"Materiality is …": Sensemaking and Sensegiving through Storytelling

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ABSTRACT

Purpose – To explore the role and implications of storytelling and narrative as a means of making sense of, and giving sense to, the ambiguous concept of materiality.

Design/methodology/approach – The use of stories was 'discovered' through the authors' attempts to 'make sense' of data from sixteen interviews with participants from the financial and nonfinancial reporting and assurance contexts. We analyse the participants' use of stories through a sensemaking/sensegiving lens.

Findings – While participants struggle to define what materiality *is¸* they are able to tell 'stories' about materiality *in action*. We find stories are a key vehicle through which participants make sense of and give sense to materiality, for themselves and (an)other. Participants tell three types of stories in sensemaking/sensegiving processes: the lived, the adopted, and the hypothetical. We further identify 'rehearsed' and 'ongoing' narratives, which take any of the three story types. The use of stories to make and give sense to materiality reveals a disconnect between the static, technical definitions of materiality currently favoured by standard setters and guidance providers, and the creative authoring processes the participants employ.

Practical implications –We argue for a move towards the use of stories and narratives about materiality in standard setting, specifically 'materiality in action', which our findings suggest may assist in creating shared understandings of the ambiguous concept.

Originality/value – While previous research considers *what* materiality means within financial and nonfinancial reporting and assurance contexts, we empirically analyse *how* people understand and make sense/give sense to materiality. We also contribute to the use of sensemaking/sensegiving processes within the accounting literature.

Keywords: sensemaking and sensegiving; storytelling; materiality

1. Introduction

One of the comments that I made after I had interviewed participants was that the participants used stories to relay their understanding of what they perceived materiality to mean. What was happening in the interviews was that when I asked the participant what materiality meant within reporting/assurance, or what kind of thing influenced what information was externally reported, the participant might start out using some more descriptive words, and would then follow this up with a 'story' that more clearly illustrated their understanding, and I can only assume was also intended to help me to understand the participants' point of view. I considered the participants to be telling 'stories' as they were talking in narratives, drawing on their own experiences, and/or recounting an event or series of events that had meaning for them (regarding materiality). Significantly my impression was that these stories were how they themselves had understood some aspect of materiality or

learnt something through the story that then influenced how they understood materiality. Sometimes the stories appeared to ramble on throughout the interview and the participant would keep referring back to an earlier anecdote as the interview progressed. Other stories had a general plot or a point; they were not circular and were recounted with purpose. Some stories drew upon the participant's personal experiences with materiality and aspects of materiality. Matt's story of what the 'nature' of materiality meant was drawn from his own experiences. Daniel, in explaining materiality as a 'magic number' similarly drew upon his experiences in practice as an assurance graduate. Other participants reflected from the 'outside looking in' at what materiality could mean for an organisation they had knowledge of but don't actually have experience within. Chris's interview where he talks about what materiality should mean for a company like X is an example of this, where he discusses X's approach to reporting and why he doesn't think they have addressed materiality appropriately.

The extract above is from an email exchange[i] following several discussions between the authors (then doctoral student and supervisor) to 'make sense' of interview data on the meaning(s) of the materiality concept. The email was the student's response to the supervisor's request to try and articulate what she meant by the participants' use of 'story'[ii] when responding to questions on what materiality meant to them. This extract forms the beginning of the idea for this paper, which explores the role of storytelling in materiality sensemaking and sensegiving.

Materiality is recognised as a fundamental concept in financial and nonfinancial reporting and assurance (Brennan and Gray, 2005; Edgley *et al.*, 2015; Houghton *et al.*, 2011; Iyer and Whitecotton, 2007; Messier *et al.*, 2005; Puroila and Mäkelä, 2019; KPMG, 2020) – reflected through an increase in guidance on materiality from accounting and reporting institutions (e.g., AccountAbility, 2018; Global Reporting Initiative (GRI), 2016; International Auditing and Assurance Standard Board (IAASB), 2013; International Integrated Reporting Council (IIRC), 2021; Sustainability Accounting Standards Board (SASB), 2018). However, and despite the perceived importance of materiality, the concept is widely argued to be contested and ambiguous (Dumay *et al.,* 2015; Edgley, 2014; Roberts and Dwyer, 1998; Unerman and Zappettini, 2014). While previous studies have examined the contested and ambiguous nature of materiality (Edgley, 2014; Houghton *et al.,* 2011; Messier *et al.,* 2005) and judgement concerning materiality decision-making (DeZoort, *et al.,* 2006; Green and Chen, 2019; Moroney and Trotman, 2016), *how* people make sense of the concept, and how they communicate their understanding(s) of it to others, is less well known.

We draw on interviews with a range of participants to examine how they make sense of materiality (for themselves) and give sense (to (an)other) within the financial and nonfinancial reporting and assurance contexts. Specifically, we address the research question, "how do actors make sense and give sense to materiality, and what are the implications of this sensemaking and sensegiving process?". As noted, we find participants use stories in materiality sensemaking and sensegiving. We examine the stories told by participants, not in relation to their content (the 'story' itself), but rather their use in sensemaking and sensegiving processes. Here, we are not interested in *what* materiality means but rather in *how* people make sense of this ambiguous and complex concept, and how they communicate their understanding(s) of it.

We contribute to two streams of accounting literature. First, we contribute to the accounting literature on materiality (Dumay *et al*., 2015; Edgley, 2014; Edgley *et al*., 2015; Iyer and Whitecotton, 2007; Puroila and Mäkelä, 2019; Unerman and Zappettini, 2014). We extend the literature that brings attention to the plethora of ambiguous and contested conceptions of materiality by focusing on *how* stories are used to navigate this complexity and ambiguity and make sense of, and give sense to, materiality. Our focus on materiality across both the financial and nonfinancial contexts is also somewhat novel and demonstrates the value of considering materiality across multiple settings (see Moroney and Trotman (2016) for another rare example of a consideration across multiple contexts). Second, we contribute to the use of sensemaking and sensegiving within accounting (Apostol *et al*., 2021; Baker and Schaltegger, 2015; Goretzki and Messner, 2016; Kraus and Strömsten, 2012; Stein *et al.*, 2017; Tillman and Baker, 2008). Our analysis, and a reflection on our role within the research, demonstrates the value of this perspective in understanding accounting concepts. We also suggest further areas where this perspective would be of value.

The paper is structured as follows. Next, we discuss the extant literature on materiality. We focus on the literature which argues that the materiality concept in accounting is fundamental, ambiguous and contested. In Section three, we discuss the sensemaking and sensegiving literature - the framework for our analysis. We then present our data sources and method in Section four. The participants' use of stories and the forms these stories take are analysed in Section five. Key aspects of our findings and their implications are presented in Section six before concluding the paper.

2. The Materiality Concept in the Financial and Nonfinancial Reporting and Assurance Contexts

The materiality concept is broadly acknowledged as being concerned with determining what events and issues are considered important enough to be included within reporting, and relatedly, what events and issues are not considered important enough to be included. In separating and distinctly filtering out less important information, materiality enhances reporting clarity, understandability and integrity (Edgley *et al*., 2015; Iyer and Whitecotton, 2007; Unerman and Zappettini, 2014). While historically, materiality has typically been viewed within financial reporting and assurance (Messier *et al*., 2005), the concept is also a focus in nonfinancial reporting and assurance (Canning *et al.,* 2019; Mio *et al.,* 2019). For example, materiality features within prominent nonfinancial guidelines produced by the GRI, AccountAbility 1000, the IIRC and SASB (AccountAbility, 2008a; 2008b; De Martinis and Burrowes, 1996; Edgley *et al*., 2015; GRI, 2016; Heitzman *et al*., 2010; IIRC, 2021; Messier *et al*., 2005).

Though Edgley *et al.* (2015, p. 1) describe materiality as an "iconic reporting concept" (Edgley *et al*., 2015, p. 1), the workings of materiality remain veiled and elusive (Brennan and Gray, 2005; Edgley, 2014). The consequences of this ambiguity are explored within the extant materiality literature. Some authors suggest a lack of clarity and visibility on materiality legitimises and promotes the accounting profession as a so-called 'public service', while simultaneously obfuscating its workings and alienating report users and stakeholder groups (Dumay *et al.*, 2015; Edgley, 2014; Iyer and Whitecotton, 2007; Puroila and Mäkelä, 2019; Roberts and Dwyer, 1998; Unerman and Zappettini, 2014). Edgley (2014) argues that, within the accounting profession, the lines that define materiality are blurred and vague. This ambiguity serves to enhance the potential for manipulation of materiality and judgements around materiality processes that justify questionable accounting, reporting, and assurance

practices; unreasonably limit the scope of (nonfinancial) reporting; and shield professional misconduct (see also, Solomon and Edgley, 2008, Unerman and Zappettini, 2014). Notably, discussions of the consequences of ambiguity are mainly found within nonfinancial reporting and assurance (Edgley *et al.*, 2015; Faux, 2012; Unerman and Zappettini, 2014)[iii].

