The institutionalisation of sustainability reporting in management practice: evidence through action research

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Abstract

Purpose – This paper aims to explore why a company voluntarily engages in the sustainability reporting process, how this process becomes institutionalised and the resulting effects.

Design/methodology/approach – The research focusses on a single case study, conducted following an action research approach and interpreted through the lens of institutional work. According to the institutional work theoretical perspective, the individual or organisation is responsible for creating, maintaining or disrupting institutions.

Findings – The case company, Deco S.p.A., undertook sustainability reporting to clarify the values that the company was founded upon and how those values translate into management practice. By institutionalising the sustainability reporting process, Deco S.p.A. found its corporate climate improved, various aspects of its operations could be rationalised and the information gathered to produce the report was valuable for decision support.

Practical implications – This research project contributes to understanding why and how a company institutionalises its sustainability reporting. It also provides a better understanding of the internal forces that drive the voluntary reporting of sustainability issues and sheds light on the stages of the institutionalisation process.

Social implications – The authors find that universities have a role to play in promoting the sustainability of companies, as they can transform the knowledge produced from research into useful knowledge for managing and reporting sustainability issues.

Originality/value – This four-year action research project contributes to the literature on both engagement research and the institutionalisation of sustainability reporting practices. The authors also expose some of the drivers affecting a company's approach to sustainability reporting.

Keywords Action research, Institutional work, Sustainability reporting, Case study, Interviews

Paper type Research paper

1. Introduction

In recent decades, accounting for and reporting on corporate social responsibility (CSR) has gained salience in the academic literature. Scholars have analysed CSR reports from various perspectives and using different theoretical frameworks and methodological approaches. Several studies have tried to explain what motivates people to act in certain ways and why they take part in the sustainability reporting process (Adams, 2002; O'Dwyer, 2002; Adams and Whelan, 2009; Bebbington *et al.*, 2009; Bellringer *et al.*, 2011). Generally, what is revealed is that the process of initiating and developing sustainability reporting depends on several factors. According to Adams (2002), these factors span everything from corporate characteristics to general contextual factors to internal influences. For Bellringer *et al.* (2011), the motivations range from reasons of leadership to accountability to financial incentives. Managerial perceptions (O'Dwyer, 2002) and individual motivations (Adams and Whelan, 2009) have also been touted as drivers. Less explored, however, is how these various factors combine in a company to impact managerial thinking in such a way as to create a push for publishing a report.

There have also been studies on the ways in which the sustainability reporting process becomes embedded in organisational routines and the effects that has on corporate behaviour. Studies have been undertaken on: internal reporting processes generally; their impact on organisations; the integration of sustainable practices; and report drafting (Adams and McNicholas, 2007; Larrinaga-González *et al.*, 2001; Vigneau *et al.*, 2015; Narayanan and Adams, 2017; Lee and Hageman, 2018; Colucci *et al.*, 2020). Previous research has found different results. For instance, Gray *et al.* (1995, p. 232) suggest that from a "business-centred point of view", effectively integrating sustainability issues into day-to-day management decisions has a bearing on a company's competitive advantage and future success (Lee and Hageman, 2018; United Nations Global Compact-Accenture, 2019). However, truly reorienting a business cannot be achieved in the short term, despite whatever significant, but isolated, changes might be possible (Gray *et al.*, 1995; Larrinaga-González *et al.*, 2001), while, according to Narayanan and Adams (2017, p. 363), there are no "instances of morphogenetic change" in organisations.

Some, such as Hess (2019, p. 38), go so far as to say that sustainability reporting has "little relationship to how companies actually manage the issues behind the disclosures". Yet, if the emphasis is only on disclosing what companies have done, not on what they can do to improve their sustainability, then organisational change is unlikely (Buhmann, 2018). By contrast, Adams and McNicholas (2007) highlight the capacity of sustainability reporting to be an instigator of change. This they found from a study examining the obstacles to implementing sustainability reporting faced by a state-owned enterprise. Despite these previous studies, the issue of "how" the institutionalisation of sustainability reporting may occur in a company and of "what" effects this institutionalisation has on practices and routines "has not been fully explored" (Farooq and de Villiers, 2019, p. 1241). As Lawrence *et al.* (2011) put it, companies are naught but the results are a collection of daily practices carried out by individuals, so it is practices that make it possible to maintain or transform institutions. From this standpoint, verifying the work involved in sustainability reporting is very worthwhile.

Based on these considerations, we wish to extend prior research on sustainability reporting to include its effects on companies. Responding to a call for engagement research by Adams and Larrinaga-González (2007) in a way that provides a "wider and deeper engagement between management and researchers" (Pettigrew *et al.*, 2001, p. 710), we have applied the lens of institutional work to investigate the internal forces that drive a company to voluntarily report on sustainability issues. In the process, we also explore how a company

institutionalises sustainability reporting. Institutional work refers to the individual and collective practices "aimed at creating, maintaining and disrupting institutions" (Lawrence *et al.*, 2011, p. 52). This perspective can, therefore, provide valuable insights into how a company's people can transform, create and/or institutionalise sustainability reporting. With all this in mind, we ask two research questions:

RQ1. How is the sustainability reporting process institutionalised within a company?

RQ2. What effects does institutionalising the sustainability reporting process have on a company?

We answered these questions through a single case study, conducted following the action research approach. Action research is useful for understanding the corporate processes and issues faced by an organisation that, for the first time, decides to report on sustainability issues (Adams and Larrinaga-González, 2007; Bebbington and Gray, 2001). Working within a company allows the researchers to be directly involved in the process of change and even become agents of that change (Taïbi *et al.*, 2020). They can collect and explore data first-hand, which improves their understanding of the motivations and effects behind the phenomenon being studied. Laughlin (1987) suggests that the most profound changes generally originate from inside organisations. Hence, at a theoretical level, following an action research approach expands our knowledge of the internal determinants that motivate people to adopt sustainability reporting (Adams, 2002; O'Dwyer, 2002; Adams and Whelan, 2009; Bebbington *et al.*, 2009; Bellringer *et al.*, 2011).

Here, we analyse the lived experiences of a four-year research project over the period 2016–2020. The company is an Italian operator in the waste management sector, Deco S.p.A. One of the authors was originally engaged by Deco S.p.A. to consult on sustainability accounting and so has been involved in the project, as the Deco S.p.A. first decided to implement sustainability reporting. The other author joined the research project in 2018. Over the course of the research project, there has been a strong collaboration between the researchers and the company, with the dual aim of, one, solving an immediate problem and two, enriching theory with new knowledge (Adams and McNicholas, 2007; Eden and Huxham, 1996). By participating in, planning, performing and evaluating the activities under study together with the subject organisation, research becomes concurrent with action. This two-way partnership is the basis of action research.

Unlike other studies on similar topics that have used the action research approach (Adams and McNicholas, 2007; Taïbi *et al.*, 2020), we find that Deco S.p.A. chose corporate sustainability as a way to make visible the values and principles that inspired them to start the company in the first place. The founder's moral beliefs and values have influenced and shaped many of the organisation's practices and reporting on them was a means to translate and instil these personal and moral values into the organisation. As such, this study contributes to the ongoing research on how sustainability reporting can be institutionalised and on effects produced within a company (Farooq and de Villiers, 2019). To make sense of these findings, we draw on the concept of institutional work proposed by Lawrence and Suddaby (2006). In turn, this enriches our understanding of how personal motivation and beliefs can produce and shape organisational change (Adams and McNicholas, 2007). At a practical level, this collaboration highlights the critical role that researchers and universities can play in supporting companies on the path towards institutionalising sustainability reporting.

