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This is the author's manuscript

Original Citation:

Availability:

This version is available http://hdl.handle.net/2318/1667501 since 2019-10-04T16:31:54Z

Published version:

DOI:10.1177/1086026618769487

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30 March 2023

From Sustainability to Integrated Reporting: The Legitimizing Role of the CSR Manager

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Abstract

This article aims to explore how an individual actor, embodying the role of the institutional entrepreneur, legitimizes new corporate reporting practices. This study is based on a longitudinal and explanatory case study of an Italian listed public utility, operating in the electricity sector, which has recently implemented Integrated Reporting. Findings were analysed through the lens of institutional entrepreneurship, revealing that Integrated Reporting can be implemented through the legitimizing activities carried out by the corporate social responsibility manager. This organizational professional, with strong competences and intrinsic engagement, efficiently uses available resources and gains support from various organizational groups through intense networking. A substantial change in corporate reporting practices can influence the position of the institutional entrepreneur who originally triggered the change process. The institutional entrepreneur first moves from the periphery to the centre of the organization and then shares such central role with other organizational professionals once the change has been implemented.

Introduction

Organizational practices are in constant evolution to combine the management and reporting of financial and nonfinancial performance (De Villiers, Rinaldi, & Unerman, 2014). Increasing attention has been paid to both the key drivers of long-term value creation and sustainability issues with the aim of ensuring responsible behaviour and legitimizing corporate activity (Cho & Patten, 2007; Epstein & Roy, 2001; Schaltegger, Lüdeke-Freund, & Hansen, 2012). Many organizations have rearranged their business models to pursue economic, environmental, and social sustainability (Roome & Louche, 2016; Zollo, Cennamo, & Neumann, 2013). In addition, the reporting of environmental and social information has increased to enable external stakeholders to understand organizations' true value (De Villiers et al., 2014; Unerman, 2000).

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In reaction to a general dissatisfaction with existing corporate reporting models (De Villiers, Venter, & Hsiao, 2016), in 2010, the International Integrated Reporting Council (IIRC) was formed to create "a global and accepted Integrated Reporting framework, which brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format," in order to "help businesses to take more sustainable decisions and enable investors and other stakeholders to understand how an organization is really performing" (IIRC, 2016).

According to the IIRC framework published in 2013, the Integrated Report is "a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term" (IIRC, 2013, p. 7). The Integrated Report represents an evolution compared with the separate disclosure of social, environmental, and financial information because, in such a report, the different kinds of disclosures are interconnected (De Villiers, Hsiao, & Maroun, 2017).

Research has started to devote special attention to the recent trends of corporate Integrated Reporting (e.g., De Villiers et al., 2016; Dumay, Bernardi, Guthrie, & Demartini, 2016; Perego, Kennedy, & Whiteman, 2016; Stubbs & Higgins, 2014; Vaz, Fernandez-Feijoo, & Ruiz, 2016). Notable contributions have described pioneering work in Integrated Reporting by the Danish pharmaceutical company Novo Nordisk (Dey & Burns, 2010) and the South African King Commission on Corporate Governance (De Villiers et al., 2014), while others have concentrated on developments at the country level (Atkins & Maroun, 2015; De Villiers et al., 2014). Various studies have focused on the preparers of Integrated Reports by highlighting the barriers and difficulties related to the adoption of the IIRC framework (Dumay, Bernardi, Guthrie, & La Torre, 2017) in the context of small and medium enterprises (Del Baldo, 2017), in public sector organizations (Guthrie, Manes-Rossi, & Orelli, 2017) and in emerging economies (Macias & Farfan-Lievano, 2017).

Other studies have questioned the readability of Integrated Reports (Du Toit, 2017) and the quality of the information disclosed (Du Toit, van Zyl, & Schütte, 2017). Barth, Cahan, Chen, and Venter (2017) showed that the quality of Integrated Reports is positively associated with firm value because of favourable reactions of the capital market and improved internal decision-making processes. Finally, research has also investigated the effects of Integrated Reporting by concentrating on the degrees of accountability inherent to such a communication tool (Silvestri, Veltri, Venturelli, & Petruzzelli, 2017). Reimsbach, Hahn, and Gürtürk (2018) found that the integration of financial and sustainability information in one report increases professional investors' access to sustainability information because they are directly presented with information they do not tend to seek out in separate reports.

Integrated Reporting is a complex process (De Villiers et al., 2014; De Villiers et al., 2017), which implies a substantial change in organizational structure, processes, and thinking (Stent & Dowler, 2015). The preparation of valuable Integrated Reports requires the involvement and participation of various organizational areas, which may be problematic. McNally, Cerbone, and Maroun (2017), for example, highlight the difficulties managers encounter when expanding and developing existing accounting systems to collect new types of data. However, the successful implementation of Integrated Reporting is not influenced only by the design of accounting technologies but also by the political–economic contexts and engagement processes (Brown & Dillard, 2014), as the significance of Integrated Reporting needs to be understood and accepted by the involved areas. The decision to implement Integrated Reporting depends on corporate characteristics (e.g., size and profitability) and corporate governance factors (e.g., board diversity), but is also affected by the intrinsic motivation of the management (Velte & Stawinoga, 2017).

Some critiques of Integrated Reporting have already been identified (De Villiers et al., 2017; Stubbs & Higgins, 2014). For example, Cheng, Green, Conradie, Konishi, and Romi (2014) highlight that the meaning of and trade-offs between the six different capitals (infrastructure, financial, human, intellectual, natural, social, and relational) are not always in balance. In addition, the providers of financial capital are prioritized at the expense of other stakeholders. Finally, the lack of assurance of Integrated Reports may undermine their value as it seems that the assurance of sustainability information increases investment willingness (Reimsbach et al., 2018). Dumay and Dai (2017) found that, while Integrated Reports provide a clearer direction for reporting and help managers discover limitations of their strategic plans, the process does not necessarily affect the day-to-day operations of employees. Additionally, managers hold opposing views regarding whether integrated thinking improves communication and facilitates the breaking down of organizational silos. McNally et al. (2017) argue that managers preparing Integrated Reports, rather than engaging in integrated thinking, are driven by compliance with disclosure requirements, the code of best practice or competitors' disclosures. This implies that organizations publishing Integrated Reports may be driven by external factors rather than internal engagement. Finally, Melloni, Caglio, and Perego (2017) argue that organizations adopt specific disclosure strategies depending on their performance. In case of lower financial performance, the Integrated Report directs readers' attention towards environmental, social, and governance issues with lengthy and complex disclosures. Organizations with low social results tend to conceal such performance by preparing foggier Integrated Reports to maintain their legitimacy.

Even though relevant contributions already exist in scientific literature, there are still gaps to be filled. De Villiers et al. (2014) state that it is still not known how and to what extent Integrated Reporting processes are truly integrated. Perego et al. (2016) call for qualitative studies to better understand how Integrated Reporting may be successfully implemented. According to Stubbs and Higgins (2014), it is still unclear why companies pursue Integrated Reporting and what approaches and internal mechanisms are used to implement it. These authors ask for more research at the level of the single organization, as well as research that engages with actors responsible for organizational reporting (Stubbs & Higgins, 2014) to shed light on the factors enabling or hindering the implementation of Integrated Reporting.

In attempting to fill the aforementioned literature gaps, this article focuses on the role played by an *organizational professional* (Risi & Wickert, 2017), with specific competences in the field of corporate sustainability (i.e., the corporate social responsibility [CSR] manager), in the implementation of Integrated Reporting. The specific purpose of this article is to explore how a change agent (i.e., CSR manager), embodying the role of the *institutional entrepreneur* (Battilana, Leca, & Boxenbaum, 2009), legitimizes the implementation of new corporate reporting models (i.e., Integrated Reporting). By focusing on Terna, an Italian listed public utility operating in the electricity sector, which has recently adopted the Integrated Report, this article addresses the following research questions:

Research Question 1: How does the change agent, acting as institutional entrepreneur, succeed in legitimizing Integrated Reporting?
Research Question 2: How does the position of the institutional entrepreneur evolve over time within the organization?

