighbourhoods, and are emblematic of high levels of addiction and antisocial behaviour. The outcry about the harm caused by betting terminals began a movement to limit their use, culminating in legislation to reduce the maximum bet on them from £100 to £2 from April 2019, notwithstanding lobbying by the gambling industry, including commissioning a report from KPMG warning about the cost in jobs losses and the damage to the industry with the closure of about a fifth of betting shops and costing the Treasury £1 billion by 2020 (BBC News, 2018). The Association of British Bookmakers (ABB) has denied that there is a link between FOBTs and problem gambling, but a report by the Gambling Commission (2019) found that 11.5 percent of the people who use machines in bookmakers are problem gamblers, up from 7.2 percent in 2012. The same report claimed that the number of problem gamblers in the UK was stable, something the Commission said was true "statistically". However, two comparable surveys from the Commission indicate the number of problem gamblers – defined as “having a habit to a degree that compromises, disrupts or damages family, personal or recreational pursuits” – rose between 2012 and 2015 (NatCen, 2018, p.1).

One of the tools available to anyone seeking help is “self-exclusion”, industry schemes that allow gamblers to opt out of betting, supposedly irreversibly, for an agreed period. Between 2009 and 2016, the number of self-exclusions tripled from 11,424 to 34,091, according to the Gambling Commission. But the number of reported self-exclusion breaches – occasions when the system did not work – more than quadrupled from 4,033 to 18,784, as betting companies continued to target excluded gamblers (Davies, 2017).

Other adverse news against gambling companies reported that members of an influential Parliamentary committee received more than £10,000 in benefits from Ladbrokes and Betfred to oppose stricter regulation (Ramesh, 2016). Several charities, notably the Young Gamblers Education Trust, funded by Paddy Power, Gala Coral Group and Bet365, have gambling executives on their boards. Such activities are listed as positive CSR contributions by these companies, but could be regarded as façades. Betfred has committed violations by failures to take measures against money laundering, resulting in fines of £322,000 in 2019 and £800,000 in 2016 (Burn, 2019; Davies, 2016).

Betfair has one of the highest levels of allegations against it of all the gambling companies in the study, even as it uses the language of social responsibility in its reports. The Company offered casino “bonuses” to its customers for a window of three hours in which they could deposit £200 as many times as they wished and receive a 50 percent bonus on it. However, on losing big money to its customers, Betfair accused them of irregular activity and confiscated their earnings. (Betfair casino scam, 2010). In a similar incident, Betfair denied payment to its players after it had mistakenly proclaimed an offer. An enticing and thrilling Betfair advertisement once led a man to gamble away £750,000 along with his family, whom he lost in the process (Jarvis, 2013).

The media has a lot to lose from any clampdown on the gambling industry. Sport, in particular football, also has something to gain from a thriving gambling industry, which provides a large slice of sponsorship income.

UK gambling companies have dealt with threats of increasing restrictions, and the closure of betting shops during the COVID-19 pandemic by industry consolidation, concentrating on online betting and establishing themselves in more favourable regulatory environments. Paddy Power acquired Betfair to become Flutter. The merger of Ladbrokes and Coral was then acquired by Gala to become Entain. The easing of gambling restrictions in many US states has attracted these UK companies to that market, along with William Hill, acquired by Caesar's Entertainment.

Discussion and Conclusions

This research studies a unique combination of legitimacy, sin industries and CSR via CSR reports. It concludes that there is an ongoing tension between the business of sin industry companies and their attempts to establish and maintain some kind of legitimacy, using CSR reporting in particular ways to try to prove their credentials to society. The findings of the study are interpreted through the conceptual framework of legitimacy.