The recognition and concern with ambiguity has led to several examinations of the meaning of materiality (Houghton *et al.*, 2011; Edgley 2014; Edgley *et al.*, 2015; Eccles and Krzus, 2015; Puroila and Mäkelä, 2019). Overall, these studies find materiality to be an abstract and contested concept that evades definition. Authors ultimately argue that there is a lack of a shared understanding within (Deegan and Rankin, 1997; Edgley, 2014; Houghton *et al.,* 2011) and outside of the accounting profession (Iyer and Whitecotton, 2007; Roberts and Dwyer, 1998; Unerman and Zappettini 2014). Houghton *et al.* (2011, p. 482) illustrate this point in their analysis of focus group interactions and interviews with stakeholders of audit and assurance engagements, finding "[d]ifferences exist[ing] in perceptions of the meanings, application, importance, and consequences of the concept of audit materiality, and the level of understanding held about its relevance to the audit function." Edgley (2014) argues that multiple constructions of materiality are made possible through the consideration of materiality as an abstract rather than a definite concept, where the only consistent boundary limiting the interpretation is that something is found to be material only by it *not* being immaterial. Eccles and Krzus (2015, p. 119) go so far as to characterise materiality as 'binary'. Such abstract and diverse understandings of what materiality *is* has consequences at the theoretical and practical levels.

There does, however, appear to be some demand for a clear definition of materiality within the accounting profession (Deegan and Rankin, 1997; Houghton *et al.*, 2011).[iv] And, given the fundamental nature of materiality to financial and nonfinancial reporting, as well as to assurance practices, it is not surprising that various guidance documents seek to provide definitions of the term. These definitions appear to take two forms.

First, some guidance documents present definitions of the concept through the provision of short statements, which are technical and rational in nature (Edgley, 2014; Edgley *et al.*, 2015; Puroila and Mäkelä, 2019). Such definitions, and the related guidance that accompanies them, do not recognise complexity or at least reduce complexity. They present short, definitive statements as to what materiality means. For example, in the GRI 101 Foundation Standard, the GRI states that material topics "reflect the reporting organization's significant economic, environmental, and social impacts; or substantively influence the assessments and decisions of stakeholders" (GRI, 2016 p. 10). In addition, the materiality guiding principle in the International Integrated Reporting Framework states that "an integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term" (IIRC, 2021, paragraph 3.17). The IIRC seeks to provide additional clarity in the Materiality guiding principle subsections *Identifying relevant matters* and *Evaluating importance,* stating that a relevant material matter is one that is "sufficiently important in terms of its known or potential effect on value creation" (IIRC, 2021, paragraph 3.24). Similarly, the AA1000 standards define materiality as relating to "identifying and prioritising the most relevant sustainability topics, taking into account the effect each topic has on an organisation and its stakeholders." AccountAbility defines a material topic as "a topic that will substantively influence and impact the assessments, decisions, actions and performance of an organisation and/or its stakeholders in the short, medium, and/or long term" (AccountAbility, 2018, p. 20).

The second approach we characterise from the reporting and assurance guidance documents is an attempt to define materiality through broad interpretive explanations. For example, ISA 320 defines materiality as being concerned with reducing the probability of "uncorrected and undetected misstatements" (IAASB, 2013, section 9). Misstatements and omissions are considered "material" if they could reasonably be expected to influence the decision-making of the users of financial statements. While considered in the context of surrounding circumstances, the determination of materiality 'thresholds' when deciding what constitutes material misstatements or omissions ultimately falls under the 'professional judgement' and perception of the assuror within the IAASB guidance (IAASB, 2013, section 4).

We would argue that both forms of definition are not very effective.[v] While at first glance both definitive statements and interpretive explanations appear to provide clarity, on closer attention, they are vague and, in the case of the IIRC guidance, circular. As such, existing definitions would appear to do little to provide clarity to meaning. The lack of definition and clarity has been noted, with Edgley (2014) and Roberts and Dwyer (1998) suggesting that materiality has persistently evaded definitive codification in reporting guidance documents, as well as in accounting and assurance standards. Furthermore, the reluctance of professional guidance standard setters to provide 'decisive and authoritative' materiality guidance is argued to be a potential contributor to the vague, malleable nature of the concept and the veiled workings of materiality decisions and processes (Edgley, 2014; Edgley *et al.*, 2015). That is, instead of reducing ambiguity, they contribute to it. Edgley *et al.* (2015) consider this to be the case within financial and, especially, nonfinancial reporting and assurance. They criticise the guidance available, labelling it as a set of "generic characteristics" (Edgley *et al.*, 2015, p. 4).

It is perhaps important to clarify that we are not suggesting that the meaning of materiality is the same in both financial and nonfinancial contexts or in the reporting and assurance contexts. Indeed, as Puroila and Mäkelä (2019) argue, the introduction of materiality within nonfinancial reporting and assurance has the potential to challenge the narrow scope and the dominance of shareholder interests within materiality assessments. Furthermore, while these debates over meaning are important to our discussion, in this paper we do not seek to examine the meaning of the concept but rather to analyse *how* meaning is constructed and communicated. Eccles and Krzus (2015) and Iyer and Whitecotton (2007) argue that the limited authoritative guidance on materiality leads materiality to be influenced and unofficially defined by how the concept is interpreted in 'action'. However, and despite this practical aspect, *how* materiality is understood has not been comprehensively investigated.

Analyses of how materiality is understood are rare. One example from the literature is Eccles and Krzus (2015), who argue that materiality is socially constructed[vi] and that a "common understanding" of materiality is "mutually negotiated" within reporting and assurance practices and in law. They further posit that materiality is constructed through the use of both symbolism and societal agents (defined as people who hold a position of power within society), and imply that symbolism around the meaning of materiality is, consciously and/or unconsciously, created and disseminated (or, more strongly, 'imposed') by societal agents, who carry authority over the intended audience. Unerman and Zappettini (2014) also discuss how materiality has come to be understood. The authors note that materiality is constructed through negotiation, stating that "…any definition of materiality represents a contested arena", where the meaning of materiality is constructed through "tense" negotiation between stakeholders and organisational agents (Unerman and Zappettini, 2014, p. 184).

Overall, materiality, despite being a fundamental accounting concept, evades rigid definition. There are also questions over the usefulness of reporting and assurance standards and guidance in providing clarity to the concept. While some researchers have sought to examine *what* materiality means within the financial and nonfinancial reporting and assurance contexts (Edgley, 2014; Edgley *et al.,* 2015; Puroila and Mäkelä, 2019), we examine the much less analysed question of *how* materiality is understood. That is, we examine *how* people make sense of this ambiguous and complex concept and communicate their understandings to give sense to (an)other. To us, such a consideration is necessary if we are to consider why a shared understanding has not been achieved and if we wish to gain a deeper understanding of this important accounting concept. We also note that such an investigation has potential implications for a number of other ambiguous and vague, yet fundamental, accounting concepts (e.g. 'true and fair', 'understandability'). A sensemaking and sensegiving perspective informs our analysis

3. Sensemaking and Sensegiving

We draw on the sensemaking and sensegiving literature, particularly that which considers the role of narrative and story in sensemaking and sensegiving processes (e.g., Brown *et al.,* 2008; Humphrey *et al.,* 2011; Maclean *et al.,* 2011), to construct our analytical framework. This literature is extensive and fragmented (see Maitlis and Christianson (2014)[vii] and Sandberg and Tsoukas (2015) for reviews). Below we discuss key aspects relevant for this study.

Sensemaking can be defined as "the process through which people work to understand issues or events that are novel, ambiguous, confusing, or in some other way violate expectations" (Maitlis and Christianson, 2014, p. 57). As Maitlis and Christianson (2014, p. 58) expand in relation to the organisational context, "[w]hen organizational members encounter moments of ambiguity or uncertainty, they seek to clarify what is going on by extracting and interpreting cues from their environment, using these as the basis for a plausible account that provides order and "make sense" of what has occurred, and through which they continue to enact the environment." Sensemaking is "an always-emergent order, continually arising out of human interaction as people attempt to make sense of an ambiguous situation at hand" (Sandberg and Tsoukas, 2015, p. S9). Further, as Apostol *et al.* (2021 p.18) argue, (organisational) sensemaking emerges in "practical situations" and is thus connected to the realities of everyday organisational life. Sensegiving, a related concept, is "the process of attempting to influence the sensemaking and meaning construction of others towards a preferred redefinition of organizational reality" (Gioia and Chittipeddi, 1991, p. 442).

