

# **Ethical issues in the assurance of sustainability reports: Perspectives from assurance providers**

Olivier Boiral, Département de management, Faculté des sciences de l'administration, Pavillon Palasis-Prince, Université Laval, Québec, Canada

Iñaki Heras-Saizarbitoria, Department of Management, Faculty of Economics and Business Studies, University of the Basque Country UPV-EHU, San Sebastian, Spain

Marie-Christine Brotherton, Département de management, Faculté des sciences de l'administration, Pavillon Palasis-Prince, Université Laval, Québec, Canada

Julie Bernard, Département de management, Faculté des sciences de l'administration, Pavillon Palasis-Prince, Université Laval, Québec, Canada

Accepté pour publication dans : *Journal of Business Ethics*, 2019, Volume 159, Numéro 4, pp. 1111-1125.

## **Abstract**

The objective of this paper is to investigate, through a qualitative study based on 38 semi-structured interviews with agents who provide assurance of sustainability reports, how they perceive and manage ethical issues underlying the verification of sustainability reports. Most of the ethical issues observed involve four interconnected aspects: the commercialism underlying sustainability assurance, the symbolic nature of the verification process, interdependency between auditing and consulting activities, and familiarity with the audited companies. The findings shed light on the reflexivity of assurance providers on these issues and the legitimation strategies used to explain how they reconcile the independence and impartiality required for auditing activities with commercial aspects related to client-provider relationships. The study also shows the role of contextual variables in the ethics of assurance services. The paper contributes to the literature on the legitimacy of sustainability assurance and commercialism of the audit function. Practical implications and avenues for future research are also developed.

**Keywords:** commercialism, conflicts of interest, ethical principles, independence of auditors, legitimacy, sustainability assurance, sustainability reporting

## **Introduction**

Corporate sustainability and the publication of sustainability reports are increasingly considered to be strategic issues that address institutional pressures from various stakeholders (Fonseca 2010; King and Bartels 2015; Maroun 2017; Martínez-Ferrero and García-Sánchez 2017a; Simnett et al. 2009). Publication of sustainability reports tends to improve corporate image, communication and social licence to operate through the release of information in line with social expectations (Gilbert and Rasche 2008; Iansen-Rogers and Oelschlaegel 2005; Junior et al. 2014; King and Bartels 2015). Nevertheless, the quality and reliability of such information have been widely criticized in the literature (Boiral 2013; Boiral and Gendron 2011; Cho et al. 2010, 2015). Most criticisms are related to the biased and optimistic nature of sustainability reports, which are often used as public

relation tools rather than reliable sources of information on environmental and social performance (Boiral 2016; Cho et al. 2012; Hahn and Lülfs 2014; Talbot and Boiral 2015). One of the main objectives of the assurance of sustainability reports is to address this credibility gap through an external and allegedly independent verification of the quality of the disclosed information (Ball et al. 2000; Global Reporting Initiative 2013; Kolk and Perego 2010; Martínez-Ferrero and García-Sánchez 2017a, c; Moroney et al. 2012; Perego 2009). The assurance of sustainability reports is supposed to reduce the information asymmetry between the reporting companies and society (Martínez-Ferrero and García-Sánchez 2017b). Nevertheless, the reliability and added value of such verification have been questioned in the literature (Boiral 2013; Hummel et al. 2017; Michelin et al. 2015; Owen et al. 2000). Most criticisms raise ethical issues related to ethical dilemmas (Ashbaugh 2004) or conflicts of obligation and interest (Gunz and McCutcheon 1991), particularly with respect to the independence of assurance providers and possible conflicts of interest related to client–provider relationships with reporting companies and the managerial capture of information (Jones and Solomon 2010; O’Dwyer and Owen 2005; Perego and Kolk 2012; Smith et al. 2011). The independence and professional skepticism of auditors, which are basic ethical principles that should shape auditing practices (e.g., Bazerman et al. 1997; Duska 2005; Hurtt et al. 2013), presuppose that assurance providers are free from undue managerial control, commercial pressures and familiarity with the audited company. Auditor independence is an important issue because it has an impact on audit quality (Rahmina and Agoes 2014; Tepalagul and Lin 2015). As underlined by Bazerman et al. (1997), the independence of auditors is related to their morality, as well as to the limitations placed on the way that they process information by the type of auditor–client relationship which might make it difficult for them to make truly independent judgments.

Through a qualitative study based on interviews with providers of assurance of sustainability reports, this paper analyzes how they perceive and manage ethical issues in practical terms. This analysis is important for three main reasons. First, the *raison d’être* of sustainability assurance and its credibility in the eyes of stakeholders depend on basic ethical principles such as the independence of auditors, the absence of conflict of interest and the conduct of a substantial rather than a symbolic verification process (Boiral et al. 2017; Fonseca 2010; Junior et al. 2014; Manetti and Becatti 2009; O’Dwyer and Owen 2007). Those principles are neither vague and theoretical aspects, nor an integral part of the audit function that can be taken for granted. Rather, they need to be questioned and investigated through empirical studies in order to shed light on the reliability and professionalism of sustainability assurance. Second, most critical literature on sustainability reporting and assurance practices is based on content analysis of reports or theoretical approaches (e.g., Boiral and Gendron 2011; Cho et al. 2014; Manetti and Toccafondi 2012; Smith et al. 2011). As a result, with few exceptions (Diouf and Boiral 2017; O’Dwyer 2011; O’Dwyer et al. 2011), the opinion of practitioners who are the best informed on these issues—particularly the assurance providers—has been overlooked. Third, although practitioners may not be very clear about the ethical issues in sustainability, how they legitimize their conduct with respect to those aspects needs to be investigated. The study of O’Dwyer et al. (2011) has shown that assurance providers can develop various legitimation strategies with their clients, non-clients and professional firms, and it is important to understand how they interpret and defend their legitimacy with respect to specific ethical issues. This is also an issue that has been overlooked in the literature.

This paper contributes to the literature on the reliability and legitimacy of sustainability assurance by showing the interconnectedness between various ethical issues, and how practitioners attempt to reconcile their image of independence and rigor with potentially compromising commercial interests.

