

**RE-THEORIZING THE CONFIGURATION OF ORGANIZATIONAL FIELDS: THE IIRC
AND THE PURSUIT OF 'ENLIGHTENED' CORPORATE REPORTING**

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ABSTRACT

This paper studies the emergence of the International Integrated Reporting Council (IIRC) and its attempts to institutionalize integrated reporting as a practice that is critical to the relevance and value of corporate reporting. Informed by Suddaby and Viale's (2011) theorization of how professionals reconfigure organizational fields, the paper delineates the strategies and mechanisms through which the IIRC has sought to enrol the support of a wide range of stakeholder groups for the idea of integrated reporting in order to deliver a fundamental reconfiguration of the corporate reporting field. The paper's analysis reinforces the significance to any such field reconfiguration of the reciprocal and mutual arrangements between influential professionals and other powerful actors but does so in a way that (a) refines Suddaby and Viale's theorization of processes of field-level change and (b) pinpoints the fundamental policy challenges facing the IIRC. Gieryn's (1983) notion of boundary work is operationalized to capture some of the complexity and dynamism of the change process that is not sufficiently represented by Suddaby and Viale's more sequentialist theorization. From a policy perspective, the paper demonstrates just how much the IIRC's prospects for success in reconfiguring the corporate reporting field depend on its ability to reconfigure the mainstream investment field. Ultimately, this serves to question whether the IIRC's conceptualization of 'enlightened' corporate reporting is sufficiently powerful and persuasive to stimulate 'enlightened' investment behaviour focused on the medium and long term – and, more generally stresses the theoretical significance of considering connections across related organizational fields in institutional analyses of field reconfiguration efforts.

Keywords: Integrated reporting, corporate reporting, IIRC, organizational field, accountancy profession, institutional work, boundary work, corporate reporting, sustainability reporting, non-financial reporting, enlightened investment behaviour.

1. Introduction

Our long-term vision is a world in which integrated management and thinking are embedded within mainstream business practice in the public and private sectors, facilitated by [Integrated Reporting] as the corporate reporting norm. The cycle of integrated thinking and reporting, resulting in efficient and productive capital allocation, will act as forces for *financial stability* and *sustainability*. (Quotation from the International Integrated Reporting Council (IIRC) meeting outlining the IIRC's long-term vision, December 5, 2013, emphasis in original)

The quotation above outlines the ambitious long-term vision of the International Integrated Reporting Council (IIRC) for a future of corporate reporting in which integrated reporting will eventually become *the* international corporate reporting norm. This vision was agreed at a meeting of the IIRC council which approved the final draft of a conceptual framework for integrated reporting in December 2013. The framework was launched after this meeting, just over three years after the IIRC's formation. The speed of the framework's development testifies to the escalating significance and visibility of the IIRC. Integrated reporting is now discussed and advocated in positive terms by a number of leading multinational corporations, the EU Commission, and many international accounting and investment bodies – with persistent claims that it is an innovation that needed to happen and something that is going to lead the way in terms of the future development of corporate reporting¹.

Research on integrated reporting and the work of the IIRC has developed in a relatively broad fashion. A small but developing body of academic work has studied the potential of integrated reporting employed by early adopters to foster transitions to more sustainable business practices (Brown and Dillard, 2014; Higgins et al., 2014; Stubbs and Higgins, 2014). Van Bommel (2014) has highlighted the risk that integrated reporting may get captured by investors and accountants while Flower (2015) and Thomson (2015) have problematized the shifting content of the IIRC's integrated reporting proposals. Work inspired by actor network theory has developed our understanding of the tensions in the network of bodies engaged in developing and promoting integrated reporting (Rowbottom and Locke, 2016) and Reuter and Messner (2015) have examined formal participation in the early phases of the IIRC's efforts to develop a conceptual framework for integrated reporting.

This paper advances such prior work in a number of key ways. Empirically, it provides what, to date, is the most in-depth consideration of the institutional dynamics underpinning the rise of the IIRC (and integrated reporting) and delineation of the critical policy challenges that the IIRC has sought to overcome and those that it still faces. Conceptually, the paper places particular emphasis on the structures and strategies that were installed and adopted as part of a concerted effort to position the IIRC prominently within the corporate reporting field. Through such processes of institutional

¹ See, for example: <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2013-0023&language=EN>; <https://www.ifac.org/news-events/2013-11/integrated-reporting>; <http://www.theguardian.com/sustainable-business/integrated-reporting-reshaping-21st-century>; <http://www.theiirc.org/wp-content/uploads/2012/06/UBS-What-Is-Integrated-Reporting.pdf>. All websites accessed on September 25th 2014.

development, the paper's analysis unveils the shaping and re-shaping that took place in the formulation of the philosophy underpinning the IIRC's proposals, the principal declared tenets of its version of integrated reporting, and the relative strength of its underlying knowledge base. The emergence of the IIRC and the strategic dilemmas it faces provide a compelling illustration of both the importance of studying accounting change processes within their institutional context and of the difficulties of shifting longstanding capital market traditions and priorities through innovations in corporate reporting.

By revealing the significance of the evolving interrelationships between various involved bodies/organizations and their engagement in specific types of boundary work (Gieryn, 1983) to distinguish integrated reporting from existing/other forms of corporate reporting, the paper's theoretical contribution extends well beyond the field of corporate reporting, providing a substantive development of Suddaby and Viale's (2011) theorization of how professionals reconfigure organizational fields. Such theoretical advancement takes place on two primary levels. First, the paper's conceptual framing and related analysis captures a level of complexity and dynamism in processes of field-level change that Suddaby and Viale's more sequentialist framework does not sufficiently represent. Specifically, the IIRC's efforts to reconfigure the field of corporate reporting through the introduction of integrated reporting are seen to have been contingent upon constructing a common set of mutual interests among potentially competing professional reporting bodies (see relatedly, Hayne and Free, 2014). Such bodies have been able to extract formal written reassurances that the IIRC's integrated reporting will not evolve to colonize their particular reporting space within the corporate reporting field – despite key aspects of the IIRC's initial ambitions articulating this possibility. In contrast to numerous prior studies of field reconfiguration projects driven by professionals and professional organizations (see, for example, Gendron and Barrett, 2004; Hoffman, 1999; Power, 1997), integrated reporting therefore represents a rather more problematic case history in terms of degrees of colonization. Theoretically speaking, the case requires us to recognize that professional actors can act through a mutual coalition of interests, rather than just assuming that one dominant professional actor (or set of actors) will inevitably (fully) colonize a particular organizational field.

The degree to which integrated reporting is able to sustain any degree of openness as an intellectual space is, ultimately, an empirical question. To date, despite a subsequent tightening of formal institutional arrangements and relationships, there are grounds for arguing that the space remains open to additional professional entrants, although much here will depend on the way in which institutional pressures and demands shape the future development of the IIRC's strategy. Herein lies the second important theoretical contribution of the paper. In exploring key policy implications of work already undertaken by the IIRC and considering future policy challenges, the paper demonstrates the importance of institutional analysis not only being conducted within individual organizational

fields but also giving serious consideration to the significance of connections *across* related organizational fields. Suddaby and Viale (2011: 426) theorize that because professional organizations, groups and professionals are so embedded in organizational fields, efforts on their part to promote and colonize new programmes or practices can be expected to reverberate throughout the field and influence, either directly or indirectly, other institutionalization projects. We develop such arguments by showing how the prospects of success for the IIRC's reconfiguration of the corporate reporting field have come to depend centrally on the IIRC being able to instigate institutional change in the rather more distantly related field of mainstream investment. In essence, the IIRC has sought to promote a greater focus on long-term, sustainable investment not only by constructing a new form of (integrated) corporate reporting but also by seeking to reconstruct the identity and interests of the mainstream investor (with the success of the former depending centrally on delivering the latter). In building on this finding, the paper closes by presenting a specific and very fundamental policy challenge for the IIRC. Namely, is it realistic to expect a change in corporate reporting traditions to be capable of disrupting long-standing patterns of investor behaviour and capital markets? Or is it more likely that the development of integrated reporting will come to be captured by the very interests that have served to sustain a system of financial capital provision privileging the short-term over the longer-term?

The paper is structured as follows. Section 2 blends Suddaby and Viale's (2011) theorization of how professionals reconfigure organizational fields with the notion of boundary work. We carefully locate such theorization, and related institutional studies, within the field of corporate reporting prior to, in Section 3, outlining the specifics of our adopted research methods. Section 4 presents a detailed case analysis tracing key aspects of the evolution of the IIRC and the IIRC's version of integrated reporting from the inception of the IIRC to the launch of its integrated reporting framework in December 2013. Section 5 reflects on the nature of the IIRC's evolution, the strategic challenges it now faces and posits a number of ideas for future research.

2. Re-theorizing the configuration of organizational fields

This paper situates the practice of integrated reporting within the organizational field of corporate reporting. Organizational fields represent richly contextualised spaces comprising networks of disparate, interacting organizations that together constitute a recognizable area of life (Maguire et al., 2004: 657). Interactions among members within an organizational field occur more frequently than with actors existing outside the field (Greenwood et al., 2002; Wooten and Hoffman, 2008). While circumscribing a field is somewhat challenging, especially when studying its dynamics (Malsch and Gendron, 2013; Wooten and Hoffman, 2008), we regard the field of corporate reporting as comprising a number of distinct but related areas such as, financial reporting, intellectual capital reporting, carbon reporting, and social and environmental reporting. The field is populated by a myriad of national and

international ‘professional’ actors interacting with one another to support, stimulate, experiment with and disrupt these various forms of financial and non-financial reporting. These actors include: international and national accounting bodies (for example, the IASB (International Accounting Standards Board), FASB (Financial Accounting Standards Board), ICAEW (Institute of Chartered Accountants in England and Wales), and AICPA (American Institute of Certified Public Accountants)); the Big 4 professional services firms; international and national regulators; and consulting and advisory bodies promoting different forms of corporate reporting, such as The Prince’s Accounting for Sustainability Project, the GRI (Global Reporting Initiative), the Carbon Disclosure Project, and the World Intellectual Capital Initiative. A core aspect of our analysis of the emergence of the IIRC (and its version of integrated reporting) focuses on examining how a group of professional and associated interests have sought to reconfigure the corporate reporting field by promoting integrated reporting as a pre-eminent form of corporate reporting.

2.1 Boundary work and the dynamics of field reconfiguration by professionals, professional groups and organizations

According to Scott (2008), professions and professionals (broadly defined) play a crucial role in shaping institutions given their ability to simultaneously create, legitimize and control the knowledge and practices that govern various elements of everyday life (Currie et al., 2012: 940). Scott conceives of professions and professionals as primary societal institutional agents (Scott, 2008: 227) who have assumed central roles in creating, disrupting and maintaining prevailing institutions (Currie et al., 2012: 940; Lawrence and Suddaby, 2006; Lawrence et al., 2009, 2011). For Suddaby and Viale (2011), the field reconfiguration efforts of professionals and broader institutionalization processes occur simultaneously, with field level change being understood as ‘a series of *reciprocal and mutual projects* between professions and other powerful actors’ (p. 427, emphasis added) in the institutional environment.

In crafting our analysis of the emergence of the IIRC we draw initially on Suddaby and Viale’s theorization of the role of professions and professionals² in constructing and changing organizational fields (see also, Chiwamit et al., 2014; Muzio et al., 2013; Venter and De Villiers, 2013). In subsequently supplementing and developing this framework, we make specific use of Gieryn’s (1983) notion of boundary work to demonstrate (through the case of integrated reporting and

² Within Suddaby and Viale’s framing, professions and professionals are broadly conceived as groups of individuals who profess specific expertise and seek to construct their professed expertise as essential in developing and implementing practices that will ensure the viability and thriving of other individuals and/or organizations. In drawing upon this broad definition of professions and professionals, we are not seeking to analyse whether the groups and organizations that populate, craft and shape integrated reporting meet narrower definitions of professions and professionals that are found within different strands of the academic literature.

the work of the IIRC) that institutional field reconfigurations need to be regarded as less predictable and sequential than that depicted under Suddaby and Viale's conceptual framing.

