Lonmin CSR Reporting Practices and the Marikana Massacre

Ana Filipa Alves 1, Manuel C. Branco 2,*

1 Faculty of Economics, University of Porto, 4200-464 Porto, Portugal
2 Faculty of Economics, CEF.UP and OBEGEF, University of Porto, 4200-464 Porto, Portugal
* Correspondence: Manuel C. Branco, Email: mcbranco@fep.up.pt.

ABSTRACT

In the last decades, corporations have been increasingly reporting on their social and environmental activities, to highlight transparency and accountability towards their business activities. This positive trend is strongly driven by stakeholder pressuring in various dimensions. However, in the context of major crisis/incidents, questions have been raised on how companies may use Corporate Social Responsibility disclosures to regain legitimacy and restore reputation towards those negative situations. This study will rely on an example of a legitimacy-threatening event: the Marikana massacre (2012) associated with Lonmin. This study will analyse how Lonmin's CSR disclosures have evolved, both quantitatively and qualitatively, within the timeframe “before, during and after” the incident. Findings extend and corroborate the previous literature research on the legitimacy theory, by demonstrating that the company did, in fact, changed its CSR disclosure patterns and strategies, presumably by attempting to regain legitimacy after the incidents.

KEYWORDS: CSR reporting; legitimacy theory; Marikana massacre

INTRODUCTION

Corporate social responsibility (CSR) is a concept that has been evolving both in theoretical and practical terms. Besides being an extensively researched topic, it has become a crucial element for corporations as well, as they strive for embedding the theme into their daily practices and culture, in order to fulfil organizational objectives. Hamidu et al. [1] summarize the idea of CSR into six core characteristics: voluntary, internalizing and managing externalities, multiple stakeholder orientation, alignment of social and economic responsibilities, practices and values and beyond philanthropy.

Despite the seemingly favourable trend of CSR reporting [2], its practical impact on society has always raised many doubts. Milne and Gray [3] (p. 195) highlight the use of CSR reporting by corporations for legitimation purposes, adding that there is not much evidence on the
practical impacts of such positive trend on tackling the “growing desecration and social injustice of planet Earth”. The true intentions behind firms’ willingness to disclose social and environmental information are very often considered a polemic matter. To prove whether companies are doing it out of altruistic or self-centred motivations is very subjective and hard to achieve. In a context of major negative incidents, fluctuations in the quantitative and qualitative factors of social and environmental disclosures of the firms involved may suggest that these types of disclosures could be used as an instrument to tackle backlash, reputation and the deterioration of financial performance. This has been extensively analysed in major cases such as the Siemens AG corruption scandal [4], the BP Gulf of Mexico oil spill [5] or the Fukushima nuclear disaster [6]. The aim of this study is to extend this type of analysis and to address changes in CSR reporting in a context of a serious accident occurred in the mining industry. It relies on a very specific case in which social legitimacy of a major mining corporation has been threatened, and examines CSR reporting of an especially sensitive area in the mining industry thus far unexplored by studies examining how CSR reporting is used to respond to legitimacy threatening events—labour relations and employees. This study examines how Lonmin used its CSR reporting in the context of a major scandal it was confronted with, the Marikana Massacre. Although there are two studies that examine how this event impacted corporate reporting [7,8], they do not offer such a detailed analysis as the one offered in this study. In both studies, Lonmin is only one of the several companies investigated, and the details offered regarding this company’s CSR reporting practices are scanty. This study aims to contribute to this literature and understand how Lonmin’s CSR public disclosures tended to adapt over time, considering a before, during and after the incident framework. By examining the information contained in Lonmin’s annual and sustainable development reports (henceforth sustainability reports), the main objective is to assess whether this specific case induced significant quantitative and qualitative changes on disclosure patterns and strategies. On the one hand, it aims at analysing whether there is a positive correlation between the negative occurrence and the total amount of corporate disclosures and, on the other hand, to assess which and how legitimation strategies were used.

In the following section, some context regarding how CSR is portrayed in the mining industry is given. In the third section, the theorical framework is introduced and developed. The fourth section outlines background information regarding the Marikana incident and Lonmin. In the fifth section, the methodology used is presented. Thereafter follows a presentation of the main results and their discussion. The last section outlines the study's conclusions, contributions, limitations, and suggestions for future research.
LITERATURE REVIEW AND BACKGROUND

CSR in the Mining Industry

The mining industry is one of the biggest businesses in the world, making large amounts of money every year. Its extent is also what generates the need for mining companies to be responsible and accountable for their actions and business activity. The nature of the impacts associated with mining, as assessed by Mancini and Sala [9], mostly rely on land use and territorial matter, environmental impacts which affect health, and human rights. As a result of these impacting occurrences through time, the mining sector is seen as a “controversial industry” [10]. On the environmental dimension, mining companies have long been identified as negative contributors, since they are considered to play a part on potential long-term damage and irreversible detrimental effects [11]. In what regards the social impacts of this sector, Singh et al. [12] mention the following six main impacts that are reflected on the local communities in which the business operates: housing displacement, resettlement, unemployment, health and safety, ecosystem services and social-political conflicts.

