

Reducing the Expectation-Performance Gap in Assurance of  
Global Reporting Initiative (GRI) Sustainability Reports in  
Brazil

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## **ABSTRACT**

The increasing relevance of sustainability is transforming the way business is conducted. The sustainability concept is challenging organisations to make choices about the way in which business is conducted that include consideration of environmental and social aspects as well as economic. Sustainability reports are a valuable tool for organisations to communicate with their stakeholders, especially on their social and environmental performance. In this context, the assurance process is the most common activity used by organisations to give credibility to their sustainability reports.

As assurance of sustainability reports is still voluntary and not regulated in a majority of countries, there are organisations from different sectors providing different types of assurance services. This difference in services provided by assurance organisations has resulted in questions being raised about the quality of assurance services and to what extent this type of service is helping organisations to enhance the credibility of their sustainability reports. This research aims to explore whether there is a reasonableness gap and a performance gap across three different groups of participants (assurers, reporters and readers) regarding the assurance process of GRI sustainability reports. In addition, it identifies reasons for those gaps found, and proposes recommendations to improve the assurance process of GRI sustainability reports and reduce those gaps.

To achieve these research aims, seven research sub questions were developed and investigated through an embedded design mixed method. This design involved quantitative data embedded in a qualitative approach and used Brazil as a single exploratory case study. According to some authors, Brazil has emerged as a leading hot-spot of sustainability reporting.

Results of the research provide support for the existence of a reasonableness gap among readers and reporters and a performance gap on the part of assurers regarding the assurance of GRI sustainability reports. Second, this research identified several reasons for the existence of those gaps and provided recommendations to reduce them. Readers and reporters indicated that the scope of the assurance process seems to involve just checking numbers instead of assessing qualitative information and

assurers are too superficial in their analysis. Some of those criticisms were addressed to assurers representing accounting firms. Further, according to some Assurers, organisations just want an assurance statement in their sustainability report regardless of the quality of the assurance process conducted and the scope assessed. The results demonstrated that most of the participants in all groups are not satisfied with assurance processes of GRI sustainability reports. Particular concerns include variation in the assurance methodology applied by different assurers and the lack of clarity about the scope and the assurers' opinion about the sustainability reports in assurance statements. It was also identified that the majority of the participants do not have knowledge about the GRI recommendations for assurance processes and most of them believe sustainability reports' readers cannot understand the assurance statements provided.

This research contributes to the practice of assurance of GRI sustainability reports by providing recommendations for improvement. Recommendations are proposed based on the participants' ideas and based on the Content Index Model developed by this research. The Content Index Model was proposed to GRI in March 2012 and included in the latest version of its guidelines launched in May 2013. This research also makes contributions to knowledge about the assurance process of sustainability reports and expectation-performance gap theory.

Key words: assurance; expectation-performance gap; Global Reporting Initiative (GRI); reasonableness gap; performance gap; stakeholders; sustainability reporting; sustainability reports; credibility.

## CERTIFICATION OF DISSERTATION

The work submitted in this dissertation is original, except as acknowledged in the text. The material herein has not been submitted, either in whole or in part, for any other award at this or any other university except where acknowledged.

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# LIST OF PUBLICATIONS DRAWN FROM THE DISSERTATION

## Journal articles published

Mori Junior, R, Best, P & Cotter, J 2013, 'Sustainability Reporting and Assurance: A Historical Analysis on a World-Wide Phenomenon', *Journal of Business Ethics*, pp. 1-11.

## Conference Papers

Mori Junior, R, Best, P & Cotter, J 2012, 'GRI Guidelines for assurance of sustainability reports: Fortune Global 500 list 2010 analyses', paper presented to The Australian GRI Conference on Sustainability and Integrated Reporting, Melbourne Australia

Mori Junior, R, Best, P & Cotter, J 2011, Reducing the stakeholders' assurance expectation gap for Global Reporting Initiative (GRI) sustainability reports ', paper presented to The 2011 AFAANZ Doctoral Symposium , Darwin Australia

## Technical Contribution to Practice

2013, Global Reporting Initiative, G4 Sustainability Reporting Guidelines, Amsterdam.

The Content Index Model proposed in this research (Appendix 9) and was presented to GRI through the conference presentation “GRI Guidelines for assurance of sustainability reports” at the Australian GRI Conference on Sustainability and Integrated Reporting, held in March 2012 in Melbourne Australia and has been included in the latest version of the GRI G4 Sustainability Reporting Guidelines (Appendix 10), released in May 2013.

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## LIST OF ABBREVIATIONS

AA 1000	Assurance Standard
ACSBD	Australian Centre for Sustainable Business and Development
CSR	Corporate Social Responsibility
CERES	Coalition for Environmentally Responsible Economies
ETHOS	Ethical and Corporate Social Responsibility Institute
GDP	Gross Domestic Product (GDP)
GRI	Global Reporting Initiative
HDI	Human Development Index
IAASB	International Auditing and Assurance Standards Board
ISAE	International Standard on Assurance Engagement
ISAE 3000	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information
IBGE	Brazilian Institute for Geography
IBRACON	Brazilian Independent Auditors Institute
IFAC	International Federation of Accountants
NGO	Non-Governmental Organisation
P	Proposition
RSQ	Research Sub Question
RQ	Research Question
UK	United Kingdom
UN	United Nations
UNCED	United Nations Conference on Environmental and Development
UNEP	United Nations Environmental Programme
US	United States
USQ	University of Southern Queensland

# CHAPTER 1: INTRODUCTION

## 1.1. Introduction

This research examines an expectation-performance gap related to the assurance process of sustainability reports prepared following the Global Reporting Initiative (GRI)<sup>1</sup> guidelines. In addition, it identifies reasons for various aspects of this gap and proposes recommendations to improve the assurance process of GRI sustainability reports. The assurance process of GRI sustainability reports is a new practice that previous studies have identified as needing further research. The relevance of the sustainability concept has resulted in an increasing number of sustainability reports issued worldwide and social and environmental performance is now being considered as fundamental data in decision making processes. Since the GRI is an international sustainability reporting framework, the Content Index Model proposed in this research contributes to the practice of assurance processes worldwide; bringing potential benefits to all entities involved in the process.

This Chapter outlines the basis for this research starting with an overview of the current assurance process for sustainability reports. The research issues addressed by the research are described within this introductory Chapter, which explains the background to the research problem, includes the research question and objectives, presents motivations and justification of the research, briefly presents the research methodology and then provides an outline of the study. Research definitions and limitations are also presented in this Chapter.

## 1.2. Background to the Research Problem

The transformation in the way business is conducted since the late 1980s and early 1990s, allied to the increasing relevance of the sustainability concept in a globalised scenario, has changed the business world (Moneva, Archel & Correa 2006; Mori Junior 2009; Müller, Mori Junior & da Silva 2008; Perego 2009; 2005). Through a survey of 1,946 executives representing a wide range of industries and regions, McKinney and Company (2010) found that more than 50 percent of executives considered sustainability “very” or “extremely” important in their business practices. In this context, sustainability reports have been serving as a fundamental communication tool between organisations and their stakeholders<sup>2</sup>, focused on environmental and social performance. This research adopted the term “sustainability report” in accordance with the GRI (2006, p. 3) definition: “Sustainability reporting is the practice of measuring, disclosing, and being accountable for organisational performance while working towards the goal of sustainable development. A sustainability report provides a balanced and reasonable representation of the sustainability performance of the reporting organisation, including both positive and negative contributions”.

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<sup>1</sup> Global Reporting Initiative is a network-based non-governmental organisation that aims to drive sustainability and environmental, social and governance reporting ([www.globalreporting.org](http://www.globalreporting.org)).

<sup>2</sup> Stakeholder is any group or individual who can affect or is affected by the achievement of the organisation’s objectives (Freeman 1984 p. 25)



According to KPMG<sup>3</sup> (2008) close to 80% of the 250 top organisations listed in the Fortune Global 500 (G500)<sup>4</sup> ranking issued a sustainability report of some kind. Mori Junior, Best and Cotter (2013) in a recent study found that 85% of the organisations listed in the G500 in 2010 issued a sustainability report. When just the top 250 organisations listed in the G500 were considered, the percentage was even higher at 93%.

According to previous studies, the most used sustainability reporting framework to date is the GRI (Bloomberg & Volpe 2008; Brown, de Jong & Levy 2009; KPMG 2008). KPMG (2008) found that 77% of the top 250 organisations listed in the G500 employ GRI guidelines for their sustainability reporting. GRI (2010a) states that the number of organisations using the GRI framework has been increasing since 1999 (see Figure 1) and highlights Brazil with an “exceptional increase” of 68% in the number of reports from the year 2009 to 2010. This report also identifies the top three countries by number of reports as United States of America, followed by Spain and Brazil. This document also classifies Brazil, Sweden and Australia as “above average” considering the number of reports issued.

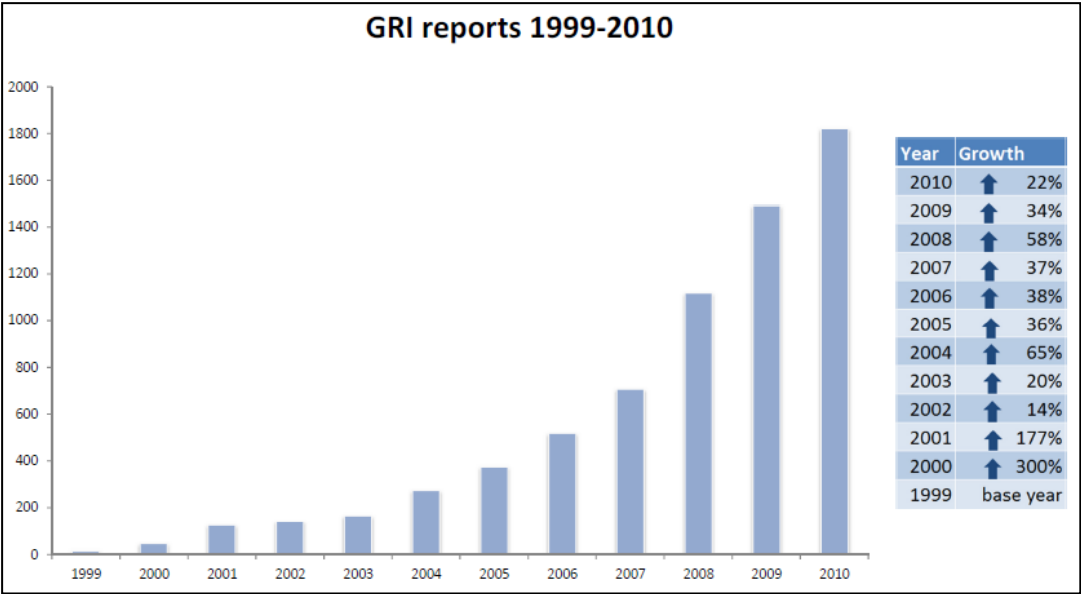


Figure 1: Number of organisations using GRI framework (Global Reporting Initiative 2010b, p. 2)

Brazil has been considered a global phenomenon and has taken recognition internationally in the sustainability reporting area. Its first social balance worksheet was published in 1986 and in 2010 all winners of the GRI annual international awards were Brazilian organisations. According to some authors, after years of dominance from Europe and North America, Brazil is now also competing seriously for leadership in sustainability reporting (Futerra, SustainAbility & KPMG Global Sustainability Services 2010; KPMG et al. 2010; Mori Junior, Best & Cotter 2013; SustainAbility, Fundação Brasileira para o Desenvolvimento Sustentável (FBDS) & United Nations Environment Programme (UNEP) 2008).

<sup>3</sup> KPMG is a global organisation providing audit, advisory and tax services ([www.kpmg.com](http://www.kpmg.com)).

<sup>4</sup> Fortune Global 500 (G500) is an annual ranking of the top 500 world’s largest corporations listed by revenue and it is published by Fortune magazine ([www.money.cnn.com/magazines/fortune/global500](http://www.money.cnn.com/magazines/fortune/global500)).

To enhance credibility of sustainability reports, some organisations' voluntarily include independent third-party assurances<sup>5</sup> in their sustainability reports. As assurance of sustainability reports is a relatively new practice and is still voluntary and not regulated in the majority of countries, different types of entities are providing assurance services using different scopes, methodologies and assurance statements<sup>6</sup> (Deegan, Cooper & Shelly 2006; Fédération des Experts Comptables Européens 2006; Frost & Martinov-Bennie 2010; KPMG 2008; Moneva, Archel & Correa 2006; Mori Junior, Best & Cotter 2012; O'Dwyer, B. & Owen, D. 2005; Owen, Chapple & Urzola 2009; Perego 2009; Romero, Ruiz & Fernández-Feijóo 2010).

In relation to those differences, some authors argue that investors and other readers of sustainability reports need to be informed about the different types of services provided by different assurers<sup>7</sup> and it is important to promote guidance or frameworks that provide a credible basis for both reporting and assurance. Some assurers provide assurance statements in accordance with their own criteria but to increase the credibility of voluntary reports, such as sustainability reports, assurers should provide precise definitions of the assurance scope and pay more attention to what stakeholders expect from independent third-party assurance statements (Barrett 2004; Brown, de Jong & Levy 2009; Fédération des Experts Comptables Européens 2006; Park & Brorson 2005; Perego 2009; Romero, Ruiz & Fernández-Feijóo 2010). Statements from different authors have been made over the past few years about how the assurance process for sustainability reports could be improved. For instance, Adams and Evans (2004) suggest that there are no assurance guidelines that adequately cover all aspects of sustainability reports and it is necessary to develop an assurance guideline determining the key principles by which assurance processes for this type of report should be conducted. KPMG (2008) suggest that GRI could clarify the assurance requirements by specifying types of assurance and roles of assurers in more detail. KPMG also suggested that more studies are needed in order to examine how GRI could achieve these improvements.

These differences in services provided by different assurers have resulted in questioning by some stakeholders and researchers about the quality of assurance services, the transparency of the assurance process and the real benefits from assurance processes in the way they have been performed. For instance, Owen, Chapple and Urzola (2009) argue that a stream of academic research has strongly questioned the efficacy of assurance in enhancing transparency to key stakeholder groups. Ball, Owen and Gray (2000) state that verification practices exhibit a "managerial turn" rather than representing corporate commitment to external transparency and accountability. Dando and Swift (2003) argue that much assurance

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<sup>5</sup> Assurances are "methods and processes employed by an assurance provider to evaluate an organisation's public disclosures about its performance as well as underlying systems, data and processes against suitable criteria and standards in order to increase the credibility of public disclosure. Assurance includes the communication of the results of the assurance process in an assurance statement" (AccountAbility 2008).

<sup>6</sup> Assurance statement is the result of the assurance process. It is a set of findings, conclusions and recommendations provided by the assurance provider in a publicly issued assurance statement (AccountAbility 2008).

<sup>7</sup> "Assurance provider" or "assurer" is the organisation or person that provides assurance services (AccountAbility 2008).

practice has been framed by financial assurance models that are inadequate for the qualitative dimensions of social, ethical and environmental performance.

To improve transparency in sustainability reports the assurance process itself must first be transparent. Without a high level of transparency, the assurance process for sustainability reports could be considered just a bureaucratic and unimportant activity (Mori Junior, Best & Cotter 2013). Assurance processes must be transparent in aspects such as the scope of the work performed during the assurance process and the way in which the results are clearly provided on assurance statements.

On the other hand, some authors argue that at least the assurance process contributes towards some organisations' processes, such as improving internal control structures, creating more stringent sustainability reports, engendering greater credibility in reports and helping organisations to be more transparent and credible in relationships to their stakeholders (Hodge, Subramaniam & Stewart 2009; Park & Brorson 2005; Zorio, García-Benau & Sierra 2012).

Considering previous statements in relation to the current state of assurance of sustainability reports, it is likely that assurance processes of sustainability reports suffer expectation-performance gap<sup>8</sup> similar to those associated with financial statements audits (Ariff, Rosmaini & Hanafi 2008; Best, Buckby & Tan 2001; Fadzly & Ahmad 2004; Frank, Lowe & Smith 2001; McEnroe & Martens 2001; Onumah, Simpson & Babonyire 2009) and similar to those identified by Adams and Evans (2004) and Green and Li (2011) in social audits and greenhouse gas emissions assurances respectively. This research aims to assess the existence of and the reasons for such an expectation-performance gap in the assurance of GRI sustainability reports in Brazil.

While previous authors have assessed the existence of the expectation-performance gap comparing different groups of participants' responses against auditors and assurers' responsibilities, this research aims to explore the expectation-performance gap from a disaggregated perspective. To do so, Porter's (1993) concepts were applied to divide the expectation-performance gap into its two components: reasonableness and performance gaps. The reasonableness gap was assessed by comparing responses from sustainability reports makers (Reporters) and sustainability reports readers (Readers) against assurance standards (ISAE 3000 and AA1000) and the GRI guidelines. The performance gap was assessed by comparing responses from assurers of sustainability reports (Assurers) against assurance standards (ISAE 3000 and AA1000) and the GRI guidelines. Porter, hÓgartaigh and Baskerville (2009) conducted one of very few studies that assessed the expectation-performance gap theory through its two components (reasonableness and performance gaps) in external financial statement audits.

A specific aspect of stakeholder theory was also employed in this research in combination with the audit expectation-performance gap theory, to further explore the assurance of GRI sustainability reports in Brazil and to provide a robust theoretical basis for this research (see section 2.3.7 Theoretical Framework and

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<sup>8</sup> This research considers the definition of the audit expectation-performance gap theory stated by Porter (2003), which is the gap between society's expectations of auditors and auditors' perceived performance. According to this author the expectation-performance gap has two components: the reasonableness gap (the difference between society's expectations of what auditors should achieve and what auditors can reasonably expect to achieve) and the performance gap (is the difference between society reasonably expects of auditors and auditor's actual performance according to auditor's existing duties).

Chapter 3 Methodology for more detailed information). Regarding stakeholder theory, this research adopts the concept stated by Mainardes, Alves and Raposo (2011, p. 229) that stakeholder theory focuses on the nature of the relationships between organisations and their stakeholders in terms of processes and results, and the concept stated by Freeman (2009) that different stakeholders have different perceptions and interests. This concept was adopted in order to assess differences amongst the responses provided by the three different groups of participants (reporters, readers and assurers) interviewed in this research.

In addition, this research developed and proposed a Content Index Model (appendix 9) and assessed its effectiveness in reducing the reasonableness and performance gaps and in improving the understanding of sustainability reports' readers in relation to the assurance process of GRI sustainability reports. The Content Index Model proposed in this research was developed considering the professional experience of the researcher, working as an assurance provider, and the literature available regarding the assurance process of sustainability reports (see section 2.3.4. for more details about the Content Index Model proposed in this research). The Content Index Model is based on three main aspects: (1) GRI sustainability reports users' inability to understand the scope of the assurance provided by the assurance statements; (2) inconsistencies caused by the lack of standardised assurance service models; with assurance providers using different scopes, employing different methodologies and providing different types of assurance statements; (3) sustainability reports that follow GRI guidelines use a model of a content index ("GRI content index"<sup>9</sup>) that aims to clarify for the readers the scope of the sustainability report in relation to GRI principles and indicators.

The effectiveness of the Content Index Model has been assessed, with consideration given to responses by participants (see Chapter 6 for more detailed information). This research also aims to obtain participants' perceptions and ideas in order to make recommendations to improve the assurance process of GRI sustainability reports.

### 1.3. Research question

Very little prior research has considered the application of audit expectation-performance gap theory and stakeholder theory to the assurance of GRI sustainability reports. Adams and Evans (2004) is one of the few studies that has focused on the assurance of sustainability reports that incorporated audit expectation-performance gap theory. These authors argue that the audit expectation gap in ethical, social and environmental reports arises from an over-emphasis on the validity of performance data at the expense of addressing completeness and credibility. This study also provides a list of factors that contribute to the expectations gap, such as:

- Unlike the financial audit, assurance of sustainability reports is not a legal requirement;

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<sup>9</sup> "A GRI content index is a table or matrix that lists all of the Standard Disclosures, and where responses to the disclosures can be found (page number or URL). Reporting organisations can also add reference to organisation-specific (non-GRI Guidelines) Indicators. The Content Index provides users with a quick overview of what has been reported and increases ease of report use. A Content Index is especially important if some of the Disclosures appear in other reports, such as a financial report or previous sustainability reports." (Global Reporting Initiative 2011, p. 42).

- There are no guidelines specifying what type of audit opinion should be issued, and under what circumstances;
- Assurance of a sustainability report is prepared for different stakeholders with different interests and concerns, while a financial audit report is addressed primarily to shareholders;
- Auditors should have special skills, as much of the information published in sustainability reports is qualitative in nature.

Previous studies have also recommended the need for further research on the assurance of sustainability reports effectiveness in achieving stakeholders' expectations and enhancing reporting credibility (Adams & Evans 2004; KPMG 2005; Mock, Strohm & Swartz 2007; Mori Junior, Best & Cotter 2013; O'Dwyer, B. & Owen, D. 2005). O'Dwyer (2005) points out that future research should engage in in-depth case studies and interviews with assurers to obtain their perspectives on processes they undertake as well as pressures they face during assurance processes. According to this author, research is needed to understand assurers' perspectives about assurance processes and determine the extent of the stakeholders' assurance expectation-performance gap. Park and Brorson (2005) called for more attention to be paid to establishing possible links between methods of assurance and increased credibility for sustainability reports. Owen, Chapple and Urzola (2009) state that there is considerable scope for further research, especially in relation to stakeholders' opinions of and perceptions about sustainability reporting and assurance of sustainability reports for the purpose of developing a more genuinely stakeholder-inclusive sustainability reporting and assurance process.

Because assurance of sustainability reports is still a new practice and there are questions about the quality of the assurance processes and the way they have been provided, this research aims to explore the current state and contribute towards the development of assurance of GRI sustainability reports by applying both audit expectation-performance gap theory and the stakeholder theory.

To do so, the following research question (RQ) was stated:

**RQ - Is there an expectation-performance gap in the assurance of GRI sustainability reports in Brazil, and if so, what are its reasons and ways to reduce it?**

Figure 2: Research question.

To answer the research question the following research sub questions (RSQ) were developed:

**RSQ 1:** Is there a reasonableness gap in the assurance of GRI sustainability reports in Brazil?

**RSQ 2:** If so, why does such a reasonableness gap exist?

**RSQ 3:** Is there a performance gap in the assurance of GRI sustainability reports in Brazil?

**RSQ 4:** If so, why does such a performance gap exist?

**RSQ 5:** How can the reasonableness and the performance gaps be reduced?

**RSQ 6:** Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps?

#### 1.4. Research motivations

The motivation for undertaking this research is based on the following considerations:

- Difficulties were faced during the researcher's professional experience working as a consultant in an assurer organisation;
- If reasonableness and performance gaps exist, credibility and transparency of GRI sustainability reports may not be achieved, and readers of GRI sustainability reports may be misled due to their lack of understanding of the assurance process and assurance statements and deficient performance on the part of assurers;
- Very few studies have considered the expectation-performance gap in the assurance processes of sustainability reports;
- As a new practice, there is still a lack of research related to sustainability reports and the assurance process, especially the assurance process of GRI sustainability reports;
- Although there are two main international standards to guide the assurance of sustainability reports worldwide, this is still a voluntary practice that is largely unregulated in most countries;
- Previous studies have identified several differences (methodology, scope, assurance statements) among the assurance services provided by different types of assurers and sustainability report users seem to not understand those differences;
- Although the number of organisations worldwide developing and publishing sustainability reports has been increasing for the last few years, the number of assured sustainability reports has not increased at the same rate, possibly because sustainability reports users are not satisfied with or do not see the benefits that accrue from the assurance process;
- New types of assurance providers have emerged in the last few years, possibly to better deal with queries raised by stakeholders and researchers about the transparency and quality of assurance services and the benefits these processes provide.

#### 1.5. Justification for the research

The proposed research can be justified by a number of factors, including the following:

- Previous studies in this field have identified the need for future research areas that have, in turn, been addressed in this research;
- The relevance of the sustainability concept in a globalised scenario has resulted in an increasing number of sustainability reports that have been issued and the number of assurances provided worldwide;

- Organisational' social and environmental performance is now, more than ever, being considered as fundamental data in decision making processes;
- Most previous studies have analysed the benefits derived from the assurance process and the differences among different assurance providers through responses obtained from assurers, readers and reporters separately. This research fills a gap in the existing research literature as it explores, within the same study, the expectations, opinions, perceptions and suggestions of assurers, readers and reporters about the assurance processes and assurance statements;
- This research employs expectation-performance gap theory disaggregated into its two components (reasonableness and performance gaps) – a process that has not been further explored in previous studies;
- The combined use of the stakeholder theory and expectation-performance gap theory in the assurance of sustainability reports has rarely been explored in previous studies;
- The recommendations and the Content Index Model proposed in this research contribute to the practice of assurance processes worldwide, bringing potential benefits to all entities involved in the process: GRI, stakeholders, readers, managers responsible for developing sustainability reports, and assurance providers;
- This research makes a contribution to the literature on the assurance of sustainability reports, and expectation-performance gap theory.

## 1.6. Methodology

This research was conducted using an embedded design mixed method that involved the use of quantitative data embedded in a qualitative approach, with Brazil as a single exploratory case study. The selection of an appropriate research approach was determined by the need to obtain data from participants to enable the researcher to answer the research question and research sub questions considering participants' experiences and points of view. Data was obtained through semi-structured interviews conducted with assurers, reporters and readers in Brazil (see Chapter 3 – Methodology for more detailed information).

## 1.7. Outline of the research

This research follows the structured approach to presenting theses developed by Perry (1998), that determined five different groups of chapters necessary to effectively present a thesis. Chapter 1 introduces the core research problem and its scenario. Chapter 2 presents the literature review, research question, propositions and theoretical framework. Chapter 3 explains and justifies the methodology used. Data analyses are presented in Chapter 4, Chapter 5 and Chapter 6. Finally, Chapter 7 concludes the research summarising results and articulating the research contributions.

## 1.8. Limitations of the research

This research aims to collect and analyse participants' perceptions regarding the assurance of GRI sustainability reports in Brazil considering stakeholder theory and expectation-performance gap theory. A qualitative approach with a single exploratory case study strategy and statistical analyses were employed in this research to answer the research question and the research sub questions and to explore and generate knowledge about the GRI guidelines, sustainability reports and assurance of sustainability reports. Although some results regarding the differences between the different types of assurers were mentioned by some participants and detailed in the data analysis chapters, this research did not focus upon the impact of different assurer types per se. In addition, this research is restricted to the analyses of responses from 51 participants obtained during the interview phase conducted in Brazil between September and December 2012 (see section 7.6 for more detailed information about the limitations of this research).

## 1.9. Chapter Conclusion

This Chapter provides background to the research problem and outlines the objectives of this research. It presents the research question and research sub questions, research motivations, justification for the research, research methodology and an outline of thesis. The next Chapter addresses the literature review, the theoretical framework and provides detailed information about the research sub questions and the research propositions.



# CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

## 2.1. Introduction

This Chapter begins with a literature review of relevant prior published works pertaining to sustainability reporting, the GRI framework, sustainability reporting in Brazil and assurance of sustainability reports. Next, this Chapter outlines the theoretical framework, including the theories and concepts used in this research, the Content Index Model developed and proposed as part of the research, the research questions and the propositions assessed and summary of the theoretical framework that was developed and applied in this research. Finally, the Chapter's conclusions are presented.

## 2.2. Literature Review

By way of building foundation to this research, a literature review has been undertaken. The literature review for this research covers: sustainability reporting, GRI framework, sustainability reporting in Brazil and assurance of sustainability reports.

### 2.2.1. Sustainability Reporting

Society's increasing awareness about environmental and social issues, climate change, sustainable supply chain management, natural disasters and scarcity of natural resources has changed the way that business is conducted (Kolk & Van Tulder 2010; Seuring & Müller 2008). Conley and Williams (2005) explain how increasing awareness about environmental and social issues are represented by the rise of the corporate social responsibility<sup>10</sup> (CSR) movement. This movement, in their opinion is the most important development in the business world over the last decade. CSR generally refers to business practices based on ethical values, with respect for people, communities and the environment, and it has become part of the ordinary business, with stakeholders expecting organisations to report how they work with sustainability (Bhimani & Soonawalla 2005; Isaksson & Steimle 2009).

Regarding the CSR movement, Cheng, Loannou and Serafeim (2011) state that a growing number of top executives and academics have been allocating a considerable amount of time and resources to CSR strategies. They found that organisations with better CSR performance were better positioned to obtain finance in the capital market because better CSR performance is associated with superior stakeholder engagement, and this enhances the potential for revenue or profit through higher quality relationships with customers, employees and business partners. Berthelot, Coulmont and Serret (2012) identified that investors positively value

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<sup>10</sup> Corporate Social Responsibility (CSR) has its theoretical base notion that responsibility of an organisation extends beyond the traditional objective of providing financial returns to its shareholders. Instead, organisation's concerns should include broader objectives such as: sustainable growth, equitable employment practices, and long-term social and environmental well-being (Conley & Williams 2005).

sustainability reporting. It was also stated that organisations with better CSR performance were more likely to publicly disclose their CSR activities and consequently became more transparent and accountable.

Different authors have been assessing the reasons for the CSR trend. For example Orij (2010) investigated whether corporate social disclosure levels relate to national cultures and identified that corporate social disclosure levels are likely to be influenced by national culture. It is suggested in this study that organisations, when preparing their reports, should take into account the national cultures and the social orientation of countries in designing the level of social disclosures to stakeholders. Considering different perspectives, Gray, Javad and Power (2001) identified that in the United Kingdom (UK), the extent of corporate social disclosure was related to organisations' size, profit and industry affiliation, and Vaccaro and Echeverri (2010), when interviewing customers of the residential electricity market in United States (US), identified that the degree of perceived transparency was related to customers' environmental awareness.

According to PWC<sup>11</sup> (2013a), people are increasingly demanding organisations to justify their choices and the means they deploy to achieve their goals. People want organisations to offset their economic and financial imperatives against responsible values and to balance short-term goals with sustainable development outcomes. Deloitte<sup>12</sup> (2011) points out that more and more people are making decisions based on organisations' sustainability performance, as reflected by the growing market share of sustainability-sensitive investors and the proliferation of codes of sustainable business conduct.

Hamilton and Tschopp (2012) state that the largest corporations in the world are increasingly adopting international corporate social responsibility reporting and this type of public disclosure is known as sustainability reporting (Fonseca 2010).

In this new scenario where organisations' social and environmental performance is demanded by society as a whole, sustainability reports have been working as a vital tool for organisations to provide information and to communicate with their stakeholders. Some authors argue that sustainability reports also have been influencing the decision-making processes of different stakeholders, concerned not only with economic aspects but also with environmental and social aspects (Barrett 2005; Futerra, SustainAbility & KPMG Global Sustainability Services 2010; KPMG & SustainAbility 2008). Berthelot, Coulmont and Serret (2012) identified that investors positively value sustainability reporting.

The first wave of organisations publishing their social and environmental impacts started in the 1970s in the United States and Western Europe (Kolk 2010; Owen, Swift & Hunt 2001). Since the 1970s, there has been considerable diversity in the voluntary publication of sustainability reports across industry sectors and countries. In the late 1980s, demands for clear business commitments toward sustainable development were growing in response to the United Nations World Commission of Environmental and Development final report and in the early 1990s and a few large organisations started to disclose information voluntarily to stakeholders about their environmental performance (Perez & Sanchez 2009).

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<sup>11</sup> PWC is a global organisation providing assurance, tax and advisory services ([www.pwc.com](http://www.pwc.com)).

<sup>12</sup> Deloitte is a global organisation providing audit, tax, consulting and financial advisory services ([www.deloitte.com](http://www.deloitte.com)).

The title and scope of such reports have varied considerably, including “sustainability reports”, “social reports”, “corporate social responsibility reports”, “social and community reports” and “environmental reports” (A Kolk, 2010; Owen et al., 2001). Although sustainability reporting is still a voluntarily activity in most of the countries, some countries established mandatory public sustainability reporting. For example, France became the first country to require publicly traded companies to report their social and environmental issues in May 2001. The United Kingdom and Denmark have required mandatory sustainability reporting for some corporations and Canada and the United States require publicly traded companies to report on environmental liabilities and other social and environmental issues that are considered “material” to their shareholders (Hamilton & Tschopp 2012).

According to some authors the number of organisations providing some type of information related to their environmental and social performance has been increasing worldwide. In a historical and comparative study of organisations included in the Global Fortune list in 2010, Mori Junior, Best and Cotter (2013) identified that all organisations in the sample published some type of information related to environmental and/or social performance on their official website. In this study it was identified that the percentage of companies which publish social and/or environmental information on their websites has increased when compared with previous studies. Figure 3 presents a chronological evolution of the percentage of organisations issuing a sustainability report.

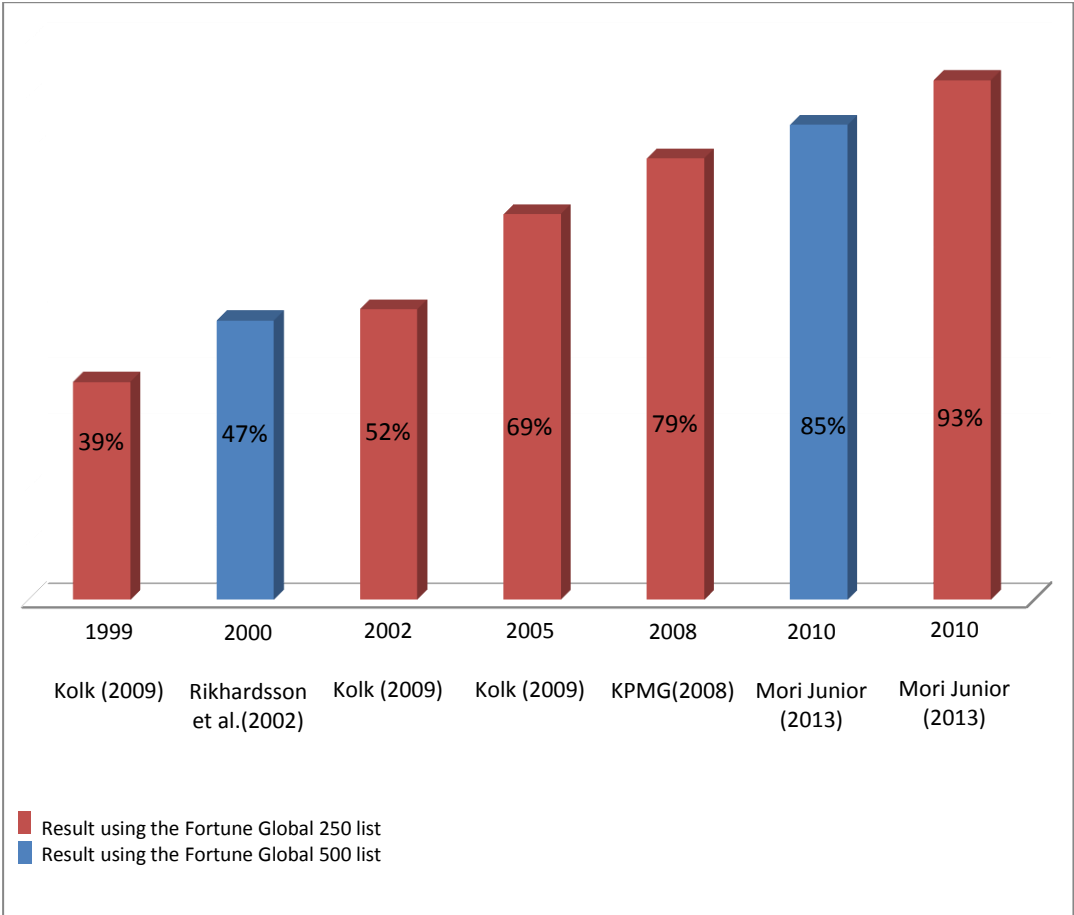


Figure 3: Percentage of organisations issuing a sustainability report (Mori Junior, Best & Cotter 2013).

Figure 3 demonstrates that in 2010, 85% of the sample issued a sustainability report, higher than the 47% in 2000 reported by Rikhardsson, Andersen and Jacob (2002).

Considering just the top 250 of the sample, the percentage of organisations which issued a sustainability report is even higher at 93%. This study also provided findings regarding the extent of sustainability reporting activity worldwide. Although previous studies have considered Japan and European countries more active in sustainability reporting than other developed countries such as United States, Canada, and Australia, and some emerging economies such as Brazil, China, India and Russia (Kolk 2010; KPMG 2008), the increase in the number of organisations issuing a sustainability report in all geographic regions demonstrates that this is not a local but a worldwide phenomenon, occurring in developed and emerging economies around the world.

A substantial body of literature states that sustainability reporting is an important phenomenon employed by organisations for different purposes. For instance, Rikhardsson, Andersen and Jacob (2002) distinguishes about three different purposes: (1) organisations develop sustainability reports to legitimise their actions with their stakeholders or to change stakeholders' perceptions; (2) organisations develop sustainability reports to attend to stakeholders' demands for additional information not available in financial reports or other organisational communications; and (3) organisations develop sustainability reports to enhance and preserve their corporate image and reputation. Palenberg, Reinicke and Witte (2006) identified that strategic management of brand and reputation is far the most significant driver followed by pressure from competitors as the main reasons for organisations' employing sustainability reports.

The motivation for initially engaging in sustainability reporting was assessed by Herremans (2010). Studying organisations operating in Canada this study identified that organisations are motivated by: regulative aspects (self-imposed regulation), normative aspects (shareholders' resolutions) and cognitive aspects (corporate values of the top executives). Kolk (2010, p. 368) listed key reasons for organisations develop sustainability reports, as follows:

- Enhancing the ability to track progress against specific targets;
- Facilitating the implementation of environmental and sustainability strategies;
- Expanding awareness of broad environmental issues throughout the organisation;
- Clearly conveying the corporate message internally and externally;
- Improving credibility and transparency;
- Communicating efforts and standards;
- Obtaining the license to operate;
- Cost saving identification, increasing efficiency, enhancing business development opportunities and enhancing employees' morale.

Although sustainability reporting has been growing over the last few years and reasons for organisations to employ such a report have been studied for the last few years, some critiques have also been made. For example, Schaltegger, Burritt and Petersen (2003) point out about how the credibility and trust of environmental reports could be affected by reports that omit negative aspects and include just agreeable and positive aspects such as lists of awards recently received. The same point of view is shared by Leszcynska (2012), organisations usually focus on positive information and good performance omitting bad performance and failed projects. This author also states that there was an improvement in quality in the last few years.

However, there are still improvement opportunities regarding inclusiveness, relevance of information and usefulness for shareholders in sustainability reports.

MacLean and Rebernak (2007, p. 6) suggests that sustainability reports to be effective must clearly provide a link between organisations' sustainability performance and business strategy, provide good evidence with quantitative data and assess the materiality of stakeholders concerns and their impacts on the organisations' business strategy. Clear statements of organisation's goals and how these goals will be achieved should also be provided. Borglund, Frostenson and Windell (2010) state that although sustainability reporting improves organisations' procedures for reporting on sustainability issues and improves awareness and knowledge about sustainability, it appears to do not bring practical changes in sustainability activities.

Even though some authors argue that current sustainability reporting processes need improvement and have not been achieving their purpose (Borglund, Frostenson & Windell 2010; Laufer 2003; Leszczynska 2012; MacLean & Rebernak 2007; Moneva, Archel & Correa 2006; Ramus & Montiel 2005; Schaltegger, Burritt & Petersen 2003), a growing number of organisations are issuing this type of report worldwide. To provide guidance and standards for the practice of sustainability reporting, some guidelines were developed around the world but the GRI is the most-used sustainability reporting guideline, recognised and used by many organisations worldwide (Borglund, Frostenson & Windell 2010; Brown, de Jong & Levy 2009; KPMG 2005).

Previous studies have addressed the CSR movement and assessed trends, benefits and deficiencies of sustainability reporting. This study aims to explore the assurance of GRI sustainability reports in Brazil, where few studies have been performed and contribute to the body of knowledge of sustainability reporting and the assurance of sustainability reports.

## 2.2.2. GRI Framework

The GRI is an independent non-governmental organisation (NGO) based in Amsterdam aiming to develop and promote a coherent framework for non-financial reporting (Dingwerth & Eichinger 2010). According to Willis (2003), GRI was born in late 1997<sup>13</sup> being a project administered and funded by CERES (The Coalition for Environmentally Responsible Economies<sup>14</sup>) to improve three unsatisfactory aspects:

- Organisations were increasingly receiving multiple diverse, incompatible and time consuming requests for information about organisations' social and environmental performance;
- Organisations were developing different types of reports in an irregular frequency to meet stakeholders' requests for information about organisations' social and environmental performance;

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<sup>13</sup> GRI was founded in the U.S.A. in 1997 and was originally based in Boston, Massachusetts. In 2002, GRI moved its central office to Amsterdam, where the secretariat is currently located. GRI also has regional "Focal Points" in Australia, Brazil, China, India and U.S.A. (Global Reporting Initiative 2010a).

<sup>14</sup> A Boston, Massachusetts coalition of over 50 investors, environmental, religious, labour and public interest groups with over 50 corporate subscribers to its (CERES) principles for environmentally responsible conduct (Willis 2003)

- There were increasing number of reporting guidelines and frameworks being introduced in different countries and sectors.

The solution, determined by leaders at CERES and the United Nations Environmental Programme (UNEP) for these three aspects, was to work towards global standardisation of format and content for corporate reporting on social and environmental performances. Thus was born the GRI.

GRI released an “exposure draft” version of the Sustainability Reporting Guidelines in 1999 and the first full version in 2000. After the launch of its first version in 2000 the “Measurement” and the “Revision Working Groups” were created to assist in revising these guidelines (Moneva, Archel & Correa 2006). This revision process had three basic aims: to broaden the stakeholder base of the guidelines, to improve the sustainability reporting and to advance its usefulness and credibility. The second, third and fourth versions of the GRI guidelines were respectively launched in 2002, 2006 (G3 3.0), 2011 (G3 3.1) and 2013, named G4.

GRI seeks to make sustainability reporting comparable to financial reporting in terms of rigour and verifiability (Bhimani & Soonawalla 2005; Global Reporting Initiative 2010b; Simnett, Vanstraelen & Chua). According to Willis (2003), GRI aims to develop a voluntary reporting framework that will elevate sustainability reporting practices to a level equivalent to that of financial reporting in rigour, comparability, auditability and general acceptance. A similar statement was provided by Heldberg and Von Malmborg (2003).

The GRI is the most commonly-used sustainability report framework to date. According to KPMG (2005), more than three-quarters of the G250 organisations apply GRI’s guidelines for their reporting. Hamilton and Tschopp (2012) point out that the largest organisations are adopting international corporate responsibility reporting standards such as the GRI to meet stakeholders’ expectations for reliable and comparable social and environmental performance data. Dingwerth and Eichinger (2010) states that GRI is commonly mentioned as the world’s leading voluntary scheme for corporate non-financial reporting and Brown, Jong and Levy (2009) note that GRI is the best-known framework for voluntary reporting of environmental and social performance by business worldwide.

GRI (2006) states that for an organisation to communicate its performance in a transparent way to their stakeholders it is very important to follow GRI reporting principles during development and use of sustainability reports. GRI’s reporting principles are separated in two groups: content and quality.

Content principles aim to ensure what content a sustainability report should cover, presenting an organisation’s performance in a balanced and reasonable way and also meeting stakeholders’ expectations. Content principles for the report are:

- Materiality – “...report should cover topics and indicators that reflect the organisations’ significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders.” (Global Reporting Initiative 2011, p. 8);
- Stakeholder inclusiveness – “...reporting organisation should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests.” (Global Reporting Initiative 2011, p. 10);

- Sustainability context – “...report should present the organisation’s performance in the wider context of sustainability” (Global Reporting Initiative 2011, p. 11);
- Completeness – “...coverage of the material topics and indicators and definition of the report boundary should be sufficient to reflect significant economic, environmental, and social impacts and enable stakeholders to assess the reporting organisation’s performance in the reporting period.”(Global Reporting Initiative 2011, p. 12).

GRI also requires that all reports should include an explanation of how an organisation has applied the guidance to define a report’s content and associated principles. Quality principles aim to ensure the quality of information reported. Quality principles for the report are:

- Balance – “...report should reflect positive and negative aspects of the organisation’s performance to enable a reasoned assessment of overall performance”; (Global Reporting Initiative 2011, p. 13);
- Comparability – “...issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organisation’s performance over time, and could support analysis relative to other organisations” (Global Reporting Initiative 2011, p. 14);
- Accuracy – “...reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organisation’s performance.” (Global Reporting Initiative 2011, p. 15);
- Timeliness – “...reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.” (Global Reporting Initiative 2011, p. 16);
- Clarity – “...information should be made available in a manner that is understandable and accessible to stakeholders using the report.” (Global Reporting Initiative 2011, p. 16);
- Reliability – “...information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.” (Global Reporting Initiative 2011, p. 17).

In order to standardise the set of information which comprises a report’s content, GRI also provides frameworks for three types of disclosures:

- Strategy and Profile – “disclosures that set the overall context for understanding organisational performance such as its strategy, profile, and governance.” (Global Reporting Initiative 2011, p. 19);
- Management Approach – “disclosures that cover how an organisation addresses a given set of topics in order to provide context for understanding performance in a specific area.” (Global Reporting Initiative 2011, p. 19);
- Performance Indicators – “indicators that elicit comparable information on the economic, environmental, and social performance of the organisation” (Global Reporting Initiative 2011, p. 19).

To indicate that a sustainability report was developed based on the GRI Guidelines, organisations are expected to self-declare the “Application Level” (A, B or C). The

application level describes to what extent the sustainability report covers the GRI guidelines. The A level requires the most comprehensive coverage of the GRI criteria. Additionally, the reporting organisation can obtain a third party opinion on the accuracy of the self-declared Application Level or let the GRI check the self-declaration. If external assurance was applied for the report, the Application Levels A, B or C can be declared to indicate that the sustainability report was evaluated by a qualified and independent organisation. In this case a statement by the assurer has to be added to the report (Global Reporting Initiative 2011; Isaksson & Steimle 2009).

Regarding the reasons for organisations to use GRI guidelines, Heldberg and Von Malmborg (2003), studying Swedish organisations, identified that organisations use the GRI guidelines to increase credibility of their reports. It identified that GRI guidelines improves internal communication more than external communication as organisations learn about themselves during the reporting process.

Although GRI has been widely used worldwide, some authors have been criticising the GRI guidelines. For example, Moneva, Archel and Correa (2006) argue that the sustainable development concept used by GRI to develop its guidelines has some problems. GRI does not consider adequately the integration of economic, environmental and social dimensions in order to promote their integration. It promotes a set of indicators instead of instilling business with values to change their mentality in order to seek sustainable development. This paper also states that GRI accepts sustainability reports without restrictions such as a clear definition of organisations' boundaries, development of integrated indicators or the attachment of an independent third party assurance statement. This situation results in a relaxation of its basic goal, which is the sustainability.

Another critique was made by Knight (2013), which states that GRI has been censuring business people to provide a lot of needless information for a wide group of stakeholders who only have a very limited interest in the data, and to generate this amount of needless information is very costly. This author also criticised how GRI deals with the materiality concept, which is undefined in GRI's guidelines, yet, in accountancy materiality is well defined.

Another critique about the GRI was also made by Hedberg and Von Malmborg (2003). According to these authors GRI states that for an organisation to communicate its performance in a transparent way to their stakeholders it is very important to follow GRI reporting principles during development and use of sustainability reports. However, GRI fails to make progress in its efforts to use available technologies to move towards comparability and to determine a more user-friendly scheme for comparison of organisations' social and environmental performance. This study also mentioned that GRI does not provide a clear definition of the transparency concept and GRI has little impact in shifting the balance of power in corporate governance toward civil society.

Studying the cement industry Isaksson and Steimle (2009) point out that GRI guidelines are not sufficient to make sustainability reporting clear and relevant and do not assure that a sustainability report answers the questions of how sustainable an organisation is and how the needs of customers were considered.

Although some improvement opportunities and critiques have been produced by various authors, GRI is still the most used standard to develop and publish sustainability reports worldwide. This study aims to explore the assurance of GRI sustainability reports in Brazil, and contribute to the body of knowledge of GRI guidelines, especially in regards the assurance of GRI sustainability reports.



### 2.2.3. Sustainability Reporting in Brazil

In 1986 the first social balance worksheet (Nitrofertil) was published in Brazil (KPMG et al. 2010) and recently, Brazil has emerged as a leading hot-spot of sustainability reporting and recognised as a global phenomenon (SustainAbility, Fundação Brasileira para o Desenvolvimento Sustentável (FBDS) & United Nations Environment Programme (UNEP) 2008, p. 2). Although there are many improvement opportunities in sustainability reporting and assurance of sustainability reports processes, Brazil has taken recognition on the international scene. In 2010, all winners of the six different categories of the GRI annual international awards, called “GRI Readers’ Choice Awards” were Brazilian companies. A Brazilian company also won the “Best Integrated Report” category of the “CR Reporting Awards in 2011” and another Brazilian company was in third place as the “Best Carbon Disclosure”. In “CR Reporting Awards in 2012” a Brazilian company was in second place in the category “Credibility through Assurance” and another Brazilian company was in third place in the category “Openness & Honesty”.