This article draws on the notions of organizational professionals (Risi & Wickert, 2017) and institutional entrepreneurship (Battilana, 2006; Battilana et al., 2009; Mutch, 2007), which is the branch of neo-institutional theory that explains how actors can drive substantial changes (Martin-Sardesai, 2016), and uses the case study methodology. It unveils how a voluntary substantial change (i.e., the adoption of the Integrated Report) can be achieved through the legitimizing work carried out by a competent CSR manager driven by strong intrinsic engagement, availability of resources and intense networking. This article also shows that the position of the institutional entrepreneur that initially triggered the change process is not stable but evolves within the organization. Therefore, this article adds value to Integrated Reporting literature by focusing on how individual actors act within their organization to achieve a substantial change by highlighting the tensions that emerge and how these tensions are resolved over time.

The reminder of this article is structured as follows. The next section describes the theoretical framework that will be used to analyse the collected empirical material. The third section provides the details of the methods employed to conduct this research. The fourth section explains the implementation of Integrated Reporting in the selected organization and is followed by the section that analyses and discusses the findings. The article ends with concluding remarks and directions for future research.

Theoretical Framework

The preparation and publication of an Integrated Report represents a notable move for an organization, indicating the willingness to integrate social, environmental, financial, and governance information (De Villiers et al., 2014; De Villiers et al., 2017; Stent & Dowler, 2015). Integrated Reporting assumes that relevant information is first shared internally and then disclosed to external stakeholders. This act of sharing and spreading relevant information is delicate considering that Integrated Reports should also relate to business strategy and how an organization creates value in the short run, and especially in the long run (Stubbs & Higgins, 2014).

Organizations implementing Integrated Reporting may face substantial changes in their structure, processes, and ways of thinking (Stent & Dowler, 2015). However, research has found that organizations mostly experience changes at the level of resources and structures, while core values and beliefs are not deeply altered, implying that an incremental, rather than revolutionary (transformative), change takes place (Dumay & Dai, 2017; Guthrie et al., 2017; Stubbs & Higgins, 2014).

Given the complexity of reporting in an integrated manner, and in order to understand why and how an organization changes to truly implement Integrated Reporting, the arguments of institutional entrepreneurship can be applied as it is the branch of neo-institutional theory that deals with human agency (Mutch, 2007) and allows for elaborations on the endogenous factors of change (Elliot, 2016). The role of individuals (people) who—acting as institutional entrepreneurs—facilitate or hinder transformations within organizations is crucial to organizational change (Battilana, 2006; Mutch, 2007).

Battilana et al. (2009) define institutional entrepreneurs as "change agents who initiate divergent changes, that is, changes that break the institutional status quo in a field of activity and thereby possibly contribute to transforming existing institutions or creating new ones" (p. 67). Institutional entrepreneurs actively contribute to the implementation of changes and the emergence of new organizational routines and practices (Martin-Sardesai, 2016). In this study, the role of institutional entrepreneurs can be embodied by organizational professionals who gain central roles within their organization (see Risi & Wickert, 2017) in the process of changing existing reporting practices. They lead the shift from the separate production and publication of the Annual Report and the Sustainability Report to the creation of new corporate reporting models such as Integrated Reporting.

Therefore, institutional entrepreneurs are those organizational professionals who are committed to the benefits of implementing Integrated Reporting and aware of the implications of such a tool both within and outside their organization. According to Mutch (2007), these individuals are aware of the broader environment in which they operate, and they may selectively use such knowledge to help them succeed in their projects. The characteristics of the field influence the actions of the institutional entrepreneur (Battilana et al., 2009).

As Greenwood and Suddaby (2006) claim, institutional entrepreneurs are interest-driven, aware, and calculative. They are independent people who pursue their projects and very likely enter into conflict with the existing structures they wish to change (Mutch, 2007). It is individuals who do not benefit from the status quo who are more likely to encourage substantial change (Battilana, 2006). Greenwood and Suddaby (2006) state that peripheral actors are normally disadvantaged by existing arrangements and can benefit from change by acting as institutional entrepreneurs.

Besides showing interest dissatisfaction, institutional entrepreneurs should not have too rich ties with the individuals who display contradicting values and benefit from the status quo (Mutch, 2007). Battilana (2006) adds that they should have worked in other organizations and not been too long in their current organizational position. That is, institutional entrepreneurs need to stand out from those who adhere to common organizational thinking and pursue their project by breaking with existing arrangements. This means that also individual characteristics, such as personal experience and history (Hamadache & Brabet, 2014; Mutch, 2007), and professionalization (Risi & Wickert, 2017), may enable individuals to act as institutional entrepreneurs.

Implementing Integrated Reporting is a substantial change because it requires various organizational areas to cooperate instead of working in silos. For this reason, the institutional entrepreneur can face struggles and tensions (Szkudlarek & Romani, 2016) with other actors who benefit from the status quo or are intimidated by the changes at stake. According to Battilana (2006), a substantial change is more likely to be achieved if the institutional entrepreneur is characterized by strong engagement and the ability to make good use of available resources and obtain support from different organizational groups. The institutional entrepreneur can adopt various intervention strategies, such as creating a rationale for change, gaining access to resources and building supportive relations (Hardy & Maguire, 2008). The latter argument implies that power relations (Brown & Dillard, 2014) play an important role as institutional entrepreneurs need to stimulate participatory processes and alliances among various organizational groups (Risi & Wickert, 2017).

Institutional entrepreneurs need to have strong connections with influential people within their organization in order to convince them and gain acceptance for their ideas. To establish supportive alliances, institutional entrepreneurs can exploit their social position, both within their organization and within the organizational field (Battilana, 2006). Institutional entrepreneurs can rely on different types of power to gain support. Even if formal authority is more prominent (Elliot, 2016), the informal position may also help (Battilana et al., 2009). By creating powerful alliances, the institutional entrepreneur becomes "an indispensable catalyst of collective action" (Hamadache & Brabet, 2014). Indeed, Mutch (2007) claims that the actually achieved change is not only explained by the original actions of the institutional entrepreneur but also by their enrolment in a wider network.

It follows that the ability of organizational professionals to act as institutional entrepreneurs and bring about substantial change (i.e., the preparation of an Integrated Report, which breaks with the dominant logic of publishing separate documents) depends on various enabling conditions (Battilana et al., 2009). Thus, both exogenous stimuli and endogenous factors are important to achieve change (Elliot, 2016). Besides considering the personal characteristics of the institutional entrepreneur, their social position and the characteristics of the institutional field, a theoretically informed understanding of the implementation of Integrated Reporting needs to also include the process undertaken by the institutional entrepreneur. By including the time dimension (Elliot, 2016), it is possible to focus on the temporal dynamics of framing important issues and mobilizing important actors and resources, which enable the institutional entrepreneur to change the rules of the game (Hamadache & Brabet, 2014).

Such an approach makes it possible to investigate how the role of the institutional entrepreneur evolves over time. The institutional entrepreneur, being an organizational professional with specific competences, may gain traction by moving from the periphery to a central position within the organization, which facilitates the implementation of new corporate reporting practices. Such a powerful position can consolidate once the new practices are institutionalized (i.e., accepted and taken for granted), indicating that institutionalization allows professionals to occupy central positions. In turn, the active work of professionals pursuing their projects feeds institutionalization, meaning that institutionalization and professionalization are mutually supportive (Suddaby & Viale, 2011). However, organizational professionals who achieve a powerful position may risk losing such centrality and being marginalized once the new corporate reporting practices are institutionalized if their competences are not needed anymore. This would indicate, instead, that institutionalization and professionalization are not in a symmetric relationship (Risi & Wickert, 2017).