According to Viveros [11], the social and environmental domains of CSR are seen, in a stakeholder perspective, as disregarded and aggravated by mining companies. This analysis corroborates Sharma and Bhatnagar [13] perspective, which highlights the poor public opinion towards the mining industry regarding social and environmental impacts, when compared to performance in other areas, such as product pricing and quality. Overall, these authors have identified common tendencies when linking CSR with the mining industry and analysing perception patterns: (i) pressure groups have long been targeting mining companies, threatening their legitimacy; (ii) the financial sector is reluctant towards the mining industry in what concerns risk management and CSR, which is reflected on the fact that many mining companies are refused eligibility for Socially Responsible Investing (SRI); (iii) the main and still very contemporary challenge is to sustain a “license to operate”.

Thus, it is possible to conclude that the referred multidimensional impacts were not, however, unnoticed by mining companies’ stakeholders. At a certain point, different categories of stakeholders took a pressuring position towards mining companies and it has definitely changed the way the mining sector approaches CSR. On the one hand, environmental NGOs largely contributed to establishing this debate and influenced other types of stakeholders [14]. Additionally, in what regards the general public, the development of technology and social media also changed CSR perceptions associated with the mining sector [15]. Consequently, Dashwood [14] refers to the importance of a small number of mining companies taking initiative at an initial point, which has paved the way to position the industry to align with “shifting societal value”. Moreover, another decisive factor regarding this evolution pertains to the
global standards of international institutions and adopted by large multinational companies. Dashwood [14] identifies two high-level dynamics: the global level and the firm level. At the global level, mining companies started to feel pushed by societal norms emphasized by relevant international institutions and initiatives—UN Global Compact, OECD Guidelines for Multinational Enterprises, IFC Performance Standards, etc.—and felt the obligation to comply. On the other hand, this influence led to the acceptance and “validity of sustainable development” among large mining companies, at the firm level [14] (p. 22). The validation of CSR within the industry has triggered corporations to put CSR on the business agenda and to design risk management strategies. One of the most illustrative examples associated with this evolution is the creation of the International Council on Mining and Metals (ICMM) in 2001, with the claimed goal of improving sustainable development performance within the industry, by promoting environmental and socio-economic activities [16]. According to Frederiksen [17], these initiatives, both at individual and at the sector level, are also a consequence of the competition for capital and new legal challenges in excelling CSR engagement.

With the evolution of CSR as a general concept came the necessity of reporting on CSR-related topics to keep up with international initiatives and to sustain its very fragile legitimacy. Jenkins and Yakovleva [18] concluded for the existence of a trend of increasing elaboration and utilization of stand-alone Sustainable Development and/ or CSR Reports as communication methods for engaging externally. In terms of content, reports have evolved in the sense of increasingly including a wider extent of topics, while progressively adhering to Global Reporting Initiative (GRI) standards and moving towards external verification of the reports. Moreover, the authors also point out the development of codes of conduct and policy statements and the larger utilization of the website for CSR purposes. Perez and Sanchez [19] examined the evolutions of sustainability reporting by leading companies in the mining industry, as well as of the dimensions of the reports. They found a generalized improvement in such reporting, and a “general trend toward improvement and adherence to best practices of reporting guidelines” (p. 958). These researchers concluded that their findings are largely consistent with the main conclusions of Jenkins and Yakovleva [18].

Notwithstanding, in their review of a number of studies on sustainability accounting and reporting in the mining industry, Lodhia and Hess [20] (p. 48) put forward that “sustainability accounting and reporting practices in the mining industry are evolving slowly”. They also concluded that the emphasis in most of such studies is on environmental issues. These researchers consider that “social issues are equally relevant and need to be explored in further depth”, and that there is a need for studies that explore how companies in the mining industry manage and report on such issues (p. 48).
“Before, during and after” Incident Studies Concerning CSR Reporting

There is a number of studies examining the impact of specific events on CSR reporting by using a “before, during and after” the events methodology. Table 1 summarizes many of the existing empirical studies of this type. Due to the nature of our study, additional details will be provided only regarding studies examining the impact of events in the mining industry [7,8,21,22]. Despite their importance, studies that do not use case-study-type methodologies [23–26] were also not considered. Some studies that analyze how mining companies use CSR reporting to respond to a crisis were also not considered because they do not use a “before, during and after” methodology [27–29]. Deegan et al. [21] and Jantadej and Kent [22] investigate how major mining incidents impact CSR reporting by mining companies. Both found significant changes in disclosure after the incident. Aureli et al. [7] examined how industrial disasters impacted CSR reporting of 6 companies, including such important ones as the BP Deep Horizon incident, the Fukushima incident, and the Marikana incident. Using text mining techniques, they found a decline in the quantity of information, and interpreted this finding as representing “a precise managerial strategy aiming to avoid further drops in corporate legitimacy” (p. 35). However, these researchers do not report their specific findings regarding the Marikana incident.

Dube and Maroun [8] is a study on CSR reporting in the mining sector particularly relevant. These researchers examined CSR reporting by 8 South African platinum mining companies in the wake of the Marikana event. They found that all the companies examine provide additional information dealing specifically with the event, albeit more pronouncedly in the case of Lonmin. This is more pronounced for the company directly involved in the incident. They have also found evidence of a change in the nature and extent of general CSR reporting in a manner consistent with a purpose of maintaining legitimacy.

