

**SUSTAINABILITY ASSURANCE IN PRACTICE: EVIDENCE
FROM ASSURANCE PROVIDERS IN THE UNITED KINGDOM**

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LIST OF ABBREVIATIONS

AA1000 AS	AA1000 Assurance Standard
AAPs	Accounting assurance providers
ACA	Associate Chartered Accountant
ACCA	Association of Chartered Certified Accountants
ANT	Actor-network theory
Big4	Big4 accounting assurance providers
CEO	Chief Executive Officer
CERES	The Coalition for Environmentally Responsible Economies
CFO	Chief financial officer
CSAP	Certified Sustainability Assurance Practitioner
CSO	Chief security officer
FTSE	Financial Times Stock Exchange
GRI	Global Reporting Initiative
IAASB	International Auditing and Assurance Standards Board
IAPC	International Auditing Practices Committee
ICAEW	Institute of Chartered Accountants in England and Wales
ICAS	Institute of Chartered Accountants of Scotland
IEMA	The Institute of Environmental Management and Assessment
IFAC	The International Federation of Accountants
ISAEs	International Standard on Assurance Engagements
ISEA	The Institute of Social and Ethical Accountability
ISO	International Organization for Standardization
KPIs	Key performance indicators
NAAPs	Non-accounting assurance providers
NGOs	Non-government organisations
SA	Sustainability assurance
SROI	Social return on investment
UK	United Kingdom

ABSTRACT
SUSTAINABILITY ASSURANCE IN PRACTICE: EVIDENCE FROM ASSURANCE PROVIDERS IN THE UNITED KINGDOM

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Sustainability assurance (hereafter 'SA') has been a significant area of development in corporate reporting during the last two decades, but one that so far has been subject to limited research. Existing studies in this field have mainly focused on SA opinions, and have tried to understand the characteristics of, and the elements included in, assurance statements, instead of enquiring beyond such outputs to obtain evidence from SA providers themselves. This thesis aims to provide insights into the SA process regarding how decisions in the process are made and what could influence such decisions. It aims to understand what SA practice actually is by examining SA providers' understandings of the meaning of the practice and the influences that such understandings have on the actual assurance process. Hence, the study focuses on the development of SA practice from the perspective of the assurance providers. It focuses on issues beyond the content of the SA statements to explore the processes leading to the actual delivery of such statements and a wide range of factors that influence the production of such statements and the development of SA practice in general.

This study employs a qualitative research approach, using semi-structure interviews as the main data collection method supplemented by various textual data sources. Research participants are SA providers in the UK, including accounting and non-accounting assurance providers. Drawing on the perspective of actor-network theory (ANT), the thesis focuses on the associations involving both human (e.g. assurance providers, reporting organisations, and stakeholders) and non-human (e.g. reporting guidelines, and assurance standards) elements shaping the assurance practice. The theoretical framework based on ANT allows the flexibility in exploring important issues by following the actors, their associations, and their influence on the practice.

The findings show that assurance providers' understandings of the assurance practice vary significantly and that such variation has a major effect on how the assurance practice is conducted. The assurance providers may perceive their roles as independent assurance providers but also adopt other roles to match with the interests and demands of various constituencies. The study shows, in particular, that the providers' perceived roles vary between what can be termed an 'independent verifier', a 'sustainability consultant' and a 'sustainability promoter', depending on the way in which they place importance on assurance- as against sustainability-related elements of the assurance process. Their different perceptions of their roles influence the internal dynamics of how assurance engagements are conducted. In particular, the study identifies four types of SA engagements, namely 'social assurance', 'integrated assurance', 'formative assurance' and 'compliance assurance'. Such a categorisation provides a broad-based understanding of the SA as a practice field and the degree of heterogeneity within it.

This study provides methodological and empirical contributions by providing evidence on the process associated with SA practice through interviews with different types of organisations providing SA services. Moreover, basing the theoretical framework on ANT highlights the interactions between different actors as a part of the development of SA practice and offers a new perspective to explore the practice and factors influencing its development.

DECLARATION

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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DEDICATION

*To my supportive grandfather Prof. Lt. Gen. Phisal Thepsithar
and my grandmother Dr. Prachuabchoke Thepsithar (DDS)*

CHAPTER 1: INTRODUCTION

1.0 Subject of the thesis

Sustainability has become an important issue in the corporate world in the 21st century. Accordingly, organisations have increasingly provided sustainability disclosures, ranging from simple lines in their annual reports to stand alone reports (Hodge et al., 2009). The discretionary and flexible nature of reporting on sustainability challenges its credibility. Despite the existence of widely used reporting guidelines, such as those developed by the Global Reporting Initiative (GRI), which has issued guidance on reporting since 2000, the contents presented in these reports remain at the discretion of reporting organisations. Those organisations may therefore be selective and provide only information that could enhance their reputations so that they can gain legitimacy for their activities (Moneva et al., 2006). Moreover, it is increasingly considered that sustainability reports without third party verification lack credibility (Adams, 2002; Kamp-Roelands, 1999). In order to handle the credibility challenges, reporting organisations have turned to third party assurance to support the validity of their sustainability reports (Park and Brorson, 2005).

Sustainability assurance (hereafter 'SA') is expected to enhance the credibility of corporate reports on sustainability. Yet the plurality of reporting guidelines, including GRI and reporting organisations' own reporting criteria, leads to diversity in the content of reports (Hodge et al., 2009), and this could lead to difficulties in setting the scope and levels of assurance, and in applying assurance to disaggregated pieces of information within sustainability reports (Manetti and Becatti, 2009). Although users express positive perceptions towards assurance statements being provided with sustainability reports, differences in the scopes and levels of assurance, and in the assurance opinions stated in assurance statements limit the information usefulness of assurance to the report users (Low and Boo, 2012).

The principal aim of this research is to examine this developing area of corporate reporting to aid understanding of the contribution of assurance in relation to the variety of disclosures made under the banner of SA, by opening up the black box of the SA process to enquire how decisions in the process are made and what could influence such decisions. The study focuses on the perspective of SA providers to gain understanding about SA in its practical setting.

The empirical focus of the study is on SA providers in the UK. One of the reasons to choose the UK as a research field is that sustainability reporting and assurance in the UK is relatively advanced and well-established compared to the practice in some other countries. Also, the SA market in the UK is not monopolised by accounting firm assurance providers, but includes providers from other occupational backgrounds.

The research contributes to the existing studies of SA practice because they have largely treated the assurance process as a black box by employing content analysis to study SA statements without looking into the context within which such statements are produced (see Manetti and Toccafondi, 2012; Perego and Kolk, 2012; Perego, 2009; Mock et al., 2007; O'Dwyer and Owen, 2005; Ball et al., 2000). Existing studies have mainly focused on SA opinions, and have tried to understand the characteristics of, and the elements included in assurance statements, instead of enquiring into the process behind such outputs.

The chapter is further divided into five sections. Section 1.1 introduces SA practice. Section 1.2 presents research motivations. Section 1.3 briefly provides research questions and the research approach. Section 1.4 discusses the importance of the study. Finally, Section 1.5 outlines the thesis structure with a brief summary of the contents of each chapter.

1.1 The rise of sustainability assurance

The number of companies publishing sustainability reports has been increasing during the past decade (KPMG, 2005; KPMG, 2008; KPMG, 2011; KPMG, 2013). One of the main reasons that companies have decided to engage in this reporting practice is that they want to express their corporate responsibility and accountability. However, the credibility of such reports does not automatically increase because the number of published reports is growing (Dando and Swift, 2003). In response to the credibility problem, reporting organisations have increasingly included assurance statements in their sustainability reports since 1990s (Hodge et al., 2009).

From the perspective of users, assurance is important to enhance the credibility of sustainability reports, and the assurance is “a free good” to them because they do not directly pay for the costs (Jones and Solomon, 2010, p.21). From the managerial perspective, however, perceptions of the reasons to be involved in SA practice vary. Evidence from interviews with the management of some listed companies in the UK shows that some managers think the assurance practice is crucial

to enhance the quality of their reports, as well as the credibility of reported information (Jones and Solomon, 2010). Others, however, highlight their concerns regarding the resources required to engage an assurance provider, a lack of development of and the complexity of the assurance practice, and uncertainty about benefits derived from assurance (Jones and Solomon, 2010). These are some of the main reasons that companies providing sustainability reports have been reluctant to engage in the assurance practice.

Although the number of SA statements accompanying sustainability reports has been increasing, it is not evident that the quality of the assurance statements has been improved (Perego and Kolk, 2012). The perceived quality of assurance is dependent on a number of factors, including standards used and the types of assurance providers. There is currently no universal standard for SA practice at the international level. Yet there are some dominant standards currently used by SA providers. Two primary and commonly used standards are AA1000 AS (2008) and ISAE3000, published by AccountAbility and IAASB respectively. The former standard setter, AccountAbility, was founded in 1995 by the Institute of Social and Ethical Accountability (ISEA), as an international non-profit organisation providing sustainability solutions, including reporting guidelines and assurance standards, to various types of organisations (AccountAbility). The latter standard setter, IAASB, is an independent body under the International Federation of Accountants (IFAC) and aims to provide international standards for auditing and assurance practice. It was, however, initially established to focus mainly on financial audits; therefore, it does not provide specific assurance guidelines for sustainability reporting. Instead, it launched ISAE 3000 (IAASB, 2008), which is the generic standard for assurance engagements other than audits or reviews of historical financial information, and which has now been widely applied by assurance providers for their SA engagements. ISAE 3000 is therefore primarily about assurance in general, rather than sustainability specifically.

From the two primary assurance standards for SA engagements, it is clear that the origins of those standards are derived from different types of standard setters; one comes from a global advisory and standard setting organisation, while the other comes from the accounting profession. The standards chosen by SA providers could also reflect how they perceive themselves as assurers, since these standards have been created and developed differently, although there are no methodological conflicts between the two main standards and it is possible for them to be used together in a single engagement (Iansen-Rogers and Oelschlaegel, 2005). ISAE3000 focuses more

on risk, which is one of the main concerns of financial auditors, while AA1000 AS focuses more on the process of assurance, so that the practitioners can direct their process towards the interests of stakeholders (Manetti and Toccafondi, 2012). The assurance standard generated by the accounting profession tends to derive some influence and authority from the association with financial statement audits and assurance engagements (Deegan et al., 2006). Prior evidence from non-financial assurance practitioners has also highlighted the fact that practitioners from professional service firms which also provide financial audit services prefer financial audit methodology as a model standard for non-financial assurance engagements (Owen et al., 2000). SA practitioners whose background is in financial auditing tend to derive their reputation from that profession, especially regarding their independent status; therefore, they emphasise the need for assurance work, not consultancy, in SA engagements (Wallage, 2000). It is also necessary to distinguish between an assurance function and a consulting function for a SA engagement (Owen et al., 2000). This context, therefore, implies that the choice of the assurance standards could affect how SA is conducted. In addition, due to their different principles, the standards chosen by assurance providers could reflect different mindsets and perceptions of their roles, which will influence how they perform different stages of the assurance process.

Besides the existence of more than one standard for SA engagements, there is more than one professional group that can provide such a service. Thus, it is debatable who should provide such assurance, or who may deliver a higher quality of assurance (Perego and Kolk, 2012). Perego and Kolk (2012) list various types of third party SA providers in their study, namely accounting firms, environmental consultants, management consultants and non-governmental organisations. Users of sustainability reports perceive the quality of assurance statements differently depending on the types of assurance providers (see e.g. Perego and Kolk, 2012; Pflugrath et al., 2011; Perego, 2009; Hodge et al., 2009). One of the reasons for the different perceptions of quality could be the independence of the providers (Wallage, 2000). Therefore accounting firms may possess some advantages over other types of SA providers in terms of their perceived credibility (Hodge et al., 2009). This type of provider tends to conduct more data verifying activities as a basis for their assurance opinions (O'Dwyer and Owen, 2005), rather than simply providing comments on how the reports are generated.

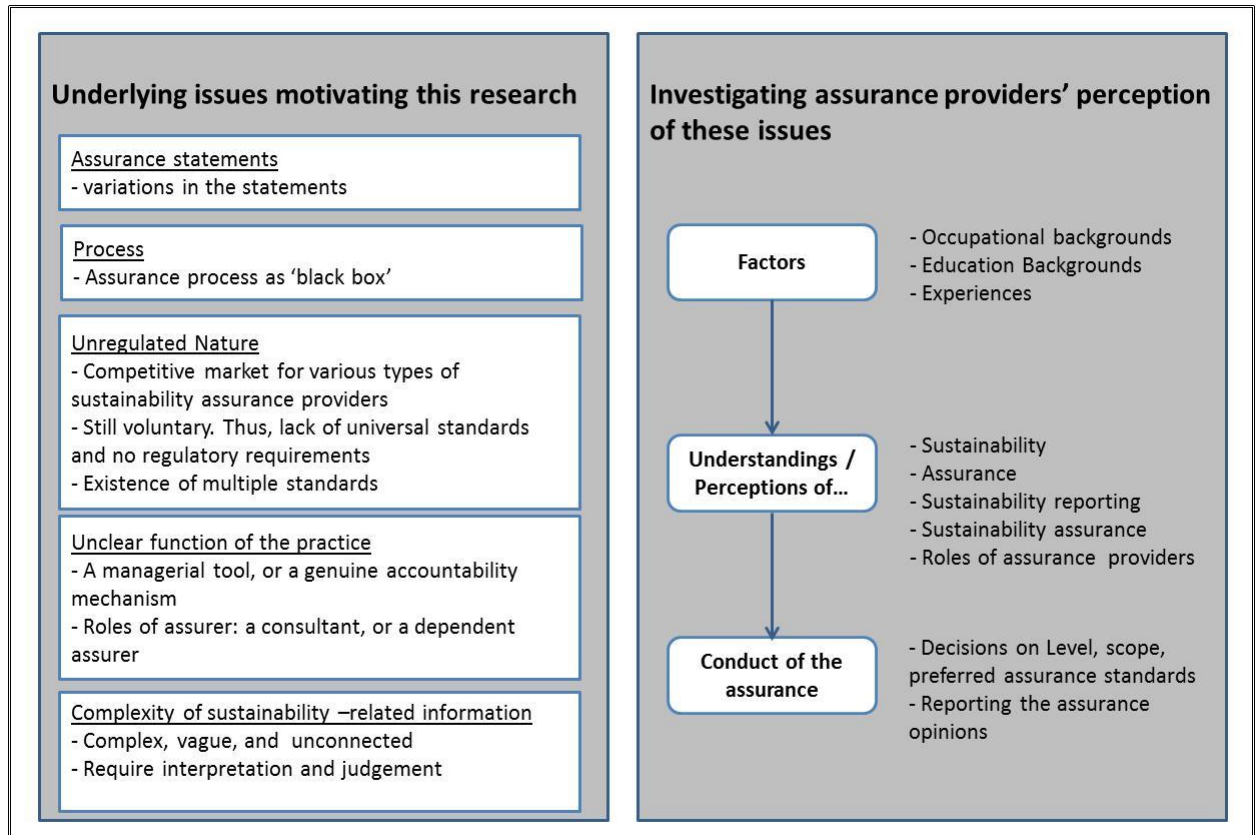
While accounting assurance providers (hereafter 'AAPs') offer greater independence as a possible quality that adds value to the assurance process, non-accounting assurance providers (hereafter

'NAAPs') are perceived to be superior in terms of rendering useful recommendations for reporting organisations (Perego and Kolk, 2012). In addition to the role as assurance providers, in such cases they also act as consultants providing some comments about the sustainability reporting process. They tend to focus more on the completeness of the reported information so that the assurance process can directly enhance stakeholder involvement in the reporting process (Manetti and Toccafondi, 2012). Their recommendations and comments on the reporting process could benefit future assurance practice, since they facilitate the creation of an auditable environment to make the assurance of sustainability-related information possible. However, a consequence of a stronger consulting role may be that the assurers' independence could be weakened (O'Dwyer, 2011). Overall, different types of assurance providers might conduct assurance differently. It does appear that there can be an advisory role for assurance providers in the assurance process, rather than one which is purely adversarial. Thus, it is not clear whether SA practice serves mainly as a device through which management seeks to legitimise its actions and disclosures or as a genuine accountability mechanism (Gray and Bebbington, 2000).

1.2 Research motivations

This research is motivated by the desire to understand SA as a practice, how SA providers perceive their role and how they have developed the practice as a result. The assurance process is largely unobservable to the users of the statements; therefore, understanding such a process beyond its end products (i.e. SA statements) is important to the users, which include organisations providing sustainability reports and relevant stakeholders. The main aim of this research is to understand the SA process by enquiring how decisions in the process are made and what can influence such decisions. There has thus far been only limited research examining the process by which SA is generated (O'Dwyer et al., 2011). The research motivations of this study are summarised in Figure 1.1.

Figures 1.1: Summary of research motivations.



Firstly, there are variations in the outputs represented by SA statements that are provided by different assurance providers. Previous studies have addressed these variations by analysing SA statements and illustrating how those statements are different (see Perego and Kolk, 2012; Pflugrath et al., 2011; Perego, 2009). They fail to address why those differences exist, treating the process of SA effectively as a black box. In addition, SA practice has distinctive characteristics in that it is largely unregulated and is not monopolised by a single professional group AAPs do not have a monopoly in the SA market, unlike the financial audit market (Cohen and Simnett, 2015). Moreover, there are various alternative assurance standards on which SA providers can base their assurance engagements. These highlight potential sources of variations in the outputs and possibly how assurance is conducted. Also, unlike financial auditing, SA is largely perceived as a managerial tool rather than a genuine accountability mechanism. It is important to explore the rationale behind the practice and the roles of assurance providers to understand the purpose of the practice.

Due to the nature of the practice, which requires assurance experts and subject matter experts, SA teams are multi-disciplinary comprising of practitioners from different professional and educational backgrounds. Thus, conflicts tend to occur among team members due to such differences (O'Dwyer, 2011). Also, sustainability-related information, unlike financial information, comprises qualitative and quantitative elements. The information is complex and sometimes unconnected; therefore, the conduct of the assurance for such information requires intensive interpretations and professional judgements.

This study, therefore, tries to explore and understand these issues from the perspective of SA providers because they are directly involved with the practice. The investigation of these issues then focuses on the factors that could influence providers' perceptions of SA and its underlying concepts, and how particular perceptions of these elements affect their conduct of the assurance. There are a number of factors indicated in the existing literature that could influence the perceptions of SA practitioners of SA practice: the notion of sustainability, the notion of assurance, as well as their role as SA providers (see e.g. O'Dwyer, 2011; Edgley et al., 2010). Those factors include professional and educational backgrounds, and personal commitment to the idea of sustainability which is being assured. The practitioners' perceptions, in turn, influence the way they develop and conduct their assurance. Prior studies generally address why the conduct of assurance engagements is different because of those (potential) issues. However, limited evidence has been provided to show how those factors cause the difference in the conduct of the assurance.

There is limited research that has explored the development of SA practice by gaining insights from SA providers themselves (O'Dwyer, 2011). Only a small number of researchers have ventured beyond document analysis to examine 'the organisational reality of assurance work' (Power, 1995, p.334). There is, evidently, a need to undertake research that directly engages with assurance practitioners (O'Dwyer et al., 2011). This study, therefore, aims to contribute to the literature on how SA providers develop and promote the assurance practice. This competitive and unregulated assurance market provides an appropriate setting in which to study the development of a new practice, i.e. SA, as a process characterised by a shifting alignment of a variety of actors, agendas, and interests (Cohen and Simnett, 2015). This study seeks to add to understanding of the

assurance process by employing qualitative research methodology and focusing on both AAPs and NAAPs.

1.3 Research questions and research approach

As this research focuses on the development of SA practice from the point of view of SA providers, it is important to understand how these SA providers perceive and communicate their roles to other actors. The perception of their role as SA providers can affect how they conduct and conceptualise SA in practice. A limited amount of research has engaged with practitioners to explore how they think about the practice in the context of the social, regulatory and economic environment of accounting and consulting firms. Little effort may have been given to such research sites because the negotiation of access might be a problem. However, such investigation is important because SA practice is conceptualised and operationalised from social, organisational and personal factors that could influence the practical conduct of, and the development of, the assurance. Given this position, the first research question for this study is then set to respond to the stated research aim as follows:

Research question 1: How do SA practitioners understand the purpose of the assurance practice and their roles as assurance providers?

In connection with research question 1, it is important to investigate how such understandings and interpretations of SA providers affect their conduct of assurance engagements. This can be reflected by the understanding of the assurance process in a practical setting, and how SA providers give practical meanings to SA. This investigation will potentially provide more understanding of the practice beyond technical issues and, in this way, will contribute to the existing literature. The second research question is, therefore, built on the first as follows:

Research question 2: How do SA providers' perceptions (of the purpose of the practice and their roles) affect the process of delivering SA?

SA practice is relatively new compared to financial auditing. It also represents one of the attempts to expand the accounting profession's services into non-financial assurance services. Limited studies highlight the strategies employed to enter into or to develop SA practice, which require interactions between providers and other parties who have diverse interests. This thesis aims to explore how SA providers enter into the area of SA practice and develop this practice arena and

related services, and to examine the impact of this on the meanings given to SA practice from the interactions and negotiations between SA providers and other key participants in SA practice. This objective leads in turn to the next research question as follows:

Research question 3: How do SA providers develop and promote SA services, and establish their presence in this field?

It can thus be said that the three main research questions try to address who the providers are, why they are involved in the sustainability reporting and assurance practices, how they conduct the assurance, and how they create a reputation as service providers qualified to undertake SA engagements.

The three main research questions are addressed by a qualitative approach because this approach can help capture the complexity of this ill-defined practice and emerging issues from the empirical evidence. The framework for the analysis of the findings is based on the perspective of actor-network theory (hereafter 'ANT'). The framework facilitates the development of understandings of the interactions and negotiations between SA providers and other actors, and the providers' perceptions of the fundamental notions of the practice. The main data collection method is the semi-structured interview because the method allows in-depth exploration of the issues addressed in the research questions. The interviews are supplemented by textual data sources, including company reports, assurance providers' websites and publications, and other archival documents that are available in the public domain. The analysis of these data sources provides additional evidence to address the research questions.

The notion of translation from ANT is mainly used to understand the process of practice development as one of translation taking place within a network of actors, of both human and non-human origin, where the meaning of the SA is shaped and re-shaped as a result of SA providers seeking alignment with other actors. ANT is also helpful for the analysis because it makes invisible actors visible, so that the influence of these actors on practice development can be captured (Justesen and Mouritsen, 2011). Translation also involves identity negotiations between actors (Skærbæk, 2009; Cooper and Robson, 2006) and how networks of support are built to facilitate the translation process (Gendron and Barrett, 2004). Analytically, ANT is used to make sense of the ways in which SA providers strengthen SA practice and make it overcome resistance,

persuade others to invest in or follow the practice, assign roles to others, and make SA practice become functionally indispensable.

1.4 Importance of the study

The importance of this study stems from two aspects. Firstly, the study aims to explore SA practice in its practical and contextual settings. This captures the factors that influence the development of the practice beyond the SA statements that are merely one of the products of the assurance process. The study addresses the practice from the perspective of the practitioners, who have first-hand experience of the practice. This involves understanding how the research participants conduct the assurance through their perceptions and understandings of their roles, and their relations with other parties.

Secondly, this study is based on the investigation of associations between SA providers and other actors. The study of such associations allows the researcher to explore the interactions between various actors that could influence the SA process, and the choices and judgements made in such a process. Without prior and concrete assumptions about the superiority of particular actors, the study allows the researcher to observe and follow different actors according to their relations and associations with others. These associations include both human (i.e. social, including assurance practitioners, and reporting organisations) and non-human (i.e. technology, including assurance standards) actors. The inclusion of both human and non-human elements in this study avoids the discrimination between the two groups, which might obstruct new insights about the practice (Barter and Bebbington, 2012).

The two features of the study, i.e. its focus on a practical setting and associations between various parties, facilitate the understanding of the nature of the practice which is shaped by social, organisational, and economic factors. Some of the previous studies seek to evaluate assurance statements against pre-defined criteria based on assurance standards. This kind of analysis can detect compliance/non-compliance with these standards, but provide only limited understanding of the assurance practice itself. An understanding is also needed of the possible rationales of SA providers that affect potential behaviours and development trajectories of the practice. Thus, it is important to explore the given meanings and the development of SA practice in its context. Also,

competition in the SA market is highlighted by exploring the conduct of SA practice by different assurance providers, and how they construct their perceived expertise as SA providers.

In addition, the study provides additional insights into two main groups of literature. It aims to extend auditing literature by adding insights from SA practice and focusing on various types of actors, not only financial actors that dominate the studies of financial audit practice. This also highlights that the development of assurance may be driven not only by assurance practitioners and regulators, but also from other stakeholder groups. Moreover, the study provides additional insights that contribute to the sustainability reporting literature. Such literature has been concerned largely with understanding issues relating to sustainability and the content of information disclosures. In contrast, this study provides additional significant insights into how such disclosures are embedded in assurance and accountability arrangements, and the functionality of such arrangements. It reveals how the development of SA as a practice is inherently intertwined with the evolution of sustainability-related issues, disclosures and activities, in general (O'Dwyer et al., 2011).

Thus, this study provides further insights into factors that affect judgements and choices in the SA process. These judgements and choices, in turn, are associated with the future development of the assurance practice. The study also facilitates the understanding of variation in the practice and competition in the SA market, and addresses differences between assurance providers and assurance engagements. The study helps SA providers, sustainability reporting organisations, relevant stakeholders (sustainability or report users), and regulators to gain better understanding of the nature of the practice and issues relating to it. It has a potential to contribute to the discussion relating to the role of SA practice as a corporate accountability mechanism as against a purely managerial tool for corporate image management.

1.5 Thesis structure

This section presents the organisation of this thesis. There are eight chapters in the thesis, including this introductory chapter. *Chapter 2* provides an introduction to SA practice by reporting relevant trends from FTSE100 companies and reviewing relevant literature. The trends highlight important issues relating to the practice. Also, the literature review sets the scene of the study, and leads to the identification and discussion of research gaps in that there is a limited number of

studies exploring SA in its practical setting and attempting to look at the assurance process beyond the assurance statements.

Chapter 3 presents the theoretical framework used in this study. The chapter discusses how ANT is used to make sense of the empirical work. The proposed framework provides a basis to explore complex relations, interactions, and negotiations between SA providers and other actors, and how these influence the development and the conduct of SA. *Chapter 4* then describes the research methodology. This chapter presents research philosophy and research approach, common research methodology used in SA studies, and research design.

The empirical work of the thesis is separately presented in three chapters. *Chapter 5* highlights the perceived roles of SA providers. This chapter mainly uses textual evidence from sources available in the public domain to explore persuasive strategies used by SA providers to attract other actors to engage with SA practice. Their roles and identities are the reflections of those strategies used. The discussion is also supplemented by interview evidence, which is presented at the end of the chapter. *Chapter 6* continues the discussion from the previous chapter by highlighting the conceptualisation and operationalisation of SA by SA providers. The analysis is also framed by the two underlying concepts that are fundamental to the assurance practice (i.e. sustainability and assurance), and how different actors incorporate their understanding of the two concepts into their interactions and negotiations with others. The findings show that there are variations in the practice that is collectively called 'SA'. The chapter focuses on interactions and negotiations between SA providers and other actors that give practical meanings to SA. The analysis does not distinguish between different types of SA providers, but takes SA providers as one group of actors. However, distinctions and comparisons are made in the following chapter. *Chapter 7* discusses stabilisation of SA at the field level, and the firm level. The observation of stabilisation of the practice at field level is done by comparing different types of SA providers and using all assurance providers that are involved in the study as the population. For the firm level, the observation of stabilisation of SA is conducted within one SA provider. The chapter also reveals competition in the SA market by highlighting distinctions between groups of assurance providers based on their professional backgrounds (i.e. accounting or non-accounting).

Finally, *Chapter 8* provides a discussion of and conclusion to the empirical work. It briefly revisits the research findings, and further discusses the analysis of empirical evidence. This is then linked

to contributions and implications of the study. This chapter concludes the thesis by considering limitations of the study and suggestions for future research.

CHAPTER 2: UNDERSTANDING SUSTAINABILITY ASSURANCE

2.0 Introduction

This chapter provides the background to this study by discussing the trends and existing literature that are relevant to an understanding of SA practice. This research takes SA practice as a part of sustainability reporting development, and as a part of professional service development. The literature review in this study, therefore, lies at the intersection between the research field of sustainability reporting (or social and environmental reporting) and the research field of non-financial assurance practice. The researcher, therefore, looks at SA from these two points of view, which are reflected throughout the thesis. The first view treats SA practice as a part of the development of the sustainability agenda or of sustainability reporting practice. The second view treats SA practice as a part of professional service development and of competition in the professional market to expand the service areas of assurance providers.

This literature includes discussion of the key characteristics of assurance practice which affect the production of SA statements, the motivations of reporting organisations to commission the assurance, managerial influence over the practice, stakeholder engagement, and debates around relevant discourses (i.e. meanings of sustainability and assurance). The review of the research literature shows that thus far there has been limited investigation of the assurance practice or examination of issues beyond the contents of the products of assurance engagements, namely the SA statements. Only a limited number of studies have included engagement with SA service providers, or the supply side of the practice. Evidence from such engagement and research sites can be considered worthwhile and important because they are where SA practice is given practical meaning in ways that affect the conduct of the assurance. This chapter also provides a brief introduction to relevant reporting guidelines and assurance standards that are drawn from the documents of standard setters. This is supplemented by the review of relevant studies on those guidelines and standards.

The aim of this review is to develop an understanding of the nature of SA practice and the high-level nature of available standards for the practice. The review highlights the point that SA providers have crucial roles to play through operationalising the loosely defined terms and procedures contained in such standards. Thus, practitioners' understandings and perceptions of SA practice are considered a worthwhile subject for investigation in this study.

This chapter is divided into six further sections. Section 2.1 provides descriptive evidence on the trends and facts of SA practice. Section 2.2 provides a summary of assurance standards for the SA practice and discusses relating issues. The descriptive information in Section 2.1 and 2.2, therefore, leads to the discussion of the nature of the practice arising from the information in Section 2.3. Those include motivations to engage with the assurance practice, managerial influence over the SA process, and decisions on stakeholder engagement. Section 2.4 then presents issues relating to SA practice as a form of non-financial assurance and to professional competition in the assurance market. Section 2.5 discusses the fundamental concepts underlying SA practice. Finally, Section 2.6 provides a chapter summary.

2.1 Trends and issues for sustainability assurance market

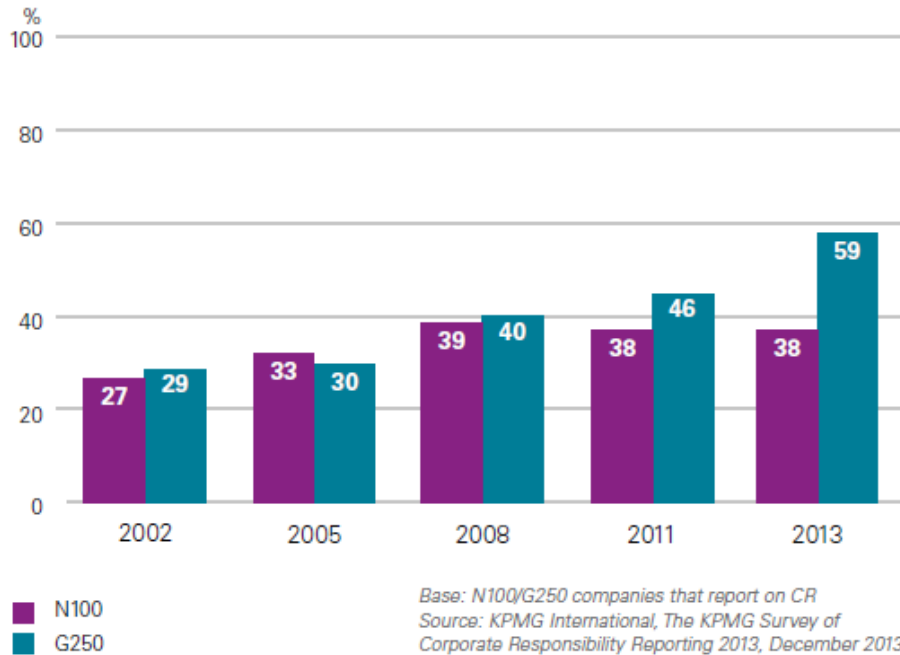
This section summarises the trend and facts about SA practice. The information is mainly drawn from KPMG's surveys of sustainability reporting and assurance practice and the author's own analysis of SA statements of FTSE100 sustainability reporting organisations from 2000 to 2013 (see Appendices 1A and 1B for the lists of organisations and observed characteristics). The purpose of this section is to present the trend of SA practice as a background and provide motivations that lead to the development of research questions. The observation of SA statements from FTSE100 companies is an important supplement to KPMG's report and existing literature to help understand the practice. Although the reports provide a brief analysis of such trends, there are some characteristics, such as titles of sustainability reports and assurance statements, which have not been reported on or explained in detail. Thus, the trend and facts from primary analysis are essential to gain an up to date understanding of SA practice, particularly in the context of reporting organisations in the UK, on which the context of this study is based.

2.1.1 Increasing assurance of sustainability reports and types of sustainability assurance providers

There has been a significant growth in sustainability reporting and SA practice. KPMG, one of the Big4 accounting firms, has continuously conducted international surveys to record the trend of sustainability reporting and assurance (KPMG, 2013; KPMG, 2011; KPMG, 2008; KPMG, 2005). The surveys consist of two datasets (see KPMG, 2013, p.6-8). The first one is referred to as N100, and includes the 100 largest companies in 41 countries. The second group is referred to as G250, and

includes the 250 largest global companies. The percentage of the surveyed companies having their sustainability report assured has been increasing throughout the last decade. The number of the 250 largest global companies (i.e. G250) having their sustainability reports assured has increased from 29% in 2002 to 59% in 2013 (KPMG, 2013) (see Figure 2.1).

Figure 2.1: Rates of assurance of sustainability reports from 2002 to 2013 (KPMG’s report).

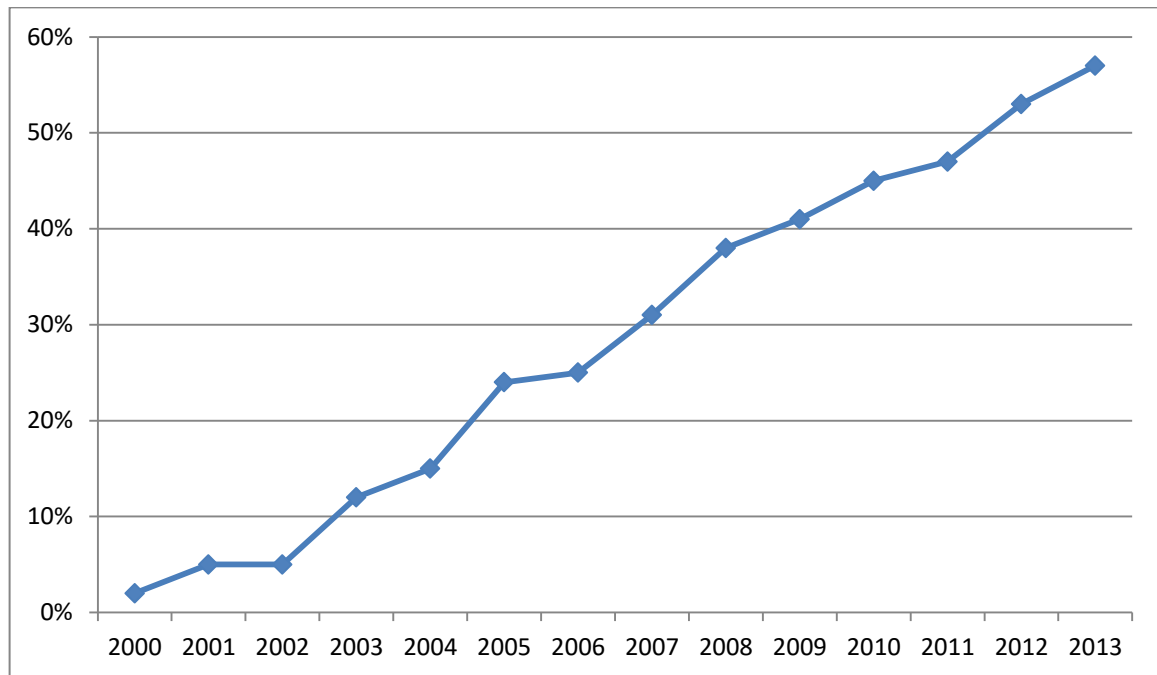


(source: The KPMG Survey of Corporate Responsibility Reporting 2013 (KPMG, 2013, p.33))

The information from the observation of FTSE100 companies’ sustainability reports and assurance statements shows a similar trend to the KPMG surveys. From 2000, the number of assured sustainability reports of FTSE100 companies has been increasing significantly. In 2000, it is found that only 2% of sustainability reports were assured by an external independent party. This number has continuously increased to 57% in 2013 (Figure 2.2)¹.

¹ All investigated FTSE 100 companies have at least one form of sustainability reporting (e.g. as a part of their annual reports, as a stand-alone report, or online reporting).

Figure 2.2: Percentage of assured sustainability reports from 2000 to 2013.



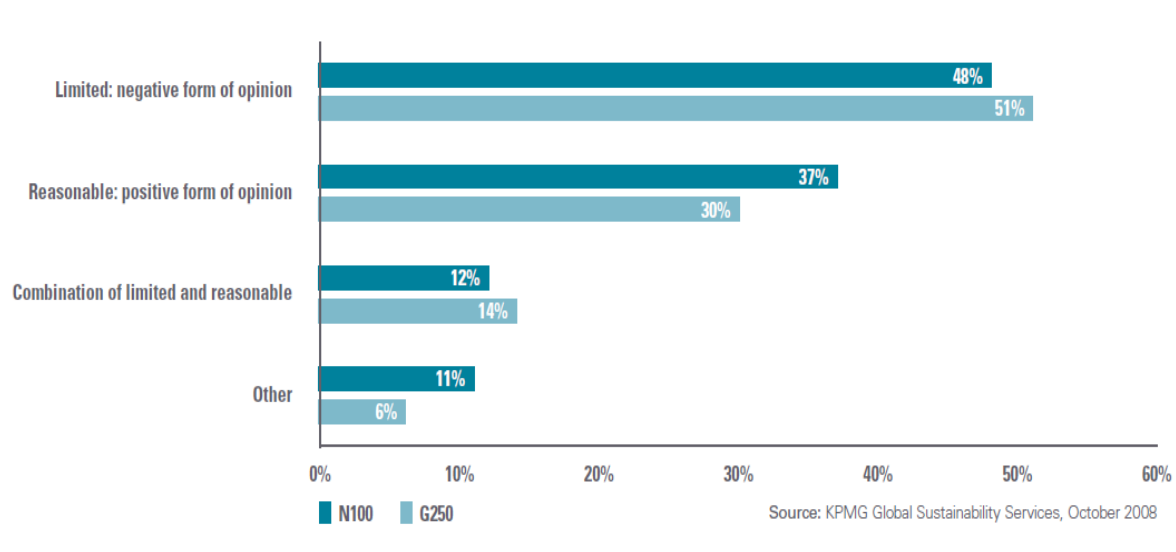
(Source: Author's own summary from FTSE100 SA statements)

The latest survey by KPMG highlights that the majority of the 100 largest companies (referred as N100 in the survey) chose to assure their reports with limited level of assurance (KPMG, 2013, p.33). In 2008, only 48% of reports from the 100 largest companies (i.e. N100) were assured with limited level of assurance (see Figure 2.2). This number rose to 72% in 2013. On the other hand, the percentage of those companies with reasonable (or high) level of assurance decreased from 37% in 2008 to 10% in 2013².

One of the explanations for the increasing percentage of surveys with limited assurance would be that the costs of limited assurance engagements are significantly lower than for reasonable assurance engagements, while the users might not perceive the differences between the two levels (Hodge et al., 2009).

² There is no graphic shown in the 2013 report. In 2013, the report shows that 72% of N100 companies opt for a limited level of assurance, 10% for a reasonable level of assurance, a further 8% for a combination of the two levels, and the rest are labeled as 'other'.

Figure 2.3: Level of assurance in 2008 (KPMG report).



(Source: KPMG International Survey of Corporate Responsibility Reporting 2008 (KPMG, 2008, p.66))

Also in 2013, the trend shows that over half (52%) of the 100 largest companies chose to assure the whole report rather than a selected indication (KPMG, 2013, p.33). This number rose significantly from 2005, when only 22% of companies chose to assure the whole report. One of the reasons might be that, as sustainability reporting for these companies becomes more mature, they tend to expand the scope of their assured information (KPMG, 2005, p.30). In 2013, it is shown that countries where sustainability reporting is still in its infancy stage (Indonesia, Israel, Kazakhstan, Malaysia, Nigeria, Singapore and the UAE) have the lowest rate of assurance commissioned for their sustainability reports (KPMG, 2013, p.33). However, it is expected that the percentage will increase as their sustainability reporting practice becomes more mature.

The KPMG survey also adds that the number of companies that commission large accounting firms to assure their sustainability reports has increased slightly from 64% in 2011 to 67% in 2013 (KPMG, 2013). The number has been increasing since 2005 (large accounting firms had 58% of market share according to the survey) (KPMG, 2005). This shows that among the largest global companies conducting sustainability reporting, AAPs are dominating the SA market.

The information from the observation of FTSE100 companies' sustainability reports and assurance statements from 2000 to 2013 shows similar results to KPMG's reports. During this period, there have been a number of changes in the type of SA providers used. About 31% of reporting

organisations that had their reports assured over the period, regardless of when they started to participate in SA practice, commissioned only large AAPs to assure their reports, while 36% commissioned only NAAPs. These two groups of reporting organisations show strong preferences toward one type of SA provider, either accounting firms or non-accounting firms.

In addition, 29% of the reporting organisations changed the type of their assurance providers from non-accounting firms to accounting firms over the period. This means that AAPs dominated the SA market in 2013. This is consistent with the KPMG international survey showing that accounting firms have gained a dominant market share in SA services compared to other types of assurance providers (KPMG, 2013; KPMG, 2011). The accounting profession has become the dominant type of assurance provider in the sustainability space. Among the FTSE100 organisations with assured sustainability reports, a number of organisations have changed their SA providers from non-accounting firms. This trend is expected to continue because of a number of factors that support the dominance of accounting firms in this sustainability arena.

Normally, reporting organisations would commission only one SA provider. However, some companies commissioned more than a single assurance provider. Each of these worked on specific sustainability-related information in the same sustainability report, and issued assurance statements on that information. This can be called a “mixed approach”, referring to organisations that use “two different types of assurance providers in the same sustainability report” (Junior et al., 2014). For example, in 2008 Kingfisher commissioned EY, one of the Big4 accounting firms, to assure data in the sustainability report. At the same time, the company commissioned URS, a NAAP, to assure its Corporate Responsibility Program. Another example is the 2013 sustainability report of Land Securities Group, in which LRQA and Corporate Citizenship were used to conduct the external assurance work. LRQA conducted an assurance engagement based on AA1000AS for both the web-based and printed reports, while Corporate Citizenship performed data assurance based on ISAE3000 for selected specific criteria (i.e. water, energy, CO2 emission).

In those two cases, it seems that the reporting organisations are similar, in that they commissioned two assurance providers for their sustainability reports. However, the difference between the cases is that Kingfisher used the “mixed approach” only in 2008, while Land Securities Group used the “mixed approach” for the four years from 2010. In the case of Kingfisher, the company used only URS for SA before 2008. It used the “mixed approach” for only one year, then changed its assurance provider to only EY the year after. This is similar to the case of BHP Billion,

which used only EY as its assurance provider, before using EY and KPMG (only for GHG) for a year. After that, BHP Billiton then moved all SA engagements to KPMG.

This situation might imply that when assurance providers try to win bids for new assurance engagements with reporting organisations that have existing assurance providers, they might try to offer assurance on an area that the company has not reported on before, or has only done so with limited scope. When their relationship becomes stronger in the sustainability area or the new assurance provider shows that they can perform better than the existing assurance provider, eventually reporting organisations move all the assurance work to the new provider. This strategy facilitates AAPs to gain more SA engagements from their financial audit clients. It also encourages reporting organisations to shift from NAAPs to AAPs, giving the aforementioned constant shift towards accounting firms for SA services.

Unlike financial audit market, SA market is not monopolised by a single profession. There is more than one professional group that can provide SA service due to the unregulated nature of assurance practice. There has, therefore, been a ubiquitous debate about who should provide such assurance because the type of SA provider could affect the quality of assurance based on elements included in assurance reports (Perego and Kolk, 2012), as well as perceived quality based on report users' perceptions (Hodge et al., 2009).

Perego and Kolk (2012) list various types of third party SA providers in their study, namely accounting firms, environmental consultants, management consultants and non-governmental organisations. The macro categories, however, for these assurance providers are AAPs, and NAAPs (Manetti and Toccafondi, 2012). This categorisation is used throughout this thesis. Common results from previous studies show that assurance providers from large accounting firms render a higher quality of assurance (Perego and Kolk, 2012; Pflugrath et al., 2011; Perego, 2009). Perego and Kolk (2012), and Perego (2009) elaborate further that large AAPs provide higher quality assurance in terms of the format of assurance statements and assurance procedures, while NAAPs provide higher quality of assurance in terms of the inclusion of recommendations and opinions on the reported information. These claims are also supported by the findings in Mock et al. (2007) that large AAPs tend to use symbols indicating assured information in both sustainability reports and assurance statements, state the assurance framework(s) used, and are less likely to provide recommendations in assurance statements.

2.1.2 Changes in the titles of sustainability reports

According to the KPMG survey, terminology used for non-financial reporting varies between organisations. The survey shows that the most commonly used terms globally are 'sustainability report' (43%), 'corporate social responsibility report' (25%), and 'corporate responsibility report' (14%) (KPMG, 2013).

From the investigation of sustainability reports of FTSE100 companies from 2000 to 2013, the most used report titles in 2013 are 'sustainability', and 'corporate social responsibility'. Before 2003, no report within the investigation used those titles. Instead they were titled either 'environmental report', 'social report' or 'community report'. This shows that organisations previously focused on specific non-financial issues relating to sustainability. However, recently they have shifted their focus to a holistic view of sustainability by including all sustainability-related information in their reports. Besides using 'sustainability' or 'corporate social responsibility' as a title of the report, the number of reporting organisations using specific titles relating to sustainability have been increasing. For example, BT uses the title, 'Better Future Report' (starting from 2012), Sky uses the title, 'Bigger Picture Report' (starting from 2009), and Kingfisher uses the tile, 'Net Positive Report' (starting from 2012). Taking BT as an illustrative example of the trend in the titles of this kind of report, in 2009 BT titled the report 'Social and Environment Report', while from 2010 to 2011 it used the title, 'Sustainability Report'. It then changed to 'Better Future Report' after that period. A similar trend is also found in other companies like Anglo American, AVIVA, BG Group, and Barclays (see Table 2.1).

This trend implies that sustainability reports at present involve more sustainability-related issues than in the past. This means the complexity of the reporting practice has been increasing over time; consequently, SA practitioners need to be competent in dealing with this complexity. This also could mean that reporting organisations are trying to communicate to the public that they are responsible regarding a number issues, other than environmental or health and safety issues, which are also related to sustainability. This also reflects the different conceptions and conceptualisation of 'sustainability' over time. This issue is discussed further in Section 2.5.

Table 2.1: Examples of changes in sustainability report titles.

Company	Title of reports	Starting year	Company	Title of reports	Starting year
ANGLO AMERICAN	Sustainability Development Report	2010	AVIVA	Our Wider Impact Report	2009
	Report to Society	2003		CSR Report	2002
	Safety, Health and Environment reports	2000		Environment Report	2000
BT	Social and Environment	2012	BG GROUP	Sustainability Report	2008
	Sustainability report	2010		CR Report	2003
	Better future report	2009		Social and Environment Report	2000
BARCLAYS	Citizenship Report	2010			
	Responsible Banking Review	2009			
	Sustainability Review	2007			
	CSR Report	2002			

(Source: Researcher’s own summary from FTSE100 SA statements from 2000 to 2013)

2.1.3 Trends towards limited level and selective scope of assurance engagements

There are varieties of levels and scopes of SA engagements among FTSE100 companies’ assurance statements. Most of the FTSE100 reporting organisations aim for limited level for their SA engagements. In 2013, about 73% of the FTSE100 companies who engaged in SA practice chose limited level of assurance for their sustainability reports. While the majority of the 2013 assurance statements indicated limited level of assurance, 4% of them had reasonable assurance, 13% of them had a combination of both limited and reasonable assurance, and 11% of them has no specific assurance level. The number of companies with limited assurance is in line with the survey by KPMG (2013) showing that a majority of the surveyed companies who had assurance, 72%, had limited assurance, while 10% had reasonable assurance, and 8% had a combination of both levels.

During 2000 to 2003, SA providers could provide assurance without any assurance guidance or standard. In those years, almost all assurance statements did not specify the level of assurance. This might cause confusion among the users of SA statements because they might assume that

every statement provided the same level of assurance, as for financial auditors' reports. However, after assurance standards were launched, especially with the first launch of ISAE3000, the percentage of assurance statements with no specified assurance level has been decreasing. The emergence of SA standards could help make the level of assurance clearer to the user. This shows one of the significant roles of SA standards in helping the development of SA practice.

Besides the level of assurance, the scope of assurance is also one of the most debatable issues relating to SA practice. When considering the level of assurance, it is necessary to consider the scope of assurance as well, because some organisations may demand reasonable level of assurance on specific reporting KPIs. However, other organisations may commission limited assurance on the whole report, or some might even want both levels, but on different reporting KPIs.

In 2013, 80% of FTSE100 companies had their sustainability reports assured for selected sections of the reports, or for only selected KPIs (including the assurance statements for greenhouse gas emission). The rest of the sustainability reports with assurance in 2013 were assured for the whole reports. This percentage has changed over the observed period. From 2000 to 2006, the number of sustainability reports with whole report assurance was more than those with assurance for selected KPIs. After 2006, the trend was reversed; an increasing proportion of reporting organisations have turned to assuring only part(s) of their sustainability reports.

Taking SABMiller as an example of this trend, from 2003 to 2011 the company commissioned a NAAP, Corporate Citizenship, using AA1000AS, to assure the whole sustainability report. After that they changed the assurance provider to PWC, who used ISAE3000 to assure selected information. It was the same in the case of Barclays changing its assurance provider from a non-accounting firm to an accounting firm from 2009, when ISAE3000 was first used in its assurance engagement. After the change of provider, Barclays switched from assuring the whole report to assuring only selected information. The British Land case also presents a similar situation. From 2004 to 2006, British Land commissioned a NAAP called Ashridge to assure its whole sustainability report using AA1000AS. Then, from 2007 to 2009, it used BV as its assurance provider, assuring only selected sections of the report by using AA1000AS. After that period, British Land changed provider to PWC, who assured its selected sustainability-related information using ISAE3000. From these

cases, it is possible that types of assurance provider and SA standard used affect how the scope of SA engagement is defined.

One of the main reasons that more sustainability reports are assured for selected data is because reporting organisations choose to assure only their key or material KPIs. Instead of dedicating resources to seeking assurance for whole reports, reporting organisations can choose to assure only key data by utilising the limited resources that they have. In addition, from the assurance providers' perspective, providing a specific scope of assurance, rather than assuring the whole report, could limit their risks in relation to the assured information.

Due to the increase in SA with limited scope, some SA providers, especially AAPs, tend to use markings or symbols indicating pages or information for which they have provided the assurance. From the investigation of the assurance statements of FTSE100 companies, the use of marking has been increasing over the past ten years. This not only helps the users distinguish between assured and non-assured information in the sustainability reports, but also clearly indicates the responsibility of assurance providers with respect to the assured information. The forms of marking can be an indication of specific page numbers, specific symbols, or logos of assurance providers.

2.1.4 Contents of sustainability assurance statements

From FTSE100 companies' assurance statements, statements by AAPs tend not to have recommendations; however, statements by NAAPs tend to include recommendations. The recommendations and observations in this circumstance include the comments made by SA providers about the content of assured organisations' reports, reporting procedures, strategies or other related issues, and recommendations regarding principles from AA1000AS. These recommendations and observations do not normally affect the final assurance opinion; however, some assurance providers provide the comments publicly to indicate key issues, from an independent point of view, that reporting organisations have been or should be focusing on.

This issue also depends on the assurance standards used in the assurance engagements. If AA1000AS is used in an assurance engagement, it is likely that the assurance provider will comment on the three principles of AA1000AS, in addition to providing other recommendations and observations. If ISAE3000 is used, it depends on the assurance provider, and sometimes on

the client, whether or not recommendations and observations are provided in public assurance statements.

The proportion of the SA statements of FTSE100 companies that include recommendations and observations has been decreasing since 2005. The reason for this might be because there is a trend of sustainability reporting organisations moving towards accounting providers that use ISAE3000, which does not require such recommendations and observations in public statements. Also, after 2005, when ISAE3000 was launched, a number of assurance providers started to use ISAE3000 as their assurance standard. The description of dominant assurance standards for SA practice and the use of the standards are discussed later in the chapter (see Section 2.2).

From the trends and issues presented above, it is evident that the number of assured sustainability reports has been increasing, and accounting firms are dominant in the market for SA services. The trends also show that assurance engagements are conducted with limited level of assurance and scope. These trends might be the result of the development of assurance standards and of assurance practice so that assurance engagements are more specific.

The development of assurance standards from the accounting profession also influences the development of SA practice and has possibly resulted in the dominance of the assurance market by accounting firms. Although there is more than one assurance standard that can be used in assurance practice, it is not clear why there is a trend for one assurance standard to be chosen over the others (except for the fact that accounting firms need to use standards developed by the accounting profession).

Also, the changes in the titles of sustainability reports over the period highlight that sustainability reports / reporting may not be the same as it used to be in terms of contents, purposes, and the issues addressed. The changes in how sustainability is conceptualised as the report titles have changed over time more or less reflect the purpose of sustainability reports, which in turn affects the development of assurance practice. The inclusion of recommendations in assurance statements also highlights issues regarding the roles of SA statements and SA providers in serving as a guide for reporting organisations or as a means of enhancing the credibility of the assured information. This shows that the concept of assurance in this space might or might not be different from that of assurance in other areas, such as financial assurance.

These trends describe important characteristics of SA market identified from the surveys and observations of sustainability assurance statements. However, the statements are merely the products of a complex assurance process which involves decision making regarding the scope and level of assurance engagements, and development of specific concepts that may influence such decisions. For example, it is important also to understand the motivations of reporting organisations for engaging with assurance practice, the interests represented during the assurance process, and conceptions of sustainability assurance practice. The following sections address these issues to reflect the nature of the assurance practice.

2.2. Assurance standards for sustainability assurance engagements

Due to the voluntary nature of sustainability reporting and assurance, there is no universally accepted standard for either reporting or assurance. A number of guidelines and standards, therefore, are available for such practices on both national and international levels. Before introducing any sustainability reporting guidelines and assurance standards, it is worth noting a distinction between sustainability reporting guidelines and SA standards, because there are some misunderstandings in how these guidelines and standards are referred to. The reporting guidelines (e.g. the one developed by GRI) are intentionally designed to assist reporting organisations in preparing the content of their sustainability reports, or related sections in their annual reports. The standards, however, are designed to direct the provision of assurance on the reported information.

At the national level, there are some emerging national reporting guidelines and assurance standards, such as those of the Netherlands and Australia. At the international level, as mentioned in the previous section, there are no generally acceptable guidelines for sustainability reporting practice. However, the most widely used and prominent reporting guidelines have been developed by Global Reporting Initiative (GRI). GRI has introduced a series of sustainability reporting guidelines since 2000. In addition to the general reporting guidelines, GRI also provides reporting guidelines for companies operating in specific sectors that need to emphasise specific reporting criteria.

Similar to sustainability reporting practice, SA is, with few exceptions, largely voluntary in nature. There are no mandatory regulations to mandate organisations publishing sustainability reports to

engage in such assurance practice. Also, there is more than one SA standard available for assurance practitioners to base their assurance engagements on. Internationally, the main standard setters producing SA standards are the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and AccountAbility. Table 2.1 provides a summary of the development of these assurance standards for SA engagements.

Table 2.2: The development of assurance standards for sustainability assurance engagements.

	Founded	2000	01	02	03	04	05	06	07	08	09	10	11	12	13
GRI	1997	G1		G2					G3				G3.1		G4
AccountAbility	1995				AA1000AS					AA1000AS (2008)					
IAASB (IFAC)	1987						ISAE 3000			ISAE3000 (Revised)					ISAE3000 (Revised)

In this section, the focus will be on sustainability reporting guidelines and SA standards only at the international level, because these standards are mainly used in the UK sustainability reporting and assurance space, where this research is located.

2.2.1 Sustainability reporting guidelines by The Global Reporting Initiative (GRI)

Table 2.3: The development of the Global Reporting Initiative (GRI).

Year	Major Events in the Development of the GRI Reporting Guidelines
1997	- GRI founded as a part of Coalition for Environmentally Responsible Economies (CERES) - Developed environmental reporting framework
1998	Developed sustainability reporting framework
2000	Launched GRI G1
2001	- Separated from CERES as an independent organisation - Released a working paper relating to guidance on how to provide independent assurance on sustainability reports
2002	- Launched GRI G2 - Incorporated by United Nations Environment Program (UNEP) as its collaborating organisation, and relocated the head office to Amsterdam
2006	Launched GRI G3
2011	Launched GRI G3.1
2013	Launched GRI G4

Founded in 1997 in Boston as a US non-profit organisation, Global Reporting Initiative (GRI) was established by the Coalition for Environmentally Responsible Economies (CERES) to develop a framework for environmental reporting. The main aim of the framework is to be an accountability mechanism to ensure that complying companies follow the responsible conduct set by CERES, while the main target audience was primarily investors.

GRI then developed a multi-stakeholder Steering Committee in 1998 to deal with a reporting framework that would include more than environmental issues. The framework was extended to include social, economic and governance issues, and became a sustainability reporting framework. Accordingly, GRI was separated from CERES as an independent entity a year after the launch of the first version of its reporting guidelines in 2000, called the GRI G1.

After the first generation of the reporting framework in 2000, the second generation, or the GRI G2, was launched in 2002 (Global Reporting Initiative (GRI), 2002). In that year, the United Nations Environment Program (UNEP) incorporated GRI as its collaborating organisation, and GRI was relocated to Amsterdam in the same year. Later, in 2006, the third and current generation, or G3, was launched with the corroboration of over 3,000 parties from various fields of expertise (the extension of the G3, known as the G3.1 Guidelines, was published in March 2011 to update and expand the issues covered to gender, community and human rights-related performance).

The main refinement in the GRI G2 guidelines is found in the later generation GRI G3 guidelines. GRI G3 promotes the inclusion of disclosures on 'Strategies and Profile', and on 'Management Approach', which provide report users with more understanding regarding the nature of managerial issues in the reporting organisations. Also, it advises reporting organisations to include a 'GRI Content Index' so that readers can locate disclosed elements according to the guidelines.

GRI G3 suggested a new system to indicate that a sustainability report is based on the GRI Reporting Framework. It suggested that reporting organisations indicate the level of application of the GRI Reporting Framework by using the levels A, B, and C (Global Reporting Initiative (GRI), 2006). These levels indicate reporting criteria that reporting organisations have covered in their reports. The purpose is to serve the needs of different levels of reporters, from beginners to more advanced reporters. The application level should be declared in the reports. In addition to the self-declaration of the application level, GRI also suggested a "plus" (+) to accompany each application

level (e.g. A+, B+, C+) if reporting organisations engage external assurance to confirm their self-declaration.