In summary, for the Integrated Report to become a reality within an organization, a change agent, embodying the role of the institutional entrepreneur, needs to legitimize Integrated Reporting among all involved managers (and related organizational groups). The institutional entrepreneur needs to gain (and maintain) a central position within the organization, which enables them to pursue their project (i.e., the implementation of Integrated Reporting). To play such a challenging role, the institutional entrepreneur must have some enabling personal characteristics (e.g., background, education, and previous working experiences) and efficiently use various (human, financial, and technological) resources. In addition, paramount to the institutional entrepreneur role is the ability to network, by creating alliances with different internal powerful members, and to exploit knowledge from the broader field, which together facilitate legitimation and are useful in solving potential internal tensions over time.

With this theoretical framework in mind, the next section describes the research method adopted in this study.

Research Method

In line with the purpose of this article, the case study methodology was adopted by preparing a longitudinal and explanatory case study (Yin, 1981). In order to conduct an in-depth case study, the Italian listed public utility Terna S.p.A. (henceforth Terna) was selected because it represents a revelatory example (Eisenhardt & Graebner, 2007; Yin, 1994) of various organizational aspects related to the implementation of Integrated Reporting.

Terna and the Italian Electricity Market

The Italian electricity system consists of three operational phases. In the first phase (production of electricity), the energy obtained from primary sources is converted into electricity. In the second phase (transmission and dispatching of electricity), the produced electricity is transferred to the consumption areas through a complex series of lines, power stations, and transformers. The third and final phase is the distribution of electricity to end users.

Terna operates in the central segment of the electricity system as its main business is the transmission and dispatching of electricity in Italy. Terna currently owns 99.6% of the Italian National Transmission Grid. Besides owning the grid, and to ensure the balance between demand and supply of electricity, Terna takes care of the transmission and management of power flows throughout the national territory. It is also responsible for the planning, construction, and maintenance of the grid (Terna, 2017).

Terna plays the role of Transmission System Operator (TSO) and Independent System Operator (ISO) in a monopoly arrangement through a government concession. In the absence of market prices, the transmission and dispatching of electricity are regulated activities whose remuneration is based on a tariff system established by the Italian Regulatory Authority for Electricity, Gas and Water (AEEGSI) (Terna, 2016). The Italian Legislative Decree 93/2011 establishes the core activities of the electricity grid operator and the methods with which the AEEGSI issues the certification required for TSOs by the EU directive 2009/72/EC. This decree also governs the procedure for adopting and approving the National Transmission Grid Development Plan and the forms of regional cooperation in the electricity sector.

In 2016, the demand for electricity in Italy was 310,252 GWh, a drop of −2.1% compared with 2015. As regards electricity production according to type of source, 2016 recorded an increase in the wind (+19%), biomass (+1%) and geothermal (+1%) production sources. Hydroelectric production, however, fell (−9%) due in part to the weather conditions recorded in that year. Photovoltaic production was stable, while thermal production increased. During 2016, renewable sources covered approximately 34% of the total energy demand (Terna, 2017). Terna faces increasing complexity in managing and supervising the network: the points of entry into the network grew exponentially in the past 10 years as a result of the increase in new producers of renewable energy.

At the end of 2016, the regulated revenues, mostly deriving from transmission and dispatching activities, amounted to more than 90% of Terna's total revenues (Terna, 2017). The remaining portion of revenues derived from Terna's non-regulated activities, performed through the subsidiary Terna Plus, which develops new businesses, both in Italy and abroad. In this context, Terna undertakes infrastructural activities and services under the market system or regulated by foreign authorities, pursuing new business opportunities with its experience, technical expertise, and ability to innovate.

Terna is a group headquartered in Rome, Italy, that comprises the holding company (Terna S.p.A.) and its two operating subsidiaries (Terna Rete Italia and Terna Plus), each with its own Board of Directors. Since 2004, Terna has been listed on the Italian Stock Exchange. In February 2017, its main owners have been represented by a subsidiary of Cassa Depositi e Prestiti S.p.A. (a publicly owned company promoting the development of the Italian economic–industrial system and financing activities to support national growth) for 29.85%, and Lazard Asset Management LLC (as discretionary asset management) for 5.12%. Terna estimates that 55.1% of its shares are held by Italian investors and the remaining 44.9% by foreign institutional investors, primarily in the United States and Europe. In total, Italian and foreign institutional investors own 49.8% of the shares (Terna, 2017).

At the end of 2016, 113 Socially Responsible Investors (SRIs) invested in Terna with a sustainable approach in mind, based on the consideration of environmental, social, and governance aspects, of which 30 are asset owners (i.e., pension funds, sovereign funds, and other institutional investors) representing the vast majority of SRI investment in Terna, and 83 are mutual investment funds. Overall, at the end of 2016, SRIs accounted for 6.35% of Terna and around 10% of the capital held by identified institutional investors (Terna, 2017, p. 24).

Terna's business activity has to be properly managed in order to guarantee an adequate supply of electricity (to cover the Italian demand) and respect the standards of timeliness, sustainability, effectiveness and efficiency required by the shareholders, who are mainly represented by institutional investors. The latter is relevant also because 10% of institutional investors are represented by funds that invest in sustainable companies and consequently need specific sustainability-related disclosure (Terna, 2017, p. 24).

Concerning Terna's annual results, besides very good financial performance over the period 2011-2016 (see the appendix), Terna achieved environmental and social results which were, in some cases, the best ever, including a 14% reduction in direct CO_2 emissions and the growth in the percentage of recyclable waste to 92%. The grid development work enabled the removal of 98 km of obsolete lines from the territory (more than 613 km in the period 2010-2015). Investments in the development of human resources and in workplace safety resulted in a 30% increase in training hours, which involved 97% of employees, and in the reduction of occupational injuries both in absolute terms and in terms of injury rate and lost-day rate. The gradual improvements on all the sustainability fronts recorded over the past few years earned Terna recognition as Industry Leader of the Dow Jones Sustainability Index (DJSI) among the world's most sustainable companies (RobecoSAM, 2016).

The case is relevant for a number of reasons. First, Terna is the largest independent electricity TSO in Europe and among the leaders in the world in terms of kilometres of electricity lines managed (Terna, 2016). Second, Terna is a member of the most important European associations, often performing a leading role, as is the case with Entso-E, the European Network of Transmission System Operators for Electricity (Terna web page). Third, since 2014 Terna has been in the top positions of the prestigious DJSI, which assesses over 2,000 companies in the world. The result of the annual review conducted by the Swiss sustainability rating RobecoSAM Group has also rewarded Terna at the highest level in the Electric Utilities Industry, both in the World and Europe indices; this represents an important award because only eight electric utilities are included in the World index, and just two are in the Europe index (RobecoSAM, 2016). This case is also significant because Terna is one of the first Italian listed companies to enter the Business Network Pilot Program of the IIRC with the task of identifying the features and structure of the Integrated Report.

Data Collection and Analysis

Data were collected from multiple sources. Seventeen interviews were conducted with actors directly or indirectly involved in the implementation of Integrated Reporting. At an initial stage (June 2016), three preliminary unstructured telephone interviews, lasting between 32 and 62 minutes each, were conducted once with the human resources manager and twice with the CSR manager. These interviews were aimed at presenting the research project and obtaining access to important case-related material and key actors engaged in Integrated Reporting. Written notes on the main aspects of the change process were made, and key actors to be interviewed were identified.

In the second stage (July 2016), six face-to-face interviews were conducted with the CSR manager, the external relations and CSR communication manager, the finance manager, the strategic planning manager, the human resources manager, and the investor relations manager. In the third stage (October-November 2016), four Skype interviews were conducted with the CSR manager, the external relations and CSR communication manager, the newly elected chief financial officer (CFO)—who was the strategic planning manager interviewed in the second stage—and the former CFO, who was in that position from November 2014 to October 2016. The interviews conducted in the second and third stages were semi-structured and lasted between 42 and 122 minutes. In the second and third stages, respondents were asked questions on the process of introducing the Integrated Report and the role played by the actors involved, particularly considering the changes achieved, the tensions that emerged in the process and how those were resolved and by whom.

In the fourth stage, four additional semi-structured interviews were held. The CSR manager and the current CFO were interviewed via Skype in March 2017 to follow up on previously collected evidence on the changes effectively achieved in Terna's corporate Integrated Reporting practices and related human resources management, management control, and information systems. The new human resources manager and the new investor relations manager were interviewed, respectively via telephone and Skype, in October 2017 with the aim of understanding the latest changes concerning organizational features and the current perspective that investors and financial analysts have on the Integrated Report. Table 1 summarizes the interviews conducted for this study (see Table 1).

To increase procedural reliability (Ryan, Scapens, & Theobald, 2002), the interviews conducted in the second, third, and fourth stages were recorded and transcribed. Only one interview in the second stage could not be recorded, but a written summary was approved by the respondent.

To address the contextual validity issues of this study (Ryan et al., 2002), we took the following measures to ensure the credibility of the case study evidence. First, the respondents were selected because of their involvement in the implementation of Integrated Reporting. Next, we

Table 1. Interviews.

Stage	Respondent	Type of interview	Length	Date
Stage 1 Preliminary study	Human resources manager	Telephone	32 min	8 June, 2016
	CSR manager	Telephone	62 min	10 June, 2016
	CSR manager	Telephone	48 min	21 June, 2016
Stage 2 Main study	Finance manager	Face-to-face	88 min	6 July, 2016
	CSR manager	Face-to-face	122 min	6 July, 2016
	Investor relations manager	Face-to-face	61 min	6 July, 2016
	Human resources manager	Face-to-face	52 min	6 July, 2016
	External relations and CSR communication manager	Face-to-face	90 min	7 July, 2016
	Strategic planning manager	Face-to-face	81 min	7 July, 2016
Stage 3 Main study (continued)	External relations and CSR communication manager	Skype	55 min	13 October, 2016
	CSR manager	Skype	55 min	17 October, 2016
	Former CFO	Skype	45 min	24 October, 2016
	Current CFO	Skype	42 min	8 November, 2016
Stage 4 Follow up	CSR manager	Skype	24 min	16 March, 2017
	Current CFO	Skype	22 min	20 March, 2017
	Current (new) human resources manager	Telephone	11 min	26 October, 2017
	Current (new) investor relations manager	Skype	15 min	31 October, 2017

Note. CFO = chief financial officer; CSR = corporate social responsibility.

intentionally asked similar questions to different respondents in order to detect possible inconsistencies and respondent bias. We adopted retrospective interview methods with the aim of interpreting the past, by which the understanding of the present situation concerning the adoption of the Integrated Report in Terna is informed by the construction of past reality (Wolfram Cox & Hassard, 2007). In addition, each interview transcript was analysed and respondents' statements were compared with the aim of finding eventual inconsistencies or distortions. Additional relevant information was also obtained from the Annual Reports, Sustainability Reports, and Integrated Reports of the 6-year period 2011-2016, available on Terna's website, and from the internal documents (internal newspaper and others available on the intranet) that were made available during a visit to the case organization. The Annual Reports, Sustainability Reports, and Integrated Reports have been analysed in order to understand the changes in Terna's corporate reporting by historically comparing the different documents, and to verify and validate the responses given during the interviews. Finally, the researchers involved in this study have constantly compared and discussed their interpretations of the collected evidence.

After triangulating the interview material with the documentary data, an exhaustive reconstruction of the Integrated Reporting implementation process from 2011 to 2016 was made by concentrating on the actors involved and their interactions, and on the outputs of the changes in corporate reporting practices. Finally, findings were analysed through the theoretical framework presented in the previous section.

The Implementation of Integrated Reporting in Terna

Terna's interest in Integrated Reporting started in 2011 when it entered the Business Network Pilot Program of the IIRC. In order to reduce the risk of redundant information, the companies of the Italian pilot group decided to include the Integrated Report within the Management's Report (in Italian, Relazione sulla Gestione) section of their Annual Report. The manager that represented Terna in this Italian pilot group was the CSR manager who has promoted the introduction of the Integrated Report in the company. Until 2011, Terna had prepared and published two separate documents, the Annual Report and the Sustainability Report.

The findings show that the CSR manager was constantly involved in the Integrated Reporting implementation process, and his central role in the successful change of corporate reporting practices was acknowledged within the organization. The change process was not easily accomplished and has followed the stages identified below.

In January 2012, an internal team composed of managers and employees in the finance and the CSR areas, was created with the aim of implementing Integrated Reporting. At this initial stage, the Integrated Report was prepared by the CSR manager and his staff, without the direct involvement of different organizational areas to avoid interference in their daily activities. The CRS manager presented a draft of the first Integrated Report to his immediate superior, the Head of Public Affairs, in order to gain support. The Head of Public Affairs supported the initiative and stated: "Ok, it sounds interesting, bring it forward." Consequently, the 2011 Integrated Report was published online in July 2012, on Terna's website, without changing the structure of the Annual Report. It consisted of a welcome page with an explanation of Terna's 2011 Integrated Report and links to the contents of both the Annual and the Sustainability Reports. This project served "to break the ice," as affirmed by the CSR manager, and it prompted him to seek collaboration from other organizational areas.

In 2013, Terna published the 2012 Integrated Report only on its website. Even if this new report was better than the previous one in terms of completeness and connectivity, it was not really the product of collaboration among the different areas. The CSR manager was again the main person involved in its preparation. Unfortunately, at this stage, he was not able to overcome the hostility of the finance area, which was worried about losing control over financial disclosures. The CSR manager claimed:

> The CFO's resistance was due to the fact that he signed the Management's Report and therefore he wanted to be sure that the data entered was correct. He had direct control over the financial statements data, but not over sustainability data.

The disclosure of "future prospects" also generated tensions with the strategic planning area, which was reluctant to communicate sensitive data.

Consequently, even if the disclosure of various types of information was more systematic and there was greater visibility of the "six capitals," as defined by the IIRC, and of the "opportunities and risks" and "future prospects" sections, the 2012 Integrated Report was still the output of the "stand-alone" CSR area. The CSR area took charge of a great portion of the work, writing each section of the 2012 Integrated Report and ensuring that its preparation would not affect the flow of activities related to the preparation of the Financial Statements and the Sustainability Report. At the same time, however, some improvements could be observed as the printed versions of Terna's 2012 Annual Report and the 2012 Sustainability Report both presented the same financial and non-financial results.

In this stage, the CSR manager felt the need to garner more internal support and tried to build some alliances: He involved the investor relations manager, who was very close to the CEO, with the aim of presenting—for the first time—the 2012 Integrated Report to the board of directors and obtaining their final approval. The investor relations manager believed in the potential of this tool because it responded to the need of institutional investors, financial analysts, and proxy advisors to have integrated, complete, but at the same time, synthesized information about the organization's performance. This opinion was also shared by the new investor relations manager, who argued,

> Terna's Integrated Report has been highly appreciated since the beginning, although the 2012 document was very far from what it is today. Investors are no longer satisfied to read the financial statements as they don't clarify the company's ability to create value, its goals and its nonfinancial information.

Satisfying the information needs of these stakeholders was perceived as particularly important as stakeholders can strongly influence the listing of securities: "If the Integrated Report is appreciated, the company will most likely be rewarded, for example, by a rise in stock quotation" (new investor relations manager).

Until 2013, the Integrated Report was viewed as a project that served as a sort of gym where various exercises were possible. When the finance area, which at first had little interest in the Integrated Report project, understood that the information was published online, without changing the financial disclosures, it began to be more cooperative. That is, the finance area realized that the Integrated Report would not belittle the work that went into preparing the financial statements. As affirmed by the CSR manager: "We did not want to steal their job."

In the Annual Report published in 2014 as the "Annual Report-Integrated Report 2013," the Management's Report was replaced by the Integrated Report. At this stage, the label "project" was eliminated, the content was revised, and a summary of sustainability issues and a stakeholder map were included in both the printed and online version of the Annual Report. However, despite some improvements that were made in this stage, there were still some difficulties. The conciseness principle "was still a mirage," according to the external relations and CSR communication manager, because the document was too long and did not respect the synthesis required by the financial market and suggested by the IIRC. Concerning the obstacles to conciseness, the former investor relations manager affirmed: "The various areas would like to be much more exhaustive by including a multitude of data/information, some of it too redundant, to highlight their work."