Boundary work refers to “actors’ efforts to establish, expand, reinforce or *undermine* boundaries” (Zietsma and Lawrence, 2010: 192, emphasis added). It represents a rhetorical device focused primarily on demarcation by drawing on ‘contrast cases’ in order to clearly distinguish practices or domains. It can be a particularly effective ideological device for expanding, monopolizing and protecting professional autonomy, especially through its efforts to expand or limit areas of activity, expertise, legitimacy, authority and responsibility (Mikes, 2012; Gracia and Oats, 2012; Young, 2014). Gieryn’s (1983) seminal paper identifies boundary work as a process of demarcation where scientists attribute selected characteristics to the institution of science in order to construct a social boundary distinguishing some intellectual activities as non-science.

Boundary work often involves the mobilisation of inconsistent ideologies, as characterizations of a practice or domain can shift over time depending on the ‘contrast cases’ selected and the particular goals of the boundary work. For example, Gieryn (1983) highlighted how the characteristics attributed to science depended very much upon the non-science activity it was being set against. He illustrated how such boundary work can lead to ambiguous, flexible, historically changing, internally inconsistent and sometimes disputed characterizations of an area of activity. The simultaneous pursuit of distinct professional goals and the differing ambitions of the professionals promoting a practice or an area of expertise can also necessitate or result in a boundary being built in different ways (Burri, 2008; Gieryn 1983).

In the remainder of this sub-section of the paper, we integrate the above notion of boundary work within the four overlapping (but analytically distinct) dynamics (or steps) that Suddaby and Viale (2011) mobilize to characterize how professionals, professional groups and organizations reconfigure organizational fields. This framing highlights the role that boundary work (Gieryn, 1983, 1999) by professions and professionals can play in field reconfiguration processes.

2.1.1 Defining new spaces

Suddaby and Viale’s (2011) first dynamic involves professionals defining new (sometimes) uncontested intellectual and/or economic spaces through either colonizing space occupied by other professions or professionals (Abbott, 1988; Greenwood and Suddaby, 2005; Power, 1997, 2003) or by defining new practice areas through expanding, redefining or renewing their expertise and knowledge base (Barrett and Gendron, 2006; Fogarty et al., 2006; Gendron and Barrett, 2004; O’Dwyer, 2011; O’Dwyer et al., 2011; Shafer and Gendron, 2005). Boundary work can be seen to be central to this dynamic, serving to attach specific characteristics to new practice areas that align with the perceived and/or professed expertise of professionals. Such processes not only allow professions to expand their

jurisdiction but can also generate wider institutional impacts as the landscape of particular fields is simultaneously reshaped. Professionals are said to define new spaces by initially offering a vaguely defined 'idea' (Scott, 2008: 224) to describe a presumed form of reality and offer solutions to an assumed set of problems (Greenwood et al., 2002; Shafer and Gendron 2005). Boundary work serves to attribute selected broad characteristics to this 'idea' in order to distinguish it from existing, potentially competing ideas. Terms and phrases underpinning the 'idea', in turn, become more clearly articulated, typically in a manner directly suited to the rhetorical claims to expertise of a specific group of professionals, thereby enabling such a group to populate the space and claim territorial rights. Assigned characteristics also become more specific and the rhetoric employed makes the contrast with existing practices more explicit. A central feature of such boundary work is the ongoing refinement of the characteristics which best serve to demarcate the new practice area and make it well-suited to the professionals' interests, although the extent to which they successfully construct a boundary around a proposed new area of practice can be variable and unpredictable (Gieryn, 1983; Llewellyn, 1998)³.

2.1.2 *Establishing boundaries around legitimate actors: Populating the new space with new actors*

Having defined a new space and its dominant characteristics, professionals seek to fill the space with new and legitimate social actors who serve their interests. These actors may comprise categories of individuals or new forms of organization which themselves require clear specification and identification. Accounting professionals, for example, engaged in boundary work in an (ultimately unsuccessful) attempt to promote the multidisciplinary partnership as a new form of professional organization (Suddaby and Greenwood, 2005). Likewise, senior risk officers contributed to enhancing and promoting the professional status of 'risk expert' actors by applying a rhetoric that privileged more quantified risk measurement systems over potentially competing representations of risk drawing on judgment and experience (Mikes, 2012). Professionals can also seek to legitimate new professional roles or occupational categories tied to new practices (Muzio et al., 2013). Prior examples include accountants' efforts to legitimate the occupational category of the Global Business Professional and the emergence of new occupational categories such as Forensic Accounting, Human Resource Professionals and Environmental Compliance Officers (Hoffman, 1999; Lawrence, 1999; Suddaby et al., 2007).

³ As Muzio et al. (2013) argued, the development by professionals of new practice areas such as nouvelle cuisine (Rao et al., 2003), environmental audits (Hoffman, 1999; Power, 1997, 2003), sustainability assurance (O'Dwyer, 2011; O'Dwyer et al., 2011), and corporate social responsibility represent examples of this dynamic in action.

2.1.3 *Redefining the boundaries of organizational fields – The promulgation of new rule systems*

The two dynamics above indicate that professionals can advance their knowledge base and jurisdiction by subordinating existing occupations and/or establishing new areas of practice or new expert occupations. Suddaby and Viale's (2011) third dynamic proposes that such changes in the basis of expertise can also induce key shifts in the boundaries and rule systems (what they term, 'the logics') of organizational fields. A key process through which professionals enrol their expertise to alter field logics, while simultaneously advancing their own professional interests, is by presenting and endorsing rule systems (such as regulations, laws, legal forums, standards, or conceptual schemes). Once established, these rule systems may become part of the institutional fabric of a field. However, because the professionals who construct the rules are likely to be adept at claiming to have the requisite expertise and legitimacy with which to interpret and apply them, such rules, often held out as being designed in the broader social interest, serve to consolidate the power and status of the professionals involved (Muzio et al., 2013).

An additional feature of this dynamic is the way in which professionals seek out new alliances and strategic relationships with institutions (or other professionals) that they perceive as being able to facilitate their expansionary aims (see, Andon et al., 2015; Gendron and Barrett, 2004; Shafer and Gendron, 2005). Consequently, professionals' efforts are often reciprocated by other powerful actors who stand to gain from also becoming dominant actors in a reconfigured field. Boundary work is again central to these processes in that the rhetoric employed assigns distinctive characteristics to the new rule systems indicating that only certain professionals are capable of comprehending and applying them. Disparate professionals may then coalesce and construct a supporting rhetoric around the rules designed to support their particular expertise and to distinguish it from others so that they too can stake a *collective* claim over proposed practices (Mikes, 2012). This form of boundary work also seeks to shape domains by controlling the types of difference permitted among complementary professional groups operating within them, thereby preventing fragmentation (Llewellyn, 1998). For example, Loft et al. (2006) unveiled the reciprocal efforts of numerous related professional actors, such as IFAC, the European Commission, the World Bank, and the International Organization of Securities Commissions, in constructing a regulatory scheme for global finance underpinned by a rhetoric that sought to consolidate these actors as dominant coercive institutions in the emerging field of global financial transactions.

This type of work is, however, highly challenging and can ultimately fail. For example, accountants' attempts to develop a new market in e-commerce assurance based on their claims to exclusive professional expertise through what was known as the WebTrust project (Barrett and

Gendron, 2006; Gendron and Barrett, 2004) notably did not gain widespread support. This was partly due to the overt promotion of a more explicit commercial logic in the professional accounting field.

2.1.4 Managing the reproduction of professional capital

Suddaby and Viale's fourth dynamic relates to the broad-based capacity that professionals have to manipulate the social order within an organizational field. This ability - or 'social skill' (Fligstein, 1996) - is largely based on their unique access to a wide range of capitals within a field, such as social, cultural and symbolic capital, and their ability to move between these capitals. Access to such capitals derives from a long history of serving elites which instils a sensitivity to, and a capability to reproduce, social structures of hierarchy and status.

Boundary work is mobilized in this dynamic through the adoption of rhetorical strategies aimed at enabling professionals to use their access to various capitals to influence the social order, shape the speed and direction of field level change and legitimate the acceptance of particular change programmes (see also, Edward Green Jr. and Li, 2011; Etzion and Ferraro, 2010; Suddaby and Greenwood, 2005). Such work can assist in mobilizing collective action among key audiences and in challenging taken-for-granted assumptions (Battilana et al., 2009; Hardy and Maguire, 2008). A key rhetorical strategy involves the use of universalist themes to connect specific professional interests to broader (and more stable) value systems and to contrast the ability of competing interests to connect to these systems. This boundary work explicitly seeks to make favoured practices seem natural and unavoidable. It promotes the cultural authority of certain professionals' work by connecting 'professional diagnosis, treatment and inferences to central values in the larger culture' (Abbott, 1988: 184).

While professionals' 'social skills' are critical to their ability to engage others in collective action, it also has to be recognized that building stable and solid networks of support is quite demanding (Andon et al., 2015; Gendron and Barrett, 2004; Larson, 1977; Shafer and Gendron, 2005). Indeed, the American Institute of Certified Public Accountants' efforts to enrol a diverse set of professional groups behind a global consulting credential failed to gain legitimacy among targeted supporters despite articulating a distinct boundary demarcating certified from non-certified consulting professionals. (Shafer and Gendron, 2005; Fogarty et al., 2006). Thus, the dynamics described by Suddaby and Viale (2011) should not be presumed automatically to give rise to 'heroic' institutional entrepreneurs instigating significant institutional change (Hardy and Maguire, 2008).

The above theoretical framing integrating the notion of boundary work (Gieryn, 1983) within Suddaby and Viale's four dynamics served as a sensitising, interpretive device through which we came to understand and explain the workings of the IIRC and the rise in prominence of its version of integrated reporting. While presented in advance of our empirical results, it is important to note that

this theoretical framing was not a static vehicle, whose relevance was merely illustrated through the case events of the IIRC. Rather, it had a more transformative nature, with the initial theoretical framing provided by Suddaby and Viale being refined as the empirical evidence served to demonstrate the institutional significance of boundary work and revealed development patterns that were not sufficiently captured by Suddaby and Viale's more generic modelling of field reconfigurations. This interaction between empirical analysis and theoretical development proved to be a central feature of our research method, which is outlined in detail in the next section, prior to presenting the results of our analysis.

3. Research method

To address our core objective of analysing the evolution of the IIRC and its efforts to promote integrated reporting we conducted a qualitative analysis of a range of archival and other data. The documentary material analysed included formal IIRC documents such as the IIRC's 2011 discussion paper and responses to this discussion paper, the 2013 technical agenda papers of the IIRC Working Group and Council, the IIRC consultation draft framework and related submissions, the IIRC's Emerging Integrated Reporting Database, the final integrated reporting framework and its supporting Basis for Conclusions and Summary of Significant Issues. We also analysed all Memoranda of Understanding signed by the IIRC, IIRC press releases, Background Papers, the IIRC Pilot Programme Yearbooks for 2012 and 2013, the IIRC blog, and twitter feeds on integrated reporting from the IIRC, the ICAEW sustainability division, Ethical Corporation, The Prince's Accounting for Sustainability Project, the Global Reporting Initiative (GRI), PwC Sustainability, TEEB (now renamed the National Capital Coalition), IFAC, the US Sustainability Accounting Standards Board, KPMG Sustainability, Deloitte IAS Plus, and the Federation of European Accountants (FEE), among others.

We constructed a database of research studies and commentaries on integrated reporting and its evolution emanating from professional accounting bodies, consultancies, professionals in the field of corporate reporting, the investment industry and key media commentators. We also gathered copies of presentations made by the IIRC and others such as corporate social responsibility consultants and professional accounting bodies at public events and conferences. We placed particular emphasis on accessing all media contributions by IIRC board members, including interviews, opinion pieces, and YouTube videos of presentations on integrated reporting and the IIRC. This allowed us to build up an extensive archive of data that we linked chronologically to each phase of the IIRC's development.