## **Seeking Legitimacy Through the Assurance of Sustainability Reports**

### *The Controversial Impacts of Sustainability Assurance*

According to the GRI (Global Reporting Initiative 2013, p. 13), the external assurance process can be defined as “activities designed to result in published conclusions on the quality of the report and the information (whether it be qualitative or quantitative) contained within it.” Such published conclusions—or statements—focus on the reliability of disclosed information and the assurance process, including the scope and level of assurance, the criteria for verification, the assurance standard used, the limitations observed, and the conclusions on the quality of the sustainability report (Boiral et al. 2017; Global Reporting Initiative 2013; Manetti and Becatti 2009; O’Dwyer and Owen 2005). The development of standards on sustainability assurance has contributed to better verification processes and improving the credibility of statements (Adams and Evans 2004; Fonseca 2010; Manetti and Becatti 2009). The main standards used are the ISAE 3000, issued by the International Auditing and Assurance Standards Board (IAASB), and the AA1000, issued by the non-profit organization AccountAbility. Overall, the ISAE 3000 standard tends to be used by accounting firms involved in sustainability assurance, whereas the AA1000 standard is used by assurance providers from consulting firms. Whatever their differences, these standards highlight rather similar auditing principles (e.g., independence of assurance provider, scope of verification, levels of assurance) and they can be used together in the same assurance process (Boiral et al. 2017).

According to the dominant literature, the assurance process has a positive impact on the quality and legitimacy of sustainability reporting (e.g., Global Reporting Initiative 2013; Park and Brorson 2005). First, sustainability assurance seems to be correlated with the quality of reports, the reliability of information disclosed by companies and corporate governance (Ball et al. 2000; Kolk and Perego 2010; Moroney et al. 2012; Park and Brorson 2005; Perego 2009; Simnett et al. 2009). The role of the type of assurance providers in the quality of the verification process and the credibility of disclosed information has also been investigated, with conflicting results. While some studies have concluded that assurance providers from accounting firms, particularly the Big Four, tend to improve the quality of verification and/or the reliability of disclosed information (Hodge et al. 2009; Kolk and Perego 2010; Martínez-Ferrero and García-Sánchez 2016; Perego 2009), this positive relationship has been questioned in other studies (De Beelde and Tuybens 2015; Moroney et al. 2012). Second, sustainability assurance tends to improve the legitimacy of sustainability reports and stakeholders’ confidence in the disclosed information (Hodge et al. 2009; Manetti and Toccafondi 2012; Moroney et al. 2012; Simnett et al. 2009). The assurance process for sustainability reports is a signal which reduces the asymmetry of information between stakeholders and reporting companies (Cuadrado-Ballesteros et al. 2017; Reimsbach et al. 2017), and contributes to the self-regulation of the reporting process, which remains voluntary (Fuhrmann et al. 2017; Gürtürk and Hahn 2016; Junior et al. 2014; Manetti and Toccafondi 2012; Moroney et

al. 2012; O'Dwyer et al. 2011; Perego and Kolk 2012). This process has also been found to improve corporate image and stakeholder accountability (Dando and Swift 2003; Hodge et al. 2009; Manetti and Becatti 2009; Manetti and Toccafondi 2012; Moroney et al. 2012; Park and Brorson 2005; Simnett et al. 2009).

These improvements and the added value of assurance statements have also been criticized in the literature (Ball et al. 2000; Boiral 2013; Hummel et al. 2017; Michelon et al. 2015; Owen et al. 2000). Most criticisms are related to ethical issues (e.g., conflict of interest, lack of independence of assurance providers, superficiality of the verification process, optimistic rhetoric disconnected from the quality of sustainability reporting) echoing the debates about the trustworthiness of financial auditing and failures in this area. Auditing scandals, such as the Enron and WorldCom debacles, have highlighted the frequent conflicts of interest, managerial capture and lack of transparency underlying the verification of accounting information (Duska 2005; Gendron and Suddaby 2004; Moore et al. 2006; Moriceau 2005). Although such widely publicized scandals have not occurred yet in the assurance of sustainability—which is often conducted by the same firms involved in financial audits—the ethical issues are quite similar and can be exacerbated by the unregulated nature of sustainability assurance (Boiral and Gendron 2011).

### *The Ethical Issues of Third-Party Sustainability Assurance*

Taking into account the inductive methodological approach of the present research, a literature review was undertaken that was both integrative (Macpherson and Jones 2010)—i.e., which seek to merge findings from related areas such as the literature on financial and sustainability auditing—as well as reflexive (Dunne 2011)—i.e., which considers the impact of the research process. This dynamic literature review shows that the ethical issues of the assurance of sustainability reports involve four interrelated aspects which have not been fully and systematically investigated: the commercial pressures and commodification of sustainability assurance, the symbolic nature of the verification process, the lack of independence of assurance providers, and familiarity with audited companies.

First, the assurance process is subject to commercial pressures due to the client–provider relationship between assurance providers and reporting companies. The ethical issues in this type of pressure and its impact on the impartiality and the quality of the verification process have been evident in the literature on financial audits (e.g., Covalleski et al. 1998; Gendron and Spira 2010; Kornberger et al. 2011; Suddaby et al. 2007), as well as in the literature on sustainability audits (e.g., Boiral and Gendron 2011; Dogui et al. 2013; Heras-Saizarbitoria et al. 2013; O'Dwyer 2011). Although commercialism in auditing practices was criticized following the Enron collapse, its influence seems to have increased in recent years, partly due to the growing commercial culture of auditing firms and the erosion of professional distance between auditees and auditors (Dogui et al. 2013; Malsch and Gendron 2013; Moore et al. 2006; Suddaby et al. 2007). The diversification of auditing firms into new areas—including sustainability assurance—has contributed to the “audit society” characterized by the commodification of audits, commercialism, increasing control procedures and rituals of verification intended to reassure stakeholders (Boiral and Gendron 2011; Moore et al. 2006; Power 1997, 2000). Sustainability assurance is based on similar client–provider relationships and institutional arrangements to financial audits (Boiral and Gendron 2011; Boiral et al. 2017; Gürtürk and Hahn 2016; Martínez-Ferrero and García-Sánchez 2017a; Perego and

Kolk 2012). As a result, although the impact of commercialism has not been the object of specific and in-depth study, one may assume that sustainability assurance is, to a certain extent, shaped by similar pressures and ethical issues.