The latest version of GRI is GRI G4 (Global Reporting Initiative (GRI), 2013b) that was launched in May 2013 at the GRI Global Conference on Sustainability and Reporting (Global Reporting Initiative (GRI), 2013c). The main aims of this latest generation of sustainability reporting guidelines, GRI G4, are to create a user friendly reporting framework, to enhance the technical quality of the reporting guidelines, to promote harmonisation with other reporting guidelines, and to outline the approach to 'material issues'. The approach to 'material issues' could benefit reporting organisations and their stakeholders because different reporting entities are subject to different stakeholders. This could lead them to consider material issues that fit their sectors and meet the information disclosure expectations of their stakeholders.

GRI G4 also suggests that reporting organisations use external assurance to accompany their sustainability report to increase the credibility of the information presented, to reduce data risk, and to increase the value of reports (Global Reporting Initiative (GRI), 2013a). However, the assurance is not a mandatory exercise for reporting organisations to be 'in accordance' with the GRI reporting guidelines (Global Reporting Initiative (GRI), 2013b, p.13). Therefore, not all reports complying with GRI guidelines seek external assurance over the information presented.

GRI G4 (Global Reporting Initiative (GRI), 2013b, p.36) seeks to have reporting organisations disclose their policy, current practice, and the involvement of their highest governance body or senior executives, with regard to their approach to seeking an external assurance provider. Also, reporting organisations should report the relationship between them and their assurance providers.

2.2.2 International Standard on Assurance Engagement 3000 (ISAE 3000), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

The International Auditing and Assurance Standards Board (IAASB) was established in March 1987 as the International Auditing Practices Committee (IAPC). After a comprehensive review of the IAPC in 2001, it was reconstituted and changed its name to the International Auditing and Assurance Standards Board (IAASB) in 2002.

Table 2.4: The development of the International Standard on Assurance Engagement 3000 (ISAE 3000).

Year	Major Events in the Development of ISAE3000
1987	Establishment of IAASB (as IAPC)
2001	Comprehensive review of IAPC
2002	Renaming of IAPC as IAASB
2005	Launch of the first version of ISAE3000 (2003)
2008	Launch of the later version of ISAE3000 (revised 2008)
2009	Approval of revision project for ISAE3000
2011	- Proposed exposure draft of ISAE3000 (revised) - Comments on the exposure draft are welcomed from April 2011 to beginning of September 2011
2013	Launch of final pronouncement for the latest version of ISAE3000 (revised 2013). This version is effective for assurance engagements when the assurance report is dated on or after December 15, 2015.

The IAASB is an independent standard setting body of the International Federation of Accountants (IFAC). It aims to serve public interest by providing international standards for auditing, quality control, review, other assurance, and related services. As the institutional setting of the IAASB is based on financial audits, it does not provide assurance standards specifically for SA practice. Instead, the IAASB has introduced the International Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), to be applied to assurance engagements other than financial assurance. This assurance standard has, therefore, been widely used by SA practitioners, especially accounting assurance practitioners.

ISAE 3000 was first approved by the IAASB in 2003. Due to the evolving development of assurance services, the IAASB decided that practical implementation of ISAE 3000 should be kept under review. After practitioners had been exposed to ISAE 3000 for some time, the IAASB approved a revision project for ISAE 3000 in March 2009. It then launched an approved proposed revised ISAE 3000 in April 2011 and offered a comments period for the exposure draft ending 1 September 2011. The main issues included in the exposure draft included practitioners' objectives, the distinction between reasonable and limited assurance engagements, competence of assurance practitioners, and development of internal control (Simnett, 2012).

ISAE 3000 is proposed by the IAASB as a principles-based standard that can be applied to a wide range of subject matters. ISAE 3000 defines an assurance engagement as:

“an engagement in which a practitioner aims to obtain 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 subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria)” (IAASB, 2013b, p.7)

Assurance conclusions, according to ISAE3000, can be classified into two levels, reasonable assurance and limited assurance. Reasonable assurance offers a higher level of assurance than limited assurance.

2.2.3 AA1000 Assurance Standard (AA1000 AS)

Table 2.5: The development of the AA1000 Assurance Standard (AA1000 AS).

Year	Major Events in the Development of the AA1000 Series
1995	First established
1999	Launch of the exposure draft of AA1000 Framework: Standards, Guidelines and Professional Qualification
2002	Launch of a consultation document for AA1000S
2003	Launch of the first assurance standard, the AA1000 Assurance Standard (AA1000AS)
2005	Launch of the first version of the AA1000 Stakeholder Engagement Standard (AA1000SES)
2008	- Launch of the second (and latest) version of AA1000AS - Launch of the AA1000 AccountAbility Principles Standard
2009	Publication of the guidance for assurance providers, reporting organisations, and stakeholders for use of the AA1000AS
2011	Launch of the final exposure draft of AA1000 Stakeholder Engagement Standard (AA1000SES)

The Institute of Social and Ethical Accountability (ISEA), widely known as AccountAbility, was established in 1995 and started as a non-profit organisation providing corporate responsibility and sustainability solutions to various kinds of organisations, including corporations, non-profit organisations and governmental organisations. AccountAbility provides reporting principles, assurance standards, and stakeholder engagement guidelines through its AA1000 Series.

AccountAbility released an exposure draft of 'AA1000 Framework: Standards, Guidelines and Professional Qualification' (AccountAbility, 1999). The exposure draft suggested an effective way for how organisations could engage their stakeholders by using three principles: materiality, completeness and responsiveness. This document also contains sections relating to auditing and quality assurance guidelines that supplement the three principles of the AA1000 framework (AccountAbility, 1999).

In 2002, AccountAbility launched a consultation document titled 'AA1000 Assurance Standard: Guiding Principles Consultation Document' and welcomed public comments (AccountAbility, 2002). The document addressed a core approach to implementing and using AA1000 Assurance Standard; however, it did not provide detailed technical guidance on any assurance activities. It was expected that technical guidance would be developed after the consultation period. After the consultation document, AccountAbility published its first complete assurance standard in 2003, called 'The AA1000 Assurance Standard (AA1000AS)', and claimed the document as the world's first SA standard (AccountAbility, 2012).

The second edition of the standard was then published in 2008 as AA1000AS (2008). AccountAbility has built this latest version of its assurance standard from its growing experience in SA practice, and has published it to replace all previous versions. Also in 2008, AccountAbility published the AA1000 AccountAbility Principles Standard (AccountAbility, 2008b) that introduced the three principles of inclusivity, materiality, and responsiveness for accountable organisations that would like to adhere to AccountAbility's principles in developing their sustainable business strategies. Also, if assurance engagements are based on this standard, assurance providers need to provide comments and conclusions regarding these principles. A brief description of the three principles follows.

Inclusivity: This principle requires organisations to address their accountability to those on whom they have an impact, and who have impacts on these organisations. Inclusivity is not only stakeholder engagement, but a commitment to be accountable to stakeholders, and enable their participation in identifying issues and finding solutions (AccountAbility, 2008b, p.10).

Materiality: Under this principle, organisations need to determine relevant and significant issues for their organisations and their stakeholders. A material issue is an issue that has an influence on

decision making and actions of organisations, as well as on their stakeholders (AccountAbility, 2008b, p.12).

Responsiveness: This principle addresses the response of organisations to their stakeholders' issues that could affect the organisations' sustainability. This could be considered or achieved through the decision making process, and communications with stakeholders (AccountAbility, 2008b, p.14).

AA1000AS (2008) is an international and freely available standard for SA engagements. While its main target users are SA practitioners, AccountAbility suggests that the assurance standard might be useful for sustainability reporting organisations and the users of SA reports. Thus, in addition to AA1000AS as a SA standard, AccountAbility provides guidance to enhance the understanding and application of AA1000AS, including 'Guidance for AA1000AS (2008) Assurance Provider' (AccountAbility, 2009a), 'Guidance for Reporting Organisations Seeking Assurance to AA1000AS (2008)' (AccountAbility, 2009b), and 'Guidance for Stakeholders Using AA1000AS (2008) Assurance Statements' (AccountAbility, 2009c).

AccountAbility (AccountAbility, 2012) claims the uniqueness of its assurance standard is that it requires SA providers to evaluate whether the assured report is constructed in adherence to the three principles in AA1000AS (2008). Assurance providers, therefore, need to understand and assess the underlying management system, and how the organisation engages with their stakeholders in order to provide comments on the adherence by reporting organisations to those principles.

This assurance standard is a principle based standard. Thus, it is flexible and can fit the organisational context of any individual organisation. Every organisation at each stage of sustainability reporting can use this standard because it does not embed the nature of a certification standard, which leads to only 'pass' or 'fail'.

2.2.4 The use of assurance standards

As mentioned above that the first standard was AA1000AS, launched in 2003 by AccountAbility. The AccountAbility AA1000AS is a public standard that any type of assurance provider can base their assurance opinions on. In 2005, the first accounting standard for non-financial assurance

engagements, ISAE3000 was launched. The ISAE3000 is an accounting standard that those assurance providers who are entitled to use accountants' codes of ethics and conduct are allowed to base their opinions on. However, the latest revised version of ISAE3000 (2011) has proposed that NAAPs could also use the standard on which to base their opinions.

From the SA statements investigated for FTSE100 companies from 2000 to 2013, there are three main assurance standards or methodologies used for SA statements. These are ISAE3000, AA1000AS and firms' own methodologies. In the earlier years of reporting, SA providers had no assurance standards to base their work on. They used their own methodologies to conduct the assurance. One of the most important issues here is whether the introduced assurance standards make any difference to assurance statements and assurance practice. The information from the sustainability reports of FTSE100 companies shows how the standards, AA1000AS and ISAE3000, have influenced the development of SA statements.

Since 2005, when ISAE3000 was launched, the number of assurance statements based on ISAE3000 has been increasing. In 2005 only 11% of assurance statements were based on ISAE3000, and 44% on AA1000AS. In 2013, however, 67% were based on ISAE3000, while only 13% were based on AA1000AS. This percentage includes those assurance statements that "comply" with ISAE3000, and those that "are based on" firms' methodologies developed from ISAE3000. The difference between these two types of ISAE3000 assurance statement is the wording used in the statements. Before the revised ISAE3000 (2013), only AAPs could use and comply with ISAE3000, because it is an accounting assurance standard. Thus, only professional accounting firms that come under the codes of ethics for professional accountants could officially use the standard to base their assurance opinions on. However, a number of NAAPs have been using the standard by stating that they use their own methodology is based on the standard.

To illustrate the use of ISAE3000 by NAAPs, one such provider, ERM CVS, states in their SA statements that the assurance standard that they use is their own firm's methodology based on ISAE3000. This is similar to a statement by another NAAP, DNV, who state in their statements that they use their own assurance methodology based on 'professional experience and international assurance best practice'. As mentioned in an earlier section, the emergence of assurance standards, both ISAE3000 and AA1000, could lead to more consistent assurance practice and more

comprehensive SA statements. From the investigation of the reports, it is not sufficient to claim that SA standards enhance the consistency of practice across the different assurance providers.

2.2.5 Notes on the two assurance standards for sustainability assurance practice

The assurance standards discussed above, AA1000AS (2008) and ISAE3000, are the most active global assurance standards for SA engagements. Their coexistence and the utilisation of both standards by practitioners have raised a question as to why we need more than one standard (Iansen-Rogers and Oelschlaegel, 2005). Some of the literature on assurance standards for SA practice also comments that there is a lack of a standardised approach; therefore, assurance providers selectively adhere to certain principles from one framework or another (Ackers, 2009). This section, therefore, aims to address the differences and similarities in the two assurance standards.

The major difference between the two standards is that they originated from different objectives and approaches. AA1000AS by AccountAbility was developed specifically for SA engagements and was based on a multi-stakeholder process. The assurance engagements based on this standard emphasise the relevance of the reported information for stakeholders; therefore, the stakeholders are expected to be involved in setting criteria and identifying subject matter for the reports and the assurance engagements. In other words, the assurance engagements based on AA1000AS are stakeholder-based and subject to an open scope approach that can be determined through the stakeholder engagement process.

ISAE3000, however, originated from the financial audit framework and is intended to be applied to any assurance engagement other than reviews of financial information. The scopes and subject matters of assurance engagements based on this standard are predetermined and agreed between the assurance providers and reporting organisations. This reflects the greatest weakness of ISAE3000, in that it is not particularly designed for SA engagements (Manetti and Becatti, 2009).

The two dominant assurance standards for SA engagements clearly have origins that are characterised by different professional backgrounds; one comes from the non-profit sector, while the other comes from the accounting profession. ISAE3000 focuses more on risk, which is one of the main concerns of financial auditors, while AA1000 AS focuses more on the process of assurance so that practitioners can direct the process in the interests of stakeholders (Manetti and

Toccafondi, 2012). The assurance standard generated by the accounting profession tends to gain some influence from financial statement audits and assurance engagements (Deegan et al., 2006). Due to the different nature of these assurance standards, it is possible that an engagement subject to either AA1000AS or ISAE3000 alone could deliver different results (Iansen-Rogers and Oelschlaegel, 2005). For example, the scope of an assurance engagement based only on AA1000AS tends to cover the whole report. An engagement that is subject to ISAE3000, however, tends to have limited scope that is based on agreement between assurance providers and reporting organisations. Despite the different approaches from which the two assurance standards are developed, they possess no methodological conflict so that the co-existence of the two standards in a single assurance report is possible and could enhance the results of the assurance engagement (Iansen-Rogers and Oelschlaegel, 2005). Thus, it is common to see methodology of a particular SA engagement that is based on both assurance standards.

The harmonisation of SA standards is still far away, since it is conceptually a difficult standard to develop (Simnett, 2012). This is the result of the complexity of sustainability-related information, which makes such a generally accepted assurance standard for SA practice unattainable (Dillard, 2011). Also, the concept of sustainability itself could be constructed or perceived in the ways that different individuals want (Moneva et al., 2006). This is why the risk based approach, or the risk based assurance standard (i.e. ISAE3000), has been developed (Simnett, 2012) and used widely. The possible and necessary development in the near future for SA standards is to clarify the existing elements, such as the level of assurance, so that assurance report users can have a clearer understanding of the statements, and the statements themselves are effectively involved in the users' decision making processes.

2.3 The nature of sustainability assurance practice

It is prevalent from the review in previous sections that, as assurance practice is largely unregulated, different types of organisations provide assurance services using different scopes, levels, and methodologies. This section further discusses the issues arising that reflect the nature of the practice by looking at existing SA literature. As SA has developed significantly for over a decade and the number of sustainability reports with assurance statements has grown, it is important to understand the way in which issues relating to the nature of the practice are debated in the existing literature. This section covers the motivations of reporting organisations to be a

part of the practice, managerial influences over assurance practice and stakeholder engagement in the assurance process.

2.3.1 Motivations to engage with sustainability assurance practice

The number of companies publishing sustainability reports has been increasing. One of the main reasons that companies decide to engage in such reporting practice is that they want to express their corporate responsibility and accountability. However, the confidence in the intentions of reporting organisations to take sustainability issues seriously has not increased as the number of published reports has increased due to corporate collapses and misconducts (Dando and Swift, 2003). In response to this credibility problem, reporting organisations started to engage in SA practice to accompany their sustainability reports, starting in the 1990s (Hodge et al., 2009).

From the users' perspective, there is wide support for sustainability reports being accompanied by SA because the assurance helps enhance the credibility of such reports (Hodge et al., 2009). One of the reasons for the full support for the assurance might be because they do not bear the costs of the assurance statements (Jones and Solomon, 2010). From a managerial perspective, however, the perception of involvement in sustainability practice varies. Some management teams think that assurance practice is crucial to enhance the quality of their reports, as well as the credibility of reported information (Jones and Solomon, 2010). Their motivations to commission SA include enhancing transparency of reported information, benefiting documentation, following current corporate reporting trends, enhancing corporate reputations, attracting more customers, and winning relevant awards (Sawani et al., 2010). These motivations can be mainly categorised into two groups: enhancing transparency or credibility of reported information, and being used as managerial tools to engage corporate reputation. Although there is some evidence showing stakeholders' demands for SA statements, the real driving force for SA comes from internal influences rather than external stakeholders' demands (Junior et al., 2014).

While SA practice is largely supported by sustainability reporting organisations, some of them highlight their concerns about engaging with the practice. Those concerns include the resources required for assurance engagements, insufficient development and complexity of the assurance practice, lack of pressure from stakeholders, and the uncertainty of benefits from assurance (Stubbs et al., 2013; Jones and Solomon, 2010). These are some of the main reasons that sustainability reporting companies are reluctant to engage in assurance practice. In addition, some

reporting organisations argue that the absence of a sustainability report and assurance does not mean that there is a lack of corporate concern about sustainability, because communication about accountability and responsibility can take various forms (Stubbs et al., 2013).

From assurance providers' perspective, the motivations to provide SA services can be promoting public accountability, and expanding their service areas. Owen et al. (2000) discuss social audit, which is similar to SA practice. They distinguish between conventional social audit and new social audit. Conventional social audit is the conduct of critical auditing of the social and environmental performance of large organisations and publicising of the audit reports. This kind of audit promotes public accountability of organisations. However, new social audit has a strong emphasis on the usefulness of managing organisations, as well as of promoting transparency (Owen et al., 2000). Similarly, SA practice is largely used as a managerial tool to manage stakeholders than to provide accountability to stakeholders. It is therefore unclear whether SA practice is perceived by assurance providers as a protest in favour of corporate accountability, or as a professional attempt to expand their service area to the sustainability domain (Power, 1991).

2.3.2 Managerial influence over sustainability assurance engagements

As third party assurance of sustainability reports is largely voluntary, with France and South Africa among a few other countries pioneering a mandatory approach (KPMG, 2013), there is no required scope or level of assurance engagements that reporting organisations need to comply with. Reporting organisations can choose their preferred scope and level of assurance to match with their current sustainability reporting, or with their budgets for the assurance.

The scope of a SA engagement can cover the whole report or particular indicators. Reporting organisations, with limited budgets or just at the start of their sustainability reporting journey, can choose to assure only particular indicators. For example, they can choose to assure only greenhouse gas emission information, which is largely quantified. If the scope is too narrow, this may affect the completeness of the assurance process (Sawani et al., 2010). However, completeness of sustainability reports is difficult to assess because the concept of sustainability is still evolving and has no universally accepted definition or scope (Ackers, 2009). Thus, the concept of materiality is used by reporting organisations and assurance providers to make decisions on what content or indicators should be included in sustainability reports and in assurance

engagements. The materiality assessment should be based on stakeholders' expectations of which indicators are to be reported and which are to be assured (O'Dwyer and Owen, 2005).

Also, reporting organisations can choose what level of assurance they would like to have for their sustainability reports. Reporting organisations tend to choose limited level of assurance for their sustainability reports because users of the reports do not really see the difference between limited level and reasonable level of assurance (Hodge et al., 2009). This could be the result of the presentation of SA statements that do not clearly state the differences between the two assurance levels (Hodge et al., 2009). The existence of different assurance levels could also confuse users of sustainability reports (Perego and Kolk, 2012). However, the clarification of the two levels of assurance could be enhanced by including contrast statements³ in the assurance opinions (Low and Boo, 2012). Still, the relationship between level of assurance and the assurance work is highly dependent on assurance providers' judgement (O'Dwyer and Owen, 2005). For example, limited level assurance can range from the lower limited level to limited level assurance that approaches reasonable level.

This discretion of reporting organisations to choose the scope or level of assurance could promote the idea of managerial capture of the assurance process. In other words, the assurance process is conditioned by self-referential and self-protecting behaviours of reporting organisations' management and of assurance providers themselves (Owen et al., 2000). Hence, the process can be captured by either management or assurance providers, or both (Smith et al., 2011). This capture could result in myopic sustainability development, marginalisation of groups of stakeholders, and exaggeration of the promise of accountability (Owen et al., 2000). Also, reporting organisations could more or less have control over the nature of disclosures and the assurance of the information (Ball et al., 2000).

2.3.3 Stakeholder engagement

As SA practice could be subject to managerial and professional capture, it is emphasised that stakeholders' concerns should be central to the assurance process (Dando and Swift, 2003). Some assurance engagements are merely data checking exercises and involve only an indirect mechanism for stakeholder engagement (Manetti and Toccafondi, 2012). Edgley et al. (2010)

³ Contrast statements are used when a lower level of assurance is provided. Instead of providing positive assurance wordings, negative assurance wordings are provided in the assurance opinion (e.g. "*Nothing* has come to our attention that...").

assert that, despite managerial capture of the SA process, there has been more stakeholder involvement in the assurance process as the practice has become more mature. One of the assurance providers interviewed in her study noted that if there is no stakeholder involvement in the assurance process, the practice is merely a box-ticking exercise for reporting organisations (Edgley et al., 2010). Interview evidence from the study by O'Dwyer (2011) also confirms that practitioners from both accounting and non-accounting backgrounds agree that stakeholder involvement is crucial for the SA process. However, AAPs tend to focus more on intended users and their needs, while NAAPs focus more on stakeholders than management by addressing the assurance statements to stakeholders (Edgley et al., 2010).

SA practitioners, from the interview evidence, suggest that stakeholder panels should be created to alleviate the judgmental issues regarding the scope of reports and assurance engagements; however, they are not sure about the role of the stakeholder panels and whether they would play a part in assurance or consultancy functions (O'Dwyer, 2011). Thus, although stakeholder engagement is important to the assurance process, it is still unclear how and where in the assurance process they should be engaged. Is it the role of the reporting organisation or assurance provider to directly engage with related stakeholders? The relationship between stakeholders and reporting organisations, or between stakeholders and assurance providers in the assurance process, therefore, are not clear.

2.4 Sustainability assurance as a non-financial assurance practice

SA is considered as one of the non-financial assurance practices. As argued earlier, the services relating to SA practice are not regulated; therefore, accounting firms (or auditing firms) do not have a monopoly in the SA market. One of the main issues for non-financial assurance services is expertise in specific subject matters relevant to a particular practice. However, the main aim of the assurance remains the same as for financial assurance, which is to increase the relevance and reliability of the assured non-financial information (Elliott, 1977).

There are a limited number of qualitative studies of non-financial assurance in the accounting and auditing literature. Grendron and Barrett (2004), for example, look at how e-commerce assurance, called WebTrust, is developed. The study shows the attempts of assurance providers to develop this non-financial assurance service and to persuade reporting organisations to engage with the

service. Unlike financial assurance, such an assurance service is not mandatory. The assurance provider, therefore, needs to use appropriate strategies to convince their potential clients and to show their expertise over the subject matter. In most cases, reporting organisations need non-financial assurance for either compliance purposes, or internal continuous improvement purposes (Power and Terziovski, 2007). Power and Terziovski (2007) show that non-financial auditors feel that they promote continuous improvement in the assured organisations; however, the organisations feel that such assurance serves the compliance purpose more than continuous improvement. This shows a dilemma concerning the roles of non-financial assurance providers, as perceived by reporting organisations, stakeholders, and the assurance providers themselves. This is important because the different roles that assurance providers play reflect how they serve and are responsible for different stakeholders (Power and Terziovski, 2007).

Power (1996) discusses three types of non-financial audits, quality audit, research audit, and brand audit, in order to understand the logic of auditability and the creation of an audit environment. Something is perceived to be auditable by creating a network of trust and an auditability environment. Audit methodologies are believed to work because they are institutionally accepted through the process of negotiation of audit expertise. Subjects that are perceived as unauditible could become auditable at a later period because the network of trust and the auditability environment has been created around the subjects (Power, 1996).

Dogui et al. (2013) also study non-financial assurance. Their work focuses on independence of assurance providers in the context of ISO audit. They assert that the concept of independence is broadly defined in financial audit practice, but not in ISO audit; therefore, if the auditors want to remain independent, they cannot cross the threshold that impairs their independence. Thus, it is difficult to locate such a threshold because there is no single fixed meaning for independence. However, when a series of confirming and reassuring rationalisations are produced over time, practitioners become more confident about the way in which independence is articulated because previous events are used to make sense of the current ones (Gendron and Spira, 2010). Dogui et al. (2013) also raise the important issue that, in the non-financial assurance area, it is likely that assurance providers also provide pre-assurance services. This raises a question about the distinction between advisory (i.e. pre-assurance) work and assurance work, and challenges the role of assurance providers in terms of whether they are the guardian of public accountability or are business advisors (Humphrey and Moizer, 1990). This issue is important to non-financial

assurance practice. Although non-financial assurance is largely unregulated, the assurance is also used to increase the credibility of information. Thus, assurance practice must create trust in itself (Power, 2003); however, the overlap between assurance and consulting services in the non-financial assurance area can impair such trust (Philip, 2003).

Besides issues of independence of non-financial assurance providers, expertise on specific subject matter is also important (Dixon et al., 2004). Huggins et al. (2011) highlight the new assurance market for greenhouse gas emission information. They assert that assurance providers of greenhouse gas emission information from the accounting profession lack the specific knowledge of the subject matter. However, the assurance providers respond that they have developed multidisciplinary working, including practitioners with different skill sets. Also, they take advantage from global client exposure and their reputational capital to claim their place in such a competitive market. Power (1997) asserts that the accounting profession has started to compete for work in the environmental assurance field by establishing claims in competition with experts in other professional backgrounds. The accounting profession is able to render accounting discourse as a centre of calculation, and as the core function of business. Thus, AAPs can relate every discourse to this core function to enhance their perceived credibility and expertise as SA providers.

As discussed earlier, the type of assurance provider affects how the report users' perceive the quality of assurance statements (see e.g. Perego and Kolk, 2012; Pflugrath et al., 2011; Perego, 2009; Hodge et al., 2009), and so, a particular type of SA provider might have a competitive advantage compared to others. For example, one such competitive advantage could be the degree of SA providers' independence perceived by the report users (Wallage, 2000); therefore, accounting firms possess some advantages over other types of SA providers in terms of their perceived credibility (Hodge et al., 2009). This type of provider tends to conduct data verifying activities (O'Dwyer and Owen, 2005), rather than providing comments on how the reports are generated, which might affect their independence as assurance providers.

While AAPs have independence as a quality that adds value to the assurance process, consulting assurance providers are perceived to be superior in terms of rendering useful recommendations for the assured reports (Perego and Kolk, 2012). In addition to their role as assurance providers, in such cases they also act as consultants, providing some extent of commentary on the sustainability reporting process. They tend to focus more on completeness of the reported information, so that

the assurance process can directly enhance the stakeholder involvement in the reporting process (Manetti and Toccafondi, 2012). The recommendations and comments on the reporting process could benefit future assurance practice, since they facilitate the creation of an auditable environment to make the assurance of sustainability-related information possible; however, degree of the assurers' independence could be weakened (O'Dwyer, 2011). Consequently, different degrees of independence could affect their role as an assurance provider, and the perception of their role could, in turn, affect the level of their independence.

As mentioned, AAPs are perceived to render a higher quality of SA because their perceived independence is greater due to their reputational capital (Simnett et al., 2009). Also, they have an effective monitoring mechanism influenced by financial audit procedure (Simnett et al., 2009). SA practitioners whose background is financial auditing tend to maintain their reputations from this profession, especially regarding their independence; therefore, they emphasise the need for verification work, rather than sustainability consultancy (Wallage, 2000). Also, there is a need to distinguish between the verifying and consulting functions of assurance engagements (Owen et al., 2000).

As the SA market is competitive, it is possible that entities or individuals can attempt to claim to be assurance providers (Manetti and Toccafondi, 2012). From the discussion of trends in SA in section 2.1.1, AAPs have been gaining a greater share of the SA market. One reason for this could be that AAPs possess more reputational capital or trust than NAAPs (Dixon et al., 2004). More importantly, AAPs expand their professional work beyond financial assurance by constructing stable and solid networks of support (Gendron and Barrett, 2004), and by creating a link between the new area of practice and the more institutionalised financial assurance practice (Manetti and Toccafondi, 2012).

Although creating such a link may help them compete in the new practice area, they have been criticised as being constrained by the traditional logic of financial assurance, which may constrain the logic of the new SA practice (Dillard, 2011). In addition, despite the fact that AAPs are perceived to provide a higher quality of assurance in terms of assurance procedures, they need to justify themselves as to whether their assurance teams comprise practitioners with particular expertise to deal with specific subject matter. This leads to the use of experts' comments in SA engagements by AAPs (Manetti and Becatti, 2009). Thus, this shows that NAAPs can still gain some

share of the SA market because they are perceived as possessing expert knowledge about particular areas of reported information. However, Ferguson and Pündrich (2015) have conducted a study to consider whether industry specialisation with respect to assurance for non-financial information matters to investors. There is weak evidence to suggest that changes in share prices around non-financial disclosures are influenced by specialist assurance providers. This shows that industry specialisation for non-financial information does not matter to the investors in the absence of the risk of litigation. This means, for SA practice, which is not mandatory and is subject to a low litigation risk, specialist assurance providers have little impact on investors' perceptions of the credibility of disclosed information.

From the reviews and discussion of non-financial assurance studies, the important issues for the development and provision of this type of assurance work are independence of assurance providers, subject matter expertise, and perceived auditability of underlying information. These key issues are also pertinent to the development of SA practice, which is a type of non-financial assurance.

2.5 Fundamental concepts underlying sustainability assurance practice

Sustainability is still an evolving concept and has no universally accepted definition or scope (Ackers, 2009). It first emerged in the accounting literature in the 1970s (Owen, 2008). Due to its vagueness and wide scope, questions such as 'what we mean by sustainability' remain common (Gray et al., 2014, p.225). Another question regarding the concept of sustainability is at which level, planetary or organisational, do we decide to apply the concept of sustainability.

Organisations should also support the sustainability of the planet; however, they only consider the sustainability of their own existence in society. So what sustainability means to business could be how the business is made sustainable in the long run by legitimising business activities within society in order to gain a licence to operate. In legitimising their activities businesses need to consider what could affect their licences to operate. Therefore, they publish corporate reports to disclose the information affecting their sustainability to the public or to any parties affected by their operations. This kind of non-financial report initially included social information about health and safety of employees (Unerman et al., 2007). Environmental and ethical issues were then

introduced to the reporting. This was followed by the combination of all of the issues to be presented as sustainability related information.

With the inclusion of more issues as part of the reporting, the term 'sustainability' has been widely used (instead of environmental or social) in the reporting regimes of organisations. When considering sustainability reporting, a number of organisations consider environmental and social elements to be parts of their reports; however, sustainability reporting nowadays can also cover reporting of action against bribery and other complex issues. This presents challenges in consideration of the scope of the definition of organisational sustainability and sustainability reporting practice.

Despite 'sustainability' and 'assurance' seem to be stable concepts in the wider context, there are a limited number of studies which try to understand these concepts as the foundation of SA practice and how the relationship between the two concepts influences the process of assurance. A number of studies look at SA statements, especially in the UK (see e.g. Ball et al., 2000; O'Dwyer and Owen, 2005; Deegan et al., 2006); however, these studies do not focus on assurance practices themselves, making generalized assumptions about the state of the studies based on the analysis of assurance statements. As a consequence, such an analysis reveals how well SA statements comply with the pre-defined criteria, but does not really capture the nature of the practice itself. In order to understand the development of SA practice, it is important to understand the underlying concepts from the point of view of assurance providers because it is their perceptions of these concepts that lead to the ways in which they conduct the practice. SA providers are important actors in influencing the development and operationalisation of SA practice, and an understanding of how they conceptualise SA is crucial.

Previous literature has not addressed or questioned explicitly these fundamental concepts, because earlier studies have focused on assurance statements based on environmental, or on environmental and social reporting practice. The concept of environmental and social reporting is less complex and more well-defined than the concept of sustainability reporting. This could be one of the reasons why studies of assurance engagements in terms of reporting practice have not addressed these underlying concepts. Unlike environmental and social reporting, sustainability reporting and assurance are unstable concepts because they are subject to different interpretations and can be changed or refocused over time. This study seeks to understand how

SA practice is conceptualised. Specifically, the focus of this thesis is on how SA providers struggle to develop the practice by operationalising SA. They need to develop the ‘attached meanings’ of these two terms based on criteria, and on how different actors, especially SA providers, frame and understand such meanings.

2.5.1 The concept of sustainability

“Sustainability, however, is something of a wolf in sheep’s clothing”

(Gray et al., 2014, p.48)

The concept of sustainability *per se* is unstable because it can be interpreted differently by different individuals. Sustainability is an ambiguous and complex term (Gray, 2010), because there are a number of attitudes toward what comprises sustainability and how it can be achieved.

As aforementioned, sustainability can be interpreted at both the planetary level and the organisational level. When companies attempt to initiate their sustainability related strategies or develop their sustainability reports, there is a question as to whether this is the sustainability of the planet, or of the companies themselves. It is argued that the first concrete definition of ‘sustainability development’ is proposed by WCED in ‘Our Common Future’ report as “the development that meets the needs of the present without compromising the ability of the future generations to meet their own needs” (WCED, 1987). This illustrates a wider definition of sustainability that is related to its meaning at the planetary level which has no direct application to the business world.

However, another definition of sustainability also proposed by Unerman et al. (2007, p.2) is the “long-term need to ensure that economic activity is socially and environmentally sustainable”. This definition of sustainability is more related to the business world because it places an emphasis on economic activities that leads to social and environmental impacts. There is also another possible definition of sustainability that portrays how organisations may think about sustainability. Organisations may perceive that the focus of the sustainability agenda is their own sustainability, instead of the sustainability of society and the planet. Consequently, the sustainability related initiatives taken by such organisations would help them sustain their business, whether that initiative contributes to the sustainability of the planet or not.

With these three definitions of sustainability, the emphasis has been shifted from sustainability at the planetary level to the organisational level. The degree with which organisations try to put themselves at the centre when considering sustainability is higher as we move from the first definition to the third one. The second and the third definitions of sustainability also relate to business world. However, the second definition illustrates the relations between organisations' operations and sustainability development, while the third definition demonstrates the focus of sustainability on organisations *per se*. Some academics argue that it is not possible, at least right now, to reconcile sustainability at the planetary level with sustainability at the organisational level because there are contradictions between sustainability at these two levels (Gray, 2010; Milne, 1996). Sustainability is, therefore, nothing to do with the corporate world at all (Milne, 1996).

When companies present their sustainability reports or sustainability strategies, these sustainability initiatives could be a wolf in sheep's clothing. Such initiatives, including the reports, seem to play a role in portraying the organisations as devoting themselves to planetary sustainability through their operation; on the contrary, these initiatives serve the purpose of sustaining the organisations' operations.

Besides the different levels of sustainability, which reinforce the different possible definitions of the concept, the perceptions of individuals about what constitutes sustainability and how to achieve it also lead to different shades of sustainability. The perceptions of sustainability affecting the construction of its meaning depend on the world view that individuals hold towards the concept (Gray et al., 2014, p.57).

A prominent aspect of the discussion above is that individuals, and even organisations, perceive sustainability differently, because sustainability is a socially constructed concept that can be constructed around any type of subject. It can be interpreted in a variety of ways, and can include countless subjects. To understand how an organisation accounts for sustainability, we therefore need to understand first what are the definitions of sustainability that organisations want or are expected to account for.

Accountability for sustainability is unique to each organisation. Also, expectations of different stakeholders about a particular organisation's accountability for sustainability are also different. Since accountability for sustainability is subject to constant change and negotiation among those

with power (Gray et al., 2014), those with power can then direct the way in which relevant organisations are accountable for sustainability. They could persuade stakeholders that organisations need to, or do not need to, account for particular things, or that organisations have already accounted enough, or not enough, with respect to particular issues (Gray et al., 2014).

SA practice is considered as one kind of accountability mechanism in organisations' sustainability reporting. In the assurance process, there are also negotiations among relevant actors relating to what should constitute organisations' sustainability, or what should be organisations' sustainability related material issues. Understanding and exploring the perceptions of actors in a SA networks about the concept of sustainability might shed some light on how they conceptualise sustainability. Their conceptualisation of sustainability, in turn, affects how they construct SA practice.

2.5.2 The concept of assurance⁴

'Assurance' is a general term that is used by other professional groups than accounting profession. Other professions, however, have their own assurance procedures developed by experts in their fields. The procedures might be more or less different from that of the accounting profession. The concept of assurance is one significant element which has influenced the development of SA (Park and Brorson, 2005; Gray et al., 2014, p.271). Since the term is not restricted to any specific professional group, it is a broad term with unclear meaning. However, the term 'assurance' probably does not carry the same level of rigour of attestation compared to the term 'audit' that is used by accounting professionals for the review of financial information (Gray et al., 2014, p.271). Although the meaning of 'assurance' is not universally defined, the main purpose of assurance practice is to enhance the users' confidence that the information to which the assurance is attached, reasonably and fairly represents the actual state of things.

Although the term 'assurance' is not restricted only to the accounting profession, it has been used interchangeably with the term 'audit' that is generally used by the profession. While 'audit' is used in the financial attestation context, 'assurance' is used in non-financial verification contexts. Despite this interchangeability, the users of audit reports or assurance reports need to bear in mind that the rigour with which each procedure is applied might not be the same. As there is

⁴ GRI uses the term 'external assurance' as an overarching term to cover a wide range of approaches to external assessment of sustainability disclosure processes and reporting.

confusion about these terms, a report from ACCA and AccountAbility (Zadek and Raynard, 2004) introduces the terms and provides their definitions, drawn from various standard setters and other organisations, so that the terms can be distinguished and confusion can be avoided.

The term 'audit', as defined in the report, means "an assurance engagement in which the credibility of information is enhanced to a high level" (FEE 2002 as cited in Zadek and Raynard, 2004, p.28). The term 'assurance' is commonly used in the context of sustainability reporting instead of the term 'audit'. One reason for this could be the difference between the assurance levels, since the term 'audit' is widely used in a financial reporting verification context, in which the high level of assurance is required. The term 'assurance' includes two levels of verification work that practitioners are allowed to perform, limited assurance and reasonable assurance (IAASB, 2010). In this regard, assurance has been defined, for example, as "the provision of confidence or certainty by an independent assurance provider to a party or group of persons in relation to certain subject matters" (FEE 2003 as cited in Zadek and Raynard, 2004, p.28), or as a collection of "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" (AccountAbility, 2008a). From these two definitions of assurance, it is evident that the meaning of assurance is not homogenous across organisations that define or practice 'assurance'.

GRI, a sustainability reporting standard setter, also provides a definition of assurance relating to the sustainability reporting context as "the outcome of an independent verification process, the term is often used interchangeably with the term verification. It is increasingly used to describe the evaluation and assessment services provided by independent accounting and other firms, usually based on specific assurance standards or frameworks" (Global Reporting Initiative (GRI), 2013a). GRI also mentions assurance for sustainability reports in its publications, noting that external assurance and verification help increase confidence of both report readers and internal management in the quality of sustainability related data on which they base related decisions (Global Reporting Initiative (GRI), 2013a). This definition by GRI of assurance in the sustainability reporting context is also similar to the two aforementioned definitions. However, the GRI definition also emphasises internal users, which are the managers of the responsible organisations, in addition to external users.

The term 'assurance' always comes with the term 'engagement'. 'Assurance engagement' is defined by AccountAbility 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, 2008a)

Thus a 'sustainability assurance engagement' is “an assurance engagement in relation to public disclosure on sustainability performance” (AccountAbility, 2008a). IAASB also provides a definition of an assurance engagement:

“...an engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.” (IAASB, 2008)

The two definitions of assurance engagement are similar in terms of the role of such an engagement in enhancing the credibility of information for the intended users. However, the definition given by AccountAbility also places emphasis on the underlying data processing system, which is not specifically mentioned in the IAASB definition of assurance engagement. The two definitions are different mainly because they are derived from assurance standards that are based on different methodologies and principles.

As mentioned earlier, the term 'assurance' is sometimes used interchangeably with the term 'audit'. Generally, in the context of sustainability reporting and for this study, the term 'assurance' is used instead of the term 'audit', since the level of rigour provided varies across engagements.

2.5.3 Sustainability assurance in the context of this study

As SA can cover a number of non-financial assurance engagements, it is important to clearly state what kinds of SA are referred to or included in this study. SA can refer to any external assurance or review commissioned by reporting organisations to obtain an independent opinion that the reported sustainability information resembles the truth about such organisations' performance. The assurance in the sustainability context could include formal assurance statements based on a

specific methodology (e.g. ISAE3000 or AA1000 AS), verification statements from accredited bodies (e.g. ISO-based engagements), or commentary pieces from either experts in sustainability or a stakeholders panel to increase the reliability of the content of the report.

SA in this study refers to an assurance practice or verification that ensures the credibility of reported sustainability-related information. Such information includes all parts of corporate sustainability reports and other corporate reports that contain sustainability-related information. This sustainability-related information could be environmental, social or economic by nature, excluding information contained in the main financial statements of reporting organisations.

2.6 Summary

This chapter provides a background of SA practice, an update on the trends in SA market, and a review of SA studies. The surveys from KPMG and the observation of sustainability reports and SA statements of FTSE100 provide a comprehensive overview of the practice and highlights important issues relating to SA. As this literature review lies at the intersection between the research fields of sustainability reporting (or social and environmental reporting) and non-financial assurance practice, the issues of interest relate to the combination of these two points of view. The review shows that there is inconsistency in assurance practice despite the presence of assurance standards. Also, decision making in the assurance process seems to be significantly influenced by reporting organisations to serve their interests rather than stakeholders' interests. In addition, the issues around flexibility in the conception and conceptualisation of 'sustainability' and 'assurance' seem to cause inconsistency in the practice as well as managerial influence over the assurance process.

The review also highlights that there is a lack of field based studies of SA practice, especially the inclusion of and engagement with SA providers. Researching SA practice by using SA providers as research sites is important and worthwhile in understanding how SA is given meaning in a practical setting. It is apparent from the literature review that there has been rather limited progress in our understanding of SA practice beyond the relations of elements in assurance statements and proxies for quality of the assurance. There is a gap in the SA literature on the back-stage of the practice and the processes and rationales behind SA statements. A limited number of studies have attempted to look beyond the statements and have tried to understand the underlying concept

and the process itself. The literature review and identification of the research gap reiterate the importance of the following research questions (as previously presented in Section 1.3).

Research question 1: How do SA practitioners understand the purpose of the assurance practice and their roles as assurance providers?

Research question 2: How do SA providers' perceptions (of the purpose of the practice and their roles) affect the process of delivering SA?

Research question 3: How do SA providers develop and promote SA services, and establish their presence in this field?

The research questions formulated aim to understand assurance practice from the perspectives of assurance providers: how they reflect on the purpose of assurance practice and their roles as assurance providers, and how their decision making in the practical setting of the assurance process can enhance their understanding of the practice. These potentially lead to variation in assurance practice. The three main research questions are addressed in a qualitative approach with the research framework based on the actor-network perspective. This framework allows the researcher to have flexibility in exploring interactions and negotiations between SA providers and other actors, and in capturing their perceptions of the fundamental notions underlying the practice. The main data collection method in this study is the semi-structured interview, because it allows in-depth exploration of the issues addressed in the research questions. The interviews are guided and supplemented by various textual data sources.

CHAPTER 3: THEORETICAL FRAMEWORK

3.0 Introduction

The previous chapter identifies literature related to SA practice. The literature review highlights the limited number of studies of how SA practice is conceptualised and how SA practitioners' perspectives on the practice affect their practical conduct. The research questions in this study, therefore, are formulated to address these issues (see Section 1.3). This thesis uses ANT as the main theoretical framework and explanatory tool to develop an understanding of how SA has been developed and implemented in practice. The aim of this chapter is to provide a comprehensive overview of the main theoretical constructs underlying ANT, and explain how they are relevant to the study and the formulated research questions.

SA practice is relatively new and is not monopolised by the accounting profession. The development of the practice, therefore, involves various groups of actors and concepts both from the accounting and non-accounting arenas. This development also depends on the strategies used by different types of SA providers to convince other actors to engage with SA practice. As SA practice has not been technically defined or ascribed clear meanings, different SA providers exhibit different ways of conceptualising and operationalising the practice due to their different understandings and interests. Developing SA practice, therefore, involves SA providers interpreting the practice and developing work approaches in a way that appeals to the interests and demands of their constituencies (such as report users, reporting organizations, and others). More specifically, the process of developing a practice space involves building connections and relations between SA providers and others, and is referred to as *translation* in the ANT literature. By performing the translation, SA providers create the link between their interests and those of others. Thus, SA providers might need to formulate different benefits from SA practice to attract different actors to engage with the practice. Understanding these connections and relations, and the strategies to create them can facilitate our understanding of the development trajectories of SA practice, the practical roles of SA providers, and the variation among them.

The notion of translation in ANT facilitates understanding of how SA providers achieve alignment of interests between them and their constituencies (i.e. their enrolment strategies), and of how they negotiate with other actors. Alignment of interests and enrolment refer to the efforts and

strategies used by SA providers to persuade other actors to engage with SA practice. ANT can be used to reflect back the meanings of concepts that are taken for granted (Barter and Bebbington, 2012), in particular, the lived meaning of terms such as 'sustainability' and 'assurance' in different practical settings. 'Sustainability' and 'assurance', are important across different groups of actors but may have different meanings depending on a particular actor group. From a theoretical perspective, 'sustainability' and 'assurance' can be called 'boundary objects', or in other words, abstract categories whose meaning is interpreted and negotiated by actors involved in the SA field, and so it is these negotiated meanings that provide practical frames for the development of SA practice. Thus, translators (SA providers) are concerned with re-problematising and re-connecting the two concepts in a way which allows them to achieve a translation of SA which can be shared by their key constituencies and hence grow their network (Barter and Bebbington, 2012). This means that the potential variation in the manner in which SA is interpreted and construed may be seen as a consequence of different SA providers ascribing different meaning to (and placing different degree of importance on) the concepts of sustainability and assurance. The relevant questions to ask here is how exactly these two elements are constructed and how their construction affects SA in a given practical setting. As these terms might be perceived or constructed differently, they can lead to variation in localised understandings and tensions.

The main research questions in this study focus on how SA providers claim and develop the SA practice space. The focus is on how they frame the practice, claim their expertise, persuade other actors to engage with the SA service, and react to competition. A number of fundamental conceptual ideas from ANT can help make sense of evidence regarding the practice of SA by addressing these issues. This chapter provides an analytical framework, inspired by ANT, to understand how SA providers conceptualise and operationalise the practice, and how they develop and expand the service area. The chapter also provides explanations and discussions of concepts drawn from ANT to address the research problems and research questions outlined in the previous chapter (Section 1.2 and 1.3).

This chapter is divided into a further six sections. Section 3.1 provides an overview of ANT. Section 3.2 discusses applications of ANT in accounting research. Section 3.3 explains the relevant key concepts of ANT that are applied in this study. Section 3.4 introduces relevant actors in SA practice. Section 3.5 then presents the overall analytical framework of the study. Finally, Section 3.6 provides a chapter summary.

3.1 Overview of Actor-Network Theory

ANT⁵ highlights the importance of network ontology for studying any phenomenon. The main claim of ANT is that:

“It is utterly impossible to understand what holds society together without reinjecting in its fabric the facts manufactured by natural and social sciences and the artefacts designed by engineers... ANT is thus the claim that the only way to achieve this reinjection of things into our understanding of social fabrics is through a network-like ontology and social theory.” (Latour, 1996, p.370)

In ANT terms, the term ‘network’ does not refer to a thing or a technical network, but rather to a record of movement of a thing, and connections between its different elements (Latour, 1996). For example, if we are interested in the network of financial reporting, a network would not only include the technical issues relating to the reporting system but also other elements (or actors) in the network as they interact and connect with each other. Latour (2005) also calls ANT “the sociology of association” (to elaborate more on what he means by ‘actor’ and ‘network’) and asserts that it can be used to study how things work in particular circumstances. The term ‘network’, therefore, can mean a set of relations and connections between different actors, including both human and non-human.

ANT highlights the importance of both social (human) elements and technological (non-human) elements that determine relationships between actors in a particular network and that instigate action (Law, 1991). The world is seen as full of hybrid actors, comprising both human and non-human properties. Thus, being considered an actor, or a source of action, does not depend on the human status of the entities, but on their ability to produce actions. This leads to one of the distinct characteristics of ANT that treats human and non-human actors equally in the analysis of the construction of a particular network by assigning agency to non-human actors.

Thus, assigning agency to non-human actors is a main principle that is a defining characteristic of ANT (Latour, 2005). This does not mean human actors and non-human actors are not fundamentally different, or that we have to treat people as machines in real life. However, the

⁵ ANT was initially developed by scholars in science and technology studies by Bruno Latour, and Michel Callon, and in sociology by John Law. They would like to avoid two extreme worldviews, the ‘materialist view’ and the ‘sociological view’, in which either technological or social factors are seen as the cause that shapes the birth of the other (Latour, 1999b). ANT aims to merge these views into a socio-technical approach and to provide analytical tools to examine relationships between society and technology.

responsibilities of and effect from both kinds of actors should be equally accounted for (Law, 1992). When people and things interact together in a network we cannot differentiate between their importance, as the disappearance of one will affect the network as a whole (Latour, 1999b). This then denies a superior status as there is no order of importance between humans and things, because it is precarious to say which one is more important as the cause of specific actions (Latour, 1999b). ANT does not deny the differences between humans and non-humans, but when conducting research, a “common vocabulary and common ontology should be created” for both types of actor (Callon and Latour, 1992, p.359). This notion from ANT benefits the analysis in this study because SA practice consists of complex concepts that could lead to different interpretations and actions.

From an ANT perspective any network (or a set of relations and connections between actors) is built up from an enrolment of heterogeneous actors regardless of their status. Each of these actors is also considered a network by itself. An actor is often hybrid because it is built up from social, technical and personal elements (Latour, 1993) that shape its final form and have different degrees of commitment, skills and constraints relating to itself. For example, a person can be an actor in a network, but also a network by themselves (Law, 1994). An example of the application of this argument could be the pluralistic nature of the development process of financial auditing standards (Cooper and Robson, 2006). From this perspective, auditing standards are networks of different actors, including users, standard setters, national regulators, relevant financial reporting guidelines, and so on. An individual actor has no direct control over those other actors involved. No single individual or group seems to explicitly dominate across the standard setting process because it has been articulated in terms of the different groups of users and other relevant actors. Thus, each actor is built up by interactions between heterogeneous entities that form the final shape of the actor. Here, actors can be considered as both “individuals and collectives” (Callon and Law, 1997, p.174), and they are two sides of the same coin (Latour, 1999a).

Law (2000) suggests that an actor-network can occur at various levels of scale. The scale can be at the macro-level for a particular phenomenon, or it can be at a more micro-level for the sub-components or sub-actors within such a phenomenon. Taking again the example of auditing standards, they can be the starting point for the analysis. Further magnification, or a focus on a micro-level, could lead to the introduction of more actors (e.g. users, reporting organisations, and regulators). However, the magnification can be decreased by shifting the focus to consider the

system of corporate reporting as a whole, in which auditing standards are only a part. Therefore, the researcher can choose either human or non-human elements in the network as their focal point from which to start the analysis.

The idea that every actor can be a network can be problematic in terms of understanding and studying the multiplicity of networks constituting a particular actor. To deal with such complexity, we then need to deal with an actor at a particular point by ignoring networks or elements that lie inside the actor (Latour, 1987). This means the actor is assumed to be a black box (Latour, 1987), or a single point representing heterogeneous elements lying within it, so that social life can proceed (Law, 1992). This actor-network simplification is called punctualisation. For example, for an accountant, a financial report is a network of various components including reporting standards, an auditor's report, laws and regulations and so on. However, for some people, this network is punctualised merely as an informative report as a single and coherent object. When considered as black box, an actor's identities, patterns, and connections are presented as a collective referred to as an actor-network (Pipan and Czarniawska, 2010). In a particular piece of research informed by ANT, the classification of actors or networks depends on the research objectives. Also, research questions will lead researchers to decide at what point they should consider an actor as a punctualised actor by not aiming to understand further the network or elements residing inside it.

The concept of 'translation' is one of the main concepts in ANT originally articulated by Latour (1987). The term was identified by Latour (1987, p.108) as "the interpretation given by the fact-builders of their interest and that of the people they enrol". This means the main translator (i.e. who performs the translation) needs to align other actors' interests with their own interests in order to persuade them to be a part of their network. By aligning interests they need to assign roles and identities to those actors in relation to their own so that they can develop persuasive strategies around such roles and identities. Successful persuasion and engagement of those actors in their network is called enrolment (Callon, 1986). Thus, enrolment occurs when actors agree with the assigned identities, and accept that the main translator is their problem solver. An actor-network is formed and reformed through the process of translation. Thus, a concept of translation is used to understand the infrastructures of actor-networks. It is not so much used to explain why a network exists, but rather the focus is on how the network becomes what it is.

Callon (1986) articulates the process of translation by explaining four moments of translation. The four moments of translation include *problematization*, *the use of interessement devices*, *enrolment*, and *mobilisation*. Problematization is the stage where the main translators introduce to other actors problems to which they could render themselves as solution providers. This means that if those actors want to pursue their interests and solve the problems, they need help from the main translators. At this stage, the main translators define a series of identities, relationships and goals for different actors. Then they use interessement devices (i.e. groups of actions or tools) to create a beneficial environment that supports the introduced identities and problems. If those actors accept and agree with the introduced problems and identities, they are enrolled in the network, and allow the translators to represent them. As the translation process proceeds, a number of actors in the network have been represented by their representatives. Then those actors are punctualised (Law, 1992), meaning that the main actors have successfully enrolled and represented other actors. This process of translation renders actors residing in the network as single punctualised actors (Spira, 2002). This stabilisation renders the connections and relations of actors in the network as one collective actor and forms an actor-network (Pipan and Czarniawska, 2010). Different empirical chapters in this thesis (Chapter 5-7) emphasise different stages of the translation process. The stages in the process are not taken chronologically as they can overlap (Callon, 1986). The use of relevant concepts from ANT will be discussed further in Section 3.3.

Networks could be stable for a period of time, or the consensus and alliances in the networks can be contested at any moment. When controversies emerge, they provide the main reasons for why the representativeness is questioned, negotiated or rejected. The force of punctualisation or stabilisation becomes loose and breaks into pieces (Pipan and Czarniawska, 2010). Since the formation and reformation of a network due to the translation process is unstable and fragile, the four moments of translation might be followed by a *stage of dissidence* that reflects the inherent instability of network formation. Instability occurs because the interests of some actors in the network can no longer be represented by the current translation; consequently, a new round of translation and enrolment of actors into a new network begins in order to re-stabilise the instability.

To conclude this section, it is important to highlight that “ANT is not about traced networks, but about a network-tracing activity” (Latour, 1996, p.378). In other words, researchers using ANT should emphasise the process of how the interested networks are constructed and how relations

and connections of different actors are formed. Their interest should be on how the main translators, who try to create such relations and connections, overcome resistance and strengthen the networks they have formed. The next section elaborates further on how ANT and its concepts are applied in accounting research.

3.2 Applications of Actor-Network Theory in accounting research

A number of accounting scholars have employed ANT as their methodological and/or analytical framework. The initial adoption of Latour's ANT-related works in the accounting literature was around the late 1980s, when accounting researchers started to develop an interest in the application of ideas from sociology in the accounting field (Justesen and Mouritsen, 2011). At that time, positivist and functionalist paradigms in accounting studies were challenged by scholars who took accounting as a social and organisational phenomenon (Burchell et al., 1980). This worldview introduced new directions to produce alternative accounting research studies (Baxter and Chua, 2003). ANT is one of a number of social theories that accounting researchers turned to for theoretical and methodological tools in response to the view that accounting is not merely a technical, but also a social phenomenon. The discussion of accounting research informed by ANT that follows below is constructed for the purpose of providing examples of concepts from ANT used in accounting research, but is not intended to offer a full review of all accounting research inspired by ANT.

The first group of studies used the concept of translation from ANT to study and understand how conflicts and disagreements between different groups of actors are compromised or solved, and how particular groups of actors (or main translators) control other groups of actors. Moments of translation are used by Jeppensen (2010) to understand how the Danish auditing standard setting process is accepted by different local actors. The study also illustrates how marginalised groups react and resist the standard setting process, and how such resistance is managed and resolved. Language from ANT is also helpful in describing negotiations between different actors. Caron and Turcotte (2009) analyse sustainability reports of Canadian companies to identify whether the reports represent sustainability ideals (i.e. path creation) or traditional business interests (i.e. path dependence). The study argues that sustainability reports are actors (or actants in ANT terms) that are subject to tension due to a compromise between institutional entrepreneurs, who aim to have

the reports represent sustainability ideals, GRI guidelines and reporting organisations. Translation is therefore used to explain how resistance is managed, and how social control is implemented.

Miller (1991) adopted the concept of translation to study the adoption of discount cash flow (DCF) techniques for investment decisions. The translation process of DCF techniques involved a number of actors who have different interests, and shaped their actions in the same direction. By persuading firms to use such valuation techniques to make investment decisions, the government indirectly influences the decision making process by not intervening in the operation of firms. The concept of translation can be used to understand the link between different discourses and can create influence and control over actions (Cuganesan, 2008). Cuganesan (2008) emphasises the production and the use of accounting number outside of accounting function by highlighting the role of accounting numbers in sales and marketing departments. A customer intimacy (a relationship measurement) is translated into the number to influence and control staff actions because they are rewarded or penalised according to the numeric measurement. This shows that ANT is also used to understand how accounting numbers have the ability to create long-distance control over actors' actions (Chua, 1995; Robson, 1992).

The concept of translation is also used to study how a particular accounting technology is translated and implemented in different local contexts. Some accounting techniques are considered as 'fixed'; therefore it was expected that the implementation of those techniques in different contexts would be similar (Emsley, 2008). However, their implementation can be different because the implementation process is dependent on the local context where different actors with different interests reside (Emsley, 2008). Mennicken (2008) also uses the concept of translation to study the implementation of auditing practice in the Russian context. The implementation of auditing standards in the international and Russian contexts were not different in their principles, but were different in their practical adaptations. These studies highlight the fact that translation and local adaptation are important for local implementation of accounting technologies because translation attempts are needed. In addition, the implementation of accounting technology does not only depend on technical issues, but also on political and economic conditions that constitute the context in which the technology is implemented (Robson, 1991). Thus, these contextual conditions result in a specific accounting technique, which is the result of the translation process.

Another group of ANT-inspired research uses the concept of translation to study the fact-building process. Whittle and Mueller (2010) took inspiration from ANT to study the role of management accounting systems in the construction of business strategies. In other words, they explore how ideas in the studied organisation are turned (or 'translated' in ANT term) into strategies. From this perspective, the management accounting system acts as a tool to justify whether the ideas are strategic. This tool plays an important role in political contests occurring during the strategy formation process; it is not merely a tool for measuring the strategic value of the proposed ideas. Chua (1995) also highlights the role of translation as a fact-building process to legitimise knowledge experts. The study focuses on the emergence of a fact-building process in the implementation of a new accounting system in three hospitals. The study emphasises the power of non-human elements that facilitate the enrolment of actors in the network of accounting fact fabrication.

The fact-building process does not only depend on the main translators, but also depends on the other actors in the process. Preston et al. (1992) asserts that the success of the budget fabrication process (i.e. fact-building process) depends not only on the designer of the system, but also on its potential users. The resistance to such a fabrication process does not necessarily generate only a negative effect, but it could supplement the formation and redefinition of the new fabrication process or new translation.

Another group of studies inspired by ANT uses the concept of networks of support to understand how strategies are used to enrol actors in particular networks and to strengthen the networks. Grendon and Barrett (2004) also used the concept of networks of support to understand the establishment of a new market for assurance services in the e-commerce business. The interesting finding from this research is that the initial problematisations and enrolment by the main translator failed because the audience's interests did not match the introduced problems and the initial creation of the network of support. The redefinition of the network to focus on the new audience group, whose interests matched the established problems, then leads to successful enrolment. This shows that redefinition of the introduced problems, and of the network of support are important in the translation process. Mennicken (2008) also emphasises the need for networks of support, both technical and political, to be successful in introducing changes and implementing international auditing standards in Russia. Technical and political networks of

support help define and legitimise the identities of the auditing practice and standards in the local context.

