EVERYTHING MUST CHANGE,- SO NOTHING CHANGES: IFRS 8 FOR NOTHING?

Yves Levant
University of Pau/SKEMA Business School, CREG/LSMRC, France
yves.levant@orange.fr

Nicolas Berland
University Paris-Dauphine - DRM

Dragos Zelinschi
University of Nantes, IEMN-IAE, LEMNA

1. Introduction

Within the field of organisational institutionalism, the research on decoupling has been attracting increasing interest in recent years (Boxenbaum and Jonsson, 2008). Apparently straightforward and intuitively easy to grasp, this type of behaviour is, in fact, quite complex. The present paper thus attempts to understand the multiple motivations for decoupling, exploring the phenomenon from the perspective of the organisations involved. In concrete terms, we evaluate the reactions of several listed companies to the mandatory implementation of a specific IFRS.

Based on institutional theory, extensive literature has been published explaining the adoption of accounting standards as a result of coercive pressures through the phenomenon of institutional isomorphism (Carpenter and Feroz, 1992, 2001; Covaleski and Dirsmith, 1988; Fogarty, 1992; Mezias, 1995; Rodrigues and Craig, 2007; Touron, 2004, 2005). If a company does not comply with legislation, it will be subject to sanctions; paying penalties or even endangering its reputation. However organisations do not always behave in the way their institutional environment expects, as shown in their seminal paper by Meyer and Rowan (1977) and many others after them (Brignall and Modell, 2000; Fiss and Zajac, 2006; George et al. 2006; Modell, 2001; Sharma et al., 2010). The "official" practices are developed to enable organisations to acquire or retain the legitimacy essential to survive in uncertain environments shot through with contradictory institutional logics (Lounsbury, 2008; Sharma et al., 2010). In general, decoupling can relieve the tension created by the external pressure to change and the desire to avoid disruption to existing relationships in the organisation, including power relationships. Such phenomena are not restricted to strategies of organisational hypocrisy (Brunsson, 1986), and may reveal more subtle behaviours (Carruthers, 1995). Little is known about the organisational decoupling and especially the motivations that lead organisations to decouple their ceremonial structural forms from the forms actually in use (Westphal and Zajac, 1994, 1998; Zajac and Westphal, 1995). Indeed decoupling can also be a reflection of highly rational behaviours by organisations seeking to resolve the contradictions expressed by different categories of stakeholders with dissonant views (Brignall and Modell, 2000).

Moreover, there are different forms of institutional pressure: normative, mimetic and coercive (DiMaggio and Powell, 1983, 1991; Scott, 1995). It can therefore be hypothesized that decoupling will take different forms in different situations. In accounting, coercive pressure is strong due to the existence of strict standardisation, and it is interesting to study how organisations adjust to coercive pressure. Not all forms of pressure are exerted on the same level (DiMaggio and Powell, 1991): some are exerted at a societal level, some at sectorial level, and some at organisational level. This raises the legitimate question of the influence of the different forms of pressure, and the ways they combine. In addition to this perspective, in-house organisational pressure is among the least studied type of pressure (George et al. 2006; Sharma et al. 2010). As Oliver (1991) has shown, organisations have a repertory of strategies and tactics to address the institutional demands made to them. These strategies have been explored in the field of accounting (Carpenter and Feroz, 2001) but need more in-depth consideration, in particular to give due consideration to the specificities of the coercive pressures which prevail in the accounting field.

All these points lead to development of our research question: what reasons do organisations give themselves to adopt decoupling behaviour when under coercive pressure? To answer this question we look at the case of IFRS 8, "Operating segments"[1], in France, which has been

[1] IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity: [IFRS 8.2]

mandatory since January 1, 2009 and requires firms to present operating segments in the annual report on a similar base that internal operating segments used by decision makers. We chose IFRS 8 due of its potential to observe and compare a new international norm to both former practices of reporting referring to the previous norm (IAS 14) and to current practices of reporting. According to IFRS 8 both the structure and the content of internal reporting must be adopted in external segment reporting, such that it reflects the managerial viewpoint. This standard should have been expected to have a significant impact[2]. Firstly, on a technical level, firms would need to redefine their operating segments, change the informational content and identify the chief operational decision-maker. Secondly, on a strategic level, giving access to internal reporting data should generate problems of confidentiality, as well as coherence issues as regards other available information sources.

Against this background, we carried out a study to assess the impact of IFRS 8, examining the choices made by firms in the year they first applied the standard. Once the 2009 financial statements were published, we compared the segments used with the previous year. On the whole there was a status quo: application of IFRS 8 caused very little change in the segmentation used by firms. We therefore conducted interviews to complement examination of the annual reports and gain a better understanding of the motivations for carrying on as before.

The second section of this paper details the principal theoretical references on the subject of decoupling. The third section presents the history, content of IFRS 8, difference with previous standard and the methodology used in the study. The fourth section reports the main findings, which are discussed in the fifth and final section.

2. Decoupling and the associated motivations

What is decoupling

Sometimes, firms "ceremonially" adopt structures that correspond to the institutionalized forms populating their environment, but have no direct connection with the search for efficiency. In such cases the formal structure is disconnected from actual organisational practices (Meyer and Rowan, 1977). Neo-institutional theory describes these decoupling behaviours, a situation in which compliance with external expectations is only symbolic, not effective (Fiss and Zajac, 2006). Decoupling is a deliberate disconnection between the organisational structures that reinforce legitimacy and organisational practices considered the most efficient by the organisation (Meyer and Rowan, 1977).

Decoupling can be considered as a defence mechanism used by the organisation to maintain external legitimacy through formal practices that embody socially acceptable purposes, while keeping informal routines that have changed little over time (Westphal and Zajac, 2001). It nonetheless remains a complex phenomenon, being not "simply a binary choice (i.e., say vs. do), but […] more nuanced and may involve multiple ways of presenting and justifying organisational actions" (Fiss and Zajac, 2006, p. 1187).

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

[2] cf. for example BCF IFRS Lefebvre 5-6/2008, by PriceWaterhouseCoopers

The contingencies identified by the neo-institutional literature are especially related to environmental characteristics. Decoupling enables organisations to cope with changing environments (Christensen and Molin, 1995). Decoupling is also likely to occur among firms who adopt the practice in question at a later date (late adopters) and therefore face an already evolved environment (Westphal and Zajac, 1994, 1997). Organisations decouple their formal structure, rather than their productive activities, when there are conflicting external institutional pressures (Boxenbaum and Jonsson, 2008). Indeed, organisations may be subject to external practices and beliefs which are contradictory, ambiguous or even compete with whom they are dealing and thus induce changes in their actions. Decoupling then becomes a response to the heterogeneity of the organisational field and contradictions arise through the different external institutional logics (Alford and Friedland, 1985; Heimer, 1999; Ruef and Scott, 1998). Any organisation adopting decoupling behavior would thus increase their ability to survive when dealing with institutional pressures which may appear difficult for its organisational actors to satisfy. Oliver (1991) suggested that firms are more likely to avoid institutional pressures using tactics such as decoupling to the extent that external pressures for change are inconsistent with internal goals. When external constituents pressure firms to adopt a policy that threatens the discretion of organisational actors, these latter may favour a symbolic response that involves separating the substantive activities of the organisation from the formally adopted policy. This enables corporate leaders to preserve their discretion over the allocation of resources (Oliver, 1991; Scott, 1995).

