# Corporate reporting and users' information needs – A preparer perspective

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**ABSTRACT** This paper studies how preparers construct users' information needs and preferences, and how these views shape preparers' perceptions and priorities related to corporate reporting. Using one public firm's radical annual report restructuring as a qualitative case study, we identify and examine different manifestations of the annual report as a means of corporate reporting. We draw on 15 semi-structured interviews and various archival data to investigate how coexisting and conflicting institutional logics dynamically shape corporate reporting over time. Our findings indicate a shifting balance of three logics – compliance, investor, and stakeholder – shaping our case company's annual report against the background of the disclosure overload and integrated reporting debates. Our analysis yields three main insights: First, conceptualizing the annual report as a compliance-oriented accountability document is consistent with a focus on its confirmatory value, rather than positioning it as a timely instrument with predictive value. Second, absent deep insights into diverse users' information needs and decision-making processes, preparers, like standard setters, face uncertainty when calibrating corporate reporting for decision usefulness. Third, navigating potential disclosure overload while serving diverse users poses tough challenges that may lead complex firms to shy away from full integrated reporting.

**Keywords:** annual report, corporate reporting, institutional logics, decision usefulness

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### 1. Introduction

This paper uses a case study approach to analyze the forces that shape corporate reporting, focusing on a radical voluntary annual report restructuring at a large public firm. Publicly traded firms are subject to diverse disclosure requirements and engage in diverse voluntary reporting practices. Whereas corporate reporting is multi-layered, the annual report of public firms is often regarded as a key communication instrument (Loughran & McDonald, 2014; Yuthas et al., 2002). Its main purpose being to provide information to internal and external parties (Firth, 1980), it is sometimes viewed as the primary source of information for them (Ertugrul et al., 2017). While there is vast research on disclosures in the qualitative (e.g., Gibbins et al., 1990; Chahed & Goh, 2019; Johansen & Plenborg, 2018; Yuthas et al., 2002) and quantitative (e.g., Verrecchia, 1983; Verrecchia, 1990) accounting literatures, which primarily focuses on specific parts of the annual report,[1] the

[1] These include, for example, the remuneration report (Chahed & Goh, 2019) or the President's Letter and MD&A (Yuthas et al., 2002).

construction of the annual report as a whole and its underlying objective(s) are rather underexplored objects of research.

The role of the annual report has changed over the last decades. A panoply of reporting requirements (e.g., mandatory Corporate Social Responsibility, CSR, reporting in the EU[2]) and voluntary trends contribute to a merging of different objectives of external corporate reporting, creating a pool of different annual report styles. Two current developments in particular influence the construction of the annual report and its associated objectives as an instrument of corporate reporting. First, integrated reporting proposes to merge financial information with sustainability information in one report in order to foster long-term value creation and efficient and sustainable provision of financial capital (e.g., Cerbone & Maroun, 2019; De Villiers et al., 2014; International Integrated Reporting Council [IIRC], 2013; Stubbs & Higgins, 2014). Second, the disclosure overload debate addresses the issue of information overload of users rooted in the disclosure of too much information that cannot be processed efficiently (e.g., Cazier & Pfeiffer, 2016; Saha et al., 2019).

Against this background, our case company, *Siemens AG*, drew vast public attention by engaging in a highly visible and unprecedented reporting shift. This large, public conglomerate substantially changed its external reporting – most visibly the scope, form, and content of its annual report – without any apparent pressures resulting from regulation or changes in 'best practice'. We use *Siemens* as a case study to shed light on the different perspectives and objectives of the annual report as a medium of corporate reporting to diverse user groups. For this purpose, we conducted 15 interviews reflecting personal views and opinions of 18 representatives of *Siemens* and its statutory audit team, who were all involved in the annual report preparation process. Furthermore, we analyzed supplementary data such as *Siemens'* annual reports, journal articles published by *Siemens* staff, and media articles covering the observed shift in *Siemens'* annual report.

[2] Directive 2014/95/EU (Non-Financial Reporting Directive; EU 2014).

We mobilize the framework of institutional logics to explain the change in the role of *Siemens'* annual report. As a 'metatheoretical framework for analyzing the interrelationships among institutions, individuals, and organizations in social systems' (Thornton et al., 2012, p. 2), the concept of institutional logics enables us to explore the reasons for actors' behavior and the underlying values and beliefs. Employing this theory, we identify three competing logics that shaped *Siemens'* annual report: an investor logic, a compliance logic, and a stakeholder logic. We then document shifts in these logics over three phases: In a first phase (annual reports before and including 2014), the three logics coexisted. This coexistence led to increased scope and depth of Siemens' annual reports, as the parties subscribing to these logics influenced the structure and content of Siemens' disclosures, including its annual report, according to their respective perspectives and priorities. Over time, the annual report evolved into an encyclopedic document that included all possibly relevant information for all kinds of stakeholders, including investors. In the second phase, tensions between the three logics emerged, leading *Siemens* to reconsider the role and objective of the annual report. The third phase is characterized by a dominant compliance logic, under which the annual report is focused on fulfilling regulatory requirements (e.g., IFRS) primarily oriented towards investors' information needs. This revised focus crowded out the stakeholder logic in the annual report, as information for different types of users are now provided through multiple channels instead of being combined in the annual report.

Our paper makes three contributions. First, we add to the limited qualitative literature on corporate reporting that has focused on the process of how companies make disclosure choices (Gibbins et al., 1990; Amel-Zadeh et al., 2019) and on the construction of specific elements of the annual report. With regard to the latter, Chahed and Goh (2019) study how the directors' remuneration report is constructed in the UK setting by a collective of multiple actors which renders the preparation process complex. Johansen and Plenborg (2018), in a comparative case study of Denmark and the UK, reveal enablers and barriers to change in note disclosures in IFRS financial statements. Taking a broader view than these studies, our case allows us to provide in-depth insights into a fundamental shift in the role of the annual report. While it traditionally was perceived as a crucial communication instrument in our case firm, it is now understood as a confirmatory accountability instrument that is predicated on a redefinition of the annual report user as a knowledgeable, rational investor. Revealing how decision usefulness is operationalized by a preparer in its annual report contributes to our limited understanding of the practices of financial reporting (Hopwood, 2000; Robson et al., 2017).

Second, we contribute to literature on the current debates about disclosure overload (Drake et al., 2019; Saha et al., 2019) and integrated reporting (Cerbone & Maroun, 2019; De Villiers et al., 2014; Stubbs & Higgins, 2014). Drake et al. (2019), who provide survey evidence from users of corporate reports, and Saha et al. (2019), who study the value relevance of information that might be dropped because of concerns of disclosure overload, focus on users' views in this context. In contrast, our paper provides a preparer perspective on the phenomenon of disclosure overload. More specifically, our case company refocused the objective of its annual report towards a compliance instrument, aiming at providing the minimum of required (and decision-useful) information being. Our study sheds light on how user views were incorporated and also shows that, as a result of the annual report restructuring, information for different users is now dispersed across multiple channels. Thus, our case shows that an increasing integration of different reporting elements in a single (annual) report is not a necessary development, as suggested in the integrated reporting debate. Rather, preparers can also deliberately decide to follow the idea of a 'de-integrated' annual report, at least as an intermediate step towards a more integrated, dynamic, potentially web-based corporate reporting strategy.

Third, we contribute to literature that has mobilized the institutional logics framework to make sense of corporate reporting – specifically CSR, ESG, and integrated reporting. While these studies have identified, market, state, professional, community and sustainability logics (e.g., Arena et al., 2018; Cerbone & Maroun, 2019; Edgley et al., 2015; Schneider, 2015), we propose that three logics – a compliance logic (which combines the state and professional logics), an investor logic and a stakeholder logic – are useful to make sense of the annual report. Our paper also outlines the tensions arising from the co-existence of multiple logics underlying the annual report, and how a reframing and reconsideration of logics took place in our case company.

## 2. Theoretical framework

### *2.1 Institutional logics*

Institutional logics are 'the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality' (Thornton & Ocasio, 1999, p. 804). Friedland and Alford (1991) develop the concept of institutional logics as a 'metatheoretical framework' (Thornton et al., 2012, p. 2) for analyzing the interrelationships between individuals, organizations, and society. Institutional logics can help analyze how institutions, incorporating their logics of action, 'shape heterogeneity, stability, and change in individuals and organizations' (Thornton & Ocasio, 2008, p. 103). Institutional logics are one central concept in organizational institutionalism to describe and make sense of an organization's environment and actions. The concept is useful for analyzing institutional and organizational change, since institutional logics provide the theory to describe and understand how culture, which is closely related to historical developments, influences change (Thornton et al., 2005).

### *2.2 Coexistence of conflicting institutional logics*

Prior literature suggests that different institutional logics can coexist, with several studies documenting the simultaneous coexistence of multiple institutional logics in diverse settings. Battilana and Dorado (2010) examine how hybrid organizations, i.e., 'organizations that combine institutional logics in unprecedented ways' (Battilana & Dorado, 2010, p. 1419), develop and maintain their hybrid character by reconciling competing logics to address different stakeholder demands. Studying commercial microfinance NGOs, they deliver a possible explanation for how actors deal with tensions induced by competing logics within the boundaries of organizational factors. These NGOs bridge two competing logics (banking logic and development logic) that place different degrees of importance on finance and development, respectively, by evolving a commercial microfinance logic that balances both aspects. The authors conclude that the absence of institutional rules for handling competing logics can result in the emergence of new hybrid models of organizational identity that bridge the different logics.

Currie and Spyridonidis (2016, p. 93) argue that actors within an organization have the opportunity for '(re)interpreting multiple logics' in ways that support their agendas. They examine how hybrid nurse managers in hospitals interpret the co-occurrence of a professional logic and a policy-driven logic and blend them into a more adapted policy-driven managerial logic that emerges and comes to dominate over time. Also set in the healthcare sector, Reay and Hinings (2005) focus on a government-driven introduction of a new institutional logic to develop a theoretical model that explains the acceptance of a new institutional logic that competes with an existing one and can, in the end, still be successfully integrated into the professional field. Similar to Currie and Spyridonidis's (2016) logics, they distinguish a business-like and medical professionalism health care logic. Focusing on the rivalry between these logics, Reay and Hinings (2009) identify four mechanisms that are crucial for the coexistence of differing institutional logics in the field under study. They conclude that collaborative work and relationships are a crucial factor for such a coexistence.