Sensemaking essentially refers to the processes of interpretation and meaning production that can occur at the level of a group or individual and where "individuals or groups interpret and reflect on phenomena" (Brown *et al.*, 2008, p. 1038). Here, we take a social constructionist perspective. We recognise sensemaking and sensegiving processes as inherently social and discursive. Sensemaking and sensegiving processes are also recognised as going "beyond interpretation", involving "the active authoring of events as frameworks for understanding, as people play a role in constructing the very situations they attempt to comprehend" (Maitlis and Christianson, 2014, p.58). Brown *et al.* (2008) refer to this process as "creative authoring".

Stories and/or narratives are central to sensemaking and sensegiving processes – including sensemaking and sensegiving processes within organisations (Weick, 1995; Maclean *et al.,* 2011). Indeed, as noted by Maitlis and Christianson (2014, p. 81), "many scholars have treated sensemaking and sensegiving as interchangeable with constructing narratives" with research

on narratives "probably the largest body of discursive work on organizational sensemaking". Sensemaking "allows people to deal with uncertainty and ambiguity by creating rational accounts of the world, which then enable action" (Baker and Schaltegger, 2015, p. 270). Thus key to sensemaking and sensegiving processes are the production of 'accounts' - discursive constructions of reality that interpret or explain (Antaki, 1994) - or the "activation of existing [discursive] accounts" (Maitlis, 2005 p. 21).

Literature on sensemaking often describes sense as constructed in language and shared through narrative (Maitlis and Christianson, 2014). This literature (e.g., Brown *et al.*, 2008) outlines how sensemaking is inherently social, and narrative a primary cognitive instrument which "constitutes the basic organizing principle of human cognition" (Brown *et al.*, 2008, p. 1036). "Social actors tell stories of and for themselves in order 'to make things rationally accountable to themselves'" (Weick, 1993, cited in Brown *et al.,* 2008, p. 1052). Narrative sensemaking is the search for "plausibility and coherence that is reasonable and memorable, which embodies past experience and expectations, and maintains the self while resonating with others. It can be constructed retrospectively yet used prospectively, and captures thoughts and emotions" (Brown *et al.*, 2008, p. 1038). In short, and in line with the approach taken by Brown *et al.* (2008, p. 1038), "[t]hrough processes of sensemaking people enact (create) the social world, constituting it through verbal descriptions which are communicated to and negotiated with others."

Like Humphrey et al. (2011), who explore the role of storytelling as a means of sensemaking and sensegiving in the context of jazz leadership, we examine how the participants in this study use stories to sensemake and sensegive about materiality. Stories are understood as "reciprocal and interactive sensemaking and sensegiving vehicles" (Humphrey *et al.,* 2011, p. 43). We seek to show how storytelling and narratives act as powerful sensemaking and sensegiving vehicles in relation to the everyday, yet ambiguous concept of materiality.

As above, we see sensemaking as socially constructed. While we are interested in how a group of individual participants makes sense of the materiality concept, we recognise that these meanings are constructed with, and among, others. This socially constructed aspect of sensemaking is evident both in the stories that the participants tell (that is, stories often involve or relate to the experiences of others) as well as the way participants communicate the stories with the interviewer (the sensegiving process). Again, we note that, unlike many sensemaking and sensegiving studies, we are not interested in the content of the stories - that is, the meaning that is constructed - but rather *how* stories are used in the sensemaking and sensegiving processes.

Through our analysis, we contribute to the sensemaking and sensegiving literature – in particular, the sensemaking and sensegiving literature within accounting (Apostol *et al.*, 2021; Baker and Schaltegger, 2015; Goretzki and Messner, 2016; Kraus and Strömsten, 2012; Stein *et al.,* 2017; Tillman and Baker, 2008). Sensemaking is often triggered by disruption "such as issues, events, or situations – for which the meaning is ambiguous and/or outcomes uncertain" (Maitlis and Christianson, 2014, p. 70). As Sandberg and Tsoukas (2015, S6) note, the focus of much of the literature has been on "disruptive episodes at the expense of more mundane forms of sensemaking implicated in routine activities." Further, much of the sensemaking and sensegiving literature relates to sensemaking about an event, not a concept (Maitlis and Christianson, 2014). This point is reflected in the accounting literature. For example, Puhakka (2017) examines sensemaking during an episode of post-acquisition integration while Apostol et al. (2021) explore sensemaking in the adoption of sustainability reporting in a B2B company.

In addition, Goretzki and Messner (2016) employ a sensemaking framework in their study of planning meetings on uncertain future events within an Austrian manufacturing company. A notable exception where a concept is analysed is Stein *et al.* (2017). They examine sensemaking on the concept of "transparency". However, Stein *et al.* (2017) situate their study within the broader context of Enron and other accounting scandals that act as 'triggering events' for sensemaking. Materiality constitutes a fundamental concept within the participants' working lives and an important part of their routine activities. Materiality is thus part of everyday organisational realities rather than a 'disruptive episode'. We thus consider sensemaking and sensegiving in relation to the concept of materiality as 'mundane' and without a 'triggering event'. We note below the potential for this perspective in analysing other fundamental yet ambiguous and contested accounting concepts.

4. Data Sources and Method

Interviews with 16 participants comprise the data source for this paper. The aim of the interviews was to capture the broadest range of possible meanings of materiality within the financial and nonfinancial reporting and assurance contexts.[viii] The interviews were not intended or designed to collect materiality 'stories', but rather to investigate the diversity of meanings of materiality that existed. Indeed, as the email extract at the beginning of the paper illustrates, the use of stories/narratives captured in the interviews was identified during the research process when the lead author reflected on the interviews and field notes in an attempt to make sense of the data. This process highlighted the use of stories and narratives by the participants to make and give sense to materiality. How the participants understand materiality thus appeared to be crucial in unpacking and contextualising the broader contested ambiguity articulated in the extant materiality literature. We consider this point important given that materiality appears to be defined and largely understood through action or 'doing' materiality (Eccles and Krzus, 2015; Iyer and Whitecotton, 2007). Our observation that many stories related to materiality 'in action' is a point we return to further below. Notably, we find stories were used across the diverse group of participants. The remainder of this section outlines the data collection and analysis process before we discuss our findings and their implications.

4.1 Identifying Participants and Collecting the Data

There were two main selection criteria for identifying participants. First, the group of participants as a whole were to be as diverse as possible, so as to capture the range of perspectives on materiality within accounting. Care was taken to identify potential participants from both the financial and nonfinancial contexts, as well as participants who engaged with the materiality concept in different ways (e.g. academics, auditors, assurors, consultants, and standard setters). Second, participants were required to have specific knowledge of materiality through their work roles. The assumption here was that through having specific experiences of materiality, the participants would be able to articulate their knowledge and specific understandings of the concept.

Participants were identified by drawing on the extended networks of the authors and another supervisor[ix]. Through this process, 18 potential participants were identified, contacted via email, and asked to participate in an interview. Of the 18 potential participants contacted, 16 participants agreed and were recruited. Details of the interviews are provided in Table I.

Insert Table I Here

As noted above, all of the recruited participants had specific knowledge of materiality through their work and encountered the concept within their current day-to-day activities. Experiences

included: interactions with financial and/or nonfinancial guidance documents; involvement in materiality determination processes and materiality decisions; discussions on the materiality concept and the process of determining materiality with colleagues and/or stakeholders; or a combination of these activities. The academics interviewed also worked as financial auditors before their career in academia and also had knowledge of materiality through these professional experiences.

All interviews were conducted between June 2016 and September 2016. Interviews were face-to-face except one which was conducted by phone, and all interviews were informal in nature and tone. Twelve interviews took place at the participants' place of work while three were held in cafés. All interviews were recorded and transcribed, with the lead author writing extensive field notes after each interview. Interviews were semi-structured. Questions were prepared in advance but not necessarily asked in the order they were written. Prompting questions were asked throughout the interview, allowing participants to further reflect upon and explore interesting areas relevant to the research project.

All interviews began with a general discussion of financial/nonfinancial reporting, including such things as who decides what to report, and what role, if any, an organisation's stakeholders have in decisions regarding financial and nonfinancial reporting. This approach was useful in addressing the aims of the interviews and contextualising the diverse participants' understandings of materiality (the *content* of the interviews informed future phases of the research project). This paper draws primarily on the participants' responses to the interview question "What does materiality mean to you?" - a question posed following the above initial discussions. This question was deliberately open and somewhat vague (e.g., not specifying financial or nonfinancial), acknowledging arguments relating to ambiguity, and allowing the participants' space to reflect on and communicate their understanding(s) of materiality. As noted, the presence of stories was 'discovered' when the lead author reflected on the interviews, transcripts, and field notes, and more specifically, when reflecting on the nature and structure of participant responses to this question.