CorporateRegister.com Limited (2011, p. 5) also states that only in Brazil and South Africa, integrated reporting (financial reports integrated with sustainability reports) is making real headway. Futerra, Sustainability and KPMG (2010) state that after years of dominance from Europe and North America, Brazil, Russia, India and China are now also competing seriously for leadership in sustainability reporting, as demonstrated by the success of Brazilian organisations at the GRI Readers’ Choice Awards 2010. Mori Junior, Best and Cotter (2013) confirms this trend by highlighting that high levels of sustainability reporting are evident among some emerging economies, especially India and Brazil.

Regarding the social and environmental responsibilities in Brazil and in Latin America, Oliveira (2006) argue that social and environmental responsibilities are becoming an important issue in developed countries where consumers appear to value corporate citizenship. However, especially after the Earth Summit<sup>15</sup>, in Latin America the corporate citizenship movement has increased and incorporates aspects of transparency and environmental concerns. Countries in Latin America have been developing their own culture and tools for dealing with these questions achieving good outcomes (Oliveira 2006). For instance, rates of social reporting initiatives of large Brazilian companies are similar to those of the largest world companies in Europe and United States. Hamilton and Tschopp (2012) identifies Brazil and United States as the clear standouts in corporate social responsibility reporting.

Although previous studies have highlighted Brazil’s performance regarding the sustainability reporting, PWC (2013b) states that Brazilian companies still have to improve their sustainability reporting processes. According to this study, Brazilian’s sustainability reports need to be improved in aspects such as: disclosure of strategic priorities, disclosure of risks and challenges, use of key performance indicators aligned to the business and integration of sustainability reports with financial reports. Sustainability reporting and assurance process of sustainability reports have been explored by previous studies in developed countries, for example: Spain (Romero, Ruiz & Fernández-Feijóo 2010; Zorio, García-Benau & Sierra 2012), Sweden

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<sup>15</sup> The Earth Summit also known as the “United Nations Conference on Environmental and Development (UNCED)” was a major United Nations conference held in Rio de Janeiro, Brazil in 1992. 1072 governments participated and addressed the systematic scrutiny of patterns of production, alternative sources of energy to replace the use of fossil fuels which are linked to global climate change, new reliance on public transportation and growing scarcity of water.

(Borglund, Frostenson & Windell 2010; Hedberg & Von Malmborg 2003; Park & Brorson 2005); Australia (Aw, Moroney & Windsor 2009; Barrett 2004; Deegan & Rankin 1999; Frost & Martinov-Bennie 2010; Hodge, Subramaniam & Stewart 2009), Ireland (O'Dwyer, Unerman & Hession 2005); UK (Edgley, Jones & Solomon 2010; Owen, Chapple & Urzola 2009); Norway (Clark & Master 2012; Miles 2012) and Canada (Herremans, Nazari & Ingraham 2010). This study aims to explore the assurance of GRI sustainability reports in a developing country (Brazil), where previous literature have identified advances in sustainability reporting and few studies have been performed.

#### 2.2.4. Sustainability Reports Assurance

Owing to the relevance of sustainability reports, some stakeholders have demanded transparency and questioned the integrity of the information published by organisations through sustainability reports (Laufer 2003; Moneva, Archel & Correa 2006; Ramus & Montiel 2005). In response, some organisations have started to voluntarily provide external independent assurance in their sustainability reports to improve credibility and reliability. Zorio, García-Benau and Sierra (2012) state that assurance of sustainability reports is a valuable voluntary tool to provide credibility for sustainability reports and other studies Hodge, Subramaniam and Stewart (2009) and Park and Brorson (2005) state that assurance process contributes towards some organisations' processes, such as improving internal control structures and helping organisations to be more transparent and credible in relationships to their stakeholders. Deegan, Cooper and Shelly (2006) state that assurance statements provided by third parties are a necessary component in adding credibility for sustainability reports. Assurance is related to a desire to improve the credibility of the disclosed information (Simnett, Vanstraelen & Chua 2009).

According to O'Dwyer and Owen (2005), external independent assurance of sustainability reports commenced in 1997-1998. Since that, various organisations have promoted the practice of independent assurance for sustainability as an instrument to improve credibility and quality of sustainability reports. For instance, GRI (2002) encourages the independent assurance of sustainability reports as an instrument to improve credibility and quality of sustainability reports. GRI (2011, p. 41) recommends the use of external assurance to enhance credibility of sustainability reports and states that external assurance:

- *“Is conducted by groups or individuals external to the organisation who are demonstrably competent in both the subject matter and assurance practices;*
- *Is implemented in a manner that is systematic, documented, evidence-based, and characterized by defined procedures;*
- *Assesses whether the report provides a reasonable and balanced presentation of performance, taking into consideration the veracity of data in a report as well as the overall selection of content;*
- *Utilizes groups or individuals to conduct the assurance who are not unduly limited by their relationship with the organisation or its stakeholders to reach and publish an independent and impartial conclusion on the report;*
- *Assesses the extent to which the report preparer has applied the GRI Reporting Framework (including the Reporting Principles) in the course of reaching its conclusions;*

- *Results in an opinion or set of conclusions that is publicly available in written form, and a statement from the assurance provider on their relationship to the report preparer.”*

In its survey of Fortune Global 250, KPMG (2008) found that improved quality of reported information, reinforced credibility among stakeholders and improved reporting processes are the main drivers for seeking assurance of a sustainability report. Hodge, Subramaniam and Stewart (2009) in their study with 145 students enrolled in MBA programs at two large Australian universities found that provision of an assurance statement with a sustainability report engenders greater credibility in a report than when no such assurance is provided. In addition, report users place more confidence in sustainability reports when such assurance is provided by a top tier accountancy firm, as opposed to a specialist consultant.

Similar results were presented by Cheng, Green and Ko (2012), studying Australian graduate students enrolled in a Master of Financial Analysis. It was found that sustainability report assurance increases non-professional investors' willingness to invest in an organisation and investors are also more willing to invest in an organisation when its sustainability report is assured by an accounting firm than if the assurance provider is not an accounting firm. Owen, Chapple and Urzola (2009) interviewed senior corporate responsibility managers from ten FTSE100 organisations, and representatives of three key stakeholder groups (investor, NGO and the trade union movement). This study found that while there is some evidence of stakeholder interest in assurance, notably on the part of NGO, the real driving force behind assurance is internal to an organisation. Aw, Moroney and Windsor (2009) assessing sustainability reports issued by Australian organisations, identified that the quality of organisations' sustainability reports is enhanced through the assurance.

As assurance of sustainability reports is a relatively new practice and not regulated in the majority of countries, there are different types of entities providing assurance services using different scopes, methodologies, and assurance statements (Deegan, Cooper & Shelly 2006; Fédération des Experts Comptables Européens 2006; Frost & Martinov-Bennie 2010; KPMG 2008; Moneva, Archel & Correa 2006; O'Dwyer, B. & Owen, D. 2005; Owen, Chapple & Urzola 2009; Perego 2009; Romero, Ruiz & Fernández-Feijóo 2010).

The two most famous frameworks for assurance services used by assurers around the world are the *AA1000 Assurance Standard* (AA1000AS) launched in March 2003 by AccountAbility<sup>16</sup> (Accountability 2011), and the International Audit Assurance Standards Board<sup>17</sup> (IAASB)'s *International Standard on Assurance Engagements* (ISAE3000). It is also argued that assurance based on the combined use of AA1000AS and ISAE3000 is likely to deliver enhanced results (KPMG & AccountAbility 2005).

The International Audit Assurance Standards Board (2011, p. 19) defines an assurance engagement as “*an engagement in which a practitioner aims to obtain*

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16 AccountAbility is a global organisation providing corporate responsibility and sustainable development services (<http://www.accountability.org>).

17 The International Auditing and Assurance Standards Board (IAASB) is an independent standard-setting body that serves the public interest by setting international standards for auditing, assurance, and other related standards, and by facilitating the convergence of international and national auditing and assurance standards (<http://www.ifac.org/auditing-assurance/>).

*sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the measurement or evaluation of an underlying subject matter against criteria*”. It also distinguishes two types of assurance engagements: a reasonable assurance engagement and a limited assurance engagement.

While ISAE 3000’s definition about assurance engagement has more a technical explanation, AA 1000 seems to use more common language to define it as: “*an engagement in which an assurance provider evaluates and expresses a conclusion on an organisation’s public disclosure about its performance as well as underlying systems, data and processes against suitable criteria and standards in order to increase the credibility of the information for the intended audience*” (AccountAbility 2008, p. 23).

These two frameworks have been used by two different groups of assurers: accounting professionals and consultants. Consulting firms are likely to rely on the AA1000AS framework and accounting organisations tend to rely on ISAE3000 (Deegan, Cooper & Shelly 2006; Frost & Martinov-Bennie 2010; Mock, Strohm & Swartz 2007; Moroney, Windsor & Aw 2011; Perego 2009). Mock, Strohm and Swartz (2007) suggests that the use of an established assurance framework is especially important in international markets where stakeholders can benefit from a standardised signal when using assured sustainability reports in their decision-making.

Considering stakeholder engagement, Edgley (2010) interviewed accountant and non-accountant assurers and identified that accountants are more preoccupied with the contribution of stakeholders to organisations’ internal control structure, materiality decisions and management processes. While non-consultants focused more on the need for stakeholder inclusivity for the benefit of the stakeholders rather than for organisational management.

The difference between accountants and consultants is not just related to the framework used to perform the assurance service. Hodge, Subramaniam and Stewart (2009) argue that in comparison to accountants, specialist consultants appear to focus more on completeness, fairness and overall balance in the opinion statements. Perego (2009) concludes that accounting firms provide a higher quality of assurance for aspects related to reporting format and procedures used and non-accounting firms provide higher quality of assurance for aspects associated with recommendations and opinions. This author also identified that organisations domiciled in weaker legal systems are more likely to choose a large accounting firm as the assurer of their sustainability report.

O’Dwyer and Owen (2005) point out that accounting firms adopt a limited approach aimed to provide low assurance levels while non-accounting firms take a more evaluative approach resulting in higher assurance levels. However, the focus of non-accounting firms in aiding corporate strategic direction could compromise their independence.

Frost and Martinov-Bennie (2010) identified differences among assurance statements issued by different assurance providers. They identified differences in the assurance standards used during the assurance process (AA1000AS, ISAE 3000 and firm specific protocols), in the wording of the conclusions, in the title of the assurance statements, in the objectives of the assurance processes and in the assurance procedures employed.

A general critique of the quality of the assurance statements was also made by (Deegan, Cooper & Shelly 2006). Analysing assurance statements issued in Europe

these authors identified much variability and inconsistencies, such as: lack of information on assurance statements regarding assurers' responsibility for the content of the statement and management's responsibility for the content of sustainability reports, variability in the titles and wording used in assurance statements, lack of clarity or transparency in relation to the scope assessed and issues associated with the assurers' independence and the existence of praise and recommendations in assurance statements.

Even though accounting firms and consultants firms have been cited as the two main groups of assurance providers, certification bodies and social/ethical organisations were also mentioned by previous authors as providers (Frost & Martinov-Bennie 2010; Owen, Chapple & Urzola 2009; Romero, Ruiz & Fernández-Feijóo 2010). Similar findings were identified by Mori Junior, Best and Cotter (2013), who identified two further types of assurers apart from accounting firms and non-accounting firms. The first is an independent third party review, which is performed by a different range of entities or individuals such as stakeholder panels, academic institutions, non-governmental organisations, and presidents/directors of international institutes operating in the sustainability reporting area. The assurance statement provided by this specific third party review practice has been referred by the organisations in most of their sustainability reports as a "Third Party Comment" or a "Third Party Review". This study named this specific third party review practice as a "Stakeholder or Specialist Review". Assurance statements provided by this specific third party review practice do not share the features of assurance statements issued by accounting and non-accounting firms and they usually contain just opinions and/or recommendations from the entities or individuals invited to review the organisations' sustainability reports.

This "Stakeholder or Specialist Review" is only guided by the assurer's experiences and expertise, not by a standard methodology. Although these statements provide an independent opinion about the quality of the sustainability report published, and in some cases, recommendations to improve the quality of the sustainability report, they do not evaluate or assure any information included in the sustainability reports. Accordingly, they provide no assurance.

The second new category of assurance practice identified by these authors was named a "Mixed Approach". The mixed approach uses two different types of assurance providers in the same sustainability report (an accounting firm combined with a non-accounting firm or an accounting firm combined with a stakeholder or specialist review). Each assurance provider works in a specific area of the report and issues a specific statement, and both statements are provided in the organisation's sustainability report.

Regarding the four different types of assurance practices current in use worldwide, Mori Junior, Best and Cotter (2013) highlighted that different countries tend to use different types of assurers. This study found that 56 % of the statements issued in the sample were provided by accounting firms, 26 % by non-accounting firms, 16 % by stakeholder or specialist reviewers, and 2 % employed a mixed approach. Figure 4 summarises the type of assurance practices used by organisations in the sample by country.

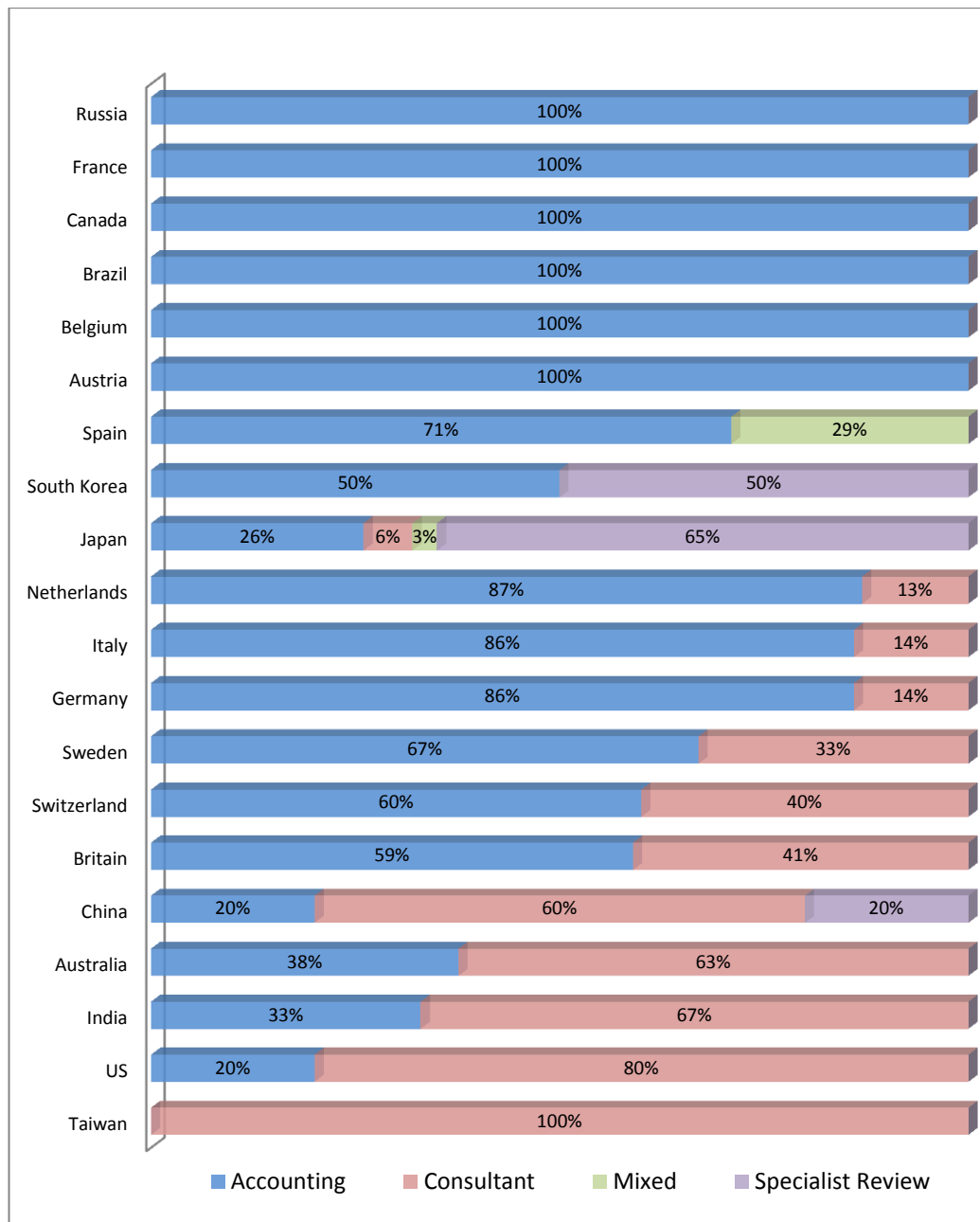


Figure 4: Type of assurance provider by country (Mori Junior, Best & Cotter 2013).

Stakeholder or specialist reviews were used by organisations in Japan, China and South Korea, with Japan responsible for 92 % of these cases. The mixed approach was used only in Spain and Japan, and this practice represented almost a third of all sustainability reports issued with an assurance statement in Spain. Non-accounting firms have dominance in the sustainability assurance market in Taiwan, U.S.A., India, Australia, and China, while accounting firms perform most assurance engagements in European countries and in Canada, Brazil and Russia.

Results presented by Mori Junio, Best and Cotter (2013) are similar to those presented by Romero, Ruiz and Fernández-Feijóo (2010) in Spain, where the majority of the assurance engagements were provided by accounting firms, and by Frost and Martinov-Bennie (2010) in Australia, where the majority of the engagements were provided by non-accounting firms. Contrary to the findings of Mock, Strohm and Swartz (2007), the results from Mori Junior, Best and Cotter (2013) indicate that accounting firms dominate the assurance market, similar to the

results presented by (Kolk 2008; Kolk 2010; KPMG 2008; Manetti & Becatti 2009; Simnett, Vanstraelen & Chua 2009).

The quality of the assurance of sustainability reports has also been studied. For instance, Smith, Haniffa and Fairbrass (2011) argue that one of the possible reasons for criticisms of the current processes of assurance for sustainability reports arises from the difference among bodies providing assurance guidance for practitioners and organisations. It is argued that Accountability, IASSB and GRI are very different in scope and content with regards to assurance standards.

In addition to the difference among assurance providers, previous studies have also identified differences in the assurance scope, methodologies and statements (Deegan, Cooper & Shelly 2006; Edgley, Jones & Solomon 2010; Frost & Martinov-Bennie 2010; KPMG 2008; Manetti & Becatti 2009; O'Dwyer, B. & Owen, D. 2005; Owen, Chapple & Urzola 2009; Romero, Ruiz & Fernández-Feijóo 2010). For instance, Mock, Strom and Swartz (2007) studied 130 assurance processes from entities worldwide which issued assured sustainability reports between 2002 and 2004 and identified the following differences:

- Different scope: 67% of the assurers provided complete assurance related to the GRI recommended reporting categories, 16% assured both environmental and social information, while 16% assured only environmental issues;
- Different methodology: 24% of the assurers followed the AA1000AS, 18% followed international standards, 15% followed local standards and 42% did not indicate the framework used;
- Different assurance statement: 74% provided a positive assurance statement, 17% provided a negative assurance statement and 9% provided a hybrid statement (positive and negative aspects combined).

Romero, Ruiz and Fernandez-Feijoo (2010) reviewing assurance statements of Spanish organisations, found that bigger and listed organisations have higher quality of assurance statements in order to increase stakeholders' reliance on their sustainability reports. It was also identified that assurance statements issued by accountants have higher quality than when they are issued by consultants.

Manetti and Becatti (2009) investigated 34 selected assurance statements on sustainability reports developed according to the GRI guidelines in 2006. It was identified that national recommendations have brought innovative elements that are not always addressed by the ISAE 3000 and could be adopted for its improvement. This study recommends, among other things, that ISAE 3000 standards' improvements should be developed in aspects regarding the definition of responsibilities of external experts specialised in matters other than accounting and auditing, and clearly explain the different levels of assurance provided (reasonable, limited or no assurance).

While previous studies have addressed the reasons organisations seek assurances, the benefits and deficiencies in assurance of sustainability reports and identified differences among the different types of assurance providers considering assurers, reporters and users' perspectives individually, this study aims to explore the assurance of GRI sustainability reports in Brazil considering assurers, reporters and users' perspectives.

The literature review considered relevant prior published works pertaining to sustainability reporting, the GRI framework, sustainability reporting in Brazil and

assurance of sustainability reports. The next section outlines the theoretical framework.

## 2.3. Theoretical Framework

The theoretical framework section starts by providing information about the theories employed in this research (expectation-performance gap theory and stakeholder theory) and the related concepts considered in this research (performance gap, reasonableness gap and credibility). Then, details of the Content Index Model developed and proposed in this research are presented. The research questions and propositions assessed in this research are then articulated. Finally, a summary of the research's theoretical framework is presented.

### 2.3.1. Audit Expectation-Performance Gap Theory

The audit expectation-performance gap theory is fundamental to this research as it aims to explore the existence of an expectation-performance gap for participants regarding the assurance process of GRI sustainability reports, identifies reasons for those gaps and proposes recommendations to reduce those gaps.

According to Porter (1993), the phrase "expectation gap" in auditing was first used by Liggio (1974) to define the difference between the levels of expected performance "as envisioned by the independent accountant and the user of financial statements". However the term expectation gap was further explored and it was revised with a more appropriated definition "the audit expectation-performance gap", which is the gap between society's expectations of auditors and auditors' performance, as perceived by society (Porter 1993).

Wolf, Tackett and Claypool (1999) state that the audit expectation-performance gap can be defined as the difference between expectations held by stakeholders regarding the external audit or assurance process, and the service actually provided by auditors or assurers. This gap may arise because of differences between what stakeholders desire from audit and assurance services and what the auditor or assurer understand is the role of audit or assurance.

According to Porter (1993, p. 50), the "audit expectation-performance gap" has two components, the reasonableness gap and the performance gap (This is illustrated in the Figure 5 below):

- The 'reasonableness gap' consists of the difference between society's expectations of what auditors should achieve and what auditors can reasonably be expected to achieve;
- The 'performance gap' is the difference between the responsibilities society reasonably expects of auditors and auditors' perceived performance. This performance gap is subdivided into:
  - 'Deficient standards': the gap between "what can reasonably be expected of auditors and auditors' existing duties as defined by the law and professional promulgation";
  - 'Deficient performance': the gap between "auditors' existing responsibilities and auditors' perceived performance".



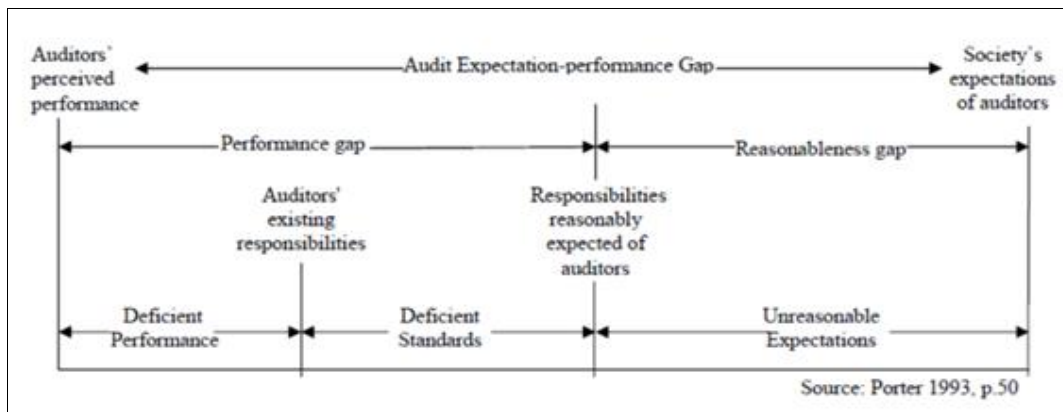


Figure 5: Structure of the audit expectation-performance gap (Porter 1993).

Although the audit expectation-performance gap term has been widely used, some authors also employed the term expectation gap. Expectation gap is the common term used to describe the situation where a difference in expectations exists between a group with a certain expertise and a group that relies upon that expertise (Deegan & Rankin 1999).

The expectation gap or audit expectation-performance gap has been used not only in the accounting literature (Best, Buckby & Tan 2001; Fadzly & Ahmad 2004; Frank, Lowe & Smith 2001; McEnroe & Martens 2001) but also in other fields. For instance, Houston and Taylor (1999) identified the existence of an expectation gap between the assurances that a Webtrust program is intended to provide and what consumers perceive that the Webtrust program provides. This study also mentioned that the expectation gap could result in costs for companies as their clients may not be satisfied. Douglas and Connor (2003) identified a gap between managers' perceptions of consumers' expectations and actual consumers' expectations in the hospitality industry. Hornik et al. (2003) assessed the expectation gap in information system projects. Adams and Evans (2004) identified evidence of an environmental reporting expectation gap and Green and Li (2011) identified an expectation gap in greenhouse gas emissions assurance.

Prior research on the audit expectation-performance gap has examined the potential for reducing this gap by enhancing the independence of auditors, improving standards, quality control of audit practices, educating stakeholders, and improving communication with stakeholders in the form of the audit report (Adams & Evans 2004; Ariff, Rosmaini & Hanafi 2008; Best, Buckby & Tan 2001; Lee & Ali 2008; Lee, Ali & Gloeck 2008; Ojo 2006; Porter, Ó hÓgartaigh & Baskerville 2009; Salehi & Azary 2009; Schelluch 1996). For example, Schelluch (1996) found that the expectation gap detected in earlier studies focused on auditor responsibilities appeared to be reduced with the introduction of the 'long form' audit report. Differences in beliefs between auditors and users appeared to be reduced in areas specifically addressed in the wording of the expanded report.

Best, Buckby and Tan (2001) detected in their study an expectation gap in relation to the level and nature of auditor's responsibilities, particularly on the issues of the auditor's responsibilities for fraud prevention and detection, and the auditor's responsibilities for maintenance of accounting records and exercise of judgment in the selection of audit procedures. They suggest that much of the expectation gap is likely to be significantly reduced with a change in wording and form of the audit report.

Shaikh and Talha (2003, p. 517) describes some causes for the expectation gap, such as: the probabilistic nature of auditing; misunderstanding and ignorance of non-

auditors about the audit function; the evaluation of audit performance based on data or information not available to the auditor during the time the audit was performed; and corporate crises which result in new expectations and accountability requirements. The public lack of knowledge of the duties of the auditors may also be responsible for the expectation gap (Okafor & Otalor 2013).

According to Adams and Evans (2004), the audit expectation gap in ethical, social and environmental reports arises from an over-emphasis on the validity of performance data at the expense of addressing completeness and credibility. They listed factors that are contributing to the expectations gap in assurance of sustainability reports. Some of the factors identified are:

- Unlike the financial audit, assurance of a sustainability report is not a legal requirement;
- There are no guidelines specifying what type of audit opinion should be issued in what circumstances;
- Assurance of a sustainability report is performed for different stakeholders with different interests and concerns while a financial audit report is addressed primarily to shareholders;
- Auditors should have special skills as much of the information published in sustainability reports is qualitative.

This research also mentions that to reduce the audit expectation gap, it is necessary to develop an assurance guideline determining the key principles by which assurance processes for ethical, social and environmental reports and processes should be conducted.

Although previous studies have considered the expectation-performance gap and the expectation gap in other fields than accounting literature such as in information technology (Houston & Taylor 1999), the hospitality industry (Douglas & Connor 2003), in system projects (Hornik et al. 2003), in environmental reporting (Adams & Evans 2004; Deegan & Rankin 1999; Okafor & Otalor 2013) and greenhouse gas emissions assurance (Green & Li 2011), this research aims to assess and explore the expectation-performance gap in the assurance of GRI sustainability.

### 2.3.2. Stakeholder Theory

Stakeholder theory has been applied in different ways in both business practice and academic research (Donaldson & Preston 1995, p. 70; Jensen & Sandström 2011; Laplume, Sonpar & Litz 2008; Mainardes, Alves & Raposo 2011; Miles 2012). Mainardes, Alves and Raposo (2011, p. 227) argue that one of the more relevant characteristics of stakeholder theory is the variety of points of view that have been expressed in its scope and the different stakeholder definitions suggested without consensus.

Even though there are different definitions for stakeholders in the literature, most of these definitions stress the relationships among entities or individuals considering the business bias. Stakeholders are defined as those groups (entities or individuals) who affect and/or could be affected by an organisation's activities, products or services (Accountability 2011; Global Reporting Initiative 2006). In the academic literature, Freeman and Reed (1983) (cited in Deegan 2009, p. 347) state that a stakeholder is any identifiable group or individual who can affect the achievement of an organisation's objectives, or is affected by the achievement of an organisation's

objective. Crane and Ruebottom (2011, p. 77) point out that after more than two decades of development and integration of stakeholder thinking into multiple disciplines, stakeholders are still defined only by their generic economic function. Among the different stakeholder definitions, this research adopts the definition stated by Freeman (1984, p. 25) which stakeholder is any group or individual who can affect or is affected by the achievement of the firm's objectives.

The same way there are diverse stakeholder definitions; there are different opinions about stakeholder theory in the literature stressing relationships between organisations and their stakeholders. Donaldson and Peston (1995) describes three different approaches to define stakeholder theory: (1) descriptive, where theory is used to describe and explain specific corporate characteristics and behaviours; (2) instrumental, where theory is used to identify the connections, or lack of connections between stakeholder management and the achievement of traditional corporate objectives; and (3) normative, where the theory is used to interpret the function of the organisation, including the identification of moral guidelines for the operation and management of organisations.

Husillos and Álvarez-Gil (2008) state that organisations' behaviour is conditioned by the pressures exercised on organisations by different stakeholders. Marshall et al. (2010, p. 406) argue that according to stakeholder theory, an organisation's success depends on its ability to manage relationships with stakeholders. Mainardes, Alves and Raposo (2011, p. 229) state that stakeholder theory focuses on the nature of the relationships between organisations and their stakeholders in terms of processes and results.

According to Freeman (1984) (cited in Deegan 2009, p. 351) stakeholder theory is focused on the organisation's interaction with its stakeholders, and this interaction could be performed through two different approaches: managerial and ethical approach. The managerial approach suggests that organisations will meet demands of stakeholders who are more powerful and who are important to the organisation's survival. The ethical approach suggests that all stakeholders have the same right to be treated fairly by an organisation regardless of the power of the stakeholder involved. The ethical approach also comes with the concept that all stakeholders have rights to be provided with information about how the organisation is affecting them, even if they decide to do not use this information. Donaldson and Preston (1995), state that stakeholder theory is used to describe and explain specific corporate characteristics and behaviours.

Benson et al. (2011) also point out two different approaches to manage interests of organisation's stakeholders: strategic and moral. With the strategic approach, organisations manage stakeholder relations in order to maximise value and with the moral approach, organisations manage stakeholder relationships for ethical or moral reasons.

Some authors conclude that over time this theory has gained importance but still has not been fully developed. Tse (2011, p. 58) states that the actual scope of the theory and who the stakeholders should be are not properly defined. Mainardes, Alves and Raposo (2011, p. 242) also point out that the stakeholder term by itself should be better developed including its definitions and establishing boundaries to the concept. Jensen and Sandström (2011, p. 474) state that stakeholder theory is limited to the treatment of the business context but neglect the phenomenon of globalisation.

In order to clarify the conversation about stakeholders' theories, concepts and definitions, Freeman (1994, p. 409) states:

*“There is no stakeholder theory but that stakeholder theory becomes a genre that is quite rich. It becomes one of many ways to blend together the central concepts of business with those of ethics. Rather than take each concept of business singly or the whole of “business” together and hold it to the light of ethical standards, we can use the stakeholder concept to create more fine-grained analyses that combine business and ethics; or more simply, we can tell many more, and more interesting, stories about business.”*

Another important aspect relevant to stakeholder theory is the different types of stakeholders, their distinct levels of involvement and their diverse interests and concerns. Managing stakeholder relationships is complex, involving multiple stakeholders with different interests and goals (Savage et al. 2010, p. 22; Tse 2011, p. 58). Some authors argue that these differences occur because stakeholders have different perceptions about how an organisation should conduct its activities and how an organisation’s activities impact different stakeholders in different ways (Accountability 2011; Deegan 2009).

Previous studies have also identified differences among different groups of stakeholders regarding their perceptions about sustainability reports and assurance for sustainability reports. Various authors have identified different stakeholders’ opinions about the motivations and benefits of the assurance process for sustainability reports. Park and Brorson (2005) interviewed assurance providers and organisations in Sweden and identified different perceptions about the benefits of the assurance process. Owen, Chapple and Urzola (2009) conducted semi-structured interviews with senior corporate responsibility managers, investors, NGO and trade union representatives and also identified different perceptions about the reasons for commissioning sustainability assurance and the benefits of the assurance process.

As organisations will have many stakeholders with distinct demands and sometimes with conflicting interests, it will be not possible for organisations to manage and respond to all of their stakeholders equally. To do so, some authors refer to different criteria in order to divide stakeholders into different groups. Elijido-Ten, Kloot and Clarkson (2010) argue that stakeholders could be divided in two groups: primary and secondary stakeholders. Primary stakeholders have a high level of interdependence with the organisation and without these stakeholders the organisation will be seriously damaged or unable to continue its activities. Secondary stakeholders are defined as those who are influenced or affected by, or influence or affect the organisation, but without these stakeholders the organisation could be damaged but will be able to continue its activities.

Accountability (2011) provides a guide by which stakeholders could be classified into five different categories. These categories are based on the stakeholders’ attributions in relation to the organisation which are: dependency, responsibility, tension, influence and diverse perspectives.

Analysing and associating the stakeholder literature with sustainability reporting and assurance for sustainability reports, it is clear that during the reporting process organisations should at least identify their stakeholders, classify their stakeholders, identify their stakeholders’ expectations and interests, identify boundaries of disclosure and reasonably address stakeholders’ expectations and interests in their sustainability reports. GRI (2011, p. 10) recommends that organisations should identify their stakeholders and explain in the report how they have responded to their expectations, concerns and interests.

Some studies have criticised how the assurance activities for sustainability reports assess the organisations' stakeholders during the assurance processes. Edgley, Jones and Solomon (2010) point out that nowadays there is a superficial engagement of stakeholders during assurance processes. Rasche and Esser (2006) also informs that when management defines the scope of the social and environmental disclosure process, management may restrict the concerns of stakeholders that will be considered.

Although the stakeholder theory has a variety of complex points of view and has been widely applied in different situations and circumstances in different areas, stakeholder theory is also about stakeholders have expectation on organisations' environmental and social performance. The link between sustainability reporting and stakeholder theory is the need of organisations to communicate with their stakeholders and achieve their expectations through the use of sustainability reports. In this context the assurance of sustainability report is the instrument used to improve credibility of the information communicated through sustainability reports to organisations' stakeholders.

This research employed two aspects of the stakeholder theory. Firstly, the aspect stated by Mainardes, Alves and Raposo (2011, p. 229) that stakeholder theory focuses on the nature of the relationships between organisations and their stakeholders in terms of processes and results. In this case, sustainability reports used by organisations to communicate with their stakeholders about their social and environmental performance and the assurance of sustainability reports used to improve credibility of such sustainability reports during this communication process. The second aspect of the stakeholder theory considered in this research was stated by (Freeman 2009), which different stakeholders have different perceptions and interests. Findings identified by previous studies that distinct stakeholders have different perceptions and concerns were also considered by this research (AccountAbility 2008; Deegan 2009; Owen, Chapple & Urzola 2009; Park & Brorson 2005; Savage et al. 2010; Tse 2011). More details about the use of the stakeholder theory in this research are provided on the section "2.3.7. Summary of Theoretical Framework".

Previous studies have applied the stakeholder theory to the assurance of sustainability reports and sustainability reporting (Owen, Chapple & Urzola 2009; Park & Brorson 2005; Savage et al. 2010; Tse 2011) and corporate social disclosures (Orij 2010). This research applies this specific aspect of the stakeholder theory, which different stakeholders have different perceptions and interests, combined with the expectation-performance gap theory to compare differences among responses provided by participants of the three groups interviewed (assurers, reporters and readers).

### 2.3.3. Credibility

Beginning with Aristotle, communication scholars have studied the role of source credibility in persuasive messages, however just in the 1950s academic literature developed on credibility by communication and psychology scholars (Self 2009, p. 435; Tseng & Fogg 1999, p. 39). Credibility has also been analysed across different areas such as marketing, sociology, mathematic studies and technology. Each area has analysed the credibility construction, concept and its practical significance using different approaches and goals, and as a result, credibility is a complex and

multifaceted concept with diverse points of view (Jewell 1976; Liu 2006; Norberg 2004; Rieh & Danielson 2007, p. 307; Tseng & Fogg 1999, p. 39; Wathen & Burkell 2002, p. 140).

Self (2009, p. 449) provides a summarised historical evaluation of the credibility concept construction and its changes. This author explains that Greek philosophers Plato and Aristotle suggested that credibility emanates from a confident knowledge of the truth or grows from a communicator's ability to read the needs of the audience. After that, modern communication researchers examined source, media characteristics, messages characteristics and the audience's familiarity with messages and concluded that credibility could be affected by message manipulation, message repetition and by the audience's needs and experience. The development of the Internet and the interest of politicians and media managers have demanded more studies in credibility.

Burgoon et al. (2000, p. 554) states that the credibility concept refers to the audience's judgment that a message and/or its source are believable. Bentele and Seidenglanz (2008) point out that "*credibility can be defined as a feature attributed to individuals, institutions or their communicative products (written or oral texts, audio-visual presentations) by somebody (recipients) with regard to something (an event, matters of fact, etc.)*".

Tseng and Fogg (1999, p. 40) describes credibility as: "*Believability. Credible people are believable people; credible information is believable information*". According to this study, credibility is composed of two key components: trustworthiness and expertise. The trustworthiness dimension of credibility identifies the perceived goodness or morality of the source and it is defined as well-intentioned, truthful and unbiased. The expertise dimension of credibility captures the perceived knowledge and skill of the source and it is defined as knowledgeable, experienced and competent.

Tseng and Fogg (1999, p. 41) also proposes in their study of credibility and computing systems four different types of credibility: (1) Presumed, describes how much a receiver believes someone or something because of general assumptions in the receiver's mind; (2) Reputed, describes how much a receiver believes someone or something because of what third parties have informed; (3) Surfaced, describes how much a receiver believes someone or something based on simple inspection; and (4) Experienced, refers to how much a receiver believes someone or something based on the receiver's previous experience.

Birnbaum and Stegner (1979, p. 48) argue that the concept of credibility is composed of: expertise, bias and the judge's point of view. Expertise refers to the correlation between the source's report and the outcomes of empirical verification and it depends of the communicator's training, experience and ability. Bias refers to factors that influence the difference between the source's report and the true state of nature. Judge's point of view refers to how the audience's experiences will influence its perceptions regarding the communicator and his/her message. Through testing the source of credibility in five experiments, these authors demonstrate the relationships among expertise, bias and judge's point of view and also indicate that expertise amplifies the effect of the source's bias.

Wathen and Burkell (2002, pp. 140-1) reviews selected literature related to the credibility of information and concludes that source, message characteristics and receiver all interact in the assessment of information credibility. These authors also mention some factors influencing credibility in computer-based media, such as: (1) source expertise, knowledge, competence, trustworthiness, credentials and influence;

(2) message content, relevance, currency and accuracy; and (3) receiver assumptions about source or topic, motivation and knowledge.

According to Wathen and Burkell (2002, p. 140), to increase credibility messages should be consistent and clearly presented to the audience. Information providers should also pay attention in the characteristics of the audience, because audiences that are already receptive to a message will be more likely to view the information as credible.

Independent external assurance has been recommended by some authors as an instrument to improve credibility. AccountAbility (2008, 2011); Dando and Swift (2003) defined independent external assurance as an instrument to increase credibility of sustainability reports. Adams and Evans (2004) also note the importance of the external assurance process to the credibility of reports and mentions two fundamental elements that should be part of the external assurance process: internal and external aspects of credibility. Assurance statements represent the external aspect of credibility and quality of policies, organisational structures, risk management, internal management systems, compliance records and internal audit system are the internal aspects of credibility. The GRI (2011) also recommended the use of external assurance, in addition to any internal resource, as an instrument to enhance credibility of organisations' sustainability reports.

Based on (Birnbau & Stegner 1979), Wade (2008, p. 14) states that the notion of audit credibility based on three elements: source bias, source experience and judgment bias. Source bias for auditors is captured in the audit values of independence, objectivity and fairness. Source expertise is based on the auditor's competence to provide reliable information. Judgment bias refers to how different entities appear to respond different to the messages contained in auditor's reports.

Many studies have been analysing credibility across different areas such as marketing, communication, psychology, sociology, mathematic and technology. This study aims to analyse the credibility in the assurance process of GRI sustainability reports. To do so, this research adopts the credibility concept stated by previous authors (AccountAbility 2008, 2011; Adams & Evans 2004; Dando & Swift 2003; Global Reporting Initiative 2011) that independent external assurance increases credibility of sustainability reports. This concept was used to assess the usefulness of the Content Index Model proposed in this research as an instrument to improve the understanding of sustainability reports' readers about the assurance process of GRI sustainability reports.

#### 2.3.4. Content Index Model

This research developed and proposed a Content Index Model (appendix 9) as an instrument to reduce the expectation-performance gap in assurance of sustainability reports and to improve sustainability reports' readers understanding in relation to the assurance process of GRI sustainability reports. The expected effectiveness of the proposed Content Index Model is also assessed in this research (see section 6.2.).

The Content Index Model proposed in this research was developed considering the professional experience of the researcher working as an assurance provider in Brazil, and the literature available regarding assurance processes of sustainability reports. This approach allows the research to consider the knowledge obtained through the practice, in this situation the professional experience of the researcher and supervisors, and assess and reinforce this knowledge through the research by itself.

Previous studies have assessed deficiencies, trends and benefits of the assurance process of sustainability reports worldwide (Cheng, Green & Ko 2012; Deegan, Cooper & Shelly 2006; Fédération des Experts Comptables Européens 2004, 2006; Frost & Martinov-Bennie 2010; Hodge, Subramaniam & Stewart 2009; KPMG 2008; Laufer 2003; Mock, Strohm & Swartz 2007; Moneva, Archel & Correa 2006; Mori Junior, Best & Cotter 2013; Moroney, Windsor & Aw 2011; O'Dwyer, B. & Owen, D. 2005; Owen, Chapple & Urzola 2009; Perego 2009; Ramus & Montiel 2005; Romero, Ruiz & Fernández-Feijóo 2010; Zorio, García-Benau & Sierra 2012).

The Content Index Model proposed was developed to address three factors:

- Most GRI sustainability reports readers do not identify the scope of the assurance conducted through the assurance statements provided by assurance providers;
- Assurance services for sustainability reports are not regulated and they are still voluntary in the majority of countries, which results in different assurance providers providing different assurance services, using different scopes, employing different methodologies and providing different types of assurance statements;
- All sustainability reports that follow GRI guidelines use a model of a content index (“GRI content index”) that aims to clarify to the GRI sustainability reports readers the scope of the sustainability report in relation to the GRI guidelines.

The rationale behind the Content Index Model proposed in this research is that since organisations have to clearly inform their sustainability report readers about the scope of their GRI sustainability reports through the GRI content index, the same content index could be used to inform readers about the scope of the assurance process. To do so, an additional column (“External Assurance”) was added in the GRI content index to inform readers of the scope of the assurance conducted (see Figure 6).

GRI Content Index			External Assurance
GRI Standards		Page	
<b>Strategy and Analysis</b>			
1.1	Statement from the most senior decisionmaker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	3	✓
1.2	Description of key impacts, risks, and opportunities.	4	
<b>Organizational Profile</b>			
2.2	Primary brands, products, and/or services.	12	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	8 - 10	
<b>Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1	✓
3.4	Contact point for questions regarding the report or its contents.	back cover	✓
3.5	Process for defining report content, including: <ul style="list-style-type: none"> <li>• Determining materiality;</li> <li>• Prioritising topics within the report; and</li> <li>• Identifying stakeholders the organization expects to use the report.</li> </ul>	32 - 34	✓

Figure 6 – Additional column added to the GRI Content Index.

Through the column “External Assurance” sustainability report readers will be able to clearly identify the scope used by the organisation to develop its sustainability



report and what scope was assessed by the assurer during the assurance process. The Content Index Model proposed in this research does not aim to replace assurance statements, but to be used in combination with assurance statements. Further, the Content Index Model proposed does not aim to solve all sustainability reports assurance problems rather it aims to improve the readers' understanding of the scope of the assurance conducted through a simple and easy to implement idea.

In addition, using the Content Index Model will allow users to identify differences in scope among the different types of assurance services provided by different types of assurance providers, regardless of the type of the assurance statement provided. It is also expected that the use of the Content Index Model proposed will improve the quality of the assurance process as a whole, as assurers will be more exposed and accountable regarding the scope of their work.

The expected effectiveness of the Content Index Model proposed in this research in reducing the expectation-performance gap and improving readers understating about the assurance process of GRI sustainability reports is assessed through the participants' responses (see Chapter 6 Data Analysis – Recommendations to Reduce the Reasonableness and the Performance Gaps in Brazil for more detailed information).

### 2.3.5. Research Question and Sub Questions

In order to address the gaps identified during the literature review and achieve the research aims, the following research question (RQ) was developed and addressed:

Is there an expectation-performance gap in the assurance of GRI sustainability reports in Brazil, and if so, what are its reasons and ways to reduce it?

To break down the research question into its components, the following research sub questions (RSQ) were developed.

**RSQ 1:** Is there a reasonableness gap in the assurance of GRI sustainability reports in Brazil?

**RSQ 2:** Why does such a reasonableness gap exist?

**RSQ 3:** Is there a performance gap in the assurance of GRI sustainability reports in Brazil?

**RSQ 4:** Why does such a performance gap exist?

**RSQ 5:** How can the reasonableness and the performance gaps be reduced?

**RSQ 6:** Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps?

### 2.3.6. Propositions

In order to answer the research question and the research sub questions, the following propositions were developed and assessed:

**P1:** There is a reasonableness gap regarding the assurance of GRI sustainability reports.

**P2:** Reporters' and Readers' lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap.

**P3:** Readers' inability to understand the information provided through the assurance statements contributes to the existence of a reasonableness gap.

**P4:** There is a performance gap regarding the assurance of GRI sustainability reports.

**P5:** Assurers' lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a performance gap.

**P6:** Assurance statements provided by assurers have limited effectiveness in communicating to readers.

**P7:** The use of the proposed Content Index Model reduces the reasonableness and the performance gap.

**P8:** The use of the proposed Content Index Model improves sustainability reports' readers understanding about the assurance process of GRI sustainability reports.

Propositions P1 and P4 were developed considering the assumption that is likely that the assurance processes of sustainability reports suffers an audit expectation-performance gap similar to that associated with financial statements audits (Ariff, Rosmaini & Hanafi 2008; Best, Buckby & Tan 2001; Fadzly & Ahmad 2004; Frank, Lowe & Smith 2001; McEnroe & Martens 2001; Onumah, Simpson & Babonyire 2009; Porter 1993; Porter, Ó hÓgartaigh & Baskerville 2009) and similar to those identified by Adams and Evans (2004) and Green and Li (2011) in social audits and greenhouse gas emissions assurance respectively.

Previous literature that has assessed the assurance of sustainability reports (Cheng, Green & Ko 2012; Deegan, Cooper & Shelly 2006; Fédération des Experts Comptables Européens 2006; Frost & Martinov-Bennie 2010; Hodge, Subramaniam & Stewart 2009; KPMG 2008; Laufer 2003; Mock, Strohm & Swartz 2007; Moneva, Archel & Correa 2006; Moroney, Windsor & Aw 2011; O'Dwyer, B. & Owen, D. 2005; Owen, Chapple & Urzola 2009; Ramus & Montiel 2005; Romero, Ruiz & Fernández-Feijóo 2010; Zorio, García-Benau & Sierra 2012) and the researcher's professional experience were considered for the development of propositions P2, P5, P7 and P8.

Previous literature was also used to develop propositions P3 and P6. According to previous studies, the lack of knowledge of the society as a whole in relation to assurance and audits (Okafor & Otalor 2013; Shaikh & Talha 2003) and the low effectiveness of assurance statements and audit reports in communicating to readers contribute to the expectation-performance gap (Ariff, Rosmaini & Hanafi 2008; Best, Buckby & Tan 2001; Porter, Ó hÓgartaigh & Baskerville 2009; Teck-HeangAli & Azham 2008).

### 2.3.7. Summary of Theoretical Framework

The development of this research's theoretical framework considers the concept defined by Labaree (2012), where a theoretical framework consists of concepts and theory/theories used for a particular study in order to demonstrate how these elements are related and relevant to the research. Table 1 presents the theories and concepts used to develop this research's theoretical framework.

Item	Element	Description	Reference
Expectation-performance gap	Theory	There is an audit expectation-performance gap between society's expectations of auditors and auditors' performance.	(Porter 1993, p. 50)
Performance gap	Concept	The gap between the expected standard of performance of auditors' existing duties and auditors' perceived performance.	(Porter 1993, p. 50)
Reasonableness gap	Concept	The difference between society's expectations of what auditors should achieve and what auditors can reasonably be expected to achieve.	(Porter 1993, p. 50)
Stakeholder	Theory	Different stakeholders have different perceptions and interests.	(Accountability 2011; Deegan 2009; Freeman 2009; Savage et al. 2010; Tse 2011)
Stakeholder	Theory	Stakeholder theory focuses on the nature of the relationships between organisations and their stakeholders in terms of processes and results. In this research processes and results of the assurance process of sustainability reports.	(Mainardes, Alves and Raposo 2011)
Credibility	Concept	Independent external assurance increases credibility of sustainability reports.	(AccountAbility 2008; Adams & Evans 2004; Dando & Swift 2003)

Table 1: Definitions and theories used to develop the theoretical framework.

