Orchestration and Consolidation in Corporate Sustainability Reporting. The Legacy of the Corporate Reporting Dialogue[[1]](#footnote-1)

N. Rowbottom

Department of Accounting

Birmingham Business School

College of Social Sciences

University of Birmingham B15 2TT

UK

[N.Rowbottom@bham.ac.uk](mailto:N.Rowbottom@bham.ac.uk)

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Abstract

Purpose

The paper uses theoretical conceptions of power and orchestration to analyse the role of the Corporate Reporting Dialogue on the global standardisation of sustainability reporting.

Design

The paper adopts an interpretive approach and draws on a qualitative dataset derived from interviews, documentary analysis and observation.

Findings

The paper traces how the Corporate Reporting Dialogue was orchestrated by the International Integrated Reporting Council, with the objective of aligning sustainability reporting standards, but moved to become a vehicle for orchestrating standards consistent with the recommendations of the Task Force for Climate-Related Financial Disclosure. Collaboration between the Dialogue’s five most active bodies forged the blueprint adopted by the International Sustainability Standards Board’s vision of sustainability reporting that prioritised reporting only on those socio-ecological issues deemed to materially affect future enterprise value.

Originality

The paper explicates the role of collaborative initiatives in the standardisation of sustainability reporting and shows how these initiatives act as vehicles to subtly undermine the GRI position (presented as one standardiser amongst many whose vision appears as an outlier, despite its position as the dominant sustainability reporting standardiser), and establish the prioritisation of a sustainability reporting worldview based on investor-oriented enterprise value creation. The case also draws attention to the specific orchestrators involved in establishing this prioritisation, and reveals the influence of philanthropic foundations.

In doing so, it extends our understanding of legitimacy generation in standard-setting by showing how collaborative initiatives offer private standardisers another means to generate input legitimacy for what, in this case, represented a vision of reporting at odds with most sustainability reporting practice. Finally, the paper extends the sites of power to collaborative initiatives and details the mechanisms through which covert power is exercised but also masked where orchestrators use convening power, funding and membership choices to define the boundaries of discussion by influencing who participates, what is on the agenda and what activity is undertaken. Rather than viewing standardisation as a simple pursuit of conquest between individual standardisers, the paper considers how collaboration provides the opportunity for assimilation.

# 1. Introduction

The methods by which we can judge how companies affect or contribute to sustainable development remains an unresolved issue. Corporate sustainability reporting[[2]](#footnote-2) standards provide a means to make comparative judgements and induce behavioural changes to those conducive to continued social and ecological flourishing. Since the 1992 UN Conference on Environment and Development called for non-state actors to participate in addressing sustainable development, a variety of different non-statutory, private-sector reporting standardisers[[3]](#footnote-3) have come into existence that accompany State and UN-backed initiatives (Bendell et al., 2011; Thistlethwaite & Paterson, 2016). Consequently, a lack of convergence over visions of corporate accountability has led to an array of frameworks, guidelines, standards and reporting initiatives seeking to standardise what corporations should be accountable for, who they should be accountable to, and how they should report on their accountability.

This sustainability reporting arena had been populated by the GRI[[4]](#footnote-4) since its inception in 1997 alongside bodies including the UN Global Compact (that sought commitment to, and reporting on specific UN-related policies from 2000), the CDP (that sought to systematically gather carbon cycle data consistent with the GRI from 2000) and others (for example, Accounting for Sustainability, the Organisation for Economic Co-operation and Development) (Larrinaga-Gonzalez, 2007; Brown et al., 2009; Etzion & Ferraro, 2010; Levy et al., 2010; Albareda, 2013; Larrinaga & Bebbington, 2021). In the four years between 2007 and 2011, several new private standardisers entered the arena. The CDSB was developed in 2007 and aimed to harmonise corporate disclosures on climate change. The IIRC was formed in 2010 and offered a ‘multi-capital’ reporting framework. The ISO published ISO 26000 ‘Guidance on social responsibility’ in November 2010 after 5 years in development. Finally, in 2011, the SASB was established.

Over time, the proliferation of standardisers became to be viewed as problematic and common nomenclature developed to describe sustainability reporting as “a confused and complex reporting landscape” (Guthrie, 2016:7), or an ‘alphabet soup’ that was fragmented and incomplete (IMA, 2011; FEE, 2015; TCFD, 2016). By 2017, the World Business Council for Sustainable Development had estimated that there were 2,000 initiatives to report non-financial information in corporate reports, whilst the Reporting Exchange identified 1,400 different indicators (Accountancy Europe, 2017). IFRS Foundation staff noted that the myriad of “frameworks, standards, goals and codes and the challenges that this brings means that there is a deficiency in this aspect of financial reporting that needs to be addressed” (IASB, 2017a:18).

This environment created pressure for standardisers to address the confused landscape through forms of coordination, alignment and collaboration. As IFAC (2013:6) noted, “the challenges associated with convergence of financial reporting requirements in the last decade provides a sound reason for all parties to aim to agree on a consensus, or at least the identification of the relationships and consistency between the different frameworks, at the earliest possible time”.

As a response, standardisers actively sought to show how their requirements were linked and a plethora of collaborative endeavours have been established in recent years. The wave of collaborative standardising initiatives commenced with the emergence of the Corporate Reporting Dialogue in 2014, that aimed to engage standardisers to drive ‘alignment’ between ‘sustainability’ or ‘non-financial’ reporting frameworks. This was followed by further collaborative initiatives that sought to align, consolidate and offer a consensus around specific visions of sustainability reporting from the Value Balancing Alliance in 2019 (Capitals Coalition, 2020), the World Economic Forum’s International Business Council in 2020 (WEF, 2020), the Impact Weighted Accounts Project in 2020 (Serafeim et al., 2020), alongside the formation of the Value Reporting Foundation and its utilisation by the IFRS Foundation’s International Sustainability Standards Board, and the development of EU sustainability reporting standards from 2020.

Upon its formal dissolution in November 2021, the Corporate Reporting Dialogue referred to the “success of its mission given the upcoming consolidation of four of its seven members” (CRD, 2021:1) and described itself as “an enabler to the decision by the IFRS Foundation to form the International Sustainability Standards Board and enabler of the consolidation of the landscape” (CRD, 2021:2). This paper aims to examine these claims and assess the role of the Corporate Reporting Dialogue in the global standardisation of sustainability reporting.

Collaborative standardising initiatives such as the Corporate Reporting Dialogue present a seemingly cooperative engagement between essentially competing standardisers. They offer a means for standardisers to cooperate in pursuit of mutual advantage, rather than compete to become the sole provider of sustainability reporting standards. Yet, given the power relations between standardisers, this conceptualisation is challenged when it is unclear where the mutual advantages arise and over what timescale. Standardising initiatives that use similar terminology can obscure the politics of standardisation and the fundamental differences in the aims and objectives of standards (Guthrie, 2016; Humphrey et al., 2017). As Adams & Abhayawansa (2021:6) observe, “the debate around the future of sustainability reporting is fraught with political manoeuvres, platitudes with dissent behind closed doors, half-truths, misleading statements, meaningless compromises and disrespect for contributions to date”. The Corporate Reporting Dialogue is described as an “umbrella for dialogue on corporate reporting” (IFAC, 2017:7). Yet it is unclear who is holding the umbrella, and over whom it is positioned.

This paper analyses how the Corporate Reporting Dialogue was used to consolidate the efforts of those standardisers committed to a specific vision of sustainability reporting. As part of this analysis, the paper explores how power relations operate in collaborative initiatives that influence the agenda, direction and participation in standardising activity. In doing so, it assesses the role of the Corporate Reporting Dialogue in preparing the ground for global sustainability reporting standards.

The paper poses the following research questions: a) What was the role of the Corporate Reporting Dialogue in the global standardisation of sustainability reporting? and b) Who influences participation in and the direction of Dialogue activity?

In order to investigate these questions, the paper draws on a dataset constructed from in-depth interviews with key actors from those standardisers both inside and outside the Corporate Reporting Dialogue, documentary analysis of publications released by sustainability reporting standardisers, and observation of Corporate Reporting Dialogue meetings and events.

The findings show how the Corporate Reporting Dialogue was initially orchestrated by the IIRC who sought to develop an aligned vision of corporate accountability accordant with the <IR> framework. The results detail how the IIRC’s selection of Dialogue members sought to enhance the legitimacy of Dialogue activity. Membership ‘costs’ for powerful standardisers were minimal and they played little role in the Dialogue, yet their presence offered legitimacy to the initiative. Whilst the GRI could not reputationally afford to decline membership, its differing ideological vision on sustainability reporting meant it risked being marginalised within a group of standardisers who were predominantly committed to establishing the normativity of investor-orientated reporting based on the impact of socio-ecological change *on* firm (or ‘enterprise’) value. The findings show how the Corporate Reporting Dialogue later became a vehicle for orchestrating a harmonised worldview consistent with the recommendations of the Task Force for Climate-Related Financial Disclosure (TCFD) and key benefactors such as Bloomberg. Nevertheless, like the IIRC, the TCFD was also committed to a vision of sustainability reporting focused on detailing how societal and environmental changes may influence firm value (rather than reporting on how corporate activity is impacting the environment and society). The most active members of the Dialogue evolved into the ‘Group of 5’ whose global solution was adopted by the governing body of another Dialogue member, the IFRS Foundation, in forming the International Sustainability Standards Board.