Decoupling in accounting is particular, as the field is governed by a set of laws and standards intended to be mandatory. Consequently, of all the pressures exerted on businesses, coercive pressure has “naturally” been paid special attention in accounting research (Carpenter and Feroz, 2001; Rodrigues and Craig, 2007; Touron, 2004, 2005). Rodrigues and Craig (2007) give the example of the decoupling existing between total compliance with IRFS and actual, informal practices, often an indicator of strong reserves related to the standards: “The advantage of decoupling is that it allows possible inconsistencies and anomalies of technical activities (such as accounting) to remain hidden behind the façade of a presumption that the formal structure is working as indicated publicly” (Rodrigues and Craig 2007, p. 743). Some authors (Brignall and Modell, 2000; Yazdifar et al., 2008) stress that it is when such coercive pressures exist that decoupling phenomena are least likely to appear. Yet few studies back up this idea that coercive pressure is less conducive to decoupling, and it remains to be confirmed in view of the many limitations associated with the concept of decoupling itself.

Why and how decoupling may occur

As already shown, decoupling occurs as a response to the pressures exerted upon the organisation’s functioning. According to DiMaggio and Powell (1991) organisations are subject to different pressure levels: societal, sectorial and organisational, which in turn are associated with three pressure mechanisms: coercive, normative and mimetic. Scott (1995, p. 35) further analysed this distinction later. Research shows that macro-institutional pressures alone do not determine organisational action but *are* mediated by the organisation’s immediate social structural context, as determined by social network ties (Mizuchi and Fein, 1999; Westphal and Zajac, 2001). Therefore, internal pressures placed upon organisations must be added to the external pressures.

At the societal level, institutions implement regulations in order to direct the behaviour of those under their influence. For example, coercive pressures are exerted by governments through activities of knowledge deployment (e.g. required education and training), deployment of subsidies, establishment of standards and directives. According to DiMaggio and Powell (1983), these pressures manifest themselves not only through formal pressure but also by the informal pressures exerted by an organisation itself but also by other organisations on which it depends. This implies the existence of dominant institutions capable of imposing formal or informal rules to other organizations whose structures are less important. Additionally, compliance behavior must be guaranteed by the existence of (formal or informal) sanctions that will be applied in case of non-compliance (Scott, 1995). From an institutional viewpoint, such societal pressure is recognized in the adoption of certain practices, particularly with regard to accounting standards, for example in the dissemination of IFRS (Rodrigues and Craig, 2007). As for the companies studied in the present paper, different stakeholders exert societal pressures: the State which promulgates rules and laws which are binding for organisations, suppliers of capital who have the financial resources the company needs, financial analysts rate companies, as well as the auditors who certify their accounts.

Sectorial pressures are exerted upon an organisation through pressures from the regulatory bodies of a given sector. This aspect has been notably developed by all the literature pertaining to the sociology of the professions, and in particular by the literature on professional organisations (Leicht and Fennel, 2008). These sectorial pressures primarily rest upon the professionalism of the field, namely the dissemination of common cognitive and cultural patterns, driven by the standardisation of formal education devices and the existence of professional networks. In addition to the pressures exerted by organisational institutions, an important role is played by the “technical norms” or “rules of technology”, often unwritten and inherited from past custom and practice, which regulate and order social life (Czarniawska, 2008a; 2008b). Technology is one of the ways in which society controls itself and socialises its members and technical norms are inscribed by organisations. The membership of many managers in professional associations has probably impacted on the promulgation of practices considered legitimate in a profession. The phenomenon of accreditation includes the intervention of auditors (Al-Basteki, 1995; Dumontier and Raffournier, 1998; Murphy, 1999) and the regulation bodies of stock exchange.

Inter-organisational pressures appear, most of the time, from copying best practices from competitors and peers. As demonstrated by Huault (2002, p. 106), “mimetic isomorphism opens up interesting paths for analysing management practices”. In concrete terms, practitioners join professional associations to benefit from the latest “best practices” in their domain. In this way, actors’ behaviour then becomes more predictable as it complies with standards set by other actors. Decision-makers are led to give the illusion that they are behaving in a rational way by adopting the behavioural standards and the techniques perceived as those most adequate to achieve the goals set by the marketplace. At the same time, they are equally subject to managerial trends and to the continuing evolution of surrounding discourse. In essence, this means that neo-institutional theory can be used to understand not only the change and adoption of management practices, but also the persistence and homogeneity of the studied phenomena (Dacin et al., 2002). Generally speaking, accounting literature shows that industry (“sector membership”) is a key variable in determining accounting policy (Neu, 1992).

Intra-organisational pressures can also generate decoupling, even though the latter is traditionally associated to external pressures (Fiss and Zajac, 2006). Some authors are insistent upon the dynamics of power (Stevens et al., 2005; Westphal and Zajac, 2001) or upon resources and internal coalitions in place (Fiss and Zajac 2004; Westphal and Zajac, 2001). This emphasises in particular the power relationships within the organisation and the particular interests of the actors concerned, without however neglecting the external pressures: “it appears that firms are more likely to avoid institutional pressures for change using tactics such as decoupling when those institutional pressures conflict with the interests of actors who hold power in the organization. In the absence of such tension between external demands and the interests of powerful actors, the impetus for institutional decoupling would be significantly weaker”. (Westphal and Zajac, 2001, p. 220). Decoupling appears not only because it can be useful to an organisation, but also because it serves the political interests of the organisation and/or its leaders (Westphal and Zajac, 2001, p. 221). At the same time, as the actors themselves do not place the same importance upon nor the some understanding of the different institutions with whom they have to deal, organisations may choose to respond to certain constraints and not to others. Confronted by similar constraints, organisations may react differently dependent upon differing interpretations given by individuals to these constraints (Aurini, 2006; George et al., 2006). The perceptions of individuals can play the role of catalyst in accounting choices (Adams, 1997; de Bos et al., 2000).