The theoretical framework of this research was developed considering prior literature and a diagram summarising it is presented in Figure 7. This summary demonstrates how the research's structure was designed to answer the research question by employing the audit expectation-performance gap theory combined with specific aspects of the stakeholder theory, the performance gap concept, the reasonableness gap concept and the credibility concept, described in Table 1. First, through the literature review, theories and concepts were identified, analysed and selected to be considered as a base for this research. Second, three key groups (assurers, reporters and readers) were identified for the research. Their perceptions regarding the existence of a reasonableness gap and a performance gap in the assurance process of GRI sustainability reports will be obtained as part of the research. The information obtained through the interviews will be used to provide support for the existence of the gaps, to understand and explore the reasons for those gaps and to obtain and assess recommendations to reduce those gaps. In the last phase of the research, all results will be analysed and conclusions and finding provided to answer the research question and the sub-research questions and to assess the research's propositions.

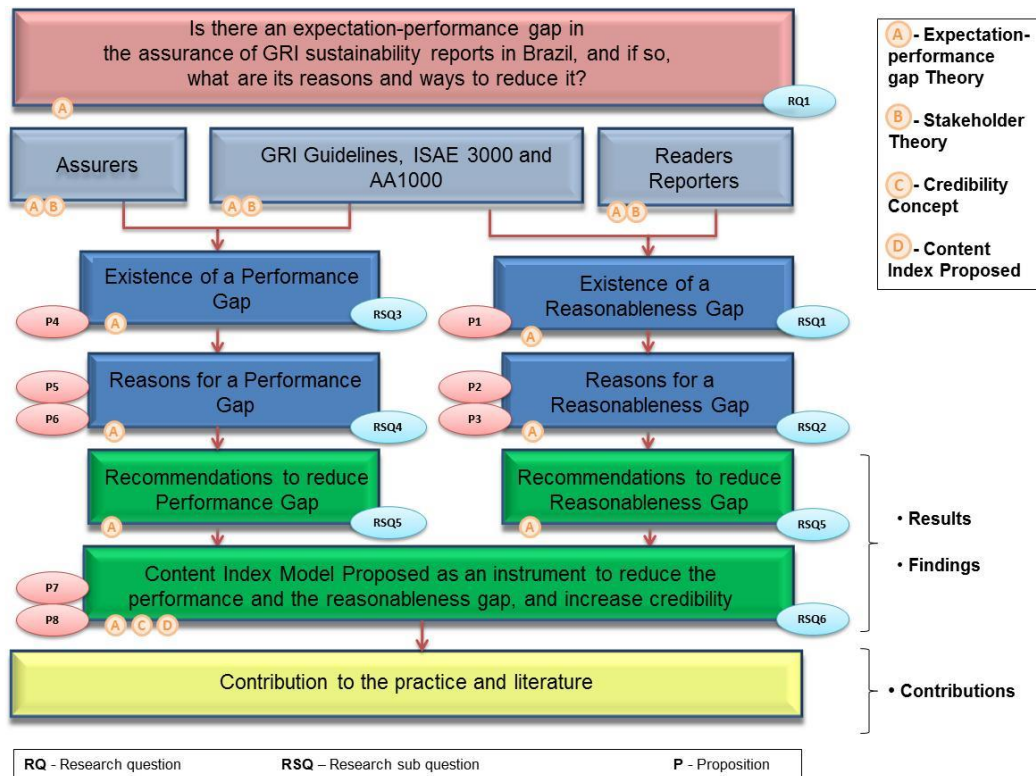


Figure 7 - Theoretical framework.

Through Figure 7 it is possible to identify how each one of the aspects presented in this section links with the research's theoretical framework. The expectation-performance gap is the more important theory of this theoretical framework, as it is used to answer all the research's questions and assess all the research' propositions. The aspects of the stakeholder theory considered in this research aim to use a different approach from previous studies that employed the agency theory to assess the role of the audit in providing credibility for financial statements. Those previous studies have assessed the problems and weakness of the audit process in relation to the financial statements considering the agency theory. This study employs the stakeholder theory to bring more depth in the relationship among organisations communicating with their stakeholders through sustainability reports, assurance process of sustainability reports and the credibility of such reports. This research considered that both, the sustainability reporting and the assurance process of sustainability report come from the stakeholder theory because the sustainability reporting process is an instrument used by organisations to communicate their social and environment performance to their stakeholders and the assurance of sustainability reports is an instrument to increase credibility of those reports. To conclude, firstly the Stakeholder theory is employed to assess the dynamic of the relationship between organisations' assured sustainability reports and stakeholders' perceptions regarding assured sustainability reports. The second aspect of the Stakeholder theory, that different stakeholders have different perceptions and interests, is used to compare responses provided by the three groups of participants (assurers, readers and reporters) about the expectation gap and the reasonableness gap against the standards (ISAE 3000 and AA1000) and the guideline (GRI). The credibility concept, that independent external assurance increases credibility of sustainability reports, is used to answer RSQ 6 "Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps" and to assess the proposition P7 "The use of the proposed Content Index

Model improves credibility of assured sustainability reports”. The Content Index Model proposed in this research was developed to assess propositions P7 and P8 “The use of the proposed Content Index Model improves sustainability reports’ readers understanding about the assurance process of GRI sustainability reports” and answer RSQ 6.

## 2.4. Chapter Conclusion

This Chapter initially provided information regarding the literature review considered in this research, and then the concepts and theories employed in this research were linked through the research theoretical framework. The research sub questions to be explored, and the propositions to be assessed in this research were also detailed in this Chapter. The next Chapter addresses the research methodology employed in this research.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1. Introduction

This chapter outlines the design and the methodology employed to address the research sub questions developed in Chapter 2. The methodology used in this research includes a single exploratory case study. This Chapter justifies the chosen methodology, explains the data collection process and the selection strategy, presents some aspects identified regarding the research validity and reliability, and provides details about the data analysis process.

### 3.2. Research Approach

This research used a single exploratory case study as a research strategy with an embedded design mixed method, which involves quantitative data embedded in a qualitative approach. The use of a case study allows for a particular individual, specific geographic area, program or event to be studied and allows the researcher to understand a real-life phenomenon in depth (Leedy 2009; Leedy & Ormrod 2009; Punch 2005; Somekh & Lewin 2011; Yin 2009). According to some authors, case study research has two variants, one that is developed through the use of a single case study and other using multiple case studies (Flyvbjerg 2006; Gerring 2004; Leedy 2009; Patton 2002; Scholz 2002; Yin 2009).

The case study method was used in this research because this is the research strategy most suitable to explore a phenomenon that is not completely understood in order to generate further knowledge about it through in-depth examination. Case study is the most suitable method for this study because this research aims to assess the existence of and explore the reasons for the audit expectation-performance gap in assurance of GRI sustainability reports in Brazil, where very little prior research has been conducted.

#### 3.2.1. Case Study

Gerring (2004, p. 352) defines a case study as an intensive study of a single unit with an aim to generalise across a larger set of units. According to Eisenhardt (1989) case study is a research strategy that focuses on understanding the dynamics present within single settings. The purpose of case study research is to produce new knowledge. It is often used to investigate issues that are difficult or impossible to study with a quantitative research approach (Eriksson & Kovalainen 2010). Yin (2009) argues that case study research aims to seek support for research propositions; and for researchers, the more case studies that can be examined, then the more support can be provided. Eisenhardt (1989) states that case studies can be used to accomplish various aims, such as to provide a description, and to test or generate a theory.

Regarding the data collection methods more suitable for case studies, the use of a case study does not imply the use of a particular type of evidence; it can collect data by using qualitative or quantitative approaches, or through a combination of both. Case studies that employ mixed data collection methods can provide the researcher with the rich empirical data needed for high-quality case studies. Quantitative data

can complement qualitative data collected from open-ended questionnaires (Eisenhardt 1989; Yin 1981).

There are three types of case studies, exploratory, descriptive and explanatory (Yin 1981). Exploratory case studies aim to investigate distinct phenomena characterised by a lack of detailed preliminary research and this method is very often used to explore a relatively new field of scientific investigation (Tobin 2010). Explanatory case studies can be employed to explain phenomena and presents cause-effect relationships, explaining how events occurred and how they might be connected (Harder 2010). The goal of a descriptive case study is to identify patterns and connections in order to advance theory development, as it presents a complete description of the phenomenon within its context. The findings from descriptive case studies are not able to be generalised into theoretical propositions (Tobin 2010).

This research is conducted with the understanding that employing a case study as a research strategy means that results could not be generalisable, however, through an exploratory single case study, some evidence can still be found to assist in answering the research question. Yin (2009, p. 32) recommends that a single case study must have clearly defined boundaries and must also be clearly linked with the research question in order to reduce confusion about the research's scope and objectives. Regarding research boundaries, this author also recommends that in a single case study about local services in a specific geographic area, the type of service should be clearly defined and specific time boundaries must be laid out. This research aims to assess the existence of an expectation-performance gap in the assurance of GRI sustainability reports in Brazil, develop an understanding of why such a gap might exist, and how this gap can be reduced. These aspects were addressed considering Yin (2009)'s statement that "how" and "why" research questions are better answered through the use of case studies.

Considering all recommendations and concepts listed in this section regarding the use of a single exploratory case study employing a mixed data collection method, this research defined the case study boundary considering Brazil as a single case study. The time boundary was defined as being the time of the conduct of this research, from August 2010 to December 2013, and the type of service was defined as the assurance service of GRI sustainability reports. The case study method is the more suitable method to achieve the research aims stated for this thesis, which are to assess the existence of, explore the reasons for and provide recommendation to reduce the audit expectation-performance gap in assurance of GRI sustainability reports in Brazil, issues that have barely been explored through prior research by other authors.

### 3.2.2. Mixed Method

Regarding the research method, this research employed the embedded design mixed method, with quantitative data embedded in a qualitative approach. According to Creswell (2011), embedded design provides a supportive secondary role in a study that is based primarily on another data collection strategy. The rationale behind this approach is that quantitative and qualitative data, when combined, provide a better understanding of the research problem, which allows the research questions to be better answered through the use of different types of data (Creswell & Clark 2007). Qualitative and quantitative methods should be viewed as complementary, and combining the two approaches helps to increase the depth and scope of the research

in order to produce strong and valid research findings (Jick 1979; Punch 2005; Sofaer 1999). Gillham's (2000, p. 87) states that "*case study research to operate in the real world must consider quantitative data analysis, whether or not it is statistically significant*".

As this research aims to understand and obtain as much information as possible about the phenomenon under analysis, the questionnaire was developed using the mixed method, which contains quantitative data embedded in a qualitative approach – each method complementing each other. Grafton, Lillis and Mahama (2011) state that there is significant potential for the accounting literature in adopting mixed methods research strategies given the strengths of the mixed methods for the enhancement both of theory testing and theory building.

The qualitative approach was used because this approach is oriented to developing an understanding of a particular context and its influence. Its focus is on phenomena that occur in a natural setting and involves studying those phenomena in all their complexity, describing their variations, situations or attitudes (Kumar 2010; Leedy 2009; Maxwell 1996). Flick (2002) point out that a qualitative approach is oriented towards analysing concrete cases in their temporal and local particularity, starting from people's expressions and activities in their local context.

The purpose of the qualitative approach is to learn from the participants' experiences, allowing an understanding of how participants interpret their experiences, and obtaining their perceptions, beliefs, motivations and the complexity of their interpretations. A qualitative approach also seeks to understand phenomena deeply and in detail, providing rich descriptions of complex phenomena (Milena, Dainora & Alin 2008; Richards 2007; Sofaer 1999). Gillham (2000, p. 11) uses the term "*get under the skin*" to describe how qualitative methods allow researchers to find out what really happens from the perspective of those involved.

This research aimed to investigate, generate knowledge and understand in-depth the expectation-performance gap in assurance of GRI sustainability reports in Brazil. The research method considered most suitable to achieve the research objective is a mixed method, single exploratory case study.

### 3.3. Data collection

The exploratory single case study was conducted through semi-structured interviews. The semi-structured interview format was selected to be used in this research because this is the interview model most suitable to study a phenomenon in-depth. It allows more flexibility to examine associated issues that could arise in the course of the interview (Gillham 2000; Smith 2003). Semi-structured interviews are the most widely used interview format for research that employs a qualitative approach, as these kinds of interviews are well suited to investigate participants' perceptions and opinions (DiCicco-Bloom & Crabtree 2006; Opdenakker 2006).

The semi-structured interviews followed Leedy's (2009, p. 188) recommendation, with standard questions being asked with one or more individually tailored questions to understand or probe a person's reasoning. The semi-structured interviews were conducted through a questionnaire developed with open-ended questions (qualitative data) complemented by a Likert scale (quantitative data) and multiple choice questions (quantitative data). Both the interview questions and quantitative questions were included in the questionnaire (appendices 5, 6, 7 and 8).



The open-ended questions follow Patton’s (2006, p. 297) guidance, which determines that open-ended questions must permit the person being interviewed to take whatever direction and use whatever words they want in order to represent what they have to say. Holyk (2008) also points out that open-ended questions are suitable when the researcher thinks it would be better to leave the participants free to express their thoughts and provide their perspectives with their own words.

The limitation of open-ended responses is that results they produce are sometimes hardly comparable and do not lend themselves to quantification (Holyk 2008; Malhotra 2006). In order to minimise this limitation of using just open-ended questions, the questionnaire also obtained quantitative data collection through the use of a Likert scale and multiple choice questions.

The Likert scale is one of the most widely employed form of attitude measurement in survey research (Brill 2008). This type of instrument is used to obtain information related to attitudes, emotions, opinions and description’s of people in social sciences, marketing, medicine and business (Gliem & Gliem 2003). The Likert scale’s purpose is to allow participants to express both the direction and strength of their opinion about the object under investigation through the labels attached to each point on the scale (Garland 1991).

Busch (1993) pointed out that Likert scales were first developed as strict five points scale (strongly agree, agree, undecided, disagree or strongly disagree) but the scale length depends of the function of the object under investigation, participants’ familiarity with the object under investigation and participants’ educational and socioeconomic background. Brill (2008) states that five, seven, nine and eleven point scale are used more often. Regarding the number of categories, Mckelvie (1978) (cited in Busch 1993, p. 734) reports that scales with fewer than 5 categories tend to have decreased reliability and scales with more than 11 categories show no improvement in reliability.

Considering previous studies regarding the use of Likert scale, this research employed a horizontal Likert scale with a seven scale-points including a mid-point rating, as presented at the Table 2.

e.1	<i>Stakeholders are interested in sustainability reports</i>	Strongly Agree	Agree	Slightly Agree	Neither one nor the Other	Slightly Disagree	Disagree	Strongly Disagree
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Table 2- Example of Likert scale used in this research.

The seven-point Likert scale was incorporated in the questionnaire because this scale allows the identification of the participants’ opinion (agree or disagree) and distinguishes the intensity of each response (e.g. choosing “strongly agree”, “agree” or “slightly agree”). The use of a mid-point rating is also important to understand the extent of the participants’ knowledge about the object under investigation. Green and Li (2011) used a seven-point Likert scale, anchored by 1 “strongly disagree” and 7 “strongly agree”, with the midpoint labelled “undecided”, to assess the existence of an expectation gap for greenhouse gas emissions assurance.

According to some authors, results obtained from a Likert scale could be affected when a mid-point rating is not available because participants have to choose to agree or disagree with the statement under investigation even if the participant does not have enough knowledge about it.

Multiple choice questions were also used in this research to minimise the limitation of using just open-ended questions. In multiple choice questions the researcher provides a choice of answers and participants are asked to select one or more of the

alternatives given that best represent her or his response. Table 3 presents an example of multiple choice questions used in this research.

2. Considering the GRI principles listed below, tick the option that better represents your opinion about the current scope of the assurance process.			
Materiality	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Stakeholder inclusiveness	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Sustainability context	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle

Table 3 - Example of multiple choice questions used in this research.

According to Malhotra (2006), multiple choice questions are easier for participants to answer and easier to analyse and tabulate comparing to open-ended questions because the results are explicit, comparable and quantified. Results obtained from the Likert scale and the multiple choice questions were used to provide additional support to the qualitative results and help to answer the research questions.

All semi-structured interviews were conducted personally through a list of predetermined questions and each participant was interviewed alone. The reason to perform each interview with just one participant is motivated by Milena's (2002, p. 1282) conclusion, that this type of interview is especially appropriate for addressing sensitive topics that people might be reluctant to discuss in a group. Related to face-to-face interviews, Leedy (2009, p. 188) also points out that this type of interview has the advantage of enabling the researcher to establish rapport with participants thereby obtaining better cooperation. Furthermore, Opdenakker (2006) states that in face-to-face interviews there is no significant time delay between questions and answers and the interviewer and participant can directly react to what the other says or does. In this way, the answer from the participant is more spontaneous, without an extended reflection.

The same questions were asked to all participants in the same manner, however, based on the exigencies of the situation other relevant questions were asked. Wengrag (2001, p. 5) points out that semi-structured interview are designed to have a number of questions prepared in advance but such prepared questions are designed to be sufficiently open allowing the interviewer to ask new questions based on the circumstances.

### 3.4. Selection Strategy for Choosing Participants

The case study was carried out as a single exploratory case study and semi-structured interviews were conducted with three different groups:

- Reporters - organisations' representatives involved in the organisations' GRI sustainability reporting process;
- Assurers - assurers' representatives involved in the assurance process of GRI sustainability reports;
- Readers - readers' representatives not included in the other two groups (reporters and assurers) who are active in the themes GRI sustainability reporting and assurance of sustainability reports.

The selection process to identify these three different groups has considered previous studies which have used face-to-face interviews in similar research. Table 4 summarises some of these studies.

Reference	Title of the Study	Entities Interviewed	Number of Interviews Performed
(Park & Brorson 2005)	Experiences of and views on third-party assurance of corporate environmental and sustainability reports.	Organisations professionally responsible for environmental or sustainability reporting and assurance providers.	31 face to face interviews and 1 phone interview
(O'Dwyer, Unerman & Hession 2005)	User needs in sustainability reporting: Perspectives of stakeholders in Ireland.	NGOs representatives.	8 interviews* and 28 questionnaires sent through email
(Owen, Chapple & Urzola 2009)	Key issues in sustainability assurance.	Corporate responsibility managers and senior representatives from stakeholder groups (NGOs, Investor representatives and Trade Union representatives).	13 face to face interviews and 5 telephone interviews
(Edgley, Jones & Solomon 2010)	Stakeholder inclusivity in social and environmental report assurance.	Assurance providers.	20 face-to-face interviews
(Frost & Martinov-Bennie 2010)	Sustainability reporting assurance: market trends and information content.	Sustainability assurance users and providers.	13 interviews*

Table 4 - Entities interviewed in previous studies.

\* It was not documented how interviews were conducted (face-to-face, phone or email).

Although previous studies have interviewed organisations' representatives responsible for developing sustainability reports, assurers' representatives and different groups of stakeholders' representatives, this research aimed to interview representatives from these three different sources in the same study in order to compare differences and similarities in their responses. The possibility of interviewing representatives from these three different groups is fundamental to better explore the reasonableness gap and performance gap in assurance of GRI sustainability reports.

This research applied purposive selection along with the snowball or chain selection method. In the first stage, all participants were identified and invited to participate considering the purposive selection technique. Then, the snowball or chain selection concept was applied in a second stage.

### 3.4.1. Purposive Selection Technique

Purposive selection techniques are designed to provide a set of interview participants. They are typically designed to select a small number of participants that will provide more information about a particular phenomenon and lead to greater depth of information from a smaller number of selected participants (Teddlie & Yu 2007, p. 83). Devers and Frankel (2000, p. 264) point out that purposive selection strategies are designed to enhance understanding of selected individuals for developing theories and concepts by selecting information-rich contexts.

According to Bloomberg and Volpe (2008), purposive techniques work well when all the individuals studied represent people who have experienced the same phenomenon. Purposive selection aims to review and study all participants that meet some predetermined criterion of importance and is often recommended for in-depth qualitative analysis. LeMay and Ellis (2006) state that a purposive technique is useful for reaching a targeted set of participants quickly.

The purposive selection technique is the technique more suitable to achieve the research goals as it aims to explore and understand a phenomenon under investigation through interviewing the selected participants. The limitation of purposive technique is the possibility of an unrepresentative and self-selecting biased set of participants. With the purposive selection technique, it is difficult to know how well the set of participants selected represents the population (Chen & McCutcheon 2001; Harper 2012; LeMay & Ellis 2006). However, as this research does not attempt to generalise its results, it was important to interview participants who had knowledge of assurance of GRI sustainability reports in Brazil in order to obtain a greater depth of information.

### 3.4.2. Snowball Selection Technique

The snowball or chain selection strategy aims to locate information-rich key informants or critical cases by asking well situated people about who knows about the phenomenon and who the researcher should talk to (Flyvbjerg 2006, p. 176). This selection method consists of asking participants to identify other potential participants (Atkinson & Flint 2004; Barriball & While 1994; Oliver 2006). Noy (2008) states that snowball selection is the most widely employed method of selection in qualitative research in various disciplines and it is used as a main vehicle to access participants and enriching researchers' selection clusters.

Lewis-Beck (2004) points out that one of the advantages of snowball selection is that it enables the researcher to identify potential participants when it would otherwise be difficult to do so. This author also pointed out that snowball selection can be applied as a method to reach a target number of participants. The snowball technique is the technique more suitable to be applied in this research in a secondary stage of the selection strategy because this technique increases the set of participants with participants who know about the phenomenon under investigation that might be difficult to be identified.

Regarding the limitations of the snowball technique, Snijders (1992) points out that snowball technique is biased towards inclusion of those participants who have many interrelationships with, or are connected to, a large number of other individuals. In addition to the selection bias, Aldraehim et al. (2012) argue that through snowball selection it is difficult to obtain parameters of representation which may consequently reduce the potentiality of generalisation.

Even though previous authors have listed some limitations of the snowball selection, this research employed the snowball technique because it was important to increase the number of participants who have knowledge about the phenomenon under investigation.

### 3.4.3. Participant Selection

Reporter and assurer representatives were initially selected using a set of predetermined criteria applied to the GRI official database to identify Brazilian organisations eligible to participate. The criteria developed to identify eligible Brazilian organisations considered the historical GRI recognition regarding organisations’ assured reports. To be considered eligible, an organisation must be registered on the GRI official database and meet all the following criteria:

- Developed its sustainability report based on the GRI framework;
- Issued a sustainability report regarding the organisation’s performance in 2010;
- Had its sustainability report registered at the GRI official website until 14 March 2012;
- Issued its sustainability report with any type of independent third party assurance statement for at least three years in a row;
- Has its headquarters located in Sao Paulo State or in Rio de Janeiro State in Brazil;
- Had its sustainability report recognised by GRI as a sustainability report assured by an independent third party.

To apply the criteria above, this research considered all types of report registered at the GRI official database, regardless of the report name adopted (such as an “Environmental and Social Report”, a “Sustainability Report”, or an “Ethical Report”). The sustainability reports considered in this analysis were those published at the GRI official website independent of the organisations’ sector, size and version of the GRI framework used. This research also has considered all types of assurance statements provided by an independent third party included in the organisations’ sustainability reports. The scope of the assurance process and type of the assurance statement provided were not analysed in this research.

Considering the criteria above, seven organisations were identified and selected to initially represent the group named reporters and five different assurers (three accounting firms and two non-accounting firms) were identified and selected to initially represent the group named assurers. Assurers were obtained through the analyses of the seven organisations’ sustainability reports. Table 5 presents the organisations’ sectors and the type of assurer identified for each one of the organisations selected.

Reference	Organisation's Sector <sup>18</sup>	Type of Assurer <sup>19</sup>
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<sup>18</sup> Was considered the organisations’ definition sector provided at the GRI official database.

<sup>19</sup> Was considered the criteria defined by (Mori Junior 2013) for the different types of assurance providers.

Reference	Organisation's Sector <sup>18</sup>	Type of Assurer <sup>19</sup>
Organisation 1	Financial Services	Accounting firm 1 and Non-Accounting firm 1 combined
Organisation 2	Financial Services	Accounting firm 1 and Non-Accounting firm 1 combined
Organisation 3	Financial Services	Accounting firm 2
Organisation 4	Energy Utilities	Accounting firm 3
Organisation 5	Household and Personal Products	Non-Accounting firm 2
Organisation 6	Energy	Accounting firm 3
Organisation 7	Mining	Accounting firm 3

Table 5 - Organisations selected through the purposive technique.

Regarding the group named Readers, representatives of this group were selected considering previous studies and entities more active in regards to the assurance service of GRI sustainability reports in Brazil. Considering those aspects, representatives of the following entities were initially selected through the purposive selection technique to participate in this research:

- GRI focal point Brazil (selected because this is the entity responsible for the GRI guidelines in Brazil);
- Brazilian Stock Exchange Sustainability Index (selected because, launched in 2005, the corporate sustainability index (ISE)<sup>20</sup> was designed to create an investment environment compatible with contemporary society's need for sustainable development and to encourage corporations to be ethically responsible. Its annual questionnaire used to assess the listed organisations' performance has questions that address the assurance process of the organisations' sustainability reports);
- Brazilian Institute of Corporate Governance (Instituto Brasileiro de Governança Corporativa – IBGC<sup>21</sup>) (Selected because the GRI Brazil's board is current chaired by IBGC. IBGC also belongs to the working group responsible for the Brazilian Stock Exchange Sustainability Index);
- Ethical and Corporate Social Responsibility Institute (Instituto Ethos de Empresas e Responsabilidade Social - ETHOS<sup>22</sup>) (Selected because ETHOS is current member of the GRI Brazil's board. Among other activities related to the assurance process of sustainability reports and reporting processes, ETHOS also belongs to the working group responsible for the Brazilian Stock Exchange Sustainability Index);

<sup>20</sup> For more information, visit <http://www.bmfbovespa.com.br/indices/ResumoIndice.aspx?Indice=ISE&Idioma=en-us>

<sup>21</sup> For more information, visit <http://www.ibgc.org.br/Home.aspx>

<sup>22</sup> For more information, visit <http://www3.ethos.org.br/>

- Brazilian Independent Auditors Institute – (IBRACON<sup>23</sup>) (Selected because this is the entity responsible for providers of independent assurance and audit services in Brazil).

As a result of the purposive selection technique, the initial set of interview participants was composed of 17 entities, as presented at the Table 6 bellow.

Group	Number of Entities
Reporters	7
Assurers	5
Readers	5
Total	17

Table 6 - Set of interview participants' quantity by group.

Table 7 and Table 8 provide information regarding response rates from the first and the second stages of the participant selection.

Phase 1 - Purposive Technique				
Group		Number of Invitations Sent	Number of Interviews Performed	
<b>Reporters</b>	Organisation 1	2	0	0%
	Organisation 2	2	0	0%
	Organisation 3	2	0	100%
	Organisation 4	2	1	50%
	Organisation 5	2	0	0%
	Organisation 6	2	0	0%
	Organisation 7	2	2	100%
	<b>Reporters Total</b>	<b>14</b>	<b>3</b>	<b>21.42%</b>
<b>Assurers</b>	Accounting firm 1	2	1	50%
	Accounting firm 2	2	0	0%
	Accounting firm 3	2	2	100%
	Non-Accounting firm 1	1	1	100%
	Non-Accounting firm 2	2	0	0%
	<b>Assurer Total</b>	<b>9</b>	<b>4</b>	<b>44.44%</b>
<b>Readers</b>	Readers 1	2	0	0%
	Readers 2	1	1	100%
	Readers 3	2	1	50%
	Readers 4	1	1	100%
	Readers 5	2	0	0%
	<b>Readers Total</b>	<b>8</b>	<b>3</b>	<b>37.5%</b>
<b>Total</b>	<b>31</b>	<b>10</b>	<b>32.25%</b>	

Table 7 - Purposive Technique.

<sup>23</sup> For more information, visit <http://www.ibracon.com.br/ibracon/Portugues/index.php>

Phase 2 - Snowball Technique			
Group	Number of Invitations Sent	Number of Interviews Performed	
Reporters	53	15	28.3%
Assurers	11	9	81.81%
Readers	31	17	54.83%
<b>Total</b>	<b>95</b>	<b>41</b>	<b>43.15%</b>

Table 8 - Snowball Technique.

Results from Table 7 and 8 indicate that the snowball selection technique achieved better results than the purposive selection technique. The overall response rate for the purposive technique was 32.25% and the snowball technique achieved 43.15%. The use of both selection techniques in two consecutive phases worked towards to the identification and selection of participants with knowledge about the phenomenon under investigation which contributed to the achievement of the study's objectives. Final results of the selection strategies resulted in 51 interviews. The number of interviews conducted in this research could be considered a good outcome compared with other similar studies (Edgley, Jones & Solomon 2010; O'Dwyer, B. & Owen, D. L. 2005; Owen, Chapple & Urzola 2009; Park & Brorson 2005). The Figure 8 demonstrates that all 51 participants were divided among the three groups as following: 13 (26%) assurers, 18 (35%) reporters and 20 (39%) readers.

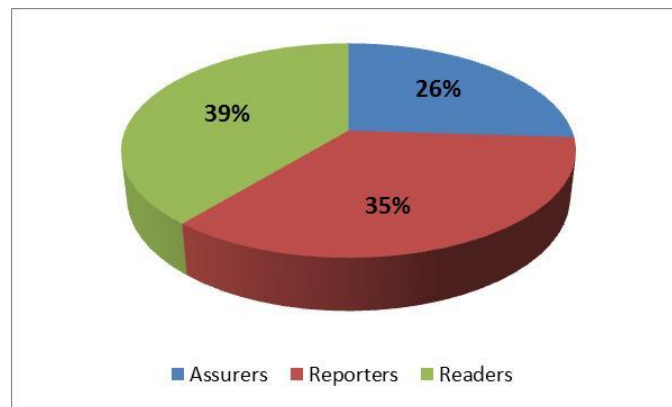


Figure 8 - Participants divided among the three groups.

#### 3.4.4. Selection Frame

Assurers, reporters and readers representatives were contacted initially by an invitation email with the USQ invitation letter (appendices 1 and 2). To invite Reporters, each one of the seven organisations' sustainability reports were reviewed to obtain the organisation's official contact email address. Readers and assurers representatives were initially contacted through the official email address provided at the entities' official websites.

If the first invitation email sent was not answered in two weeks, the same email was sent again but this time a copy of the email was addressed to the entities' representatives that were responsible for the theme sustainability reporting. The name and email of each one of the entities' representatives were identified through the organisations' sustainability reports, through the internet or obtained from the participants already interviewed, using the snowball technique.



### 3.4.5. Preliminary descriptive analyses of the participants

The research questionnaire was applied during interviews conducted with 51 participants between September and December of 2012. According to the research methodology, participants were separated into three different groups: 18 reporter representatives (reporters), 13 Assurer representatives (assurers) and 20 readers representatives (readers). Each participant was required to identify the group that best represented his/her professional experience after an introductory explanation about each one of three groups. Participants were also asked to specify for what period of time they have been familiar with GRI guidelines and assurance of sustainability reports.

Regarding the participants’ experience in relation to the GRI guidelines and the assurance of sustainability reports, tables 9 and 10 summarise the participants’ experience.

Group	1-5 years		6-10 years		Over 10 years	
	Number	Percentage	Number	Percentage	Number	Percentage
<b>Reporters (number = 18)</b>	10	56%	8	44%	0	0%
<b>Assurers (number = 13)</b>	5	38%	7	54%	1	8%
<b>Readers (number = 20)</b>	11	55%	8	40%	1	5%
<b>Total (number = 51)</b>	<b>26</b>	<b>51%</b>	<b>23</b>	<b>45%</b>	<b>2</b>	<b>4%</b>

Table 9 - Participants' experience with GRI guidelines.

Group	1-5 years		6-10 years		Over 10 years	
	Number	Percentage	Number	Percentage	Number	Percentage
<b>Reporters (number = 18)</b>	14	78%	4	22%	0	0%
<b>Assurers (number = 13)</b>	8	62%	4	31%	1	8%
<b>Readers (number = 20)</b>	17	85%	3	15%	0	0%
<b>Total (number = 51)</b>	<b>39</b>	<b>76%</b>	<b>11</b>	<b>22%</b>	<b>1</b>	<b>2%</b>

Table 10 - Participants' experience with assurance of sustainability reports.

Results provided in Table 9 and 10 indicate that all participants have some experience with GRI guidelines and the assurance processes of sustainability reports. Results obtained from experienced participants may be considered stronger and more reliable than if respondents were largely inexperienced with regard to the research issues. Generally, a greater proportion of participants in each category had up to 5

years' experience with these issues, and assurers appear to have more experience. The next section compares results obtained from the preliminary descriptive analyses of the participants with previous studies.

### 3.4.6. Comparison with prior studies

An aspect observed in this research was the participants' experience with GRI sustainability reporting and assurance of sustainability reports compared with other studies' participants' experience with financial statements and financial audits. Results identified in this research support previous studies' statements that sustainability reporting and assurance of sustainability reports are new practices, especially compared with financial statements and financial audits.

The lack of experience of the participants interviewed in this research compared to participants' experiences in studies performed with financial statements and financial audits could affect the results and findings presented in this research. Fadzly and Ahmad (2004) and Best, Buckby and Tan (2001), studied the audit expectation gap for financial audits and identified higher levels of experience of participants. Table 11 compares the experience of participants in these studies with the experience of participants in the current research.

Study	1-5 years		6-10 years		Over 10 years	
	Number	%	Number	%	Number	%
(Best, Buckby & Tan 2001)	37	38%	21	22%	39	40%
(Fadzly & Ahmad 2004)	139	35%	132	33%	127	32%
This research (GRI Guidelines)	26	51%	23	45%	2	4%
This research (Assurance of Sustainability Reports)	39	76%	11	22%	1	2%

Table 11 - Experience of participants.

## 3.5. Validity and Reliability

According to Barriball (1994), to succeed the research process must be both valid and reliable. In order to improve the validity and reliability of the research, the following aspects were assessed and mitigation activities were implemented.

### 3.5.1. Pilot interview

The use of pilot interviews in order to improve research validity has been suggested by previous authors. Bloor and Wood (2006) state that pilots in qualitative research can be used to refine research instruments such as interview protocols and questionnaires, and to highlight gaps and reduce wastage in data collection. Sampson (2004) states that pilots improve the quality of qualitative research studies helping researchers to reduce resource wastage. This author also stated that in addition to

minimising observer bias, pilots allow for a proper risk assessment and the implementation of risk reduction strategies in future research design.

Pilot interviews allow the researcher to assess whether particular questions will actually provide the data needed and work as an initial guide for the entire interviewing process

(Broom 2005; Fox-Wolfgramm 1997). Barriball and While (1994) state the pilot phase enables the research team to make informed changes and adjustments to the questionnaire before commencing the main data collection.

The questionnaire was tested and improved through two pilot interviews. The first one was conducted with an Australian professional who is responsible to develop and publish a sustainability report assured for an Australian company. This interview was performed by telephone on 29th of May 2012 and with duration of 28 minutes. The second pilot interview was conducted face-to-face with a Brazilian professional who works as a GRI sustainability reporting consultant and has worked as an assurance provider for an accounting company for two years. This second interview was conducted on 20th of August 2012 and with duration of 1 hour and 27 minutes. Expert advice was also provided by the research supervisors during the questionnaire development and before and after the pilot interviews.

In addition, the two pilot interviews conducted followed guidance in Rowley (2012) that pilot interviews should be conducted with a member representing the interview group that the researcher is targeting to check if the questions achieve the research objectives.

During the pilot interviews changes and adjustments in the research questionnaire were made before the main data collection. To summarise, after the pilot interviews the sequence of questions was changed, aspects related to the confidentiality of the participants were included in the interview protocol (appendices 3 and 4), some questions were excluded, some new questions were included, some questions were merged and an additional question was included at the end of the questionnaire in order to allow participants to provide any type of comment they wanted regarding the questionnaire, the research and/or the aspects assessed and explored in this research.

The analysis of the pilot data also assessed the efficiency of the interview in exploring the participants' perceptions regarding the assurance process of GRI sustainability reports and helped to inform how the data collected will answer the research questions. The pilot interviews also improved the researcher's ability to apply the research questionnaire in order to obtain complete and accurate information.

### 3.5.2. Neutrality

Opdenakker (2006) points out that one of the limitations of the in-person interview is that the interviewer's behavior could affect the participant's responses. This author also states that this disadvantage can be diminished by using an interview protocol and being aware of this effect. Appleton (1995) has also studied the impact of the interviewer's behavior on the participant's perceptions, calling this aspect "neutrality", which refers to the freedom from bias in the research process. This author suggests that the researcher could overcome this bias by maintaining a neutral stance and not presenting her or his perceptions during the data collection.

Accordingly, this researcher developed and applied an interview protocol (appendices 3 and 4) and a semi-structured interview questionnaire (appendices 5, 6,

7 and 8). In addition, the interview protocol would ensure that the interviewer's opinion and perceptions about the interview's themes would not be presented during the interview, as recommended by Appleton (1995).

### 3.5.3. Accuracy of the Data collected

According to Barriball and While (1994), audio recording is frequently the method of choice in semi-structured interviews as it provides a detailed insight into the performance of both, participant and interviewer. It also records the interactions between participant and interviewer helping to validate the accuracy and completeness of the information collected. This author also mentions that audio recording reduces the potential for interviewer error by recording data incorrectly.

In order to ensure the accuracy of the data collected each one of the interviews was recorded through the use of two different electronic devices (a smart phone and a voice recorder). Two electronic devices were used to guarantee that the whole interview would be recorded even if one of the devices failed during the interview. Participants were also asked, prior to the interview, if they agreed to be recorded to ensure accurate reporting of results.

Additionally, all the answers provided by the participants were transcribed into an MS Word document (qualitative information) and input into an MS Excel worksheet (quantitative information). All the transcriptions were performed using NVIVO, which has allowed the researcher to listen to the whole or part of the interview several times to produce accurate data. NVIVO also has improved the accuracy of the qualitative information allowing the researcher to control the interviews play speed to obtain a better understanding about participants' ideas and perceptions. The transcribing and the input processes have assisted to produce accurate data.

### 3.5.4. Participants' Knowledge

Some of the questions included in the research questionnaire aimed to assess the level of the participants' knowledge regarding GRI sustainability reports and the assurance service currently provided for this type of reports. In order to assess participants' knowledge as accurately as possible, the questionnaire was presented to each participant at the beginning of the interview, avoiding participants preparing themselves to answer the research questions during the interviews.

### 3.5.5. Control of Response Bias

According to Andrews (1991, p. 17), response bias is “*a systematic tendency to respond to a range of questionnaire items on some basis other than the specific item content. For example, a respondent might choose the option that is most extreme or most socially desirable*”. The more frequently studied response bias is “socially desirable responding”, which is the tendency to give answers that make the participant look good.

In order to reduce the influence of socially desirable responding this research followed one of the suggestions in Andrews (1991), which is to assure respondents of their anonymity. To do so, before commencing each interview, the interviewer informed the participant that under no circumstances would his/her name be provided

or mentioned; nor would details of the organisation they represent be divulged. In addition, it was explained that all information provided by him/her would only be identified in the research through a participant sequential number. Before the start of the interview, the interview protocol (appendices 3 and 4) was presented to each participant to be completed by the participant, detailing his or her experience in relation to GRI guidelines, sustainability reports and assurance of sustainability reports. The interviewer also provided each participant with his or her identification number.

### 3.6. Data Analysis

Data analysis was conducted according to the guidelines provided in Leedy’s (2009) considering the following phases: the organisation of details about the case study, the categorisation of data, the interpretation of single instances, the identification of patterns and the synthesis of this data. The data analysis was carried out using the qualitative and quantitative information collected through the questionnaires, and this analysis was performed to address and answer the research questions.

In order to protect the privacy of participants and facilitate the data analysis, codes were developed to identify each participant representing the three groups: assurers, reporters and readers. These codes were developed based on the participants’ group. For instance “1” stands for reporters, “2” stands for assurers and “3” stands for readers. These codes allowed differentiation among the different participants of the three groups. Each interview was also coded with a sequential number according to the chronological sequence of the interviews. An additional code was also developed for each question, for example: Section A question 1 was coded as A1 and section D question 3 was coded D3. Common characteristics were then grouped together to form a key concept.

#### 3.6.1. Data Analysis Strategy

The data was collected from interviews to answer the research sub questions (RSQ) and to assess the research propositions (P) considering data analysis strategies and the research sub questions presented at the Table 12.

<b>RSQ</b>	<b>Data</b>	<b>Data</b>	<b>Data analysis</b>
<b>RSQ 1</b>	Is there a reasonableness gap in the assurance of GRI sustainability reports in Brazil?	Quantitative	Descriptive statistics and One-Sample Wilcoxon Signed Rank Test
<b>P1</b>	There is a reasonableness gap regarding the assurance of GRI sustainability reports.		
<b>RSQ 2</b>	If so, why does such a reasonableness gap exist?	Qualitative	Categorisation, interpretation and pattern matching and Descriptive statistics
<b>P2</b>	Reporters and readers lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap.		
<b>P3</b>	Readers’ inability to understand the information provided through the assurance statements contributes to the existence of a reasonableness gap.		

<b>RSQ</b>	<b>Data</b>	<b>Data</b>	<b>Data analysis</b>
<b>RSQ 3</b>	Is there a performance gap in the assurance of GRI sustainability reports in Brazil?	Quantitative	Descriptive statistics and One-Sample Wilcoxon Signed Rank Test
<b>P4</b>	There is a performance gap regarding the assurance of GRI sustainability reports.		
<b>RSQ 4</b>	If so, why does such a performance gap exist?	Qualitative	Categorisation, interpretation and pattern matching and Descriptive statistics
<b>P5</b>	Assurers' lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a performance gap.		
<b>P6</b>	Assurance statements provided by assurers have limited effectiveness in communicating to readers.		
<b>RSQ 5</b>	How can the reasonableness and the performance gaps be reduced?	Qualitative	Categorisation, interpretation and pattern matching and Descriptive statistics
<b>RSQ 6</b>	Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps?	Qualitative	Categorisation, interpretation and pattern matching and Descriptive statistics
<b>P7</b>	The use of the proposed Content Index Model reduces the reasonableness and the performance gap.		
<b>P8</b>	The use of the proposed Content Index Model improves sustainability reports' readers understanding about the assurance process of GRI sustainability reports.		

Table 12 - Research sub questions (RSQ) and propositions (P).

In order to collect necessary data for this research, the questionnaire (appendices 5, 6, 7 and 8) applied during the interview phase was divided into different sections for each one of the research sub questions. Detailed information about the questionnaire is presented in the next section.

### 3.6.2. Questionnaire

According to Brace (2008), the questionnaire is the medium of communication between the researcher and the subject, and its role is to elicit the information that is required to enable the researcher to answer the objectives of the research. Malhotra (2006) points out that a questionnaire is a set of questions for obtaining information from participants with the objective to translate researchers' information needs into a set of specific questions where participants are willing and able to respond. The questionnaire applied in this research was developed considering all aspects in the questionnaire design checklist provided by Malhotra (2006), in particular:

- Individual question content;
- Unwillingness to answer;
- Question structure;

- Question wording;
- Order of questions;
- Pre-testing.

In order to collect necessary data for this research the questionnaire (appendices 5, 6, 7 and 8) applied during the interviews phase had different sections for each one of the research sub questions. Prior to the interview, an introduction to the research was provided to the participant through the interview protocol (appendices 3 and 4). This interview protocol introduced the participant to the research, informed him/her about the confidentiality of the participants and their responses and provided instructions the participants needed to follow in order to answer the questions. The interview protocol was developed based on the recommendations of Holyk (2008). According to this author, questionnaires began with an introductory section, followed by the instructions and then actual questions themselves.

The questionnaire was composed of seven different sections. The first section named “A - General understanding about key aspects” aimed to obtain participants perceptions regarding the GRI guidelines, sustainability reports and assurance of sustainability reports. To do so this section included three open-ended questions that were asked in the beginning of the interview, just after the interview protocol was completed. These questions addressed participants’ opinions regarding the GRI guidelines, current assurance processes and current assurance statements. According to Malhotra (2006), open-ended questions are good as first questions on a topic because they enable participants to express their attitudes and opinions without the bias associated with restricting their responses to predefined alternatives. This author suggests that as initial questions can influence questions asked later in a questionnaire, the series of questions should start with a general introduction to a topic followed by questions related to the topic.

The second section addressed participants’ opinions regarding assurers’ responsibilities, named “B – Assurance providers’ responsibilities”. To do so, two questions using a seven-point Likert scale were stated, one regarding assurers’ responsibilities for detecting all incorrect information in sustainability reports and the other regarding assurers’ responsibilities for the functioning of the organisations’ internal control structure.

Third section named “C – GRI recommendations regarding assurance processes and assurance statements”. This section included open-ended questions to obtain participants perceptions regarding the GRI recommendations for assurance processes and assurance statements and the respective achievement of those recommendations by assurers during current assurance engagements.

The fourth section aimed to obtain participants’ perceptions regarding the assessment of the GRI principles during the assurance process and obtain participants’ suggestions to improve assurance processes. This section used two multiple choice questions and one open-ended question. This section was named “D – Current assurance processes”.

The fifth section named “E – Current assurance statements” aimed to assess participants’ perceptions regarding the readers’ inability to understand information provided through the current assurance statements and obtain participants’ suggestions to improve assurance statements. To do so two open-ended questions were presented.

The sixth section assessed participants’ opinions in regards to the Content Index Model proposed by this research. This section assessed whether the Content Index

Model proposed improves readers' ability to understand the scope of the assurance process performed. This section was named "F – Content Index Model proposed" and included three open-ended questions.

The last section was named "G – Conclusions". This section aimed to provide an opportunity for participants to discuss, criticise or suggest anything they want. To do so one open-ended question was stated asking participants if they want to discuss, criticise or suggest something. In addition, this section also included a last question regarding the snowball selection technique. This last question asked participants to provide the name and email address of professionals, with knowledge about the aspects addressed on the questionnaire that may be interested in participating in this research.

The questionnaire used three different types of question to obtain two different types of data. Likert scale and multiple choice questions provided quantitative data, while open-ended questions provided qualitative data. These two different types of data (quantitative and qualitative) were analysed and the next two sections provide detailed information about how the qualitative data and the quantitative data were analysed.

### 3.6.3. Qualitative Data Analysis

All interviews were transcribed into MS Word documents and input into the QSR NVIVO version 10 (NVIVO). NVIVO was incorporated in this research as computer-assisted qualitative data analysis software. Some authors argue that NVIVO improves the rigor of the analysis process and assists the researcher to better manage data and ideas in qualitative studies (Bazeley 2007, p. 3; Gibbs 2002, p. 11; Welsh 2002). Each transcription was input and named considering the sequential number of the participant's interview. For example, the third interview conducted was input and named into the NVIVO as transcription 3. Once all transcriptions were input and named into NVIVO, the data analysis of the qualitative data through the coding process started.

O'Reilly (2009) states that coding involves close exploration of collected data and assigning it codes, which may be names, categories, concepts, theoretical ideas or classes. It also involves thinking about what codes mean in the context of the object under investigation.

Benaquisto (2008) points out that the coding process refers to the steps the researcher takes to identify and systematize the ideas, concepts and categories uncovered in the data identifying features, behaviours or ideas and distinguishing them with labels. The coding process stated by those authors was applied combined to the pattern matching concept stated by Yin (1993), which involves in comparing data with predicted patterns to draw solid conclusions.

The coding process for each transcription started by coding the participant's group. Reporters were coded "group 1", assurers were coded "group 2" and readers were coded "group 3". For example, the third interview was performed with an Assurer, so the transcription 3 was coded as group 2.

After this first phase where data was initially organised by group on NVIVO, the analysis process started with the researcher reading all transcriptions by group. According to Abu-Azza (2012), reading through all the data allows the researcher to gain a general sense of the information and to reflect on its overall meaning.



After reading all transcriptions by group the second code was attributed on NVIVO. All questions included on the questionnaire were coded according to the interview questionnaire's sections. For example, the question 1 of section B was coded as B1. The process of coding by question and by group started with the researcher selecting sentences in participants' answers that represented participants' ideas in relation to the question under assessment. This approach reduces the large number of responses identified by different participants to a smaller and more manageable number by minimising similar answers and classifying them under one main answer (Abu-Azza 2012). Once all sentences were selected they were coded by idea and by comment in NVIVO, and they were then exported to an MS Excel worksheet. The use of Excel worksheets allowed the researcher to organise data in an easy-to-read format and to see the degree of agreement/disagreement between the responses provided by participants (Abu-Azza 2012). Table 13 provides an example of this codification:

Group	Comment Group Idea	Comment Provided	Participant
Assurers	Assurance Methodology	Assurance process must be standardised	22
Assurers	Assurance Methodology	Assurance process must be standardised	23
Assurers	Assurance Methodology	Assurance process must be standardised	4
Assurers	Assurance Methodology	Assurance process must be standardised	9
Assurers	Assurance Methodology	Scope of the assurance must be defined by the organizations' stakeholders	50
Assurers	Assurance Statement format	Assurance statements must be standardized	4
Assurers	Assurance Statement format	Assurance statements must be clearer to readers.	16

Table 13 - Example of codification.

Table 13 demonstrates for instance that participant 22 and 23 provided a similar comment regarding their opinion about the current assurance process (question E2). As a result, their comments were categorised as “Assurance process must be standardised” and the group idea was categorised as “Assurance Methodology”. Participant 22 also provided an additional opinion that assurers must have minimum technical skills to provide assurances. This second comment was categorised as “Assurers must have minimum technical skills to provide assurances” and the group idea was categorised as “Assurers’ Technical Skills”.