In addition to the concept of translation that is largely used by ANT-inspired studies, boundary object is another concept from ANT that is used to study how cooperation between actors with different goals (and from different social worlds) can be achieved (Star and Griesemer, 1989). Briers and Chua (2001) introduce the notion of boundary objects in accounting study to understand the discourse around the implementation of activity-based costing. Boundary objects have specific characteristics that could tie actors with diverse goals together because they are common to multiple groups. However, they can be tailored to different individual meanings so that they can operate. They concluded that boundary objects could play a role in explaining the success or failure of certain accounting technologies. For example, when the accounting profession tries to enter into new areas of auditing (e.g. efficiency audit, or environmental audit), there will be an intersection between auditing and the subject of the new area (Andon et al., 2015). Andon et al. (2015) argue that in order to be successful in the new assurance areas (i.e. to be successful in developing new accounting technologies), the accounting profession needs to identify adaptations and transformations (i.e. translations from the ANT perspective) needed for the new areas. Their analysis shows that, although the accounting profession has been successful in some areas of non-financial assurance, they have failed or struggled in others. The analysis and identification of boundary objects for these non-accounting practice areas might be useful for elaborating more on the failure and success of accounting practice.

From the applications of ANT in accounting studies, it may be seen that the concept of translation is useful in providing an understanding of how particular practices, methods and approaches are created as facts (Whittle and Mueller, 2010; Chua, 1995). This is useful for studying emerging and evolving practice like SA, because the negotiations between different actors during the practice creation process can be captured. Different framing of problems (i.e. producing different translations) and creation of networks of support could result in the enrolment of different groups of actors (Gendron and Barrett, 2004; Miller, 1991). In addition, the concept of boundary objects (Briers and Chua, 2001) can provide a dynamic insight into the application of the concept of translation by highlighting the existence of taken-for-granted categories around which such translation occurs and which become subject to intense negotiation. The next section introduces

how ANT-inspired work and concepts are used in this study to understand the translations around the development of SA practice.

3.3 Relevant key concepts from Actor-Network Theory applied to this research

The main focus in ANT, as has been discussed, is on the process of network construction bringing together heterogeneous groups of actors (Lee and Hassard, 1999). Thus, ANT allows researchers to explore their phenomenon of interest by not having a clear expectation of what kinds of actors they will discover during the research. The concept of translation is useful to understand the process of accounting technology development and the interrelation between accounting, technology and the social (Robson, 1991, p.550).

Concepts from ANT are useful because they allow accounting researchers to study “how [a] certain notion of reality came to be socially constructed and how and why a fact-building network emerge and survive” (Chua, 1995, p.115). Useful questions, suggested by Chua (1995) to lead the analysis of the process, include: What human and non-human actors, interests and persuasive strategies are involved in building and maintaining a network?

Such a question is useful because it focuses the analysis on the processes of practice creation (or fact-building) and on how actors involved in such a process negotiate and form their relationships with others. This benefits the present study because it focuses on the practice and negotiation space created by actors involved in SA practice and examines the ways in which the practice and the identities of different actors are formed and re-formed. The concept of translation also illuminates the pattern of relationships between actors and the discourses around sustainability and assurance. Here, the focus is on how they perceive what SA is, and on how SA providers persuade other actors to engage with the practice, alleviate conflicts, and form their perceived identities.

This study is inspired by an ANT approach to focus on the development by SA providers of the SA practice space. The practice space is an area of practice in which service firms can provide related services. The emergence of the idea of SA leads to a new market for accounting and non-accounting firms to render themselves as service providers. They need to establish and/or reconfigure their identities and perceived expertise to claim this area of practice. Thus, the SA practice space is where assurance providers build their network of sustainability assurance, which

involves developing relationships with other actors and connecting to a variety of sustainability-related discourses (Power, 2005). SA practice space is not limited to a specific set of services because assurance providers can define and redefine their identities to expand or limit the services that they claim their expertise in. While this study is narrated from the SA providers' perspective, the author also follows other actors that constitute the SA field. This section introduces the critical concepts or constructs from ANT to be used in this research, such as the concepts of translation and boundary object.

3.3.1 Performing translation: Problematisation and identity construction

ANT provides a theoretical lens that can help track the negotiations between actors involved in the development of a SA practice, including negotiations around the formation of the identities of SA providers. Translation occurs when a translator manages to persuade other actors to accept its worldview (Ählström and Egels-Zandén, 2008). Callon (1986) identifies four moments of translation (see section 3.1 for the detailed explanation).

In practice, it is difficult to separately identify when and where these four moments of translation occur; therefore, the moments should not be treated as a chronological sequence. In reality, they can overlap (Callon, 1986). Instead of trying to focus on the chronology of the four moments, this study focuses on the framing of translation as the continuity of displacements of goals and interests, and as a process before the end result (Callon, 1986). Translation is taken as the mechanism for creating social reality, and for explaining how particular actors gain the right to represent others. The emphasis of this section, therefore, is placed on the first moment of translation in which the negotiations and discourses emerge. The next section introduces the use of the intersement device as the creation of networks of support, and enrolment.

By problematising SA practice, the interests of the main translators and other actors are aligned to create a stabilised network (Gao, 2005). Interests are, therefore, crucial starting points to track and analyse a network construction, because actors initiate particular actions for a reason (Chua, 1995). Problematisation is a stage in which others are persuaded to see the problems in the translators' own terms (Robson, 1991). For this research, which is studying the network in the SA process, SA providers need to persuade other actors to participate in the network. They have to introduce the importance and benefits of the practice to other actors. In other words, they have to

present the problems that will arise if those actors do not support or engage in the assurance practice. Actors in the network need to solve the introduced problems before they can pursue their interests. SA providers render themselves to provide solutions to such established problems. This makes SA providers an 'obligatory point of passage' (Callon, 1986) that every actor needs to pass, or to ask for solutions to, in order to pursue their interests. Due to the variety of actors that SA providers might want to enrol in the network, they need to present different types of benefits or problems that could attract different targeted audiences (Gendron and Barrett, 2004).

SA providers, as the main translators in the network, would then try to define roles and identities of other actors that they would like to enrol in their networks by using problematisation. In addition to assigning roles and identities to other actors, SA providers also need to identify their own roles that are congruent with the roles and identities that they assign to other actors. Thus, in the context of SA, the process of translation relates not only to how SA providers gain acceptance for the meanings and perceptions they attribute to SA practice, but also to how they shape their identities in a way which corresponds to such perceptions. The concept of translation is useful for studying the construction of the assurance practice and of the identity of assurance providers because it facilitates the understanding of efforts that make an accounting phenomenon (i.e. SA practice) happen (Mennicken, 2008), and how the phenomenon is transformed by its context.

Problematisation is, therefore, an identity negotiation process, and identity reconfiguration is one form of translation (Skærbæk, 2009; Cooper and Robson, 2006). This means SA providers can negotiate and renegotiate the terms of their professional status and expand their jurisdictional claims over different areas of expertise (Robson et al., 2007) that are suitable for the assigned identities to other actors. They could promote their identities to be closer to the identities of consultants, instead of being merely assurers, so that they can provide a wide range of related services due to the widened jurisdictional claims over other areas of expertise (Robson et al., 2007). The question here is how, in order to claim their expertise in the evolving SA practice space, assurance providers translate the sustainability-related areas of information, which were not previously viewed in accountants' terms, into 'accounting language'. This translation reflects the providers' attempts to establish their presence and legitimacy as SA providers and involves different problematisation strategies as a way to persuade different actors to enrol in the networks of support they have created (Gendron and Barrett, 2004).

SA providers need to have various identities to promote SA practice and persuade different groups of actors. For example, they might create a new hybrid identity as independent information verifiers and sustainability consultants to sell SA services and perform SA engagements. A hybrid identity for assurance providers can destabilise their occupational identity (Skærbæk, 2009); however, without various identities the claim of a provider to operate in the SA space might not be successful. For the case of AAPs, the assurance practice promotes accountants' identities to be closer to the identities of consultants, so that they can renegotiate the terms of their professional status and widen their jurisdictional claims over other areas of expertise (Robson et al., 2007).

Inscriptions, i.e. scripts and texts, are important intermediaries used by SA providers to build and negotiate their identities with the other actors. During the process of translation, SA providers produce inscriptions, including reports, assurance statements, and websites, that have persuasive power to establish their presence in the field and project their identity to intended actors. Those actors have a right to accept or reject such projection of identities by the assurance providers. Translation and inscription are thus key concepts in understanding the interest alignment that forms an actor-network because when translation occurs interests of all of the parties involved in the network are inscribed (Gao, 2005).

ANT provides a theoretical lens that can help track the negotiations between actors involved in the development of a SA practice, including negotiations around the formation of the identities of SA providers. The process of translation discussed in the ANT literature refers to the displacement, drift, invention, mediation, and the creation of links that did not exist before (Latour, 1999b, p.179). Translation occurs when a translator manages to persuade other actors to accept its worldview (Ählström and Egels-Zandén, 2008). Thus, in the context of SA, the process of translation relates not only to how SA providers gain acceptance for the meanings and perceptions they attribute to SA practice but also to how they shape their identities in a way which corresponds to such perceptions. The concept of translation is useful for the study of the construction of the assurance practice and of the identity of assurance providers because it facilitates the understanding of efforts that make an accounting phenomenon (i.e. SA practice) happen (Mennicken, 2008), and of how the phenomenon is transformed by its context.

3.3.2 Performing translation: Creating networks of support and enrolling actors

The concepts and worldview of ANT emphasises the building of networks of support around the translation process to account for the spread of knowledge claims (Gendron and Barrett, 2004). In other words, creating networks of support can be mapped with the use of the interessement device in the translation moment because both terms show how main translators create beneficial environments that support the introduced identities and problems (refer to section 3.1 for definition). This section introduces the use of the interessement device in the creation of networks of support, and enrolment (refer to section 3.1 for definition).

ANT takes new practice development as a process which depends on the establishment of networks of support around claims of expertise, and which allows the absent to be present by giving visibility to invisible objects and concepts (Justesen and Mouritsen, 2011). As argued above, ANT facilitates the understanding of how a certain notion of reality comes to be socially constructed and of how and why a fact-building network emerges and survives, and draws attention to the persuasive power of non-human resources (Chua, 1995). This benefits the understanding of SA practice because the network of SA practice consists of many non-human actors, which affect how the network is built. The main translator in the network (i.e. SA providers) needs to translate both human and non-human actors that they would like to enrol in their network.

Internal (or local) networks of support around a certain object or practice (in this case SA) constitute external (or global) networks of support (Gendron et al., 2007). This idea also helps explain how networks of support built by different SA providers at the level of the firm contribute to the support for the whole SA practice at the institutional level. By having a strong network of support around their claim of expertise and development of the practice, an SA provider is likely to be successful in their enrolment of other actors into their network.

3.3.3 Boundary objects: Discourses around ‘sustainability’ and ‘assurance’

Interactions, negotiations, and debates relating to SA practice are developed around the conceptualisation of the two key related notions - sustainability and assurance. These two concepts are subject to different interpretations by different actors. This, consequently, could lead to potential conflicts between participants in terms of how they understand SA practice. Although

these terms might have specific meanings for different actors, those actors may develop a shared meaning in the course of communications and negotiations. The concept of 'boundary objects' therefore helps further delve into the dynamics of how such meanings are constructed (Star and Griesemer, 1989).

Star (2010) discusses the concept of boundary object and identifies three aspects, namely: interpretative flexibility, the structure of information and work requirement, and the dynamic between ill-structured and more tailored uses of the objects. The first aspect comes from the fact that different groups of people interpret a boundary object in different ways. The object might not be distinguishable to outsiders' views because the differences depend on local interpretations. The second aspect of boundary objects allows different groups to cooperate without consensus. Thus, organic infrastructure is needed to achieve that cooperation. This is what Star (2010) calls "information and work requirements", which are perceived locally. This can be practice structure, or language to enable the cooperation. Lastly, boundary objects offer a dynamic between their ill-structured and more tailored uses. Such a dynamic is the core of the notion of boundary object because the object resides in the two (or more) social worlds where it is ill-structured. The object is then made more specific by local groups for their use, while maintaining its vague identity. This, therefore, makes different local groups work back-and-forth between the ill-structured form and more-tailored form of the object.

A boundary object ties actors with diverse goals together because it is common to multiple groups, yet capable of taking on different meanings within each of them (Briers and Chua, 2001). In the translation process, boundary objects play an important role in linking the translators with different actors and mediating diverse interests (Briers and Chua, 2001). Therefore, management of boundary objects occurs when the interests and work of different actors coincide (Star and Griesemer, 1989, p.412), or when those actors try to align their interests. The production and management of boundary objects is one means of satisfying potential conflicting sets of concerns and managing diversity and cooperation between actors and between sub-members in each actor group.

Thus, this is where the concept of boundary objects could play a role in introducing relevant issues around translation and bringing dynamics to the analysis. In this study, 'sustainability' and 'assurance' can be conceptualised as boundary objects because they possess the three

aforementioned aspects of boundary objects identified by Star (2010). Conceptualising 'sustainability' and 'assurance' as boundary objects could facilitate the understanding of how SA providers cooperate with other actors in the assurance process. In addition, the notion of boundary objects introduces issues around those actors' negotiations regarding the dynamic of their perception of what sustainability and assurance could mean. Such perceived meanings influence how they conduct the assurance and work with other actors through their translation of the boundary objects and each other's interests. The translation process helps those actors from different worlds resolve different commitments and perceptions by creating representations (Star and Griesemer, 1989). This is how the negotiations around boundary objects yield temporal consensus; however, such consensus is precarious and might be subject to change and further translations.

Prior literature has identified various types of boundary objects (Briers and Chua, 2001; Star and Griesemer, 1989). The boundary objects in this study fall into the type identified by Briers and Chua (2001), namely a 'visionary object'.

“[Visionary objects] are conceptual objects that have high level of legitimacy within a particular community. They can evoke similar emotive and affective responses from a wide spectrum of people; possessing a sacred quality that makes it difficult for a 'rational' person to go against them...But the precise identity of these objects is unknown until it is customised and tailored to specific settings.” (Briers and Chua, 2001, p.424)

Characteristics of the concept of sustainability and the concept of assurance fit the definition. Treating sustainability and assurance as broadly defined boundary objects provides opportunities for different actors to redefine and reposition their interests (Power, 2005) relating to SA practice. The conceptual objects are important in reconciling the worldviews of different actors because they are fundamental to the construction of SA practice.

There is criticism of the concept of boundary object in that anything, or any actor, can be a boundary object (Star, 2010). Thus, it is necessary to make a distinction here about what is a boundary object and what is an actor in the interests of this research. Star (2010) responds to this criticism by highlighting the function of a boundary object, which can be compared to the definition of actor. Callon and Latour (1981) define actor as any element that makes other elements dependent upon itself and translates their will into a language of its own (Callon and

Latour, 1981). This means actors have the ability to facilitate (or obstruct) the network formation. Latour (2005) states that an actor is a locational identifier of network traces. So the identification and classification of actors depends on the empirical evidence from field work, and how they affect the network formation, while boundary objects are subject to (human) actors' reflections and tailoring to local settings. Therefore, the main difference between non-human actors and boundary objects is that the former facilitates the network formation, but the latter is tailored to fit the network formation (i.e. translated). In other words, non-human actors facilitate local customisation and interpretation of boundary objects by actors in the network.

3.3.4 Dealing with competing networks: Creating convergence and irreversibility

As this study includes both AAPs and NAAPs, it is interesting to observe and understand not only how each type of SA provider enrolls other actors, but also how they compete (or collaborate) with each other to be successful in their translations. AAPs, who are attached to the well-institutionalised profession of accounting, could promote their professional bodies as a regulator and monitor of the practice. However, the professional bodies have to act to serve public interest (including competing professions), as well as to promote the profession in competition with other occupations (Cooper and Robson, 2006).

In order to enrol other actors in their networks and compete with other assurance providers, each provider needs to create a convergent network that is stable enough to hold those enrolled actors together. The notion of convergence is described by Callon (1991, p.144) as a term to "measure the extent to which the process of translation and its circulation of intermediaries leads to agreement". Network convergence can be explained by a combination of alignment and co-ordination.

In every network, there are disagreements between actors in terms of their assigned status, or the terms assigned to intermediaries passing between them. The level of alignment is relevant to the success of the translation. This means successful translation creates a shared understanding by relevant actors so that they are able to communicate. A highly-aligned network is one with successful translation. The second element in defining convergence is the degree of co-ordination. Networks with weak co-ordination tend to have no specifically local rules, while ones with strong co-ordination have both local and general rules. The latter have a relatively restricted universe of

possible translations; therefore, network behaviours can be predicted. The notion of convergence can be used to understand and compare different networks of SA engagements provided by different assurance providers.

Besides their attempts to create a convergent network, each SA provider needs to create high irreversibility of their established network because this helps them protect their network from competing translations. Irreversibility shows how a translation endures assaults by other competing translations (Callon, 1991). A provider can manage to achieve a high level of irreversibility by attaching their claims of expertise to perceived problems (Gendron et al., 2007), attaching their network to more established networks or practices (ibid), and making their audience aware of the limitations of competitors (Gendron and Barrett, 2004). This way of perceiving the notion of irreversibility facilitates the understanding of how different assurance providers compete with each other through their translation of the ill-defined practice and interests of the actors involved.

Stabilisation of the network could also involve a battle for the rights of interpretation because the main actors need to translate and silence other actors by getting them represented (Åhlström and Egels-Zandén, 2008). After all actors are successfully enrolled in the network of SA practice, SA statements will be a representation of the collective of those actors in the network. These actors act as one block of elements (i.e. SA statements) as the assurance practitioners translate others actors' wills and reflect them in their assurance reports. This means the process of translation renders actors residing in the network into a single punctualised actor. One thing, or one actor, may stand for and represent another / others (Spira, 2002).

As discussed in this section, all relevant constructs from ANT used in this study are developed around the translation concept. The key theoretical framework to study SA practice here is also developed by using translation as a key concept.

3.4 Following actor-network: Key actors in sustainability assurance practice

As mentioned in Section 3.3 that 'actor' is defined by Callon and Latour (1981) as any element that makes other elements dependent upon itself and translates their wills into a language of its own. For SA practice, actors, therefore, include those elements that have effects or influences on the conduct of the assurance and the practice development. This section provides an introduction to

the key actors involved in SA practice from the literature review in the previous chapter. All of the actors visible from the literature are broad categories of actors that influence the development and process of SA. Section 2.3 in the previous chapter mentioned the nature of SA practice, including motivations to engage with the practice, managerial influence over the assurance process, and stakeholder engagement in the assurance process. From the studies covered in that section, the key actors involved in the SA practice are SA providers (both AAPs and NAAPs), reporting organisations, stakeholders, assurance standards, firms' methodologies, and reporting guidelines. The broad identification of these key actors would benefit the analysis and exploration of more latent actors that have influenced the development of SA practice.

This is an *ex ante* identification of actors influencing the SA practice. However, this identification includes both human and non-human actors because of the ontology of ANT. Using ANT to explore SA practice provides the research with some degree of flexibility to explore the actors, or latent elements, influencing the practice. These elements might not have been focused on by previous studies because of their epidemiological or ontological assumptions (this will be further discussed in Chapter 4). The purpose of this section is to introduce the identified actors in the SA practice so that their associations can be tracked, explored or investigated in the empirical work of this study. The identification of related actors facilitates further analysis of relationships and interactions between SA providers and other actors in the network. This also highlights potential issues that could arise from the interactions of these actors that could influence the development of the practice. The following section provides a summary of the theoretical framework of this study.

3.5 Framework: Claiming the practice space and developing sustainability assurance practice

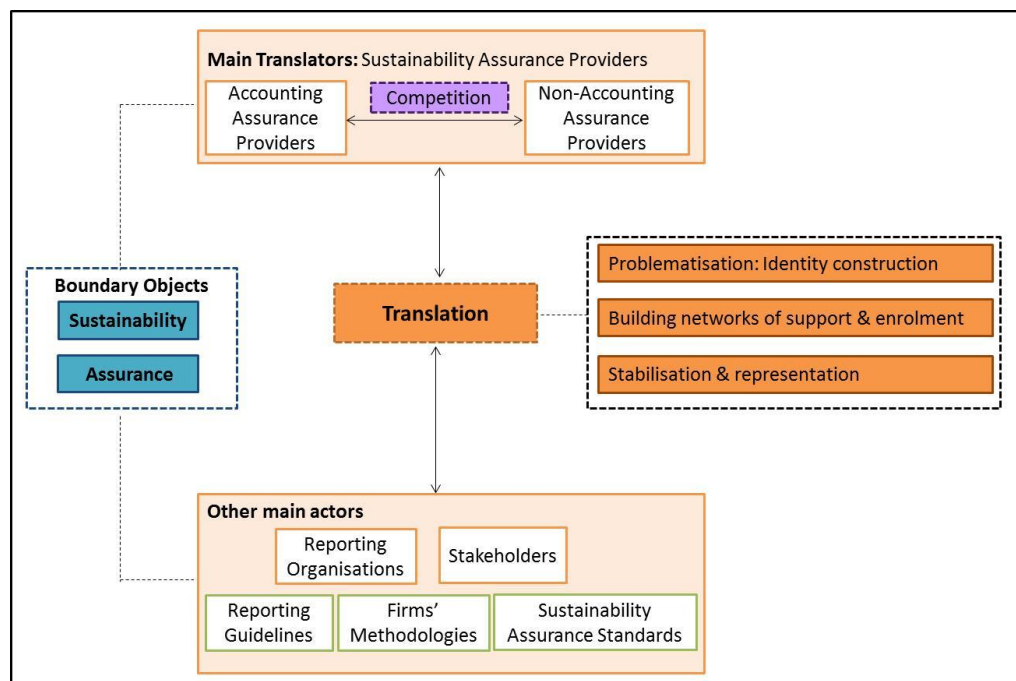
ANT provides a conceptual framework that can help track the negotiations between actors involved in the development of the SA field, including negotiations around the formation of the identities of SA providers. ANT could be used to assist our understanding of the work, endeavour and flow associated with what related actors do (Barter and Bebbington, 2012). Thus, the central focus is on the actors, and how those actors intermesh as a part of network formation. As discussed earlier in section 3.1, this 'network' refers to relations and connections between different actors. This study focuses on the network of sustainability assurance practice. In other words, the study aims to understand how the practice is constructed through the creation of relations and connections between different actors from the point of view of SA providers. It is

impossible to look through the lens of all actors involved in the network; therefore, this study has chosen to trace the relations and connections through the lens of SA providers who are the main translator for the practice which is of interest here.

The process of translation discussed in the ANT literature refers to the creation of links between actors that did not exist before (Latour, 1999b, p.179). Translation occurs when a translator (or translators) manages to persuade other actors to accept its worldview (Ählström and Egels-Zandén, 2008), including the translator’s identity (or identities). Thus, in the context of SA practice, the process of translation relates not only to how SA providers gain acceptance for the meanings and perceptions they attribute to SA practice, but also to how they shape their identities in a way which corresponds to such perceptions.

The concept of translation is therefore useful for studying the construction of SA practice and the perceived identities of assurance providers. It facilitates the understanding of their efforts that have caused an accounting phenomenon (i.e. SA practice) to come into being and to become perceived as fact (Mennicken, 2008), and of how this phenomenon is transformed by its context. Figure 3.1 summarises the framework of this study using translation as the key concept, supplemented by the notion of boundary object.

Figure 3.1: Theoretical framework.



The notion of translation from ANT allows researchers to track the process of an accounting phenomenon, both in current transformation and previously transformed manifestations (Latour, 1987). In this research, the concept of translation is useful to facilitate an understanding of how a certain fact is constructed and 'how the processes of fact fabrication and socio-political ties hold together to form truth' (Chua, 1995, p.115). The emphasis here, therefore, will not only be on the technical context, but also on the social context relating to SA practice.

As this study aims to explore translation from the point of view of SA providers, they are treated as the centre of translation (i.e. the main translators). The translators need to enrol other targeted actors in their network of SA. These actors include reporting organisations, related stakeholders, reporting guidelines, assurance standards, and firms' assurance methodologies⁶. SA providers try to engage with both human and non-human actors through their translation. The inclusion of both types of actors highlights the fact that it is not only human actors that could have an impact on the formation of sustainability assurance practice, but so also could non-human actors. This study also distinguishes between different types of assurance providers (i.e. accounting and non-accounting assurance providers), and explores their efforts to claim their practice space and enrol other actors. This introduces competing networks between the AAPs and those from non-accounting backgrounds; or collaboration among the same type of providers.

SA providers perform translation by persuading other actors to see the importance of SA practice. They formulate problems for which they can provide the solutions to reflect their roles as assurance providers and the area to which they will expand their network formation. SA practitioners try to influence their clients to agree with the usefulness of SA, and to make their SA services acceptable under agreed conditions, such as the scope of assurance and the extent of data collection. This is called problematisation, which is the starting point of the translation process. SA providers might need different problematisation strategies for different actors because they might have different interests. These different problematisation strategies for attracting other actors could reflect how they construct their identities as SA providers to be perceived by other actors.

SA providers use different ways to enrol actors in their networks. They build networks of support to strengthen the problematisation strategies they use with different actors. The more, and the

⁶ Other actors might become visible later as a result of the data collection process.

stronger, networks of support they have, the more enrolment of actors this leads to. For example, the enrolment of stakeholders into the network would also have an indirect impact for the enrolment of clients. If the stakeholders perceive that sustainability reports are credible only when accompanied by SA statements, the reporting organisations will not be able to avoid engaging in such a practice. Or, SA practitioners need to use SA standards to support their judgements in the assurance process. This means SA practitioners need to enrol suitable assurance standards so that the standards will enhance the credibility of the assurance procedures and their judgements. To be successful in enrolling human actors in their network, practitioners might need to enlist non-human actors to achieve that enrolment (Latour, 1987). This shows the chain in which the enrolment of one group of actors in the network might lead to the enrolment of others (Bergström and Diedrich, 2011).

In addition to the notion of translation, the notion of boundary object is also used in this study to understand discourses around the sustainability rhetoric and the assurance rhetoric that are fundamental to SA practice. Previous studies of SA providers shows that practitioners who have different backgrounds (accounting and non-accounting) possess different levels of commitment toward sustainability and have different perceptions regarding what is appropriate assurance methodology or standards (O'Dwyer, 2011). This could lead to different professional judgements during the assurance process. This could be the result of different perceptions toward sustainability and assurance, which are important elements of SA practice. Conflicts and disagreements could occur due to such different perceptions. Framing sustainability and assurance as boundary objects that SA providers need to manage could facilitate the understanding of how they eliminate or minimise conflicts and disagreement to support their translations, and achieve collaboration.

The analytical framework will be applied to the evidence presented in Chapters 5 to 7. Translation is the central frame for all of the empirical chapters. The first empirical chapter (Chapter 5) addresses how SA providers problematise SA practice and construct their perceived identities through their inscriptions (e.g. texts on websites or texts in SA statements). The second empirical chapter (Chapter 6) then emphasises the role of boundary objects, and the role of networks of support in the development of SA practice. The chapter also highlights the negotiation between SA providers and other actors, and the providers' attempts to enrol those actors in the network. The

last empirical chapter (Chapter 7) explores stabilisation of the practice, and addresses the inter-professional competition between different types of assurance providers.

3.6 Summary

This chapter has introduced the theoretical framework of this study, which is developed from ANT-relevant concepts. ANT exposes the way in which networks are fundamental to the development of SA practice space, and allows researchers to elucidate how a variety of actors are deployed in order to enable a new practice mainly through a process reflecting the concept of translation. This central concept from ANT, the notion of translation, is used to understand how the interests of different actors in the network are aligned with those of SA providers so that they can enrol those actors in their networks. The aim of the translation process is not only for realignments of various actors' interests (Gendron and Barrett, 2004), but also for influencing and shaping those actors' interests (Bergström and Diedrich, 2011). Problematization, creating networks of support, enrolment, and boundary objects have been introduced as important theoretical constructs from the notion of translation that illuminate the negotiations and interactions between different actors in the network, and help explain the findings of this study. Applying ANT to social studies reinforces the exploring of the flow of organisational life, the in-depth investigation of how SA providers translate SA practice, and the role of boundaries objects in the translations (Barter and Bebbington, 2012). The next chapter demonstrates how this theoretical approach is reflected in the methodology that has been used in this study.

CHAPTER 4: RESEARCH METHODOLOGY

4.0 Introduction

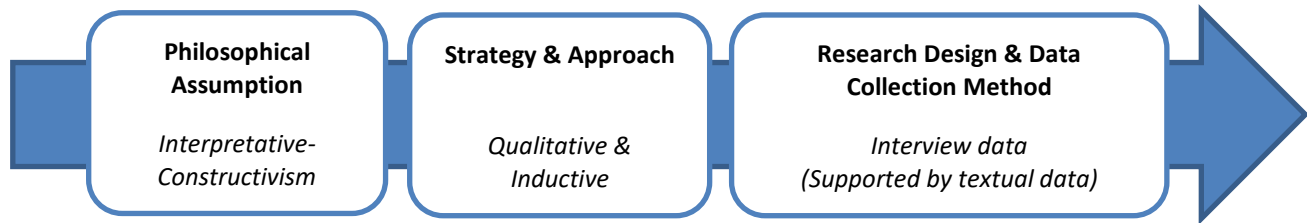
The previous chapter has presented the theoretical framework being used to guide this research, which is developed from ANT. This chapter provides a link between that theoretical approach and the main empirical chapters, by explaining the conduct of the research, both in terms of the justification for the underlying methodological assumptions and the content and execution of specific methods used to collect research evidence.

This study employs a qualitative approach by using the semi-structured interview as the main data collection method. In doing so, the study avoids a positivist view of the world, and adopts a constructivist approach, consistent with the aim of the research, which is to focus on the interpretations and perceptions of the research participants rather than the outcomes of and relationships between variables. Although this study is an interview-based piece of research, in order to fully address the research objectives and research questions (refer to Sections 1.2 and 1.3), other textual data from various publicly - available sources are also used for data analysis to supplement the interview evidence. The research process begins by looking at how different SA providers communicate their role to the public and prospective clients by using the evidence from sustainability assurance statements of FTSE100 companies (see Section 2.1 for the summary of the SA trend for these assurance statements). The qualitative content analysis of textual data in the research influences the development of the interview guide to further explore SA practice from the viewpoint of SA providers.

As this study is an ANT-inspired piece of research, it aims to follow issues introduced through the discussions in the interviews without establishing predictive hypotheses. The qualitative approach is, therefore, used to analyse the collected data, which comprises both textual and interview evidence. The following figure summarises the methodology used in this study (see Figure 4.1).

This chapter comprises four further sections. Section 4.1 introduces the research philosophy and the research approach used in this study. Sections 4.2 and 4.3 then discuss research methodologies used in SA studies, and the research design of this thesis. Section 4.4 provides a chapter summary.

Figure 4.1: Overview of research methodology.



4.1 Research philosophy and research approach

It is crucial to introduce the research philosophy on which this study is based before justifying the choice of methods used in the research, because the choice of research methods is directed by the philosophical position. Research philosophy is a set of beliefs or world views of researchers (Denzin and Lincoln, 2005); therefore, it influences the whole research methodology and directs the entire research design. To conduct accounting research, there are different world views to be considered (Lukka, 2010). Chua (1986) discusses the distinctive separation of the world views and philosophical assumptions on which accounting research is grounded. The three philosophical traditions presented by Chua (1986) include hypothetico-deductive, interpretative, and critical accounting research.

Researchers grounding their studies on the first of these philosophical traditions, the hypothetico-deductive tradition, believe that reality is objective and external to the researched objects; therefore, these researchers see empirical data as a verification, or falsification, of the theory being tested (Chua, 1986). As they lie within the positivist worldview, these researchers leave a distance between themselves and the researched objects so that the evaluation of research problems is objective and free from bias (Creswell, 2007). This research paradigm, therefore, assumes that accounting practice is independent of the process of constructing human reality, and humans and researched objects are passive in nature. They do not have a role in constructing social reality (Chua, 1986).

The other world views for accounting research proposed by Chua (1986) are the interpretative and the critical world views. Unlike hypothetico-deductive accounting research, interpretative research focuses on the subjectivity of the social world and how individual meanings of reality perceived by

different people (Hopper and Powell, 1985). Here, there is no objective reality; however, reality is dependent on individuals' minds and is constructed from their interpretations. For critical research, reality is objective relations that are transformed by subjective interpretations (Chua, 1986). The researchers working in this paradigm believe that conflicts in society exist and such conflicts require the emancipation of the people within society (Lukka, 2010).

This study avoids the positivists' view of the world, or the assumptions that lie in hypothetico-deductive accounting research, because the research objectives place more emphasis on the interpretations and perceptions of the research participants rather than the outcomes of and relationships between variables. It also aims to extend theoretical and empirical understanding of the development of SA practice by SA providers, which use different strategies and negotiations with other actors to gain support for their SA service. This study, therefore, adopts the interpretative approach, which offers the view and interpretation of perceived social meanings by humans who influence the construction of social reality (Chua, 1986). In other words, this study believes that SA practice is created through the interpretative process of interactions between SA providers and other actors. The interpretive approach allows researchers to establish more pertinent questions about the practical setting in which accounting practice is operationalised because there are no predetermined assumptions to be tested (Hopper and Powell, 1985).

For this study, the interpretative approach based on constructivist philosophical assumptions is adopted because of the belief that there is no single objective reality. Reality, however, is created through the interpretations of different related actors. The adopted ontological viewpoint is that there are various ways that people can perceive the world. In other words, different forms of reality constructed by people do exist. For example, constructivists do not see the texts from interviews as a means to gain insights into real experiences of the interviewees. However, they see the interview data as an interpretation constructed by the interviewees in the particular context, which is a subset of an indefinite number of interpretations (Cassell and Symon, 2004, p.13). Thus, no interpretation is superior to another.

Epistemologically, this study rejects the positivist viewpoint and does not try to claim any predictive outcomes; however, it tries to provide better understanding of the roles constructed by different SA providers, and of how assurance providers claim and develop SA practice and service. Accordingly, the results of this study are based on how the researcher interprets the

interpretations of the research participants. The way in which this research adds to existing knowledge lies in how it understands SA practice in its context and in how it uses the chosen theory as a lens for achieving that understanding. The points of view or perceptions of the research participants are accepted and interpreted by the researcher. In addition, the constructivist approach takes subjective meanings constructed by research participants, and applies such meanings to explain the studied practice. The constructed meanings are varied so as to allow the researcher to look at complexities of specific contexts and to rely on the participants' views in these contexts (Creswell, 2007). Constructivism facilitates the view that the final product of the SA process is produced by involving interpretations and interactions of assurance practitioners and other related actors, both human and non-human. This means reality is formed and developed through the interactions among the research participants (Creswell, 2007). The voice and reflexivity of the research is a mix between those of the researcher and those of the participants, because the findings from the interviews are interpreted by the researcher (Guba and Lincoln, 2005).

Definitions of qualitative research vary, but the main aim of qualitative research is to provide in-depth understanding of the social process and relations (Hoque, 2006). Although in this research field there are a number of studies employing quantitative strategies, they fail to acknowledge the construction of SA practice because the quantitative perspective aims mainly to find relationships between variables, such as the relationship between credibility level and elements included in SA statements (the methodologies used in SA studies will be further discussed in Section 4.2). As for this study, the complexity of SA practice can only be captured when adopting qualitative strategies to understand how SA providers conceptualise assurance practice, perceive their roles as assurance providers, and make professional judgments to yield the final assurance opinions.

Accounting researchers can choose to approach the accounting practice that is of interest by using inductive logic or deductive logic. The choice between the two approaches depends on how researchers try to understand relationships between the observed practice and the theoretical lens. Deductive logic helps derive a specific conclusion from general premises that pass the experimental testing (Gomm et al., 2000). This approach can also be called the hypotheses-testing approach. On the other hand, inductive logic works from specific facts to a generalised conclusion from the study of those facts (Gomm et al., 2000). This inductive approach is a bottom-up

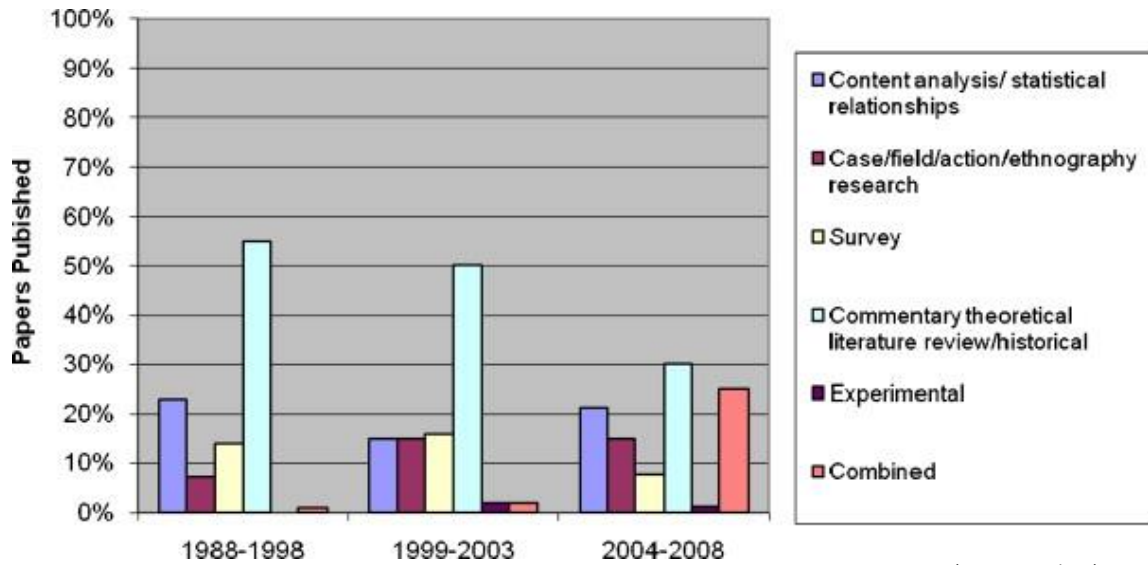
approach that allows researchers to start exploring data and to then generate hypotheses as conclusions from the data.

This research, therefore, aligns itself with the inductive research approach as it adopts the interpretive world view. The inductive research approach was chosen on the grounds that there is little existing literature that examines the assurance phenomenon specifically in the UK context. This allows researchers to explore SA practice and the production of assurance statements without *a priori* assumptions about the phenomenon. The role of theory in this approach is as a guide to explore accounting practice. No hypotheses are generated from the chosen theory for testing. Thus, the inductive approach is appropriate for both epistemological assumption and the theory chosen for this study (i.e. ANT). ANT does not allow researchers to have *a priori* assumptions about the phenomenon that they are studying. Every observed phenomenon and interaction by actors needs to be explained, not assumed (Latour, 2005). The inductive approach, therefore, acknowledges the existence of theory as a research guide or lens through which to view the world. The inductive approach is useful areas in which theory is not well developed, and in which data can be used to develop theory (Saunders et al., 2007, p.199). The deductive approach is not applicable in this study, since the main aim of the study is not to test hypotheses developed from the chosen theoretical framework.

4.2 Methodologies employed in sustainability assurance studies

The research literature on SA employs different methodologies that are associated with a variety of research paradigms. Parker (2011) analyses a total corpus of 199 articles relating to sustainability reporting and assurance published across four journals over the 21 years between 1988 and 2008, and summarises a wide range of methodologies employed. These include content analysis / statistical relationships studies, case / field-based research, survey research, theoretical / historical research, experimental studies and mixed methods (see Figure 4.2).

Figure 4.2: Methodologies employed in social and environmental accountability research.



(Source: Parker (2011, p.5))

Some studies in this area are desk-based research using secondary data sources, including SA statements, sustainability reports, and financial databases, while other studies gain data directly from direct engagement with primary data sources such as questionnaires and/or interviews with reporting organisations, assurance providers, or stakeholders. Thus, the studies of SA practice itself and the choice of qualitative research methodology are limited, as most studies have approached the issues relating to SA practice quantitatively (Parker, 2011; Thomson, 2007). This section provides a brief introduction to methodologies used in SA practice studies, and a link to the methodology choice for this thesis. However, it does not aim to provide a full review of all studies for each type of methodology discussed.

The most common methodology used in SA studies is content analysis research (see Manetti and Toccafondi, 2012; Perego and Kolk, 2012; Perego, 2009; Mock et al., 2007; O'Dwyer and Owen, 2005; Ball et al., 2000). This type of research focuses mainly on sustainability reports and assurance statements, which are publicly available documents. Content analysis has remained popular and the number of SA studies based on it has been growing rapidly (Parker, 2014). This methodology can provide conclusions relating to the assurance process; however, the data sources used are mainly the products of such processes. Content analysis is useful for observing the nature or characteristics of SA statements, and for exploring the links between elements included in the statements with predefined criteria. However, the understanding of the rationale

of the choices and the process of the production of such statements, which are important to draw comments on the function of SA statements, cannot be fully captured. Besides international studies (Perego, 2009; Simnett et al., 2009; Mock et al., 2007), local SA studies using content analysis are growing in number (see Branco et al., 2014; Sawani et al., 2010; Ackers, 2009). However, those studies are similar in terms of elements and relationships of variables or proxies that they explore. Content analysis, therefore, limits the understanding of the perceived quality of the assurance statements, and cannot provide the explanation of the relationships beyond the elements in the final products of complex process. However, content analysis is important for exploratory purpose to understand the nature and general characteristics of the practice, including, but not limited to, title used, addressees, level of assurance, scope of assurance, wordings used in assurance opinions, and types of assurance providers. In addition to content analysis, surveys and questionnaires are also used to study SA practice (see Hodge et al., 2009). Although the survey method can capture some qualitative elements of the practice and reach a number of research participants, the survey data may not fully reflect the rationale of participants' answers, or may be misinterpreted by the participants.

Studies of SA practice based on content analysis and statistical tools have been criticised by O'Dwyer et al. (2011) for providing little understanding of the complexities of actual practice. These types of studies make inferences from the elements included in the reports, which are only the final products of the assurance process. Maybe these products are poor representations of the process; consequently, conclusions cannot be drawn about the process. Manetti and Toccafondi (2012) also add that content analysis does not provide detailed investigation of the complexity of the assurance process, and call for more qualitative analysis of AAPs and NAAPs.

This study, therefore, adopts the qualitative approach inspired by the study of O'Dwyer (2011), which focuses on the back-stage investigation of the practice by addressing issues regarding practitioners' attempts to provide services to clients and how they introduce auditability of sustainable information, which is narrative in nature and requires specialised knowledge to audit. The qualitative approach and the method of collecting interview data provide an in-depth understanding of the motivations for engaging with the practice, and the perceptions of related actors about the practice and its development. They also capture the heterogeneous views of the research participants, and provide flexibility to explore issues emerging from the field.

It is apparent from the methodology review that the number of qualitative studies of SA practice is limited. Power (2003) comments that there is a limited number of studies that can be called 'field work' in audit, because it is difficult to gain access to firms that provide the service. There are not many researchers who go beyond document analysis to investigate the reality of SA in practice and examine how the legitimisation process of assurance co-evolves with the development of assurance practice (O'Dwyer et al., 2011). The quantitative method is also not sufficient to provide meaningful insights about and an explanation of a complex subject (Dillard, 2011). Therefore, there are always calls for qualitative or field based studies in SA practice, and this thesis aims to fill this gap in the literature.

4.3 Research design

This study aims to use semi-structured interviews as the main data collection method. Textual data sources, including companies' sustainability reports and assurance statements, their comments on the exposure draft of an assurance standard, and SA providers' publications and websites, are also used as a guideline for producing interview questions, and as a supplement to the main findings from the interview data. Table 4.1 summarises the data sources used in this study. Also, the table provides examples of textual data sources that were consulted by the researcher as part of the analysis. Qualitative content analysis is used to analyse the collected textual data and to link the findings with the chosen theoretical lens.

The summary of data sources shows that this study covers a range of interview and textual data sources. As the focus of this study is on SA providers, the interviews were mainly conducted with SA providers, with some interviews with stakeholders and a reporting organisation. The interviews with SA providers cover all of the Big4 accounting firms as they are the main SA providers. Also, there was one interview with a second tier accounting firm. The reason that the researcher managed to have only one SA provider of this type participate may be because second tier accounting firms are not really active in the SA field. NAAPs, which are key players in the SA market, were also involved in the interviews.

Table 4.1: Summary of data sources.

Textual data (websites and publications)	
Groups of data sources	Examples of data sources
Assurance providers' websites and publications	<ul style="list-style-type: none"> - www.deloitte.com - www.ey.com - www.kpmg.com - www.pwc.com - www.bureauveritas.com - www.corporate-citizenship.com - www.dnvba.com - www.lrq.com - www.sgs.com - PWC's annual report 2012 - Publication from EY: Six growing trends in corporate sustainability - Publication from SGS: SUSTAINABILITY REPORT ASSURANCE Service
Sustainability assurance statements of FTSE100 companies from 2000 to 2013	- 403 sustainability assurance statements
Comments on exposure draft of ISAE3000	<ul style="list-style-type: none"> - 57 commenting letters on the exposure draft - Publication by IAASB in response to the commenting letters (IAASB, 2013a)
Other sources	<ul style="list-style-type: none"> - www.big4.com - www.edie.net - www.globalreporting.org - www.youtube.com - www.eco-business.com - www.verdantix.com - www.theiirc.org - Publications and standards from GRI and Accountability
Interview data (total: 21 interviews with 24 interviewees)	
Type of organisation	Number of interviews
Big4 accounting firm	11 (this include one group interview)
Second tier accounting firm	1
Non-accounting firm	4
Stakeholders	4
Reporting organisation	1

Thus, the interview sources cover a wide range of SA providers. The interviews with stakeholders and a reporting organisation were organised after the interviews with SA providers for data triangulation purposes. The information from these interviews supported the information from the interviews with SA providers.

The collected textual data also cover a variety of data sources. The observation of websites of SA providers covers all the key players in the SA market (as the list of SA providers is drawn from the SA providers for FTSE100 organisations). These include both AAPs and NAAPs. The SA statements used in this study are drawn from 2000 to 2013. This period includes 2005, when the first accounting assurance standards were introduced. Thus, the changes in trends and market dominance in response to the introduction of such standards can be captured. Also, the textual data sources include comments made about the accounting assurance standard, ISAE3000 (revised 2013). This could potentially show the attitudes adopted by different types of organisations and individuals in the discourse around the revised version of the assurance standard.

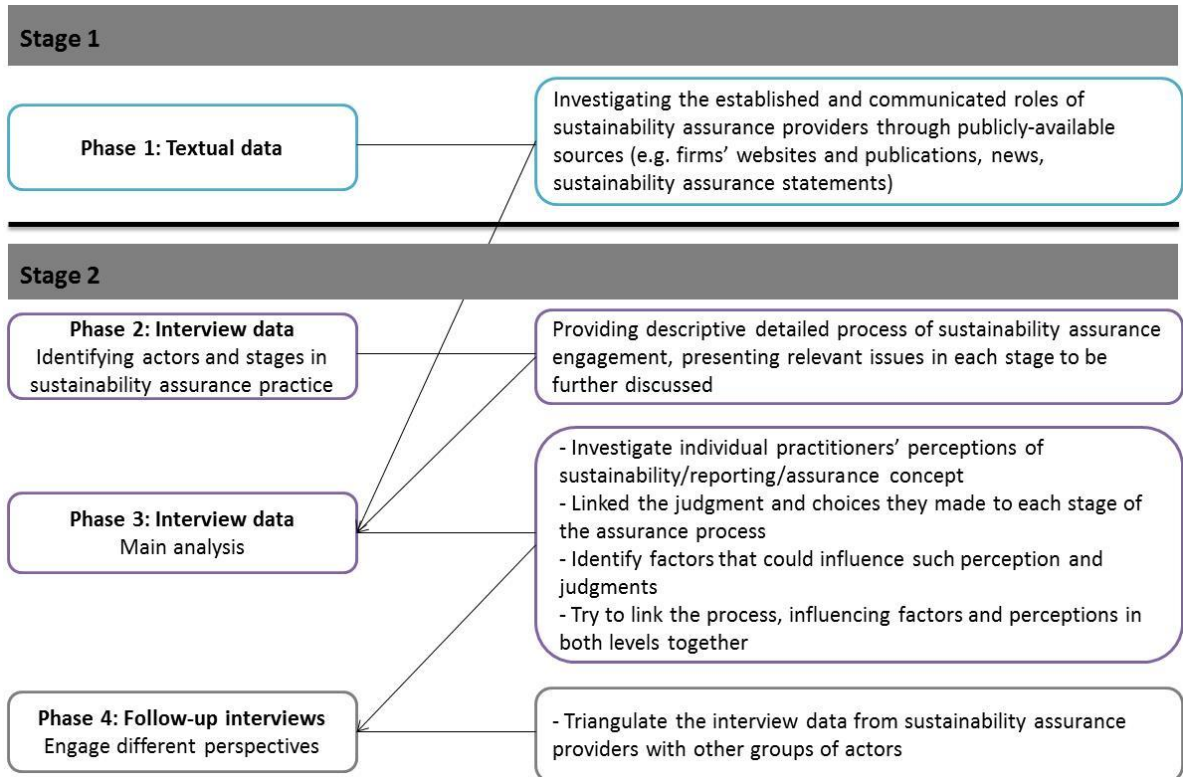
As for this research, interviews are the main data collection method because the interview is a powerful way for researchers to understand human beings and how they interact with their world(s) (Denzin and Lincoln, 2005). In other words, the interview method allows researchers to access research participants' perceptions, meanings, experiences and beliefs. The interview is a flexible process, and because of its flexibility it is probably the most widely employed method in qualitative research (Bryman and Bell, 2007, p.472).

In addition to interview data, collecting relevant texts and documents was undertaken to supplement the main data sources obtained from the interviews. Texts regarding how SA promotes and advertises SA practice are important in understanding the roles of SA providers and the purposes of the practice that they try to communicate to others. In addition, SA statements are also important data sources for gaining a general understanding about the trends in the practice, and the elements included in the assurance process. Moreover, assurance standards that are related to sustainability assurance practice and the comment letters regarding a specific assurance standard (i.e. ISAE3000) are also important data sources that guide the interview questions and support the data collected from the interviews. All of the SA providers interviewed were requested to provide access to their working papers related to sustainability assurance engagements, including their internal assurance methodology. However, due to confidentiality, none of the SA providers allowed access to such materials.

Research design provides a framework for the collection and analysis of data (Bryman and Bell, 2007). This study follows a two stage research design. The first stage involves analysis of textual data to identify relevant issues in SA practice. The identified issues are then linked to the

development of an interview guide for the second stage. The interviews mainly involve SA providers. In addition, other actors, such as institutional investors, a reporting organisation, and NGOs are added to the analysis to solidify the interview data gained from SA providers. Figure 4.3 presents a summary of the research design of this study.

Figure 4.3: Research design.



Due to the different types of data groups and phases of research design, it is important to provide a clear idea when those data groups were collected. From Figure 4.3, it is evident that the first data groups collected were textual data sources. This was followed by the interview data. There were three phases of interview data sources (details for interviews are provided in Section 4.3.1). The first group of interviews were conducted to gain an overview of the practice by focusing on more senior practitioners. The second group of interviews involved most of the interviewees (i.e. assurance practitioners). The last group of interviews were then used for following up and data triangulation. Table 4.2 summarises the data collection timeline.

Table 4.2: Timeline of data collection.

Textual data sources	
Assurance providers' websites and publications	March – May 2013
Sustainability assurance statements of FTSE100 companies	May – July 2013
Comments on exposure draft of ISAE3000	May – June 2013
Interview data sources	
Preliminary stage (6 interviews)	April – May 2014
Main stage (11 interviews)	June – October 2014
Follow-up stage (4 interviews)	December 2014 – April 2015

4.3.1 Data collection and analysis: textual data

As the first phase of the study uses textual data to understand how SA providers communicate their role as a part of their development of SA practice, assurance providers' websites and publications are used. The approach taken to investigate the roles of SA providers is to gather evidence of how these providers communicate the importance of the practice to their clients through their websites, publications, or advertising materials. The reasons given and the cases raised by assurance providers to persuade sustainability reporting organisations to engage in the assurance practice could offer potential insights into the way in which the concept of SA and the role of the assurance providers are constructed. Textual data sources are a good starting point for this thesis because these sources provide a general understanding about the assurance practice, including current trends, relevant issues, and areas of tension. The data from these sources can be used to guide interview questions and also to support the data collected from the interviews.

The list of assurance providers is drawn from the institutional assurance providers of companies listed in FTSE100 (as at 18 February 2013). The list is used as a guide to collect textual data relating to the assurance providers on the list. The list of assurance providers comprises nine firms, which include both AAPs and NAAPs. Table 4.3 present the list of assurance providers and the proportions of sustainability reports they provide assurance on.

Table 4.3: List of assurance providers and numbers of assurance statements from FTSE100.

List of assurance providers	Number of assurance statements
Big4	27 (62.79%)
Deloitte	5 (11.63%)
EY	10 (23.36%)
KPMG	3 (6.98%)
PwC	9 (20.93%)
Non-accounting assurance providers	16 (37.21%)
Bureau Veritas	2 (4.65%)
Corporate Citizenship	6 (13.95%)
DNV	1 (2.33%)
LRQA	4 (9.30%)
TwoTomorrows	1 (2.33%)
SGS	2 (4.65%)
TOTAL	43 (100%)

The aim of this phase of the research is not to distinguish characteristics of messages communicated by different types of assurance providers, because it aims to understand the role of SA providers as communicated in a wider context, rather than to capture the roles perceived by specific assurance providers. The results of textual data analysis are then used to guide interview questions in the following phase. Textual data is collected from publicly available sources, including corporate reports, web pages, advertisements, publications, and other sources that mention their SA services. Overall, 79 sources were investigated (see Appendix 2 for the full list and details of the sources). Relevant excerpts from the sources are extracted and categorised for further analysis.

The data collected is analysed using a qualitative content analysis method to make sense of the collected data. One of the distinct features of qualitative content analysis is the use of categorisations based generally on the theoretical framework (Flick, 2009). Although the coding categories are not developed directly from the data, categories are repeatedly developed and revised against the data. The excerpts from different sources are coded using coding schemes developed during the detailed reading of the data, based on how the providers problematise the

need for their SA services. The initial coding schemes are then re-visited, and similar schemes are combined for further analysis and discussion. Several steps were taken in the analysis of the textual data:

- The collected data was read through twice. Coding schemes were developed based on the persuasive strategies (problematization strategies) used by SA providers and their identities that were embedded (inscribed) in the texts. The coded excerpts were converted into text format and imported to an Excel spreadsheet.
- Next, the coded excerpts were revisited and similar themes from the coding schemes were merged. The coding themes for the strategies included enhancing information credibility, enhancing performance efficiency, adding value to integrated reporting, allowing flexibility of the assurance engagement, having expertise in the field, and demonstrating commitment to sustainability. The coding themes for the identities included protective, expert, and independent. Section 4.3.3 provides a summary of the analytical themes.
- Each of the coded excerpts were revisited and reviewed again for detailed analysis of the excerpts.

4.3.2 Data collection and analysis: Interview data

The research questions match the data collection method, which uses semi-structured interviews to provide an understanding of emergent practice by focusing on those elements that are involved with the practice (Hartley, 2004). As the study of SA practice needs to be conducted in its practical setting or needs to involve people who are directly engaged in the practice, highly structured hypotheses are not necessary. Instead, the focus is on the context of the practice and the behaviours of the actors, so that a detailed understanding of the subject can be achieved. This means, unlike in laboratory study, that the accounting phenomenon under study cannot be separated from its context.

An interview data collection method is suitable for this study because the study aims to understand the complexities of the SA process from the perspective of SA providers and their interactions and negotiations with other actors involved in the practice. An interview method,

therefore, can capture such interactions and negotiations that are not easily captured by pre-established proxies (King and Horrocks, 2010). An interview data collection method is used to ask questions in order to find out what interviewees do, think or feel (Collis and Hussey, 2003). This data collection method is, therefore, suitable for this study because it can help the study focus on how participants describe and make sense of particular elements and can reflect their biases and presuppositions (Cassell and Symon, 2004).

This research uses semi-structured interviews because semi-structured interview questions help gain insights from the participants' points of view, while maintaining the frame of the pre-established research questions informed by the chosen theory. As this study employs the constructivist approach, the interview texts are seen as an interpretation of both the researcher and the participants in a particular context. Structured interviews are too rigid and could narrow indefinite interpretations down to pre-determined scales or sets of possible answers (Cassell and Symon, 2004). The interview questions, therefore, need to be loosely structured (see Appendix 3 for interview guideline). Moreover, there is a need for prompts and probes to follow up emergent interesting issues, which cannot be captured if the interview is highly structured. Also, the questionnaire-based interview or survey is avoided because it is suitable for standardised questions. Although such a data collection method could reach more respondents, the researcher needs to be confident that respondents interpret questions in the same way, which is difficult in this research.

The sampling purpose of this study does not aim for statistical generalisation or representation of a large population (Eisenhardt, 1989). Due to the research questions aiming to understand the development of SA practice, the focus is on how each actor involved in the assurance process interacts and negotiates to influence the development trajectories of SA practice. Thus, the generalisation is about the development of theory that helps explain accounting phenomena and its future use to explain similar phenomena.

This study focuses on SA providers; therefore, potential participants are identified through the list of SA providers of reporting organisations listed in FTSE100 (as at 18 February 2013), and market research relating to SA providers (Verdantix, 2013). The list of potential participating firms includes both type of SA providers, accounting and non-accounting.

The selection of interviewees starts from the listing of assurance providers of FTSE100 companies (as at 18 February 2013). The names on the list are then combined with the names of SA providers appearing in Verdantix's survey of sustainability leaders' perceptions of SA providers, which adds more SA providers to the potential contact list (Verdantix, 2013, p.6). After identifying the list of potential firms, potential key contact points for each firm are identified and contacted via email with a formal invitation letter to participate in the research project. The identified key contacts are usually the higher ranked practitioners, such as partner, director, or manager, to ensure a good possibility of negotiating for further access to firms' resources. Initially, key contact points for 17 SA providers are identified, including six AAPs and 11 NAAPs. After the first interview with the key contact persons in each firm, the interviewee was asked for further assistance with the project in terms of access to firms' methodology and documents, and to their team members for further interviews. None of the key contacts agreed to grant access to firms' documents due to confidentiality reasons. Some of the key contacts, however, helped to contact members in their SA teams for further interviews. In addition to SA providers, stakeholders, reporting organisations, and other relevant professional bodies are added to the interview lists. The sampling of this group of interviewees is opportunistic sampling, meaning that they are referred by SA providers or they expressed an interest in being involved in the project.

From the 17 SA providers identified (see Table 4.3) to whom the invitations were sent, there were nine positive responses, including all Big4 firms, one non-Big4 accounting firm, and four non-accounting firms. The interviews were conducted either face-to-face or via telephone, and ranged in length from 40 minutes to 95 minutes. All of the interviewees, except one, agreed to be recorded. The interviewees were assured that materials would be treated on an anonymous and confidential basis. The name of any SA provider is mentioned only when the evidence is drawn from publicly-available sources.

In total, 21 interviews were conducted with 19 assurance practitioners (four practitioners in interview #6), four stakeholders, and one reporting organisation. The interviewees comprise AAPs (indicated by letters A-E), NAAPs (indicated by letters W-Z), relevant stakeholders (indicated by the letter S), and a reporting organisation (indicated by the letter R). Although the focus of this study is on SA providers, interviews with relevant stakeholders and the reporting organisation are used to support the interviews with those assurance providers. Table 4.4 provides the list and details of the interviews.

Table 4.4: List of research participants and details of the interviews.