Having defined legitimacy as the extent to which an organisation is appropriate within a social system, there are four basic evaluations. The most desirable, "accepted" and even the next one down, "proper" are evidently not applicable to any of the sin companies in this study, which are regarded as core-stigmatised, albeit they are legally established. In fact, their legal status is always under threat of ever tightening restrictions. At best, they fall into the "debated" category, since the damage they cause invites constant scrutiny, as seen in the contextual material in the study. At times, especially when prosecuted for criminal wrongdoing, they are regarded as illegitimate. Among various stakeholders, they are always regarded as illegitimate. This is the base from which sin companies conduct their CSR activities and reporting.

Sin companies require even a low level of legitimacy, to curtail any further restrictive regulation and higher taxes, to continue to operate and obtain financial income. The findings demonstrate that they use CSR communications to engage stakeholder support and give themselves the scope for strategic choice to enable survival and financial flourishing. In the UK, the sin companies have succeeded in staying in business and indeed, with healthy profitability and share prices, notwithstanding their many well publicised apparently irresponsible and sometimes illegal actions.

The study shows that legitimacy seeking through CSR reporting is best conceived as “legitimacy-as-perception”, whereby the companies are attempting to influence particular “evaluators” to observe and judge them favourably with respect to legitimacy (Suddaby et al., 2017).

The key stakeholders of sin companies are regulators and consumers. However, in the background is public opinion, influenced by community organisations, NGOs and media. The latter are important for sin companies as ways of gaining and maintaining unfettered access to consumers and favourably persuade the authorities to leave them to their business without interference. However, there may be times when sin companies require more active support, for example, when seeking permission for expansion (Reast et al., 2013). With respect to media, the gambling industry offers a significant revenue stream through its large advertising budgets, so this may help to promulgate favourable information about sin companies’ CSR activities. Meanwhile, sin industries are an important source of taxation for governments, as seen when sin companies try to persuade politicians and officials of their contribution to the public, while ignoring the net costs to society.

Table 5 displays how the sin companies attempt to gain legitimacy in their CSR reports, and alongside, their actual actions, most of which do not appear in their CSR reports, seen through regulatory, pragmatic, moral, and cultural/cognitive lenses as criteria for legitimacy. The tobacco industry is in a more precarious existential position than gambling. However, there is a remarkable similarity between both industries with respect to legitimacy seeking in CSR reports, as against actual behaviour, suggesting that the findings are generalisable across sin industries. In fact, there is no hint of any 'mea culpa' when controversial items appear in CSR reports. Instead, they take the form of blaming the other and/or casting themselves as victims, as BAT did, complaining about operational challenges around illegal tobacco marketing by others. In similar vein, the gambling industry places the blame for problem gambling on the individual gambler, whom the industry is only trying to help to overcome his/her addiction, ignoring the role that the industry has played in creating the problem in the first place.

Table 5 here

In their positivity, the CSR reports emphasise mainly the pragmatic criteria of legitimacy, as can be seen by the nodes that emerged, and the word content analysis. Overall, business-as-usual impression management pervades, with the presentation of business strategy and supporting activities. These pertain especially to practical actions taken with respect to philanthropy, community, leisure, and training programmes, and purported addiction prevention and alleviation measures, akin to the strategic façade corporate disclosure strategies adopted by casinos in Macau (Leung and Snell, 2021). This attitude in furnishing CSR reports as subservient to overall financial reporting to maintain the status quo business model is consistent with the assertions of Gray (2006) in his overview of social and environmental reporting. Our study has shown the inconsistency between actual behaviour and CSR reports by sin companies. In this respect, external objective CSR reports on companies' CSR performance, verified by third parties, would be more useful for stakeholders in getting a true picture of actual conduct. A promising universal standard in this regard is a call by the chief executives of the UN grouping, Global Investors for Sustainable Development, to push the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) to establish global ESG disclosure standards, endorsed by Barker et al. (2020).