Once all participants' answers were coded by comment and by idea the descriptive analysis was used to summarise, present and analyse the phenomenon under investigation through frequencies and percentages. Descriptive statistics are the numerical and graphical techniques used to organise, present and analyse data and to identify events that are correlated with the occurrence of some target response (Fisher & Marshall 2009; Kimberly 2010). Table 14 provides an example about how the descriptive analysis was employed to analyze qualitative information.

Group	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage of the total
Assurers	Assurance Methodology	62.5%	Scope of the assurance must be defined by the organizations' stakeholders	1	6.3%
Assurers	Assurance Methodology		Assurance statements must be standardised	9	56.3%
Assurers	Assurance Statement Format	12.5%	Assurance statements must be standardised with minimum requirements	1	6.3%
Assurers	Assurance Statement Format		Assurance statements must be clearer to readers	1	6.3%
Assurers	Assurance Independence	12.5%	Assurers must assess only the final version of the sustainability report and not participate in the development of the sustainability report	1	6.3%
Assurers	Assurer's Independence		Significant problems identified during the assurance process must be reported in the assurance statement	1	6.3%
Assurers	Assurer's Technical Skills	12.5%	Assurers must have a minimum level of technical skills to provide assurance	2	12.5%

Table 14 – Example about how descriptive analysis was employed.

Table 14 demonstrates how the descriptive analysis was used summarising and presenting through frequencies and percentages all comments and ideas provided by participants. Finally, based upon the results obtained through the coding process and the descriptive analysis results, conclusions were developed. The coding process and the descriptive analysis were performed by question and by group for all open-ended questions used during the interviews (appendices 5, 6, 7 and 8).

### 3.6.4. Quantitative Data Analysis

Previous sections explained that quantitative data analysis aims to provide additional support for the qualitative data analysis. To do so, Likert scale questions and multiple choice questions were applied in some aspects of the questionnaire used during interviews. All information obtained from the Likert scale questions and the multiple choice questions were entered into an MS Excel worksheet. An initial codification was applied to identify responses by participant (sequential number of the participants' interviews), by group (reporters were coded "group 1", assurers were coded "group 2" and readers were coded "group 3") and by question (according to the questionnaire's section). In addition, a numerical attribution was performed for all Likert scale responses (1 for strongly agree, 2 for agree, 3 for slightly Agree, 4 for Neither one nor the Other, 5 for Slightly Disagree, 6 for Disagree and 7 for Strongly Disagree).

All responses obtained through the Likert scale questions were exported to the Statistical Package for the Social Sciences (SPSS) version 20. Huizingh (2007) points out that this software is suitable for analysing quantitative data obtained by questionnaires and it is capable of performing almost all common types of analysis. SPSS was used to perform descriptive analysis and the One-Sample Wilcoxon Signed Rank Test.

While descriptive analysis was used to summarise, present and analyse the phenomenon under investigation through frequencies and percentages, the One-Sample Wilcoxon Signed Rank Test was used to seek additional support for the qualitative results and help to answer the research questions. The one-sample Wilcoxon signed rank test was originally designed to test for a specified median (Thas, Rayner & Best 2005).

The One-Sample Wilcoxon Signed Rank Test is a non-parametric statistical technique that can be used to compare medians obtained through quantitative responses against an expected median. The correct answer expected for each one of

the quantitative questions was considered the expected median. When a significant difference at  $p \leq 0.05$  was identified between the expected response and the median of responses obtained by a group in relation to the question under analysis, this difference was considered in this research to be statistically significant. A descriptive analysis was also used for all responses obtained from the multiple choice questions. In this case the descriptive analysis was performed using Excel worksheets to identify participants' perceptions regarding the questions under assessment through frequencies and percentages.

Finally, based on the results obtained through the descriptive analysis and the One-Sample Wilcoxon Signed Rank Test, conclusions were developed. The descriptive analysis and the One-Sample Wilcoxon Signed Rank Test coding process were performed by question and by group for all Likert scale questions and the descriptive analysis was performed by question and by group for all multiple choice questions (appendices 5, 6, 7 and 8).

### 3.7. Chapter Conclusion

This Chapter presented detailed information about the research design, approach and methodology employed. It has also provided explanations and justifications for the mixed approach adopted and the selection criteria performed. This Chapter explained the importance of the mixed method allied to a qualitative approach using Brazil as a single exploratory case study, in order to study the complex task of assuring GRI sustainability reports.

The next chapters present results of the data analysis. Considering the research goals, the data analysis is presented in three chapters: the first data analysis chapter addresses the reasonableness gap (Chapter 4), the second data analysis chapter addresses the performance gap (Chapter 5) and the third data analysis chapter addresses the recommendations to reduce the reasonableness and the performance gap (Chapter 6).

# CHAPTER 4: DATA ANALYSIS – REASONABLENESS GAP

## 4.1. Introduction

This Chapter investigates the existence of a reasonableness gap through the analysis of data obtained from readers and reporters’ interviews. The data was collected to answer the research sub questions (RSQ 1 and RSQ 2) and to assess propositions (P1, P2 and P3) considering data analysis strategies presented in Table 15 and Table 16.

RSQ	Data	Data	Data analysis
RSQ 1	Is there a reasonableness gap in the assurance of GRI sustainability reports in Brazil?	Quantitative	Descriptive statistics and One-Sample Wilcoxon Signed Rank Test
RSQ 2	If so, why does such a reasonableness gap exist?	Qualitative	Categorisation, interpretation and pattern matching Descriptive statistics

Table 15 - Data analysis strategies for RSQ 1 and RSQ 2.

P	Proposition
P1	There is a reasonableness gap regarding the assurance of GRI sustainability reports.
P2	Reporters and readers lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap.
P3	Readers’ inability to understand the information provided through the assurance statements contributes to the existence of a reasonableness gap.

Table 16 – Propositions P1, P2 and P3.

To answer the RSQ 1 and RSQ 2 and to assess propositions P1, P2 and P3, a group of interview questions were presented to participants. Details about the questions posed and relevant findings are presented below.

## 4.2. RSQ1 “Is there a reasonableness gap in assurance of GRI sustainability reports in Brazil?”

Reporters and readers were interviewed to determine the existence of a reasonableness gap, similar to that defined by Porter (1993). A set of questions was used to obtain perceptions of the reporters and readers regarding some of the assurance providers’ responsibilities defined by international standards and guidelines. Reporters and readers were considered representatives of the “*society*” in Porters’ definition of a reasonableness gap. Porters’ statement “*what auditors should achieve and what auditors can reasonably expect to achieve*” was represented by the assurance providers’ responsibilities obtained from GRI Guidelines and the two most-used standards for assurance of sustainability reports worldwide (ISAE 3000 and AA1000). In other words, the reasonableness gap in this research was assessed

by comparing responses about what reporters and readers expect from assurers with the responsibilities of assurers according to those standards and the GRI guidelines. Considering Freeman’s (2009) statement that different stakeholders have different perceptions and interests, the results of each group (reporters and readers) were analysed individually first. Then, the results from each group were compared against each other and against the standards and guideline’s definitions separately. Considering concepts detailed above, three questions were developed and used during the interviews to answer the RSQ 1 and to assess the proposition P1. Table 17 presents these three questions, the type of instrument used and the guideline or standard used to support the concept.

Question	Instrument	Standard / Guideline	Proposition
B1. Assurance providers are responsible for detecting all incorrect information in the sustainability reports.	Likert scale	ISAE 3000 and AA1000	P1
B2. Assurance providers are responsible for the functioning of the organisations’ internal control structure.	Likert scale	ISAE 3000 and AA1000	
D1. Assurers must assess GRI principles during the assurance process (materiality, stakeholder inclusiveness, sustainability context, completeness, balance, clarity, accuracy, timeliness, comparability and reliability).	Multiple Choice for each one of the ten GRI principles	GRI Guidelines	

Table 17 - Questions used to answer the RSQ 1.

Questions “B1” and “B2” were developed considering previous studies that employed the expectation-performance gap theory in financial audits, social audits and greenhouse gas emissions assurance (Adams & Evans 2004; Ariff, Rosmaini & Hanafi 2008; Best, Buckby & Tan 2001; Fadzly & Ahmad 2004; Frank, Lowe & Smith 2001; Green & Li 2011; McEnroe & Martens 2001; Onumah, Simpson & Babonyire 2009). Those studies have assessed the expectation-performance gap using similar questions considering the assurers’ responsibility to detect all incorrect information and assurer’s responsibility for the functioning of the organisations’ internal control structure during audits or assurances. Question “D1” was developed based on previous studies that identified differences in the assurance scope, methodologies and statements provided by different types of assurers (Deegan, Cooper & Shelly 2006; Edgley, Jones & Solomon 2010; Frost & Martinov-Bennie 2010; KPMG 2008; Manetti & Becatti 2009; O’Dwyer, B. & Owen, D. 2005; Owen, Chapple & Urzola 2009; Romero, Ruiz & Fernández-Feijóo 2010). This question also considered the GRI definition that the GRI principles of content and quality must be assessed during the assurance process (Global Reporting Initiative 2011, p. 41).

A descriptive analysis was first applied to the data obtained from these three questions in order to assess the existence of a reasonableness gap for readers and reporters regarding the assurance process of GRI sustainability reports. The results are described in the next section.

#### 4.2.1. Assurers' responsibility for detecting all incorrect information

In order to assess the existence of a reasonableness gap, a comparison was performed between participants' perceptions and assurance standards (AA1000 and ISAE 3000) definitions regarding the assurers' responsibility for detecting all incorrect information during the assurance process. According to Accountability (2008), the AA1000 assurance process should be carried out on a sample basis. This standard states that assessing management practices, inquiring of individuals with overall responsibility for information measurement and collection, testing of processes, testing of details (re-performance of calculations) and evidence gathering should be performed on a sample basis.

International Auditing and Assurance Standards Board (2011) and International Auditing and Assurance Standards Board (2012) also provide some information regarding assurers' responsibilities related to sampling procedures during the ISAE 3000 assurance process. It is stated by this standard that the practitioner should plan the engagement so it will be performed effectively. Among other activities, this planning process involves developing a detailed approach for the nature, timing and extent of evidence-gathering procedures to be performed and the reasons for selecting them. The practitioner has to use professional judgment and exercise professional skepticism in evaluating the quantity of evidence to support the assurance statement. The quantity of evidence needed is affected by the risks of the subject matter (the higher the risks, the more evidence is likely to be required) and by the quality of such evidence (the higher the quality the less may be required).

Moreover, International Auditing and Assurance Standards Board (2011) and International Auditing and Assurance Standards Board (2012) state that reasonable assurance and limited assurance are different from absolute assurance. Both reasonable and limited assurances require application of assurance skills and techniques to obtain sufficient evidence during the assurance process.

According to the ISAE 3000, it is the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions. The International Auditing and Assurance Standards Board (2012) provides guidance on the means available to the auditor for selecting items for testing and presents the sampling risk concept, which is the risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure. This handbook states that the sample size can be determined by the application of a statistically-based formula or through the exercise of professional judgment.

Considering both AA1000 and ISAE 3000, it is noted that the assurance process for sustainability reports should use sample selection of material issues to provide a conclusion through the assurance statement. Even though the criteria for sample selection and sample size could be affected by the type of assurer and by the level of assurance provided, assurance processes for sustainability reports use sample selection to gather audit evidence and provide an opinion.

The use of sample strategies by the assurers means that not all information included in the sustainability report will be tested during the assurance process, and only a sample of items making up any particular disclosure will be tested with results extrapolated to the particular population. This means that according to these standards, assurers are not responsible for detecting all incorrect information in the sustainability report. They are responsible for detecting material misstatements.

Furthermore, these two standards determine that assurance statements should be clear about the assurance process conducted so report readers are able to understand the assurance process carried out. International Auditing and Assurance Standards Board (2011) states that the ISAE 3000 assurance statement should be clear regarding the criteria by which the underlying subject matter was measured or evaluated so the intended users can understand the basis for the practitioner’s conclusion. Accountability (AccountAbility 2008) describes aspects that should be included in the AA1000 assurance statements, including the methodology applied, the disclosures covered, limitations and criteria used.

GRI does not specifically address the assurers’ responsibilities for detecting all incorrect information in the sustainability report or the assurance methodology, GRI Guidelines require sustainability reports to disclose all material issues relevant to stakeholders, and it is the assurer’s responsibility to test whether this has been achieved. They state that assurance engagements may employ groups of individuals that follow professional standards for assurance, or they may involve approaches that follow systematic, documented and evidence-based processes that are not governed by a specific professional standard (Global Reporting Initiative 2011, p. 41).

This research considered that if more than 50% of the participants in each group (readers and reporters) agreed that assurers are responsible for detecting all incorrect information in the sustainability reports, and then there is support for the existence of reasonableness gap. If less than 50%, there no support for the existence of reasonableness gap. The Figure 9 presents results obtained from reporters and readers regarding the question “Assurance providers are responsible for detecting all incorrect information in the sustainability report”.

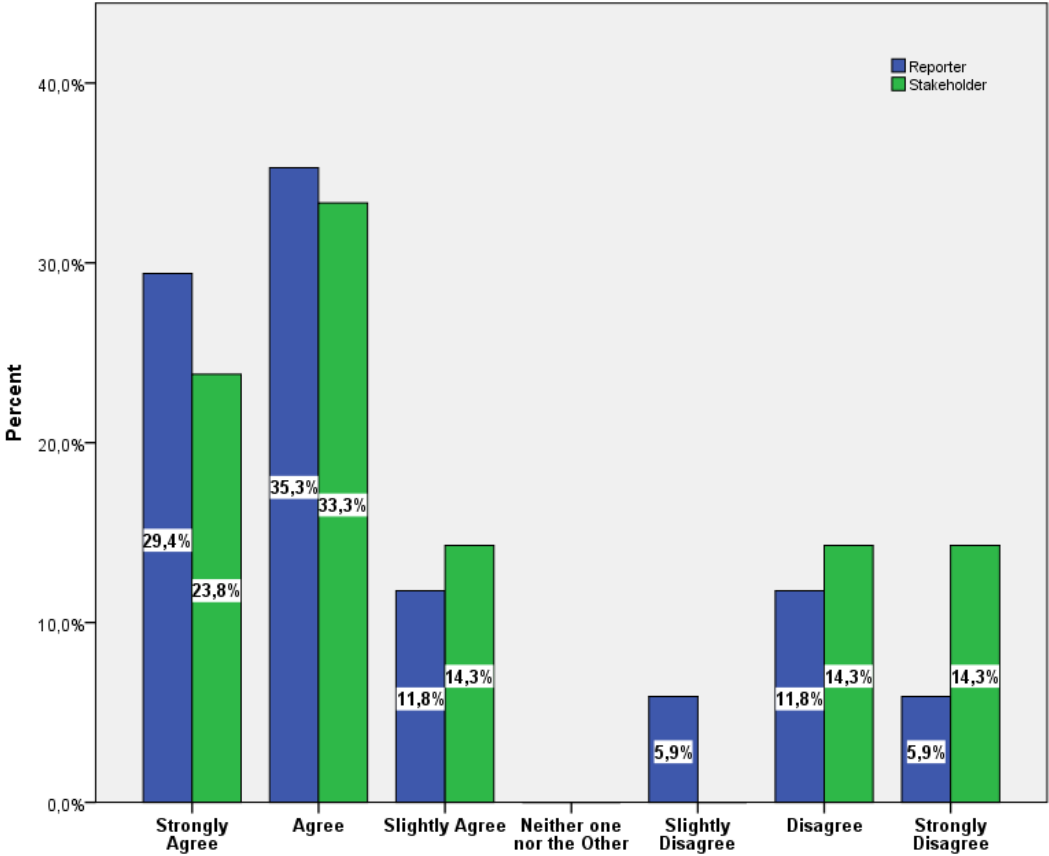


Figure 9 - Results obtained from reporters and readers.

Figure 9 demonstrates that most of the participants believed that it is assurer’s responsibility to detect all incorrect information in the sustainability report during an assurance process. Grouping responses by idea (“Agreement” and “Disagreement”), 76.5% of reporters agree with this statement, while 71.4% of readers agree. These results provide support for the existence of a reasonableness gap for readers and reporters related to the assurers’ responsibility for detecting all incorrect information in the sustainability reports. More than 50% of the participants in both groups believe assurers are responsible for detecting all incorrect information although assurance standards (AA1000 and ISAE 3000) determine the opposite.

In addition, One-Sample Wilcoxon Signed Rank Test was performed in order to further assess reporters and readers responses against the expected response for this question (B1), which is “Disagreement” in relation to the assurer’s responsibility to detect all incorrect information in the sustainability report during an assurance process. Where significant differences were found between participants’ responses and the expected response (“Disagreement”), it be claimed that there is support for the existence of a reasonableness gap. Table 18 provides details about this assessment.

Question	Reporters				Stakeholders				Combined (Reporters and Stakeholders)			
	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)
Assurance providers are responsible for detecting all incorrect information in the sustainability reports.	1.44	1.00	3.00	0.000*	1.60	1.00	3.00	0.000*	1.53	1.00	3.00	0.000*

Notes: 1 = Agreement; 2 = neither agree nor disagree; 3 = Disagreement.

\* significantly different from the expected response at  $p < 0.05$ .

Table 18 - One-Sample Wilcoxon Signed Rank Test.

Results of this test provided additional support for the existence of a reasonableness gap for readers and reporters related to the assurers’ responsibility for detecting all incorrect information in the sustainability reports.

Although the methodology defined in this research was initially developed to assess the existence of the reasonableness gap through quantitative data, as an exploratory case study, this research also stimulated and explored participants’ perceptions regarding the GRI guidelines, sustainability reports and assurance of sustainability reports. During interviews some of the participants provided some insights regarding their perceptions about the assurers’ responsibilities during the assurance process. Through these insights were possible to identify additional support for the reasonableness gap. As a Reporter representative commented:

*“I realised that this year our assurance provider used a sample selection. Are assurers using a sample? Wait a minute...or you assess everything or you do not assess. The work became easier this year, but it left a lot of things behind. So, to what extent the sustainability report was actually assured? So, incorrect information could not be assessed because it was not selected. I do not know, a department provides incorrect information, auditors did not see it and that is it?”* (Participant 26)

In the participant 26’s comments is evident the existence of the reasonableness gap in relation to the scope of the assurance process and the current assurance standards. This participant believes that assurers must assess all information included on the sustainability report and identify all incorrect information included on the



sustainability reports. The same point of view was stated by another reporter representative (Participant 28):

*“Today assurers do not assess all indicators. I think they select a sample and they audit just this sample. I think all indicators must be assessed, if something is going to the sustainability report it must be assessed. When you read the assurance statement seems that auditors have assessed everything, but in the end of the day this is not true. This is not good, everything must be assessed.”*

A Stakeholder representative (Participant 7) also provided comment supporting the reasonableness gap regarding assurers’ responsibilities during the assurance process as following:

*“I think assurance processes are very superficial, you see rarely assurance processes that assess all information.” “I do not think is worth performing an assurance process unless you are assessing everything. Assurance by sample in my opinion does not count.”*

This qualitative information obtained through participants’ comments provides additional support for the reasonableness gap beyond those obtained through the quantitative information. Through these comments was identified that some of the participants see assurance providers as what Frank, Lowe and Smith (2001) named “watchdogs” and “guardians who are responsible to assess all problems”. According to this author, the public in general views audits as guarantees of integrity and as insurance policy against fraud and illegal acts. McEnroe and Martens (2001) also used the term “public watchdog” to describe public perceptions about auditors’ responsibilities and to provide support for the existence of the reasonableness gap. Information provided through the statements of some participants support Frank, Lowe and Smith (2001) and McEnroe and Martens (2001)’s argument that general public views assurance process as an instrument to identify all incorrect information included on the sustainability reports. Participants appear to perceive that assurers are responsible for assessing everything and assurers are responsible for detecting all incorrect information. The next section addresses the question whether assurance providers are responsible for the functioning of the organisations’ internal control structure.

#### 4.2.2. Assurers’ Responsibility for the Functioning of the Organisations’ Internal Control Structure

In order to assess the existence of a reasonableness gap a comparison was performed between participants’ perceptions and assurance standards (AA1000 and ISAE 3000) definitions regarding the assurers’ responsibility for the functioning of the organisations’ internal control structure. AA1000 and ISAE 3000 state that assurance providers are responsible to conduct and report results from an assessment of the organisations’ internal control structure, but are not responsible for the functioning of the organisations’ internal control structure.

Accountability (2008) states that knowledge and experience to assess the adequacy of internal controls is one of the assurers’ competences and International Auditing

and Assurance Standards Board (2011) states that understanding information systems and the role and limitations of internal control is one of the assurers' skills. GRI does not provide guidance on the assurers' responsibilities with respect to the organisations' internal control structure.

Even though the decision whether to assess or not the organisations' internal control structure could be affected by the type of assurer and by the level of assurance provided, assurance providers are not responsible for the organisations' internal control structure.

The question "Assurance providers are responsible for the functioning of the organisations' internal control structure" was applied to readers and reporters in order to identify if the performance gap occur in this matter. This research considered that if more than 50% of the participants in each group (readers and reporters) agreed that assurers are responsible for the functioning of the organisations' internal control structure, then there is support for the existence of a reasonableness gap. If less than 50%, there is no support for the existence of a reasonableness gap. Figure 10 presents results obtained from reporters and readers regarding to this matter.

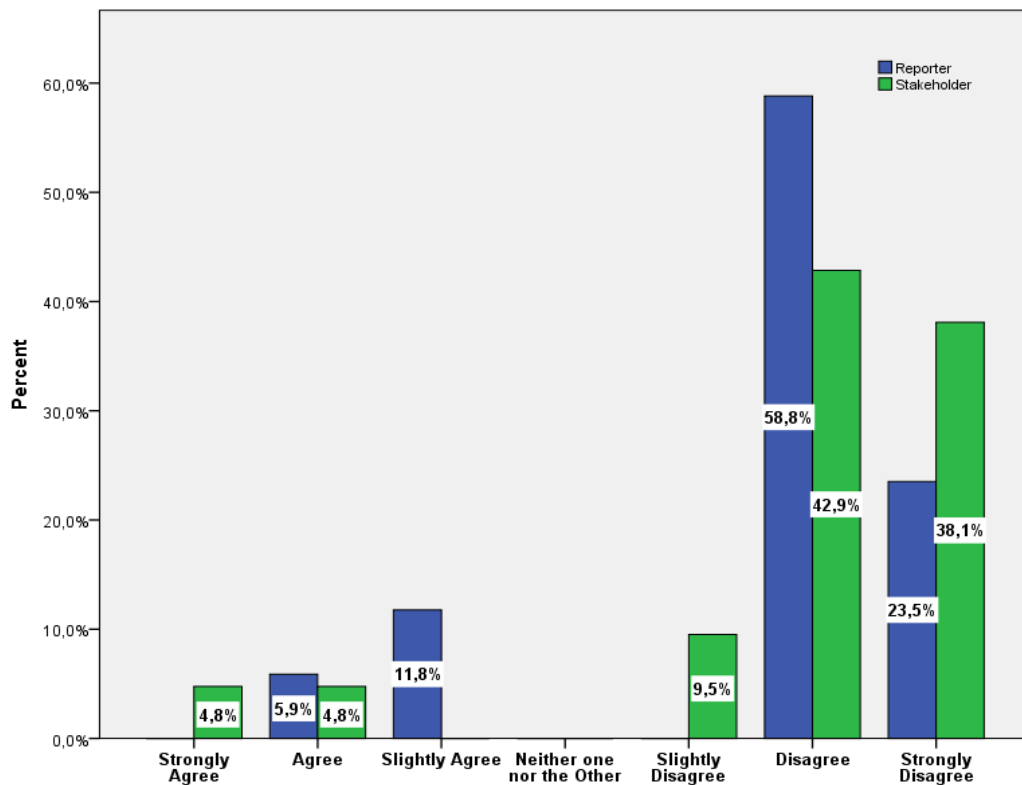


Figure 10 - Results obtained from reporters and readers.

Figure 10 demonstrates that just few of the reporters (17.7%) and readers (9.6%) believe that assurers are responsible for the functioning of the organisations' internal control structure. These results provide no support for reasonableness gap for readers and reporters related to assurers' responsibility for the functioning of the organisations' internal control structure during the assurance process.

In addition, One-Sample Wilcoxon Signed Rank Test was performed in order to further assess reporters and readers' responses against the expected response for this question (B2), which is "Disagreement" in relation to the assurer's responsibility

responsibility for the functioning of the organisations’ internal control structure during the assurance process. Table 19 provides details about this assessment.

Question	Reporters				Stakeholders				Combined (Reporters and Stakeholders)			
	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)
Assurance providers are responsible for the functioning of the organizations’ internal control structure.	2.67	3.00	3.00	0.083	2.80	3.00	3.00	0.157	2.74	3.00	3.00	0.025*

Notes: 1 = Agreement; 2 = neither agree nor disagree; 3 = Disagreement.  
 \* significantly different from the expected response at p<=0.05.

Table 19 - One-Sample Wilcoxon Signed Rank Test.

Results of this test also did not provide support for the existence of a reasonableness gap for readers and reporters related to the assurers’ responsibility for the functioning of the organisations’ internal control structure during the assurance process. The next section explores the existence of a reasonableness gap regarding the assurers’ responsibility for assessing GRI principles during the assurance process.

### 4.2.3. Assurers’ responsibility for assessing GRI principles

GRI states that a sustainability report, to achieve its objective, which is being accountable to internal and external stakeholders for an organisation’s performance towards the goal of sustainable development, must achieve the GRI reporting principles of content (materiality, inclusiveness, sustainability context and completeness) and principles of quality (balance, comparability, accuracy, timeliness, reliability and clarity). It is also stated by GRI guidelines that both sets of principles, content and quality, must be assessed during the assurance process as one of the six key qualities for external assurance (Global Reporting Initiative 2011, p. 41).

In order to further explore the existing a reasonableness gap for readers and reporters regarding the assessment of the GRI principles during an assurance process, the statement “Assurance providers are responsible for assessing GRI principles during the assurance process” was presented to participants. First participants received a list contains all ten GRI principles listed and they had to tick first each of the ten GRI Principles that in his/her opinion must be assessed by assurers during the assurance process. In addition, participants had another option to tick if they were not familiar with the GRI principles (“Not familiar with GRI principles”).

This research considered that if the percentage of answers “must be assessed” by GRI principles achieved 50% or less of responses, then there is support for the existence of a reasonableness gap. If more than 50% there is no support for the existence of a reasonableness gap.

The Figure 11 presents results obtained from the comparison of responses provided by participants and by GRI principles regarding the question “Assurance providers are responsible for assessing GRI principles during the assurance process”.

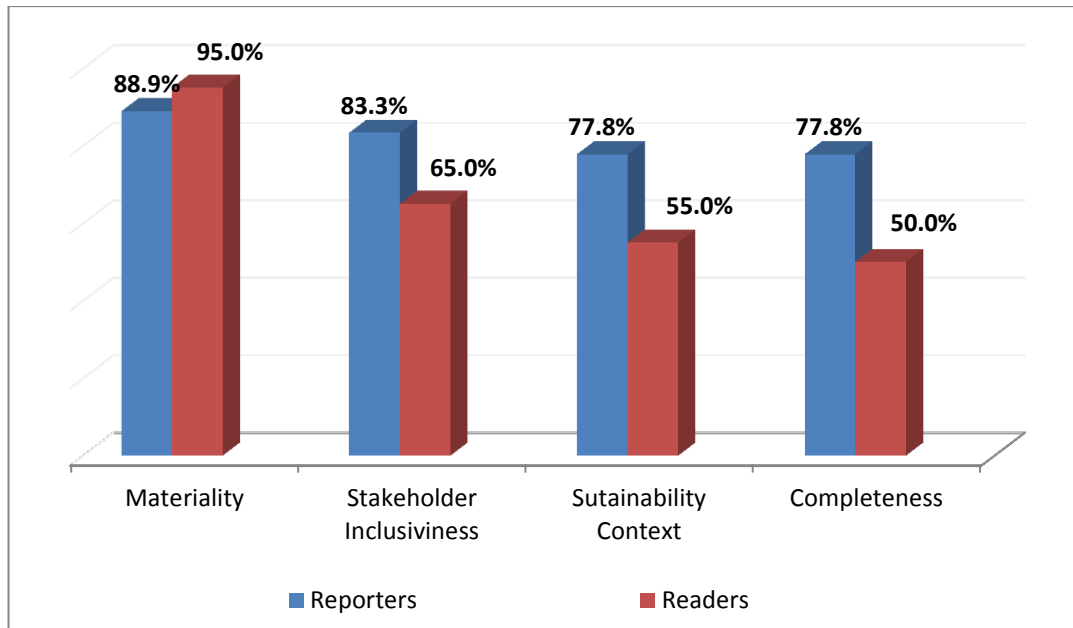


Figure 11 - GRI principles of content.

Figure 11 demonstrates that for all principles of content, the percentage of readers’ and reporters’ responses of “Must be Assessed” was more than 50%, except the principle of completeness where 50% of the readers responded that the principle must be assessed, resulting in support for the existence of a reasonableness gap by readers related to the assurers’ responsibility for assessing the GRI principle of completeness during the assurance process. Although no support for the existence of a reasonableness gap was observed in most of the GRI principles assessed for both reporters and readers, readers and reporters have different perceptions regarding the assessment of the GRI principles. Reporters had a higher percentage of responses “Must be Assessed” than readers in three out of four GRI principles of content. This result appears to demonstrate that the existence of a reasonableness gap is higher for readers than for reporters in relation to the assurers’ responsibility for assessing all GRI principles of content during the assurance process. It was also observed that readers had a higher percentage of responses regarding the necessity of assessment of the GRI principle of materiality by assurers during the assurance process. Figure 12 presents results obtained for the GRI principles of quality.

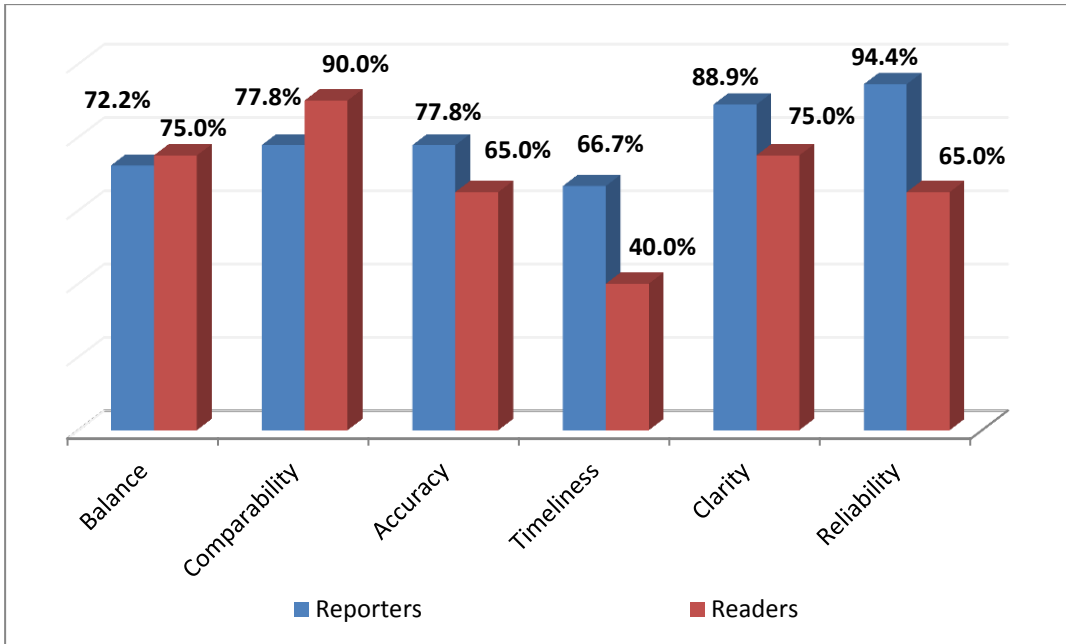


Figure 12 - GRI principles of quality.

Figure 12 demonstrates that for the majority of the principles of quality, the percentage of Readers' and Reporters' responses of "Must be Assessed" was more than 50%, resulting in no support for the existence of a reasonableness gap by readers and reporters related to the assurers' responsibility for assessing the majority of the GRI principles of content during the assurance process. Support for the existence of a reasonableness gap by readers was observed only for the principle of timeliness, where the percentage of responses "Must be Assessed" was less than 50%.

As it was already observed for the principles of content, for the principles of quality reporters also had a higher percentage of responses "Must be Assessed" than readers in four out of six GRI principles of quality. This result appears to demonstrate that the existence of a reasonableness gap is higher for readers than for reporters in relation to the assurers' responsibility for assessing all GRI principles of quality during the assurance process. It was also observed that readers had a higher percentage of responses regarding the necessity of assessment of the GRI principles of balance and comparability by assurers during the assurance process. The next section summarises results obtained regarding the existence of a reasonableness gap by reporters and readers related to the assurance process of GRI sustainability reports.

#### 4.2.4. Summary and Answer for the RSQ 1 "Is there a reasonableness gap for Reporters and Readers regarding the assurance process of GRI sustainability reports?"

Results obtained in this Chapter provided support for the existence of a reasonableness gap in some of the aspects assessed. Table 20 presents details about each one of the aspects assessed and the respective result regarding the existence of a reasonableness gap for readers and reporters. A summary about the findings is also presented in end of this section.

Question	Result Reporters	Result Readers
Assurance providers are responsible for detecting all incorrect information in the sustainability reports.	<u>Support</u>	<u>Support</u>
Assurance providers are responsible for the functioning of the organisations' internal control structure.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of materiality.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of stakeholder inclusiveness.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of sustainability context.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of completeness.	No Support	<u>Support</u>
Assurers' responsibility for assessing the GRI principle of balance.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of clarity.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of accuracy.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of timeliness.	No Support	<u>Support</u>
Assurers' responsibility for assessing the GRI principle of comparability.	No Support	No Support
Assurers' responsibility for assessing the GRI principle of reliability.	No Support	No Support

Table 20 - Results regarding the existence of a reasonableness gap.

The first aspect analysed to assess the reasonableness gap was related to the assurers' responsibility in detect all incorrect information in the sustainability report during the assurance process. Results obtained support the existence of a reasonableness gap in both groups, reports and readers regarding the responsibilities of assurers for detecting all incorrect information in the sustainability reports during assurance processes.

Similar results were also achieved by previous studies. Best, Buckby and Tan (2001) assessed auditors, bankers and investors' perspectives regarding auditors' responsibilities during financial audits in Singapore. This research identified a significant difference between auditors and investors' perceptions regarding the statement "The auditor is responsible for detecting all fraud". Frank, Lowe and Smith (2001) also identified significant differences among auditors, jurors and students regarding this aspect in US using the statement "External auditors cannot look at every client transaction. They must rely on samples and tests of relationships in conducting an audit". Fadzly and Ahmad (2004) also achieved similar results comparing auditors, brokers, bankers and investors' perceptions regarding the statement " the auditor is not responsible for detecting all fraud" in Malaysia.

The second aspect analysed and assessed assurers' responsibility regarding the functioning of the organisations' internal control structure through the question "assurance providers are responsible for the functioning of the organisations' internal control structure". Results obtained regarding this aspect do not support the existence of a reasonableness gap.

Although just a small percentage of participants agreed that assurers are responsible for the organisations' internal control structure, it is interesting to see that reporters had almost doubled Stakeholder's percentage of responses agreeing with the statement that assurers are responsible for the organisations' internal control structure. This is interesting because most of the time reporters are the organisations' employees responsible to contract or specify details about the assurance process to be contracted. Moreover, during the assurance process most of the reporters are responsible for following the assurance process from the beginning to the end, which means they were supposed to have more knowledge about the assurance process and assurers' responsibilities than Readers.

The third aspect addressed in this section assessed participants' perceptions regarding the assessment of the ten GRI principles of content and quality during the assurance process. Although not supported for both groups in almost all GRI principles of content and quality assessed, results demonstrated that reporters and readers have different perceptions regarding the assessment of the GRI principles. Reporters had a higher percentage of responses "Must be Assessed" than readers in seven out of ten GRI principles of content and quality assessed, especially the principles of completeness and timeliness which resulted in support for a reasonableness gap for readers related to the assurers' responsibility for assessing GRI principles during the assurance process. It was also observed that readers have higher expectations regarding the necessity of assessment of the GRI principles of balance, comparability and materiality by assurers during the assurance process as readers responses for those principles were higher than Reporters' responses.

This section also assessed and provided some support for the veracity of the proposition P1, which is the existence of a reasonableness gap for readers and reporters regarding the assurance of GRI sustainability reports. This gap only exists in regard to the expectation that assurers are responsible for detecting all incorrect information and some for GRI principles when readers representatives are considered.

Moreover, besides the contribution to the expectation-performance gap theory through the support for the existence of a reasonableness gap for reporters and readers in some of the aspects detailed in table 20, these results contribute to the specific aspects of the stakeholder theory investigated in this research, which is that stakeholders have different perceptions and interests. It was identified that readers and reporters have different perspectives and provided different responses for the aspects assessed in this section. The next section assessed the reasons for the existence of a reasonableness gap according to the reporters' and readers' points of view.

#### 4.3. RSQ 2 "Why does such a reasonableness gap exist?"

In order to answer the RSQ 2 "Why does such a reasonableness gap exist?" four questions were developed and used during interviews. Table 21 presents the questions that were applied during interviews to explore Reporters' and Readers' perceptions regarding the reasons for the existence of a reasonableness gap.

Question	Instrument	Proposition
A2. What is your opinion about the assurance service of sustainability reports current provided in Brazil?	Open-ended question	P2 and P3
A3. What is your opinion about the assurance statements current provided in Brazil?	Open-ended question	
C1 Are you familiar with any GRI recommendation regarding assurance processes and assurance statements? If yes, what are they?	Open-ended question	
E1. Are sustainability report readers able to understand the information provided through the assurance statements? Why?	Open-ended question	

Table 21 - Questions applied to explore Reporter's and Reader's perceptions.

Previous sections examined the existence of a reasonableness gap while this section aims to explore the reasons for such a reasonableness gap. To do so, reporters and readers were asked two open-ended questions (A2. and A3) at the beginning of the interview to obtain their perceptions about assurance without any bias or influence from the questions included in the questionnaire. Yet, answers obtained from these two questions were important to obtain participants' experiences, perceptions and ideas without any interference, which is fundamental to achieve the aims of this research (exploratory case study).

Two additional questions (C1 and E1) were asked later to further explore the reasons for a reasonableness gap and to assess proposition P2 (reporters and readers lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap) and proposition P3 (readers' inability to understand the information provided through the assurance statements contributes to the existence of a reasonableness gap).

The proposition P2 was assessed through the question "Are you familiar with any GRI recommendation regarding assurance processes? If yes, what are they?" and the question "Are sustainability report readers able to understand the information provided through the current assurance statements? Why?" was stated to assess proposition P3. The next section presents results regarding reporters and readers' perceptions about the reasons of the reasonableness gap existence.

#### 4.3.1. Assurance services

The responses obtained from the question "What is your opinion about the assurance services of sustainability reports current provided?" were analysed by initially categorising participants' perceptions regarding the assurance process into two groups - positive and negative comments. After this first stage answers were interpreted and grouped using a pattern matching.

The Table 22 presents categorised results obtained from reporters and readers groups regarding the question "What is your opinion about the assurance service of sustainability reports current provided?".



Group	Positive		Negative		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Reporter	25	58.1%	18	41.9%	43	100.0%
Readers	8	22.2%	28	77.8%	36	100.0%

Table 22 - Categorised results obtained from reporters and readers.

The 18 participants representing reporters provided 43 comments in total regarding the assurance process, with 58.1% of those comments of a positive nature and 41.9% being negative comments. The Stakeholder group, composed by 20 participants provided in total 36 comments regarding the assurance process, being 77.8% negative comments and 22.2% positive comments.

Those results demonstrated that both groups had high levels of negative comments which could indicate that participants are not satisfied with the assurance processes currently provided, especially readers. The next section provides details about the reporters' comments.

#### 4.3.1.1. Reporters' perceptions regarding the assurance process

In order to explore the reasons for the participants' dissatisfaction regarding the assurance process currently provided, each of the comments that were initially categorised into either positive or negative, and were then interpreted and grouped according to pattern matching.

##### Positive Comments

Table 23 presents all positive comments interpreted and grouped obtained from Reporters.

Group	Comment Category	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Reporter	Positive	Assurance benefits	Contributes to the commitment of organisations' employees to provide correct information	3	12%
Reporter	Positive	Assurance benefits	Guarantees that sustainability report's information was assessed by a third party	2	8%
Reporter	Positive	Assurance benefits	Improves credibility of the sustainability report	6	24%
Reporter	Positive	Assurance benefits	Improves organisations' internal process	7	28%
Reporter	Positive	Assurance benefits	Improves transparency and/or quality of sustainability report's information	7	28%

Table 23 - Positive comments obtained from Reporters.

All positive comments provided by reporters were related to internal or external benefits of the assurance process. Internal and external benefits were also identified by (Owen, Chapple & Urzola 2009) interviewing corporate responsibility managers, stakeholders representatives, NGOs and trade union representatives to explore practicalities of the assurance of sustainability reports. These internal and external benefits of the assurance process were clearly mentioned by some participants, for example:

*“Internally it (assurance) contributes with recommendations and externally with credibility.”* (Participant 25)

Through interpretation and grouping of Reporters' responses using pattern matching two internal benefits were identified. One is the contribution of the assurance process in improving commitment of organisations' employees regarding the sustainability reporting process. The other is related to the improvement of the organisations' internal processes through the assurance process.

In regards the improvement of the organisations' employees' commitment, Zadek and Raynard (2004) also identified that the assurance process provides some internal benefits to organisations, for example in the form of "improved overall management of performance in relation to existing policies and commitments". Results obtained in this research indicated a similar outcome. Three participants mentioned during interviews how the assurance process had contributed to the improvement of employees' commitment to sustainability reporting. These participants mentioned that assurers tend to indirectly help managers responsible for the organisations' sustainability report in aspects related to the quality of information reported and the timeliness of information reported. According to participant 26, the quality of information is affected because the likely assurance process inhibits people from providing incorrect information, as people know that they could be asked later by assurers to provide evidence for all information reported.

*"There is a difference when we ask an employee from another department to provide evidence of something and when the assurer asks that person to provide the evidence. That person will be more carefully to provide information when someone external to the organisation is asking for that."*

Improvement in the timeliness of information reported was also mentioned as an internal benefit of the assurance process. According to one of the participants, professionals tend to be more efficient in providing information when that information will be used by assurers during an assurance process.

*"You have a lot of problems when subsidiaries have to provide information for you, one day they are busy to report, other day the employee responsible for that information is not there...but when you have a third party asking it works"* (Participant 33)

The second internal benefit mentioned by reporters was the improvement in the organisations' internal process through the assurance process. This benefit represented 28% of the total of the positive comments identified. A similar result was identified by Park and Brorson (2005) interviewing Swedish companies and assurance providers' representatives. This author identified that assured organisations recognised that one of the internal benefits of the assurance process is the guidance on how to develop efficient internal reporting systems. Edgley, Jones and Solomon (2010) also identified what was called "benefits for management", which is the improvement in internal management systems adding value for organisational management.

Some of the reporters interviewed also provided comments explaining how the assurance process contributes to the organisation's internal processes and reporting strategies. For example:

*“Organisations learn a lot with assurance. They (assurers) will discuss about how that information has been managed, how that information has been used or not used...this is very important for organisations. I think the assurance report provides important recommendations for organisations.”* (Participant 34)

*“We do not want to stop having our sustainability report assured because we receive a lot of wrong information and with the assurance process everything is scrutinised....it provides calmness for the organisation because information included on the sustainability report is assessed by someone else...it brings seriousness to the whole process. So, assurance provides transparency.”* (Participant 27)

Regarding external benefits of the assurance process, reporters mentioned three during interviews: (1) guarantees that sustainability report' information was assessed by a third party; (2) improves credibility; and (3) improves transparency and/or quality of sustainability report. By contracting assurers to assess and provide a public independent third party opinion about their sustainability reports, organisations believe they are improving accountability to their stakeholders.

This external benefit of the assurance process in enhancing accountability to stakeholders was assessed in previous studies and represented 60% of the positive comments provided by reporters during interviews (AccountAbility 2008; Edgley, Jones & Solomon 2010; Global Reporting Initiative 2011; Park & Brorson 2005). Some examples of the comments provided regarding this matter are listed below.

*“When you see a sustainability report assured and other not assured, you give more credibility for the assured one. First because it means that the report was assessed by a third party...does not matter the type of the assurance provider, if the assurance provider is trustful or not, but at least you know that some information was checked. So, provide credibility is the main goal of the assurance process.”* (Participant 25)

#### Negative Comments

In regards the negative aspects mentioned by reporters regarding the assurance process, Table 24 provides detailed information about all negative comments provided.

Group	Comment Category	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage by Comment
Reporter	Negative	Assurance benefits	6%	Expensive service without clear benefits for the organisation	1	6%
Reporter	Negative	Assurer's independence	6%	Conflicts of interest	1	6%
Reporter	Negative	Assurance Methodology	83%	Scope just checks number and does not assess qualitative information	4	22%
Reporter	Negative	Assurance Methodology (accounting firms)		Scope of accounting firms just checks number and does not assess qualitative information	1	6%
Reporter	Negative	Assurance Methodology		Different assurers employ different methodologies for the same service	2	11%
Reporter	Negative	Assurance Methodology		Assurer uses methodology for financial audit that is not applicable for sustainability report	2	11%
Reporter	Negative	Assurance Methodology		Assurance does not assess all information published at the sustainability report	3	17%
Reporter	Negative	Assurance Methodology		Assurance methodology did not follow the advances achieved by the GRI guidelines and organisations' sustainability report	3	17%
Reporter	Negative	Assurer's technical skills	6%	Assurance could be conducted by assurers without any type of professional certification	1	6%

Table 24 - Negative aspects mentioned by Reporters.

Through interpretation and grouping of reporters responses, three negative themes were identified: (1) assurer independence, (2) assurance methodology, (3) assurer technical skills, and (4) assurance benefits with assurance methodology representing 83% of the negative comments. One of the assurance methodology aspects criticised more concerned the lack of assessment of qualitative information during the assurance process. 22% of the negative comments mentioned that assurers just check numbers and 11% stated that the methodology used by assurers is developed to be used in financial audits and not in sustainability reports.

According to Mori Junior, Best and Cotter (2013) Brazilian assurance market is dominated by accounting firms that use ISAE3000 as a standard to conduct assurance engagements. Previous authors have also identified that accounting firms tend to conduct their assurance engagements in accordance with the ISAE3000 and engagements based on this standard tend to be more focused on quantitative information rather than qualitative information. This characteristic of the assurance processes conducted by accounting firms was identified in some of the negative comments obtained from the reporters interviewed in this research. For instance, Participant 25 provided a negative opinion regarding the assurance process conducted by accounting firms:

*“There are two types of assurance, one that follows AA1000, which I like. In this type of assurance assurers assess the AA1000 principles and analyses the sustainability report”. “They provide an assurance statement that stakeholders are able to understand, their assurance statement seems that was made to be clear and not to fool”. “Accounting firms come from a financial audit background, they check numbers. I experienced some assurances conducted by accounting firms checking numbers and in my opinion those assurances were not well conducted, they did not go deep how I think they should”. “Assurance is important, but I do not see usefulness in this type of assurance where you check just quantitative information, assess qualitative information is more useful”. (Participant 25)*

The importance of the assessment of qualitative information during the assurance process was also mentioned by another Reporter:

*“It is just an assurance that checks number, they (accounting firms representatives) check the information we provide, it is not an assessment of qualitative information, it is always numbers. They know how to check number properly, but I think it is important to try different types of assurance providers.” (Participant 15)*

This difference in approach for assurance of sustainability reports, when assurers apply AA1000 or when assurers apply ISAE 3000 was reflected in another negative comment. Reporters have commented that different assurers employing different methodologies do not allow readers to compare results and performance across different organisations. Regarding this matter participant 31 pointed out:

*“There are no basic levels defined and no minimum levels of quality determined for assurers. There are a lot of differences in the way assurers have been providing assurances. The way principles are assessed is very unequal. They (assurers) still have to evolve a lot”. “There are different assurance approaches with different levels of accuracy. For example, if you compare this type of assurance with financial audits, in financial audits you see organisations compulsorily change their assurers in each three years and when it happens you do not see big issues, they all follow the same standard, what we yet do not see in the assurance of sustainability reports.” (Participant 31)*

Two other negative comments regarding the assurance methodology were identified. The first is that assurers try to apply a financial audit methodology for assurance of sustainability reports (11% of the negative comments). The second is that current methodology used to assure sustainability reports is archaic (17% of the negative comments). Some of the participants stated that the methodology current in use by assurers does not achieve the market’s expectations, for example:

*“The methodology used for assurance of sustainability reports nowadays is a generic methodology, you can apply it in different services. However, this methodology does not fit anymore, the clients expects something else when they are contracting assurers.” (Participant 19)*

Criticisms about the methodology used by assurers were also made. For example participant 27 was of the opinion that the methodology used for assurance services must evolve and be tailored to the characteristics of a sustainability report.