THEORETICAL FRAMEWORK

Similar to most of the studies mentioned in Table 1, this study uses a lens of analysis based on legitimacy theory. Legitimacy theory is not only dominant in the type of research reviewed above but is also considered in recent CSR reporting research literature reviews as the dominant theory [30,31]. Deegan [32], one of the most influential proponents of this theory in CSR reporting research has considered it has a “«mainstream» theory in social and environmental research literature” (p. 2314), and has referred to its uses within such literature as “pervasive” (p. 2315).
Table 1. “Before, during and after” incident studies concerning CSR reporting.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Industry</th>
<th>Data collection</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aureli et al. [7]</td>
<td>Various</td>
<td>Sustainability reports and annual reports</td>
<td>Several companies</td>
</tr>
<tr>
<td>Aureli et al. [33]</td>
<td>Cruise</td>
<td>Sustainability reports</td>
<td>Carnival Corporation &amp; PLC</td>
</tr>
<tr>
<td>Blanc et al. [4]</td>
<td>Various</td>
<td>Annual and CSR reports</td>
<td>Siemens</td>
</tr>
<tr>
<td>Branco et al. [34]</td>
<td>Cement</td>
<td>Annual reports</td>
<td>Cimpor and Secil</td>
</tr>
<tr>
<td>Blanc [35]</td>
<td>Oil and gas</td>
<td>Annual and CSR reports, website</td>
<td>Total SA</td>
</tr>
<tr>
<td>Deegan et al. [21]</td>
<td>Various</td>
<td>Media articles, Annual reports</td>
<td>Several companies</td>
</tr>
<tr>
<td>Dube and Maroun [8]</td>
<td>Platinum mining</td>
<td>Integrated reports</td>
<td>8 companies</td>
</tr>
<tr>
<td>Islam and Islam [36]</td>
<td>Gas</td>
<td>Annual reports, CSR reports; press releases</td>
<td>Niko</td>
</tr>
<tr>
<td>Islam and Mathews [37]</td>
<td>Banking</td>
<td>Annual reports</td>
<td>Grameen Bank</td>
</tr>
<tr>
<td>Jantadej and Kent [22]</td>
<td>Mining</td>
<td>Annual and half-early reports</td>
<td>BHP</td>
</tr>
<tr>
<td>Summerhays &amp; de Villiers [38]</td>
<td>Oil and gas</td>
<td>Annual reports</td>
<td>Several companies</td>
</tr>
<tr>
<td>Vourvachis et al. [39]</td>
<td>Airlines</td>
<td>Annual reports</td>
<td>Several companies</td>
</tr>
</tbody>
</table>

Chen and Roberts [40] (p. 660) present legitimacy theory as stating that “legitimacy is a status or condition that is achieved when the value system of an organization is congruent with the value system of the larger society”. Such status is sought by organizations “through the process of legitimation” (p. 660). These researchers argue that legitimacy theory is more appropriate when research primarily focuses on how corporations manage their public image, while the social expectation of corporations is generally assumed without reference.

Legitimacy theory is often viewed as overlapping with institutional theory [40,41]. However, this latter is “more focused on the process of acquisition of legitimacy via conforming to other similar social institutions (p. 8). According to Chen and Roberts [40], relative to institutional theory, legitimacy theory seems to have a “higher level of analysis” (p. 653), presenting a lower level of “specificity” (p. 654).

One of the reasons for the success of legitimacy theory in CSR reporting research is that it “provides a relatively simple (parsimonious) explanation of what causes changes” in such reporting, when compared to explanations offered by other theories, such as institutional theory “which can highlight various factors to consider, such as different institutional pillars, different forms of legitimacy that are linked to different institutional pillars, different «carriers» of legitimacy and different «levels» of institution” [32] (p. 2316).

Chen and Roberts [40] (p. 661) deem legitimacy theory as “more appropriate when research primarily focuses on how corporations manage their public image, while the social expectation of corporations is generally assumed without reference”. This is the case with the majority of the studies mentioned in the previous section, as well as the case with this study.

A number of the most cited legitimacy theory proponents put forward the idea that the disclosure of information is a decisive element when it
comes to managing legitimacy [42,43]. Such disclosure is regarded as playing a pivotal role in the processes leading to the acquisition of legitimacy, in view of its importance concerning stakeholders’ knowledge of companies’ activities and the results obtained [44]. According to Cho et al. [45] (p. 17) one of the most important arguments emanating from the literature on legitimacy theory “is that CSR disclosure appears to be more about image enhancement than meaningful accountability”. Legitimacy theory proponents argue that “companies use CSR disclosure to address exposures in the social and political environment” (p. 20).

Companies strive to sustain and develop good relationships and/or perceptions with the different categories of stakeholders, in order to remain legitimate. Besides promoting CSR initiatives and programs included in their business activity, corporations need to communicate and elaborate upon their CSR policies and practices, therefore creating an overall external perception that will allow them to operate. To establish this linkage, Colleoni [46] combined this element of communication with the previously referred legitimacy concepts, thus defining the latter as being “the congruence between stakeholders’ social expectations and corporate CSR agenda”. Addressing and reporting on social and environmental potential impacts is considered a step forward towards transparency and accountability, as it is expected that companies actually behave in the same way they communicate it, noted by Dai et al. [47].