The remainder of this paper is structured as follows. Section 2 contains a literature review, followed by a theoretical perspective on institutional work in Section 3. Section 4 describes the research design and Section 5 is dedicated to the findings. Finally, Section 6 offers a discussion and draws conclusions.

2. Literature review

Academic research has explored the factors influencing the decision to produce a sustainability report, how this report is drawn up and institutionalised and the effects produced within companies. Adams' (2002) three factors span the gamut, from a company's "demographics" at the top, i.e. its size, age and industry, general contextual factors like the country of origin and the social and political environment in the middle and a company's internal factors – its governance processes, reporting processes and the attitude of those who work there, at the bottom. This base layer of factors is closely related to institutional work and the sphere of our research. Several studies have highlighted the role that management attitudes and organisational dynamics play in the decision to implement sustainability reporting and this applies to both private and public companies alike (Adams, 2002; O'Dwyer, 2002; Bebbington *et al.*, 2009; Bellringer *et al.*, 2011). More specifically, personal values and how managers perceive corporate responsibility can play an essential role in operationalising CSR (Duarte, 2010; Pedersen, 2010). Board committees, CSR or sustainability committees and CSR managers can also have an important influence in increasing awareness of CSR issues, raising performance and supporting the reporting process (Velte and Stawinoga, 2020).

Another topic that has attracted researchers' attention is related to the "how" of sustainability reporting institutionalisation. Battaglia *et al.* (2015) explained how sustainability accounting was implemented and enhanced over time within an Italian consumer cooperative. These authors documented a five-year action research project highlighting that the management and measurement of sustainability could support the engagement of employees, cooperative members and other stakeholders. In their action research, Usmani *et al.* (2020) documented a symbolic and superficial approach to producing sustainability reports – one that was more oriented towards serving the organisation's financial interests than offering real accountability to stakeholders. Using semi-structured interviews, Farooq and de Villiers (2019) analysed how sustainability reporting managers institutionalise sustainability reporting and make it a routine part of an organisation's daily life. They find sustainability reporting managers need more training and professional development, concluding the article with a call for more research examining how sustainability reports are prepared.

Closely linked with how sustainability reports are prepared and embedded in a company's activities are the effects of organisational practices and organisational change. Extending Laughlin and Gray's model of organisational change, Larrinaga-González *et al.* (2001) show, with a sample of Spanish companies, that instituting environmental accounting failed to trigger real organisational change, although some of the discussions surrounding these issues did become a little more transparent. Conversely, Adams and McNicholas (2007) show the opposite via an action research project on accountability conducted with a water authority, where developing a sustainability reporting framework led to significant organisational changes. Importantly, sustainability issues were integrated into the strategic planning process and there was an increased focus on key performance indicators (KPIs). Lee and Hageman (2018) also note the importance of explicitly incorporating sustainability performance into a firm's strategic objectives. Their support for this notion comes from a study documenting the factors that impact decision-making in managers. For Narayanan and Adams (2017), theirs was a longitudinal attempt to examine how an organisation embeds sustainability into its practices. The results show that a radical and transformational shift towards sustainability requires a fundamental shift in the logic of organisations. Companies must not be solely focussed on the financial bottom line; they must consider multiple types of capital, including natural, relational and human capital.

Moreover, as underlined by Vigneau *et al.* (2015), preparing a sustainability report based on an internationally-recognised set of standards, such as those set out by the global reporting initiative (GRI), can do much to shape the practices within an organisation.

3. Institutional work and sustainability reports

Lawrence *et al.*'s (2011) theoretical perspective of institutional work holds that institutions are governed by the daily practices within them and that an organisation's people are the ones that can, in Lawrence and Suddaby's (2006) words, create, maintain or disrupt the institution. People and companies do not merely adapt to institutional pressure; they possess the skills and the knowledge required to lead change (Lawrence *et al.*, 2011; Hwang and Colyvas, 2011; Suddaby and Viale, 2011). From this standpoint, if we are to examine the dynamics of sustainability reporting, we must first examine the people involved in the process. Lawrence and Suddaby (2006) adopted an institutional work perspective to highlight the relationship between institutions and social actors – a perspective that "attends more closely to practice and processes than to outcomes" (Lawrence *et al.*, 2011, p. 57). In this way, the approach provides a useful tool for understanding how sustainability reporting practices become institutionalised (Farooq and de Villiers, 2019, 2020).

Within the theory, each of the three categories of activities – creating, maintaining and disrupting – has meaning. Creating an institution requires involving social actors in such actions. Maintaining institutions is about engagement, supporting and repairing – all of which engenders compliance. Disrupting is a tearing down where the activities are intended to disconnect rewards or sanctions from a set of practices, rules or technologies. Likewise, those practices, rules and technologies can be dissociated from their moral foundations. Core assumptions and beliefs can be undermined and so on (Lawrence and Suddaby, 2006). In our case, practices in the creating category include advocacy, defining, education, mimicry, constructing normative networks and transforming normative associations. Maintaining-type activities include embedding, routinising and enabling work. As Lawrence and Suddaby (2006) underlined, it is difficult to document practices through which actors disrupt institutions. In our case study, we cannot associate disruption with a particular actor or the company's behaviour.

According to Lawrence and Suddaby (2006, p. 222), advocacy is "a powerful form of institutional work" that allows actors to create and legitimise new institutional structures and practices. Farooq and de Villiers (2020) illustrate this type of institutional work using the example of how sustainability assurance providers promote sustainability assurance.

Defining means constructing rules of membership and practice standards that enable institutional action, sometimes referred to as "constitutive rules" (Scott, 2001; Hindriks, 2009). Rules and accreditations can engage personnel in defining or re-defining institutions (Lawrence and Suddaby, 2006). For example, one of the primary forms of defining work is a quality certification (ISO 9000). Moreover, organisational practices spread by adopting these standards (Guler *et al.*, 2002).

Educating work means equipping people with the "skills and knowledge necessary to support the new institution" (Lawrence and Suddaby, 2006, p. 221). This is an important form of institutional work because educated people tend to lead to the development of new practices and routines. Sharma *et al.* (2014) highlight how the managers of a telecommunications company implemented a training programme designed to help staff replace engineering routines with business and accounting routines. In terms of institutionalising corporate sustainability practices, Farooq and de Villiers (2019) take care to note the importance of equipping inexperienced managers with the skills necessary to help implement new institutional practices.

Mimicry emphasises the association between new and taken-for-granted practices, technologies and rules to make adopting new practices easier (Lawrence and Suddaby, 2006). For example, Etzion and Ferraro (2010) highlighted the GRI's work to institutionalise sustainability reporting using analogies. Farooq and de Villiers' (2018) example of mimicry concerns sustainability assurance providers, who merely slightly adjust their existing financial audit methodologies but suddenly begin providing sustainability assurance services.