*“Assurers apply an audit standard to assure sustainability reports. I think even the assurers by themselves faces difficulties due the inexistence of a specific standard for assurance of sustainability reports”. “I think the assurance practice needs to evolve. Nowadays the GRI protocol says this, then assurers assess if the organisation has that specific information and if that information is correct. This is what happens today. But sustainability must be assessed through a different way! I think they should have a different approach.” ( Participant 27)*

Another methodology aspect identified and already described by this research in Chapter 4 is related to the reasonableness gap. 17% of the negative comments provided by reporters were regarding the deficiency of assurers in not assessing all

information included on the sustainability reports during the assurance process. Price of the assurance service without identification of the benefits for the organisation was mentioned by one Reporter as a negative aspect of the assurance process. High cost of assurance and lack of evidence that an assurance would result in enhanced credibility was also identified by (Park & Brorson 2005). Regarding this aspect, participant 6 stated:

*“In my opinion I think assurance is very expensive. Sustainability reports should be assured by organisations’ stakeholders, they know what is happening with organisations day by day. I do not agree to pay a lot of money to have an assurance. We have to respect assurance professionals, it is not an easy job, but I think this is a very expensive service just to have a “+” in your sustainability report.”* (Participant 6).

The next section provides findings obtained from readers regarding the assurance process.

#### 4.3.1.2. Readers’ perceptions regarding the assurance process

All Readers’ comments were first categorised as positive or negative then interpreted and grouped considering pattern matching.

##### Positive Comments

Table 25 presents all positive comments interpreted and grouped.

Group	Comment Category	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Readers	Positive	Assurance benefits	Guarantees that informations published on the sustainability reports were assessed by a third party	3	38%
Readers	Positive	Assurance benefits	Improves credibility of the SR	3	38%
Readers	Positive	Assurance benefits	Improves organisations' internal process	1	13%
Readers	Positive	Assurance benefits	Improves transparency and confiability of information published at the SR	1	13%

Table 25 - Positive comments provided by Readers.

All positive comments addressed the benefits of the assurance process and the majority of them (87%) mentioned the external benefits of the assurance process. This result appears to indicate that as readers are external entities to organisations, they tend to identify benefits from their external point of view. Improvement of credibility and guarantees that information published on the Sustainability reports were assessed by a third party were the two positive comments more used by readers with 38% each, for instance:

*“It is fundamental that an independent third party assess a sustainability report, even a superficial assessment. When an organisation exposes itself for a third party, this in my opinion is more important than find something wrong. I think when organisations contract a third party to assess their sustainability reports they deserve some credits.”* (Participant 44)

Through the positive comments provided below it is noted that participants see assurance as an instrument that provides credibility for sustainability reports and guarantees integrity of information. According to these participants, readers cannot be sure about the integrity of the sustainability reports without an independent third party opinion. Also, without assurance there is no guarantee that sustainability reports are providing correct information. These observations are similar to the results obtained by Frank, Lowe and Smith (2001) that the public in general views auditors as a guarantee of integrity.

Negative Comments

Although some positive comments were provided by Readers, most of the comments provided by this group were negative. Table 26 provides detailed information about all negative comments provided.

Group	Comment Category	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage by Comment
Readers	Negative	Assurer's independence	21%	Conflicts of interest	6	21%
Readers	Negative	Assurance Methodology	61%	Assurance did not follow the advances achieved by the GRI guidelines and organisations' sustainability reports	1	4%
Readers	Negative	Assurance Methodology		Assurance does not assess all information published at the sustainability reports	1	4%
Readers	Negative	Assurance Methodology		Assurance process is conducted without adequate quality	7	25%
Readers	Negative	Assurance Methodology		Assurance statement is not clear about the assurance process carried out and does not have a clear opinion about the organisation's sustainability report	1	4%
Readers	Negative	Assurance Methodology		Different assurers employ different methodologies for the same service	2	7%
Readers	Negative	Assurance Methodology		Scope just check number and does not assess qualitative information and/or GRI principles	5	18%
Readers	Negative	Organizations' reasons for assurance	7%	Organisations just want to have the assurance statement in their sustainability report	1	4%
Readers	Negative	Organizations' reasons for assurance		Organisations just want the assurance to pretend they are doing something correct	1	4%
Readers	Negative	Assurer's technical skills	11%	Assurer is not qualified to conduct this type of service	3	11%

Table 26 - Negative comments provided by Readers.

Negative comments provided by readers addressed four main aspects: (1) assurer independence, (2) assurance methodology, (3) organisations' reasons for assurance and, (4) assurer technical skills, with the assurance methodology related to 62% of the negative comments.

Among these negatives comments regarding the assurance methodology, the quality of the assurance process was the aspect most mentioned by participants, with 25% of the total of negative comments. Different aspects were criticised by different participants, For instance, participant 21 and 14 criticised the superficiality of the assurance process:

*“In my opinion assurers just have a look in some papers and they believe in what were written in those papers. I think if you want to assure something you have to go to the countryside where that organisation has activities, interview employees in remote areas without notice. Nowadays assurers schedule visits and explain what they want to see before the visit, so when they arrive everything is perfect.”*  
 (Participant 21)

*“An assurance to be considered effective must perform the fieldwork and assess the level of implementation of the management systems, but in the majority of the cases assurers do not do it.” (Participant 14)*

According to the comments below, readers expect that assurers carry out a deep analysis, not only assessing documents but also conducting fieldwork. Another negative aspect mentioned by participants was related to the results of the assurance process, particularly the content of the assurance statements. Regarding this matter participant 21 stated:

*“Assurance statements are ridiculous, seriously, I try to understand those letters in the end of the sustainability reports but you read, read again, read one more time and they do not say anything. In my opinion those letters are used just to cover assurers’ back!” (Participant 21)*

Another two interesting comments were made by participant 14 and participant 12 in relation to the results of the assurance processes. In their opinion two important elements have not been performed by assurers during the assurance process. First, assurers do not provide information about the organisations’ flaws. Second, assurers do not pressure organisations to discuss critical aspects about their business in their reports.

*“Assurers rarely point flaws, what I have been seeing in assurance statements is that assurers assess the report and they do not assess the organisation to identify coherence between what is written in the sustainability report and what the organisation is really doing. In my opinion this is a problem.” (Participant 14)*

*“Assurers perform an assessment of the reporting process but they do not pressure organisations to provide information about their critical aspects. In my opinion this is a huge deficiency of the assurers in Brazil.” (Participant 12)*

Besides the negative comments regarding the assurance methodology, negative comments regarding conflicts of interest were also made and represented 21% of the total of negative comments. The main aspect criticised by participants addressed the commercial relationship between organisations and assurers, for example:

*“There is a big and serious relationship problem because organisations are clients and assurers are afraid to lose their clients. This situation impacts assurers’ performance when they are assuring something.” (Participant 12)*

*“I do not believe in assurance, you can not say that there is an independent opinion when the organisations are clients of the assurers.” “I already have seen assurers trying to please their clients. Assurers can not provide assurance by the book if in the end of the day is the organisation that will pay for their services.” (Participant 18)*

Although most of the negative comments regarding the conflict of interest were provided for assurers as a whole, some of the participants have addressed their



criticism for a specific type of assurer. For example, participant 20 discussed the situation of the assurance providers as a whole and stated an additional criticism for consultant firms that in his opinion the conflict of interest exists in both groups but is more critical when an assurance service is provided by a consultant firm, in his words:

*“This is a critical situation because organisation pays for the assurance process. Assurers will not scrutinise everything...they will guide organisations...they say... you have to do this, you have to do that. When consultants are providing assurance services the situation is more critical, they are performing the assurance to identify new opportunities. They will not say that your report is not good, they will approach you saying there are some problems and these problems could be solved and here you have the proposal to solve these problems.”* (Participant 20)

Criticism was also made against accounting firms, participant 42 stated:

*“First we have to admit that assurance and audit are oligopolistic activities, like rating agencies. So, in my opinion those activities lacks of high degree of independence. I have been very honest with you, this is competitive and oligopolistic market. So far I have been seeing those assurances for sustainability reports as an effort of the big accounting firms just to have another service to provide. I see this type of service with great mistrust”.* (Participant 42)

Participant 52 also described his distrust of assurance services because of this commercial relationship, but he also make an interesting comment. Besides the conflict of interest, this participant reflected about the reasons for the assurance process. According to this participant organisations appear to do not contract an assurance provider again if this assurance provider publishes a qualified opinion in its assurance statement:

*“There is a conflict of interest, for instance, an organisation contracts an assurer to assure its sustainability report and this assurer provides a qualified opinion in its assurance statement. I am not sure if this assurer will be contracted to assure the next year organisation’s sustainability report. I am not sure if assurers are impartial.”* (Participant 52)

The idea stated by participant 52 that organisations appear to do not contract an assurance provider that published a qualified opinion in its statement is connected to the reasons for the assurance statement. Publishing qualified opinions in assurance statements when needed is the assurers’ duty, and if organisations somehow are penalising assurers for performing their job properly it appears that organisations do not care about the quality of the assurance process. Some participants believe that organisations might just be contracting assurance providers to obtain an assurance statement to be included in their sustainability report, regardless the scope, quality or methodology used:

*“I have a feeling that assurance is just for organisations pretend they are doing something right, and I can tell you, I have experienced several assurance processes conducted by accounting firms and consultant firms.” (Participant 2)*

*“Organisations just want the assurance statement included in their sustainability report.” “I think it is just marketing, first you need a sustainability report, then you need a sustainability report with level (GRI levels A, B or C) and then you need an assured sustainability report. This is what happened and it is just to look nice.” (Participant 48)*

Participant 48 also expressed distrust for such services:

*“I heard a lot of negative comments regarding the assurance process, people say: - this is an assessment that is not serious. So, there is a mistrust feeling about this type of service and it reflects in the price of this service, today it is not an expensive service. So, the consequence is...organisations do not expect good results of this service because this is a cheap service and assurers know that this is a cheap service so they do not have to deliver a wonderful service, so this is a vicious cycle.” (Participant 48)*

Also, some negative comments regarding assurers’ capability to perform this type of service were made. According to some participants, assurance teams do not have professional skills to perform assurance services with adequate quality. Some of those participants addressed this negative comment to accounting firms representatives. For example, participant 20 made a general comment about assurers:

*“Most of the time assurers are not prepared to assess this type of information, sometimes they know much less than the person who is developing the sustainability report. Sometimes assurers do not understand the sector where that organisation has activities. I think assurers are not well prepared for this service.” (Participant 21)*

Similar comments were made by participant 17 and 47, but this time focused on accounting firms representatives:

*“Accounting firms are not prepared to assess social and environmental information”. “Accounting firms’ representatives assess if there is evidence for information included on the sustainability report but they do not assess if that information is important for that sector, for that organisation”. (Participant 17)*

*“I have seen organisations choosing no longer have their sustainability report assured by accounting firms, instead they are contracting consultant firms because they are more specialised and they provide more detailed assurance statements. The best assurance statements I have been reading were not provided by accounting firms. I think accounting firms still have to better qualify their employees and their processes.” (Participant 47)*

The third negative aspect commented on was related to the scope of the assurance process. 18% of the negative comments were related to the scope of the assurance process that does not assess qualitative information and/or GRI principles. For example:

*“Assurance is just “checking numbers”, check if that information came from that person but not assessing the quality of that information. The number is checked but not the quality of that information”. “For accounting firms, assurance of sustainability report is just another business opportunity.” (Participant 20)*

Other negative comments included: assurance did not follow the advances achieved by the GRI guidelines and organisations’ sustainability reports, assurance does not assess all information published in the sustainability reports and different assurers employ different methodologies for the same service. The next section addresses the participants’ perceptions regarding assurance statements.

4.3.2. Assurance statements

Responses obtained from the question “What is your opinion about the assurance statements current provided?” were first categorised into three groups, positive comments, negative comments and without opinion about assurance statements. After this first categorisation responses were interpreted and grouped considering a pattern matching. Table 27 presents categorised results obtained from reporters and readers groups.

Group	Positive		Negative		Without Opinio		Total	
Reporter	10	27.0%	22	59.5%	5	13.5%	37	100.0%
Readers	8	19.0%	32	76.2%	2	4.8%	42	100.0%

Table 27 - Categorised results obtained from reporters and readers.

The group Reporters, composed by 18 participants, provided 37 comments regarding assurance statements, with 59.5% negative comments and 27% positive comments. In 13.5% of the responses reporters expressed no opinion about assurance statements. The readers group, composed of 20 participants provided 42 comments regarding the assurance process, with 76.2% negative comments, 19% positive comments and 4.8% without opinion about assurance statements.

Resulted obtained demonstrated that both groups had high levels of negative comments which could indicate that participants are not satisfied with the assurance statements current provided, especially readers.

4.3.2.1. Reporters’ perceptions regarding assurance statements

Positive Comments

Table 28 provides detailed information about all positive comments provided by Reporters.

Group	Comment Category	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Reporter	Positive	Assurance Statement Benefits	Assurance statements allow readers to identify weaknesses and strengths of the sustainability reports	3	30%
Reporter	Positive	Assurance Statement Benefits	Assurance statements are clear about the assurance processes performed	2	20%
Reporter	Positive	Assurance Statement Benefits	Assurance statements improve transparency	1	10%
Reporter	Positive	Assurance Statement Benefits	Assurance statements prove that an external assessment was performed	2	20%
Reporter	Positive	Assurance Statement Benefits (consultant firms)	Assurance statements provided by consultant firms allow readers to identify weakness and strengths of the sustainability reports	2	20%

Table 28 - Positive comments provided by Reporters.

All positive comments provided by reporters were addressed to the benefits of assurance statements. Statements regarding the importance of the assurance statements in allowing readers to identify weakness and strengths of the sustainability reports were responsible for 30% of the total of positive comments received. For example:

*“Assurance statements are the conclusion of the assurance process. A good assurance statement identifies the sustainability report strengths and weakness. Assurance statement is the assurers’ voice. Assurance statement is the place where readers can see the results of the assessment.”* (Participant 15)

Besides the importance of the assurance statement as an instrument to report strengths and weakness of the sustainability report, assurance statements were also considered a useful instrument to improve the quality of sustainability reports. According to Participant 34 recommendations included on assurance statements could be used as a guide for organisations to improve their reporting processes:

*“I have been reading and analysing the assurance statement we received in order to identify the weakness of my report. In my opinion a correct and responsible management must read the assurance statements, understand the weakness listed and work to fix problems”.* (Participant 34)

Enhancing transparency of sustainability reports and proving that an external assessment was conducted were raised in 20% of the positive comments received, for example:

*“Assurance statement is important to enhance transparency and legitimacy. An assurance statement proves that my report was assessed. It legitimises the assurance process.”* (Participant 41)

Another aspect mentioned by participants was regarding the differences between assurance services conducted by accounting firms and consultant firms. According to some participants consultant firms provide better assurance statements, as follow:

*“Consultant firms use AA1000 and their assurance statements are more well-defined. Through these assurance statements is possible to link the organisation’s strategy with the AA1000 principles. Those assurance statements inform where your report is*

ok and where you have to improve. In my opinion this type of assurance statement is much better.”(Participant 19)

“Assurance statements provided by consultant firms are better. Their statements provide information about the aspects assessed during the assurance processes and provide improvement recommendations. Assurers that use AA1000 will provide this type of assurance statement.” “As a sustainability professional, I prefer statements provided by consultant firms.” (Participant 25)

According to these comments, consultant firms that apply AA1000 tend to issue a better assurance statement because their statements provide more information regarding the assurance process conducted, such as: links between organisations’ strategies and AA1000 principles, details about the aspects assessed during the assurance process and a list of recommendations.

### Negative Comments

Table 29 provides detailed information about all negative comments provided.

Group	Comment Category	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage by Comment
Reporter	Negative	Assurer's independence	5%	Conflict of interest	1	5%
Reporter	Negative	Assurance Statement format (Accounting firms)	73%	Assurance statements provided by accounting firms are useless	1	5%
Reporter	Negative	Assurance Statement format		All assurance statements are the same	3	14%
Reporter	Negative	Assurance Statement format		Assurance statements do not provide information about the assurance process conducted	2	9%
Reporter	Negative	Assurance Statement format		Assurance statements do not say anything	3	14%
Reporter	Negative	Assurance Statement format		Assurance statements for sustainability reports are similar to financial audits' statements	2	9%
Reporter	Negative	Assurance Statement format		Assurance statements just provide information to cover assurers' backs	2	9%
Reporter	Negative	Assurance Statement format		Assurance statements use technical language that most of the readers are not able to understand	2	9%
Reporter	Negative	Assurance Statement format		Different assurers provide different assurance statements for the same service	1	5%
Reporter	Negative	Organisations' behaviour regarding assurance statements		18%	Organisations do not care about the recommendations provided by the assurance statements	1
Reporter	Negative	Organisations' reasons for assurance	Organisations just want to have the assurance statement in their sustainability report		3	14%
Reporter	Negative	Use of Assurance Statements	5%	Nobody reads it	1	5%

Table 29 - Negative comments provided by Reporters.

Different types of negative comments regarding assurance statements were identified. Through interpretation and grouping of the negative comments, five negative main group ideas were identified: (1) assurer independence, (2) assurance statement format, (3) organisations’ behaviour regarding assurance statements, (4) organisations’ reasons for assurance and, (5) use of assurance statements.

The assurance statement format was the aspect that received more negative comments, being responsible for 71% of the negative comments. Among these 71% of negative comments, different aspects were mentioned by participants. According to some participants’, even though there are different sustainability reports with different levels of transparency and quality, all the assurance statements provided are equal, which means that through the assurance statements readers are not able to identify differences between the quality and level of transparency of different sustainability reports. Regarding this aspect participant 33 said:

*“All assurance statements are the same, the only difference is the assurer’s name, the counters’ name and the counter’s national certified practising accountant number.”*(Participant 33)

This participant appears to have provided this comment considering the model of assurance statements provided by accounting firms because it was mentioned the name of the counter responsible to sign the assurance statement and the certified practising accountant number. Regarding this difference between accounting firms and consulting firms performing assurance services, another participant clearly criticised assurance statements provided by accounting firms, in his words:

*“Assurance statements provided by accounting firms are useless. They just want to cover their back.” “The standard used by accounting firms to develop their assurance statements is useless. Their statements do not prove or say anything. It is like a stamp, you have the stamp but you do not have any details about the service conducted. It is just a stamp!”* (Participant 25)

Regarding the aspect mentioned by this participant that assurance statements do not say anything and assurers just want to ‘cover their backs’, a number of participants have provided the same comments without mentioning the type of the assurance provider, for instance:

*“Honestly, the assurance statement we received does not say anything.” “The aim of an assurance statement is to inform readers about what was assessed during the assurance process, what is good and what is not good, where the sustainability report must be improved but nowadays assurance statements do not provide this information.”* (Participant 27)

*“The assurance statement does not say anything.” “It is just a statement that disclaims any responsibility.”* (Participant 26)

Criticism about the use of a technical language that most of the sustainability reporters’ readers are not able to understand was another aspect observed, for instance:

*“The same manner sustainability reports must be written in a language understandable for readers, assurance statements must also follow this language allowing readers to understand the content of those statements. For example, you are reading the sustainability report and you understand it, but when you arrive at the assurance statement section you do not understand it.”* (Participant 15)

*“An investor understands assurance statements, but the rest of the sustainability reports’ readers do not understand it.”* (Participant 26)

Although assurance statements are the result of an assurance process and they are developed and provided by assurers, 19% of the negative comments were addressed to organisations. Two main negative aspects were highlighted by participants in this

matter: (1) organisations' reasons to include an assurance statement in their sustainability reports and (2) organisations' behaviour regarding assurance statements' recommendations. According to some participants, organisations want assurance statements in their sustainability report just to show to their stakeholders that their reports were assessed by someone else independent for the quality and level of transparency of their sustainability reports, as following:

*“In my opinion a critical analysis must be done over the assurance statements, but today organisations do not want to work on those recommendations. I think they just want to include an assurance statement in their sustainability reports to say that someone have assessed their reports.”* (Participant 10)

Participant 43 shared the same idea and included an important comment. According to her point of view, organisations and society as whole do not make use of the assurance statements. These two groups are just looking for a “stamp” on the sustainability report informing readers that another entity has assessed the report, in her words:

*“As far as I know, nobody uses assurance statements. I am talking about organisations and society as a whole. I think is just that situation where everybody just wants to see a verification stamp in a sustainability report.”* (Participant 43)

Besides all negative aspects described so far, conflict of interest was also mentioned, based on the idea that assurers do not have the independence to provide an assurance statement, for example:

*“I think there is a lot of pressure from organisations on assurers to receive an assurance statement without a qualified opinion and limitations. Nowadays assurance of sustainability reports most of the time is a small service inside the big market of the financial audits. Assurances for sustainability reports are small sub products embedded on big financial audits contracts, as a result there is more pressure in statements for sustainability reports. I do not believe that there is bad faith, but assurers assuring sustainability reports receive a lot of pressure as the sustainability assurance statement is just a small part inside a big contract. It is something like this, do not bring me problem in this client, did you get it?”* (Participant 31)

In addition, this participant concluded:

*“Today assurance for sustainability reports is a new market and everybody wants a share of this market, any new client is important. In this scenario is not good for assurers to create conflict with new clients. So, as assurance for sustainability report is still a new and not developed market most of the time assurers face difficulties to impose their opinion, as a result they could make more concessions.”* (Participant 31)

Some participants responded that they do not have an opinion about assurance statements. A participant stated that he does not read assurance statements because he knows that all assurance statements are equal. This participant had his

sustainability report assured by two different accounting firms in the last five years and he said:

*“Honestly I do not have opinion about it. In my understanding all assurance statements we have received were so similar that I do not have opinion.”* (Participant 13)

Another participant demonstrated that she is not interested in assurance statements. She explained that assurance statements are included in sustainability reports but nobody analyses the content of assurance statements, in her words:

*“I do not really have opinion about it. I just wait until the assurance statement arrives and I include it in my sustainability report.”* (Participant 26)

Through the comments classified as “without opinion” appears to be possible to consider that some of the reporters (professionals responsible to develop sustainability reports) are not really interested in assurance statements. Even though this group of participants are directly involved in sustainability reports development and in activities related to contract and/or support the assurers during the assurance process, appears that some of those participants do not care about the results of the assurance process, which is the assurance statement. Next section provides findings about readers’ perceptions regarding assurance statements.

#### 4.3.2.2. Readers’ perceptions regarding assurance statements

##### Positive Comments

Table 30 provides detailed information about all positive comments provided by Readers.

Group	Comment Category	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Readers	Positive	Assurance Statement Benefits	Assurance statements allow readers to identify weaknesses and strenghts of the sustainability reports	2	25%
Readers	Positive	Assurance Statement Benefits	Assurance statements are the proof that an external assesement was performed	3	38%
Readers	Positive	Assurance Statements Benefits (consultant firms)	Assurance statements provided by consultant firms allow readers to identify weaknesses and strenghts of the sustainability reports	1	13%
Readers	Positive	Assurance Statements Benefits (consultant firms)	Assurance statements provided by consultant firms provide recommendations for improvement	2	25%

Table 30 - Positive comments provided by Readers.

All positive comments provided by readers addressed the benefits of the assurance statements. The importance of the assurance statements in allowing readers to identify weakness and strengths of the sustainability reports, the importance of the assurance statements in proving that an external assurance was performed and the importance of the recommendations included on the assurance statements were mentioned as positive aspects of the assurance statement.

Assurance statements prove that the sustainability report was assessed by an external entity was responsible for 38% of the positive comments received. Allow readers to identify weakness and strengths of the sustainability reports was another positive



comment. According to some participants assurance statements are the instruments where readers can identify the assurers' opinions in relation to the sustainability reports assessed. For example:

*“I always read assurance statements and they always provide good improvement recommendations.”* (Participant 37)

Another participant stated the importance of the assurance statements and also mentioned that society is not prepared to understand the assurance statements. And in his opinion assurers have some responsibility in this situation because they do not provide information about their job. This participant said:

*“Assurance statements in my opinion are fundamental, but there is a problem, assurers fail in do not provide information and communicate their services to the society. They do not explain what they do.” “There are limitations in these statements. Readers have to learn how to read these statements. The key point here is to teach society about how to use statements.”* (Participant 44)

Different comments regarding assurance statements provided by different groups of assurers were identified in this section as well. According to some participants, consulting firms provide better assurance statements. 36% of the positive comments identified were explicitly addressed to consulting firms, for example:

*“Accounting firms provide standard assurance statements rather than consultant firms that provide assurance statements with more information regarding the sustainability agenda and engagement processes.”* (Participant 37)

According to the results, some of the readers believe assurance statements provided by consulting firms are better because they provide more detailed information about the assurance process carried out, such as recommendations and report's strengths and weaknesses.

### Negative Comments

Table 31 provides detailed information about the negative aspects mentioned by Readers.

Group	Comment Category	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage by Comment
Readers	Negative	Assurer's independence	3%	Conflict of interest	1	3%
Readers	Negative	Assurance Statement format (Accounting firms)	88%	All assurance statements provided by accounting firms are the same	3	9%
Readers	Negative	Assurance Statement format (Accounting firms)		Assurance statements provided by accounting firms are useless	1	3%
Readers	Negative	Assurance Statement format (Accounting firms)		Assurance statements provided by accounting firms do not provide detailed information about the assurance process conducted	1	3%
Readers	Negative	Assurance Statement format (Accounting firms)		Assurance statements provided by accounting firms do not say anything	1	3%
Readers	Negative	Assurance Statement format		Assurance statements do not provide information about the assurance process conducted	9	28%
Readers	Negative	Assurance Statement format		Assurance statements do not say anything	5	16%
Readers	Negative	Assurance Statement format		Assurance statements for sustainability reports are similar to financial audits' statements	2	6%
Readers	Negative	Assurance Statement format		Assurance statements use technical language that most of the readers are not able to understand	4	13%
Readers	Negative	Assurance Statement format		Different assurers provide different assurance statements for the same service	1	3%
Readers	Negative	Assurance Statement format		They are too short and do not provide information about what is going on with the sustainability report	1	3%
Readers	Negative	Organisations' reasons for assurance	9%	Organisations just want to have the assurance statement in their sustainability report	3	9%

Table 31 - Negative aspects mentioned by Readers.

Through the results obtained four negative main group ideas were identified: (1) assurer independence, (2) assurance statement format, (3) organisations' reasons for assurance and, (4) use of assurance statements, being the assurance statement format responsible for 88% of the negative comments. 28% of the negative comments related to the assurance statement format mentioned that assurance statements do not provide information about the assurance process conducted, 16% of those negative comments stated that assurance statements do not say anything and 13% of those negative comments mentioned that assurance statements use technical language that most of the readers are not able to understand.

Some of the participants pointed out what in their perspectives have been missing in the assurance statements. For example participant 12 mentioned about the sample strategy used by assurance providers, she said:

*“Most of the time assurance statements do not provide information about the sample strategy and the sites visited during the assurance process. Assurers assess one site of an organisation that has 40 sites but this is not clear on the assurance statement. This must be clear for the sustainability report’s readers.” “Sometimes the organisation determines where assurers have to go...assurers do not say I want to go in that place and they go...in the end of the day is the organisation that defines where assurers go because is the organisation that pays the assurers’ travel expenses. The problem is not the organisation says to assurers where they have to go, the problem is that this situation is not clear on the assurance statement.”* (Participant 12)

Another participant mentioned about the results of the assurance statement, in his opinion assurance statements for sustainability reports could provide qualified opinion but they do not do it. He said:

*“I never saw an assurance statement for sustainability report with a qualified opinion, so everything is good and we live in a perfect world!”* (Participant 52)

Another participant mentioned their frustration regarding the situation of the assurance process because assurance statements are not clear about the scope of the assurance process performed and the results obtained, she said:

*“I do not see the link between the content of the assurance statement and the content of the sustainability report.” “I think this is a way to hide the sustainability report problems. We know there are a lot of wrong things that are not mentioned on the assurance statements. When you read assurance statements you think the sustainability report is wonderful. So, this is why I do not believe in assurances.”* (Participant 18)

The same frustration was mentioned by the participant 20, he pointed out:

*“You are reading a sustainability report A+ with the GRI check stamp and you see that all indicators were answered. However, when you check the quality of the answer provided you see that those answers are rubbish but the sustainability report received the + and the GRI check stamp. This situation results in a lack of credibility regarding assurers, GRI and everybody else involved.”* (Participant 20)

Another negative aspect mentioned is related to the way assurance statements have been written. Some participants stated that the language used in assurance statement is too technical for readers to understand it:

*“Assurance statements are too technical. They are supposed to be more friendly, more simple and straightforward.”* (Participant 12)

Besides the technical aspect, the assurance statements lack of clarity was also mentioned:

*“The assurance statement says this, says that, but in the end of the day it does not mean anything. From the organisation’s perspective this is good, but from the perspective of the sustainability advancement this is sad.”* (Participant 2)

Different participants’ perceptions regarding different types of assurers already identified in previous sections were also mentioned in this section. 18% of the negative comments were addressed directly to accounting firms. The main problems identified by those participants in regards the assurance statements provided by accounting firms was that all statements are very similar with each other, for instance:

*“In assurance statements provided by consultant firms there is information regarding aspects that are good, there is information about aspects that should be improved...you can see a two pages statement with relevant information. On the other hand, assurance statements provided by accounting firm are useless. The assurance statement provided by an accounting firm included on the organisation’s sustainability report ranked by GRI as A is the same assurance statement included on the organisation’s sustainability report ranked by GRI as B. Their assurance*

*statements are all the same...there is no difference.”“I do not understand assurance statements provided by accounting firms, you read the statement until the end and when you finish it you ask: - so what?” (Participant 29)*

Criticism for accounting firms was also stated by other participants, for instance:

*“They (assurance statements provided by accounting firms) do not provide good information about the assurance process conducted, it is just misinformation.” (Participant 47)*

Another negative comment identified was the independence of the assurance process, for example participant 12 said:

*“Assurance processes do not conduct deep assessments. I think it happens because assurance providers are suppliers. You see assurance statements informing that the company achieved the AA1000 principles but the sustainability report does not have goals defined. How is the organisation’ sustainability report achieving the AA1000 principles if there are no goal defined? Have you seen any assurance statement informing that the principle of balance was not achieved? Have you seen any sustainability report that has achieved the principle of balance? Any sustainability report achieves the principle of balance!” (Participant 12)*

This participant also highlighted another important aspect. According to her assurers have to assess the sustainability report once and provide their opinion based on this assessment, however, assurers nowadays perform assessments and inform organisations what should be corrected. Then, organisations make corrections and send the report for the assurers’ assessment again, until the problems can be solved. In her words:

*“During the assurance process assurers find problems and organisations fix the problems. So there is this coming and going situation...assurers finding problems and organisations fixing them. Is this an assurance service or something else? If an assurer find something wrong they have to understand the problem, not ask to have the problem solved and assess it again. Where the credibility of this process is if assurers find problems but organisations fix problems and send corrected information to be assessed again, where is the validity of this situation? This coming and going situation in my opinion is not assurance.” (Participant 12)*

Not only assurers were criticised but organisations also received some negative comments. Nine per cent of the negative comments were addressed to organisations because according to some participants organisations want assurance statements in their sustainability report just to demonstrate that their reports were assured, regardless the quality and level of transparency of their reports and assurance processes, for example:

*“Assurance statements are just stamps with a marketing perspective, organisations just want the “+””. (Participant 20)*

Two participants did not provided any positive or negative comment regarding the assurance statements, rather those participants mentioned that they do not have opinion about the assurance statements because they do not read it, for example:

*“Are you talking about those documents in the end of the sustainability report? Those documents are very superficial.” “I just have a quick look to see who the assurance provider was but I do not read it.” (Participant 32)*

*“I do not read these statements, I just check if the report is assured or not.” (Participant 45)*

Through the comments classified as “without opinion” appears to be possible to consider that some of the readers are not interested in assurance statements. Next section provides information regarding reporters and readers’ perceptions regarding the GRI recommendations for assurance processes.

### 4.3.3. Participants’ Familiarity Regarding GRI Recommendation for Assurance

In order to further explore the reasons for the reasonableness gap and assess the research proposition P2 (reporters and readers lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap) the question “Are you familiar with any GRI recommendation regarding assurance processes and assurance statements? If yes, what are they?” was stated. If the participant had knowledge about at least one of the six GRI’s key qualities recommendations for external assurance (Global Reporting Initiative 2011, p. 41) the following two additional questions were stated to further explore this matter: (1) To improve credibility of the sustainability reports assurance providers must follow GRI recommendation(s)?; and (2) Current assurance processes follow GRI recommendation(s)? If not, what recommendation is not followed by assurance providers?

Responses obtained resulted in three different types of answers: (1) participants with knowledge about the GRI recommendations named “With knowledge”; (2) participants without knowledge about the GRI recommendations named “Without knowledge”; and (3) participants who responded they have some knowledge about the existence of the GRI recommendations but did not know to name any named “Knowledge without details”. Table 32 presents results obtained from reporters and readers.

Group	With Knowledge		Without Knowledge		Knowledge Without Details		Total	
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
Reporter	3	17.6%	11	64.7%	3	17.6%	17	100.0%
Readers	1	5.0%	16	80.0%	3	15.0%	20	100.0%

Table 32 - Total Responses percentage by groups: reporters and readers.

In both groups, reporters and readers, the majority of the participants did not have any knowledge about the GRI key qualities for assurance processes or any other recommendation. As just the minority of the participants in both groups (17.6% of the reporters and 5% of the Readers) had knowledge about at least one of the GRI

recommendations, the two additional questions developed to investigate if the GRI recommendations must be assessed by assurance providers during the assurance process and if the assurance providers are following the GRI recommendations did not achieve a significant number of responses. Even though the quantity of responses for these two questions was not high because participants did not have knowledge about the GRI recommendations, some of the participants provided interesting comments.

Three reporters have demonstrated knowledge about GRI recommendations regarding the assurance process and assurance statement which allowed them to answer the two additional questions. All reporters had the same opinion and informed that assurers must follow GRI recommendations during the assurance process to improve credibility of the sustainability report.

Regarding the achievement of the GRI recommendations by the assurance providers during the assurance process, two participants stated that assurers follow GRI recommendation during the assurance process and one participant stated that assurers do not follow GRI recommendations during the assurance process.

Questioned about the GRI recommendations not followed by assurance providers during the assurance process participant 25 stated that GRI principles of balance and materiality are not properly assessed by assurers.

The only Reader with knowledge about the GRI recommendations regarding the assurance process shared the same opinion of the participant 25. In this Reader's opinion GRI recommendations must be followed by assurers during the assurance process but assurers have not been following GRI recommendations, starting:

*"I know GRI says that assurance process must be documented and evidence-based, but I experienced an assurance process and assurers did not assess evidence. In this situation the sustainability report received "+" and the GRI checked stamp. GRI provides recommendations but GRI does not assess if its recommendations have been followed." (Participant 7)*

Results obtained in this section provides support for the proposition P2 (reporters and readers lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap). The next section provides findings regarding reporters and readers' perceptions regarding readers' ability to understand assurance statements.

#### 4.3.4. Readers' capability to understand assurance statements

The question "Are sustainability report readers able to understand the information provided through the assurance statements? Why?" was stated to explore the reasons for the performance gap and assess the research proposition P3 (Readers' inability to understand the information provided through the assurance statements contributes to the existence of a reasonableness gap). The Table 33 presents results obtained regarding this matter.

Group	Yes		No		Does Not Know		Nobody Reads It		Yes and No		Total	
Reporter	3	16.7%	11	61.1%	0	0.0%	2	11.1%	2	11.1%	18	100.0%
Readers	0	0.0%	8	40.0%	2	10.0%	3	15.0%	7	35.0%	20	100.0%

Table 33 - Results obtained by group: reporters and readers.

In both groups, reporters and readers, the majority of the participants believe that readers are not able to understand the information provided through the assurance statements. Besides the responses “Yes” and “No”, another three different types of responses were identified. The first, 10% of the readers responded that they do not know about the content of the assurance statements, named “Does not Know”. This type of response leads to believe that some readers do not have opinion about assurance statements because they appear to do not be reading those documents. The second different response obtained was “Nobody Reads It”, this response clearly support the idea that participants believe that nobody reads assurance statements, 11.1% of the reporters and 15% of the readers responded that nobody reads assurance statements. For instance participant 43 said:

*“I think stakeholders in general do not read assurance statements. Assurance statements are a very important document if used, but considering what I have been experiencing, organisations representatives and stakeholders do not use this document.”* (Participant 43)

The third one was named “Yes and No”. 11.1% of the reporters and 35% of the readers provided this type answer. According to those participants, just few specialised readers are able to understand the information provided through the assurance statements and other readers are not able to understand it. For instance, two readers stated about this matter as following:

*“The majority of the stakeholders do not understand assurance statements; just specialised readers are able to understand it.”* (Participant 36)

*“General public do not understand assurance statements, just professionals involved with sustainability reports and assurance processes understand it.”* (Participant 47)

The difference between assurance conducted by accounting and consultant firms were also mentioned in this section, according to some of the participant readers tend to better understand assurance statements provided by consultant firms than assurance statements provided by accounting firms. For example:

*“In assurance statements provided by consultant firms the language used is more understandable, on the other hand, assurance statements provided by accounting firms use a technical language that just few people are able to understand.”* (Participant 7)

In addition, to further explore this matter, the additional question “Why” was stated for the 11 reporters and the eight readers who responded “No”, which means readers are not able to understand the information provided on the assurance statements. The

11 reporters provided 16 comments to explain why readers are not able to understand the information provided through the assurance statements. Those 16 comments were categorised and presented at the Table 34.

Group	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage by Comment
Reporters	Assurance Statement format	69%	Assurance statements use technical language that most of the readers are not able to understand	5	31%
Reporters	Assurance Statement format		Assurance statements do not provide detailed information about the assurance process conducted	5	31%
Reporters	Assurance Statement format		Different assurers provide different assurance statements for the same service	1	6%
Reporters	Assurance is a complex process	31%	Assurance is a complex process that just professionals involved with this process are able to understand assurance statements	5	31%

Table 34 - Responses provided by Reporters.

According to the results obtained from Reporters, the assurance statement format (69%) and the complexity of the assurance process (31%) were the two reasons for readers are not be able to understand the information provided through the assurance statements.

The technical language used on the assurance statements and lack of detailed information about the assurance process conducted on the assurance statements were the two main critics regarding the assurance statement format provided by reporters with 31% of the responses each. Regarding the language, some of the participants found that the technical language used by assurers to develop their assurance statements is too technical for readers to understand it. Regarding this matter one of the participants said:

*“The language used to develop assurance statements is a language that nobody understands.”* (Participant 26)

The lack of information on the assurance statements was also mentioned by some of the participants, for example:

*“Assurance statements do not clearly provide information about the results obtained during the assurance process.”* (Participant 25)

A participant also provided an interesting comment regarding the complexity of the assurance process for the general public, as following:

*“In my opinion readers are also not prepared to assurance statements. Investors and analysts have been reading assurance statements for years, those people are prepared to read and understand assurance statements. In sustainability reports assurance statements are addressed to a general public as well, where there are a lot of different people, with different background and different levels of knowledge and some of those people have difficulties to understand assurance statements.”* (Participant 24)

Regarding the reasons of why readers are not able to understand the information provided through the assurance statements, 11 comments were obtained from eight Readers. Those comments were categorised and presented at the Table 35 below.



Group	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage by Comment
Readers	Assurance Statement format	91%	Assurance statements use technical language that most of the readers are not able to understand	6	55%
Readers	Assurance Statement format		Assurance statements do not provide detailed information about the assurance process conducted	4	36%
Readers	Assurance is a complex process	9%	Assurance is a complex process that just professionals involved with this process are able to understand assurance statements	1	9%

Table 35 - Responses provided by Readers.

Readers' results were similar to the Reporters' results, been the assurance statement format responsible for most of the comments (91%). The language used and the type of information provided on the assurance statements were also mentioned by some of the readers and were the two most criticised aspects regarding the format of the assurance statements, for example:

*“There is no effort to develop assurance statements clearer and easier to understand, most of the time nobody understands assurance statements” “Assurance statements must provide more detailed information, nowadays assurance statements are too short. They are superficial and they do not really provide detailed information about the assurance process performed.” (Participant 20)*

The complexity of the assurance process was responsible for 9% of the comments, according to some of the Readers; assurance process is a complex issue that most of the sustainability reports' readers are not able to understand. For example:

*“Readers do not understand it because they do not even know the role of the assurance process.” (Participant 14)*

In conclusion, results obtained in this section provide support for the proposition P3. This proposition states that readers are not able to understand the information provided through the assurance statements, which has been contributing to the reasonableness gap. This support was obtained from both groups analysed, reporters and readers.

The next section provides findings and answers for the RSQ 2 “If so, why does such a reasonableness gap exist?”

#### 4.3.5. Summary and Answer for the RSQ 2: “If so, why does such a Reasonableness Gap Exist?”

Results obtained from the first part of this section, where participants provided their ideas and perceptions regarding the assurance process and assurance statements, resulted in two aspects that are contributing to the existence of the reasonableness gap: the methodology used by assurers during assurance processes and the format of the assurance statements.

The most frequently criticised aspect, as mentioned by both groups, reporters and readers, regarding the methodology was the scope of the assurance process and the lack of quality on the assurance processes. According to those participants, current scope of assurance processes do not assess qualitative information, instead, just numbers are checked. Participants also mentioned that assurers are too superficial in their analysis and do not perform fieldwork. From the participants' point of view

assurers tend to analyse just documents without conducting deep analyse. The methodology used by accounting firms were clearly criticised by some of the participants as well, according to those participant accounting firms just check numbers during the assurance process and do not assess qualitative information.

Results also demonstrated a high percentage of negative comments by both groups in regard the assurance statements and the lack of importance of the assurance statements for participants. The more criticised aspect regarding assurance statements were the format of the assurance statements, been the lack of useful information on the assurance statements and the lack of a clear assurer’s opinion about the sustainability report assured the two main reasons contributing to the participants’ dissatisfaction.

Accounting firms were also clearly criticised by reporters and readers in this aspect as well. According to some participants assurance statements provided by consulting firms are better because they provide more detailed information about the aspects assessed during the assurance process and recommendations for the sustainability report improvement.

After the first phase where participants were able to provide their opinion about the assurance process and assurance statement, propositions P2 and P3 were assessed. Table 36 provides results about each proposition assessed in this section and its respective result by group.

<b>Test of Propositions</b>	<b>Result Reporters</b>	<b>Result Readers</b>
P2 Reporters and readers lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap	<u>Support</u>	<u>Support</u>
P3 Readers’ inability to understand the information provided through the assurance statements contributes to the existence of a reasonableness gap	<u>Support</u>	<u>Support</u>

Table 36 - Results about P2 and P3.

Results obtained provide support for proposition P2 demonstrating that reporters and readers do not have knowledge about the GRI key qualities and recommendations for the assurance process, what appear to be contributing to the reasonableness gap.

The sustainability report readers’ inability to understand assurance statements were assessed through the proposition P3. Results obtained provide support for propositions P3 as the majority of the participants in both groups stated that readers are not able to understand assurance statements because of the technical language used and the lack of detailed information provided.

It was also identified that although both groups (reporters and readers) shared almost the same ideas and opinions related to reasons for the existence of the reasonableness gap, the level of the dissatisfaction regarding the assurance process and assurance statements is higher for Readers. Another important aspect mentioned by few participants in both groups was the independence of the assurers during the assurance process. According to some participants assurers are not independent and there is a conflict of interest, especially when participants provided their perceptions regarding the assurance process.

Moreover, besides the contribution to the expectation-performance gap theory through the assessment of the research’s propositions P2 and P3 and identification of reasons for the existence of the expectation-performance gap from the reporters and readers’ perspectives. Results obtained also contribute to the stakeholder theory, as

readers and reporters have different perspectives in relation to the aspects assessed in this section, especially in relation to the GRI principles, where readers and reporters had different responses. According to one of the Stakeholder theory concepts used in this research, different stakeholders have different perceptions, concerns and demands. The next Chapter explores and presents findings in relation to the performance gap.

#### 4.4. Chapter Summary

This Chapter first answered RSQ 1 and provided some support for the existence of a reasonableness gap for reporters and reader regarding the assurers' responsibility for detecting all incorrect information during the assurance and regarding assurers' responsibility to assess the GRI principles of timeliness during the assurance process. Although ISAE AA1000 and ISAE 3000 determines that assurers are responsible for detecting material misstatements using a sample basis, the majority of reporters and readers interviewed believes that assurers are responsible for assessing all information included on sustainability reports.

Similar situation was observed regarding the assessment of the GRI principles, although GRI states that GRI principles must be assessed during the assurance process some of the participants did not have knowledge about it, especially the readers where support for a reasonableness gap was identified for the GRI principle of timeliness. Those results provided support for the proposition P1, which is the existence of a reasonableness gap for readers and reporters regarding the assurance process of GRI sustainability reports.

Support for the existence of reasonableness was not identified for the aspect related to the assurers responsibility for the functioning of the organisations' internal control structure in both groups, reporters and readers. No support was also identified for the majority of the GRI principles assessed for reporters and readers.

Second, this Chapter addressed RSQ 2 and identified the reasons for the reasonableness gap from the reporters and readers' points of view. Reporters and readers have similar opinion regarding the reasons for the reasonableness gap. The methodology used by assurers and assurance statements were criticised by the majority of the participants.

A scope that assesses just quantitative information and the superficiality of the assurance process were the aspects more criticised by participants regarding to the methodology. Assurance statements were also criticised, according to both reporters and readers, assurance statements do not provide clear information about the assurance carried out and do not provide a clear assurer' opinion about the sustainability report assured.

It is interesting to see that in both groups participants addressed their criticism to accounting firms. According to those participants accounting firms tend to assess just quantitative information and do not provide assurance statements with detailed information about the assurance carried out.

Finally, this Chapter provided support for propositions P2 and P3. Results demonstrated that reporters and readers do not have knowledge about the GRI key qualities and recommendations for the assurance process (P2) and sustainability reports' readers are not able to understand assurance statements (P3) because the technical language used and the lack of detailed information provided, what have been contributing to a reasonableness gap. Besides the contribution to the

expectation-performance gap theory, this research also contributes to the stakeholder theory. It was identified that readers and reporters have different perspectives and provided different responses in relation to the reasons for the reasonableness gap, which provides support for the stakeholder theory. The stakeholder theory concept adopted in this research states that different stakeholders have different perspectives and concerns. The next section assessed the reasons for the existence of a reasonableness gap according to the Reporters' and Readers' points of view.

## CHAPTER 5: DATA ANALYSIS – PERFORMANCE GAP

This Chapter investigates the existence of a performance gap through the analysis of data obtained from Assurers’ interviews. The data was collected to answer the research sub questions (RSQ 3 and RSQ 4) and to assess propositions (P4, P5 and P6) considering data analysis strategies presented at the Table 37 and Table 38.

RSQ	Data	Data	Data analysis
<b>RSQ 3</b>	Is there a performance gap in the assurance of GRI sustainability reports in Brazil?	Quantitative	Descriptive statistics and One-Sample Wilcoxon Signed Rank Test
<b>RSQ 4</b>	If so, why does such a performance gap exist?	Qualitative	Categorization, interpretation and pattern matching Descriptive statistics

Table 37 – Data analysis strategies (RSQ 3 and RSQ 4).

P	Proposition
<b>P4</b>	There is a performance gap regarding the assurance of GRI sustainability reports.
<b>P5</b>	Assurers’ lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a performance gap.
<b>P6</b>	Assurance statements provided by assurers have limited effectiveness in communicating to readers.

Table 38 – Propositions P4, P5 and P6.

To answer the RSQ3 and RSQ 4 and to assess propositions P4, P5 and P6, a group of interview questions were presented to participants. Details about the questions posed and relevant findings are presented below.

### 5.1.RSQ3 “Is There a Performance Gap in Assurance of GRI Sustainability Reports in Brazil?”

Assurers were interviewed to determine the existence of a performance gap, similar to the definition stated by Porter (1993), which is the gap between “the expected standard of performance of auditors’ existing duties and auditors’ perceived performance”. The “auditors’ perceived performance” was obtained through the Assurers’ interviews and “the expected standard of performance of auditors’ existing duties” was obtained through the GRI Guidelines and the two most-used standards for assurance of sustainability reports worldwide (ISAE 3000 and AA1000). In other words, the performance gap in this research was assessed by comparing responses about what assurers considered the auditors’ perceived performance to be, and what the responsibilities of the assurers during the assurance process stated by those standards and the GRI guidelines were.

To explore the concepts detailed above, three questions were developed and used during the interviews to answer the RSQ 3 and to assess the proposition P4. Table 39

presents these three questions, the type of instrument used and the guideline or standard used to support the question concept.

Question	Instrument	Standard / Guideline	Proposition
B1. Assurance providers are responsible for detecting all incorrect information in the sustainability reports.	Likert scale	ISAE 3000 and AA1000	P4
B2. Assurance providers are responsible for the functioning of the organisations' internal control structure.	Likert scale	ISAE 3000 and AA1000	
D2. Assurers have been assessing GRI principles during the assurance process (materiality, stakeholder inclusiveness, sustainability context, completeness, balance, clarity, accuracy, timeliness, comparability and reliability).	Multiple Choice for each one of the ten GRI principles	GRI Guideline	

Table 39 - Questions used to answer the RSQ 3.