Conrath-Hargreaves and Wüstemann (2019) focus on the coexistence of different institutional logics in the reorganization of a German university from a state university into a foundation university. They show that competing institutional logics lead to institutional complexity that requires professional management within the organization. In this case, competing institutional logics (state logic and business logic) occurs via a hybridization of both logics. In a related study, Kaufman and Covaleski (2019) provide an example of successful maintenance of a hybrid organization using the budgeting process at a U.S. university, which selectively chooses between competing institutional logics, thereby fostering their coexistence.

### *2.3 Institutional logics and corporate reporting*

#### *2.3.1 Applications in corporate reporting*

Hartmann et al. (2018) apply the theory of institutional logics to accounting fraud, drawing attention to the phenomenon of rising complexity due to coexisting logics. They find that a different meaning of accounting fraud and compliance across different institutional logics hinders universal understanding. Concepts like compliance and faithful presentation have to be interpreted within different institutional logics, leading to different conclusions about the boundary between accounting fraud and allowable managerial discretion.

Few studies have applied the theory of institutional logics to analyzing change in corporate reporting contexts. Studying IFRS adoption in Portugal, Guerreiro et al. (2012) find that companies in a code-law country are more likely to switch to a common-law logic if they expect net benefits from such a change. These benefits express themselves in the inherent nature and importance of institutional pressures faced by companies. For example, pursuing legitimacy, larger companies tend to support the logic underlying IFRS, whereas smaller companies follow a different logic, which makes voluntary IFRS adoption less probable for them.

The discussion so far shows that multiple institutional logics can coexist, that such coexistence increases complexity, and that the theory of institutional logics provides a potentially useful perspective on change in corporate reporting contexts. We now turn to prior studies analyzing sustainability, corporate social responsibility (CSR), environmental, social and governance (ESG), and integrated reporting. We regard these as particularly fruitful, as they introduce a range of five institutional logics that are potentially useful for understanding how coexisting and shifting logics can shape the evolution of the annual report in our case company (Table 1): a market logic (e.g., Arena et al., 2018; Cerbone & Maroun, 2019; Edgley et al., 2015; Schneider, 2015), a state logic (e.g., Arena et al., 2018), a professional logic (e.g., Arena et al., 2018; Cerbone & Maroun, 2019; Edgley et al., 2015), a community logic (e.g., Arena et al., 2018), and a sustainability or stakeholder logic (e.g., Cerbone & Maroun, 2019; Edgley et al., 2015; Schneider, 2015).

***[Table 1 near here]***

### *2.3.2 Market logic*

Arena et al. (2018) develop a framework about which factors influence companies' choices regarding their CSR reporting strategies in the light of four different institutional logics from prior literature (e.g., Currie & Spyridonidis, 2016; Thornton et al., 2012; Thornton & Ocasio, 2008). One of these is the market logic, which primarily focuses on profit maximization, neglecting environmental objectives. Applied to their setting, Arena et al. (2018) view the goal of market-logic-driven CSR reporting as gaining 'legitimacy and reputation' (Arena et al., 2018, p. 348) through accountability. Similar to Arena et al. (2018), Schneider (2015) uses the market logic in the context of sustainability accounting and management to show how a sole focus on generating profit makes firms incapable of 'addressing the complexities of sustainable development and the diverse preferences of their stakeholders' (Schneider, 2015, p. 525). The market logic is also at play in Edgley et al. (2015), who draw on the concept of materiality to analyses how the interplay of different institutional logics influences ESG reporting. Cerbone and Maroun (2019) explain differences in integrated reporting practices with firms' different weightings of three institutional logics. They argue that in companies with a dominating market logic, mainly financial information will be the focus of reporting, whereas changing institutional logics will also changes the focus of reporting.

### *2.3.3 State logic*

The second logic relevant in the context of annual reports is the state logic (e.g., Thornton et al., 2012; Suddaby et al., 2009), which focuses on compliance with laws, regulations, and mandatory disclosure requirements. Applying it to CSR reporting, Arena et al. (2018) argue that a CSR strategy driven by the state logic is mainly concerned with regulations like mitigating environmental pollution or compliance with human rights.

### 2.3.4 Professional logic

The professional logic represents the bridge between the market and state logics (Edgley et al., 2015), where financial considerations as well as compliance with regulations (e.g., auditing) are important (Suddaby et al., 2009). Applied to corporate reporting, a focus lies on ‘concepts such as shared value, a triple bottom line, assuming the lack of a prioritization between environmental, social and economic objectives and even denying tensions and trade-offs between them’. These aspects are embodied in the guidance provided by professional CSR and sustainability associations, which are becoming normative points of reference for managers (Arena et al., 2018). Cerbone and Maroun (2019) apply the professional logic to the concept of materiality and argue that the emphasis is on the assessment of materiality in the face of public interest that has to be taken into account by the audit profession. In accordance with this, the main goal of the professional logic is to ensure ‘compliance with guidelines, standards, and best practices’ (Arena et al., 2018, p. 348).

### 2.3.5 Community logic

Switching from public interest to a more nuanced focus, the community logic emphasizes the impact firms have on the communities they are acting in (Arena et al., 2018; Suddaby et al., 2009). Following the community logic, CSR reporting serves the monitoring ‘of issues which are relevant to the community’ (Arena et al., 2018, p. 348).

### 2.3.6 Stakeholder or sustainability logic

The stakeholder or sustainability logic is also oriented towards the community (Edgley et al., 2015). Contrasting the market logic, it challenges the ethics of capitalism and thereby extends the focus of corporate reporting (Edgley et al., 2015). According to Schneider (2015), the sustainability logic, which combines economic, ecological, and social considerations, emerged as a reaction to the increasing focus on sustainability. Sustainability reporting, as one dimension, mitigates the current predominance of the market logic and promote the emergence of sustainable business models.

Edgley et al. (2015) refer to the same idea as stakeholder logic, arguing that it advances the focus of reporting from a sheer financial point of view to broader non-financial effects of companies on society as a whole. According to Cerbone and Maroun (2019), this logic questions the shareholder focus of the market logic and adds social consciousness to the generation of profit in order to reach legitimacy. Companies with a dominant sustainability/stakeholder logic broaden their scope of reporting by complementing traditional financial reporting with (non-financial) CSR and ESG information (Cerbone & Maroun, 2019).

## 3. Context and Case Materials

### *3.1 Case and Institutional Background*

Our study focuses on *Siemens,* a company that exhibits as highly visible and unprecedented reporting shift. This large, publicly traded manufacturing company initiated and implemented substantial change in its external reporting – i.e., the scope, form, and content of its annual report – without any pressures resulting from regulation or changes in 'best practice'. The *Siemens* case is interesting as the company is considered a leader in the German reporting community. *Siemens* management frequently engages in financial reporting standard setting. As one of our interviewees puts it, *Siemens* is known as a company that 'other companies look up to for advice' (CR1). Responses from the press like 'Siemens shrinks annual report'[3], or 'No more disclosure overload – Siemens shortens annual report'[4] document public attention.

Based on our interview material, prior literature, general developments in the field of annual reporting, as well as a content analysis of *Siemens'* annual reports for 2014 and 2015[5], we identify four different information sets related to the annual report (Table 2).

[3] From Börsen-Zeitung, 03.12.2015 (original German title: 'Siemens schrumpft Geschäftsbericht').
[4] From NWB Experten Blog, 06.05.2016 (original German title: 'Schluss mit Disclosure Overload – Siemens kürzt den Geschäftsbericht').
[5] See Appendix B.

Information set A includes financial information (mandatory or not) that is targeted at investors. At its core, set A contains the consolidated IFRS financial statements, which prepared under the objective ‘to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity’ (IASB, 2018, 1.2), i.e., investor orientation (e.g., Young, 2006; Zhang & Andrew, 2014). Another core element of set A is financial information contained in the group management report based on German commercial law and German Accounting Standard No. 20 (GAS 20).[6]

***[Table 2 near here]***

Information set B contains non-financial information (mandatory or not) mainly targeted at investors. This includes non-financial information from the group management report, in particular the non-financial performance indicators most relevant to the business, such as information on environmental and employee matters, to the extent that they are relevant for an understanding of the group’s business performance or position. Information set C includes other information (again, mandatory or not) that is neither A nor B. This means it includes financial and non-financial information that is targeted at the broader public. According to our analysis, set C includes extensive information on the company’s history, culture, photos of management, and product range, which were part of the so-called ‘company report’ within *Siemens* annual reports up until 2014. Information set D contains all information possible that can be included in an annual report and therefore represents is the superset of information sets A, B, and C and therefore contains all information that can conceivably be included in an annual report.

***[Figure 1 near here]***

We use these information sets to provide a concise and intuitive summary of how the *style* of *Siemens’* annual report changed from 2014 to 2015. (A detailed comparative analysis of *Siemens’*

[6] The German group management report must present the course of business including the business results and the situation of the group in such a way that a true and fair view is given.

annual reports from 2014 and 2015 is provided in Appendix B). Annual report style I, consisting of information sets A, B, and a subset of C, is reflected in *Siemens'* 2014 annual report, which contained financial and rich non-financial information, both targeted at investors, direct *Siemens* stakeholders as well as the broader public. Spanning 348 pages, *Siemens'* 2014 annual report is a holistic, almost encyclopedic document intended to inform all conceivable target groups about a wide range of aspects concerning the company and its economic environment. In stark contrast, *Siemens'* 2015 annual report, published after a deliberate annual report restructuring project, reflects a changed style II, which is largely restricted to mandatory information from sets A, B, and C. Its 140 pages show a substantially reduced scope of information. Figure 1 depicts how the four information sets and two annual report styles relate to each other.