While it was not the intent of the authors to elicit stories in response to this interview question, we do, upon reflection, recognise that the question posed does lend itself to such responses. We also recognise that the informal tone of the interviews enabled an interactive and supportive process, where understanding and meaning were mutually constructed between participant and interviewer, potentially resulting in the use of stories as a sensemaking and sensegiving device. Furthermore, and revealed upon a closer examination of the transcripts, some of the participants (11) were asked to provide an example of materiality as a follow-up question. However, five were not. Important to our findings, all of the participants used stories and/or narratives regardless of whether they were prompted for examples. Though all of the participants used stories in their responses, some appeared to be more 'natural' storytellers. These eight 'natural' storytellers in particular tended to tell different or continuing stories unprompted throughout the course of the interview. We reflect on this further below.

Maclean et al. (2011, p. 24) note, the "interviewer has an important part to play in the interview's sensemaking process." We recognise that the interviewer, then a doctoral researcher demonstrating an interest in understanding materiality meaning(s), as well as the informal nature of the interviews, is likely to have had an influence on the sensemaking/sensegiving process. We examine the relationship between the interviewer and the participants in our findings and discussion below. Upon reflecting on the nature of our data and the sensemaking/sensegiving process and role of participants in the social construction of

meaning, we have chosen to include the names of the participants (anonymised) and interviewer Rebecca (non-anonymised) in our analysis.

4.2 Analysing the Data
The presence of stories within the interviews was first discussed between the authors in an informal meeting and then in the email exchange, as reported at the beginning of the paper. A process of identifying and then 'coding' the stories subsequently took place. The data analysis followed an iterative process.

First, the lead author read the transcripts and extracted stories from them. While the materiality stories were largely present in the participants' responses to the question "what does materiality mean to you?", stories from across the transcripts were identified and extracted. Both authors then individually read the interview excerpts before discussing the data. These discussions were specifically focused on the use of stories and the characteristics of those stories. Again, what interested us was not *what* was said by the participants, in terms of the content of the story which relayed their meaning of materiality. Instead, we were interested in *how* stories and narratives were used by participants to 'make' sense of and also 'give' sense to materiality. As such, though the stories capture the diversity of participants' individual understandings of materiality, when classifying and analysing the stories, we focused on identifying and exploring the stories articulated, not the *content* of understanding. We considered use of stories as a "sensemaking vehicle" and how they were also communicated to the interviewer, "creating powerful visual pictures in the mind of the listener" (Maclean *et al.*, 2011, p. 20).

Through our collaborative process, we developed a 'categorisation' derived from the data. Our categorisation consists of two aspects. For clarity, we refer to the first aspect as 'stories' and the second as 'narratives'. We wish to re-emphasise at this point that we do not consider the distinction between 'story' and 'narrative' as essential for our understanding and analysis. We are interested in their use in relation to sensemaking and sensegiving from, and by, the participants as active, creative authors (Brown *et al.,* 2008; Maitlis and Christianson, 2014), rather than the story/narrative structure or content.

The first categorisation of the data, 'stories', relates to the placement of the storyteller in relation to the story and, in particular, the origin of the story told. Specifically, we distinguish between whether the story appeared to be drawn from the participants' own experiences, was derived from a source external to the participant, or appeared to be fictional. We label these as the lived, adopted and hypothetical stories, respectively. The second categorisation of the data relates to the way in which participants told the story within the interview. Again, for ease and purposes of clarity, we refer to these as 'narratives'. Some of the stories reappear throughout the interview, reiterated to emphasise a particular point, or added to or re-imagined to examine another aspect of the participants' view. Others appear to have been 'used' or told by the participant previously (i.e., before and outside of the interview). We label these as the ongoing and the rehearsed narratives. We note that all these categories relate to both sensemaking and sensegiving. Although, as we highlight in our discussion below, how they are used in sensemaking and sensegiving processes differs. Our categorisation and labelling of the data is summarised in Table II.

Insert Table II Here

Overall, we identified and categorised a total of 53 stories. Fifteen of the stories were lived stories, told by eight participants. We identified 19 adopted stories that ten participants told. Eight participants told 19 hypothetical stories. Continuing narratives were used by six of the participants and three of the participants relayed rehearsed narratives. While all participants used stories and/or narratives in the interview, the 'natural' storytellers tended to tell multiple or continuing stories (i.e., ongoing narratives) unprompted throughout the course of the interview. Rebecca's interview notes and the interview recordings suggest these eight individuals not only rely on the use of stories and narratives more throughout the interview, but they also appear to enjoy the creative authoring and storytelling process. The natural storytellers were enthusiastic about the stories, and their voices are animated and engaging. Rebecca consistently noted the energised performances of these participants, identifying them as 'passionate', 'confident and articulate', and 'easy to interview' or to 'establish a rapport with'. We highlight some examples from the natural storytellers and discuss their characteristics and importance to materiality sensemaking and sensegiving processes further below.

The restrictions of the written format of this paper have, inevitably, caused a loss of nuance of the act of storytelling itself. Though the stories relayed below maintain the 'essence' of the original stories, in communicating our findings solely in written form we have found it impossible to fully communicate several aspects of storytelling in the sensemaking and sensegiving process. For example, it is difficult to capture the exact tone of the storyteller during the telling of the stories. The form and structure of each of the stories told were unique. Where some of the stories were told at a measured pace, others were rambling, with multiple, sometimes unclear threads flowing through them. Some stories were long, while others much shorter. In some cases, the insights from one story appeared to be more explicit, or perhaps more straightforward, than those provided in other stories. The impacts of active listening are also not easily captured through the written form. Facial expressions and body language form a part of the nuances of storytelling and also of sensemaking and sensegiving. The varied characteristics of the stories captured and how they were communicated and received are important, as they represent the physical qualities of creative authoring. In presenting our analysis, we have attempted to bring some of the nuances of the act of storytelling to 'life', including notes on the pace, tone, and physicality of the stories as they were told.

5. Materiality Sensemaking and Sensegiving

We now present the three story 'types' and the rehearsed and ongoing forms they take. When presenting these stories, in order to let the data 'speak', we often draw extensively on an individual's story. As such, while discussing our findings in general, we often focus on a specific illustrative example. We emphasise the role of both the participant and the interviewer as creative authors[x] (Maitlis and Christianson, 2014), as each are important to sensemaking and sensegiving processes. We thus refer to the participants whose stories and narratives we have chosen to highlight as 'storytellers' and 'creative authors'.

5.1 Lived Stories

A lived story is a story that draws upon the storyteller's lived experiences. The storyteller is often at the centre of the story and their feelings, experiences, and perspective form its focus. As the storyteller draws on their lived experiences, these stories are historical or retrospective in nature. Many of these stories are also highly personal.

For example, Daniel, an accounting academic, tells the story of his first experiences with materiality as a junior accountant working in assurance:

> ***Materiality is kind of… an assurance perspective, is materiality with a capital M.*** *It's a number that you decide in advance and you stick to it. The firm I worked for in the UK, we did statistical sampling. The materiality – it was called the MP or something like that. It was a number. It was a high-level decision. The partner and the manager went into a huddle for about half a day and then they'd said right, it's 75,000 this year. And we'd apply that in all the work we're doing. And if you're talking to auditors in a different team they'd say – oh what sort of MP are you using. And we'd say – oh it's 75,000. And it would mean something. If it was a really big audit it might be a million, and you'd be fairly impressed when you talked about it. That was kind of meant to be a limit – I think the way the statistics worked, you would automatically look at every single transaction bigger than that, and a random sample of the rest. It was a way of deciding what was important. And then later at the end it would become a screen. You add up all the errors that you found, and if they were less than materiality, you probably wouldn't worry about them. But if they were more, then you would expect the partner to go in and push demands until they did some changes to the financial statements.*

Like several of the stories in our data, this one begins with a statement that attempts to describe materiality (see bold above). However, as the statement appears to fail in communicating his understanding, Daniel quickly begins to tell a story to make sense, and share his sense, of materiality with Rebecca, explaining his initial statement in the reflective story that follows. Through the process of storytelling, participants such as Daniel are able to construct their understanding of how past experiences inform their sense of materiality.

Lived stories demonstrate how storytellers' understandings of materiality are influenced by their experiences of materiality decision-making. The positioning of the storyteller in relation to materiality decision-making further influences the lens through which the participants make sense of materiality. Interestingly, as in Daniel's case above, this can occur even though the materiality decision is not made personally by the storyteller (i.e., the partner and the manager make the materiality decision included in Daniel's story). This suggests that indirect experience of materiality 'in action' can be as prominent in making sense of the concept as more direct, hands-on materiality experience (see William's story below). Like others choosing to utilise and share lived stories, Daniel places importance on personal experience in shaping how he makes sense of materiality within the context of assurance. Through telling this story, and placing himself at the centre of it, Daniel shares these personal experiences with Rebecca and invites her in.