The literature has been studying the inherent link between legitimacy and CSR public disclosures and has discovered significant correlation. For instance, Bachmann and Ingenhoff [48] have assessed, within their sample, that companies can gain (or regain) legitimacy by extensively sharing CSR disclosures, which outweighs stakeholder scepticism. Looking through the lens of the media, according to Dai et al. [47], CSR public information is able to boost the company’s legitimacy.

Even though companies are increasingly pressured by the respective stakeholders and international institutions/initiatives to comply with responsible business principles, there is still room for flexibility on disclosing what is more beneficial and less detrimental to the company. For instance, when reporting, corporations are able to select which GRI standards they want to communicate on and apply their own indicators, as stated by Waniak-Michalak et al. [49], meaning that it is perfectly possible to hide negative information that would deteriorate stakeholders’ perception. On this line of thought, Arora and Lodhia [5] have pointed out the tendency of companies to superficially report on reputation-detrimental information when negative incidents occur, thus portraying an example of how organizations can manipulate their disclosures in order to safeguard themselves. Nevertheless, it is also known that companies often manipulate CSR disclosures in order to reflect the desired external perception and tackling legitimacy gaps, as pointed out by Blanc et al. [4].
Another possible scenario is to use CSR disclosures in order to improve or regain legitimacy, following a crisis or a negative occurrence, in which corporations would expectedly increase their CSR disclosures mainly towards those issues, taking into consideration its crucial role in communicating with stakeholders. Some authors have suggested ways in which tactics of regaining legitimacy can be summarized. O’Donovan [50] presented four possible corporate responses, based on avoidance, altering social values, shaping perceptions and conformation to publics’ values. Also in line with this reasoning, Cho [35] has highlighted three main categories of mitigation strategies used by companies to soften the situation: Image Enhancement (companies’ attempts to “appear legitimate by linking itself to positive social values”), Avoidance/Deflection (companies’ attempts to “appear legitimate by redirecting or deflecting attention from specific social and environmental concern issues” and Disclaimer (companies’ attempts to “appear legitimate by issuing disclaimer statements, denying its responsibilities”).

The literature has been studying specific crisis management cases on this matter, in order to understand if there is a positive correlation between a negative occurrence that would deteriorate the company’s reputation and the quantitative and qualitative rise of CSR disclosures, which, accordingly to Cho and Patten [51], can be seen as a powerful tool to mitigate crisis exposure and to preserve companies’ image.

Of the studies mentioned in the previous section that use a “before, during and after” the events methodology, only Aureli et al. [7] found a decrease in the quantity of information. All found a change in reporting practices. Some of those studies also examine the strategies used to respond to the crisis and found [8,34,35,38]. Dube and Maroun [8] suggested that Lonmin used a legitimation strategy of altering stakeholder expectations and managing blame. Most of the other companies examined by these researchers used a strategy of defending existing position with an emphasis on additional disclosure of CSR information. Only two of the other companies used a strategy of defending existing positions with an emphasis on Marikana to focus attention.

In this study, Stephens et al.’s [52] crisis-message strategies’ framework is used. From a more disintegrated and communication-oriented point of view, these authors highlight how these types of strategies are critical for communicating with stakeholders and building organizational legitimacy, especially in a context of crisis management. Stephens et al.’s [52] framework is presented as follows:

1. Nonexistence—Companies completely deny of the crisis and attempt to eliminate it.
2. Distance—Companies acknowledge the crisis, but try to “weaken the link between the crisis and the organization”.
3. Ingratiation—Companies attempt to “gain public approval” and enhance organizational image.
4. Mortification—Companies attempt to “win forgiveness and create acceptance”.
5. Suffering—Companies uses a victimization strategy and aims to draw sympathy from the public.

CASE BACKGROUND

Lonmin was a British company and the third largest producer of Platinum Group Metals (PGMs), as referred by The Bench Marks Foundation. Its operations were mostly based in South Africa and by 2012 the company employed over 36,000 people, according to Lonmin [53]. During 2019, Sibanye-Stillwater completed the acquisition of Lonmin.

On 16 August 2012, one of the most tragic massacres shaped the history of South Africa and for many, it is considered a turning point in the country's history. On this day, South African Police Service (SAPS) members killed 34 striking miners and left 79 more injured. The strikers were motivated essentially by poor rewards and work conditions (they were demanding for a R12,500 monthly salary), associated with inequality and injustice, as corroborated by Sorensen [54] and Alexander [55]. According to Alexander [55] (p. 607), although the main trigger was considered to be the unfair and low pay, workers also claimed that their health and safety was compromised, potentiated by “hazardous locations, the arduous character of work (...), shifts lasting more than 12 hours (...), artificial air full of dust and chemicals, high levels of sickness”. Furthermore, it is also stated that workers did not had a good relationship with management and sometimes felt disrespected. All combined, these elements provide a negative and unhealthy picture of the exploitation and labour relations context between Lonmin and its employees before the tragedy, which has triggered a more severe situation.

In what concerns the company’s reaction towards the succeeded, Alexander [55] (p. 608) considers that Lonmin “attempted to absolve itself of responsibility” and transferred the “blame” to the hostile relationships between its employees and the National Union of Mineworkers (NUM) and to the fact that the strike was categorized as “wildcat”, which in the Industrial Relations dimension is defined as a movement which violates the terms of a collective labour agreement and is not authorized by the responsible union leadership [56]. However, according to Power and Gwanyanya [57], the Marikana Commission was led to the conclusion that Lonmin was, in fact, responsible for the hostile tensions gradually generated.