This documentary data was supplemented with insights from participation in several events linked to the work of the IIRC, along with interactions with IIRC members and IIRC advocates, including participation in roundtables hosted by the IIRC in London, Amsterdam and Italy and a launch meeting of the IIRC's Pilot Programme for businesses in Rotterdam (all in 2011). One of the

authors, at the invitation of the IIRC, developed and led an Integrated Reporting Academic Network which involved discussions and engagement over an extended period with executives seconded to the IIRC with an aim of providing the IIRC with access to existing academic research insights to help inform its development of integrated reporting. This author was careful to maintain a distanced, critical stance throughout this process. He also co-led an academic research project for the Prince's Accounting for Sustainability Project (one of the founding bodies of the IIRC). Two of the authors presented at and organized the academic session on integrated reporting at the GRI 2013 conference in Amsterdam, attended by key individuals from the IIRC including its CEO, Paul Druckman. We also drew on discussions and informal meetings with several members of the IIRC and partners and staff in Big 4 professional services firms in the Netherlands that provided services related to integrated reporting.

Across all stages of our involvement with the IIRC, we discussed and obtained informed consent to use insights from these interactions in our academic research. It was made clear to those with whom we interacted that our role was to observe and provide evidence, not to make decisions around the shaping of the IIRC or integrated reporting, and we were careful throughout to maintain this level of academic independence, for example, by not becoming actively involved in, or advocating decisions on, the shape of integrated reporting.

We used a modified form of content analysis (see, Malsch and Gendron, 2011; Shapiro and Matson, 2008) to analyse the archival data. This focused on examining both the manifest (literal meaning) and latent (deep structural meaning) content of the evidence (Suddaby et al., 2007). Initially, we read all the documentary evidence separately focusing on the manifest content of the documents. This focus led to identification and description of the main phases in the evolution of the IIRC, identifying the key actors involved and their interactions and interrelationships. We then conducted a number of keyword or theme-based searches of all documentation to delve deeper into the main phases of the IIRC's progression. These included documentary searches using guiding themes such as: sustainability versus value creation; stakeholders versus investors, solutions offered; integrated versus connected reporting; new reporting versus building on existing reporting; shifting scope of integrated reporting; belief statements and expectations of actors; ambiguity of language, use of rhetoric; criticisms of integrated reporting; relationship to prior (and existing) corporate reporting initiatives; market-led; harmonization; competing reporters; alliances; use of supporting evidence; and the role of long term investors.

We documented the key actors in the field and their interrelationships and also kept a record of all our meetings and conversations at the events we were directly involved. This was very much an ongoing process as the IIRC and integrated reporting were evolving as our data collection and analysis

proceeded. This initial stage of data collection commenced in January 2012 and ceased in mid-January 2013.

Our second analytical phase concentrated on the latent content of the data. This involved an interpretive content analysis focused more explicitly on understanding and explaining the data in the context of the central dynamics outlined in Suddaby and Viale's (2011) theorization of the role of professions and professionals in crafting and changing organizational fields. We mobilized the concept of boundary work within this framing as this enabled us to explain the data in more depth and to appreciate the broader significance of our empirical findings. Collectively, this two-staged level of analysis enabled us to construct a richer level of theorization and to delineate the primary public policy challenges facing the IIRC. It necessitated considerable re-reading and re-interpreting of our initial phase of data analysis. We also engaged in extensive discussion and debate until agreement was reached about the meaning and substance of our empirical material in the context of our theoretical framing and the strategies being pursued by the IIRC. We also continued to add to the documentary evidence during this phase, up to the December 2013 publication of the IIRC's final framework.

The following section presents the results of this analysis process. Specifically, it examines how and why the IIRC and its advocated version of integrated reporting practice have evolved with notable speed and support, but also presented the IIRC with numerous public policy challenges in terms of pursuing its (shifting) strategic development path.

4. Case analysis

The case narrative commences by explaining the origins of the IIRC and placing its arguments for integrated reporting in the context of earlier developments in integrated reporting practice. It subsequently explores how the IIRC sought to reconfigure the field of corporate reporting by proposing integrated reporting as a partial solution to societal-level problems surrounding the sustainability of business and society, and how the IIRC engaged in boundary work explicitly contrasting these claims and the key characteristics assigned to integrated reporting with other forms of reporting. We then examine how various mechanisms were adopted that maintained support from a variety of other corporate reporting constituencies in refining integrated reporting and establishing its rule systems, while focusing integrated reporting more centrally on meeting supposedly market-led information needs of long-term providers of financial capital. We demonstrate how the IIRC subsequently strengthened alliances of institutional support for the IIRC (and its developing variant of integrated reporting) among professional networks of corporate report preparers in order to mobilize collective action through consensus-building. The final subsection illustrates how, having asserted the primacy of the (long-term) investor for integrated reporting, the IIRC has strived to stimulate

mainstream investor interest in long-term performance and business sustainability as part of an effort aimed at instigating institutional change in the field of mainstream investment.

4.1 The origins of the integrated reporting ‘idea’ – Defining a new corporate reporting space

The IIRC emerged from a meeting convened at the Prince’s Accounting for Sustainability Project’s Annual Forum in December 2009 in London. The Accounting for Sustainability Project had been formed in 2004 as a collaborative initiative comprising representatives from industry, the investment community, academia, NGOs, and the accountancy profession. Among its other sustainability accounting initiatives, it developed a connected reporting framework promoting the reporting of sustainability information alongside more conventional financial information. The Accounting for Sustainability Project claimed that there had been a lack of connection between sustainability and financial reporting which meant that sustainability reporting was largely detached from organizations’ strategic objectives (see, Hopwood et al., 2010). It launched its connected reporting framework in 2007 to help highlight clear connections between financial and sustainability information and to assist in ensuring that sustainability considerations were embedded into organizations’ day-to-day processes.

According to the Accounting for Sustainability Project’s patron, the Prince of Wales, the hope was that the framework would ‘encourage and facilitate clear, concise and comparable sustainability reporting to ensure that broader and longer-term sustainability considerations are integrated and connected with traditional accounting measurements’.⁴ It was argued that companies which adopted connected reporting would ‘get ahead of the game’ in advance of inevitable regulation, and thereby enhance their credibility and standing.

At the above-mentioned 2009 Prince’s Accounting for Sustainability Project Annual Forum meeting, a group of professionals, primarily from within the field of corporate reporting, agreed that a committee called the International Integrated Reporting Committee⁵, should be formed to create a globally accepted framework for ‘accounting for sustainability’. This sought to extend the work of the Prince’s Accounting for Sustainability Project. The IIRC was subsequently formally launched by the Accounting for Sustainability Project and the GRI in August 2010⁶. A joint press release from the GRI

⁴ See: <http://www.accountingforsustainability.org/wp-content/uploads/2011/10/The-Accounting-for-Sustainability-Report.pdf> (p.1). Last accessed 25 July 2015.

⁵ This name was changed to the International Integrated Reporting *Council* (IIRC) in late 2011.

⁶ According to the Prince’s Accounting for Sustainability Project, IFAC also appear to have had a key role in establishing the International Integrated Reporting Committee even if they were not part of the Press Release heralding its launch. For example, the Accounting for Sustainability Project website states: ‘Following the success of the work undertaken by [The Prince’s Accounting for Sustainability Project] and others in driving forward this agenda, at the [Prince’s Accounting for Sustainability Project] Forum event on 17th December 2009 His Royal Highness The Prince of Wales, called for an ‘International Integrated Reporting Council’ to be established to oversee the development of an international connected and integrated approach to corporate reporting. The IIRC was subsequently established by [the Prince’s Accounting for

and the Prince's Accounting for Sustainability Project that announced the launch, and other supporting statements, mobilized high level themes calling for the creation of a new corporate reporting space around integrated reporting that would contribute to ensuring future economic and social well-being. For example, the founding Chairman of the IIRC, Sir Michael Peat, hailed integrated reporting as:

... a vital building block to enable the world's economy to evolve and maintain standards of living for people who already enjoy a good quality of life, and create them for the hundreds of millions who do not, without the present unsustainable over-consumption of the world's finite resources.

The initial press release indicated that integrated reporting would 'build on' the existing practice of financial reporting and 'environmental, societal and governance' reporting. It claimed that the IIRC was responding to the need for a concise, clear, consistent and comparable reporting framework which would integrate financial and non-financial information and eventually 'bring corporate reporting into line with the business needs of the 21st century'.

Integrated reporting as a concept and practice was, however, not new. For example, Danish pharmaceutical multinational Novo Nordisk had been publishing what it called an annual integrated sustainability and financial report since 2004, having changed its Articles of Association to mandate such annual reporting (see, Dey and Burns, 2010). In South Africa, since 2010, corporations whose primary listing is on the Johannesburg Stock Exchange have been required either to publish an annual integrated report or explain why they have not done so (see, ACCA, 2012). These South African integrated reporting requirements are based on proposals for mandatory integrated reporting in the September 2009 King Report on Governance Principles for South Africa (commonly referred to as King III - the report being the third in a series of corporate governance reports in South Africa produced by the King Committee, chaired by Judge Professor Mervyn King), which themselves derive in part from recommendations on integrated reporting in the preceding 2002 King Report on Corporate Governance for South Africa (commonly referred to as King II) (see also, Owen, 2013: 348-349).^{7 8}

A key difference between these earlier developed forms of integrated reporting and the work of the IIRC was the latter's global ambitions and reach. When the IIRC was launched in 2010, it was overseen by a thirty-three member steering group chaired by Sir Michael Peat (a former partner at KPMG – and whose family formed the P in KPMG – and at the time Principal Private Secretary to the Prince of Wales and Duchess of Cornwall) with Professor Mervyn King (who also chaired both the

Sustainability Project] in collaboration with the International Federation of Accountants (IFAC) and the Global Reporting Initiative (GRI) in 2010'.

⁷ South African development of integrated reporting both predates the formation of the IIRC and subsequently took a different direction and focus to the framework eventually published by the IIRC. South African integrated reporting was underpinned by a stakeholder-inclusive logic focused on the information needs of a broad range of stakeholders whereas, as we shall see later in the paper, the IIRC's version of integrated reporting has increasingly become focused on the information needs of providers of long-term financial capital. Latterly, however, South African integrated reporting has endorsed the IIRC's final framework.

⁸ See also the work of Robert Eccles and colleagues with whom the IIRC formally engaged immediately after the IIRC's launch (see, Eccles and Krzus, 2010).

South African King Committee on Corporate Governance and the GRI) as Deputy Chair. A twenty member IIRC working group was also established and included nine individuals directly linked to the accounting profession. It was co-chaired by Ian Ball, the then CEO of IFAC and Paul Druckman, ex-President of the ICAEW and the then Chair of the Prince's Accounting for Sustainability Project.

The IIRC's initial documentation promoted itself as 'a coalition with clout' reflecting the 'right balance' of powerful stakeholders, and it immediately launched a campaign to spread its integrated reporting message with the aim of creating an integrated reporting framework proposal in time for the November 2011 G20 meeting.