William, one of the individuals we identify as a natural storyteller, further illustrates the use of stories to reflect on, and make sense of, storytellers' individual 'journeys' with materiality. William's story begins with a statement about his background at a financial audit firm:

> *If you look at my background, Rebecca, where I had 42 years at Firm A, and principally in the audit practice, and in auditing, you become very familiar with materiality. But in the audit process now, it's quite a mechanical thing, if you like. You work with percentages, whether it's 10% of profit or 1% or 2% of revenue, and that tends to give you a benchmark or a guide in auditing and financial reporting. And I don't really think that external auditors have much of a concept or view as to what's really important. It's not whether it's 10% of profit, it's what the users of those accounts would see as material. And of course that's really hard, because you've got such a wide spectrum of different users, and they would all have different materiality gauges. But certainly the preparers and the auditors of financial information will have quite a mechanistic approach to materiality. And I did too as an auditor. If you'd asked*

me what was materiality, I would've said – Well, it's generally about 10% of profit. Anything under that's going to be immaterial, and anything above that's going to be material. But I think as I've become very interested over the last four or five years, and involved in integrated reporting, and nonfinancial or six capital type reporting, really materiality in that space, to me, is quite different. And because a lot of that reporting is not what I call monetised – so that six capital reporting doesn't necessarily have a money value or dollar value attached to it – you can't have mechanical type formulas. So there's a lot more judgement in an integrated report as to what is material. And the preparers of that information really do need to put themselves in the minds and shoes of the users.

William's story is told at a steady pace as he makes sense of his experiences with materiality. The story illustrates that William's financial audit background and, more recently, his exposure to and hands-on involvement in nonfinancial standard setting, shape how he now makes sense of materiality. The use of Rebecca's name at the beginning of the story is important as a sensegiving mechanism. It involves her in the creation and development of the story and indicates that the story, and the meaning(s) of materiality it shares, are important for her own sensemaking.

William's story stands in contrast to Daniel's, where materiality is made sense of and communicated through a story anchored in a singular, particularly nostalgic time from his professional life. By discussing his extensive professional experiences in what appears to be a more detached way, the lived story William shares can be considered more pragmatic than the personal and emotive story from Daniel. The pragmatism that comes through in the telling of William's story may be reflective of William's considerable experience as an audit partner and as a current active financial standard setter. On the other hand, Daniel has left professional practice for academia, giving his story and, in particular, the oral telling of his story, a feeling of nostalgia.

The lived stories we identify are historical and retrospective but also, crucially, reflective. It is in the reflective aspects of lived stories where the storytellers appear to make sense of how their experiences shape what materiality means to them. In other words, through the process of drawing on personal experiences to creatively author stories, and reflecting on these experiences, the storytellers learn, or perhaps have learnt, how to make sense of materiality. Sensegiving takes place through the sharing of the lived stories that the storytellers have imbued with the meaning of materiality. Though Rebecca does not have a part in William or Daniel's stories, we find that her role is pivotal in the co-construction of meaning and the act of storytelling itself. The sharing of lived stories based on reflection and self-realisation, in turn, creates potential moments of realisation (Apostol *et al.*, 2021, Weick, 1995) for the interviewer. Thus, lived storytelling leads to the co-construction of a deeper, shared understanding of materiality between the storyteller and Rebecca. As an active and engaged interviewer, Rebecca is as much involved in the sensemaking and sensegiving process as the storyteller. She represents the impetus or the cue for storytelling (introducing the interview situation) and the human interaction needed for sensemaking, sensegiving, and meaning co-creation to take place (Brown *et al.,* 2008; Maitlis and Christianson, 2014; Sandberg and Tsoukas, 2015). By creatively authoring lived stories, the storytellers make sense of, and communicate their own understanding of, materiality. Through the sharing of these lived stories with Rebecca, the storytellers attempt to influence how Rebecca makes sense of materiality (Gioia and Chittipeddi, 1991).

5.2 Adopted Stories

Where lived stories draw on the storytellers' personal experiences with materiality, we identify adopted stories as non-personalised stories that already exist in the world. Adopted stories appear to initially be communicated to the storyteller through mediums such as the media. The existing story is then 'adopted' by the storyteller, who interprets the story through a materiality framing (to make sense for themselves) and tells the creatively re-authored story (to give sense to others).

In our analysis of the interviews, we identify several storytellers who tell adopted stories – at times, telling multiple adopted stories within the interview. Natural storyteller Anna, a nonfinancial assuror, is one of these. We relay one of her adopted stories below:

> *For example, the year that woman died because Mercury Energy turned off her power, meant in that year for every electricity company it was important for them to report on how they dealt with medically vulnerable customers. After that, in subsequent years, there have been no incidents, and it kind of becomes less visible. Less important for stakeholders. Stakeholders begin to trust again that the processes are in place. It doesn't come up in conversations. Regulations are still there. It just doesn't get the same amount of space. Maybe no space at all. But its relevance to the company hasn't changed or gone anywhere.*

In this story, Anna draws on a news story that received extensive coverage in New Zealand and overseas.[xi] The news story also became a serious political event in New Zealand, as the company involved was a state-owned enterprise. As the news story was initially published in 2007, almost nine years before the interview takes place, it is interesting that Anna decides to re-imagine this story to make and give sense to materiality. Through a sensemaking lens, the adoption of stories existing 'out there' is indicative of 're-activating' (Maitlis, 2005) and, crucially, creatively re-authoring existing accounts or stories to meet a perceived sensemaking/sensegiving need. By altering her tone when starting this story, it appears that Anna is attempting to attach a sense of significance to this 're-activated' story, encouraging Rebecca to actively listen and engage in the storytelling.

Anna's story is illustrative of participants who adopt well-known news stories and creatively re-author these stories within a materiality framing during the interviews. The original news story itself establishes a potential space for connection and commonality, deepening the relationship between the storyteller and Rebecca. The 'known' nature of the news story and the potential of the news story to be the basis of common ground between the storyteller and the interviewer is important for the social construction of meaning. The news story provides a shared anchor for which sense can be created and, importantly, through which sensegiving can occur.

In another adopted story, Anna draws on existing publicly available documents and news reports of a prominent New Zealand bank to make and give sense to her understanding of materiality:

> *If you look at Westpac's reporting from a good five/six years ago now, they had a 25-point plan of sustainability. They included things like beach clean-ups, their one-day volunteering. Their sponsorship of the helicopter. All this kind of stuff. Not one of the 25 is around how they apply ESG principles to lending, and that's who they are; that is their thing. **Now they've refocused both internally and in their reporting on investing in clean green technologies and having an investment fund that [is] specifically targeted towards that industry, which is both a commercial and sustainability-driven exercise, which I think are the best kinds, where you can find things that deliver both.** And they've other initiatives as well that are much more*

> *focused on the fact that Westpac is a lender with significant influence and weight. So there's a whole lot less that they print now about their internal recycling, beach clean-ups, sponsorships, which I think is very important. All of those things are important for them in terms of staff engagement, I'm sure those things still continue and still happen, but they are not material issues for a bank. Another interesting dimension to the concept of materiality,*

In this adopted story, Anna draws on multiple sources and more specific information (e.g., Westpac's 25 point plan) to (re)construct and then re-tell a story that more directly connects to conventional notions of materiality. Whereas Anna's story about Mercury Energy explores materiality in abstract terms, this second story more explicitly connects materiality to nonfinancial accounting and reporting by incorporating Westpac's reporting into her creative authoring (see bold). As with the first story discussed above, Anna again draws on content that she assumes Rebecca knows (e.g., that Rebecca would know what Westpac was, what a bank did). There is, therefore, an assumed common ground within which to locate the story. Drawing on these different aspects of the story, Anna appears to be constructing and communicating what materiality means to her and giving a sense of materiality through re-imagining and co-constructing perceived shared areas of knowledge.

Matthew, a financial audit partner, also told an adopted story. Drawing on an account originally belonging to an audit client, Matthew re-imagines the story through a materiality lens to illustrate a particular aspect of his understanding: what he describes as the *nature* of materiality:

> *So you go out – this was quite some time ago – but there was a trucking company and they just kept on effectively losing a pallet of frozen chickens about once a quarter. And in the scheme of things it wasn't important at all to the organisation, in terms of its money. But it was hellishly material to the Chief Executive who was a very hands-on guy, knew the industry back to front. And so he made it known that a pallet of frozen chickens had gone missing, and that if they were to go missing again, that he would basically fire everyone in that entire distribution chain – that's office managers, truck drivers, forklift drivers. They never lost another pallet of chickens again. So it was, by example, but that kind of transformed the organisation in terms of what was material to management and important to management. And whilst from a financial reporting point of view, okay, it might have been kind of $1,000 I think for one of these things – it's not very much – but again it [goes] back to this – it was material in nature. Because if they were stealing regularly, the chickens, what else were they taking? And then that again comes back to --- Is there something else going on? So again, it's that professional scepticism – looking to the left and looking to the right.*

While Anna's stories exist in very public spheres and are explored by multiple writers and news stations through numerous outlets and angles, the story adopted by Matthew belongs very clearly to one specific individual in one context (the organisation described). In telling this story, Matthew appears to be relying on notions of 'common sense' to make and give sense to materiality. Thus though the story is not 'known' to Rebecca, and there is no obvious commonality between Rebecca and the story, the story illustrates how commonality may be co-developed through sharing in the logic and rationalisation of the materiality actions taken within the context that the story describes. As with the other examples highlighted, Matthew's adopted story illustrates how the storytellers make sense of, and conceptualise, materiality through applying what they *know* or *understand* to creatively re-author stories which may or may not be known to others.