Some of the actions also have a cultural/cognitive dimension, as listed in Table 5, although attaining cognitive legitimacy could be problematic for sin companies, since it assumes that the focal organisation and its business is an inherent and necessary part-and-parcel of the social/public ecosystem (Reast et al., 2012). This is geared to demonstrate the benefits that the companies confer on relevant stakeholders whose approval they require (Patten, 1992). It would be an almost impossible task for sin companies to claim normative legitimacy, which requires intertwining moral standards and salient stakeholders' value systems. However, it is possible that their regulatory and pragmatic legitimacy, if attained through CSR, can be leveraged to achieve cognitive and normative legitimacy at a later stage in a circumscribed way. For example, successful community sports schemes sponsored by a sin company may become an intrinsic part of civic life in a locality.

The content of the sin companies' CSR reports shies away from negativity, concentrating almost entirely on their good deeds and contributions, for example, by supporting charities or supposedly helping their consumers to avoid addictions. Such minimal narrative disclosure entails the absence of bad news which might otherwise engage the attention of the reader. The findings are consistent with those of O'Donovan (2002) who found that environmental disclosures in annual reports were geared to portray a positive picture of a corporation's social and environmental performance – in short, a public relations document.

It is argued that a balanced report should deliberate the failures and challenges that a company faces (Global Reporting Initiative, 2015). However, for sin companies, avoidance of controversial issues arising from their activities in their CSR reports may be a better way of staying under the radar. This is supported by research conducted by Campbell et al. (2003) who found that companies in industries with an apparently greater legitimacy gap disclosed less than those in industries with lesser gaps. In fact, paradoxically, in a study of major oil spills, it was found that the media is less likely to cover repeat offenders who cause larger spills. It is concluded that errors that conform to an established pattern are more likely to be ignored than new offences which are copiously reported. This suggests that the sin companies in the study are adopting an effective strategy, as the media will pick up on unexpected bad news from companies with a high reputation more than those where there are tarnished expectations (Chandler et al., 2019, Stabler & Fischer, 2020). The findings supplement those of Cai et al. (2012) who found that CSR engagement positively enhances firm value in controversial industries, as this study also looks at possible explanations through the lens of legitimacy seeking via CSR. This calls into question the suggestion by Leung and Snell (2021) that gambling companies should report in a reflexive manner that openly discusses their moral challenges to sustain moral legitimacy, as this might only call adverse attention to themselves.

Sin companies cannot afford to be complacent if their competitors are receiving unfavourable attention, even if they themselves are not, at any particular time. In fact, industry consolidation among the big players suggests reduced competition, which may in itself invite more regulatory scrutiny. It is probably best in the longer term for all sin companies if there is no bad publicity of any kind, since there may be a contagion effect, and subsequent punitive regulation can affect all companies.

The paper has shown how companies in controversial industries try to use CSR to stay within survivable legitimacy limits, meaning staying out of the 'illegitimate' category, at minimum. This demonstrates particular dynamics with respect to legitimation tactics compared to other types of industries. It also demonstrates the dynamism inherent in legitimacy frameworks. The purposes of legitimacy, or why it matters, is not a simple list, but some purposes may be subservient to others, i.e., engaging certain strategic stakeholders, like community leaders, via CSR may be done for the ultimate purpose of financial prosperity through benign regulation. Similarly, stakeholders are interrelated, so favourable media coverage can influence lawmakers to take a hands-off approach. The aspiration is that embedded pragmatic legitimacy may ultimately yield cultural-cognitive legitimacy, and possibly even move the company from the 'debated' toward the 'proper' category (Deephouse et al., 2017; Suddaby et al., 2017). However, the surge in ethical or impact investing as mainstream, putting moral legitimacy front and center, comprise obstacles in the way of sin industries to prove their legitimacy despite pragmatic achievements. According to Bloomberg (2021), Global ESG assets are on track to exceed $53 trillion by 2025, representing more than a third of the $140.5 trillion in projected total assets under management. as sustainability inflows into Exchange Traded Funds surpassed all other ETFs in Europe for the first quarter of 2021 (Johnson, 2021).