#	Type of organisation	Interviewee's position	Interview location	Interview date	Duration (min.)	Code name*
1	Big4	Director	London	25 April 2014	75	A1
2	Big4	Senior Associate	London	31 July 2014	65	A2
3	Big4	Executive	London	21 May 2014	Recoding not allowed	B1
4	Big4	Executive	London	23 July 2014	70	B2
5	Big4	Executive	London	24 October 2014	65	B3
6	Big4 (Group interview)	1 Director, 2 Senior Managers 1 Manager	London	21 May 2014	55	C1-C4
7	Big4	Partner	London	25 April 2014	60	D1
8	Big4	Manager	London	24 June 2014	80	D2
9	Big4	Senior Associate	London	25 June 2014	65	D3
10	Big4	Senior Manager	London	27 June 2014	50	D4
11	Big4	Manager	London	30 June 2014	60	D5
12	Second-tier accounting	Head of Sustainability	London	23 July 2014	65	E1
13	Non-accounting	Business Unit Manager - Sustainability Service	London	4 June 2014	60	W1
14	Non-accounting	SA Business Manager	London	3 September 2014	90	X1
15	Non-accounting	Corporate Responsibility Technical Manager	Skype interview	12 May 2014	70	Y1
16	Non-accounting	Global Product Manager - Social Responsibility	Northampton	14 May 2014	95	Z1
17	Institutional investor	ESG Research Analyst	Email	14 October 2014	N/A	S1
18	Institutional investor	Head of ESG Research	London	12 December 2014	55	S2
19	SROI	CEO of SROI Network	Skype interview	23 January 2015	40	S3
20	Accounting professional body	Director of Sustainability and Assurance	Edinburgh	9 April 2015	70	S4
21	Reporting organisation	Group Sustainability Accountant (Listed Utilities company in FTSE100)	Edinburgh	9 April 2015	55	R1

* When the interview quotes are used in the analysis, the code names are used to identify the sources of evidence

Once the participants had agreed to participate in the study, the first interview session with each firm was organised. The general research objectives and potential issues to be discussed were addressed in the confirmation email for the interview appointment to give some ideas about the research focus to each participant. The first interview with each firm is important, not only for data collection purposes, but also for negotiation of further accessing firms' resources, including staff and documents.

An interview guide was prepared for all interviews, allowing for minor differences due to the type of assurance provider (i.e. accounting or non-accounting) (see Appendix 3 for interview guide). Interview questions were formulated based on research objectives, the chosen theoretical framework and review of exiting literature in this field. The probing questions for each interview question were also included in the interview guide to help the researcher focus on the issues of interest and to explore them in more detail. The interview guide was also refined after the first few interviews. The refinement of the interview questions was guided by how SA providers understood and interpreted them, together with the objectives of the study.

All interviews with SA providers were face-to-face, except three interviews that were conducted over the telephone (Skype). At the start of each interview, the researcher asked for permission to record and assured the interviewees that the data would be dealt with on a non-attributable and anonymous basis, unless they preferred otherwise. Also, the researcher informed the interviewees that the interview transcripts would be provided for review upon request; however, no participant asked for their interview transcript for revision. After each interview, the interview records were fully transcribed within two days after the interview. Also, interview notes were recorded and reviewed immediately after each interview. Each interview transcript was then input in NVivo10 for further analysis.

All interview transcripts were listened to several times to form a deep understanding of the issues covered in the interview and to take note of particularly relevant aspects. A coding system was then developed based on the theoretical framework and the research questions. The coding was revised according to the emergent issues in the data (i.e. add, drop or merge). The coding process was repetitive and iterative; each piece of empirical material was revisited at least twice to ensure that emerging empirical themes are accounted for and codified appropriately and in accordance with the conceptual framework (see Section 4.3.3 for the themes arising from the data analysis).

The interview transcripts were subject to several rounds of reading. The purpose of the first round of reading was to capture the overall message from the interviews. The interview transcripts were analysed using three sub-processes: data reduction, data display, and conclusion drawing (Miles and Huberman, 1994). Data reduction, conducted during the first round of reading, includes the processes of selecting, focusing, and simplifying the data from the transcripts. Data display

involves organising and assembling the excerpts from the transcripts to support the analysis and conclusion drawing / verification.

The interview evidence was supported by various documentary sources, including sustainability reports and assurance statements of FTSE100 companies from 2000 to 2013, participating firms' publications and websites, and comments on the exposure draft of ISAE3000 (refer to Table 4.2 for the summary of data consulted for this study).

4.3.3 Analytical themes stemming from data analysis

Data analysis for this study and emerging analytical themes focus on three key areas: actors, relationships, and activities. In each network, there are different actors, both human and non-human. 'Actors' can be referred to as actants, which is a more neutral term. The term may also help to reinforce that 'agency is a relational effect' (Castree, 2002, p.121), and an actant is defined as a relational field that is the effect of an array of relations (Law, 2000) and is a locational identifier of network traces (Latour, 2005). Law (2000) suggests that actor-network analysis can occur at various levels of magnification. So the identification and classification of actors, or actants, depends on empirical evidence collected in the field.

Researchers can choose either human or non-human elements in the network as their focal point to start the analysis (Law, 2000). This research takes SA providers as the focal point because it aims to explore the assurance providers' understandings and interpretations of the practice. Such understandings and interpretations then affect how they interact and negotiate with other actors. SA providers can be perceived as main translators in the network of SA practice. This study accepts the fact that other actors have their own views about SA practice. However, the study tries to capture those views via the interpretations of SA providers. With this focus, different actors in the network can be identified through their interactions and negotiation with SA providers.

The identification of related actors leads to further exploration and analysis of relations and associations between SA providers and other actors in the network. This also highlights potential issues stemming from these relations that can influence the development of the practice. Moreover, the analysis focuses on the activities and strategies used by SA providers during their translation of the practice to persuade other actors to believe that SA is important to them and to

agree with their proposed terms and conditions (e.g. scope and level of assurance, and deliverable formats).

Thus, the focus of the data analysis is based on the identification of actors, their relations, and activities through the lens of SA providers. In other words, the study tries to address who are involved in the practice, how these actors interact with each other, and what has been done to create the relations between them. These three key areas guide the development of data analysis to reveal and understand the nature and the development of the SA practice. The following provides examples of the main empirical themes arising from the data collection.

- **The structure and dynamics within the SA market;**
 - o Key players in SA market
 - Competition / competitive advantages
 - Firms' structures
 - Preferred skills and knowledge (if any) of recruited assurance practitioners
 - Specialisation
 - o Key actors involved in the process
- **Aspects of the sustainability assurance process;**
 - o Initiation of SA engagement
 - Attracting new clients
 - Building relationships with existing clients of the main services
 - o Pre-assurance services / readiness assurance
 - o Planning
 - Assurance level and scope,
 - Risk and materiality assessment
 - o Data collection (sampling, stakeholder engagements)
 - o Review process, deliverables and reporting the assurance opinion
- **SA providers' views on assurance standards**
 - o Preferred choice of assurance standards (if any)
 - o Operationalising assurance standards
 - o Firms' assurance methodology
- **SA providers' perceptions of SA practice**
 - o What is sustainability?
 - o What is assurance / audit / verification / certification?
 - o Roles of SA providers
 - o Roles of SA practice
- **Other themes**
 - o Comparison of SA practice with financial audit practice
 - o Changes and future of SA practice
 - o Integrated reporting

These empirical themes were then revisited and the analytical themes (inspired by the theoretical framework) were developed.

- **Roles of assurance providers**
 - Problematization strategies
 - Identity projections from inscriptions (i.e. texts)
 - Independence of SA providers
- **Perceptions of SA providers about sustainability and assurance and how these affect the conduct of the assurance**
 - Scope and level of assurance
 - Responsibility and dominant interests
 - Stakeholder engagement in the assurance process
- **Stabilisation of the practice**
 - Accounting versus non-accounting assurance providers
 - Expertise
 - Interactions with other actors / networks
 - Differences among assurance providers of each type
 - Roles of non-human actors in stabilising the assurance practice

The key focuses mentioned above – who are the main actors, their interactions with each other, and their relations due to these interactions – are used during the development of analytical themes and data analysis because these three focuses are the key for network tracing and tracking activities. These analytical themes, together with the three key focuses, are used for the data presentation and discussion in Chapters 5 to 7.

4.4 Summary

This chapter provides discussion regarding the research methodology of the thesis. This study uses a qualitative research approach in trying to understand how SA providers develop and operationalise SA practice. Although the main data collection method in the thesis is the interview, textual data is also used and analysed to develop the interview guide, and to support the interview evidence. Interviews include both accounting and non-accounting SA providers. In addition, interviews with other actors are also conducted to triangulate with the interviews of SA providers. The data analysis, as it is based on ANT ontology, focuses on tracking and tracing actors, their relations, and activities from the perspectives of SA providers. The following chapter provides analysis of textual and interview data regarding the identities and roles constructed by SA providers. The subsequent two chapters mainly provide analysis of the interview transcripts regarding the operationalisation of SA and the comparison between different types of assurance providers.

CHAPTER 5: ESTABLISHING AND LEGITIMISING SUSTAINABILITY ASSURANCE PRACTICE

5.0 Introduction

The increasing number of sustainability reports has driven the need for a mechanism to verify the integrity of such reports (Jones and Solomon, 2010). SA has, therefore, emerged as a new service in the non-financial assurance market. Due to the unregulated nature of SA practice, it is not only professional accountants, but also other consultants, who play a role as SA providers. This brings diversity to the conduct of SA practice due to differences in these professions, in firms' ethos, and in practitioners' backgrounds and experience. As SA practice is relatively new compared to financial auditing, the roles and identities of the assurance providers, therefore, are not clearly defined and constructed. Previous literature highlights the roles and desired characteristics of financial auditors entering emerging areas, including SA practice (see Dogui et al., 2013; Huggins et al., 2011). However, only limited research has explored how the roles and identities of SA providers are constructed.

This chapter focuses on what roles for SA are perceived by providers, and how such perceptions affect practice. SA practice is an important area in which to explore identity construction because it is considered an additional service provided by both AAPs and NAAPs besides their more established services (i.e. financial audit, and certification or consultancy services). Thus, the assurance providers need to translate the discourses from this new practice in relation to those services. This is especially so for AAPs, who need to translate sustainability-related discourse into accounting terms, when it has not previously been viewed in such terms. The chapter does not aim to draw distinctions between different types of SA providers at this stage of the thesis. In this chapter SA providers are analysed collectively as the main translators of practice, trying to communicate and construct their roles and identities as SA providers. They introduce various benefits of SA practice to different actors, who have different goals and interests. This is called problematisation in ANT terms (Callon, 1986). SA providers use different problematisation strategies to persuade other actors to support the SA service. These problematisation strategies reflect their constructed roles as assurance providers.

Using inscriptions is one of the ways that SA providers can communicate their problematisation of SA practice. Also, they can project their identities to other audiences when they inscribe their identities into texts (Gao, 2005). This means the recipients, or consumers, of such inscriptions remotely receive the identities which assurance providers are trying to portray for themselves and are trying to assign to others. These actors, still, have a right to accept or reject such identities, because the construction and negotiation of identities is a part of the translation process (Cooper and Robson, 2006), in which the main translator can succeed or fail.

This chapter draws evidence mainly from SA providers' websites and publications, related news, and public SA statements. The messages communicated by those sources regarding the benefits and features of assurance services are the main sources of inscriptions and important starting points to explore how SA providers portray their roles and identities. Qualitative content analysis of scripts is used as a main data analysis method. The datasets are collected from two main textual sources supplemented by interview evidence. The first source is publicly available data from SA providers, their websites, publications, press releases and related news. The other group of sources is SA statements included in the sustainability reports of reporting organisations. The two sets of data complement each other. The first set of data is the external representation of how SA providers want other people to see them, while the other set of data reflects, at least to some degree, the internal SA process. In addition, the first group of data is quite static because the inscriptions displayed on websites are regularly updated and it is difficult to access the older versions of webpages. As translation is a continuous process and can change over time, the second group of data (i.e. SA statements) offers comparative evidence of how the inscription evolves over time. Relevant excerpts from those sources are extracted, categorised, and coded for further analysis. The data from textual sources is not anonymous (refer to methodology chapter and Appendix 2 for referencing, and original source details). The analysis of inscriptions is then supplemented by interview evidence in a separate section for the purpose of evidence triangulation. Triangulation between both types of data (inscriptions and interviews) provides understanding and insights regarding identity construction by SA providers, and leads to further discussion of emergent issues.

The results of this chapter contribute to the understanding of how SA providers claim their practice space for SA services through role and identity reconfiguration. They translate their roles and identities in accordance with the interests of intended actors that they would like to enrol in

their network. Thus, the findings from this chapter mainly address the first research question focusing on how SA providers understand the purpose of the assurance practice and their roles.

This chapter is divided into a further six sections. Section 5.1 presents how identity construction is important for SA providers to claim and develop the new practice area. Section 5.2 and Section 5.3 discuss the problematisation strategies used by sustainability assurance providers and the construction of identities in practice. The analysis in the two sections emphasises inscriptions or textual data. Then, Section 5.4 adds interview evidence to the analysis of the issues. Section 5.5 provides discussion of the findings. Section 5.6 ends the chapter with a summary and conclusions section.

5.1 Translation as identity construction

According to previous literature, interview evidence from SA practitioners reveals that different assurance practitioners can perceive their role differently, based on their personal commitments, experience, or education backgrounds. (O'Dwyer, 2011; Owen et al., 2000). This could explain how different assurance providers use different discourses to persuade reporting organisations to commission the assurance service (see Branco et al., 2014; Ballou et al., 2012; Simnett et al., 2009). It also explains how assurance providers conduct assurance engagements, and exercise their professional judgments differently. To illustrate, some practitioners perceive that they represent stakeholders of reporting organisations; therefore, they act and exercise their professional judgments based on the perception that they are a 'voice' for the stakeholder (Edgley et al., 2010). In contrast, others may perceive that they work for reporting organisations' management, so they might be reluctant to provide negative feedback in the assurance statements (Ball et al., 2000).

These different perceived roles and identities constructed by SA providers show that in this practice field the identities of the assurance providers are evolving. Since the practice is relatively new compared to financial audit practice, the identities of SA providers are being developed through a construction and negotiation process with other actors. This identity negotiation is considered one form of translation process (Skærbæk, 2009; Cooper and Robson, 2006), in which the main translator (i.e. SA providers) tries to persuade other actors to accept the identities that they portray for themselves and assign to other actors. Those actors can accept or reject the

assigned identities. Thus, the identities might be retranslated and reconfigured. The study by Gendron and Barrett (2004) shows that different attempts at problem formulation by accountants to enrol other actors in their Web Trust Seal network (i.e. one form of web assurance) yield different enrolment results. The attempts could fail if the problems introduced do not match with the interests of the target audience. These interests are an important starting point for translation and identity negotiation (Chua, 1995).

Translation is a process in which identities of actors are negotiated. The main translator problematises the introduced practice to define a series of negotiable hypotheses on identity, relationship and goals of different actors (Callon, 1986). All actors, including the main translators and other actors, receive their identities through their relationships to others because the identities of actors are not assigned automatically to them (Justesen and Mouritsen, 2011). For example, in the case of SA, the relationship between assurance providers and reporting organisations could indicate their identities. SA providers can relate themselves to reporting organisations as independent assurers; or they can relate themselves to reporting organisations as expert consultants. These relationships could affect how they construct their identities in relation to their relationships with other actors. The process of inscription is one way to create these relationships and supply the identities to the allocated actors. Identities are relational because actors define their role, work and expertise in relation to one another (Cooper and Robson, 2006) by circulating inscriptions. Identity construction can be more or less powerful depending on the negotiations with other actors in the network or in other networks (Skærbæk, 2009).

The question here is how, in order to claim their expertise in the evolving SA practice space, assurance providers translate the sustainability-related areas of information, which were not previously viewed in accountants' terms, into 'accounting language'. This translation reflects the providers' attempts to establish their presence and legitimacy as SA providers and involves different problematisation strategies as a way to persuade different actors to enrol in the networks of support they create (Gendron and Barrett, 2004). For the case of AAPs, SA practice could promote assurance providers' identities to be closer to the identities of consultants so that they can renegotiate the terms of their professional status and widen their jurisdictional claims over other areas of expertise.

Identity construction can be the outcome of the process of inscription (Robson, 1991). The identities of actors are not assigned automatically to them; however, their relations to other actors determine their identities (Justesen and Mouritsen, 2011), and the process of inscription is one way to create these relationships and supply the identity to the allocated actors. Especially in SA practice, which is a hybrid service between independent assurance and consultancy, accounting or other practitioners working in such an environment might have different senses of responsibility, value, and how they see their role as an assurance provider (Cooper and Robson, 2006). However, a hybrid identity of an assurance provider could destabilise their occupational identity (Skærbæk, 2009). For example, SA providers from the accounting profession have financial audit as their core service. They need to possess a strong independent identity due to the accounting profession. However, as SA practice is evolving and unregulated, the SA providers might highlight other aspects of identities, such as the consultant identity or sustainability expert identity, to promote the SA service. Without various identities, the claim of a provider to operate in the SA space might not be successful because the users or stakeholders of this new assurance service have various interests. When reconfiguring new identities in relation to a previously constructed identity, the new identities might face threats to such reconfiguration, especially in terms of expertise and independence (Gendron et al., 2007). For example, the independence claim in the identity construction of accountant assurance providers could be considered as an asset or constraint in the construction of their identities as SA providers (Skærbæk, 2009). This could lead to a conflict of identities that, in turn, could lead to unexpected actions or responses by target actors.

Nevertheless, without various identities the claim to operate in the SA space might not be successful. The accounting profession renegotiates the terms of their professional status and widens their jurisdictional claims over other areas of expertise (Robson et al., 2007). Identity construction of SA providers is relational to participating actors. They can be more or less powerful, depending on the negotiation with network partners or competing networks (Skærbæk, 2009). Actors usually define their role, work and expertise in relation to one (Cooper and Robson, 2006); therefore, SA providers construct their identities in relation to their previous identities and the identities of their competitors. This facilitates comparison between different types of assurance providers because they have different relational identities to base their identity construction on.

Inscriptions can be viewed as material representations or techniques that allow objects or events to be known (Robson, 1992). The representations include writing, text, and numbers, while the techniques include writing, recording, and drawing. Inscription is also a form of anticipated characteristics that actors build into an artefact to represent their interests (Gao, 2005). Inscriptions need supporters who are willing to help them pass tests posted by opponents (Chua, 1995). In ANT terms, the supporters can be called spokespersons, who help amplify the inscribed messages. SA providers could use inscriptions to convince reporting organisations and related stakeholders about the importance of SA practice. Those actors (i.e. reporting organisations and stakeholders) can be their spokespersons to help solidify their inscriptions by further persuading other actors to agree with the importance of the practice. Inscription facilitates identity construction at a distance. The inscription has power in securing long-distance persuasion and translates the elements of the context (Robson, 1992). We can look at the quality of inscription to create action (or perception) at a distance, as a source of power (Robson, 1992).

From the beginning, and during the process of translation, SA providers produce inscriptions, including advertising materials, publications, and assurance statements, that have persuasive power to establish their presence in the field and project their identity to intended actors. Those actors have a right to accept or reject such projection of identities by the assurance providers. Translation and inscription are thus key concepts to understand the alignment of interests to form an actor-network because, when translation occurs, the interests of all of the parties involved in the network are inscribed (Gao, 2005). Inscriptions are important sources to study identity construction because they provide a concrete tracking of how each type of assurance provider portrays themselves, and because of their characteristic of mobility. The mobility of inscriptions promotes their power to control action at a distance. In this case, they carry persuasive power to direct perception at a distance. However, since the focus on this study is on SA providers, a limitation of studying the persuasive power of inscription is that the results reveal limited responses or reactions to such persuasion.

This chapter emphasises the identities of SA providers through the ways in which they communicate their roles, as inscribed in different media and materials. This includes texts or inscriptions from various sources, such as their websites, publications, sustainability reports and assurance statements. The concepts and worldview of ANT are useful to understand identity construction because they allow the analysis of power relations without any *a priori* notions about

fixed roles, identities and interests of actors (Callon, 1986). Actors interact through a process of translation (Bergström and Diedrich, 2011), in which their identities are constructed and negotiated. Translation implies definitions, which in turn are inscribed in intermediaries (Callon, 1991). Texts or inscriptions are considered as one of the intermediaries that order and form the network. Texts or inscriptions carry words, ideas and concepts to link actors together and create a set of new populations for the network. The inscriptions are part of the translation process, in which the identities are inscribed, negotiated and constructed.

5.2 Problematising sustainability assurance practice

SA providers make a case regarding the advantages of SA practices to convince reporting organisations to engage in SA with their sustainability reports. They raise the importance of such assurance practice by introducing problems that sustainability reporting organisations could face without having their reports assured. They then render their SA service as a solution to the problems introduced. The inscriptions are not only for reporting organisations, but also for other consumers of sustainability reports because those consumers, including reporting organisations themselves, could affect the adoption of SA practice and also the choice of assurance provider. In other words, those scripts help them establish their presence in the field of SA practice. SA providers, therefore, render themselves as an “obligatory point of passage” that every actor needs to pass in order to solve or alleviate such introduced problems (Callon, 1986).

In addition to this persuasion to engage in SA practice, the assurance providers convince their potential clients to choose their assurance service over others by highlighting their skills and competitive advantages. Thus, they use inscriptions also to persuade clients and to show their superiority over other assurance providers. Inscriptions from this first group of collected texts show that SA providers translate SA practice in two different ways. SA providers use different problematisation strategies as ways to translate SA practice to match with the interests of various groups of actors. Problematisation as a part of the translation process can be divided into two categories. One is problematisation of demand for the service, and the other is problematisation of the appropriate expertise to provide the service. Those categories of problematisation facilitate the promotion of SA services to clients and other actors, who have influence on the adoption of the practice by reporting organisations.

The translation process helps create allies in the defined networks by aligning the interests of other actors to their assigned identities. As the SA service is not the main service of both AAPs and NAAPs, and it is a comparatively new practice to corporate reporting and assurance, SA providers need to introduce the practice to reporting organisations and make their presence known and legitimate as assurance providers. From the translation of SA practice, SA providers highlight the benefits of the assurance service and also the disadvantages of not engaging with the service. By emphasising the problems facing sustainability reporting organisations without assurance, the assurance providers render themselves as providers of solutions for problems. They render themselves as an obligatory point of passage that the reporting organisations need to pass to fulfil their interests (i.e. avoid or solve problems) (Callon, 1986). As the managements of the reporting organisations have varied goals, SA providers need to introduce more than one set of problems. The assurance providers use their terms of problematisation as a part of a translation process to persuade other actors (Robson, 1991) so that they can link the problematisation with their established identities. This means they have to present the benefits of SA or problems that could arise if those actors do not engage in the assurance practice. Due to the variety of actors that SA providers might want to enrol in their network, they need to present different types of benefits or problems to attract and meet the diverse interests of those actors (Gendron and Barrett, 2004). This section, therefore, discusses how SA providers problematise the importance of SA practice to make their presence known and legitimate as assurance providers. SA providers use different problematisation strategies as ways to translate SA practice to match with the interests of various groups of actors. Problematisation as a part of the translation process could be divided into two categories. Table 5.1 summarises the problematisation strategies used by SA providers in their inscriptions. These problematisation strategies help them promote the practice and make their presence known in the SA practice space.

Table 5.1: Problematisation of sustainability assurance practice.

Translation: Problematisation	<i>Problematising demand</i>	i)	Information credibility enhancement
		ii)	Performance efficiency enhancement
		iii)	Value-added for integrated reporting
		iv)	Flexibility of the SA engagement
	<i>Problematising expertise</i>	i)	Expertise in the field
		ii)	Public demonstration of commitment to sustainability

5.2.1 Problematising demand

This section presents evidence on how SA providers problematise demand for SA services. The discourses used for problematising demand for the services include information credibility enhancement, performance efficiency enhancement, value-added for integrated reporting, and flexibility of the SA engagement. These strategies can be inscribed in SA providers’ communication channels to their target actors.

Information credibility enhancement

Providers of SA emphasise how such an assurance service could enhance the credibility of information presented in clients’ sustainability reports. Information credibility is the heart of the assurance engagement, which aims to facilitate the users of assured information in their decision making process.

“Your sustainability data will need to be verified if the reliability of your reporting is to be increased” (Deloitte’s website, Appendix 2-D1)

“Through our assurance services, we help organisations ensure the quality and credibility of their sustainability reports and communications” (Advertisement of DNV from Eco-business.com, Appendix 2-DNV2)

“[Reporting organisations] need independent assurance to add credibility to the published information in their sustainability or corporate responsibility report” (PWC’s website, Appendix 2-P3)

The statements above address the need of SA to enhance the credibility and quality of published sustainability reports. Stakeholders of reporting organisations are aware of the unregulated and voluntary nature of sustainability reporting practice, and that these organisations could selectively report only good information, or could exaggerate how good they are in terms of sustainability management. SA providers can also spot this threat to reporting organisations’ information credibility, so they use this problem to persuade reporting organisations to engage in SA practice, as shown by one excerpt from KPMG’s video advertisement.

“Without assurance, fewer than one in ten consumers actually believe what business say about their sustainability achievements” (KPMG’s video from YouTube, Appendix 2-K7)

The statement highlights the fact, although reporting organisations are the commissioner of the assurance engagement, external stakeholders also influence their decision whether to commission the assurance. The following statements also show discourses relating to external stakeholders’ influence on the reporting organisations’ decision to commission SA.

“Users of sustainability information will come to expect that the information has been validated by a reliable third party” (EY’s publication, Appendix 2-E6)

“a greater demand for transparency [by report users] now means that Corporate Social Responsibility and Sustainable Development issues have gained a firm place on the agenda of Boards and senior management worldwide” (Bureau Veritas’s website, Appendix 2-B4)

From the presented problematisation strategy, assurance providers try to highlight the adverse effect of not having SA on clients’ sustainability reports. The inscriptions also indicate the importance of SA as a credibility enhancing mechanism for the reported information. Also, engaging SA not only ensures the credibility of reported information, but also enhances the commitments of reporting companies for sustainability-related agendas (SGS’s website, Appendix 2-S2). This problematisation strategy of SA providers raises the issue of trust in sustainability-related information that could affect reporting organisations.

Although the number of companies engaging in sustainability reporting and the number of users of such reports have increased, SA is still a voluntary practice. The voluntary nature of such assurance, therefore, discourages some reporting organisations to commission SA service. The management of some organisations have perceived that SA is not necessary, even though they publish sustainability reports because other mechanisms, such as internal audit, are enough to promote credibility of the information (Jones and Solomon, 2010). Thus, SA providers need to highlight other benefits of the assurance in their circulated inscriptions beyond information credibility enhancement, or need to come up with other problematisation strategies to stimulate the interest of reporting organisations and other actors in their identities. They therefore relate the benefits of their SA service and their identities as assurance providers to more managerial issues to attract the attention of management to use the service.

Performance efficiency enhancement

Some companies are less visible to the public than others regarding the nature of their business or their size. The pressure to present sustainability-related information with high credibility by engaging in SA practice is relatively low. They have therefore decided not to engage in such practice due to the perceived benefits, the potential costs and the voluntary nature of the practice.

SA providers then need to reconfigure their identities and introduce problems that could arise from not engaging in SA practice in other ways that expand beyond information verification. The providers, therefore, align the benefits of having SA with benefits for internal business operations, which are one of the management's main interests.

“We go beyond this to examine how well the report addresses the issues of greatest materiality to your business and your stakeholders.” (TwoTomorrows’ publication, Appendix 2-TT3)

“Benefits of assurance include feedback on efficiency and effectiveness of controls and processes and risks and exposures” (PWC’s website, Appendix 2 -P1)

“[Sustainability report assurance] provides comfort to management that the sustainability information supplies a robust basis for decisions and an accurate presentation of performance against business objectives” (KPMG’s website, Appendix 2-K1)

SA providers expand their translation of assurance practice from the information credibility issue presented in previous section to business performance enhancement. This means of problematisation could enrol more sustainability reporting organisations who perceive little or no value in SA as information credibility enhancement. The function of the assurance service communicated by providers in this sense is to serve as a recommendation for internal change for the next reporting cycle and to enhance operating management relating to sustainability issues (Bureau Veritas's website, Appendix 2-B6).

For the less visible or smaller companies that report sustainability information, they might perceive that the credibility of such information is more vital to their management team and internal stakeholders than to their external stakeholders. Unlike large companies that use SA mainly to gain trust from external stakeholders, these organisations would seek credible information mainly to increase the confidence of the board in the decision making process (LRQA's website, Appendix 2-L2). Instead of emphasising only external verification of information credibility, assurance providers also highlight such points so that the management may perceive the importance of the assurance service and decide to engage in its practice.

Value-added for integrated reporting

With the trend for integrated reporting currently emerging, some assurance providers also translate the use of SA in relation to the issues of integrated reporting to persuade potential clients to join the network of sustainability reporting and assurance. It is apparent that AAPs use this problematisation strategy with their potential clients, since the integrated reporting framework includes the financial reporting aspect, which is their expertise and their main service. With an understanding of their clients' financial information through the financial audit side, assurance providers can underline the synergy of overall risk assessments when integrating the audit to maximise value for reporting organisations (Deloitte's website, Appendix 2-D1). Such assurance providers from accounting firms, unlike ones from non-accounting firms, could help define the scope of integrated reports and render integrated assurance for both financial and non-financial information (KPMG's website, Appendix 2-K3). The evidence to support this problematisation strategy is not prominent compared to others because the integrated reporting practice is still in evolving. However, it is expected that this problematisation strategy will be increasingly used by AAPs because it is their competitive advantage over NAAPs. In this case, the

assurance providers utilise their relevant expertise and skills, and their previously well-developed identities as financial reporting and auditing experts to enrol potential supporters to their networks of SA.

Flexibility in sustainability engagement

A number of reporting organisations hesitate to commission SA because it requires extensive resources in terms of both money and time (Jones and Solomon, 2010). SA providers, therefore, try to persuade reporting organisations to commission the service by introducing flexible models of SA engagement to overcome such concerns.

“We carry out the full spectrum of assurance assignments from internal readiness assessments to external public assurance – for voluntary or regulatory purposes.” (PWC’s website, Appendix 2-P1)

“The cost of assurance needn’t be excessive. We tailor the scope of our assurance work to meet your requirements and budget” (TwoTomorrows’ publication, Appendix 2-TT3)

“Our approach to sustainability report assurance is a flexible model based on the AA1000 Assurance Standard with optional modules to address your needs” (SGS’s website, Appendix 2-S2)

SA providers translate assurance practice, which is perceived as a resource intensive activity, into something less rigid in terms of resources consumed both financial and human. The flexibility leads to customisation in both scope and level of SA engagements.

"The scope of the work can be sized to your needs and the level of assurance designed accordingly." (PWC’s website, Appendix 2-P1)

“We customise our verification to meet your criteria and required level of assurance. We will make flexible arrangements to make sure your corporate report is verified in accordance with agreed deadlines” (LRQA’s website, Appendix 2-L2)

Instead of trying to introduce a full report and high level of assurance over sustainability-related information, they highlight that they can provide customised assurance services to meet the scope and level of assurance that their clients require. The assurance providers express their

understanding of the nature of sustainability-related information and assurance levels so that they can tailor the scope of the assurance engagement to match the requirements.

This form of negotiation regarding the scope and assurance level of SA engagements provides flexibility to sustainability reporters and allows them to feel more comfortable that they do not need to dedicate their resources to acquire a level of assurance beyond their needs and their resources. However, this also leads to managerial capture, which is a concern with unregulated assurance practice, and in such cases the reporting organisations could control the scope of the disclosures, as well as the scope of the assurance engagement (Ball et al., 2000).

5.2.2 Problematising expertise

Besides translating SA practice to persuade reporting organisations to engage in such assurance practice, SA providers highlight their expertise in the field to convince reporters to use their service or to choose theirs over others. The communicated messages here are related to the providers' expertise in the field and introduce the skills of their personnel and cases of their clients. Also, rankings from independent parties are used to demonstrate their expertise in comparison to their competitors. Furthermore, SA providers make themselves visible by promoting sustainability projects of other organisations to reflect their commitment to the sustainability agenda. Such activities can increase their visibility as assurance providers and sustainability experts to the potential actors they are trying to enrol to such a network. It is worth mentioning that independence is one of the qualities of SA providers that they could use to strengthen their claims of expertise and persuade reporting organisations to commission their services. The emphasis on the independence discourses in the firms' websites is less prominent, when compared to that in SA statements. Thus, identities relating to independence will be discussed in details later in section 5.3.3.

Expertise in the field

SA providers infer the quality of their services through the ability of their staff. The inscriptions presented on their websites, other advertisements or publications show that the team members who work in SA engagements comprise specialists from a number of areas. Since sustainability reports contain multi-disciplinary issues, ranging from financial to environmental information, to assure such information requires personnel with a wide range of expertise. Thus, the providers

state that they have a number of specialists required for SA engagements in hand, and plan to recruit further specialists to respond to the emerging issues in future engagements (Firm's article, P5).

Besides the ability of firms' personnel or practitioners, SA providers also highlight their expertise through their past successes or experiences. On their websites or in their publications, a number of engagements are raised as examples of their services.

A number of research organisations or ratings agencies produce valuable inscriptions that SA providers use to strengthen their expert identity. SA providers include such ranking results on their websites and in their publications to strengthen their position among other service providers.

Their ranking positions are another way to legitimise their claims of expertise, since the ranked positions show how well they render sustainability reporting, consulting or SA services to their clients.

“Independent analyst firm names Deloitte a Global Market Leader in SA Services”
(Deloitte's website, Appendix 2-D6)

“Bureau Veritas has been recognized by a Verdantix survey as the most-recognized certification body among sustainability leaders with the 5th highest brand preference in the market place for SA providers, along with the Big Four accounting firms”
(Bureau Veritas's article, Appendix2-B3)

As there are a number of ratings firms and a wide range of ranking criteria used, SA providers can use different ranking systems or the rankings from different organisations to demonstrate to their clients the level of their expertise and service quality. One consulting firm stated that, according to the information from CorporateRegister.com, it is among the world's leading SA providers for reports employing AA1000AS, which is one of the dominant SA standards by AccountAbility (DNV's website, Appendix 2-DNV4). Here, the assurance provider attaches its ranking to a specific assurance standard setting body to assure its expertise in utilising such a standard. The standard, AA1000AS, is one of the most commonly used SA standards; therefore, the network of users of this standard is highly developed. By attaching to this ranking criterion, the assurance provider makes an attempt to convince its potential clients to choose its service by reference to its expertise.

Public demonstration of commitment to sustainability

SA providers build their networks of support to claim their expertise not only by using direct problematisation strategies, but also by participating in sustainability-related activities and projects. EY, for example, inscribes its commitment to sustainability by asserting that its corporate responsibility is “not just for [their] clients and for [their] own business and profession, but for our communities, for the greater good of society everywhere and for the sustainability of our planet” (EY’s website, Appendix 2-E3). This message claims commitment to changing the world to be a better place and implies that actions in the community and the firm’s services should be aligned to create such changes. PWC also shows their commitment toward sustainability agenda and also reported negative information that they missed a set target.

“We’ve been focusing on finding ways to minimise our carbon footprint and on finding ways to make a meaningful difference to our communities; and measure the social impact of these initiatives...There are things we still have to work at. We’ve missed our target for carbon emissions from client-facing air travel” (PWC’s annual report, Appendix 2-P2)

In addition to the messages showing their organisational commitments to sustainability agendas in their websites and annual reports, assurance providers also show their commitments through sponsorship of public events and philanthropic projects. For example, KPMG initiated a PhD project that shows its long-term commitment and support for the education of people in need (KPMG’s video, Appendix 2-K8). This PhD project gives long-term support for education; therefore, it implies that the organisation has committed to long-term social support. This shows the alignment between their services relating to sustainability and their commitment to such issues, reflecting their understanding of broader issues relating to sustainability. Also, the initiation and sponsoring of such projects helps increase the visibility of the assurance providers.

Moreover, SA providers also show their commitments and increase their public visibility through sponsorship of sustainability-related events such as the GRI conference. EY was one of the main sponsors of the GRI Global conference 2013, which introduced the latest sustainability reporting framework called GRI G4 (Global Reporting Initiative (GRI), 2013c). The conference consisted of around 1,600 registrants from all over the world, who were interested in or were then involved in

sustainability reporting and assurance. Sponsoring such an event helps raise awareness of the brand and show their enthusiasm for sustainability.

By using problematisation strategies, SA providers develop supportive networks for their assurance services by creating a fit between the interests of their existing or potential clients and their claims of expertise (Akrich et al., 2002). Here, the assurance providers try not only to create demand for SA, but also to amplify the demand from stakeholders calling for such assurance through those inscriptions. They inscribe a link between the need for the assurance and its importance that has not been strongly linked previously. Thus, the different persuasive strategies could be effective for different actors based on their different sets of needs (Gendron and Barrett, 2004). The need for this SA service could be motivated by reporting organisations' own needs, or from indirect pressure from their stakeholders. Thus, SA providers need to establish their presence not only to reporting organisations, but also to related stakeholders who have influence on those reporting organisations.

The inscriptions and problematisation strategies within the translation process discussed above might reflect identity construction by SA providers; however, such inscriptions are made purposefully for advertisement and public communication. Those inscriptions are made to represent the identities of SA providers externally. This means, in relation to those identities, they might or might not represent the actual work performed. Thus, the other group of data which is used to understand the identities of SA providers, and which reflects their actual work, is SA statements in sustainability reports.

5.3 Inscribing identities in practice

A number of studies look at elements in sustainability reports and the relationship of those elements and the type of assurance provider or the quality of assurance (see e.g. Perego and Kolk, 2012; Huggins et al., 2011; Pflugrath et al., 2011; Hodge et al., 2009; Simnett et al., 2009; Mock et al., 2007). These studies highlight differences and similarities among the assurance statements from AAPs and NAAPs. However, they do not focus on how those inscriptions reflect the identities of the assurance providers.

The inscriptions made by SA providers from the second group of data are from sustainability reports of FTSE 100 companies (refer to Section 2.5 for the summary of trend and data from the

observed reports). Identities of SA providers can be reflected in the way they conduct the assurance, the way they provide assurance opinion, and the way they portray who they are. This section discusses how the elements in SA statements reflect how SA providers construct their identities. The inscriptions (i.e. scripts in assurance statements) they make are more strongly aligned with their actual conduct than the inscriptions in the first group of data. Thus, these inscriptions can be used to provide more understanding about identity construction, and to triangulate the evidence from the first group of data with this group. Also, the evidence from SA statements can be used to clearly distinguish between identity constructions of different assurance providers because the statements are the deliverables of what they do. The degree of imitation of other assurance providers' texts should be less when compared to the first group of data, which are advertising materials. This section discusses three themes of identity inscriptions, namely being protective, being seen as experts, and being seen as independent assurance providers.

5.3.1 Identity inscription: Being protective

Inscriptions showing that SA providers are protective can be observed from the way they identify the scope and level of the assurance engagement and the way they use marking in the sustainability reports. As SA practice is a new practice area and is subject to public scrutiny, the exposure of assurance providers to external litigation is relatively high. In addition, as stakeholders or sustainability report users are not well-informed, there are high expectations and accountability gaps between the actual work of assurance providers and the perception of society. Therefore, SA providers need to be more cautious when they construct SA statements so that the expectations gap and their exposure are minimised.

There are varieties of levels and scopes of SA engagements seen in FTSE100 companies' assurance statements. Most of the FTSE100 reporting organisations aim for a limited level for their SA engagements. From the observation of sustainability reports of FTSE1000 In 2013, about 73% of the FTSE100 companies who engaged in SA practice chose a limited level of assurance for their sustainability reports. While the majority of these 2013 assurance statements indicated a limited level of assurance, 4% of them had reasonable assurance, 13% of them had a combination of both limited and reasonable assurance, and 11% of them had no specific assurance level. The number of companies with limited assurance is in line with a survey by KPMG (2013) showing that the

majority of the surveyed companies who had assurance, 72%, had limited assurance, with 10% having reasonable assurance, and 8% having a combination of both levels. It is not specified in the source what the rest 10% is. However, it could be the SA statements that do not specify the provided level of assurance.

In 2000-2013, there were years in which SA providers had to provide assurance without any assurance guidance or standard. In those years, almost all assurance statements did not specify the level of assurance. This might have confused the users of SA statements because they might have assumed that the statements provided the same level of assurance as financial auditors' reports. However, after assurance standards were launched, especially with the first launch of ISAE3000, the percentage of assurance statements with no specified assurance level has been decreasing.

There are two main levels of assurance for SA practice – limited and reasonable as indicated by ISAE3000, or moderate and high as indicated by AA1000AS. The distinction between the two levels of assurance seems unproblematic. However, it is still not clearly distinguished how much work assurance providers should do to achieve these levels. Especially with limited assurance, different assurance providers may conduct sampling differently, and the gap between limited assurance engagements across assurance providers may be wide.

It is difficult to compare the quality of limited assurance engagements provided by different assurance providers, and it is not possible to say that different providers conduct limited assurance similarly. Therefore, the quality of limited assurance engagements depends mainly on the perception of assurance providers' reputation and credibility. This is why the limited level of assurance is adopted more than the reasonable level.

Besides the level of assurance, the scope of assurance is also one of the most important inscriptions that portrays the protective identity of SA providers. In 2013, 80% of FTSE100 companies had their sustainability reports assured only for selected sections or for selected KPIs (including assurance statements for greenhouse gas emission). The rest of the sustainability reports in 2013 were assured for the whole report. This percentage has changed over the observation period. From 2000 to 2006, the number of sustainability reports with whole report assurance was more than those with assurance for selected KPIs. After 2006, the trend was

reversed, with an increasing proportion of reporting organisations turning to assurance for only part(s) of their sustainability reports.

Taking SABMiller as an example of this trend, from 2003 to 2011 the company commissioned a NAAP, Corporate Citizenship, using AA1000AS to assure its whole sustainability report. After that they changed the assurance provider to PWC, using ISAE3000, to assure selected information. This is the same for Barclay which changed its assurance provider from a non-accounting firm to an accounting firm from 2009, when ISAE3000 was first involved in its assurance engagement. After the change of provider, Barclay switched from assuring the whole report to assuring only selected information.

British Land also presents a similar case. From 2004 to 2006, British Land commissioned a NAAP called Ashridge to assure its whole sustainability report using AA1000AS. Then, from 2007 to 2009, it used BV as the assurance provider, assuring only selected sections of the report by using AA1000AS. After that period, British Land changed the provider again to PWC to assure selected sustainability-related information using ISAE3000. From these cases, it can be interpreted that the type of assurance provider and the SA standard used could affect how the scope of SA engagement is inscribed.

One of the main reasons that more sustainability reports, especially by AAPs, are assured for selected data is because providers would like to tighten the expectation gap and decrease their exposure to external litigation. From the assurance providers' perspective, providing a specific scope of assurance rather than whole report assurance could limit their risk in relation to the assured information. As sustainability reports could contain a number of diverse and unconnected sets of information, providing assurance over the whole report might expose a provider to more risks. So more risk-averse assurance providers, like AAPs, tend to provide assurance on clearly defined KPIs, or on quantitative KPIs. From reporting organisations' perspective, the flexibility of the scope of SA engagements could benefit them to customise the scope according to their needs.

Due to the increasing amount of SA with limited scope, some SA providers, especially AAPs, tend to use markings or symbols indicating pages or information for which they provide the assurance (see examples in Figures 5.1-5.3). From the investigated assurance statements of FTSE100 companies, the use of marking has been increasing over the past ten years. This not only helps the

users distinguish between assured and non-assured information in the sustainability reports, but also clearly indicates the responsibility of assurance providers for the assured information. The forms of marking can be indications of specific page numbers, specific symbols or logos of assurance providers. Examples of the use of such markings are as follows:

Figure 5.1: Excerpt from BV’s 2013 sustainability assurance statement for Astra Zeneca.

Header	Topic	Page
Sales & Marketing	Increasing access to healthcare	41-42
	Sales and Marketing	42
R&D	Patient safety	38-39
	Clinical Trial Transparency	39
	Animal research	39
Manufacturing and Supply	Working with suppliers	44
	Environmental impact	44-45
People	Improving the strength and diversity of the talent pipeline	67-68
	Human rights	68-69
	Safety, health and wellbeing	69
Community investment	Community investment	70-71
Responsible Business	Responsible Business	220-221

(Source: http://www.astrazeneca-annualreports.com/2013/_assets/pdfs/AstraZeneca_Annual_Report_2013.pdf)

Figure 5.2: Excerpt from PWC’s 2013 sustainability assurance statement for AVIVA.

Selected Information

The scope of our work was limited to assurance over the information marked with the symbol **(A)** in Aviva’s Wider Impact Report 2013 (the “Selected Information” as found on pages 3 and 4).

(Source: <http://www.aviva.com/investor-relations/reports/?category=cr-reports-22>)

Figure 5.3: Excerpt from KPMG’s 2013 sustainability assurance statement for Kingfisher.

ASSURANCE SCOPE	LEVEL OF ASSURANCE	REPORTING CRITERIA
1. The reliability of selected performance data for the year ended 31 January 2013 marked with the symbol ■ In the Report	Limited assurance	Relevant reporting parameters for the selected performance data as set out within <u>Kingfisher's Data Collection Methodology</u> .
2. The process to assess progress against Net Positive Foundations Targets for the year ended 31 January 2013 marked with the symbol ▼ In the Report	Limited assurance	The description of the process to assess progress on the Net Positive Foundations Targets, as set out within <u>Kingfisher's Data Collection Methodology</u> .

(Source: http://www.kingfisher.com/netpositive/files/reports/cr_report_2013/2013_Net_Positive_Report.pdf)

The more clearly specified level and scope of assurance engagement, and the use of marking highlight the protective identity of SA providers. This is more prominent in the statements by providers from the accounting profession than those by the non-accounting providers. This construction of protective identity could reflect their caution over the assurance engagement, which in turn links to their identities as experts or professionals who exercise their judgement cautiously.

5.3.2 Identity inscription: Being seen as experts

SA providers also use inscription to show that they have the expertise to conduct SA. The way they state the use of a standard in assurance statements could send the message that they have the expertise and legitimate methodology to conduct the assurance. When well-known standards, such as ISAE3000 and AA1000AS, are mentioned in a SA statement, the report users or stakeholders perceive an enhanced credibility for the assurance practice. Thus, report users or stakeholders are enrolled in the network of SA engagement through the use of such inscription.

From the investigated FTSE100 companies’ SA statements, there are three main assurance standards or methodologies used for SA statements. These are ISAE3000, AA1000AS and firms’ own methodologies. In the earlier years of reporting, before the existence of any SA standards, SA providers did not use any assurance standards to base their work on. They used their own methodology to conduct the assurance.

Before the emergence of SA standards, some of the providers stated clearly that they were not using any particular assurance standard because there was no generally accepted standard for

such practice. An example of such a statement is found in EY's SA statements for BP for 2000/2001.

“There are currently no statutory requirements or generally accepted standards in the UK relating to the preparation, publication and attestation of corporate environment and social reports. We have therefore used a customized attestation process involving detailed challenge of the contents of the Review, selected document review, interviews with executives and managers, and site-based reviews to understand how the non-financial policies are being implemented and reported upon.”

(Source: http://www.bp.com/content/dam/bp/pdf/sustainability/country-reports/Environmental_and_social_report_2000.pdf)

EY stated that they used a ‘customized attestation process’ to conduct the assurance, and briefly discussed the methodology used to support the final opinion. This inscription allows the AAP to justify and solidify its professional identity as an assurance provider and to legitimise its expertise to provide such a service. For the case of large AAPs, they have well-recognised reputations as being independent third parties in the financial audit space. Conducting a SA engagement by using their own methodology might be less open to scepticism than might be the case for NAAPs. SA standards or guidelines from standard setters could help enhance and legitimise SA engagements conducted by NAAPs.

After 2005, when ISAE3000 was first launched, the number of assurance statements based on ISAE3000 has been increasing. This includes statements that comply with ISAE3000, and that are based on a firm methodology developed from ISAE3000. The difference between these two types of ISAE3000 assurance statement is the wording used in the statements. Normally, AAPs use and comply with ISAE3000 because it is an accounting assurance standard. Only professional accounting firms that are governed by codes of ethics for professional accountants can officially use the standard to base their assurance opinion on (see Figure 5.4). However, a number of NAAPs have been using it by stating that they use their own firm’s methodology that is based on the standard.

Figure 5.4: Excerpt from KPMG’s 2013 sustainability assurance statement for Diageo.

Our independence

ISAE 3000 requires that the practitioner complies with the requirements of Parts A and B of the *Code of Ethics for Professional Accountants*², which requires, among other requirements, that the assurance provider be independent of the assurance client, including not being involved in writing the Annual Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG Audit Plc has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. Our independence with the client is reviewed on an annual basis.

(Source: <http://srreport2013.diageoreports.com/media/226901/full-report.pdf>)

The reason that NAAPs need to state that their methodology is ‘based on’ ISAE3000, instead of stating that they use the standard, is that their code of ethics is different from that of AAPs. Only professional accountants, indicated by the code of ethics, can officially use ISAE3000.

To illustrate the use of ISAE3000 by a NAAP, ERM CVS, the assurance provider states in their SA statements that the assurance standard that they use is their firm’s methodology based on ISAE3000 (see Figure 5.5). Similarly, in a statement by another NAAP, DNV, it is stated that they use their own assurance methodology based on ‘professional experience and international assurance best practice’ (see Figure 5.6).

Figure 5.5: Excerpt from ERM CVS’s 2013 sustainability assurance statement for Mondri.

Assurance standard

- ERM CVS’ assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).

(Source: <http://sd-report.mondigroup.com/2013/>)

Figure 5.6: Excerpt from DNV’s 2013 sustainability assurance statement for BG Group.

OUR APPROACH

We performed our work using DNV GL’s assurance methodology which is based on our professional experience and international assurance best practice, including reference to the International Standard on Assurance Engagements 3000 (Revised) – ‘Assurance Engagements Other Than Audits and Reviews of Historical Financial Information’.

(Source: http://www.bg-group.com/assets/files/cms/BG_SR_2013_2.pdf)

The references to ISAE3000 by NAAPs are different from those by AAPs, because the accounting providers need to comply with ISAE3000 which is an accounting standard. They use the phrase 'in accordance with ISAE3000', instead of 'based on ISAE3000' like NAAPs (see Figures 5.7-5.9).

Figure 5.7: Excerpt from PWC's 2013 sustainability assurance statement for AVIVA.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 – 'Assurance engagements other than Audits or Review of Historical Financial Information' (ISAE 3000) and,

(Source: <http://www.aviva.com/investor-relations/reports/?category=cr-reports-22>)

Figure 5.8: Excerpt from Deloitte's 2013 sustainability assurance statement for Burberry.

What standards we used: basis of our work and level of assurance

We carried out limited assurance in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000). We planned and performed the work to provide limited assurance as to whether the Company's selected key performance indicators are not materially misstated.

(Source: http://www.burberryplc.com/documents/corporate_responsibility/burberry_assurance_statement_final__200513_.pdf)

Figure 5.9: Excerpt from EY's 2013 sustainability assurance statement for M&S.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with ISAE3000¹ and to meet the requirements of a Type 2 assurance engagement as defined by AA1000AS (2008)². The AA1000AS (2008) assurance principles of Inclusivity, Materiality and Responsiveness have been used as criteria against which to evaluate the Report.

(Source: http://planareport2013.marksandspencer.com/docs/33722_M&S_PlanA.pdf)

Despite the fact that ISAE3000 (IAASB, 2008) allows only professional accountants to use the standard, the latest revised ISAE3000 (IAASB, 2013b) proposed that NAAPs could use the standard as well under the rationale that they are also practitioners. Therefore, ISAE3000 (IAASB, 2013b) also proposed a definition of practitioners to include both AAPs and NAAPs.

By continuing to refer to ISAE3000, NAAPs finally successfully inscribed their profession in the ISAE3000 assurance standard and gained official permission to comply with ISAE3000. This means they enrolled themselves as a part of the more established network of the accounting profession. Thus, they could later use inscriptions in SA statements to imply their expert identities over assurance methodology in reference to SA standards.

In addition to this reference to SA standards, providing recommendations and observations in assurance statements also relates to identity construction. By including recommendations and observations in public statements, SA providers convey their expertise over specific issues relating to sustainability reporting or sustainability management.

Recommendations and observations in this circumstance include comments made by SA providers about the content of assured organisations' reports, reporting procedures, strategies and other related issues, and recommendations regarding principles from AA1000AS. These recommendations and observations do not normally affect the final assurance opinion. However, some assurance providers make these comments publicly to indicate key issues, from an independent point of view, that reporting organisations have been or should be focusing on.

These recommendations relate to a mixture of strengths and weaknesses of the reporting organisations. Assurance statements could, therefore, act merely as documents to guarantee the credibility of assured data, or act as a tool for public enforcement of organisations' operations regarding those recommendations. Since different assurance providers construct their assurance statements in this matter differently (i.e. some include this section in the statements, some do not), different assurance statements can implicitly portray various identities of assurance providers.

From FTSE100 companies' assurance statements, statements by AAPs tend not to have such recommendations; however, most of the statements by NAAPs tend to include them. Some assurance providers see that it is important to provide such recommendations and observations

because they help both the reporting organisations and other stakeholders understand the relevant key issues. Thus, one of the reasons why NAAPs are likely to provide recommendations and observations might be that they want to portray themselves as sustainability experts. However, some assurance providers prefer not to provide such recommendations and observations in the public assurance statements. Instead such sections are included in the management report that is for internal use by the reporting organisations' management only. The reason for this could be that providing only parts of the recommendations in the assurance statement could mislead users because they do not have the full information regarding all such recommendations and observations. In this sense the construction of the protective identity of assurance providers is stronger than the construction of their identity as sustainability experts.

Regardless of whether recommendations and observations are included in public assurance statements, they are included in management reports which are also products of the SA engagement process. Thus, we cannot say that the assurance processes used by different providers are different simply because one includes recommendations, while another does not.

5.3.3 Identity inscription: Being seen as independent assurance providers

The final identity construction is the independence of SA providers. The inscriptions from assurance statements that show the independence of assurance providers are the independence declaration, the title of SA statements, and the addressees of the statements.

In the majority of SA statements, there is a declaration by SA providers regarding their independence because the independence of an assurance provider is crucial to indicate the quality of the assurance. Figure 5.10 and 5.11 provide examples of inscriptions which directly show the independence identity.

Figure 5.10: Excerpt from PWC's 2013 sustainability assurance statement for AVIVA.

Our independence and quality control

We applied the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control (UK&I) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent team with experience in sustainability reporting and assurance.

(Source: <http://www.aviva.com/investor-relations/reports/?category=cr-reports-22>)

Figure 5.11: Excerpt from BV’s 2013 sustainability assurance statement for WPP.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with over 180 years’ history in providing independent assurance services. No member of the verification team has a business relationship with WPP, its directors or managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in its day-to-day business activities. The verification team has over 20 years’ combined experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, including the verification of greenhouse gas emissions data.

(Source: <http://www.wpp.com/sustainabilityreports/2013/>)

Besides the direct declaration of their independence, SA providers reflect their independence by the use of the addressees of the assurance statements. SA providers normally address their assurance reports to the management of reporting organisations; however, in some case they address stakeholders of the reporting organisations. The reason that sustainability providers choose to address the statements to the management is because the management is the party that SA providers are responsible to. Although the addressees are management, SA providers are aware that the statements are exposed to other groups of report users as well. This raises the question of the purpose of SA statements, whether they are only for management use, or for other stakeholders as well. Consequently, this aspect of directly addressing reporting organisations’ management could raise the question of assurance providers’ independence.

In addition to the addressee, the titles of SA statements also reflect SA providers’ identity. Generally, SA providers use the titles of their reports to indicate they are ‘assurance’ statements. It is common for AAPs to always use the term ‘assurance’ in the title of their reports. However, NAAPs use various ways to title their assurance reports, such as ‘verification’ statement, ‘attestation’ statement, or ‘commentary’ statement. This reflects a weaker independence identity of the assurance provider compared to the use of only ‘assurance’ statement in a title. Moreover,

this shows that NAAPs have a less settled concept of what is meant by the term ‘assurance’ than is present in the accounting profession.

5.4 Evidence from interviews on the uses of inscriptions

Previous sections highlight, from the analysis of texts and other inscriptions, how SA providers project their identities to create their visibility as SA providers. The following section continues the discussion by introducing interview evidence to show how SA providers establish their presence in the field and promote their SA service through the use of texts. This emphasises how they attract and persuade their clients to engage with the practice. The interview evidence is triangulated with the analysed texts.

Interviews with participants from both accounting and non-accounting assurance providers support the analysis of the texts that clients have various needs and interests in SA services. Besides the websites or marketing materials that they use, providers also use pitching slides or client presentations to address the importance of SA practice, “depending on which of those necessarily address clients’ needs” (Director, D1). This shows how they problematise demand for SA services in relation to reporting organisations’ needs. They use various forms of inscriptions to attract and persuade their clients.

“We’ve got sort of communication channels and advertising channels, such as our website. Companies can also come to us and do come to us independently.”
(Corporate Responsibility Technical Manager, Y1)

“There are a number of ways, but one of the main ways is through marketing collateral. So for instance, we have kind of brochures, a website. We do regular webinars, which are educational webinars, which are not sales exercises. There is a subtle message at the end clearly, but they are not designed for sales, but for communication and help organisations to develop their knowledge. We write white papers and publish on our website... They are not meant to be big educational academic pieces. They’re meant to be fairly quick reads, couple of thousand words, give a bit of insights to the topics” (Global Product Manager, Z1)

Besides websites and marketing materials aimed at sales, some assurance providers also have educational materials to subtly promote the importance of the practice and to provide updates on the current trends in sustainability reporting and assurance. Most webinars are available publicly

so anybody could attend and receive the messages (Global Product Manager, Z1). This is also another way for SA providers to problematise demand for SA practice. They do not only promote it by marketing materials, but also educate their clients and the public about the importance of the practice.

When assurance providers are asked how to sell SA services and about the value of their firm, they emphasise that they need “to articulate all the things that [they] think are unique or strong about how [they] do it” through their presentations to clients (Director, C1). This also shows how they problematise expertise for SA engagements. Some assurance engagements come from existing clients, and some of them come from the process of requesting proposals.

“Sometimes, you do receive a request for proposal through the website, or something. We might not have a strong relationship. So you know the [Firm C] brand in itself is something that helps people know we do assurance. So they do contact us... again it’s about the brand; it’s about the relationship. Are they people that you’ve worked with before? Do they trust you to deliver? Do they know you can deliver?” (Director, C1)

The statement above emphasises the importance of the provider’s brand which may attract clients. This is in line with the analysis from the texts, showing that SA providers try to emphasise their expertise by referencing their brand through their reputation from their existing services and independent rankings. The assurance provider above also highlights at the end of the statement that the promotion of the service is about relationships. This argument has appeared in almost all of the interviews with assurance providers and also in one with a reporting organisation.

Although some of the interviewed assurance providers state that there are communications channels that they use to send messages about their service, more emphasis has been placed on relationship building rather than the use of inscriptions. So the demand for and the development of the practice are stimulated by relationships between SA providers and reporting organisations (and with other actors).

There is another important statement made about how they use inscriptions showing their protectiveness. One interviewee comments on the use of marking in SA statements.

“And so with [reporting organisation name], we actually got the report two years ago. [Firm name] was doing it previously. And it really wasn’t clear when we read the

report, and read their assurance statement actually what was assured... And they just said basically everything can be assured, which is impossible. There are certain things that you can't assure. And also, it would be expensive... So we say these are items that we've looked at. We marked it with a little symbol next to what we assured.” (Manager, D5)

The interviewee talks seriously about how they mark the assured information because they do not want the users of sustainability reports and assurance statements to be confused between assured and non-assured information. This could also help prevent expectation gaps on the part of the users, and protect the provider from such misunderstandings. Although other assurance providers do not mention about marking, the majority of the reports from, and some from NAAPs, contain marking to indicate the assured information.