Second, assurance providers may be tempted to conduct superficial and symbolic rather than substantial verifications. Such behavior can be partly explained by the ethical issues of commercialism, lack of independence, familiarity, and also the managerial capture of the assurance process underlined in the literature on sustainability audits (Boiral 2013; Boiral and Gendron 2011; Deegan et al. 2006; Manetti and Toccafondi 2012; O'Dwyer 2011; O'Dwyer and Owen 2005; Park and Brorson 2005; Smith et al. 2011). Although assurance practices are assumed to strengthen stakeholder accountability (Fuhrmann et al. 2017; Junior et al. 2014; Manetti and Toccafondi 2012; Moroney et al. 2012), reporting organizations actually control the most critical aspects, including the choice of assurance provider, the scope of the audit, and access to information. As a result, the organization and outcomes of sustainability assurance tend to reflect the companies' interests and objectives more than the need of stakeholders for more transparent and reliable information on reporting practices (Boiral et al. 2017; O'Dwyer and Owen 2005; Smith et al. 2011). One can assume that substantial, comprehensive and costly audits that could reveal hidden issues (i.e., lack of transparency on environmental risks, absence of information on corruption cases, conflicts with local populations) are not necessarily in the best interests of companies. Assurance providers may also be tempted to give priority to client satisfaction over professional skepticism and impartial verification. This type of behavior is in line with legitimacy theory, which claims that organizations tend to adopt new practices in response to institutional pressures rather than internal requirements and efficiency improvement (Hahn and Kühnen 2013; Kolk and Perego 2010; Martínez-Ferrero and García-Sánchez 2017a). Because sustainability reporting is mostly intended to satisfy stakeholders' expectations as cheaply as possible, implementation often remains superficial and symbolic. Although the symbolic nature of sustainability assurance and its managerial capture have been highlighted in the literature (Boiral 2013; O'Dwyer and Owen 2005; Perego and Kolk 2012), how such symbolism is translated into practice and how it is shaped by other ethical issues have not been fully investigated.

Third, the independence of assurance providers is a critical ethical issue, which is emphasized in both ISAE 3000 and AA1000 assurance standards. Such independence is threatened not only by commercial pressures but also by the possible confusion of roles and overlap between auditing and consulting practices. This confusion of roles has been one of the main causes of financial audit failures and scandals in that area, including the Enron case (Gendron and Suddaby 2004; Moore et al. 2006; Moriceau 2005). Although the Sarbanes-Oxley Act, implemented to prevent this type of scandal, prohibits the provision of consulting and financial auditing services for the same client, the voluntary and relatively unregulated nature of sustainability assurance can give rise to potential conflict of interest. As most assurance providers, particularly large auditing firms, also provide various consulting services, including in the area of sustainability management, the likelihood of conflict of interest increases (Boiral and Gendron 2011; Power 1997, 2000; Sharma and Sidhu 2001). Even if most assurance providers avoid such conflicts of interest, the line between auditing and consulting activities can be very thin (DeFond et al. 2002; Goldwasser 1999; Umar and Anandarajan 2004). Overall, this is an area that deserves additional investigation.

Fourth, the professional distance, detachment and impartiality of auditors, which underpin the ethical principles that should guide audits (Dogui et al. 2013; Grey 2003; Taminiau 2013; Vough et al. 2013), can be undermined by familiarity with reporting companies. The pursuit of commercial objectives, customer satisfaction and comfort in the auditing process can lead assurance providers to develop long-term relationships, familiarity and even friendships with managers from reporting companies. Although the length of auditor–client relationship can improve the knowledge of organizational practices and reduce certain risks of errors and misjudgements on the part of auditors, if the findings of the literature on financial audit (Casterella 2010; Geiger and Raghunandan 2002; Vanstraelen 2000) and sustainability audit (Dogui and Boiral 2013) are considered, it also tends to undermine the professional skepticism, critical thinking and independence necessary to conduct professional quality audits (Alleyne et al. 2006; Bakar et al. 2005; Casterella 2010; Dogui and Boiral 2013; Tan 1995; Vanstraelen 2000). Close relationships with clients can fuel conflict of interest between friendship and the duty to remain independent. Such difficulties are as likely to occur in the area of sustainability assurance as in other areas. Moreover, unlike financial auditing, sustainability assurance is a relatively new activity and the professionalization of assurance providers remains uncertain (Ball et al. 2000; Boiral 2013; Owen et al. 2000). Sustainability issues and verification of information in this area are very complex and require multiple skills that may be slow to develop (Boiral et al. 2017; Raivio 2011; Sipos et al. 2008). As a result, assurance providers may be tempted to cultivate strong and long-term relationships with their clients, not only for commercial reasons but also to improve their learning in relation to complex sustainability reporting practices. Although this issue has not been investigated, familiarity with reporting companies may jeopardize independence and lead to conflicts of interest.

## **Methods**

The objective of this paper is to analyze the perceptions of auditors on ethical issues related to the assurance of sustainability reports. Given the exploratory nature of this study and the focus on meanings, this study was based on a qualitative approach intended to understand the meanings of ethical issues for assurance providers rather than to measure relationships between variables (Glaser and Strauss 2017). This methodology was also selected due to its suitability for analyzing the complex social process of assurance of sustainability reporting and to facilitate greater penetration into the subject (Maxwell 2012). As underlined by O'Dwyer (2011, p. 1239), in the specific field of assurance providers and assurance of sustainability reports, qualitative research “emphasizes the description and understanding of processes, in particular the meanings individuals bring to processes in real-life organizational settings.” Assurance providers must be reflexive, i.e., be able to examine and question their own actions. Such abilities are in line with the literature on sense making and reflexivity of social actors (Dogui et al. 2013; Gephart et al. 2010; Hudaib and Haniffa 2009; Weick 1995). Although the discourse of assurance providers is influenced by their search for social legitimacy (Boiral et al. 2017; Hudaib and Haniffa 2009; O'Dwyer et al. 2011; Smith et al. 2011) and could be influenced by several biases such as the social desirability bias (Chung and Monroe 2003) and organizational silence (Morrison and Milliken 2000), they are in the best position to question the ethical aspects of their practices, particularly in terms of independence and rigor which are at the center of the assurance process. Moreover, competition between assurance providers encourages the critical assessment of behaviors of other firms.