Constructing networks and changes in normative associations are both focussed on the normative structure of institutions. They involve actions in which "actors' belief systems are reconfigured" (Lawrence and Suddaby, 2006, p. 221). Constructing normative networks describes a form of institutional work that changes the relationships between people, whereas changes in normative associations involve remaking the connections between practices and their moral and cultural foundations. For example, introducing a new certification system (Guler *et al.*, 2002) or establishing a product recycling system (Orsato *et al.*, 2002) are both examples of constructing normative networks because both require people to cooperate with new standards or practices. A pertinent example of changing normative associations would be that companies no longer produce reports solely as an external communications/impression management tool. Rather, the report becomes a way of providing both internal and external stakeholders with information (Farooq and de Villiers, 2019).

Embedding and routinising are expressions of institutionalising structures, processes and practices. The normative foundations of an institution are infused in day-to-day routines and organisational practices, becoming habits of "thought and action" (Burns and Scapens, 2000, p. 6) and the taken-for-granted assumptions of an organisation. Yet, as Farooq and de Villiers (2019, 2020) note, embedding practices and procedures and making them routine takes time and for it to be possible, the systems and processes must have reached a certain level of maturity.

Enabling work ensures adherence to rule systems to maintain an institution. An example of this type of institutional work would be establishing a supervisory management team to monitor and guide the sustainability reporting process (Farooq and de Villiers, 2019).

4. Research design

4.1 Methodology

This paper presents a case of "reporting in action". The data were drawn from an action research project conducted by the authors that commenced in February 2016. Although the project is still ongoing, the work in this paper was formulated as of the project's status in April 2020. Action research also referred to as interventionist research, engagement, constructive research and action science, combines research with action to create knowledge about that action for the ultimate purpose of change (Adams and McNicholas, 2007; Bradbury, 2015). It is a participatory process where the researcher engages in the organisation and cooperates with the managers to share information (Adams and McNicholas, 2007) and more importantly, to directly introduce possible new solutions (Eden and Huxham, 1996; Jönsson and Lukka, 2005). As such, the researcher is just as responsible for achieving the project's objectives as those working within the organisation (Chiucchi, 2013). Moreover, it is an approach that demands the researcher grasps both theory and practice. Good action research will see a contribution to both and a narrowing of the gap between the two (Rybnicek and Königsgruber, 2019).

To date, only a few studies on sustainability reporting have adopted an action research approach (Adams and McNicholas, 2007; Battaglia *et al.*, 2015; Adams and Larrinaga, 2019; Taïbi *et al.*, 2020). But this empirical perspective does make it possible to study organisational phenomena inside an organisation, i.e. it is *in vivo* research (Jönsson and Lukka, 2005). Non-interventionist research, by contrast, is *ex-post* research that explores what has happened in the past (Jönsson and Lukka, 2005). From this standpoint, action

research can be thought of as a pragmatic approach to problem-solving because it addresses an existing issue and in doing so, contributes to theoretical knowledge (Adams and McNicholas, 2007; Dumay, 2010; O'Brien, 1998).

According to O'Brien (1998), action research can be conducted through questionnaires, document analysis, surveys, interviews, case studies, participant observations and search conferences. In general, organisations are the subjects of action research and most action research studies are case studies (Adams and McNicholas, 2007; Bessire and Onnée, 2010; Chiucchi, 2013; Battaglia *et al.*, 2015; Taïbi *et al.*, 2020).

We drew on multiple sources of evidence to triangulate our observations, to increase confidence in our conclusions and to ensure the validity of the data (Hoque, 2018; Sridharan, 2021). These included observations of corporate meetings, examining annual reports and other documents and later, interactions with participants, including attending meetings, emails and phone calls and semi-structured interviews both face-to-face (Cassell, 2015) and by phone (Farooq and de Villiers, 2017a). All these communications channels allowed many voices to be heard and many insights into how the company approached sustainability to be considered. In qualitative research, interviews are useful because they offer information on the participants' views on the issue under study (Narayanan and Adams, 2017).

From a practical perspective, action research is a cyclical process consisting of several steps (Battaglia *et al.*, 2015; Bradbury, 2015). The first step is to identify the organisation to be studied. This choice was significant and depended heavily on how the company engaged with sustainability activities. For these reasons, we chose an Italian waste management company with 30 years of expertise in the environmental sector.

The next steps are to identify the problem, define the research questions and develop an interview protocol. The interview questions were open-ended and the same for both the telephone and face-to-face interviews. They covered the following central issues: the drivers motivating sustainability reporting, the factors affecting the reporting process, stakeholder engagement, gaining competitive advantage, the changes occurring in the organisation, activities, performance improvements and the working environment. The interviews were carried out between January and March 2020.

With the interview protocols in place, it remains to select the interviewees. Based on our research objective, it was appropriate to involve both managers and members of the sustainability team, who were explicitly appointed to support the sustainability reporting process. All interviewees are listed in Table 1.

Code	Corporate role of the interviewee	Interview mode	Length (min)
FM	Founding member	Telephone	40
CEO	CEO – president	Face-to-face	60
VP	Vice president – external relations and comms – CSR manager	Face-to-face	75
GM	General manager	Telephone	50
ETD	Environmental technical director	Face-to-face	55
QM	Quality management and compliance	Face-to-face	45
ER	External relations and communication office	Face-to-face	35
SO	Safety officer	Telephone	25
ET	Environmental technician	Telephone	30
PM	MBT plant manager	Telephone	25
A	Administrative employee	Telephone	40
HR	Human resources employee	Face-to-face	40
PO	Purchasing office employee	Telephone	30

Table 1.
The interviewees and interview methods

The last step in the process is to analyse the findings. To this end, interviewee responses were recorded and transcribed. The transcripts were verified by the interviewees, who were given the option of providing written comments and feedback on the questions.

A thematic analysis of all collected qualitative data was then conducted (Braun and Clarke, 2006; Nowell *et al.*, 2017). The two authors re-read the interviews and the other official documents such as financial reports and the minutes of company meetings. The data obtained from interviews were verified against the other documentary evidence to evaluate whether the responses were consistent across the different sources (Sridharan, 2021). Indeed, to corroborate evidence, we have verified whether the interview's responses matched with another source, for example, with the content of minutes of company meetings. Consistent responses increased credibility in the answers and our confidence in the research outcomes. Further, interesting features of the data were coded, sorted into themes capturing data important in relation to the research questions and then analysed (Braun and Clarke, 2006).

4.2 Company profile
The subject of the study is a medium-sized Italian company, referred to as Deco S.p.A. for the purposes of this paper. Deco S.p.A. operates in the waste management sector, both in Italy and abroad. With 30 years of expertise in the environmental sector, it was founded in 1989 by an industrial group. Activities such as waste treatment and management are certainly environmentally sensitive and sustainability reporting can help companies such as Deco S.p.A. legitimise their management strategies by proving that they comply with the required regulations (Mazzi *et al.*, 2020). Sophisticated technologies and a constant need to adapt to an evolving regulatory environment have bestowed this company with the professionalism and competence needed to build an entire integrated waste system.

