Title: Using the Integrated Reporting Framework (IR) to value culture's intangibles

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Abstract

In today's post-traditional societies, the intangible qualities of culture and cultural processes means that key aspects of their value are ignored, under-emphasised or subsumed in the measurement of instrumental or spillover effects. In turn, policy decisions in respect of particular cultural events and organisations are made without depth of information about their nature and context. Attempts to solve this problem have seen the cultural sector draw on techniques from environmental economics – such as the adoption of Willingness to Pay and contingency valuation methodologies – to explore alternative approaches to the valuing of cultural assets. Such measurement indices, however, are only as useful as the reporting processes in which they are embedded and by which they are understood.

This paper considers the international reporting framework Integrated Reporting (IR) as a way for arts and cultural organisations to balance quantitative and qualitative indicators in their reporting, and to better include intangible value streams. Laboratory Adelaide, a cultural value project based at Flinders University in South Australia, is exploring IR as a reporting framework for its industry partners, the State Library of South Australia, the State Theatre of South Australia and the Adelaide Festival. This paper focuses on the role of narrative in providing meaningful interpretation of quantitative data by contributing to the "connectivity of information" that IR strives for in an attempt to show how organisations create value in different capital areas over time.

Keywords: culture; value; capital; narrative; integrated reporting

Article:

The fundamental problem facing the measurement of culture's value today is one of accounting for its intangible benefits in schema designed for financial data and other monetized metrics (Hutter & Stark 2015; Throsby 2010; Hutter & Throsby 2008). This paper examines the applicability of the international Integrated Reporting Framework (IR/'the Framework') to the assessment of culture's value. It briefly describes integrated reporting's history as a calculative practice, and the deployment of the six different capitals that gives it its unique flexibility. As a principles-based rather than a rules-based approach, IR is not only a means of accounting for value but a means of projecting it. That is, rather than being neutral measurement scaffolding sitting outside the objects, events, relations, processes and concepts it aims to represent, IR encourages an evaluative understanding to emerge from within these things, then expresses them in financial and non-financial terms as a complex return over time (IIRC 2013). Ideas of value come prior to measures of value, and it is a simplification, but an illuminating one, to say this is both the motivation behind Integrated Reporting and its central concern. You cannot work back from a measurement methodology to a sense of value. No amount of counting something will tell you whether something is worth counting. A meaningful indicator arises from a comprehension of all the factors comprising a phenomenon under examination. In IR, the disaggregation of value proposed by David Throsby – the breaking down of culture into economic, aesthetic, spiritual, social, historical and symbolic value (2000: 28-29) – is counterbalanced by a reporting approach that connects them once more in a meaningful act of communication. Disaggregation and integration can be thought of as the systole and diastole of value assessment, a breaking down and a pulling together that must happen cyclically and continually if a meaningful value assessment is to be achieved. This line of inquiry emerges from an Australian Research Council Linkage Project.[1] Laboratory Adelaide: The Value of Culture is an attempt to devise ways to assess and communicate the value of culture beyond economic data and audience statistics. The project's key premise is that quantitative and qualitative measures of value must be brought into meaningful alignment (Meyrick 2015). Integrated Reporting may offer a solution as to how to this can be achieved.

Integrated Reporting is an approach that will be of strong interest to economists working in the cultural area and to cultural organisations themselves because it provides a bridge whereby economic and non-economic information can be connected. 'Connectivity' is one of seven guiding principles that reflect IR's interest in holistic value through the linking of different types, not just different degrees, of information. Things that are to be evaluated, some tangible, some intangible, are reported in a variety of ways, some numerical, some non-numerical, and then prismed through a single communicative intelligence. This is the integrated report. It says everything about IR's underlying purpose that it aims to produce *one* report, a single, nodal document that is simultaneously balance sheet, prospectus, social explanation, and historical account.