Criticism of decoupling

The concept of decoupling has also attracted criticism. Some authors consider that the literature has devoted too much attention to it (Carruthers, 1995; Lounsbury, 2008). Some deny the very idea of decoupling (Bol and Moers, 2010), referring to an apparent noncompliance to show that the research has neglected more subtle forms of decoupling. Westphal and Zajac (2001) show that symbolic action can range from relatively extreme forms of institutional decoupling, such as the non-implementation of formal policies that affect the technical core of the organisation (Meyer and Rowan, 1977), to relatively subtle forms of decoupling that involve taking actions that are inconsistent with the spirit of a formal policy, although perhaps still consistent with the letter of the plan. Time is another overlooked variable (Fiss and Zajac, 2006; Johansson and Siverbo, 2009; Parker, 2011; Tilcsik, 2010). Decoupling may exist at a given time, but gradually adjust over time. Actual practices end up by adapting to official practices in what Power (1999) calls colonization. Decoupling may also be partial rather than total, concerning only certain aspects of the formal structure. Orton and Weick (1990) and Parker (2011) argue that there are situations in which the organisation displays decoupling and alignment at the same time.

Open issues

The concept of decoupling itself, as well as its motivations and mechanisms raise several questions. There is little understanding of how external pressures and internal tensions interact and eventually lead to decoupling. It appears the dynamics of decoupling, and thus of coupling too, can be analysed as being a complex of external, but also internal pressures, highlighting the contradictions between differing institutional logics (Sharma et al,. 2010). In the research on societal, sectorial and inter-organisational pressures, internal actors of an organisation are not present, or merely appear in the background. However, it is they who are responsible for the implementation and justification of decoupling. One finds here a critique addressed to the neo-institutional theory, claiming it does not accord sufficient importance to the role of actors, but places emphasis on the importance of structures. However some authors place greater importance upon the interactions between stakeholders when trying to explain the decoupling phenomena. Contrary to the assumptions invoked by much early theorizing in NIS, however, managers are not necessarily confined to passively comply with institutional pressures, but may possess much wider action repertoires involving a greater element of pro-active choice (DiMaggio, 1988; Scott, 1995; Beckert, 1999; Modell, 2000, 2001). Kostova and Roth (2002) analyzed, for example, the reactions of subsidiary companies to the decision of the parent company to impose upon them the implementation of a management practice. George et al. (2006) suggested a model explaining the reasons for decoupling in relation to the perception of actors involved to external threats and opportunities. Decoupling can appear as the result of companies seeking to protect both their external resources or their internal activities. Two separate dimensions were analysed: the loss or gain of control and loss or gain of ressources. The model of George et al. (2006) explains why organisations, when confronted with the same external pressures affecting their legitimacy, can have differing reactions dependent upon the actors' perceptions. It can predict the response of an organisation (adoption/decoupling) facing external pressures dependent upon how it is seen or categorised by the individuals : either as a threat or opportunity in regard to resources and control. Actors who perceive change as being a threat in terms of loss of control of their external environment are likely to set up decoupling actions, while those who perceive a control gain would be inclined to initiate isomorphic actions. Those organisations which perceive a threat in terms of loss of control tend to initiate isomorphic actions, while those who perceive a control gain adopt decoupling actions. However George et al. (2006) do not extend their analysis by differentiating the types of actors or stakeholders.

Oliver (1991, 1997) proposes a continuum of the various strategic responses adopted by firms to cope with institutional pressures. They may *acquiesce* to them, *compromise*, *avoid* them, *defy* them or *manipulate* them. Each of these responses is itself divided into three tactics. Many of those tactics can lead to decoupling: for instance *compromise*, because organisations are seeking to *balance*, *pacify* or *bargain* with different expectations from the stakeholders making up their environment. It becomes clear that the organisations' stakeholders play an important role and shape organisational responses. Decoupling can also result from tactics related to an *avoidance* strategy. Organisations may *conceal* their noncompliance by adopting ritualistic procedures, cut themselves off from external observation by *buffering* their technical activities against external points of contact, or *escape* the field in which institutional pressure is exerted. Oliver's typology was used in accounting research by Carpenter and Feroz (2001) to analyse several American states' decisions to adopt accounting standards. Shapiro and Matson (2008) used it to study how firms resist attempts at regulation of internal control over a 20-year period, observing a range of strategic responses. Although valuable, Oliver's typology shows various types of decoupling, each presumably having different consequences. Those different responses are, in our opinion, not independent of each other. For example, an organisation may act by imitation (acquiesce) at the same time as it seeks to balance stakeholder pressures by pacifying them or negotiating them, at the same time as it adopts decoupling (avoidance strategy) by masking its non-compliance or distancing itself from the points of inspection. Decoupling situations gain in complexity as a result, and the concept requires more detailed clarification.

Decoupling is indeed an ambiguous concept. Orton and Weick (1990) prefer to use the term "loose-coupling", which avoids the negative connotations of decoupling: the phenomenon can be seen as a way of bringing the organisation to change by enabling it to manage its ambiguities. Brunsson (1986), in contrast, prefers the term "organisational hypocrisy", thereby stressing the negative nature of decoupling, seen as a kind of deception.

3. Grounds for choosing IFRS 8 as the research object and methodology used to study decoupling

After a presentation of IFRS 8, we will explain the reasons for choosing the case of this standard to study decoupling in accounting. We then discuss the various methodological aspects used in the study of annual reports and interviews.

3.1 IFRS 8 as a research object

In the 1950s, the OECD encouraged firms to report financial information by business segment or branch. This went unheeded, except in some specific situations (for example, separating banking and insurance from other types of commercial activity).

In the 1976, the recently-created FASB issued SFAS 14 *Financial Reporting for Segments of a Business Enterprise*. This statement fostered comparability in reporting, seeking to define bases to segment business activities under supposedly objective criteria. The breakdown was based on the activity, but also on geography: for example, home country sales would be separated from sales registered in other geographical areas. It is a fact that the geographical dimension is more easily monitored: “US/Europe/Africa/Rest of the world” and “US/Europe/Africa/Asia/Rest of the world” were commonly-used divisions. In the 1980s, an EITF (*Emerging Issues Task Force*) clarified the concept of “home country”, stating that it should cover all of Europe rather than a single European country.

In 1981, the IASB completed its collection of standards by “adapting” SFAS 14 without changing its orientation: to organize a set of definitions guiding firms in a coordinated, reasonable approach. The result was IAS 14 (published in 1981 and revised in 1997), which was included in the major review of 1997 that led to IOSCO endorsement of IASs.

In practice, not all these attempts to enhance financial reporting were successful: AT&T presented “only” two segments, as did IBM, to cite the best-known and most blatant examples. The rules offered many exceptions, so there was no need to be “keen”. Indignant at this and encouraged by the SEC to reinforce standards, the FASB began a reassessment of segment reporting standards. It launched an inquiry into the prejudice suffered by a firm “that revealed too much” compared to the “obedient” firm that made all the necessary efforts to report the financial information desired by the analyst community. A survey conducted in 2000 at the request of the FASB showed that in the long term, the “obedient” firms’ results were much better than other firms’ results.