The paper contributes to extant literature by offering a plural analysis of multiple standardisers to develop our understanding of the role and significance of collaborative initiatives in the changes surrounding the consolidation of sustainability reporting standardisation. This analysis shows how the Dialogue subtly undermined the position held by the GRI whose reporting vision, presented as one amongst many, appears as an outlier despite being the dominant sustainability reporting standardiser, and helped establish the prioritisation of a sustainability reporting worldview based on investor-oriented enterprise value creation. The case also highlights the influence of specific orchestrators in these developments, and reveals the influence of ‘philanthrocapitalism’ (McGoey, 2012) on the direction of sustainability reporting. The paper contributes to our understanding of the role of legitimacy generation in standard-setting. Whereas prior literature generally focuses on individual standardisers and how they generate legitimacy for their standards through due processes that present themselves as technical, neutral, and non-political, this paper focuses on how collaborative standardising initiatives offer another means to generate input legitimacy. In this case, the Dialogue is used to generate legitimacy for what was the ‘minority’ view in sustainability reporting which was at odds with most sustainability-reporting practice. Finally, the paper explicates the mechanisms through which covert power is exercised within sustainability reporting standardisation and extends the sites of power to consider collaborative initiatives. The analysis shows how orchestrators use funding and membership choices to define the boundaries of discussion by influencing who is at the table, what is on the agenda and what activity is undertaken. In doing so, the paper depicts standardisation through assimilation and not only through conquest, where covert power often relies on the use of bodies that can heighten the appearance of consensus and attain what cannot be legitimately achieved through direct force.

The next section positions the study within existing standardisation literature and develops the conceptual notions used to explicate the analysis. Section 3 describes the methods used in the investigation before section 4 introduces the Corporate Reporting Dialogue project, and analyses its aims, implementation and the events influencing its direction. Section 5 discusses the implications of the analysis for the standardisation of sustainability reporting and presents the contributions of the study before offering concluding remarks.

# 2. Standardisation, Orchestration and Power

This section commences by examining prior literature from organisation studies, financial accounting and sustainability reporting to understand the roles played by standardisers in the standardisation process, before considering the means by which collaborative standardising initiatives are convened, organised and directed. Here, the paper elaborates on conceptions of ‘power over’ and considers how they can be exercised through orchestration and meta-organising in order to frame the ensuing analysis of the Corporate Reporting Dialogue and its role in the global standardisation of sustainability reporting.

2.1 Standards & Standardisation Processes

Within corporate sustainability reporting, standards define how specific aspects of corporate activity that interact with ‘sustainability’ are selected, and prescribe how that activity is measured and reported. Like other compatibility standards, governments have devolved responsibility for setting corporate reporting standards, in varying degrees, to private sector ‘independent’ national and supranational bodies (Chiapello & Medjad, 2009). For corporate financial reporting, competition between standardisers is constrained by national, legal or capital market requirements that limit those standards that firms can adopt. Within corporate sustainability reporting, global firms can generally adopt any standard and competition among standardisers remains largely unconstrained. Given this competitive landscape, non-governmental, private-sector standardisers must therefore persuade third parties to use, recommend or enforce their standards (Ahrne et al., 2000). In doing so, they must build confidence in the standardising organisation, persuade adopters that the standards will benefit them, and show there is support from other significant actors (Henning, 2000). As standardisers have often supplanted government regulators, they are often characterised as playing a mundane function where politically disinterested groups of technical experts generate optimal standards (Higgins & Hallström, 2007).

Within corporate reporting, private standardisers must establish perceptions of legitimacy and convince their audiences that the ‘technical’ work of standard-setting remains untainted by politics: “regulatory objectivity, with its claims of neutrality and impartiality, thus acts to protect expertise from the pollution of politics” (Young, 2014: 717). To generate legitimacy, accounting standardisation processes rely heavily on the ‘expertise’ of individuals and organisations characterised as technical, neutral and independent (Malsch, 2013; Young, 2014). This is particularly prescient in forming sustainability reporting standards given the political dimension of such reporting in providing visibility to the relations between firms, society and the environment, and the ambiguous nature of ‘sustainability’ in offering a wide array of interpretations (Gray et al., 1995).

Due process procedures that prescribe who can participate, how views are gathered, how views are considered and how decisions are made are theorised to generate different forms of legitimacy across the standardisation cycle (Richardson & Eberlein, 2011; Malsch, 2013; Young, 2014). Input legitimacy is generated through open consultation and by enabling affected parties to have equal input opportunities; throughput legitimacy is generated from procedural fairness, transparency and ensuring constituents’ views are materially considered; and output legitimacy is generated from those standards that enhance common welfare (Botzem & Dobusch, 2012; Albareda, 2013; Pelger & Speiß, 2017). The formation of standards and their diffusion can also recursively influence each other (Botzem & Dobusch, 2012). For example, standardisers can gain input legitimacy by being inclusive, which itself generates output legitimacy as their standards get adopted (due to inclusive participation).

The importance of establishing legitimacy in sustainability reporting can be observed in studies analysing specific standardisers. In the context of integrated reporting, Humphrey et al. (2017) observe the ‘boundary work’ used by the IIRC to soften distinctions between its own vision and those of other standardisers in order to reduce a perceived threat of colonisation and gain legitimacy and support. Studies focused on the emergence of the GRI emphasise how it sought support and cooperation through inclusiveness, participative decision-making and by not seeking to challenge existing institutions and belief systems (Brown et al., 2009; Etzion & Ferraro, 2010; Levy et al., 2010). However, whilst rhetorical strategies can be used to maintain ideological flexibility over the meaning of ‘sustainability’ and thereby generate support, these studies infer that the inclusive quest for ‘input legitimacy’ can weaken ‘output legitimacy’ (Brown et al., 2009; Etzion & Ferraro, 2010).

The focus on technical expertise, and the due processes used to establish legitimacy can mask the ethical and political dimensions of standardisation and obscure the power relations influencing specific standards (Walker & Robinson, 1993; Young, 2003; Young, 2014; Warren et al., 2020). Accounting standard-setting remains political in nature (Kwok & Sharp, 2005) and the technical knowledge inscribed into a standard is local and situated within its social and political context. As Hope & Gray (1982) note, there is little to be gained by treating the deliberations of policy-making bodies as purely technical.

Furthermore, the nature and timing of participation in due processes is generally controlled by the standardiser (Young, 2014) and participation can favour privileged actors with greater access to resources (Botzem & Dobusch, 2012). Within sustainability reporting standardisation, accountants can use their epistemic authority and control of specialised accounting knowledge to arbitrate in disputes between investors and civil society over issues such as materiality, ‘capital’ and users (Thistlethwaite & Paterson, 2016). Tensions arise when ‘neutral’ experts represent particular interests or epistemic communities committed to specific knowledge templates, ideologies and political values (Baudot, 2018; Hallstrom, 2000). Whilst standards can support a particular set of values, they don’t leave an audit trail explaining their rationale (Fischhoff, 1984).

Standards act as instruments of power (Mattli & Büthe, 2003; Bengtsson, 2011) and power relations influence how accounting standards are constructed (Cooper & Sherer, 1984; Cousins & Sikka, 1993; Broadbent & Laughlin, 2002; Durocher et al., 2007; Contrafatto et al., 2020). Private standardisers cannot constrain power over distributional conflicts but interest groups are redirected into a proxy battle over control of the standardiser itself (Mattli & Büthe, 2003). The control of accounting standard-setting bodies (via their values, vocabulary and agenda) therefore provides the means to define those issues that will receive attention or be marginalised (Sikka, 2002). Power relations influence what is and what is not on the regulatory agenda, and the nature of the choices available.

Given the political nature of sustainability standards and their ability to provide visibility to potentially harmful corporate activity, and resultant shifts in support and resources, power relations are likely to be significant. As a key theoretical construct in the political economy of accounting regulation (Cooper & Sherer, 1984; Kwok & Sharp, 2005; Carter et al., 2010; Bengtsson, 2011), conceptualisations of ‘power over’ emphasise how the role of funding, participation, agenda-setting and ideology can influence the standard-setting process. The means by which power relations can operate is illuminated by the work of Lukes (2005) who sought to differentiate the normative assumptions upon which existing accounts of ‘power over’ were based and, in doing so, classified ‘power over’ into three dimensions: a 1-D view, exemplified by Dahl (1984), referred to overt demonstrations of power where observable conflict is seen by participation in the decision-making process; A 2-D view recognised more covert applications of power where agenda building, agenda-setting and the mobilisation of covert bias could facilitate some decisions and exclude others (see Bachrach & Baratz 1970); and a 3-D view extends the analytical scope to consider the power relations that encompass non-decision making such as how particular issues are not brought onto the agenda due to extant perceptions of power (Lukes, 2005). Lukes classification of ‘power over’ has been extended (Fleming & Spicer, 2014) with the introduction of a fourth dimension – subjectification – that captures the influence on one’s sense of self through normalising discourses and surveillance that invoke self-regulation. Whilst due processes are used by standardisers to demonstrate legitimacy, power relations remain as an underlying influence on the formation of consensus, and the boundaries within which a standard may be constructed.