### *3.2 Case Materials*

We conducted 15 interviews with 18 direct or indirect associates of *Siemens* between December 2017 and December 2018, which yielded about 20 hours of audio data and 446 pages of verbatim transcripts. These data provide rich personal insights and perceptions into how actors at *Siemens* construct and make sense of the annual report. Table 3 provides an overview of the conducted interviews. Each interview lasted between 18 and 152 minutes, with a mean interview time of 62 minutes. They were conducted either by one author alone or jointly by two authors. All interviews were conducted in person, except with interviewee CR5 (by phone). One interviewee was interviewed twice (CR1). This main contact person at Siemens was most deeply involved in the annual report change project. All interviews except one (CR8) were recorded and transcribed. For the interview not recorded, both interviewers took detailed notes. For all interviews, we ascertained anonymity to interviewees in a statement developed in collaboration with *Siemens* that was given to each interviewee before the interview.

***[Table 3 near here]***

The semi-structured interview guide (provided in Appendix A) was constructed to specifically learn about interviewees' actions, experiences, and views related to the annual report. It is structured into five main question blocks regarding (1) the situation before the annual report restructuring project, (2) its initiation, (3) its organizational setup, (4) the implementation of changes decided, and (5) the situation after the project. Whereas the sequence of questions varied slightly across interviews, the researchers made sure that each interview covered all core issues.

To encourage the interviewees to share their personal experiences and views with us, while leaving them room to go as far back as they needed and wanted, we used predominantly open 'Why', 'What', and 'How' questions (Gendron & Spira, 2010). Through this procedure, we were able to discover potentially relevant topics, which might not have been considered beforehand, but were raised by the interviewees in their responses (Christ et al., 2015; Gendron & Spira, 2010). Another advantage of semi-structured interviews is that we were able to deviate from the interview guide at any point during an interview to follow up on and deepen specific statements by interviewees that could potentially have been informative for fully understanding the phenomenon of interest (Hirst & Koonce, 1996).

The interview transcripts were read and analyzed by two of the authors. We examined the transcripts as to their content regarding how different institutional logics shaped the annual report. For the analysis, we did not follow a formal coding process. Rather, relevant passages of the interview transcripts were identified and recorded according to a self-developed scheme, keeping in mind different logics of corporate reporting. By moving back and forth between the interview material and theory, we strove to gain a comprehensive picture of the insights that the interviews contain with regard to the shifting role of the annual report at *Siemens*.

For triangulation purposes, we also considered further data obtained from other sources, including *Siemens'* annual reports, external presentations delivered, and academic articles authored by *Siemens* management in which they advertise their newly restructured corporate reporting, as well as pertinent media coverage (Table 4). This supplementary material allows us to deepen our understanding of the role of the annual report at *Siemens*.

***[Table 4 near here]***

## 4. Case Analysis

### *4.1 Phase 1 (before the change): Multiple logics*

Over the years, the length of *Siemens'* annual report had increased substantially, reaching a peak of 388 pages in 2011 (see Figure 2). This development reflects the increasingly broad and comprehensive nature of the annual report:

***[Figure 2 near here]***

> Looking at the different target groups of our annual report, one realizes that our annual report had a very widespread focus. This means it concentrated on many different target groups. […] It was a very broad report. (CC1)

#### *4.1.1 Compliance logic*

Multiple institutional logics were reflected in the annual report during that time, contributing to its increasing length. Like any legal document, parts of the annual report reflected a compliance logic, i.e. the desire to comply with rules and standards. We refer as 'compliance logic' to a blend of the state and professional logic. Both are characterized by a strong compliance focus with regard to either mandatory disclosure requirements (state logic) or (non-mandatory, *de facto*) standards (professional logic), including presentation formats, specific information and other 'best practices' (e.g., Arena et al., 2018; Edgley et al., 2015). Both aspects of the compliance logic were shaping the annual report at *Siemens* before 2014.

On the one hand, *Siemens* complied with mandatory requirements, as the annual report contained financial statements prepared under IFRS as endorsed by the European Union, as well as the management report as mandated by the German Commercial Code and interpreted in German Accounting Standard 20. Ever-increasing requirements by standard setters and legislators to provide more detailed and comprehensive information contributed to the increasing length of *Siemens'* annual report (Thomas, 2015; Thomas et al., 2016; Thomas, 2016). The audit of the notes, following checklists of Big 4 audit firms including hundreds of individual items, also encourages more comprehensive provision of information (Thomas, 2015; Thomas et al., 2016; Wagner, 2019). While these developments affected all publicly traded German firms, a special factor affected *Siemens*. Its cross-listing in the U.S. (until May 2014) necessitated additional disclosures to comply with Securities and Exchange Commission (SEC) requirements. The (state) compliance logic might have been even more influential for *Siemens* than other firms' annual reports, as several interviewees mentioned the SEC disclosure requirements as contributing to the increasing length of the annual report.

> *Siemens* followed [the] approach: uniform information for shareholders, regardless of their jurisdiction. Everything that is in a 20-F [document required by the SEC] is, if it is of any relevance, also in the annual report. This certainly contributed greatly to the fact that the annual report was as thick as it was. […] Our compliance scandal 2006 […] [led us to] be particularly prudent and rather put in one or two sentences more, by any means avoiding getting any problems. (CR1)

In addition to mandatory requirements, *Siemens'* adherence to best practices, also consistent with a (professional) compliance logic, further shaped its annual report. This is reflected, for example, in *Siemens'* continuous benchmarking with other firms that form part of the leading German stock market index, DAX:

> It might always be a bit dependent on the individuals and the *zeitgeist*, but I know that people [at Siemens] have done this benchmarking and then sometimes really these things came into the report: Oh, SAP is reporting on this and, take a look, BASF is doing that, we could also do that. And that is how the reports get thicker. Because you look to others. (CR1)

> Coming from this benchmarking [it was like]: Look, of 20 other companies, 10 are reporting about workplace safety. Then we should also do [i.e., report] something, because, how does it look if we, as a producing company with many construction sites around the world, do [i.e., report] nothing? (CR1)

### *4.1.2 Investor logic*

These latter considerations go beyond a pure compliance focus, as they also refer to investors' and other stakeholders' preferences for receiving additional potentially relevant information. This is also consistent with the investor and stakeholder logics, which were also reflected in *Siemens'* annual report. The investor logic is derived from the common market logic (e.g., Arena et al., 2018; Cerbone & Maroun, 2019; Edgley et al., 2015; Thornton et al., 2012). Edgley et al. (2015) argue that the market logic stresses a shareholder focus, which is crucial for the effective functioning of capital markets (also see Cerbone & Maroun, 2019; Hartmann et al., 2018). In our case, this market or investor logic leads to an explicit investor focus in (parts of) Siemens' annual report where information is included to support investors' decisions. As the investor logic inherently underlies IFRS,[7] IFRS compliance (compliance logic) automatically entails providing investors with decision-useful information (investor logic).

However, the investor logic impacted the *Siemens* annual report over and beyond the compliance logic. Our comparative analysis of *Siemens'* 2014 and 2015 annual reports (Appendix B) shows that *Siemens* included non-mandatory financial information in its annual report in 2014. For example, the first page of the 2014 financial report summarized key figures for investors, including relevant non-GAAP measures, at a glance. Furthermore, the back end of the 2014 annual report included a five-year summary of the most important financial information. Voluntarily providing such information reflects the investor logic, over and beyond the compliance logic, also explaining the length of *Siemens'* annual report.

### *4.1.3 Stakeholder logic*

While the compliance and investor logics shaped the annual report, the stakeholder logic was also influential. Broadening the view beyond investor interests and compliance considerations, a

[7] The market logic 'is deeply embedded in the conceptual framework and accounting standards issued by the IASB' (Hartmann et al., 2018, p. 853).

comprehensive stakeholder logic[8] merges economic, ecological, and social aspects keeping in mind future generations (e.g., Cerbone & Maroun, 2019; Edgley et al., 2015; Schneider, 2015). This stakeholder logic is reflected in the role of the *Siemens* annual report as a communication device targeted towards a broad audience:

> The medium annual report was not regarded as pure financial reporting, but also as a part of corporate communication. We tried to develop a comprehensive report, including 'book 1', which we called 'company report', and that always tried to communicate the strategic direction of the company, to put it this way. [The goal was] to present the corporate programs, the corporate strategy, the core topics of the year in a way that it is understandable for a broad audience, because our shareholders, the majority of them, are not experts in financial reporting, but are private investors who are also interested in the development of the company. This report was the nucleus for further communication during the year. (CC1)

The stakeholder logic was reflected in the traditional presentation of *Siemens'* annual report in the form of two 'books'. Whereas *'book 1'* was an extensive report (103 pages in 2014) about the company's history, culture, and strategy, proving in-depth insights in the different fields of *Siemens'* business, and primarily aimed at the broader public, *'book 2'* consisted of the (mandatory) financial and management reports. One example for how the stakeholder logic specifically influenced the annual report was the inclusion of a broader set of sustainability information in the annual report in 2013[9], leading to a 'combined report'[10] in 2013, where parts of the sustainability report were included in the annual report 'to provide an integrated overview of […] [*Siemens'*] key topics' (Siemens, 2013, p. 2).

> The trend was always to do more. I think the trend also was to say that certain topics are now gaining in importance and we're starting that trend by doing more as for example in non-financial topics. You can also see this in an international context, there is a movement and we join in on that movement and are one of the first to do something like this in Germany. (CR1)

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[8] Schneider (2015) uses the terms sustainability logic and stakeholder logic synonymously.

[9] Sustainability information had formed part of *Siemens'* annual reports for several years before 2014. The decision for the annual report 2013 was to extend this information.