METHODOLOGY

In what concerns information collection, this study will rely on stand-alone sustainability reports and annual reports from Lonmin. To assess the impact of the Marikana massacre on Lonmin's disclosures, 5 stand-alone sustainability reports and 5 annual reports were examined.
(10 in total). For the purpose of analysing how the company disclosed information through time when confronted with the legitimacy-threatening event, a five-year time horizon was defined for studying this case. Thus, the time horizon surrounding the incident was divided in three time periods:

- Period 1 (pre-incident)—Represents the two-year period before the incident took place—the period from 2010 to 2011.
- Period 2 (incident)—Represents the year in which the incident has unfolded: 2012.
- Period 3 (post-incident)—Represents the two-year period which followed the event—the 2013–2014 period.

A content analysis methodology to analyse environmental and social public disclosures of Lonmin is used. Content analysis is a very common and widely used methodology [23,35,58–60] to examine annual reports, stand-alone sustainability reports and corporate website content.

The first step was to define the categories which compose the content analysis index needed to analyse the company public disclosures. For this purpose, it is crucial to take into account the nature of the incident, more precisely the stakeholder groups directly impacted and CSR dimensions affected. The authors considered that the Marikana incident impacts were essentially centred on employees striking for better working conditions.

Categories were defined according to the particularities of the case and in line with what one would expect to vary in terms of volume of disclosures. Given that employees were the main affected group, Husgafvel et al. [61] approach to social sustainability performance indicators was used as a starting point to establish the categories. The four main categories, as enumerated in Table 2, are: (1) Compliance; (2) Fair Working Conditions; (3) Health, Safety and Wellbeing; and (4) Employee and Labour Relations.

Particularly in what concerns the relevance and rationale around the choice of each category for this specific incident:

(1) Compliance—This case has put Lonmin under a lot of external pressure, with international campaigns and movements being organized to held Lonmin accountable for not ensuring compliance, not only with international human rights standards, but also with national obligations, such as the South Africa’s Companies Act. With this in mind, it is likely that the volume of disclosures on this matter has increased since 2012, the year of the incident.

(2) Fair Working Conditions and (3) Health, Safety and Wellbeing—The deadly event was primarily prompted by workers’ dissatisfaction towards their working conditions. Although the main motivation for discontent was low pay and the absence of a “living wage”, employees’ also pointed out the poor working conditions they were
submitted to, in terms of excessive overtime and lack of proper training, for instance. Situations of ethnic discrimination have also been identified by workers’ testimonials, as highlighted by McClenaghan [62], which is why a component of “Inclusion and Diversity” was included in the index. Their demands to management also relied on the fact that they operated under very hazardous conditions and were more prompt to sickness. The components of the “Health, Safety and Wellbeing category” were based on GRI standard 403 [63]. This said, it is expected that disclosures on these themes also increase after the incident.

(4) Employee and Labour Relations—The key driver of this catastrophic event was, indeed, the tense and unhealthy relationship between management and employees which led to a violent strike. Workers often felt exploited and like their voices did not mattered, while management refused to enter constructive conversations and negotiations. Thus, the volume of disclosures on this category is expected to increase as well.

Table 2. Content analysis index for Lonmin CSR disclosures.

<table>
<thead>
<tr>
<th>Category</th>
<th>Components</th>
</tr>
</thead>
</table>
| (1) Compliance                  | Reference to company’s adherence/compliance to:  
• International CSR standards on labor rights (e.g. ILO’s Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, etc.);  
• National employment law;  
• Corporate code of conduct, internal policies;  
• External audits.             |
| (2) Fair Working Conditions     | Reference to company’s practices on:  
• Compensation and benefits;  
• Training and development opportunities;  
• Inclusion and diversity;  
• Working hours and overtime. |
| (3) Health, Safety and Wellbeing based on GRI (2018) Standard no. 403 | Reference to company’s practices on:  
• Hazard identification, risk assessment, and incident investigation;  
• Worker training on occupational health and safety;  
• Promotion of worker health;  
• Prevention and mitigation of occupational health and safety impacts directly linked by business relationships;  
• Promotion of worker general wellbeing. |
| (4) Employee and Labour Relations | Reference to company’s practices on:  
• Relationship between management, employees and their representatives;  
• Freedom of association and collective bargaining;  
• Information, consultation and negotiation processes. |

The sentence was used for both identify and code the disclosures and measure the disclosures. According to Milne and Adler, “using sentences for both coding and measurement seems likely, therefore, to provide complete, reliable and meaningful data for further analysis.” [64] (p. 243).
The total amount of disclosures is quantified for each of the previously defined categories, by using a sentence count method. Tables, graphs and diagrams were also part of the analysis.

All the reports were coded by one of the authors. To ensure some level of validity and reliability, a sample of the annual and sustainability reports were coded by the other author, on the basis of the same research instrument [21]. No discrepancies were detected. In the Appendix, some examples of sentences concerning each of the categories are offered.