Though IR is a calculative practice, it has strong ethical roots. Originating in

[1] For more information see the Laboratory Adelaide website http://www.flinders.edu.au//laboratory-adelaide/

post-Apartheid South Africa, it can be seen to arise out of three overlapping, transnational concerns: i. a belief that the wealth created by the global economy is not being shared to best collective advantage (a stakeholder issue); ii. a concern that an 'efficient' use of resources is not an environmentally positive one (a sustainability issue); and iii. a sense that non-monetized factors are left out of conventional value accounting approaches (an intangibility issue). The IR movement is a tool designed to promote financial stability in volatile international financial markets, and to account for sustainability initiatives in a variety of different sectors.[2] Other concerns feeding into IR are: corporate transparency, ethical governance, and intergenerational equity.[3]

While what integrated reporters call 'the value creation story' has quantitative aspects to it, ultimately value is fully communicable only in qualitative terms, because it arises in particular, concrete contexts. We derive value from living a life, having relations with the things around us, and transforming them accordingly. 'Qualitative terms' means language definitely, and narrative probably. Care with language is about more than verbal hygiene. It is about communicating a 'ground' that quantitative measures can speak to.

Using relevant numerical indicators, and numerical indicators that speak to qualitative terms in a precise and meaningful way, is another key goal of IR. Numbers are not only easier to interpret this way, they stand a chance of reflecting the prior sense of value that is the cause for their generation and deployment. Governments who rely on quantitative indicators alone for making decisions about culture are governments in

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[2] Integrated Reporting is discussed in a broad way by Jane Gleeson-White in *The Six Capitals: The Revolution Capitalism Has to Have – or Can Accountants Save the Planet?* This is the book that led Laboratory Adelaide to take an interest in it as a resource for reporting on culture.

[3] Another way of saying this is that, for an IR-influenced accounting approach, 'value' should not be confused with 'benefit', that it is worth keeping these notions logically distinct. 'Benefit' can apply to any observable effect of an activity. Value is a more capacious term, encompassing economic, moral, intellectual, social and artistic aspects ie. sweeping in intangible and intrinsic features. To ask 'can we measure benefit?' is a redundancy since to qualify as a 'benefit', an effect has to be measurable. By contrast, value can't be measured because you need a sense of what it is before you start measuring. Value subsumes benefit in this understanding of these two words.

danger of narrowing their conception of value (and culture). The prime concern becomes the measuring of economic externalities. To go this route is certainly a political choice, but there are two problems. First, it may not work. Some things may be hard to measure in this way. Second, and perhaps less obviously, it may undermine the sense of value that is needed for measurement to be meaningful in the first place.

To be clear, the economic effects of culture are important. Any measurable effect is potentially important. We might deplore an over-emphasis on 'instrumentalism' in the cultural field, but at certain times the measurement of these kinds of benefits is crucial to choosing one course of action over another. The difficulty starts when such effects are totalized and assumed to stand for the whole problem of value. Other less tangible dimensions then have to be smuggled into a benefit algorithm and treated in a displaced way. IR seeks to overcome this distortion by framing a fully rounded notion of value within an expanded reporting aperture. It creates space in the social conversation for a broader range of information to be included in reports and other communications. Value creation is re-constructed via a documentary 'avatar', rather than numerically computed via a series of measurable proxies (later, we will explain what this means exactly).

Measurement is unilateral, reporting is bilateral. As an act of communication, IR manages a reporting *relationship*. For a fully rounded understanding of value to be achieved, all stakeholders need to invest in the IR approach at the same time. While cultural organisations tend to feel that they report into a void, reporting always occurs within a relationship, an assessment conversation (Meyrick and Barnett forthcoming). If culture is to be better valued, governments and their agencies must change official reporting processes, and cultural organisations must change their expectations of the way they report. Integrated Reporting could serve as an internationally recognised framework by which to do this. Currently, reporting in the cultural sector does not have high status, as the frequently heard terms 'ticking the boxes' and 'learning the language of government' suggest. IR replaces a phatic exchange of affectless information, with a comprehensive document anchored on good faith and good sense. It is both reliant on trust and encouraging of trustworthiness. As the South African experience shows, when IR is introduced there is discomfort and wariness on all sides (Eccles & Krzus 2015). Trust takes time to build.