### *Sample Selection and Data Collection*

Selection of respondents was based on various complementary procedures. First, an initial listing of assurance providers was established from the analysis of assurance statements found in around 300 sustainability reports collected in recent years for other studies. These reports were published from 2006 to 2013 and included those that were classified as A+ under Version 3 of the GRI guidelines. From these reports, contact details of the practitioner in charge of the assurance process, or the name of the assurance provider, were obtained. This information helped us to target smaller assurance providers in specific online searches. Furthermore, professional listings of assurance providers, such as the Certified Sustainability Assurance Practitioner (CSAP) listing, or targeted searches of professional networks, such as LinkedIn, were also conducted to complete the sampling. Finally, snowball sampling (Biernacki and Waldorf 1981) from the initial list of assurance providers was used. Potential candidates were sent an email that explained the purpose of the study, and they were invited to ask any questions they liked before agreeing to participate. Overall, approximately 230 potential respondents were identified and roughly 70% of them were contacted. Among all the contacted people, about a quarter of them finally gave us an in-depth interview.

Given the geographic dispersion of respondents, most interviews were conducted in English, French or Spanish, either by Skype or by phone, by four different researchers. All interviewees had significant experience of sustainability assurance and signed a consent form approved by the ethical research committee of Laval University. Interviews were conducted between May 2016 and January 2017, and lasted between 45 min and 2 h. They raised questions about the ethics of assurance practices, including the independence of auditors, commercial issues, familiarity with audited companies and rigor of the verification process. In order to prevent ‘organizational silence’ (Morrison and Milliken 2000) and social desirability bias (Tourangeau and Yan 2007), absolute confidentiality of the research was guaranteed, and its academic importance and limited scholarly scope was underlined. Overall, 38 interviews were conducted with assurance providers, 23 with respondents from accounting firms and 15 from consulting firms. The geographic distribution of respondents is summarized in Table 1. In a few cases, interviews were conducted with practitioners from the same assurance providers, but this was limited as it was thought more important to ensure coverage of the global situation. Interviews were sometimes carried out with assurance providers from the same global organization (e.g., one of the Big Four), but in different geographic contexts (e.g., a respondent in Europe, one in Africa and one in North America). Assurance providers from all the Big Four accounting firms, three other accounting firms and fourteen consulting firms were interviewed. The interviews revolved around a semi-structured script (see Appendix). To facilitate the qualitative analysis of data, all interviews were recorded and transcribed verbatim.

**Table 1** Geographic distribution of respondents.

| <i>Hierarchical level</i> | <i>Geographic distribution</i> |                   |                      |            |                   |           |
|---------------------------|--------------------------------|-------------------|----------------------|------------|-------------------|-----------|
|                           | Europe (%)                     | North America (%) | Asia and Oceania (%) | Africa (%) | South America (%) | Total (%) |
| Partner/director          | 5                              | 13                | 11                   | 10         | 0                 | 39        |
| Auditor/consultant        | 26                             | 18                | 11                   | 3          | 3                 | 61        |

|       |    |    |    |    |   |     |
|-------|----|----|----|----|---|-----|
| Total | 31 | 31 | 22 | 13 | 3 | 100 |
|-------|----|----|----|----|---|-----|

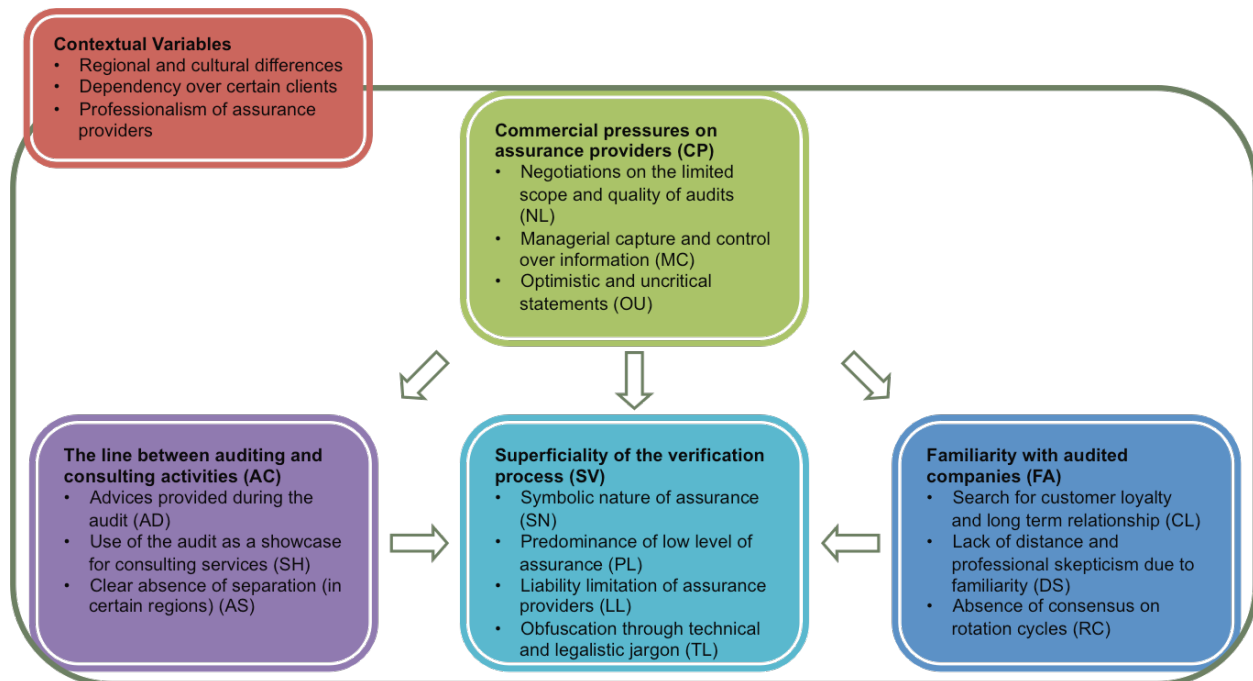
Source: data collected from interviewees