The adoption and creative re-authoring of stories existing outside the direct experiences of the storyteller indicate that the original, un-interpreted stories may represent rich "frameworks for understanding" (Maitlis and Christianson, 2014, p. 58). That is, existing stories 'adopted' and

re-imagined through a materiality framing create sensemaking and sensegiving spaces where meanings of materiality can be rationalised, explored, and co-created. The illustrative stories we present above further demonstrate the importance of these spaces for engendering commonality for sensegiving to and for (an)other. By drawing on perceived commonalities as a framework of understanding, the storyteller considers the interviewer's experience in the story and carefully considers devices that may be useful in informing the interviewer's sensemaking. The re-authored stories, and the (spaces of) commonality they create with the interviewer, thus make Rebecca an active part of the sensegiving and meaning co-creation process.

5.3 Hypothetical Stories
While lived stories and adopted stories draw from specific 'real life' events or experiences that the storyteller has either lived through personally or otherwise experienced second hand, hypothetical stories allow space for each storyteller to construct a 'make believe' story that they communicate to both make sense for themselves and give sense to others. Hypothetical stories are potentially powerful in that they enable the storyteller to construct a story outside of the boundaries of their, or others', experiences. Though much of literature discusses sensemaking/giving and storytelling as retrospective in nature (i.e., making sense of, and giving sense to past events, or telling stories of past events) (Humphrey *et al*., 2011; Stein *et al.,* 2017), hypothetical stories in our data are often prospective and explore a situation that could potentially occur in the future. Hypothetical stories may also be completely unrelated to the (professional) reality of the participant, as in the example provided by Miles, a Chief Financial Officer of a listed professional services company. Miles creates a story about materiality, using a fictional garbage disposal company, to make sense and give sense about the role of 'other' nonfinancial considerations within materiality:

> *I think materiality, to me, is more about what you should be including. So the first question really is, for this particular business, what industry are they in, and what are the key nonfinancial metrics that stakeholders are going to be interested in. 'Cos clearly, that's going to be very different for a garbage disposal company where there's a lot of environmental considerations to a financial services company like us, where it's likely to be more around acting in the best interests of clients and producing a low risk, acceptable outcome, or good outcome for the clients. So it's quite different. So that for me is the materiality concept there. It's about what to include and what is relevant, and sort of linking that back to the accounting standards piece, I guess that is potentially something that could be reasonably prescriptive and industry-based, isn't it, that would really assist.*

Through bringing a 'make believe' scenario about a garbage disposal company into a story about materiality, Miles is creatively engaging and exploring ways through which he can make sense of nonfinancial considerations within materiality. In his story, Miles makes assumptions about environmental considerations in a garbage disposal company to highlight what materiality is. He compares these to a financial services company which, given his background in financial compliance, he is likely more familiar with. The use of a hypothetical story provides Miles with what we can assume he considers to be a clearer or more obvious illustration of materiality in order for him to make and given sense to his understanding.

Other hypothetical stories we identify focus on events more connected with 'real life'. For example, Chris, a nonfinancial reporting consultant and another of our participants who we identify as a natural storyteller, discusses materiality within the context of an organisation and industry with which he is not professionally associated:

Less is more. Materiality means identifying, assessing and acting on the most important sustainability issues for your organisation. Full stop. That's what it means. One, identifying it, meanings having a process. So identify it to be able to assess it. And that's probably the middle part – the assessment part – is what I think materiality's all about. Materiality includes the way in which you identify issues of significance. But it includes the assessment methodology used --- What criteria do you use? So when we look at – and this is not a judgement on Fishery A, the only major fishing company to currently report. ... What does materiality mean when you look at the way they do it? It means out of all those myriad of issues that they could be reporting on, measuring, and responding to, what is the process that they use to strategically ensure that their plans and actions are the ones that matter. That they're addressing the issues that matter. ... I look at what Fishery A is doing; they're getting better and better every year at identifying, assessing, and then communicating what they're doing about it. And getting feedback. And the feedback is from stakeholders – internal and external --- You're doing well in some areas, and you're still not addressing some issues. ... They've never reported on fish wastage. ... But fish wastage, and lying fisheries officers, and cameras, and a range of other things have all been exposed. And it's been going on for over ten years. This fish dumping, and this illegal bycatch – catching Maui dolphins – they're only reporting on when there were two. Looking at the evidence you say --- Well, it's hard to say that that's not systemic and throughout the whole industry. Yet here is a materiality process that has never identified that previously. So what materiality does, it examines, it helps, it's like a magnifying glass. So I'd be saying to Fishery A --- Please explain. How come that's never been a material issue before? And chances are that they've got a reasonable answer ---Well you know what? For our company and for your stakeholders, it's because it hasn't come up.

Through his hypothetical story, Chris makes sense of different aspects of his understanding of materiality by relating his understanding to Fishery A's materiality processes. The transcript of Chris' story gives us some indication of the rambling nature of his story and, crucially, reflects the oral nature of storytelling. Though we cannot hear Chris or see how he physically tells the story, through the structure of the transcript we are more aware of the pauses, the changes of direction of the story threads, and the spaces where thinking is perhaps more evident. The recordings, along with Rebecca's field and transcription notes, identify that the hypothetical stories the participants tell are often stop-start or have longer pauses than the telling of the lived or adopted stories. This is perhaps because the storyteller is creatively authoring the story as it is being told, reflecting the freedom of hypothetical stories to change direction or tone in response to the real-life and real-time needs of the storyteller as sensemaker and sensegiver.

The illustrative lived, adopted, and hypothetical stories that we discuss place the storyteller in a specific location in relation to the story itself. Lived stories see the storyteller and their experiences with materiality as the centre or subject of the story. In adopted stories, the storyteller is re-imagining an existing story that is not originally their own within a materiality context. Hypothetical stories allow the storyteller to creatively author a 'make-believe' story they consider to be effective to make and give sense to materiality. Before discussing the implications of these findings, we first move to discuss what we have categorised as 'narratives'. These narratives reveal less about the position of the storyteller and more about *how* the stories are told in the interview context.

5.4 Rehearsed Narratives
Rehearsed narratives emerge as stories (either lived, adopted, or hypothetical) that appear to have been used by the storyteller before. We recognise rehearsed narratives through the content of the story, the approach to telling the story, and the tone in which it is told. For example, in her notes following the interview with Matthew, Rebecca reflects that the adopted story,

discussed in Section 5.2 above, felt like it was a lesson on materiality. She also notes that it was different in tone from other parts of the interview. The story is relayed in a more authoritative and explanatory manner. It feels as if Matthew had told this story before as a way to communicate his sense of materiality to others. Elaborating on the story we include above, Matthew expands on professional scepticism and materiality:

> *But what we're seeing today, and particularly in the auditing side, is you've got to demonstrate and prove professional scepticism. And that professional scepticism means --- I've considered materiality.* **So I use the analogy of ---***Professional scepticism is defined as a questioning mind. And a questioning mind is not only what you saw going down the road, but what did you see on the left and right hand side of the road? And I know it's sometimes abused, but from an audit perspective, it's trust that's verified. And so you have to make a decision of what you're going to verify, 'cos you can't verify every transaction.*

The language Matthew uses (see bold) indicates that he has used this analogy before. Particularly the phrasing of looking "on the left and right hand" mirrors the language Matthew uses in the adopted story above and other stories that he tells earlier in the interview. In this rehearsed narrative, Matthew explicitly reveals that this analogy, and by extension the story he relays earlier, have previously been used by him to give sense to others about professional scepticism as he understands it relates to materiality.

Considering this illustrative example, Matthew appears to perceive that the telling and re-telling of this story is an effective way to engage with others in discussions on materiality. The re-telling of materiality stories over and over, possibly to different people and in different contexts, indicates that the stories chosen by the storytellers are perceived to have previous and repeated success. Rehearsed narratives are thus 'tried and true', and appear to result from previous experiences in constructing a shared meaning.