IR provides a suite of tools that could help communicate a holistic understanding of culture's value. Its commitment to fidelity and sense within reporting processes is a commitment to consideration of qualitative context. It is not about banishing figures or dialing-down quantitative assessments of culture's benefits. But getting the numbers back into their proper sphere is a goal that will resonate for those concerned with culture's value. Walking around in with a lab coat mentality pretending to measure culture objectively is a car crash whose consequences are increasingly clear (Belfiore 2004; Belfiore and Bennett 2010; O'Brien 2014). A reporting approach taking a critical rather than an arithmetical approach to value is not without difficulties. But it also has important things to offer, including an effective use of language, an effective use of narrative, and an ability to confront the thorny issue of artistic quality.

In the world of what at Laboratory Adelaide we call 'cultural reporting', there is no perfection, and none needed (Meyrick and Barnett forthcoming). Governments are distant from the field; artists are over-committed to it; researchers are caught in a polarized landscape. IR aims to build a better conversation between these stakeholder groups around a better conception of value.

IR, History and Form

The purpose of IR is to report an organisation's financial and non-financial information in a meaningful way. As two of its founders Robert Eccles and Micahel Krzus stress, IR is at heart a social movement (2015). As such it is one of a number of responses to the perceived failures of corporate capitalism in the post-communist era. The King Report on Governance for South Africa (King III), which in 2011 mandated integrated reporting for all companies listed on the Johannesburg Stock Exchange on an "apply or explain" basis, is a moment of origin for the IR movement. However, this occurred within an evident world-wide interest in widening reporting practices, as exampled by the UK Companies Act (2006) and the Danish Financial Statement Act (2008). IR is one of a number of responses to this impulse and should be considered alongside the Global Reporting Initiative (1997), the NGO behind sustainability reporting, the Sustainability Accounting Standards Board (2011), known for its rigorous sustainability assessment methodology, and the UK-based Carbon Disclosure Project (2001), which is linked to the Climate Disclosure Standards Board (2007). All these bodies focus on triple bottom line or Environmental, Social and Governance (ESG) indices. However, their differences are important. Sustainability reporting is a multistakeholder tool. IR is a tool for communication between organisations and investors but with sensitivity, and a sense of responsibility, to a full range stakeholders. This distinction means that IR's approach to value is more active and venture focused. Integrated reporting subsumes sustainability reporting, and Global Reporting Initiative (GRI) has been a major force behind IR's institutionalisation.

A 2014 Guide published by the Integrated Reporting Committee of South Africa defines integrated thinking as:

> The active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects.

That is, it is thinking that takes into account more than just financial capital, manufactured capital and human capital (labour). Integrated reporting is thus,

> … a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation.

And an integrated report is,

> … a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.

In 2013, the International Integrated Reporting Council published the international IR Framework. Prior to this, there were a number of consultation and background papers, some written by academics, others of which came from standard setting bodies, such as the International Accounting Standards Board and the so-called Big Four, the accounting firms of Deloitte, KPMG, Price Waterhouse Cooper (PwC) and Ernest and Young. Each of these companies publishes on the practice of IR, and takes positions on its regulatory committees. The UK's Association of Chartered Certified Accountants requires IR training for its exams while the International Federation of Accountants is supportive of the movement. A number of IR pilot programs are currently underway in Brazil, Netherlands, Finland and Australia. Though of the world's 46,000 listed companies only 1% are self-declared integrated reporters, the number of companies producing sustainability reports, and thus heading towards a degree of report integration, is much higher, perhaps around 10%.