### *Data Analysis*

Data analysis was based on the grounded theory, which is commonly used in qualitative research, particularly to analyze interviews (Charmaz and Belgrave 2012; Glaser and Strauss 2017). A categorization framework was used to analyze transcriptions through an inductive process based on the collected data rather than hypotheses. QDA Miner software facilitated the development and use of this framework. First, transcriptions of interviews were transferred to the QDA Miner software. Second, a preliminary categorization framework based on the semi-structured script was developed. This categorization framework was later modified and adapted to reflect the main results. Third, transcriptions were independently analyzed using the categorization framework by three coders. To facilitate the coding process, each category was clearly defined and the creation of new categories was discussed between coders. Several meetings were also organized between coders to improve the categorization grid and the reliability of the coding process. Possible bias and differences in this process were discussed. In the end, 22 categories related to ethical issues were defined in the QDA Miner analysis. Those categories revolve around four interrelated issues which were, in order of importance in terms of the number of respondents who addressed those issues: Commercial pressures on assurance providers, Superficiality of the verification process, The line between auditing and consulting activities, and Familiarity with audited companies. Figure 1 shows these four different issues, along with the 13 related sub-aspects derived from the initial analysis, and the contextual variables. Quotations representative of those sub-aspects were later identified and selected to illustrate the main findings of the study. In order to enhance the traceability of the findings, the illustrative quotations were coded taking into account the interviewees and analyzed sub-aspect(s) (see Fig. 1 for a guide of abbreviations included in the quotations). Finally, when possible and relevant, certain tendencies or frequencies were estimated, although the approach of the study is qualitative and it was not initially intended to conduct measurements. The following sections present the findings of the fieldwork structured around the main topics and sub-aspects identified as a result of the categorization and the inductive process based on the qualitative information.

**Fig. 1** The interconnectedness of ethical issues in sustainability assurance.





*Note:* abbreviations in this figure are included in the illustrative quotations.

## The Commercial Pressures on Assurance Providers

Sustainability assurance is based on a private contract and commercial relationships between assurance providers and reporting companies. In this context, commercial pressures are consubstantial with client–provider relationships underlying the assurance process. Although most assurance providers defended their impartiality and independence on a personal level, the impact of commercial pressures on their independence and the quality of the verification process were explicitly mentioned by 45% of interviewees. This impact can arise at three main levels. First, the negotiation of assurance contracts with reporting firms can be the object of pressure to lower prices, remain competitive compared with other assurance providers or keep the client satisfied. The development of sustainability reporting and assurance practices results in an increase of assurance services from both accounting and consulting firms. The lack of regulation and the uncertain professionalization of assurance services also tend to lower the barriers to market entry. This situation encourages the commodification of sustainability assurance at the expense of its quality and professionalism. Commercial pressures are all the more severe and constraining when assurance providers depend on certain important clients for their economic survival, which is often the case for small providers. Second, most interviewees recognized that the verification process relies on information voluntarily disclosed and filtered by companies. Although some assurance providers conduct interviews inside organizations and, much less frequently, with external stakeholders, the collected information is essentially controlled by reporting organizations which tend to focus on optimistic statements to enhance their corporate image. Because of client–provider relationships with companies, assurance providers are unlikely to search for potentially compromising information (i.e., lack of balance in the disclosure of environmental impacts, absence of coverage of critical events, lack of reliability of performance indicators) that could undermine the image of their clients. Third, the content of assurance statements, which present the

main outcomes of the audit, is shaped by the search for legitimacy of both reporting companies and assurance providers. As a result, the publicly available statements are very rarely critical and detailed on the possible weaknesses or non-compliance issues observed during the audit. Overall, the independence, impartiality and professional skepticism required for the assurance process appear to be fragile and theoretical ethical principles in the face of commercial pressures:

We can encourage firms to release material information, but then we face the most critical and global problem of our profession: we are auditors but at the same time there is a client-provider relationship and it can be difficult to manage (CP-NL—An auditor with a consulting firm).

If it's really a client that the auditing company is dependent on for income, it might be subconsciously more supportive of the organisation because they don't really want to get them offside. So I think there is a challenge in terms of making sure that independence and objectivity are the primary drivers of the assurance practitioner and not the need to keep the client in the longer term (CP-OU/FA-CL—An auditor with a consulting firm).

I think that, to begin with, the independence is very limited when you get paid by your client (CP-MC—An auditor with a non-Big Four accounting firm).

There are many auditors overlooking important issues just to please their clients and sometimes advising them to add things to improve corporate image. In the end, this is not necessarily greenwashing but... this is very similar to it (CP-OU/AC-AD—An auditor with a non-Big Four accounting firm).

### **The Superficiality of the Verification Process**

The lack of substance of the assurance process and the tendency of some assurance providers to conduct quite symbolic and superficial verifications were mentioned by 45% of respondents. This tendency is partly related to the commercial and contractual nature of sustainability assurance, which is often considered by companies as a legitimization tool rather than an in-depth verification of the quality and transparency of sustainability reporting. Although the symbolic nature of the verification process raises questions about the *raison d'être*, quality and even professional ethics of auditors, it is justified by assurance providers through three main legitimization strategies. Those strategies are also used to justify the questionable quality of sustainability reports that have been verified by assurance providers. First, nearly half of respondents mentioned that the quality and comprehensiveness of the verification process depends on the client company which largely determines the scope and methods of the audit. Most reporting organizations are not interested in conducting an extensive verification, which would be more expensive and time-consuming. But the technical jargon used by assurance providers can mask the narrow scope of the assurance. For example, approximately 29% of respondents recognized that the technical language used by assurance providers, including the proliferation of negative formulae such as “nothing has come to our attention,” can be confusing and even misleading for stakeholders. Second, more than 40% of respondents mentioned the role of the liability limitation of assurance providers. This limitation, which is also covered in assurance standards (especially ISAE 3000), complements the information

on the level of assurance and tends to be used to distance assurance providers from the content and the quality of sustainability reports, which could to be questioned by stakeholders. By specifying, in their assurance statements, that responsibility for the verification process is limited to the managers of the company and not to the stakeholders, assurance providers protect themselves against the risks related to the lack of reliability of information disclosed by companies that can be used for various purposes, including for socially responsible investment. Third, information on the level of assurance—which can be high/reasonable or moderate/limited—appears as a way to justify the superficiality of the verification and is used to distance assurance providers from the lack of reliability of sustainability reports. According to most respondents, a high or reasonable level of assurance for the whole sustainability report is very rarely issued, as opposed to a moderate or limited level of assurance. The predominance of the lowest level of assurance indicates that assurance providers implicitly recognize that sustainability reports could have been further tested and that they cannot reasonably assure the quality of the disclosed information. According to 39% of respondents, pressure from customers, the importance of maintaining competitive prices, and lack of information to conduct in-depth verification explain this low level of assurance. In other words, although the report is considered to be assured, the verification underlying this assurance remains quite superficial.