The main activities of the company include: design and environmental assessment; waste treatment with mechanical biological treatment (MBT); the energy valorisation of residual waste; producing secondary solid fuel; constructing and managing energy recovery plants; generating landfill and gas power; constructing and managing photovoltaic systems for producing energy; and waste intermediation and trading. Additionally, Deco S.p.A. pays attention to innovation in its business processes and it manages its activities and services based on quality criteria, environmental protection, respect for human rights and worker safety. In this regard, Deco S.p.A. is committed to reducing its resource consumption, increasing its energy efficiency, reducing its emissions, promoting sustainable lifestyles and greening its procurements. The company's ongoing efforts focus on protecting the environment and human health, the efficient and rational use of natural resources, strengthening its use of renewable resources and recognising waste as a resource. This last aspect, in particular, is already part of the company's core operations as a producer of secondary solid fuels and photovoltaic energy. Moreover, the company is engaged in social activities in the local community. Deco S.p.A. runs communications and education programmes on the environment, offers guided tours of its facilities, sponsors a wheelchair basketball team, donates to several institutions, has established distance and street libraries and hosts a website for reusing objects. The company's attention to all these ancillary activities, which are not directly related to its core waste management business, shows that Deco S.p.A. firmly believes in investing in social policy and recognises the value of such investments to the community. It is also for these reasons that Deco S.p.A. voluntarily decided to start producing sustainability reports.

5. Reporting in action: Observations and findings

Formal cooperations between Deco S.p.A. and University were established in 2015 when the company decided to embark on its first sustainability report. Promoted by Deco S.p.A.'s VP, the idea to produce a sustainability report was born out of the company's commitment to social responsibility and its desire to show all its stakeholders the results of its performance in economic, social and environmental fields.

To date, the overall project has developed over three main phases, each coinciding with the production of one sustainability report. As shown in Figure 1, the time periods are 2015–2017, 2018 and 2019–2020.

5.1 Phase 1: Implementing sustainability reporting (2016–2017)

The first contact between the company and the researchers took place at the end of 2015 when Deco S.p.A.'s VP sent an email requesting an appointment with the first author. During the meeting, the VP expressed interest in drafting a sustainability report as a way to show Deco S. p.A.'s stakeholders its desire and commitment to sustainability. In the VP's words:

> The company has decided to voluntarily draw up a sustainability report to disclose its economic, environmental and social performance to all internal and external stakeholders to describe not only its activities but also how they are carried out.

Deco S.p.A. already had a long track record of CSR. It had been certified in ISO9001 (quality management), ISO14001 (environmental management) and OHSAS 18001 (occupational health and safety management) and in 2008, it was certified in SA8000 (social accountability accreditation services). In 2010, the company had published an environmental statement in accordance with the Eco-Management and Audit Scheme (EMAS) and in March 2017, the company won the "EMAS Italia 2017" award for the "most effective environmental statement in terms of communication" and for "having better interpreted and applied the inspiring principles of the European scheme and having achieved the best results in communication with stakeholders". Certifications are a clear expression of a company's voluntary commitment to sustainability issues and the primary form of "defining work" in the institutional work sense. Certifications enable to construction of a rule system that is useful for institutional strategy (Lawrence and Suddaby, 2006). Moreover, certifications typically require a company to create a monitoring system to manage the activity that is being certified in an ongoing capacity. In Deco S.p.A.'s case, internalising the practices pertaining to its sustainability-conscious certifications was a step towards sustainability reporting (Testa *et al.*, 2018).
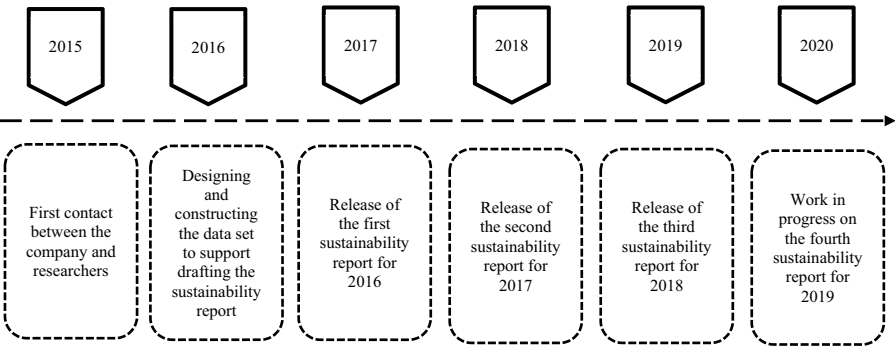

Figure 1.
Timeline of the project

The VP underlined that Deco S.p.A. also paid attention to the health of its employees and its local community. The company has established supplementary health care for its workers and those living near the waste treatment plant are actively encouraged to take part in Deco S.p.A.'s projects and activities. For example, the company has created a travelling library to encourage people to read and exchange books. It finances and supports conferences about the relationship between health and the environment and it sponsors a wheelchair basketball team.

Environmental issues are another arm of Deco S.p.A.'s CSR. As just two examples, it launched a special environmental education project aimed at protecting natural heritage and offers guided tours of its plants.

In this light, Deco S.p.A. saw sustainability reporting as an effective programme for promoting transparency in its activities. Deco S.p.A.'s management also felt that stakeholders would consider the information disclosed to be useful. As stated by the FM, the GM and the VP, the main reason behind the decision to report on sustainability was to communicate more effectively with stakeholders and to strengthen Deco S.p.A.'s relationship with them:

Through the nonfinancial report, we want to communicate and share our values. (GM)

There is a willingness to expose in a transparent way the attention paid to environmental protection and to the social community that the company relates to. (A)

Therefore, at the beginning of 2016, the first project meeting was organised with the company's CEO, the VP and some senior managers. The VP presented the idea of producing a sustainability report, while the researchers illustrated the likely steps that would be involved in preparing the company's first report. Here, the VP's prior advocacy work on sustainability was significant in garnering a commitment to the project from all present. Lawrence and Suddaby (2006, p. 221) contend that this type of work is "important for the creation of institutions" because it is a key element in obtaining the legitimacy necessary to support new institutional practices. All interviewees recognised the role of the VP in proposing the idea, highlighting the following:

The VP, on several occasions, stressed the importance of drafting a sustainability report, which is necessary to make third parties aware of the company's commitment to various areas. (A)

The VP said we are good at sustainability but must communicate it; we need a sustainability report. (QM)

Importantly, these comments provide evidence to support findings from other studies, such as Adams and McNicholas (2007) and Farooq and de Villiers (2019), that senior managers play an essential role in driving organisations towards greater accountability. However, unlike prior studies, we observed that respect and admiration for the VP, coupled with her reputation were the driving forces for Deco S.p.A. fully accepting the idea. Producing this report was considered by all managers to be a further step in the journey towards greater sustainability for the company.

So, although it was a new project for Deco S.p.A., the interviewees let the VP guide them without showing much resistance beyond a few initial concerns. Adams and McNicholas (2007, p. 396) on the contrary observed a "lack of experience and knowledge on the part of the managers involved in the process". In the Deco S.p.A. case, we suffered no such significant impediments to developing a sustainability report. Deco S.p.A.'s adoption of meta-standards, like EMAS (Testa *et al.*, 2018) and the fact that they wanted to embed new

mechanisms for stakeholder engagement into their organisation, most likely made it easier to accept sustainability reporting as a positive step. Several follow-up activities were planned during that meeting, these being to define a stakeholder engagement approach, to construct the materiality matrix and to identify performance indicators.