Lukes’ conceptualisation and classification of power has been commonly used in research analysing accounting regulation and standardisation (Hope & Gray, 1982; Merino et al. 2010; Malsch & Gendron, 2011; Carter et al., 2011; Zhang et al., 2012; Rowbottom & Schroeder, 2014). In this paper, the focus moves away from 1-D views of power that assume all actors in the decision-making process operate under conditions of perfect competition, and is placed on more covert dimensions of power. Whereas prior literature generally examines individual standardisers and how they generate legitimacy for their standards, this paper focuses on how power operates within collaborative standardising initiatives that comprise of several different standardisers, each with their own respective standards. The analysis therefore focuses on how collaborative initiatives are used to set the agenda, direction and legitimacy of specific sustainability reporting standardisation activity. In the next subsection, the paper proceeds by considering how legitimacy generation, power relations, consensus-building and standard-setting are influenced by, and can operate within, collaborative initiatives.

2.2 Mechanisms of Covert Power within Collaborative Initiatives

Collaboration enables standardisers to increase the legitimacy of their standards in the eyes of users and regulators. By offering a consensual position, standardisers can therefore seek to establish the normativity of specific visions of sustainability reporting (Bebbington et al., 2012). Nevertheless, accounting literature highlights the limits of consensus in depoliticising the political and naturalising the prevailing order (Farjauden & Morales, 2013; Vinnari & Dillard, 2016; Brown & Tregidga, 2017). Idealistically, collaborative initiatives can enable agonistic discourse that can generate new standards as divisions and conflicts are addressed (Brown, 2009; Vinnari & Dillard, 2016; Morrison et al., 2019). More pessimistically, the control of such initiatives can be used to manufacture consent (Merino et al., 2010) where differences in resources, power and representation can lead to inequalities of influence on standard formation. Contextual factors, asymmetric power relationships and the dominant hegemonic order will frame due process and decide who has a voice and who is excluded (Carter et al., 2011; Vinnari & Dillard, 2016; Morrison et al., 2019).

The discourse of consensus can conceal the interests of dominant actors, and generally represents a compromise where certain groups impose their interests on others. More specifically, consensus-based approaches can lead to a political economy dominated by ‘post-politics’ where consensual frames eliminate genuine political space for disagreement (Brown & Tregidga, 2017). Drawing on Rancière, Brown & Tregidga (2017) argue that consensus-based approaches assume away the existence of dissenters given everyone is included in consensus building – those who don’t join in (by conveying their arguments in terms of the dominant consensus) are marginalised or ignored. Dominant groups set the rules of the game where consensual outcomes are based on power and closure is a political decision (Farjauden & Morales, 2013; Vinnari & Dillard, 2016). Where politics and conflict are suppressed, power relations remain unchallenged. As a result, Brown & Tregidga (2017:14) recommend exploring “the processes through which consensus is constructed or contested?”.

The paper therefore seeks to explore how consensus-building and the power relations supporting it operate within sustainability reporting. As Fleming & Spicer (2014:284) note, a focus on collective action can “help us to appreciate the way groups seek to gain power ‘through’ organisations” where covert 2-D power often relies on the use of mediating bodies that can heighten the appearance of democratic deliberation and the legitimacy of standardising activity. Following this line of reasoning, the paper continues by examining specific mechanisms, orchestration and membership choices, through which more covert dimensions of power are exercised within collaborative standardising initiatives.

Orchestration is generally conceptualised as a strategy of indirect governance undertaken through intermediaries using soft modes of influence to facilitate, guide, support and endorse (Abbott et al., 2015; Abbott & Bernstein, 2015; Backstrand & Kuyper, 2017; Abbott, 2017; Abbott, 2018; Eberlein, 2019). Within sustainable development governance, orchestration is widely used by supranational bodies such as the UN, the G7 and G20, alongside NGOs, private organisations and philanthropic foundations (Abbott & Bernstein, 2015; Abbott, 2017; Gordon & Johnson, 2017; Backstrand & Kuyper, 2017; McGoey et al., 2018; Kourala et al., 2019).

Whilst orchestrators can promote “common normative understandings and policies” in order to “resolve inter-institutional impasses” (Abbott & Bernstein, 2015:229), “without orchestration, competition between various platforms and hence confusion for firms, would persist” (Eberlein, 2019:1136). Orchestrators use their ‘convening’ power to enlist existing intermediaries or catalyse the formation of new ones that become ‘focal point’ institutions around which standards converge (Abbott et al., 2015:14; Gordon & Johnson, 2017; Abbott, 2018). The orchestrator is characterised as having no direct control over intermediaries and must use legitimacy, persuasion, reputational and material incentives to enlist their cooperation and steer activity (Abbott et al., 2015). Yet, convening, persuasion and endorsement are more influential where the orchestrator possesses significant validity and authority from its ability to mobilise resources, and from its position, achievements, expertise and moral reputation (Abbott, 2018).

Orchestration therefore offers a means to distribute power through funding, representation, support and endorsement. The convening power of orchestration (Gross & Zilber, 2020) enables orchestrators to direct the ways in which issues are ideologically constructed and influence how agendas are built. Within standardisation, orchestrators can decide ‘what is on the table’ and influence the agenda of standardising activity. Furthermore, orchestrators can decide who is invited to the table. Within collaborative initiatives, such membership choices concerning who is invited and who joins are theorised within conceptions of ‘meta-organisation’ that depict the distinct organising characteristics of organisations whose members are other organisations rather than individuals (Ahrne & Brunsson, 2005; 2008).

The decision to join a collaborative standardising initiative depends on the contribution that members are expected to make – expected contributions are often initially limited and members have the means to influence the costs and benefits of membership (Ahrne & Brunsson, 2005). Given their low ‘joining fee’ and opportunity for exerting influence, membership is often more attractive than non-membership. Whilst the membership structure is linked to the rationale behind the establishment of the initiative, “attracting the right categories of members, and recruiting and keeping the strongest ones, are crucial strategic issues” (Berkowitz & Dumez, 2016:151). It is therefore important to recruit specific standardisers - “the fact that some organizations are members attracts other organizations to join” (Ahrne & Brunsson, 2005:437). Therefore, membership becomes political as orchestrators can influence the voices and interests that are represented (Fransen & Kolk, 2007)

For members, participation is influenced by whether organisations can achieve things on their own (Ahrne & Brunsson, 2005). Therefore, weaker standardisers have more to gain from membership than stronger standardisers. Furthermore, organisations may decide to join “as a precaution and because they do not want to be left out” and “some may even join so as to be able to stop certain activities” (Ahrne & Brunsson, 2005:434-435).

Conflicts can be profound given that the role of the collaborative initiative is often directly in competition with the aims of some members and tensions may arise over questions of identity, visibility and who should do what. Given decisions are guided by persuasion and consensus, it is difficult to impose decisions, or to expel members (Ahrne & Brunsson, 2008). Members generally remain and there are few institutionalised rules for dismissal (Ahrne & Brunsson, 2005).

Whilst orchestrators can direct who participates, ‘meta-organising’ theorises the nature of membership within collaborative initiatives. For example, stronger members are essential to the legitimacy of the collaborative initiative yet have less to gain from participation than weaker members. However, it is the presence of stronger members rather than their active participation that offers legitimacy.

Although legitimacy can be attached to the pronouncements of collaborative initiatives that are perceived to emerge from consensual debate, the role of the orchestrators and associated power relations may be obscured. Both orchestration and membership choices act as mechanisms through which covert power can be exerted within collaborative standardising initiatives. This motivates a need to consider who orchestrates, in the service of whose objectives and “incorporate the more subtle forms of power that underlie seemingly benign efforts to coordinate actions and metrics” (Gordon & Johnson, 2017:708).

The paper therefore explores the mechanisms through which covert power is transmitted in collaborative initiatives to pursue the research questions posed in section 1: a) What was the role of the Corporate Reporting Dialogue in the global standardisation of sustainability reporting? and b) Who influences participation in and the direction of Dialogue activity? The paper examines the membership choices, influences and power relations obscured by orchestration and the technification of standard-setting, and reveals the dynamics influencing the orchestration of the Corporate Reporting Dialogue. In doing so, the study demonstrates how covert power operates within collaborative standardising initiatives to help understand the process of sustainability reporting standardisation within the era of collaboration and consolidation, and the role of the Corporate Reporting Dialogue in particular. In the following section, the paper continues by detailing the methods used in this investigation.

# 3. Research Methods

To pursue its aims, the paper adopts an interpretive approach, draws on a detailed, qualitative case study of the Corporate Reporting Dialogue and builds a dataset constructed from 20 in-depth interviews, documentary analysis and observation.

The interviews were used to gather detailed insights on how the Corporate Reporting Dialogue was convened and operated, and interpretations of how the wave of standardising initiatives influenced the standardisation of sustainability reporting. A purposive sample of interviewees sought to identify key actors involved in the Corporate Reporting Dialogue, plus those active in the sustainability reporting arena outside the Dialogue to gain alternative perspectives and explore potential ‘disconfirming cases’ (Solarino & Aguinis, 2021). Therefore, one set of interviewees was identified as having significant involvement in the Dialogue and representing its member bodies. A further set of interviewees outside the Corporate Reporting Dialogue were identified as active in the standardisation of sustainability reporting through membership of other significant ‘sustainability’ initiatives. From this purposive sampling, 13 interviews were conducted with individuals who are active members of the Corporate Reporting Dialogue, 5 interviews were conducted with individuals representing established transnational standardising bodies who were not members of the Dialogue but provide guidance on the relationship between corporate activity and sustainable development. A further 2 interviews were undertaken with other actors active in the sustainability reporting arena who represented professional accounting bodies and preparers (see Table 1). Non-Corporate Reporting Dialogue bodies represented by interviewees include the TCFD, World Business Council for Sustainable Development, UN Global Compact and the UN Principles for Responsible Investment. Interview data saturation was judged to be reached when little or no new information could be garnered (Guest et al., 2006). Although ethical responsibilities for data access and usage preclude giving specific details on individual participants to protect their identities, the interviewees represented chairs and heads of specific standardisers, technical directors and project managers – interviewee codes are designated in Table 1. As several interviewees also represented other organisations via technical working groups or secondments (and many had represented other organisations in the past), their ‘institution’ is identified in accordance with their main role at the time of the interview. On average the interviews were 58 minutes long and took place between April 2019 and March 2020.