Whatever its causes, the lack of substance in the assurance process can take many forms that have produced quite embarrassing explanations from respondents:

On the ethical level, there is a real problem because the report indicates that it has been assured and verified [...] but only a part of the report has actually been verified [...] There are no specific rules requiring us to verify the entire report. However, would it be possible to have a financial audit based only on a small department and leaving the rest aside just because we think it is not important? (SV-SN—A partner with a consulting firm)

I think that the quality will continue to decline gradually until a huge scandal occurs and, then, it will be noted that these audits, in fact, do not reflect reality [...] That's what happened in finance and accounting (SV-SN—A partner with a consulting firm).

Negative statements such as 'we did not see anything that would cause us not to believe that...' are used because it's only a moderate level of assurance. I think that, in some way, it degrades the value of the assurance statement for a lot of users of those reports, because it's almost like saying: 'Well, maybe the auditors didn't do enough to find out if there was a problem, so what's the value of the assurance?' [...] I think to outside readers assurance statements often lack a lot of meaning and value, because they're often written in a very legalistic way, rather than in a sort of informative and accessible language (SN-PL/SN-TL—A former auditor with a consulting firm).

## **The Line Between Auditing and Consulting Activities**

Separation between auditing and consulting activities is essential to avoid conflicts of interest related to situations in which auditors are both judge and party to the same reporting process. Separation is one of the main measures of the Sarbanes–Oxley Act to ensure the independence of

financial auditors, and its importance was highlighted by virtually all respondents. Nevertheless, nearly one-third of the interviewees mentioned the ambiguities and the thin line between those two activities. The main issues mentioned were related to the advice or guidance provided during audit activities, and to the use of auditing as a sort of “carrot” or showcase to promote more profitable activities, particularly consulting. First, although auditors are not supposed to provide consulting services, they are often asked for advice and guidance by their clients during the audit, particularly by organizations unfamiliar with sustainability reporting. For many organizations, the publication of a sustainability report remains a relatively new activity for which they do not necessarily have all the required resources, capacities and skills. As a result, assurance providers may appear as a sort of stopgap solution to provide specific advice, solve certain problems and, more generally, improve sustainability reporting throughout the verification process. The extent of this advice and consulting activity is very variable and not necessarily perceived as an obstacle to the audit function. They rather appear as a natural extension of this function, which is perceived as quite elastic. They also represent a way to ensure the success of the assurance process while maintaining good relationships with clients and improving the learning process for both reporting companies and assurance providers:

You actually have to be fairly social, especially for those who are doing it for the first time. They are scared and a bit ambivalent, so you need to be there and say: ‘Let’s do this together!’ And then, when they have problems, we can tell them how to prepare for different forms, for instance, data that is missing and stuff like that (AC-AD—An auditor with a Big Four).

You can’t do the work for them, and then audit it. We can give advice, we can throw ideas in, we can support, but not do the actual work and then audit that (AC-AD—An auditor with a Big Four).

It is difficult because we make suggestions; we provide some guidance and opportunities for improvement. So we support our client and, sometimes, this can go quite far. For example, we can change how some parts of the sustainability report are written because the client had not done a good job, and we want, in the end, the audit to go well. We don’t want to put reservations. So, we can go quite far and, yes, in this case, the independence can be questionable (AC-AD—An auditor with a non-Big Four accounting firm).

Second, sustainability assurance and even auditing in general are very rarely the main activities of assurance providers, especially for large auditing firms such as the Big Four. It often appears a relatively minor activity in terms of revenue and profitability. Nevertheless, because of its appearance of rigor, rationality and seriousness, assurance services are essential to improve the image of the firm and demonstrate its competences in the area of sustainability consulting. As a result, sustainability assurance tends to be used as a showcase to promote more profitable and diverse consulting services that can be provided later by consultants in the same organization. This strategy can compromise the independence and critical thinking required for impartial audits:

One of the problems is that, for the Big Four accounting firms, assurance is a supplementary service and not their big business [...] So the actual audit is the big carrot that they wield in order to get the other services in there to make money. In terms of total revenue, audits

don't make a profit. The consulting and advisory services are the ones that make a profit [...] Most of the accounting firms don't even significantly charge for the service, they keep the cost down as low as possible and give their assurance teams the mandate to do everything they can to make sure they don't piss off the audit client. And so, they're sort of hamstrung in their ability to actually criticize effectively the content of the report (AC-SH—A partner with a consulting firm).

From this perspective, although auditing and consulting are, in appearance, separate activities, they tend to reinforce one another. Moreover, the importance of separation seems to be very relative and even artificial in certain regions. In fact, two of the three interviews conducted with Mexican respondents reported clear situations of conflict of interest between auditing and consulting activities, which were basically undertaken by the same team and for the same client. One of those respondents had worked in the past for a sustainability assurance provider who used to prepare the sustainability reports that were later verified by the very same firm:

There were two different phone numbers and addresses in our firm. For example, I could work on the sustainability report or the integrated report of one of our clients, and when the client asked our advice about the assurance of the report, we had to answer that we knew a very good assurance provider... actually it was ourselves! The worst part is that we had to convince the client to make some changes and, obviously, the auditors who were from our firm were saying exactly the same thing. Here, in Mexico, we usually have two names and sometimes those names were used to provide two different identities, one as a consultant and the other one as an auditor [...] I remember that one morning an important client came to visit our office. It was an unexpected and catastrophic situation because we had to move out very quickly the people who portrayed themselves as auditors in [name of a city]... So they stayed in a nearby Starbucks until the client left the office! (AC-AS—A former consultant with an assurance provider in Mexico).