[10] 'We introduced something that we called a 'combined report'. I'm not sure if we wanted to make a first step in the direction of integration. We never called it 'integrated'.' (CR1)

Such steps further broadened the focus of the annual report, as the sustainability topics were not specifically following the compliance logic or being designed for investors, but rather intended to inform a broader audience about the activities of *Siemens* in these regards. These objectives and considerations contributed to further increasing the length of the annual report:

> This was the time when these whole sustainability topics gained traction. This should be considered, and we did not want to miss the trend. There had always been a chapter on employees, always a bit on the environment, but then there was the issue: actually, we need to do more about this. Now it is the right time to do this and it should go beyond the financial. So let's take that up and then you quickly get to 8 or 10 topics that all, at least, have one page as it should not look too little. (CR1)

Overall, the three logics all contributed to an ever-broader and more comprehensive document:

> I think we realized that the annual report has been growing so much over time by adding on more chapters or aspects, partly in order to satisfy regulatory demands, partly because the auditor demanded more information, which was included in order to end discussions, partly because we had to include new topics like sustainability information somewhere, and some people decided that the annual report would be the appropriate document to do so. And so, it gained in volume over the years. And ultimately a diverse set of objectives was combined in that one document. (Legal2)

> We had the company report and we had the retrospection of recent years which means we were able to connect the status of today with the past, and to give a forecast at the same time. I think this made our annual report very special at that time. We also didn't understand the company report as an advertising campaign with colorful pictures and nice stories, but the idea and the claim had always been [to convey] the company strategy. To give the goals of our company a face but doing this in a communicative manner. (CC1)

While the coexistence of the different logics was not perceived as problematic for years, they eventually created tensions regarding the information content and underlying objectives of the annual report as a corporate reporting instrument. Besharov and Smith (2014) argue that tensions arising from multiple coexisting institutional logics can lead to either the dominance of one of those logics, or the development of a hybrid logic, which can be a sustainable way of integrating organizational complexities (e.g., Battilana & Dorado, 2010; Greenwood et al., 2011). The next subsection outlines the tensions emerging at Siemens related to the logics that shape its annual report, and how they were resolved.

### *4.2 Phase 2 (the Change): Shifting logics*

Tensions emerged in several regards. The sheer size of the document and the efforts involved in its production were increasingly perceived as problematic. At least two coinciding, but conflicting trends, which stand in stark contrast to the previous approach of adding ever more information to the annual report in an attempt to satisfy multiple constituent groups, contributed to this perception. First, *Siemens* had recently launched 'Vision 2020', a strategic program aimed at slimming down structures and cutting costs. Second, in the broader financial community concerns began to arise about 'disclosure overload' (Thomas et al., 2016; Wagner et al., 2018) – the belief that extensive disclosure requirements lead to a regulatory overburden for preparers as well as information overload for users (Saha et al., 2019).

This coincidence of conflicting trends appears to have created a tipping point that triggered a fundamental reconsideration of the aims, scope, and focus of the annual report at *Siemens*.

> [The idea was] to develop the product further in a sensible way because this product itself, the annual report, I believe, is an important, relevant [document]. [We then asked] who is the user, what must be in this document? (CR4)

These reflections on the role of the annual report included the consideration of its importance as a communication tool to the capital market (Thomas et al., 2016; Thomas, 2016). The perception of the annual report as a disclosure instrument with predictive value shifted to the view that the annual report was to be conceived as a document with mainly confirmatory value.

> [In the late 1990s] and thereafter the annual report was written capital market communication and, as a regulated report, an important communication document. Since then, this has changed completely. Communication about performance is not provided through the annual report, not at all through the annual report. […] [It turned away from being] a communication instrument to a hygiene instrument – in the sense that it is of course super important that you document everything, that the company in a figurative sense is hygienically clean. […] that what you communicate [through other channels] has solid ground. (CR5)

The other channels, which are omitted from the above quote, include interim (quarterly) reports, earnings releases, capital market days, road shows, innovation days and other fora where *Siemens* interacts in a high-frequency and often direct way with investors on a regular basis (Wagner, 2019). The diminished importance of the annual report for communicating with the capital markets also became manifest, as perceived by our interviewees, in the lack of follow-up questions or feedback from investors and analysts on the annual report itself:

> We still created this annual report in a way as if it was a communication instrument, although that's not what it is anymore. […] Ultimately, we knew empirically from the last ten years, there have been no follow-up questions on the annual report. (CR5)
>
> We see that in the follow-up questions coming from investor relations, when they forward questions from analysts or investors to us: [The annual report then serves as] a reference book, […] when they want to dig deeper, that is what we perceived. (CR2)

Thus, a tension emerges between, on the one hand, the role attributed to the *Siemens* annual report by the different departments and actors involved in its production and, on the other hand, the perceived lack of interest by key user groups.

> Sometimes I saw it at the annual shareholder meeting that these annual reports were taken [by shareholders] and later thrown in the bin. That's where you start thinking. (CR4)

Although the actual use or reading of (parts of) the annual report was rarely observed, our interviewees acknowledged that external actors might still have a high regard for the status of the information provided in this document:

> Towards external audiences it is simply the document that everyone knows: 'If I want to know how things run at Siemens, then I look into the annual report.' Considering that this consists of numbers, data and monetary numbers. I believe, in the background is this feeling: 'Well, this is a very […] reliable document, prepared with great precision […]. When something appears in this [document], then this is serious, and it is true.' That is somehow a quality thing. […] At the same time, no one is reading this. So, I believe, it is rather this feeling: 'This is something important, this is the annual report.' But if you ask anyone, who is actually reading this? No-one reads it. (Sust1)

The stakeholder logic implied that different actors within Siemens aimed at bringing their topics into the annual report, to provide information to outsiders – but also to increase or maintain their status within the company. This can be illustrated by the suggestion to include Facebook likes as part of 'everything that could be of interest' (CR1) into the report:

> […] at some point there was that kind of key event [for me] when somebody told me about discussions about including the number of Facebook likes for our company page in the annual report. (CR2)

> This is the annual report. Once a year we publish the annual report, like in the 1990s, printed and colored, many pictures, emotions and so on. And this whole way of thinking still influenced the annual report, everything that could be of interest has to be included in this report. And that's when we realized that back then, there was no internet. There was just this one report once a year and the rest of the time there was silence. (CR1)

As the latter quote shows, an awareness arose that it might no longer be appropriate to have the annual report as a 'one-stop-shop' for the information needs of all constituents. In particular, highly dynamic information was perceived to be (and partly already was) more appropriately and expeditiously provided via channels other than the (static) annual report, including *Siemens'* investor relations website. These other channels could then be more specifically targeted towards different audiences (Thomas, 2016; Wagner, 2019).

> We analyzed what different objectives, target groups, and content we have in the same document [i.e., the annual report] and asked ourselves whether it would be more efficient to address them in a more target-oriented way, be it via the linked [separate] reports on the company website, or via other means. This would probably even be a possibility to convey even more current information. […] And so we said, [for the annual report], let's focus on the regulatory requirements and pursue the other objectives by other appropriate means. (Legal2)

This resulted, more generally, in a revised focus of the idea of what the annual report should be. There was a shift in the logics with the compliance logic becoming the dominant logic influencing the annual report of *Siemens* as the investor and shareholder logics were perceived to be better served through other information channels.[11]

> Investor Relations said that financial analysts are actually only interested in a few key figures, and that's it. Communications said [the annual report] is rather inappropriate as a communication instrument, as it is only released once a year, and even though there are nice and colorful pictures included, it doesn't help us for marketing purposes, and so on. And in the end, we found we actually should write it to fulfil regulatory requirements. (Legal1)

[11] These considerations do not necessarily imply that investors and other stakeholders have become less, and compliance more, important in general; rather *Siemens* no longer considers the annual report the tool to satisfy them all.

> I think the idea was to refocus and think about what kind of instrument the annual report is supposed to be. And the decision was to refrain from the idea of a comprehensive marketing instrument serving several stakeholders in one report. […] And then the decision was to use the annual report primarily as a document of pure financial reporting, serving investors with decision-useful information for profound investment decisions. (Legal2)

> We said it's not a communication instrument anymore, but rather a compliance instrument. We put all the additional sustainability information in the sustainability report, so that no information gets lost, but the annual report evolves into a focused document for the financial community. (CR2)

In the next subsection, we analyze how the previously coexisting logics evolved, and how they played different roles in shaping the *Siemens* annual report from 2015 onwards.

### *4.3 Phase 3 (after the change): Dominant logic*

The compliance logic became the dominant logic for the annual report after the annual report restructuring project. Essentially, the *Siemens* annual report became a document designed to fulfil all mandatory reporting and disclosure requirements in applicable the rules and standards (Thomas et al., 2016) – but only those:

> Everything that is required by the regulator must stay [in the annual report]. We are not taking any risks, any regulatory risks, concerning an investigation by the [enforcement authority]. […] The most important guideline was: Everything that is required must still be in the document. Even if we think it makes no sense, has no significance – when the regulator says, 'This must be in there, when it is written [in the requirements], you have to report A, B, C,' then we do it, irrespective of whether we believe that is helpful or not. Thus, from the beginning we were rather convinced that we would not get any problems with the enforcer. (CR1)

> We took the table of contents [of the previous annual report] and in a first step our legal colleagues annotated next to [each item] what is mandatory, what is legally required. Then we could already tick these points. (IR1)

> Of course, lawyers always point to the existence of legal boundaries, but these legal boundaries were actually the premise of the project, and therefore it was not that difficult for us to point to this, but it was rather taken-for-granted. (Legal1)

> We [as lawyers] were of course strongly involved in these questions like, 'What can we abandon, what do we want to abandon, and where do we have legal issues or grey areas? Where might we have to involve the auditor to see that we do not take any unnecessary risks?' […] We primarily aimed at

> not getting into any discussions with the auditor, not needing any self-justification, but being able to say, 'This is all good and right'. (Legal2)

Consistent with the compliance logic, the annual report came to be regarded as an instrument that fulfils the regulatory requirements and therefore might be of primary interest, in particular, to regulators – rather than capital markets or other stakeholders:

> It is a hygiene instrument because the numbers are already published, the information are all already out there. This [annual report] is something that you have to do as a justification that has a strong regulatory focus. It is not a communication instrument. […] It is a reference book. The regulator looks into that, but all the information that are relevant, are relevant to the capital market, they are already in the interim reports or in the earnings releases that are published three or four weeks before the annual report. (CR4)

With the new compliance focus, the question arose whether the annual report should include *only* mandatory information, or whether *all* mandatory information should be given *only* in the annual report. In some cases, discussions came up on whether certain mandatory elements should be presented in separate reports on the website, which would likewise meet the legal requirements. Examples include the corporate governance report, or the list of subsidiaries required by German company law,[12] both of which *Siemens* ultimately decided to keep in the annual report.[13] To guide this discussion and resolve these issues, clear criteria were needed and sought. One such criterion, used by the legal department, was that all mandatory information that must be presented at the annual shareholders' meeting should be part of the annual report.