4.2 *Articulating the 'problem(s)' and specifying the integrated reporting solution*

4.2.1 *Seeking 'contrast cases' - Mobilizing universal themes to distinguish and prioritize integrated reporting within the corporate reporting field*

Within the above mobilization of influential figures, the initial rhetoric enrolled to support the IIRC's formation was underpinned by a sense of irresistibility and urgency. Integrated reporting was deemed vital to 'our' future well-being and represented an inevitable force for 'good'. The IIRC needed to build a global consensus around integrated reporting as 'co-ordinated, international action [was] needed now'. Prominent industry and professional leaders endorsed integrated reporting by attaching it to different, albeit interrelated issues of societal significance. Jane Diplock, then chairperson of IOSCO (International Organization of Securities Commissions) and a future IIRC board member, contended that '[w]hile Integrated Reporting alone cannot ensure sustainability, it is nevertheless a powerful mechanism for helping us all make better decisions about the resources we consume and the lives we lead.' Jim Singh, CFO of Nestle claimed that companies had no choice but to communicate through integrated reporting if they were committed to the long term and wanted to be trusted, while Goran Tidstrom, President of IFAC, maintained that integrated reporting would help stakeholders make better resource allocation decisions that were fundamental to creating, what he termed, 'a sustainable society'. The IIRC's first Discussion Paper, launched in September 2011, articulated a rationale for integrated reporting and offered proposals for the development of an International Integrated Reporting Framework and how this might be established and adopted. It claimed that changes in the business environment such as globalization, higher expectations for corporate transparency and accountability, resource scarcity, population growth, and environmental concerns meant that the information needed to assess the past and current performance of organizations was now much broader. Integrated reports would provide this and it was claimed they should therefore become an organization's primary reporting vehicle.

Boundary work pervaded the Discussion Paper and contrasting cases were carefully selected to reinforce the claimed value of integrated reporting. First, the key characteristics of integrated

reporting were distinguished from all other forms of corporate reporting. The corporate reporting field was characterized as being too confused, fragmented, and cluttered with immaterial, disconnected information in diverse reports:

[M]any currently perceive a reporting landscape of confusion, clutter and fragmentation. Much of the information now provided is disconnected and key disclosure gaps remain. (IIRC, 2011: 10).

This was contrasted with the core tenets of integrated reporting that focused on connectivity, conciseness, and materiality. Other forms of reporting were characterized as unsuited to a changing, more globalized world underpinned by rapid population growth, increasing global consumption, and rapid advances in technology.

Second, the Discussion Paper mobilized the *specific* ‘contrast case’ of financial reporting in order to construct an explicit boundary between integrated reporting and financial reporting. The IIRC rhetoric constantly highlighted how only about 19% of a company’s market value was explained by physical and financial assets (compared to 83% in 1975), while the remaining intangible factors were only partially explained in financial statements:

The traditional [financial] reporting model was developed for an industrial world. Although it continues to play a valuable role with respect to stewardship of financial capital, it nonetheless focuses on a relatively narrow account of historical financial performance and of the value-creation process. ... Corporate reports are already long and, in many cases, they are getting longer. Length and excessive detail can obscure critical information rather than aid understanding. (IIRC, 2011: 10 and 11)

The financial reporting model was deemed to be both broken and too narrowly focused on mandated disclosures. Integrated reporting was held up as a flattering contrast and assigned characteristics suggesting that it would cover a broader range of positive and negative issues:

Integrated Reporting brings together the material information about an organization’s strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates value, now and in the future ... Integrated Reporting [will] improv[e] ... investors’, and other stakeholders’, insight and understanding [as] only the most material information [will] be included in the Integrated Report. (IIRC, 2011: 11 and 13)

Escalating demands for a broad information-set from markets, regulators and civil society were held to necessitate a new framework to support the future development of corporate reporting. Integrated reporting was offered as the solution which would make visible both organizations’ use of (and dependence upon) different resources and relationships (termed ‘capitals’) and their access to (and impact on) them. Financial reporting was accused of failing to make these issues visible:

Annual reporting at present is largely focused on past financial performance and financial risks. Other reports and communications may cover other resources and relationships, but they are seldom presented in a connected way, or linked to the organization's strategic objectives and its ability to create and sustain value in the future. (IIRC, 2011: 18).

Integrated reporting was argued to be crucial as it promised a meaningful assessment of the long-term viability of an organization's business model and strategy, meeting the claimed information needs of investors and other stakeholders and, ultimately, ensuring the effective allocation of scarce resources.

The claimed distinctive characteristics of integrated reporting were central to efforts to construct a boundary around the notion of integrated reporting. It was proposed that integrated reporting would assist investors to make better long term investment returns. Likewise, through such reporting, civil society would be able to assess organizations' stewardship not only of financial capital but of human, natural, social and other 'capitals'. 'Integrated thinking' would allow employees to identify how they contributed to the ability of an organization to 'create and sustain value' over time. Lower volatility in markets was also expected to emerge due to the improved and longer-term internal decision making that integrated reporting was supposed to stimulate.

The claimed long-term focus of integrated reporting was also offered as a way of addressing some of the media and regulatory concerns surrounding short-termism that had been stimulated by the global financial crisis. The rhetoric of risk-reduction was repeatedly enrolled by high profile supporters of the IIRC. For example, Peter Simons of CIMA (Chartered Institute of Management Accountants) insisted that integrated reporting represented 'a reaction to the sudden and unexpected nature of the crash' which would encourage 'better risk management and more transparency in reporting to better inform stakeholders'. Within this rhetoric there seemed little room for any doubt that integrated reporting represented the future of corporate reporting given its stated capacity to solve an array of problems fundamentally unaddressed by current corporate reporting practices, particularly financial reporting.

The underlying rhetoric was consistently linked to the concept of globalization and, in particular, to the efforts of the IASB and FASB to harmonize international financial reporting standards. It was asserted that integrated reporting would not merely 'reflect and build on' current reporting through 'enhanc[ing] and consolidat[ing] existing reporting practices', but would ultimately become an organization's *primary* report, *replacing* (rather than adding to) existing reporting. Other forms of separate reporting containing more detailed financial information, operational data and sustainability information were therefore characterized as inferior rivals that would, in time, be relegated in importance and most likely marginalized (see, Llewellyn, 1998).

4.2.2 *Contesting the distinctive characteristics assigned to integrated reporting*

Despite assertions of an urgent need for integrated reporting, limited evidence was mobilized to support several of the claims being made on its behalf. For example, there was little indication in the IIRC's published material as to how and why integrated reporting was the answer to meeting the needs of the 'emerging more sustainable global economy'. Limited detail was also offered regarding what exactly these needs were and who determined them. Moreover, there was no evidence provided of the emergence of a 'sustainable economy'. Notwithstanding this lack of supporting evidence, influential actors in the corporate reporting field continued to advocate the idea of integrated reporting with an apparent certainty that belied its nascent nature:

Organizations are increasingly focused on long-term sustainability, and the IIRC Integrated Reporting Framework represents a significant step towards a globally-accepted solution for better reflecting this focus in business reporting, (Sue Coffey, AICPA senior vice president, public practice and global alliance)⁹

We are now taking the critical first steps towards a new way of reporting globally. Being at the helm of an organization concerned with business and sustainability, I am excited by the huge potential this gives business to make positive changes to our world. (Peter Bakker, President, World Business Council for Sustainable Development (WBCSD))¹⁰

The IIRC's September 2011 Discussion Paper suggested that the *initial* focus of integrated reporting would be on investors *with a long-term focus*. It introduced a number of high-level concepts such as the six capitals (financial, manufactured, human, intellectual, natural and social), integrated thinking, and connectivity. These were designed to underpin integrated reporting practice and more clearly distinguish it from existing forms of corporate reporting. The Discussion Paper allowed actors in the corporate reporting field to reflect on what the integrated reporting 'idea' represented.

While the 214 respondents to the Discussion Paper were almost uniformly supportive of the 'idea' of integrated reporting and of the IIRC's broad ambitions, many criticised the lack of compelling evidence offered in support of the proposed integrated reporting solution to the societal-level problems presented by the IIRC and its supporters (see also, Reuter and Messner, 2015). Several respondents observed that the Discussion Paper was written in an overly persuasive marketing style while the language used was accused of 'overclaiming outcomes from integrated reporting that depend[ed] on subjective judgement' (Association of Accounting Technicians (UK)):

We find that the discussion paper reads more as guidance on how to produce an integrated report ... *without fully articulating why such a report should be produced*. We acknowledge that the Integrated Reporting debate is at an early stage and that the concepts outlined in the discussion paper are necessarily at a very high level. Evidence of the debate being at an early stage is that *the discussion paper makes a number of assertions about the need for such a report without referencing any*

⁹ See; <http://www.aicpa.org/Press/PressReleases/2011/Pages/International-Committee-Roundtable-Integrated-Reporting.aspx>. Last accessed 25 June 2014.

¹⁰ See: <https://www.mikekrzus.com/downloads/files/IIRC-PP-Reference.pdf>. p.7. Last accessed 6 August 2015.

substantive research to support those assertions (Deloitte Touche Tohmatsu response to IIRC Discussion paper, emphasis added)¹¹.

As the IIRC explicitly acknowledged in summarizing the responses to the Discussion Paper, respondents remained unsure as to what integrated reporting actually represented and how it would relate to existing financial and non-financial reporting in the corporate reporting field:

It was apparent from the responses that there is a diversity of views, and even a degree of confusion, about the definition of Integrated Reporting; about what Integrated Reporting is, or is intended to become; and how Integrated Reporting should relate to existing reporting strands (e.g. financial, management commentary, governance and remuneration, and sustainability reporting).

To summarise, the boundary work of the IIRC to this point had been somewhat ambiguous about offering support for many of the distinct characteristics claimed for integrated reporting. However, the ‘flattering contrasts’ (Gieryn 1983; Mikes, 2012) presenting integrated reporting as an alternative to current reporting norms had succeeded in stimulating increased questioning of the reporting status quo, against which integrated reporting, however vaguely specified, was favourably positioned. Moreover, integrated reporting, despite the lack of substantive evidence supporting many of the claims made for it, was now being publicly espoused by many professional groups as a credible reporting alternative and something positively distinct from other forms of corporate reporting (see, Mikes, 2012). Deloitte Touche Tohmatsu’s perspective on integrated reporting around this time reflected the dominant positive view of its potential:

Just as the world has inexorably moved toward the adoption of International Financial Reporting Standards (IFRS), the progression toward a single, global common framework for integrated reporting seems inevitable ... Integrated reporting has the potential to become the preferred reporting format for larger companies in the majority of advanced countries around the world (Deloitte Global Services Limited, 2011: 7 and 10).

In essence, from its launch in August 2010 to the release of the Discussion Paper in September 2011, integrated reporting was promoted as an appealing idea whose time had come. The initial IIRC working and steering groups mobilized their social and reputational capital behind the IIRC’s emerging version of integrated reporting, enrolling, in the process, proponents to issue supportive statements proclaiming integrated reporting’s potential to address universal themes associated with creating sustainable societies and preventing future financial crises. Such combined advocacy established a boundary distinguishing integrated reporting from other forms of corporate reporting, particularly corporate financial reporting. This represented, at least initially, boundary work of marginalization (Llewelyn, 1998) - relegating other reporting forms and creating curiosity among other actors in the corporate reporting field, many of whom had little indication as to what integrated reporting represented. Such a combination, though, of social capital and high-level rhetoric drawing on

¹¹ See: <http://integratedreporting.org/wp-content/uploads/2012/02/Deloitte-UK.pdf>. Last accessed 10 August 2015.

universal themes served to stimulate and sustain enough initial interest in integrated reporting to persuade and mobilize a wide variety of actors to engage with its future development. Nevertheless, while the integrated reporting idea had garnered a high level of interest and support from respondents to the Discussion Paper, its vague conceptual underpinnings needed clarification if this initial interest was to be consolidated and escalated. It is to this issue that we now turn.

4.3 Refining the integrated reporting idea and establishing ‘rule systems’ – Reinforcing boundary work by mobilizing an ‘enlightened shareholder’ logic

The degree of confusion expressed by many respondents to the 2011 Discussion Paper was exacerbated by ambiguity surrounding some of the aforementioned concepts introduced to underpin integrated reporting. For example, integrated reporting was defined in the Discussion Paper as follows:

Integrated Reporting brings together the material information about an organization’s strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates value, now and in the future. Integrated Reporting combines the most material elements of information currently reported in separate reporting strands (financial, management commentary, governance and remuneration, and sustainability) in a coherent whole, and importantly: shows the connectivity between them; and explains how they affect the ability of an organization to create and sustain value in the short, medium and long term.