RESULTS

Impact of the Incident on the Total Amount of Disclosures

The evolution of Lonmin’s amount of disclosures pertaining to the CSR aspects examined throughout the defined timeframe is presented in Table 3. One should note that the amount of disclosures presented pertains to the four categories mentioned above, and not to disclosures concerning CSR in general. The amount of disclosures is measured as the number of sentences falling into the four categories only. Firstly, it is possible to see that the total volume of disclosures throughout the five years is more extensive in Lonmin's stand-alone sustainability reports (SR) than in annual reports (AR). The analysis of these results led to the conclusion that, in fact, and in line with literature supporting legitimacy theory, Lonmin increased its CSR disclosures at the time of the incident: for SR and AR, Lonmin’s volume of disclosures reached its peak in 2012, with values of 604 and 323 sentences, respectively. The increase in AR was much less abrupt.

Table 3. Total volume of disclosures on Lonmin’s SR and AR (2010–2014).

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012 *</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR</td>
<td>404</td>
<td>355</td>
<td>604</td>
<td>557</td>
<td>378</td>
</tr>
<tr>
<td>AR</td>
<td>188</td>
<td>249</td>
<td>323</td>
<td>151</td>
<td>241</td>
</tr>
</tbody>
</table>

* Marikana’s massacre.

Figures 1 and 2 represent how each content analysis index’s category contributed to the evolution of the amount of disclosures, for SR and AR, respectively. In general, the category which has more disclosures associated is “Health, Safety and Wellbeing”. However, as shown in Figure 2, there is an exception: during the post-incident period, the number of disclosures of “Employee and Labour Relations” category surpasses the previously mentioned one. The authors assume this exception is due to the extraordinary circumstances of the incident.
When proceeding to a deeper analysis of how each category evolved through the 3 periods, it is possible to reach the following conclusions:

- **Compliance**—Although both SR and AR disclosures have increased from Period 1 (2010–2011) to Period 2 (2012), the variation was not as relevant as initially expected. The slightly increase probably has to do with the companies’ legal processes related to the incident (e.g., inquiries) and references to South African law compliance. From Period 2 to Period 3 (2013–2014), compliance disclosures suffered a slight decline (more evident in AR disclosures). During Period 3, SR disclosures kept declining, while AR disclosures slightly increased.

- **Fair Working Conditions**—As shown in Figure 1, representing the evolution of SR disclosures, from Period 1 to Period 2 the volume has indeed increased when the incident took place, but similarly to the
previous category, not as much as initially expected. Surprisingly, when analysing AR reports’ disclosures, that specific transition even suffered a slight decline. The evolution to the post-incident period was particularly interesting when analysing SR disclosures. During this period, the volume of disclosures reached its lower point within the 5-years period. In what concerns AR amounts, during Period 3 it has re-established to the incident period level.

- Health, Safety and Wellbeing—From Period 1 to Period 2, in line with what was expected in theory, the amount of disclosures has increased in both type of reports, although much more significantly in sustainability reports. Moving to the post-incident period, it was possible to observe a sharp decline in the amount of disclosures for both groups of reports, although in 2014 AR disclosures reached once again values similar to the pre-incident period.

- Employee and Labour Relations—The evolution of the disclosures’ volume was very similar for both types of reports. During the pre-incident period, variations were very little and references to this category were very low. On the transition to the incident period, a very significant increase to an amount of, approximately, 140 (SR) and 100 (AR) is observed. This sharp variation was expected given the nature of the Marikana’s massacre and the huge employee-management tensions associated. During the post-incident period, the volume of disclosures has varied similarly to the previous categories.

Besides the sentence count method used to evaluate CSR disclosure evolution, other type of items such as graphs, tables and diagrams were also tracked. Overall, this type of items are not used much throughout Lonmin’s reports. Unlike the sentence count method, which has registered peak values on the year of the incident, for categories “health, safety and wellbeing” and “employees and labour relations” the positive variation occurred during the post-incident interval (Period 3), for sustainability reports analysed, as illustrated in Table 4.

Table 4. Amount of graphs, tables and diagrams on Lonmin’s SR and AR reports (2010–2014).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>Compliance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fair Working Conditions</td>
<td>8</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>Fair Working Conditions</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Health, Safety &amp; Wellbeing</td>
<td>18</td>
<td>10</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td>Health, Safety &amp; Wellbeing</td>
<td>3</td>
<td>5</td>
<td>8</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Employee &amp; Labor Relations</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>Employee &amp; Labor Relations</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Assessment of Lonmin’s Legitimation Strategies

In addition to the quantitative analysis of companies’ disclosures, it is also insightful to parallelly understand their discourse towards
addressing the incidents and the strategies of legitimation they used to communicate with its stakeholders. Using Stephens et al.’s [52] crisis-communication message strategies’ framework, below follow the results of the analysis concerning Lonmin.

On the year of the killing in Marikana, Lonmin, although acknowledging the incident, adopted a defensive position towards its responsibility, which is visible in both 2012 sustainability and annual reports. The company clearly had a tendency to channel guilt and responsibility towards other groups of stakeholders, such as governments and the industry itself, as verified in the excerpts below, from the 2012 sustainability and annual reports, respectively:

“Mining companies cannot assume the roles of government or social organisations. They are not structured to advance social interests, not enforce public order. We will consider how we respond to the challenges posed by Marikana while being mindful of our competencies and resource limitations and, in particular, the way in which we uphold our values within the context of our society (p. 58).”