> Primarily we looked at what is required by the regulations. That was a given, I mean this is impossible to escape, this is a frame that you have to follow. When additional requests came from one or the other position, saying, 'This would make sense, or that would be good to put into the report,' then the discussion started: 'Why does it make sense? Which other opportunities would there be [to provide the information]?' A classic example is the report of the supervisory board, which is not required to

[12] Section 313 para. 2 of the German Commercial Code.

[13] While the corporate governance report was shifted from chapter 'B – Corporate Governance' in 2014 to chapter 'C – Additional Information' in 2015, and even though a separate subchapter with the declaration of conformity pursuant to section 161 of the German Stock Corporation Act is missing, this information can now be found in the chapter 'B2 – Corporate Governance statement pursuant to Section 289a of the German Commercial Code', and on the *Siemens* website. The list of subsidiaries was provided by *Siemens* in Note 41 in 2014 and Note 34 in 2015.

> be part of the annual report, but we had it in there over the years, and it fits quite well with the corporate governance report. Then I can say, 'Everything that we must provide for the annual shareholders' meeting is in this report.' But I recall that we really had to get into the discussion and argue why this would make sense. Ultimately, we were able to convince our colleagues. (Legal2)

This line of argument is linked to the (potential) risk that shareholders attending the annual meeting might react negatively to information missing from the annual report. In this way, the new compliance logic to some extent still reflects adherence to best practices in terms of retaining the annual report as a communication channel for those items that shareholders are used to receiving in this form – both historically, as well as concurrently at other companies.

> [Another] risk was that in the public certain discussions come up or, in the worst case, in the annual shareholder meeting, when you start discussing with shareholders about, 'Why is this or that chapter no longer included [in the annual report]?'. (Legal2)

Overall, our interviews as well as our archival evidence suggest that stakeholder reactions to the annual report restructuring were mostly positive or non-existent, and critical comments from shareholders, including private shareholders, were extremely rare (Legal2, CR1, CR5). We were also told that there was no negative feedback from analysts or institutional investors after the new annual report was published (CR1, CR2, IR1, IR2). Rather, Siemens reports that positive feedback was received from firm outsiders (Thomas, 2015; Thomas et al., 2016; Thomas, 2016; Wagner et al., 2018), including from other German listed firms that viewed *Siemens'* project as a pioneering move worth imitating (CR3).

While the compliance logic dominated, the investor logic was reconsidered. As outlined in the previous subsection, actors at *Siemens* shared the view that the annual report did not provide new or unique information to the capital markets. Therefore, the relevance of the annual report for investors was rather perceived in terms of an opportunity to follow up on certain details of the financial information, in order to better understand data that were already available from other sources. In this way, the annual report was not regarded as providing timely, decision-relevant information but rather confirmed the reliability (and provided further explanations on) the timelier information provided through other channels (Thomas, 2016; Wagner, 2019). In other words, its strong point was confirmatory value rather than predictive value.[14]

> Regarding the content and the numbers, I would say for most of the capital market participants the topic is long gone when the annual report is actually published. In fact, it is a historical revision that is not is really of interest for most of the capital market participants. Usually you try to anticipate the future with the information provided and, for this purpose, the annual report only has a negligible value-added. (IR1)

The annual report was set up as a document aimed at rational investors or analysts with expertise in financial reporting, who are able to understand and assess the information without broader explanations. This definition is deliberately close to the idea of users underlying IFRS (Thomas et al., 2016). This implies that private shareholders no longer were a primary target group:

> What is the core, what is the focus [group], for whom are we doing this? We asked ourselves the question which target groups do we want to serve. And then the target group was clear. We did not want to address the broader public anymore. The broad number of shareholders, specifically private shareholders, we did not want to serve them [anymore]. (CC1)

> It is more streamlined now and easier to read. And simply focused. Focused on the important things. That's like everywhere in life. When you write an exam, you need to focus on the important topics. When you write a dissertation, you can endlessly expand, or you can focus. (IR2)

Due to the principles-based, and therefore ambiguous, nature of underlying regulations (for IFRS, e.g., see Alexander, 2006), in many cases compliance needed to be operationalized by the preparer of IFRS financial statements in light of the usefulness of the information for investors (Thomas et al., 2016). As outlined in section 4.1, therefore, the investor logic is an inherent part of a compliance logic aiming at compliance with IFRS.

> The objectives of the management report and the objectives of the financial statements are very well described in DRS 20 and in IAS 1, respectively. That is what we wanted to get back to. That you can understand the numbers, and everything that is not necessary for understanding the numbers of this year or next year does not belong into the annual report. (CR1)

[14] 'Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both' (IASB, 2018, para. 2.7).

> Our view was sharpened to more critically reflect and to once more think about investor relevance: Is it really relevant, and which items maybe in the broader reporting are less relevant? I believe it also changed our perspective, and that was exciting for us. Usually when we observe that there are a lot of boilerplate information in [a report], where you say, 'That does not help anyone,' including statements about new standards that might not affect the company at all, then we have always said, 'Please exclude this, this is confusing or misleading.' But now, it was going further, to reconsider the general aim, reconsider: is it really relevant to investors? (Aud2)

This sharpened focus is illustrated by the exclusion of investment property information, which was part of Note 17 in *Siemens'* 2014 and earlier annual reports. Deemed irrelevant for investors, this information was excluded from the 2015 annual report. As another example, information about significant accounting policies was substantially reduced.[15]

In this context, a challenge was to ascertain what investors actually perceive as relevant in the annual report – in particular as its timeliness was questioned (as outlined earlier). Users were not directly involved, as the problem of obtaining representative views from this user group are well-known, resembling the problems faced by standard setters in obtaining views on their (proposed) standards from users (Bhimani et al., 2019):

> The problem is that the user is a timid animal. The user as such does not exist, and who actually really knows users' interests? That is actually very difficult to determine, in my view, because [user views] are different, and users rarely articulate themselves with regard to the annual report. In this regard, we very rarely get any statements. (CR3)

*Siemens'* approach to ensuring that investor-relevant information is not neglected was to give the investor relations department an important role in the annual report restructuring project:

> And investor relations were also involved and we said, 'If there is any topic that you need or where you can anticipate that, if we take it out, the investment funds or the analysts will complain, then tell us, then it stays [in the annual report]'. (CR1)

[15] Whereas the significant accounting policies section comprised more than 8 pages in 2014, it was shorter by two pages in the 2015 annual report. Information that was abandoned includes details regarding government grants, which were separately mentioned under a separate subheading until 2014; in 2015, information regarding this topic was no longer included. Two exemplary paragraphs from Note 2 – Summary of significant accounting policies (and critical accounting estimates) and their change from 2014 to 2015 are detailed in Appendix C.

> During the whole project we discussed what should be eliminated. The role of investor relations was to ask, 'Does this make sense from a capital market perspective?' […] [We did] not do any systematic surveys. We talk to the capital market every day. We generally know what is essential and what is, I would say, 'nice to have'. And 'nice to have,' in our view, was not important. (IR2)

Thus, the input from investor relations generally did not lead to more information being provided, but rather to a focus on providing, out of all material information, the minimum that ensures compliance.[16] In this context, several interviewees mentioned that they regard several notes disclosures required by IFRS as irrelevant to investors, although *Siemens* still provides them because they are required by the respective standards:

> When you follow the regulatory requirements, then everything decision relevant is encompassed because there are fallback clauses that say, 'Provide everything that is decision relevant.' On the other hand, I think IFRS are completely over-regulated, and there are numerous notes disclosures [required] that in my view are in no way decision relevant because they cannot even be understood by a normal user. (CR2)

> Let me take IFRS 7 as an example. With these requirements, companies in many ways are overwhelmed without providing the analysts with, in my view, really relevant topics. […] In my opinion, the problem is that you cannot see the forest for the trees. And it somewhat helped us that [what is required] is already so much, and who actually wants the whole phone book? (CR3)

Overall, we conclude that the investor logic still influences the content of *Siemens'* annual report. However, the conceptualization of 'the investor' has narrowed to comprise the group of professional analysts and investors with whom the investor relations department interacts. This group reflects the rational, knowledgeable user assumed by standard setters (Young, 2006) such as the IASB – rather than the previous broader understanding that also included private shareholders. Due to this narrowing of the annual report's target group, emphasis shifted to providing material information for this professional group and eliminating what was perceived as irrelevant to them.

[16] As outlined in Section 4.2, there was a general perception from the interviewees' experiences of dealing with requests by investors and analysts, their analyses of (sell-side) analyst reports and statements by shareholders at the annual shareholder meeting that they very rarely receive follow-up questions on the annual report, or requests for additional information to be provided.

The rationale of no longer providing additional information beyond what was required brings Siemens' new investor logic into close proximity to that underlying IFRS. However, notably the annual report is not perceived by *Siemens* as an instrument of decision usefulness driving the resource allocation decisions of investors (Thomas, 2016; Wagner, 2019). Instead, it is rather understood as an accountability instrument that provides investors with the opportunity to follow up on details and to ensure their trust in the numbers communicated through different channels than the annual report. Again, this seems driven by the idea prevalent at Siemens that decision usefulness requires predictive value, or information (news) content, and that (mere) confirmatory (feedback) value is insufficient.

In line with the dominance of the compliance logic and the redefinition of the investor logic, the stakeholder logic is no longer reflected in post-2014 *Siemens* annual reports. Specifically, most of the voluntary information provided in the report, that is the company report (book 1) as well as the voluntary parts of the management commentary, such as information on strategy, *Siemens'* employees, and sustainability and citizenship, were shifted to different channels, in particular *Siemens'* website or separate reports:

> It quickly became clear that we wanted to focus on the content required by regulation. Thus, some parts [of the annual report] were very, very quickly gone. […] Information about our share, I do not need that anymore, because it is on the website anyway – that is simple. Or the pictures of the management board, I do not need these […], these are all on the website. […] These are quick wins once we agree that [the annual report] is no longer a communication instrument. (CR2)

> Non-financial, pre-financial or whatever you call these things nowadays. Are these important topics? Yes! But they were not important this year to understand [the financials]. Do we report on our employees? Of course, we have the sustainability report, we have a sustainability website, and there you find everything about how difficult it is to find new employees, the age structure [of our employees] and what measures we take against it. Everything is there. But the difference in the age structure [between two financial years] was not so huge that this would have any impact on our numbers, therefore it is not part of the annual report. (CR1)

> In the management commentary, the voluntary reporting, for example about the strategy, was simply taken out. That was voluntary reporting, so therefore the company has the freedom to report on this

> in the management report and Siemens decided, for the strategy we have alternative communication channels and take that out. […] Sustainability topics were removed, compliance topics, what was traditionally very important for Siemens and was described in the report, was moved to a separate instrument. (Aud3)

The changed approach to corporate reporting now implies different reports prepared for different audiences:

> Some things such as the Facebook likes or how many CO2 emissions were saved or how much waste was reduced compared to a benchmark year long ago …, I don't know if that helps anyone with making an investment decision […], maybe I am too much financially oriented, but I focus on return on investment when I make an investment decision. […] I believe the people who are interested in sustainability are not that much interested in the financial topics, and vice versa. […] We said, then let us put all of this stuff in the sustainability report, nothing is lost, but the annual report is really focused on the financial community. (CR2)

This development reflects a counterpoint to 'integrated' or 'combined' reporting, as it highlights the differences between the different types of information provided to different audiences. The following quotes by actors from the sustainability and corporate reporting departments illustrate these different views:

> I think you have, of course, differences between regulated and voluntary reporting. That is simply the breadth and depth of the topics, but also the wording. I always had discussions with the sustainability colleagues where I said, 'This is boilerplate like nothing else: 'Employees are the most important assets. Therefore, we try to find the best candidates for open positions, and we develop them further.' These first three paragraphs of your chapter on employees I can write for every DAX company. That's pointless.' (CR1)

> The great discrepancy between the two topics is: The financial side is more than 100 years old, maybe even 3,000 years old if you think about it. Everything is precisely defined, well structured, built on clear guidelines, like how is something calculated, very accurate down to the last comma and precisely worded. But certain things can't be pinned down to the last comma. That's just not working. And this demand from the financial side that the non-financial topics must be at the same level as the financial topics, that is the reason why [combining the information] does not work at the moment. (Sust1)

## 5. Discussion and conclusion

This paper documents how corporate reporting, exemplified by the annual report of a large publicly traded group (*Siemens*), is shaped by preparers' changing perceptions and priorities related to users' information needs and preferences. Theoretically, we conceptualize these perceptions and priorities – and the resulting annual report production process and outcome – as being shaped by coexisting and partly conflicting institutional logics that shift over time.

As presented in section 4, we identify three logics that exist in the case company's annual report production community, and that therefore shape the *Siemens* annual report: the compliance, investor and stakeholder logics. Based on our case study, we integrate different logics from prior literature into a proposed typology summarized in Table 5. We use this typology to make sense of the annual report from an institutional logics perspective, adding to papers that have used this perspective to explore non-financial reporting (Arena et al., 2018; Cerbone & Maroun, 2019; Edgley et al., 2015; Schneider, 2015).

***[Table 5 near here]***

The three institutional logics can be characterized as follows: First, we refer as compliance logic to an integration of the state and professional logics identified in prior literature (e.g., Edgley et al., 2015), which focus on compliance with governmental and other regulations (state logic) as well as guidelines and best practices (professional logic). Second, our idea of an investor logic builds on the classic market logic in existing literature (e.g., Hartmann et al., 2018). Here, the annual report is intended to provide information perceived as relevant for investors' decision-making needs. Finally, following prior literature (e.g., Cerbone & Maroun, 2019; Edgley et al., 2015; Schneider, 2015), we define a stakeholder logic as extending the scope of corporate reporting towards fulfilling a broad range of (non-investor) stakeholders' information needs and preferences, e.g., through non-financial disclosures.

Before the annual report restructuring project at *Siemens*, the three institutional logics coexisted, shaping an annual report that reflected all of the logics, and was hence characterized by substantially increasing scope and volume over time. This development reached a ‘tipping point’ of sorts in 2015, when actors at *Siemens* increasingly perceived essentially two tensions: First, concerns emerged about a growing inconsistency between the sprawling annual report production process and outcome on the one hand, and *Siemens’* general push towards more efficient, leaner structures and processes on the other. Second, it became apparent that the idea of the annual report as a ‘one-stop-shop’ for the information needs of all constituents was reaching its limits.

The subsequent reconsideration of the role of the annual report, and the resulting change from an encyclopedic reference document into a slim compliance document, reflect an emerging and increasingly dominant compliance logic in the *Siemens* annual report production community, with two main effects. First, whereas the investor logic, albeit redefined in line with the IASB’s narrower conceptualization of financial reporting users, remains important for the annual report, it is no longer strong enough to justify annual report disclosures in addition to those motivated by the compliance logic. Second, the compliance logic crowds out of the annual report information that it previously contained under a stakeholder logic, i.e., voluntary information aimed at satisfying broader stakeholder needs.

These developments at *Siemens* illuminate several fundamental questions about the role of corporate reporting by listed companies – and especially the traditionally important annual report – as perceived by preparers, in today’s economic environment. Our insights open up several promising areas for future research.

First, part of the motivation for *Siemens* radical and sudden annual report restructuring appears to reflect the perception that the annual report lacks decision usefulness, as the information it contains is largely pre-empted by other, more timely disclosures. This is not a new insight. As Ball and Brown (1968, p. 176) concluded more than 50 years ago, ‘the annual income report does not rate highly as a timely medium, since most of its content (about 85 to 90 per cent) is captured by more prompt media which perhaps include interim reports.’ However, concluding from this lack of timeliness that the annual report lacks decision usefulness more generally is premature. In the

IASB's Conceptual Framework, timeliness is included as an enhancing qualitative characteristic (IASB 2018, para. 2.33), i.e., a desirable but not fundamental characteristic to make financial information useful. Instead, relevance – together with faithful representation – is regarded as a fundamental characteristic and defined as 'information [that] is capable of making a difference in the decisions made by users' (IASB 2018, para. 2.6), i.e., 'it has predictive value, confirmatory value or both' (IASB 2018, para. 2.7). Along this line, it is arguably primarily the confirmatory value that makes the annual report decision useful 'if it provides feedback about (confirms or changes) previous evaluations' (IASB 2018, para. 2.9). Information disclosed earlier and through other channels is effectively confirmed in the annual report. Users' expectations that voluntary and interim information would subsequently be included in the annual report renders this information more reliable and trustworthy *ex ante*. In this way, the annual report also has an important accountability role *in practice*, a role of financial reporting that has only very recently been (re)acknowledged by the IASB (Pelger, 2020). It is an interesting question whether stakeholders perceive information that does not (any longer) have correspondence in the annual report as less relevant or reliable.

A second issue relates to the users of corporate reporting and their information needs, as perceived by preparers. During the annual report restructuring process, Siemens narrowed its target investor community, with a subsequent focus on knowledgeable (professional) users, as reflected in the IASB's Conceptual Framework: 'Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyzes the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena' (IASB 2018, para. 2.36). Despite several recent studies providing relevant insights (e.g., Brown et al. 2015 for sell-side analysts, and Cascino et al. 2014 for users more generally), users' information needs and preferences are still not very well understood. Whereas Siemens refrained from collecting systematic evidence,[17] it concluded from regular interactions with professional users and a lack of questions about certain information items that these items are not accessed by users, and hence are irrelevant to them.[18] The above discussion suggests that this conclusion is not foregone. If the annual report's decision usefulness comes primarily from its confirmatory value, users need not read it in full to avail themselves of its benefits. By rendering other, interim disclosures more relevant, the annual report is decision useful even if, in the extreme, nobody reads it.[19] With regard to the confirmatory value of annual report elements, one is reminded of the well-known saying, 'You only miss it when it's gone.' Future research can analyze whether stakeholders' assessments (e.g., market responses) to interim information vary dependent on the subsequent inclusion (or lack thereof) of this information in annual reports.

A third issue relates to the discussion about disclosure overload. Notably, the concern about disclosure overload has, in particular, been raised by preparers (Drake et al., 2019), while regulators, including the IASB (Hoogervorst, 2015) have also taken up the topic (Saha et al., 2019). However, Drake et al. (2019) find that the professional users they surveyed for their study do not see a problem of disclosure overload, but rather state that the amount of information provided is just right or even too little.[20] In a similar vein, Saha et al. (2019) document that items suggested by professional guidelines to be eliminated from corporate disclosures due to disclosure overload concerns are value-relevant for some firms. However, Drake et al. (2019) also show that the information interests of different professional users are not necessarily homogeneous. This implies

[17] This may be rational, as it is not clear if human experts are capable of precisely articulating their concrete information-collection and information-processing activities, even if they were willing to do so. The difficulties experienced by the IASB in collecting user views for its standard-setting projects are a case in point.

[18] In contrast to Johansen and Plenborg (2018), who find that the lack of feedback from users (analysts) constitutes a barrier to changes in the annual report, *Siemens* has taken this lack of feedback as an impetus to motivate and justify change – namely as evidence that the annual report plays a secondary role for these users, compared to other, more timely publications provided by *Siemens*.