There is no one format that an integrated report must adopt. Integrated reporting is a matter of guiding principles and proposed content areas. There are seven guiding principles listed in the Framework: strategic focus and future orientation; connectivity of information; stakeholder relationships; materiality; conciseness; reliability and completeness; consistency and comparability. This is a wide array of concepts, some of which have complex histories, such as 'materiality', others of which are relatively new and bespoke, like 'conciseness'. There are eight content areas: organizational overview and environment; governance; business model; risks and opportunities; strategy and resource allocation; performance; outlook; and basis of report preparation and presentation. These areas are again a wide spectrum and represent ones companies may already be reporting on. IR aims not to so much to replace current reporting practice as to enhance and supplement it to the point where the "value creation story" is fully explained and explored. For this reason, IR is a gradualist movement, and may be adopted by degrees. As a practice, its categories are dynamic and reflexive. It recognizes that value is hard to capture in a multidimensional way, and yet some attempt must be made to do so. IR's key insight, we suggest, is that any measure of value is only as good as the communicative relationship in which it is embedded.

At the heart of IR is the idea of value creation and different conceptions of capital, of which there are six: financial, manufactured, intellectual, human, social and relationship, and natural. The Framework notes: "Not all capitals are equally relevant or applicable to all organizations" (2.16). The capitals exist "as a guideline to ensure the organization does not overlook a capital that it uses or affects" (2.19). The capitals are inputs. The value creation process is what happens to the capitals after they are turned into first outputs, then outcomes. Like IR itself, value creation is dynamic and reflexive. The Framework notes: "The value creation process is not static; regular review of each component and its interactions with other components, and a focus on the organization's *outlook,* lead to revision and refinement to improve all the components" (2.29 original emphasis).

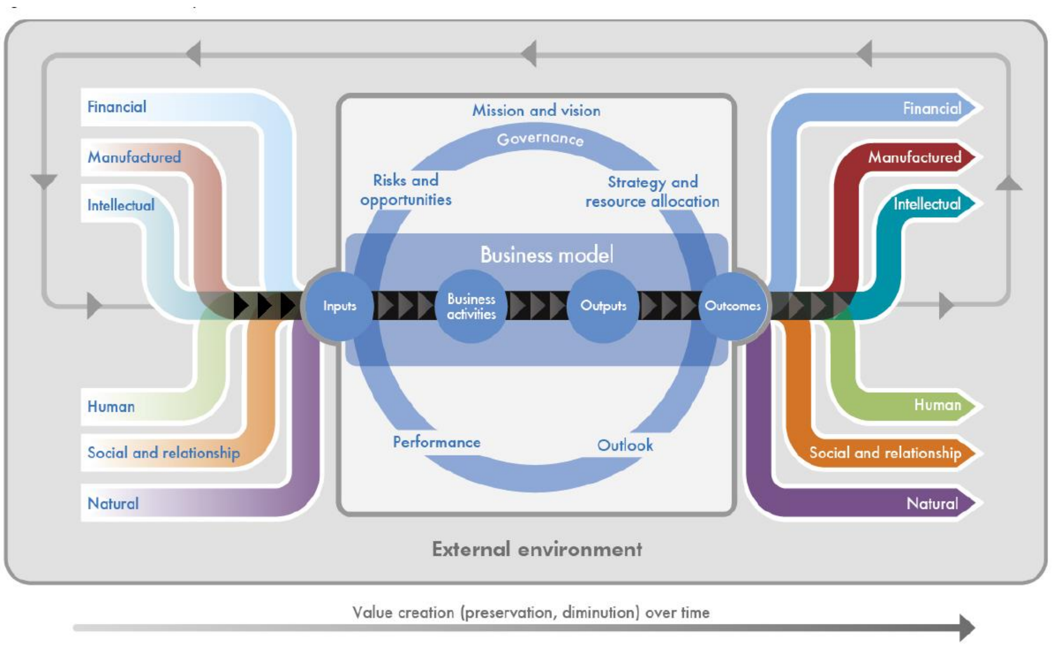

Figure 1: the value creation process diagram as it appears in the IR Framework (2013, 13)