According to this definition, integrated reporting would explain an organization’s ability to *create and sustain value* thereby improving investors’ and other stakeholders’ insight and understanding. It would reflect *integrated thinking* among senior management as opposed to the thinking in silos encouraged by ‘traditional’ reporting and support resource allocation decisions consistent with achieving *sustained value creation* and *long term viability*.

Drawing on prior work by Forum for the Future¹², the Discussion Paper introduced the notion of *capitals* (financial, manufactured, human, intellectual, natural and social) to represent the resources and relationships an organization depended on for its (past, present and future) success. Integrated reporting promised to make visible how an organization used these different capitals, its impact on them and their interdependence, while also contending that not all capitals were equally relevant or applicable to all organizations.

Concerns about ambiguity and the ‘high level’ nature of the concepts introduced can be seen to have pervaded the comments on the Discussion Paper, especially those emanating from the accountancy profession. The notions of ‘value’ and ‘value creation’ were considered to be confusing and vague. Despite the tentative initial focus on long-term investors there was perceived ambiguity about for *whom* an organization created and sustained value (ACCA; Malaysian Institute of Accountants) and the focus on value creation was seen as one-sided as it did not acknowledge that, in

¹² See: <http://www.forumforthefuture.org/project/five-capitals/overview>. Last accessed 15 October, 2014.

addition to creating value, businesses consumed value or incurred costs to create value (Deloitte Touche Tohmatsu). The concepts of ‘capitals’ were considered confusing as they were not clearly defined (AASB, Australia) and were difficult to operationalize (IDW Germany) as well as lacking a clearly developed rationale (Federation of European Accountants). Respondents also expressed concern that the capitals concepts could not support a common unit of measurement (KPMG) and performance could not be measured consistently across them without causing confusion for readers (Deloitte Touche Tohmatsu). Concepts such as stewardship and materiality were viewed as lacking clarity. Deloitte Touche Tohmatsu, for example, argued that the concept of stewardship needed to be revisited to acquire a different meaning as it did not currently extend to other resources or capitals not controlled by the business.

A series of ‘background papers’ was duly commissioned from ‘Technical Collaboration Groups’ to provide clarification with regard to some of the key concepts underpinning the embryonic ‘rule systems’ of integrated reporting. These included papers on: ‘value creation’ (led by Ernst & Young and an 18 person steering committee, with interim findings produced in 2012 and the final report published in July 2013); ‘materiality’ (led by AICPA, report published in March 2013); ‘connectivity’ (led by the World Intellectual Capital Initiative, report published in July 2013); ‘capitals’ (led by ACCA and the Netherlands Institute of Chartered Accountants, report published in March 2013); and the ‘business model’ (led by CIMA, IFAC and PwC, report published in March 2013)¹³.

The proposals in these papers represented a definitive shift in the focus of integrated reporting towards providers of financial capital. It was clear that the IIRC had decided to create a more distinct boundary between integrated reporting and both stakeholder-focused sustainability reporting (advocated by the GRI) and short-term investor-focused financial reporting. Several papers promoted a distinct focus for integrated reporting on long term investors. For example, in seeking to clarify the intended users of integrated reports, the materiality background paper stated that integrated reporting was principally aimed at providers of financial capital to support their financial capital allocation assessments, with long-term investors likely to be the primary beneficiaries of integrated reporting. The paper also asserted (without citing supporting evidence) that ‘the interests of [these] [long-term financial capital] providers [we]re likely to be aligned with the public interest’ (p. 1).

Likewise, the ‘capitals’ paper prioritized a more distinct ‘enlightened shareholder’ logic¹⁴ – focused on medium and long term investment - which contrasted with the ‘stakeholder inclusive’

¹³ See: <http://www.theiirc.org/resources-2/framework-development/background-papers/>. Last accessed October 15, 2014.

¹⁴ We use the term ‘enlightened’ from the perspective of the IIRC in that the IIRC promoted integrated reporting targeted at providers of financial capital who were focused on the medium and long term as well as the short term. These financial capital providers are characterised in the paper as ‘enlightened’ due to their longer term investment focus.

logic both suggestive in the IIRC's prior emphasis on multiple notions of capital and underpinning the GRI's sustainability reporting guidelines. The 'capitals' paper clearly distinguished integrated reporting from sustainability reporting on the basis that the latter 'target[ed] a wider stakeholder audience than ... integrated reporting, which focus[ed] primarily on providers of financial capital, particularly those with a long term view'. For integrated reporting, an organization's impact on the various capitals was material only if it 'affect[ed] stakeholders' perceptions of the organization in such a way that it ha[d] a significant business consequence'. This was an intriguing development, particularly as the Prince's Accounting for Sustainability Project from which the IIRC had emerged emphasised connecting sustainability reporting and financial reporting in order to embed sustainability into organizations' operations. However, it now appeared that the IIRC wanted to establish a clearer boundary between integrated reporting and sustainability reporting (as well as financial reporting) by specifying an alternative target audience for integrated reporting.

Suddaby and Viale (2011) theorize that professionals seeking to dominate new intellectual spaces will tend to advocate, adopt and clarify key terminology in ways that marry well with their own existing expertise. However, despite the prevalence of the accounting profession in leading the attempts to clarify some of the vague concepts underlying integrated reporting, we found little evidence that the IIRC's delineations here were exclusively aligned to the expertise and preferences of the accounting profession. Indeed, in responding to the draft Integrated Reporting framework launched in April 2013, different members of the accounting profession continued to raise concerns regarding the clarity of concepts, with their responses also addressing different concerns over concepts. EY noted that "[t]here appears to be some confusion in the Framework between the concept of capital and that of an intangible asset /resource" and suggested "that the IIRC clarifies the difference between the concepts, in order to avoid unintentional "double counting" of capitals". ACCA sought greater clarity on the trade-offs between capitals and their measurement, while the AICPA argued that "the classification for Intellectual Capital, Human Capital and Social and Relationship Capital covered in the Consultation Draft is not consistent with current practice and therefore may cause confusion". Moreover, the more explicit adoption of an enlightened shareholder logic was not automatically accepted by all professional groupings, with some members of the accounting profession continuing to express concern over the more definitive (but narrower) focus on providers of financial capital. For instance, while acknowledging that providers of financial capital provided an appropriate starting point for integrated reporting in the short term EY questioned "whether this focus may be too narrow, and whether an integrated report should ultimately be aimed at a broader range of stakeholders (insofar as they are relevant from a value creation perspective)". They also suggested, along with the Federation of European Accountants, that "further research would be appropriate to

determine whether the information needs of providers of financial capital are aligned with those of other stakeholders”¹⁵.

4.4 *Concretizing alliances - Mobilizing collective action and seeking consensus*

Throughout the process of developing its integrated reporting framework the IIRC persistently presented itself as a comprehensive coalition of representatives from civil society and the corporate, accounting, securities, regulatory, NGO and standard-setting sectors. Its primary engagement efforts evolved, however, to focus mainly on the business and investment communities who possessed significant economic and political capital.

These efforts accelerated subsequent to the September 2011 publication of the Discussion Paper with the appointment of Paul Druckman as CEO and Mervyn King as Chair of the IIRC. At this time, the IIRC also formalized its organizational structure and established a seven person board which, apart from Druckman and King, included influential members of the accounting profession and sustainability reporting community such as Ian Ball (the then CEO of IFAC), Ernst Ligteringen (the then CEO of the GRI), and Jessica Fries (Executive Director of The Prince’s Accounting for Sustainability Project).

A Business Network Pilot Programme, allowing businesses to experiment with integrated reporting, commenced in October 2011 just after the formal launch of the Discussion Paper. This initially attracted over 40 companies and by the end of 2013 had grown to over 100. The Pilot Programme, dubbed an ‘innovation hub’ by Paul Druckman, required participating businesses to devote resources to developing integrated reporting practices within their own organizations, in addition to the financial contributions they made to support the IIRC.¹⁶ The experiences of the Pilot Programme participants were reported in Yearbooks designed to provide an insight into the issues businesses faced when seeking to connect departments and develop strategies for longer term value creation which could then be communicated externally in integrated reports¹⁷. The IIRC hailed

¹⁵ See: http://www.theiirc.org/wp-content/uploads/2013/08/252_Ernst-Young-Global-Limited.pdf. Last accessed October 15, 2014.

¹⁶ The Pilot Programme network contributed 57% of the IIRC’s overall income of £1,488,664 in 2012 and 53% of overall income of £1,678,978 in 2013. The IIRC breaks its funding down into four key elements: voluntary contributions from IIRC council members and other supporter organizations; IIRC Pilot Programme participants; pro bono secondments which come mainly from the major accounting firms (each full time equivalent secondee is estimated by the IIRC to be worth £100,000 per annum); and other in-kind support such as the provision of office premises.

¹⁷ The Business Pilot Programme ended in September 2014 and a Business Network was formed from this network. This sought to keep the Pilot Programme network intact and focused on developing technical material, testing the application of this material and sharing ongoing learning experiences.

participants as ‘pioneers’ and ‘innovators’ who were willing to ‘question orthodox thinking’ and the process facilitated network-building among key user communities¹⁸.

Druckman in his CEO role helped promote the IIRC message at numerous high level fora, including the 2012 Rio+20 corporate sustainability forum where he explicitly linked integrated reporting to improving corporate transparency and accountability and, consistent with the boundary work to date, contrasted it favourably with existing corporate reporting.

In July 2012, Peter Bakker, the President of the World Business Council for Sustainable Development, was appointed as Deputy Chair of the IIRC to build additional business support for integrated reporting in advance of the draft integrated reporting framework launch planned for April 2013. This further formalized the business engagement that the IIRC now seemed to prefer¹⁹.

High level ‘ambassadors’, most of whom held senior positions or had significant links with the accounting and investment professions, were formally appointed to engage further with influential stakeholders. They were specifically charged with building a consensus around the need for a global integrated reporting framework and with stimulating productive discourse around the IIRC’s work that would further its aims. With parallel efforts in the European Commission at this time to mandate greater non-financial reporting among large EU companies, a further notable ambassador for integrated reporting was Richard Howitt MEP, the European Parliament Rapporteur on CSR²⁰.

4.4.1 Undermining prior boundary work - The role of Memoranda of Understanding in constructing a sense of mutuality and reciprocity

In its attempts to gain greater traction for integrated reporting, a key component in the IIRC’s development strategy was the pursuit of a variety of official Memoranda of Understanding with a number of other bodies from within the corporate reporting field²¹. As noted earlier, some of these bodies, such as the GRI and IFAC had ensured they were positioned on the IIRC board and were

¹⁸ See: http://integratedreporting.org/wp-content/uploads/2013/12/IIRC-PP-Yearbook-2013_PDF4_PAGES.pdf. Last accessed 28 July 2015.

¹⁹ Bakker memorably linked integrated reporting to the accounting profession in an address at Rio+20 when he proclaimed that ‘accountants would save the world’ by leading the way in supporting the adoption of integrated reporting.

²⁰ See, for example:

<http://www.som.cranfield.ac.uk/som/dinamiccontent/media/knowledgeinterchange/topics/Corporate%20Responsibility/0080/Transcript.pdf>. Last accessed 31 January, 2014.

²¹ A Memorandum of Understanding (MOU) is a formal agreement that expresses mutual accord on an issue between two or more parties. Memoranda of understanding are generally seen to be binding, even if no legal claim can be based on the rights and obligations outlined in them.

influential in building and sustaining the IIRC's momentum. The Memoranda of Understanding signed by the IIRC with accounting bodies, standard setters and other possible collaborators or competitors, including the GRI, the Climate Disclosure Standards Board, and the World Intellectual Capital Initiative lent an additional level of formalization to such arrangements.