5.5 Ongoing Narratives

We identify ongoing narratives as a series of related stories that either thread throughout the interview, or stories which the storyteller tells, then refers back to as the interview progresses. We find that ongoing narratives can, again, take the form of any type of story (lived, adopted, hypothetical), and that they are often used by the eight participants that we identify as being natural storytellers.

One of these natural storytellers is William, whose ongoing narrative consistently referred back to his journey with materiality:

> *I think if you take my personal journey, as I explained to you, I had a fairly blinkered and mechanical approach to materiality.* **I think now where I am, if I was to go back into an audit role and undertake an audit, I'd be very much – I'd still do my 10%, 1%, 2%, but then I'd sit back and say – But hang on, the people that are going to be reading this financial report, what do they want to know?** *And that links into really this research that we did and published earlier this year … And this indicates what the end users, i.e., the investors, regulators, and that, are demanding from financial reports. So I think there is some room for a lot more judgement, and a lot more putting yourself in the end users' shoes in determining materiality.*

William's use of the ongoing narrative as a process of sensegiving is interesting in that, through reflecting on his own experiences, he is also making sense of his evolving understanding of materiality (see bold). In addition, by relating his lived stories through an ongoing narrative, William also brings Rebecca along through this reflective journey.

Reflection is less evident in the ongoing narratives that rely on adopted or hypothetical stories that were less personal to the storyteller, illustrated in the following extract from Chris:

> *I think the example of Fishery A not ever reporting previously – and this has happened before for them – they never reported foreign charter vessel crew issues – until it becomes in the media. So I'm not saying you should wait 'till it's in the media to make the decision, but it certainly highlights that materiality waits for no one. You'll get caught out. And it shows a deficiency in their materiality process, that they haven't identified these issues until they become in the media. It's been happening for ten years; it didn't come out of nowhere. So why was it never even on the register of – it doesn't have to mean it was previously reported, but surely there's a GRI disclosure that you have to list all the issues raised by stakeholders, which is a great thing. It doesn't mean that you have to report on them. You have to list all of it 'cos then that shows which ones are in and which ones are being deprioritised. How come it was never even on that list? Sounds like they probably were influencing the process a wee bit, maybe people weren't getting a fair say.*

Here Chris refers back to his hypothetical story of Fishery A's materiality determination process to re-emphasise and further enhance specific aspects of his understanding of materiality. That Chris is going back to this story again (rather than creating or telling/re-telling another story) suggests that he has decided to rely on this story which he perceives as useful for sensemaking/sensegiving. Whereas the example of William's ongoing narrative picks up and continues the story, Chris' ongoing narrative reflects the circular nature of some ongoing narratives, where the storyteller returns to a previous story to clarify previous points or direct attention towards different aspects of materiality the story presents.

6. Discussion and Implications

Above, we examine how participants use stories to make sense of, and give sense to, the concept of materiality in the financial and nonfinancial reporting and assurance contexts. We consider the form these stories take and the way the stories are presented in the interviews to draw insights into sensemaking and sensegiving processes. Here, we reflect on our key findings further, including a consideration of the implications.

The participants in this research come from various backgrounds, with financial and nonfinancial academics, auditors, assurors, consultants, preparers, and standard setters represented. However, when asked what materiality means to them, they all tell stories either real (as in lived or adopted) or imagined (as in hypothetical stories) to navigate materiality complexity and ambiguity for themselves and to give sense to (an)other. The participants' stories have a further common thread. Despite the relatively disparate backgrounds of the participants, they all relay stories of materiality *in action*. That is, the stories present materiality as an active concept that can be understood through various approaches to enacting it in either real or imagined contexts. This connection is perhaps more visible in the lived versus adopted and hypothetical stories. For example, Daniel's nostalgic story illustrates that, despite now working in academia, his earlier experiences with materiality in action appear to have a profound impact on how he makes sense of the concept. That is, rather than provide an example from his more recent classroom or research experiences, he drew on his previous experiences as an accounting practitioner. However, from the stories we analyse it is unclear to what extent experience in *accounting practice* influences sensemaking in particular. Participants who potentially have a stronger connection to conventional notions of accounting practice (for example, financial preparers, auditors, and standard setters) sensemake and sensegive on

materiality in contexts outside of their professional experience (see Miles's hypothetical story, above). What is clear is that our findings demonstrate that 'telling stories', in particular stories where materiality is discussed through specific actions and contexts, enables the participants to use and reflect on experiences, knowledge, and actions. This, we identify, is crucial for materiality sensemaking and sensegiving.

When considered further through a sensemaking and sensegiving lens, our findings illustrate that materiality is made sense *of* and given sense *to* through the processes of creative authoring and storytelling. Creative authoring of materiality stories creates moments of self-realisation (Apostol *et al.*, 2021, Weick, 1995) where materiality experiences and actions can be reflected upon and made sense of. Furthermore, and extending on previous observations as to the socially constructed nature of materiality (e.g., Eccles and Krzus, 2015; Puroila and Mäkelä, 2019; Unerman and Zappettini, 2014), our analysis of the role of the storyteller and interviewer dynamic finds that materiality storytelling as a sensemaking and sensegiving process is social and discursive (Humphrey *et al.,* 2011, Sandberg and Tsoukas, 2015). The making and giving of sense appears to rely on interactive and sometimes iterative (e.g., ongoing narratives) storytelling processes (Brown *et al.,* 2008; Maitlis and Christianson, 2014).

The stories we identify and the narrative forms they take bring attention to the use of storytelling to enable reflection on materiality that ultimately influences how meaning is constructed. Brown *et al.* (2008, p. 1038) argue that interpretation and, crucially, reflection on phenomena are essential for sensemaking and meaning production. Reflection in sensemaking is further contextualised by considering Maitlis and Christianson (2014, p. 102), who emphasise the roles of place and space in sensemaking processes, arguing sensemaking as "an embodied process and one in which sociomateriality [place and space] plays a much greater role." Creative authoring and storytelling processes enable the participants as storytellers to reflect on their experiences, knowledge, and actions (whether real or imagined) of materiality in action and, through these reflections, create 'plausible' accounts (Maitlis and Christianson, 2014) or stories of materiality, grounded in language and/or context that establishes spaces for commonality and meaning co-construction between the storyteller and interviewer.

Crucial to the process of materiality sensegiving is the social relationship the storytellers develop with Rebecca. This is perhaps most evident when we consider the interactions between Rebecca and those we identify as natural storytellers. Natural storytellers drew Rebecca into their stories more, using her name, sharing personal and emotive experiences, taking her with them on their materiality 'journeys' through the use of ongoing narratives, and considering her experience in their storytelling. From a sensegiving perspective, establishing spaces for commonality and joint reflection appears to be useful in building rapport between storyteller and active interviewer. Particularly commonality based in "practical situations" (Apostol *et al.* 2021, p. 18) brings materiality actions 'to life' for the active interviewer and thus can be more influential in shaping, or redefining, her materiality reality(ies) (Gioia and Chittipeddi, 1991).

Our findings draw attention to an apparent disconnect between the technical definitions and interpretive guidance presented in the financial and nonfinancial reporting and assurance standards discussed earlier in the paper and the participants' creative and social storytelling processes to make and give sense to materiality. When we consider the findings in relation to the ambiguous yet technical nature of existing standards and guidance on materiality (Edgley, 2014; Edgley *et al.,* 2015; Iyer and Whitecotton, 2007; Roberts and Dwyer, 1998), several observations are possible.

First, the use of ambiguous and technical definitions to 'give sense' to materiality does not appear to align with the social, reflective sensemaking and sensegiving processes through which our participants interact with the concept. Our findings indicate that utilising stories and narratives, rather than interpretive and definitive statements, could be useful in, firstly, bringing materiality (and its workings) 'into the light' and, secondly, developing co-constructed meanings of the concept. Such stories/narratives communicate meaning, making materiality experiences, knowledge, and, crucially, make 'materiality in action' visible. A storytelling approach to materiality standard setting has potential to confront materiality ambiguity, address demands for clarity in materiality guidance and standards (Deegan and Rankin, 1997; Houghton et al., 2011), and unite the fractured and contested understandings of materiality that currently appear to dominate.

Second, our findings also encourage us to consider further the extent to which co-constructed meanings can be achieved through written stories and narratives alone. Throughout the paper, we direct attention towards the physical and relational nuances of creative authoring and oral storytelling which appear important for materiality sensemaking, sensegiving, and meaning co-construction. Our experiences and findings highlight the importance of physicality and presence in oral storytelling to sensemake and sensegive, illustrated, for example, by the noted pauses, vocal tones, and pace at which the participants (as storytellers and creative authors) construct and share their materiality stories. The qualities of the hypothetical stories, in particular, demonstrate that the flexible and oral nature of creative authoring and storytelling has greater potential to capture and communicate the complexities and nuances of materiality than the static written format currently favoured by financial and nonfinancial standard setters and guidance providers. The flexibility of oral storytelling is important, given the ambiguous and complex nature of materiality (Brennan and Gray, 2005; Edgley, 2014). Unlike the static, written definitions of materiality, oral stories can be edited and changed - even as they are being creatively authored and shared - to meet the storyteller's perceived sensemaking and sensegiving needs. Oral storytelling has potential implications for materiality sensegiving, particularly as oral stories of 'materiality in action' can be adapted based on what is known and what is not known to the active listener.