In the end it was decided to publish both SFAS 131 “Disclosures about segments of an enterprise and related information” and a new version of IAS 14 at the same time, in early 2001. But in a last-minute decision the IASB deferred implementation to a later date. In fact, given the lack of success achieved by restrictive regulation, the Americans significantly changed the approach taken in their regulations between SFAS 14 and its successor SFAS 131. That approach now became very open and totally respectful of the firm’s management choices. In other words, the new principle was to acknowledge that the firm knows better than anyone else how it should be managed. Now the onus was on the SEC and financial analysts, particularly sector specialists, to apply the control and pressure necessary to ensure that firms disclosed the desired financial information.

As part of a move to bring IFRSs and US standards closer, the IASB published an exposure draft (ED 8 Operating segments) on January 19, 2006 concerning in-depth changes to IAS 14 on segment reporting. This exposure draft proposed that segment reporting should result directly from the information used by management to run the firm (the "management approach"), rather than being based on specific risk/return factors. This gave rise to IFRS 8, the result of a comparison between IAS 14 and SFAS 131. The new standard was entitled "Operating segments" instead of the IAS 14 title "Segment reporting". IFRS 8 was adopted by the European Union in November 2007 for mandatory application from January 1, 2009, although early application in 2008 was allowed.

Is there any major difference? Fundamentally, the new standard was part of the same trend as the US standard SFAS 131. Depending on how it is interpreted, IFRS 8 can be considered convergent with SFAS 131, or on the contrary to show a number of differences. The discourses of audit firms varied over time, doubtless for commercial reasons. Before IFRS 8 became applicable, they emphasized its innovation and predicted a major impact if segment reporting under IAS 14 was not brought into line with internal reporting[3]. They also drew attention to "the effort necessary to integrate this into a coherent set of financial statements"[4].

However, a study made by PWC published in September 2009[5] showed that IFRS 8 had a low impact on segment reporting. To justify this situation, the study's authors tried to reassure their readers by stating that "for most companies, the presentation criteria for segment reporting under IAS 14 were already consistent with their internal reporting".

In addition, pending the formal IASB report upon the implementation of the IFRS8, due to be published in 2013, there have been few studies on the impact of the standard. For instance, in 2012, a quantitative research[6] of European listed companies concluded, as had the previously mentioned PWC study, that the status quo remained relative to sectoral reporting, despite a slight augmentation of the average number of sectors disclosed. In the United Kingdom, a study[7] published in 2012 by the ICAS found similar results: after the adoption of the new standard, the number of segments increased on average but the items in each segment were less numerous. The assumption of a preliminary alignment of IAS 14 on internal reporting, insufficiently substantiated in the PWC study, needs to be verified, especially as nothing in IAS 14 would appear to indicate that such an alignment was the most current practice. In effect, IAS 14 has been based on « objective » segmentation criteria, such as levels of profitability or homogenous risk.

The implementation of IFRS 8 should have substantially modified the contents of disclosed segment information for concerned companies. From then on, segment information has to be based upon the internal reporting system (through the eyes of management approach), and reflect the point of view of the chief operating decision maker (CODM). The purpose of this reform is to provide investors with the major performance indicators used by managers of the company, to enable greater transparency of financial reporting. However this raises confidentiality issues to enterprises who do not wish to reveal too much information in regard to potential strategic movements they may consider. The strategic risk caused by the disclosure of confidential information about management's intentions makes IFRS 8 a

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3 BCF IFRS Lefebvre 5-6/2008, by PriceWaterhouseCoopers.

4 Revue Echanges, May 2009: *IFRS 8 – secteurs opérationnels. Une information plus utile* (IFRS 8 operating segments – More useful information) by Baudoin Griton, partner at KPMG. (author's own translation of title and quotations)

5 *Étude de l'information sectorielle des sociétés du CAC 40 suite à l'application d'IFRS 8* (Study of segment reporting by CAC 40 companies after application of IFRS 8), September 2009, by PriceWaterhouseCoopers.

6 Revue Française de Comptabilité, juin 2012 : « L'effet de l'adoption de la norme IFRS 8 sur les pratiques de reporting sectoriel des entreprises cotées européennes » (The effect of IFRS 8 implementation on segment reporting practices of European listed companies), by Sameh Kobbi Fakhfakh.

7 « Operating segments : the usefulness of IFRS 8 », 2012, by ICAS.

suitable candidate for studying decoupling phenomena. The possibility of decoupling is only postulated at this stage of our study, however our aim is to prove that decoupling is probable.

In conclusion, this change of standard and philosophy was part of the movement for convergence of international standards (FASB/IASB). IFRS 8 is very similar to SFAS 131. We consider that standardization of segment reporting is a good setting for studying forms of resistance to coercive isomorphism, for as its history shows, application was not automatic and elicited reactions from firms. Decoupling is thus to be expected.

3.2 Data gathering

To assess and understand the changes brought about by application of IFRS 8, we analysed the practices of 33 French firms. A study of the impact of adoption of IFRS 8 on firms' chosen operating segment presentation was conducted with members of the *Association des Directeurs de Comptabilité et de Gestion* (APDC[8]).

The research was undertaken in two stages: documentary research based on annual reports, followed by a series of interviews. All 118 APDC firms likely to apply IFRS 8 were invited by letter and personal contact to take part in the study, and 33 agreed.

Once we knew which companies would take part in our study and answer our questions, we proceeded to the documentary research necessary in order to gauge the impact of IFRS 8 on their annual reports. In this way, our paper makes a very real methodological contribution as qualitative research in financial accounting is relatively rare. The selection of the sample companies is also unique as it was conducted in two stages : identifying those companies which accepted the interview, followed by a study of pertaining documents. Our sample should not be considered representative, however, as its construction was biased. However this particular data gathering was necessary to obtain access to information normally deemed confidential.

The composition of our sample companies by sector[9] is as following

Table 1: Sectorial distribution of the companies

Food & Beverage	1
Insurance	2
Banks	1
Construction & Materials	4
Industrial Goods & Services	10
Chemicals	1
Media	2
Oil & Gas	1
Personal & Household Goods	2
Health Care	1
Utilities	2
Technology	3

[8] *Association des Professionnels et Directeurs Comptabilité et Gestion (*APDC) (Association of Accounting and Management Professionals and Managers) is made up of professionals of accounting, management and consolidation employed in various companies, and also has associated members (accountants, auditors, teachers etc).

[9] We used the Euronext ICB classification (level 2 supersector) that we completed for the unlisted companies.

Telecommunications	1
Travel & Leisure	2
Total	**33**

To understand the impact of the implementation of IFRS 8 on financial reporting practices, we first analysed the annual reports of the sample companies. Of the 33 companies we studied, 26 publish their annual report (particularly the financial statements) or registration document on their respective websites. For these latter 26 companies, a systematic analysis of their annual reports was undertaken, in order to identify the changes in disclosure of operating segments brought about through the implementation of IFRS 8.