As it is also apparent from SA providers' websites that they aim, not only to provide assurance for the sake of data accuracy for the public, but also for internal management, then the role of SA providers is also derived from the perception of whom SA providers are responsible to. The comments from interviewees on SA statements also include the addressees in the statements. The majority of interviewees comment that they are engaged by the management of reporting organisations; therefore, they are responsible to the management, not to the public.

“It goes back to who is responsible for the content of the report. It's organisations who are reporting.” (Director, C1)

“Our buyer is management. We do allow our reports to be disclosed publicly to be used by other stakeholders, but our commitment is to management.” (Manager, D2)

They allow reporting organisations to disclose their assurance reports publicly to be used by stakeholders for decision making. Still, their responsibility is to the management because they are the buyer of the service, and it is the management to whom the assurance statements are addressed. However, there are assurance providers who perceive that their role is to serve stakeholders of reporting organisations “because they are the intended users” (Business Unit Manager, W1). This is in line with the evidence from the analysis of SA statements that some statements are addressed to stakeholders.

As mentioned, the interviewees briefly talk about how they use inscriptions (including marketing materials, public assurance statements, and other communication channels) to promote SA practice. However, the emphasis of the interviews is on the relationships with other actors.

“So you build relationships with companies and develop the relations. The company’s never buying..., yes, it might be buying sustainability assurance, but it’s buying relationships actually with the individual. It happens to be happy with [firm name], [firm name], [firm name]. There are lots of different factors as to why a company will buy from an organisation. So the way in which we do it is not different to how we win work per se at [firm name]. We build relations with people, with clients. We give them advice.” (Partner, D1)

Thus, the development and promotion of SA practice come not only from inscriptions but also from relationship building. The interview evidence in this section adds to the analysis of the texts. The interviews support the findings that there are various needs and interests of reporting organisations so that SA providers need to offer different ways to approach them to promote their assurance services. These different ways could reflect how they perceive their role as SA providers. The interviews also add another important point, that relationships are important to promote and develop the practice. Relationships between SA providers and other actors also provide reflection on how providers perceive their role and construct their identity as SA providers.

5.5 Discussion

The findings discussed above reflect how SA providers inscribe and project their identities to other actors. The first group of data (i.e. textual sources from websites and publications) shows how SA providers translate target actors’ interests along with their own so that they can eventually enrol these actors into their network. In other words, they problematise the SA service to match those interests. The process of interest alignment, therefore, reflects the identities of themselves that SA providers want other actors to perceive. While the first group of data highlights the interest alignment process, the second group of data (i.e. SA statements) sheds some light on identities that are reflected by SA providers’ actual practice and concerns. Thus, inscriptions could be one way that SA providers use to construct their identities or to persuade others to perceive them in a particular way.

The translation process helps to create allies for the defined networks by aligning the interests of other actors to providers' assigned identities. From the translation of SA practice, SA providers highlight the benefits of the assurance service and also the disadvantages of not engaging with the service. By emphasising the problems facing sustainability reporting organisations without assurance, the assurance providers render themselves as a solution provider for the problems. They render themselves as an obligatory point of passage that the reporting organisations need to pass to fulfil their interests (i.e. avoid or solve these problems). As the management of the reporting organisations have different goals, SA providers introduce more than one set of problems. The assurance providers use their terms of problematisation to persuade other actors (Robson, 1991) so that they can link the problematisation with their established identities. This means they have to present benefits of SA or problems that could arise if those actors do not engage in the assurance practice. Due to the variety of actors that SA providers might want to enrol in the network, they need to present different types of benefits or problems to attract and meet the diverse interests of those actors (Gendron and Barrett, 2004).

SA providers produce different inscriptions to engage with various groups of actors. Some SA providers try to maintain their well-established identities (i.e. as financial auditors or environmental experts), while reconfiguring their identities to align with this newly established service. Some of them, therefore, emphasise their independence and their expertise in assurance methodology. Also, they translate sustainability-related discourses to their main service areas to facilitate their identity construction so that they are perceived as legitimate assurance providers in the sustainability field. Inscription is one of the ways that can help them achieve this communication of their roles and identities in that sense. Although the link between previous constructed identities and the new ones might benefit the process of identity construction for the new practice, it could also lead to conflicts of identities. This could destabilise a previously accepted identity or expose it to the threat of rejection. For example, if an AAP highlights its expertise in sustainability in terms of how they can provide valuable recommendations to enhance organisations' performance, such identity framing is closer to the identities of consultants than those of independent assurers. In this sense, these identities could create conflicts and destabilise the provider's independent accounting profession identity. Although there is no clear measurement of the independence of SA providers (Dogui et al., 2013), it is important that assurance providers do not cross the line beyond which their independence is certainly at risk.

Thus, identity construction, especially independence, is relative and depends upon the relations with other actors of the main translators who construct those identities.

Identity construction via inscriptions helps SA providers expand the boundaries of their existing service. This means SA providers negotiate and renegotiate the terms of their professional status and expand their jurisdictional claims over different areas of expertise (Robson et al., 2007) that are suitable for the assigned identities to other actors. They could promote their identities to be closer to the identities of consultants, instead of being merely assurers, so that they can provide a wider range of related services due to the widened jurisdictional claims over other areas of expertise (Robson et al., 2007). SA providers renegotiate the terms of their professional status and widen their jurisdictional claims over other areas of expertise (Robson et al., 2007). Their translations, therefore, focus on the process that creates mutual definition and inscription, and extend the traditional definitions of actions (Callon, 1991). Thus, actions are the conduct of assurance work via the circulation of inscriptions by SA providers.

Due to the mobility characteristic of inscriptions, they have ability to influence action at a distance (Latour, 1987). SA providers do not only respond to the demand for SA, but they also create such demand through specific discourses and interactions. They can influence other actors at a distance through their inscriptions. Also, they create their identities through inscriptions by using the power of inscriptions at a distance. As Callon (1991) asserts, inscriptions are part of the translation process, in which identities are inscribed, negotiated and constructed, and SA providers can use inscriptions to construct their role and assign roles to other actors. Texts on websites, in publications or in SA statements act as intermediaries that define and describe the network of SA and the identities of the actors involved. Besides defining their own identities, SA providers define other actors' identities by circulating their inscriptions.

The discussion about the perceived roles and identities of SA providers in their attempts to establish their presence in the field, therefore, provokes further investigation regarding issues around the negotiations between SA providers and other actors. Also, the translations introduce the balance that is placed on the two fundamental notions of SA, which are 'sustainability' and 'assurance'. This leads to the discussion in the next chapter regarding how SA providers operationalise the practice through their negotiations of other actors' interests, and their relations with them.

5.6 Summary and conclusions

Identities of SA providers and the concept of SA are still evolving and being negotiated between SA providers and related actors. Thus, the identities of assurance providers are not stable and commonly agreed. Over time, the inscriptions and claims made by different SA providers converge to one another; however, different SA providers need to maintain their individual distinct identities that attract reporting organisations to choose their service over others. This means that, besides constructing their identities through circulated inscriptions to claim their space to operate the practice, SA providers also need to use such inscriptions to show their superiority relative to other assurance providers.

The inscriptions explored in this chapter are only one-way communication; therefore, the reactions of actors that receive such inscriptions produced by SA providers cannot be captured. Thus, it is not clear that their constructed identities have been rejected or accepted. As the focus of this study is on SA providers, this acceptance or rejection is implicitly evidenced through the perspectives of SA providers. However, the inscriptions analysed in this chapter provide the interview guideline to further explore how SA providers build relationships with other actors. This will be further discussed in the next chapter. The results from this chapter lead to further discussion in the next chapter on the operationalisation of SA practice by assurance providers.

CHAPTER 6: CONCEPTUALISING AND OPERATIONALISING SUSTAINABILITY ASSURANCE

6.0 Introduction

The previous chapter discusses how SA providers claim and establish their presence in the SA practice space. This chapter continues the discussion regarding how SA providers develop support around their claims of expertise in operationalising SA (Gendron et al., 2007, Gendron and Barrett, 2004). Tracking interactions and negotiations between SA providers and other actors leads to an understanding of SA providers' attempts to operationalise the practice. The chapter highlights SA providers' attempts to conceptualise and operationalise SA by assigning practical meanings to (or translating) the terms 'sustainability' and 'assurance', which are fundamental to SA practice. The attempts of SA providers to interpret such terms to facilitate the alignment of their interests and other actors' interests can be called the process of translation. The understandings and interpretations of those terms by SA providers create associations and relations between different actors. Those interpretations and the meanings given to the terms could affect how SA providers conduct the assurance and negotiate with other actors. These show variations in SA practice and highlight that SA includes diverse activities.

Translators and the translated are important elements that lead to the operation of the translation process (Callon, 1991). Trying to persuade other actors to support SA practice and agree on SA engagement terms, SA providers act as the main translators in aligning their interests with those whom they want to persuade to be a part of SA practice so that they can align them together, build a stronger network, and finally gain support for the assurance practice and services. The analysis and discussion in this chapter take SA providers to be a single actor, meaning that the focus is on how SA providers as a group of actors interact with other groups of actors. The discussion does not categorise SA providers according to their professions or occupational backgrounds.

The findings from this chapter highlight decisions negotiated throughout the assurance process, and the variation in SA practice. The questions posed to explore the roles of SA providers via the interviews also reveal that independence in the context of SA practice is different from that in financial audit practice. Thus, this chapter enhances the understandings of the roles of SA

providers and SA practice through the exploration of the activities and decision making within the assurance process.

This chapter is divided into six further sections. Section 6.1 provides interview evidence on the roles of assurance providers. This section links with the discussion of the previous chapter and highlights relevant issues for further discussion. Section 6.2 discusses how SA engagements are initiated, and the independence issues that might arise from the initiation of engagement. Section 6.3 then provides a discussion about the conceptualisation of the terms ‘sustainability’ and ‘assurance’, which are fundamental to SA practice. Section 6.4 discusses how SA providers operationalise SA practice by elaborating on how the conceptualisations, discussed in the previous section, affect the practical conduct of assurance engagements. Section 6.5 discusses the findings. Section 6.6 provides a chapter summary and conclusions.

6.1 Roles of assurance providers

The roles that are undertaken by SA providers can be placed on a spectrum between acting as consultants and meeting a need for data verification. Presumably, it is possible for the same providers to consider themselves as serving different roles for different clients.

“So it’s an assurance role, but I think with the sustainability assurance there is a huge demand of advisory that’s coming out of it compared to other types of audit.”
(Director, A1)

The roles of assurance providers are reflected from the statement that SA services are advisory in nature. Also the referring to “other types of audit” shows the interviewer’s acceptance that SA practice has unique characteristics compared to financial or other kinds of audit practice. This reflects that they might perceive their roles as assurance providers differently when conduct SA services, when compared to other types of audits. One interviewee says they establish hand-holding relationships with their clients to perform SA services like a ‘critical friend’ (Director, A1). Another practitioner expresses that they are either a ‘trusted friend’ or ‘trusted challenger’ (Manager, D2). Those interviewees include the word ‘friend’ as a part of their roles. This might be because the use of assurance now is not merely data checking or data verifying. SA practice, however, might be used to highlight a client’s critical operational areas that might need to be improved. Also, they have a pre-assurance service, which is advisory in nature, to help prepare

reporting organisations to be ready for a full assurance engagement. This pre-assurance service is further discussed later in this chapter. The perceived roles of SA providers rarely reflect the nature of adversarial or control roles; however, the roles tend to be more advisory in nature.

As mentioned earlier, SA is used to identify operational issues relating to sustainability in reporting organisations. That is where the role of assurance providers is blurred with the role of consultants.

“That’s sometimes become a consultancy piece rather than assurance because you’re giving insights and helping them improve how they manage reports and manage a certain issue.” (Executive, B1)

As presented in Chapter 5, this is also apparent from SA providers’ websites, in that they aim not only to provide assurance for the sake of data accuracy for the public, but also for internal management. The role of SA providers is also derived from the perception of to whom they are responsible. A director from an AAP states that they are engaged by reporting organisations’ management; therefore, they are responsible to the management, not the public. Also, a similar view is expressed by a manager from another AAP that, despite being responsible to the management, they allow reporting organisations to disclose their assurance reports publicly to be used by stakeholders. Still, the manager confirms the view that their commitment is to the management because they are the buyer of the service. However, there are assurance providers who strongly perceive that their role is to serve stakeholders of reporting organisations. This is similar to the evidence from the analysis of SA statements, that some statements are addressed to stakeholders. This shows the responsibility of the SA providers to the addressed parties.

“So our role on that is just to [make] the company be responsible for what they do.”
(Business Unit Manager, W1)

This statement shows the belief that assurance providers should be the voice of stakeholders. However, at the end of the interview the same interviewee mentions that “of course, we are business; we have to make money; make our salary, of course” (Business Unit Manager, W1).

Although they believe that they work for stakeholders of the reporting organisations, they also need to consider the demand of the reporting organisations in order that their service is commissioned. Similarly, the following statement shows that, although the assurance providers believe that their role is to promote sustainability and to make reporting organisations (i.e. their

clients) accountable for their corporate activities, their relationship with the client is still collaborative, rather than that of an independent watchdog.

“I see it as making the companies to do the right things, and helping ensure that they won’t destroy the world (*laughing*). It’s more collaborative than I’m here to check all the work.” (Manager, D5)

The laugh after the expression that their role is to save to world by making reporting organisations do the right things could be interpreted that it is difficult to achieve such a role. The reason could be that their central focus needs to be on their clients, who are the main decision makers during the assurance process.

“So there are a number of aspects to it. I think there’s core assurance service... But there are also a lot more that clients are looking for. So they are looking for my opinion. They are looking for my views. They are looking for a benchmark, how you do things to make companies better on their journey. That aspect to the role is very important.” (Senior Manager, D4)

From the responses, it can be seen that SA is not merely about credibility of the assured information, but about how SA providers provide recommendations to reporting organisations in terms of how they operate. From the discussion above, the identities of assurance providers as consultants and data verifiers are strongly reflected in the interviews because the assurance providers aim to attract a wide range of actors to take part in the practice. However, they need to emphasise the verifier identity more because assurance statements are public. This is where SA providers need to emphasise their independence. While elements relating to consultancy are not explicitly visible in public assurance statements, they are in the management reports provided exclusively to reporting organisations. From the interview evidence, it is evident that the perceived identity as SA providers converges with the consultant side, rather than the verifier side. These depend mainly on the contracts and agreement between the assurance providers and the reporting organisations, and the perception of SA providers regarding who they are working for and who they are responsible to.

The perceived role of SA providers as convergent with a consultant, rather than a verifier raises the question of the role of SA statements, the independence of SA providers, and also the managerial influence on the assurance process (Smith et al., 2011). Issues and discussion in relation to the independence of SA providers are presented in the next section.

6.2 Initiating sustainability assurance engagements and independence of assurance providers

There are two ways that SA engagements could be initiated: either by a SA provider or by a reporting organisation. The first type of engagement initiation comes from SA providers that seek and persuade reporting organisations to engage in SA practice and to choose them as an assurance provider. The provider could initiate the SA engagement either by approaching existing clients, or approaching new clients from the client database. This may involve active marketing and selling of SA services by the assurance providers. The other type of engagement initiation comes from reporting organisations approaching SA providers based on the provider's reputation and/or their relationships. For both routes to SA engagement initiation, choices have to be made by SA providers regarding the acceptance of the clients, and by reporting organisations regarding which SA provider they will choose. Regardless of which party initiates the SA engagement, independence of SA providers is one of the concerns related to SA provision.

SA is not considered as a main service of any firms providing the assurance service. As stated before, the main types of SA providers are accounting firms, and non-accounting firms. These firms have their main service lines, in which they build relationships with their existing clients. For instance, accounting firms have a number of existing financial audit clients. They could initiate SA engagement through that channel.

“We have quite a big audit base here as [Firm A]. And when [we] tender for audits, sustainability is a part of that. And so some work comes to us from that route automatically.” (Director, A1)

“I mean you can imagine that there are many routes to how we can end up with the clients for sustainability assurance. One of the routes is we have a lot of existing clients at [Firm C].” (Director, C1)

“The split of our clients is actually 55% where we are the financial auditor of the organisations, and 45% actually to those where we are not financial auditor.” (Partner, D1)

For AAPs, they could engage with their financial audit clients more easily than their non-financial audit clients, because they have built their relationship with those clients and also know the

clients' business structure and critical issues. AAPs also have non-audit clients with whom they initiate the SA engagement relationship. They also have to go out and seek new clients.

“So we get a lot of work through the audit that comes quite automatically, and then the rest of it, we go out to speak to clients by where they are.” (Director, A1)

Similarly to AAPs, NAAPs also engage with their existing clients through their main services, and obtain new SA clients from various advertising channels.

“It's a mix of ways really. As an organisation, we've got existing clients, and we've got sort of communication channels and advertising channels, such as our website. Companies can come to us and do come to us independently.” (Corporate Responsibility Technical Manager, Y1)

For example, NAAPs provide certifications on ISO standards for clients. They also use that channel to initiate SA engagements with those clients.

“For those particular clients, you might say the reason why we might sell to them is because we provided services for them, or it might be because they are familiar with us because of ISO14001.” (Global Product Manager, Z1)

The initiation of the assurance engagement is not only from assurance providers. Clients are also the ones who initiate the engagements. They might come to a SA provider for the service because of the reputation of that provider or because of their existing relationship with the assurance provider.

“Sometimes, you do receive a request for a proposal through the website, or something. We might not have a strong relationship. So you know the [Firm C] brand in itself is something that helps people know we do assurance. So they do contact us.” (Director, C1)

“Clients will usually, if there are existing clients, have their management systems say for 14001 for environmental, and 18001 for health and safety business continuity. And they start reporting or they will be reporting, but it's not externally assured. So they will contact our sales and marketing department, and say we are interested in this verification.” (Corporate Responsibility Technical Manager, Y1)

Moreover, reporting organisations might initiate the assurance engagement because they want to rotate their assurance providers.

“Ones are those that they want to change the assurance provider every three to five years. We’ll see RFP is coming, and that’s because they just want that variety.”
(Senior Manager, C2)

“There will be the big guns doing it for a long time and they just probably feel it’s time to rotate, and it comes through that. Three, five, how many years, and they just come around that way.” (Executive, B1)

In this stage of the assurance engagement, there are interactions and negotiations between SA providers and reporting organisations about how each provider persuades their potential clients to engage in the assurance practice, and to choose them from among others. The interactions do not exist only when the SA engagement starts; sometimes the relationship has started before the engagement comes about.

This stage of the SA engagement (i.e. initiation of the engagement) highlights choices made by actors involved in the engagement. The issue of choice involves the choice of reporting organisations, whether they want to engage in the assurance practice, or which assurance provider they want to commission. The choices also involve those of SA providers about which groups of clients they want to engage, or whether they reject or accept any particular clients operating in specific industries. Especially for AAPs, this also includes issues regarding proportion of audit and non-audit services that directly relate to the independence of SA providers. This issue is amplified if the SA provider is a statutory auditor of the reporting organisation, especially under the new EU audit reform.

SA service provision by statutory financial audit providers might be affected by the new EU audit reform. The legislation to reform the statutory audit market was adopted in April 2014, and will apply from 17 June 2016 (with the exception of some issues that are subject to different transition arrangements). The legislation sets the maximum non-audit fees that the statutory auditor of a public interest entity can bill in any one year to 70% of the audit fees billed over the last three year period to the entity, its parent and subsidiaries. This section does not aim to provide detailed analysis of the new legislation; however, it aims to address issues relating to SA services in the case that SA providers are also statutory auditors. Besides setting this percentage cap, the legislation includes a list of prohibited non-audit services. PWC summarises the prohibited non-audit services in a publication (PWC, 2014, p.5), which includes a comment that the text from the

legislation regarding the list is imprecise; therefore, the interpretation of the text will be crucial and could be different among member states.

As for the implications of the new reform on SA services provided by statutory auditors, it is likely that SA services will be classified as non-audit services under the 70% cap. Thus, SA providers need to be cautious about acceptance of SA clients in those cases in which they are statutory auditors. From the interviews, this issue has not been mentioned by SA providers. One reason might be that the majority of the interviews, especially with AAPs, happened in the first half of the year 2014 (refer to the details regarding interview dates in Chapter 4). However, one interviewee from a professional accounting body, who was interviewed in April 2015, briefly mentions the issue.

“You know that there is an undergoing [reform]. I’m talking about the Big4 and the market share. The regulation on audit rotations and non-audit services, I am just wondering where sustainability assurance sits: within the non-audit services? If it’s audit-related? Because audit-related services are permitted” (S4, ICAS Director of Sustainability and Assurance)

The ICAS director also highlights the potential impact on the SA market share of AAPs, and opportunities for potential competitors outside the accounting profession.

“Is it audit-related or captured? There is another stream of work for the profession or not? If you are already using the other Big4 for seeing your internal audit, potentially on tax, and if you have only got 4, perhaps this would lead to another force coming into the market place, whether [SA provider comes from] within the profession or not. So it’s quite an interesting aspect. That will then provide another opportunity for some of these other firms to step into this space” (Director of Sustainability and Assurance, S4)

This shows that the indications of where SA services belong are not clear. The discussion in later sections will also show that SA practice and engagements are diverse. This might be one of the reasons why it is not clear where SA belongs. This also depends on the purposes of the engagement, and how such an engagement is structured. Moreover, as independence is not a solid concept, independence in relation to SA engagements and services needs cautious interpretations for the purpose of such categorisation.

The independence issue is involved in the SA process at the initial stage. Besides independence reflected by the percentage cap, regulated by the legislation, independence is also reflected by the

relationship between SA providers and the assured organisations. Both SA providers and reporting organisations take part in the process of defining what actions could cross the line that affects the independence issue. For example, if the SA provider is also a financial auditor of the reporting organisation, will it be acceptable for them (i.e. SA provider and reporting organisation) to engage in both the financial audit and SA? The definition of independence is perceived differently by different assurance providers. This depends on how they interpret and draw the line which they cannot cross, otherwise their independence is impaired.

All assurance providers engage their existing financial audit clients or consulting clients for SA services. Thus, they feel that providing a SA service to their financial audit clients does not impair their independence. However, sometimes such a conceptualisation of independence is not accepted by some clients because some audit clients see this service as a conflict of interest with the financial audit service.

“It depends on how clients perceive independence is an issue. So I’d say about 70% of our clients think that their audit issues do work because of their independence. But the remaining 30% actually think that it is a conflict, so it is quite interesting to ask when the issue’s down to the audit committee, how and whether they see it as a conflicting service or not” (Partner, D1)

Not all SA providers think that providing a SA service to their financial audit or verification service clients could deprive them of their independence. From the quote above, it is implied that the concept of independence framed in such a way fails the test in some situations. SA providers, therefore, need to be careful when they interact with reporting organisations through the use of such an independence concept.

SA providers emphasise the concept of independence differently. They have more concerns about the independence issue for cases in which they provide related advisory services to reporting organisations. There is a case for assurance providers to not provide a SA service to any client to whom they provide a sustainability advisory service because “[they] are quite strict on that, so [they] wouldn’t be allowed to do that” (Director, A1).

However, other assurance providers are aware of this independence issue, but still provide sustainability advisory services to their clients, although they do not provide an assurance service on any sustainability-related indicators for which they have helped the clients to calculate or

develop the information. There are some cases in which they issue assurance opinions for their advisory clients on other indicators for which they have not provided advisory services.

“So, yes there are. I mean, as an example, I use [client] and so we do their sustainability assurance. That’s over a number of different indicators. However, we have also helped them understand how to measure their broader economic footprint” (Partner, D1)

However, the AAP is aware of situations that could impair their independence.

“So that is sort of an advisory engagement, helping the company to develop its reporting and understand its economic impact. But that’s not been assured. Now if they asked us to assured it, then we wouldn’t have done the calculation in the first place.” (Partner, D1)

Thus, from these examples, there is a variety of ways in which SA providers articulate their concept of independence relating to their SA network. This variety might not affect the construction of SA statements; however, it affects providers’ roles and identities as assurance providers as presented in the previous section.

SA providers, therefore, position themselves and their assurance services towards an advisory role. With such a role potential independence issues are reflected across all assurance providers. They all accept that SA services are advisory in nature. The interviews show the emphasis of SA providers on establishing hand-holding relationships with their clients. One reason for this is because the use of assurance is not now just for the checking of data, but for the highlighting of a client’s risk areas. Also, they have pre-assurance services, as mentioned earlier, which are advisory in nature. This hand-holding relationship, instead of an arm’s-length relationship, has tended to move from the experimental, and has become fact, in that SA providers are now there to help reporting organisations achieve their goals during their sustainability reporting journeys. The issues of choices, interactions and negotiations between these actors will be discussed further in the following sections.

6.3 Conceptualisation of sustainability assurance

This section highlights the discourses resulting from how different actors understand, conceptualise, and contextualise the terms ‘sustainability’ and ‘assurance’, which are fundamental

to SA practice. These discourses are likely to influence how SA providers operationalise the practice. Sustainability and assurance discourses are the points where conflicts and disagreement might occur. Therefore, from a theoretical perspective, 'sustainability' and 'assurance' can be conceptualised as 'boundary objects' in the translation process, as previously discussed in section 4.3. These notions as boundary objects link different actors together, because they seem common to all actors, but in fact they can be interpreted in different ways (Star and Griesemer, 1989). They can tie actors with diverse goals together and they are capable of taking on different meanings for each of the actors (Briers and Chua, 2001). Briers and Chua (2001) identify boundary objects and how they are managed in the accounting change process by starting from the points of conflict and disagreement. In the translation process, SA providers, therefore, need to manage these boundary objects to reconcile such conflicts and make their translation successful.

'Sustainability' and 'assurance', constituting SA practice, can be interpreted differently by different actors. Thus, the actors' translations to conceptualise the practice happen around these concepts, which are fundamental to the practice. The interpretations and understanding of these concepts influence how SA providers persuade other actors to engage with SA practice. However, there are variations in the conceptualisation of 'sustainability' and 'assurance' by (different) SA providers so that they can engage with different actors with different needs and interests. Thus, they might assign different practical meanings to these terms depending on their interactions and negotiations with other actors. This section reveals issues and negotiations around 'sustainability' and 'assurance' as boundary objects in the translation process of SA practice.

6.3.1 Conception of 'sustainability'

In some cases 'sustainability' is conceptualised by SA providers based on their focus on some specific environmental or social issues. It might be that they articulate their understandings of the conception of sustainability in a way that is in line with the main service that they provide. For example, NAAPs that provide a SA service place an emphasis in terms of the definition of sustainability on the context of environmental, and health and safety issues. This is because their main services are related to the verification of such subject matter (e.g. ISO verification engagements). However, AAPs expand their definition of sustainability to a wider range of possible issues, from environmental issues to anti-bribery or other issues relating to their definition of sustainability (Director, D1). This might be because AAPs are good at claiming jurisdiction over

areas in which they could utilise their skills and professional judgements (Gendron et al., 2007). From the interviews, when some SA providers talk about sustainability, they tend to include wider ranges of issues that could be included in their SA services.

“Sustainability can be in different areas. You can’t just have the knowledge of energy. You need to have knowledge of environmental factors, social factors, community factors, etc., many different topics” (Executive, B2)

While some assurance providers tend to mention a number of issues that can be included in their SA engagements, others mention that they provide assurance services mainly for environmental, and health and safety issues (Business Unit Manager, W1), depending on the areas related to their existing services and expertise. From such examples, each assurance provider might have an *ex ante* expectation of sustainability-related issues that are specific to organisations in specific industries and to their expertise. However, in practical engagement, SA providers need to reconsider the concept of sustainability in relation to each client. Consequently, at the engagement level, assurance providers tend to relate the concept of sustainability to the concept of materiality which is specific to different clients.

It is worth noting that the meaning of the term ‘materiality’ in the context of sustainability reporting and assurance is used slightly differently from its conventional meaning in financial audit practice. For financial audit practice, materiality level is largely used to identify magnitude or scale of issues in quantitative terms. AccountAbility (2013b, p.9) states that “core to the definition of materiality is the notion that corporate information is material if its omission or misstatement would influence decisions made by general users of the information”. Thus, for SA practice that involves both quantitative and qualitative information, materiality can be used in two ways. These are: its use to assess the scope of organisational activities that should be included in the scope of sustainability reporting and assurance; and its use to assess the scale of the differences between the actual numbers and reported numbers. In the following discussion, the meaning of materiality is more reflective of the former definition in which a material issue is an issue that has an influence on decision-making and actions of organisations, as well as of their stakeholders (AccountAbility, 2008b, p.12). Thus, it refers to scope rather than scale.

All of the interviewees mention that it is not possible for their clients (i.e. reporting organisations) to report or assure every issue that affects their organisations. Their clients, therefore, need to consider reporting the issues that are material to their organisations.

“I think ‘sustainability’ and ‘CSR’ is more about definition. This isn’t about a company going to disclose everything. I think a company will say I have to disclose something like carbon emission. That’s what they focus on.” (Global Product Manager, Z1)

This reflects how the SA provider interprets and gives practical meaning to SA, based on their clients’ needs. These needs can be identified by both SA providers and clients. In this case, the conception of ‘sustainability’ might depend on the negotiations and communications between SA providers and their clients.

Using an ANT lens, ‘sustainability’ is one of the boundary objects of a SA engagement network that is managed and tailored by the main translator (i.e. SA providers). According to the interview evidence above, the management and tailoring of a boundary object in such a way is not merely to highlight the most important sustainability-related issues of their client. However, SA providers manage the boundary objects in the interests of their strategies for tailoring the service to clients’ needs and budgets, so that SA providers can convince reporting organisations to commission their SA service. This could mean that the providers exploit flexibility/ambiguity over the meaning of ‘sustainability’ in order to make what they do more relevant to perceived needs of possible clients (and other groups of stakeholders), and thus to persuade them to engage their services.

During the assurance process, SA providers also influence how reporting organisations consider the material issues that they decide to report on or decide to include in the assurance engagement. The process of materiality assessment in the assurance engagement also affects how the concept of sustainability is articulated. Before SA providers conduct the assurance for any organisation, they need to define the scope of the SA engagement. In order to define that scope, they either accept what is proposed by the reporting organisation, or propose appropriate indicators to be included in the assurance engagement. SA providers use their experience and professional judgements to point out some common material issues for reporting organisations based on the nature of their business. However, there are debates around the concept of materiality in relation to the notion of sustainability. What actually are material issues? And to whom are those issues material? Thus, the materiality assessment as a part of assurance

methodology facilitates the conceptualisation of sustainability by SA providers and related actors. This will be discussed further in the following section regarding the role of non-human actors.

SA providers' understanding and interpretation of the concept of sustainability are mainly directly related to the sustainability of reporting organisations, rather than social and environmental sustainability. Assurance providers use the focus of organisational sustainability to convince reporting organisations to engage with their assurance practice and related services.

“... all organisations cannot continue to operate in the way that they have done. And they need to recognise that. Those who are recognising it sooner than others, I think will continue to be successful. And potential will have longevity around being companies around for the future.” (Partner, D1)

So in this sense sustainability reporting and SA are mainly about organisations working on something that can sustain their operations, not the planet. The flexibility of how 'sustainability' can be interpreted facilitates and allows SA providers to tailor the interpretations to match the interests of various actors. The socially constructed nature of sustainability allows its definition to change across space and time in relation to the changing environment and new emerging issues in the business world. One of the interviewees addresses this idea of the material issues relating to sustainability reporting and assurance changing over time, depending on market requirements and stakeholders' demands.

“I think water is the next carbon.” (Executive, B3)

She expects that, according to her media review, and indirect stakeholder engagement during the assurance process, water would be one of the key topics in the future, just like carbon is now. The issues here are: Who actually determines the key sustainability-related issues? Are they just trends created by the market or by assurance providers, or are they the real sustainability issues that the world is facing?

Here, the actors who have power and influence over the determination of key issues might not be the actors that are concerned with the sustainability of the world. The concept of sustainability can be captured and managed by powerful organisations (Gray, 2010), since it can mean, and relates to, a number of things. Reporting organisations or other actors, such as SA providers, could create discourses around the concept of sustainability that more or less benefit themselves. The

definitions or elements included in the concept of sustainability have changed over time as new issues and debates arise in the business world. The language of reporting has also changed from environmental reporting, to corporate social reporting, and to sustainability reporting. SA providers are one of the main facilitators in influencing such changes because they can also manage the momentum of material issues during the assurance process.

“Because I think what sustainability means now is different to what it meant 10 years ago. When I started in this role, it was a role that was basically environmental-related assurance, some HR areas, community investment. Whereas now I’d say the majority of my time is totally different to that.” (Director, A1)

There are some variations to articulate what the concept of sustainability might mean. SA providers play a key role in translating and conceptualising the concept of sustainability, and assigning specific meaning to the concept. This can change over time and depends on such translations, and interactions between SA providers and other actors (e.g. stakeholders).

SA providers adapt their practical conceptions of sustainability to the demands of their clients as a way to engage those clients with SA practice and to operationalise the SA engagement to meet their own interests as well as those of the clients. Also, the practical meaning of sustainability is tailored to meet different interpretations by different SA providers who work within different service domains. This shows how they interpret sustainability in a way that creates collaboration from other actors to support the practice. The ambiguity of sustainability and how SA providers conceptualise the term and the practice could have both positive and negative effects on the development of SA practice and the conceptualisation of sustainability. The interpretative flexibility (or ambiguity) of the term could promote greater levels and supports of the assurance activities. However, the exploitation of such ambiguity around the meaning of sustainability could lead to the misunderstanding of what it really means, and send the misleading idea about the concept of sustainability.

6.3.2 Conception of ‘assurance’

Like ‘sustainability’, ‘assurance’ can be perceived and defined differently so that the ways practitioners operationalise assurance are different in different contexts. When talking about the concept of assurance, they tend to relate such a concept with their existing service. This embedded organisational culture (of SA providers), which is influenced by their main services, also has an effect on the way they define assurance work. Interestingly, AAPs call their main service

financial auditing, while officially referring to SA as a part of ‘assurance services’. NAAPs, according to the interviews, however, often call this kind of service a ‘verification service’. Different terms used by different SA providers to refer to SA services reflect the possibility that they have different conceptions of the assurance services, which are strongly influenced by their main services. The use of different terms is pertinent to all the interview quotes presented below.

Besides the differences in what they call the service, providers also perceive the service differently. AAPs tend to perceive SA practice to be more than data checking exercises; however, NAAPs state that it is more or less a practice for checking the accuracy of the data.

“The fundamental work of assurance is that we have experience; we understand our clients; we understand the issues. I need to be involved from day 1 planning our work.” (Director, C1)

For AAPs, SA practice involves understanding the key issues for the reporting organisations in addition to data checking exercises. While APPs perform their assurance, they also express the role of consultancy to help their clients.

“I often say it’s an assurance with the little ‘a’ rather than the capital ‘A’, because YES, you’re often helping and that’s one of the key things.” (Partner, D1)

They see the need to help their clients to develop their reporting journey and to improve their business performance. NAAPs, however, perceive of SA falling into their verification business line, which is the data checking service.

“That’s the assurance service, pretty much a verification exercise; to check the data for instance.” (Business Unit Manager, W1)

“What you’ve got to understand is when you’re asked to assure, let’s called it verification. It’s not massively differently from a lot of other things we do. All you do... you can make it more scientific if you like, but all you do is to check whether the data is correct.” (Global Product Manager, Z1)

Due to their conception of assurance as a verification exercise, their emphasis is on the data *per se*. They can provide the service to any kind of data that their clients could request the service for.

“You can verify a single word or a single number, up to a whole report, or anything between those two points.” (Corporate Responsibility Technical Manager, Y1)

This assurance provider clearly divides their SA services into two main types: one that does not involve materiality assessment, and one with materiality assessment.

“We have report verification that involves materiality, and report verification, or verification of anything, that doesn’t involve materiality. We call those single projects. And the single projects really are: someone comes to us and says we have this information or data and we have to verify it, simple as that.” (Corporate Responsibility Technical Manager, Y1)

According to this statement, the assurance service can be divided into two types. The first type of SA engagement requires materiality assessment to set the scope of the assurance (issues regarding the scope of SA engagement will be further discussed later in this chapter). This type of engagement requires negotiations between SA providers and reporting organisations to agree on the scope derived from the materiality assessment. However, the scope of the second type of SA engagement is based mainly on the demands of reporting organisations. For this second type, a reporting organisation might be interested in certain information, and straight forwardly wants it to be assured. So the assurance provider provides an assurance within the scope that the client wants. This type of assurance, therefore, does not involve an interaction between the assurance provider and the client to shape the assurance scope based on the organisation’s material issues. This, again, could support the claim that some reporting organisations seek assurance over specific information, and treat the assurance on that information as a box-ticking exercise. SA providers have negative reactions toward this conception. Some would try to persuade such clients to have material information assured, while some would reject such engagements. This point and the reaction of SA providers toward this conception are discussed and illustrated further in the section regarding scope and levels of SA engagements. However, some SA providers, who allow clients to influence the materiality assessment by not challenging the clients about what is being assured, use interpretative flexibility of ‘assurance’ to convince reporting organisations to support the assurance practice and related services.

Assurance providers’ understanding of what assurance could mean, affects how they conduct the assurance and structure the assurance procedures. The concept of assurance seems less subject to interpretation when compared to the concept of sustainability. Still, it can be interpreted differently by SA providers to meet specific engagements and the needs of their clients. Unlike the concept of sustainability that could be applied differently to differently organisations, the concept

of assurance should be more or less the same for the sake of comparison and of decreasing the expectation gap for the report users. The next chapter (Chapter 7) elaborates more on how different types of assurance providers (i.e. accounting and non-accounting) conduct SA differently as a result of their articulations and understanding of 'sustainability' and 'assurance' as parts of the SA practice.

This section concludes that there are different conceptualisations of SA practice, depending on how SA providers interpret 'sustainability' and 'assurance'. The next section elaborates more on how the different conceptualisations discussed above affect the conduct of the assurance in terms of the scope and level of assurance engagement, the decision on stakeholder engagement in the assurance process, and the final deliverables.

6.4 Operationalisation of sustainability assurance

The previous section discusses how SA providers conceptualise SA so that practical meanings can be assigned to practice. The interview evidence shows variations in how 'sustainability' and 'assurance' can be interpreted. This section presents more evidence on how those interpretations could affect the practical conduct of the assurance.

SA providers are the main translators in the network of SA. Thus, this section focuses on interactions and negotiations between assurance providers and other actors in the network. This shows how SA providers align their interests with other actors' interests so that they can persuade those actors to engage with SA practice and agree on the scope and level of assurance engagements. When assurance providers try to translate the wills and interests of those actors to align with theirs, those actors also translate and mediate the wills and interests of SA providers. Interactions between assurance providers and other actors are intense around specific concepts relating to the assurance practice. It is here where negotiations take place.

It is also emphasised how assurance practice is developed via struggles for translation between different actors. The development of practice is not a straight forward process that brings up a number of issues for negotiation around conceptions of 'sustainability' and 'assurance', as previously mentioned. The following sections, therefore, continue the discussion of how SA providers attempt to develop the practice by managing the negotiation around their

conceptualisation of SA. The issues include setting scope and level of SA engagements, making decisions on stakeholder engagements, and production of final deliverables.

6.4.1 Scope and level of sustainability assurance engagements

The clients of SA services (i.e. reporting organisations) are very broad in terms of what they do and what they want from the assurance. Reporting organisations might take assurance as an information credibility enhancement activity, a value creation practice, or even a box-ticking exercise to satisfy some index rankings. SA providers, therefore, need to have various strategies to interact with those different clients. The diverse natures of reporting organisations affect the development of SA engagements and how the assurance providers conduct the assurance. SA providers need to find the intersections between their interests and those of other actors by managing boundary objects which are subject to their interpretations. The diverse nature of reporting organisations can be classified by their sectors, organisational strategies, or level of stakeholders' pressure. For example, as referred to by a partner from an AAP, organisations from the mining sector, which is considered to be one of the most environmentally harmful sectors, may put sustainability on the agenda more eagerly. Or companies producing infant-formula baby milk may need to recognise the controversial issues that they are facing "because this company is allegedly pushing mothers not to feed breast milk. Women are not breast-feeding; that's material, and very huge issue" (Business Unit Manager, W1). The company needs to react to this because it concerns their sustainability. Different organisations operating in different industries and environments could perceive their needs of SA and the purpose of SA differently.

"For some organisations assurance is just a tick. They just want it. Others recognise that it's an investment." (SA Business Manager, X1)

These organisations, therefore, could have different needs from SA engagements; consequently, agreements on the scope and level of assurance engagements vary.

Scope of sustainability assurance engagements

According to the interviews, although the most straight forward engagements are from clients who take assurance practice as merely compliance and prescriptive activities, these are the less enjoyable clients to work with, because it is very difficult to add value from the assurance to those clients.

“The ones that I enjoy working least with are those that “we want assurance that company X, Y, Z have got. We want what they’ve got.” (SA Business Manager, X1).

“There are some clients that just go for the public assurance because it is a box-ticking exercise for them... they just want the opinion. They don’t care what happens before. They don’t care what comes after. They just want the opinion because they can tick a box and some indexes.” (Director, A1)

If reporting organisations take SA as a box-ticking exercise and ask assurance providers to assure non-material or limited indicators, assurance providers can either convince them to reconsider the scope of the engagement, or reject such engagements. Almost all of the interviewed assurance providers mention that they try their best to convince reporting organisations to have material data assured. However, “at the end of the day it is the clients’ choice what they want to have assured” (Director, A1). For some engagements, assurance providers agreed not to assure them because the assurance engagements add no value to the reporting organisations, their business processes or their stakeholders.

“I have refused clients before doing assurance on particular occasions because I believed that it’s not material issues and, therefore, it’s a waste of our time going auditing that. And also I believed it to be the wrong message to be sent out by the company, if they’re not getting material issues audited, and they have these periphery issues or indicators being audited” (Partner, D1)

It is difficult to negotiate with this type of organisation to expand the scope of assurance to cover all material issues because they have a rigid function of SA in mind. However, SA providers can still manage to convince this group of actors to engage with the practice because they can emphasise the ‘assurance’ part of the practice more than the ‘sustainability’ part. The engagement can still be called a SA engagement. This satisfies both the service provider and the reporting organisation.

Agreeing the scope of SA is a challenging task. It involves a series of meetings between assurance providers and reporting organisations (Partner, D1). Although the ultimate decision on the scope of the assurance is made by reporting organisations, SA providers have a huge influence on such a decision.

“Usually, they will have an idea what they want to get assured at the starting point, but we will challenge that. And we’ll look to understand if there are certain areas that

are reported, but are not going to our assurance. So is there a reason for that?”
(Manager, D2)

“It’s usually they kind of come to suggestions. We think this issue is more material than that. You know there have been compromises sometimes. But they usually listen to us, and think: well OK, you’re right, and that’s a quite key issue” (Executive, B1)

The scope of sustainability engagement, therefore, depends on the materiality assessment, which is an interactive process between reporting organisations and assurance providers. There are a number of such conversations and meetings going on before the scope of an engagement is finalised. Ideally, SA providers would like to encourage reporting organisations to assure the entire sustainability report. However, due to the perceived costs and benefits, reporting organisations are reluctant to do so. Therefore, reporting organisations tend to select only some KPIs for the assurance engagement that they think are material to them and comparable to other reporting organisations.

Another group of reporting organisations is the group that is more concerned with the value that SA can add to their businesses. Thus, they expect more than data checking activities.

“The most enjoyable client to work with is one that would truly like to develop their sustainability.” (Business Unit Manager, W1)

This type of client sees SA practice as a necessary complement to their reporting practice. The collaboration between SA providers and reporting organisations is closer compared to the first type of reporting organisation. For example, a partner from AAP illustrates this point when, during the assurance process, the review of sustainability-related data leads to the discovery of operational deficiency, the SA provider brings the issue to reporting organisations; consequently, this leads to a significant saving for the reporting organisation. Further collaboration between the SA provider and the reporting organisation in other areas is likely to occur. This kind of organisation believes that SA can truly add value to organisations. However, such a purpose of SA engagement emphasises that SA engagement is a managerial tool for the enhancement of internal efficiency, rather than a credibility enhancement tool for external stakeholders.

If looking closely into reporting organisations, SA providers need to interact and negotiate with various kinds of sub-actors within the reporting organisations. As sustainability becomes

paramount to a large number of organisations, sustainability issues are raised to the board level, then so too is SA practice. Previously, SA was not seen as necessary to every reporting organisation due to its insufficient development and uncertain benefits (Jones and Solomon, 2010). However, as sustainability has become central to a number of organisations, they have sustainability departments and also members at board level responsible for sustainability-related issues. As sustainability issues are raised to board level conversations, SA becomes more important to the organisations themselves and to individuals in the organisations.

“So I have to report at, you know, the board-level meeting. And that’s when you really see the change happening at the company because the board sees an assurance report that says you have no one that’s dealing with this issue in the company. And your responsiveness on this area is not aligned with your peers. Then the action happened so quickly. At that point our recommendations are analysed in a lot of detail and pushed throughout the year.” (Director, A1)

Usually, heads of sustainability departments in organisations are keen on sustainability and are willing to engage SA. However, other people in the organisations need to be convinced to support the assurance practice. SA providers, therefore, could act as a main representative of the head of sustainability to convince those other actors. The arguments and persuasion from SA providers are more powerful than those of heads of sustainability because “the assurance providers are perceived as an independent and expert body” (Group Sustainability Accountant, R1). This emphasises the influence of SA providers and SA engagements on the dynamic and development of the sustainability agenda, sustainability reporting and SA inside reporting organisations.

Pre-assurance services

In addition to the full assurance engagement, most SA providers (both AAPs and NAAPs) offer a service called ‘readiness assurance’ as a part of their SA service line. The scope and what is to be assured are similar to the full assurance engagement. However, the aim of this readiness service is to prepare reporting organisations to be ready for the full engagement. The main difference between this readiness assurance and the full assurance is that SA providers do not produce public assurance statements for the readiness review engagement.

“...what we would call a ‘readiness assurance review’. That’s a private report to management, not a public opinion, but a private report to management about the

integrity of that data, how complete and accurate and reliable that data is.” (Partner, D1)

Some assurance providers stress the fact that they offer this pre-assurance service more than others. The reason is that they do not provide such service, or they call the service something else. For example, one of the NAAPs offers a service called ‘gap analysis’, which is one form of a pre-assurance engagement. The ‘gap analysis’ service provides only an internal management report to the reporting organisation, not a public assurance statement. There is one assurance provider who states that they do not usually provide such a service. However, if clients ask them to do a pre-assurance, they would do it for the clients.

“Well, it’s not something that we offer, but that is something that we are asked to do. So I don’t say that we have on our offer or service that we do pre-assurance. We don’t sell that, if I may say. But we are asked to do that.” (Corporate Responsibility Technical Manager, Y1)

So it is a common practice for reporting organisations to engage in this pre-assurance service. The initiation of this service could be either a client’s request, or an assurance provider’s suggestion. The reasons for the existence of this service could be the immaturity of sustainability reporting and assurance practice.

Typically, SA providers suggest this service to clients that are new to SA to help familiarise them with the practice, and to gain more understanding of the clients before conducting the public assurance.

“We would typically, first year, do ‘readiness assurance’. So we wouldn’t expect to produce a public assurance opinion. So it’s like a practice to see whether their systems are assurable because we can’t tell that when we’re first going to a client.” (Director, A1)

In addition to making sure that reporting systems of reporting organisations are assurable, SA providers also use this pre-assurance period to observe and discuss whether the reporting organisations are focusing on the “right issues” (Director, A1), or whether there is any major issue that needs to be solved before conducting the full assurance (Executive, B1).

Another reason that larger assurance providers usually suggest this service is when a new client has moved from a smaller provider. This is to help the client familiarise themselves with their more complex and detailed assurance procedures.

“In the first year of assurance, we often say to our clients we’re not going to give you assurance, because that will end up with us falling out because we will find all kinds of major problems, particularly if you’ve never had it before, or the worst case scenario, you’ve been using a niche consultancy to provide assurance... So we are engaging with our clients, what we call the ‘readiness review’, which is effectively an internal audit” (Director, C1)

“We’ll also find that as well, when they go from boutique providers that are not using assurance standards to [Big4] because we are really really rigorous on the amount that we test, the evidence we require.” (Director, A1)

The main aim of this pre-assurance service is to help reporting organisations to have an assurable reporting system, and also to solve major issues that could affect the full assurance engagement that would come later. This is evident when the question of how often providers issue a qualified opinion for a SA engagement. This readiness service is one of the main reasons why they have not issued many qualified opinions.

“Not that often, because of the fact that we structure... the vast majority of our engagement to this readiness review, and then the public review. To the extent that you find issues, and we find a lot because you are not issuing a public statement, the public never get to see the qualification. So it’s quite a safe environment, therefore, for the company to work and operate in, where it knows that it’s not going to get a qualified opinion.” (Partner, D1)

Some reporting organisations that are new to assurance practice might be “a bit nervous about having a statement that might be with qualifications” (Executive, B1). So assurance providers offer a readiness assurance service. The process is similar to public assurance. The main difference is just that a public assurance statement is not issued for the readiness assurance engagement; only an internal management report is provided to reporting organisations.

According to the interviews, SA providers show that their experimentation with and implementation of readiness assurance practice is stabilised. This means the idea of readiness assurance has become accepted as fact (Latour, 1987). The majority of reporting organisations

accept the fact that they might need to commission this pre-assurance service before they have the full public assurance. Reporting organisations also feel more comfortable in this pre-assurance stage prior to the public assurance stage. This pre-assurance was not common in previous audit or assurance practice. However, SA providers have made this service a fact, which is accepted by surrounding actors, showing the success of the idea of having readiness assurance as it is mobilised throughout the network (Callon, 1986). However, translation as a part of fact fabrication is never final because the changes due to such facts are subject to further negotiation, compromise, revolution and subversion (Pipan and Czarniawska, 2010).

Level of assurance engagements

Besides the scope, the level of the assurance engagement is also subject to such negotiations. There are two levels of SA: limited (or moderate) level, and reasonable (or high) level. Currently, the majority of SA engagements are limited level assurance. The main reasons could be that reporting organisations “feel that their stakeholders get enough from limited assurance, and quite often their budget is quite restrictive” (Director, C1). Thus, the choice on level of assurance is mainly driven by the cost. However, there are some reporting organisations which perceive that for some KPIs they need reasonable level assurance because those KPIs are significantly important to them and their stakeholders. Consequently, in some engagements, there is a mix of assurance levels. For example, some KPIs are assured with reasonable assurance, and the rest of the report is assured with limited assurance. The KPIs that are usually assured with reasonable level assurance are ones that can be quantifiable like carbon emission or waste calculations.

The negotiations between SA providers and reporting organisations regarding scope and level of assurance ultimately depend on decisions by reporting organisations. One assurance provider states that the scope and level of SA engagements are influenced by both SA providers and reporting organisations. However, the interviewee admits that 70% of the decision is influenced by the reporting organisation.

“We don’t advise, we suggest. Because, at the end of the day, if the clients are like “No I want you to look at this,” say it’s probably 70/30 to be more truthful.” (SA Business Manager, X1)

From this statement, SA providers cannot advise reporting organisations regarding the scope and level of SA engagements; instead they suggest or convince reporting organisations to agree with the scope and level that they think appropriate due to their materiality assessment. SA providers could influence reporting organisations to include material issues in the scope of assurance and assure key information with a high level of assurance. However, reporting organisations have the right not to comply with such advice. Some assurance providers choose to continue such engagements to maintain relationships. However, some choose to reject such engagements to send the signal that the scope and level of assurance are not appropriate for sustainability reports in these cases, and to protect themselves from any litigation risk from such engagements.

SA providers need to construct a concept in which different interests and ambitions can be represented (Power, 2005). The negotiations about scope and level of assurance can be perceived as a way in which they represent those interests so that they can convince these actors. However, the enrolment needs to be disciplined, but not overly disciplined (Star and Griesemer, 1989). This means the translator needs to maintain their own and other actors' interests and identities in the process of enrolment. Reporting organisations cannot completely fulfil what is suggested by SA providers regarding the scope and level of assurance engagements, because they need to maintain their wills and constraints. While assurance providers want to persuade reporting organisations to commission their assurance services to expand the jurisdiction of the practice, they need to do so with a balance between consideration for maintaining independence, identity and commercialisation. The use of and customising of boundary objects allows different SA providers to react differently towards the negotiations.

6.4.2 Decisions on stakeholder engagement in the assurance process

A number of studies have suggested that stakeholders should be more directly engaged in the SA process (see e.g. Manetti and Toccafondi, 2012; Edgley et al., 2010). Direct engagements include interviews with related stakeholders, or the conducting of independent surveys with them. However, the majority of interviewed assurance providers engage indirectly with the stakeholders of their clients because they believe that it is their clients' responsibility to directly engage with their stakeholders. Indirect engagements include sessions to observe stakeholders conducted by reporting organisations, reviewing reports from such sessions, or conducting media research and analysis about the organisations.

“So, from our side specifically around the audit, not a great deal. They don’t play a huge part because ultimately it is the company who is determining what to report and it is also determining what it would like to show over.” (Partner, D1)

“We don’t always engage directly with stakeholders; depends on the types of work we do... So, basically, some of our clients have either a stakeholder panel or they have stakeholder engagement sessions where they might have employees in, or they might have customers in. We could attend those sessions and ask specific questions” (Director, A1)

The reason that assurance providers do not usually directly engage is because they see that it is their clients’ responsibility to engage with those stakeholders. The sustainability reporting and stakeholder engagement are both reporting organisations’ responsibilities.

“So [stakeholder engagement happens] very rarely actually. And it goes back to who is responsible for the content of the report. It’s organisations who are reporting.” (Director, C1)

However, there are some providers that perceive that direct engagement with stakeholders during their assurance process is a necessary exercise.

“...sample appropriately in gathering evidence and that process does involve contacting stakeholders or meeting with stakeholders to verify those processes and what the interfaces might be.” (Corporate Responsibility Technical Manager, Y1)

“Ideally, we would meet independently with external stakeholders. That doesn’t happen often.” (Executive, B1)

One interviewee suggests that it is ideal to directly engage with external stakeholders as a part of the SA process. However, the decision regarding stakeholder engagement in the assurance process is loosely coupled with what SA providers do, but it is symbolically linked to what they should do (Robson et al., 2007). Thus, the statement reflects that it is a choice of SA providers and/or reporting organisations whether or not to directly engage with the stakeholders as a part of the assurance engagement. Direct engagements are costly and require intensive resources. A few interviewees state that reporting organisations do not think the benefits of direct stakeholder engagement by SA providers outweigh the additional costs that they need to pay for such SA engagements. Thus, stakeholder engagement is conducted indirectly by SA providers throughout the SA process.

Indirect stakeholder engagements could occur both in the planning stage and data collection stage in the assurance process. In the planning stage, which involves materiality assessment based on stakeholders' needs, assurance providers need to conduct a materiality assessment. The materiality assessment is one way that SA providers can understand stakeholders' needs, and represent their will and interests incorporating them into the assurance process.

Indirect stakeholder engagement to understand clients' material issues and stakeholders' needs is often done by desk-based research using available information, including media, databases, and report from clients' stakeholder panel sessions.

“And the way that we do that is we do quite extensive desk-based research to understand what their stakeholders are saying.” (Director, A1)

“There usually are summary reports or presentations. And there may be one session that we come into several times a year and there are different occasions and different issues. So we seek to incorporate all of that.” (Executive, B1)

“We use a system called Melt Water, an online media monitoring system. And that is a global media search engine. So I will put the name of the client in that media search. And I will get daily emails about what comes up in the media about that client.” (Corporate Responsibility Technical Manager, Y1)

Factors that determine whether the engagements are direct or indirect could be clients' decisions, the perceived role as assurance providers, and the assurance standard used. Some clients request direct stakeholder engagement by their assurance providers because they want to add “the additional level for transparency” (Director, A1). This happens normally with clients that are leaders in sustainability reporting practice. Also, clients' budgets influence the stakeholder engagement during the field work because some clients want to limit their budget. An assurance provider mentioned that they “have a case where the client said there is no need of site visit, but [they] said [the clients] are not in a position to say that” (Business Unit Manager, W1). Thus, they insisted the site visit. For some assurance providers, there are concerns about their independence and role when they directly engage with stakeholders in the clients' stakeholder engagement sessions.

“It's not our role to go out to stakeholders and say what we should have been doing in terms of our assurance... And again, you need to be careful about your

independence, because what you don't want to do is to perform the role in those meetings where you become a stakeholder, or influence the outcome." (Director, C1)

The way SA providers react to the issues regarding stakeholder engagement might not only highlight their concerns about their independence, but might also be their way of justifying why they do not want to go as far as to communicate with clients' stakeholders. They might also think that alternative ways to indirectly engage with stakeholders and represent their voice, such as the materiality assessment to identify the scope of SA engagement or reviewing the outcomes of stakeholder engagement sessions organised by reporting organisations, are enough to gain viewpoints relating to the business's sustainability from stakeholders.

Some assurance providers perceive less importance for stakeholders in the assurance process. Other assurance providers, however, see that stakeholders are central to SA practice, and that they have responsibility for stakeholders, even though they are commissioned by the reporting organisations. These mindsets are also the result of different interpretations of 'sustainability' and 'assurance'; consequently, the degree of inclusion of stakeholders varies.

The use of different assurance standards also influences decisions on stakeholder engagement in the assurance process.

"In terms of an assurance the AS, if you're looking deeply at the materiality, inclusivity, responsiveness, then [stakeholder engagement] will play a bigger part in the project." (Global Product Manager, Z1)

"It depends on what standards they are using. If it's AA1000, we choose the areas that we want to look at, and the people we want to speak to. On the ISAE3000 side, it's more restrictive in terms of how we go about that." (Director, A1)

It is evident that assurance engagements based on AA1000AS include more extensive stakeholder engagements than those based on ISAE3000. This could be because assurance providers need to evaluate materiality, inclusivity, and responsiveness based on AA1000 principles. In order to be able to give opinions on those criteria, SA providers need to understand how reporting organisations engage with and respond to their stakeholders. This could be why the stakeholder engagement is more extensive and direct in the case of AA1000AS engagement.

6.4.3 Final deliverables

Although final deliverables (i.e. SA statements and management reports) are produced independently by assurance providers, reporting organisations more or less have an influence on how the providers produce those deliverables. It is worth noting that assurance opinions are worded positively or negatively, depending on the level of the assurance service: reasonable or limited assurance (refer to Chapter 2 for the description of levels of assurance). Typically, for an engagement with limited level assurance, assurance providers tend to use negative wording⁷ to express their assurance opinion. (Business Unit Manager, W1).

“So the limited, the conclusions usually have to be worded ‘nothing has come to our attention that...’” (Executive, B1)

Some clients do not like negatively-formed SA opinion; therefore, they ask assurance providers to change such wordings.

“The area where we usually have this issue is when the positive, negative opinions I think. Clients don’t like the negative opinion with the limited assurance.”(Director, A1)

This statement shows that some reporting organisations might not be satisfied with negatively worded assurance opinions, and request changes in the wordings. However, SA providers, especially AAPs cannot comply because they need to adhere to the prescribed assurance opinion from the assurance standards in relation to the delivered level of assurance engagement. The way assurance opinion is worded is prescribed by assurance standards. This, therefore, leads to debates between SA providers and reporting organisations. Some SA providers in the interviews state this issue, and believe that it is important to educate reporting organisations and other relevant actors regarding such wordings of assurance opinions in relation to the assurance level provided. In addition to the wordings of assurance opinion relating to the level of assurance, there is an issue relating to the wordings of recommendations and observations including in the assurance statements.