Where could culture fit into the IR schema? Three capitals deal with tangible assets (financial, manufactured, and natural), three with intangible assets (intellectual, human, social and relationship). Aspects of cultural production are reflected across the six categories, but the more immanent qualities of culture – its intrinsic, inherent, aesthetic, or 'cultural' value, as well as its less immediately visible social and community impacts – might list as a subcategory under intellectual capital ('knowledge-based intangibles'), human capital ('people's competencies and experience; their motivation to innovate'), or social and relationship capital ('ability to share information to enhance individual and collective well-being'). A more radical proposal would be to add a seventh capital to IR foundational list, cultural capital, but we are not going to argue this here. Instead, we note only that the IR Framework is flexible enough to incorporate such a move and embed culture within the value creation process in a way that would be more than a simple addition to its taxonomy. Using IR in the reporting undertaken by cultural organisations and events would allow the better communication of non-numerical data alongside traditional financial content. It would allow better acknowledgement of culture's intangible value.

Connectivity

Though an integrated report is a stand-alone document, its use and trustworthiness comes from its relationship with other reports linking to other content areas known as 'partial reports'. Not all content areas will be relevant to all organisations. Not all content areas will be reported on in a separate way. But the fact that an integrated report is conceived as vehicle for meaning rather than a repository of information is basic to IR's purpose. Paternostro notes,

> The IR Framework identifies a different function for an integrated report and a partial report. The former aims at communicating to the stakeholders all factors influencing the firm's ability to create value. The latter has the purpose to tell a part of the… value creation story and to provide specific information dealing with a particular kind of capital. (2013: 61)

Linking the partial reports to the integrated report is more than a matter of cross-referencing. It is a matter of what the IIRC calls 'connectivity'. Having briefly laid out the history and approach of IR, the rest of this paper will focus on this one aspect of it.

Perhaps surprisingly given its crucial role in the Framework, connectivity has attracted considerably less attention from both academics and standard setters. "Although in the IR Framework the concept of connectivity is fully developed with reference to the information needed to explain the value creation process, more effort could be [made] to apply the concept… to the notion of performance," concludes Paternostro (2013, 75), who sees connectivity as key to the interpretation of multidimensional information. He lists the components of information between which IR requires connections. These are: the content elements; time; the capitals; financial and non-financial information; quantitative and qualitative information; management, board and external information; and information from other sources. One word sums up this broadest list of all: 'everything'. Connectivity is the pivot screw holding an integrated report together since it allows different kinds of information to be read coterminously and provide an overview of the value creation process. In the Framework, connectivity of information is considered under section 3B:

> An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time.

Connectivity is instantiated when a report connects IR's contents elements into a "total picture that reflects the dynamic and systemic interactions of the organisation's activities as a whole" (3.8). Each of connectivity's separate features is worth close examination. Here, we consider them in their combined impact. Section 3 of the 2013 Framework concludes:

> The connectivity of information and the overall usefulness of an integrated report is enhanced when it is logically structured, well presented, written in clear, understandable and jargon-free language, and includes effective navigation devices, such as clearly delineated (but linked) sections and cross-referencing.

It then suggests:

> In this context, information and communication technology can be used to improve the ability to search, access, combine, connect, customize, re-use or analyse information.

This is a common response in what Michael Power's famously dubbed the audit society (Power 1999): problems with the processing of information are solved by providing more information. Technology facilitates this provision, so it is a first recommendation for grappling with the issue of connectivity. Yet this is a misunderstanding of what connectivity is and how it works in a reporting process. The solution to connectivity's better operation, we suggest, lies not in the further provision of information, but in a better use of narrative to bind quantitative and qualitative information into a meaningful reporting whole. Currently, the understanding of narrative within IR, and perhaps reporting generally, is basic.[4] This is an area to which humanities scholars can bring conceptual sophistication and useful insight. If the IR value creation diagram is to more than just another coloured chart depicting idealized relationships, ie. if it is to actually *work* as a reporting device, then the central role of narrative as an activator of connected information must be appreciated.