Table 1: Interview Participants

|  |  |
| --- | --- |
| **Institutions (and Acronyms)** | **Interviewees** |
| Corporate Reporting Dialogue  Carbon Disclosure Project (CDP)  Climate Disclosure Standards Board (CDSB)  Global Reporting Initiative (GRI)  International Accounting Standards Board (IASB)  International Integrated Reporting Council (IIRC)  International Organization for Standardization (ISO)  Sustainability Accounting Standards Board (SASB)  US Financial Accounting Standards Board (FASB) | C1-C13 |
| Non-Corporate Reporting Dialogue  Transnational Reporting Standardisers  Multinational Accounting Firms  Professional Accountancy Bodies | S1-S7 |

Before each interview, research was undertaken on the professional history of interviewees and their specific roles in relation to sustainability reporting standardisation to understand their different perspectives and the context surrounding their responses (Solarino & Aguinis, 2021). The interview format was loosely structured where interviewees were invited to discuss their views on, and understanding and operationalisation of, the Corporate Reporting Dialogue, its member bodies and how they perceived it affected sustainability reporting standardisation. The discussion moved on to gathering perceptions on the role of other standardisers and collaborative standardising initiatives, whilst subsequent questions were derived from their responses and their particular roles and experiences. The interviews were recorded, transcribed, analysed and coded in NVivo.

The evidence base was also supported by documentary analysis of all materials (reports, standards, frameworks, minutes) published by the Corporate Reporting Dialogue and its active members from 2013 until December 2020. This was augmented by analysis of the documentation published by other standardisers and initiatives seeking to offer or comment on visions of sustainability reporting and its potential alignment. These included the publications of supranational bodies and initiatives such as the World Business Council for Sustainable Development, TCFD, the World Economic Forum, the UN Global Compact, and the UN Principles for Responsible Investment, plus multinational accounting firms and global professional accountancy bodies. The dataset also draws on observations of proceedings and interactions at a Corporate Reporting Dialogue roundtable meeting and six webinars hosted by the Corporate Reporting Dialogue or featuring presenters from their member bodies that took place between 2019-2021 – observation notes were made during the events, and are designated O1-O7.

In order to systematically interpret the dataset, the first stage of the interview analysis involved listening to the audio recordings, examining interview notes and reading the transcriptions. The interview coding process and the drafting of analytic memos were then used to separate and sort the dataset, and inductively allow specific themes to emerge. Initial higher-level, holistic first cycle coding was based on descriptions, events and actions whilst structural coding sought to identify common patterns and concepts that were identified within the dataset (Gioia et al., 2012; Saldaña, 2016). The next stage sought to consider the analytic memos, and evaluate and group together codes to develop a smaller number of detailed themes and consider their theoretical conceptualisation – this stage involved an iterative process of reflection and ongoing refinement during the development of the manuscript. For example, the coding of accounts of the convening role of the IIRC was related to orchestration, whilst Dialogue membership choices were related to meta-organising. During this stage, attempts were made to identify alternative or contradicting views and observations, and relationships between themes. The interrelated development of the theoretical framing and empirical themes then dictated the narrative structure of the analysis and the selection of quotes exemplifying the different themes (Gioia et al., 2012). The narrative is then presented chronologically in order to capture the developing nature of the Corporate Reporting Dialogue and the process of change in sustainability reporting (Langley, 1999).

The documentary evidence was also used to identify historical events and key issues whilst triangulating facts and events discussed in the interviews to help develop the themes. Observation notes were used to identify current and emerging issues, and the interaction between actors representing different standardisers. The interview evidence, presented alongside evidence from documentary analysis and observation notes, is disclosed in the next five-part section of the paper that considers how the Corporate Reporting Dialogue evolved over time.

# 4. Analysis

In the following subsections, the dataset is used to analyse the role of the Corporate Reporting Dialogue in the standardisation of sustainability reporting. Subsection 4.1 examines how covert power is exercised by analysing how the IIRC orchestrated the Corporate Reporting Dialogue and draws on conceptions of meta-organising to examine its membership choices to understand who influenced participation in the Dialogue. Subsection 4.2 explores how consensus-building was limited by the differing interests of Dialogue members that influenced their contributions to Dialogue activity, thereby exposing the limits of gaining a consensual position. Subsection 4.3 reveals how powerful actors such as the TCFD and Bloomberg became involved in the Dialogue, and analyses how they influenced standardising activity through covert power mechanisms of orchestration and funding. The final subsections examine the latter stages of the Dialogue, and explore how the Dialogue influenced later initiatives that became significant in forming the blueprint adopted by the International Sustainability Standards Board.

4.1. Orchestrating the Corporate Reporting Dialogue – Membership Choices

The IIRC had specifically identified the variability and lack of standardisation in existing reporting initiatives as a motivation to develop an overarching reporting framework and facilitate convergence to a consistent, comparable, integrated format to avoid duplication (C1, Accounting for Sustainability, 2010; IIRC, 2010). They sought to “forge a global consensus on the direction in which reporting needs to evolve” (IIRC, 2011:7) and create the “corporate reporting norm” (IIRC, 2013b:2). In doing so however, the IIRC faced a dilemma: during its development, they had explicitly positioned <IR> as being distinct from existing corporate reporting frameworks. However, like other standardisers, they faced pressure to demonstrate how their <IR> framework linked with other standards (Rowbottom & Locke, 2016). As Humphrey et al. (2017:49) note, “the core aim was to construct a stable and solid network of support around collective claims to expertise in the integrated reporting space”.

By 2013, the IIRC expressed an intention to “work collaboratively with other reporting initiatives, frameworks and innovations… to provide greater clarity to the market and achieve greater momentum towards the adoption of Integrated Reporting” (IIRC 2013a:1). As phrased by one interviewee,

“, okay, now we have the framework of IIRC, how do we advance this discussion with all the standard-setters in the space.” (C4)

As Humphrey et al. (2017) document, the IIRC sought to consolidate their vision of reporting through Memoranda of Understandings, interlinkages and cross-representation with specific standardisers, whilst downplaying the ideological differences between the IIRC and others. By 2014, the IIRC sought to collectively engage other standardisers by orchestrating a formal body that could act as a vehicle for collaboration and alignment. The Corporate Reporting Dialogue was convened by the IIRC, comprising eight members (CDP, CDSB, FASB, GRI, IASB, ISO, SASB plus the IIRC) and officially launched at the International Corporate Governance Network annual conference in Amsterdam on 17 June 2014. Dialogue participants noted that:

“The IIRC has been the convening body. Initially it was their idea and it was born out of a sort of feedback that every organisation has received which is that there can only be so many different organisations in this space.” (C2)

“Clearly the IIRC has focused on this and decided that the Corporate Reporting Dialogue is the current vehicle that *it will use* for trying to bring about some sort of alignment, or common understanding of what these elements actually are.” (C10 *emphasis added*)

During its inception, the Dialogue was initially chaired by Huguette Labelle, Chair of Transparency International and an IIRC board member, and the secretariat was provided by the IIRC (C1, C4). Although depicted as a collaborative initiative, the ‘convening’ power resided with the IIRC, as the initial orchestrator.

“I think ‘convened’ was quite a clever word because they didn't want to almost be saying, well we have set it up and it's an IIRC thing and we're trying to rule the world. I think they were very conscious that there were maybe tensions between different aspects and different standard-setters.” (C9)

As the orchestrating standardiser, the IIRC retained a key influence over membership choices that dictated who was at the ‘table’, who was absent and what agenda the Dialogue might pursue.

“Who decides who’s there? I remember we had some of these discussions at the IIRC. Okay, so we need to have this corporate dialogue. Who do we have at the table, who are the main players? Or, should we have all players? Do we have just an emergent guy that is setting a standard? It’s difficult and a lot of that is where the real politics comes in… You feel that if you are not on the table you are part of the menu.” (C12)

Interviewees describe how the IIRC sought to use the Corporate Reporting Dialogue as a means to bring in and assimilate the competition. For example,

“[The Dialogue] emerged because of the confusion but also the sense of competition that was created by, but due to, the IIRC’s inception. I know that at the time, GRI already said what IIRC is doing is what we capture so why would we need an IIRC? [The IIRC Chairperson] smartly invited GRI to the table and said ‘yes, of course, but you’re part of reporting’… There emerged this sense of competition, that one wanted to win over the other and that’s where IIRC decided, let’s convene a meeting, a dialogue…” (C8)

However, interviewees also questioned the motivations of some existing standardisers in joining the Corporate Reporting Dialogue, who had more resources and power than the IIRC:

“The IIRC did seem like having enough personalities at a high level to be able to put some order in the house… I think there might be a struggle and unwillingness from some standardisation bodies, in particular very large and powerful ones, to say, “Okay, now we’ll play the game with these little boys here, this little initiative that is just four or five years.” (C12)

One powerful standardiser, the IASB, became part of the Corporate Reporting Dialogue, despite the perception that the IASB’s provision of Management Commentary guidance offered a rival to the IIRC in seeking to inform on the risks and opportunities associated with corporate value creation from the perspective of financial investors. By this time, early pressure was also being placed on the IASB’s governing body (the IFRS Foundation Trustees) to offer specific sustainability reporting standards (IFRS, 2012).