“It was easy to blame Lonmin, as some have done, for the spread of unrest in the weeks after our agreement. We reject this accusation. Unrest in the mining sector predated the Marikana dispute, and was growing elsewhere during it. (p. 03)”

These excerpts are examples of a distance-based legitimation strategy, mainly focused on denying full accountability and attributing it to other stakeholders or circumstances. In the AR excerpt, Lonmin also claims that the origin of the incident is misrepresented in the public eye, which is also a detachment strategy identified by Stephens et al. (2005).

Congruent with these findings is also Lonmin's attempt to positively enhance the organization's image. As illustrated in the text fragment below (from 2012 SR), the company seeks public acceptance by raising positive achievements as opposed to the incident's impacts, thus engaging in a ingratiation strategy.

“During a year dominated by upheaval and a breakdown of trust, it is easy to forget the positives. Our investment in the surrounding communities through education and health programmes has increased this year. (p. 15)”

However, in 2013 Lonmin has radically change its discourse and crisis-response strategy. The organization has started to show accountability and commitment to address the issues raised by the crisis, as represented the two extracts below from 2013 annual report:

“The tragic events at Lonmin’s Marikana facilities took place in 2012, but clearly the Company is deeply involved in the repercussions, predominantly in working to rebuild trust with employees and communities. (p. 17)”
“We are committed to addressing the underlying issues that were highlighted by last year’s events. (p. 21)”

Within the Stephens et al.’s [52] adapted framework, both examples above are clear examples of mortification strategies, in which the company “attempts to win forgiveness of the publics and creates acceptance for the crisis” (p. 417). Moreover, Lonmin openly states its commitment to rectify the situation and take action to minimize impacts.

Another clear indication that Lonmin had changed its legitimation strategy was the way it started directly addressing the “victims” of the incident and what would be done to compensate them. Retrieved from 2013 sustainability report, the example below also illustrates typical elements of a mortification strategy:

“The program we have put in place to ensure a good education for the children of our employees who died during the Marikana tragedy has been a helpful start, and I believe the compassion and sincerity of our participation in the commemoration ceremony also restored some faith in our integrity, but we know we must do more. (p. 50)”

Overall, the qualitative analysis of Lonmin’s legitimation strategies through time has revealed a shift from a mix of “distance” and “ingratiation” strategies to a “mortification” strategy striving for public acceptance.

DISCUSSION

Impact of the Incident on the Amount of Disclosures

The total amount of disclosures points towards a positive correlation between the negative occurrences and the evolution of the corporate volume of disclosures. This inference is consistent with the findings of multiple authors throughout the years [4,35,38,39,65,66].

Disclosures were far more extensive in SR than AR, which is aligned with the mining industry growing tendency to produce exclusive reports (e.g., sustainability, sustainable development) dedicated to the disclosure of environmental and social information, as inferred by Jenkins and Yakovleva [18]. Additionally, it is important to point out that the stakeholder target groups of both type of reports tend to be different: usually SR are more oriented to communicate with employees, NGOs, communities, etc., while AR are mostly consulted by investors [67]. The main affected target group was, in fact, employees.

The key drivers of the positive correlation verified in the results were “Health, Safety and Wellbeing” and “Employee and Labour Relations” related disclosures. The first one is, in general, the category most extensively disclosed throughout the 5-year period, mainly due to the nature of mining work: mining is considered one of the most hazardous sectors to work for (ILO, https://www.ilo.org/global/industries-and-sectors/mining/lang--en/index.htm). Its peak has coincided with the
negative occurrence, probably due to, on one hand, the employees’ fatalities during the strike and, on the other hand, their claims on the lack of a safe work environment and exposure to sickness prior to the incident. Disclosures regarding industrial relations have outstandingly increased in both type of reports right after Marikana’s massacre, considering its weight on the origin of the incident. Nevertheless, the quantitative evolution of disclosure on fair working conditions’ practices did not contribute to the total volume of disclosures as much as expected. This might be justified by the defensive crisis-response strategy Lonmin has assumed (as opposed to proactive), influenced by stakeholder pressures (e.g., South African government) to quickly resolve the tensions between management and employee representatives. As this last issue was a priority for the company, to effectively improve and disclose on fairer working conditions might have been belittled.

In line with Dashwood [14] research, the influence of stakeholders largely affected the approach the company took to regain legitimacy. On the mining industry, there are typical business-related potential risks associated with the influence of stakeholders, which is why Lonmin acted accordingly. Taking KPMG’s [68] framework as a basis, it is important to note that, Lonmin’s unhealthy and tense relationship with its employees led to multiple series of strikes after the incident, thus disrupting business productivity. Moreover, apart from the already atrocious nature of the incident, there were always allegations (although not proved) that SAPS (South African Police Service) were under Lonmin’s management influence on the day of the fatal strike [69]—naturally, these factors caused significant reputational damage. Thus, Lonmin oriented its disclosure strategy towards levelling these perceptions, focusing on increasing employee-related disclosures (more specifically on employee/labour relations and health, safety and wellbeing matters).