Using narrative to address problems of connectivity

Within the Framework, the term narrative occurs only three times:

> Section 3: "Narrative explanation can be an effective way to connect quantitative and qualitative information".
>
> Section 4.13: "Features that can enhance the effectiveness and readability of the description of the business model include… narrative flow that is logical given the particular circumstances of the organization".
>
> Section 4.32: "Narrative that explains the financial implications of significant effects on other capitals and other causal relationships… may be used to demonstrate the connectivity of financial performance with performance regarding other capitals".

Within the wider IR literature, however, narrative and cognate term – story, story telling, account, accounting, description, record – occur with great frequency. In a corporate reporting blog post earlier this year directly linking the problem of connectivity in IR with the role of narrative, Linda Midgley observed:

[4] For an exception see Mouritsen, J., Larsen, H.T. and Bukh, P.N.D. (2001).

> … the improved quality of integrating reports is fading out because reporters are still struggling with connectivity… Current reports still don't show how stakeholder dialogue leads to transformation of the day-to-day business; how that dialogue stimulates companies to better manage the value they create for stakeholders; or how the dashboard the CEO looks at every month has changed. In other words, current reports miss the storyline explaining how stakeholders' input, strategy, risk, value drivers, KPIs and impact are connected. This missing storyline is what leaves us dissatisfied (2016, n.p.).

How does narrative function in company reporting? An exemplary description is given by Indra Abeysekera who posits the equation *cross* + *nails* = *given,* then explains:

> This narrative equation makes no sense for the reason that narratives are not meant to add up. However, narrative tells us something on its own, or in combination. We understand the meaning of each text, but interpreting texts together can give rise to multiple meanings. For instance, one way to interpret this 'equation' is that cross and nails were somehow given. Although this does not make great sense, it is logical. Narrative reporting requires a threshold of words to convey logic with context to create meaning. Rather than abstracting words in an equation, if they are narrated they make more sense. Meaning becomes clearer if we use adjectives – an iron cross and three wooden nails were given to our neighbor Michael yesterday afternoon – because adjectives provide the context. Narrative allows us to provide meaning [for] the context in which we report (2013, n.p.).

Even from this, it is possible to see why the conceiving of connectivity as increased information provision is a category mistake. Connectivity is about managing the leap from information to understanding within a reporting relationship. Cognitive psychology sheds light on this. Neurologically, data has to shift from our semantic memory to our episodic memory, an aspect of cognition studied under the rubric of mental time travel (Suddendorf & Corbalis 2007). Narrative is an important resource for retrospective and prospective memory when packaging information as something self-aware and emotionally meaningful.[5] This is the difference between knowing that a KPI has been reached, and appreciating that a KPI is worth reaching. Connectivity is not something that happens on the page but in the minds of a writer and a reader when a report is communicated in its multidimensionality.[6]

An important feature of human memory is that it has a non-veracity criterion, which is why we can tell new stories, or invent ones that have not happened in fact. This has a bearing on the notion of connectivity. If connectivity involves the bringing together of different kinds of information, what prevents the non-veracity criterion being misused? What stops companies 'spinning' or 'sexing up' their reports? The quality useful to human memory as an adaptive tool – that we can imagine things that have not or have not yet taken place – is the quality that can undermine evidence-based reports seeking to make the journey from information to understanding in a good faith, trustworthy way.

The problem is that the words we use to inform people of 'the facts' are the same ones we use to persuade them of a point of view. Language does not operate by standard definitions only, but by operational use and so it is hard, in practice, to keep terms that denote matters of fact from terms that connate an attitude to those facts. There is no narrative without a narrator's point of view, since it is this that determines what information is included and what is left out. So it is not possible to think of integrated reporting outside what we have called elsewhere "the rhetorical economy" (Meyrick 2013) which determines in a public sense what words mean and supplies them a

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[5] For a brief, albeit non-technical discussion of how narrative might function in mental time travel, see Meyrick & Cavanagh (forthcoming).

[6] The relationship between writer and reader in the co-creation of meaning within the context of a cultural report is something in which Laboratory Adelaide takes particular interest.

generic lexical context.

To compound the issue, the language of reporting within the IR Framework is semantically hazy. Phrases and terms that look straightforward and functional at first blush, are ambiguous in what they denote on closer inspection.[7] Some phrases resemble other phrases but purport to be different. Some words lack obvious application in the real world. When looking at how IR's partial reports operate, there is clearly a certain amount of overlap and redundancy. Equally clearly, it would be easy for important aspects of the value creation process to drop between the cracks. Connectivity is currently identified with a set of themes and elements. If it is instead identified as a type of communicative intelligence, the question then becomes *how* can these themes and elements assist connectivity?, rather than assuming their presence alone is enough to ensure its instantiation.

Within humanities scholarship, narrative theory is a vast body of work. Formalists, structuralists, semioticians, reception theorists, post-structuralists as well as more sociologically and anthropologically inclined researchers have taken a detailed interest in all aspects of stories and story-telling, both oral and print. It is important to realize that reporting is part of a literary culture. It may think of itself as a neutral conveyor of matters of fact, but this is neither the ideal nor the reality of reporting when set the task of communicating value creation as a multidimensional phenomenon. If lack of connectivity is blocking the momentum of IR as an accounting practice, then we suggest is it lack of awareness of how literary values and concepts as these apply to its use of narrative that is a significant part of the problem.

As an initial and tentative offering from the humanities, we put forward three ideas commonly deployed when understanding how narrative functions in creative literature:

[7] For a glimpse of these problems see Eccles & Krzus' discussion of 'materiality' (chapter 5) or read through the Framework and note the ambiguity of phrases like "evolving societal expectations" (3.8), "key stakeholders legitimate needs" (3.13), "speed and effect of technological change" (4.7), and "how the organization approaches the needs to innovate" (4.16).

1. **Narratives manage two levels of time, 'discourse time' and 'story time'.** As Gerard Gennette comments, "narrative is a doubly temporal sequence… There is the time of the thing told and the time of the narrative… This duality not only renders possible all the temporal distortions that are commonplace in narratives (three years of the hero's life summed up in two sentences of a novel or in a few shots of 'frequentive' montage in film). More basically, it invites us to consider that one of the functions of narrative is to invent one-time scheme in terms of another time-scheme" (1980: 33).

   The implications of this observation are profound. Integrated reporting differs from standard financial reporting in its forward-looking propensities. It emphasizes long-term outcomes and sees timescale as key to a proper understanding of the value creation process. Yet IR's understanding of how time is represented, via narrative, within the report itself is simplistic and schematic, typically expressed in non-temporal ways (coloured diagrams and matrices). Narrative is time's best representative and, through better managing the dual levels of time that all narrative communication involves, value creation can be reported on as a coherent activity over the past, present and future.

2. **Narratives turn 'instances of' into 'examples of', allowing general conclusions to be drawn from particular objects or events.** This is the role of case study methodology, and narrative is well understood by researchers in this area (Stake 2005, Hamel & Fortin 1993, Becker 2009[1992], Yin 1989). The distinction between explanation and understanding is crucial here, as is the role of primary, or subject, experience. Narrative is a powerful tool for

communicating value as it impacts in human terms, and this is about a great deal more than embedding quotes or anecdotes. It is about the structuring of different kinds of evidence such that a broader horizon of comprehension arises from the limited number of things described: the 'show don't tell' approach to narrative learned in high school.