A significant element of sustainability reporting is engagement and dialogue with stakeholders, for it is this that determines what information is reported (Gray, 2000) and helps to construct the materiality matrix (Global Reporting Initiative, 2016b). The researchers suggested using GRI standards to prepare the report, as they are the most used in Italy and abroad (Diouf and Boiral, 2017; KPMG, 2011, 2017). Thus, ensued a period of setting up the information systems needed to support the project. During this time, discussions, focus groups and meetings took place frequently. All the people involved need to be equipped with the knowledge and skills necessary to understand what a sustainability report is and what information they would need to prepare to include in it (Adams and McNicholas, 2007). The researchers played the role of "educators" (Lawrence and Suddaby, 2006), which was necessary to institutionalise new practices. The need to educate inexperienced managers about sustainability reporting has also been underlined in other research (Adams and McNicholas, 2007; Farooq and de Villiers, 2019) and it confirms the essential role universities can play in disseminating knowledge about sustainability issues.

It is worth noting that Deco S.p.A. already had many structured procedures and rules in place, particularly ones aimed at monitoring environmental issues. These needed to be understood before adopting new accounting and reporting practices. Further, they allowed the people involved in the project to engage in mimicry through the following concept: "the new with the old in some way that eases adoption" (Lawrence and Suddaby, 2006, p. 225). As the QM stated:

> EMAS certification calls for an effective environmental management system, which helped us to construct the sustainability report's environmental indicators.

An inter-functional interaction oriented towards harmonising all procedures and functions within the company was gradually created. Sustainability data began to flow between the leaders of key functions through numerous connections – from quality management and compliance to human resources, from purchasing and supply chain management to communications and legal. All this data were collected and synthesised. Developing these new internal collaborations altered the relationships between the staff. One of the issues that most interviewees confirmed regarding the sustainability report was that it had undoubtedly changed the working environment. These collaborative dynamics "lead to the unfreezing of individual views, and hence to change" (Adams and McNicholas, 2007, p. 385). Through the reporting process, internal collaborations increased to the point where everyone felt as though they were playing an active role in achieving the objectives:

> The company climate is more positive. The sharing of values, objectives and results is beneficial. (GM)

> The company climate has changed considerably; the team feels involved in meetings and always tries to promote improvements. (HR)

These emerging interactions between actors provided a foundation for a new form of institutional work, characterised by remaking the connections among actors, practices and their moral foundation (changing normative associations) and by reconfiguring actors' belief systems (constructing normative networks) (Lawrence and Suddaby, 2006). The researchers guided these interactions, providing all managers with an opportunity to share their doubts and ideas. Such interventions by the researchers were an important part of implementing

sustainability reporting processes. As Dumay (2010, p. 62) states, this guidance "needs to be both understood and applied by the researcher and those inside the organisation who are jointly responsible for the outcomes of the project".

Collaborations between the researchers and Deco S.p.A. staff led to the first set of shared documents useful to the report. Among these, we had: the materiality matrix identifying all information considered to be material, which resulted from internal consultations (Unerman and Zappettini, 2014; Global Reporting Initiative, 2016a); an Excel spreadsheet showing the social, environmental and economic performance indicators built based on the topics of the materiality matrix and the outcomes of a meeting where all these performance indicators were discussed.

The materiality matrix lists topics based on their most significant impacts on the organisation and those aspects considered relevant by internal stakeholders (i.e. the president, senior managers, directors, employees and shareholders). Materiality is then judged by considering the potential effects of such information on user decisions (Global Reporting Initiative, 2016a). However, considering that this year was the first reporting year and that time was limited, it was decided the matrix should only be internal for the moment and that it could be reviewed in the subsequent years (Figure 2). Farooq and de Villiers (2019, p. 1263)
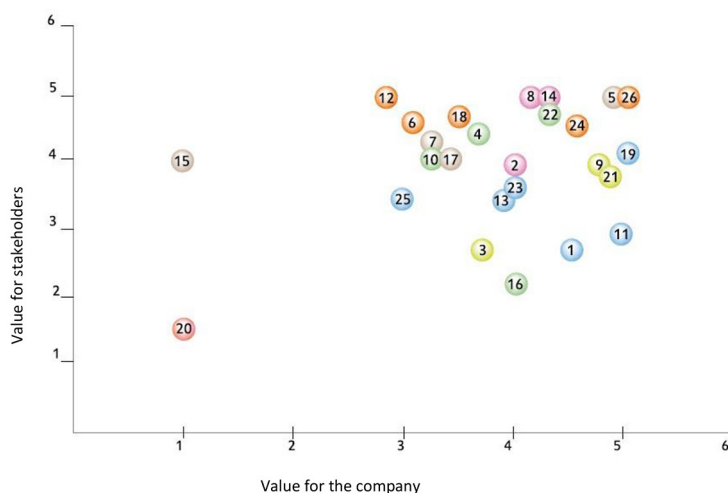
1.	Economic and financial value creation	14.	Assessing the business impacts on the community
2.	Occupational health and safety	15.	Managing diversity and corporate welfare
3.	Developing and applying new technologies	16.	Introducing sustainability into corporate governance
4.	Promoting ethics and integrity in business behaviour	17.	Complying with suppliers' payment terms
5.	Developing and enhancing human capital	18.	Developing renewable energy sources
6.	Environmental protection and mitigating emissions	19.	Stakeholder engagement
7.	Energy efficiency	20.	Protecting human rights
8.	Service efficiency	21.	Synergies with public and private partners
9.	Improving client contact methods	22.	Anticorruption activities
10.	Developing and protecting jobs	23.	Legal and regulatory compliance
11.	Building and strengthening the company's reputation	24.	Efficient use of water
12.	Investing in the reduction of environmental impacts	25.	Managing and assessing sustainable supply chains
13.	Performance & remuneration in top management	26.	Building a healthy economic environment

Figure 2.
Materiality matrix of the first
sustainability report

claim that the materiality assessment is a "formal process" that must be continuously updated considering inputs from internal and external sources. So even though Deco S.p.A. decided to drop the external component, they did undertake an internal assessment process. A six-point Likert scale was developed to "score" each topic. This scale offers 6 different answer options related to each person interviewed for each topic (from 1 to 26). A point value was assigned to each response, from 1 (not relevant) to 6 (strongly relevant). The scores were then loaded into an Excel spreadsheet showing the counts out of 26 topics and the average value of responses for each topic.

The spreadsheet of performance indicators was built based on the topics of the materiality matrix. As the QM officer explained at the meeting to discuss these indicators:

> *Performance indicators are useful tools for managerial decision making; [...] constructing these indicators allowed me to discover inefficiencies that we must work on.*

These considerations confirm what has been highlighted in the literature on the role and value of sustainability indicators (Raucci and Tarquinio, 2020; Tarquinio *et al.*, 2018).