Assessment of the Company’s Legitimation Strategies

Lonmin has adopted a defensive position towards Marikana’s fatal confronts right after it happened. During 2012, the company engaged in a mix of distance and ingratiation-based strategies (as posed by Stephens et al. [52]), aimed at “transferring” the accountability/guilt to other causes and stakeholders while, simultaneously, publicizing the positive accomplishments of company’s social and environmental performance. On Cho [35] framework of corporate possible responses to crisis mitigation, Lonmin’s discourse can be evaluated as belonging to the three strategies defined by the authors: the company has attempted to associate itself with positive social perceptions (image enhancement), while manipulating the key drivers of the incident (avoidance/deflection) and denying responsibility (disclaimer). Surprisingly, on 2013, there was an evident shift of the legitimation strategies used until then. Lonmin has started to engage in mortification strategy, in which it attempted to win, not only victims’ families’ but also general public’s forgiveness. Moreover,
the company showed commitment in rectifying and properly address the issues. This strategical communication shift coincided with the takeover of a new Chief Executive Officer in 2013 [70], which was probably the main driver for change.

CONCLUSION

General Considerations

The purpose of this study was to examine how Lonmin publicly reacted through its CSR disclosures in the face of a major adverse event (the Marikana massacre), in order to regain legitimacy. On one hand, it aimed at analysing whether there was a positive correlation between the negative occurrence and the total amount of corporate disclosures and, on the other hand, to assess which and how legitimation strategies were used. To achieve this purpose, the company's annual and sustainability reports were analysed through the content analysis method.

The findings of this study extend and corroborate the previous literature research on this matter [4,34,37,38,64,65], by demonstrating that company did, in fact, changed its CSR disclosure patterns, presumably by attempting to regain legitimacy after the incidents: (1) the total amount of disclosures has significantly increased during the incident period, and (2) the company used a type of crisis-response strategy to shape its discourse in communicating with its stakeholders.

“Health, Safety and Wellbeing” and “Employee and Labour Relations” were identified as the main categories influencing on the rise of overall CSR disclosures, but disclosures on “Fair Working Conditions” evolved below expectations. During the incident period, the company has adopted a mix of distance and ingratiation-based legitimacy strategies, attempting to dissociate itself from responsibility and to deflect public's attention to more positive information, as aligned with legitimacy theoretical framework. Therefore, the incident influenced Lonmin to act towards the regaining/repairing of its legitimacy, in the context of an industry associated with pejorative perceptions and very looked down upon in what concerns environmental and social matters.

Contributions, Limitations and Suggestions for Future Research

First, this investigation adds to and corroborates the existing literature supporting legitimacy theory, mainly on how companies manipulate CSR disclosure practices when confronted with legitimacy-threatening events. The study portrays a comprehensive approach by having both a quantitative and qualitative analysis: not only it identified the positive trends on the total amount of disclosures, but also qualitatively discriminated how the company strategically communicated with its publics. Second, this study may support stakeholders (especially in the mining sector) to understand how companies can use CSR disclosures as tool to protect/repair corporate reputation and shape their perceptions.
However, this study also contains some limitations which should be taken into account for future research purposes. It is important to highlight that this study was based on the analysis of a very particular case within a specific industry, thus it cannot be generalized to other instances. Moreover, its execution was limited to the analysis of some of the company’s online information (annual and sustainability reports), thus not taking into account press releases, media news, in-depth interviews, etc. Additionally, in terms of the results obtained, it is possible that some changes in the volume of disclosures may have been influenced by other factors of which the authors are aware of. However, the previous observation is highly unlikely, as peaks in total amount of disclosures coincided with the incident period, thus being fair to assume so.

For future development of research in this area, it would be insightful to understand and evaluate stakeholders’ (both affected and non-affected by the incident) perceptions and reactions towards the companies’ attempts to shape their opinions, by using the previously listed legitimacy repairing methods. It would be very interesting to establish a comparison between the corporate intentions behind outlining a legitimacy strategy and the actual effects on stakeholders’ perceptions. It would also be interesting to analyse two incidents which have happened within the same industry, to understand how companies can respond differently and draw comparisons.

**APPENDIX**

**Appendix A1. Examples of sentences (from Lonmin’s 2012 Sustainable Development Report).**

<table>
<thead>
<tr>
<th>Category</th>
<th>Sentences</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Compliance</td>
<td>The Company fully supports the government’s commitment to enforcing mine safety legislation and we are directly involved with the DMR and other government structures to improve safety standards. This year the DMR developed a new code of practice for disaster management, with which Lonmin is already compliant, being the first company in the mining industry to achieve this.</td>
</tr>
<tr>
<td>(2) Fair Working Conditions</td>
<td>We are investing in developing the communities around our operations through various programmes which include education, mining skills related training, bursaries and learnerships. In 2012, employees received, on average, 88 hours of training, compared with 209 hours in 2011.</td>
</tr>
<tr>
<td>(3) Health, Safety and Wellbeing</td>
<td>We care about the health of our employees, contractors and our communities and our efforts are aimed at improving the quality of their lives. Our Workplace Health programmes are aligned with our goal of causing zero harm to people, and include not only management and treatment programmes but also prevention programmes.</td>
</tr>
<tr>
<td>(4) Employee and Labour Relations</td>
<td>Lonmin has formal agreements with a number of trade unions in South Africa, which govern organisational rights and behaviour. A two-year wage agreement was entered into in December 2011 between the Company and unions.</td>
</tr>
</tbody>
</table>
AUTHOR CONTRIBUTIONS

AFA designed the study with input from MCB. AFA collected the data with MCB's assistance. AFA analyzed the data with input from MCB. AFA wrote the paper with input from MCB.

CONFLICTS OF INTEREST

The authors declare that there is no conflict of interest.

REFERENCES


How to cite this article: