Institutional Entrepreneurship through Voluntary Standard Setting: The Case of the Global Reporting Initiative

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ABSTRACT

We study institutional entrepreneurship in an emergent field by analyzing the case of the Global Reporting Initiative (GRI) and its efforts to purposefully institutionalize the practice of sustainability reporting. We attempt to understand how a resource constrained organization creates a new logic at the juncture between potentially conflicting institutional spheres. Using discourse and frame analysis, we identify three linguistic mechanisms harnessed by GRI: ambiguity reduction***,*** discourse bridging ***and*** robust design***. These intertwined mechanisms address both conceptual and practical aspects of sustainability reporting and provide a coherent rationale for convergence on a voluntary standard.***

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Ever since Weber's seminal contribution, the existence of norms and techniques of rational accounting has been associated with the birth and diffusion of modern capitalism: "The most general presupposition for the existence of this present-day capitalism is that of rational capital accounting as the norm for all large industrial undertakings" (Weber, (1927) 1981: 276). For Weber, accounting is one of the key elements in the process of rationalization that is both a precursor and a consequence of modern capitalism (Meyer, 1986). Along similar lines, Sombart noted that "the very concept of capital is derived from this way of looking at things; one can say that capital, as a category, did not exist before double-entry bookkeeping" (Sombart, 1953: 38). While Weber and most other early scholars of double-entry bookkeeping stressed its technical superiority, more recent research has explored sociological aspects of their diffusion and their ability to alter business practices (Carruthers & Espeland, 1991; Hopwood, 1987).

Despite the accumulation of empirical evidence on the role of double-entry bookkeeping and studies of commensuration in other settings (Espeland & Stevens, 1998; Ventresca, 1995), these ideas have not been thoroughly integrated in the recent theoretical and empirical attempts of institutional theorists to explicate institutional change. If the diffusion of capitalism was indeed shaped by the development of double-entry bookkeeping, can capitalism be transformed by simple changes in accounting standards? And more generally, what roles do standards and standard-setting play in institutional change?

To address these questions we studied institutional entrepreneurship in the domain of Corporate Social Responsibility (CSR). The Global Reporting Initiative (GRI), a non-profit organization headquartered in Amsterdam, was established in 1997 in order to develop a rigorous international standard for the reporting of economic, environmental and social performance. GRI has developed Sustainability Reporting Guidelines that have very quickly become, over the course of a few short years, the ***de-facto*** standard for meaningful, progressive "triple-bottom-line" (financial, environmental, social) reporting.

We contend that in some emergent fields, institutional entrepreneurs can purposefully develop new institutions. Language can be a powerful means to propel the institutionalization process, and enables even institutional entrepreneurs with meager resources to achieve their objectives. We describe three main linguistic mechanisms that can be utilized by savvy entrepreneurs. The first, ***ambiguity reduction***, is a mechanism that allows users of the guidelines to come to grips with new concepts by delimiting and explaining their scope and significance. The second theme, ***discourse bridging***, bridges disparate discourses, in this case those of sustainability and business. The third theme, ***robust design*** (Hargadon & Douglas, 2001), associates a new practice with a familiar one, by use of analogy.

Institutional Entrepreneurship in emergent fields

The study of institutional entrepreneurship focuses on the agency and interests of specific actors, who attempt to bring about change in a certain field. The scope of institutional entrepreneurship is very broad, ranging from institutional change initiated by large and powerful organizations (e.g. Greenwood, Suddaby, & Hinings, 2002), to change brought about by relatively weak players in specific niches (e.g. Maguire, Hardy, & Lawrence, 2004). The common thread in the corpus of research on institutional entrepreneurship is identifying and analyzing the mechanisms used by entrepreneurs in their quest to create new institutions.

Research in institutional entrepreneurship has been conducted in both mature and emergent fields. In mature fields, an established group of organizations in a well-defined sphere of activity with well-understood institutions provides a stable and comprehensible environment for entrepreneurial action (Beckert, 1999). This action will generally aim to alter, or in more extreme instances, overthrow the accepted processes and structures which define the field (Clemens & Cook, 1999).

In emerging fields, however, the entire environment is in flux, and a comprehensible backdrop for institutional entrepreneurship simply does not exist. Actors in the field are still busy defining the field itself, positioning themselves within it, establishing their relationships with others, and identifying their priorities (Aldrich & Fiol, 1994). With a power structure still in formation, smaller actors with fewer resources have greater opportunities to establish themselves in influential positions (Rao, 1998), where they may remain as the field matures. In the messy environment of the emerging field (Garud, Jain, & Kumaraswamy, 2002), successful entrepreneurs must be perceptive, persuasive and politically adept (Maguire et al., 2004), perhaps more so than in a mature setting.

Several mechanisms for effective entrepreneurial action in emergent fields have been identified. Bridging between various stakeholders allows the entrepreneur to marshal resources that in the emerging field have not yet been subsumed by central players. (Maguire et al., 2004). This bridging is possible only if the entrepreneurs have achieved legitimacy in the eyes of diverse stakeholders and have developed simple and persuasive arguments supporting the innovation (Campbell, 1998; Green, 2004; Lounsbury & Glynn, 2001; Maguire et al., 2004; Phillips, Lawrence, & Hardy, 2004). Key to their success is the capability of institutional entrepreneurs to link their initiatives to the activities and interests of other actors in a field, molding the innovation to fit the conditions of the field itself, and the values of the central players. (Clemens & Cook, 1999; Maguire et al., 2004). And finally, successful institutional entrepreneurs will pioneer the agglomeration of diverse cultural elements, generally perceived to have been previously unrelated (Rao, 1998).

Beyond classification of research on institutional entrepreneurship according to the maturity of the filed in which it occurs, studies on institutional entrepreneurship can also be distinguished in terms of the specificity of entrepreneurial objectives. Some studies highlight the social skills of entrepreneurs, with “open ended” goals (Fligstein, 2001: 113). In these studies, the form of the institution being built is not fixed, and the entrepreneurs adapt to

opportunities and constraints in the environment (Lawrence & Phillips, 2004; Leblebici, Salancik, Copay, & King, 1991). Other institutional entrepreneurs focus on achieving very specific outcomes, usually of a social or political nature rather than an economic one. Maguire et al. (2004) studied individuals and organizations active in the establishment of an effective national council, dedicated to providing treatment for people living with HIV/AIDS. Similarly, Lawrence, Hardy & Phillips (2002) described a small non-governmental organization that provided nutritional services to women and children in Palestine, where collaboration with other actors in the field was key to obtaining resources. Rao (1998) tracked the formation of consumer watchdog groups in the US, and demonstrated how one group, which had a far-reaching agenda promoting social equity, failed to gain legitimacy and eventually succumbed to isomorphic pressures and focused on a much more limited objective of providing technical reports about consumer goods. However, to the best of our knowledge, no research has focused on a case of institutional entrepreneurship applied successfully to a broad, emergent social issue.

Language, meaning and discourse in institutional entrepreneurship

Effective use of language is crucial in institutional entrepreneurship in emerging fields. Meanings in emerging fields are threshed out in competing discourses. Competing discourses use language to employ higher-order societal values in order to enhance their claims, and in attempting to legitimate change may "adopt the mythology of progressive rationality" (Suddaby & Greenwood, 2005: 60). Production of texts that are accessible, understandable and persuasive is a key strategy for successful entrepreneurial strategy (Phillips et al., 2004). Institutional entrepreneurship may require the creation of new lexicons (Aldrich & Fiol, 1994), especially when it pertains to the professions (Suddaby & Greenwood, 2005). Language in an entrepreneurial setting will emphasize congruence of

innovations with existing institutional fixtures, through metaphor and common referents (Campbell, 1998).

When examining organizational action through the lens of discourse analysis, the institutional entrepreneur is viewed as an author, a generator of text that aims to influence others (Phillips et al., 2004). Since interrelations between different discourses plays a role in determining legitimacy, successful authors will make use of "interdiscursivity" - a reference to other discourses – in order to appropriate legitimacy and meaning from other discourses, and make it easier for people to understand new texts (Maguire & Hardy, 2006; Phillips et al., 2004).

Building on the recent linguistic turn in research on institutional entrepreneurship, we now turn our attention to one specific type of text that has received surprisingly scant attention so far: standards.

Standards

Standard-setting is one way of generating discursive text. As a form of institutional entrepreneurship it has, to date, not been examined thoroughly. Garud, Jain & Kumaraswamy (2002) focused on Sun's development and promotion of the JAVA software standard, highlighting the tensions between competitive and cooperative motives as players in a field jockey for advantageous positions. Brunsson & Jacobsson (2000) describe settings in which standards are regulative instruments, arenas of expert knowledge, and rationales for creating organizations. Loya and Boli (1999) highlight the social contractarian aspects of international standard setting bodies, in which the principles of rationality, equality and non-partisanship are prominent.

Some standards, such as accepted accounting principles, are regulative instruments, and as such have coercive power over constituents obligated to use them (Strang & Soule, 1998). In the case of voluntary standards, the power and influence of the standard is more

subtle (Brunsson & Jacobsson, 2000). First, target organizations can select whether to use the standard at all or not. Second, even when selecting to participate, target organizations can autonomously select the extent to which they would like to be committed to the standard. In attempting to determine the utility of enlisting in a standard, many factors are expected to be at play: the perceived legitimacy of the standard and the standard setting organization; competing standards and standard setting organizations; the expected costs and benefits of implementing the standard; and others.

Standard-setters are authors of text, seeking to influence others, and in turn influenced by them. Standard development and evolution is thus a form of ongoing discourse for the field in which it takes place (Maguire & Hardy, 2006). In attempting to create a meaningful text, standard setters will employ language as a means of persuading target audiences to adhere to the standard; this will be especially true in cases where the standard is voluntary.

In this study we treat standard setting as a deliberate, purposeful action to influence the development of an institution and the construction of an organizational field. We investigate how a new player in an emerging field can, by developing a standard (1) reduce the ambiguity surrounding the ill-defined domain of the new field; (2) develop a new discourse bridging different stakeholders; and (3) acquire legitimacy in the eyes of stakeholders with conflicting interest and worldviews.

The Institutionalization of Sustainability Reporting

Corporate attitudes to reporting of social and environmental impacts has waxed and waned over the past decades, and there has been little consistency in the topics organizations choose to include in their reports (Gray, Kouhy, & Lavers, 1995). Certain companies have disclosed information regarding their social impact since the late 19th century (Guthrie & Parker, 1989). However, it was only in the 1960's and 1970's that firms manifested greater innovation and experimentation in developing reporting formats and in publishing corporate

goals and results regarding social and environmental performance, (Dierkes & Berthoin Antal, 1986). In the late 1970's nearly 90% of the Fortune 500 published socially oriented information in their annual reports, but the average space devoted to the topic was a mere half page, and the main concerns were employment and product related information (Mathews, 1997).

In the 1980's corporate interest in social reporting stagnated, and the focus of non-financial reporting tended to shift from to environmental issues (Dierkes & Berthoin Antal, 1986; Gray et al., 1995; Mathews, 1997). Companies began publishing separate environmental reports in 1989 (Kolk, 2004). The trend toward greater emphasis on environmental reporting expanded significantly in the 1990's, particularly in Europe and North America (Mathews, 1997; Wheeler & Elkington, 2001), especially in the latter half of the decade (KPMG, 2005). In 1993, about 70 companies published environmental reports (Elkington, Emerson, & Beloe, 2006), and by 1996 this number had jumped to 300–400 (Wheeler & Elkington, 2001).

In the latter half of the 1990's the topic of sustainability began making its presence felt in reports, and social reporting reemerged as an issue worthy of attention (Wheeler & Elkington, 2001). Sustainability reporting did not develop from scratch; rather, firms began expanding their environmental reports to cover a broader palette of issues, combining economic, environmental and social concerns in one report. Whereas the majority of reports in 2002 were titled "Environment, Health and Safety Reports", and only a small percentage of reports were titled "Sustainability Reports", by 2005 the tables had turned and most of the reports published by companies were "Sustainability Reports", (KPMG, 2005). In 2005, 52 percent of the top 250 companies of the Fortune 500 and 33 percent of the top 100 companies in 16 countries companies issued some form of sustainability report (KPMG, 2005). Nonetheless, environmental issues remain, to this day, more intensively covered than social and economic issues.

While sustainability reporting has not achieved taken-for-granted status, it can be characterized as a proto-institution – a new practice that can potentially become fully institutionalized if it becomes entrenched in social processes and widely diffused in the organizational field (Lawrence et al., 2002). Sustainability reporting is an especially interesting example of a proto-institution, because its entrepreneurs are aware that they are attempting to institutionalize the practice that they are promoting.

Sustainability Reporting Guidelines By the late 1990's literally dozens of organizations – pro-sustainability business groups, NGOs, industry associations, accountants, consultants, government - from many of the world's developed economies had published guidelines for reporting (Lober, Bynum, Campbell, & Jacques, 1997; Skillius & Wennberg, 1998). The guidelines ranged from vague and conceptual to specific and detailed. Many of the guidelines were put forth as part and parcel of broader initiatives to integrate sustainability in firms (examples include the International Chamber of Commerce's Business Charter for Sustainable Development; The United Nations Global Compact; and the OECD MNE Guidelines); however these initiatives do not provide detailed guidance on reporting. Reporting guidelines are also a component of environmental management systems such as ISO 14000 (specifically, ISO 14031 deals with environmental reporting) and the European EMAS framework.

Initiatives geared toward providing guidance for sustainability reporting are described in Table 1. Apart from the GHG protocol and the FRP, none of the initiatives provides guidance as detailed as that provided by GRI.

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The GRI guidelines, first made available for widespread public use in June 2000, have quickly become the ***de-facto*** standard for sustainability reporting, and are heralded as "the

only game in town" (AccountAbility, 2004: 20). This sentiment is echoed by other NGOs (SustainAbility, 2002), the financial press (The Economist, 2004), and by academic researchers (Labelle, Schatt, & Sinclair-Desgagné, 2006; Milne, Ball, & Gray, 2005). A KPMG survey of the top 250 companies in the Fortune Global 500, and of the top 100 companies in 16 countries revealed that 40% of reporting companies say they use the GRI to determine report content (KPMG, 2005). Of the remainder, 21% cite stakeholder consultation processes, 13% cite national standards and regulation, and 3% cite regulation. Less than 1% cite an alternative standard, AA1000, which does not purport to be a reporting standard but rather an "accountability standard", intended to guide organizations in "designing and managing an organisation's social and ethical accounting, auditing and reporting process" (AccountAbility, 1999). As of April, 2006, 823 organizations had registered their sustainability reports on the GRI website (www.globalreporting.org), among them Airbus, Anglo-American, Anheuser-Busch, BP, Canon, Coca-Cola, Deutsche Bank, Dow, DuPont, Hewlett Packard, Henkel, HSBC, Nike, Nokia, Philips, Shell and Vivendi.

Research Setting – the Global Reporting Initiative

The Global Reporting Imitative owes its existence to the efforts of CERES (Coalition for Environmentally Responsible Economies), a non-profit, non-governmental organization based in Boston, USA, that consists of environmental organizations, socially responsible investment professionals, institutional investors, labor and religious organisations. CERES, established in 1989, was founded to "coordinate an investment response to the environmental crisis from the private sector" (Hoffman, 1996: 54). CERES initially focused on developing and disseminating a ten-point code of corporate environmental conduct - originally dubbed the Valdez Principles, and later the CERES principles - which included issues like protection of the biosphere, waste management and safe products and service. Point number 10, "Audits and Reports", called for "annual self-evaluation" and publication of "progress in

implementing" the CERES principles (CERES, 2006). Disclosure was considered by CERES to be of paramount importance, as a means for influencing investor decisions, based on environmental performance (Hoffman, 1996).

Negotiations between CERES and corporations regarding adoption or endorsement of the CERES principles have been drawn out and contentious. To date, only some 50 companies have endorsed the CERES principles in their entirety, 13 of them from the Fortune 500 (CERES, 2006). Regarding disclosure more specifically, progress was easier to attain. CERES worked with Amoco, IBM and AT&T to develop the "Voluntary Environmental Reporting Initiative" (VERI). In 1993, however, CERES pulled out of the VERI development process, and ten corporations launched the initiative, rechristened PERI, without CERES participation (Hoffman, 1996).

In the years following the launch of PERI, CERES became increasingly disenchanted with non-financial reporting practices. Non-financial reports produced by firms varied greatly in quality and relevance, and various guidelines and frameworks for benchmarking, reporting and assessing were being developed by different organizations in a variety of countries (Willis, 2003). In other words, CERES sensed that the field was extremely fragmented and that renewed action was necessary.

GRI was originally convened in late 1997 by CERES in partnership with the United Nations Environment Programme (UNEP), as a multi-stakeholder, international project for developing guidelines for environmental reporting (GRI, 2000). From the start, in order to attract people and organizations to the project in a non-partisan frame of mind, CERES proclaimed its intention to spin GRI off as an independent organization (Waddell, 2002). Early in 1998, GRI decided to strive for a goal more ambitious than its original charter: to address not just environmental performance reporting as had been initially planned, but also social and economic performance as well (Willis, 2003), in other words, "the whole

enchilada" (SustainAbility, 2002: 15). However, the scope did not expand so as to encompass codes of conduct, threshold levels of performance, assurance, verification or any other issue – focus was maintained on determining what and how to report. GRI's explicitly stated mission is to "to elevate sustainability reporting practices to a level equivalent to those of financial reporting, while achieving comparability, credibility, rigour, timeliness, and verifiability of reported information." (GRI, 2002: 65). While GRI does not set targets or performance levels towards which reporters should strive, it does focus attention on certain issues and away from others, simply by defining and delimiting topics that warrant reporting.

A timeline of the GRI's development reveals quick and purposeful action. By early 1998 the GRI had established a Steering Committee and several Working Groups with participants from Europe, the Americas and Asia. A first cut at the Guidelines (an "Exposure Draft") was released in March 1999 (Willis, 2003). A pilot testing and comment period followed, and the first official version of the guidelines was released in June 2000 (GRI, 2000). A subsequent round of discussions, drafts and public comment took place in the following two years, at the end of which the second version of the guidelines was released, in September 2002. By June 2004 the Guidelines were available in eight languages free of charge (GRI, 2005). The subsequent - and current - version of the Guidelines, dubbed "G3" was launched in October, 2006.

Funding has been an on-going challenge for the GRI, from its beginnings to the present day (Acquier & Aggeri, 2006). In the years 1997-2001, GRI was funded through CERES by grants received from charitable foundations. From 2002 on, GRI diversified its funding sources to include stakeholders, corporations, governments, intergovernmental bodies, foundations, and assurance providers (GRI, 2006). Nevertheless, its available funds remain meager. For example, the GRI's operating budget for the 2003-2004 fiscal year was less than 2 Million Euros (GRI, 2005).

GRI Governance and organizational structure A diagram of GRI's organizational structure is shown in Figure 1.

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GRI enlists the support of a large number of Organizational Stakeholders to which it is ultimately responsible. Organizational Stakeholders include companies; environmental, social and consumer advocates; investors; labor; accountancy organizations; governments; multi-lateral organizations and research institutes. Any type of organization can become an Organizational Stakeholder, and access is attained upon payment of a membership fee, which varies based on the organization's annual turnover (fees range from 100 to 10,000 Euros annually). Organizational Stakeholders elect 60% of the Stakeholder Council.

The Stakeholder Council is a 60 member body, meeting annually for debating key strategic and policy issues facing the GRI. The Stakeholder Council appoints Board members and makes recommendations to the Board on Guideline revisions. GRI puts a great deal of thought and effort into balancing competing interests in the Stakeholder Council. GRI deploys a two dimensional matrix with geographic region (continents) on one axis and organizational affiliation on the other axis, and attempts to have all cells in the matrix represented in the Stakeholder Council. GRI's deed of incorporation calls for the following quotas in stakeholder affiliation in the council: 22 seats for Business; 16 seats for Civil Society Advocacy Organizations; 16 seats for Mediating Institutions; 6 seats for Labor.

The Board of Directors comprises 16 members, nominated (except for the CEO) by the Stakeholder Council. The current Board of Directors is comprised of corporate executives and accountants as well as representatives of NGOs, think-tanks, and UNEP. One especially notable Director is Mark Moody-Stuart, Chairman of Anglo American plc and former Chair

of Royal Dutch/Shell. The Board has the ultimate fiduciary, financial and legal responsibility for the GRI.

GRI's executive body is the Secretariat, led by a CEO, appointed following an international executive search process. The Secretariat numbers around 30 people, and is located in Amsterdam.

Finally, a ten to fifteen member board-appointed group of experts in the fields of the environment, human rights, labour, economics and finance, reporting, and/or accounting comprises the Technical Advisory Council. Its role is to guide the technical aspects of the Guideline creation process. Members of the Technical Advisory Council serve as chairs of the GRI Working Groups - temporary entities with diverse membership that actually develop the indicators, measurement protocols and reporting methodologies which are at the heart of the Guidelines. Working Groups are established and convened in order to accomplish specific tasks, and are disbanded upon their completion. In developing the 2002 Guidelines, for example, much of the work was done by a 140 member Measurement Working Group and a 12 member Revision Working Group. Consultants, like Arthur D. Little, facilitate the work of the Working Groups.

Beyond developing and disseminating the core Sustainability Reporting Guidelines, GRI also develops Technical Protocols, to provide definitions, equations and detailed explanations on how to report on some indicators like water, energy, child labour, health and safety. The Guidelines are also complemented by Sector Supplements, which provide specialized information, definitions and indicators for industry sectors like the automotive, telecommunications and financial services sectors. Technical Protocols and Sector Supplements are also developed by Working Groups.

While GRI is structured to promote permeability to outside influences and diversity of interests, it is not a quintessential social movement. Even though its interests lie squarely

within the agenda being pursued by the "environmental movement" or the "sustainable development movement", the GRI is not volunteer based, does not engage in mobilization of supporters, and does not attempt to directly influence policy through shows of strength (see e.g. (Meyer & Staggenborg, 1996; Snow, Rochford, Worden, & Benford, 1986). Nor does the GRI fit neatly into the template of typical standard setting organizations such as ISO or FIFA which are composed of delegates with narrow, similar interests (see e.g. (Brunsson & Jacobsson, 2000; Loya & Boli, 1999). GRI's form is thus substantially different from other types of organizations to which it might, at first glance, be likened.

Reporting with the GRI standard The GRI Sustainability Reporting Guidelines are freely available for users, on a non-proprietary basis, and are easily accessible through the GRI website. Companies using the Guidelines are not obliged to notify GRI that they are doing so, and GRI provides no certification of reports. Reporting organizations are thus free to pick and choose reporting elements developed by the GRI as they see fit. GRI currently offers only one means for distinguishing a report as one of superior quality, namely "in accordance" reporting. In order be "in accordance", a report must address all the reporting elements in the Guidelines (although it can omit reporting on certain indicators, if a reason for the omission is provided), must be consistent with the GRI's 11 reporting principles (see Figure 1a), and must include a set statement signed by the board or CEO, stating that the report is a "balanced and reasonable presentation of our organisation's economic, environmental, and social performance". As of August, 2005, only 62 reports had been published "in accordance" with the Guidelines (Business for Social Responsibility, 2005). Like other reports based on the GRI Guidelines, "in accordance" reports are not certified by the GRI.

DATA AND METHODOLOGY

In order to understand how the GRI creates new meaning through language, we conducted discourse analysis on the GRI Sustainability Reporting Guidelines. Discourse analysis seemed to us to be the most appropriate form of textual analysis we could conduct, because its main distinguishing feature is that it "examines how language constructs phenomena, not how it reflects and reveals it" (Phillips & Hardy, 2002: 6). Our methodology also borrows from frame analysis, since frame analysis is useful for understanding how actors deploy language in the service of advocacy (Creed, Langstraat, & Scully, 2000).

We first analyzed the second version of the GRI Reporting Guidelines (published in 2002), which was, at the time of analysis, the current version. According to GRI

> ***"This document is the foundation upon which all other GRI documents are based. The Guidelines represent the reporting content that has been identified as most broadly relevant to both reporting organisations and report users. The document is the "core" of the GRI family of documents. Other supplements and guidance documents, focussed on sectors and issues, are intended to add to, but not replace, the Guidelines."***

We thus followed Phillips and Hardy's (2002) suggestion to focus on "important" texts. We chose to begin our work on the latest available version of the Guidelines because we expected that GRI's use of language would have become more sophisticated and the arguments more finely tuned than in earlier texts. Indeed, the 2002 version of the Guidelines is a 104 page document, compared to 64 pages in the first version, published in the year 2000. While both documents are structurally similar, the 40 additional pages in the 2002 Guidelines are mainly devoted to greater elaboration about the drivers, benefits and principals of sustainability reporting, as well as to greater specificity in the sustainability indicators themselves. Both versions adopt a similar structure: they begin with a general overview of sustainability reporting, go on to describe the underlying principles that guide reporting, then

provide specific metrics and reporting formats, and conclude with various annexes providing greater detail on various issues. See Table 2 for detailed descriptions of the two documents.

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Our analysis proceeded by coding portions of text in the Guidelines document using NUD*IST software. Our basic coding unit was a text segment, which we defined as a statement that was meaningful and that expressed a basic yet complete idea (see also Fiss & Hirsch, 2005). Coding is the technical process by which text segments are linked to one or more nodes. Nodes are NUD*IST software objects to which a coder attaches text segments based on the analytic methodology used. In our case, nodes represent "idea elements" (Gamson & Modigliani, 1989) - specific conceptualizations which appear repeatedly in a text or group of texts.

Most of the segments that we coded were one or several sentences in length; very few were shorter than one sentence long, but many segments encompassed a paragraph or more, in which the main topic under discussion was elaborated at length. We did not constrain ourselves to coding all segments in the document. Certain portions of text remained uncoded; most of these portions were strictly technical in nature, and had no meaning beyond pragmatic instructions regarding application of the standard.

While we did not constrain ourselves to coding all text segments, we also did not constrain ourselves to coding a segment with only one node, i.e. we did not try to determine an exclusive, "most relevant" idea element expressed in each segment. Specific segments could thus be linked to several nodes, meaning that they touched upon several issues which appeared repeatedly in the Guidelines.

When coding was completed, we had obtained from the document a set of nodes which were linked to segments of text. We subsequently analyzed the nodes and the ideas they represented, and classified them into three major themes. Of the 21 idea elements we unearthed in the document, 18 were associated to themes. The remaining three idea elements (***Information Transfer***, focusing on effective communication of reports; ***Reporting Principles***, focusing on qualities like rigor, reliability, balance, quality and flexibility; and ***Credibility***, encompassing the issues of trustworthiness, verifiability and independent assurance) were found to be conceptually disparate from other idea elements, and were left unassociated to themes.

After grouping the idea elements in the 2002 Guidelines into themes, we performed a similar yet unbiased analysis of an additional important text – namely the first version of the guidelines, published in 2000. This allowed us to study whether the idea elements found in the 2002 version were not spurious, and whether GRI's messages were consistent over time. We performed the second analysis without coercing text into the nodes we had elicited from the 2002 Guidelines, and were ready to accommodate new and entirely different idea elements that the text would suggest to be relevant. We then grouped the nodes/idea elements from the 2000 Guidelines into themes as well.

RESULTS

Overview of the documents The GRI Sustainability Reporting Guidelines can be characterized as documents that are both professional and engaging. The documents are composed nearly entirely of text, with very few diagrams and tables, and no pictures or images at all. The documents are presented in an easy-to-read format, comfortably spaced and with significant margins. Main points are emphasized in text boxes located in the page margins.

The underlying concepts and logic of sustainability reporting are well-developed in the guidelines. No prior knowledge is required in order to understand neither the principles nor the practical aspects of reporting. A glossary of terms is provided between the main body of text and the annexes. There are no language distancing mechanisms to overcome; the vocabulary and grammar are unpretentious. The guidelines are not dense. Accountants, HR professionals, environmental professionals, NGO members and policymakers can all access the text quite easily.

Coding and classifying The 2002 Guidelines, being the most current version at the time of analysis, were coded first. Reliability of the emergent themes was assessed by coding the 2000 Guidelines. In coding the 2000 Guidelines, only one new node was required – "Indicator Integration". The 2002 Guidelines were subsequently reexamined, and "Indicator Integration" was coded as well. Results of the analysis are shown in Table 3.

Grouping of the idea elements yielded three themes, each of which is conceptually different from the other. The first, ***ambiguity reduction***, is a mechanism that allows users of the guidelines to come to grips with new concepts by delimiting and explaining their scope and significance. The second theme, ***discourse bridging***, bridges the sustainability and business discourses. The third theme, ***robust design*** (Hargadon & Douglas, 2001), associates a new practice with a familiar one, by use of analogy. Below, we describe each of the three themes in turn.

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Ambiguity Reduction

Triple Bottom Line The Triple Bottom Line is the most prevalent idea element in the guidelines, appearing 58 times in the 2000 Guidelines and 94 times in the 2002 Guidelines.

The Triple Bottom Line concept was coined in the mid-1990s by a management-sustainability think-tank (SustainAbility) and has been enthusiastically embraced by multi-national corporations, accounting firms, investment firms, governments and NGOs (Norman & MacDonald, 2004). The main idea behind the concept is that firm performance has three facets – economic, environmental and social – none of which can be overlooked if a firm wants to ensure its long term viability. In both the 2000 and 2002 guidelines, the reader is incessantly reminded that performance and the indicators for measuring performance must take into account economic, environmental and social issues in equal measure. In certain sections of the documents, this notion is repeated three or four times per page.

Indicator Integration Building on the premise of the Triple Bottom Line is the issue of Indicator Integration. While economic, environmental and social issues are each important independently, the interplay, trade-offs or synergy between the concepts is also important (Elkington et al., 2006). Interestingly, the idea of indicator integration was emphasized to a greater extent in the 2000 Guidelines than in the 2002 Guidelines. It would seem that the difficulty in developing appropriate metrics for integrated measures led GRI to downplay the importance of the issue until greater rigor could be applied to it.

Stakeholders Another prominent theme in the Guidelines is the issue of stakeholders. Stakeholder theory holds that firms have responsibilities to an array of constituents, and not just its shareholders. Stakeholders, in the most far-reaching sense, include anyone who is influenced by an organization; however, the constituents often recognized as most salient include customers, suppliers, employees, investors, governments and the communities in which the firm operates (Donaldson & Preston, 1995). Stakeholder theory can be instrumental, attempting to identify the improved performance that results from adoption of stakeholder-related principles, or normative, based on ethical, philosophical grounds (Harrison & Freeman, 1999).

The GRI Guidelines make intensive use of the term stakeholder, but do not explicitly support either the normative or instrumental approach. The Guidelines do, however, emphasize the rights of a broad array of stakeholders with diverse needs to useful and relevant information, and also suggest that organizations consult with their own stakeholders in order to make their reports as useful as possible for these audiences. Stakeholder feedback and engagement are recommended. The Guidelines do not provide any arguments supporting the idea that stakeholder engagement will lead to greater financial gain

Universality In both the 2000 and 2002 Guidelines, GRI emphasizes the universal applicability of sustainability reporting to all organizational types and sizes, operating anywhere in the world. Nonetheless, the Guidelines explicitly state that they are currently targeted mainly to businesses, especially large ones. In order to address the fact that in the case of sustainability reporting one size does not fit all, GRI develops Sector Supplements, which provide specific additional guidance for organizations in certain industries. GRI thus provides encouragement and a useful starting point for sustainability reporting by any organization in the world, while providing the greatest attention and support to major corporations. The theme of universality is also readily apparent in the very name of the initiative, which incorporates the word "Global", signaling the universality of the Guidelines.

Accountability The theme of accountability is prevalent in the 2002 Guidelines, but is almost absent from the 2000 Guidelines. The 2002 Guidelines emphasize that stakeholders impose demands for corporate accountability. Accountability is mentioned in relation to changes in governance mechanisms and governance reform as well as to globalization and operation in developing countries. By being accountable, organizations will be able to retain the "license to operate" bestowed upon them by society.

Summary of Ambiguity Reduction The idea elements which form the theme of ambiguity reduction are the main demands placed on business by actors engaged in promoting

sustainability. By explicitly identifying and clarifying these specific idea elements, GRI reduces the difficulty that organizations encounter when attempting to understand and address unfamiliar demands from the organizational environment. GRI condenses the multitude of confusing demands of the organizational environment to a small, manageable number, demarcates the extent of each, and describes the underlying logic making them pertinent. As described by GRI, the idea elements become less threatening and proactively addressable.

Discourse Bridging

The Guidelines address both the sustainability and business discourses. The tone and framing are unequivocally business-like in nature, while the subject matter draws from the discourse on sustainability. Sustainable development and its attendant, sustainability reporting, are represented as legitimate and necessary business activities (especially in the 2002 Guidelines).

Real world problems as business problems This theme, much more developed in the 2002 Guidelines, frames social ills and environmental degradation as issues that have an impact on economic performance of businesses. Most of the impacts provided as examples are negative and potentially damaging in nature, yet some references in the Guidelines suggest that a better understanding of sustainability issues, obtainable through reporting, can uncover opportunities for business growth. Sustainability reporting is described as a means of identifying potentially problematic issues before they develop into full-blown crises with deleterious consequences.

In the 2000 Guidelines, some reference is made to real world problems as problems in their own right, and also to the concerns of activist organizations. These types of references are less common in the 2002 Guidelines.

Business language Another theme much more developed in the 2002 Guidelines than in the 2000 Guidelines is the use of jargon and buzzwords frequently utilized in business

communications. Text segments from this theme would blend perfectly into corporate brochures or presentations of business models. Best illustrated by example, some of these phrases are: “today’s high-speed, interconnected, ‘24-hour news’ world.”, the “’bricks and mortar’ economy of the past”, and “tightly linked global supply chains”.

Drivers The 2002 Guidelines contain an introductory section describing key trends that are creating greater demand for sustainability reporting. The main drivers identified are globalization, corporate governance, accountability, and citizenship, as well as national policy and international conventions. Additional drivers are mentioned in an Annex devoted to linkages between sustainability and financial reporting; these include accounting regulations, financial risk management and management of intangible assets. Notably, none of the drivers are directly related to the natural environment or social issues.

Benefits Similarly, the 2002 Guidelines also provide examples of benefits from reporting, such as: improved relationships with stakeholders; breaking down internal organizational insularity through information sharing; reduction of volatility and uncertainty in share prices; building brand image; and creation of competitive advantage. Only once are direct benefits to “natural, human and social capital” mentioned.

Comparability While comparability is one of the 11 GRI Reporting Principles (see Figure 2 and discussion below), it is a much more prevalent idea element than the others. This idea element centers on the comparability of reports released by different organizations, as well as reports issued by one organization over time. Comparability between reports allows stakeholders to identify best practices and best-in-class organizations. Comparability is important because it is a precursor to choice, and allows for reasoned decision making among options. Comparability in reports allows stakeholders to favor or sanction organizations that behave exceptionally well or poorly. This idea element resonates with commercial activity, in which businesses are accustomed to having their products, services

and image compared to those of other businesses. Comparability is thus a stimulant for competitiveness, in that companies can compete on actual accomplishments that can be objectively assessed in relation to the accomplishments of other organizations. Comparability is also suggestive of common business practices like best practices and benchmarking, where companies determine their position on a relative scale determined by their peer group.

Summary of Discourse Bridging Bridging between the business and sustainability discourses is achieved primarily by addressing sustainability issues from a business perspective. Business framing is accomplished by use of arguments based on business logics, by adoption of vocabulary typically used in business settings, and by emphasizing comparability as a basis for competitiveness based on superior (triple bottom line) performance. The business case, drivers, and benefits of sustainability in general and sustainability reporting in particular are discussed at length, in a manner that can persuade target readers, as well as assist them to "sell" the concept internally, in their own organizations. Framing in business terms allows users of the Guidelines to treat sustainability reporting as an acceptable business activity, rather than a subversive one.

Robust Design

The robust design of sustainability reporting as described in the Guidelines is based on an analogy with financial reporting. The analogy builds upon the positive attributes of financial reporting, and also on its limitations. Additional idea elements comprising the robust design theme emphasize that sustainability reporting, the GRI itself, and reporting organizations are still experimenting with the practice of sustainability reporting, and that its final format is far from being determined. This suggests that organizations involved in the institutionalization process will be able to take part and influence its evolution.

Financial reporting analogy The analogy with financial reporting is made explicit in GRI's mission and is very prominent in the organization's communication strategy. GRI

admits that “the rich tradition of financial reporting … has inspired GRI’s evolution”. The 2002 Guidelines devote a 5 page annex to the linkages between sustainability and financial reporting. The analogy is developed subtly, and is double-edged in that it highlights both laudable and problematic aspects of financial reporting.

The positive element of the analogy focuses on several recognizable attributes of financial reporting: rigor, disclosure, verifiability, credibility, clear demarcation between facts and interpretations, regularity of publication, and the comparability of reports (over time in one company, or cross-sectionally, over many companies).

As regards the limitations of financial reporting, the Guidelines state that precise quantitative material measures, while useful for financial reporting, are not, in the case of sustainability reporting, relevant in and of themselves; impacts must be considered within the natural and social context within which they occur. Financial reporting also assumes that the reader has prior knowledge of relevant professional terms, yet the Guidelines emphasize that this supposition cannot be carried over to sustainability reporting, and that “simple words”, “suitable graphics” and “carefully defined” terms be used in sustainability reports. Being more accessible, sustainability reports have a broader audience than financial reports. Finally, organizational boundaries relevant for financial reporting are not sufficient for meaningful sustainability reporting, for example in the context of supply chains and the use of outsourced labor.

Significantly, the Guidelines also highlight the differences between financial reporting and the economic reporting that is part of sustainability reporting. Whereas financial indicators are useful primarily for managers and shareholders, economic indicators are intended for a broader audience, include intangible assets such as human capital and capacity to innovate, and are focused on the distributive economic impact the organization has on its

stakeholders, rather than on the reflexive impact an organization's actions have on its own value.

The Guidelines are careful to emphasize that no attempt is being made to displace or modify existing financial reporting standards and practices. Financial reporting and sustainability reporting are seen to "serve parallel and essential functions that enrich each other". GRI recommends that publication of financial and sustainability reports be timed to coincide. As a complement to financial reporting, sustainability reporting provides broader scope and longer horizons. The annex linking sustainability to performance details why "sustainability reporting offers real value to those whose business is to assess the current financial health of companies and anticipate future performance", and suggests that in the future financial reporting and sustainability reporting will be fully integrated into "one-stop performance reporting".

A particularly intriguing element in the analogy to financial reporting is evident in a diagram depicting the eleven GRI reporting principles which form the "foundation" for performance measurement, providing a "reference point" for interpretation of reports (see Figure 2a). GRI clearly states that its reporting principles are "informed" by financial accounting tradition (GRI, 2002: 22), but does not cite any specific sources. Figure 2b depicts the hierarchy of accounting qualities developed by the Financial Accounting Standards Board, in a Statement of Financial Accounting Concepts. While not technically a component of GAAP (Generally Accepted Accounting Principles), the FASB Statements of Financial Accounting Concepts are basic principles which underlie GAAP (Anthony, 2004)

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FIGURE 2 HERE

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The visual similarity between the two diagrams is striking. Four of the GRI principles (Relevance, Timeliness, Neutrality, Comparability) are identical to four FASB principles.

Four other principles (Clarity, Auditability, Completeness, Accuracy) are materially similar to FASB principles (Understandability, Verifiability, Reliability and Representational Faithfulness). Only three GRI principles are unique: Transparency, Inclusiveness and Sustainability Context. Two of the three – Transparency and Inclusiveness - are described as overarching principles and "are woven into the fabric of all the other principles". The principle of inclusiveness relates to the importance of incorporating stakeholder views during report design. Transparency requires that readers be fully informed of the processes, procedures, and assumptions embodied in the reported information. Finally, the Sustainability Context principle calls for organizational performance to be placed in the larger context of ecological, social, or other limits or constraints.

This component of the analogy to financial reporting seems especially potent. For accountants, the image resonates with their knowledge of accounting principles; the diagram might look vaguely familiar. For other readers, the diagram is straightforward enough to be clearly understood. By slightly altering the hierarchic structure of the FASB principles, and replacing several of them with three conceptually different principles - two of which are deemed the most significant – GRI acknowledges the importance and relevance of accounting principles, yet at the same time subjugates them to the ideal of sustainability.

First steps The Guidelines emphasize that GRI as an organization, the principles of sustainability reporting, and the experience and capacities of organizations to create meaningful reports are all in their infancy. The Guidelines themselves are referred to as a "work in progress". The Guidelines state that future work will center on the core Guidelines, as well as on supplementary technical, sector and issue protocols. A commitment is also made to develop a clearly reasoned and articulated stance regarding certification and third-party verification.

GRI repeatedly acknowledges its commitment to receiving feedback from reporting organizations and other audiences to adjust and improve the Guidelines. "Mutual [GRI and reporting organization] learning through experimentation" and "learning by doing" are important sources of input in the development of future versions of the Guidelines. GRI is careful to position itself as a facilitating rather than coercive organization, proclaiming that it will attempt to "capture an emerging consensus on reporting practices". In GRI's view, sustainability reporting evolves over time, based on open consultative practices.

The Guidelines acknowledge the difficulties that organizations encounter in preparing sustainability reports, and provide various suggestions and encouragement for companies to accomplish what might be a difficult task. The main idea is that rather than setting the bar too high, failing to live up to expectations and subsequently abandoning the idea of sustainability reporting, organizations should take an incremental approach, improving their capabilities from report to report. Reporting organizations are encouraged to report on metrics that are available, even if they do not cover all the issues addressed in the Guidelines. Moreover, they are urged to take costs into account when considering reporting formats (print, Internet), as well as verification. Notwithstanding this latitude, organizations are asked to report the reasoning behind their reporting choices, as well as their future plans.

GRI deliberately provides only limited guidance on incremental improvements to reporting, in order to "encourage experimentation". However, the Guidelines suggest that organizations now developing information systems that will be relevant for future reporting design them in a way that will be compatible with the more rigorous character of future sustainability reports. The future convergence of financial and sustainability reports mentioned earlier is also a long term prospect that organizations should take into account.

References to existing practices This idea element anchors the GRI framework in the current state of sustainability reporting by organizations. The Guidelines provide examples of

specific practices that are prevalent in organizational reporting, describe the positive and negative aspects of these practices, and suggest ways in which these practices can be improved upon. This provides organizations with a reference point to real-world contexts they are familiar with, and can build upon.

Partnering GRI is careful to meticulously delineate its domain of activity, and acknowledges the presence and contribution of other organizations working in the broad field of sustainability, specializing in issues adjacent to reporting. The Guidelines explicitly state that they are not a code of conduct, not a management system, not a data collection system, not a performance standard, not a stakeholder consultation guideline, and not a verification methodology, thus pulling the rug out from under potentially belligerent postures. The Guidelines are intended to "complement" existing tools and practices, and GRI makes an effort to "accommodate" these initiatives in the Guidelines. Notably, the Guidelines do emphasize and support the practice of third-party verification, providing lengthy descriptions of what verification might entail and how a third party audit statement might be phrased.

Many of the specific performance indicators reference existing initiatives and agreements, especially "international treaties and conventions that embody universal norms and practices" such as the Kyoto protocol, the Montreal protocol for ozone-depleting substances, the International Labour Organisation conventions, and many more. Annexes in both the 2000 and 2002 guidelines list complementary initiatives, their main characteristics, and sources of additional information

Accommodation of complementary initiatives allows GRI to focus on its core mission, as well as neutralize worries that other actors in the sustainability might have regarding their own position. More importantly, reliance on third-party protocols eases constraints. By cherry-picking initiatives to be referenced in the Guidelines, the GRI is not committed to specific measures for more than one version of the Guidelines. In reassessing the most

suitable initiatives to reference for upcoming versions, GRI can easily alter the course and scope of the Guidelines, in conformance with its goals.

Voluntariness While encouraging adoption of the Guidelines, the GRI is not dogmatic about their application. The Guidelines permit a great degree of flexibility in what is reported, as well as reporting frequency and format. Organizations are free to omit certain indicators, describe impacts using metrics other than those specified in the Guidelines, or expand on certain issues beyond what the Guidelines prescribe. Indeed, the Guidelines encourage organizational autonomy in designing a report that reflects each and every organization's uniqueness. The Guidelines do suggest that reporters explain the underlying logic that influenced reporting decisions, especially where these decisions vary from Guideline prescriptions, but this is not mandatory. The Guidelines also refer to the tension between flexibility and comparability, stating that taking too much freedom with the Guidelines will impair report quality.

Voluntary use of the Guidelines and flexibility in their application allow organizations to gradually commit to the concept of sustainability reporting, adapting it to their own capabilities and practices. Rather than promoting a rigid form, GRI encourages sustainability reporting to truly reflect the reporting organization – its ideals, the extent of its commitment, and its capacity to address the topic. This approach makes sustainability reporting more accessible, increasing its adoptability, and may not detract much from what readers can glean from reports. An organization's approach to sustainability is clearly evident in the format, rigor, scope and detail of its sustainability report, i.e. to the extent to which the guidelines have been adhered.

Self Promotion Self Promotion enables GRI to address external concerns regarding the credibility and longevity of GRI. A self contained section (in the 2000 version) or Annex (in the 2002 version) is devoted to detailing the GRI's history, structure, accomplishments

and future goals. Self-promotion is much more evident in the 2002 version of the Guidelines, and emphasizes the rapid expansion of the GRI in its first few years of its activity. Passages concerning self-promotion emphasize that GRI will "continually" improve, develop and tune the reporting guidelines, by "drawing hundreds of partners into a voluntary, multi-stakeholder, consensus-based process". The emphasis on self promotion buttresses GRI's position as the only game in town for sustainability reporting and lends credence to the idea that sustainability reporting is not a fad.

Summary of Robust Design The ideas and ideals of accounting are deeply infused in a wide variety of macrosociological domains (Meyer, 1986), among them all aspects of business. Social perception theory has shown that reasoning by analogy is prevalent, especially when potential associations are easily attainable (Tversky & Kahneman, 1973). In discussing and describing sustainability reporting, the analogy to accounting and financial reporting is fertile ground for GRI to develop the key principles it espouses. An appropriate mix of novelty and familiarity seems to be the ideal formula for capturing attention (Hargadon & Douglas, 2001).

While analogy is the foundation of the robust design theme, identicalness would be counterproductive, appropriating from the reader the capacity of constructing an image of sustainability reporting that fits his/her own context. Readers of the Guidelines, based on their own interests and attitudes, can see them as a source for non-binding ideas regarding reporting or as a far-reaching set of principles that redefine the relations between business and society. Every reader can find something in the Guidelines with which to identify, and very few can find something within them which is threatening.

DISCUSSION

As the case of GRI illustrates, relatively weak players in an emerging field can successfully develop standards and further a process of institutional change. In the analysis of

the guidelines we identified three key mechanisms that explain this process: ambiguity reduction, discourse bridging, and robust design.

The ambiguity regarding the main precepts of sustainability and its economic impacts is addressed by the standards in two ways. First, and corresponding to the introductory section in the guidelines, an economic efficiency argument is proposed, clarifying the key vocabulary used in the field of sustainability (stakeholders, triple bottom line, etc). Subsequently, the technical section of the guidelines provides a blueprint that facilitates the process of designing, developing and producing the actual artifacts, i.e. the sustainability reports. Building on Strang and Meyer (1993), (Tolbert & Zucker, 1996) posited that the two key tasks of theorizing a new institution are first decontextualizing and reframing a local problem as a generic one, which can potentially affect a large number of organizations, and then justifying a solution to the problem on logical or empirical grounds. Our findings suggest that abstract logical arguments and empirical evidence (theorization) need to be complemented by concrete recipes for action. If institutional entrepreneurs only provided logical, persuasive abstract frameworks, they would fail to mobilize the action and resources of other players in the field. Yet mobilization is contingent not only on the existence of a novel framework reducing the ambiguity of the field, but also on the ability of the institutional entrepreneurs to design innovative institutions that can appeal to a broad array of actors with different and sometimes conflicting interests.

Institutional theory posits that it is at the intersection of conflicting institutions that we find opportunities for social innovation and change but also struggles between different values, worldviews and behavior (Friedland & Alford, 1991; Seo & Creed, 2002). It is exactly at the borderlands between institutions that new relatively powerless actors can successfully provide a new discourse bridging, at least discursively, conflicting worldviews. The creation of a discourse bridging between the “sustainability” and “business” discourses (Phillips et al.,

2004) grants the institutional entrepreneur and the entrepreneur's texts legitimacy in the eyes of diverse stakeholders.

Finally, robust design also helps institutional entrepreneurs acquire legitimacy from a diverse set of stakeholders and mobilize them in the process of institutional change. Like all players in an organizational space, in order to succeed, entrepreneurs must assemble resources and maintain alignment with the prevalent institutional order (Lounsbury & Glynn, 2001; Rao, 1998) Yet, in their quest for legitimacy, entrepreneurs must, in addition, perform a delicate balancing act. In attempting to gain legitimacy from the environment, they must set themselves apart from other organizations, yet not so far as to stray from normative acceptance (Hargadon & Douglas, 2001; Lounsbury & Glynn, 2001) If their innovation is radical, its far-reaching implications must be hidden from established organizations, yet the innovative form must be made distinct enough to display its advantages over the existing order (Aldrich & Fiol, 1994). This can be done through use of analogy and comparison with existing institutions, explicating new concepts through familiar ones as in the case of the "financial accounting" framing of the GRI sustainability guidelines. A robust design (Hargadon & Douglas, 2001) enables prospective innovators to present some concepts as new, explain others through concepts that are accepted, and conceal other attributes best left hidden.

CONCLUSIONS

The GRI, a small organization with very limited resources has, in less than six years, induced slightly over 20% of the top 250 companies in the Fortune 500 to adopt its guidelines for producing sustainability reports. With the introduction of the third version of its guidelines in late 2006, it is likely that this trend will continue unabated in the near future.

In propagating the tenets of sustainability reporting, GRI has relied extensively on personal relationships and access to top level executives, especially in its first years, when

still closely affiliated with CERES (Acquier & Aggeri, 2006; Hoffman, 1996). GRI's success in recruiting high profile corporate executives to its board of directors has also been extremely useful to attain legitimacy and visibility. Yet, these resources are not scalable; as GRI grows, their marginal impact on the decision of additional companies to adopt the Guidelines diminishes. GRI's meager budget prevents it from engaging in large-scale advertising and promotion, focusing instead on targeted activities for specific constituencies. These small-scale events are insufficient, however, to introduce and promote the Guidelines to broad audiences.

Thus, with very little alternatives in pursuing its goals, the GRI has resorted mainly to language as a means for promoting change. As we have shown in this study, the GRI Guidelines act at three levels: demarcating the social ideals which provide the impetus for change; addressing them as part of the business discourse; and codifying the technique for appropriate organizational action (Hasselbladh & Kallinikos, 2000). In an emerging institutional field, much more than mere standards is being debated. Effective institutional entrepreneurship traces issues all the way from their origins as social quandaries, through their translation into business issues, and all the way to specific actions that ensue.

A major limitation of our research is that we do not assess the salience of environmental pressures to adoption of sustainability reporting. Organizations today must address the demands of activists, regulators, customers and general public opinion regarding the sustainability of their practices. In this situation, organizations are actively searching for appropriate organizational responses, one of which is a means for increasing transparency and displaying awareness to the issue. While the GRI Guidelines conform to what organizations believe is appropriate organizational action, we cannot determine whether organizations are ripe for adopting new practices, or whether GRI makes a persuasive case that actually triggers change in organizational attitudes towards reporting.

As we have shown, the GRI Guidelines are firmly embedded in the discourse of business. Rather than assuming a combative stance, and attempting to create radical change by attacking the hegemony of business head-on, GRI has chosen to act within the system (Hoffman & Ventresca, 1999). While acceptance is much easier in this path, generating substantial change is much more difficult. ISO 14000, for example, a standard for environmental management, has not led organizations to improve their environmental performance (Bansal & Hunter, 2003; Darnall, 2003). Nonetheless, many researchers emphasize that even lackadaisical commitment to sustainability and its associated practices may, over time, gather steam and lead to more genuine commitment (Forbes & Jermier, 2002; Henriques & Sadorsky, 1999; Hironaka & Schofer, 2002; Levy, 1997; Lounsbury, 2001; Mendel, 2002). While reporting practices may be co-opted by business interests, negative feedback may occur, leading to unanticipated developments (Arnold & Hammond, 1994). By committing themselves to sustainability reporting, firms accept the possibility of being transformed through exposure (Saiia & Cyphert, 2003).

Future research should proceed in two steps. First, an examination of language used in sustainability reports, and the way it develops over time, can provide an indication of whether new concepts and ways of defining social reality are being adopted by organizations. Second, social, environmental and economic performance should be examined, to see whether changes in language and conceptualization do indeed lead to changes in behavior. In this regard, the GRI will continue to be a good research setting, because it is both a creator of texts as well as a creator of metrics to assess the impact of those very texts.

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TABLE 1

Other Sustainability Reporting Guidelines

Initiative	Initiator	Duration	Scope
Environmental Reporting in a Total Quality Management Framework	Global Environmental Management Initiative. (GEMI) – a group of 42 companies dedicated to "foster[ing] global environmental, health and safety (EHS) excellence through the sharing of tools and information to help business achieve EHS excellence".	1994 - ? (currently unavailable on the GEMI website)	Reporting as part of a broader Total Quality Environmental Management program
Public Environmental Reporting Initiative (PERI)	Amoco, Dow, BP, Polaroid, IBM, Nothern Telecom, United Technologies, Philips, Rockwell, DuPont	1993 - ~2000	Relatively detailed guidance on structure and content of environmental reporting.
Environmental Reporting - A Manager's Guide	World Business Council for Sustainable Development (formerly World Industry Council for the Environment) – a coalition of international companies from 30 countries committed to "sustainable development through economic growth, ecological balance and social progress."	1994 - ? (currently unavailable on the WBCSD website)	Chapter 5 sets forth possible contents of an environmental report
CERES Report Help Guide - Instructions for Companies	The Coalition for Environmentally Responsible Economies (CERES) is "a non-profit membership organization of social investment firms, environmental groups, religious organizations and others which seeks to implement environmentally and financially sound investment policies", with headquarters in Boston	1997 - ? (currently unavailable on the CERES website). *	Detailed guidance on reporting corporate performance as pertains to the 10 CERES principles on sustainability, published in 1989 following the Exxon Valdez spill.
AA1000 Assurance Standard	AccountAbility is a not-for-profit and member-based institution in London	1999 - present	Originally, the AA1000 Framework was developed as a guideline for reporting. Currently, AA1000 is positioned as an Assurance Standard guiding the development of a stakeholder engagement process, which includes

			reporting on how management is addressing stakeholder expectations and rights.
Greenhouse Gas Protocol	World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)	1998 - present	Focus on detailed monitoring and reporting of direct and indirect greenhouse gas emissions
Facility Reporting Project	CERES and the Tellus Institute	2002 - present	a multi-stakeholder initiative to develop a generally-accepted facility-level economic, environmental and social sustainability reporting framework compatible with GRI
UNEP Company Environmental Reporting reports	United Nations Environment Program	1994 - ~1997 *	A set of reports on criteria for reporting; and surveys of environmental reporting around the world
The INEM Sustainability Reporting Guide:	The International Network for Environmental Management (INEM), founded in 1991 in Germany, comprises more than 30 member and affiliated non-profit environmental management associations and cleaner production centers in more than 25 countries.	2001 - present	A proprietary guide, unavailable for public perusal

* CERES, and, to a lesser extent UNEP are the two organizations that established GRI. While they had developed Sustainability Reporting Guidelines prior to GRI, these initiatives became redundant once the GRI Guidelines were made publicly available.

Sources: (Environment Australia, 2000; Goel, 2005; Hoffman, 1996; Lober et al., 1997; Skillius & Wennberg, 1998), http://www.enviroreporting.com & www.inem.org

TABLE 2

A comparison of the 2000 and 2002 Sustainability Reporting Guidelines

	2000 Guidelines		2002 Guidelines	
section	title	pages	title	pages
Introduction		*	Introduction	5
Part A	Introduction and General Guidance	10	Using the GRI Guidelines	11
Part B	Reporting Principles and Practices	8	Reporting Principles	10
Part C	Report Content	15	Report Content	23
Part D	Annexes	13	Glossary and Annexes	35
Total †		64		104

* Integrated with Part A (in the 2000 Gudelines)

† including covers, front matter and section pages

TABLE 3

Results of analysis

Theme	Node	Example *	Occurrences	
			2000	2002
Ambiguity Reduction	Universality	"GRI encourages all organisations—regardless of size, sector, location, or sophistication—to begin using the Guidelines.." (page 75)	9	12
	Triple Bottom Line	"Systemic indicators relate the activity of an organisation to the larger economic, environmental, and social systems of which it is a part." (2002, p. 45)	58	94
	Indicator Integration	GRI recognises that the goal of reporting on economic, environmental, and social performance at the organisational level—let alone a fully integrated sustainability assessment of an organisation—is at the earliest stages of a journey that will continue for many years." (p.5)	15	13
	Stakeholders	"Support for creating a new, generally accepted disclosure framework for sustainability reporting continues to grow among business, civil society, government, and labour stakeholders." (2002, p. 1)	39	55
	Accountability	"Companies in particular are facing more clearly articulated expectations from customers and consumers regarding their contributions to sustainable development. Several recent high-profile events have exemplified the risks to reputation and brand image associated with poor sustainability management. (p.2)	1	14
Discourse Bridging	Business Language	"At the same time, tightly linked global supply chains are spreading common management practices and increasing accountability pressures into all segments of the value chain." (p.2)	1	11
	Drivers	"higher standards of accountability and increasing dependence on wide-ranging external multi-stakeholder networks will form a significant part of the fabric of organisational practice in the years to come" (p.1)	2	19
	Benefits	"To benefit from the process of sustainability reporting, organisations themselves also want to take steps to enhance the credibility of their reports. This contributes to building stakeholder trust and to continual improvement in the quality of reporting systems and processes." (p.17)	3	21
	Real World Problems as Business Problems	"Attention to social indicators describing the diversity of a company's workforce may allow managers to identify discriminatory practices that could have led to costly litigation." (p. 69)	2	17
	Real World problems as real world problems †	"With respect to the environmental measures in the report, organisations are encouraged to relate their individual performance to the broader ecological systems within which they operate. For example, organisations could seek to report their pollution output in terms of the ability of the environment (local, regional, or global) to absorb the pollutants." (p.48-49)	8	5
	Comparability	"… continuous reporting should not replace periodic consolidated reports, vetted through an internal	20	28

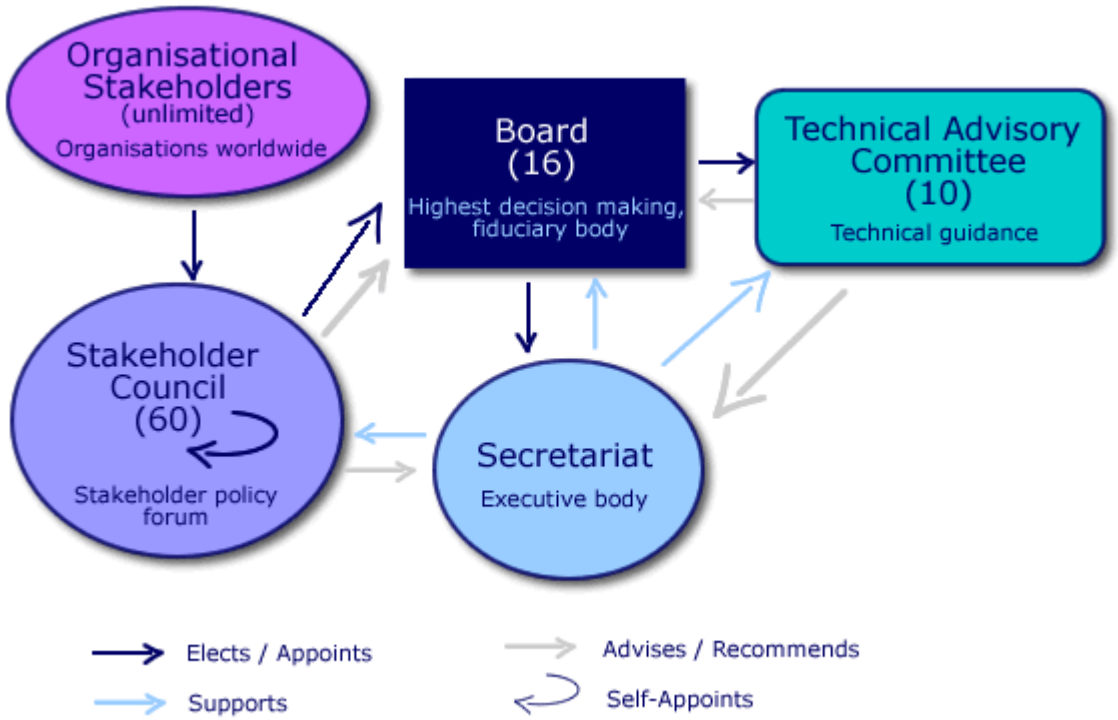
			procedure and providing a 'snapshot' of the organisation at a given point in time. Snapshots are important for supporting comparisons between organisations and between reports." (p. 17)		
Robust Design	Financial Reporting Analogy		"The range of users of a sustainability report is broader than that of financial reports. Inclusiveness is essential to ensuring that the reporting process and content reflect the needs of these diverse users." (p. 25)	14	30
	Voluntariness		"GRI encourages the use of the GRI Guidelines by all organisations, regardless of their experience in preparing sustainability reports. The Guidelines are structured so that all organisations, from beginners to sophisticated reporters, can readily find a comfortable place along a continuum of options." (page 13)	4	11
	Partners		Social performance indicator LA5. "Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases." (p.53)	29	65
	First steps	Reporting Organizations	Reporting element 2.13 "If reporting boundaries do not match the full range of economic, environmental, and social impacts of the organisation, state the strategy and projected timeline for providing complete coverage." (p.40)	15	17
		GRI	"GRI social indicators will be continually enhanced over time as the field of performance measurement progresses and GRI receives further feedback on the Guidelines." (p. 52)	30	38
	References to Existing Practices		"Ideally, reports should contain information that is useful and relevant to both the reporting organisation and the report users. However, in some cases, information may be relevant to the report user, but may not be of the same value to the reporting organisation. It is important to differentiate between situations where reporting expectations differ and those where information is irrelevant." (p.27)	2	17
	Self Promotion		"By drawing thousands of partners and hundreds of organisations into a multi-stakeholder process, GRI continues to work toward harmonisation of disclosure, thereby maximising the value of reporting for both reporting organisations and users alike." (p.4)	6	17
Unassociated	Information Transfer		"The principles of clarity and timeliness govern the access and availability of reports. Put simply, stakeholders should receive easily understood information in a time frame that allows them to use it effectively." (p.24)	17	21
	Credibility		"While reporting practices still vary significantly among reporting organisations, many have recognised that achieving and maintaining credibility among users hinges on the commitment of the reporting organisation to a neutral and fair depiction." (p.29	11	16
	Reporting Principles		"Future revision cycles will remain rooted in the principles GRI has embodied since its inception: inclusiveness, balance, transparency, and technical excellence." 9p.65)	26	30

* All examples are from the 2002 Guidelines

† The paucity of this idea element associates it the "business framing" theme.

FIGURE 1

GRI's Organizational Structure



Source: http://www.globalreporting.org/governance/overview.asp (accessed May 30, 2006)

FIGURE 2

GRI and financial accounting principles

Figure 2a: The GRI Reporting Principles (GRI, 2002)

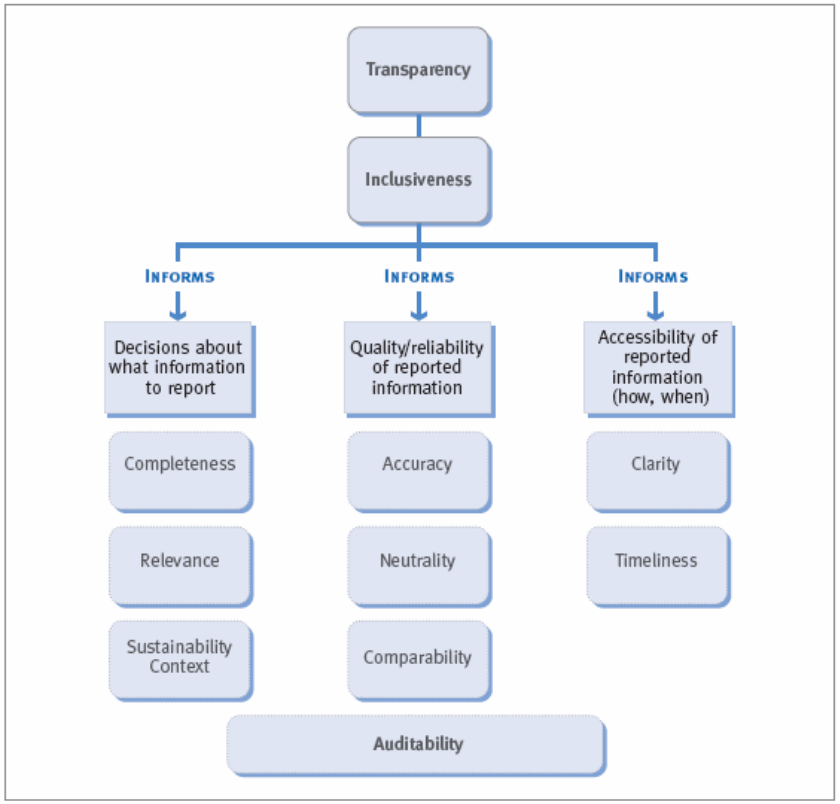


Figure 3. Reporting Principles

Figure 2b: FASB Hierarchy of Accounting Qualities (Financial Accounting Standards Board, 1980)