The researchers and the CSR manager were responsible for editing the report and its collation into a draft of a sustainability report, prepared in accordance with GRI G4 "core". The draft was subsequently discussed among all those involved in preparing the data and a final version of the report was shared. A meeting with the company's president and managers was organised for an initial analysis and interpretation of the results and to verify their coherence with the company's strategy. The report was then published and presented to the annual assemblies of members and published online on the company's website. Notably, sustainability reporting was only institutionalised to a limited degree in this first phase; Deco S.p.A. was not yet practiced enough to call this exercise routine.

5.2 Phase 2: Upgrading the reporting process (2018)

The project's second phase focussed on strengthening engagement in the reporting process and updating the report itself. Attention shifted to embedding the processes in Deco S.p.A.'s daily routines. Staff was "actively infusing the normative foundations of an institution into the participants' day-to-day routines and organizational practices" (Lawrence and Suddaby, 2006, p. 233). At the same time, we researchers were discussing how to improve the reporting processes to make them more formal and robust. One of the significant innovations in the reporting process was the adoption of the new GRI standards, published by the GRI in 2016 (Global Reporting Initiative, 2016b). It also gave Deco S.p.A. the opportunity to report on its contributions to achieving sustainability development goals (SDGs). All these updates required the support of the researchers in explaining to organisational members the main features of the new framework.

Thus, the main work of this phase included:

- reviewing the materiality analysis;
- designating a CSR manager and establishing a sustainability team;
- enhancing stakeholder engagement;
- creating a website section dedicated to sustainability; and
- identifying the SDGs embraced by the company.

5.2.1 Reviewing the materiality analysis. Having opted not to complete the external assessment of the materiality matrix in the first year, it was now time to get this done. Deco S.p.A. prepared a questionnaire and distributed it to their main external stakeholders, including clients, suppliers, residents living near the treatment plant and public

administrators. The purpose of the questionnaire was to determine the value each group placed on a range of economic, social and environmental issues. Their rankings combined with the internal scores would result in the final assessments of materiality (Global Reporting Initiative, 2016a). Constructing a materiality matrix is often described as a process of synthesising conflicting visions of what is material to some and not to others (Calabrese *et al.*, 2016; Fasan and Mio, 2017). However, in the case of Deco S.p.A., determining materiality was a cooperative process. The stakeholders raised social and environmental questions related to the local community and climate change – the very issues at the forefront of Deco S.p.A.'s concerns, and hence, aligned with its values. The VP provides an example:

> *Those who live near our waste management plants are concerned about the environmental impact of our activities. Our company organises guided tours of our plants for anyone interested in learning what we do.*

Further, similar to Farooq and de Villiers's (2019) approach, identifying material issues was combined with selecting the indicators to be disclosed in the report. The most suitable and relevant indicators for measuring economic, environmental and social performance were chosen from all those provided by the GRI's standards.

5.2.2 Designating a corporate social responsibility manager and establishing a sustainability team. To help institutionalise the reporting process, Deco S.p.A. decided to appoint a CSR manager. The VP was nominated for the role, which she accepted, taking responsibility for coordinating the entire reporting process. In addition, a new sustainability team was established to improve both the reporting process and communication among staff. The members of the sustainability team were representative of each corporate function involved in the reporting process. Building these structures is an example of "enabling work" (Lawrence and Suddaby, 2006, p. 230), that is, creating "new roles needed to carry on institutional routines". The project engaged not only the sustainability team but also managers and the board of directors, who had the important role of approving the report. Developing and strengthening human relations both across the organisation and within the sustainability team promoted cohesion and collaboration for Deco S.p.A. (Linnenluecke and Griffiths, 2010). As the HR manager states:

> *The ongoing drafting of the sustainability report has led to a wider sharing of ideas and projects between different business areas.*

5.2.3 Enhancing stakeholder engagement. Stakeholder engagement was also strengthened by giving residents living near the MBT plant the opportunity to complete an annual survey about Deco S.p.A. They were queried on their satisfaction levels and could respond with feedback or complaints about any critical aspect of Deco S.p.A.'s business activity:

> *People living near the MBT plant generally express concerns about the emissions produced by the plant. However, we can reassure them because our mechanical biological treatment of solid waste. Complies with the recent European regulations implemented at the national level. (PM)*

> *In our company, there is staff dedicated to the daily communication of all the initiatives carried out in favour of stakeholders [. . .] For us, communicating with stakeholders means establishing a relationship of loyalty, trust and transparency. (ER)*

Deco S.p.A. sees the stakeholder engagement process as a useful tool, not just for understanding the interests and needs of stakeholders but also for establishing a dialogue between them and the organisation (Adams and McNicholas, 2007; Rinaldi *et al.*, 2014; Global Reporting Initiative, 2016b). To improve engagement and reinforce Deco S.p.A.'s

focus on people as the most important component of their CSR strategy, the VP decided to publish pictures of some stakeholders in conversation with the company in the report:

> *The use of pictures is considered useful for creating a sense of belonging and highlights the importance of people to our company. (VP)*

5.2.4 Creating a website section dedicated to sustainability. In 2018, Deco S.p.A. added a new section to its website dedicated entirely to sustainability. Here, they posted several documents useful for understanding the company's sustainability policy, such as the sustainability reports, Deco S.p.A.'s ethical code, mission and values, its environmental statement and a list of its stakeholder engagement activities:

> *The website gives immediate visibility to corporate well-being and to the strong commitment to environmental, social and safety aspects. (SO)*

5.2.5 Identifying the sustainability development goals embraced by the company. The sustainability team and the researchers had an in-depth discussion of the most relevant SDGs to the company. Of the 17 SDGs, eight were deemed relevant and aligned with Deco S.p.A.'s policies and practices. These eight spanned economic, social and environmental issues and were incorporated into the company's second sustainability report.

Interestingly, as Phase 2 progressed, it became increasingly clear to us as researchers that Deco S.p.A. was not seeing their sustainability report as a "problem" to be handled by the sustainability team but, rather, as an essential part of the company's responsibilities:

> *Each of us thinks that sustainability is an important value of our company. We have to all work together to be responsible for our local communities and other stakeholders. (FM)*

> *[Our] corporate vision [is] aligned with the principles of social responsibility [. . .] Everyone's collaboration is needed. (PM)*

The activities involved in preparing the sustainability report became routines embedded within the organisation. The result of this collaboration was publishing Deco S.p.A.'s second sustainability report, drawn up based on GRI 2016 standards. The report was presented at a public event, open to all the company's stakeholders and was published on the company's website.

5.3 Phase 3: Improving and rationalising the reporting process (2019–2020)
The third phase of the overall research project is still in progress. It represents the maturing of the reporting process and the setting of new objectives to improve the reporting process based on the experiences of previous years.

In 2019, everyone's focus was on drafting the third sustainability report. The priorities here were to rationalise the reporting process, streamline the indicators and update the materiality matrix. For more focus on disclosing material issues, another materiality assessment was conducted. Questionnaires were distributed to both internal and external stakeholders. Although the evaluation did not identify any new issues, it was useful for reflecting on the GRI's indicators and how relevant they were to the sustainability report. We, together with the sustainability team changed the normative associations (Lawrence and Suddaby, 2006), selecting only those indicators that were relevant for and significant to disclosing the core activities of the company. Consequently, the number of indicators in the 2018 sustainability report decreased slightly. The materiality matrix was also redesigned

graphically to make it more understandable to readers, although the content was not substantially changed.