From what is seen of actual events in sin industries, there are always actions and violations that push back against enhancing legitimacy, threatening financial performance and even survival. Adverse measures by government, like the imposition of higher taxes in sin industries and additional restrictions like the £2 limit on FOBTs have occurred, despite CSR claims by the companies. This suggests that pragmatic CSR on its own can win only limited success. According to Miller and Michelson (2013), in their study of gambling companies that engage in CSR practices, there is a need to appreciate the related issues of legitimacy, morality policy and framing when publicising their social actions.

The methodology of multiple case study design in two different sin industries, combined content analysis of CSR reports, juxtaposed against analysis of the environment in which the companies operate collectively, as well as their individual actions. This allowed for a comprehensive and inclusive understanding of the interplay of CSR and legitimacy. The method also produces insights into the dynamic working balance between industry legitimation and firm differentiation (Suddaby et al., 2017). Previous research largely included the juxtaposition of actuality in analysis of only single case studies. Thus, this research allows for a broader understanding of industry context.

Further research on CSR in other sin industries and other jurisdictions with different regulatory situations could shed further light on the achievement or denial of different types of legitimacy, not only in sin industries, taking account of the different dimensions of legitimacy and the dynamics of legitimation. Studying different time periods as industries change would also be of value. For example, e-cigarettes as substitutes in the tobacco industry, are also a cause of further controversy, and some tobacco companies are even investing in legalized cannabis projects (Hancock, 2019). Similarly, the nature of gambling is changing rapidly, with the fast growth of online gambling available 24 hours a day on all devices. Understanding the implications to create more problem gambling addictions is important, along with the challenges of monitoring this activity, which is still illegal in many jurisdictions, even as more states in the USA legalise online gambling.

The categorisation of companies as being in sin industries is dynamic. For instance, as issues of climate change are increasingly highlighted, firms in environmentally sensitive industries are coming to the fore as controversial stigmatised enterprises, especially fossil fuels companies. The nature of CSR reporting in these newly designated sin companies should be studied to add to our knowledge of sin industries. Industries which have been involved in scandals and how they attempt to retain legitimacy compared to sin industries in their self-portrayals would also be of interest, for example, financial institutions after the financial crisis of 2008, when it is arguable that their moral and cultural-cognitive legitimacy was decimated. While content analysis is useful, it would also be worthwhile to supplement content analysis with interviews with key executives, although obtaining candor in such interviews might be problematic. It is also recognised that there are ways other than

CSR and reporting that constitute legitimacy seeking behaviour. For example, companies may change their names to disguise their business, as did two of the tobacco companies by dropping the word ‘tobacco’. Kuruppu et al. (2019) point out that if action is required in the short-term to manage a problem or an initiative, reporting will not do. Such a situation requires prompt dealing with salient stakeholders. However, on a longer-term ongoing basis, reporting actions taken, including CSR actions, can be effective.

Since this study confirms that regular CSR reports are intrinsic to impression management by sin companies to prove that they are legitimate businesses, just like any other, it could be of value to stakeholders in how they deal with sin companies, to look behind the façade of their CSR reports, in understanding their motives and strategies when they portray their CSR activities, until there are more objective systematic accounts available, to be overseen by Accounting regulators . Significant stakeholders could include legislators, regulators, educators and consumers, as well as those who treat the victims of these industries.

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Figure1. Stakeholder Legitimacy Seeking by Sin Companies