In the same year, Terna managed to enter the short list for the 2014 European Excellence Award, which is quite remarkable because it is Europe's leading PR and communications award.

However, in 2014, there continued to be conflicts between the CSR area and the finance area. The latter wanted to oversee the entire process, precluding access to information and autonomously deciding what to communicate. As a consequence, the CSR area—to balance the situation and maintain a central position—strongly promoted the participation of the former investor relations manager on the team to keep some control over the information included in the Integrated Report. At the same time, people in the organization were starting to perceive the relevance of the Integrated Report and the need to satisfy external stakeholders' information needs, as the former investor relations manager reported: "During periodic meetings with investors and analysts we try to figure out if there is any useful information to include in the Integrated Report."

In the following year, the finance area was rather exhausted because of various changes in top positions (i.e., CEO and CFO). In this stage, the CSR area exploited the situation and moved forward with the aim of improving the content and conciseness of the Integrated Report through an online video. However, it was clear that Terna could not make the desired jump without the strong commitment of the finance area. Because of these tensions, the structure and contents of the 2014 Integrated Report remained almost unchanged compared with the previous year.

In order to overcome the aforementioned challenges, an external consultant expert in web and information technology communication was hired to improve the contents, clarity, synthesis, and effectiveness of the disclosures in the 2015 Integrated Report. This stage was characterized by a new impulse towards change facilitated by the efforts of the CFO who took office at the beginning of 2015 and was not satisfied with the disclosure quality of financial reporting as he believed that the Financial Statements could not adequately represent what Terna was all about.

This manifest dissatisfaction prompted the finance area to promote and think of the Integrated Report as a driver of change. As a consequence, in 2016, a significant quality step was achieved: cultural resistance previously displayed by the finance area was silenced, a significant improvement in the collaboration between finance and CSR areas was established, and a greater integration of different business processes, especially those involved in Integrated Reporting, such as finance, strategic planning, CSR, human resources management and operations, was achieved. As observed by the current CFO: "Thanks to Integrated Reporting, an inter-functional and transversal approach took place. A matrix logic began to spread with a central coordination and many heterogeneous actors involved. But all this represents a relevant innovation in companies dispatching energy."

The 2015 Integrated Report was no longer a mere collage of information coming from the Sustainability Report and the Financial Statements. It became a separate document with a defined structure depicting Terna's business and organization, strategic and development plans, goals, capital, risks, and performance. This improvement did not go unnoticed, as financial analysts and investors expressed their appreciation about how the Integrated Report had evolved.

At this stage, a rather stable equilibrium had finally been achieved, and the Integrated Reporting process and document became more structured. The finance area owned the process, and in November and December 2015, it sent an e-mail to all involved business areas with the aim of collecting the data and information necessary to prepare the Integrated Report.

At the same time, the CSR area did not fully lose control over the Integrated Reporting process. It organized meetings in order to explain to other colleagues how to provide data and useful information. Meetings with the detached territorial areas and kick off meetings with the directors were arranged to stimulate participation and engagement in the Integrated Reporting process. The former CFO remarked that in 2015 a notable generational turnover took place and 300 young employees were hired. This was considered beneficial because: "Asking young people to change is very different from asking employees who have worked in Terna for 30 years to change." Concerning the participation level in the preparation of the Integrated Report, the current CFO illustrated that: "Currently, the number of people directly and actively involved in the process is higher than 350, . . . we can say to have reached a good level of involvement."

In this stage, the role of the CSR manager (and his area) was central. The CSR area provided considerable support to the organizational areas that faced difficulties with data construction. Together with the finance area, it also defined the structure of the report, coordinated the information flow, assembled the content of the Integrated Report, and read and corrected the paragraphs together with the involved areas. The process owner was, formally, the manager of the finance area, as the Integrated Report is a part of the Annual Report. However, all the interviewees felt part of a team with more than one boss (the CSR and the finance managers). The 2015 Integrated Report was read by the CFO and the CEO and then approved, together with the Financial Statements, by the board of directors.

The preparation of the 2015 Integrated Report witnessed a change at the organizational level. The collaboration and communication among different organizational areas implied that a process vision had started to be embraced, while the relevance of any single area's vertical performance had diminished. The coordination of different actors and the team was led by the CSR manager in strong synergy with the CFO and finance managers. The co-existence of central actors belonging to the CSR and finance areas was corroborated by the new CFO, the former manager of the strategic planning area of Terna, who took office in November 2016 and stated that: "The CSR manager acted as a coach, the finance manager acted as a captain while the former CFO acted as the president of the club."

The new CFO had fully understood the value of the Integrated Report, and his intentions were to corroborate its preparation/use even further as shown in the following quote:

> For me, Integrated Reporting is a top priority, one of the top five. Especially because I come from the strategic planning area, I think I can make a great contribution to this tool, giving a greater emphasis to strategic planning issues and a more managerial connotation with relevant effects on empowerment mechanisms for managers, and evaluation and rewarding tools.

Such a proactive approach is necessary because at this stage some issues concerning the preparation of the Integrated Report still needed to be addressed. For example, there was common agreement among interviewees that a greater formalization of the authority, responsibilities, and procedures of integrated reporting was necessary. As affirmed by the current CFO: "It is necessary to define in a more formal way who generates and is responsible for the data, what is the information process supporting that data. Consequently, it will be possible to obtain an information-flow guaranteed process."

To overcome some critical issues, the 2016 Integrated Report has been improved, with a better balance of its contents, a greater depth of strategic planning disclosure, better synthesis, the avoidance of duplication, and the use of more tables and charts, resulting in a reduction of pages from 313 to 258. However, the structure of the document has remained essentially the same. As the CSR manager observed,

> The CFO directly intervened on the document to improve the connectivity of the information, especially referring to the flows among goals-targets-key performance indicators. He also worked on the document to enrich the quality of information, but at the same time have more synthesis.

Table 2 summarizes the organizational process and resources involved in the various stages of the implementation of Integrated Reporting in Terna, and the related corporate reporting outputs (see Table 2).

From the interviews, it emerged that the Integrated Report was also distributed at the lower level of the organization thanks to the press release, the intranet, and the articles published in the internal newspaper. The importance of making employees aware of the Integrated Report is evidenced by the following quote:

> In the past, I would tell a new employee to read the financial statements, but I knew they would not understand the company beyond the numbers. Today I suggest to a new employee that they read the Integrated Report because it gives them a good understanding of the company. (current CFO).

In addition, all new employees—irrespective of their role within the organisation—receive training which also includes lessons on Integrated Reporting.

After having explained the various stages of the change process, the next section analyses and discusses the findings through the lens of the theoretical framework previously presented.

Analysis and Discussion

The previous section indicates that the substantial change of implementing Integrated Reporting was not easily achieved in Terna. During the change process, various actors were involved, but a clear leading role, as highlighted by all interviewees, was played by the CSR manager.

In terms of the theoretical framework presented earlier, it can be claimed that the organizational professional acting as institutional entrepreneur was the CSR manager (Battilana, 2006; Battilana et al., 2009; Risi & Wickert, 2017). For individuals to engage in substantial change, their background in terms of education and previous work experience is relevant (Mutch, 2007).

Table 2. The Implementation of Integrated Reporting in Terna.