[19] Similar, people may feel reassured to have a multi-volume *Encyclopedia Britannica* around, should the need (or mere desire) arise to look something up in detail – even when, under normal circumstances, their information needs are perfectly served by other, more timely and 'modern' information sources.

[20] Similarly, during the IASB's outreach activities related to its 'Disclosure Initiative', users are quoted as stating: '[We] believe incomplete or missing disclosures are a much greater threat to the usefulness of financial reporting than too much irrelevant information ('disclosure overload')' (IASB, 2013).

that a wide range of information is considered relevant by at least some users, whereas there is little information on whose relevance users agree. Thus, it remains a challenge for both preparers and regulators to determine what information ultimately might be useful, even for a narrow user group of professional investors and analysts. It should also be noted that, while *Siemens* substantially shortened its annual report, this does not mean that it reduced the overall quantity or quality of information provided to stakeholders. Instead, information is now provided through multiple channels, including additional reports and the corporate website instead of being provided in a 'one-stop' annual report. With regard to disclosure overload, this raises the interesting empirical question whether shifting information items from the annual report document into other communication channels renders a firm's information environment 'better' for professional investors, or for the entirety of its stakeholders, e.g., by reducing their information processing costs.[21]

Finally, the *Siemens* case sheds light on the debate about integrated reporting. The absence of the stakeholder logic in its revised annual report, and its provision of information for different stakeholder groups through different channels makes *Siemens* a counter-case to movements towards 'integrated reporting' recently highlighted in the literature (e.g., Cerbone & Maroun, 2019, De Villiers et al., 2014, and Stubbs & Higgins, 2014). This simultaneous disclosure of financial information intertwined with sustainability information in the same report is thought to support long-term value creation along with efficient and sustainable provision of financial capital (Cerbone & Maroun, 2019; IIRC, 2013), leading companies to adopt 'integrated thinking', which will result 'in efficient and productive capital allocation, […] [and] act as a force for financial stability and sustainability' (IIRC, 2013, p. 2). Our *Siemens* case shows that this development towards integrated reporting is not without alternative, or at least not achieved in the short term. Siemens appears to have moved in the opposite direction by focusing the annual report on material,

[21] To use another analogy, what is the benefit of a range of specialty stores compared to a one-stop department store that covers the same product range?

mandatory investor-oriented information, while providing additional investor information as well as information for other stakeholders through other channels. The situation at *Siemens* right after the annual report restructuring, which featured separate reports (e.g., on sustainability) and web-based information (e.g., on corporate strategy), could be labelled 'de-integrated reporting', as it provided different user groups with their specifically relevant information through different channels.

It would be interesting to explore whether this 'de-integrated' approach is associated with less 'integrated thinking' and the associated benefits, compared to adoption of the integrated reporting concept. If that were the case, a pathway towards full integration could lead via Accountancy Europe's 'Core & More' concept (Accountancy Europe, 2017) which highlights the importance of moving away from the idea of a static, printed (or PDF) document towards digital reporting of smaller, more targeted, but interconnected (e.g., via hyperlinks) elements. Whereas this concept mainly aims to improve *presentation* by organizing different strands of reporting in a more connected and structured way, integrated reporting requires greater effort in terms of *content* and the underlying conduct of business. Clearly, the challenges of integrated thinking and reporting increase, perhaps exponentially, in firm complexity. Large multi-segment firms like *Siemens* therefore might act rationally when moving gradually in that direction.

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## Appendix A:

## Interview Guide

| Part 1: Initial situation before the project |
|---|
| This part aimed at getting a feeling for the prevalent culture in the company and the philosophy behind the product ‘annual report’. We asked among others about the use of the annual report by the specific stakeholder groups and existing challenges or problems regarding the annual report. |
| **Part 2: Initiation of the project** |
| This part addressed questions about the reasons behind the initiation of the project. It contained questions about who were supporters of the project and whether and how were opponents. Furthermore, we wanted to know about the goal and the internal communication of the project. |
| **Part 3: Organizational structure of the project** |
| The questions in this part of the interview guide referred to the project organization, meaning responsibilities and collaborations between the project groups, other parties involved and necessary resources. |
| **Part 4: Implementation of the project** |
| This part comprised questions about the actual implementation of the project, such as important key persons internal and external, the involvement of the auditor, and individual and general challenges and critical points during the course of the project. |
| **Part 5: Situation after the project** |
| In the last part the questions were modeled to receive insights into the change in financial communication of the firm. It addressed internal as well as external effects of the project, reactions from stakeholders, and potential imitators. |

**Appendix B:**

**Siemens Annual Report Analysis**

| Chapter | 2014 Information set | 2015 Information set | Comment |
|---|---|---|---|
| **Company Report 2014** | C | - | Company presentation available on Siemens’ website |
| **Financial Report** | | | Labelled 'Annual Report' in 2015 |
| **Key figures** | A | - | Part of fourth-quarter financial results report |
| **To our Shareholders** | | | |
| Letter to our Shareholders | B | - | Part of the invitation to the annual shareholders’ meeting |
| Managing Board of Siemens AG | B | - | Siemens’ website; partly in chapter 'Additional Information' in 2015 |
| Report of the Supervisory Board | B | B | Part of chapter 'Additional Information' in 2015 |
| The Siemens Share/Investor Relations | A | - | Siemens’ website; Information on credit rating still available in 2015 in Note 'Equity' |
| **Corporate Governance** | | | |
| Corporate Governance Report | B | B | Part of chapter 'Additional Information' in 2015 |
| Corporate Governance statement pursuant to Section 289a of the German Commercial Code | B | B | Part of chapter 'Additional Information' in 2015 |
| Compliance Report | B | - | Part of the separate 'Sustainability Information 2015' report available on Siemens’ website |
| Compensation Report | A | A | Part of the chapter 'Combined Management Report' in 2015 |
| Takeover-relevant information, explanatory report | B | B | Part of the chapter 'Combined Management Report' in 2015 |
| **Combined Management Report** | | | |
| Business and economic environment | B | B | |
| Financial performance system | A | A | Non-GAAP measures included |
| Results of operations | A | A | Non-GAAP measures included |
| Financial position | A | A | Non-GAAP measures included |
| Net asset position | A | A | |
| Overall assessment of the economic position | A | A | Non-GAAP measures included |
| Subsequent events | B | B | |

| | | | |
|---|---|---|---|
| Sustainability and citizenship | B | - | 'Sustainability Information 2015' report available on Siemens' website; 'Research and Development' part of 'Business and economic environment' in 2015 |
| Report on expected developments and associated material opportunities and risks | B | B | Non-GAAP measures included |
| Compensation Report and legal disclosures | B | B | |
| Siemens AG (Discussion on basis of German Commercial Code) | A | A | |
| **Consolidated Financial Statements** | | | |
| Consolidated Statements of Income | A | A | |
| Consolidated Statements of Comprehensive Income | A | A | |
| Consolidated Statements of Financial Position | A | A | |
| Consolidated Statements of Cash Flows | A | A | |
| Consolidated Statements of Changes in Equity | A | A | |
| Notes to Consolidated Financial Statements | A | A | Non-GAAP measures included (EBITDA in Note 'Additional capital disclosures') |
| Supervisory Board and Managing Board | B | - | Part of chapter 'Additional Information' in 2015 |
| **Additional Information** | | | |
| Responsibility Statement | B | B | |
| Independent Auditor's Report | B | B | |
| Statement of the Managing Board | B | - | |
| Company Structure | B | - | Available on Siemens' website |
| Five-year summary | A | - | Available on Siemens' website |
| Notes and forward-looking statements | B | B | |
| Further information and information resources | C | C | |
| Financial calendar | B | - | Available on Siemens' website |

**Appendix C:**

**Two detailed examples of changes to Siemens' information on significant accounting policies between 2014 and 2015**

| 2014 | 2015 |
|---|---|
| ***Example 1*** | |
| From 'NOTE 2 Summary of significant accounting policies'<br>(overall volume: about 8 pages: 254-261) | From 'NOTE 2 Summary of significant accounting policies and critical accounting estimates' (overall volume: about 6 pages: 64-69) |
| Basis of consolidation – The Consolidated Financial Statements include the accounts of Siemens XX and its subsidiaries over which the Company has control. Siemens controls an investee if it has power over the investee that is, Siemens has existing rights that give Siemens the current ability to direct the relevant activities, which are the activities that significantly affect Siemens' return. In addition, Siemens is exposed to, or has rights to, variable returns from the involvement with the investee and Siemens has the ability to use its power over the investee to affect the amount of Siemens' return. When Siemens holds less than the majority of voting rights, other facts and circumstances including contractual arrangements that give Siemens power over the investee may result in the Company controlling the investee. Siemens reassesses whether it controls an investee if, and when, facts and circumstances indicate that there are changes to the elements evidencing control. Consolidation begins when the Company obtains control of the subsidiary and ceases from the date that Siemens loses control of the subsidiary. For Consolidated Financial Statements, all assets, liabilities, income, expenses and cash flows of Siemens AG with those of its subsidiaries are combined. Intra-group transactions are eliminated in full. | Basis of consolidation – The Consolidated Financial Statements include the accounts of Siemens XX and its subsidiaries over which the Company has control. Siemens controls an investee if it has power over the investee. In addition, Siemens is exposed to, or has rights to, variable returns from the involvement with the investee and Siemens has the ability to use its power over the investee to affect the amount of Siemens' return. |
| ***Example 2*** | |
| Associates and joint ventures – Associates are companies over which Siemens has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20 % to 50 % of the voting rights). These are recorded in the Consolidated Financial Statements using the equity method and are initially recognized at cost. When Siemens holds less than 20 % of the voting power of the investee, other facts and circumstances may result in the Company exercising significant influence. Joint arrangements are arrangements over which Siemens and one or more parties have joint control. Joint control is the contractually agreed sharing of control that exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements that are structured through a separate vehicle are classified as joint ventures if the parties to the arrangement have rights to its net assets. Joint ventures are accounted for using the equity method and are initially recognized at cost. The equity method is applied from the date when Siemens obtains significant influence | Associates – Associates are companies over which Siemens has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20 % to 50 % of the voting rights). These are recorded in the Consolidated Financial Statements using the equity method and are initially recognized at cost. Siemens' share of its associate's post-acquisition profits or losses is recognized in |