As we establish earlier in the paper, current materiality standards and guidance privilege the written. In their current format, and in the absence of relatable language, context, and human engagement, financial and nonfinancial reporting and assurance standards and guidance may be seen as attempting to (unsuccessfully) 'force' sense upon standard/guidance users. They promote vague, generic, and technical (sometimes circular) definitions of materiality that, our findings would infer, are likely to be limited in enabling reflective and social spaces for sensemaking, sensegiving, and meaning co-creation.

We have suggested that standard setters and guidance providers consider using stories and narratives of 'materiality in action' to develop co-constructed meanings of materiality and to confront materiality ambiguity. While such written stories and narratives could potentially represent "frameworks for understanding" (Maitlis and Christianson, 2014, p. 58), as is the case with adopted stories re-interpreted from media stories, for example, for practitioners and others to make sense of materiality, such an approach fails to capture the social engagement we find in materiality sensemaking and sensegiving processes. We, therefore, suggest standard setters and guidance providers consider creating educative situations that allow for creative authoring and oral storytelling and the development of meaning co-creation. This could be in the form of training development sessions that emphasise interaction (e.g., role play), the sharing of (real or imagined) stories of 'materiality in action' in one-to-one or potentially group

situations, video recordings that stimulate reflection, discussion, and debate, or interactive (real or imagined) case study stories, situated in specific contexts/focused on materiality actions.

Though this discussion focuses on the implications for standard and guidance setting, our findings also have implications for materiality education more broadly, both formal education (e.g., higher education) and more informal education (within practice) contexts. Approaches to education that allow for creative authoring and oral storytelling, active collaborations, and co-authoring would seem to hold potential, and future research in these settings would be valuable. Furthermore, in addition to finding stories central to sensemaking, we have also demonstrated their role in sensegiving. Within these educative settings, or in settings where participants may not have their own practical or personal experiences of materiality, our findings also suggest that stories are likely to be useful in creating shared understandings. While further research would be required to ascertain which, if any, story form is the most effective, we would suggest adopted stories, around which shared sense can be created, like the news story example, above, are likely to be useful.

7. Concluding Comments and Directions for Future Research

We have addressed the question, "how do actors make sense and give sense to materiality and what are the implications of this sensemaking and sensegiving process?". Across the financial and nonfinancial reporting and assurance contexts, we find that participants 'tell stories', particularly stories of materiality 'in action', to navigate materiality complexity and ambiguity. They do so both to make sense of the concept for themselves and to give sense to (an)other. We have outlined a number of implications of these findings, in particular emphasising the importance of creating educative situations where creative authoring, oral storytelling and meaning co-creation on materiality could be enabled through interactive and social engagement. In presenting these findings and their implications, we make two contributions.

First, our discussion contributes to the accounting literature on the concept of materiality (Dumay *et al*., 2015; Edgley, 2014; Edgley *et al*., 2015; Iyer and Whitecotton, 2007; Puroila and Mäkelä, 2019; Unerman and Zappettini, 2014). In addition to our focus on both the financial and nonfinancial contexts, we contribute to literature on the ambiguous nature of the concept. While previous studies have looked at understandings of materiality (Edgley, 2014; Houghton *et al.,* 2011; Messier *et al.,* 2005), we consider *how* people make sense of the concept and communicate those understandings to other(s). We extend the literature that brings attention to a plethora of ambiguous conceptions of materiality by focusing on the *use* of stories and narratives to navigate this complexity and ambiguity and make sense of, and give sense to, the concept.

Second, we contribute to the sensemaking and sensegiving literature, particularly that from accounting (Apostol *et al*., 2021; Baker and Schaltegger, 2015; Goretzki and Messner, 2016; Kraus and Strömsten, 2012; Stein *et al.*, 2017; Tillman and Baker, 2008). We show how storytelling and narratives act as powerful sensemaking and sensegiving vehicles in relation to materiality as 'everyday' and 'mundane'. This consideration of sensemaking and sensegiving in relation to materiality as mundane not only contributes to the sensemaking literature, including that in accounting which tends to privilege "triggering events" or "disruptive episodes" (see Stein *et al*. (2017) for an exception), but also presents opportunities for the analysis of other accounting concepts and contributions to knowledge as to how to communicate understandings. Accounting has numerous concepts embedded in everyday practices and routines (we noted above 'true and fair' and 'understandability' as illustrative

examples). We suggest a sensemaking and sensegiving perspective when analysing these accounting concepts would seem worthwhile.

The participants in this research illustrate the importance of establishing connections and constructing shared meanings through their use of stories and narratives about materiality. We demonstrate that there is potential value in accounting researchers acknowledging and emphasising the importance of the relational and socially constructed aspects of materiality and accounting, reporting and assurance more generally. In further considering the areas for future research, we recognise that our findings and analysis are based on, and limited to, the telling of stories from one individual to another. As materiality appears to be made sense of through storytelling and reflection on 'materiality in action' (see also Eccles and Krzus, 2015, Iyer and Whitecotton, 2007), research which considers how meaning is constructed through materiality action(s) would appear to be needed. This is also likely to involve how meaning is created collectively. For example, we encourage analysis of materiality action(s) and the moments of materiality decision-making and reflection in order to better understand how materiality is constructed and/or negotiated collectively. The potential of storytelling as it relates to sensemaking as a distributive process, or "how individuals who hold different pieces of information are able to collectively construct new meaning" (Maitlis and Christianson, 2014, p. 102), would likely add to our findings by considering collective sensemaking and sensegiving processes.

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[i] This email extract is largely unedited; only participant and company names have been changed to protect anonymity.

[ii] We provide further detail on how we use terms later in the paper. However, it is worth noting at this stage that, in line with other research (e.g. Brown and Jones, 1998; Humphreys and Brown, 2002; Brown et al., 2008), we use the terms 'story' and 'narrative' interchangeably. In doing so we note that this is not unproblematic, for as Beattie (2014, p. 118) proclaims, "'Story' is not the same as narrative". However, given that we are interested in the use of story/narrative, rather than the content of the story/narrative itself, we believe such a distinction is not essential here.

[iii] Although Blokdijk et al. (2003) acknowledge ambiguity or 'vagueness' in materiality guidance in their investigation of materiality within financial audit planning in the Netherlands.

[iv] While we note that there appears to be some demand for a definition of materiality drawing on the literature and the presence of definitions and guidance on the concept from various institutions, the extent to which various groups really wish to confront ambiguity remains unclear and warrants investigation. While beyond the scope of our study, we do acknowledge that this is an important consideration if our findings are to have practical impact. We thank the reviewer for raising this important point.

[v] See Brody, Lowe and Pany (2003) for an interesting discussion of definitions and meaning of materiality within the audit context, including distinctions between quantitative and qualitative standards, and their implications.

[vi] See Puroila and Mäkelä (2019) for a discussion of how varying social constructions of materiality influence the construction of sustainability within a sustainability reporting context and Lai et al. (2017) for a discussion of the social construction of materiality within an integrated reporting context.

[vii] Maitlis and Christianson (2014) outline several common aspects of the sensemaking literature as well as outline areas where the literature "diverges". Common aspects include: seeing sensemaking as a process; as involving cues which play a central role; regarding sensemaking as social; and, considers the actions that people take to make sense of a situation enacts the environment that they seek to understand. The areas where Maitlis and Christianson (2014, p. 58) identify as divergent include how it is accomplished, its temporal orientation, and the degree to which it is shared.

[viii] Interviews were a specific phase of a broader research project that explored understandings of materiality and materiality determination processes within the IIRC's Integrated Reporting practices.

[ix] The lead author is an ex-auditor with experience in financial audit in a Big 4 while the second author is involved in sustainable business and reporting networks. An additional supervisor was also active in the standard setting community. All participants are New Zealand based.

[x] Drawing on Maitlis and Christianson (2014) and Brown et al. (2008), we use the terms 'creative author' and 'creative authoring' to signify the role the participants and interviewer have in constructing, re-constructing and comprehending materiality. Or, in other words, the role of the participants and interviewer as 'sensemakers' and 'sensegivers'.

[xi] The news story, published in May 2007, relates to the death of Folole Muliaga. Folole, who was dependent on an oxygen machine, died when power to the family home was cut off due to an unpaid electricity bill. Folole's death led to significant reforms within the electricity sector (see https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10442627)