Year	Organizational processes and resources	Corporate reporting outputs
Before 2010	The finance and CSR areas work in isolation	Preparation of two separate documents • Annual Report • Sustainability Report
2011	• Terna joins the Business Network Pilot Program of the IIRC • The CSR manager gains traction	Integrated Report 2011 "project" published on line
2012	• Teamwork aimed at implementing IR • CSR area takes the lead	• Integrated Report 2012 "project" published online (more connectivity between information) • Annual Report 2012 and Sustainability Report 2012 include the same presentation of financial and nonfinancial results
2013	• Involvement of the investor relations manager • The board of directors approves the Integrated Report	Annual Report-Integrated Report 2013 • The Integrated Report as part of the Management's Report
2014	• Tensions among CSR and finance areas • Involvement of investor relations manager in the teamwork	Annual Report-Integrated Report 2014 • The Integrated Report as part of the Management's Report (no real changes compared with previous year)
2015	• Impulse from the CFO (in office in the beginning of 2015) • CSR area moves forward • External IT consultant	Integrated Report 2015 • The Integrated Report is officially the new Management's Report (no longer a mere 'collage' of information from Sustainability Report and Financial Statements)
2016	• Improved collaboration between CSR and finance areas • Additional impulse from the current CFO (in office in the end of 2016)	Integrated Report 2016 • The Integrated Report is officially the new Management's Report (shorter, more concise, more strategic information disclosure)

Note. IIRC = International Integrated Reporting Council; CSR = corporate social responsibility; CFO = chief financial officer.

Terna's CSR manager received a master's degree in political economics from Bocconi University (Italy) and, before arriving in Terna in 2006, he had worked at the research centre of Confindustria (the organization representing the manufacturing, construction, energy, transportation, ICT, tourism, and service industries in Italy), and then as human resources manager of GRTN (the company that manages the national electricity transmission grids). He has always been fascinated by sustainability issues as he saw the possibility to interact with other people within organizations, as well as with the external environment, searching for best practices at both the national and international levels.

Such a background prompted the CSR manager to start the substantial change of implementing the Integrated Report in Terna. As he declared: "With the Integrated Report, I saw the opportunity to bring together the Financial Statements and the Sustainability Report because it was illogical that the two documents were disconnected." This quote shows that the CSR manager was not benefitting from the status quo (Battilana, 2006) and felt that he held values that contradicted the dominant reporting practices (Greenwood & Suddaby, 2006).

Indeed, the initial stage of the change process was not simple because of cultural obstacles and some tensions. The finance area was reluctant to modify the Annual Report and include other kinds of information. The finance manager explicitly stated, "We have been publishing the Annual Report with the same type of disclosures for years, why should we change it?"

In line with the claims of Mutch (2007), the CSR manager was sufficiently independent from other organizational actors to start the "conflict" in order to change existing reporting practices. He constantly demonstrated strong engagement (Battilana, 2006) with the Integrated Reporting project. During an interview, the CSR manager observed: "I had to show that I was the first one to be convinced." Such tenacity was recognized by the organizational areas that were involved in the change process. For example, the new investor relations manager admitted: "The CSR manager never gave up his goal and, thanks to his determination, he was able to make a significant cultural and organizational change."

Fully intending to promote the Integrated Report, the CSR manager tried to create a rationale for change (Hamadache & Brabet, 2014; Hardy & Maguire, 2008) by spreading statements such as: "We must be at the forefront like other leading companies. Other leading Italian public utilities companies do the Integrated Report, so we must do it too!" The CSR manager showed his awareness of the broader field and used his wider knowledge to steer the change process internally (Mutch, 2007).

The theoretical framework suggests that other elements which enable organizational professionals to act as institutional entrepreneurs are the availability of resources and networking skills (Battilana, 2006; Hamadache & Brabet, 2014; Hardy & Maguire, 2008; Risi & Wickert, 2017). The CSR manager was supported by the members of his area, as also highlighted by the external relations and CSR communication manager, and used a successful approach to gain support from other areas. He started from the bottom of the organization to explain the real potential of this tool, involving his direct colleagues. This approach has proven beneficial because: "Changes are not made with the generals, but with the marshals: the real driver of change is represented by middle managers . . . if they are convinced, everybody will be convinced" (Current CFO).

Such convincing activities were necessary because, as the CSR manager claimed during the interviews, in the early stages of the implementation of Integrated Reporting, he often received the following answer:

> None of my directors have approved your proposal nor given me the task of integrating Financial Statements with Corporate Social Responsibility information. If I do not have formal approval to go ahead with this, I can't support you in this project.

The preparation of the Integrated Report represents a substantial change because it requires intense horizontal information flows (De Villiers et al., 2017; Stubbs & Higgins, 2014). This was a critical aspect in Terna as not every organizational area was open and ready to share sensitive information from the beginning. The strategic planning manager admitted,

> The Balanced Scorecard is used to support the preparation of the Integrated Report and, at the same time, the Integrated Report is useful for integrated planning. However, currently [2016], the Balanced Scorecard and the Integrated Report are not fully integrated. It is a matter of choice and opportunity: it is not appropriate to disclose the business Balanced Scorecard to maintain certain competitive advantage.

Despite some negative responses, the CSR manager did not give up. He persevered in his project of change: with patience, mediation skills, and taking charge of most of the work related to the preparation of the Integrated Report (i.e., data collection and elaboration, preparation of integrated information for publication) he was able to gradually convince and involve the finance area, which was the most reluctant to change. Over time, he educated other organizational groups by transferring the basic principles of Integrated Reporting (Risi & Wickert, 2017).

Supporting the arguments of Greenwood and Suddaby (2006), the CSR manager was driven by self-interest (i.e., he wanted to strengthen the CSR area within Terna and promote the Integrated Report) and also acted in a calculative and strategic way. In some cases, as happened in 2013—when the Integrated Report was presented for the first time to the board of directors by the former investor relations manager—the CSR manager made a strategic choice. That is, he decided not to be egoistic and, instead of directly addressing the board of directors, he took a step back by allowing the investor relations manager to present the integrated report. The CSR manager deemed it necessary to hand over control in this way, assuming that it would only be temporary. The CSR manager exploited his social position and built connections at the top (Battilana, 2006; Battilana et al., 2009; Brown & Dillard, 2014; Elliot, 2016) to gain support. As a result, the CEO also started to be interested in the document. As reminded by the CSR manager:

> I am sure that the Integrated Report is of interest to the current board. This year [2016, for the 2015 Integrated Report] the CEO received the Integrated Report on Friday and gave it back on Monday morning with all his hand-made corrections. He dedicated the weekend to it.

Besides the internal efforts of the CSR manager, institutional investors also stimulated the CEO and CFO to understand the usefulness of this document. As affirmed by the former investor relations manager:

> A great number of institutional investors are specialized in sustainability issues, and during our meetings they asked us to include specific disclosure and indicators concerning the environmental and the social performance of the company within the Integrated Report. Furthermore, during the year, investors and analysts frequently ask for clarifications on data included in the Integrated Report.

The CSR manager's efforts have proven successful because he gained credibility and a central role within the company, moving from the periphery to the centre of the organization (Risi & Wickert, 2017). The current CFO affirmed,

> It takes someone who knows where the world is going now and, in our case, this person is the CSR manager. Our CSR manager knows very well where we are and where we want to go. He is always committed in understanding if Terna can be considered a best or a worse practice. He receives external stimuli which he then imports to Terna. His opinion is heard because it is credible. Also outside he is considered the engine of change, as he deals with various other companies and realities, achieving a great awareness that others do not have.

The theoretical framework also suggests that the characteristics of the field and the position of the institutional entrepreneur in such a field can enable a substantial change (Battilana et al., 2009). The CSR manager holds prestigious roles outside Terna. He is a member of the board of directors of the Global Compact Network Italy Foundation and of Anima (Association for the promotion and dissemination of Corporate Social Responsibility), a member of the Cultural Commission of Confindustria, and President since 2012 of the CSR manager network. He also represents Terna in the IIRC Pilot Program for Integrated Reporting. These prestigious external roles have reinforced his internal credibility and favoured the legitimation of the Integrated Report, showing how social position (Battilana, 2006; Battilana et al., 2009) matters.

The CSR manager always tried to prioritize his project, and with this goal in mind, he managed to ease the tensions (Szkudlarek & Romani, 2016) that emerged. When reflecting on the skills of the CSR manager and the difficulties to be faced, the current CFO stated that strong energy is crucial to overcome the inertia that is normal in organizations like Terna, and that the main difficulties derived from the resistance in many areas.