⁷ There are two types of assurance opinion; positive wording for high-level/reasonable-level assurance engagement, and negative wording for medium-level/limited-level assurance. An example of positive wording is ‘the information indicated by * in the Report is fairly stated’. An example of negative wording is ‘nothing has come to our attention to suggest that the information in the Report is not fairly stated’

“The most common one is that we might write ‘should’ and they tend to prefer ‘could’. They don’t like we tell them they ‘should’ do something. They like us suggest that they ‘could’ do something. That’s the one... But on the whole, they tend to ask for rephrasing as oppose to direct the recommendations. So it’s never really been [forceful] recommendations.” (SA Business Manager, X1)

In such case, the SA provider could be flexible in terms of the wordings because it is not directly related to the assurance opinion over the reported information, but to the areas where the organisations can improve their reporting and operations. Still, this reflects management’s influence over public SA statements produced by the assurance provider.

Regarding the content of SA statements, it is likely that there is a great flexibility in terms of how SA providers write up the statements, due to the wide range of subject matters. Some assurance providers agree that there is flexibility. However, there is a template for the standard structure of an assurance statement.

“We have a standard template... in terms of actual statement itself, very little differences.” (Global Product Manager, Z1)

“There is flexibility. And there’s sort of overall structure” (Director, A1)

The most important reason that there is a need for a standardised template for SA statements is that SA providers want to promote consistency in the language used and in the structure so that the statements are comparable and meaningful to the users. The section in SA statements that involves the greatest flexibility is the recommendation because this is unique to specific reporting organisations. The flexibility of wording and what to include in this section then lead to negotiations between reporting organisations and assurance providers because sometimes reporting organisations are not satisfied with the wording or text in that part of the statement.

“Actually on every client, they don’t like all the caveats that are in there. They don’t like all limitations that are in there. And they want something that you say ‘we’re the best in our industry’.” (Partner, D1)

So this issue leads to negotiations between assurance providers and reporting organisations, and how the assurance statements represent the work done by the providers based on the level of assurance.

As mentioned in Section 6.4.1, it is not often that SA providers issue qualified opinions. One of the reasons is because of pre-assurance services. Although there is one AAP saying that they issue a lot of qualified opinions compared to other providers, the number of qualified statements is only one or two reports per year (see the quote from Partner, D1 in Section 6.4.1). Although few assurance providers indicate in the interviews that they have issued some qualified opinions on SA reports, the observation of the reports from FTSE100 companies from 2000-2013 cannot detect any qualified assurance statements. Possible explanations could be that the qualified opinions are not among the investigated reports, or reporting organisations that have qualified opinions selectively choose not to disclose such qualified statements because it is not compulsory for them, in the UK context, to publicise SA statements.

Some SA providers admit that they try not to issue qualified opinions. Instead, they ask reporting organisations to restate some information in their sustainability reports.

“There is a kind of process to challenge where we seek them to reword certain statements, put in a slightly different figure. And as I said, you know, we get different drafts of the reports, something that we are agreed with, other than that we put it back now and then.” (Executive, B1)

The main reason that SA statements do not often have qualified opinions is that SA providers would ask their clients to restate something in the reports, and in most cases clients agree to do that because they do not want a qualified opinion. These cases (not publishing or issuing qualified reports) signify that the outcomes of the SA engagement could be restricted or manipulated in some ways. This is a potential area in which assurance standards or regulations could play a role to decrease such discretion for SA providers and reporting organisations.

One AAP director stated that a qualified opinion does not add benefit to anyone; therefore, they do not issue any qualified opinions.

“We don’t allow that to happen because it doesn’t help anyone. A qualified audit opinion doesn’t help stakeholders; it doesn’t help us; it doesn’t help the clients. Because all it does is to say we can’t tell you this stuff is right or not.” (Director, C1)

Generally, qualification of audit reports, or assurance statements, is technically intended to draw attention to the possibility that the presented information does not portray what it should.

However, the interviewee commented that a qualified audit opinion doesn't help anyone, including stakeholders, reporting organisations, and even the assurance provider themselves. This is intriguing and raises the question regarding the role of SA practice, SA statements, and SA providers. Also, the use of the terms 'a qualified audit opinion' by the interviewee did not specifically address the qualified opinion on the SA statements. This might be a point of observation for qualified opinion in financial or other audit practices as well.

However, there is a different opinion on this point from a director of another AAP that sometimes a qualified opinion is necessary for clients' development.

"We think that by qualifying our opinion in the right circumstance, we push the clients forward. We do not have any situation where our clients have gone totally mad and said you can't qualify this. If you qualify financial statements, it's very very bad. And on the sustainability side we are able to do that and still be seen in a positive light by the clients." (Director, A1)

The reason that the clients do not have a negative impression about having a qualified opinion on their reports is that the markets or stakeholders do not really notice qualified opinions and do not discredit the reporting organisations due to such opinions. However, as reporting practice becomes more mature and brings more attention, qualified opinions might not receive such positive feedback from the reporting organisations. Still, in some cases, reporting organisations choose to exclude the qualified assurance statements from their reports; therefore, SA providers do not tend to issue many qualified statements.

"... because what happens is that when we have a situation of a qualified report, most common is the company asks us to stop the process and says 'OK, I won't make it public'. We cannot influence that. That's outside of our work... That is a strategic decision of the company... Usually, they are fine. And the client says 'Oops, sorry, we have not realised that. That is something that we cannot tackle immediately so the best decision is not to report something like that.'" (SA Business Manager, X1)

According to this statement, although SA providers can independently give an opinion on sustainability reports, they do not have a right to force the reporting organisations to disclose a qualified assurance statement. Unlike the audit of financial statements, this assurance practice allows flexibility in SA providers' interpretations of their roles as assurance providers. For such cases, it is prevalent that the providers are working for the reporting organisations not the

stakeholders of these organisations. Otherwise, they would need to publicly report such a situation.

A number of previous studies focus only on SA statements as the final deliverables of the SA network to understand the quality of assurance delivered by different providers (see e.g. Perego and Kolk, 2012; Huggins et al., 2011; Pflugrath et al., 2011; Hodge et al., 2009; Simnett et al., 2009; Mock et al., 2007). However, from the interviews, the main deliverables of a SA process is not only the public assurance statement. There is also a management report that is delivered privately to reporting organisations as a part of the final deliverables.

“There are two documents. There are two outputs. There is a report which is for the consumption of the client. And there is a statement.” (Global Product Manager, Z1)

“The statement is just the consequence of that.” (Business Unit Manager, W1)

The two kinds of deliverables are also the outputs of the assurance process; however, they have different functions. The first deliverable, a public assurance statement, acts as a symbolic assurance showing that the specific content of the sustainability report is assured by an independent party. The second deliverable, a private management report, points out those issues on which reporting organisations are doing well and those on which they need to improve. This management report is the basis of improvement in the reporting organisations’ actions toward sustainability. The report stimulates further interactions and negotiations among actors residing inside the reporting organisation as a whole because sustainability now is “becoming more sort of board-level agenda topic, and some of [the reporting organisations] are seeing that moving to their auditors giving that assurance will help them on that journey” (Senior Manager, D4). Heads of sustainability departments can also use the third-party reports and opinions as a legitimising device to convince CEOs, CFOs or audit committee to authorise specific sustainability-related actions to improve organisations’ sustainability performance.

The issue of what goes into the SA statement is effectively a struggle around translation. Auditors generally want to be conservative and cautious to protect themselves in case of a legal dispute, whereas reporting organisations want much more optimism and positive representation, again for their own purposes. SA providers react differently to the requests of clients to change the wording in the assurance statement depending on their firm’s policy and risk assessment. They mainly

provide explanation to clients about what can or cannot be said or adjusted in the public assurance statements. They have to maintain their independence and relationship with clients; therefore, in some cases, they might need to react with compromise. Also, SA providers emphasise the role of SA statements and their role as SA providers to the clients as being there to help as a critical friend. The assurance process and assurance statements send a signal to the stakeholders and inform them that you are concerned about sustainability issues. This explanation makes reporting organisations more comfortable in taking the statement as it is, or in publishing a qualified report because they think it is honest and good for the stakeholders if they acknowledge that.

6.5 Discussion

The interview evidence shows that SA is a diverse activity. SA providers portray their roles differently in different circumstances so that they are able to align such diverse roles with the demands and interests of reporting organisations and stakeholders. Their roles converge to the role of consultant, rather than independent verifier, because such a role is more flexible and can be easily aligned with various interests. This spectrum of the role of SA providers leads to discussion of how they conceptualise 'sustainability' and 'assurance' differently for different assurance engagements. The conceptualisation of these fundamental terms in SA practice influences how SA providers operationalise the assurance. For example, the scopes of SA engagements vary depending on the conceptualisation and operationalisation of the practice. This means different SA providers could produce different SA statements, or even conduct the assurance differently. This depends on their interpretation of what SA is. Their interpretations of the concept of sustainability can be anywhere between sustainability of the planet and sustainability of organisations (Gray, 2010), while their interpretation of the concept of assurance can fall between protest and professionalisation (Power, 1991). The combination of these interpretations leads to different ways to conduct the practice. However, regardless of interpretations, SA providers have the same ultimate aim; that is, to legitimise SA practice and persuade other actors to engage with the practice and their related services.

As 'sustainability' and 'assurance' are central to translation and result in debates and discourse in the assurance process, they can be viewed as boundary objects from a theoretical perspective. In the translation process, boundary objects play an important role in linking the translators with

different actors and in mediating diverse interest (Briers and Chua, 2001). Therefore, management of boundary objects occurs when the interests and work of different actors coincide (Star and Griesemer, 1989, p.412), or when those actors try to align their interests. The production and management of boundary objects is one means of satisfying potential conflicting sets of concerns and of managing diversity and cooperation between actors and between sub-members within these actors. The interview evidence shows how the two boundary objects (i.e. sustainability and assurance) are managed and tailored to specific assurance engagements and needs of actors involved. It also highlights possible tensions that could occur regarding the management and tailoring of those boundary objects to such needs. The process of practice operationalisation and development is not straight forward, but requires cooperation, if not consensus, between all actors involved.

Tracking interactions between SA providers and other actors shows that every SA network consists of similar actors or elements. However, each actor, both human and non-human, in each network is different. This affects how SA providers conceptualise and operationalise the practice. For example, each SA engagement has stakeholders of reporting organisations as one of the actor groups. Different SA engagements and/or different SA providers focus on stakeholders differently. Also, stakeholders have, or are allowed to have, different degrees of influence on the conduct of the assurance. Materiality assessment is another example of non-human actors that affect different SA network differently. Some SA providers, who is the main translator in the network, do care about how materiality is assessed in relation to the concept of sustainability, while others take such a concept at face value (i.e. take the sustainability report as it is) and focus on other elements in the network. Different perceptions and articulations of what sustainability is could affect how assurance providers conduct their engagements. If assurance providers focus on sustainability of society and the environment, they tend to expand their focus beyond those issues affecting the reporting organisations or the issues reported by these organisations. They might focus on any impact from the organisations' operations on the environment or society. However, if their main focus in sustainability is on the organisational level, SA providers tend to expect the organisations to highlight the issues that affect the longevity of the organisations themselves. Different SA providers have different perceptions of the reality of what SA engagements look like, although there are some similarities shown in their practice and their assurance statements. The reality is produced by assurance providers' translations of and interactions with actors in the

network, reinforcing their understanding of this reality (Berger and Luckmann, 1967). SA practice, therefore, not only shapes the global discourse on key issues, but is also shaped by the discourse to which it belongs. As sustainability is a complex concept, its meaning converges over time depending on how organisations and individuals interpret dynamic societal expectations, and construct meanings from their interpretations (Berger and Luckmann, 1967). Every assurance provider develops their conception of sustainability in SA engagements. However, they translate the concept differently.

The trend in SA statements (as presented in Chapter 2) shows that SA practice has converged to the practice of large accounting firms (e.g. use of accounting assurance standards and provision of limited assurance), but there are some variations in practice among different SA providers. Each SA provider tries to routinise their articulation of SA practice based on their perceptions of the underlying concepts and their representation of different actors. They relate the procedures for SA to the existing procedures for their main services.

As SA is relatively new, underlying concepts and the development of the practice are still in the making. SA providers develop practice space and approach relevant concepts underlying SA practice in a trial-and-error process. By doing so, they can test such concepts and practice, whether or not they are accepted by other actors and aligned with those actors' interests. This is an area that requires more field work to investigate live experiments and negotiations by different actors, and is how practice is developed. The sites where SA providers conduct such trial-and-error experiments are called 'occupational laboratories' (Gendron et al., 2007, p.125). Latour (1987) defines laboratories as devices that legitimise knowledge production. The experiments in such laboratories are conducted through various instruments and are communicated in the form of reports to others. The term 'laboratories' is used later by Gendron et al. (2007) to refer to sites where audit practitioners produce and validate inscriptions so that they can develop networks of support around their claims of expertise over specific practice.

"In particular, our analysis indicates that occupational laboratories (such as those operated by government audit offices), as sites of inscription production and validation, play a significant role in the process by which networks of support develop around claims to expertise." (Gendron et al., 2007, p.125)

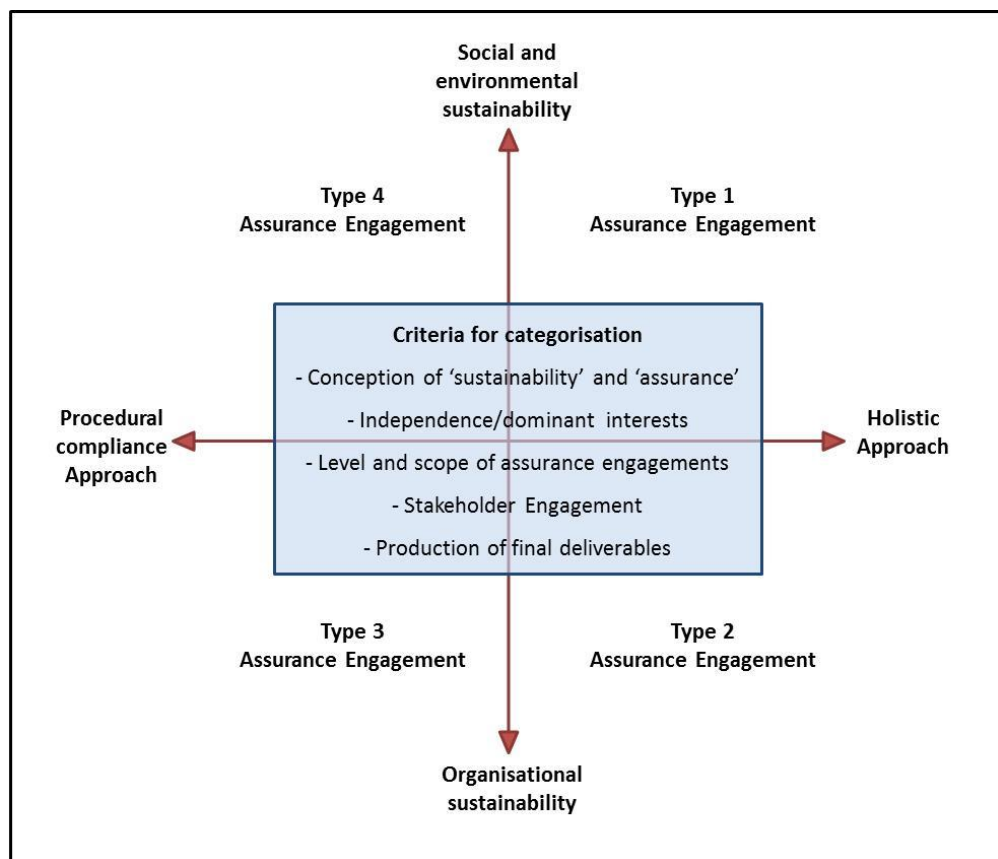
'Occupational laboratories' is a specific term to show that laboratory experiments can also happen anywhere that translators try to establish a fact-building process, and is not limited to experimental scientific laboratories. For SA practice, SA providers, as the main translators in the network, try to experiment with concepts and practices that shape the development of SA practice. The experiment in this context implies that SA providers try to influence and correct understanding of the world regarding the variation of what 'sustainability' could mean, or what 'assurance practice' could involve. This could be the exploitation of the ambiguity of the meanings for commercial reasons. For example, from the interviews, it is prevalent that some SA providers think that the meaning of sustainability has changed over time as the world and society become more complex. However, this could mean, as the world is becoming more complex, sustainability can mean whatever SA provider would like it to mean to benefit their promotion of the SA services. This experiment of SA providers, or the experiment with the attempt to sell the assurance service, could shape the meaning sustainability, the SA practice, and the role of SA providers perceived by other actors. If those concepts and practices pass the test, they become a fact that all actors conform to. The tested concepts and practices prevalently arising from the interviews include readiness assurance services, internal review processes, and the independence of assurance providers.

The translation of SA practice, therefore, implies the way SA providers translate, conceptualise, and render SA practice as a fact. The translation process is a fact-building process (Chua, 1995), in which assurance providers make SA practice a reality and can operationalise it on a practical level. As SA practice is currently evolving, the translation process and the conceptualisation of SA are still in the making. SA providers therefore use their practice space as laboratories to experiment with different concepts and practices relating to SA. Translations of those concepts and practices might be accepted or rejected. However, such acceptance and rejection do not last forever. There will be future challenges that destabilise what has been accepted, and there will be translation attempts to stabilise what has been rejected (Callon, 1986). This means the network is always developing through translations (not yet stabilised in ANT terms).

From the interview evidence, the issues around translation have focused on the conceptions of 'sustainability' and 'assurance'. SA providers are struggling to develop the practice and to align the interests of all actors in the network to create cooperation and produce the final products of assurance engagements. The discussion above shows that SA providers might need to compromise

their interests, or their aims, in order to enrol other actors. The way they translate the interests of reporting organisations, stakeholders, and other SA providers needs to be aligned with their conceptions of what SA is, and of how they conduct such assurance engagements. As there is no universal standard prescribing how to conduct such assurance, different assurance providers with different understandings of the practice might conduct the assurance differently. The analysis presented in Figure 6.1 illustrates different conceptions of the two boundary objects (i.e. sustainability and assurance). Sustainability can be perceived of as the wider sustainability of society and the environment, or as the sustainability of reporting organisations. In other words, the importance of accountability and the transparency of sustainability reporting and assurance are reduced when compared to management advantage for the latter case. Meanwhile, conceptualisations of assurance range from practice that is used in a holistic approach to assure data (e.g. materiality assessment, and internal control checks) to practice that is purely data-oriented.

Figure 6.1: Sustainability assurance engagement category map.



The proposed metric offers a way to categorise the variation in SA engagements, as evidenced by the interviews with SA providers. This could more or less contribute to the debate on whether SA practice is for the sake of reporting organisations or of wider stakeholders. Moreover, this could help categorise services that are collectively called 'sustainability assurance' into different services to avoid confusion. However, more work, especially quantitative measures, is needed for a precise categorisation. The result is similar to one offered by Smith et al. (2011) who conceptualise a framework to investigate capture in SA practice. However, the proposed framework illustrates the focuses of: 1) reporting organisations' management on either 'the business case' or 'public accountability'; and 2) assurance providers on either 'professional' or 'protest' approaches. The paper proposes the metric while focusing on the process of capture; however, the study suggests a metric to differentiate different assurance providers, or assurance engagements. This proposed metric is not intended to suggest which categorisation of SA providers or assurance engagements is better. However, it could provide a roadmap for reporting organisations to position themselves on and work towards the category that they aspire to, and for other organisations or stakeholders to distinguish between different assurance engagements. Nevertheless, this requires more work to develop the precise criteria falling under each category.

6.6 Summary and conclusions

This chapter shows how SA providers operationalise SA practice and claim their practice space. It reveals that SA practice is a diverse activity. SA providers play different roles depending on their associations with other actors. Different conceptions of 'sustainability' and 'assurance' by different actors result in how the assurance engagement is structured in terms of its scope, level, stakeholder engagement, and the final deliverables from the engagement. SA providers, as the main translator in the network, translate and interact with other actors so that they can enrol those actors in their network to support their claim over the practice space, and to accept their terms for assurance engagements. These translations occur between assurance providers and other actors differently depending on their relationship and the nature of those actors.

SA practice is still in the making. Some underlying concepts and practices are in the process of being tested and experimented with. All translation attempts by SA providers help them create the reality of what SA practice looks like. For each provider, the assurance practice might not be homogenous. This depends on how they conceptualise the practice by negotiating with other

actors. Although the evidence discussed in this chapter shows various translations and characteristics of different assurance providers, the chapter does not explicitly discuss the distinction between AAPs and NAAPs in terms of how they construct and develop their practice space, and react to competition. The next chapter provides more discussion about these issues, and emphasises the distinction between different types of assurance providers. The focus is on the stabilisation and homogenisation of SA practice. Distinction and comparison are used as a way to observe whether practice is homogenised across different SA providers. This also facilitates the understanding of how one type of assurance provider becomes more successful than others through their network development and claims over practice space.

CHAPTER 7: STABILISATION OF SUSTAINABILITY ASSURANCE PRACTICE

7.0 Introduction

The previous chapter discusses the variation in SA practice evidenced by how SA providers interpret, understand, and assign practical meanings to SA, and how SA providers develop and operationalise SA by interacting with different actors. SA providers translate the practice to match with their interests and the interests of other actors whom they persuade to engage with their networks of SA engagement. They establish the presence and legitimacy of SA practice by building networks of support around their translations. The translations involve the management of key boundary objects that are fundamental to the relations and interactions between different actors. For SA practice, sustainability and assurance are two important boundary objects that tie different actors together. Different actors might have different interpretations and perceptions about the objects, but the fluid characteristics of the objects allow variation in the conduct of the assurance and legitimise that variation.

This chapter continues the discussion regarding the translation of the practice by SA providers. As one aim of translation is to reach stabilisation, this chapter aims to explore whether there is stabilisation of SA practice. A previous study by O'Dwyer (2011) highlights that, at the level of the firm, SA practitioners in multi-disciplinary assurance teams, have some degree of disagreement and discomfort due to different backgrounds and mind sets of the team members. However, the evidence from this thesis shows no such discomfort. Thus, there might be some degree of stabilisation of the practice at the firm level. Stabilisation seems to be achieved by the influence of non-human elements that helps alleviate operational tensions and customises SA engagements to be aligned with the interests and understandings of all of the actors involved. Although at the firm level, practice seems to be stabilised, at the field level, practice is still evolving. The differences between different types of assurance providers are explored to provide evidence about the claims for variation in the practice. In addition to the distinction of assurance providers by their types, the later section of this chapter presents evidence of practice variation within each SA provider type. Such variation illustrates that the stabilisation of the practice at the field level has not been achieved. This chapter uses differentiation and comparison of SA providers as a means to observe the stabilisation of SA practice, and to explore competition in the SA market.

The chapter also highlights the role of non-human actors and how they influence each SA provider in gaining networks of support around their claims over the practice space and in facilitating further enrolment of other actors (Gendron et al., 2007; Gendron and Barrett, 2004). This chapter provides evidence from different types of assurance providers, depending on their professional backgrounds. These types are accounting assurance providers (AAPs) and non-accounting assurance providers (NAAPs). In this study, AAPs include Big4 firms and a non-Big4 accounting firm in the analysis, while NAAPs include environmental and engineering consultancy firms. The two types of assurance providers have different perceptions and understandings of assurance practice, and different ways to develop the perceptions of their expertise by other actors so that they can distinguish themselves from other assurance providers. Thus, there might be significant differences, not just between, but also within, different provider types (accounting versus non-accounting).

The chapter is organised into six further sections. Section 7.1 briefly discusses the concept of building networks of support that can be used to understand the stabilisation of SA practice and the differences among assurance providers. Section 7.2 and Section 7.3 provide evidence to discuss the stabilisation of SA practice at the field level. Section 7.2 uses the type of assurance provider as the distinction criterion for analysis. It also discusses how assurance providers from different professional backgrounds attach themselves to more-established networks as a result of their professional preference or connections. Section 7.3 then explores beyond the professional distinction and provides discussion about individual assurance providers within the different types; therefore, heterogeneity within the professional group is addressed. Section 7.4 explores the evidence to address stabilisation of SA practice at the firm level, and highlights the influence of non-human actors on such stabilisation. Section 7.5 provides discussion of the findings. Finally, Section 7.6 presents the chapter summary and conclusions.

7.1 Stabilisation of sustainability assurance practice

The development of SA practice is an on-going translation process (Preston et al., 1992) in which trends toward stabilisation are counterbalanced by efforts to destabilise (Pipan and Czarniawska, 2010). Thus, the aim of the translation process is to create (temporary) stability. Stability of SA practice could come from the shared understandings of related actors. When the practice is stabilised, conflicts and disagreements are less likely to occur and the actions of related actors can

be more predictable. Actors involved in stabilised SA practice accept the discourses and their negotiations with translators, and allow the translator to represent their voice. In the case of SA practice, stabilisation happens when SA providers manage to persuade other actors to engage with the practice and agree with their terms of engagement. Their negotiations reach consensus. However, consensus or stabilisation resulting from the translation can be contested at any moment (Callon, 1986). Then, a new translation begins.

In order to persuade other actors to engage with the practice and make them choose a particular assurance provider over others, each assurance provider seeks to create a convergent network that is stabilised enough to hold those actors together. Convergence is described by Callon (1991) as a term to “measure the extent to which the process of translation and its circulation of intermediaries leads to agreement”. In the case of SA practice, this means that SA providers may use their various constructed discourses to make other actors believe that the SA practice is important and that they possess the necessary expertise to conduct the assurance.

Convergence can be a product of both level of alignment and degree of co-ordination. In every network, there are disagreements between actors in terms of their assigned status, or the terms assigned to intermediaries passing between them. These disagreements can vary in scope (i.e. different level of alignment). They can be overcome or can lead to controversies. The level of alignment is relevant to the success of the translation. This means successful translation creates a shared understanding by relevant actors. Degree of co-ordination also affects the convergence of a network. Networks with weak co-ordination tend to have no specifically local rules, while ones with strong co-ordination have both local and general rules. The latter restricts the universe of possible translations, hence making network behaviours more predictable (i.e. more stabilised). The notion of convergence can be used to understand the stabilisation of SA practice. SA providers seek to create, in ANT terms, high “irreversibility” of their established network because this helps them secure their network from competing translations. In other words, they need to legitimise the practice and themselves as SA providers by using the discourses that are less likely to be disputed. Thus, irreversibility demonstrates how a particular translation endures and responds to assaults by other competing translations (Callon, 1991). SA providers may seek to achieve a high level of irreversibility by attaching their claims of expertise to perceived problems (Gendron et al., 2007), attaching their networks to more established networks or practices, and making the audience aware of limitations of competitors (Gendron and Barrett, 2004). This way of perceiving

the notion of irreversibility facilitates the understanding of how different assurance providers compete with each other through offering competing translations of the ill-defined practice and responding to the various interests involved. It also facilitates assessment of the level of stability in the network in which the translation takes place. From the discussion of practice construction, the question of whether accounting or non-accounting assurance providers have competitive advantages over the other can be raised (Christensen and Skærbæk, 2010).

The following sections provide evidence to discuss the stabilisation of SA practice. Comparing and highlighting differences between SA providers facilitates the observation of practice stabilisation. This chapter aims to explore stabilisation at two levels (i.e. field level, and firm level). The term “field level” refers to comparison and observation that take all SA providers as the population. At field level, the comparison between SA providers from different professions is made. This compares SA providers’ conduct of the assurance by using their professional backgrounds as the categorisation. Also, the comparison between observations of stabilisation at the field level is also made at the level of the individual assurance provider from each professional group. The spotlight is then on firm level stabilisation, looking at how individual assurance providers stabilise the practice within their firm. The focus of this latter section is on the endeavour of SA providers to deal with potential conflicts and disagreements that could result from the conduct of the practice.

7.2 Field level stabilisation: Accounting versus non-accounting assurance providers

In this section, the stabilisation of SA practice is observed at field level by distinguishing between two types of SA providers, namely accounting (AAPs) versus non-accounting (NAAPs). Specifically, empirical evidence for this study reveals numerous cases of AAPs raising discourses about their belonging to the accounting profession as something that makes them superior to NAAPs. For example, the following statement shows a strong distinction between professions made by an AAP.

“I think how you sell is about how you differentiate yourself. There is definitely a direction to travel away from niche consultancy providing assurance towards the Big4s. And personally I think it’s quite easy for us to differentiate ourselves between that competitive landscapes because you know there are things that we do or can do, but they can’t. And one of those is actually compliance and use of ISAE3000 standard.” (Director, C1)

The following sections will analyse the differences in the manner in which AAPs and NAAPs develop their practice and compete for a dominant standing in the SA market.

7.2.1 Establishing claims of expertise

SA providers from different professional backgrounds tend to position themselves differently to claim their expertise as SA providers. As SA practice is largely unregulated, no one type of provider may be said to have a monopoly for a particular interpretation (i.e. translation) of SA practice. Indeed, AAPs and NAAPs have distinctive ways to conceptualise the notion of sustainability. As discussed in earlier chapters, conceptualisation of sustainability by different SA providers is formed by reference to the nature of the other, “mainstream” services they provide. AAPs, whose main service portfolio is in the area of financial statement auditing, seem to emphasise a more broad-based nature of sustainability assurance as a practice, focusing on a wide range of sustainability issues and related areas of expertise required to address them. As discussed in the previous chapter, for some SA providers, SA engagements cover more than environmental issues. They can also cover issues relating to community complaints or anti-corruption issues. Thus, they need assurance practitioners, or experts in these areas to be a part of such engagements. In contrast, NAAPs tend to develop a far more focused conceptualisation of sustainability. They mainly associate sustainability with environmental concerns and issues, which are their key service areas.

The aforementioned variations in conceptualisations of sustainability as a ‘boundary object’ reflect that AAPs, in conceptualising sustainability in such a way, might be better at claiming their jurisdiction over areas in which they could utilise their skills and professional judgements (Gendron et al., 2007). They create open-ended SA space, into which any issues relating to sustainability can be fitted, and legitimise their skills and expertise as SA providers because AAPs, especially Big4s, are larger in scope and possess international resources across various industries. They relate their expertise and resources to their financial audit service by addressing the fact that they have well-established assurance / audit procedures and have global scale resources to support engagements for multinational organisations. For example, if they do not have particular experts in the UK, they could look through their international networks for where the skills are available.

“Obviously, we have a global reach that you know that we’re working most of the time with global organisations. And you need to be able to operate and be on the ground where they are.” (Director, C1)

“... the reason for that is people would expect there to be synergy if you are the financial auditor because you are really with the companies all the time. You are working with them. You are looking at obviously the operation if it’s global across the world. If we haven’t got the skills or the expertise in the UK, we will look through our international network. So we know that we have particular pocket of expertise around sort of specific environmental side, and the sort of the engineering side of things.” (Partner, D1)

This solidifies their SA service and makes their potential clients perceive that they have the ability to conduct the engagement on such a scale. NAAPs, on the other hand, focus on the depth of their expertise in environmental issues. Thus, in the case of AAPs who enjoy far greater resources, conceptualisations are not restricted by the nature of the skills already possessed. They keep the issues broadly defined because they know they have the resources to attract and employ the expertise required for the job. This is different from NAAPs who have to tailor their offering to the nature of the (limited) resources (including expertise) that they already have.

In addition to the scope of issues they include and emphasise for their SA service, different types of assurance providers promote and interpret their independence with regard to SA practice differently. As independence might be practically applied to SA practice differently from financial auditing, different types of assurance providers promote and enhance their independence in different ways. AAPs always claim that they have strong independence because the notion is core to their key service.

“For [firm’s name], we have very strong independence.” (Executive, B2)

“When people see an opinion it has [firm’s name] on it, they know that we’ve got a rigorous process in being independent. When they see an opinion from Tim Smiths and Co., they don’t know what their independence is. So we’ve got a very mature system that effectively tracks everything we do with our clients.” (Director, C1)

“Because of our impartiality and independence, that is probably quite strong in the culture of this place with financial audit. And it’s a lot more focused on documentation of what we’re doing, and archiving. I think again it is part of that

assurance or audit culture. There is sort of independent confirmation that we sort of declare to every year. It's very strict. (Executive, B1)

From these statements, AAPs seem to have a competitive advantage in terms of their perceived independence by the public, as independence is a part of their professional ethical codes. AAPs take the notion of independence as their strength because it is a part of their professional background. NAAPs, however, need to create a mechanism that helps strengthen their perceived independence. One of the reasons might be that they mainly offer consultancy services, which are perceived to compromise their independence as assurance providers. One of the interviewed NAAPs needed to restructure their firm to separate the sustainability (or environmental) assurance department from the consultancy one.

“Two years ago, the [firm] executives took the position that any report assurance services identified through the global client base will be delivered by [new firm]. Not necessarily saying that we do it better, but to maintain the separation, because we are a certification body, and you know under that scheme we have to demonstrate conflict of interest checks, avoid any conflict of interest. So by separating out report assurance, which is an independent third party service from the Group, it allows us to further separate the business because [firm] is involved with a number of large organisations, some of which we are providing report assurance services to. And so that gives an extra degree of separation to avoid the conflict of interest.” (SA business manager, X1)

From the statement above, the NAAP states that the main reason for the separation is to prevent conflicts of interests, or to enhance independence, because they are involved with large organisations that they might provide both consultancy services and assurance services to. This internal adjustment could enhance their independence in terms of their internal operations and the perceptions of external actors.

Besides the conceptions of the practice and the understanding of their independence, the two groups of assurance providers tend to place different emphasis on the important skills needed as assurance practitioners. AAPs emphasise the assurance skills necessary for the provision of a financial audit. NAAPs, instead, focus more on the knowledge of specific subject matters relating to sustainability.

“So that's our approach because we claim that we are all engineers. That's my background. So we know the company; we know the process; we know the industry.

So we claim that, because of our background, we are in a better position to check the data that you produce. That's our approach. And most companies, they are happy with that... My selling point is: these guys are accountants; they know a lot of numbers, but they don't have the background that we have. That's the way."
(Business Unit Manager, W1)

Such an emphasis is reflected in their preference in the practitioners they recruit, and the training they require, which in the case of AAPs is influenced by financial audit services.

"You know when you join you have to do mandatory training on financial audit, which is interesting. But it does teach you to deal with everything properly. Where can I find information, all those things that come from financial audit are important; keeping track of an engagement, filling in appropriate documentation, making sure we are independent. They are all very important. And I think that's potentially one of the reasons why people would like to come to an accounting firm because they know that we are contracted in kind of carrying out those standards internally. It's just kind of what we do." (Executive, B2)

The majority of AAPs prefer their SA practitioners to have accounting qualifications (e.g. ACA or ACCA), as they expect that such qualifications can enhance the perceived quality of their SA service.

"In our team everyone is a chartered accountant. Everyone has done the assurance qualification. I don't think we are comfortable with people that aren't trained in assurance. So we do use specialists from consulting. But for example, partners are always from the assurance practice and always chartered accountants." (Manager, D2)

"Lots of our team members have this qualification. I won't say it's mandatory but I think if you want to be in the audit sphere, you have to get that mindset." (Senior Associate, D3)

"It's only IT people that have a different qualification called the CSO qualification. But yeah, on the whole everyone has ACA, which is good because it ensures that people apply robust methods and standards to perform their assurance." (Manager, D5)

"Generally speaking I would say across the industry, it's a requirement, just because it is very competitive." (Executive, B2)

One of the interviewees from an AAP said that the qualification is not mandatory. However, it seems like the norm in the majority of AAPs that they perceive the importance of professional

qualifications. Nevertheless, some AAPs do not really encourage their SA practitioners to gain accounting qualifications, but to work for other relevant qualifications instead (e.g. the Institute of Environmental Management and Assessment (IEMA)).

For one AAP, the firm even assigns some of the junior practitioners who are interested to their sustainability team, regardless of their background, to work in the financial audit department to gain their accounting qualifications. Then they are relocated to the SA department.

“I’m trained as a chartered accountant, and my first two and a half years’ experience was financial audit practice. I did express my interest in sustainability when I joined the firm. After two and a half years, the partners, who are in sustainability team, asked me if I wanted to move full time to the sustainability team. I was very interested in that. So about two years ago, I moved as a full time member of the sustainability assurance team.” (Manager, D2)

This strategy strengthens the firm’s core skill that they want to project to other actors. NAAPs, on the other hand, tend to recruit practitioners with specific backgrounds or degrees, including ones with environmental certification and verification, or engineering backgrounds. They rarely require professional certifications as a part of their work contract. Instead, they place more emphasis on the experience in a particular industry and on the certification or verification work of the recruited practitioners.

“If I have someone leaving, I have to go to the market. And then I’ll be looking for someone with consultancy experience... All people in my team, they have an engineering background. But we have the company’s people from biology, or chemistry. But that’s very technical people. We are not accountants; we are not lawyers. You don’t have that here.” (Business Unit Manager, W1)

From these, it can be seen that each type of assurance provider builds and utilises their internal resources in a way that matches with their main services and what they perceive as important to the conduct of the SA. Although AAPs put more emphasis on assurance skills, which are their strength, they also utilise experts in other subject matters from other departments.

“So our assurance teams now are very much joint teams where you’ve got that subject matter expertise. So we have people who will be in engineering, risk or whatever will be in the industry, or health and safety experts, but have never done a job of assurance in their lives before. And then, hence the other side of the equation is that we then blend the team with people who understand what assurance actually

is, understand what to gather effective audit evidence actually means, and understand how you're bringing two skill sets together." (Partner, D1)

"So it's very much assurance-based. There are consulting guys that we kind of talk to them in terms of subject matters specifically. They are very much more subject matter experts." (Senior Associate, D3)

Their internal firm structures and resources help them build perceived expertise, on both the assurance side and the subject matter expertise side. This firm structure is more visible in AAPs.

From the evidence above, the way AAPs and NAAPs conceptualise and understand the practice are different. It seems that AAPs are more successful in attaching their claim of expertise to more widely perceived problems and needs by including all possible issues, besides financial ones, into the scope of SA engagements. This could be a result of their different translations of SA, and the attributes of assurance quality. For example, some AAPs might perceive that high quality SA comes from professional ethics and standards, while NAAPs might think that quality of SA comes from the understanding of subject matters and clients' satisfaction. The next section extends the discussion regarding the differences in professional backgrounds by highlighting how these groups of assurance providers utilise their attachment to more established networks (e.g. financial audit, or accounting professions) and other potential allies.

7.2.2 Seeking links with more stabilised networks

SA providers not only use conceptualisations and internal resources to solidify their claims, but also engage with more established networks to strengthen such claims. They attach the claims to other practice spaces (e.g. financial audits, ISO certifications), to credible assurance standards, and/or relevant stakeholders who can help promote their claims. From the interview evidence, AAPs and NAAPs have different strategies and preferences in how they engage with those networks and stakeholders to persuade other actors to believe in their claims and join their network (over their competitors' networks).

As previously explained, AAPs utilise the well-established accounting profession to support their claim as legitimate SA providers. They apply rhetoric from financial audit practice and the accounting profession, such as professional ethics and independence, to SA practice to enhance

the credibility of this non-financial assurance service. NAAPs, on the other hand, attach themselves to and emphasise the certification / verification practice that are their main services.

Unlike NAAPs, AAPs have more support from accounting professional bodies (e.g. IFAC, ICAS, or ICAEW). From the interviews, almost all of the AAPs mention ISAE3000, which is an assurance standard from the accounting profession that is used for SA engagements. Until the recent revised version (revised 2013), the use of the standard was restricted to AAPs (see Section 2.2 for the description and detail of the assurance standards). AAPs, therefore, feel that they have the privilege of using the standard, developed by accounting standard setters, and perceive it to be more credible than those developed by other standard setters.

“ISAE3000 is more highly regarded than AA1000” (Executive, B2)

“We don’t use AA1000 for data because we think ISAE3000 is more robust... and the fact that boutique providers can’t use ISAE3000 really. It’s another issue because again you’ve got another playing field for how companies are approaching data assurance. ISAE3000 has quality protocol associated with it.” (Director, A1)

“[Firm] is an accounting firm and because of that we are obliged to comply with ISAE3000, and state that as much in our assurance statements... in fact, only audit firms technically are able to use ISAE3000. It’s an auditing standard, where we feel most bound is in the statement I would say, like the assurance statement we produce because within our ISAE3000 it sets out the steps to take for non-financial assurance work (Executive, B1)

“One of those is actually compliance and use of the ISAE3000 standard. You know, that’s not something that is readily understood by the non-accountancy profession... We refer to where there are some assurance providers that talk about how their assurance approach aligns with all text reference from ISAE3000. It’s not the same that we adhere to it.” (Director, C1)

From the above statements, not only do AAPs emphasise their privilege as AAPs and their exclusivity in using ISAE3000, but they also perceive that they have a better understanding of assurance standards and better expertise in using them. They strengthen their claims of expertise by highlighting (the perceived) limitations of others (Gendron and Barrett, 2004). However, the latest draft of ISAE3000 allows NAAPs to use the standard. One of the reasons for this is that the standard setter is aware that practitioners from other professional groups have been using

ISAE3000; therefore, they addressed the fact that the definition of professional accountant (who are permitted to use the standard) excluded those users (IAASB, 2013a, p.13).

This shows that the accounting professional body is trying to push the accounting standard as the main standard for SA practice. Although this might compromise the exclusivity of AAPs as the sole legitimate practitioners who can use ISAE3000, the revised standard also contains the conditions for NAAPs to be legitimate users. There were six questions that IAASB asked for specific comments from the respondents of the exposure draft of ISAE3000 (IAASB, 2011, p.13). The issues relating to the commenting letters were addressed by using the main six questions as the guideline. One of the questions highlights on the application of the standard by competent practitioners rather than professional accountants in public practice and the agreement of the definition of “practitioner”. From the review of the revised ISAE3000 and the commenting letters on the exposure draft, it is required that practitioners from outside the accounting profession need to be competent or to show competency in order to legitimately use ISAE3000. From the 57 commenting letters on the exposure draft of ISAE3000, it is evident that most of the AAPs who submitted the comments agreed with this amendment. Some of the AAPs, however, used this point to debate the term ‘competent practitioner’, and suggested the standard setter set specific rules to define ‘competent practitioner’ to make sure that the users of the standard are qualified (IAASB, 2013a). This shows that AAPs not only claim their practice space by emphasising their privilege in using the standard, but also by defending their perceived privilege in the practice space.

From the interviews, unlike AAPs, NAAPs are less attached to or feel less obliged to use accounting assurance standards due to their professions. The interviews reflect their flexibility over the choice of assurance standards used in SA engagements. The advantage of this flexibility is that they can use different available standards and their firms’ methodology to serve different clients’ needs and requirements. Some AAPs accept the use of assurance standards from non-accounting standard setters for their assurance engagements (e.g. AA1000AS, or ISO standards). However, some of those interviewed from AAPs made sceptical statements about the quality of those standards, or even rejected their use.

“There are a lot of debates whether AA1000 is a particularly useful approach.”
(Manager, D2)

“[AA1000AS] is not as robust as ISAE3000. It doesn’t have a governance structure that ISAE3000 necessarily has behind it. And again it comes out of ambiguity and what it really means.” (Director, C1)

“One of the challenges we have with the ISO standard is that the way that you undertake that assurance is that an assurance practitioner will effectively go off and do the assurance work. The person signing the opinion won’t have anything to do with that assurance engagement until the end, when it is effectively presented back.” (Director, C1)

Thus, AAPs develop discourses and promote the belief that assurance standards developed by accounting standard setters are better and more robust than those developed by non-accounting standard setters. Previous studies of SA practice comment that ISAE3000 is better in addressing data assurance and has more robust procedures (Simnett, 2012; Ianssen-Rogers and Oelschlaegel, 2005). However, unlike AA1000AS, ISAE3000 is not specifically made for SA engagements (Manetti and Becatti, 2009). Although ISAE3000 has been criticised on this point, it has become more popular than AA1000AS among all types of SA providers. One of the reasons for this might be linked to their discourse regarding the emphasis on the required robust assurance procedure for SA engagements. In other words, AAPs claim that the assurance part of SA engagements is important and requires qualified practitioners and robust assurance standards. However, they can ask for other experts’ advice on the sustainability side of the SA practice.

“Well, I think that it comes down to the idea of using specialists and experts. We have a massive pension industry in this country, and auditor or financial statements, they cannot produce a pension forecaster. They have to rely on an actuarial to do so. So there are track records and guidance / standards there to assist auditors to recognise that we can’t do everything. We can’t understand every single profession... there is actually guidance there for auditors relying on evidence produced by other experts. So we recognise that these specialists are there. And we don’t want to do their job... Accountants and the sustainability profession could work together in the way that accountants work quite well and comfortably with the other professions.” (Director of Sustainability and Assurance, S4)

These are the common arguments from AAPs who try to emphasise their assurance skills more than their sustainability-related skills, so that they can overcome criticism of the lack of specificity of ISAE3000 and of their sustainability-related expertise. In the case of AAPs, assurance is the centre of SA practice, not sustainability.

Although it seems that AAPs have gained support from the accounting profession in terms of developed assurance standards, the interviewee from an accounting professional body stated that the “profession has been asked to do more” to support AAPs in SA practice (Director of Sustainability and Assurance, S4). The concerns have been raised about the competency of AAPs in sustainability matters, and also about the competitive advantage of AAPs over other providers. The interviewee expresses a strong interest in developing an accounting qualification for SA practice.

“Do you think that there is an opportunity for firms or professional bodies to actually offer qualification, sustainability qualification? ... I think for us we would like to tie into accounting.” (Director of Sustainability and Assurance, S4)

With the awareness that there is a non-accounting qualification for SA practitioners, the professional body sees an opportunity for the accounting profession to develop such standards and training to add expertise and qualifications to SA practitioners from the accounting profession. This could be done in collaboration with experts “to be possible to offer sustainability qualification, like [they] do with the tax qualification. [They] tie in with other bodies to actually deliver something that is going to meet the need” (Director of Sustainability and Assurance, S4).

Besides the concerns of the accounting professional body regarding the professional qualification programme for SA practice, some NAAPs around the world, such as Two Tomorrows in the UK (as part of DNV), cooperate with AccountAbility to form formal qualifications and training to make SA more standardised (AccountAbility, 2013a). Although there is no regulatory requirement stating that SA practitioners need to have a specific qualification to conduct such assurance, having certain kinds of qualifications promotes greater credibility for the SA service and the expertise of the SA providers that are involved. They have established a standardised programme to train SA practitioners to qualify as Certified Sustainability Assurance Practitioners (CSAP). One of the main aims of this qualification is to make sure that reporting organisations or stakeholders can identify credible assurance expertise. However, the qualification is neither well-recognised nor widespread. One of the reasons for this might be that the qualification is developed by AccountAbility in cooperation with NAAPs to provide related professional training. As the assurance standard of AccountAbility (i.e. AA1000AS) has become less popular, the qualification might not be attracting enough attention, and may be perceived as optional, rather than

necessary, for SA practitioners. Thus, this attempt to develop a qualification for SA practitioners may not be considered as successful as that for financial audit practitioners.

The interviewee from an accounting professional body sees that, although the accounting profession could be a leader in this developing field, the profession is highly tied up with regulations and the financial audit framework.

“We are so tied up with regulations. We need to attach to a framework so we can do things differently or come up with new ways to do things. Inevitably, we are actually changing what we do at the moment. And that’s one of the reasons for this project because we know that there would be other bodies positioning themselves to step into this space. And therefore if we can’t modify and adapt, then what’s the future for us as a profession? And that’s our concern. And now actually some of the Big4 firms are following this.” (Director of Sustainability and Assurance, S4)

The interviewee also expresses concern regarding terms used by accountants that might be difficult for others to understand.

“And we are guilty as a profession of using jargon. We use words that do not resonate with our user groups. And I think we need to change that; digital, short terms, quick and instant. So we need to refine that.” (Director of Sustainability and Assurance, S4)

This reflects the attempts to engage with other actors, otherwise use of complicated terms that are not suitable for the clients or users could lead to failure of their translation (Gendron and Barrett, 2004). This would lead to the attachment of SA providers with different actors.

Besides linking themselves to well-established professions and their core services as discussed earlier, from the interviews, AAPs and NAAPs have more or less different degrees of engagement with other stakeholders. From the interviews, it seems that AAPs are more successful in engaging with relevant stakeholders to build support for their practice development and claims of expertise. Although all SA providers try to establish links between themselves and key stakeholders (especially NGOs, government, investors, and academia), different providers create their visibility and such links differently.

“We kind of build relationships with publications and magazines, environmental finance, ethical corporations, things like that. We try to write articles with them doing special features, try to get some involvement with that, try to put some opinions,

participate in conferences, kind of be there and actively sharing round the table and being part of the plenary as well. So we also kind of spend sponsorship, sponsoring competitions and things.” (SA business manager, X1)

Some assurance providers take advisory positions on the boards of NGOs or regulatory bodies that relate to sustainability reporting and assurance practice. They also participate in conferences or related events in which they can create such links to other networks and stakeholders that can support SA practice. They provide sponsorship to sustainability-related or other kinds of events to raise such awareness and portray themselves as active in this market and serious about the sustainability agenda. These activities and connections help support their claims of expertise and the development of their SA service.

In addition, there are interactions between academic networks and SA providers. Those providers gain support from academic networks in terms of both the development of the practice and the awareness of their brand. One NAAP states after the interview that the main reason they allow academic researchers to engage with them, as in the interview, is that they would like to make their brand known to the public. They express that they are willing to have their name disclosed in the resulting publication.

“We try to be as visible as possible. So I have no problem if you mention [firm name] in your paper.” (Business Unit Manager, W1)

It is obvious that they try to engage with academic networks to expand their reputations so that they can have wider brand awareness. However, after the interview, the provider did not continue the contact, unlike some of the AAPs, which have been providing support and are engaged with the project. This shows true support as well as how they deal with stakeholders in trying to form long-term relationships and impressions, not just raising awareness by one meeting. One of the reasons that NAAPs build fewer relationships and connections with academics (or other marginal stakeholders) is because they have limited resources in terms of time and number of SA practitioners compared to AAPs.

From the evidence presented and discussed in this section, it is shown that professional or occupational background factors strongly influence and/or constrain the SA providers’ conduct of their assurance service. As there are various types of providers in the SA market, the practice is not homogenised at the field level. From the evidence, it seems that the practice is homogenised

among SA providers that belong to the same professional type; however, further evidence shows that individual SA providers in AAPs or NAAPs are not homogenous in how they conduct the assurance and interpret the practice. The next section explores this observation and links the evidence with SA stabilisation at the field level.

7.3 Field level stabilisation: Dynamics within each type of assurance provider

This section continues the discussion regarding stabilisation of SA practice at the field level. However, the section takes each individual assurance provider (that is, firm offering SA services) within the provider types stated in the previous section as the population for comparison. The comparison shows the degree of stabilisation of the practice. This analysis of individual assurance providers from each type will contribute to the extant literature because previous studies comparing types of assurance providers do not analyse beyond the separation between AAPs and NAAPs (Perego and Kolk, 2012; Manetti and Becatti, 2009; Hodge et al., 2009; Pflugrath et al., 2011; Mock et al., 2007). Those studies assume the homogeneity of assurance providers from the same professional group.

The interview evidence in this study reveals that AAPs and NAAPs are not homogenous in their perceptions of the practice, which could affect how they conduct the assurance, and differentiate themselves from other providers. This section also divides assurance providers into AAPs and NAAPs. However, the section aims to discuss differences between providers within AAPs and within NAAPs. This provides additional differentiation from the previous section, which distinguishes assurance providers by using their professional backgrounds. The reason that assurance providers in the same professional group are compared is that this analysis aims to highlight the heterogeneity within the professional groups, which are treated as homogenous in the existing literature.

7.3.1 Dynamics within accounting assurance providers

According to the previous section, it is pertinent that AAPs focus more on the assurance part of SA practice than the sustainability part, when compared to NAAPs. Also, AAPs seem more successful in claiming and developing the practice because they manage to create networks of support linked to their well-established profession. However, the development of the practice of different AAPs is not homogenous. For AAPs, the market for SA services is quite competitive in terms of pricing and

service differentiation. SA providers can be more innovative in terms of how they conduct the assurance or develop assurance reports.

Different AAPs try to differentiate themselves from other AAPs by developing specialisation in particular industries. For example, SA clients of firm A are concentrated in three sectors: mining, financial services, and consumer businesses.

“Most of our assurance clients are either mining or financial services or consumer business. And they tend to have sets of the same issues. I think that helps us.”
(Director, A1)

One of the participating assurance providers states that their SA team does recognise that some assurance providers possess stronger expertise in some areas than others. For example, they recognise that a particular Big4 firm is the leading assurance provider in sustainability issues relating to water because she thinks that in the firm’s portfolio there are a number of clients operating in industries for which water is a crucial issue.

“For example, they do water, more in the water sphere, in terms of water risks than our team does here... Everyone among the Big4, they kind of have their key areas that they specialise in.” (Executive, B3)

If reporting organisations perceive this issue in the same way, such an assurance provider could attract more clients that are especially concerned about their water data disclosure. This concentration of clients in particular industries is caused by a firm choosing to limit the sectors within which its SA service is offered due to the expertise it has, and the level of risk it is willing to accept. For instance, Firm A has decided not to provide its assurance service to clients in the pharmaceutical industry because the issues for clients in this industry are different from the specialist knowledge that it has.

“Yes, and that was our decision because sustainability will be becoming such a beast for each sector. For example, we don’t work with any pharmaceutical client because, you know, they have kind of different sets of issues.” (Director, A1)

Thus, other Big4s can offer the service to these pharmaceutical companies. This also affects how different AAPs aim to recruit experts and develop the expertise of their team members for specific industries. Although AAPs place emphasis on assurance skills and the use of experts in SA engagements, they have different team structures. One interviewee from an AAP states that they

do not use staff from financial audit teams at all. They have a different recruitment process focusing on the expertise of the practitioners, presuming that the assurance-related skills can be gained later.

“Our team is recruited based on specialists’ knowledge so we don’t, I don’t know about the rest of the Big4. But we hire in experience rather than using people from our audit based. So we have specialists in supply chain, specialists in human rights. So I think we’ve covered the broad sustainability areas.” (Director, A1)

However, an interviewee from another AAP mentions that they can borrow staff having expertise in auditing to work with experts from consultancy services, and create a joint team from the combination.

“Well, the way in which we’re doing our assurance at [firm’s name] is that we’ll have a joint team...So our assurance teams now are very much joint teams where you’ve got that subject matter expertise. So we have people who will be in engineer, risk or whatever will be in the industry, or health and safety experts, but have never done a job of assurance in their lives before. And then hence the other side of the equation is that we then blend the team with people who understand what assurance actually is, understand what gathering effective audit evidence actually means, and understand how you’re bringing two skill sets together. So a lot of the same sort of skills and techniques that would be applied as part of the financial audit are used.” (Partner, D1)

Although AAPs generally prefer that the staff they recruit have professional qualifications, not all AAPs require that their staff have an accounting qualification. Two of the Big4 firms assert that most of their SA team members have accounting qualifications and they encourage them to have these qualifications (either ACA or ACCA). However, the other two Big4 firms do not require that SA team members have an accounting qualification. The majority in firm A have a qualification called The Institute of Environmental Management & Assessment (IEMA) instead of an accounting qualification. The first two firms place more emphasis on the qualification, whereas the latter two firms mention that it is not compulsory, but the team members are encouraged to work toward the qualification.

The creation of a joint team facilitates the development of the SA service department more efficiently than having exclusive recruits for the SA department (Head of Sustainability, E1). This is the strategy used by a non-Big4 AAP (Firm E).

“The one that works is to build a small team, and integrating it to a business as a whole. So, imagine you do everything vertical like this, audit, tax... Rather than putting it alongside, line it to the middle and let the value be the point of intersection because, as we know, sustainability is not a thing. It does not really exist, any more than innovation. It only exists when you apply it to something. So putting it sideways in the business, it means that it can interact with the causes of different businesses. And that’s more relevant for the firm as [firm name], because it means that the agenda plays through the audits, the taxes, and so on.” (Head of Sustainability, E1)

This non-big4 AAP does not really have clients for its SA service in the UK market. However, they have established the department, called “Sustainability and Cleantech”, because they see the future potential for a market in the UK for SA and related advisory services. Currently, they are focusing on the assurance side, with some sustainability experts in the team. Thus, they borrow people from the financial audit or tax audit departments to do the work. This shows different levels of development within the collective group called AAPs.

Another piece of good empirical evidence from the interviews for differentiation and different levels of development in SA services offered by different AAPs is that one AAP specifically has separate teams for SA services for the banking industry (Firm D). One of the interviews from the firm was conducted with a member of the team (Manager, D5). This highlights service differentiation and how the firm has raised clients’ perceptions of its expertise and credibility. Also, as SA practice / service is loosely defined, separation of the SA services for this particular industry could facilitate the development trajectory of the practice.

Another point of differentiation could concern the assurance standards used. Although AAPs are obliged to use ISAE3000, which is an accounting assurance standard, some AAPs offer a SA engagement based solely on AA1000AS as well. Two of the Big4 AAPs rarely use AA1000AS. One of the reasons is that they do not think this assurance standard is robust enough (see the Section 7.2.2 for comments on assurance standards by SA providers). However, other Big4 AAPs have a good mix of assurance engagements based on AA1000AS and have more positive (or neutral) views on the standard. This also provides differentiation among Big4 AAPs. Some reporting organisations have been using AA1000AS for their assurance statements for years; if they change or rotate SA providers, they will tend to use firms providing and having expertise in this standard.

Moreover, different AAPs have different views on qualified reports. All, except one, Big4 AAPs think that a qualified assurance opinion is a big issue and they rarely issue qualified opinions.

Instead, they aim to work with clients on the development of their reports before they are ready for the assurance process to avoid such kinds of assurance opinion.

“I think we’re very good at managing and sensing when there is going to be an issue; we don’t allow that to happen because it doesn’t help anyone. A qualified audit opinion doesn’t help stakeholders; it doesn’t help us; it doesn’t help the clients. Because all it does is say we can’t tell you if this stuff is right or not. It’s much better to work with the business to get accurate, and report on it next year when it’s accurate.” (Director, C1)

However, the other AAP has a different view on the qualification of assurance opinions, seeing as a good thing that could benefit further developments in the reporting organisations.

“We’ve qualified quite a lot of assurance statements actually, compared to the rest of the Big4. We think that by qualifying our opinion in the right circumstance, we push the clients forward. We do not have any situation where our clients have gone totally mad and say you can’t qualify this. If you qualify financial statements, it’s very very bad. And on the sustainability side we are able to do that and still be seen in a positive light by the clients.” (Director, A1)

Not only SA providers, but also reporting organisations, have different views regarding qualified assurance opinions. Some reporting organisations are positive about a qualified opinion, seeing it as an impetus for further development and improvement, while other organisations showed negative attitudes to the issue. For example, if reporting organisations reckon that Firm A has the highest rate of qualified assurance opinions, they might prefer to work with another AAP.

The interview evidence suggests that heterogeneity of SA providers from the same professional groups occurs because of appetite for risk, firms’ resources, and service differentiation. This is also one of the results of SA providers’ different conceptions of ‘sustainability’ and ‘assurance’, and their perceptions on their roles and the practice. From these different perspectives among AAPs, they develop the practice and claim their expertise over certain areas of SA practice differently. Reporting organisations, therefore, have choices to make regarding an SA provider that matches their needs. Thus, AAPs can possibly compete with and differentiate themselves from their counterparts by using innovations. This area of assurance services (i.e. sustainability) allows more room for innovation, unlike financial audit services.

7.3.2 Dynamics within non-accounting assurance providers

From the interviews with NAAPs, it is less observable how they are different in terms of how they conduct the assurance and of their overall understanding of and perceptions on the practice. One of the reasons might be that there is only one interviewee per NAAP so that the differences among them cannot be fully observed. NAAPs accept the differences between AAPs and NAAPs, but provide fewer statements to weaken the claims of AAPs.