“There is, of course, power games and … and I’m aware of some of them. There was a huge power game between, for example, IASB and the IIRC… The [IASB] have much more power in practice… Then, you have [the IIRC] coming and saying, ‘actually, no, you are just one of the capitals. You are now subsumed, just like the environment or sustainability, within our umbrella accounting and reporting framework’. Yes, I think that generated some tensions” (C12)

Whilst the Corporate Reporting Dialogue was comprised of ‘8 principal organisations’, only seven members were initially active. From its inception, the ISO had observer status. The inclusion of the ISO was depicted as a defensive strategy – one of keeping your friends close, but your rivals closer.

“Back in [approximately] 2011/12, [ISO] said we’re going to develop a standard on sustainability. That got quite a few people frightened about it at first: ISO, this big organisation, and what does it mean for our position?... They tried to get connected and involved and follow that with deeper interest because they were just scared that ISO would take over... more as a kind of defence mechanism, I think they chose to involve ISO - better get them to the table than letting them do their own thing as they are so big and global.” (C8)

Whilst the GRI was a founding member, it stood out as a standardiser not committed to standards aimed only at reporting issues considered material to financial investors (C4, C5, C7, C8, C9, S6). Nevertheless, consistent with meta-organising membership choices discussed in section 2, the Dialogue gained legitimacy from the GRI’s inclusion, whilst the GRI risked losing legitimacy from not being part of initiative, particularly given the low joining costs.

“If GRI were not part of [the Dialogue] it might not be to GRI’s advantage to boycott or to just not participate in a conversation like that. It might do some harm to GRI as well. But I think it would quite obviously limit the value of whatever outputs come from it if GRI wasn’t part of it.” (C3)

The majority of other member organisations all held a commitment to only reporting on how social and environmental issues might impact the company (IIRC, CDSB, SASB, FASB and IASB), and only where those impacts were considered material to the decision-making of financial investors. In demonstrating how orchestration and membership choices provide mechanisms through which covert power can be exercised, the selection of Corporate Reporting Dialogue members was described as ‘political rather than conceptual’ (C8). Several interviewees also referred to the role of other standardisers that were not members of the Corporate Reporting Dialogue, such as the UN Global Compact, the Organisation for Economic Co-operation & Development, the Capitals Coalition, the World Business Council for Sustainable Development, the World Intellectual Capital Initiative, alongside investor groups and companies themselves (S1, S2, S4, S5, C11).

As shown in the next subsections, much of the Dialogue’s work was undertaken by five bodies (IIRC, CDSB, CDP, SASB and GRI). Nevertheless, by bringing in potential competitors, and standardisers with strong existing reputations, the Corporate Reporting Dialogue was perceived to gain legitimacy.

4.2 The Limits of Consensus

Whilst the Corporate Reporting Dialogue aimed to provide a forum for communication between standardisers and identify areas in which frameworks could be aligned, doubts were expressed about the degree of alignment, harmonisation and consolidation that might be possible. Many seemed to believe ideological differences, competitive tensions and institutional barriers amongst members meant that its scope for collective action was limited (C2, C6). For example,

“The problem is of course much more about existing organisations with boards, with different business models, with different funders etc. It’s not just the content that is standing in the way of convergence and merger, it’s also the fact that there are existing organisations with their own organisational interests.” (S2)

“It’s always going to be limited in what it can achieve when the governance structures and the political will of the organisations differ… Someone at some point said ‘someone just needs to let go and give up’. I understand where that’s coming from but I don’t think any of the organisations are ever going to be willing to let go and give up on what they feel is the right approach.” (C4)

Given its membership there was a belief that the Dialogue could offer little more than a ‘talking shop’ that would offer the external world a sheen of legitimacy given it had been forged within a collaborative, consensual, consultative process. For example,

“We’re going to get you in, we’re going to consult with you, you’re going to talk to us a little bit, we’re going to release a paper, it’s going to look like it’s incredibly consultative.” (S7)

As discussed in section 2, the Dialogue offered the means to present a ‘post-politics’ style consensus on sustainability reporting to the outside world, and establish the authority and normativity of that consensual vision in the eyes of regulators, investors and preparers. In attempting to build a consensual position, a first report, a ‘Landscape Map’, sought to show how the standardising guidance disclosed by Corporate Reporting Dialogue participants could fit into the <IR> framework (CRD, 2014). Within this document, the hidden power relations within the Corporate Reporting Dialogue begin to emerge. The report judges how other standardisers conform or not *to* the IIRC worldview - ‘the scope of a standard or framework through the lens of <IR>’ – rather than how <IR> could fit into other frameworks.

The next project, ‘A Statement of Common Principles on Materiality’, sought common approaches in the use of materiality to guide what should be reported by firms (CRD, 2016). Early signs of the approach that became the future blueprint for the International Sustainability Standards Board were apparent.

“There’s a number of ways you could do [materiality]. You could look at the investor first and then expand, or you could look at the whole lot first and then come back and have a look at what the investor needs out of the total thing... The IASB is definite that they’re doing it for the investor so if we’re going to link the IASB and the work we’ll have to look at it from that point of view” (C11)

However, by this time, any concession to an aligned position amongst all Dialogue members was rejected by the US national accounting standard-setter, the FASB.

“[FASB] struggled to sign it because it wasn’t the exact FASB words. They decided not to undersign.” (C8)

By 2017, the FASB had become an ‘observer’ rather than a participant after the change in the US presidential administration deprioritised international alignment (C8, C11). With the FASB and ISO remaining in the Dialogue only as observers, the burden of activity was placed on the remaining six members and the Dialogue commenced work on a project aligning the climate-related metrics of CDP, SASB, GRI and CDSB in 2017.

As discussed in subsection 4.1, much of the activity was undertaken by those members with the most to gain from collaboration. Whilst the inactivity of two powerful standardisers potentially limited the legitimacy of any consensual position formed by the Dialogue, the collaborative initiative was seen as attractive to other orchestrators and funders as a vehicle to align and consolidate sustainability reporting accordant with their visions.

“There are some other funders who are beginning to come into the conversation and say that’s what they want to see and if that could be done, resources may be provided to support such an activity.” (S5).

4.3 The Entry of New Orchestrators

By late 2017, an apparently unexpected turn of events led to a change in focus for the Corporate Reporting Dialogue. The TCFD emerged on 4 December 2015 at the Paris UNFCCC Conference of Parties after the G20 had requested that the Financial Stability Board convene public and private-sector actors to review the disclosure of climate-related issues (TCFD, 2017; O’Dwyer & Unerman, 2020). Its genesis can be traced back to 2011 when a ‘Private Sector Taskforce of Regulated Professions and Industries’ (including the IASB) made recommendations in a report to G20 deputies that sought to address regulatory fragmentation (Private Sector Taskforce of Regulated Professions and Industries, 2011). This encouraged the G20 “to encourage and support the development, adoption, implementation and consistent interpretation of globally accepted high-quality international standards” for corporate reporting (Private Sector Taskforce of Regulated Professions and Industries, 2011:3).

Whilst the Financial Stability Board asked the TCFD to focus on the consistency of disclosures and consider their target audience, it also explicitly noted that the TCFD should not add to the growing body of existing disclosure standards (TCFD, 2017). In its interim and final reports, the TCFD recommended corporate disclosures relating to climate-related risks and opportunities within the ‘front end’ of the corporate report and made links to the standards of existing bodies such as the CDP, CDSB, GHG Protocol, GRI, IIRC and SASB (TCFD, 2016; TCFD, 2017; TCFD, 2018). Given the powerful political backing for the TCFD via the Financial Stability Board and the G20, it received great interest amongst standardisers and offered a focal point to which reporting initiatives sought to attach themselves in the hope of validation and legitimacy. For example, three members of the Corporate Reporting Dialogue, SASB, CDSB and CDP issued papers noting how their approaches are well-aligned with the TCFD recommendations (IASB, 2017b; CDP & CDSB, 2019).

The specific influence of the TCFD over the direction of the Corporate Reporting Dialogue began to crystallise in 2017 when representatives proposed that the Dialogue commence a ‘Better Alignment’ project that specifically mapped their standards to the TCFD recommendations, and identified areas for alignment. As depicted in depth by interviewees, the TCFD’s involvement was apparently unplanned and unexpected.

“I said wouldn’t it be a good idea to invite the TCFD to our meeting as we are in New York. We invited them and they came to talk about TCFD and its objectives and also where they looked for more harmonisation. Then in that meeting, Bloomberg Foundation was present too. Afterwards they started to talk about ‘yes, we might think of a project that the Corporate Reporting Dialogue could run as you're all at the table. You might help in achieving *our* objectives to get one set of information on climate related risks that investors can use and recreate one data platform’. That was how got it triggered.” (C8 emphasis added).