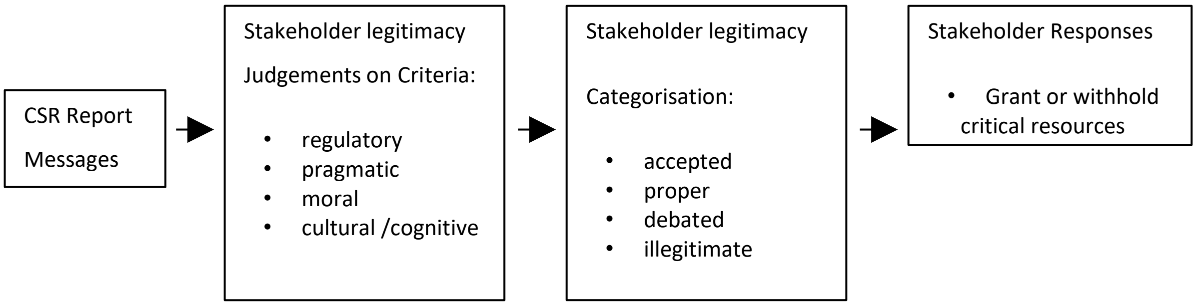

Table 1. Coding References by Tobacco companies

NODES (THEMES)	British American Tobacco	Imperial Tobacco	Japan Tobacco International
	References	References	References
Actions and Steps taken	**4**	**2**	**4**
Attitude towards CSR	**3**	**4**	**2**
Attitude towards Technology	3	0	1
Awards and Accreditation	0	0	1
Background information	1	**2**	1
Challenges:			
--Economic challenges	2	0	1
--Environmental challenges	0	1	0
--Operational challenges	**3**	1	1
--Socio-cultural challenges	2	0	1
Consumer Orientation	1	1	1
CSR Strategy	**4**	**2**	**2**
Employee Orientation	0	1	**2**
Failures and Self-criticism	0	1	1
Governmental and Organisational references	1	0	1
Past Achievements	0	1	**2**
Set standards and Values	2	**5**	0
Stakeholder Orientation	1	1	**3**
Sustainability Goals	**4**	**2**	**3**

Table 2. Coding References by Gambling Companies

NODES (THEMES)	William Hill	Ladbrokes	Playtech	Betfair	Paddy Power	Gala Coral Group	Betfred
	References	References	References	References	References	References	References
Actions or steps taken	**3**	**3**	**6**	**5**	**4**	**3**	**3**
Attitude towards CSR	2	2	2	**3**	1	**5**	**4**
Attitude towards technology	2	0	2	1	2	**3**	0
Awards and accreditation	0	0	2	1	0	0	1
Background information	1	2	**3**	2	2	1	1
Challenges							
--Economic challenges	0	0	1	0	0	0	0
--Environmental challenges	0	0	0	1	0	0	0
--Operational challenges	1	0	0	0	1	1	1
--Socio-cultural challenges	0	1	1	0	0	0	0
Consumer orientation	**3**	1	2	2	2	**4**	**3**
CSR strategy	**3**	**3**	**3**	**3**	**3**	**5**	**3**
Employees orientation	**5**	**3**	**3**	**3**	**4**	0	**5**
Failures and self-criticism	0	1	0	1	0	0	0
Governmental & organisational references	1	2	**5**	**4**	**4**	1	2
Past achievements	**5**	**3**	0	**4**	**6**	0	0
Set standards & values	0	1	2	1	2	**3**	2
Stakeholders orientation	0	0	2	0	0	1	2
Sustainability goals	**4**	**3**	0	2	1	0	1

Table 3. Word Frequencies for Tobacco Companies

British American Tobacco			Imperial Tobacco			Japan Tobacco International		
Word	Count	Weighted Percentage (%)	Word	Count	Weighted Percentage (%)	Word	Count	Weighted Percentage (%)
Business	6	1.71	Products	4	3.08	Business	7	2.46
Corporate	5	1.43	Tobacco	4	3.08	Tobacco	7	2.46
Take	5	1.43	Business	3	2.31	Group	6	2.11
Tobacco	5	1.43	Responsible	3	2.31	Sustainability	6	2.11
Agriculture	4	1.14	Also	2	1.54	Also	4	1.40
Around	4	1.14	Brands	2	1.54	2015	3	1.05
Behaviour	4	1.14	Impacts	2	1.54	Area	3	1.05
Chief	4	1.14	Important	2	1.54	Began	3	1.05
Executive	4	1.14	Make	2	1.54	Made	3	1.05
Farmer	4	1.14	Natural	2	1.54	Way	3	1.05