“[Firm’s name], [Firm’s name], [Firm’s name] and [Firm’s name], we have a very similar approach, and the accounting house. We are two different animals. We are doing the same thing, but from completely different perspectives. It’s not right or wrong. But it’s more or less. They come from their finance background. We come from technical engineering background, a lot of us. And I think that’s fine. That’s good. As a client, you have two options, two approaches. I want this or that” (Business Unit Manager, W1)

However, there is a particular point that every NAAP raises to differentiate themselves from other NAAPs. As there are various terms used for NAAPs, such as engineering consultants, certification bodies, or boutique firms, NAAPs seems to differentiate themselves from their peers by using these terms. The reason that they use them for differentiation purposes is that, for some people, those terms indicate their perceived quality (or superiority) as assurance providers.

“I think you have talked a lot with Big4 accountancy, I don’t know what they call us. Maybe the large engineering consultancy? Then you’ve got a boutique, the smaller organisations as well. There is probably less and less of them because they have been bought by bigger players.” (SA Business Manager, X1)

One of the NAAPs interviewed drew a diagram showing his understanding of the types of SA providers in the market. The participant divided SA providers into three groups, namely Big4 firms, certified bodies, and boutiques.

“I’m not sure these axes are, but this kind of is my view that there are three main assurance type providers. There is what I probably call the boutiques. These are little businesses. They are either owned by bigger business or they are kind of like little in their way. Now what they do is that they offer other services like communication that kind of thing... And then you have the organisations these kinds of Big4s. I’ll come to how I view those. In the middle you’ve got people like [us], probably [firm name], and basically certification bodies.” (Global Product Manager, Z1)

From the statement, it seems that boutiques can be perceived as having the lowest quality of assurance due to the main services of their work. Certification bodies believe that they have more concrete procedures because they know the systematic procedure from the certification process, but the main services of boutiques can be anything relating to consulting. In addition to those types of NAAPs, there is also the stakeholder panel that some reporting organisations use as their SA providers. NAAPs in the interviews do not mention this kind of assurance provider. The reason might be that they do not perceive the stakeholder panel as their competitor or as a type of assurance provider. An AAP in the interviews comments on the use of stakeholder panels as SA providers, suggesting that they are not proper assurance providers.

“One of the aspect, you might have a stakeholder panel who would sit there and sustainability reports will be commented back. It’s arguably designed to look like an independent assurance statement. And again it isn’t. Quite often they have really good conversations and I think [stakeholder panels] still have their place in talking about whether the company is reporting material issues, how it managing the material issues. But if they are starting talking about data, that’s where I get really worried because they don’t have the ability and the knowledge to do the testing that an accounting firm has.” (Director, C1).

He continues that reporting organisations can use stakeholder panels to identify material issues, but does not agree about using them as assurance providers. However, Andon et al. (2015) comment that stakeholder panels could become accepted assurance providers for non-financial assurance, and could lead to the democratisation of the non-financial assurance practice.

From interviews with NAAPs, they perceive SA providers that are classified as ‘boutique’ or smaller SA providers to be inferior in terms of quality of assurance procedures and credibility as providers of assurance compared to those classified as certification bodies. So there are decreasing numbers of this type of assurance provider because they are being taken over by larger assurance providers, or AAPs. However, in the UK, there is one boutique that is still operating well and has the best reputation among others because “[The firm] has got their revenues from the involvement in London Benchmarking Group” (SA Business Manager, X1). This shows that it has managed to build solid networks of support by attaching itself to and trying to be a part of a stronger institution. In addition to takeovers that could help strengthen the voice of NAAPs, another way in which some NAAPs overcome their weakness in financial skills is through outsourcing. Some NAAPs subcontract financial experts or specialists from outsourcing.

“We do because we sub-contract. There are some services that we do that we need some kinds of financial side.” (Business Unit Manager, W1)

This could help them compete with AAPs in this SA market, or retain their current clients when integrated reporting is widely adopted. Besides the takeovers of smaller assurance providers and the outsourcing strategies, some assurance providers have gone out of business, or have decided to cease their SA business because they cannot bear the potential risk. One of the NAAPs interviewed comments on a firm called URS about this issue.

“URS has kind of removed themselves from the assurance report business. They now took a decision, that I believe from what I was told that they don’t like the potential risk of it. They were a bit risk-averse. Well, I’ve yet to see anyone get successfully sued for this” (SA Business Manager, X1)

From the analysis of SA statements of FTSE companies from 2000-2013, URS has had a good number of clients to which the firm provided SA services over the years. However, they made such a decision because of their appetite for risk. This shows evidence in relation to different appetites for risk on the part of different NAAPs.

Different NAAPs have different reactions to and plans in relation to the introduction of integrated reporting requirements. They also have different realisations about the threats from AAPs gaining more market share when integrated reporting is fully implemented. All of the NAAPs interviewed agree that integrated reporting and assurance will take a while to develop. They perceive that the demand for the practice is still limited and so they are not significantly concerned about losing clients who move to the practice because they do not have the financial assurance side.

“I think you’ve got an interesting thing called Integrated Reporting which is the high profile example of reports being produced. [But] I don’t see a demand” (Global Product Manager, Z1)

Although there might be demands for the integrated reporting assurance and related services, the demands are currently limited to reporting organisations operating in particular industries, especially financial sector.

“To me, that is, in a nutshell, integrated reporting is not necessary. Organisations are not ready to go to integrated reporting. Those are great ideas, but that’s only presupposing that the only people that are interested in integrated reporting are the

financial sector, which basically undermines what sustainability is really about in my opinion.” (SA Business Manager, X1)

Despite these comments, there is one NAAP from the interviews that views integrated reporting as a potential threat causing loss of clients. Thus, they have had discussions with some large clients about their decisions on integrated reporting so that they can prepare their services for clients who might go in that direction.

“We asked them, because if they want the integrated report, so the next step, they would think why would we have two verifiers? Two companies as verifiers. You just try, at least for the big clients who we have long relations with, to understand them, where they are going, because we can, in the end, engage with an accountant, not a big4, to do your full assessment.” (Business Unit Manager, W1)

This shows potential product differentiation by this NAAP that can be offered to the clients. However, as mentioned, it is difficult to observe the differences among NAAPs due to the number of participants and their broad categorisation (i.e. NAAPs). However, similar issues lead to heterogeneity of the conduct of the SA and of perceptions of the practice by SA providers, which are risk appetite, firms’ resources, and service differentiation.

The analysis of the interview evidence so far has shown that SA practice is not homogenous. The reasons for divergence in practice are mainly caused by the interactions between SA providers and non-human actors, including reporting guidelines, assurance standards, materiality assessment, and assurance providing firms’ policies. The association with non-human actors by different SA providers creates a lack of homogeneity of the practice at the field level. The next section focuses on the roles of these non-human actors in how they can facilitate practice convergence at the firm level.

7.4 Firm level stabilisation: Roles of non-human actors

This section explores the homogeneity of SA practice further down at firm level. From the interviews with SA providers, it is apparent that different SA providers develop their network of SA practice differently, despite the fact that their networks comprise similar groups of actors. The study by O’Dwyer (2011) shows that there is discomfort among assurance practitioners in multi-disciplinary teams providing SA services. However, from the interviews in this study, there is no sign of conflicts, disagreements, or discomfort of assurance practitioners working in such an

environment. Non-human actors play an important role in facilitating such stabilisation by strengthening the claims of translators. Thus, it is important for the main translators (i.e. SA providers) to engage non-human actors in their network to make the network acceptable for other actors. This section discusses how non-human actors, including reporting guidelines, assurance standards, assurance methodology, materiality assessment, intra-firm policies, and professional qualifications, play an important role in stabilising such disagreements. To support their claim for practice space and the development of SA practice, SA providers enrol non-human actors into their networks of support to alleviate operational conflicts, and customise their SA services.

7.4.1 Alleviating operational tensions

SA providers also build internal networks of support to alleviate operational tension within firms. These internal networks of support are different from the external networks of support in that this development of networks of support happens inside SA providers, aiming to alleviate the operational tensions and conflicts between actors possessing different mind sets and backgrounds (e.g. individual assurance practitioners). Non-human actors that play important roles here are assurance standards, the firm's assurance methodology, and intra-firm policy.

SA standards are translated by SA providers differently. The standards are high-level so that they can be tailored to fit diverse SA engagements. As mentioned earlier in Chapter 2, there are two dominant assurance standards used by SA providers; ISAE3000 and AA1000AS. Different assurance providers might have different preferences regarding the assurance standards used. However, ISAE3000 has become the dominant standard in the SA market.

“So, fundamentally, we work on the ISAE3000 assurance standard. And obviously with Greenhouse Gas ISAE3410, which is specifically over Greenhouse Gas.” (Director, C1)

“We have three different approaches. There is one, which you should be familiar with called ISAE3000. Then it's the AA1000 assurance standard. And there is our own [name] approach.” (Global Product Manager, Z1)

Besides assurance standards, some assurance providers also use their firm's assurance methodology instead of external assurance standards. The firm's assurance methodology can be one that is developed by the firm without (explicitly) referring to external assurance standards, or can be one that is adapted from an external well-established standard. Firms' assurance

methodologies developed without reference to any particular standard, were developed before the existence of any standard for SA assurance. This is normally the case for NAAPs because, from the observation of sustainability reports of FTSE100 companies, such assurance had been provided prior to the emergence of related assurance standards. The methodology is a process for checking data using procedures agreed upon with clients; therefore, it leaves more flexibility for the SA providers to conduct the assurance in the way that clients want.

Some assurance providers have a preference towards specific assurance standards. One assurance provider explains this issue more extensively, in that they use only particular assurance standards that comply with their risk criteria. For them, other standards that they do not follow do not have proper governance structures behind them.

“And you see a plethora of different standards. Some of them, we’re more comfortable to provide assurance over. Some others, we would say that’s not complying with our risk criteria or requirement, because sometimes they are so vague that you don’t even know what you are providing assurance over.” (Senior Manager, C2).

This leads to a preference by each assurance provider for specific standards, and refusal to use others. This shows that organisational culture has a significant impact on the choice of assurance standards by assurance providers. A director from the same firm addresses the reason why they do not use AA1000AS.

“And I’m not going to go into why we don’t follow that, but it’s not as robust as ISAE3000. It doesn’t have a governance structure that ISAE3000 necessarily has behind it. And again it comes out of ambiguity and what it really means.” (Director, C1)

This assurance provider strongly believes that ISAE3000, which is developed by the accounting standard setter, is superior to AA1000AS. However, some assurance providers having said that ISAE3000 is a robust assurance standard to base an assurance engagement on, the standard is also perceived as high-level and vague.

“So the standards we are using are high-level. ISAE3000 doesn’t give a lot of guidance on how much testing you should do.” (Director, A1)

“The standard is quite dry for some people even though a simple thing like the word ‘shall’ means you’ve got to do it, etc.” (Corporate Responsibility Technical Manager, Y1)

Not only is it ISAE3000 that assurance providers find vague and requiring interpretation in implementation, but AA1000AS is also high-level and needs judgments and interpretations from assurance practitioners.

“It’s because the guidance is so vague. It’s because there’s flexibility in how companies can approach it. So that’s the area where I think it needs to be tightened up in terms of what companies should actually do. I think something like AA1000, that’s where the massive gap can occur.” (Director, A1)

This illustrates the nature of SA standards, in that their flexibility and vagueness requires further interpretation that could create disagreements among SA team members. This is why there is a need to develop firms’ SA manuals, which could be the interpretation of these assurance standards, or standardised approaches, with which firms expect all of their practitioners to comply. These firms’ manuals could, in turn, influence how the practitioners interpret the standards and conduct the assurance in terms of how they assess materiality or take samples.

To alleviate inconsistency in the interpretations of SA standards, and to demonstrate a high quality assurance service, SA providers develop their own assurance methodology to standardise SA procedures. There are two types of assurance methodology used by firms. One is independently developed internally. The other is developed from, and based on, those assurance standards from external standard setters.

“We have global assurance procedures. That’s what our kind of sustainability assurance practice follows, which has been developed over the last kind of five years really... It’s quite important, as we do more and more global assurance projects, that we’re all trained the same way, have the same level of experience, understand the protocol and risk assessment. The assurance procedures are standard.” (Director, A1)

“So that standardisation of the approach around what you would audit, how would you audit, sample sizes, sort of the approach to it and so on, has been standardised so the quality of what is done is now more consistent globally across [firm name].” (Partner, D1)

A firm's methodology, therefore, can prescribe what SA providers need to do to conduct the engagement because such methodology "sets out steps very clearly and what to do" (Executive, B1). The methodology provides more depth on how to conduct assurance, compared to the assurance standards. Those firms' approaches are often formed by the organisational culture of each assurance provider, especially AAPs. Thus, SA providers exert less effort in translating and interpreting the firm's methodology than for the SA standards, in order to operationalise them in assurance engagements.

Besides a firm's assurance methodology that smooths operational disagreement, intra-firm policies, including firm structure, recruitment preference and the review process also play this role. As mentioned, sustainability report assurance services are not the main service of all assurance providers. Their main services include financial audit services, certification and inspection services, and other environmental and health and safety consulting services. Firm structure influences how SA providers approach and deliver services to their assurance clients.

Some assurance providers place their SA service separate from their other services. This separation makes their assurance more independent. In some SA providers, there is a separate sustainability advisory department that supports the assurance team in terms of specific subject matters. Thus, they can maintain their independence, while they can use help from experts in other department. This firm structure is common for large assurance providers.

However, some other assurance providers have integrated their SA service and sustainability advisory service within the same team. These providers seem to have smaller teams than the former group of assurance providers. The establishment of their SA services is quite new compared to the firms with separated services. Also, there are some limitations for these firms regarding specific expertise, because there are some engagements on specific issues for which they do not feel comfortable to provide the assurance. The reason is that they perceive the risk to be too high and they might not have the proper experts to deal with those issues.

In addition to firm structure in facilitating the operation of SA services, recruitment policy and preference also influences the internal operation of the assurance. Assurance providers reveal that, although they do not have rigid requirements for recruits to their SA service, they have preferences for specific kinds of applicants. One assurance provider prefers candidates who have

accounting qualifications or are willing to acquire accounting qualifications. However, some other assurance providers prefer candidates who have backgrounds in specific subject matters, including greenhouse gases, health and safety, or community services.

The conflicts and discomfort among members in multi-disciplinary teams providing SA services are addressed by O'Dwyer's (2011) study on SA in two Big4 firms. However, from the interviews there is no sign of conflicts, disagreements, or discomfort in working in such multidisciplinary teams. One reason could be that every SA provider establishes their specific recruitment policy so that the team members come from similar backgrounds and have trained similarly. This helps alleviate operational tension or disagreement in SA teams. The evidence shows that SA providers are, more or less, successful in building this internal network of support so that the previously existing tensions are reduced.

Besides the recruitment of similar candidates, some assurance providers supplement their recruitment policy with a requirement for individual SA practitioners to gain specific qualifications or training. For example, two of the Big4 AAPs require team members to work towards ACA or ACCA qualifications. By doing so, the assurance practitioners, even though they possess different backgrounds or education, are professionally trained in the same way. Recruitment policy and training help SA providers build SA teams consisting of members who have similar mind sets and experience. This facilitates the operations of the assurance team and helps avoid internal conflicts due to differences in background and experience of team members.

The conflicts and disagreements do not only occur in the assurance team. SA practitioners need to negotiate with other internal departments to legitimise the development of such services and their public statements (O'Dwyer et al., 2011). SA engagements involve judgments and interpretations of assurance practitioners, and are subject to high audit risks (O'Dwyer, 2011; O'Dwyer and Owen, 2005). Thus, there is a need to control the quality of the development of the service and of assurance opinions. This is where the review process and the risk quality team can play an important role.

All assurance providers have this review process in place to check every stage of an assurance engagement from beginning to end. The review processes might be different across providers

depending on the firms' policies; however, the main objective of the review is to control the quality of the assurance engagement.

"We have so many different levels of review. We have an independent partner review. We have an independent team review from a team that's outside our team completely... And then we have a practice review every year where any engagement can be picked, checked that we've done the right things. So it's pretty robust quality procedure." (Director, A1)

"It's a 'Quality Concurring Evaluation Partner'. But essentially, it's a review... at the final stage where you're concluding about what your opinion would look like, you engage the concurring partner to talk about your approach, findings, or what your conclusions were and for him or her to either agree with what you've done or challenge you accordingly" (Partner, D1)

"Prior to the assurance statements being issued, there's a 'formal technical review'. Now there are only a few people who are coded as technical reviewers." (Corporate Responsibility Technical Manager, Y1)

For some assurance providers, different levels of reviews are involved in the assurance process. This could range from a review by senior team members who are a part of that engagement, to independent reviewers that do not take part in the engagement.

"You know when you join you have to do mandatory training on financial audit, which is interesting. But it does teach you to deal with everything properly. All those things that come from financial audit are important; keeping track of engagement, filling appropriate documentation, making sure we are independent. They are all very important. And I think that's, again this is just for me, potentially one of the reason why people would like to come to an accounting firm because they know that we are contracted in kind of carrying out those standards internally. It's just kind of what we do. That's very much kind of what you learn when you first get here. And then we have standards that we need to follow internally that we learn as we go on the job." (Executive, B1)

Even though the manager of this AAP does not have financial audit background, she had similar fundamental trainings when she joined the AAP. Thus, she strongly perceives that procedures from financial audit, including the review process, are important to conduct SA engagement. This review system is more deeply embedded in AAPs because their review procedures for SA engagements is inherited from that of their financial audit services, which have been subject to much change and regulation with regards to measures to enhance the quality of service provision.

As the internal review process is taken to ensure the quality of assurance opinion or of the final assurance engagement, it is interesting to see how the review process influences the construction of the final deliverables of the assurance process. There are assurance providers who insisted that the review process actually affects the statement.

“Each part of that process you get feedback, and you have to integrate it, or else the project won’t go any further. And it’s a painful intrusive process because everyone has comments. You know, sometimes we have to gather further evidence. Sometimes we have to make changes to an assurance opinion. So it can really change things at the last minute. But it’s a good process” (Director, A1)

The comments from the review process could lead to either more evidence collection or the issuing of a qualified opinion. There is also an assurance provider which said that it is not often that something is found during the review. However, the most critical case could be that the reviewers discover something that has not been checked.

“So the most critical case would be when technical review identifies something that was not checked. This was happening quite recently with one of the case. And then we had to go back to the client. And this was captured by the internal technical review process.” (Business Unit Manager, W1)

Besides the review procedures that enhance the quality of the assurance engagement, the majority of assurance providers also have a department called the risk quality team. This department is responsible for making sure that the firm’s risk exposure from the service developed and from the public opinion issued are in line with the firm’s risk appetite. If there are issues that the engagement team cannot internally agree, especially legal or compliance issues, they usually consult with this risk quality department. For some engagements, the risk quality team takes part in the review process. Their words and opinions are final because they base their opinions on the firm-wide policy and risk tolerance level.

The review processes and the risk quality teams that SA providers embed in their firms help alleviate operational tension that could occur due to disagreement among members in such multi-disciplinary teams. These functions are the internal networks of support that facilitate the development and operationalisations of SA services.

7.4.2 Customising sustainability assurance engagements

As argued earlier, non-human actors play an important role in SA practice development (i.e. the translation process). Non-human actors in networks of SA facilitate the operationalisation of SA practice by transforming vague concepts underlying the practice into more defined ones. Materiality is also one of the non-human actors that influences and facilitates further operationalisation and customisation of the SA practice. Materiality assessment in a firm's assurance methodology, as a non-human actor, helps define the scope, level, and data collection procedures of the assurance engagement. In other words, the concept of materiality is utilised as networks of support by SA providers, and also by other actors, to conceptualise what is relevant sustainability-related information that they need to include in the scope of a particular assurance engagement.

As mentioned in the last chapter regarding the negotiation of the scope of an assurance engagement, scope setting is quite flexible, based on the negotiations and identification of material issues by all actors. Thus, materiality assessment shows “joint efforts” (SA Business Manager, X1) between SA providers and reporting organisations, and among individual assurance practitioners, to define what sustainability means in a particular engagement.

“[Materiality assessment] can be judgmental. But, we have kind of collective decision. We have the structure of the team we have one technical director, which is the most experienced person. We have principle assurers, senior assurers, assurers, and assistants. At least one is at the level of technical consultant or technical assurer director, and the principle. So they make the decision collectively.” (Business Unit Manager, W1)

This illustrates the role of non-human actors (i.e. materiality assessment) as facilitators in the local customisation of what ‘sustainability’ (i.e. boundary objects) means in a particular case to enable SA providers to collaborate with reporting organisations and reach consensus among themselves (Star, 2010). Also, although materiality assessment can sometimes be judgmental, it simplifies the process of scoping and data collection planning for SA engagements.

“[Materiality assessment] is very easy and I think in the past a lot of reports have just been almost a brain dump of information rather than focusing on what is relevant to stakeholders... When we produce our sampling plan with the process ‘a strategic assessment and risk analysis’, we look at how material they maybe, what level of

assurance and materiality we're applying. And we produce the verification plan or sampling plan." (Corporate Responsibility Technical Manager, Y1)

A firm's materiality assessment and assurance procedure support how a SA provider sets the scope of their data collection (e.g. how many or which sites to look at). They reduce the complexity of SA as a practice by simplifying the assurance procedures based on the materiality assessment. Also, reporting guideline GRI G4 emphasises the materiality assessment process in addition to the list of sustainability issues that companies need to report on.

"GRI is still prescriptive. It does allow you now to use materiality to focus down. But it still starts on the big prescriptive list that you can pick up some of it. Whereas what I think clients want to say is actually, 'I don't want a big list'. They want to talk about these things that I think are important." (Manager, D2)

Materiality assessment, as a non-human actor in the network, plays an important role in supporting the operationalisation of SA, and also influences the way actors manage the related boundary objects. For example, without materiality assessment, it is not possible to define sustainability issues for the sake of reporting. SA providers and reporting organisations can justify what are material issues for particular engagements with the support of materiality assessment.

This section discusses the important influences from non-human elements on the development of SA practice, and how they help create stability of the practice at firm level. The heterogeneity of the use of non-human actors by different assurance providers has been discussed. The next section provides examples of such distinctions, and further discusses why one type of SA provider is more successful (or has become more successful) than the other.

7.5 Discussion

The aim of translation is to create (temporary) stabilisation. If the translations are successful and what is translated becomes a black box, this means the network is less reversible and more convergent. In such circumstances, the phenomenon or the network activities can be predictable and explainable by variables. However, if the translation is not successful, the network becomes divergent and reversible. The evidence presented shows that SA practice is not yet stabilised because the practice is still developing through continuing translations. Activities, actors, and

translations which happen as a part of practice development are diverse and cannot be precisely predicted.

The interview evidence shows contrasting findings with respect to previous work stating that there is discomfort among SA team members in multi-disciplinary teams (O'Dwyer, 2011). From the interviews, SA providers do not show any discomfort or disagreement occurring among SA team members. Non-human actors, such as firms' methodologies and intra-firm policies, play an important role in influencing the stabilisation of the practice at the firm level. Although, at the field level, SA is not homogenous and is still evolving due to different understandings of the practice and its fundamentals (as discussed in previous chapter), the practice at the firm level is fairly stable. One of the reasons for this is because the management and interpretation of boundary objects (i.e. sustainability and assurance) are more firmly constructed and shaped by the local context, and by SA providers' interactions with non-human actors. This shows the development of the practice in such a way that the progression of homogeneity of the practice is enhanced at the firm level compared to previous literature (O'Dwyer et al., 2011; O'Dwyer, 2011). At the firm level, the practice and interpretations of practice have become more stabilised.

Although the stabilisation of the practice seems to develop at the firm level, there are differences in how different SA providers conduct the assurance. Thus, they need to compete with each other to promote their services that relate to the assurance practice. Both AAPs and NAAPs translate the practice and interact with other actors to persuade those actors, especially reporting organisations, to choose their service over others. In order to compete with other assurance providers (from a different or the same professional background), SA providers need to battle for the right of interpretation (Ählström and Egels-Zandén, 2008). This means they need to translate and represent the voices of other actors. This could be applied to the enrolled actors and also to their competing networks. They use tactics, including destabilising competing networks, empowering supporting networks and allies, or cooperation with them.

The differences between AAPs and NAAPs include how they conceptualise and place emphasis on different parts (or different boundary objects) of SA practice. AAPs tend to have a wider conceptualisation of sustainability. They offer SA services that include a wider variety of sustainability-related issues, while the conceptualisation of NAAPs is concentrated on environmental issues. In terms of the emphasis on skills needed for conducting the assurance,

AAPs tend to focus more on the assurance skills than on expertise in specific subject matter. This is opposite to NAAPs, one of whose strengths is their expertise in specific subject matters. These factors could affect how they conduct the assurance (e.g. how they set the scope of an assurance engagement, and the assurance standard used). Also, these different conceptualisations can determine how providers position themselves in the SA field, and in turn affect their levels of presence in the field.

This extends the findings and discussion from the previous chapter regarding 'sustainability' and 'assurance' as boundary objects, and how the understanding and localising of those objects shapes the development of SA practice by SA providers. More specifically, the extant variation in the contextualisation of SA practice appears to be driven by SA providers' differing conceptualisations of what those objects mean, and what they should represent in the context of a given SA engagement. The differences between SA providers could be explained by their management and understanding of boundary objects.

The variation in practice may be driven by the varying emphases and detailing of issues relating to the two boundary objects (i.e. sustainability and assurance) in the context of different provider types. As shown in the interview evidence, accounting and non-accounting professional backgrounds conceptualise (and localise) both boundary objects to construct and develop the SA practice; however their conceptualisation of and emphasis on those objects are different. AAPs seem to base their SA practice development on 'assurance', and incorporate 'sustainability' on that basis, while NAAPs seem to base the development more on 'sustainability'. This means the majority of AAPs require their SA practitioners to have assurance qualification(s) from the accounting profession. The qualifications make the practitioners aware of codes of ethics, including independence of SA providers. AAPs tend to conceptualise 'assurance' in a wider context compared to NAAPs. As NAAPs focus more on the 'sustainability' part of the practice, they seem to conceptualise the boundary objects based on their core services, which are based around environmental consultancy services. So their conceptualisation of 'sustainability' seems to be restricted to environmental issues, which are the areas in which they promote their expertise. When compared to AAPs, NAAPs have a narrower conceptualisation of sustainability. In addition, AAPs have attached their conceptualisation of 'assurance' to the financial audit practice, which is highly stabilised and standardised. This enhances the credibility of their assurance procedures.

Thus, AAPs create a wider scope for their jurisdiction over SA practice and for their expertise as perceived by other actors.

AAPs are better at destabilising competing networks by strengthening their claims and weakening others. They legitimise their claims of expertise by emphasising the weakness of others. AAPs claim that their assurance procedures and quality control mechanisms, as a profession, can provide more robust procedures. As mentioned earlier that, in some cases, reporting organisations use a stakeholders' panel as their assurance providers instead of firms that provide this kind of service (Andon et al., 2015). This could be an obstacle for AAPs to claim their practice space, as some large reporting organisations start to use alternative assurance providers. However, an AAP expressed a perception regarding the emergence of stakeholders' panels that the panel has another role, but might not possess the essential assurance skills that the practitioners from the professional group have.

NAAPs, as discussed, also state that their expertise on subject matters is their strength compared to AAPs. However, they accept the differences between themselves and AAPs, but they provide fewer statements to weaken the claims of AAPs and just accept the differences that they "compete on that level with the line of [other NAAPs] because [AAPs] come from another perspective" (Business Unit Manager, W1). This makes it prominent in the interviews that NAAPs are aware of their weaknesses (e.g. lack of financial expertise), and try to overcome such weaknesses by collaborating with other firms by outsourcing as mentioned earlier.

This subcontracting and outsourcing has become more important for NAAPs when it comes to providing SA for reporting organisations operating in financial sectors. Sometimes, they have lost clients because they could not demonstrate enough understanding of the industry, as they had not have worked with clients in the industry before. This is a common case especially for the clients operating in financial sector. In addition, the collaboration with subcontractors is needed as integrated reporting and assurance practice is more adopted by reporting organisations.

In addition to destabilising competitors' claims and strengthening the networks of their allies, SA providers also cooperate with competing networks. For example, the accounting profession permits NAAPs to use accounting standards for SA engagements. This cooperation mobilises the accounting assurance methodology to penetrate the network of SA practice constructed by

NAAPs. Also, this helps solidify their claims that assurance standards from the accounting profession are more robust. This provides a useful perspective for investigating perceptions of and relationship between AAPs and NAAPs in SA space. Competition might not always be the answer for dealing with competitive networks; however, collaboration might work as well.

AAPs seem win the inter-professional competition because they have attached their claims of expertise to perceived problems. Gendron et al. (2007) asserts that accountants are better than other experts in inter-professional competitions because they manage to attach their claims of expertise to the discourses in the case of the public management reform arena. Similar to the context of SA practice, inter-professional competition happens between accountants and non-accounting experts, who are trying to make claims about their expertise and legitimise themselves as legitimate assurance providers. The networks (i.e. relations with other actors) constructed by AAPs reflect high irreversibility. This means their translations persist against the assaults by competing translations or competing professions. NAAPs do not succeed in making audiences aware of the limitations or weaknesses of their competitors via their translations (Gendron and Barrett, 2004); therefore, their market share in SA practice has been decreasing.

The findings reveal that AAPs create and develop stronger networks of support and better manage the relevant boundary objects to make themselves more successful (or become more successful) in the SA space. The reason is that they attach their claims of expertise to perceived problems, and link them to more established / institutionalised networks (Gendron et al., 2007). They do not only construct such networks of support to strengthen their claims of expertise and build a body of knowledge, but also to decrease operational tensions and increase persuasive arguments to beat competing networks. Despite the attempts of some providers to try to assimilate their SA practice to larger assurance providers, knowledge of the procedures is not distributed equally among every assurance provider (Berger and Luckmann, 1967). This, therefore, makes each assurance provider negotiate and communicate their role as an assurance provider slightly differently, and try to highlight the specialisation embedded in their SA service.

If one aims to standardise SA practice, there is a need to manage and (re)conceptualise relevant boundary objects, especially the 'assurance', to harmonise how different assurance providers think about the practice. Unlike the concept of sustainability, which could be applied differently to differently organisations, the concept of assurance should be more or less the same for the sake of

comparison and of decreasing the expectation gap among the users of sustainability reports. SA providers would aim to create a degree of alignment and co-ordination because every actor in the network would understand each other, even though they speak different languages. AAPs create convergence through translation so that they can identify and mobilise their skills within the networks without costly adaptation, and their status as SA providers is becoming well-accepted and less in doubt.

7.6 Summary and conclusions

The previous chapter presents evidence for why there are variations in SA practice. This chapter continues the discussion and presents the evidence to show why such variation occurs due to heterogeneity of SA providers. Non-human actors play an important role in facilitating the homogeneity of SA practice, especially at the firm level. Even though the practice is more homogenous at the firm level, because less discomfort among SA team members is shown by the interviews, the variation in the practice is still prominent across individual assurance providers. The heterogeneity at the field level occurs due to different interpretations of the practice, risk appetite, firms' resources, and service differentiation.

AAPs and NAAPs have different ways and strategies to support their claims of expertise and their development of SA practice. AAPs focus on the assurance side of the practice more than NAAPs. AAPs place emphasis on the credibility and robustness of their assurance methodologies and assurance standards. NAAPs focus more on subject matter expertise. These are reflected by their understandings of what SA practice is, the skills and qualifications required of SA practitioners, and their preferred assurance standards. To be successful in this inter-professional competition and to promote their presence in the field, each type of SA provider needs to empower their allies and destabilise competing networks. In addition, they might need to cooperate with competing networks to make their claims stronger. AAPs, from the evidence, are more successful in their translations to enter and influence the development of the SA practice because they manage to highlight the connections between the highly institutionalised accounting profession and the emerging practice space of SA. Although AAPs are struggling to claim this practice space (Andon et al., 2015), they have been gaining more market share as SA providers of large reporting organisations.

CHAPTER 8: REFLECTIONS AND CONCLUSIONS

8.0 Introduction

This final chapter of the thesis summarises the empirical evidence presented in Chapters 5-7, and provides a reflections on the study and its contributions. This study seeks to extend the research literature on SA practice by adding new theoretical and empirical insights to the understanding of the development of SA practice and the SA process. Instead of focusing only on the final products of the process (i.e. SA statements), the study examines how SA providers interpret and assign meanings to SA practice and how those meanings are communicated and translated through their conduct of the assurance. It also highlights the importance of relations and interactions between SA providers and other actors. Tracing the interpretations of the practice and its relations, in turn, facilitates the understanding of the development of the practice itself and the key dynamics that drive it.

From the literature review and the overview of trends in SA practice presented in Chapter 2, together with the exploration of methodology used in SA studies in Chapter 4, it is found that the majority of SA studies have used content analysis of SA statements to draw conclusions about the nature of the practice and the differences between different assurance providers. Although these studies identify general characteristics of SA practice from the elements included in the statements, they provide limited insights about aspects of practice that involve significant judgement and interpretation, and about how such judgement and interpretation affect the practice and the formation of SA statements. This thesis aims to take a holistic approach to understand practice from the perspective of SA providers. The main research questions of the study are as follows:

Research question 1: How do SA practitioners understand the purpose of the assurance practice and their roles as assurance providers?

Research question 2: How do SA providers' perceptions (of the purpose of the practice and their roles) affect the process of delivering SA?

Research question 3: How do SA providers develop and promote SA services, and establish their presence in this field?

From the research objectives and research questions, as presented in Sections 1.2 and Section 1.3, the theoretical framework based on the ANT perspective is considered suitable to address the relations and negotiations between different actors involved in the SA process. ANT highlights the influence of both human (social) and non-human (technological) actors in the development of practice, and on the alignments of different actors' interests. The qualitative research approach is chosen to explore the practice, with the interviews as the main data collection method. The main groups of interviewees are SA providers, both accounting and non-accounting firms, in the UK. Other interviewees include institutional investors, a reporting organisation and a professional body. These interviews are used to supplement and to triangulate the evidence provided by SA providers. SA practice in the UK is relatively advanced compared to other countries. Thus, the UK context is considered suitable to explore the development of the practice and the involvement of various actors. In addition to the interview evidence, textual data sources from the public domain are also used to support the analysis and interpretation offered.

This chapter is divided into a further six sections. Section 8.1 summarises the research findings. Section 8.2 reflects on the discussion from the empirical chapters. Section 8.3 discusses contributions and implications of this study. Section 8.4 notes the limitations of the study. Sections 8.5 and 8.6 finish the thesis by providing suggestions for future research and concluding remarks.

8.1 Summary of the findings

This section aims to summarise the research findings from the three empirical chapters, and provides additional discussion of the findings. The section highlights the findings of this study that SA practice is context dependent and socially constructed. The interactions and relations between actors involved in the SA process direct its development and the role of the SA providers.

In chapter 5, the textual data sources are used together with interview evidence to address the strategies used by SA providers to persuade other actors to engage with SA practice, and to construct their roles and identities as SA providers. Identities of SA providers and the concept of SA are still evolving and are still being negotiated between SA providers and related actors. Thus, the identities of assurance providers are not stable and commonly agreed. SA providers construct their roles and identities through the texts that they communicate and circulate. They can widely project their identities to other audiences when they inscribe and assign their identities within texts (Gao, 2005) (such texts which serve as communicative devices are referred to as inscriptions

in the ANT literature). Besides, the inscriptions are also used to stimulate demand and to promote their expertise in assurance.

The perceived roles and identities of SA providers reflect their attempts to establish their presence in the assurance market by communicating different roles to different groups of actors. The findings of this chapter reveal that SA providers can have different roles and identities based on the interests and needs of different actors that they communicate and interact with. This is important because the different roles that assurance providers play (or are perceived to play) reflect how they serve and are responsible for different stakeholders (Power and Terziovski, 2007). The roles communicated by SA providers reflect both their role as an independent assurance provider and also as a “critical friend” to reporting organisation to help them along their journey of sustainability development and SA reporting. However, the overlap between assurance and consulting roles in this non-financial assurance area can impair their independence and the trust in the assurance practice (Philip, 2003).

In Chapter 6, the meanings of SA in practice are introduced by the evidence of how SA providers operationalise SA practice and claim their practice space. SA providers translate the practice and interact with other actors so that they can pursue SA engagements. The findings illustrate how SA providers’ understandings of ‘sustainability’ and ‘assurance’ affect their professional judgements and negotiations with other actors in the assurance process. This is evidenced by the interpretations and tailoring of ‘sustainability’ and ‘assurance’ by SA providers to meet the specific assurance engagements and needs of different actors. The findings reveal a spectrum encompassing how these terms can be conceptualised, as well as possible types of SA engagements stemming from such different conceptualisations.

Different conceptions of ‘sustainability’ and ‘assurance’ affect how the assurance engagement is structured in terms of its scope, level, stakeholder engagement, and the final deliverables from the engagement. Different SA providers have different perceptions of the reality of what SA engagements should look like. This is evident from their attempts to balance the discourses around the two concepts. For example, in the case of the sustainability discourse, as the world becomes more complex, sustainability can mean whatever a SA provider would like it to mean, in order to enhance their promotion of their SA services and to meet clients’ needs and requirements. Moreover, the meaning and requirements of assurance in the SA context could be

different from that of assurance in the financial context. This shows that SA providers are experimenting with the conceptualisation in relation to their attempts to construct the practice space. This experimentation could shape the meaning of sustainability, the SA practice, and the role of SA providers as perceived by other actors. If these concepts and practices pass the test, they become a fact that all actors conform to.

SA practice is still evolving and developing. Some underlying concepts and practices are in the process of being tested and experimented with. All translation attempts by SA providers help them create the reality of what SA practice looks like. For different providers, the assurance practice might not be homogenous. This is important because it addresses the nature and perceived limitations of SA practice that may be affecting the interpretation assigned to the concept of sustainability by SA providers and reporting organisations (O'Dwyer, 2011).

The chapter also highlights possible tensions that could occur regarding the tailoring of these concepts to match different needs. Non-human elements, such as a firm's policy and assurance standards, could influence such judgements and alleviate tensions occurring due to different judgements throughout the assurance process. SA providers try to create the 'reality' of what SA practice should look like, depending on how they translate different actors' interests and develop their perceived roles as SA providers. Also, this reality creation could mean that the providers exploit flexibility in the meanings of 'sustainability' and 'assurance', and what 'sustainability assurance' should be, in order to make what they do more relevant to the needs of possible clients and other groups of stakeholders. This shows how SA providers interpret SA in a way that creates collaboration from other actors to support their assurance services. The ambiguity of the practice and what it should look like could lead to the greater promotion of related assurance activities. However, the exploitation of such ambiguity in the practice could lead to the misunderstanding of the purpose of the practice and the roles of SA providers.

In Chapter 7, the discussion mainly focuses on stabilisation of SA practice by looking at the field (or practice) level and the firm level. The observation of stabilisation of the practice at both levels is done by the comparison between different types of assurance providers. The discussion of the differences between SA providers is based mainly on their professional backgrounds (i.e. accounting or non-accounting). Also, the observation explores the dynamic within each group of assurance providers. One of the key issues addressed in this chapter is the question of whether

there has been stabilisation in SA providers' interpretations of practice. This finding shows that stabilisation seems to have occurred at the firm level but not at the practice level.

This is evidenced by the fact that SA providers from the interviews do not show any discomfort or disagreement occurring among SA team members as strongly argued by findings with respect to previous work stating that there is discomfort among SA team members in multi-disciplinary teams (O'Dwyer, 2011). This shows the role of non-human actors, such as firms' methodologies and intra-firm policies, which influence the stabilisation and development of the practice at the firm level. However, at the field level, SA is not homogenous and is still evolving due to different understandings of the practice and its fundamental concepts.

Although homogeneity of SA at the practice level is not yet achieved, the evidence reveals that SA practice is fairly stabilised at the firm level because of the interactions between SA providers and non-human actors. Non-human actors, such as assurance standards and firm policy, play important roles in alleviating tension during the SA process, and in customising SA engagements to match with different interpretations and interests. The discussion in Chapter 7 highlights that individual assurance providers of each type are not homogenous as assumed by previous studies comparing types of SA providers (see Perego and Kolk, 2012; Pflugrath et al., 2011; Perego, 2009). Also, conflicts and disagreement within a multi-disciplinary team in a firm providing SA service, which were found by O'Dwyer (2011), are not visible from the interviews. This could reflect the development of SA practice, and may add evidence and greater understanding about why different AAPs and NAAPs have different degrees of success in the SA market.

The findings also highlight that AAPs are more successful in claiming a greater share of the SA market than NAAPs because the core of their SA practice is 'assurance', meaning that they focus more on assurance skills, which are promoted as crucial for the conduct of SA. Moreover, AAPs interpret 'sustainability' more loosely so that they can expand the subject matters relating to sustainability into different areas. In addition, they have attached themselves to the more institutionalised network of financial audit, which in turn adds greater credibility to them as SA providers. Although the claim of AAPs over SA practice is still debatable (Andon et al., 2015), they have been gaining more market share as the SA providers of large reporting organisations.

The findings reveal the processes through which SA providers strive to socialise practitioners performing this form of assurance and the impact these socialisation processes may have on practitioners' professional work, especially the formation of their perceptions of assessing sustainability-related data (O'Dwyer, 2011). For AAPs it is apparent that the effects of financial auditing have a strong influence over the development of SA practice and its procedural basis (O'Dwyer, 2011). However, the evidence reveals that AAPs themselves are not homogenous in terms of how they see the assurance practice, although their conduct of SA engagements is influenced by financial audit practice. Also, the findings significantly add to our knowledge of the nature of governance within these SA providers (Gendron and Spira, 2009), by highlighting the roles of non-human actors such as materiality assessments and internal review processes that shape the assurance practice.

Throughout the empirical chapters, the notion of translation from ANT has been used to make sense of SA providers' understandings and interpretations of the practice, and how they interact and negotiate with other actors with such understandings and interpretations. ANT provides different perspectives for the study of SA practice by highlighting the importance of fundamental concepts underlying the practice and "opens up the analytical frame to include both the human and the non-human and their intermeshing" (Barter and Bebbington, 2012, p.44). Thus, ANT can be a suitable approach and provides a suitable framework to reflect the interactions between humans and non-humans around the development and stabilisation of SA statements and SA practice. It offers a mode of examination which treats these types of actors equally in terms of their influence on the establishment of the stability (or instability) of particular rules influencing the practice (Cooper and Robson, 2006). It helps bring out fundamental terms (i.e. 'sustainability' and 'assurance') forming the core of what SA practice is and what it means to be SA providers. ANT reinforces the usefulness of the understanding of 'sustainability' and 'assurance', so that the assurance practice and those who are involved in its development are challenged about the purpose of the practice. The understanding of these concepts and the variation challenges the argument that assurance practice is perceived to be a legitimisation device for organisational behaviours than support decision making (Power, 2003). It shows that some SA engagements can also be tools to promote sustainability development and education, especially for reporting organisations.

Following from the discussion of the findings in this section, the next section presents reflections on these findings. These reflections include the identification of actors involved in the SA practice, and the variation in the roles of assurance providers and SA engagements.

8.2 Reflections on the findings

This section provides reflections on the empirical findings from this study, and extends the discussion of the three empirical chapters. It is divided into two subsections. The first subsection provides the network mapping of actors involved in the development of SA. In other words, it provides *ex post* actor identification and association mapping from this study. The identification of the actors potentially reveals their importance and their influence on decision making in the assurance process, which affects the development of the practice and the construction of SA statements. The second subsection reflects on the variations in the conduct of SA practice. It provides suggestions for categorising these variations, and matches the perceived roles of SA providers with the categories of SA engagements.

8.2.1 Actors in the network of sustainability assurance engagements

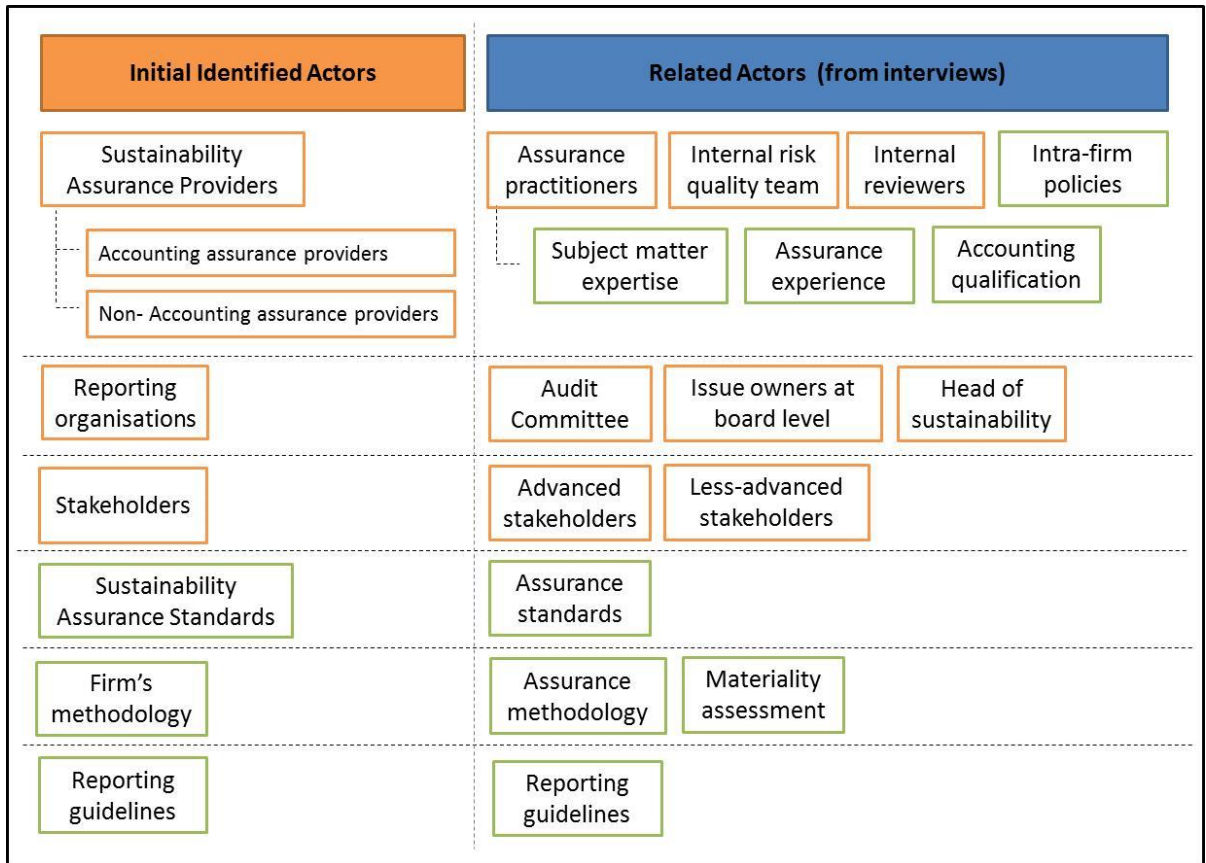
Identifying actors involved in SA practice is important because it facilitates the understanding and making sense of the practice variations. Prior studies in the SA field, especially ones employing quantitative content analysis and statistical analysis of SA statements, have largely treated some actors in the assurance process as latent, because those actors are not visible from the mere observation of SA statements. The identification of relevant actors in this study includes both human and non-human actors. This provides a guideline for future research to explore this practice by focusing on these identified actors, which might not be evident in prior literature. The identification and classification of actors or actants depends on the empirical evidence and what is found in the field. The identification of all actors involved in the networks was introduced in Chapter 3. These actors are identified from the review of relevant literature. This section provides reflections on actor identifications as a result of the field work. Using ANT and a qualitative approach facilitates the process of tracing the influences of latent actors on the practice. This identification of more actors involved in the network of SA engagement could inspire future research on particular issues or factors that influence the development of the assurance practice.

The evidence shows that the networks of SA engagements of different assurance providers have similar elements or similar actors. Prior to the field work, the main actors in the SA network are identified from previous literature and publicly-available information. These include SA providers (both AAPs, and NAAPs), reporting organisations, stakeholders, assurance standards, firms' methodologies, and reporting guidelines (see Section 3.4).

Also, by using Callon and Latour's (1981) definition of actor as any element that makes other elements dependent upon itself and translates their wills into a language of its own, this means an actor is any element that influences others and the shapes of the networks that are developed. From the interviews, there are additional actors that play important roles in the network and influence network construction. These actors are (latent) parts of the main actors that are mentioned and focused on by the existing literature. This means, for example, that SA providers are assumed to be black boxes or punctualised actors, or they are categorised based on their profession, and their homogeneity is assumed based on such criteria.

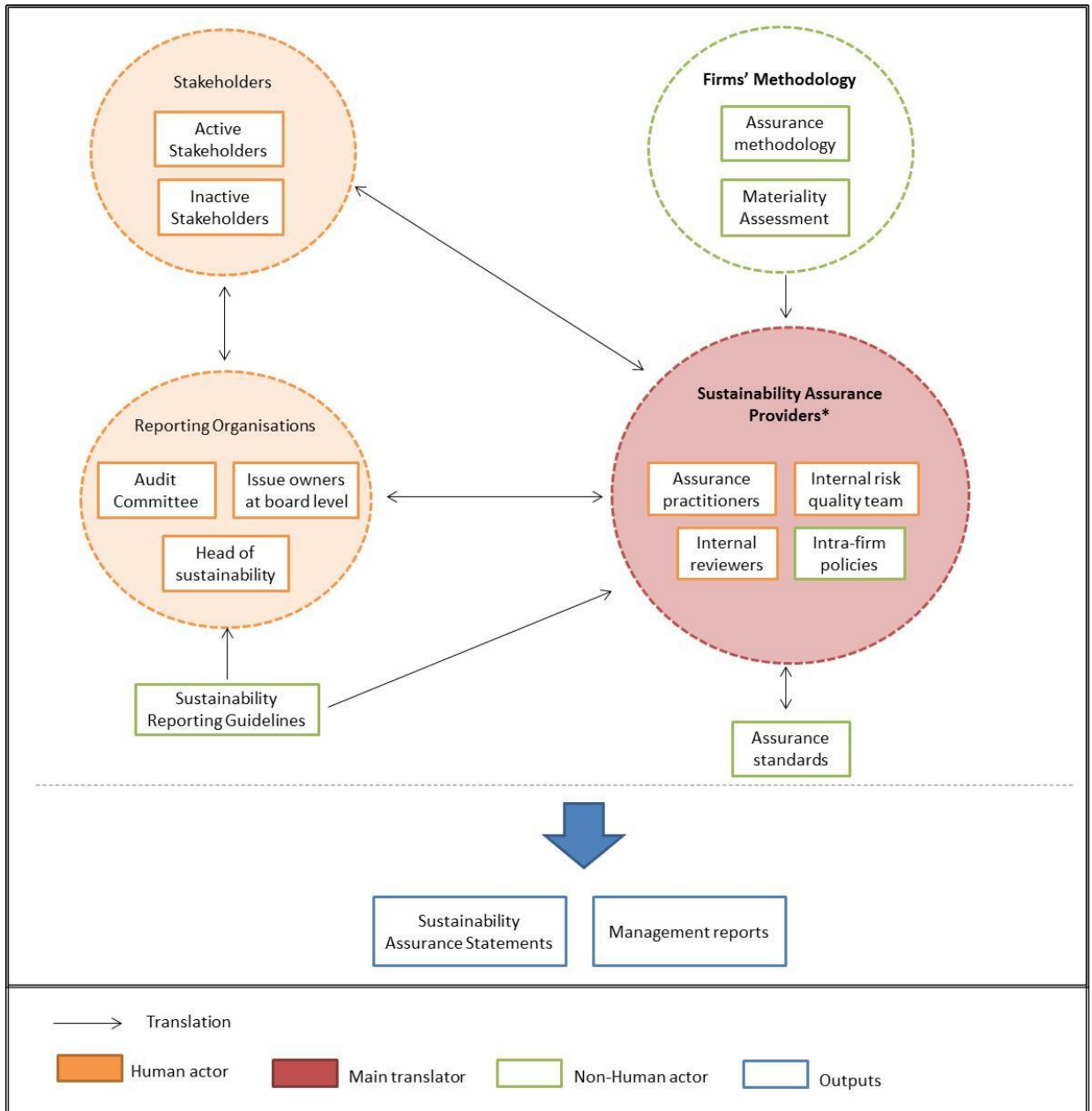
However, the interviews show that even AAPs are not homogenous in terms of their perception about the practice and their requirements for their team members to have accounting qualifications. Thus, the latent actors behind SA providers (i.e. AAPs and NAAPs) can be subdivided according to subject matter expertise, assurance experience, and accounting qualification. These three actors could influence how the assurance is conducted and the development of the assurance. This provides new insights and a new categorisation of SA providers, as previous studies assume the homogeneity of SA providers, possessing the same professional backgrounds (e.g. Perego and Kolk, 2012; Pflugrath et al., 2011; Perego, 2009). Figure 8.1 shows the initial identified actors and a more nuanced categorisation of actors developed in the course of field work.

Figure 8.1: Identified actors in the network of SA engagement.



From the identified actors in Figure 8.1, the relationships and negotiations between actors can be represented so that the influences of different actors on network development can be seen (Figure 8.2).

Figure 8.2: Relations and negotiations between actors in the network of SA engagement.



The orange boxes and circles indicate human actors, while the green ones indicate non-human actors. The large circles show that there are latent actors related to the initially identified actors that are visible in the interviews. The highlighted circles indicate actors who can make other actors' claims depend upon themselves (i.e. translate). Due to the focus this study, SA providers are treated as the main translator of the network, indicated by the red circle. The blue boxes in the diagram show the final products of the translation which are SA statements and management

reports. These final products or outputs act as representatives or spokespersons of the network because they represent, or are expected to represent, all the interests and efforts of actors in the network. The arrows in the diagram show the directions in which translations occur and the influences of actors over others (i.e.: Who is translator? And who (or what) is translated?). The actor that an arrow points to is the translator. Therefore, arrows between those actors who can translate others are bi-directional. For example, SA providers influence or translate reporting organisations, and vice versa.

The identification of actors from Figure 8.2 facilitates the understanding of the overall network by highlighting important actors and their relations with each other. This facilitates the understanding of the influence of these actors on the production of the SA engagements and discourses that could influence the development of the practice. Also, non-human actors, and sub-actors (e.g. audit committees in reporting organisations, or internal reviewers in SA providers) that have been latent actors influencing the development of the practice are made visible by actor identification from the use of the actor-network perspective. The inclusion of these latent actors in this study introduces new insights about the SA practice from their interactions with and influences on other actors, which reveal factors influencing the practice and its development (Barter and Bebbington, 2012). Using the actor-network perspective not only helps actor identification to provide an overview of the practice, but also facilitates further investigations in terms of future research on how the network of SA practice is developed and on the influence of particular actors on others, or on the development of the network. The following section provides a reflection on the empirical findings by showing variation in SA engagements resulting from different conceptualisations and understandings of the practice (i.e. translations).

8.2.2 Variety in sustainability assurance engagements

The fact that SA practice is not strictly regulated (in the sense that a variety of standards and guidelines is allowed) and that there is considerable variation in the SA providers' understandings of the practice itself and of their role as SA providers, lead to variability in both the types of engagements carried out and their outcomes (i.e. SA statements). This study not only accounts for, but also explains such variations by making sense of the different perceived roles of SA providers, based on their understandings of the nature of the SA practice, and proposes a typology of SA

engagements based on the SA providers' interpretations of the procedural basis of SA, as well as on their interpretations of the issues relating to sustainability itself.

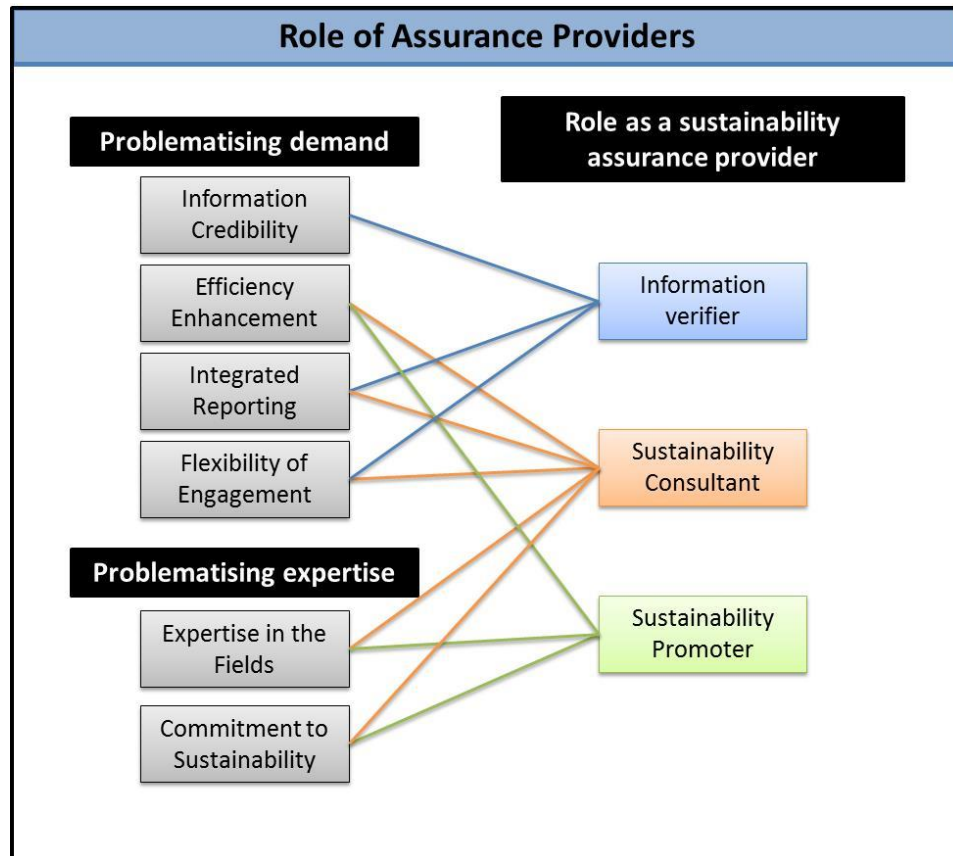
These findings show that the roles of SA providers can be observed from their communications with their clients and other audiences, and specifically, from how they introduce the importance of the practice (i.e. problematisation in ANT terms). The roles they present affect their degree of independence from the reporting organisations and how a SA engagement is constructed. The importance of the SA service communicated by the assurance providers can reflect how they position themselves in the SA process. From the findings, they try to raise awareness of the importance of various aspects of the SA practice so that their clients (i.e. reporting organisations) will engage in such practice. Also, the persuasion is aimed at reporting organisations' stakeholders who could indirectly influence such organisations to engage in the assurance practice. The following sections highlight the variations in SA providers' perceptions of their roles and different types of SA engagement based on such perceptions and interpretations of the procedural basis of SA practice.

Different perceived roles of SA providers

Since the assurance practice is largely voluntary, the translation of the importance of such services by the assurance providers can vary so that they can capture the interest of a number of other actors. Referring to Chapter 5, SA providers use several cases, or problematisation strategies, to introduce the importance of SA services by stimulating demand for the service and raising their perceived expertise as SA providers. The findings also facilitate the categorisation of the providers' roles into three main categories – reporting consultant, information verifier, and sustainability promoter.

Figure 8.3 shows potential matches of problematisation strategies with roles as SA providers. The roles are not exclusive, meaning that for a particular SA engagement, the provider can have more than one role. However, the emphasis on each role might not be equal for a particular engagement.

Figure 8.3: Roles of sustainability assurance providers.



One of the main problematisation strategies used by assurance providers relates to enhancing the credibility of reported information. In this case, they may act merely as a verifier of sustainability-related information. The idea of SA practice here is considered as similar to the idea of its financial assurance counterpart. SA providers would hold their role as an assurer to provide a verification service on an arm’s length basis. This means they would be involved in the sustainability reporting process merely as a verifier of the accuracy of the information presented and would not participate in any activity relating to sustainability report preparation.