“The Better Alignment project kind of came out of the blue. We held a meeting… in April 2017, and we invited TCFD to come along to explain to us what they were doing and how we could help and how they could help us, all that sort of thing. It was a good meeting. About four of them came along and … but, at the end of it the Bloomberg representative… said quite out of the blue, without being asked that they would be interested in funding a project on alignment. So, it took us about a year and a half to actually negotiate the project and get an agreement with the two funders… That’s how the Better Alignment project came about.” (C11).

On 7 November 2018, the Corporate Reporting Dialogue announced that its ‘Better Alignment Project’ would seek areas for alignment between the standards of the IIRC, CDSB, CDP, SASB and GRI. Bloomberg Philanthropies and another anonymous donor equally granted a total of $1.6M for 2 years (O2)[[5]](#footnote-5). The first phase aimed to map each standardiser to the TCFD recommendations, and seek areas of integration and alignment. The second phase aimed to reduce ‘reporting fatigue’ and map disclosures between standards (O1). As noted by interviewees, the entry of a new powerful orchestrator with significant global political power and resources led to a change in the focus of Dialogue activity (C4, C5, C12).

The TCFD also appeared to be heavily influenced by Bloomberg. Michael Bloomberg was the founder and majority owner of Bloomberg LP, chair of the TCFD and UN Secretary-General Special Envoy for Climate Action. The TCFD was based at Bloomberg LP’s New York City headquarters and, by 2019, five of the seven TCFD secretariat worked for Bloomberg LP (TCFD, 2019).

“When they did their final report, the TCFD said in chapter E that there are some things we haven’t been able to tackle and one of those things is how to get more standardisation amongst the voluntary frameworks. And since Mayor Michael Bloomberg was the co-chair, I think Bloomberg decided to spend some money on addressing exactly that point... and this is the outcome.” (S3)

Michael Bloomberg’s influence was described by one interviewee as “interesting” given “he is also a sponsor of some of the organisations individually” (C5). For example, he was the chair emeritus of SASB’s Foundation Board whilst Bloomberg LP was a SASB ‘founding partner’ “providing crucial expertise from Bloomberg specialists and significant grant support from Bloomberg Philanthropies” (Bloomberg, 2019a:3 nnr111). Bloomberg LP also served “as a consultant and funder” to the Corporate Reporting Dialogue (Bloomberg LP, 2019b:14), whilst Bloomberg’s philanthropic foundation, Bloomberg Philanthropies, provided one half of the funding for the Better Alignment Project.

Bloomberg LP’s former sustainability manager, who also formed part of the TCFD Secretariat, opined on their approach. “There’s a tremendous lot of sustainability information out there that is disclosed by a lot of companies, but that’s not specifically *designed for investors*… We thought that because of our unique relationship with companies and investors and because of our founder, Mike Bloomberg, we had a role to play in sorting through and helping develop standards (Green, 2017:3 *emphasis added*). As a consequence, interviewees referred to the power and influence of Bloomberg in driving the Corporate Reporting Dialogue to harmonise standards consistent with the interests of Bloomberg LP (C6). For example,

“Clearly these alignment efforts can support... the development of the Bloomberg platform so it had this dataset that investors can then use in analysis and suchlike.” (S5)

Funding, representation and influence all act as mechanisms that can enable the exercise of covert power by philanthropic organisations. However, critics of such ‘philanthrocapitalism’ question whether philanthropic foundations prioritise interventions that suit their interests, and whether those interests are commensurate with public welfare (McGoey, 2012). As Bloomberg represented one of the world’s leading data providers of structured, comparable financial and ‘ESG’ data explicitly aimed at financial investors within capital markets, it presumably had an interest in supporting investor-orientated sustainability reporting standards that could promote comparable disclosures. As Adams & Abhayawansa (2021:10) observe, “a metrics-based approach would benefit ESG ranking and rating agencies and ESG data and index providers who have struggled to compare companies”. Not all participants were supportive of the change in direction. For example,

“it seems to become the big, sexy thing on the block and the worry is then does that push out the ongoing work that's happening in other areas and this is like having Jabba the Hutt storming in” (C9)

The orchestrator and focal point of alignment had clearly shifted from the IIRC to the TCFD and its benefactors such as Bloomberg. Consistent with the interests of Bloomberg LP, the role of the Corporate Reporting Dialogue retained a focus on constructing a consensus around a vision of reporting designed for the needs of financial investors. In doing so, visions of sustainability reporting that focus on corporate impacts on society and the planet are marginalised, alongside those Corporate Reporting Dialogue members sympathetic to that vision. Whilst the emphasis had moved from a wider perspective on the relationship between corporate activity and social and environmental changes, to a narrower one focused on the financial risks posed by climate-change, consistent with the remit of the TCFD, reporting was still restricted to those issues deemed relevant to the decisions made by financial investors.

4.4 Alignment and Division

The Corporate Reporting Dialogue released its ‘year 1’ report from the Better Alignment project ‘Driving Alignment in Climate-Related Reporting’ in September 2019 (CRD, 2019). The frameworks of the five participating standardisers (CDP, CDSB, GRI, IIRC, SASB) were mapped against TCFD disclosure principles and recommended disclosures, whilst CDP, GRI and SASB metrics were mapped against the TCFD illustrative example metrics.

In the mapping exercise, “each participant determined the level of alignment” for disclosure principles which were then verified by the project lead (CRD, 2019:17). Perhaps unsurprisingly given the mapping exercise was largely based on self-assessment, it was concluded that “overall, the Participants' frameworks and standards align well with the TCFD's 11 recommended disclosures" (CRD, 2019:213).

However, this orchestrated consensus could not fully obscure key fundamental political differences between standardisers: whether firms should report on the impact of their activity, or whether they should only report on those issues that are perceived to be material in assessing future corporate value. These fundamental ‘fault lines’ were couched in depoliticised or technical standard-setting language that obscured the tension between cooperation and competition. For example, each of the participants “has a unique outlook and ambition” (CRD, 2019:3) and “the perceived differences in the application of the concept of materiality employed by the different frameworks and standards was noted by preparers and users to be a challenge for effective disclosure” (CRD, 2019:8). While the report glossed over the ideological differences in deciding what information was considered material, the consensus presented seemed somewhat inconsistent with the TCFD who concluded that “climate-related issues are or could be material for many companies” and cautioned against assuming climate-change risks are not material given their perceived longer-term impacts (TCFD, 2018:3).

During this time, a public spat observed at the Asia Sustainability Reporting Summit (Singapore, September 2019) highlighted the competitive tensions between individual standardisers that the Corporate Reporting Dialogue tried to suppress. A debate, ‘is mandatory better?’, developed into a row between the CEOs of the GRI and the SASB. After the GRI’s Tim Mohin noted, that “we cannot rely solely on the test of financial materiality. If ESG issues were financially material, we would not have ESG issues”, SASB’s Madelyn Antoncic responded that they would not change their principles: “ours are financial materiality, theirs are not. Ours are industry specific, theirs are not. We are about comparability, they are not” (Eco-business, 2019:2). This led to a rejoinder by Mohin:

“The movement to limit corporate disclosure on ESG issues to financially material topics (already legally required for public companies), has gained some momentum. If it catches on, it could roll back decades of progress. Even more troubling is that the advocates of this position brand themselves as working for environmental and social causes. Could this be a clever Trojan Horse to put the brakes on corporate responsibility?” (Mohin, 2019:3).

After the summit, the scope for further cooperation and alignment within the Dialogue appeared to diminish given further comments by Mohin:

“When I first took this job, I sat down with SASB and we agreed that competition between us is not helpful. We are both aiming for the same thing – to align capital with sustainable business practices – and the two approaches are complementary. That was the dialogue, up until yesterday. Now there’s been a change… whether we can get back to common ground is anyone’s guess” (Eco-business, 2019:2).

A further Better Alignment report focused on the second stage of the project (due in 2020) never materialised – it was noted that the “the Project has further strengthened the mutual understanding and cooperation between the Participants’ technical and communications teams, the effects of which will be long lasting” (CRD, 2019:29). Whilst, “more formal alliances could benefit report preparers and users… it was concluded that such a trajectory could not be completed within the Corporate Reporting Dialogue given its composition and remit” (CRD, 2019:30).

4.5 The Legacy of the Corporate Reporting Dialogue

Whilst the membership choices of the Corporate Reporting Dialogue provided it with legitimacy, they also stymied its progress on alignment given three powerful standardisers (ISO, FASB, IASB) contributed little. As discussed in section 2, powerful standardisers had little to gain from leaving the initiative. By October 2019, critique of the slow progress made by the Dialogue from Eumedion, a body representing institutional investors, led to calls for a new ‘International Non-financial Standards Board’ (C11; Eumedion, 2019). This was echoed by Accountancy Europe in December (Accountancy Europe, 2019) who debated different approaches for developing a regional or global standard-setter under the auspices of the IFRS Foundation and concluded.