### **The Familiarity with Audited Companies**

The normal length of the relationship between assurance providers and audited companies is a subject of debate that does not generate consensus among respondents. Although most respondents agree that familiarity can undermine the independence of auditors, some assurance providers highlighted the importance of developing sufficient knowledge of the audited company to conduct a professional audit. Such knowledge cannot be built through a single verification but rather requires several audit cycles with the same company. As summarized by one respondent:

You don't want to be too close. Equally, you don't want to be too distant, too uninformed, if that makes sense [...] It is good to build an understanding of an organization, and that can also be beneficial. So, if you've worked with an organization for a couple of years, you kind of get to know its strengths and weaknesses, and potential areas to look at a little bit more readily than if you just had to rely on the research and information inputs (FA-DS—An auditor with a consulting firm).

The optimal length of the relationship with the same audited company remains controversial. According to certain respondents, more than 3 years with the same audited company can compromise their independence due to client familiarity. Other respondents claim that the rotation of auditors needs to occur every 5–7 years to avoid this issue. In practice, however, this type of rotation, whatever its length, does not seem to be systematic and many auditors seem to privilege customer loyalty and long-term relationships over measures to preserve their independence and professional distance. Although close friendships with managers were not explicitly mentioned, the lack of independence and conflicts of interest that can arise from familiarity with the audited companies were highlighted by 21% of respondents:

It's amazing how quick you can become very familiar with the client, and get into their systems. So you understand their systems and start providing more guidance than is really reasonable in terms of neutrality and independence requirements. And so I rotate out every 5 years and I am the only one who does it (FA-DS/FA-RC—A partner with a consulting firm).

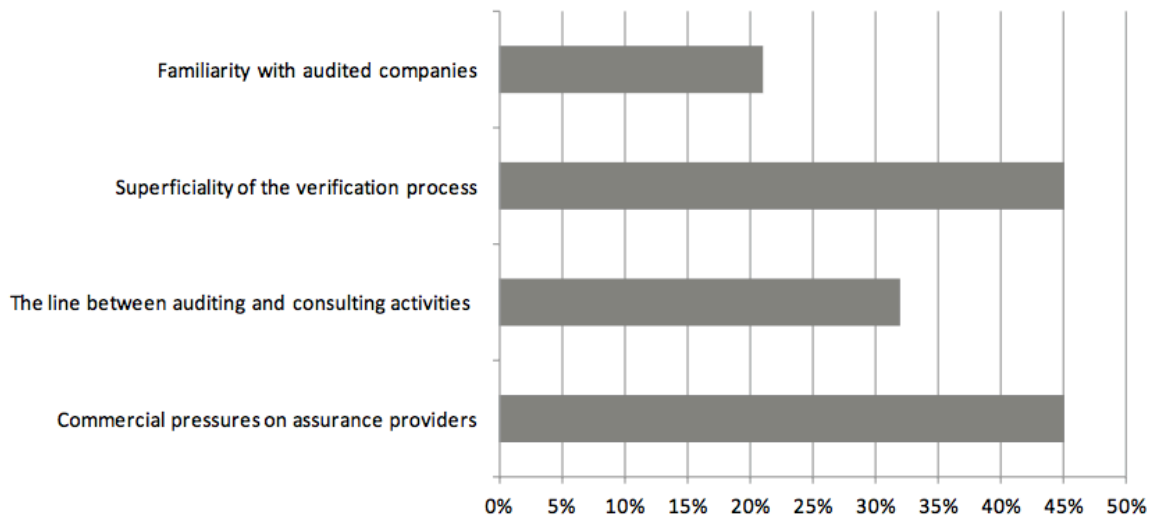
After a while, you get so close to the client because you understand that business so well. But you have to maintain some level of distance, professional judgement and skepticism. I think it's the same with the financial audits. So you have got to rotate partners or senior managers off after a couple of years to try to bring back some level of objectivity (FA-DS/FA-RC—An auditor with a non-Big Four accounting firm).

I don't think it's necessarily healthy for the same assurance provider to provide assurance year after year because I think you get too familiar, you get to know the people and that does reduce objectivity. So I think we need to change at least the lead assurance providers that work with the same organisation. I also think that changing organisation as your assurance provider after 2 or 3 years is probably pretty healthy and an important aspect of independence and objectivity as well (FA-DS/FA-RC—An auditor with a consulting firm).

## **Discussion**

The objective of this paper is to analyze the ethical issues related to the assurance of sustainability reports in the eyes of the auditors directly involved in this process. Although assurance providers tend to defend the integrity and legitimacy of their activity, most respondents have raised significant ethical issues (see summary in Fig. 2).

**Fig. 2** Most prevalent ethical issues evidenced in the interviews.



*Note:* percentages of interviewees underlining the issue.

The mentioned issues are interconnected and tend to reinforce each other (see Fig. 1). The main cause of the observed ethical problems appears to be related to the commercialism underlying sustainability assurance, which is based on a contractual relationship subject to competitive and commercial pressures. The search for customer satisfaction and competitive prices encourages assurance providers to undertake quite perfunctory audits. Then, this type of audit is unlikely to produce substantial problems related to the quality and transparency of sustainability reporting. Most assurance providers seem aware of those problems (i.e., imbalance of information, optimism of reports, lack of stakeholder accountability) which have been widely described in the literature (e.g., Boiral 2016; Boiral et al. 2017; Cho et al. 2010, 2015; Laufer 2003; Roberts and Koeplin 2011; Wilson 2013). Nevertheless, it seems in the interest of neither the auditors, nor the reporting organizations, to illuminate the discrepancies and the lack of transparency of sustainability reports. As highlighted by the neo-institutional approach to sustainability reporting (e.g., Cho and Patten 2007; Gürtürk and Hahn 2016; Michelon et al. 2015; O'Dwyer et al. 2011), the assurance process is driven by a search for legitimacy by organizations. The findings of this study show how assurance providers contribute to this search while promoting their own commercial interests. Those interests are reflected in the interconnection between auditing and more profitable consulting activities, the tendency toward familiarity with reporting organizations and the implementation of low-cost assurance focused on the promotion of corporate legitimacy rather than in-depth verifications. The development of one of the four main ethical issues identified in this study tends to increase the others. For example, the development of familiarity with reporting companies tends to reduce the independence of auditors, encourage an uncritical approach and fuel symbolic verifications. Familiarity is often closely related to commercialism through the search for customer loyalty and also facilitates the promotion of consulting services that can be provided later by consultants from the same assurance provider but not directly involved in the verification process. The findings also show that the ethical issues of sustainability assurance depend on contextual variables such as regional differences, dependence on certain clients and professionalism of auditors (see Fig. 1). For example, the principle of separation between auditing and consulting activities is very elastic and seems to be nearly non-existent in certain regions.