SA providers can provide an assurance service that goes beyond performing verification of the accuracy of information. Another role of SA providers is to act as a consultant for the reporting organisations in the sustainability reporting process. The consulting role is reflected through various problematisation strategies. The multiple problematisation strategies matched with this role also reflect the consulting nature of the practice. The providers not only provide information verification services to their clients, but also suggest how they can improve their sustainability-

related performance and sustainability reporting. In this case, the assurance engagement, to some extent, serves the interests of the reporting organisations, which might or might not be the same as those of their stakeholders.

The expected roles of SA providers are not merely verifiers of sustainability-related information or sustainability reporting consultants, but also promoters of sustainability. Some problematisation strategies show that SA providers advance themselves as promoters of sustainability because they (as an organisation) contribute to the sustainability of society and the planet.

Debate is ongoing regarding the degree of SA providers' involvement in the reporting process and the extent to which they can provide advice about and help with the preparation of sustainability reports. As discussed, the roles of SA providers and the concept of SA are still evolving. Thus, the roles of the providers and their levels of independence are not commonly understood and defined.

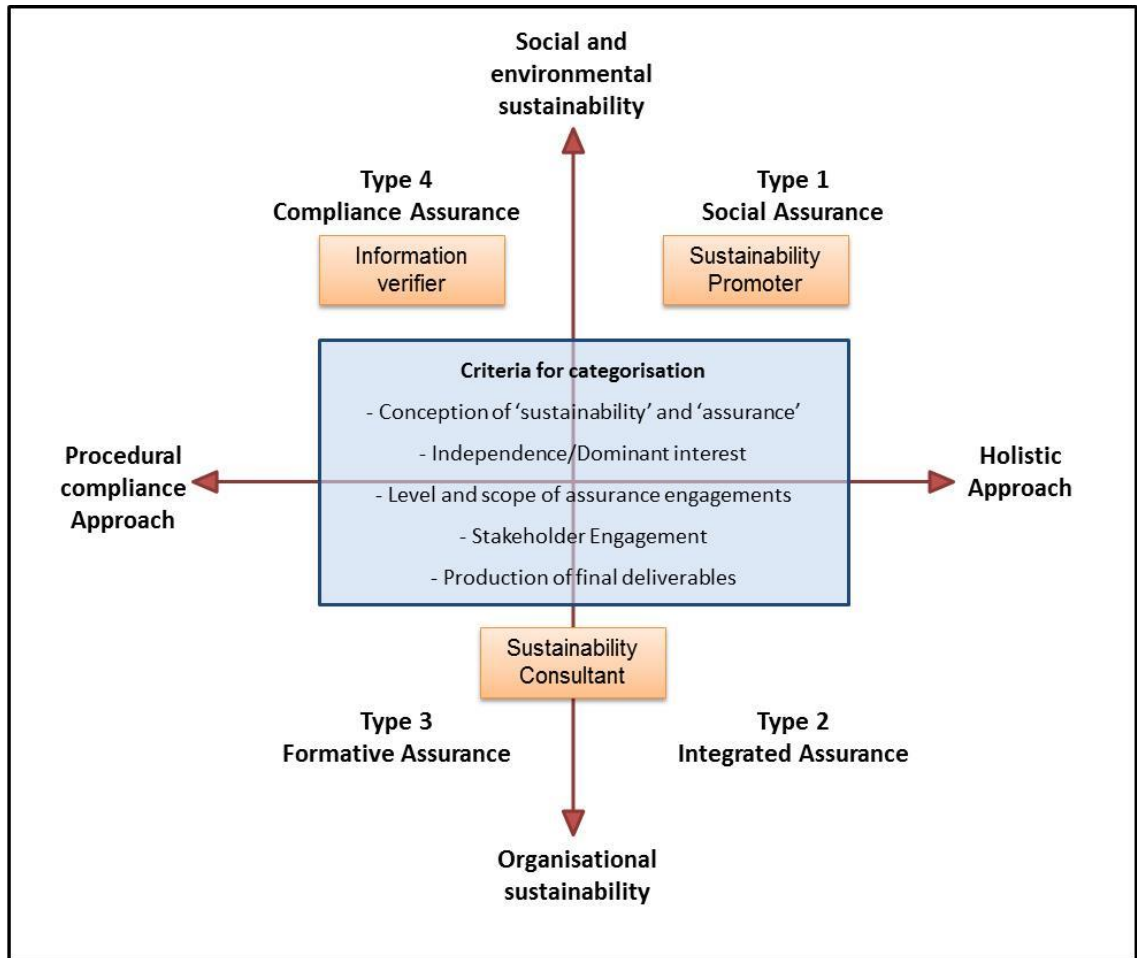
In financial audit practice, the independence of financial auditors is vital to the assurance process. The auditors are not allowed to participate in any activities regarding financial report preparation. The idea of SA is similar to financial auditing because it involves third party verification of presented information; therefore, the independence of the verifier or the assurer can be considered here. This independence issue is amplified when assurance providers offer flexibility in the scope of the assurance engagement, in that reporting organisations can selectively choose what information in their sustainability report is to be assured, so that the cost of the assurance service is matched with the benefits from the assurance.

From the roles of SA providers mentioned above, there is a spectrum of providers' independence with respect to the sustainability reporting process. The degree of independence of a SA provider is reflected through their communicated roles, because this shows how far they will go to remain independent as an assurer. This could also vary depending on the scope of assurance engagements and, therefore, an assurance provider can be more independent from the reporting organisation for some engagements than for others. The findings and the reflection on the role of SA providers can be linked to the discussion in Chapter 6 regarding the variations in SA engagements based on the conceptualisation of SA practice and the interactions and negotiations between SA providers and other actors.

Typology of SA engagements based on SA providers' interpretations

The diagram proposed in Chapter 6 shows the variations in SA engagements based on the understandings (or translations) of the notions of 'sustainability' and 'assurance' (see Figure 6.1 in Section 6.5). Sustainability can be perceived as the wider sustainability of the planet (i.e. social and environmental sustainability), or perceived as sustainability of reporting organisations. Meanwhile, the assurance conception ranges from practice that uses a holistic approach to assure data (e.g. materiality assessments, and internal control checks) to practice that is purely data oriented (e.g. agreed upon procedures, or specific datasets). Thus, the three roles can be linked to the metric as shown in Figure 8.4.

Figure 8.4: Sustainability assurance engagement category map with labels.



The proposed metric offers a way to categorise variation in SA engagements together with the role of assurance providers. This could contribute to debate on whether SA practice is for the sake of reporting organisations or wider stakeholders. Moreover, this could help categorise services that are collectively called ‘sustainability assurance’ into different services to avoid confusion and decrease the expectation gap. This proposed metric is not intended to suggest which type of SA providers or assurance engagements are better. However, it could provide a roadmap for reporting organisations to position themselves and work towards the category that they aspire to, and for other organisations or stakeholders to distinguish between different assurance engagements. Nevertheless, it requires more work to develop the precise criteria falling under each category.

Type 1 SA engagements are labelled as ‘social assurance’. The assurance provider for this type of engagement can be called a ‘sustainability promoter’. For this type of assurance engagement, sustainability is perceived broadly and concerns the sustainability of society and the environment. Therefore, the assurance practice under this type of engagement aims to serve the interests of all kinds of stakeholders, and requires a holistic view to set the scope of the assurance engagement. Thus, stakeholder panels and stakeholder consultation (i.e. direct engagement with stakeholders) are needed under this type of SA. The term ‘social’ for this type of SA engagement comes from the traditional social audit that highlights “the tensions between maximizing return on investment and not violating societal trust”, and “attempts to provide a mechanism for decision-makers to evaluate economic and social planning, facilitate popular involvement in economic decisions and identify social need as a primary criterion for resource allocation” (Owen et al., 2000, p.83). Thus, this type of assurance engagement places the highest emphasis on accountability and transparency of sustainability reporting and assurance when compare to the benefits of management. This type of assurance engagement can be matched with the role ‘sustainability promoter’ because SA providers and SA engagements mainly serve the interests of stakeholders to promote sustainability of society and the environment, rather than serving management interests. The role of SA providers for this type of engagement reflects the highest degree of SA providers’ independence and critical perspectives toward reporting organisations.

Type 2 SA engagements can be called ‘integrated assurance’. This type of assurance focuses on the interests of reporting organisations because the conception of sustainability is narrowed to the sustainability of organisations. Management interests, rather than those of society and the

environment, are more important and are used to make organisational decisions. However, the engagement aims at a holistic scope rather than a set of selected KPIs. Thus, considerations of holistic approaches for setting the scope, such as the triple bottom line approach or the six capitals approach from integrated reporting, are necessary for the assurance. The use of the term 'integrated' is not intended to indicate that this type of assurance engagement is only for integrated reporting. However, the term 'integrated' indicates a combination of individual elements, or KPIs, to set and form the scope of an assurance engagement.

Type 3 SA engagements can be called 'formative assurance'. This type of SA engagement focuses on specific KPIs that are agreed by reporting organisations and SA providers. This is the most flexible type of engagement compared to the others. It can be used to label assurance engagements for reporting organisations that are at the beginning stage of their sustainability reporting journey, in the same way that different SA providers can be commissioned by reporting organisations at different stages of reporting (Park and Brorson, 2005). In some cases, assurance providers participate in the planning stage of the reporting process, while in others, they go in when the draft of the sustainability report is ready. This type 3 assurance engagement is similar to 'pre-assurance' services or 'readiness assurance' services referred to by SA providers in the interviews. However, the terms 'pre-assurance' and 'readiness assurance' are not used here because these terms could blur the boundary between consultancy services and assurance services. Moreover, assurance opinions from those services are normally not disclosed to the public. Thus, the term 'formative' is used to show that this type of assurance engagement highlights the flexibility of the scope of assurance engagements to fit and serve management interests.

The role of assurance providers for type 2 and type 3 assurance engagements can be called 'sustainability consultant'. This does not necessarily mean that SA providers totally lack independence, and provide a consultancy service instead of an assurance service. The role of SA providers as 'sustainability consultants', however, focuses mainly on assurance engagements that highlight the interests of management more than those of wider stakeholders. This is in line with the interviews of SA providers who mention their role as a 'critical friend' to reporting organisations. This reflects a lower degree of independence compared to other types of engagement.

Finally, type 4 SA engagements can be called 'compliance assurance'. This type of SA engagement focuses on a specific set of data; however, it also aims to focus on the interests of stakeholders rather than of the management of the organisation. Standardised sets of criteria set by qualified organisations (e.g. ISO, or the Equator Principles) are needed to set the scope of the assurance engagement and define the interests of particular groups of stakeholders. Certification services provided by certified bodies can be placed in this category. The role of SA provider for this type of assurance engagement can be called 'information verifier'. SA providers perform the assurance according to the scope set by standardised reporting criteria serving the interests of specific stakeholder groups. Therefore, management has little influence on the scope of assurance engagements.

From the four types of SA engagements, it would be ideal if all SA engagements could lie within type 1. However, this might not be possible because of restrictions on resources. From the interviews, it is prominent that a majority of assurance engagements fall into types 3 and 4 assurance engagements. NAAPs tend to deliver more type 4 engagements as their main services are certification services, while AAPs tend to deliver more type 3 and type 4 engagements. All of the AAPs emphasise the importance of 'pre-assurance' services through which they can create an auditable environment for SA engagements (Power, 1996). Also, they highlight the importance of the use of materiality assessment to define the scope of a particular assurance engagement. This materiality assessment can be considered as one kind of holistic approach to assurance engagement. However, the process of materiality assessment needs to be developed so that it is robust and free from bias.

This typology of SA engagements, with the different roles of SA providers, is important in highlighting the different purposes of SA practice, comprising of various types of assurance engagements. This categorisation not only provides the evidence for variation in the practice, but also makes sense of such variation, according to the procedural basis of each SA engagement. As reporting organisations, stakeholders and other groups of users of assurance statements are not aware of this variation, future research could use this categorisation to explore the expectation gaps for different types of engagements. The categorisation metric presented in Figure 8.4 can also be used by reporting organisations and assurance practitioners to consider which type of SA engagement, and which assurance providers are suitable for a specific assurance engagement in terms of the stage of sustainability reporting, their resources, and the needs of stakeholders. From

the interview evidence, it is prominent that different conceptions of the practice can affect the choices and judgements made during the assurance process, and the conduct of the assurance. After proposing the differentiation of the types of SA engagements and the different roles of SA providers, the question regarding the standardisation of SA practice can be raised. Should SA practice be standardised or left customised as it is?

Standardisation of SA practice is still far-fetched and may be conceptually impossible because sustainability-related data is complex, unconnected and vague. The categorisation proposed could lead to the standardisation of the compliance type of assurance. However, the customisation of the SA engagement might be needed because reporting organisations operating in different industries have different expectations and are subject to different expectations from the relevant stakeholders.

Although it is difficult to standardise the practice as a whole, the processes underlying each type of assurance can possibly be standardised and systemised. For example, the process of stakeholder engagement, or the materiality assessment that are relevant to type 1 and type 2 of SA engagements can be made more robust by using standardised guidelines for such processes.

Homogeneity of the practice can be perceived as a process that depends on the establishment of networks of support around claims of assurance providers, and on how boundary objects are conceptualised and localised by the translators. The homogenisation of the practice is yet to be achieved because the assurance standards allow room for interpretations and judgements to be operationalised. Moreover, when compared to financial audit practice, the homogenisation of the practice across SA providers is more difficult to achieve as the market is not monopolised by any particular professional group. Although the Big4 firms have gained more share of the SA market (KPMG, 2013), the manipulation of the Big4 over the practice is not enough due to the fact that there are various types of SA providers in the market.

The stabilisation of the practice at the firm level shows that the development of the practice is influenced heavily by practical conduct and infrastructure (i.e. non-human actors), which evolve, not only by specific rules and standards, but also in the setting of the SA practice. SA practice is an area/practice in which the supply side of the practice has a significant influence on its development; consequently, the heterogeneity of the practice is reflected through the conduct of

SA and the perceptions of assurance providers about the practice. The issue here is whether it is good or bad that the practice is not homogenous. If it is homogenous and / or stabilised at the field level, we might be able to see the path of development of this practice as a shadow of the development of financial audit practice. However, the heterogeneity and loosely defined nature of SA practice could offer assurance providers the opportunity to experiment and be innovative in how auditing or assurance is operationalised. As everyday tasks and practice have directed the development of SA, instead of particular rules and standards, supply side innovations could influence the future of auditing and assurance in general.

8.3 Contributions and implications of the study

The findings of this study contribute to the research field of sustainability reporting (or social and environmental reporting) and the research field of non-financial assurance practice because this study looks at SA practice as a part of the development of sustainability reporting practice and as a part of professional service development. The majority of the existing literature on SA practice merely uses SA statements to make broad conclusions about the characteristics of the practice and its functionality. However, insights from the process of the assurance practice (e.g. decisions made throughout the process, and operationalisation of the assurance standards), or from the “back stage” of the practice (Power, 2003) are still lacking. This thesis, therefore, provides methodological and empirical contributions by employing interviews as the main data collection methods and including different types of assurance providers as research participants to gain insights about SA practice and their perceptions on the practice. Moreover, basing the theoretical framework on ANT highlights the negotiations and interactions between different actors as a part of the development of SA practice. This provides a new perspective to explore the assurance practice and factors influencing the development of the practice.

The thesis responds to continuous calls for research to examine the back stage of new types of assurance practices, particularly those of an unregulated nature (Free et al., 2009), and to directly engage with assurance providers (O'Dwyer and Owen, 2005). It also aims to extend prior works exploring auditing (or assurance) in practice and the meaning ascribed to the practice (e.g. Gendron et al., 2007; Radcliffe, 1999). Gendron and Spira (2009) state that there is a crucial need for in-depth qualitative studies providing insights into the back stage of assurance providers in order to improve our understanding of new (and existing) assurance practice. This study responds

to the call by exploring the SA service arena to better understand how SA is being constructed both generally and within these organisational contexts. The findings demonstrate the flexibility of the interpretation of SA practice by SA providers, and highlight the experimental nature of the processes by which SA providers can develop their presence in new markets for their expertise. It addresses the perspectives of a professional body and of an assurance provider trying to enter these new areas of assurance (Andon et al., 2015).

Also, the findings address the call for qualitative study to explain why consultations with external stakeholders are rarely mentioned in assurance statements and why SA providers do not often directly engage with external stakeholders (Manetti and Toccafondi, 2012). SA providers' perceptions of their roles and their conceptualisation of 'assurance' address such issues by highlighting that SA providers are responsible to the management of reporting organisations, not to the stakeholders, and that it is not their responsibility to engage with the stakeholders. This reflects their roles and their perceptions on stakeholder engagement. However, this potentially impairs the value of the assurance provided by SA providers, as stakeholder panels have been used by reporting organisations to replace such assurance.

Empirically, this study provides a broader picture of SA practice by including different types of SA providers. It provides an inclusive overview of the practice by including various SA providers. The study also tries to avoid imposing differences between SA providers by using their occupational backgrounds as distinctive criteria (i.e. accounting and non-accounting). The main findings show that there is variation in SA practice, even within providers from the same occupational backgrounds. This study tries to make sense of the variation and how such variation takes place. Understanding of how different SA providers conceptualise and approach the assurance practice could provide some insights on why and how the variation exists.

SA practice is explored in its practical and contextual settings where factors beyond SA statements that influence the development of the practice can be investigated. This includes how SA providers conduct the practice through their interpretations of the practice and their relations with other related parties. Such interpretations and relations influence the SA process and the choices and judgements made in this process. The variations in assurance practice found in the interviews reflect a broader view of this accountability mechanism than a view based on its fundamentals. This is also a response to one of the motivations of this study, namely the aim to explore what SA

actually is in practice. Such variation shows that SA practice is contingent on different people and organisations. The findings highlight the potential sources / causes of such variations in practice and in how the assurance is conducted. These reveal perceptions, decisions and actions that go on behind assurance statements, which are seen by the users of the statements. This provides more understanding of SA practice as a corporate accountability mechanism, and gives a potentially clearer distinction between assurance statements beyond types of assurance providers. The findings of this study shift the questions about SA practice as a corporate accountability mechanism from “Does SA matter?” to “Does a SA engagement for *a particular organisation* matter to a particular group(s) of actors?”

This also challenges the function of SA practice (and assurance mechanisms in general) because assurance has been largely perceived as a device to legitimate organisational behaviors (Power, 2003). The different interpretations of SA practice and variations in SA engagements shown in this study reflect how SA can serve as more than a legitimisation device for management, because management, to some extent, is challenged by SA providers regarding the scope of assured information against SA providers’ materiality assessment. This functionality of SA engagements, therefore, depends on the engagement types that are based on the ascribed meaning of ‘sustainability’ and ‘assurance’ for particular engagements.

The development of SA practice in both AAPs and NAAPs reflects the “spillover effect from financial audit” (O’Dwyer, 2011, p.1260) as the procedural basis of financial auditing and assurance standards from the accounting profession are perceived to lead to high quality assurance procedures and standards. The accounting profession potentially has a strong influence on SA practice because AAPs have attached the new assurance practice(s) to elements that define financial audit (e.g. qualifications, codes of ethics, and assurance standards), and also to its symbolic characteristics (e.g. independence, and expertise). Even though the effects of financial auditing on SA practice are apparent, SA practice is still not homogenous, even among AAPs themselves. This is important because it highlights the limitations of SA practice, which is subject to flexible interpretations assigned to the concepts of ‘sustainability’ and ‘assurance’ underlying the practice (O’Dwyer, 2011).

The observation of associations between assurance providers and other actors helps us to see SA in action, to explore the given meaning and the development of SA practice in its context, and to

suggest that SA might have different meanings and serve different purposes for different actors. This study, therefore, highlights the importance of the understanding of SA providers' rationales that affect the conduct of, and the development trajectories of SA practice. It especially reveals that different actors have different perceptions and understandings of what 'sustainability', 'assurance', and 'sustainability assurance' are. These are the starting points for the different rationales that affect the practice and cause such variations. The findings also highlight different strategies used by different assurance providers to make themselves successful in claiming expertise in the SA market. The findings not only show variation in SA practice, but also open up potential issues relating to SA practice, and challenge the interpretations of fundamental concepts forming the core of the practice.

The findings could have implications for the regulation of SA practice. From the point of view of regulators and professional bodies, the implications relate to how policy makers should be able to make a clear distinction between different kinds of SA engagements so as to reduce the expectation gap associated with the assurance. The role of regulators should be to give appropriate consideration to the standardisation of particular kinds of SA engagements, and to the format of SA statements (e.g. minimal elements / declarations that should be included for each type of assurance engagement). For assurance practitioners and sustainability reporting organisations, there are issues concerning disagreements during the assurance process, such as the scope, level and the reporting of assurance opinions. The study reveals that these disagreements stem from various expectations of SA and the role of SA providers. Thus, the expectations and purposes of SA need to be agreed before the commencement of an SA engagement. The proposed diagram categorising SA engagements is useful in making such expectations and purposes clearer.

Besides an empirical contribution, this study also provides theoretical contributions. As the main finding of this study reflects the various views of different assurance providers and highlights the variations in SA practice, the actor-network perspective is adopted to make sense of these variations. The theoretical framework based on ANT is flexible enough to allow the research to explore such variation and to identify causes of the variation. ANT is chosen as the lens through which to develop a theoretical framework that encourages researchers to focus on the relations between different actors, both human and non-human, in the assurance process. The ANT approach is relatively unused in the study of SA practice; however, it perhaps provides a new

dimension with which to explore this field. The analytical framework based on ANT allows the observation and inclusion of non-human elements influencing the assurance practice. As ANT facilitates the tracking and tracing of actors influencing and shaping the practice, Figure 8.1 shows that the actors influencing the practice found from the fieldwork are more extensive than those identified prior to that stage. More importantly, it highlights latent influential actors (or criteria) negating the assumption of homogeneity among SA providers from the same professional backgrounds.

In addition, the notion of boundary objects adds dynamics to the analysis of and findings about the practice. The focus on boundary objects enhances the understandings of variations between the providers and the lack of field-level stabilisation. The operationalisation of ANT and the notion of boundary objects in this study could be useful for studies of the development of other emerging practices, such as integrated reporting. ANT and the notion of boundary objects could be a useful tool to highlight the fundamental forms of these emerging practices. They not only focus on the interpretations and associations among the different actors creating the practice, but also facilitate the categorisation of practice variation from these fundamental forms. This could be useful in understanding practice variation, as well as in proposing ways to standardise practice.

The study adds an account of the behind-the-scenes practice of assurance to the sustainability reporting literature (or social and environmental reporting literature). It contributes to the sustainability reporting literature by adding the assurance perspective to the literature. In addition, it highlights the fact that assurance practice can be influenced by actors that are not directly engaged with the practice. The findings reveal that SA practice is influenced not only by financial actors, but also by various kinds of stakeholders, and non-human actors. It introduces other actors into the considerations of how an assurance practice develops. Those non-financial actors (e.g. NGOs) could, directly or indirectly, influence the discourses that affect the development of SA practice. Thus, this study advances the existing knowledge about the influences of interactions between internal and external actors (or financial and non-financial actors) in the SA environment in affecting the way the practice is conducted and developed.

8.4 Limitations of the study

Although this thesis provides contributions and implications, the findings should be interpreted with the following limitations. Firstly, this research involves some textual data sources from SA

providers' websites and publications that might have been developed for persuasive and communicative purposes, and may not fully represent the roles of SA providers. However, one of the main purposes of using these sources is to observe how SA providers communicate their roles to other actors. Marketing tools, therefore, can be considered one of the communication channels that they can use. Also, in relation to the interviews, interviewees, especially SA providers, might have answered the questions in a way they might see as more socially desirable. However, similar viewpoints and information are provided across the SA providers, and other types of participants. Thus, such triangulation may alleviate the bias and validate the answers from those participants.

Secondly, assurance working papers and documents about firms' methodologies are needed and would be useful in providing insights into SA practice. This study fails to include evidence from such sources due to the denial of access to them; hence the development of the practice over time could not be observed. Thus, the data used in this study is quite static. It merely provides a snapshot of the experiences of different SA providers and cannot extensively reflect how the interactions and the negotiation of discourses change over time. Also, the development of the practice across a period of time in a practical context cannot be fully captured because elements in the network will be different over time (Whittle and Spicer, 2008). However, the main focus of this study is not on change in the practice, but on the relations between different actors. Also, the backgrounds and profiles of participants, who have different organisational positions and numbers of years in the practice, could compensate for this limitation through capturing their experience over the years in the industry.

The interviews or sampling in this study is opportunistic; therefore, the number of participants from each SA provider differs. For example, a couple of SA providers have more than one participant representing their firms, while some other SA providers have only one representative involved.

Also the main group of interview participants is SA providers. Thus, the analysis is based mainly on reflections from the perspective of this group of actors only. As this research is exploratory in nature, it excludes some direct interviews with some key actors. However, the objective and focus of the thesis drive the choice of the most appropriate scope of participants involved and the scale of analysis. Although ANT encourages researchers to follow all relevant actors, researchers cannot follow all the actors everywhere, so must engage in the process of sorting and selecting the actors

to be followed (McLean and Hassard, 2004, p.500) and must focus on the actors that are related to research objectives (Law, 2000). For the heuristic purpose of the analysis, other actors are moved to the background and their presence in the network is reflected through the lens of SA providers. The limitations discussed in this section provide a guideline to discuss opportunities for future studies in the next section.

8.5 Suggestions for future research

This study raises several fundamental questions. Should SA practice be regulated? Should the diversity of assurance providers and assurance approaches be maintained? What skills are important for SA practitioners? Does SA practice serve environmental and social sustainability, as well as the sustainability of organisations? Do stakeholders use SA statements for their decision making, or is the practice merely a managerial tool to create legitimacy for businesses? Thus, this study reveals some future research opportunities and can be extended in several ways. As this study is mainly based on interviews, case study research, including participant observations, could provide further insights, and a more holistic view of the practice by including all the actors involved in the assurance process. It would be particularly interesting to know what stakeholders (rather than reporting organisations) think about SA, and how they understand and react to it (i.e. make decisions based on it). This could extend the work of this study to observing how these actors make sense of SA and how this affects and influences the development of the practice. In addition, one of the findings of this study reveals that different SA providers potentially possess different specialisations in specific industries. Future research can further explore this specialisation of different assurance providers from the perceptions of reporting organisations and other stakeholder groups.

Also, future research can examine the understanding of the expertise and skills needed for the practice. To what extent does the expertise affect the actual conduct of the practice and its legitimacy? As this study has shown that there is different emphasis on the skills of assurance practitioners employed by different SA providers, researchers are encouraged to examine the influence of the development of SA practice on accounting and auditing education and professional training (and vice versa).

The variations in how different SA providers conduct the assurance could be further investigated by using the proposed metric of types of SA engagements. The criteria for categorising different types of SA based on the conceptualisations of sustainability and assurance could be further developed or tested. This could promote standardisation of the subsets of what is called SA practice and could tighten the expectation gaps in the practice. In addition, future research could explore the organisational identities of different SA providers that could affect the assurance. This study can inspire the studies of other non-financial assurance practice. Similar questions could be raised and the understanding of fundamental notions of other subject matters could also be investigated.

Besides research relating to SA practice, this study also raises some questions regarding auditing practice in general and the role of the accounting profession. Future studies can explore other emerging audit or assurance practices (e.g. the auditing or assurance of integrated reports) by taking the case of SA practice from this study as an example. The underlying concepts and fundamentals of those practices can be explored to reflect on the purpose of the practice(s), the roles of the practitioners and the perceptions of others towards the practice. This could shed some light on the development of such practice(s) and on the key actors that influence the development. Also, the interrelation of the development of financial audit practice and that of other kinds of audit (or assurance) can be further examined. This could provide some insights about the current stage and the future of the accounting profession as well as the role of audit (or assurance) practice in society.

8.6 Concluding remarks

This study adopts a holistic and innovative perspective to understand SA practice. It highlights how SA practice is not only influenced by assurance providers and reporting organisations, but also that it is a practice constituted from hybrid human and non-human elements, which are brought together and interact with each other. In this study, SA providers are treated as the main translators who persuade other actors to engage with the practice. While interacting, SA providers and those other actors define and redefine their roles and identities in relation to other actors in a way that affects the assurance process and the nature of assurance engagements. SA providers need to interact with reporting organisations to claim their expertise, with stakeholders to

legitimise the practice, and with assurance standards to operationalise them. These interactions happen around different conceptions of sustainability, assurance and SA.

The presence of these interactions and negotiations could indicate that SA practice is a socially-constructed innovation (Caron and Turcotte, 2009). Thus, the development of the practice depends on how different actors interact and negotiate their interests, and on their perceptions of what SA is. This study provides an understanding of how and why different actors are brought together into the network of SA. The study looks beyond the fact that SA providers are solely responsible for the practice development. It extends the thinking of the actors involved in the assurance process, and expands on the issues that should be considered in their interactions that could affect the practice

As the practice is still evolving, creativity and innovation is undoubtedly required for the development of the practice. Although there are variations in SA engagements, as argued by the findings of this study, it is essential to maintain a focus upon the ultimate purpose of the assurance, which is to serve as a mechanism for trust and truth.

APPENDICES

- APPENDIX 1A: LIST OF FTSE100 ORGANISATIONS (as at 18 February 2013)
- APPENDIX 1B: OBSERVED CHARACTERISTICS OF SUSTAINABILITY REPORTS AND ASSURANCE STATEMENTS
- APPENDIX 2: TEXTUAL DATA SOURCES
- APPENDIX 3: INTERVIEW GUIDE
- APPENDIX 4: LETTER TO INTERVIEWEES

APPENDIX 1A: LIST OF FTSE100 ORGANISATIONS (as at 18 February 2013)

No	Company Name	Sector	Industry
1	3i Group	Financial Services	Asset Management
2	ARM Holdings	Technology	Semiconductors
3	Aberdeen Asset Management	Financial Services	Asset Management
4	Admiral Group	Financial Services	Insurance - Property & Casualty
5	Aggreko	Industrials	Rental & Leasing Services
6	Anglo American	Basic Materials	Industrial Metals & Minerals
7	Antofagasta	Basic Materials	Industrial Metals & Minerals
8	Ashtead Group	Industrials	Rental & Leasing Services
9	Associated British Foods	Consumer Defensive	Packaged Foods
10	AstraZeneca	Healthcare	Drug Manufacturers - Major
11	Aviva	Financial Services	Insurance - Diversified
12	BAE Systems	Industrials	Aerospace & Defense
13	BG Group	Energy	Oil & Gas E&P
14	BHP Billiton	Basic Materials	Industrial Metals & Minerals
15	BP	Energy	Oil & Gas Integrated
16	BT Group	Communication Services	Telecom Services
17	Babcock International Group	Industrials	Engineering & Construction
18	Barclays	Financial Services	Banks - Global
19	Barratt Developments	Consumer Cyclical	Residential Construction
20	British American Tobacco	Consumer Defensive	Tobacco
21	British Land Co	Real Estate	REIT - Retail
22	British Sky Broadcasting Group	Communication Services	Pay TV
23	Bunzl	Consumer Defensive	Food Distribution
24	Burberry Group	Consumer Cyclical	Luxury Goods
25	CRH	Basic Materials	Building Materials
26	Capita	Industrials	Business Services
27	Carnival	Consumer Cyclical	Leisure
28	Centrica	Utilities	Utilities - Diversified
29	Coca-Cola HBC AG	Consumer Defensive	Beverages - Soft Drinks
30	Compass Group	Consumer Cyclical	Restaurants
31	Diageo	Consumer Defensive	Beverages - Wineries & Distilleries
32	Easyjet	Industrials	Airlines
33	Experian	Industrials	Business Services
34	Fresnillo	Basic Materials	Industrial Metals & Minerals
35	Friends Life Group	Financial Services	Insurance - Life
36	G4S	Industrials	Security & Protection Services
37	GKN	Consumer Cyclical	Auto Parts
38	GlaxoSmithKline	Healthcare	Drug Manufacturers - Major
39	Glencore	Basic Materials	Industrial Metals & Minerals

40	HSBC Hldgs	Financial Services	Banks - Global
41	Hammerson	Real Estate	REIT - Retail
42	Hargreaves Lansdown	Financial Services	Asset Management
43	IMI	Industrials	Diversified Industrials
44	ITV	Consumer Cyclical	Broadcasting - TV
45	Imperial Tobacco Group	Consumer Defensive	Tobacco
46	InterContinental Hotels Group	Consumer Cyclical	Lodging
47	Airlines Group	Industrials	Airlines
48	Intertek Group	Industrials	Business Services
49	Intu Properties	Real Estate	REIT - Retail
50	Johnson Matthey	Basic Materials	Specialty Chemicals
51	Kingfisher	Consumer Cyclical	Home Improvement Stores
52	Land Securities Group	Real Estate	REIT - Office
53	Legal & General Group	Financial Services	Insurance - Life
54	Lloyds Banking Group	Financial Services	Banks - Regional - Europe
55	London Stock Exchange Group	Financial Services	Financial Exchanges
56	Marks & Spencer Group	Consumer Cyclical	Department Stores
57	Meggitt	Industrials	Aerospace & Defense
58	Mondi	Basic Materials	Paper & Paper Products
59	Morrison (Wm) Supermarkets	Consumer Defensive	Grocery Stores
60	National Grid	Utilities	Utilities - Diversified
61	Next	Consumer Cyclical	Apparel Stores
62	Old Mutual	Financial Services	Insurance - Life
63	Pearson	Consumer Cyclical	Publishing
64	Persimmon	Consumer Cyclical	Residential Construction
65	Petrofac	Energy	Oil & Gas Equipment & Services
66	Prudential	Financial Services	Insurance - Life
67	RSA Insurance Group	Financial Services	Insurance - Property & Casualty
68	Randgold Resources	Basic Materials	Gold
69	Reckitt Benckiser Group	Consumer Defensive	Household & Personal Products
70	Reed Elsevier	Consumer Cyclical	Publishing
71	Rexam	Consumer Cyclical	Packaging & Containers
72	Rio Tinto	Basic Materials	Industrial Metals & Minerals
73	Rolls-Royce Holdings	Industrials	Aerospace & Defense
74	Royal Bank Of Scotland Group	Financial Services	Banks - Global
75	Royal Dutch Shell A	Energy	Oil & Gas Integrated
76	Royal Dutch Shell B	Energy	Oil & Gas Integrated
77	Royal Mail	Industrials	Integrated Shipping & Logistics
78	SABMiller	Consumer Defensive	Beverages - Brewers
79	SSE	Utilities	Utilities - Diversified
80	Sage Group	Technology	Software - Application
81	Sainsbury (J)	Consumer Defensive	Grocery Stores
82	Schroders	Financial Services	Asset Management

83	Severn Trent	Utilities	Utilities - Regulated Water
84	Shire	Healthcare	Biotechnology
85	Smith & Nephew	Healthcare	Medical Devices
86	Smiths Group	Industrials	Diversified Industrials
87	Sports Direct International	Consumer Cyclical	Specialty Retail
88	St.James Place	Financial Services	Insurance - Life
89	Standard Chartered	Financial Services	Banks - Global
90	Standard Life	Financial Services	Insurance - Life
91	TUI Travel	Consumer Cyclical	Leisure
92	Tesco	Consumer Defensive	Grocery Stores
93	Travis Perkins	Basic Materials	Building Materials
94	Tullow Oil	Energy	Oil & Gas E&P
95	Unilever	Consumer Defensive	Household & Personal Products
96	United Utilities Group	Utilities	Utilities - Regulated Water
97	Vodafone Group	Communication Services	Telecom Services
98	WPP	Consumer Cyclical	Advertising Agencies
99	Weir Group	Industrials	Diversified Industrials
100	Whitbread	Consumer Cyclical	Restaurants

APPENDIX 1B: OBSERVED CHARACTERISTICS OF SUSTAINABILITY REPORTS AND ASSURANCE STATEMENTS

	Observed characteristic	Outcomes
1	Type of assurance provider	1. Accounting firm 2. Non-accounting firm
2	Provider type change	1. No change 2. From Accounting to Non-accounting 3. From Non-accounting to Accounting
3	Title of sustainability report	1. Sustainability 2. CR/ CSR 3. Environmental /social/community 4. Others
4	Title of assurance statement	1. Assurance statement 2. Verification statement 3. Review/commentary
5	Addressee of assurance statement	1. Management/ Board of director 2. Stakeholders
6	Scope of assurance engagement	1. Whole report 2. Selected KPIs/data 3. Greenhouse gas only
7	Level of assurance engagement	1. Limited/moderate level 2. Reasonable/high level 3. Mixed level
8	Use of marking in the report	1. Yes 2. No
9	Assurance standard(s) used	1. ISAE3000/ISAE3410 2. AA1000AS 3. Both ISAE3000 and AA1000AS 4. Others (ISO, own methodology)
10	Conclusion	1. Negative conclusion 2. Positive conclusion 3. Mixed conclusion
11	Recommendations and observations	1. Yes 2. No

APPENDIX 2: TEXTUAL DATA SOURCES

No.	Code	Website owner	Type	Date Access	Web Address	Excerpts from original sources (Referred in Chapter 5)
1	D1	Deloitte	Firm's website	06-Apr-13	http://www.deloitte.com/view/en_NL/nl/services/accountancy/auditing-services/sustainability-reporting-and-assurance/index.htm	- Your sustainability data will need to be verified if the reliability of your reporting is to be increased. - Because preparing your financial as well as your sustainability reporting requires comparable information, you may wish to have Deloitte perform both audits...ensuring efficiency and synergy when performing risk analyses and internal audit procedures during the audit process. This allows you to get the maximum benefit from long-term value for your corporation and all stakeholders."
2	D2	Deloitte	Document published by the firm	06-Apr-13	http://www.deloitte.com/assets/Dcom-Netherlands/Local%20Assets/Documents/NL/Denk tank/Sustainability/nl_en_assurance_sustainability_performance_2010_12_28.pdf	
3	D3	Deloitte	Document published by the firm – 2012	06-Apr-13	http://www.deloitte.com/view/en_BE/be/industries/energy-and-resources/sustainability-climate-change/367d2dd9cc9b9310VgnVCM2000001b56f00aRCRD.htm	
4	D4	Deloitte	Firm's website	06-Apr-13	http://www.deloitte.co.uk/impact/commitment-to-sustainability/	
5	D5	www.big4.com	Article of 1 July 2011	06-Apr-13	http://www.big4.com/news/deloitte-sustainability-assurance-services-bright-spot-for-company/	
6	D6	Deloitte	Firm's website	06-Apr-13	http://www.deloitte.com/view/en_kz/kz/press/e4db4ea8ecb31310VgnVCM3000001c56f00aRCRD.htm	- Independent analyst firm names Deloitte a Global Market Leader in SA Services
7	E1	EY	Firm's website	06-Apr-13	http://www.ey.com/US/en/Services/Assurance	
8	E2	EY	Document published by the firm (marketing material)	06-Apr-13	http://www.ey.com/US/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services/Six-growing-trends-in-corporate-sustainability_overview	

9	E3	EY	Firm's website	06-Apr-13	http://www.ey.com/UK/en/About-us/Corporate-Responsibility	Responsibility and sustainability are integral to our business strategy, our values and our day-to-day operations. At EY, we ask ourselves what we can do to make a difference – not just for our clients and for our own business and profession, but for our communities, for the greater good of society everywhere and for the sustainability of our planet.
10	E4	EY	Firm's webcast	06-Apr-13	http://www.ey.com/US/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services/Video_Mar2012_Bottom-line-benefits-of-sustainable-business-practices	
11	E5	www.edie.net	News article of 14 Feb 2013	06-Apr-13	http://www.edie.net/news/6/Ernst--Young-tops-survey-of-global-sustainability-advisors/24055/	
12	E6	EY	News article of 16 March 2011	06-Apr-13	http://www.ey.com/CA/en/Newsroom/News-releases/2011-Sustainability-reporting	Research shows that more than 3,000 companies worldwide, including over two-thirds of the Fortune Global 500, issue sustainability reports," says Cathy Cobey, EY's Canadian Sustainability Assurance and Advisory Services Leader. As this trend continues, users of sustainability information will come to expect that the information has been validated by a reliable third party.
13	E7	EY	Document published by the firm	06-Apr-13	http://www.ey.com/Publication/vwLUAssets/Stock_exchanges_and_sustainability_reporting/\$FILE/Stock_exchanges_and_sustainability_reporting.pdf	
14	E8	GRI	Conference page 2013	06-Apr-13	https://www.globalreporting.org/information/events/conference2013/Pages/default.aspx	
15	E9	Reckitt Benckiser	Sustainability report 2012	06-Apr-13	http://www.rb.com/documentdownload.axd?documentresourceid=48859	
16	K1	KPMG	Firm's website	30-Mar-13	http://www.kpmg.com/Global/en/topics/climate-change-sustainability-services/sustainability-assurance-services/Pages/corporate-responsibility-reporting.aspx	- Provide comfort to management that the sustainability information supplies a robust basis for decisions and an accurate presentation of performance against business objectives. - Enhance existing processes—focusing on strategy, risk assessment, operational improvement, and benchmarking against Industry best practices.

17	K2	KPMG	Firm's website	30-Mar-13	http://www.kpmg.com/global/en/topics/climate-change-sustainability-services/sustainability-assurance-services/pages/default.aspx	
18	K3	KPMG	Firm's website	30-Mar-13	http://www.kpmg.com/global/en/topics/climate-change-sustainability-services/sustainability-assurance-services/pages/integrated-reporting.aspx	KPMG member firms support the development of integrated reporting as the next step in improving the value of corporate reporting and can provide integrated assurance on your report.
19	K4	KPMG	Document published by the firm	30-Mar-13	http://www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/Documents/iarcs-sustainability-reporting-what-you-should-know.pdf	
20	K5	Youtube	Video by KPMG of 11 Apr 2012	30-Mar-13	http://www.youtube.com/watch?v=x5bjVNOIvM	
21	K6	Youtube	Video by KPMG of 5 Nov 2008	30-Mar-13	http://www.youtube.com/watch?v=MIZlrVDI8Zk	
22	K7	Youtube	Video by KPMG of 5 Nov 2008	30-Mar-13	http://www.youtube.com/watch?v=XnovZ50Xzg4	Companies are making public commitments, and these commitments are formalised in the annual sustainability reports, which are accepted companions to the annual reports. Sustainability data is inherently prone to error. When it left unchecked, it leads to public information which can be inaccurate and unsubstantiated. It is not surprising that, without assurance, fewer than one in ten customers actually believe what business say about their sustainability achievements.
23	K8	Youtube	Video by KPMG of 6 Mar 2013	30-Mar-13	https://www.youtube.com/watch?v=Jlw_2mIPpsw	We have now been funding this initiative for 19 years. Our visions are CR vision recognised as a shared value. What's good for the enterprise is good for the community. The benefits of assurance include: <ul style="list-style-type: none"> - Greater credibility both internally and externally. - Feedback on efficiency and effectiveness of controls and processes and risks and exposures. - Guidance on quality of internal and external reporting.
24	P1	PWC	Firm's website	05-Apr-13	http://www.pwc.co.uk/sustainability-climate-change/sustainability-assurance.jhtml	

- Confidence in actions taken to reduce emissions.

- We carry out the full spectrum of assurance assignments from internal readiness assessments to external public assurance – for voluntary or regulatory purposes. The scope of the work can be sized to your needs and the level of assurance designed accordingly. We lead our profession by working closely with national and international standard setters and use the most widely recognised international standard, ISAE 3000.

We've been focusing on finding ways to minimise our carbon footprint and on finding ways to make a meaningful difference to our communities; and measure the social impact of these initiatives. There are things we still have to work at. We've missed our target for carbon emissions from client-facing air travel.

You need independent assurance to add credibility to the published information in your sustainability or corporate responsibility report.

25	P2	PWC	Firm's annual report 2012	05-Apr-13	http://www.pwc.co.uk/en_UK/uk/assets/pdf/annual-report-2012.pdf	
26	P3	PWC	Firm's website	05-Apr-13	http://www.pwc.co.uk/audit-assurance/assurance-regulatory-reporting-sustainability.jhtml	
27	P4	PWC	Firm's webcast	05-Apr-13	http://www.pwcplayer.co.uk/playpresentation.php?presid=653&ftheme=ent_pwc_3&framewidth=1020&frameheight=650	
28	P5	PWC	Firm's news article of 8 Sep 2010	05-Apr-13	http://pwc.blogs.com/press_room/2010/09/pwc-annual-results-2010-reflect-strong-growth-in-sustainability-practice.html	
29	P6	PWC	Document published by the firm – 2012	05-Apr-13	http://www.pwc.co.uk/audit-assurance/publications/assurance-today-and-tomorrow-global-survey-of-investors-views-2012.jhtml	
30	P7	PWC	Firm's webcast	05-Apr-13	http://www.pwc.co.uk/corporate-sustainability/cs-videos-sustainability.jhtml	
31	P8	Youtube	Video by ESTV Sydney of 25 Sep 2009	05-Apr-13	https://www.youtube.com/watch?v=CNZpojy09is	

32	B1	Bureau Veritas	Firm's website	07-Apr-13	http://www.bureauveritastaining.co.uk/	
33	B2	PR Newswire	News article of 12 July 2011	07-Apr-13	http://www.prnewswire.com/news-releases/bureau-veritas-acknowledged-as-a-leading-provider-of-sustainability-assurance-services-by-independent-analyst-firm-verdantix-125426468.html	
34	B3	Bureau Veritas	Firm's article of 14 Feb 2013	07-Apr-13	http://www.bureauveritas.com/wps/wcm/connect/bv_com/group/home/news/business-news/bureau+veritas+receives+top+ranking+for+sustainability+assurance+services+from+major+firms	Bureau Veritas has been recognized by a Verdantix survey as the most-recognized certification body among sustainability leaders with the 5th highest brand preference in the market place for sustainability assurance providers, along with the Big Four accounting firms.
35	B4	Bureau Veritas	Firm's website	07-Apr-13	http://www.bureauveritas.com/wps/wcm/connect/bv_com/group/services+sheet/sustainability-report-assurance_2866	A greater demand for transparency now means that Corporate Social Responsibility and Sustainable Development issues have gained a firm place on the agenda of Boards and senior management worldwide. Openly communicating this accountability to stakeholders can build trust and support, but only if the stakeholders are confident the shared information is accurate in representing the company's social, environmental and ethical performance.
36	B5	Bureau Veritas	Firm's website	07-Apr-13	http://www.bureauveritas.co.uk/wps/wcm/connect/bv_couk/local/services%20sheet/corporate%20responsibility%20and%20assurance	
37	B6	Bureau Veritas	Firm's website	07-Apr-13	http://www.bureauveritas.co.th/wps/wcm/connect/bv_coth/local/home/clients/case-studies/certification/cs_nestle?presentationtemplate=bv_master_v2/caseStudyItem_v2	Bureau Veritas provided Nestlé with an independent Assurance Statement for its CSV report rendering an opinion and adding credibility to the report. In addition to the independent assurance statement, Bureau Veritas delivered added value through a detailed management report that elaborated its insights and recommendations. This served as an action plan for internal change over the next reporting cycle. Bureau Veritas' contract was renewed to cover subsequent CSV reports and both

companies see it as a long-term partnership aimed at building trust and credibility in the public domain.

38	B7	Bureau Veritas	Firm's article on 22 Dec 2009	07-Apr-13	http://www.bureauveritas.com/wps/wcm/connect/bv_com/group/home/news/business-news/bureau+veritas+sponsors+scientific+trip+across+the+mediterranean
39	B8	Youtube	Video of 20 Nov 2007	07-Apr-13	https://www.youtube.com/watch?v=0MTTDMhiERM
40	B9	Youtube	Video by Bureau Veritas of 9 Apr 2012	07-Apr-13	https://www.youtube.com/watch?v=zQ1b4-VyKJg
41	B10	Bureau Veritas	Video of 10 Jun 2008	07-Apr-13	https://www.youtube.com/watch?v=sXWi2shKACE
42	B11	Bureau Veritas	Firm's website	07-Apr-13	http://www.bureauveritas.co.uk/wps/wcm/connect/bv_couk/local/home/about-us/our-business/certification/sustainability/sustainability-reporting
43	CC1	Corporate Citizenship	Firm's website	17-May-13	http://www.corporate-citizenship.com/service/assurance/
44	CC2	Corporate Citizenship	Firm's website	17-May-13	http://www.corporate-citizenship.com/service/reporting/
45	CC3	Corporate Citizenship	Firm's website	17-May-13	http://www.corporate-citizenship.com/case-study/a-selection-of-our-clients/
46	CC4	Corporate Citizenship	Firm's website	17-May-13	http://www.corporate-citizenship.com/case-study/assurance-anz/
47	DNV1	DNV	Firm's article of 24 Dec 2011	17-May-13	http://www.dnv.com/press_area/press_releases/2011/dnvrecognisedasagloballeaderinsustainabilityassurance.asp
48	DNV2	Eco-business.com	Adverts in the website	17-May-13	http://www.eco-business.com/directory/dnv-business-assurance-pteltd/

- Through our assurance services, we help organisations ensure the quality and credibility of their sustainability reports and communications.
 - Through our stakeholder engagement services we add credibility to an organisation's stakeholder engagement efforts.

49	DNV3	DNV	Firm's website	17-May-13	http://www.dnvba.com/uk/Pages/default.aspx	
50	DNV4	DNV	Firm's website	17-May-13	http://www.dnvba.com/global/assessment/reporting-communication/Pages/default.aspx	- We are amongst the world's leading assurers of reports using AA1000AS, according to figures from CorporateRegister.com.
51	L1	LRQA	Firm's website	09-Apr-13	http://www.lrqa.com/about-us/why-choose-lrqa.aspx	
52	L2	LRQA	Firm's website	09-Apr-13	http://www.lrqa.com/services-we-offer/validation-and-verification/127172-corporate-reporting-verification.aspx	- It provides your Board with increased confidence in the accuracy and completeness of data and information used to make their business and commercial decisions It helps identify opportunities for improvements generating cost benefits and commercial advantage. - We customise our verification to meet your criteria and required level of assurance. We will make flexible arrangements to make sure your corporate report is verified in accordance with agreed deadlines.
53	L3	Business Assurance	Article of 14 July 2009	09-Apr-13	http://businessassurance.com/episode-4-lrqa-business-assurance-trust-and-transparency-podcast-series/	
54	L4	Business Assurance	Article of 10 October 2012	09-Apr-13	http://businessassurance.com/downloads/2012/10/Sunday-Telegraph-Oct-2012-v72.pdf	
55	L5	LRQA	Firm's website	09-Apr-13	http://www.lrqa.co.uk/events/SLF2013.aspx	
56	L6	British Council	Article in the website	09-Apr-13	http://www.britishcouncil.org/partnerships/e-idea-lloyds-register-quality-assurance-lrqa	
57	L7	E-idea	Website	09-Apr-13	http://e-idea.org/	
58	L8	LRQA	Firm's website	09-Apr-13	http://www.lrqa.co.uk/standards-and-schemes/Corporate-Reporting/index.aspx	
59	L9	LRQA	Firm's website	09-Apr-13	http://www.lrqa.co.uk/help-and-support/case-studies/UK-Case-Studies/BT-CSR-1012.aspx	
60	S1	SGS	Firm's website	10-Apr-13	http://www.sgs.com/en/Our-Company/About-SGS/SGS-in-Brief.aspx?wt.mc_id=yt020001	
61	S2	SGS	Firm's website	10-Apr-13	http://www.sgs.com/en/Sustainability/Sustainability-Reporting/Sustainability-Report-Assurance-SRA.aspx	- Following the increase in corporate responsibility reporting, there is now added pressure from investors, the media,

						governments and non-governmental organizations for independent verification of the content of these reports. Sustainability Report Assurance helps demonstrate the credibility of your commitment to sustainability and sets you apart from the competition. - Our approach to sustainability report assurance is a flexible model based on the AA1000 Assurance Standard with optional modules to address your needs. Its primary objectives are to evaluate your report against the AA1000 Accountability Principles of Inclusivity, Materiality and Responsiveness, and to ensure the accuracy of the chosen scope of reporting through independent review.
62	S3	SGS	Document published by the firm (marketing material)	10-Apr-13	http://www.sgs.co.th/~media/Global/Documents/Brochures/SGS_SSC_Sustainability-Report-Assurance-Services_EN_10.pdf	
63	S4	SGS	Firm's website	10-Apr-13	http://www.sgs.com/en/Our-Company/About-SGS/Sponsorship.aspx	
64	S5	Youtube	Video by SGS	10-Apr-13	https://www.youtube.com/user/sgseditor	
65	TT1	TwoTomorrows	Firm's website	10-Apr-13	http://www.twotomorrows.com/about-us/	
66	TT2	TwoTomorrows	Firm's website	10-Apr-13	http://www.twotomorrows.com/services/assurance/	
67	TT3	TwoTomorrows	Document published by the firm (marketing material)	10-Apr-13	http://www.twotomorrows.com/media/uploads/Two_Tomorrows_assurance_2011.pdf	- But without independent assurance of these reports, they are simply not credible. Assurance provides stakeholders with confidence that the information disclosed is complete, balanced and accurate. - We go beyond this to examine how well the report addresses the issues of greatest materiality to your business and your stakeholders. It also provides constructive support by encouraging companies to identify key areas of risk and opportunity and by raising awareness among board executives and senior managers. - The cost of assurance needn't be excessive. We

						tailor the scope of our assurance work to meet your requirements and budget.
68	TT4	TwoTomorrows	Firm's website	10-Apr-13	http://www.twotomorrows.com/services/assurance/assurance-code-of-conduct/	
69	TT5	TwoTomorrows	Firm's website	10-Apr-13	http://www.twotomorrows.com/news/london-2012-greenest-ever-olympics/	
70	TT6	TwoTomorrows	Document published by the firm	10-Apr-13	http://www.twotomorrows.com/news/tomorrows-value-research/	
71	TT7	TwoTomorrows	Firm's blog (DNV GL Blog)	10-Apr-13	http://www.towardssustainablebiz.com/	
72	TT8	TwoTomorrows	Firm's article of 13 Oct 2010	10-Apr-13	http://www.twotomorrows.com/news/agreement-brings-leading-edge-assurance-services-s/	
73	TT9	Integrated Reporting	Event page	10-Apr-13	http://www.theiirc.org/event/integrated-reporting-roundtable/	
74	TT10	AccountAbility	Certified Training for CSAP	10-Apr-13	http://www.accountability.org/standards/qualifications/training.html	
75	MISC1	Verdantix	News article of 10 Feb 2011	07-Apr-13	http://www.verdantix.com/index.cfm/papers/Press.Details/press_id/62/verdantix-benchmark-of-sustainability-consulting-reveals-the-seven-secrets-of-success/	
76	MISC2	www.edie.net	News article of 14 Jan 2013	05-Apr-13	http://www.edie.net/news/6/Decision-makers-pick-big-brands-for-sustainability-services/23833/	
77	MISC3	Verdantix	News article of 14 Jan 2013	07-Apr-13	http://www.businesswire.com/news/home/20130114005740/en/Verdantix-Survey-Names-Global-Brand-Leaders-Sustainability	
78	MISC4	Environmental Leader	News article of 22 Jun 2011	05-Apr-13	http://www.environmentalleader.com/2011/06/22/big-four-audit-firms-lead-sustainability-assurance-services/?graph=full&id=1	
79	MISC5	isosgroup.com	Article by FA Green, Sep 2011 issues	06-Apr-13	http://isosgroup.com/seeking-assurance/	

APPENDIX 3: INTERVIEW GUIDE

This interview guide includes 6 sections, excluding pre and post interview sections. Section A is used to collect information relating to positions, experiences and backgrounds of the participants. Section B involves questions relating to SA process. Section C, D, E and F introduce questions showing interactions and negotiations in the process of SA engagements. Prompts and probes are used during the interviews depending on the answers of the participants.

Pre-interview:

- Introducing the research project
- Explaining how the information will be used, and answering questions that the participants may have
- Re-assuring the confidentiality and anonymity; and ask for recording permission

Section A: Personal information (might be in the form of fill-in sheet, not the verbal interview)

Objective – to gather information relating to the interviewee

- What is your position in the company/team?
- How long have you been working in the company/position?
- Do you have any professional qualifications?
- What is your specific role in the assurance engagement/process?

Section B: SA process

Objective – to investigate stages in the process of SA provision

- Could you tell us about the process of SA from the beginning?
- What do you perceive as main challenges or concerns from the assurance process?

- Are the stages of assurance process similar to all SA engagements? If not, what are the differences? If not, what are the differences?

For accounting firms only

- Does financial audit methodology have effects on how SA is conducted? How?

Section C: Assurance practitioners and clients

Objective – to understand how SA practitioners interact and negotiate with their potential/current clients

Attract new clients

- How do you persuade new clients to use your SA service? (Whom to be persuaded, and strategies to persuade)
- How do you propose/agree the scope of assurance engagement with the clients?
- What factors determine the agreed scope?
- Are there any requests from the clients for a specific assurance standard to be used in their assurance engagements?
- Have you ever involved with the reporting process (to any extent) for the reports that you provide the assurance?

How do you deal with clients with weak sustainability reporting system prior conducting the assurance?

- What are the challenges in evidence gathering for the assurance process?

Section D: Assurance practitioners and stakeholders

Objective – to understand how SA practitioners interact with their clients' stakeholders throughout the engagement

- How do the clients' stakeholders affect the assurance process?
- How do you engage/select groups of stakeholders to be involved in the assurance process?
- Are there any challenges and concerns in engaging clients' stakeholders in the assurance process?

Section E: Assurance practitioners and team members

Objective – to understand how individual SA practitioner interacts and negotiate with their team members to render final assurance statements

- Are there any different opinions between team members when conducting the assurance?
- If so, what kinds of the difference opinion?
- What do you think are the main reasons for the different opinions?
- How do you settle the arguments or reach consensus? (e.g. using standards to form consensus or using examples from previous engagements as solutions to the current engagement)

Section F: Assurance practitioners and assurance standards

Objective – to understand the roles of SA standards in the assurance process

- Which SA standard do you mostly use for the assurance engagements? Why?
- How much extent do you rely on the chosen SA standard(s) in conducting the assurance?
- Are there any challenges or concerns in applying the standards or assurance practice guidelines to SA engagements?

Post-interview:

- Asking for further possible access to other team members/clients and documents?

APPENDIX 4: LETTER TO INTERVIEWEES

Dear [Addressee],

Research on the Sustainability Assurance Process

I am writing in connection with a research study I and colleagues at Manchester are undertaking into the development and conduct of sustainability assurance. We are interested to investigate this process, the roles undertaken by those engaged in sustainability assurance practice and the factors that are influencing its development. In this connection we are approaching a small number of sustainability assurance practitioners in firms that provide this service to ask for possible assistance with the project. I would like to ask if you would be willing to meet for an interview in which we could discuss matters such as the practical process of undertaking a sustainability assurance engagement, how the assurance concept is applied and practitioners' interactions with clients around sustainability. I would expect the interview to last for approximately one hour. I would also be interested to discuss whether it may be possible to have access to talk to some other members of assurance teams in order to provide a broader base of evidence for our study.

I appreciate that requests of this nature can involve costs to deal with in practice and also can raise issues about confidentiality and disclosure. However, I would assure you that all discussions will be dealt with on a non-attributable and anonymous basis unless preferred otherwise. This is something which is important for the integrity of our research activities and in the many years that I have been undertaking interview and case based research in auditing and assurance it has not previously proved to be a problem.

I hope you will be willing to assist us with this research. If you have any queries concerning the project or your potential involvement you may contact me (stuart.turley@mbs.ac.uk) or Ms Charika Channuntapipat (charika.channuntapipat@mbs.ac.uk). If you wish to suggest someone else in your firm for us to approach, we would also be pleased to hear from you. Thank you for considering this invitation and your co-operation will be very much appreciated.

Yours sincerely

[signature]

Stuart Turley

Professor of Accounting

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