“the Better Alignment project was not able to resolve this issue [identifying practical ways to achieve alignment’] and pointed to the need to have *one strong, internationally- recognised and used set of standards for ESG reporting*” (Accountancy Europe, 2020:13-14 *emphasis in original*)

As highlighted by an interviewee (C11), these calls were being privately heeded and by May 2020, the trustees of the IFRS Foundation noted that “there is a compelling case for the IFRS Foundation to play a role in helping to develop a set of globally comparably international standards in sustainable reporting, starting perhaps with climate-related risk disclosure” (Ko, 2020:1). This also prompted a reaction from those active members of the Corporate Reporting Dialogue and participants in the Better Alignment project (the CDP, CDSB, GRI, IIRC and SASB) to promptly form a new collaborative initiative, the ‘Group of 5’ and present a ‘statement of intent to work together towards comprehensive corporate reporting’ to the World Economic Forum International Business Council summer meeting in August 2020 (WEF, 2020). This initiative was itself ‘facilitated’ (or orchestrated) by the Impact Management Project, World Economic Forum and Deloitte, and published in September 2020 alongside a supportive statement from IFAC (2020), the same month in which a IFRS Foundation Trustees consultation paper was issued (CDP et al., 2020a:1).

The ‘Group of 5’ proposals presented a joint solution for global sustainability reporting standards that recognised different materiality concepts and users to incorporate the work of each standardiser and could provide the disclosures recommended by the TCFD (CDP et al., 2020a). They proposed a ‘building blocks’ approach to harmonisation where the IIRC, SASB and CDSB would offer standards relevant to enterprise value creation whilst the approach taken by the GRI and CDP would come later (CDP et al., 2020a). This therefore prioritised reporting only on those social and environmental issues that were perceived to materially affect firm value, and risked marginalising reporting on how firms may affect socio-ecological systems where there is no foreseeable impact on firm value. In the same month, the ‘Group of 5’ also sought support from IOSCO by publicly presenting their joint solution to its Sustainable Finance Board Task Force (IOSCOb, 2020; CDP et al., 2020b).

By 2021, the ‘Group of 5’ proposals formed the basis for the position taken by the IFRS Trustees and its newly formed International Sustainability Standards Board (O7). Meanwhile, the investor-orientated standardisers from the Group of 5 (CDSB, IIRC, SASB) all merged and were subsumed under the International Sustainability Standards Board banner – the IIRC and SASB initially merged to form the Value Reporting Foundation, which alongside the CDSB, became part of the International Sustainability Standards Board in 2021.

When the Corporate Reporting Dialogue formally ended in November 2021, it described itself as an ‘enabler’ of the International Sustainability Standards Board and thereby continuing “the ongoing coordination among organizations committed to enhanced disclosure that was previously provided by the Corporate Reporting Dialogue” (CRD, 2021:2). As had been foretold,

“Once we really did have true global standards and proper governance and an organisation running it, well, you’d have to sit back and say “do we need the Corporate Reporting Dialogue anymore?” We’re probably four or five years away from that, I think.” (C11)

In the next section, the paper discusses the impact of the Corporate Reporting Dialogue, the wider implications of the study, and how they relate to our understanding of the standardisation of sustainability reporting.

# 5. Discussion and Concluding Comments

In this section, the paper seeks to answer the research questions posed in the introduction, whilst elucidating the contributions of the study. In considering the first research question, what was the role of the Corporate Reporting Dialogue in the global standardisation of sustainability reporting, the results show how pressure for the consolidation of sustainability reporting standards provided the conditions of possibility for orchestration around a focal point. By convening the Corporate Reporting Dialogue, the IIRC provided a focal point that could be used to consider how other standards might fit within the <IR> framework. During those early stages, the Dialogue can be seen as a continuation of the IIRC’s attempts to gain coalition support for the <IR> framework and thereby reduce the perceived threat of colonisation described by Humphrey et al. (2017).

Over time, the Dialogue provided a means for different bodies to coalesce and legitimate specific visions of sustainability reporting and offer a consensual aligned position on sustainability reporting standards to external parties. Although the Dialogue provided a vessel that could be used to consolidate and align different standards, its progress in developing a unified position was hindered by the inclusion of several inactive, but powerful, members. Nevertheless, its most active members subsequently formed the ‘Group of 5’ whose joint solution formed the basis of the approach being undertaken by the International Sustainability Standards Board under which three Dialogue members were later subsumed. Whilst this solution sought to offer a consensual position that incorporated the visions of each of its members, it prioritised a specific worldview of sustainability reporting based on disclosing only those issues that management perceived would materially affect enterprise value creation. In doing so, it deprioritises the needs of other stakeholders and focuses on the sustainability of reporting companies, rather than the sustainability of the planet.

The second research question asked who influenced participation in and the direction of Dialogue activity? In considering who influenced participation, the results show how the IIRC used their ‘relational capital’[[6]](#footnote-6) to convene the Corporate Reporting Dialogue and select its members thereby influencing who was at the table. However, the legitimacy of Dialogue activity relied on attracting and retaining the right categories of members. From the dataset, participants detail how the IIRC sought to enlist both strong competitors and those emerging, smaller standardisers. Here, the selection of Dialogue members can be explicated by conceptions of meta-organising (Ahrne & Brunsson, 2005). Whilst the Corporate Reporting Dialogue offered collective benefits through its potential to secure external legitimacy for an integrated ‘sustainability’ reporting solution (Gordon & Johnson, 2017), standardisers had little to gain from being outside the Dialogue, given the low ‘joining cost’ of entry. The depiction of the ‘confused reporting landscape’ by policy-makers, regulators, firms and stock exchanges provided a common ‘correlated goal’ (Abbott et al., 2015) for all members to be seen as part of the solution. Therefore, the GRI, who issued the most frequently adopted sustainability standards, became a member despite having a different ideological vision of sustainability reporting to the IIRC and others. Yet, stronger organisations have less to gain from joining the Dialogue given their ability to achieve their goals alone. In this case, the IASB, the FASB and the ISO all represent powerful established standardisers who contributed little to the Dialogue except their reputation, given they have the means to pursue globally influential standards independently of a collaborative initiative. For the ISO and FASB, the ‘joining fee’ was minimised further by taking on observer status. However, the inclusion of strong, well-funded and politically powerful standardisers such as the IASB, the ISO and the FASB offered the Corporate Reporting Dialogue the legitimacy to influence potential ‘targets’ such as regulators and supranational bodies.

However, whilst membership choices strengthen the legitimacy of the Corporate Reporting Dialogue, they may stymie the scope for collective action. Although the members of the Corporate Reporting Dialogue focused on different aspects of reporting (climate-change, ‘sustainability’, value creation, financial performance) and offered different granularities of standardisation (frameworks, principles and detailed metrics), divisions were fundamentally based on the aims of reporting. Whilst the biggest standardiser, the GRI, focused on standardising the reporting of corporate impacts *on* society, *on* the environment and *on* sustainable development that were judged to be material to stakeholders of the firm, the majority of the other members focused on standardising the reporting of how societal and environmental change would impact *on* the future value of the firm where deemed by management to be material to financial investors. Although the Dialogue was largely successful in downplaying the ideological differences, tensions remained between those standardisers offering rival reporting visions which occasionally flared up in public as shown in the findings.

Nevertheless, collaborative initiatives offer a means to manufacture a consensus that obscures these ideological tensions. For example, judgements within the ‘Better Alignment’ project were largely based on self-assessment – unsurprisingly, all project standardisers reported to be well aligned with the TCFD recommendations despite the differences in their aims, scope, users and notions of materiality.

In considering who influenced the direction of the Corporate Reporting Dialogue, the analysis reveals how the role and intended trajectory of the Dialogue changed, from a body seeking to offer a standardised vision of the world accordant with the IIRC <IR> framework, to a body seeking to align sustainability reporting that would support the differing objectives of the TCFD (O’Dwyer & Unerman, 2020). The Corporate Reporting Dialogue commenced as an “umbrella for dialogue on corporate reporting” (IFAC, 2017:7) being held by the IIRC and seeking to align a consensus around only reporting on wider social and environmental impacts where are they are perceived to affect the value creation processes of financial investors. However, it became an umbrella being held by the TCFD and used as means to harmonise existing frameworks with its recommendations for disclosures relating to assessing systemic climate-change related financial risks.

Whilst orchestrators may establish new initiatives, they may seek to shape existing ones (Gordon & Johnson, 2017). In this case, the TCFD can be characterised as a strong orchestrator, with the political power and financial resources to manage relationships, and promote coherence and coordination, who usurped the IIRC, the comparatively weaker orchestrator who had established the Corporate Reporting Dialogue. Sources of orchestral power can be material or relational (Gordon & Johnson, 2017), and successful orchestrators offer more resources, legitimacy and authority from their institutional position (Abbott, 2017). The IIRC offered convening support, coordination and was the focal point during the years following the release of the <IR> framework in 2013. The TCFD also offered coordination, plus financial assistance, and powerful political endorsement (O’Dwyer & Unerman, 2020).

The discussion continues by developing the paper’s contributions to the literature on standard-setting in sustainability reporting based on its analysis of the Corporate Reporting Dialogue.