Since the beginning, the CSR manager tried to involve the finance manager in the Integrated Report project and also invited that manager to join the meetings of the IIRC pilot group. However, it was only in 2014 that the finance manager decided to participate. At the beginning, the finance manager was reluctant as the Integrated Report was perceived as a risk because it would have changed the Financial Statements and also because there was not a strong understanding and sponsorship from the top. Once this uncertainty was over, the finance manager declared:

> The Integrated Report has been introduced by the CSR area thanks to its involvement in sustainability logics. Since the Integrated Report has become part of the Annual Report, significant steps forward have been taken and we have received many expressions of appreciation from the shareholders and the independent auditors.

The fact that the initial relations between the CSR and finance areas were tense but positively evolved into collaboration was evident to other organizational areas. During an interview, the new investor relations manager expressed his satisfaction with the recently established collaboration between these areas because it resulted in an improvement in the quality of the information disclosed and increased appreciation among financial analysts and investors.

The CSR manager promoted his project through intense networking by stimulating participatory processes (Brown & Dillard, 2014) and found some strong allies among those with authority (Elliot, 2016). Among the actors who contributed to the changes is the CFO who took office at the beginning of 2015. He played a crucial role by providing comments and suggestions because he saw the real potential of the Integrated Report as a communication tool. The contribution of the CFO was recognized by the finance manager and the CSR manager and shows that support from the top is a facilitator of change (Elliot, 2016).

In addition, the former investor relations manager also played a crucial role in implementing the Integrated Report when in 2013 he explained to the board of directors that it was urgent: "to review the external communications, including sustainability information and risk management information, together with the financial disclosures." That manager deemed the Integrated Report to be a tool that could reduce the information asymmetry with institutional investors and financial analysts.

One important challenge, perceived by various organizational areas, was the need for more integration and synthesis. With joint efforts, the 2016 Integrated Report, published in 2017, was improved in that respect. A key role in this improvement was played by the current CFO, who worked to ensure that the document was attractive to readers, trying to follow the IIRC guidelines that require completeness and, at the same time, synthesis. He claimed: "I can say that we made a step forward and the Integrated Report is becoming the company's main presentation document." In the same vein, the finance manager was convinced that the "Integrated Report has enabled the organization to exponentially improve the integration among different areas and the representation of the results that everyone has contributed to achieve. I can say that now it is our identity card." According to the interviewees, the efforts in terms of quality and synthesis have been recognized by the investors, with remarkable appreciation.

Besides internal support (Battilana, 2006; Battilana et al., 2009; Brown & Dillard, 2014; Elliot, 2016), the implementation of the Integrated Report was also enabled by the intervention of an external consultant. The external consultant sponsored the Integrated Report and, according to the finance manager, was the only real cost of implementing Integrated Reporting in Terna.

Through the intense networking activities, there is now a quite widespread opinion within Terna that the Integrated Report allows greater accountability and more (internal) awareness. As affirmed by the former human resources manager:

> Thanks to the CSR area and to the work done on the Integrated Report, we increased awareness about new phenomena. It helped identify new goals, not previously considered, such as those linked to the female gender. It was therefore an important stimulus for reflection. We also decided to link top management remuneration to some performance indicators of the Integrated Report, such as the Dow Jones Sustainability Index.

Concerning the remuneration of top managers, the new human resources manager explained that the integration between the Key Performance Indicators included in the Balanced Scorecard and the Key Performance Indicators of the Integrated Report is taking place thanks to the work of the current CFO: "A step forward has been taken: in the last year [2016], approximately 20% of the indicators assigned to managers derived from the Integrated Report."

All in all, the enduring activity of the CSR manager, the organizational professional who acted as institutional entrepreneur (Battilana, 2006; Battilana et al., 2009; Mutch, 2007; Risi & Wickert, 2017), has proven successful, and a substantial change in corporate practices (Stent & Dowler, 2015) was achieved. As declared by the current CFO: "The teamwork and the awareness of different colleagues that they are all part of a common project allowed us to create an integrated thinking culture". In the beginning, members of different organizational areas started to work together unwillingly because they were afraid of losing their confidence zones and related power. Once they were convinced by the CSR manager that the risks of collaboration were lower than the benefits, they started to work in teams. The Integrated Report therefore represented a tool for organizational change because, as claimed by the external relations and CSR communication manager:

> It helps people to marry a lean thinking and process approach. It is a communication tool but, above all, a change tool as it guarantees greater dialogue between areas that did not communicate before. With the Integrated Report we started with the aim of integrating information, and we reached this aim only when we achieved a cultural and organizational integration.

At the beginning, the main aim was to implement the Integrated Report as a document that could provide a holistic picture of the organization. Over time, as various organizational groups accepted the project and engaged in its execution, the ambition expanded with the aim of instilling a new organizational culture based on people working in teams, breaking with the old routines of working in organizational silos. Paramount to achieving this was the role exerted by the CSR manager who, in the opinion of the current CFO,

> facilitated, with the introduction of the Integrated Report, a cultural change and a great ability to work in teams, with an increasing content awareness by the various actors involved. For us, the Integrated Report has been an important organizational learning tool . . . the engine to change the organizational culture.

This opinion is also shared by other members of the organization. Overall, it now seems clear in Terna how each individual area contributes to the achievement of common goals. In the past, every area worked myopically, without knowing what its neighbours were doing. Now the various areas feel like they are all part of a team that works for a common process where inputs, outputs, links, and flows are clear.

The institutional entrepreneur that initially triggered the substantial change managed to move from the organizational periphery and to the centre (Risi & Wickert, 2017). Over time, the organizational professional who was driving the change process shared his knowledge and expertise with other organizational groups. In specific circumstances, he deliberately (and temporarily) gave up control over the change process to achieve success. Once the change in corporate reporting practices was achieved and teamwork was established, the institutional entrepreneur (i.e., CSR manager) had to share such central role with other actors that had gained an active role in the new corporate reporting practices (i.e., CFO/finance area), but he did not completely lose the power and recognition he had achieved.

Concluding Remarks

Recent literature has investigated how organizations change to pursue sustainability aims (Roome & Louche, 2016; Schaltegger et al., 2012; Zollo et al., 2013) and has focused on the emerging phenomenon of Integrated Reporting (e.g., De Villiers et al., 2016; Dumay et al., 2016; Perego et al., 2016). However, how and why organizations voluntarily implement Integrated Reporting, which represents a challenge for corporate reporting practices, is still not clear (De Villiers et al., 2014; Stubbs & Higgins, 2014).

This article attempts to fill this literature gap by exploring how an individual actor, who is an organizational professional with specific competences (Risi & Wickert, 2017), embodies the role of the institutional entrepreneur (Battilana, 2006; Battilana et al., 2009; Mutch, 2007) and legitimizes the implementation of new corporate reporting models. Using a case study of an Italian listed public utility, this article unveils how a voluntary and substantial change (i.e., the adoption of the Integrated Report) can be achieved through the legitimizing activities carried out by a competent and credible CSR manager. The change was driven by the idea that Integrated Reports support business in taking more sustainable decisions, and they enable various groups of stakeholders to understand how an organization is really performing (IIRC, 2016).

The theoretical framework presented earlier has been useful in analysing the research findings and answering the two research questions. The first question relates to how institutional entrepreneurs can succeed in legitimizing their projects and introducing substantial change within their organization. In the selected case, the CSR manager was the organizational professional that acted as an institutional entrepreneur (Battilana, 2006; Battilana et al., 2009; Mutch, 2007; Risi & Wickert, 2017) by steering the organization towards the implementation of the Integrated Report.

In line with the theoretical framework, the institutional entrepreneur's background (Hamadache & Brabet, 2014; Mutch, 2007) and strong intrinsic engagement (Battilana, 2006) favoured the achievement of the desired change. The CSR manager acted in a strategic and calculative way (Greenwood & Suddaby, 2006) to promote the Integrated Report, but he also took a humble approach, stepping back when needed (e.g., leaving the ownership of the Integrated Reporting process to the finance area) in order to ease emerging tensions (Szkudlarek & Romani, 2016) with other organizational areas. He made efficient use of available resources and engaged in intense networking (Battilana, 2006; Hardy & Maguire, 2008) to stimulate the participation of all organizational areas involved in the project.