While integrated reporting was consistently distinguished from the reporting frameworks of these competing reporting bodies, the Memoranda of Understanding downplayed any boundaries between the IIRC's aims and those of other reporting bodies (see, Zietsma and Lawrence, 2010). For example, the wording of the Memoranda of Understanding reflected a sense of mutuality and reciprocity among key actors by recognizing complementarities in terms of commitment to integrated reporting while also providing assurances that integrated reporting would not colonize existing reporting spaces. This approach contrasted directly with the initial colonizing objectives held out for integrated reporting at its inception.

The first Memorandum of Understanding was signed with the International Federation of Accountants (IFAC) in October 2012 'to recognize [the IIRC's and IFAC's] shared vision for the evolution of corporate reporting'. IFAC committed to respecting the integrity of the IIRC's mandate and to 'work proactively [with the IIRC] ... to identify ways and means by which integrated reporting principles [could] be aligned with accounting practices to strengthen corporate reporting'. The then IFAC CEO Ian Ball highlighted how integrated reporting could *supplement* traditional financial reporting:

There are *inherent synergies* between the work of IFAC and the IIRC in support of an internationally accepted framework for Integrated Reporting ... *Traditional financial reporting alone is no longer enough information for investors and stakeholders*. A more complete picture is needed, and the work of the IIRC will help guide organizations to achieve this (emphasis added).

On signing the Memorandum of Understanding with IFAC, Druckman stressed the crucial role of the accounting profession in supporting the adoption of integrated reporting which would, he contended, 'support ... efficient and productive capital markets, and a more sustainable global economy':

The accountancy profession globally has a vital role to play in providing confidence in the validity of both the narrative and the numbers that businesses must disclose to secure investment and provide transparency. This MoU [Memorandum of Understanding] underscores the value that both IFAC and the IIRC place in this continued partnership, and its role in helping to secure an evolution in corporate reporting that supports efficient and productive capital markets, and a more sustainable global economy.

Prior to the launch of the draft integrated reporting framework in April 2013, the IIRC signed a Memorandum of Understanding with the IASB in which the IASB committed to 'work proactively to identify ways and means by which integrated reporting and financial reporting standards [could] be

aligned to strengthen corporate reporting'. Again, the focus was on alignment and not differentiation, developing commonalities between the two forms of reporting. This was a considerable commitment given the complexity and controversy already existing in the financial reporting standards arena, especially with respect to the efforts to create global support for IFRSs.

Throughout 2013, additional Memoranda of Understanding were signed with potentially competing reporting and standard setting bodies such as the Carbon Disclosure Project, the Climate Disclosure Standards Board (CDSB) and the World Intellectual Capital Initiative. These Memoranda of Understanding also emphasised the collaborative and complementary roles that the respective bodies could play alongside the IIRC.

On signing the Memorandum of Understanding with the Carbon Disclosure Project and CDSB, Druckman stated that integrated reporting would not replace but would *draw on* the reporting advocated by these bodies, thereby considerably softening the earlier IIRC claims which had suggested that integrated reporting would eventually replace much existing financial and non-financial reporting:

The express intention of the IIRC to work collaboratively with other reporting initiatives, frameworks and innovations is to provide greater clarity to the market and achieve greater momentum towards the adoption of Integrated Reporting. [Integrated Reporting] is not intended to supplant other non-financial disclosures, but to utilize these disclosures, through the application of the principles of [Integrated Reporting].

A key Memorandum of Understanding was signed with the GRI in March 2013²². Ernst Ligertingen of the GRI highlighted what he saw as an evolution in corporate reporting in which integrated reporting and sustainability reporting would play a vital and complementary role. The Memorandum of Understanding was carefully worded to ensure that neither body operated to threaten the other. For example, the commitments and arrangements between the parties specified the following:

The IIRC commits to ... develop and maintain the International IR Framework with the intent that it will be (to the extent relevant, applicable and practicable) compatible with and supportive of, yet avoiding duplication (where reasonably possible) of, GRI's guidelines and standards, both current and (to the extent reasonable and practicable) under development.

GRI commits to ... develop and maintain its guidelines and standards with the intent that these will be (to the extent relevant, applicable and practicable) compatible with and supportive of the International

²² Some of the other Memoranda of Understanding signed included Memoranda of Understanding with: the Sustainability Accounting Standards Board (January 2014); the Global Initiative for Sustainability Ratings (December 2013); and the World Business Council for Sustainable Development (April 2013). A formal Corporate Reporting Dialogue was also launched in June 2014 to try to, in the words of Paul Druckman, "strengthen the cooperation, coordination and alignment between key organizations [involved in Environment, Social and Governance Reporting], with Integrated Reporting as the umbrella". The 'key organizations' comprising the Corporate Reporting Dialogue were: the Global Reporting Initiative; the Carbon Disclosure Project ; FASB; IASB; ISO (International Organization for Standardization; Carbon Disclosure Standards Board; IIRC; International Public Sector Accounting Standards Board; and Sustainability Accounting Standards Board.

IR Framework and related guidance, both current and (to the extent reasonable and practicable) under development.

Our analysis thus far of the early efforts by the IIRC to institutionalize its version of integrated reporting illuminates a number of important, specific refinements that need to be made to Suddaby and Viale's representation of processes of field-level change. In contrast to their claims that *individual* professions tend to expand their jurisdiction by colonizing other professions, our analysis illustrates how, as the new practice of integrated reporting increasingly became driven by a *coalition* of professionals, action was required to diminish perceived colonizing threats in order to secure continuing coalition support. The initial boundary work of the IIRC highlighting contrasts between different forms of reporting was therefore toned down. It would appear that in the case of integrated reporting, key professional groups within the corporate reporting field felt the need to establish a formal sense of mutuality and reciprocity among themselves, prior to formalizing the commitments that Suddaby and Viale represent as essential with other powerful bodies outside the field. Such linkages seemed to be regarded by the IIRC as essential in maintaining support and avoiding the impression that any one professional grouping would dominate the emerging integrated reporting space. In this regard, the emphasis of the Memoranda of Understanding on complementarity and mutuality was critical in seeking to embed an existing coalition of professionals in the integrated reporting development process.

As noted earlier, the nature and wording of the mutuality arrangements suggest that existing bodies such as the GRI required reassurance that their place in the social order of the corporate reporting field was not being threatened. Hence, while the IIRC's boundary work initially sought to distinguish integrated reporting by highlighting flaws in other reporting frameworks, it ended up, at least publicly, seeking to enrol the bodies promoting such 'inferior' frameworks. This allowed diverse but connected professional groups to stake a collective claim over integrated reporting in a way that was aimed at preventing fragmentation and controlling the types of difference permitted among such 'complementary' professional groups (Llewellyn, 1998). The core aim was to construct a stable and solid network of support around *collective* claims to expertise in the integrated reporting space while also ensuring that existing proponents of other corporate reporting models felt less threatened and not marginalized. At its council meeting in December 2013, the IIRC acknowledged these coalition building efforts when noting that "much of [the IIRC's authority] is derived from the powerful coalition it has assembled, as well as the quality of its engagement with businesses and institutional investors" (IIRC council minutes of meeting held on 5 December, 2013, p. 6).

While new practice spaces are also often theorized as emerging due to professionals expanding, redefining or renewing their knowledge base (O'Dwyer, 2011; O'Dwyer et al., 2011; Power, 1997, 2003; Gendron and Barrett, 2004), our analysis suggests that existing professionals in the corporate reporting field chose to cling to their existing areas of practice and tried to ensure that the shape of

integrated reporting embraced but did not supplant their existing areas of expertise (see also, O'Dwyer, 2011). In contrast to Abbott's (1988) observations, we therefore found little evidence of boundary work seeking to privilege one professional grouping over another. The core process encompassed efforts aimed at highlighting how the characteristics of integrated reporting could be shaped to construct commonalities as opposed to contrasts among the expertise of the professional groups involved.

4.5 Market-led or a case of educating the market? - the significance of the notion of an 'enlightened' long term investor

The benefits to all professionals involved in shaping and promoting integrated reporting clearly depend on it attracting a large number of adopting organizations. With an emerging distinguishing characteristic being to meet long-term investor information needs, attracting large numbers of organizations to adopt integrated reporting required the IIRC to demonstrate that long-term investors were not only numerous but were also demanding the type of information being promised by integrated reporting. This was particularly so because the IIRC had continually promoted itself as a "market-led and evidence-based organization"²³ and had represented integrated reporting as a market-led phenomenon:

The IIRC are acutely aware, that for tangible change to occur it must be market-led and businesses, investors, accounting bodies and trade associations need to forge the way²⁴ ... Integrated Reporting is a market-led initiative, driven by business and investor needs to gain greater insights into how a company's strategy creates and preserves value over the short, medium and long term.²⁵ (Paul Druckman, IIRC CEO)

Hence, a further challenge to the development and endurance of integrated reporting involved constructing some form of long-term investor demand:

Ultimately, Integrated Reporting should bring better investment decisions, otherwise it is a waste of time. (David Matthews, KPMG, quoted in *The Financial Times*, November 20th, 2011)

As noted above, the enlightened shareholder logic underpinning integrated reporting had become more pronounced in the period following the 2011 Discussion Paper's publication. Its emerging dominance was very evident in the IIRC's reaction to respondents' criticism of the Discussion Paper's proposal that the initial primary focus of integrated reporting should be on (long-term) investors. The IIRC contended that if the primary focus of integrated reporting was not on investors' needs, then other stakeholders were unlikely to derive *any* benefits:

²³ Sourced from Minutes of IIRC council meeting on December 5, 2013 (p. 6).

²⁴ See: <http://www.theguardian.com/sustainable-business/integrated-reporting-framework-trust-iirc>. Last accessed August 11 2015.

²⁵ See: <http://integratedreporting.org/resource/draft-framework-outline-2/>. Last accessed August 11 2015.

The ultimate objectives of other stakeholders are unlikely to be served by corporate reporting that does not allow investors to make better informed investment decisions.²⁶

The claimed market-led nature of integrated reporting focused on telling a story of value-creation:

... IR [integrated reporting] ... is the company telling its story. What is its value-creation story? Why is it going to have some value over time? Businesses should be telling that story ... If you are telling a story you shouldn't be stuck in jargon and the compliance nature of reporting.. (Paul Druckman, IIRC CEO)²⁷

Yet uncertainties surrounded the market-led claim and associated long-term investor focus. First, there did not appear to be an abundance of the long-term investors so heralded by the IIRC (see, Barton, 2011; EVCA, 2013; Kay, 2012) and second, there were major doubts as to whether investors generally required integrated reporting (ACCA, 2013). Some respondents to the Draft Framework expressed evident concerns regarding the scale and nature of investor demand:

While we agree there should be benefits to an integrated approach to reporting, we see little evidence, at least in Canada, that providers of financial capital are demanding an integrated report. In our view, there will need to be clearly demonstrated capital allocation benefits to encourage widespread voluntary adoption. (CPA Canada, Response to integrated reporting consultation draft framework).²⁸

Despite the momentum gained by IIRC over the past two years, we are uncertain whether all providers of financial capital are completely convinced by the business case for integrated reporting. For that reason, we believe that the IIRC should continue to articulate the benefits of integrated reporting and gather empirical evidence which demonstrates that integrated reporting is what providers of financial capital want or need. (Ernst and Young, Response to the integrated reporting consultation draft framework).²⁹

In essence, while the IIRC had initially articulated numerous problems with current reporting frameworks, their proposed integrated reporting solution now needed to be sold to the group that the IIRC hoped would secure the future for integrated reporting: namely, investors. However, for the IIRC, it was critical that a particular type of investor was mobilized (see also, Young, 2006); one concerned with long-term performance and business sustainability. The success of the integrated reporting project therefore became framed in a way that depended upon instigating institutional change in an adjacent field of activity – the field of mainstream investment. In short, mainstream investors had to be persuaded or mobilized to prioritize a more long-term enlightened focus and, thereby, stimulate demand for integrated reporting.