Two sections of the annual reports were affected: namely the notes on segment reporting and those on accounting policies and procedures which developed the changes brought about by the introduction of IFRS 8.

We compared two successive annual reports:

- the last report prior to application of IFRS 8 "Operating segments" i.e. generally reports applying IAS 14 "Segment reporting";
- the first report after application of IFRS 8,

analysing in each the disclosures in order to form an opinion on any noted differences. As in other studies already cited, we considered the number and structure of disclosed segments as a key indicator of the impact of the new standard. We also reviewed the notes specific to accounting policies and their changes. These texts tended to be stereotypical in announcing the compliance of the accounts with the new standard and the necessary modifications which had been made.

With three exceptions, the first report applying IFRS 8 covers the first financial period to begin on or after January 1, 2009 (when the new standard became mandatory). The exceptions are the Air Liquide, GDF Suez and Steria groups which opted for early application of the standard from 2008.

The following observations can be made based on analysis of the annual reports:

- In one of the cases examined (GDF Suez, a group that was newly-formed in 2008) comparisons were impossible;
- 19 of the 26 firms studied include the first level of analysis, presented in accordance with IAS 14. In some cases (Areva), certain segments are no longer shown because they have been discontinued. In others (Eiffage, SNCF), the names of segments change. In all these cases the move to IFRS 8 did not result in any change;
- Four firms kept the same segmentation under IFRS 8 as under IAS 14, using segments previously reported (first or second level of analysis) and grouping them (three cases) or splitting them (one case). In these cases the move to IFRS 8 did not result in any change;
- Lastly, two of the firms presented segments drawn from the IAS 14 segment reporting, but combining business and geographical segments. In these cases the move to IFRS 8 resulted in minor changes.

In order to constitute the operational segments specified by IFRS 8, firms generally used the business segments presented under IAS 14 as their operating segments for the purposes of IFRS 8. We noted that firms tend to keep the segmentation used prior to application of IFRS 8.

All this suggests that there decoupling does indeed arise. As there were little or no changes in the definition of operating segments while companies claim to comply with a new standard (IFRS 8), we suggest that we are dealing with unchanged segmentation practices where compliance with external expectations is only symbolic and not effective (Fiss and Zajac, 2006). We consider the status quo as an indicator of decoupling. In fact, companies do not change their practices regardless of the standard used. They wish to control their communication and those which are properly attuned to the spirit of IFRS 8 find it convenient. This situation suggests potential decoupling which our interviews are designed to uncover. By analyzing the process of implementation of the standard, as well as the choices made, we will attempt to bring to light the reasons for the status quo.

3.3 Interviews

Although IFRS 8 is applicable for financial years beginning on or after January 1, 2009, we conducted interviews in the spring of that year because our concern was not the impact of IFRS 8 on the published financial statements themselves, but on the firms' preparation and decisions for its application. Apart from the fact that it could be adopted early in 2008, the firms we met were generally in agreement that it takes around two years for application of a new standard to be fully operational. Therefore, in the spring of 2009 the firms concerned had made their decisions or were finalising them.

A total of 40 people from the 33 sample firms were interviewed[10], generally heads of accounting, but also heads of management control:

- 2 finance directors;
- 31 directors of accounting or heads of accounting departments;
- 6 management control officers;
- 1 business analyst.

The interview guide used was initially tested on four firms and with the APDC steering committees. This led to some slight adjustments.

The interview guide opened with two questions intended to identify the interviewee (position in the firm, length of time with the firm, etc) and situate the firm in its environment. The rest of the questions were grouped in four main themes:

- The essential points of IFRS 8 (chief operational decision-maker, segments and indicators) – to have the interviewee's opinion on those points;
- The project – sequence, oversight and costs of the process of introducing the standard, and relationship with SFAS 131;
- View of the chief operational decision-maker: use of information and decision-making, any trade-offs in the choice of information to be reported under IFRS 8;
- Accounting-control relations – impact of IFRS 8 on management control, the information system and relations between the accounting and management control departments.

Pre-interview preparation involved collecting information, largely from the annual reports, on:

[10] Some firms provided more than one interviewee.

- The firm's business, the accounting standards used and any financial market listings;
- Application of IFRS 8 (its expected and actual impact).

These documents provided insight into the segmentation used before and after adoption of the standard, such that its consequences could be grasped. Semi-directive interviews lasting an average one hour were conducted face to face at the firms' head offices where possible, and otherwise over the telephone. In view of the confidential and sometimes sensitive nature of the subjects covered, the interviews were not recorded, but notes were taken. This approach encourages greater trust on the part of interviewees, who express themselves more freely as a result. To preserve their anonymity, since the subject concerns a regulatory area with a legal impact, no quotation is attributed to a particular firm, because some of the most enlightening statements made could have consequences for the firms studied. The transcribed interviews were open-coded to identify items likely to influence application of IFRS 8.

4. The motivations put forward to explain decoupling

The interviews confirm the existence of decoupling related to adoption of IFRS 8. Firms gave reasons for this, which are analysed in more detail at societal, sectorial and organisational levels.

4.1 Reasons given for decoupling

The motivations driving decoupling go beyond a mere desire to present a façade for the sake of legitimacy. Coercive isomorphism imposed by introduction of IFRS 8 is not applied (or is only partly applied) because it is in conflict with other institutional logics[11] facing the organisations concerned. Eight different themes were identified from coding the interviews:

1. Financial analysts logic – the (actual or expected) opinions of analysts influence choices related to application of IFRS 8;
2. Competing standard logic – IFRS 8 is largely a reiteration of SFAS 131, the equivalent US standard. Some international listed companies of our sample previously implemented SFAS 131 rather than IAS 14 so they did not change their practices.
3. Sectorial logic – firms in certain sectors have long been structured in the same way;
4. Active mimetic logic – some firms adopt mimetic behaviour when IFRS 8 is introduced, in deliberately copying competitors' practices;
5. Business structure logic – due to specific historical, traditional, structural constraints, some firms' organisation structure is influenced by their business activities;
6. Reorganisation logic – reorganisations that took place before introduction of the standard, as a result of previous events (e.g. mergers), affect the division into operating segments;
7. Disclosure logic – application of IFRS 8 involves difficult decisions, particularly as regards the confidentiality, understandability and clarity of the information reported;

[11] Institutional logics, *i.e.* "the criteria used to assess the legitimacy of organisational forms" (Suddaby and Greenwood, 2005, p. 36).

8. Internal uncertainty logic– the firm's organisation is affected by political issues unrelated to the standard that must be taken into consideration when the operating segments are defined. There are also disagreements between actors involved in application of IFRS 8 (general management, financial management, auditors, etc). Finally organisation structure and information systems must constantly adapt to technological changes affecting their business.