The institutional entrepreneur understood the need to establish powerful alliances (Hamadache & Brabet, 2014; Risi & Wickert, 2017) in order to convince the finance area, the most hostile towards changing corporate reporting practices, that Integrated Reporting would be valuable for the whole organization. Therefore, through his social position, he involved other influential actors (e.g., former investor relations manager) to gain support from the top (Battilana, 2006; Battilana et al., 2009; Brown & Dillard, 2014; Elliot, 2016). He convinced the former CFO, who came to strongly support the implementation of Integrated Reporting. He also gained the support of the current CFO, who, as a former strategic planning manager, was aware of the difficulties in sharing strategic information and who worked to boost such type of disclosure in the latest version of the Integrated Report.

Besides working on internal networking and effective alliances, institutional entrepreneurs also make selective use of their knowledge of the wider field in which they operate (Greenwood & Suddaby, 2006; Mutch, 2007). This happened in Terna when the CSR manager intentionally spread news about other public utilities that had already introduced the Integrated Report. Such behaviour, aimed at creating a rationale for change (Hamadache & Brabet, 2014; Hardy & Maguire, 2008), actually contributed to increasing his internal credibility and stimulated other actors to follow his ideas and become further sponsors of new corporate reporting practices.

The effectiveness of the activities carried out by the institutional entrepreneur was reinforced by external enabling conditions (Battilana et al., 2009). Institutional investors' and financial analysts' interest in Terna's Integrated Report has grown over time. The need to be externally accountable exerted some pressures on the organization towards improving the quality of the disclosures in terms of completeness and synthesis, which in general are considered to be critical aspects of Integrated Reporting (e.g., Du Toit et al., 2017; Silvestri et al., 2017).

The second research question focused on how the position of the institutional entrepreneur evolves over time. Literature on organizational professionals would expect that the role of the CSR manager would become marginal once the Integrated Report is institutionalized because important knowledge is transferred to other organizational functions that can take over the task. That is, institutionalization harms professionalization when the "trigger" function of the organizational professional becomes less important (see Risi & Wickert, 2017). In the selected case, the institutional entrepreneur surely moved from the periphery to the centre of the organization. Such centrality has been widely recognized as an important catalyst for collective action (Hamadache & Brabet, 2014) towards Integrated Reporting. Once Integrated Reporting had become a reality, however, the CSR manager did not return to a peripheral position within the organization. Despite the centrality inherited by other actors (i.e., the active engagement of the current CFO and the finance area) in the preparation of Integrated Reports, the widespread awareness of integrated thinking among various groups (e.g., human resources area) and the external stimuli from investors and financial analysts have enabled the CSR manager to keep a relevant and well acknowledged role. The cultural change that occurred within the organization has allowed the CSR manager to keep a relevant position. He was not marginalized, and even though Integrated Reporting has become taken for granted, other key actors (i.e., CFO/finance area) still need the contribution of the CSR manager to prepare and improve the Integrated Report. All these actors coexist in a condition of mutual dependency and work with synergy.

This study uncovered how the adoption of Integrated Reporting, which is a process requiring a substantial change in organizational structure, processes, and thinking (Stent & Dowler, 2015), can be achieved over time through the perseverance of a CSR manager who strives to legitimize his individual position and strengthen the value of the whole CSR area within the organization. Such perseverance, necessary to initiate and achieve the desired change, can be successful when the organizational professional acts as institutional entrepreneur using available resources and networking skills. Humbleness and patience are also key ingredients to gain support from various actors and groups with different power balances and to stimulate people of different organizational areas to collaborate on preparing the Integrated Report.

In addition, this research showed that when people belonging to different organizational areas are convinced about the added value of implementing a substantial change, they engage in alternative practices and show enthusiasm. Still, the true transformation of organizational values and beliefs requires time, as proven by the reluctance to fully share strategic information in the light of its external disclosure in the Integrated Report. The full acceptance and practice of integrated thinking on each level of the organization can be stimulated by the credibility of the institutional entrepreneur and the additional sponsors committed to change that share responsibilities connected to the preparation of Integrated Reports.

Concerning practical implications, this article illustrates that the voluntary implementation of Integrated Reporting is possible when the reporting tool is not perceived purely as a disclosure document and a mere technicality. That is, introducing the Integrated Report as a vehicle that increases awareness of corporate integrated value, generated by integrated thinking and horizontal communication flows, can enable a change in people's mentality and a shift in their actions towards more integrated and inter-organizational logics. Still, despite internal satisfaction and the positive feedback from investors and financial analysts, the effective reactions and impacts of wider groups of stakeholders need to be assessed over time.

This study has also highlighted that if the institutional entrepreneur takes the right approach, such as demonstrating humbleness and patience in combination with effective networking, the legitimation and implementation of Integrated Reporting is not too expensive. That is, the Integrated Report can be realized by recycling existing resources without dramatically altering the organizational structure and "hard" organizational variables.

To conclude, this article adds value to recent literature on Integrated Reporting (De Villiers et al., 2017; Dumay et al., 2016; Perego et al., 2016; Stubbs & Higgins, 2014; Vaz et al., 2016; Velte & Stawinoga, 2017) by showing how individual organizational professionals legitimize Integrated Reporting projects within their organization. Because of the focus on human actors, this article explored how emerging internal tensions can be overcome to achieve the desired change by adopting a theoretical framework which includes the role of organizational professionals in change processes and expands the concept of institutional entrepreneurship from Battilana (2006) and Battilana et al. (2009). As this study shows, the steadily legitimizing activities performed by a credible institutional entrepreneur (i.e., the CSR manager) can actually be efficient when other powerful internal actors (e.g., CFO) and external favourable conditions (i.e., institutional investors and financial analysts) give the final (needed) impetus to change by sponsoring the institutional entrepreneur and the new corporate reporting practices.

This research also shows that, despite taking a leading role, the institutional entrepreneur needs to be surrounded by other actors, with sufficient levels of power and authority, who pull in the same direction and ensure that the efforts of the institutional entrepreneur do not vanish over time. Enriching the findings of Risi and Wickert (2017), this article indicates that even if a new corporate reporting practice has been institutionalized, more professionals can simultaneously keep a leading role when a cultural change towards integration has taken place. Therefore, the relationship between institutionalization and professionalization is more complex than previously depicted (Suddaby & Viale, 2011). This article also contributes to institutional entrepreneurship theory (Battilana, 2006; Battilana et al., 2009; Mutch, 2007) by addressing the issue of what happens to the institutional entrepreneurs once the desired change has been implemented.

The interpretations of this research stem from the findings of one single case study. It is therefore difficult to generalize the arguments about the co-existence of multiple professionals in a central position. In addition, the institutionalization of Integrated Reporting has occurred only recently in the selected organization, and its effects on the position of the institutional entrepreneur might not be fully visible yet. With these limitations in mind, the fate of the institutional entrepreneur and how joint efforts work over time when new corporate reporting tools have become fully routinized can be subject of future research.

Appendix

Terna Group Financial Highlights 2011-2016 (Million Euros)

	Year					
	2011	2012	2013	2014	2015	2016
Total revenues	1.636	1.806	1.896	1.996	2.082	2.103
EBITDA	1.230	1.390	1.488	1.492	1.539	1.548
EBIT	836	970	1.038	1.011	1.022	1.036
Net profit of the Group	440	464	514	545	595	628
Net invested capital	7.874	8.643	9.565	10.059	11.349	11.514
Net financial debt	5.123	5.855	6.698	6.966	8.003	7.958
Equity	2.751	2.788	2.941	3.093	3.346	3.555

Note. EBITDA = earnings before, interest, taxes, depreciation, and amortization; EBIT = earnings before interest and tax.
Source. Own elaboration based on Terna's Consolidated Annual Reports.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

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