Table 4. Word Frequencies for Gambling Companies

William Hill			Ladbrokes			Gala Coral Group			Betfred		
Word	Count	Wt %	Word	Count	Wt %	Word	Count	Wt%	Word	Count	Wt %
Gambling	28	2.23	Business	8	2.56	Gambling	21	3.73	Gambling	19	3.00
Responsible	22	1.75	Ladbrokes	7	2.24	Betting	11	1.95	Staff	11	1.74
Community	17	1.35	Responsible	7	2.24	Responsible	11	1.95	Betfred	10	1.58
Colleagues	15	1.19	Gambling	6	1.92	Customers	10	1.78	Customers	10	1.58
Safe	15	1.19	Year	6	1.92	Industry	8	1.42	Regard	6	0.95
Customers	14	1.11	2015	4	1.28	Sports	8	1.42	Shops	6	0.95
Local	14	1.11	Chief	4	1.28	Coral	7	1.24	Age	5	0.79
Continue	12	0.96	Executive	4	1.28	Together	7	1.24	Commission	5	0.79
Work	12	0.96	Industry	4	1.28	Also	6	1.07	Crime	5	0.79
People	11	0.88	Performance	4	1.28	Integrity	6	1.07	Key	5	0.79

Paddy Power			Playtech			Betfair		
Word	Count	Weighted Percentage (%)	Word	Count	Weighted Percentage (%)	Word	Count	Weighted Percentage (%)
Gambling	32	1.65	Gambling	22	1.61	Gambling	31	1.49
Power	24	1.24	Licensees	15	1.10	Corporate	22	1.06
Customers	22	1.13	Employees	14	1.02	Responsible	17	0.82
2015	20	1.03	Group	12	0.88	Health	16	0.77
Responsible	20	1.03	Responsible	12	0.88	Report	16	0.77
Paddy	19	0.98	Industry	10	0.73	Charity	14	0.67
Customer	15	0.77	Ensure	9	0.66	Safety	13	0.62
People	15	0.77	Provides	9	0.66	Year	13	0.62
Health	14	0.72	Training	9	0.66	Employees	12	0.58
New	14	0.72	2015	8	0.59	2015	11	0.53

Table 5. Sin Companies Self Portrayal in CSR Reports versus Actual Behaviour/Practices

(a) Tobacco Companies

	CSR Reports	Actual Behaviour/Practices
Regulatory	no mention of challenges	payments to politicians, illegal marketing, advertising, selling, cover up of environmental violations, smuggling, tax avoidance
Pragmatic	actions to reduce harmful effects of tobacco, responsible marketing; CSR reports do not address less powerful stakeholders	endowments to universities and NGOs, targeting traditional cigarette sales, name changes to camouflage 'tobacco'
Moral	---	payments to politicians, illegal marketing, advertising, selling, cover up of environmental violations, smuggling, tax avoidance
Cultural/Cognitive	declaration of CSR standards, values; emphasis on sustainability	endowments to NGOs and cultural/ arts institutions

(b) Gambling Companies

	CSR Reports	Actual Behaviour/Practices
Regulatory	no mention of challenges	strong resistance to restrictive legislation, payments to politicians; money laundering, targeted marketing to vulnerable individuals and people, mutual dependence with reduced sports sponsorship; violations of self-exclusion schemes, moving to more loosely regulated jurisdictions
Pragmatic	Self-exclusions approaches; training for employees; gambling protection groups	
Moral	---	strong resistance to restrictive legislation, payments to politicians; money laundering, targeted marketing to vulnerable individuals and people, mutual dependence with reduced sports sponsorship; violations of self-exclusion schemes
Cultural/Cognitive	declaration of CSR standards, values; declarations of responsible gambling and advertising; community initiatives	charity contributions