Our coding items are distributed as follows between the three levels of institutional pressures identified.

Table 2: Reasons for decoupling identified from our interviews

Coding items	Level of pressures
Financial analysts logic	Societal level
Competing standard logic	
Sectorial logic	Sectorial level
Active mimetic logic	
Business structure logic	Organisational level
Reorganisation logic	
Disclosure logic	
Internal uncertainty logic	

In all (table 3), societal pressures were given 15 times as an explanation for decoupling, sectorial pressures 7 times and organisational pressures 45 times. The analysis covers all eight reasons but showed that they can be grouped into three categories:

- Frequently-cited reasons relate either to the disclosure of information logic (23 firms), or the business structure logic (13 firms) leading them to use uniform organisation and communication, regardless of the standard concerned.
- Secondary reasons: 8 firms justified their choice arguing they already applied SFAS 131 (competing standard logic), and 7 argued they had made no changes in response to pressure from financial analysts (financial analyst logic). Finally 6 firms justified their choice with internal uncertainty logic.
- The other reasons were given less often.

This shows that organisational pressures explain most of the firms' behaviour. The reasons given by the actors principally relate to the difficulty of summarizing full, complex reporting in a way that is easy to understand for financial statement users. However, the theme of information disclosure often emerged in our analyses.

Table 3: Reasons given for decoupling

	Societal level		Sectorial level		Organisational level			
Firm	**Financial analysts logic**	**Competing standard logic**	**Sectorial logic**	**Active mimetic logic**	**Business structure logic**	**Reorganisation logic**	**Disclosure logic**	**Internal uncertainty logic**
1					1			
2							1	
3		1	1				1	
4				1	1			
5					1	1	1	
6							1	
7		1					1	
8	1				1		1	
9	1				1		1	1
10	1							1
11							1	1
12		1			1		1	
13		1					1	1
14								
15	1	1					1	
16		1				1		
17				1			1	
18		1			1		1	
19							1	
20					1			
21							1	
22								
23	1				1			
24								
25							1	
26					1		1	
27					1		1	
28					1	1	1	1
29							1	
30			1	1			1	
31	1						1	1
32	1	1	1	1			1	
33					1			
	7	**8**	**3**	**4**	**13**	**3**	**23**	**6**

4.2 Societal level

This level covers pressures exerted by financial analysts and prior adoption of SFAS 131 by certain firms listed on US territory. These are two of the reasons put forward to explain why introduction of IFRS 8 had no effect.

4.2.1 Financial analysts logic

Financial analysts play a relatively important role in the decisions to be made for application of the standard. The interviewee from one of the firms studied declared that "For analysts, six divisions are too many, so we select three areas. That's fine for external reporting, but it doesn't really reflect the internal reporting structure." Analysts thus appear to drive firms to stick to the status quo, for the sake of convenience and simplicity.

4.2.2 Competing standard logic

IFRS 8 is similar to SFAS 131. Firms that apply or used to apply SFAS 131 (US-listed firms) logically kept on using the same segments and the same features of indicators when they came to apply IFRS 8. In this case, then, decoupling does not arise from the appearance of IFRS 8; decoupling could exist in the previous situation related to application of IAS 14.

4.2 Sectorial level

Two explanations are used by firms to justify the operating segment choice.

4.3.1 Sectorial logic

Decoupling can thus be explained by competition with existing institutions. The oil industry, for example, has a powerful pre-existing institutional field which means that the whole sector is structured in the same way. According to one of the managers interviewed: "You can see a natural convergence of disclosures by comparable firms in the same sector, in this case "pure players" in the oil industry, especially due to mimicry and analyst pressure". This leads to strong de facto harmonization of external reporting which existed before introduction of IFRS 8 and is no doubt reinforced by the fact that the large oil groups are all listed on the New York stock exchange and therefore all apply US standard SFAS 131. This situation doubtless explains the low impact of IFRS 8. Given the context, it would be better to analyse the decoupling that arose earlier, when the sector was organised, sometimes a very long time ago.

4.3.2 Active mimetic logic

Here again, the sector provides the explanation for the observed inertia, but in this case the reason given is more proactive. Firms explicitly checked how their competitors were reacting before deeming it better not to make any changes. One of the firms in our sample, for instance, adopted mimetic behaviour that was openly admitted by our interviewee: "The group has information about its European competitor [ABCD], a German company that also applies IFRS 8. The structure of [ABCD] is similar to the structure used by our Group, and that's why our practices are strongly based on theirs." In one insurance sector firm, "segments were defined by reference to the marketplace. [The group] followed suit. Insurance categories changed from life/non-life insurance to personal insurance/damage and liability insurance from January 1, 2006, and we kept the same segments in the move from IAS 14 to IFRS 8." "Active" mimicry in connection with IFRS 8 is not very widespread. Although the firms show similarities, that seems to result more from historical contingencies (long-term passive mimicry) and contingencies related to technical organisation.

1.4 Organisational level

This level of pressure gives the richest set of justifications. Four series of logics are used by firms.

4.4.1 Business structure logic

For certain firms, segmentation is necessary due to the specificities of the business. In such cases, what is important is not so much the fact that all firms in the sector do the same thing, but the historical contingencies ("that's the way we've always done things") or the business considerations ("we're vertically integrated and we've identified the stages of the production process").

This situation is observed for example in air transport, a sector with a core activity (transporting passengers) surrounded by several peripheral activities (e.g. catering, freight). In the words of one manager interviewed: "The business has pretty naturally worked in the same way for a very long time. So we kept the same structure." Other examples concern the public works sector: "As the company was already organised by sector because of its business (which needs a local approach), IFRS 8 has no impact on our organisation"; and the chemical industry: "segment information can't be reported differently for reasons inherent to the business". Clearly, in such cases introduction of IFRS 8 did not lead to any changes.

4.4.2 Reorganisation logic

Other firms took action in advance of the changes brought about by IFRS 8. Many of these were groups with recent involvement in mergers, generally followed by reorganisation of operating segments. Consequently, the actual application of IFRS 8 did not make much difference. A manager from one of these groups clearly stated that the segmentation "was decided by the management after the merger". In another group recently formed through mergers, our interviewee said, "From the outset, the group structured its internal reporting using segments that will be applied with IFRS 8. IFRS 8 will be applied for the first time in 2009. A project has been launched, but we aren't expecting a revolution because the requirements of the IFRS 8 are very similar to the existing situation. The current segments are more compliant with IFRS 8 than they were with IAS 14." Another firm is in the process of an LBO, with significant effects on its internal and external reporting. In this case, the use of information by the chief operational decision-maker, and externally-reported indicators, follow the LBO logic. Naturally, application of IFRS 8 had to comply with the same constraints.

