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The Emergence of Integrated Reporting

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ABSTRACT

The International Integrated Reporting Council (IIRC) has recently been inaugurated as the focus for efforts to develop and diffuse a framework for integrated reporting. This paper traces the development of the concept of integrated reporting and the IIRC as socially constructed and emergent at the intersection of diverse action nets (Czarniawska, 2004). Perspectives from prior research on voluntary standard setting are used to frame the analysis of interviews with key individuals in the project, documents and integrated reports (Bonaccorsi & Rossi, 2003). The motivation of GRI and A4S to sponsor yet another group in the already densely populated domain is linked to the need to create momentum around integrated reporting because of the failure of earlier attempts to engage effectively with companies, investors and regulators.

This imperative creates tensions for the IIRC as it seeks to balance the interests of a range of interest groups around the ‘simplification’ of reports story that appeals to corporates, investors and regulators. A related issue is the decision to characterise the user of integrated reports as a long-term ‘enlightened’ shareholder. This facilitates short-term progress on the framework but may destabilise the IIRC project unless stakeholder interests can be persuaded that this is necessary and only a temporary detour.

We conclude that given that examples of integrated reports reflect a low level of agreement on these central themes the IIRC has significant work ahead to maintain its momentum. It must find a position in relation to corporate reporting that reflects the diverse interests currently enrolled in the project and carefully distinguish integrated reporting from the existing management discussion and analysis. The decisions made now for short-term expediency will irrevocably shape interactive reporting for the future.

Keywords: Integrated reporting, GRI, ESG, standards