| | |
|---|---|
| or joint control, and is discontinued from the date when Siemens ceases to have significant influence or joint control over an investee. The following policies equally apply to associates and joint ventures. Where necessary, adjustments are made to bring the accounting policies in line with those of Siemens. The excess of Siemens' initial investment in associates over Siemens' ownership percentage in the underlying net assets of those companies is attributed to certain fair value adjustments with the remaining portion recognized as goodwill. Goodwill relating to the acquisition of associates is included in the carrying amount of the investment and is not amortized but is tested for impairment as part of the overall investment in the associate. Siemens' share of its associate's post-acquisition profits or losses is recognized in the Consolidated Statements of Income, and its share of post-acquisition movements in equity that have not been recognized in the associate's profit or loss is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associate. When Siemens' share of losses in an associate equals or exceeds its interest in the associate, Siemens does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interests that, in substance, form part of Siemens' net investment in the associate. Intercompany results arising from transactions between Siemens and its associates are eliminated to the extent of Siemens' interest in the associate. Siemens determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Siemens calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Upon loss of significant influence over the associate or joint control over the joint venture, Siemens measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. | the Consolidated Statements of Income, and its share of post-acquisition changes in equity that have not been recognized in the associate's profit or loss is recognized directly in equity. The cumulative post-acquisition changes are adjusted against the carrying amount of the investment in the associate.<br>When Siemens' share of losses in an associate equals or exceeds its interest in the associate, Siemens does not recognize further losses, unless it incurs obligations or makes payments on behalf of the associate. The interest in an associate is the carrying amount of the investment in the associate together with any long-term interests that, in substance, form part of Siemens' net investment in the associate.<br>Joint ventures – Joint ventures are entities over which Siemens and one or more parties have joint control. Joint control requires unanimous consent of the parties sharing control in decision making on relevant activities. |

**Table 1:** Institutional Logics of Corporate Reporting

Table 1 summarizes the five main institutional logics from existing literature in the context of corporate reporting.

| | Market Logic | State Logic | Professional Logic | Community Logic | Sustaina-bility or Stakeholder Logic |
|---|---|---|---|---|---|
| **Main purpose of corporate reporting** | Legitimacy and reputation management; accumulation and maintenance of material wealth | Compliance with mandatory disclosures depending on the field a company is operating in | Compliance with guidelines, standards, and best practices; rooted in the public interest and commerce | Focus on the interaction with (local) communities | Community orientation; challenges the ethics of capitalism; extends the focus of narrow financial reporting |
| **Sources** | Cerbone and Maroun (2019); Arena et al. (2018); Edgley et al. (2015); Schneider (2015); Thornton et al. (2012); Suddaby et al. (2009); Friedland and Alford (1991) | Arena et al. (2018); Thornton et al. (2012); Suddaby et al. (2009) | Cerbone and Maroun (2019); Arena et al. (2018); Edgley et al. (2015); Thornton et al. (2012); Suddaby et al. (2009) | Arena et al. (2018); Thornton et al. (2012) | Cerbone and Maroun (2019); Edgley et al. (2015); Schneider (2015) |

**Table 2:** Information Sets in Siemens' Annual Report – A Classification

Table 2 summarizes the identified information sets within *Siemens'* annual reports, classifies them with regard to type of information and target group, and provides examples.

| Set | Information type | Target group | Annual report components |
|---|---|---|---|
| **A** | Financial | Investors | Financial statements,<br>financial sections of group management report |
| **B** | Non-financial | Investors, other stakeholders | Non-financial sections of group management report |
| **C** | Financial and non-financial | Broader public | So-called 'Company report' |
| **D** | All possible information | All | Superset of information sets A, B, and C |

**Table 3:** List of Interviewees

Table 3 provides descriptive data on our interviews. * indicates the interview was conducted jointly with more than one interview partner present.

| ID | Position/department (during project) | Date | Duration (min.) |
|---|---|---|---|
| CR1 | Corporate Reporting | 06 December 2017 | 152 |
| CR2 | Corporate Reporting | 15 December 2017 | 100 |
| CC1 | Corporate Communications | 02 February 2018 | 63 |
| Aud1 | Auditor Partner* | 05 February 2018 | 63 |
| Aud2 | Auditor Partner* | 05 February 2018 | 63 |
| Aud3 | Auditor Partner* | 05 February 2018 | 63 |
| Aud4 | Auditor Senior Manager* | 05 February 2018 | 63 |
| Legal1 | Legal* | 07 February 2018 | 60 |
| Legal2 | Legal* | 07 February 2018 | 60 |
| IR1 | Investor Relations | 06 March 2018 | 60 |
| CR3 | Corporate Reporting | 19 March 2018 | 56 |
| CR4 | Corporate Reporting | 23 March 2018 | 51 |
| CR5 | Corporate Reporting | 28 May 2018 | 36 |
| CR6 | Corporate Reporting | 13 June 2018 | 38 |
| CR7 | Corporate Reporting | 25 July 2018 | 50 |
| IR2 | Investor Relations | 27 September 2018 | 18 |
| Sust1 | Sustainability | 04 October 2018 | 44 |
| CR8 | Corporate Reporting | 22 October 2018 | 40 |
| CR1 | Corporate Reporting | 19 December 2018 | 102 |

**Table 4:** Supplementary Data

Table 4 summarizes the archival data we use to supplement our interview data.

| Type | Number | Period |
|---|---|---|
| Public presentations held by Siemens management | 7 | 2015-2016 |
| *Siemens* Annual Reports | 2 | 2014-2015 |
| Journal articles published by *Siemens* staff | 5 | 2015-2019 |

- *Thomas (2015)*
- *Thomas (2016)*
- *Thomas et al. (2016)*
- *Wagner, Mayer, & Kubessa (2018)*
- *Wagner (2019)*

**Table 5:** Institutional Logics and the Annual Report

Table 5 presents the three main institutional logics derived and adapted from existing literature and transferred to the context of the annual report.

| | **Compliance Logic** | **Investor Logic** | **Stakeholder Logic** |
|---|---|---|---|
| **Main idea of the annual report** | Compliance with mandatory disclosures and regulations as well as guidelines, standards and best practices | Investor focus; disclosure of information expected to support investment decision | Community orientation; extends the focus of financial reporting |
| **Primary user group(s)** | Investors<br>Other stakeholders | Investors | Other stakeholders<br>Broader public |
| **Information sets** | A, B | A, B | B, C |

**Figure 1:** Information Sets and Styles within Siemens' Annual Report

Figure 1 presents four different information sets identified within *Siemens'* annual report, along with the related annual report styles that they define. *Information sets* are denoted by italicized capital letters A through D and depicted by spheres. Set A is financial information targeted primarily at investors. Set B contains non-financial information primarily for investors, but also other stakeholders. Set C (the shaded area) contains information that is neither A nor B, and is targeted not primarily at investors or other direct stakeholders, but at the broader public. Set D contains all information that can conceivably be included in an annual report, i.e., D is a superset of sets A, B, and C. Formally, with D = {A,B,C}, A ∈ D, B ∈ D, C = D \ (A ∪ B). *Annual report styles* are denoted by bold-faced Roman numerals I and II and depicted as rectangles. Formally, I = D = {A, B, C}, and II ⊂ A ∧ II ⊂ B ∧ II ⊂ C. Note that the relative sizes of information sets and annual report styles are not intended to capture the quantity of quality of information provided by Siemens.

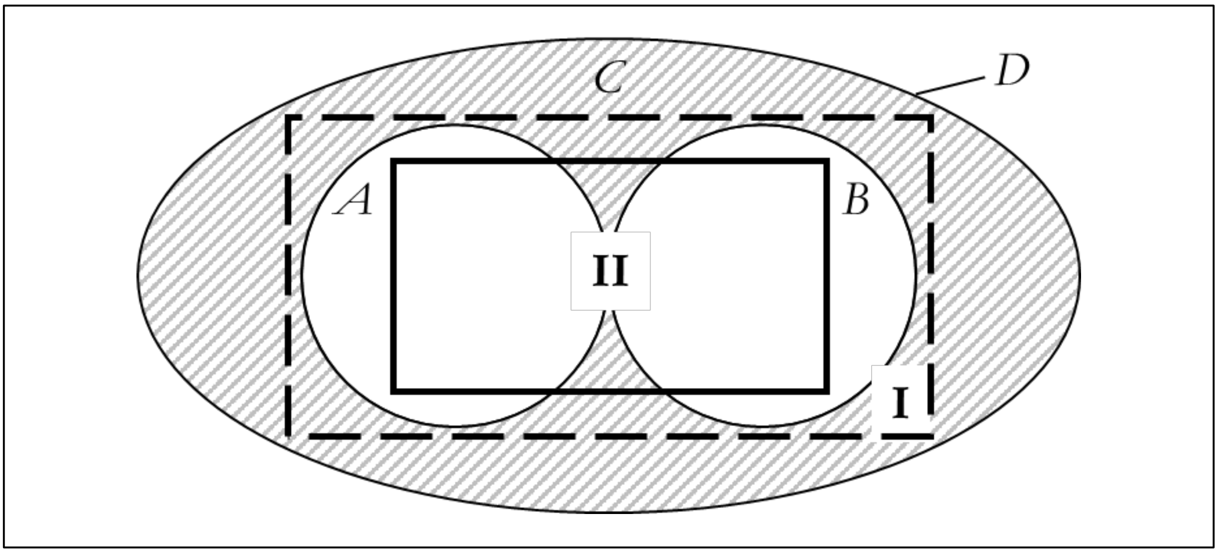

**Figure 2:** Development of Siemens' Annual Report Length over Time