4.4.3 Disclosure logic

Sometimes, decoupling is explained by unresolved tensions, particularly between the desire to report and the desire to be clear, or between the desire to protect information and the need to comply with the regulations. Either situation requires difficult decisions.

Firstly, accurate reporting of the firm's activity to the various stakeholders needs an enormous amount of detailed information, which often reduces its accessibility and clarity. As one interviewee said: "The information included in the IFRS 8 reporting is very macroscopic. You feel that managers are discussing other stuff. And in that case the information isn't really presented in the same way." In another firm, "one division's monthly reporting takes the form of a 100-page Powerpoint presentation", so there was no choice but to select the information presented in the annual report.

Secondly, the necessity of protecting confidential information can conflict with the firm's legal obligations. One of the managers interviewed stated: "The decision-makers have access to loads of other information. But we can't go as far as giving out the content of Powerpoint presentations. The problem is using the segmentation that's used for the group." Another manager declared that "The internal reporting has more indicators than we currently report, and more than we will report with IFRS 8. Sensitive information, particularly personnel issues, are not and will not be disclosed even though it's there in the internal segment reporting." To end with a comment made in another interview: "it's true that IFRS 8 is more restrictive than IAS 14, but firms organise things to make sure they don't give competitors information that's too transparent."

4.4.4 Internal uncertainty logic

In many other cases, decoupling is determined by major internal obstacles (political questions especially) to changes related to application of IFRS 8. For example, we noted the existence of unusual internal segment divisions (before IFRS 8) put in place for political reasons, which as a result can seem illogical to external financial statement users. With reference to the different segmentations used, one manager told us: "The scopes covered are different, because things change according to the politics, people's egos, and the business presentation habits". The same manager made the following comment on IFRS 8 segment reporting: "This reporting is chosen to be clear to outside readers. The boundaries of internal segments are only clear to insiders." The information given to external users is thus different in substance from the information used internally as regards form and content, even though there must be an apparent similarity.

Another possible explanation for decoupling lies in the possible conflicts between several different views on segment reporting: manager's view, accountant's view, auditor's view. One of our interviewees had doubts about the information reported[12]: "The question is knowing what information the executive committee really looks at. There are lots of ad hoc presentations and breakdowns, unconnected to the formal, recurrently used business segmentation. What's more, topics are prepared in advance, elsewhere, and only the conclusions are discussed at executive committee meetings. So you feel that the executive committee isn't necessarily the best place for discussing the data expected by IFRS 8, which requires strategic discussion of strategic segmentation." Another manager interviewed asserted: "The indicators included in segment reporting were defined by the CEO. So disclosure of this information reflects the CEO's view." In another firm, decisions on application of IFRS 8 came from "a process of consultation, with the auditors in particular".

The changing technological environment is another factor that explains decoupling. This concerns firms whose offering is constantly changing, such that they must continually adapt their internal information and decision-making systems: "a flexible activity", as one of our interviewees put it. Meanwhile, external reporting must remain clear, comprehensible for the different types of user, and offer a certain degree of comparability over time. Decoupling is thus absolutely necessary. One of the managers interviewed expressed this very clearly: "At [our company], we've changed organisation structure every two years. And the boundaries between business activities are very vague and highly permeable. We're in a constantly shifting world. […] The business lines are too closely interwoven for a clear division. For the moment I can cope because the segmentation changes every two years. But it's unsatisfactory. […] All this doesn't offer enough stability for the financial reporting".

[12] In this case, the chief operating decision maker is the Executive Committee.

In conclusion, it appears from our observations that firms have many different motivations for decoupling, and those motivations can be organized into a hierarchy. This article shows that firms adopt decoupling primarily to guarantee confidentiality and/or clarity of information (disclosure logic), which paradoxically, has never been underlined by the literature. The next reason for decoupling is the fact that the business structure is perceived by the actors as a constraint. Alongside these main reasons, firms use decoupling to satisfy external stakeholders (foreign investors in the case of SFAS 131 and financial analysts). Mimicry is another important explanatory factor if two of our variables are combined (sectorial organisation and active mimicry). Finally, decoupling can also be explained by the internal uncertainty (combining internal politics and divergent views). Without necessarily considering that there is a hierarchy, we can point out that the pressures most frequently invoked by our sample companies as motives for decoupling strategies correspond to the organizational level (disclosure logic and business structure logic) and the societal level (financial analysts logic and competing standard logic).

5 Discussion

This article, in addition to empirical contribution, enhances certain findings of previous research. Decoupling behaviour is a complex phenomenon and our study improves the understanding of its complexity.

The first contribution of this study is to suggest there is not any direct link between the given levels of institutional pressure, pressure type and a strategy for decoupling. As demonstrated by DiMaggio and Powell (1983) this is because, among other reasons, the three mechanisms through which institutional isomorphism is diffused are not necessarily empirically distinguishable. Each involves a separate process, but two or more of these could operate simultaneously and their effects will not always be clearly identifiable.

Secondly, as Fiss and Zajac (2006) pointed out, decoupling is not restricted to strategies of organisational hypocrisy developed by Brunsson (1986) and to defensive action, which Meyer and Rowan (1977) wrote about. It masks more subtle behaviours (Carruthers, 1995) and can be considered as a genuinely complex strategy resulting from an active, rich and reasoned approach (Beverland and Luxton, 2005; Elsbach and Sutton, 1992) and not a passive reaction nor window dressing. As Westphal and Zajac (1998, 2001) found players' interaction and power dynamics are important in decoupling strategies. When firms decouple their practices, they have good reasons for doing so: "The new accounting technique had little or no effect on corporate operations, but that as an embodiment of rational procedure it made the CEO look good in the eyes of shareholders" (Carruthers, 1995, p. 318). Decoupling results from the search for efficiency as much as a façade, because firms also seek protection by withholding confidential information. Decoupling is not necessarily a dysfunctional behaviour designed to mislead external stakeholders, but is analysed as a way of preserving balance between different rationales. On one hand, the firm must show that it respects the law and thus the common good, but on the other hand, it must preserve its internal operating routines. Whatever accounting manipulations are being performed, they must be done "backstage" in order to be effective. It is hard to maintain appearances if the decoupling becomes too transparent. (Carruthers, 1995). According to George et al. (2006), the firm adopts non-isomorphic responses to external pressures either to ensure continued access to resources, or to keep control over use of its resources by protecting the confidentiality of its decisions. In the cases studied, these two reasons for decoupling in fact seem to be joint components of decoupling. Our research shows that decoupling can be explained both by the fear of losing access to external resources and the desire to control internal use of resources. The firm must reconcile the need to inspire investor trust by giving out segment information, and at the same time combine those resources in a new way that is difficult to communicate or must be communicated secretly in order to preserve shareholder value creation. This could explain why we observed that the process of implementation of IFRS 8 was sometimes aimed at being legible to external actors while other companies chose a business application chosen so as not to provide too much transparency or information to competitors.