Questions “B1” and “B2” were developed considering previous studies that employed the expectation-performance gap theory in financial audits, social audits and greenhouse gas emissions assurance (Adams & Evans 2004; Ariff, Rosmaini & Hanafi 2008; Best, Buckby & Tan 2001; Fadzly & Ahmad 2004; Frank, Lowe & Smith 2001; Green & Li 2011; McEnroe & Martens 2001; Onumah, Simpson & Babonyire 2009). Those studies assessed the expectation-performance gap using similar questions considering the assurers' responsibility to detect all incorrect information and the assurers' responsibility for the functioning of the organisations' internal control structure during audits or assurances. Question “D1” was developed based on previous studies that identified differences in the assurance scope, methodologies and statements provided by different types of assurers (Deegan, Cooper & Shelly 2006; Edgley, Jones & Solomon 2010; Frost & Martinov-Bennie 2010; KPMG 2008; Manetti & Becatti 2009; O'Dwyer, B. & Owen, D. 2005; Owen, Chapple & Urzola 2009; Romero, Ruiz & Fernández-Feijóo 2010). This question also considered the GRI definition that the GRI principles of content and quality must be assessed during the assurance process (Global Reporting Initiative 2011, p. 41).

A descriptive analysis was first applied to the data obtained from these three questions in order to assess the existence of a performance gap for assurers regarding the assurance process of GRI sustainability reports. The results are described in the next section.

### 5.1.1. Assurers' Responsibility for Detecting all Incorrect Information

According to AA1000 and ISAE 3000 standards, assurance processes should be conducted on a sample basis. These standards state that assessing management practices, inquiring of individuals with overall responsibility for information measurement and collection, testing of process, testing of details and evidence gathering should be performed on a sample basis (AccountAbility 2008; International Auditing and Assurance Standards Board 2011, 2012).

As it was already detailed in previous sections, the use of sampling strategies by the assurers means that not all information included in the sustainability report will be tested during the assurance process, and only a sample of items making up any particular disclosure will be tested with results extrapolated to the particular population. This means that according to these standards, assurers are not responsible for detecting all incorrect information in the sustainability report; instead they are responsible for detecting material misstatements. Moreover both standards determine that assurance statements should be clear about the assurance process conducted so sustainability reports' readers would be able to understand the assurance process carried out.

GRI does not specifically address the assurers' responsibilities for detecting all incorrect information in the sustainability report or the assurance methodology. GRI Guidelines require sustainability reports to disclose all material issues relevant to stakeholders, and it is the assurer's responsibility to test whether this has been achieved. The Figure 13 presents results obtained from assurers regarding the question "Assurance providers are responsible for detecting all incorrect information in the sustainability report".

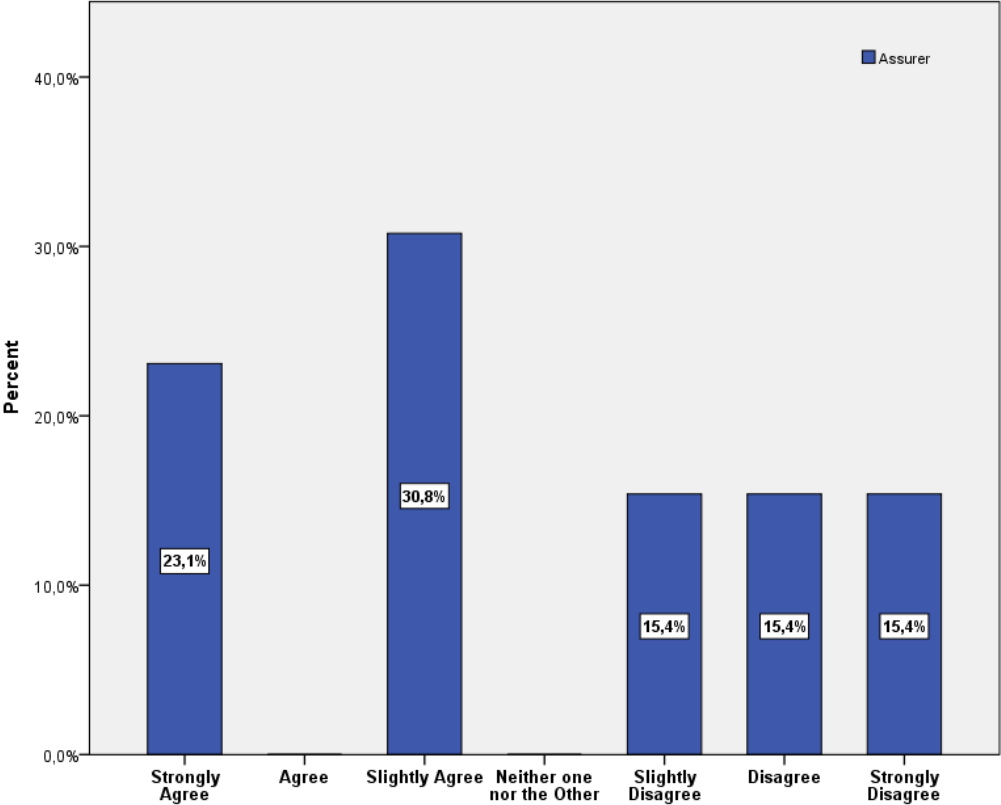


Figure 13 - Total responses percentage (Assurers).

Figure 13 demonstrates that the majority of assurers interviewed believed that it is the assurer's responsibility to detect all incorrect information in the sustainability report during an assurance process. Grouping responses by idea ("Agreement" and "Disagreement"), fifty-four per cent of the assurers interviewed believe assurers are responsible for detecting all incorrect information although assurance standards (AA1000 and ISAE 3000) determine the opposite.

In addition, One-Sample Wilcoxon Signed Rank Test was performed in order to further assess Assurers' responses against the expected response for this question (B1), which is "Disagreement". Where significant differences were found between

Assurers' responses and the expected response ("Disagreement"), it can be claimed that there is support for the existence of a performance gap. Table 40 provides details about this assessment.

Question	Assurers			
	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)
4.3.1.1. Assurance providers are responsible for detecting all incorrect information in the sustainability reports.	1.92	1.00	3.00	0.008*

Notes: 1 = Agreement; 2 = neither agree nor disagree; 3 = Disagreement.

\* significantly different from the expected response at  $p < 0.05$ .

Table 40 - One-Sample Wilcoxon Signed Rank Test (B1).

The difference between the observed median (response) and the hypothetical median (expected response) was statistically significant at a 95% level of confidence. Results of this test provides support for the existence of a performance gap for assurers related to the assurers' responsibility for detecting all incorrect information in the sustainability reports. The next section addresses the question whether assurers are responsible for the functioning of the organisations' internal control structure from the Assurers' point of view.

### 5.1.2. Assurers' Responsibility for the Functioning of the Organisations' Internal Control Structure

As it was already described in previous sections, both AA1000 and ISAE 3000 standards define the responsibilities of the assurance providers during an assurance process. Among these responsibilities it is stated by both standards that assurance providers are responsible to conduct and report results about the assessment of the organisations' internal control structure and not responsible for the functioning of the organisations' internal control structure.

AA 1000 defines that knowledge and experience to assess the adequacy of internal control aspects is one of the assurance provider's competences (AccountAbility 2008) and ISAE 3000 points out that understanding information systems and the role and limitations of internal control is one of the assurance provider's skills (International Auditing and Assurance Standards Board 2011).

In addition, International Auditing and Assurance Standards Board (2012) provides an assurance statement model that addresses aspects related to the assessment of internal control structure during the assurance process. This assurance statement model contains texts to guide assurers to provide their opinion about the organisation's internal control structure. For instance, in limited assurance engagements the text that could be used is "based on our work described in this report, nothing has come to our attention that causes us to believe that internal control is not effective..." and in reasonable assurance engagements the text that could be used is "in our opinion internal control is effective...". Related to assurers' responsibilities about organisations' internal control structure, GRI does not provide any information or details about it.

Considering both AA1000 and ISAE 3000 standards, even though the decision whether to assess or not the organisations' internal control structure could be affected by the type of assurer and by the level of assurance provided, assurance providers are not responsible for the organisations' internal control structure.

The question "Assurance providers are responsible for the functioning of the organisations' internal control structure" was applied to assurers in order to identify



if the performance gap exists in this matter. The Figure 14 presents results obtained from assurers regarding this question.

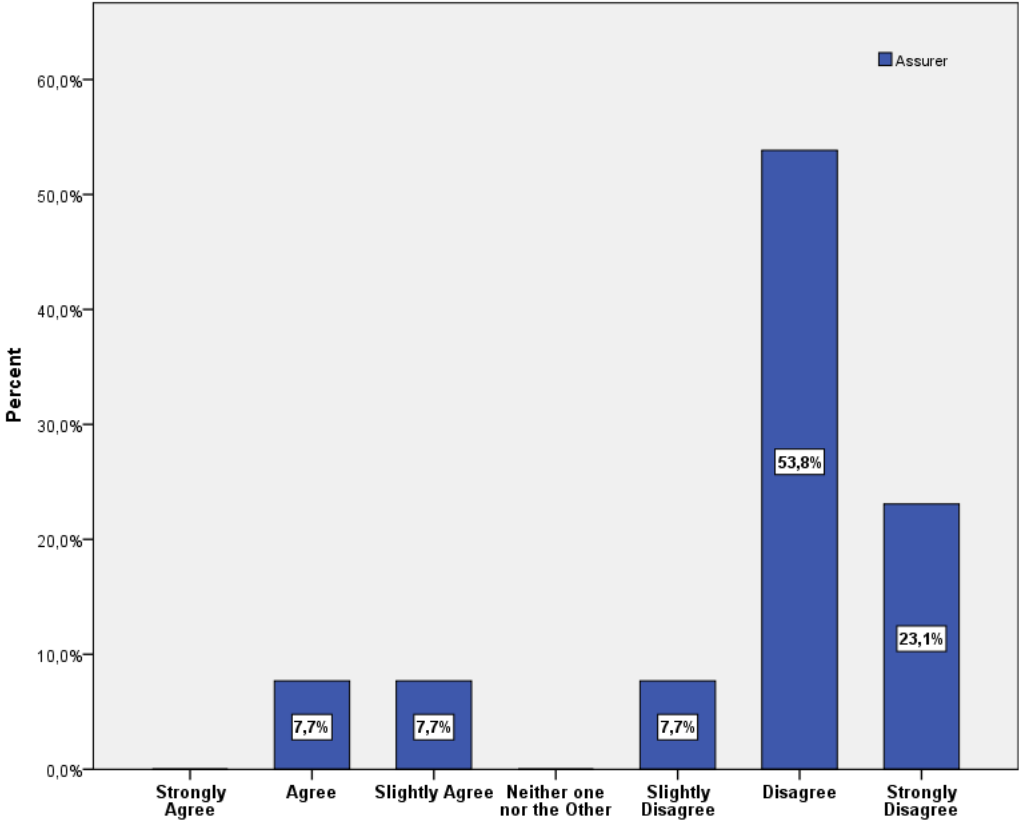


Figure 14 - Results obtained from Assurers.

Figure 14 demonstrates that 85% of the assurers believe they are not responsible for the functioning of the organisations’ internal control structure during assurance processes. Grouping responses by idea, agreement and disagreement, 85% of the assurers disagreed with the idea that assurance providers are responsible for the functioning of the organisations’ internal control structure. This result does not support the existence of a performance gap related to the assurers’ responsible for the functioning of the organisations’ internal control structure during assurance processes. Fifteen per cent of the assurers believe they are responsible for the functioning of the organisations’ internal control structure during assurance processes.

In addition, One-Sample Wilcoxon Signed Rank Test was performed in order to further assess Assurers’ responses against the expected response for this question (B2), which is “Disagreement” in relation to the assurer’s responsibility for the functioning of the organisations’ internal control structure during the assurance process. Table 41 provides details about this assessment.

Question	Assurers			
	Mean	Observed Median	Hypothetical Median	Significance (Two-tailed)
4.3.1.2. Assurance providers are responsible for the functioning of the organizations’ internal control structure.	2.69	3.00	3.00	0.157

Notes: 1 = Agreement; 2 = neither agree nor disagree; 3 = Disagreement.

\* significantly different from the expected response at p<=0.05.

Table 41 - One-Sample Wilcoxon Signed Rank Test (B2).

The difference between the observed median (response) and the hypothetical median (expected response) was not statistically significant at a 95% level of confidence. Results of this test did not provide support for the existence of a performance gap for assurers related to the assurers' responsibility for the functioning of the organisations' internal control structure during the assurance process. The next section explores the existence of a performance gap regarding the assurers' performance in assessing GRI principles during the assurance process.

### 5.1.3. Assurers' responsibility for assessing GRI principles

GRI states that a sustainability report, to achieve its objectives, which is being accountable to internal and external stakeholders for organisations performance towards the goal of sustainable development, must address the GRI reporting principles of content (materiality, inclusiveness, sustainability context and completeness) and principles of quality (balance, comparability, accuracy, timeliness, reliability and clarity). It is also stated by Global Reporting Initiative (2011, p. 41) as one of the six key qualities for external assurance that both principles, content and quality, must be assessed during the assurance process .

In order to further explore a performance gap for assurers regarding the assessment of the GRI principles during an assurance process the statement "Assurance providers have been assessing GRI principles during the assurance process") was presented to assurers. First assurers received a list containing all ten GRI principles listed and they had to tick first each of the ten GRI Principles that in his/her opinion has not been assessed by assurers during the assurance process "Has not been Assessed". In addition, participants had another option to tick if they were not familiar with the GRI principles ("Not familiar with GRI principles").

This research considered that if the percentage of answers "Has not Been Assessed" by GRI principles achieved 50% or more of responses, then there is support for the existence of a performance gap. If less than 50% there is no support for the existence of a performance gap. The Figures 15 and 16 present results obtained from the comparison of responses provided by assurers regarding to the question "Assurance providers have not been assessing GRI principles during the assurance process".

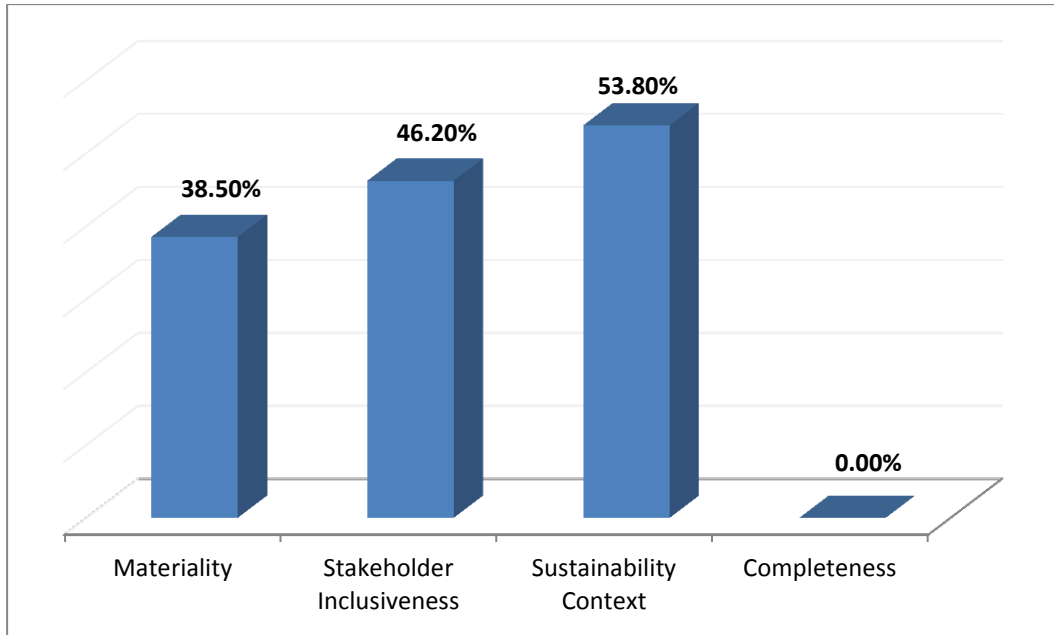


Figure 15 - GRI principles of content.

Figure 15 demonstrates that among the principles of content, the principle of sustainability context has not been assessed by assurers according to 53.8% of the assurers interviewed. This result provides support for the existence of a performance gap for assurers regarding the assessment of the principle of sustainability context during the assurance process. No support for the existence of a performance gap for assurers regarding the assessment of the principles of materiality, stakeholder inclusiveness and completeness was observed as 38.5%, 46.2% and none of the participants answered “Has not Been Assessed” for those principles respectively. The Figure 16 presents results obtained for the principles of quality.

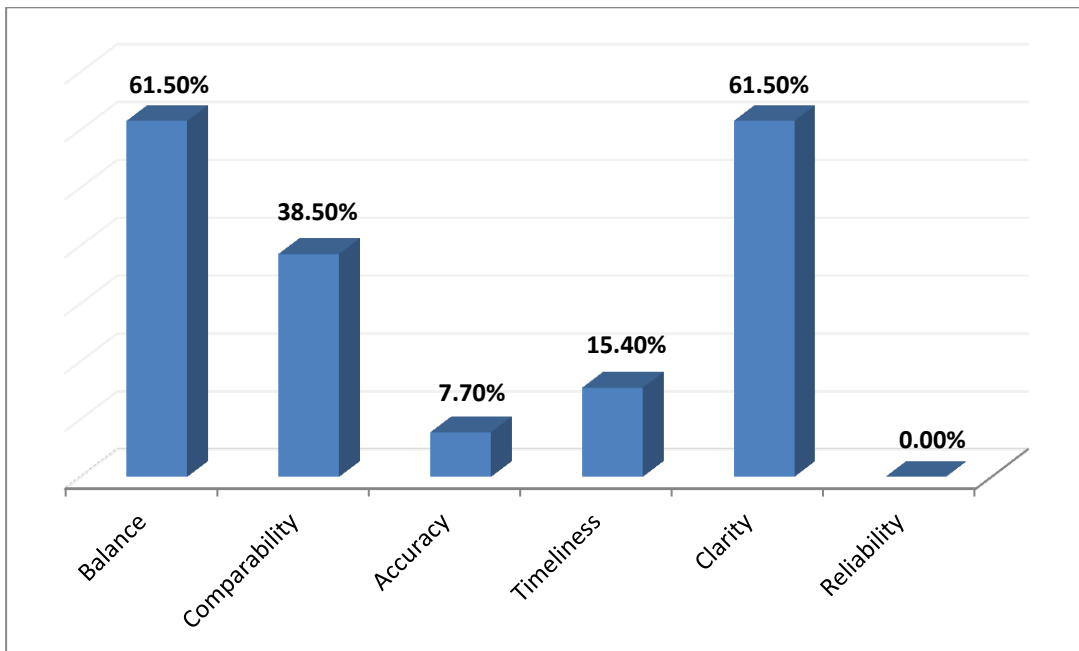


Figure 16 - GRI principles of quality.

Figure 16 demonstrates that the principle of balance and clarity have not been assessed by assurers during the assurance process according to the majority of the

assurers interviewed. This result provides support for the existence of a performance gap for assurers regarding the assessment of the principle of balance and clarity during the assurance process. No support for the existence of a performance gap for assurers regarding the assessment of the principles of comparability, accuracy, timeliness and reliability was observed as the percentage of participants who answered “Has not Been Assessed” for those principles was less than 50%. The next section summarises results obtained regarding the existence of a performance gap for assurers related to the assurance process of GRI sustainability reports.

#### 5.1.4. Summary and answer for the RSQ 3 “Is There a Performance Gap in the Assurance Process of GRI Sustainability Reports in Brazil?”

Results obtained provided support for the existence of a performance gap in some of the aspects assessed. Table 42 presents details about each one of the aspects assessed and the respective result regarding the existence of a performance gap for Assurers. A summary about the findings is also presented at this section.

Question	Result Reporters
Assurance providers are responsible for detecting all incorrect information in the sustainability reports.	<u>Support</u>
Assurance providers are responsible for the functioning of the organisations’ internal control structure.	No Support
Assurers’ responsibility for assessing the GRI principle of materiality.	No Support
Assurers’ responsibility for assessing the GRI principle of stakeholder inclusiveness.	No Support
Assurers’ responsibility for assessing the GRI principle of sustainability context.	<u>Support</u>
Assurers’ responsibility for assessing the GRI principle of completeness.	No Support
Assurers’ responsibility for assessing the GRI principle of balance.	<u>Support</u>
Assurers’ responsibility for assessing the GRI principle of comparability.	No Support
Assurers’ responsibility for assessing the GRI principle of accuracy.	No Support
Assurers’ responsibility for assessing the GRI principle of timeliness.	No Support
Assurers’ responsibility for assessing the GRI principle of clarity.	<u>Support</u>
Assurers’ responsibility for assessing the GRI principle of reliability.	No Support

Table 42 - Results regarding the existence of a performance gap.

The first aspect analysed to assess the performance gap was related to the assurers’ responsibilities in detecting all incorrect information in the sustainability reports during the assurance processes. Results obtained support the existence of a

performance gap for assurers regarding the assurers’ responsibility for detecting all incorrect information in the sustainability report during the assurance process. It is interesting to see that the majority of the assurers interviewed providing assurance services do not have enough knowledge about their responsibilities defined by assurance standards they own employ during their assurance processes.

The second aspect analysed assessed assurers’ responsibility regarding the functioning of the organisations’ internal control structure through the question “assurance providers are responsible for the functioning of the organisations’ internal control structure”. Results obtained regarding this aspect provide no support for a performance gap.

The third aspect addressed Assurers’ perceptions regarding the assessment of the ten GRI principles of content and quality during the assurance process. Results obtained provide support for the existence of a performance gap for assurers regarding the assessment of GRI principles of sustainability context, balance and clarity and no support for the existence of a performance gap for assurers regarding the assessment of GRI principles of materiality, stakeholder inclusiveness, clarity, accuracy, timeliness, comparability and reliability.

This section also assessed and provided support for the veracity of the proposition P4, which is the existence of a performance gap for assurers regarding the assurance process of GRI sustainability reports. In addition, these results contribute to the expectation-performance gap theory through the support of the existence of a performance gap for assurers regarding the aspects detailed in Table 42. The next section assessed the reasons for the existence of the performance gap according to the Assurers’ point of view.

5.2. RSQ 4 “If so, why does such a performance gap exist?”

In order to answer the RSQ 4 “If so, why does such a performance gap exist?” four questions were developed and used during the interviews. Table 43 present questions that were applied to all participants during interviews to assess and explore assurers perceptions related to the assurance process and the existence of a performance gap.

Question	Instrument	Proposition
A2. What is your opinion about the assurance service of sustainability reports currently provided in Brazil?	Open-ended question	P5 and P6
A3. What is your opinion about the assurance statements currently provided in Brazil?	Open-ended question	
C1. Are you familiar with any GRI recommendation regarding assurance processes and assurance statements? If yes, what are they?	Open-ended question	
E1. Are sustainability report readers able to understand the information provided through the assurance statements? Why?	Open-ended question	

Table 43 - Questions applied to assess the existence of a performance gap.

Previous sections identified the existence of the performance gap while this section aims to explore the reasons for such a performance gap. To do so, two open-ended questions (A2 and A3) were asked to assurers in the beginning of the interview to obtain participants’ perceptions about the assurance process without any bias or

influence of the aspects included on the questionnaire. Yet, answers obtained from these two questions were important to obtain participants' experiences, perceptions and ideas about the assurance of sustainability reports and the assurance statements current provided in Brazil without any interference, which is fundamental to achieve the aims of this research (exploratory case study).

Two additional questions (C1 and E1) were stated later to further explore the reasons for a performance gap and to assess the propositions P5 (Assurers' lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a performance gap) and P6 (Assurance statements provided by assurers have limited effectiveness in communicating to readers).

The proposition P5 was assessed through the question "Are you familiar with any GRI recommendation regarding assurance processes? If yes, what are they?" and the question "Are sustainability report readers able to understand the information provided through the current assurance statements? Why?" was stated to assess the propositions P6. The next section presents results regarding Assurers' perceptions about the reasons of the performance gap existence.

### 5.2.1. Assurance services

The responses obtained from the question "What is your opinion about the assurance service of sustainability reports currently provided?" were analysed by initially categorising participants' perceptions regarding the assurance process into two groups - positive and negative comments. After this first stage answers were interpreted and grouped considering a pattern matching.

Table 44 presents categorised results obtained from assurers regarding the question "What is your opinion about the assurance service of sustainability reports currently provided?".

Group	Positive		Negative		Total	
Assurers	7	17.5%	33	82.5%	40	100.0%

Table 44 - Categorised results obtained from Assurers.

The 13 participants representing the group assurers provided 40 comments in the total regarding the assurance process, being 82.5% negative comments and 17.5% positive comments.

The high percentage of negative comments provided by assurers demonstrates that assurers appear to do not be satisfied with assurance processes provided. In order to explore reasons for the participants' dissatisfaction regarding the assurance processes provided each one of the comments that were initially categorised in positive or negative were then interpreted and grouped considering pattern matching.

#### Positive Comments

First, Table 45 presents all positive comments interpreted and grouped obtained from Assurers.

Group	Comment Category	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Assurers	Positive	Assurance benefits	Improves credibility of the SR	3	43%
Assurers	Positive	Assurance benefits	Improves organisations' internal process	3	43%
Assurers	Positive	Assurance benefits	Improves organisations' internal process (accounting firms)	1	14%

Table 45 - Positive comments obtained from Assurers.

All positive comments provided by assurers addressed the benefits of the assurance process. Through interpretation and grouping responses considering pattern matching two benefits were identified: (1) improvement of the sustainability report credibility; and (2) improvement of organisations' internal processes. Improvement of organisations' internal processes was the aspect mentioned most by assurers with 57%, followed by the improvement of the sustainability report credibility with 43% of the responses. In regards the improvement of the organisations' internal processes, one of the participants said:

*“Organisations see assurance as an important activity because it (assurance) helps organisations to improve their internal control processes.”* (Participant 8)

The difference between accounting firms and consulting firms was mentioned by an Assurer representative of the accounting firms. According to this participant accounting firms tend to provide assurances that better assess organisations internal processes compared to non-accounting firms, in her words:

*“I realise that organisations that had been assured by non-accounting firms in previous years get surprised when we start to assure their sustainability report. They (organisations representatives) were not used to a so robust and rigours assessment of their internal processes. I realise that those organisations representatives really like our job because we provide final reports with findings and recommendations. Organisations representatives understand that our reports help them to improve the quality of their reporting and help to improve their internal processes.”* (Participant 51)

The second benefit mentioned by assurers was the improvement of the credibility of sustainability reports. According to some participants the assurance process improves credibility of the sustainability reports because it is an independent third party opinion through a public statement, for instance:

*“Assurance is important to guarantee the reliability and credibility of the information provided on the sustainability reports.”* (Participant 16)

### Negative Comments

In regards the negative aspects mentioned by assurers regarding the assurance process, Table 46 provides detailed information about all negative comments provided.

Group	Comment Category	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage by Comment
Assurer	Negative	Assurance Independence	3.1%	Conflicts of interest	1	3.1%
Assurer	Negative	Assurance Statement	12.5%	Assurance statement is not clear about the assurance process carried out	3	9.4%
Assurer	Negative	Assurance Statement		Stakeholders do not read assurance statements	1	3.1%
Assurer	Negative	Assurance Methodology	37.5%	Assurers do not properly assess the principle of materiality	1	3.1%
Assurer	Negative	Assurance Methodology		Assurers do not properly assess the principle of materiality and stakeholder inclusiveness	1	3.1%
Assurer	Negative	Assurance Methodology		Different assurers employ different methodologies for the same service	10	31.3%
Assurer	Negative	Assurer technical skills	6.3%	Specialists should be included in the assurance team according to the sector where the organisation under assurance operates	2	6.3%
Assurer	Negative	GRI guidance	12.5%	GRI does not provide adequate guidance for assurance process	4	12.5%
Assurer	Negative	Knowledge about assurance	9.4%	Organisations and Stakeholders do not know the differences among the different types of assurance processes	3	9.4%
Assurer	Negative	Organisations' reasons for assurance	18.8%	Organisations just want to have the plus "+" signal in their sustainability reports	3	9.4%
Assurer	Negative	Organisations' reasons for assurance		Organisations want to contract the cheapest assurance regardless the quality of the assurance process	3	9.4%

Table 46 - Negative comments provided by Assurers.

Through interpretation of the Assurers' responses, seven negative themes were identified: (1) assurance independence with 3.1% of the negative comments, (2) assurance statement with 12.5%, (3) assurance methodology with 37.5%, (4) assurer technical skills with 6.3%, (5) GRI guidance regarding the assurance process with 12.5%, (6) knowledge about the assurance process with 9.4% and, (7) organisations' reasons for assurance with 18.8%.

Assurance methodology by itself is responsible for 37.5% of the negative comments, with 31.3% related to the assurance process where different assurers are applying different assurance processes. Regarding this matter one of the participants stated:

*“There is big difference in scope and in quantity of hours used by Assurers during the assurance process according to the type of assurer.”* (Participant 5)

The difference in assurances carried out according to the AA1000 or the ISAE 3000 was also mentioned by some Assurers, for instance:

*“There is no consensus about the better assurance methodology. Each Assurer conducts the assurance process in a different way, and some Assurers use the ISAE 3000 and others the AA1000.”* (Participant 9)

The lack of consensus regarding the better approach (applying AA1000 or applying ISAE 3000) to conduct assurances was clearly identified in some participants' comments. According to three assurers representatives of the accounting firms, assurances based on the ISAE 3000 are better. For example:

*“Comparing the quality of the assurance process I think the methodology employed by accountants are better. I also think that professionals from accountants firms are well prepared and have a better structure to support their jobs.”* (Participant 8)

In the same way assurers representing accounting firms criticised the methodology employed by non-accounting firms, an assurer representing a consulting firm criticised the methodology employed by accounting firms. He pointed out:



*“Accounting firms tend to provide assurance through the checklist. They (accounting firms) check indicators against the GRI protocol but they forget to assess the principles.” (Participant 22)*

An interesting comment was provided by an assurer representing accounting firms, according to this participant assurance processes should employ a mixed method considering some aspects of the AA1000 and some aspects of the ISAE3000. Combining the positive aspects of the AA1000 regards the assessment of principles and the positive aspect of the ISAE3000 in assess reliability of information and numbers is the best way to improve the situation of the assurance process. In his words:

*“There are two main methodologies; one is based on ISAE 3000 and the other AA1000. Assurance processes based on the ISAE 3000 tend to follow predetermined rules where the reliability of information is assessed. The other, based on the AA1000, has a totally different approach. Assurance processes based on the AA1000 tend to assess how the sustainability concept is embedded in the organisations’ strategies and culture. In my opinion both methodologies should be combined. Through the AA1000 it is possible to better assess the level of achievement of the GRI principles and through the ISAE3000 it is possible to better assess the reliability of the information and numbers that have been reported.” (Participant 23)*

These differences in methodologies, according to some participants have been affecting the credibility of the assurance process and the readers’ understanding. For example:

*“Today there are different approaches to conduct assurance. In my opinion this is a critical aspect because in this scenario readers are not able to understand the differences among the different methodologies employed during the assurances processes.” (Participant 49)*

The organisations’ reason for assurance was the second more mentioned negative aspect. According to the assurers interviewed, some organisations do not care about the quality of the assurance process because they are just seeking for the signal “+” in their report. Participant 8, an Assurer representing an accounting firm said:

*“Clients sometimes just want the “+” regardless the quality of the assurance performed. If there is the “+” in their sustainability reports everything is good... “+” in their reports is just what matter for those clients.” (Participant 8)*

The same comment was provided by another participant, this time the participant represents a consulting firm, he stated:

*“Some organisations just want the assurer stamp in their report. They do not work on the recommendations provided by the assurer during the assurance process.” (Participant 9)*

Another assurer representing consulting firms shared the same point of view, in her perceptions organisations just want to include the “+” in their report regardless the assurers’ recommendations, she pointed out:

*“I see organisations just seeking the “+”. So, they do the minimum to receive the “+”. We provide the internal report with the recommendations to improve their reports and their reporting process but they do not even read it. Sometimes they do not even want the final meeting to finish the assurance; they just want the assurance statement!”* (Participant 49)

This situation where organisations do not care about the quality of the assurance process has been resulting in another situation. According to some assurers, organisations want to contract the cheapest assurance regardless the quality of the assurance process and the reputation of the assurance provider. For example:

*“The assurance market today got lost, there are assurance providers providing a “declaration of guarantee”, others are providing assurance statements, and in this scenario the quality of the assurance decreases. There is also different prices...there are assurers charging 80% less than the price of a regular assurance. This differences in price also impacts in the quality of the assurance. With those differences, some clients just want the “+” regardless the quality of the assurance.”* (Participant 8)

GRI was also criticised by some assurers, according to those participants GRI has not been providing clear guidance for assurance, even though GRI incentives the use of assurance process as an instrument to improve credibility of sustainability reports. Participant 9 said:

*“I think GRI provides a wider guidance for assurances which allows assurers to provide different types of assurances. Each assurer applies the methodology that better suits its needs. In my opinion GRI should define the minimum aspects that must be followed by assurers during assurance processes. As there is no regulation for assurance of sustainability reports each assurers provide assurances as they want.”* (Participant 9)

An assurer representing a consulting accounting firm also raised the absence of GRI in providing appropriate guidance for assurance, he said:

*“I see current assurance process as a fail process. It is a fail process because GRI accepts everything as an assurance. GRI should clearly define what assurance is.”* (Participant 49)

Regarding the lack of criteria of GRI in accepting assurance processes, participant 46 pointed out:

*“There is no guidance, GRI keeps it too wide...if any third party had a look in a sustainability report GRI will provide the “+”. Minimum requirements for assurance should be provided.”* (Participant 46)

Some criticisms were also addressed to the format of the assurance statements, one of the participants criticised the lack of information on the assurance statements, she said:

*“I can not compare assurances because the final product, the assurance statement, does not provide enough information regarding the work carried out.”* (Participant 5)

One of the participants mentioned that assurance statements do not reflect the work carried out by assurers, he said:

*“You work hard during the assurance process and when you read the assurance statement you ask yourself, why was that hard work for? The assurance statement does not have a clear opinion about the sustainability report assured, there is no detailed information about the work conducted and there is no conclusion.”* (Participant 23)

The difference between assurance statements provided by accounting firms and consulting firms was mentioned by one of the participants. This participant, an assurer representing a consulting firm, criticised the assurance statements provided by accounting firms. In her opinion assurance statements provided by consulting firms tend to be more understandable for stakeholders, she mentioned:

*“Assurance statements provided by accounting firms use a language that is not understandable for most of the sustainability reports’ readers. If you compare assurance statements provided by accounting firms and assurance statements provided by consulting firms you will see that assurance provided by consultants that employs AA1000 are more understandable.”* (Participant 49)

This assurer also pointed out the use of the assurance statements. In her opinion most of the stakeholders are not interested in assurance statements, regarding this matter she said:

*“I do not know who reads assurance statements...Who reads an assurance statement? Who reads a declaration of guarantee? I am not sure if readers go until the end of the sustainability report to see if the report was assured or not.”* (Participant 49)

One of the comments provided addressed the reasonableness gap, detailed at in Chapter 4. According to the comment received from this assurer, people tend to believe that sustainability reports that are assured are therefore free of problems. Regarding this aspect she pointed out:

*“People believe sustainability reports assured do not have mistakes and everything is 100% true.” (Participant 49)*

Besides the knowledge of stakeholders and organisations representatives regarding the assurance process for sustainability report, some of the negative comments provided in this section mentioned the assurer’s technical skills. According to some participants specialists should be involve in assurance according to the sector and particularities of the organisation under assurance. Participant 23 mentioned the importance of sector specialists, he said:

*“If you are assuring a mining company someone on the assurance team has to have mining knowledge. Assurance teams can not perform a good assessment without specialists.” (Participant 23)*

The independence of the assurer during the assurance process raised in previous sections was also mentioned by one of the assurers interviewed. This assurer representing an accounting firm stated that he had experienced a case where the independence of the assurer was affected during the assurance process. He pointed out:

*“Through the assurance sample selection a site was selected and I went to that site to perform some assurance tests...during the tests I identified a material issue in some documents and this material issue was presented by the manager of the assurance team in a meeting to the organisation’s representatives. After that meeting another document without any problem was presented and I had to accept it. In the following year the assurance team did not visit that site and the assurance team visited sites defined by the organisation and not by the assurance sample selection anymore.” (Participant 3)*

The following section addresses the Assurers’ perceptions regarding assurance statements.

### 5.2.2. Assurance Statements

Responses obtained were first categorised in two groups, positive comments and negative comments. After this first categorisation responses were interpreted and grouped considering a pattern matching. Table 47 presents categorised results obtained from assurers regarding the question “What is your opinion about the assurance statements currently provided?”

Group	Positive		Negative		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
Assurers	5	21.7%	18	78.3%	23	100.0%

Table 47 - Categorised results obtained from Assurers.

The 13 participants representing the assurers group provided 23 comments regarding the assurance statements, with 78.3% negative comments and 21.7% positive

comments. This result demonstrates that assurers appear to do not be satisfied with assurance statements provided as the majority of the comments were negative.

Positive Comments

Table 48 provides detailed information about all positive comments provided summarised and grouped by idea.

Group	Comment Category	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage of the total
Assurer	Positive	Assurance benefits	80%	Assurance statements allow readers to identify that an external assesment was performed	1	20%
Assurer	Positive	Assurance benefits		Assurance statements provided by consulting firms allow readers to identify details about the assesment performed	3	60%
Assurer	Positive	Quality of assurance statements	20%	Quality of assurance statements are getting better	1	20%

Table 48 - Positive comments provided by Assurers.

Most of the positive comments provided by participants addressed the benefits of the assurance statements (80%). The quality of the assurance statements was also mentioned, representing 20% of the positive comments obtained.

The difference among assurance processes provided by accounting and consulting firms was observed in this section as well. 60% of the positive comments were addressed to the assurance statements provided by consulting firms. According to some Assurers, assurance statements provided by consulting firms provide more details about the assurance process conducted and they are more understandable for readers. For example an assurer representing a consulting firm stated:

*“Consulting firms that apply AA1000 provide assurance statements clearer to sustainability reports’ readers.”* (Participant 49)

Previous sections identified that assurers tend to support their assurance provider category, accounting firms representatives criticising consulting firms, and consulting firms’ representatives criticising accounting firms. However, in this section a different behavior was detected. An assurer representing accounting firms described the benefits of the assurance statements provided by consulting firms, he said:

*“Assurance statements provided by consulting firms based on the AA1000 have more information...they provide much more details about the procedures applied, sample strategies, recommendations...they have much more details!”* (Participant 29)

Negative Comments

In regards the negative aspects mentioned by assurers regarding assurance statements, Table 49 provides detailed information about all negative comments provided summarised and grouped by idea.

Group	Comment Category	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage of the total
Assurer	Negative	Assurer's independence	5.6%	Conflict of interest	1	5.6%
Assurer	Negative	Assurance Statement Format	77.8%	Assurance statements do not provide detailed information about the assurance processes conducted	4	22.2%
Assurer	Negative	Assurance Statement Format		Assurance statements provided by accounting firms do not clearly provide assurers' opinion about the assessment performed	2	11.1%
Assurer	Negative	Assurance Statement Format		Assurance statements provided by accounting firms do not provide detailed information about the assurance processes conducted	1	5.6%
Assurer	Negative	Assurance Statement Format		Assurance statements provided by accounting use technical language that most of the readers are not able to understand	3	16.7%
Assurer	Negative	Assurance Statement Format		Assurance statements use technical language that most of the readers are not able to understand	3	16.7%
Assurer	Negative	Assurance Statement Format		Different assurers provide different assurance statements for the same service	1	5.6%
Assurer	Negative	GRI Guidance	5.6%	GRI does not provide adequate guidance for assurance process	1	5.6%
Assurer	Negative	Use of Assurance Statements	5.6%	Nobody reads assurance statements	1	5.6%
Assurer	Negative	Knowledge about Assurance	5.6%	Organisations and stakeholders do not know the roles of assurers	1	5.6%

Table 49 - Negative comments provided by Assurers.

Different types of negative comments regarding assurance statements were identified. Through interpretation and grouping of the negative comments, five negative group ideas were identified: (1) assurer independence, (2) assurance statement format, (3) GRI guidance, (4) use of assurance statements and (5) knowledge about assurance, with the assurance statement format responsible for 77.8% of the negative comments.

Among these 77.8% of negative comments related to the assurance statement format, different aspects were mentioned by participants, such as the lack of detailed information about the assurance process conducted, lack of an assurer's opinion about the sustainability report assured, the use of technical language that most of the readers are not able to understand and the difference in the assurance statements provided by different types of assurers.

For example one of the participants stated that current assurance statements do not provide detailed information about the sample basis applied during the assurance process. Instead assurance statements just provide general comments stating that the sustainability report assessed was assured. According to this participant this situation leads readers to a misunderstanding regarding the scope of the assurance carried out, he explained:

*“Assurers provide assurance statements informing that sustainability reports were assured and that the information is reliable, so readers think that everything was assured. However we know that just some of the information and some of the indicators were assessed because they provide assurance in a sample basis.”*  
(Participant 4)

Another negative aspect mentioned by assurers was the language used in the assurance statements, according to some participants the language used is too technical and are not understandable for the majority of the sustainability reports' readers. In this matter one of the participants stated:

*“Assurance statements are too technical. It is hard for most of stakeholders to understand them. We mentioned in assurance statements about reasonable*

*assurance, limited assurance, but maybe stakeholders do not even know what these words mean.*” (Participant 16)

The same opinion was provided by participant 3, he said:

*“There is a lot of information in the assurance statements that regular people can not understand. Assurance statements must use a language more clear in order to allow readers to understand what was done. There are a lot of accounting terms that readers do not understand.”* (Participant 3)

The comment provided above by participant 3 leads to the understanding that he is talking about assurance statements provided by accounting firms, as he mentioned about the accounting terms. This difference between assurances statements provided by accounting firms and consulting firms was also clearly mentioned by other participants. In the total, 33.4% of the negatives comments provided by assurers were addressed to assurance statements provided by accounting firms, for instance:

*“Assurance statements provided by accounting firms are too generic.”* (Participant 22)

Another participant, an assurer representing an accounting firm, described his frustration regarding the situation of the assurance processes provided by accounting firms. He pointed out:

*“Assurance statements provided by accounting firms are based on the ISAE3000 .I do not feel comfortable to say this because I work for an accounting firm, but I have been fighting for this...our assurance statements do not say anything. The language used in our assurance statements has accounting technical terms that non-accounting professionals cannot understand. I think assurance statements provided by accounting firms that follow ISAE 3000 are not good. It is not good because the assurers’ opinion about the sustainability reports assessed is not clear.* (Participant 23)

Besides the technical language used and the lack of the assurer’s clear opinion about the sustainability report assessed, this participant pointed out additional information that in his opinion should be included in the assurance statements, in his words:

*“Our assurance statement provides few details. We have to improve our assurance statements. We have to provide more information about the sample and the sites visited during the assurance. We have to shift this paradigm and include our recommendations in the assurance statements.”* (Participant 23)

Comparison between accounting firms and consulting firms regarding assurance statements was also made by participant 23, he stated:

*“When you see assurance statements provided by consulting firms...they develop their assurance statements based on the AA1000. Their (consulting firms) assurance*

*statements have more information and much more details about the sample and procedures employed during the assurance process. They are much more detailed and there are recommendations. Assurance statements based on the ISAE 3000 most of the time have just one page, assurance statements provided by consulting firms have two or three pages.” (Participant 23)*

He also mentioned:

*“I can not change anything in our assurance...I can not change a word, so we have to follow that standard. This is terrible, accounting firms have to rethink this situation. They have to understand that this is not a financial audit, instead this is something completely different, a sustainability report assurance.” (Participant 23)*

*“If accounting firms do not change they will start losing clients. Accounting firms have a strong brand, but soon organisations will start to question the real benefit of the assurance statements in the way they have been provided. If you have an assurance statement that do not conclude anything and do not provide any clear opinion, so, why is that assurance statement for?” (Participant 23)*

This participant also mentioned that accounting firms have to follow a strong and robust methodology to provide assurances for sustainability reports, but the work employed during the assurance process is not reflected in the assurance statements. He said:

*“Our assurance statements do not reflect all the procedures employed during the assurance process. We have a robust methodology based on the financial audit that results in a massive job but when you see the assurance statement this massive job is not explained there. So, why do we have to perform this massive job if we can not include this information on the assurance statement?” (Participant 23)*

Criticism for accounting firms was also stated by another assurer representing accounting firms, he mentioned:

*“Assurance statements provided by accounting firms err in use financial audit technical terms for a public not familiar with financial audit technical terms. The assurance statement does not achieve the market needs.” (Participant 46)*

Assurers representing consulting firms have criticised assurance statements provided by accounting firms as well. Participant 9 pointed out about the language used by accounting firms, in his words:

*“Consulting firms provide a lot of information in their assurance statements, but the majority follow the financial audit practice, which is a negative opinion without details. Just people familiar with the financial audit practice are able to understand the language used in assurance statements provided by accounting firms. I think they have to improve their assurance statements. They have to provide information about the organisations’ sustainability reports problems and achievements.” (Participant 9)*



The same point of view was shared by another assurer representing a consulting firm. In her words:

*“Accounting firms provide assurance statements in a language that sustainability reports’ readers are not able to understand.”* (Participant 49)

The independence of the assurer during the assurance process was mentioned by one of the participants, in her opinion assurers are not totally free to provide an independent opinion because of the delicate relationship with their clients, she stated:

*“I think most of the time we can not include the information we want in the assurance statements. There is a very delicate relationship between assurers and their clients.”* (Participant 11)

Negative comments related to the lack of guidance regarding the assurance statements from GRI, lack of knowledge about assurance’s role and lack of stakeholders’ interest in assurance statements were also mentioned by some of the assurers interviewed. The following section provides information regarding Assurers’ familiarity with GRI recommendations for assurance processes.

### 5.2.3. Participants’ familiarity regarding GRI recommendation for assurance

In order to further explore the reasons for the performance gap and assess the research proposition P5 (Assurers’ lack of knowledge about the GRI key qualities and recommendations for assurance contribute to the existence of a performance gap) the question “Are you familiar with any GRI recommendation regarding assurance processes and assurance statements? If yes, what are they?” was stated. If the participant had knowledge about at least one of the six GRI’s key qualities recommendations for external assurance (Global Reporting Initiative 2011, p. 41) the following two additional questions were stated to further explore this matter: (1) To improve credibility of the sustainability reports must assurance providers follow GRI recommendation(s)?; and (2) Do assurance processes follow GRI recommendation(s)? If not, what recommendation is not followed by assurance providers?

Responses obtained resulted in three different types of answers: (1) participants with knowledge about the GRI recommendations labelled as “With knowledge”; (2) participants without knowledge about the GRI recommendations labelled as “Without knowledge”; and (3) participants who advised that they have some knowledge about the existence of the GRI recommendations but could not name any labelled “Knowledge without details”. The table 50 presents results obtained from assurers regarding to this question.

Group	With Knowledge		Without Knowledge		Knowledge Without Details		Total	
Assurers	0	0.0%	11	84.6%	2	15.4%	13	100.0%

Table 50 - Results obtained from Assurers.

Results demonstrate that none of the assurers interviewed had knowledge about the GRI key qualities for assurance processes or any other recommendation and 15.4% of the participants claimed they knew about the existence of GRI recommendations regarding assurance processes and assurance statements but they did not know details about it.

As none of the participants had knowledge about at least one of the GRI recommendations, the two additional questions developed to investigate if the GRI recommendations must be assessed by assurance providers during the assurance process and if the assurance providers are following the GRI recommendations were not asked. Even though the majority of the participants did not have any knowledge about the GRI recommendations, one of the participants provided interesting comments regarding this matter. For example:

*“I have very few knowledge about the GRI recommendations, but off the top of my head all of them are very generic. I do not know if GRI did it on purpose, but everything is generic...everything is accepted by GRI as an independent third party assurance.”* (Participant 25)

This participant also raised the problems he has been facing as GRI accepts “everything as an independent third party opinion”. He stated:

*“I understood the GRI’s idea of keep everything generic to be more flexible, but for me this is really hard because I have to follow a methodology that is not specific for sustainability reports (ISAE 3000). I have to perform a lot of procedures to provide an assurance statement that are stricter than the generic GRI requirements. So, as I work for an accounting firm I have to apply this rigorous methodology while my competitors do not. In the end of the day I have a disadvantage in the market because our clients do not recognise difference among the assurance methodologies current in use.”* (Participant 46)

Responses obtained in this section provide support for the proposition P5 (Assurers’ lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a performance gap). The next section provides findings regarding Assurers’ perceptions regarding readers’ ability to understand assurance statements.

#### 5.2.4. Readers’ capability to understand assurance statements

The question “Are sustainability report readers able to understand the information provided through the assurance statements? Why?” was stated to explore the reasons for the performance gap and assess the research proposition P6 (Assurance statements provided by assurers have limited effectiveness in communicating to readers). Table 51 presents results obtained from assurers regarding this matter.

Group	Yes		No		Does Not Know		Nobody Reads It		Yes and No		Total	
Assurers	0	0.0%	13	100.0%	0	0.0%	0	0.0%	0	0.0%	13	100.0%

Table 51 - Results obtained from Assurers.

All assurers interviewed stated that sustainability reports' readers are not able to understand the information provided through the assurance statements. These results support the proposition P6 (Assurance statements provided by assurers have limited effectiveness in communicating to readers). In addition, to further explore this matter, the additional question "Why" was stated for the 13 assurers who responded "No", which means readers are not able to understand the information provided on the assurance statements. The 13 assurers interviewed provided 22 comments to explain why readers are not able to understand the information provided through the assurance statements. Those 22 comments were categorised and are presented at the Table 52.