As researchers, we undertook education and advocacy work to implement changes in the reporting process. We also spent several days at Deco S.p.A., helping the staff construct the sustainability indicators and to define the structure of the report. This was in addition to several meetings and many emails and phone calls regarding other sundry matters.

The third sustainability report (2018) was released in 2019 to coincide with Deco S.p.A.'s 30th anniversary. A big celebration event was held that was open to all stakeholders. It was a moment of reflection on what the company had accomplished during its tenure and proof of its commitment to social and environmental issues. At the same time, it emerged that every activity was often reported as doing less than what was actually being done in reality:

During the events to present the sustainability report to the public, the company received profound expressions of appreciation for adhering to the values that inspired it, both from internal staff and more generally, from the civil community. (ETD)

This finding highlights how organising such an event links the company to its stakeholders and the above statement clarifies that sustainability principles are implemented by aligning employees with more ethical and responsible values (Linnenluecke and Griffiths, 2010).

Another important decision Deco S.p.A. made during this period was to increase its use of social networks by publishing its main activities and events occurring over time and the communication of its sustainability projects and policy. It was felt this use of social media would help Deco S.p.A. strengthen its interactions with the local community in Italy and also with foreign experts. This is a form of advocacy work that allows companies to actively gain legitimacy (Lawrence and Suddaby, 2006). In this regard, all the interviewees agreed that social media was a useful tool for them. It gave the company visibility, allowing it to reach many people with important information on how it was addressing known environmental and social issues:

The main advantage of social networks is to establish a direct and transparent relationship with stakeholders. In this sense, they make it possible to confirm the corporate reputation through publishing and disclosing the company's commitment to sustainability. (VP)

Some surveys have been done on sustainability reporting and the responses support these sentiments. For example, Manetti and Bellucci (2016, p. 986) state that social media networks are "powerful mechanisms for reaching and keeping in touch with a large number of stakeholders, thus guaranteeing an interactive dialogue with them at very low costs". As Deco S.p.A. is aware of the communication benefits of social networks, it will not overlook this aspect:

The company has already reached an excellent level of its "own" use of social networks. It remains focused on this subject and careful in identifying areas for improvement or new tools. (GM)

In addition, the third sustainability report was added to the GRI disclosure database, thereby embedding the company into a global network of organisations engaged in sustainability.

The company's commitment to drawing up sustainability reports has also been recognised at the national level. This recognition has allowed the organisation to compete in two contests for the best sustainability report promoted by the University of Pavia and the Social Report Library. In both cases, the company was among the finalists. Participation in these competitions did not provide the company with an opinion on each part of the report. However, expressing a judgement presupposes a third-party review based on reading the

sustainability reports that can be conceived as a verification process attributed to competent external stakeholders, such as academics, opinion leaders and civil organisations (Zadek *et al.*, 2004; Forstater *et al.*, 2007). This verification is undoubtedly different from the more formal third-party assurance carried out by accounting and non-accounting assurance providers (Farooq and de Villiers, 2017b for a review). But it can add to the credibility of the sustainability information disclosed, which adds value. Moreover, such recognition is an incentive to refine the reporting activity. Therefore, Deco S.p.A. will continue to produce sustainability reports in future:

> *The company will continue the reporting process to draw up an integrated and assured report. (VP)*

The progress that has defined the reporting process over the past four years has highlighted Deco S.p.A.'s strengths and weaknesses. In this regard, implementing sustainability indicators has made it possible to monitor Deco S.p.A.'s economic, environmental and social performance over time. In turn, this has revealed trends in the data and exposed some critical issues. Adams and Frost (2008) point out that KPIs are not only a measurement tool for different aspects of a company's past performance but they also affect the process of risk assessment and how action plans are defined. In fact, according to the opinions of employees who have been involved in data collection, negative trends act as a stimulus for improvements and make it possible to promptly intervene in the most critical concerns:

> *Indicators often speak for themselves. Therefore, non-positive trends encourage us to do better. The constant monitoring of indicator trends leads to decision making, prompt action and the strengthening of possible weaknesses. (QM)*

These considerations highlight changes in the normative associations that underly sustainability reporting – from sustainability reporting as a predominantly external communication tool to sustainability reporting as a tool to support decision-making and company improvement. As part of the analysis of the effects of reporting activity, adopting a sustainability strategy helped Deco S.p.A. strengthen its corporate image and achieve a competitive advantage. According to the company's CEO, the sustainability report has been a useful tool for improving the reputation of all stakeholders:

> *A reputational improvement has been achieved among all stakeholders because adopting a sustainability strategy has enabled the company to make the quality of the services it produces known as well as the attention paid to the environmental dimension. (CEO)*

> *The decision to expose ourselves voluntarily by providing non-mandatory data has decisively led to a further reputational improvement that further underlines the company's commitment to sustainability. (PO)*

This statement was further confirmed by the GM and some members of the sustainability team. It is also reflected in the literature, as the definition of an objective aligned with sustainability "can become an important contributor to a company's competitive advantage that will, in turn, impact the company's long-term business drivers and strategic initiatives" (Lee and Hageman, 2018, p. 725).

In 2020, work on the fourth sustainability report began. For Deco S.p.A., the processes of improving upon what came before will surely continue for the foreseeable future.

Table 2 provides a summary of the main findings arising from this study.

Research questions		Main findings	Institutional work
How	The sustainability reporting process was implemented	*First phase*: Stakeholder engagement and dialogue; constructing a materiality matrix and sustainability indicators. No resistance from the organisation *Second phase*: Materiality analysis; appointing a CSR manager and an ST; enhancing stakeholder engagement; creating a sustainability section on the website; identifying material SDGs *Third phase*: rationalising the non-financial information in the sustainability report; a focus on material issues; redesigning the materiality matrix; selecting relevant sustainability indicators; strengthening interactions with stakeholders using social networks	*Education*: support for inexperienced staff *Advocacy*: increase participation in and commitment to sustainability reporting. Use social media to interaction with the community *Definitions*: certifications to construct a rule system *Mimicry*: certifications to support sustainability reporting *Changing normative associations*: selecting indicators relevant to the company's core activities *Enabling*: appointing a CSR manager and a sustainability team
What	Effects did this have on the company	- More cohesion and collaboration among the organisation's members, changes in corporate behaviour - Inter-functional interactions created - Strengthened employees' sense of belonging - Decision support - Support for continuously improving, updating and revising business strategies	*Enabling*: creating inter-functional interactions *Changing normative associations*: from the reports as an external communications tool to a decision-making tool *Constructing normative networks*: connections among actors and reconfiguring belief systems *Embedding*: embedding sustainability reporting in routines

Table 2.
Summary of the findings

6. Discussion and conclusions

This in-depth analysis is the result of a four-year case study following an action research approach. Through the lens of institutional work, we verified the mechanisms used by actors to implement a sustainability reporting process. Our two aims with this project were to investigate how sustainability reporting was institutionalised and what the effects of this institutionalisation were.