Thirdly, according to Oliver (1991) and Modell (2001), decoupling has little chance of arising in cases of coercive pressure, because such pressure leaves the actors little slack. In addition, according to the work of Behnam and Maclean (2011), the nature of IFRS (clarity of the standard, presence of sanction and assurance mechanisms) tend to limit the decoupling mechanisms. Although it is supposed not to exist (or only marginally) in this framework, the decoupling observed in the case of IFRS 8 appears extensive: this is an important contribution of this study. It may be explained by considering that it is difficult to verify firms' total compliance with the standard. Internal reporting is by nature hidden from external members. But it is also ambiguous, because its boundaries are uncertain. It is easy to imagine that alongside official reporting, discussions by an executive committee (the most frequently-cited chief operational decision-maker) could be much fuller or more surprising. One of our interviewees told us that the bike shed had been discussed at a recent executive committee meeting! Apart from this extreme example, many interviewees said that the chief operational decision-maker in fact discussed a broader range of problems than the external reporting. It examines the external reporting, but in more depth and detail, and discusses subjects that often have difficulty fitting into the framework of that reporting. Decoupling is thus not total. It doubtless exists in the internal reporting, a document that corresponds to the external reporting. This guarantees sincerity in the event of a control. But according to our interviewees, the chief operational decision-maker discusses many other subjects using different segmentation.

Our results thus suggest that there are different degrees of decoupling even if by nature, this remains difficult to measure without more detailed access to the internal reporting or discussions by the chief operational decision-maker. Decoupling can be nuanced and may involve multiple ways of presenting and justifying organisational actions. Firms have repertories of strategic responses (Compromise and Avoid), and tactics (Balance, Bargain, Buffer, Conceal) as shown by Oliver (1991), which they use in combinations. Our observations show that firms seek to strike "compromises" by "balancing"[13] the expectations of different stakeholders, both internal and external, by "bargaining"[14] with them, primarily internally but also externally with analysts or auditors, or by pacifying[15] their expectations. IFRS 8 also facilitates "avoid" strategy. Companies adopt "buffering tactics"[16], because the internal reporting that they really use is not known to most stakeholders. A little negotiation with the auditors is all that is needed for the two reporting systems to be fairly similar. These buffering tactics are combined with "concealment[17] tactics", in which firms mask

[13] "Balancing tactics" refer to the accommodation of multiple constituent demands in response to institutional pressures and expectations

[14] "Bargaining tactics" is an active form of tactic. It involve s the effort of the organization to exact some concessions from an external constituent in its demands or expectations

[15] "Pacifying tactics" also constitute partial conformity with the expectations of one **or** more constituents.

[16] "Buffering tactis" refers to an organisation's attempt to reduce the extent towhich it is extemally inspected, scrutinized, or evaluated by partially detaching or decoupling its technical activities from extemal contact

[17] "*Concealment tactics* involve disguising nonconformity behind a façade of acquiescence.

noncompliance (when it cannot be observed directly from comparing the internal and external reporting, this noncompliance is presumed since nothing has changed) behind a discursive façade: including notes in the annual report which clearly declare the firm applies the new standard. These findings are consistent with the results of Fiss and Zajac (2006), who see decoupling not as a binary mechanism (i.e., say vs. do), but something needing qualification.

Fourthly, highlighted before by other authors (Archel et al., 2011; Brignall and Modell, 2000; Fiss and Zajac, 2006; Parker, 2011), the originality of our research is that it shows that the relevant stakeholders are internal as well as external. This echoes the observations of George et al. (2006), who argue that what happens inside the organisation, i.e. the role of internal stakeholders, is still under-explored as an explanation. Our study shows that external stakeholders (such as financial analysts) influence the firm's behaviour, that certain stakeholders (such as the auditors) have hybrid internal/external status, and most importantly that internal stakeholders play a decisive role in situations involving internal politics or divergent interpretations of the standard. As far as the pressures exerted are concerned, the role of sectorial logics and business structure are confirmed.

Finally, our last contribution concerns mimicry. In our study, very few firms declare active mimicry, i.e. explain decoupling by the need to fall into in line with other firms' practices after examining their behaviours. In fact, several forms of mimicry seem to exist. Alongside active mimicry (Modell, 2001), there appears to be a historic (passive) mimicry in which organisations make sure they are in line with sector practices. Firms are not aware of acting through mimicry, or do not do it consciously. Instead, they appear to be conforming to another institutional, sectorial logic which takes precedence over the institutional logic conveyed in IFRS 8. Is not this the definition of short-term mimicry and long-term mimicry?

6 Conclusion

The legal obligation incumbent on (listed) firms to comply with IFRS can be analysed as a source of institutional pressure of a coercive type (Carpenter and Feroz, 2001; Rodrigues and Craig, 2007). Under this pressure, firms make outward changes. This type of practice has already been observed in a broader context of IFRS application (Rodrigues and Craig, 2007). It results in decoupling between actual practices and the image the firm wishes to project.

The interviews conducted confirm this idea:

- Information disclosed under IFRS 8 only partially reflects the view of the chief operational decision-maker;
- Application of the standard had a very low impact on external reporting in the firms studied.

Analysis of annual reports and examination of our interviews shows that most of the firms in our sample simply took the information they reported under IAS 14 and restructured it slightly to bring it into compliance with IFRS 8. In most annual reports, the presentation of information is the same before and after application of IFRS 8 (there were even cases in which the information reported under IFRS 8 was less detailed than the information reported under IAS 14).

Our field study appears to confirm the influence of several of the factors (external and internal) cited in neo-institutional research, particularly in the literature on decoupling. Smaller coherence between institutional obligations (in this study, application of IFRS 8) and organisational aims foster organisational resistance to institutional pressure (resistance shown in our study by an avoidance strategy leading to decoupling). Decoupling serves the political interests of shareholders' organisations both internal and external.

This article attempts to go beyond a simplistic view of institutional decoupling (keeping up the appearance of legitimacy without making any change to actual practices). Decoupling is perhaps not a rejection, but the result of compromises and negotiations aiming to maintain coherence between the various institutional logics affecting organisations. But as Modell (2001) has already emphasized, the nature of the continuum is open to challenge.

We were unable to evaluate to what extent existing internal reporting was or was not consistent with IAS 14 which could explain the status quo. The lack of impact of IFRS 8 on the financial reporting practices, as well as the explanations for the status quo given during the interviews are in our opinion clear indications of a decoupling phenomenon. An extension of this study would therefore be to follow the CODM in action, but for reasons of confidentiality, such a task would probably be very complicated. Another extension would be to monitor, over time, the decoupling strategy which can gradually adjust as a model of colonization (Power, 1999).

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