²⁶ See: <http://integratedreporting.org/wp-content/uploads/2012/06/Discussion-Paper-Summary1.pdf>. p.5. Last accessed 11 August 2015.

²⁷ See: <http://economia.icaew.com/people/december-2013/paul-druckman>. Last accessed 11 August 2015.

²⁸ See: http://integratedreporting.org/wp-content/uploads/2013/08/244_CPA-Canada.pdf. Last accessed 11 August 2015.

²⁹ http://integratedreporting.org/wp-content/uploads/2013/08/252_Ernst-Young-Global-Limited.pdf. Last accessed 11 August 2015.

4.5.1 *Mobilizing the enlightened investor – seeking institutional change in the field of mainstream investment*

The quest to seek out and convert the mainstream investment community motivated the IIRC's March 2012 formation of a Pilot Programme Investor Network (herein 'Investor Network') to add to the Business Network Pilot Programme. This was initially comprised of over 35 global investor organizations including Goldman Sachs UK, the London Pension Funds Authority (LPFA), and Natixis Asset Management, France. The chair of the Investor Network, Colin Melvin, CEO of Hermes Equity Ownership Services, emphasized the need to stimulate interest and demand among this primary user group. He called for a campaign aimed at changing the investment community's traditional behaviours to get them to focus more on the longer term:

Promoting Integrated Reporting is a step in the right direction, *but it won't be sufficient unless there is investor demand*. The Investor Network will be important to establish dialogue between investors. We need to work with leaders in the investment industry who are *driving change in the traditional approaches and behaviours of fund managers ... We plan to mobilize portfolio managers' involvement. We aim to find out what they want and need, while encouraging the investment industry to take a long term perspective*. We will raise awareness of how they can help ensure Integrated Reporting supports investment decision-making. Investors with a longer term perspective will find information disclosed through Integrated Reporting useful if it looks at issues that are material, or could become so (emphasis added).

A specification of the benefits of integrated reporting to investors was posted on the IIRC website, claiming that integrated reporting would provide 'clear, concise information about the value of an organization' and allow for the comparison of 'high level information' both 'across organizations and internationally'. Investors would be able to 'assess the short, medium and long term impact of [key] risks and opportunities across their investment portfolio' and reduce their costs as fewer resources would be required for research. Ultimately, integrated reporting would facilitate better decision-making in the form of '[m]ore effective capital allocation decisions leading to better long-term investment returns'.

Members of the Investor Network were asked to create momentum for integrated reporting by publically advocating its practice and by advising the IIRC on how best to engage with the investor community in order to enable it to develop and demonstrate investor demand. Essentially, the IIRC's boundary work now required integrated reporting to be continually aligned with a focus on trustworthy, long-term investment decision-making. Indeed, as the Investor Network evolved, Druckman's media contributions consistently connected this (long-term) investor focus with broader societal concerns such as quests to combat market instability and distorted business decision-making.:

The benefits of IR for businesses are plentiful – it focuses the organization on its future orientation and creating value through the business model. However, the main audience for IR is the investor. In recent times, investor decision-making has become short-term and fast-paced. The average time that US institutional investors hold stock in a particular company has fallen from seven years to seven months in the space of a generation. This has led to market instability and has a distorting effect on business decision-making ... The instigation of IR would be a powerful tool for investors and would install a

culture of transparency, reliability and stability so that investors can begin to trust their money to longer term investments.³⁰

There was, however, a continuing level of mixed evidence of the extent of substantive investor interest in the ‘idea’ of integrated reporting. Even members of the Investor Network seemed initially unsure, evidenced by a critical, albeit constructive, review it had done of reporting by 19 businesses who had commenced with integrated reporting as part of the Pilot Programme³¹. Some of the key criticisms highlighted included: the poor connectivity of information in integrated reports; the illogical flow of information; insufficient governance information; and the lack of materiality assessment processes.

Despite these criticisms, the investment community appeared open to the *potential* of the ‘idea’ of integrated reporting. For example, an ACCA survey of 300 Irish and UK investors published in June 2013 found that 90 per cent of those surveyed felt that ‘it would be valuable for companies to combine financial and non-financial information into an Integrated Reporting model’ (ACCA, 2013: 20). However, what integrated reporting would look like remained a mystery for many respondents, with 43% expressing concern that it would be too complex and 39% unsure as to what it was meant to achieve. As one respondent to the survey stated:

I think everybody agrees that [integrated reporting] would aid the creation of an overall picture of the business and its prospects ...[b]ut in practical terms there is much less consensus in terms of what we actually mean, what it would look like, how different it would be and how it would be better (ACCA, 2013: 21).

While the Investor Network sought to create and stimulate mainstream investor interest in integrated reporting, this initially proved to be a tough task, with only a small minority of stakeholder respondents to the Discussion Paper coming from investors/investor groups. Some respondents from bodies potentially required to produce integrated reports warned ‘that the IIRC may have overestimated investor demand and noted, among other things, that success would depend on widespread acceptance which, in turn, would rely on strong regulatory demand’.

Despite the existence of the Investor Network, the lack of investor engagement in the framework drafting process persisted up to and after the draft framework was launched in April 2013. For example, a study of the 359 responses to the draft framework published by the Albert Luthuli Centre for Responsible Leadership at the University of Pretoria claimed that investor apathy surrounding the framework development had persisted, with the study highlighting ‘low levels of

³⁰ See: <http://www.theguardian.com/sustainable-business/integrated-reporting-framework-trust-iirc>. Last accessed October 14, 2014.

³¹ See: <http://www.theiirc.org/wp-content/uploads/2013/10/IIRC-Pilot-Programme-Investor-Critique-2013.pdf>. Last accessed October 14, 2014. Some of the key criticisms included the poor connectivity of information in IRs; the illogical flow of information; insufficient governance information; and the lack of materiality assessment processes. It should be noted that the criticism was focused on emerging practice in integrated reporting while remaining supportive of the idea of integrated reporting.

substantive response and high ‘no comment’ levels’ from investors, something they felt should be of concern given the focus on providers of financial capital as the primary audience for IR³².

Notwithstanding this apparent investor disinterest in the framework drafting process, IIRC efforts to convert investors towards longer time horizons were reinforced by broader, high-level efforts in other domains, especially in the UK where the IIRC was headquartered. For example, in the wake of the global financial crisis, mainstream investors were experiencing increasing political pressure to show greater concern for the long-term. The publication in the UK in 2012 of *The Kay Review of UK Equity Markets and Long-Term Decision Making* (Kay, 2012) substantiated this interest and pressure by calling for a shift in the culture of investment in the UK to address misaligned incentives, restore trust and confidence in the investment chain, and tackle the short-termism which the report claimed often impeded the creation of sustainable value by British companies. Moreover, in December 2013, the same month as the final integrated reporting framework was released, the UK Investment Management Association (IMA) launched an Investor Network to promote long-term investment decision-making aimed at ensuring that, *inter alia*, ‘the voice of serious and trusted long-term investors [w]ould be elevated further relative to noisy speculators, overly influential investment banks, and [the] media babble that ha[d] dominated perceptions of the City’ (IMA, 2013: 3). Influential consulting groups such as McKinsey also published high profile reports, as well as papers in leading business journals such as the *Harvard Business Review*, seeking to ‘focus ... capital on the long term’ (Barton, 2011). However, these consulting groups also simultaneously issued research indicating how board members felt that short-term pressures were actually increasing despite their desire for longer time horizons in running their companies³³.

While the IIRC continued to promote the long-term enlightened investor focus of integrated reporting, concerns were expressed about this singular focus. Commenting on responses to the draft framework, the IIRC acknowledged that there remained unrest among over a third of respondents, including some members of the accountancy profession, regarding integrated reporting’s primary focus on providers of financial capital. When launching the final framework in December 2013³⁴, the

³² See: <http://web.up.ac.za/default.asp?ipkCategoryID=10099>. Last accessed January 31, 2014.

³³ See: <http://online.wsj.com/article/PR-CO-20130522-911497.html>. Last accessed October 15, 2014.

³⁴ The final framework outlined seven guiding principles designed to underpin the preparation of an integrated report to inform both information content and presentation. These comprised: a strategic focus and future orientation; connectivity of information relevant to assessing the ability of an organization to create value over time, insight into an organizations’ relations with key stakeholders and its responsiveness to them; materiality; conciseness; reliability and completeness; and consistency and comparability. The framework received widespread public backing. For example, at an event organized in the City of London to ‘welcome’ the framework the Lord Mayor of London, Alderman Fiona Woolf said that the Framework represented a revolutionary moment that would transform how business went about business, and contribute to a more responsive and inclusive capitalism. All of the major accountancy bodies such as AICPA, CIMA, ACCA, and ICAEW were supportive. The AICPA commended the IIRC and claimed that the framework would create the foundation for enhanced corporate reporting and enable companies to better communicate how they created value over time. The ACCA stated that the framework represented a landmark opportunity to break down the silos in corporate reporting, while IFAC claimed that it would contribute to a more financially stable global economy as well as being a force for sustainability. The Big 4 professional services firms were also highly supportive. For example, KPMG in Singapore noted how the framework could

IIRC defended its position by arguing that trying to aim at all stakeholders would be an impossible task and highlighted how the framework advised companies to focus on stakeholder responsiveness. It reiterated the directional and influencing role it sought to have on the investment community by helping direct financial capital to sustainable businesses undertaking long-term value creation within planetary limits and societal expectations. Thus, even after the final framework launch, the future endurance of integrated reporting remained contingent upon the success of the IIRC's ongoing quest to mobilize or create the long-term enlightened investor.

5. Discussion and conclusions

The emergence of the IIRC and its advocacy of integrated reporting has been a relatively rapid phenomenon. The IIRC has referred to the period studied in this paper as a combination of the 'feasibility and creation phases' in the integrated reporting 'adoption curve'³⁵. Throughout these phases it has been difficult to find outwardly negative comments about integrated reporting among major establishment actors in the corporate reporting field. Integrated reporting has been routinely discussed and advocated by such actors in positive terms as an innovation that needed to happen, and as something that will lead the way in terms of the future development of corporate reporting. Over the next few years as the IIRC moves through what it refers to as the 'breakthrough phase', integrated reporting is likely to have an intriguing and unpredictable future. This current paper has focused on developing understanding of how and why the IIRC has evolved over this short period from its inception up until the launch of the final integrated reporting framework.

Our analysis has unveiled how an emerging sub-field of corporate reporting practice became populated by different professional groups and associated interests and the effect that such patterns of behaviour and development had on the resulting form and underlying philosophy of (integrated reporting). Such analysis tells us much about what integrated reporting is, what it represents, what it excludes, from where it draws its strengths, what have been its primary successes and key constraints, and what particular challenges it faces in the foreseeable future. In conducting such analysis, the paper makes three key contributions to the literature. First, it advances the evolving stream of academic work investigating the emergence of integrated reporting through its unique focus on the institutional dynamics surrounding the emergence of the IIRC (see also, Rowbottom and Locke, 2016). Second, it develops Suddaby and Viale's (2011) theorization of how professionals reconfigure organizational fields, utilizing Gieryn's (1983) notion of boundary work to construct a more flexible and less

be an effective tool for businesses looking to shift their reporting focus from short-term financial performance to long-term shareholder value creation. Caution was, however, expressed by commentators such as the ICAEW and the Hong Kong Institute of CPAs who noted that the framework was merely a beginning with key issues surrounding the assurance of integrated reporting, the application and definition of materiality, and the need for continual engagement with mainstream investors remaining crucial to its future development.

³⁵ Sourced from Minutes of IIRC council meeting on December 5, 2013.

deterministic analytical framing of such institutionalisation projects. Third, it stresses the broader, fundamental importance of institutional analysis considering connections *across* related organizational fields when seeking to understand reconfiguration efforts *within* individual fields.