Group	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage of the total
Assurers	Assurance is a complex process	14%	Assurance is complex and only professionals involved with assurances are able to understand assurance statements	3	14%
Assurers	Assurance Statement format	64%	Assurance statements do not clear provide assurers' opinion about the assesment performed	2	9%
Assurers	Assurance Statement format		Assurance statements do not provide detailed information about the assurance processes conducted	3	14%
Assurers	Assurance Statement format		Assurance statements provided by accounting firms do not provide detailed information about the assurance processes conducted	2	9%
Assurers	Assurance Statement format		Assurance statements provided by accounting firms use technical language that most of the readers are not able to understand	5	23%
Assurers	Assurance Statement format		Assurance statements use technical language that most of the readers are not able to understand	2	9%
Assurers	Use of Assurance Statements	23%	Stakeholders and organisations' representatives are not interested in assurance statements	5	23%

Table 52 - Categorized comments provided by Assurers.

According to the results obtained from Assurers, the assurance statement format (64%), the use of the assurance statements (23%) and the complexity of the assurance process (14%) were the three reasons for readers to be able to understand the information provided through the assurance statements.

The lack of an assurer's clear opinion about the sustainability report assured, the technical language used on the assurance statements and lack of detailed information about the assurance process conducted on the assurance statements were the three main criticisms regarding the assurance statement format provided by assurers. The language used was the aspect that received more negative comments, 32% of the total, being 23% of those addressed to assurance statements provided by accounting firms. Some of the participants responded that the technical language used by assurers to develop their assurance statements is too technical for readers to understand it, for example:

*"Readers are not able to understand assurance statements because the technical terms used."* (Participant 8)

*"The language used in assurance statements is quite technical and I think it is hard to understand."* (Participant 9)

Negative comments regarding the language used in assurance statements provided by accounting firms were provided by assurers representing accounting firms and assurers representing consulting firms. Participants 3 and 5 for example, all of them representing accounting firms, criticised the assurance statements provided by accounting firms, they said:

*“Assurance statements provided by accounting firms must follow an auditor language standard that could not change.” (Participant 3)*

*“The language used in assurance statements is different from the language used in sustainability reports. It seems that assurance statements are addressed to a group with accounting knowledge.” (Participant 5)*

Assurance statements provided by accounting firms were also criticised by assurers representing consulting firms, for example:

*“Readers are not able to understand assurance statements provided by assurers that follow the ISAE 3000. Accounting firms’ statements must be improved to allow people understanding.” (Participant 49)*

Lack of details regarding the assurance process performed and lack of an assurer’s opinion in the assurance statement were also mentioned by some participants, been some of those addressed to accounting firms. The lack of details such as the methodology used, results of the principles assessment and procedures employed were also mentioned, for example:

*“Results of the assessment of each one of the GRI principles must be provided. The methodology used, procedures employed to support your opinion must be provided.” (Participant 23)*

The lack of details in assurance statements provided by accounting firms was mentioned by assurers representing accounting and consulting firms. Participant 50, an Assurer representing accounting firms, mentioned about the lack of detailed information in assurance statements provided in her firm, she stated:

*“I am working in an accounting firm but I would like to provide an assurance statement with more details about the assurance process conducted and about the principles assessed. I have to work like this but this is not what I think is the best.” (Participant 50)*

The lack of the assurers’ opinion regarding the sustainability report assured in the assurance statements was also mentioned by some participants. For example Participant 23 stated:

*“It is important to provide a clear conclusion not just talk talk talk...” (Participant 23)*

The complexity of the assurance process for the general public was also mentioned by some participants (14%). According to those participants the assurance process is complex and just assurers and people who have been assured are able to understand it. The use of the assurance statements was also pointed out by some participants as a problem. According to them, organisations’ representatives and stakeholders are not interested in assurance statements, for example:

“People do not even read assurance statements.” (Participant 16)

“Nobody reads assurance statements. They do not even know why that statement is there. People are so lazy to read it. In my opinion people are not interested in read assurance statements because they all look the same.” (Participant 22)

The next section provides findings and answers for the RSQ 4 “If so, why does such a performance gap exist?”

5.2.5. Summary and Answer for the RSQ 4: “If so, why does such a performance gap exist?”

Results obtained from the first part, where assurers provided their ideas and perceptions regarding the assurance process and assurance statements, resulted in three main aspects mentioned by the majority of the participants that appear to be contributing to the existence of the performance gap: the format of the assurance statements provided by assurers, the methodology used by assurers and the organisations’ reasons for assurance.

Regarding the methodology, most of the assurers responded that nowadays there are different assurers conducting different assurance processes and most of the organisations and sustainability reports’ readers are not able to understand those differences. Assurers also have criticised organisations. According to some assurers, organisations do not care about the quality of the assurance process. They just want an assurance statement in their sustainability reports regardless of the quality of the assurance process conducted and the scope assessed.

Assurance statements format was another aspect criticised by Assurers, especially assurance statements provided by accounting firms. The language used, the lack of an assurer’s opinion about the sustainability report assured and lack of detailed information about the assurance process conducted were also criticised.

After the first phase where participants were able to provide their opinion about the assurance process and assurance statement, propositions P5 and P6 were assessed. Table 53 provides results about each proposition assessed in this section and its respective result.

Test of Propositions	Result Reporters
P5 Assurers’ lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a performance gap.	<u>Support</u>
P6 Assurance statements provided by assurers have limited effectiveness in communicating to readers.	<u>Support</u>

Table 53 - Propositions P5 and P6.

Results obtained provide support for proposition P5 demonstrating that assurers do not have knowledge about the GRI key qualities and recommendations for the assurance process, what appears to be contributing to the performance gap. The sustainability report readers’ inability to understand assurance statements were assessed. Results obtained provide support for proposition P6 as all assurers

interviewed advised that sustainability reports' readers are not able to understand assurance statements.

Moreover, these results contribute to research related to the expectation-performance gap theory through the assessment of the research's proposition P5 and P6 and through the identification of reasons for the existence of the performance gap from the Assurers' perspectives. The next Chapter explores opportunities to reduce the reasonableness and the performance gaps.

### 5.3. Chapter Summary

This Chapter first addressed the RSQ 3 and provided support for the existence of a performance gap. Support for a performance gap was identified in two aspects; one regarding the assurers' responsibility for detecting all incorrect information in sustainability reports during the assurance process and the other regarding assurers' current performance in assessing the GRI principles of sustainability context, balance and comparability during the assurance process.

Although ISAE AA1000 and ISAE 3000 determines that assurers are responsible for detecting material misstatements using a sample basis, the majority of assurers interviewed believe that assurers are responsible to assess all information included in sustainability reports. Regarding to the assessment of the GRI principles, although GRI states that GRI principles must be assessed during the assurance process, most of the assurers stated that the GRI principles of sustainability context, balance and comparability have not been assessed during the assurance process. Those results provided support for proposition P4, which is the existence of a performance gap for assurers regarding the assurance process of GRI sustainability reports.

Second, this Chapter addressed the RSQ 4 and identified the reasons for the performance gap from the assures' point of view. The methodology used by assurers, format of assurance statements and the organisations' reasons for assurance were mentioned by the majority of the participants as the reasons for the performance gap. Finally, this Chapter provided support for propositions P5 and P6. Results demonstrated that assurers do not have knowledge about the GRI key qualities and recommendations for the assurance process (P5) and readers' inability to understand the information provided through the assurance statements contributes to the existence of a performance gap (P6). To conclude, this Chapter also contributed to research related to the expectation-performance gap theory.

## CHAPTER 6: DATA ANALYSIS – RECOMMENDATIONS TO REDUCE THE REASONABLENESS AND THE PERFORMANCE GAPS

This Chapter investigates and proposes ways to reduce the reasonableness and the performance gaps through the analysis of data obtained from reporters, readers and assurers’ interviews. The data was collected to answer the research sub questions (RSQ 5 and RSQ 6) and to assess propositions P7 and P8 considering data analysis strategies presented at the Table 54 and Table 55.

RSQ	Data	Data	Data analysis
RSQ 5	How can the reasonableness and the performance gaps be reduced?”	Qualitative	Categorisation, interpretation and pattern matching Descriptive statistics
RSQ 6	Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps?	Qualitative	Categorisation, interpretation and pattern matching Descriptive statistics

Table 54: RQ 5 and RQ6.

P	Proposition
P7	The use of the proposed Content Index Model reduces the reasonableness and the performance gap.
P8	The use of the proposed Content Index improves sustainability reports’ readers understanding about the assurance process of GRI sustainability reports.

Table 55: Propositions P7 and P8.

To answer the RSQ 5 and RSQ 6 and to assess propositions P7 and P8, a group of interview questions were presented to participants. Details about the questions posed and relevant findings are presented below.

### 6.1.RSQ 5 “How can the reasonableness and the performance gaps be reduced?”

In order to answer the RSQ 5 “How can the reasonableness and the performance gaps be reduced?” two questions were developed and used during interviews. Table 56 presents the two questions that were applied to assurers, reporters and readers in order to assess and explore participants’ perceptions regarding the improvement opportunities in regards the situation of assurance processes and assurance statements.

Question	Instrument
D3. How could current assurance processes be improved?	Open-ended question
E2. How could current assurance statements be improved?	Open-ended question

Table 56: Questions used to assess participants' perceptions regarding the improvement opportunities.

The next sections present results obtained from these two questions by group (reporters, readers and assurers). Summary is also provided considering all information and results obtained in order to answer the RSQ 5 “How can the reasonableness and the performance gaps be reduced?”

### 6.1.1. Reporters’ recommendations to improve assurance processes

In order to explore Reporters’ recommendations to improve assurance processes, each one of the comments provided were interpreted and grouped considering pattern matching. Table 57 presents all recommendations identified from the reporters group summarised and grouped by idea.

Group	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage of the total
Reporters	Assurance Statement Format	30.8%	Assurance statements must be clearer to readers.	4	15.4%
Reporters	Assurance Statement Format		Assurance statements must be standardised	3	11.5%
Reporters	Assurance Statement Format		Assurance statements must be standardised according to AA1000	1	3.8%
Reporters	Assurers's Technical Skills	19.2%	Assurers must be technically qualified	5	19.2%
Reporters	Assurance Methodology	50.0%	Scope must not be superficial	7	26.9%
Reporters	Assurance Methodology		Scope of assurance must be standardised	5	19.2%
Reporters	Assurance Methodology		Scope of assurance must be standardised according to accounting firms	1	3.8%

Table 57: Reporters' recommendations.

Through interpretation and grouping of recommendations provided by Reporters, three main ideas were identified: (1) assurance statement format (30.8%), (2) assurers’ technical skills (19.2%) and (3) assurance methodology (50%).

Recommendations on assurance methodology addressed three different aspects and all of them related to the scope of the assurance process. 26.9% of the recommendations provided were addressed to the superficiality of the assurance process. According to some Reporters, the assurance process is superficial and does not assess material aspects such as the GRI principles, for example:

*“Sometimes just few indicators are assured and the organisation receives an assurance statement!” “Principles must be assessed more than indicators. The assurance process must be based on the assessment of principles other than on the quantity of indicators reported.” (Participant 27)*

Another participant criticised the scope of assurance processes. In her opinion assurers appear to be selecting items to assess based on their level of difficulty and not on their level of importance. In her words:

*“I do know, maybe assurers use samples just to select aspects that are easy to assess.” (Participant 26)*

Another recommendation addressing assurance methodology was standardisation. Some of the participants stated that a minimum scope must be developed and followed by assurers during assurance processes, for instance:



*“The scope of the assurance process must be standardised. AA1000 could be used as a standard, but today assurance providers provide their assurance in the way they want.” (Participant 25)*

*“A minimum scope must be developed and followed by assurers.” (Participant 31)*

Another interesting comment provided by one of the reporters addressed the lack of standards to determine assurance scope. In her opinion this situation has been compromising the credibility of the assurance process as whole, this participant stated:

*“I do not think it is fair, one organisation has its whole sustainability report assured and receives the “+”, the other has just few indicators assured and receives the same “+”. “We can not exclude small scopes, but this difference in scope must be clear.” (Participant 27)*

The second idea mentioned by reporters is related to the assurers’ technical skills to perform assurance services. Those participants mentioned that the lack of technical skills of the assurers could be improved through the professional certifications. One of the participants suggested that assurers must be certified by GRI before starting to provide assurance services, she said:

*“Assurers could be certified by GRI before start to provide assurance for sustainability reports. It is not enough a bachelor's degree; assurers must have a specific knowledge and specific skills to properly assess sustainability reports.” (Participant 6)*

The third idea mentioned by reporters is related to the format of the assurance statements and two main aspects were mentioned: (1) assurance statements must be clearer to readers and (2) assurance statements must be standardised.

Some of the reporters (15.4%) mentioned that assurance statements are not clear enough to allow readers to understand the assurance process carried out. For instance:

*“We have to discuss with readers what is important to them...assurance statements must achieve readers’ expectations.” (Participant 27)*

*“Details about the assurance process carried out are not provided to readers. Through the assurance statements it is not possible to understand what was done during the assurance process.” (Participant 6)*

The standardisation of assurance statements was another recommendation mentioned by 23.2% of the Reporters. According to these participants, assurers must provide assurance statements based on a standard that establishes the minimum aspects that must be included in assurance statements, for example:

*“A standard for assurance statement is needed. There are a lot of differences among assurance statements provided by different assurance providers that must disappear.” (Participant 43)*

The difference between accounting firms and consulting firms was also identified in this section. Two reporters mentioned that assurance statements provided by consulting firms are clearer than assurance statements provided by accounting firms. The next section provides information regarding Readers’ recommendations to improve the situation of the assurance processes.

### 6.1.2. Readers’ Recommendations for Improving Assurance Processes

In order to explore Readers’ recommendations to improve assurance processes, each one of the comments provided were interpreted and grouped considering pattern matching. Table 58 present all recommendations identified from the readers group summarised and grouped by idea.

Group	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage of the total
Readers	Assurance Statement format	24.1%	Assurance statements must be clearer to readers	2	6.9%
Readers	Assurance Statement format		Assurance statements must be standardised	5	17.2%
Readers	Assurer’s Independence	13.8%	Assurers must be independent	4	13.8%
Readers	Assurer’s Technical Skills	13.8%	Assurers must be technically qualified	4	13.8%
Readers	Assurance Methodology	48.3%	Scope must not be superficial	6	20.7%
Readers	Assurance Methodology		Scope of assurance must be standardised	8	27.6%

Table 58: Readers' recommendations.

Through interpretation and grouping of recommendations provided by Readers, four main ideas were identified: (1) assurance statement format (24.1%), (2) assurer’s technical skills (13.8%), (3) assurance methodology (48.3%) and (4) assurer independence (13.8%). Recommendations obtained for the assurance methodology group idea addressed two different aspects, the superficiality and the standardisation of the assurance process, for example:

*“Assurance processes just check numbers, and even only assessing numbers, just some of the numbers are assessed.” (Participant 2)*

*“Sometimes just few indicators are assured and the organisation receives an assurance statement!” “Assurers must assess much too deeply...scope nowadays is too limited.” (Participant 32)*

Other participants clearly suggested that GRI principles must be better assessed during the assurance process, for instance:

*“The assessment of the GRI principles of materiality, balance and sustainability context must be included on the scope of the assurance process.” (Participant 7)*

Another recommendation addressed to the assurance methodology was the standardisation, some of the participants responded that a minimum scope must be developed and followed by assurers during assurance processes, for instance:

*“If there is an international standard to compare sustainability reports we need a standard to compare assurance process too. Assurance processes must be standardised.”* (Participant 12)

The second idea mentioned by readers is related to the assurers’ technical skills to perform assurance services. According to some participants assurers do not have sufficient technical skills to provide assurance, for example:

*“Assurers do not have experience in sustainability. Assurers are too “rookies” in my opinion. I had contact with consulting firms and accounting firms providing assurance, and in both I realised that assurers did not know anything!”* (Participant 2)

Those participants suggested that assurers must obtain a specific professional certification, for instance:

*“I think professional certification for assurers is a good recommendation, in the same way there are professional certifications for other services.”* (Participant 48)

One of the participants suggested that GRI must provide professional certification for assurers, she said:

*“Assurers could receive a specific GRI certification that permits assurers to provide assurance services.”* (Participant 17)

The third group idea mentioned by reporters is related to the format of the assurance statements and in this group idea two main aspects were mentioned: (1) assurance statements must be clearer to readers and (2) assurance statements must be standardised. Some of the readers mentioned that the assurance statements must be clear enough to allow readers to understand the assurance process carried out. For example:

*“Assurance statements are useless. Assurance statements must provide details about the methodology applied and what was done during the assurance process.”* (Participant 29)

The standardisation of assurance statements was another recommendation mentioned by some Readers. According to these participants, assurers must provide assurance statements based on a common standard. For instance:

*“A standard for assurance statements must be developed and compulsorily followed by all assurance providers.”* (Participant 20)

The fourth group idea mentioned by readers is related to the assurers' independence during the assurance process. 13% of the suggestions were addressed to the improvement of the assurers' independence during the assurance process. According to those readers the commercial relationship and the lack of a regulated market has been impacting on assurers' independence. One of the participants suggested that assurance of sustainability reports must be compulsory and regulated to improve assurers' independence, he said:

*“Assurances nowadays are commodities, organisations contract assurers to perform assurance in the way they want...organisations pay for the service they want. To improve this independence the assurance must be compulsory and a standard must be defined.”* (Participant 20)

Next section provides information regarding Assurers' recommendations to improve the situation of the assurance processes.

### 6.1.3. Assurers' Recommendations for Improving Assurance Processes

In order to explore Assurers' recommendations to improve assurance processes, each one of the comments provided was interpreted and grouped considering pattern matching. Table 59 present all recommendations identified from the assurers summarised and grouped by idea.

Group	Comment Group Idea	Percentage by Idea	Comment Provided	Number of Comments	Percentage of the total
Assurers	Assurance Methodology	62.5%	Scope of the assurance must be defined by the organizations' stakeholders	1	6.3%
Assurers	Assurance Methodology		Assurance statements must be standardised	9	56.3%
Assurers	Assurance Statement Format	12.5%	Assurance statements must be standardised with minimum requirements	1	6.3%
Assurers	Assurance Statement Format		Assurance statements must be clearer to readers	1	6.3%
Assurers	Assurer's Independence	12.5%	Assurers must assess only the final version of the sustainability report and not participate in the development of the sustainability report	1	6.3%
Assurers	Assurer's Independence		Significant problems identified during the assurance process must be reported in the assurance statement	1	6.3%
Assurers	Assurer's Technical Skills	12.5%	Assurers must have a minimum level of technical skills to provide assurance	2	12.5%

Table 59: Assurers' recommendations.

The four main group ideas identified through interpretation and grouping of recommendations provided by assurers were the same provided by Readers: assurance statement format (12.5%), assurers' technical skills (12.5%), assurance methodology (62.5%) and assurer independence (12.5%).

All recommendations obtained from the assurance methodology group idea were addressed to the standardisation of the assurance process. According to some of the assurers, nowadays there are different types of assurers providing different types of assurances. Those participants suggested that minimum standard requirements must be developed and followed by all assurance providers. For example:

*“A standard to perform assurance must be developed and followed by all assurers to guarantee that a minimum level of quality will be achieved by all assurers during assurance processes.” (Participant 23)*

Another interesting comment was provided by participant 8. This participant compared the financial audit methodology with the assurance methodology used for sustainability reports, in his words:

*“I think assurance for sustainability reports must be performed in the same way financial audits have been provided, through a well-defined and robust methodology. In financial audits when auditors do not agree with information they express a qualified opinion. In sustainability reports organisations are allowed to remove information in order to do not receive a qualified opinion in their statements.” (Participant 8)*

The second group idea mentioned by assurers is related to the assurers’ technical skills to perform assurance services. According to some Assurers, assurance of sustainability report is a complex issue and the assurance team must be complemented by specialists. Those participants stated that it is not possible for an Assurer to assess properly all sections of a sustainability report without support of specialists. One of the participants said:

*“Sometimes an assurer with environmental background is responsible to assess everything, the environmental, the social and the economic sections of a sustainability report.” (Participant 22)*

The third group idea mentioned by assurers is related to the format of the assurance statements. In this group idea two main aspects were mentioned: (1) assurance statements must be clearer to readers, and (2) assurance statements must be standardised.

The fourth group idea mentioned by assurers is related to the assurers’ independence during the assurance process. According to one of the participants, during assurance processes, assurers must assess just once the final version of the sustainability report and develop their assurance statement based on this assessment, and not work together with the organisation developing the sustainability report and removing all inconsistencies identified during the assurance process. This participant stated:

*“Most of the assurance processes have been conducted together to the development of sustainability reports. Assurers identify and communicate problems to organisations and organisations work to fix those problems, and then assurers assess them again. Assurers are supposed to assess the final version of the sustainability report and express their opinion based on a single assessment. Assurers must stop accepting everything and must start assuming their responsibilities. If assurances exist to improve transparency they must be performed properly”. (Participant 3)*

Another participant provided similar comment regarding the situation of the assurers' independence. According to this assurer, assurers do not provide any qualified opinion in their statements because they do not want to lose their client, in his words:

*“Imagine an assurer expressing a qualified opinion. The relationship with that client will be destroyed. Imagine the chaos if an assurer express a qualified opinion!”*  
(Participant 8)

This participant suggested that to improve this situation a standard methodology must be developed, similar to the methodology used by auditors in financial audits, and used by all assurers.

Next section provides information regarding Reporters' recommendations regarding the situation of assurance statements.

#### 6.1.4. Reporters' Recommendations for Improving Assurance Statements

In order to explore Reporters' recommendations to improve assurance statements, each one of the comments provided were interpreted and grouped considering pattern matching. Table 60 presents all recommendations identified from the Reporters.

Group	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Reporters	Assurance Statement Format	Assurance statements must be standardised	2	11.1%
Reporters	Assurance Statement Format	Assurance statements must provide more detailed information about the results obtained	5	27.8%
Reporters	Assurance Statement Format	Assurance statements must provide more detailed information about the scope assessed	6	33.3%
Reporters	Assurance Statement Format	Assurance statements must use language that most of the readers are able to understand	4	22.2%
Reporters	Assurance Statement Format	Assurance statements must provide the assurers' opinion about the assesment performed	1	5.6%

Table 60: Reporters' recommendations to improve assurance statements.

All recommendations provided by reporters were addressed to the assurance statement format. In the total, five different recommendations were suggested: (1) assurance statements must be standardised (11.1%); (2) assurance statements must provide more detailed information about the results obtained (27.8%); (3) assurance statements must provide more detailed information about the scope assessed (33.3%); (4) assurance statements must use a language that most of the readers are able to understand (22.2%), and (5) assurance statements must provide assurers' opinion about the assessment performed (5.6%).

Reporters suggested providing further details about the scope. According to those participants, there are different assurers providing assurances with different scope and, without detailed information about the scope assessed on the assurance statements readers cannot identify and compare what was assessed by assurers in different assurance processes. Some of the participants suggested that a minimum scope must be defined and followed by all Assurers; whilst other participants suggested that assurance statements must clearly inform each one of the GRI principles that was assessed during the assurance process, for example:

*“Details about each one of the GRI principles that was assessed by assurers must be provided on the assurance statements.” (Participant 27)*

Other participants mentioned about the importance to provided detailed information about indicators that were assessed during the assurance process. Regarding this matter one of the reporters said:

*“A list of the indicators assessed during the assurance process could be included on the assurance statements.” (Participant 39)*

The second suggestion identified is related to the results of the assurance process. Some of the reporters recommended that assurance statements must provide more detailed information about the results obtained during the assurance process. It was mentioned that through detailed information about the results obtained on assurance statements, readers will be able to monitoring the evolution of the sustainability report assured. Regarding the necessity to provide more detailed information about the results obtained on the assurance statements one of the participants said:

*“Results obtained during the assurance process must be more detailed on assurance statements.” (Participant 31)*

Suggestions regarding the language used in assurance statements were also stated. According to some participants assurance statements have been written using a technical language that most of the readers are not able to understand. In order to improve this situation some reporters suggested that assurance statements must be written using a language that most of the readers are able to understand. Regarding this matter some of the participants stated:

*“The language used in assurance statements must be basic and understandable for everybody.” (Participant 15)*

*“The use of too technical language must be removed from the assurance statements.” (Participant 26)*

Next section provides information regarding the recommendations obtained from readers regarding the improvement of the assurance statements.

#### 6.1.5. Readers’ Recommendations for Improving Assurance Statements

In order to explore Readers’ recommendations to improve assurance statements, each one of the comments provided were interpreted and grouped considering pattern matching. Table 61 presents all of the recommendations.

Group	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Readers	Assurance Statement Format	Assurance statements must be standardised	3	11.5%
Readers	Assurance Statement Format	Assurance statements must provide more detailed information about the recommendations provided	3	11.5%
Readers	Assurance Statement Format	Assurance statements must provide more detailed information about the results obtained	6	23.1%
Readers	Assurance Statement Format	Assurance statements must provide more detailed information about the scope assessed	7	26.9%
Readers	Assurance Statement Format	Assurance statements must use language that most of the readers are able to understand	4	15.4%
Readers	Assurance Statement Format	Assurance statements must provide the assurers' opinion about the assessment performed	3	11.5%

Table 61: Readers' recommendations to improve assurance statements.

All recommendations provided by readers were addressed to the assurance statement format. In the total, six different recommendations were suggested: (1) assurance statements must be standardised (11.5%); (2) assurance statements must provide more detailed information about the recommendations provided (11.5%); (3) assurance statements must provide more detailed information about the results obtained (23.1%); (4) assurance statements must provide more detailed information about the scope assessed (26.9%); (5) assurance statements must use a language that most of the readers are able to understand (15.4%), and (6) assurance statements must provide assurers' opinion about the assessment performed (11.5%).

“Provide details about the scope assessed” was the recommendation more suggested by Readers. According to those participants, without detailed information about the scope assessed on the assurance statements sustainability reports' readers are not able to identify and compare what was assessed by assurers in different assurance processes. Some of the participants suggested that assurance statements must inform what was assessed by assurers during the assurance process including a detailed and clear description of the scope. Some examples of what some participants pointed out about this matter are:

*“Assurance statements must be more detailed. Assurance statements must provide more information about the boundaries of the assurance...more details about the scope.”* (Participant 48)

*“The ideal assurance statement clearly describes the scope of the assurance carried out.”* (Participant 37)

The second recommendation addresses the results of the assurance process. Some of the readers suggested that assurance statements must provide more detailed information about the results obtained during the assurance process. For example:

*“Assurers must be independent and starting providing assurance statements that contain results, demonstrating what is the situation of the organisation in relation to the best practices.”* (Participant 36)

Suggestions regarding the language used in assurance statements were provided by some of the Readers. Some of those participants pointed out that sustainability reports' readers are not able to understand the information provided on assurance statements because they have been writing with a technical language. Participants



suggested that assurance statements must be written using a language that most of the readers are able to understand. For example:

*“The language used in assurance statements must accessible for readers.”* (Participant 29)

Suggestions to standardise assurance statements and to include assurers’ recommendations and assurers’ opinion about the assessment performed were also made by some of the readers interviewed. For example:

*“A standard with minimum aspects for assurance statements must be developed. This standard must inform the minimum aspects that all assurance statements must contain...details about the methodology used and scope rather than generic information and unclear assurers’ opinion.”* (Participant 14)

Next section provides information regarding the recommendations obtained from assurers regarding the improvement of the assurance statements.

6.1.6. Assurers’ recommendations to improve assurance statements

In order to explore Assurers’ recommendations to improve assurance statements, each one of the comments provided were interpreted and grouped considering pattern matching. Table 62 presents all recommendations obtained.

Group	Comment Group Idea	Comment Provided	Number of Comments	Percentage of the total
Assurers	Assurance Statement Format	Assurance statements must be standardised	2	9.1%
Assurers	Assurance Statement Format	Assurance statements must provide more detailed information about the recommendations provided	2	9.1%
Assurers	Assurance Statement Format	Assurance statements must provide more detailed information about the results obtained	7	31.8%
Assurers	Assurance Statement Format	Assurance statements must provide more detailed information about the scope assessed	10	45.5%
Assurers	Assurance Statement Format	Assurance statements must use language that most of the readers are able to understand	1	4.5%

Table 62: Assurers' recommendations to improve assurance statements.

All recommendations provided by assurers were addressed to the assurance statement format as well. In the total, five different recommendations were suggested: (1) assurance statements must be standardised (9.1%); (2) assurance statements must provide more detailed information about the recommendations provided (9.1%); (3) assurance statements must provide more detailed information about the results obtained (31.8%); (4) assurance statements must provide more detailed information about the scope assessed (45.5%); and (5) assurance statements must use a language that most of the readers are able to understand (4.5%).

Readers also suggested that further details be provided about the scope. According to Assurers, scope and limitations of the scope must be clearly provided on the assurance statements. Some of the assurers stated that a clear explanation about what was assessed by assurers during the assurance process and what was not assessed must be described on the assurance statements. One of the participants responded

that this explanation is important to keep readers responded about the scope contracted by organisations, this participant said:

*“Details about the scope must be included on the assurance statements in order to allow readers to compare the scope assessed in different organisations” sustainability reports. There is no correct or wrong scope, but readers have the right to know the differences among the scope assessed by assurers.”* (Participant 48)

*“Nowadays the scope is not clear communicated. Assurance statements must clearly provide detailed information about principles and indicators that were assessed during the assurance process and sites that were visited. Scope is supposed to be properly described on the assurance statement, but today this is not happening.”* (Participant 3)

Another Assurer mentioned about the necessity to inform the limitations of scope determined by some clients, this Assurer pointed out:

*“The scope of the assurance agreed with the organisation must be described in detail on the assurance statement.”* (Participant 4)

Another recommendation suggested by some of the assurers is related to the results obtained during the assurance process. According to some participants, assurance statements must provide more detailed information about the results obtained and recommendations suggested. In this matter one of the assurers mentioned:

*“A summary of the results must be presented on the assurance statement but recommendations must be presented in details.”* (Participant 9)

Recommendations regarding standardisation and technical language used in assurance statements were also provided by some Assurers. Those assurers suggested that assurance statements must be standardised with minimum aspects that all assurers must follow and regarding the language used, that assurance statements must use language that most of the sustainability reports’ readers are able to understand.

The next section summarises results obtained from reporters, readers and assurers in regards their recommendations to improve the situation of the assurance processes and assurance statements. Next section also answered the RSQ 5.

#### 6.1.7. Summary and answer for the RSQ 5 “How can the reasonableness and the performance gaps be reduced?”

All groups’ participants (reporters, readers and assurers) proposed similar recommendations to improve the situation of the assurance process and assurance statement. First, Figure 17 presents suggestions received related to the improvement of the assurance processes by group.

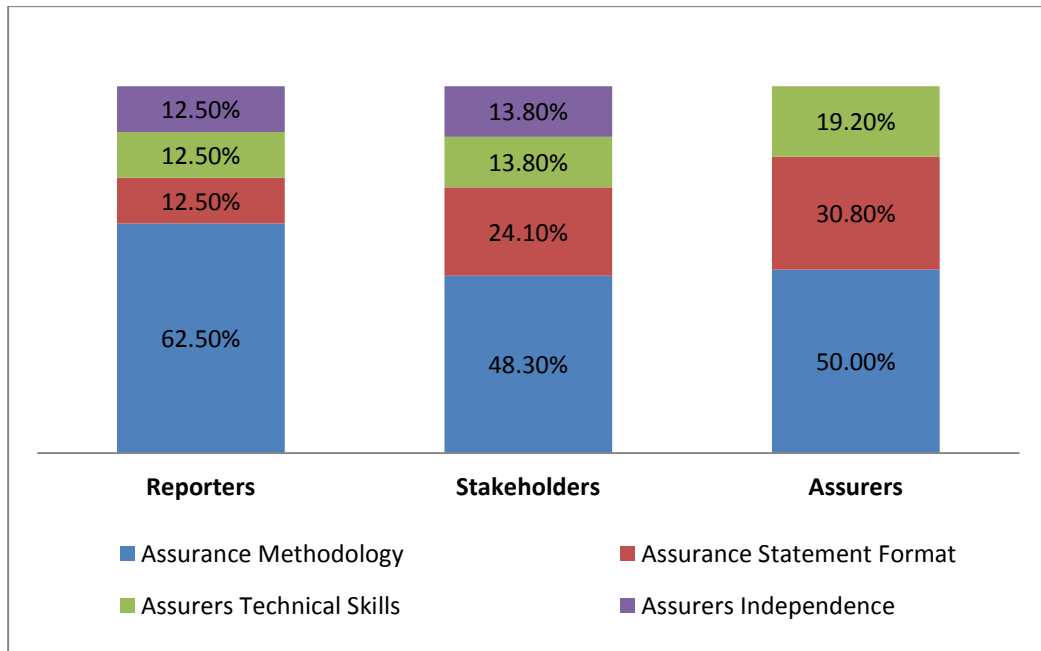


Figure 17: Participants' suggestions regarding assurance process.

The standardisation of the methodology employed by assurers during the assurance process was the recommendation most suggested by readers and assurers, and the second most suggested by Reporters. Although participants were asked first to provide recommendation for the improvement of the assurance process, several participants suggested in the beginning that assurance statements must be clearer and the language used must be more accessible to readers.

Reporters, readers and assurers also suggested that assurers must be better trained and experienced before starting to provide assurance services. Readers and assurers provided some recommendations to improve the independence of assurers during the assurance processes such as to report in the assurance statement any problems identified during the assurance process and to assess the final version of the sustainability report just once rather than assess the report many times during the development of the organisation's sustainability report.

The second aspect assessed in this section aimed to obtain participants' recommendations to improve the quality of assurance statements and all the suggestions provided were addressed to the assurance statement format. Recommendations obtained addressed the need to assurance statements to clearly provide information regarding the scope assessed during the assurance process. Figure 18 presents suggestions received from all participants related to the improvement of the assurance statements.

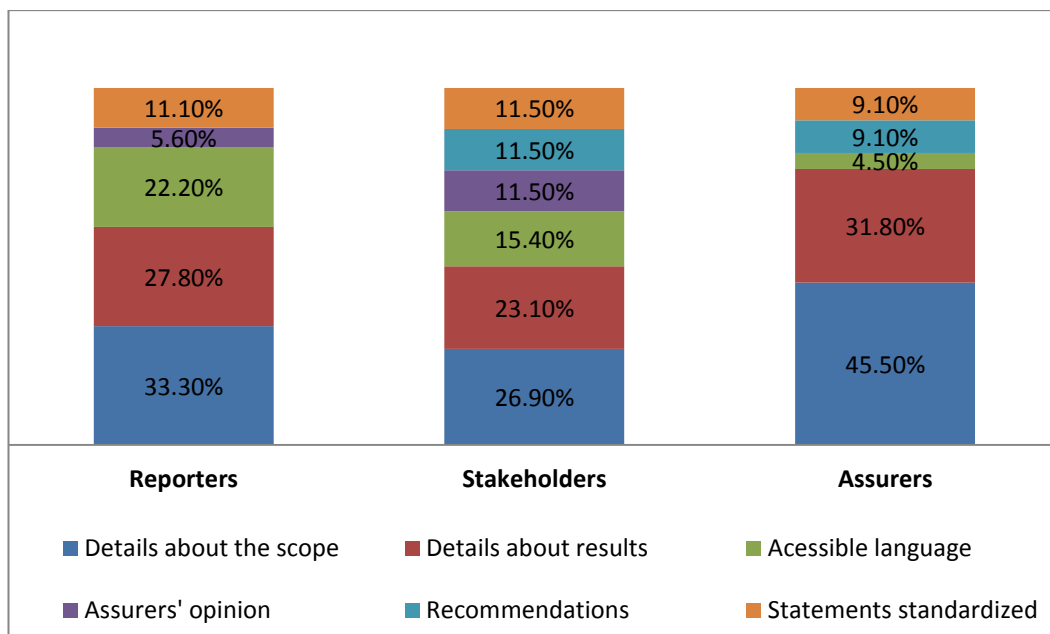


Figure 18: Participants' suggestion.

Besides the two most suggested aspects, providing detailed information about the scope assessed on assurance statements and providing detailed information about the results obtained during the assurance processes, recommendations addressed to the language used in assurance statements were made as well. According to some participants, the language used in assurance statements must be understandable to the majority of the sustainability reports' readers.

Some participants recommended the standardisation of assurance statements with specific minimum requirements including the assurer's opinion about the sustainability report assessed in the assurance statement and including the assurer's recommendations in assurance statements. The next section examines participants' perceptions regarding the Content Index Model proposed in this research.

## 6.2. RSQ 6 "Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps?"

In order to answer the RSQ 6 "Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps?" two questions were developed and used during interviews. Table 63 presents the two questions applied to reporters, readers and assurers to obtain participants' perceptions regarding the use of the Content Index Model proposed in improving readers' ability to understand the assurance process conducted. This section also aimed to assess the propositions P7 (The use of the proposed Content Index Model reduces the reasonableness and the performance gap) and P8 (The use of the proposed Content Index Model improves sustainability reports' readers understanding about the assurance process of GRI sustainability reports).

Question	Instrument	Proposition
E1. Does the Content Index Model presented help readers to better understand the scope of the assurance processes? Why?	Open-ended question	P7 and P8

Question	Instrument	Proposition
E2. Does the Content Index Model presented help to improve credibility of assured sustainability reports? Why?	Open-ended question	

Table 63: Questions applied regarding the use of the Content Index Model proposed.

The following sections describe the responses obtained from each group of participants for each of these questions. In the end of this section a summary is also provided considering all information and results obtained.

### 6.2.1. Content Index Model Proposed and Readers' Capability to Understand the Scope of the Assurance Process

The question "Does the Content Index Model proposed help readers to better understand the scope of the assurance processes? Why?" addressed results obtained in previous sections where participants mentioned about their difficult in understanding differences among different types of methodologies applied by different types of assurers. Suggestions provided by participants regarding the improvement of the assurance statements in providing detailed information about the scope assessed by assurers during assurance processes were also addressed in this question. Responses obtained from this question are presented in the following sections by group.

#### 6.2.1.1. Reporters' Perceptions Regarding the Content Index Model Proposed and Readers' Capability to Understand the Scope of the Assurance Process

The group reporters is composed of 18 participants and 17 of those agreed that the Content Index Model proposed will help readers to better understand the scope of the assurance process. Just one participant believed that this model is not enough, and that a minimum scope must be developed and followed by all assurers.

The 17 participants that answered "Yes" provided 20 comments explaining their answer, with most of them explaining that through the Content Index Model proposed all readers will be able to clearly identify what was assessed and what was not assessed by assurers during the assurance process. Some examples are:

*"It is good because readers can make a link between GRI guidelines and what was assessed by assurers."* (Participant 19)

*"It keeps the assurance process clearer. It is visually important because the scope assessed is clearly informed. Regardless the type of assurance statement used, through this model readers can understand the scope."* (Participant 24)

Some of the participants also mentioned that despite the usefulness of the Content Index Model proposed, some organisations and some assurers could not be comfortable to use this model as they will be exposed. For example:

*“The model is good because readers can clearly identify what was assessed by assurers. But in my opinion assurers will be more exposed. If some wrong information goes to the sustainability report the assurers’ credibility will be affected.” (Participant 25)*

*“Organisations could be exposed and maybe they do not want to be exposed like this. (Participant 33)*

*“The model is good but I do not know if organisations will use it. I do not know if organisations will feel comfortable to be transparent about what was assessed and what was not assessed.” (Participant 43)*

Table 64 provides results about all the comments received regarding the use of the Content Index Model proposed in this research.

Group	Answer	Comment Provided	Number of Comments	Percentage of the total
Reporters	No	Just the index model is not enough	1	4.8%
Reporters	Yes	Through the index model readers will be able to see what was assessed and what was not assessed by assurers.	17	81.0%
Reporters	Yes	The index model is good but I am not sure if organisations and assurers will want to do it	3	14.3%

Table 64: Reporters' opinion.

The next section provides information regarding the responses obtained from readers regarding the question “Does the Content Index Model proposed help readers to better understand the scope of the assurance processes? Why?”

#### 6.2.1.2. Readers’ perceptions regarding the Content Index Model proposed and readers’ capability to understand the scope of the assurance process

The group “readers” is composed of 20 participants and 19 of those responded that the Content Index Model proposed will help readers to better understand the scope of the assurance process. Just one participant stated that he did not have enough knowledge to give an opinion about the Content Index Model proposed. Table 65 provides results about the comments received grouped by idea.

Group	Answer	Comment Provided	Number of Comments	Percentage of the total
Readers	I do not Know	I do not know if the index model will help readers to better understand the scope of the assurance process	1	4.8%
Readers	Yes	It is good because assurers will have to improve their methodology otherwise they will be exposed	1	4.8%
Readers	Yes	Through the index model readers will be able to see what was assessed and what was not assessed by assurers.	19	90.5%

Table 65: Readers' opinion.

Ninety point five per cent of the comments mentioned that through the Content Index Model proposed readers will be able to clearly identify what was assessed and what was not assessed by assurers during the assurance process, for instance:

*“Through this model I can see clearly what was assessed and what was not assessed. Nowadays I do not have this information.” (Participant 52)*

The same point of view was shared by another participant, who made a comment regarding the quality of the assurance statements. He pointed out:

*“Today there is a lack of standardisation and this Content Index Model facilitates readers’ understanding about the scope of the assurance process conducted. Sometimes assurers assess just a small scope...visiting just few sites...but they provide an assurance statement in a way that seems that everything was assessed and we know that it is not true .” (Participant 20)*

One of the participants mentioned that this model will also contribute to improve the methodology used by assurers, and as the scope of the assurance process will be clearly informed to readers, the methodology used by assurers should be improved to protect assurers’ credibility. In his words:

*“This model exposure assurance providers because it is clearly informed what was assessed and what was not assessed. This model is excellent to guarantee the assurers’ responsibility in regards the assurance process conducted. I think this model is simple and extremely efficient.” (Participant 21)*

The next section provides information regarding the responses obtained from assurers regarding the question “Does the Content Index Model proposed help readers to better understand the scope of the assurance processes? Why?”

**6.2.1.3. Assurers’ Perceptions Regarding the Content Index Model Proposed and Readers’ Capability to Understand the Scope of the Assurance Process**

The group assurers is composed of 13 participants and ten of those (76.9%) responded that the Content Index Model proposed will help readers to better understand the scope of the assurance process. Table 66 provides results about the comments received grouped by idea.

Group	Answer	Comment Provided	Number of Comments	Percentage of the total
Assurers	No	I do not think readers will understand why some items were assessed and others were not	1	7.7%
Assurers	No	The index model do not clear demonstrate if GRI principles and internal processes were assessed	2	15.4%
Assurers	Yes	Through the index model readers will be able to see what was assessed and what was not assessed by assurers	10	76.9%

Table 66: Assurers' opinion.

The majority of the participants mentioned that through the Content Index Model proposed readers will be able to clear identify what was assessed and what was not assessed by assurers during the assurance process, for instance:

*“Through this model is easy to see each indicator and principle that was assessed improving the sustainability report credibility.” (Participant 4)*

*“It is clearer to sustainability reports’ readers to understand how the assurance process was conducted and what were the scope and its boundaries.” (Participant 5)*

The same point of view was shared by another participant, this participant also stated that the Content Index Model proposed will increase the assurers’ responsibility in regards the assurance process, she said:

*“Readers read assurance statement and think that the whole sustainability report was assured. Applying this model would be great because readers will understand what was assessed. This model will certainly make the assurers more responsible for what they are assessing.” (Participant 20)*

Although most of the comments provided supported the use of the Content Index Model proposed in this research, some of the participants did not support the use of the Content Index Model proposed. One of the participants pointed out that sustainability reports’ readers will not be able to understand the Content Index Model proposed and two others participants stated that the Content Index Model proposed will not provide detailed information about the assessment of the GRI principles and the internal processes. They said:

*“The Content Index Model proposed do not provide detailed information about how GRI principles and management systems were assessed.” (Participant 22)*

*“I do not think this model helps readers to understand the scope of the assurance process. I think this model adds some value but it does not provide information regarding the assessment of internal processes. So, in my opinion this Content Index Model is not good.” (Participant 49)*

The next section summarises responses obtained from reporters, readers and assurers regarding the question “Does the Content Index Model proposed in this research help to improve credibility of assured sustainability report? Why?”

### 6.2.2. Content Index Model Proposed and the Improvement in Credibility of Assured Sustainability Reports

The question “Does the Content Index Model proposed in this research help to improve the credibility of assured sustainability reports? Why?” addressed results obtained in previous sections where participants mentioned about their difficulty in understand differences among different types of methodologies applied by different types of assurers. Suggestions provided by participants on regarding the improvement of the assurance statements in provide detailed information about the scope assessed by assurers during assurance processes were also addressed in this question. Responses obtained from this question were presented in the following sections by group.



6.2.2.1. Reporters’ Perceptions Regarding the Content Index Model Proposed and the Improvement of Credibility of Assured Sustainability Reports

The group reporters is composed of 18 participants and 14 (77.8%) of those responded that the Content Index Model proposed in this research improves the credibility of assured sustainability reports. Two participants (11.1%) did not have an opinion about it and another two participants responded that just the Content Index Model proposed is not enough to improve the credibility of assured sustainability reports.

Participants who have answered “Yes” provided three different types of comments to justify their answers. The majority of them (66.6%) explained that the credibility of assured sustainability reports increases with the Content Index Model proposed because readers will be able to clearly identify what was assessed and what was not assessed by assurers during the assurance process. For instance:

*“From the moment I clearly see what was assessed I trust on it.”* (Participant 10)

*“Credibility increases because there is transparency between GRI guidelines and the scope of the assurance.”* (Participant 19)

Regarding the two participants that did not agree, they explained that the Content Index Model proposed by itself is not enough, and that the reporting process and the assurance process must be improved in some additional aspects such as: reporting on organisations’ performance regarding sustainability indicators and the quality of the assurance statements. Regarding the quality of the assurance statements, one of the participants stated:

*“The Content Index Model proposed will increase credibility when the assurance statement is generic and does not provide detailed information, when you have a good assurance statement the model proposed will not improve the credibility, it will just facilitate readers’ understanding about the assurance conducted.”* (Participant 24)

Table 67 provides results about all comments received grouped by idea.

Group	Answer	Comment Provided	Number of Comments	Percentage of the total
Reporters	I do not Know	I do not know if the index model will improve credibility of assured sustainability reports	2	11.1%
Reporters	No	Just the index model is not enough	2	11.1%
Reporters	Yes	From the moment you clear identify what was assessed you trust on the job conducted	1	5.6%
Reporters	Yes	Improves credibility because there is more transparency in the process	1	5.6%
Reporters	Yes	Through the index model readers will be able to see what was assessed and what was not assessed by assurers	12	66.7%

Table 67: Reporters' opinion.

The next section provides information regarding the responses obtained from readers regarding the question “Does the Content Index Model proposed in this research improve the credibility of assured sustainability reports? Why?”

#### 6.2.2.2. Readers’ Perceptions Regarding the Content Index Model Proposed and the Improvement of Credibility of Assured Sustainability Reports

The group “readers” is composed of 20 participants and 21 comments were provided, with 66.6% of those comments in agreement with the idea that the Content Index Model proposed in this research improves credibility of assured sustainability reports. One participant did not have an opinion about it and another six participants responded that just the Content Index Model proposed is not enough to improve credibility of assured sustainability reports.

Participants who have answered “Yes” provided two different types of comments to justify their answers. The majority of them (57.1%) explained that the credibility of assured sustainability reports increases with the Content Index Model proposed because readers will be able to clearly identify what was assessed and what was not assessed by assurers during the assurance process. For instance:

*“Credibility will be improved because the model will level the readers’ expectations. Deceptions happen when you expect a lot and do not receive it. Through the Content Index Model proposed readers will see exactly what was assessed by assurers.”* (Participant 44)

*“Readers will be able to read something on the sustainability report and they will see if that information was assessed or not by the assurance provider, this increases credibility.”* (Participant 32)

The other justification for the increase in credibility through the use of the Content Index Model proposed was that assurers will have to improve their methodology and provide a higher quality service because they will be more exposed, for example:

*“This model will bring seriousness to the assurance process...they will have to perform a good job and not just to provide a perfunctory service.”* (Participant 48)

Regarding the participants that did not agree, they explained that the Content Index Model proposed by itself is not enough, and that the reporting process and the assurance process must be improved in some additional aspects such as: reporting on organisations’ performance regarding sustainability indicators, more detailed assurance statements, the improvement of the assurers’ independence in assurance processes and the balance of positive and negative information in assurance statements. For example, regarding the independence of assurers one of the participants said:

*“The Content Index Model proposed brings more clarity but the roles of assurers must be better defined.”* “Assurers are not there to contribute to the organisation’s

*sustainability reporting process or to improve organisations’ internal processes, assurers are there to be independent and say this is true and this is not true!.”* (Participant 12)

Table 68 provides detailed results about all comments received grouped by idea.

Group	Answer	Comment Provided	Number of Comments	Percentage of the total
Readers	I do not Know	I do not know if the index model will improve credibility of assured sustainability reports	1	4.8%
Readers	No	Just the index model is not enough	6	28.6%
Readers	Yes	Through the index model readers will be able to see what was assessed and what was not assessed by assurers.	12	57.1%
Readers	Yes	It is good because assurers will have to improve their methodology otherwise they will be exposed	2	9.5%

Table 68: Readers' opinion.

The next section provides information regarding the responses obtained from assurers regarding the question “Does the Content Index Model proposed improve credibility of assured sustainability reports? Why?”