The initial motivation that led the company to draft its first sustainability report was a combination of the company's desire to be more accountable to all stakeholders and the personal characteristics and the values of the VP. The VP played a key role in adopting sustainability reporting and its institutionalisation within Deco S.p.A. The socially-oriented personality of the VP and the company's adoption of voluntary environmental and social standards contributed to Deco S.p.A. fully accepting the notion of sustainability reporting as a company responsibility to be honoured not as a company problem to be solved. From this standpoint, staff had little need to change their current approach to sustainability precisely because sustainability is already in the company's DNA (Wickert and de Bakker, 2018; Aragon-Correa *et al.*, 2020). As Aguinis and Glavas (2012, p. 953) state, "although CSR takes place at the organizational level, individual actors are those who actually strategize, make decisions and execute CSR initiatives".

We used the lens of institutional work to analyse "the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions" (Lawrence and Suddaby, 2006, p. 215). The institutional work approach focusses on the routines and practices through which institutions are established and transformed. Adopting this approach helps individuals pay greater attention to their roles and practices in changing institutions (Lawrence et al., 2011, p. 53).

This work is categorised into three phases, each of which underlines how the sustainability reporting process was implemented, also unveiling the role of those involved in the project plus the researchers in institutionalising sustainability reporting and what effects were produced within the company. The transition from phase one to phase three reflects a progressive maturity and makes the sustainability reporting process routine. In each phase, the researchers provide relevant support to educate inexperienced organisational members in terms of the skills and knowledge necessary for institutionalising sustainability reports (i.e. educating work). Certifications and the company's widespread engagement with environmental and social issues bred familiarity with the new practice of sustainability reporting (i.e. mimicry). During phase two, a CSR manager was appointed and a sustainability team was established to ensure greater coordination between all the activities and organisational members involved in drawing up the sustainability reports. This further institutionalised the process. These two changes further improved the business climate and cohesion among employees, making them more actively involved in the sustainability reporting process. It also worked to support the daily activities of staff (i.e. enabling and embedding). Phase three is a rationalisation phase, where embedded processes, like the materiality matrix and selecting the performance indicators, were rationalised and improved. Over time sustainability reporting was embedded into the organisational members' day-to-day routines and practices. The process of institutionalisation of sustainability reporting has changed the relationship among actors strengthening their collaboration and reconfiguring their belief systems (i.e. changing normative associations, constructing normative networks).

Further, our use of the action research approach contributes to more in-depth knowledge of the endogenous and company-specific factors and processes that internalise sustainability reports. As noted by Adams and McNicholas (2007, p. 382), "The action research approach contributes to knowledge and theorising in a way which could not have been achieved through interviews alone". Action research provides benefits for both researchers and organisations (Dumay, 2010). Researchers can test management innovations in a real company and they can collect more data (Jönsson and Lukka, 2005) compared to traditional research methods due to the empirical perspective of interventionist research. At the same time, organisations may take the opportunity to gain the knowledge and support of academics and make changes in their organisational structures, information systems and strategies (Kaplan, 1998).

However, taking an action research approach involves some limitations, some of which arose during this research project. The first is that knowledge created in a particular context cannot be generalised. The investigation conducted by this paper is related to a single case study. Therefore, it would be difficult for the findings to lead to a large-scale social change (Brydon-Miller et al., 2003). In future research, investigating the reporting process of companies operating in the waste management sector through a more general approach might be interesting.

In the case study analysed, the benefits of applying the action research approach certainly outweigh the limitations linked to the generalisability of the results. Even from the interviews carried out, it emerged that the drafting of the sustainability report undoubtedly

provided advantages to the company. According to Adams and McNicholas (2007), researchers can support a company in improving its reporting process and simultaneously contribute to the literature based on the findings obtained by the research project. In this scenario, the action research approach enabled the company to report its sustainability performance. Moreover, this research makes several contributions at the theoretical and practical levels.

At the theoretical level, our study extends previous research and contribute to theory in three ways. Firstly, we extend previous literature, with both theory and empirical data, responding to calls for more interventionist research on the role that sustainability reporting plays in companies (Adams and McNicholas, 2007; Adams and Larrinaga-González, 2007; Battaglia *et al.*, 2015; Taïbi *et al.*, 2020). Our study also serves to answer calls for research on how the sustainability reporting process becomes institutionalised (Farooq and de Villiers, 2019) and on what effects are produced on the company. We contribute to demonstrate the importance of ethical values in corporate leaders and of inspiring entrepreneurial action to institutionalise sustainability reporting within an organisation (Adams and McNicholas, 2007; Adams and Larrinaga-González, 2007; Battaglia *et al.*, 2015; Taïbi *et al.*, 2020). Moral beliefs and values in entrepreneurs influence and shape the corporate sustainability approach. Accordingly, for Deco S.p.A., adopting sustainability reporting was a means to translate and instil these moral values within the organisation. Thus, the importance of the personal values guiding an organisation's ethical conduct provides novel insights into the literature about the factors that drive companies to adopt and institutionalise sustainability reporting (Larrinaga-González *et al.*, 2001; Adams, 2002; Adams and McNicholas, 2007; Narayanan and Adams, 2017). The widespread belief that sustainability reporting can be a key pillar of all company activities gives rise to organisational and managerial benefits. For example, sustainability reporting might engender more cohesion between employees or a sense of belonging and collaboration or, perhaps, inter-functional interaction. It might offer support for decision-making, information on areas for improvement or yield insights into how to update or revise one's business strategies. For Deco S.p.A., it did all these things. Thus, a positive view of sustainability, when held by managers and entrepreneurs, might overcome any resistance to drafting a new report (Adams and McNicholas, 2007; Farooq and de Villiers, 2019) and bring a compelling force towards institutionalising sustainability reporting.

Secondly, using Lawrence and Suddaby's (2006) approach provided insights into the use of institutional work in sustainability reporting, enriching our understanding of the internal factors behind why a company chooses to produce sustainability reports. Moreover, focussing on the purposive actions of organisational members to create, maintain and change institutions, this study contributes to theory by explaining how the different forms of institutional work and their combination support the institutionalisation of the sustainability reporting practices and routines.

Thirdly, by adopting action research, this research contributes to understanding how the researcher's knowledge and experience can be applied in "real world situations" (Eden and Huxham, 1996, p. 76) to assist the institutionalisation process of sustainability reporting within a company. Moreover, action research provides new insights into how a company embeds the practice of sustainability reporting and on institutional work performed.

At the practical level, this study highlights the important role that researchers and universities can play in supporting companies in the sustainability reporting process. Moreover, our results support the relevance of sustainability reporting for internal use, particularly for planning and decision-making. Our findings emphasise how important it is

that the values and vision of management widely align with the guiding principles of sustainability. We can also confirm the idea of managers being "key change agents" (Pedersen, 2010, p. 164). This alignment adds value to the decision to introduce sustainability reports into a company and at the same time, integrates sustainability issues into strategy, activities and business processes. Therefore, these findings are useful for practitioners, regulators and other stakeholders interested in understanding the relevance of corporate sustainability reporting.

Future studies might adopt the action research approach to extend our analysis to other companies belonging to different sectors and located in different countries, thus enhancing our understanding of how the sustainability reporting process becomes institutionalised and the effects produced on a company. Focussing on the dynamics and relationships among organisational members engaged in the sustainability reporting process to help organisations adopt sustainable approaches may also be interesting.

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