The paper identified four key elements to the IIRC's strategy with respect to the promotion and development of integrated reporting, which were frequently underpinned by forms of boundary work. The first element was the IIRC's vivid attempt to mobilize interest in the idea of integrated reporting and to populate the conceptual space in such a way that integrated reporting was contrasted with existing forms of corporate reporting and presented as vital for the broader social good and a 'truly' sustainable society. This initial phase involved the selection of the 'contrast case' of financial reporting, against which the key characteristics assigned to integrated reporting were positioned. The boundary work of marginalization (Llewellyn, 1998) was enrolled to suggest that integrated reporting would ultimately replace financial reporting. This phase was replete with examples of professionals with significant social capital creating new, but vague, intellectual spaces for future population. Integrated reporting was a concept that had something for 'everyone' and something of which 'everyone' apparently should be a part. These claims were quickly endorsed by the IIRC's 2011 Discussion Paper which sought to put more flesh on the basic idea and further clarify the claimed contrasts through the adoption of a set of distinct concepts it was maintained were largely ignored within financial reporting. However, although this succeeded in making it clear that while, for many, the broad idea of integrated reporting was attractive and worth pursuing, its precise meaning and practical content was less obvious and uniform. In some respects, integrated reporting was a generally appealing idea, not so much because it was attractive to everyone but because different parties and interest groups could all construct it in a way that made it attractive to them.

The second element of strategic development involved the IIRC in both better formulating and also defending the idea of integrated reporting. This involved a considerable degree of formalization of key concepts (including the notion of multiple capitals and more specifically contemplating the relative significance of different forms of capital and their respective interests). This process of consolidation bore witness to a greater utilization of various groupings of expertise. Moreover, this clarification also mobilized IIRC boundary work identifying more explicit contrasts with sustainability reporting so as to construct a clear distinction between integrated reporting and sustainability reporting.

The third element of strategic development saw a shift in emphasis – moving from the clarification and consolidation of ideas to the concretizing of relationships, with a number of formal agreements and, in particular Memoranda of Understanding between the IIRC and significant bodies and players in the corporate reporting field. Such formal institutionalizing steps included a considerable degree of interlinkages of, and cross-representation on, executive boards and governing

council positions. They also demonstrated, especially in the wording of formal documents, a careful consideration of, and respect for, particular domains of interest and existing spheres of influence and professional legitimacy. This process essentially downplayed any potential differences between the IIRC's aims and those of the other reporting bodies in the corporate reporting field. These bodies were viewed as a collective that needed to be mobilized behind integrated reporting through the medium of the IIRC in order to avoid fragmentation. Moreover, in order to enable this sense of collective endeavour, the prior boundary work that the IIRC had undertaken to distinguish integrated reporting from other reporting models was toned down considerably. For example, the rhetoric marginalizing financial reporting softened, and the claims that integrated reporting would ultimately replace other reporting forms disappeared entirely.

The fourth element of strategic development involved efforts to motivate and mobilize long term investors behind integrated reporting. The apparent trade-off between boundary building around the practice of integrated reporting and the need to mobilize a collective commitment in support of it influenced the gradual narrowing of the target user of integrated reporting, with the IIRC proceeding to prioritize long term investor needs. It is evident from the way in which integrated reporting and its associated conceptual framings have developed that, despite the talk of different capitals, the central capital provider and focus of concern with regard to the primary intended audience of the reports produced under integrated reporting is financial capital. This is something that the IIRC has advocated with increasing clarity in the face of expressions of concern from various stakeholders. Such concerns have stressed that the longer-term sustainability and 'game changing' capacities of integrated reporting will inevitably be in doubt/constrained if integrated reporting is seen to be captured by the interests and demands of a stakeholder group that some claim has a good degree of responsibility for the current (unsatisfactory) shape of corporate reporting.

The IIRC's response to such criticisms and concerns has been to emphasize that it is talking of a different representation of financial capital; one driven by a broad-based recognition and acceptance of the values underpinning integrated reporting with respect to capital interdependencies and the importance of longer-term economic, social and environmental development over short-term financial gain. This is a crucial element of the boundary work adopted by the IIRC and, as such, the task facing the IIRC has become not only one of constructing a new form of reporting but also of constructing and mobilizing the notion of a long-term ('sophisticated') investor that is in need of integrated reporting. This, however, requires a significant shift in what has, for a very long time, been a system of financial capital provision that has prioritized the short-term over the longer-term.

This is a fundamental issue confronting the IIRC. Its line of argument has consistently been that the development of integrated reporting has been a response to market demand. However, the longer and harder it has to push the notion of the long-term investor and his/her desire for integrated

reporting, the more the IIRC's entire project risks resembling the findings of Young (2006), who showed how financial accounting standard setters constructed various profiles of user needs as a resource to justify or dismiss particular accounting disclosures or practices. In Young's (2006) case, standard setters had very limited contact with 'flesh and blood' users. The IIRC has engaged much more actively with potential investor proponents through its investor network but, to succeed, such networks have to generate in significant numbers the 'flesh and blood' *long term* investors that will stand behind its construction of integrated reporting.

Suddaby and Viale (2011) theorized that field-level change can be understood as a sequence of reciprocal and mutual projects between professions and other powerful bodies. Our analysis of these early efforts by the IIRC to institutionalize its version of integrated reporting illuminates a number of specific refinements that need to be made to Suddaby and Viale's theoretical framing of processes of field-level change. Suddaby and Viale provided a sequential categorization of the different stages in field-change change processes. We substantially develop this by emphasising more explicitly the nature of the *dynamics* of change, in particular the role of different forms of boundary work. Collectively, this provides a more flexible and less deterministic representation of processes of field-level change.

In contrast to Suddaby and Viale's (2011) assertion that individual professions tend to expand their jurisdiction by colonizing other professions, our analysis illustrates how, as the new practice of integrated reporting was propelled by a coalition of professionals, attempts to *reduce* perceived threats of colonization were seen as necessary to secure ongoing coalition support. In the case of integrated reporting, key professional groups in the corporate reporting field sought first to create a formal sense of mutuality and reciprocity among themselves, before formalizing the commitments that Suddaby and Viale suggest are essential with other powerful bodies outside or peripheral to the field. Such linkages looked to have been necessary in the case of integrated reporting in order to maintain support and cohesion and to avoid creating the impression that any one professional grouping would control the emerging integrated reporting space. As a result, there was a clear tension between the initial boundary work aimed at distinguishing integrated reporting from other forms of corporate reporting and the need to avoid fragmentation among the various actors whose corporate reporting models were being simultaneously challenged. Moreover, while new practice areas are often theorized as emerging due to professionals expanding, redefining or renewing their knowledge base (O'Dwyer, 2011; O'Dwyer et al., 2011; Power, 1997, 2003; Reed, 1996), our analysis demonstrates that professionals in the corporate reporting field chose to re-emphasize their existing areas of expertise and sought to ensure that the shape of integrated reporting both incorporated this expertise (see also, O'Dwyer, 2011) and was sufficiently focused so as not to undermine such expertise.

The typical representation of integrated reporting is of a practice that will have a catalytic effect in delivering more sustainable and long-term oriented corporate strategies, practices and capital markets. At present, it is an unproven claim that integrated reporting will serve to direct financial capital to long-term, sustainable businesses. It remains largely a belief statement, a testable proposition not a proven fact despite the proliferation of positive views from early integrated reporting adopters (see, Black Sun and IIRC, 2014) and some working papers showing evidence of an association between firms engaging in different forms of integrated reporting and a more long term oriented investor base (Serafeim, 2015). Furthermore, it would appear that the vitality and success of integrated reporting essentially depends on pre-establishing such perspectives on, and commitments to, sustainability among key financial capital providers. Failure here will mean that any resulting integrated reporting may inevitably be captured by the existing, more narrowly specified interests of financial capital, a process some claim is already well under way (Flower, 2015; Thomson, 2015).

The IIRC has been swift in establishing itself as a globally recognized body leading development of this new reporting initiative. The signing up of so many supportive and powerful actors (through the various Memoranda of Understanding) may have given integrated reporting a sense of institutional commitment that could help significantly in riding the wave of teething troubles of unmatched expectations that early integrated reporting practice may encounter. It could also be said that coming after the outbreak of the global financial crisis and all the questions that this has raised in terms of the accountability of governance systems and the overall transparency and usefulness of audited corporate reports, integrated reporting has exceedingly strong advantages of timing, of being in the 'right' place at the 'right' time. This is evident in both political and industry driven initiatives seeking to encourage more long-term investment horizons. A danger, however, is that the winds of time can blow with great and contrary force. The 1975 UK *Corporate Report* and its transferring of the concept of profit into one of the value added by different primary stakeholder groups (see, ASSC, 1975; Burchell et al., 1985; Gray et al., 1987; Haller and Van Staden, 2014) - an initiative only belatedly recognized by the IIRC³⁶ but one that has significant parallels to integrated reporting metaphorically - withered in the face of rapidly rising levels of inflation and the resulting experiment with current cost accounting (leading to the UK accounting standard, SSAP16) (see, Gray, 2012: 2). It remains to be seen whether any conceptual, financial or social and environmental storm will hinder the development of integrated reporting.

There are also issues to contemplate with respect to the form of independent, external assurance that will need to accompany published integrated reports and, subsequent to the publication of the final framework, the IIRC has proceeded at pace to address this issue³⁷. But again, it should also be remembered that the accounting profession has been here before, with the development in the mid-

³⁶ See: <http://economia.icaew.com/people/december-2013/paul-druckman>. Last accessed 15 October 15, 2014.

³⁷ See: <http://integratedreporting.org/resource/assurance/>. Last accessed 17 August 2015.

1990s of business risk based approaches to auditing (BRA). While there are parallels between a form of reporting which is focused on the long-term sustainability of the business and a form of auditing intent on assessing the degree to which a business is meeting its stated objectives, BRA itself proved not to be a sustainable audit approach – in the face of criticism from both the profession and its regulators (see, Curtis and Turley, 2007; Curtis et al., 2016; Robson et al., 2007).

The success of the IIRC and its version of integrated reporting may ultimately depend upon which professional groupings and specialisms serve to influence the construction of any such ‘integrated’ reports. We may now have an integrated reporting framework but we, as yet, do not have an integrated reporting profession. In having been promoted more as an idea and a concept, the IIRC claimed an institutional space which was open to be filled by the contributions and perspectives of competing, not integrated, sets of corporate reporting professionals. Its success to date has been rooted in appearing to offer something to ‘everyone’ or, subsequently, appealing to a new, enlightened long-term investor that the IIRC hopes many will regard as preferable to today’s dominant short-termism. Who wins out or loses in any resulting battle for professional influence and ascendancy in this developing field will, ultimately, largely be responsible for writing and constructing the rise or fall of integrated reporting. Whether the IIRC can inspire, harness and control different interest groups is a challenging policy task and a research question worthy of a sustained and integrated level of study on the part of academic accounting researchers. Future research could also explore how the IIRC project, given its explicit focus on medium to long term performance, relates to broader political and societal trends embracing neoliberalism and financialization. For example, the IIRC’s narrowing of the primary user group of integrated reporting to providers of financial capital is similar to the narrowing that occurred in the development of the Conceptual Framework for financial reporting, a contraction some have claimed is “symbolic of the success of financialization, wherein financial markets become a proxy for the public interest” (Zhang and Andrew, 2014: 21). This would help us to obtain more fine-grained analyses of the nature of, and influences on, the shift in the IIRC’s initial focus from a broad set of capital providers to a focus on financial capital providers alone. Given the level of experimentation with integrated reporting that is now prevalent within individual firms, future field-based work can be expected to focus on the results of such experimentation. But it remains of critical importance that research also focuses on the decision processes that have led companies (and associated key stakeholders and professionals) to embrace, exclude or ignore different forms of (integrated) reporting and their related understandings of the respective nature and significance of such reporting. Such criticality exists because ultimately accounting research is more than a field-specific empirical endeavor but a discipline of rich potential in terms of developing broader institutional and socially informed theories of corporate and professional behaviour.

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