### 6.2.2.3. Assurers’ Perceptions Regarding the Content Index Model Proposed and the Improvement of Credibility of Assured Sustainability Reports

The group “assurers” is composed of 13 participants and nine of those (69.2%) responded that the Content Index Model proposed in this research improves credibility of assured sustainability reports. Table 69 provides results about the comments received grouped by idea.

Group	Answer	Comment Provided	Number of Comments	Percentage of the total
Assurers	No	Readers will not understand the content index model proposed	1	7.7%
Assurers	No	The index model does not clear demonstrate if GRI principles and internal processes were assessed	2	15.4%
Assurers	No	Just the index model is not enough	1	7.7%
Assurers	Yes	The index model keeps the assurance process more transparent improving credibility	1	7.7%
Assurers	Yes	It is good because assurers will have to improve their methodology otherwise they will be exposed	1	7.7%
Assurers	Yes	Through the index model readers will be able to see what was assessed and what was not assessed by assurers	7	53.8%

Table 69: Assurers' opinion.

The majority of the participants (53.8%) mentioned that through the Content Index Model proposed, readers will be able to clear identify what was assessed and what was not assessed by assurers during the assurance process, for instance:

*“The model keeps the assurance process clearer, and once it is clearer it becomes more credible.”* (Participant 23)

Another participant also stated that the Content Index Model proposed will increase the assurers' responsibility in regards the assurance process, she said:

*“This model improves credibility of assured sustainability reports and assurers will be more engaged. Today, if someone identifies something wrong on the sustainability report and ask the assurer about it, that assurer could say that it was not included on the scope. This Content Index Model proposed brings more responsibility for assurers.”* (Participant 5)

Although most of the comments provided supported the use of the Content Index Model, some of the participants (30.8%) did not support the use of the Content Index Model. Among the comments that did not support the Content Index Model proposed three aspects were mentioned: (1) readers will not understand the Content Index Model proposed, (2) the Content Index Model proposed does not demonstrate if GRI principles and internal processes were assessed; and (3) the use of the Content Index Model proposed by itself is not enough to improve credibility of assured sustainability reports.

The next section summarises the responses obtained from reporters, readers and assurers regarding the question “Does the Content Index Model model proposed help to reduce the reasonableness and performance gaps? Why?” and the proposition P7 (the use of the Content Index Model proposed reduces the reasonableness and the performance gap).

### 6.2.3. Summary and Answer for the RSQ 6 “Does the Content Index Model Proposed in this Research Help to Reduce the Reasonableness and the Performance Gaps?”

First, this section aimed to answer the RSQ 6 “Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps??” through the exploration of participants' perceptions. Second, this section aimed to assess the propositions P7 (The use of the proposed Content Index Model reduces the reasonableness and the performance gap) and P8 (The use of the proposed Content Index Model improves sustainability reports' readers understanding about the assurance process of GRI sustainability reports).

Results obtained demonstrate that all groups' participants (assurers, reporters and readers) presented similar responses in relation to the use of the Content Index Model proposed as an instrument to reduce the reasonableness and the performance gap. Figure 19 presents results obtained regarding this aspect by participant group.

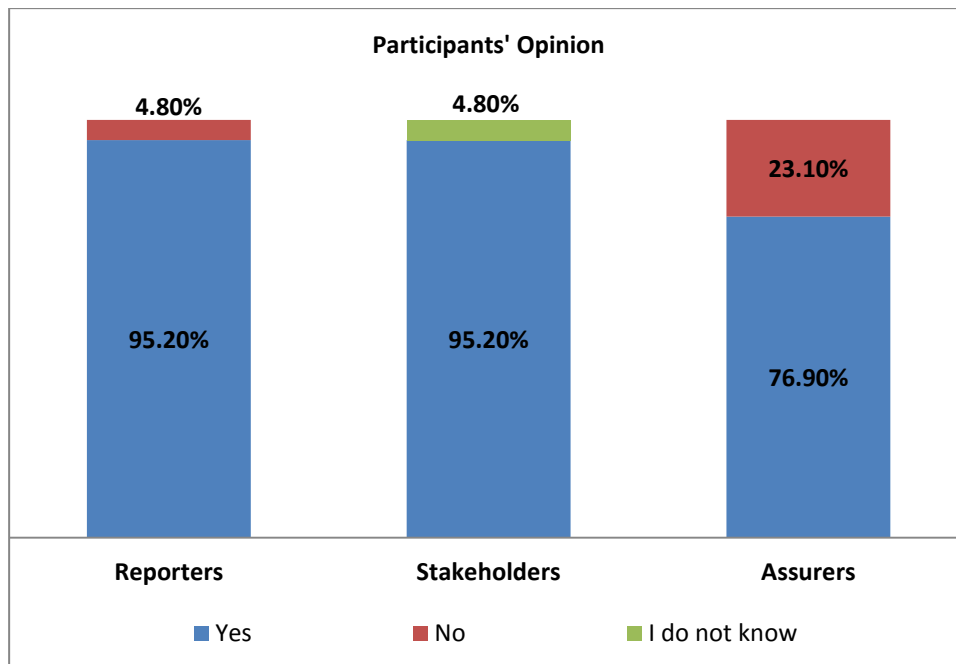


Figure 19: Participants' opinion about improvement of readers understanding.

Most of the participants stated that the index content model proposed will improve sustainability reports' readers understanding regarding the scope of the assurance processes. According to previous sections, reasonableness and performance gap exists because different assurers have been providing assurance services using different methodologies and the results of the assurance process have been reported in assurance statements that most of the readers are not able to understand.

The use of the Content Index Model proposed in this research addresses these issues, contributes towards the improvement of assurance practice and reduces the reasonableness and the performance gaps. Besides improving readers' understanding about the scope of the assurance process, some of the participants also mentioned that the use of the Content Index Model will improve the quality of the assurance process as a whole, as organisations and assurers will be more exposed with the transparency of the scope and responsibilities of the assurers' in regards the aspects assured during the assurance process.

The second question stated in this section aimed to assess participants' opinion regarding the increase in credibility of assured sustainability reports through the use of the Content Index Model proposed in this research. The Figure 20 presents participants' responses regarding this matter by group.

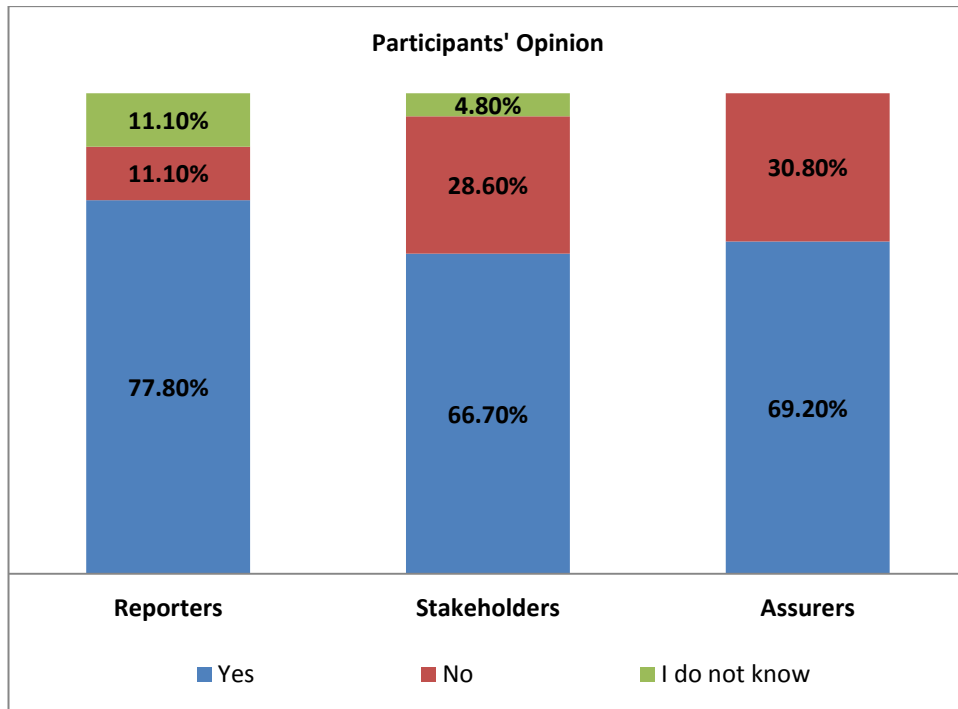


Figure 20: Participants' opinion about improvement of credibility.

Most of the participants responded that the content index model proposed will improve credibility of assured sustainability reports. Reporters had the highest percentage of support for the use of the Content Index Model compared to the percentage of responses obtained from reporters and readers groups. Considering the reasons for the reasonableness and performance gaps identified in previous sections, the results obtained suggest that the Content Index Model proposed in this research could be used to improve credibility of assured sustainability reports and as a result, be instrumental in reducing the reasonableness and the performance gaps.

Besides improving the credibility of assured sustainability reports, some of the participants also mentioned that the use of the Content Index Model will improve the quality of the assurance process as a whole, as assurers will be more exposed with the transparency of the scope and their responsibilities in regards the aspects assessed by them during the assurance process.

Results obtained provided support for the veracity of proposition P7 that the use of the Content Index Model proposed reduces the reasonableness and the performance gaps and P8 that the use of the Content Index Model proposed can improve readers understanding in relation to the assurance process of GRI sustainability reports.

### 6.3. Chapter Summary

This Chapter first addressed RSQ 5 and identified suggestions to improve the quality of the assurance process and assurance statement in order to reduce the reasonableness and the performance gap. The most mentioned suggestions were standardization of the methodology used to provide assurance services and improvement of the assurance statements through the use of more accessible language and through the provision of more detailed information.

Second, this Chapter addressed the RSQ 6 and provided support for the proposition P7 that the use of the Content Index Model proposed reduces the reasonableness and

the performance gap and for proposition P8 that the use of the Content Index Model proposed improves understanding of readers regarding the assurance process of GRI sustainability reports. To conclude, this Chapter also contributed to research related to the expectation-performance gap theory. The next Chapter presents conclusions of this research.

# CHAPTER 7: CONCLUSION

## 7.1. Introduction

This Chapter summarises the findings from this research. The contributions made by this research and implications of the findings are provided in this Chapter. Final sections of this Chapter provide a discussion of the limitations, suggestions for future research and present overall conclusions.

## 7.2. Overview of the research

Previous studies have outlined the importance of the practice of assurance of sustainability reports. According to some of those studies, the assurance process of GRI sustainability reports is beneficial to organisations, providing benefits such as an improvement in the credibility of sustainability reports and the organisations' internal processes (AccountAbility 2008; Adams & Evans 2004; Cheng, Green & Ko 2012; Edgley, Jones & Solomon 2010; Fédération des Experts Comptables Européens 2003; Global Reporting Initiative 2011; Hodge, Subramaniam & Stewart 2009; Owen, Chapple & Urzola 2009; Park & Brorson 2005; Simnett, Vanstraelen & Chua 2009; Zadek & Raynard 2004).

However, some authors have questioned the real benefits of assurance processes due to the way they have been performed. For instance, Owen, Chapple and Urzola (2009) argue that a stream of academic research has strongly questioned the efficacy from assurance in enhancing transparency to key stakeholder groups. Dando and Swift (2003) note that much assurance practice has been framed by financial assurance models that are inadequate for the qualitative dimensions of social, ethical and environmental performance. Ball, Owen and Gray (2000) state that verification practices exhibit a "managerial turn" rather than representing corporate commitment to external transparency and accountability.

The increasing numbers of organisations reporting their performance through GRI sustainability reports worldwide and the increasing relevance of the sustainability concept are factors now driving the use of assurance of sustainability reports (Brown, de Jong & Levy 2009; Cheng, Green & Ko 2012; Clark & Master 2012; Futerra, SustainAbility & KPMG Global Sustainability Services 2010; Kolk & Van Tulder 2010; KPMG et al. 2010; Mori Junior, Best & Cotter 2012; Mori Junior, Best & Cotter 2013; Müller, Mori Junior & da Silva 2008; Perego & Kolk 2012; Phatak, Bhagat & Kashlak 2005). Given the relative immaturity of the assurance processes for sustainability reports and the lack of studies in this area, some scholars have emphasised the need for more studies on the assurance process of sustainability reports (Adams & Evans 2004; KPMG 2005; Mock, Strohm & Swartz 2007; Mori Junior, Best & Cotter 2013; O'Dwyer, B. & Owen, D. 2005).

This research explores the existence of an audit expectation-performance gap in the assurance of GRI sustainability reports in Brazil. It examines assurers', reporters' and readers' perceptions about the assurance process of GRI sustainability reports considering both stakeholder theory and the audit expectation-performance gap theory. The assessment of participants' perceptions was focused on four issues: (1) the existence of a reasonableness gap; (2) the existence of a performance gap, (3) reasons for the existence of the reasonableness and the performance gaps, and (4) recommendations to reduce the reasonableness and the performance gaps. This



research used the concept of performance gap articulated by Porter (1993), which is “the gap between the expected standard of performance of auditors’ existing duties and auditors’ perceived performance”. The definition of reasonableness gap used is also the one stated by Porter (1993), which is “the difference between society’s expectations of what auditors should achieve and what auditors can reasonably be expected to achieve”.

Previous studies have assessed the expectation-performance gap in financial and non-financial audits (Best, Buckby & Tan 2001; Fadzly & Ahmad 2004; Frank, Lowe & Smith 2001; McEnroe & Martens 2001; O’Dwyer, Unerman & Hession 2005; Salehi, Mansoury & Azary 2009) but few have assessed the reasonableness gap and the performance gap individually. The assessment of the reasonableness and performance gaps individually allows the research to explore in details not just the difference between expectations held by stakeholders regarding the external audit or assurance process, and the service actually provided by auditors or assurers; but also to explore in details the auditors’ or assurers’ performance in relation to the existing auditors’ or assurers’ responsibilities. The assessment of the reasonableness gap and the performance gap in the assurance of GRI sustainability reports has also been not fully explored in previous studies.

This research used an embedded design mixed method, which involves quantitative data embedded in a qualitative approach with a single exploratory case study (Brazil) to address the research questions. The selection of an appropriate research approach was determined by the need to obtain data from participants to enable the researcher to answer the research questions and better explore the object under investigation. Data was obtained through semi-structured interviews conducted with assurers, reporters and readers representatives in Brazil.

### 7.3. Summary of main results

This research addressed the research question: “Is there an expectation-performance gap in assurance of GRI sustainability reports in Brazil, and, if so, what are its reasons and ways to reduce it?” To answer the main research question underlying this research, six research sub questions were stated. The first research sub question (RSQ 1) asked was: “Is there a reasonableness gap in the assurance of GRI sustainability reports in Brazil?” In line with previous studies’ findings that identified the reasonableness gap in financial audits (Best, Buckby & Tan 2001; Fadzly & Ahmad 2004; Frank, Lowe & Smith 2001; McEnroe & Martens 2001; Salehi, Mansoury & Azary 2009), this research found support for the existence of a reasonableness gap in assurance services of GRI sustainability reports in Brazil. Results provide support for a reasonableness gap amongst reporters and readers regarding the responsibilities of assurers for detecting all incorrect information in the sustainability reports during the assurance process and support for a reasonableness gap by readers regarding assurers’ responsibility for assessing the GRI principles of timeliness and completeness.

Results provided no support for a reasonableness gap amongst reporters and readers regarding the assurers’ responsibility for the functioning of the organisations’ internal control structure and regarding assurers’ responsibility for assessing the GRI principles of materiality, stakeholder inclusiveness, sustainability context, balance, comparability, accuracy, clarity and reliability. Furthermore, those results provide

support for the veracity of the proposition P1 “There is a reasonableness gap regarding the assurance of GRI sustainability reports”.

The second research sub question (RSQ 2) asked “If so, why does such a reasonableness gap exist?” reader and reporter representatives answered this question and pointed out that the methodology employed and the format of assurance statements provided by assurers are contributing to the existence of a reasonableness gap.

Related to the methodology employed by assurers, the most criticised aspects were the scope of the assurance process and the assurance processes’ lack of quality. Reporters and readers mentioned that the scope of assurance processes seems to involve just checking numbers instead of assessing qualitative information. In addition, those participants reported that assurers are too superficial in their analysis and do not perform fieldwork, and in their opinion assurers tend to assess documents only superficially.

In addition, results demonstrated the lack of importance of assurance statements to participants. Participants also criticised the lack of useful information in assurance statements and the lack of a clear statement of opinion about the sustainability report assured. Some of the participants criticised the methodology used and assurance statements provided by accounting firms. Those participants believed that accounting firms just check numbers during the assurance process and do not assess qualitative information. It was also mentioned by those participants that consulting firms provide better assurance statements because their statements provide more detailed information about the aspects assessed during the assurance process and recommendations for the sustainability report improvement.

Furthermore, it was observed that readers tend to be more critical about sustainability reports. The percentage of negative comments provided by readers regarding the assurance process and the assurance statement were higher than reporters. Readers also provided more criticisms regarding assurers’ independence during the assurance process than reporters.

Results obtained from the RSQ 2 provide support for the veracity of proposition P2, which is: “Reporters and readers lack of knowledge about the GRI key qualities and recommendations for assurance contributes to the existence of a reasonableness gap” and proposition P3, “Readers inability to understand the information provided through the assurance statements contributes to the existence of a reasonableness gap”. Regarding proposition P3, some of the participants stated that readers are not able to understand assurance statements because assurance statements use a technical language that most of the readers are not able to understand.

The lack of assurers’ independence, the lack of assurers’ technical skills to conduct assurance processes, the organisations’ demand for assurance statements in their report regardless the quality of the assurance process conducted, and the lack of clear benefits were also mentioned by a smaller percentage of participants as aspects that have been contributing to the existence of a reasonableness gap.

The third research sub question (RSQ 3) asked “Is there a performance gap in the assurance of GRI sustainability reports in Brazil?” Results obtained provide support for the existence of a performance gap in two aspects: (1) the assurers’ responsibility for detecting all incorrect information in the sustainability reports during the assurance process; and (2) the assurers’ responsibility for assessing the GRI principles of sustainability context, balance and clarity during the assurance process. Those results support the veracity of the proposition P4, which is the existence of a performance gap regarding the assurance process of GRI sustainability reports.

Results provided no support for a performance gap for assurers regarding the assurers' responsibility for the functioning of the organisations' internal control structure and regarding assurers' responsibility for assessing the GRI principles of materiality, stakeholder inclusiveness, completeness, accuracy, comparability, accuracy and reliability.

The fourth research sub question (RSQ 4) asked "If so, why does such a performance gap exist" Considering the assurers' point of view, the methodology used by assurers, organisations reasons for assurance and the format of assurance statements are contributing to the existence of a performance gap.

Regarding the methodology, assurers interviewed suggested that there are different assurers providing assurance services employing different methodologies, using different scopes and different assurance statements, and most of the organisations and sustainability reports' readers are not able to understand those differences. Assurers also have criticised organisations. According to some Assurers, organisations do not care about the quality of the assurance processes, they just want an assurance statement in their sustainability reports regardless of the quality of the assurance process conducted and the scope assessed.

The technical language employed, the lack of an assurer's opinion about the sustainability report assured and the lack of detailed information about the assurance process conducted were the aspects most criticised by assurers related to assurance statements. The same way readers and reporters have criticised assurance statements provided by accounting firms previously in this research, Assurers, including those representing accounting firms, addressed their criticisms to assurance statements provided by accounting firms.

Results obtained from RSQ 4 provide support for the veracity of the proposition P5, which is: "Assurers do not have knowledge about the GRI key qualities and recommendations for the assurance process" and proposition P6, "Readers inability to understand the information provided through the assurance statements contributes to the existence of a performance gap". None of the assurers interviewed was able to provide information about at least one of the GRI key qualities and recommendations for the assurance process. All assurers also stated that sustainability reports' readers are not able to understand assurance statements due to the lack of detailed information about the assurance carried out and the lack of a clear assurers' opinion about the sustainability report assured.

The lack of assurers' independence, the lack of assurers' technical skills to conduct assurance processes, the lack of interest by organisations and stakeholders in assurance statements and the lack of orientation from GRI regarding assurance processes were also mentioned by a smaller percentage of assurers as aspects that have been contributing to the existence of a performance gap.

The fifth research sub question (RSQ 5) asked "How can the reasonableness and the performance gaps be reduced?" Assurers, reporters and readers provided similar recommendations to improve the assurance process. Standardisation of the methodology employed was the recommendation most suggested. According to the participants, this standardisation must establish the minimum requirements that must be followed by assurers during all assurance processes, including minimum aspects that must be assessed and information that must be provided on assurance statements. Improvement of assurers' technical skills through courses or certifications was also suggested by assurers, reporters and readers.

Improvement of assurers' independence was mentioned only by reporters and readers. Those participants suggested that assurers' independence could be improved

through the transparency of both the positive and negative aspects identified during the assurance process and through the assessment of the sustainability report's final version just one time rather than assess the sustainability report many times during the development of the organisation's sustainability report. It means that assurers must provide an assurance and not a consultancy. The responsibilities of the assurance provider should be clearly defined and informed in a transparent way to provide accountability.

If significant aspects are identified during the assurance process those significant aspects should result in qualified opinion instead of assurers re-assessing the problem many times until the problem is solved. If the continuous re-assessment of significant problems identified is considered, then the re-sample selection should also be considered by assurers during the assurance process.

It is also important to highlight that regardless the use of qualified opinion in assurance statements, recommendations to improve the organisations' learning process, capacity building and improvement of internal process could still be provided by assurance providers during the assurance process through internal or external reports.

The different negative aspects and flaws stated by participants in regards the assurance process might be contributing or being the reason for the lack of interest of participants in relation to the assurance process of sustainability reports. Participants interviewed in this research clearly mentioned that they do not read and do not care about assurance statements.

Regarding the recommendations to improve the assurance statements, all participants suggested improving the content and format of assurance statements. Providing clearly the scope of the assurance performed on the assurance statement was the recommendation most mentioned in all groups (assurers, readers and reporters). Recommendations to provide details about the results obtained, the use of an accessible language, a clear assurers' opinion about the sustainability report assured and recommendations to improve the sustainability report assured were also suggested.

The sixth research sub question (RSQ 6) asked "Does the Content Index Model proposed in this research help to reduce the reasonableness and the performance gaps?" The Content Index Model proposed in this research (appendix 9) was developed considering the researcher's professional experience combined with previous studies related to the assurance processes and sustainability reports. The Content Index Model proposed in this research aims to reduce the reasonableness and the performance gap through the improvement of the sustainability report readers' understanding regarding the scope of the assurance process conducted and as a consequence, improving the credibility of assured sustainability reports.

The Content Index Model proposed in this research determines that the GRI content index, already used by organisations that apply the GRI guidelines to develop their sustainability reports, should include an additional column named "External Assurance". This column will be used to inform the scope of the assurance conducted against each one of the GRI standards. The idea behind it is that, regardless of the type of the assurance statement provided, the scope of the assurance conducted will be clear for all sustainability report readers improving the responsibility of both organisations and assurers. Organisations will need to provide explanations for their stakeholders regarding the scope contracted and assurers will be more responsible for their performance as the Content Index Model proposed will clearly list each of the GRI standards that were assured.

Results obtained from exploring SR6 provide support for proposition P7 which is “The use of the Content Index Model proposed reduces the reasonableness and the performance gap regarding the assurance process of GRI sustainability reports”. Although the majority of the assurers’, reporters and readers responses provided support for proposition P7 and believed that the Content Index Model proposed will improve credibility of assured sustainability reports, assurers had a lower level of support regarding the usefulness of the Content Index Model in reducing the reasonableness and the performance gaps compared to readers and reporters. This behaviour could be because assurers would be more accountable if the Content Index Model was used as the assurance scope will be detailed and accessible for all sustainability reports readers.

The Content Index Model proposed in this research (appendix 9) was presented to GRI through the conference presentation “GRI Guidelines for assurance of sustainability reports” at the Australian GRI Conference on Sustainability and Integrated Reporting, in March 2012 in Melbourne Australia (Mori Junior, Best & Cotter 2012). The Content Index Model has been included on the latest version of the GRI guidelines (appendices 10 and 11), named “GRI G4 Sustainability Reporting Guidelines” and released in May 2013 (Global Reporting Initiative 2013, pp. 31 - 5). In conclusion, in addition to support for the existence of a reasonableness gap amongst reporters and readers and the support for the existence of a performance gap for assurers regarding the assurance process of GRI sustainability reports, most of the participants were dissatisfied with the assurance for GRI sustainability reports in Brazil. The difference in methodologies employed by different assurers and the lack of understandability of assurance statements for the majority of the sustainability reports’ readers were the two most criticised aspects.

Clearly some participants were sceptical of the ability of assurance processes to add value as this type of service has been considered just a “stamp of approval” to be included in organisations’ sustainability reports, regardless of the quality of the assurance process or the assurers’ technical skills. This inability to add value was identified especially in assurance processes and assurance statements conducted by accounting firms. According to some participants, assurance processes conducted by accounting firms tend to be superficial and assess quantitative information rather than assess qualitative information. Those participants also were concerned that assurance statements provided by accounting firms are not understandable for most of the sustainability reports’ readers.

Furthermore, this is still a voluntary service without regulation in most of the countries and GRI allows and recognises “everything” as an external assurance, which has been resulting in different types of assurances, provided by different types of assurers and most of them not achieving minimum assurance requirements stated by assurance standards. In addition, this research also obtained support for the use of the Content Index Model proposed as an instrument to reduce the reasonableness and the performance gaps and to improve sustainability reports’ readers understanding regarding the assurance process of GRI sustainability reports.

Finally, besides the contribution to the expectation-performance gap theory through the support for the existence of a reasonableness gap for reporters and readers and support for the existence of a performance gap for assurers, this research also contributes to one of the aspects of the stakeholder theory considered in this research, in which different stakeholders have different perceptions and interests. Differences among the assurers’, reporters’ and readers’ perceptions and interests were identified in the following aspects: (1) readers believe it is the assurer’s responsibility to assess

the GRI principles of timeliness and completeness while reporters do not; (2) readers tend to be more critical about sustainability report than reporters, especially regarding assurers' independence during the assurance process; (3) only reporters and readers suggested improvements of assurers' independence; and (4) assurers had a lower level of support regarding the usefulness of the Content Index Model in reducing the reasonableness and the performance gaps compared to readers and reporters.

#### 7.4. Implications for practice

This research highlighted weakness and concerns about the assurance processes of GRI sustainability reports. Findings identified in this research demonstrate that the assurance process has not been achieving assurers', reporters' and readers' expectations. Publication of these finding may lead to improvements in the practice of the assurance process of GRI sustainability reports and also seek further discussions with GRI and other entities involved with the assurance process of GRI sustainability reports. In addition, the Content Index Model proposed in this research, already adopted by GRI, could be used in assured sustainability reports developed with other reporting frameworks besides the GRI guidelines.

This research provides additional recommendations suggested by participants to reduce the reasonableness and performance gaps and to improve the credibility of assured sustainability reports, as follows:

- All assurance statements must contain at least minimum requirements predetermined regardless the type of assurance provider, such as: methodology applied, the scope covered including GRI indicators and principles assessed, competences of the assurance providers, limitations, sample criteria used, information about assurers independence from the reporting organisation and impartiality toward stakeholders and qualified opinion for insufficient appropriate audit evidence and material misstatements related to errors, omissions or misrepresentations if the reporting organisation does not agree to incorporate or overcome them in its sustainability report during the assurance process<sup>24</sup>.
- The language used to develop assurance statements must be clear for the majority of sustainability reports' readers. The use of plain language instead of the use of technical language would be useful to make assurance statements clearer for the majority of the readers. The use of plain language could also be used to complement technical information achieving the same goals, which is make assurance statements understandable for the majority of the readers;
- The assurers' opinion regarding the organisations' sustainability report assured must be clear and included in the assurance statement;
- The scope of the assurance process must be clearly presented to sustainability reports' readers, including GRI indicators and principles assessed;

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<sup>24</sup> Material misstatements that cannot be compensated for by additional work, should also result in a qualified conclusion.

- The scope of the assurance process could be defined by the organisations' stakeholders. Stakeholders' expectations regarding the scope of the assurance process could be obtained during public consultations and/or during stakeholder engagement processes. Some organisations tend to use public consultation and engage with their stakeholders to identify the materiality of their report. The same instruments could be used to help determining the scope of the assurance process;
- Assurance processes must be provided based on an assurance methodology and not on that of a consultancy, where organisations have many opportunities to improve their sustainability reports during the assurance process, avoiding the consultancy bias during the assurance process;
- Significant problems identified during the assurance process must be reported in the assurance statements. Follow up in relation to problems identified during previous assurance processes could also be reported;
- Assurers must be technically qualified in both, assurance practice and sustainability reporting;
- Assurers must state their opinion freely and include findings in their assurance statement without any bias or restrictions;
- The scope of the assurance process must assess qualitative (GRI principles) and quantitative (GRI indicators) information.

This research also recommends GRI to provide more detailed information about the assurance process of sustainability reports as it recommends the use of assurance as an instrument to improve credibility of the sustainability report. GRI could clearly communicate its perspectives and expectations regarding the assurance process and better orient and inform GRI guidelines users about those perspectives and expectations. In addition, GRI could foster initiatives to orientate GRI guidelines users about assurers' responsibilities during assurance processes and foster discussions about assurance of sustainability reports improvement opportunities.

## 7.5. Research contribution

### 7.5.1. Contributions to the literature

This research has made contributions to knowledge regarding the assurance process of sustainability reports. The following points explain how this research contributes to knowledge:

- This research contributes to the understanding of the assurance process of GRI sustainability reports in Brazil, a global leader in the sustainability reporting;
- This research contributes to the literature on the assurance of GRI sustainability reports. Results demonstrated that reporters, readers and assurers are dissatisfied with assurance processes and assurance statements in Brazil, in particular the existence of different types of assurers conducting

different assurances with different methodologies and the lack of clear information about the assurance conducted in the assurance statements;

- This research is the first to examine the assurance process of GRI sustainability reports under the expectation-performance theory;
- This research assessed the existence of a reasonableness gap and performance gap separately, rather than combining them into an expectation-performance gap. The reasonableness gap was assessed by comparing reporters and readers' responses against assurance standards ISAE 3000 and AA 1000 and GRI guidelines. The performance gap was assessed comparing Assurers' responses against assurance standards ISAE 3000 and AA 1000 and GRI guidelines;
- This research contributes to the expectation-performance gap literature providing support for: (1) the existence of reasonableness gap regarding the responsibilities of assurers for detecting all incorrect information in the sustainability reports and regarding assurers' responsibility for assessing the GRI principles of timeliness and completeness; (2) the existence of a performance gap regarding the assurers' responsibility for detecting all incorrect information in the sustainability reports and regarding assurers' responsibility for assessing the GRI principles of sustainability context, balance and clarity;
- This research extends prior research in the expectation-performance gap theory and in the assurance of sustainability reports identifying the reasons for the existence of the reasonableness and performance gaps, such as: the assurance processes' lack of quality, the superficiality of assurers in their analysis, the lack of useful information in assurance statements, readers inability to understand information provided through assurance statements, participants lack of knowledge about the GRI key qualities and recommendations for assurance and the lack of an assurer's opinion about the sustainability report assured in assurance statements (see Chapters 4 and 5 for more detailed information);
- This research contributes to the aspect of the stakeholder theory considered in this research, in which stakeholder theory focuses on the nature of the relationships between organisations and their stakeholders in terms of processes and results, and different stakeholders have different perceptions and interests. Differences among the assurers', reporters' and readers' perceptions and interests were identified as follows: (1) readers believe it is the assurer's responsibility to assess the GRI principles of timeliness and completeness while reporters do not; (2) readers tend to be more critical about sustainability reports than reporters, especially regarding assurers' independence; (3) only reporters and readers suggested improvements to assurers' independence; and (4) assurers had a lower level of support regarding the usefulness of the Content Index Model in reducing the reasonableness and performance gaps compared to readers and reporters.

### 7.5.2. Contributions to practice

This research has the potential to contribute to the practice of assurance of sustainability reports and to the GRI guidelines. This research achieved one of its goals which was to improve assurance processes. The Content Index Model proposed



in this research to improve the transparency of the assurance processes was accepted and included at the latest version of the GRI guidelines launched in May, 2013.

Furthermore this research provided recommendations and suggestions for the development of the assurance practice of sustainability reports. Some of the results obtained may help to solve practical problems faced by assurers involved with assurance of sustainability reports and reporters involved with assurance processes and sustainability reporting. This research also contributes to the practice of assurance, providing information regarding assurers, reporters and readers' perceptions regarding the GRI guidelines, assurance processes and assurance statements.

Findings of this research suggested that the assurance process of GRI sustainability reports may not be meeting assurers', reporters' and readers' expectations. The results are expected to inform professionals, policy makers and entities involved with assurance practice and sustainability reporting which may subsequently encourage them to develop and improve the assurance practice of GRI sustainability reports.

## 7.6. Limitations of the research

This research achieved its objectives but a number of limitations are recognised by the researcher. First, participants were separated into three different groups: assurer representatives, reader representatives and reporter representatives. Each participant was responsible to identify the group that better represents his/her professional experience. However, some participants identified more than one group to describe his/her professional experience. In this situation, the participant chose the group best reflecting the majority of his/her professional experience. The fact that participants have professional experience in more than one of the groups identified in this research (assurers, reporters and readers) could have impacted on their perceptions regarding the assurance process. For instance, participants who had worked as assurance providers in the past but had been classified as reporters or readers, still have knowledge and experience about the assurance process, so their perceptions will be different from the reporters or readers who have never worked as assurance providers.

Second, according to some authors, even in well-designed studies, only about half the respondents fully understand all questions (Neuman 2006). This situation could have created a response bias reflected in the research findings, conclusions and recommendations. To avoid this bias all interviews began with an introductory section, followed by the instructions and then questions themselves. In addition, all questions included on the questionnaire are clear, straightforward and objective.

Third, results presented at this research can not be generalizable for two reasons. First, as discussed in Chapter 3 Methodology, embedded design mixed method in a qualitative approach with a single exploratory case study strategy was employed in this research not to generalise results, but to answer the research questions and to explore the existence of an expectation-performance gap for assurance of GRI sustainability reports in Brazil. Second, statistical analyses in this research were conducted through a small sample not to generalise results, but to follow Gillham's (2000, p. 87) statement that a case study research to operate in the real world must consider quantitative data analysis, whether or not it is statistically significant. Regarding statistical significance in small samples in qualitative research, Marshall (1996) states that the aim of the qualitative approach is to improve the understanding

of complex human issues, and this aim is more important than the generalisability of results. In this way, the non-statistical significance of the quantitative analyses presented in this research must be carefully interpreted and could not be generalised to a broader context based on this research alone.

Fourth, this research is based on interviews with assurers, reporters and readers. However other groups and key professionals such as GRI representatives could also contribute to the questions assessed and explored in this research. Due to this limitation, results of the data could not be generalised beyond the selected groups.

Fifth, results were based on participants' perceptions which may not reflect the participants' real views. Sometimes participants may provide responses to satisfy the researcher's expectations or they may not wish to expose problems.

Sixth, during the research development GRI launched in May, 2013 its new "GRI G4 Sustainability Reporting Guidelines" (Global Reporting Initiative 2013). As the research questionnaire and interviews were developed and conducted before May 2013, all aspects related to the GRI guidelines used in this research considered the version GRI G3 3.1 (Global Reporting Initiative 2011) launched in 2011.

Seventh, although the stakeholder theory has a variety of complex points of view and has been widely applied in different circumstances in different areas, this research considers only two aspects of the stakeholder theory, which stakeholder theory focuses on the nature of the relationships between organisations and their stakeholders in terms of processes and results, and that different stakeholders have different perceptions and interests.

Eighth, according to the boundaries defined in this research, differences between apparent and actual credibility were not addressed. This research also did not address and did not include aspects of legitimacy in its analyses and conclusions. Finally, limitations to the statistical tests must be considered when interpreting the quantitative results because all statistical tests were conducted by group (assurers = 13 participants, reporters = 18 participants and readers = 20 participants) resulting in small sets of data.

## 7.7. Future research

Despite the limitations of the research, the results obtained will contribute to future investigations in sustainability reporting and assurance practice. Certainly, there are considerable opportunities for further work to extend the results obtained to different settings. Future research can:

- Replicated this research with a larger and more representative sample. It is also recommended that this research be replicated in different business sectors and countries and/or regions;
- Explore motivations and benefits of issuing an assured sustainability reports, considering different players, such as: assurers, reporters, policymakers, investors, stakeholders and NGOs;
- Explore advantages, disadvantages and quality of different types of assurance services provided by different assurance providers (accounting firms, consulting firms, stakeholders, specialists, NGOs);
- Explore the assurance process in relation to integrated reports;
- Develop minimum quality criteria for assurance processes and assurance statements;

- Explore how the wording of the assurance statements impacts on stakeholders' perceptions regarding sustainability reports' quality, transparency and credibility;
- Further explore the use and implications of the Content Index Model proposed in this research and included in the GRI G4 Sustainability Reporting Guidelines;
- Further explore reasons and aspects contributing for the lack of interest of participants in relation to the assurance process of sustainability reports; and
- The use of qualified opinion in assurance statements and the role, responsibilities and contributions of assurance providers during assurance processes could be further explored by future studies. The impact of those issues on the independence of assurance providers could also be explored in future studies;
- Further explore similarities, differences and improvement opportunities between financial reporting audit processes and sustainability reporting assurance processes.

## 7.8. Conclusion

This research explored the expectation-performance gap amongst assurers, reporters and readers regarding the assurance process of GRI sustainability reports in Brazil. This research also assessed the reasons for the existence of this gap and explored opportunities to reduce it.

A combination of expectation-performance gap theory and stakeholder theory provided the basis for this research. In general, the results of the research are consistent with existing literature and extend it. The findings and conclusions exhibit practical utility and provide insights for future research.

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# APPENDICES

## Appendix 1 – Invitation Letter (a)



University of Southern  
Queensland

Australia, 29 May 2012

**Subject:** Information-Invitation Letter for Interview

This letter is an invitation to participate in a research study. Renzo Mor Junior is a PhD student in the Australian Centre for Sustainable Business and Development at the University of Southern Queensland, currently conducting research under the supervision of Professors Julie Cotter and Peter Best on the assurance process for GRI sustainability reports.

**Project Title:** Reducing the stakeholders' assurance expectation-performance gap for Global Reporting Initiative (GRI) sustainability reports in Brazil

### Project Overview

The primary objective of this research is to assess the extent of the stakeholders' assurance expectation-performance gap for Global Reporting Initiative (GRI) sustainability reports in Brazil, identify the reasons for the gap and propose ways to reduce this gap. Additionally some recommendations will be presented to reduce the stakeholders' assurance expectation-performance gap in the current assurance process for GRI reports.

Interviews will be performed using a questionnaire and conducted personally through a list of predetermined questions. Each interviewee will be interviewed separately and all questions will be asked in the same manner. All interviews will be recorded (audio recording) and will take about 50 minutes.

No reference will be made to the identity of the participants and respective organisations in the thesis or any published document.

### Voluntary Participation

Participation is entirely voluntary. If you do not wish to take part you are not obliged to. If you decide to take part and later change your mind, you are free to withdraw from the project at any stage. Any information already obtained from you will be destroyed.

Your decision whether to take part or not to take part, or to take part and then withdraw, will not affect your relationship with the University of Southern Queensland.

Should you have any queries regarding the progress or conduct of this research, you can contact the principal researcher.

## Appendix 2 – Invitation Letter (b)



University of Southern  
Queensland

### Ethical Concerns

If you have any ethical concerns with how the research is being conducted or any queries about your rights as a participant please feel free to contact the University of Southern Queensland Ethics Officer on the following details.

Ethics and Research Integrity Officer  
Office of Research and Higher Degrees  
University of Southern Queensland  
West Street, Toowoomba 4350  
Ph: +61 7 4631 2690  
Email: [ethics@usq.edu.au](mailto:ethics@usq.edu.au)  
[www.usq.edu.au](http://www.usq.edu.au)

Name of Principal Researcher: **Renzo Mori Junior**

Signed:  Date: 30/05/2012

Renzo Mori Junior  
Australian Centre for Sustainable Business and Development  
University of Southern Queensland  
Toowoomba Qld 4350  
Ph: 0423 265 521  
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[www.usq.edu.au/acsbd](http://www.usq.edu.au/acsbd)

Name of Principal Supervisor: **Prof. Julie Cotter**

Signed:  Date: 1/6/2012

Professor Julie Cotter  
Deputy Director  
Australian Centre for Sustainable Business and Development  
University of Southern Queensland  
Toowoomba Qld 4350  
Ph: 07 4631 2918 or 0488 555 349; Fax: 07 4631 2780  
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[www.usq.edu.au/acsbd](http://www.usq.edu.au/acsbd)

## Appendix 3 – Interview Protocol (a)

### Interview Protocol

Date: \_\_\_/\_\_\_/\_\_\_ Participant: n° \_\_\_\_\_

#### Definitions

The term “sustainability report” mentioned in this interview refers to the practice of measuring, disclosing, and being accountable for organizational performance while working towards the goal of sustainable development.

This study employed the term “assurance service” and “assurance provider” to refer for services that aim to provide a publicly opinion about the quality and content of sustainability reports and to professionals and/or entities providing assurance services.

The term “assurance statement” used in this study refers to the result of the assurance process provided by the assurance provider in a publicly issued assurance statement.

This study aims to assess the participants’ experience, perspectives and expectative regarding the assurance process of GRI sustainability reports currently provided in Brazil.

#### Identification

Please tick the aspect that better represents your professional experience:

- Professional involved with sustainability reporting  Professional involved with assurance process of sustainability reports  
 Stakeholder  \_\_\_\_\_

1. How long have you been familiar with sustainability reports?

\_\_\_\_\_

2. How long have you been familiar with *Global Reporting Initiative* (GRI) framework?

\_\_\_\_\_

## Appendix 4 – Interview Protocol (b)

3. How long have you been familiar with assurance process of sustainability reports?

\_\_\_\_\_

4. If interested in receive results of this study, please provide your email address.

\_\_\_\_\_

#### Instructions

This survey instrument was developed using two different question models: open questions and questions using a seven rating scale (semantic differential instrument (SDI)). To answer the SDI questions, please use one of the positions labelled as “STRONGLY AGREE”, “AGREE”, “SLIGHTLY AGREE”, “NEITHER ONE NOR THE OTHER”, “SLIGHTLY DISAGREE”, “DISAGREE” or “STRONGLY DISAGREE” which better represents your perspective.

Example:

e.1	Stakeholders are interested in sustainability reports	Strongly Agree	Agree	Slightly Agree	Neither one nor the Other	Slightly Disagree	Disagree	Strongly Disagree
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The example answer above shows that you “STRONGLY” agree with the statement.

e.1	Stakeholders are interested in sustainability reports	Strongly Agree	Agree	Slightly Agree	Neither one nor the Other	Slightly Disagree	Disagree	Strongly Disagree
-----	---	----------------	-------	----------------	---------------------------	-------------------	----------	-------------------

The example answer above shows that you “SLIGHTLY” disagree with the statement.

#### Additional Instruction

The interviewer opinion and perceptions about the interview’s themes will not be presented during the interview in order to avoid bias.

All information provided by all participants will be confidential. All participants will be identified in this study only through a sequential number that correspond to a sequential number of the interviews conducted. Any reference to names or organizations will not be mentioned in this study or any other publication resulted from this study.

Before start the interview would you like to discuss or clarify anything?

## Appendix 5 – Interview Questionnaire (a)

### A. General understanding about key aspects

1. What is your opinion about the GRI?

2. What is your opinion about the assurance service of sustainability reports current provided in Brazil?

3. What is your opinion about the assurance statements current provided in Brazil?

### B. Assurer providers responsibilities

1	Assurance providers are responsible for detecting all incorrect information in the sustainability report	Strongly Agree	Agree	Slightly Agree	Neither one nor the Other	Slightly Disagree	Disagree	Strongly Disagree
2	Assurance providers are responsible for the functioning of the organizations' internal control structure	Strongly Agree	Agree	Slightly Agree	Neither one nor the Other	Slightly Disagree	Disagree	Strongly Disagree

### C. GRI Recommendations regarding assurance processes and assurance statements

1. Are you familiar with any GRI recommendations regarding assurance processes and assurance statements?

Yes  No

If Yes, what? If No, go to question 4.

2. To improve credibility of the sustainability reports assurance providers must follow all the GRI recommendations?

Yes  No

Why?

## Appendix 6 – Interview Questionnaire (b)

3. Current assurance processes follow all the GRI recommendations?

Yes  No

If No, what are the recommendations not followed and why?

### D. Current assurance processes

1. Tick each one of the GRI principles that in your opinion must be assessed during the assurance process to improve credibility of the sustainability reports.

Materiality	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Stakeholder inclusiveness	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Sustainability context	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Completeness	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Balance	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Clarity	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Accuracy	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Timeliness	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Comparability	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Reliability	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle

2. Considering the GRI principles listed below, tick the option that better represents your opinion about the current scope of the assurance process.

Materiality	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Stakeholder inclusiveness	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Sustainability context	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Completeness	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Balance	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle



## Appendix 7 – Interview Questionnaire (c)

Clarity	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Accuracy	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Timeliness	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Comparability	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle
Reliability	<input type="checkbox"/> Not Assessed	<input type="checkbox"/> Assessed	<input type="checkbox"/> Not familiar with this principle

3. Current assurance process must be improved?

Yes  No

If Yes, Why and how?

### E. Current assurance statements

1. Are sustainability report readers able to understand the information provided through the current assurance statements?

Yes  No

Why?

2. Current assurance statements must be improved?

Yes  No

If Yes, Why and how?

### E. Content index model proposed

1. Does the content index model presented help readers to better understand scope of the assurance process?

Yes  No

## Appendix 8 – Interview Questionnaire (d)

Why?

2. Does the content index model presented help to improve credibility of assured sustainability reports?

Yes  No

Why?

3. Any suggestion, comment or criticism about the content index model?

Yes  No

If Yes, what?

### G. Conclusion

1. Would you like to discuss, criticize or suggest anything else?

2. Based on the content of the interview conducted, would you like to recommend anyone to participate?

Name: \_\_\_\_\_ Entity: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Name: \_\_\_\_\_ Entity: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Appendix 9 – GRI Content Index Model Proposed in this Research

GRI Content Index			
GRI Standards	Page	External Assurance	
<b>Strategy and Analysis</b>			
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	3	✓
1.2	Description of key impacts, risks, and opportunities.	4	
<b>Organizational Profile</b>			
2.2	Primary brands, products, and/or services.	12	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	8 - 10	
<b>Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1	✓
3.4	Contact point for questions regarding the report or its contents.	back cover	✓
3.5	Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report.	32 - 34	✓
3.12	Table identifying the location of the Standard Disclosures in the report.	70	
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	3 and 65 - 67	✓
<b>Management Approach and Performance Indicators</b>			
<b>Economic</b>			
EC 2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	40	✓
EC 3	Coverage of the organization's defined benefit plan obligations.	41	
<b>Environmental</b>			
EN 1	Materials used by weight or volume.	48	✓
EN 2	Percentage of materials used that are recycled input materials.	49	✓
<b>Social: Human Rights</b>			
HR 2	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	52	
HR 4	Total number of incidents of discrimination and actions taken.	53	✓
<b>Social: Society</b>			
SO 3	Percentage of employees trained in organization's anti-corruption policies and procedures.	58	✓
SO 4	Actions taken in response to incidents of corruption.	59	✓
<b>Social: Product Responsibility</b>			
PR 3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	62	✓
PR 9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	not reported	

# Appendix 10 – GRI Content Index Model Proposed Included at the GRI Guidelines G4

## GRI CONTENT INDEX

### G4-32

- a. Report the 'in accordance' option the organization has chosen.
- b. Report the GRI Content Index for the chosen option (see tables below).
- c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)

### GRI Content Index for 'In accordance' – Core

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	Page	External Assurance Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.
<b>STRATEGY AND ANALYSIS</b>		
G4-1		
<b>ORGANIZATIONAL PROFILE</b>		
G4-3		
G4-4		
G4-5		
G4-6		
G4-7		
G4-8		
G4-9		
G4-10		
G4-11		
G4-12		
G4-13		
G4-14		
G4-15		
G4-16		

## Appendix 11 – GRI Thanks for the GRI Content Index Model Proposed



Renzo Mori Junior  
Researcher  
University of Southern Queensland  
Toowoomba Qld 4350

30 April 2012

Dear Renzo,

On behalf of the Conference Organising Committee, we would like to thank you for your valuable contribution as speaker at the inaugural Australian GRI Conference on Sustainability and Integrated Reporting in Melbourne, 26-28 March 2012.

Your expertise, time and commitment are most appreciated and were a valuable addition to the Conference program. We are delighted that over 75% of delegates rated the conference as very good or excellent – a testament to the quality of the speakers across the program, including yourself.

Some of the comments that we have received include:

*Thanks to the GRI team for a job very well done.*

Geoff Miller, General Manager, Standard Business Reporting Division at Commonwealth Treasury

*Congratulations on an excellent conference - a huge undertaking with a great sense of community amongst the participants.*

Rosemary Sainty, Director, Corporate Engagement, Transparency International Australia

We trust your involvement as a speaker was both professionally and personally rewarding, and we thank you again for your contribution.

The GRI Focal Point Australia looks forward to continuing this relationship and working with you in the future.

Sincerely

Victoria Whitaker  
Network Manager  
GRI Focal Point Australia

Lena Geraghty  
Network Manager  
GRI Focal Point Australia