Firstly, the paper contributes to our understanding of the role of multi-standardiser initiatives on the standardisation of sustainability reporting given the advent of an ‘era of collaboration’ (O6). By focusing on collaborative initiatives, the paper moves beyond a unitary analysis of single standardisers to a plural view that considers how standardisers interact. This approach is used to trace how the blueprint adopted by the International Sustainability Standards Board was developed by the active members of the Dialogue. Before the advent of the Dialogue, the dominant sustainability standardiser, the GRI, held a position that questioned the status quo. By focusing on how corporate activity affects society and the environment regardless of whether it has a discernible impact on firm value, the GRI’s position presents a challenge to extant understandings of capitalism - that maximising returns for financial investors may not be commensurate with social and ecological flourishing. This challenge gained further support from the adoption of double materiality as the basis for sustainability reporting in the EU. By the time the Dialogue has formally ended, and the ‘Group of 5’ had presented their joint ‘building blocks’ solution, the GRI position was deprioritised under the second of two ‘blocks’. Despite the GRI representing the most established and widely used sustainability standards throughout the Dialogue (KPMG, 2020; Adams et al., 2020), its vision of sustainability reporting is given the same credence as other standardisers in a collaborative initiative. As a consequence, Adams & Abhayawansa (2021) question whether the Group of 5 acted as a means to diminish the status of the GRI. The building blocks, ‘gradualist’ approach adopted by the International Sustainability Standards Board prioritised ‘block 1’ reporting on the impact of societal and environmental changes on enterprise value and only extended to ‘block 2’ “if more jurisdictions embrace the double-materiality concept to minimise the risks of global and jurisdictional fragmentation of standards” (IFRSF, 2020:14). The Corporate Reporting Dialogue and its successor initiatives can therefore be seen as vehicles used to establish the normativity of a specific worldview of sustainability reporting (Bebbington et al., 2012) based on investor-orientated enterprise value creation.

Secondly, the paper highlights the influence of specific orchestrators on the standardisation of sustainability reporting, as the orchestration of the Corporate Reporting Dialogue moved from its initial conductor, the IIRC, to the TCFD.

The analysis also draws attention to the role of Bloomberg in influencing the TCFD and the Corporate Reporting Dialogue through funding and personnel. As a global provider of standardised corporate information sets to financial investors, its role in orchestration can perhaps obscure its influence and funding akin to the role of ‘independent thinktanks’ in political and social policy formation (Cave & Rowell, 2015). As IOSCO (2020a:14) note, the funding of private sustainability standardisers “as a whole, comes through a variety of sources and there is limited indication of how potential conflicts of interest are managed”. The role of Bloomberg Philanthropies and others in sustainability reporting standardisation also supports the critique of ‘philanthrocapitalism’ that questions whether the self-interests of philanthropic foundations and public welfare are commensurate (McGoey, 2012; McGoey et al., 2018).

Thirdly, the paper adds to our understanding of the role of legitimacy generation in standard-setting. Literature discusses how private standardisers rely on generating perceptions of legitimacy through due processes that present themselves as technical, neutral, and non-political, where different due process procedures are theorised to generate different forms of legitimacy (see Botzem & Dobusch, 2012; Albareda, 2013; Malsch, 2013; Young, 2014; Pelger & Speiß, 2017). Whereas extant literature generally focuses on individual standardisers and how they generate legitimacy for their standards, this paper focuses on how collaborative standardising initiatives that comprise of several different standardisers offer an additional means to generate input legitimacy. Collaborative initiatives such as the Corporate Reporting Dialogue are used to obscure distinctions between the ideologies underpinning different standards to gain legitimacy and support. This paper therefore extends the scope of prior work by considering how collaborative initiatives can assimilate dissenting views, and present them as a part of an apparently legitimate consensual solution. In this case, the Dialogue and the ‘Group of 5’ both sought to bring in and assimilate the dominant GRI view but then deprioritise it as a small part of the overall solution. In doing so, the process provides legitimacy to what was the minority view in sustainability reporting which was at odds with most sustainability reporting practice. However, whilst the Dialogue and the ‘Group of 5’ are used to foster ‘input legitimacy’ for a vision of reporting that prioritises only disclosures that discernibly affect enterprise value, the ‘output legitimacy’ (Botzem & Dobusch, 2012) of the International Sustainability Standards Board’s narrow approach perhaps remains uncertain.

The final contribution of the paper explicates the exercise of power within sustainability reporting standardisation and extends the sites of power to consider collaborative initiatives. The analysis moves beyond a 1-D perspective that is premised on liberal market assumptions where all standardisers operate under conditions of perfect competition and moves towards more covert 2-D and 3-D mechanisms where power is used to mobilise bias, set agendas, influence the boundaries of discussion and deciding who participates in decision making. Given “collective action is used by various coalitions to gain power ‘over’ organizations” (Fleming & Spicer, 2014:283), the paper extends prior standard-setting literature to depict how power is exercised in collaborative initiatives.

Fleming & Spicer (2014:282-283) note “how collective agents establish power through founding specialist bodies that represent their interests”. The paper therefore uses Lukes’ (2005) conceptions of power to encapsulate how orchestrators covertly influence the debate over how sustainability reporting standardisation might develop. Orchestrators can subtly influence who is at the table, what is on the agenda and what activity is undertaken. In doing so, other perspectives may be marginalised. The contribution of staff that are detached or seconded to collaborative initiatives by orchestrators and different standardisers offers another means to influence activity. The choices of: who participates in the Corporate Reporting Dialogue and who does not; who sets the agenda; who defines the boundaries of discussion; who writes and controls final outputs; and who funds the different initiatives reflect underlying power relations. Here, the analysis demonstrates the covert power of orchestration as orchestrators catalyse the formation of new initiatives to pursue their goals (Abbott et al., 2015; Gross & Zilber, 2020).

Prior literature notes how covert power often relies on the use of mediating bodies that can heighten the appearance of democratic deliberation and attain what cannot be legitimately achieved through direct force (Fleming & Spicer, 2014). The paper extends this line of enquiry by considering how collaborative standardising initiatives are used to depict a sheen of consensus that downplays the political nature of sustainability reporting standardisation by offering a ‘semblance of neutrality’ (Fleming & Spicer, 2014).

Whilst the membership choices and funding of activity are somewhat obscured from the public gaze, the Corporate Reporting Dialogue offered the external world a product of multiple, selected standardisers who discussed matters in an ‘open utopian, Habermasian’ environment (Brown, 2009; Backstrand & Kuyper, 2017; Morrison et al., 2019). The Corporate Reporting Dialogue offered the rhetoric and rituals of consensus building and, to the external eye, a high degree of conformism.

Rather than viewing standardisation as a simple pursuit of conquest between individual standardisers, the paper considers how collaboration provides the opportunity for assimilation. The joint consensual solution subsequently presented by the Group of 5 obscures the compromises made. As Brown & Tregidga (2017) note, consensus-based approaches tend to downplay dissent given everyone is included in consensus building. Standardisers prioritising a different vision of sustainability reporting, such as the GRI, risk being marginalised if they fail to participate. As a result, consensus-building is conveyed as a product of democratic dialogue and free from power relations. By contrast, confrontational strategies appear illegitimate (Farjauden & Morales, 2013). Whilst Brown & Tregidga (2017) observe how stakeholder inclusion aims to subsume more groups to legitimate an established consensus, the analysis suggests collaborative initiatives operate in a similar fashion.

The constructed consensus is aided by the use of common language (‘sustainability’) that can mask fundamental differences in meaning and application. Continued forms of reporting that focus on the sustainability of the corporation to create returns for its financial investors and depart less radically from the established mode of corporate reporting will not necessarily inform society about the sustainability of the planet and the ability of its ecosystems to sustain life in the future. The paper demonstrates the continued efforts to maintain a vision of ‘sustainability’ that relies on the capital markets and ‘rational’ allocational efficiency to address climate, ecological and societal crises, as opposed to a vision of reporting seeking to measure all corporate impacts as a means to inform public policy-making.

In closing the paper, it is important to acknowledge the limitations of the analysis and the conclusions which are drawn. Set within an interpretive paradigm, the analysis relies on the coding and interpretation of the dataset that draws heavily on the views, experiences and perceptions of central actors, and is focused on the activity taking place during the Corporate Reporting Dialogue. This leaves room for research exploring views of sustainability reporting standardisation from those outside private standardisers including policymakers, civil society organisations and investors. Although the findings highlight the influence of philanthropic organisations on sustainability reporting, the paper leaves scope for further in-depth analysis in order to assess critiques of philanthrocapitalism. Further studies are also needed on the standardisation of corporate reporting given the initiatives that have grown out of the Corporate Reporting Dialogue in order to understand how terms such as ‘sustainability’, ‘(enterprise) value creation’ and ‘materiality’ are shaped to offer different approaches to addressing socio-ecological development, and the developing relationship between the Global and International Sustainability Standards Boards. Finally, the paper hopes to prompt further investigation into the role of orchestration and power within corporate reporting, and the means by which extensions of corporate accountability are debated and enacted.

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2. Sustainability reporting is used in the paper to signify both reporting that focuses on how corporate activity affects sustainable, socio-ecological development, and reporting that considers how moves to address sustainable, socio-ecological development affect corporate performance. As such, it intends to capture practices commonly described as ‘social and environmental reporting’, ‘non-financial reporting’, ‘pre-financial reporting’ and ‘ESG reporting’. [↑](#footnote-ref-2)
3. Following Brunsson & Jacobsson (2000a), the paper uses ‘standardiser’ to depict those bodies or initiatives that issue guidance aimed at standardising the way companies report on how their activities interact with sustainable development. [↑](#footnote-ref-3)
4. A list of acronyms is shown in Table 1 [↑](#footnote-ref-4)
5. Although asked to keep this information private, the other philanthropic donor has since been publicly disclosed as the Ford Foundation (see Barton, 2019: 5). [↑](#footnote-ref-5)
6. Pun intended. [↑](#footnote-ref-6)