3. **Narratives always proceed from a narrator's point of view. Understanding narrative construction can both reveal that point of view and strengthen it.** Currently, the issue of 'point of view' within corporate reporting is bound up with the issue of disclosure and director's responsibility for materiality and completeness. As IR is particularly concerned with future value streams, the Framework has faced resistance in those corporate environments where directors are not protected in making forward-looking comments by so-called 'safe harbour' legislation (Esendemirli, 2014). But this is to understand 'point of view' in a restricted way. More broadly, the narrative in an integrated report can be seen as providing a sense-making and responsible voice. This could be thought of as a statement of an organisation's 'vision', but in fact it is something permeating the report generally. Narrative effects are diffuse, because of the tendency for narrative point of view to colour all information presented. Hence the need for reporting to take care highlighting point of view so that it can be correctly attributed (in IR's content elements, we see the relationship between the management report and the governance reports as of particular interest).

These brief observations on the role of narrative within reporting are intended to open up an avenue of investigation, not propose solutions to complex problems. The job of a report is to communicate relevant information. But it is also to be a "faithful representation" of the value creation process. Abeysekera explains:

> These two qualities – stakeholder relevance and faithful representation of the phenomenon – relating to disclosures are fundamental as more emphasis is placed on reporting about the future (vision) that includes uncertainty… It can be verified whether different knowledgeable and independent observers reach consensus that the information is faithfully represented, although they need not completely agree on all details (2013 np).

This is useful, but it is still a mechanical understanding of how narrative works. Stories are more than the sum of their parts. They are not blocks of information, but engines of inquiry, and their use within a reporting process is fundamentally interpretive. Unlike quantitative data, narrative does not present part of a big picture, but a small picture all of it own. It does not accumulate and aggregate, but implicate and complicate. Narrative in reporting, we suggest, is better understood as an 'avatar' of the phenomenon it is trying to faithfully represent.

'Avatar' – which means, literally, "a manifestation of a deity or released soul in bodily form" is more commonly used as a representation of the human subject in non-human form (Stevenson and Waite 2011, 90). In other words, it is a type of personification, and the advantage of this technique is that it is concerned with representing one kind of whole in terms of another kind of whole, rather than as with a proxy – which means, literally, "a figure used to represent the value of something in a calculation" – the representation of a whole through a part (Stevenson and Waite 2011, 1156). In reporting, narrative operates as an 'avatar', where numbers operate as proxies. The leap from information to understanding is therefore different in the two cases. With numbers, we grasp the whole through the part. With narrative, we grasp the part through the whole.

Currently, anxieties about value tend to prompt the creation and provision of more and more data. It is a fallacy and will, we believe, compromise IR as a progressive movement, if it does not see that the provision of data *per se* is not a solution to the problem of its holistic understanding. In fact, it may be a barrier to it. Connectivity is not about informational materiality but about cognitive purchase. Technology will not help if it offers only more links to more reports that ultimate fail to cohere into a faithful representation of the value creation process.

Culture and IR

It is perhaps not entirely unexpected that researchers concerned with the problem of culture's value should see the possibilities of the IR Framework for communicating that value, or note that the role of narrative within the Framework needs to be strengthened to do this. A great many benefits arising from cultural activities are hard to articulate in monetized terms. This leaves three responses. First, there is the challenge of developing financial measures of non-financial value. Second, there is the attraction of rejecting all quantification as biased towards financial value, and using just qualitative methods. A third way is to combine both types of information, financial and non-financial, in a document that tries to make sense of them as different but potentially allied sources of time-based value knowledge. This is IR's promise, and we suggest that the connectivity of information which is currently a stumbling block for the Framework's uptake, is one to be found in concentrated problem form were integrated reporters to turn their attention to culture. There, however, a solution can also be found, for the kind of value that culture generates prompts investigation of its multidimensional communication. The two domains, IR and culture, are in naturally allied, and a closer relationship between them likely to be conceptually and practically fruitful.

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