

Value creation over time: the application of IIRC integrated reporting framework
to demonstrate the value of MICE business

Keiko Nishimoto

Kyoto University Graduate School of Management

Abstract

The human desire to meet and exchange ideas, the basis of conventions and meetings, is as old as humankind (Weber & Chon, 2002), but it is only recently that Meetings, Incentive travels, Conventions and Exhibitions (MICE) business has received greater recognition as an independent industry.

The industry requires a great deal of investment in infrastructure and cooperation from a wide range of industry stakeholders, local governments, and the communities of the areas where events are held. Justifications for these investments have been primarily based off economic impact studies. While these reports clearly illustrate the financial value, there is a need for individual events and the MICE industry as a whole to better demonstrate the other forms of value that are created. Event legacies are often used as a rhetoric of justification especially in sport events, but the concept is sometimes vague and lacks accountability.

This research proposes the International Integrated Reporting Council (IIRC) framework as a better tool for the MICE industry to communicate the full spectrum of value it creates - including, but not limited to, the economic impact. Nagoya Congress Center (NCC) consortium, a private-public joint venture to manage NCC, was chosen as a case study to test the IIRC framework on the MICE industry. Based on the agency theory and stewardship theory of social accountability, two research questions were raised: 1. Does the IIRC framework work to demonstrate a value creation model of MICE business? 2. How will the reporting framework change the organization's behavior and perceptions?

Chapter one of the research gives a background on the evolution of corporate reporting. The trends in corporate reporting that have ultimately led to integrated reporting are discussed. Specifically, the amount and variety of information has increased dramatically since the 1960's, when companies simply released financial statements. Now, integrated reporting aims to compile the large variety of information that investors require to be disclosed in a concise and integrated way.

The author suggests that integrated reporting is well suited for the MICE industry for five reasons; (1) flexibility of the principle-based approach, (2) usefulness as a communication tool to the public sector, (3) potential to cover the long-term value creation, (4) balanced approach with six capitals, both finance and non-finance, and (5) potential for communicating long-term value creation.

The Nagoya Congress Center Consortium, joint venture of private and public sector is presented as the entity for the reporting, and the Munich Airport's integrated report is selected as a sample case for the study as it has many key similarities to the Nagoya Congress Center. Integrated reporting uses six "capitals" to categorize the kinds of value that can be created – financial, manufactured (infrastructure), intellectual, human, social and relationship, and natural. This research aims to look at the value created by the consortium through all capitals excluding financial capital.

In chapter two, an overview of the Nagoya Congress Center is given, including its history, background and management. The congress center has a unique management system in which a public entity - the Nagoya Convention Bureau and a private professional congress organizer (PCO) manage it together as a consortium.

Chapter three discusses how the research was conducted. NCC consortium is set as the entity of reporting. The six capitals and how they relate to the NCC are discussed, and the methodology behind the research is explained. The research took place from April – December 2019 and included interviews and group discussion with consortium members, observations of day-to-day operations, observations of events held at NCC and staff training, and data collection via a questionnaire.

Chapter four discusses the process in which NCC was introduced to the IIRC framework and the results of its application. A discussion on the IIRC content elements is followed by discussions on each of the five non-financial capitals. These discussions with NCC contain examples of value creation stories in each capital. Large, organizational level changes did not happen because NCC did not officially adopt the IIRC framework, but the discussions and surveys revealed that many members of the consortium have expanded their time horizon from the 4-year contract renewal periods to much longer-term thinking as much as 30 years in the future. It was also discovered that one of the main factors that allows NCC to successfully create value is its management by a PCO and the strengths they bring, including their ability to create a strong local network.

The research concludes by revisiting the research questions. The IIRC Framework was found to work well with the MICE industry; the principle-based approach allowed NCC to flexibly set KPIs, it is a valuable tool for the public sector, it fosters long term creation – helping NCC to break out of their 4-year mindset, using the six capitals helped NCC find a new, more balanced approach to value creation and communication, and it began to foster integrated thinking within the members of the consortium. Ultimately, while NCC did not change on the organizational level, changes on the individual level were reported and measured using the post-discussion surveys. A full adoption of the IIRC Framework on an organizational level by a MICE organization would be an optimal scenario for further research.

Near the end of this research, a global pandemic struck. The final section of this paper discusses the impact of COVID-19. As travel and gatherings have become impossible, virtual and hybrid meeting models have emerged as alternatives to postponement or cancellation.

However, the great value that can only be found in meeting face to face is unchanging, even in our digitally connected world, because it is our human desire to meet and exchange ideas. This is the basis of conventions and meetings, and how the MICE industry has been creating the value over time, as the ecosystem that surrounds this practice that is as old as our society.

Keywords: MICE, event legacies, integrated reporting, value creation, convention center