## Contributions

First, this paper contributes to the literature on the ethical issues and commercialism underlying auditing practices. This literature has essentially focused only on financial auditing (e.g., Malsch and Gendron 2013). Although the consequences and possible abuses related to the commercial aspects of sustainability assurance have been highlighted in quite general terms (e.g., Boiral and Gendron 2011; Perego and Kolk 2012; Smith et al. 2011), those criticisms are based on either theoretical approaches or content analysis of sustainability reports. Moreover, certain ethical issues, such as familiarity with reporting companies, have been ignored in the literature on sustainability assurance. Similarly, the interconnectedness between the various ethical issues related to sustainability assurance has not been the object of specific and in-depth studies. Overall, the perceptions of practitioners directly involved in sustainability assurance on those interrelated ethical issues have been overlooked. This paper provides exploratory evidence based on the experience and opinion of practitioners rather than analysis of sustainability reports or other secondary sources (Higgins et al. 2018; Manetti and Toccafondi 2012; O'Dwyer et al. 2011). Second, this paper contributes to a theoretical understanding of the legitimacy of sustainability reporting and assurance practices. At first sight, the main findings of the study are in line with the literature based on legitimacy theory, which has shown that reporting and assurance processes are shaped by the quest for social legitimacy rather than the search for transparency and stakeholder accountability (e.g., Boiral et al. 2017; Cho and Patten 2007; Gürtürk and Hahn 2016; Michelin et al. 2015; O'Dwyer et al. 2011; Perego and Kolk 2012). Nevertheless, how assurance providers explain and legitimize, in practical terms, specific ethical issues or misconduct related to their auditing activity has been overlooked in the literature. In some respects, the legitimizations observed in this study appear to be techniques of neutralization (Strutton et al. 1994; Sykes and Matza 1957; Vitell and Grove 1987), that is to say they are an “impression management tactic used to rationalize, through socially acceptable arguments, the occurrence of unethical behavior or negative impacts” (Boiral 2016, p. 752). The use of those techniques made it possible to justify ethically questionable behaviors without undermining the appearance of professionalism and integrity of assurance providers. For example, familiarity with reporting companies tends to be justified by the importance of organizational learning and better knowledge of specific reporting procedures. The lack of substance in the verification process has been legitimized by the low level of assurance and requests of the reporting companies. Even clearly unethical behavior such as the overlap between consulting and auditing activities has been explained by past behaviors observed by former auditors claiming that, in fact, they were not in agreement with such misconduct and that they decided to leave their previous employer for ethical reasons. Whatever their socially acceptable explanations, interviewed auditors always used strategies to distance themselves from potentially compromising ethical issues. Third, the findings show that, despite the legitimization rhetoric and techniques of neutralization used by assurance providers, the latter exercise some level of reflexivity and critical thinking over their own profession. Although such critical thinking is not really directed toward themselves, respondents raised critical ethical issues that clearly question the reliability and usefulness of sustainability assurance services in general. This observation should encourage more research based on interviews with practitioners, including on critical and inconvenient issues.



## **Implications and Avenues for Future Research**

This study has several implications for reporting companies, assurance providers and stakeholders. First, reporting companies should be very careful and strict in selecting their assurance provider, particularly in terms of integrity, professionalism and scope of verification. Respondents interviewed in this study have highlighted the commercial pressures and the tendency to encourage cheap rather than comprehensive verifications. Such pressures do not favor the professionalism of assurance services and could eventually undermine the credibility of this activity as a whole. Professionalism implies the diligent application of the knowledge, methods, values and standards associated with a specific profession (Abbott 2014). The cases of Enron and WorldCom, which resulted in increased regulation in financial auditing, do not seem to have served as a lesson in the field of sustainability assurance, which still remains largely unregulated. Sustainability reporting and assurance are clearly not immune to this type of scandal, and in the future, strengthened regulation could be implemented to control the quality of verifications better. Future studies could investigate the perceptions of reporting companies about ethical issues of sustainability assurance and implications for more regulation in this area.

Second, assurance providers and standardization organisms involved in this area should be more stringent in the application of ethical principles such as familiarity and separation between consulting and auditing activities. Some ethical issues, especially those relating to familiarity, are not covered by the current assurance standards and should be more clearly addressed by assurance providers. Similarly, although the separation between auditing and consulting activities is addressed in rather general terms in the current assurance standards, the requirements on this issue remain non-specific and seem insufficient to take into account the complexity of auditor–auditee relationships. Among other things, the specifications on the minimal scope and level of the assurance process should be clarified. The use of technical jargon and potentially misleading information should also be limited to improve the readability of statements and stakeholder accountability. Behind the reassuring and technical rhetoric of statements, the concept of sustainability assurance seems to conceal a wide diversity of practices in terms of scope, methods of verification, and seriousness of audit. Future research could investigate such diversity of practice through case studies and participant or non-participant observation. Nevertheless, the use of field observations is complicated by the confidentiality of the assurance process and concerns of auditors with regard to the preservation of their image of independence and rigor.

Third, stakeholders interested in sustainability assurance should reconsider the actual added value of this practice and exert more pressure to improve its quality. The need for more substance in the verification process may be related to the lack of significant institutional pressure, impetus or perceived benefits in relation to the quality and reliability of sustainability assurance. Although some respondents mentioned that they would like to conduct more comprehensive and substantial audits on a personal level, such an approach seems to go against the current trends in practice, as reflected in the predominance of limited and moderate assurance levels. Future studies could further investigate what motivations and institutional pressures could drive reporting companies to search for higher assurance levels and what benefits would result from more substantial verifications, including those arising from improved reporting practices. Regional differences in sustainability assurance in terms of quality, ethical aspects, institutional pressure and cultural factors, as recently underlined by Fernandez-Feijoo et al. (2016), should also be further

investigated through international studies based on a larger sample of assurance providers. However, the main difficulty with this type of study is to obtain transparent information on potentially unethical behavior that practitioners would prefer to hide. Because of the tendency to minimize and legitimize this type of issue through politically correct answers, ethically questionable behavior in sustainability assurance is likely to be under-reported, including the case of the present study, and therefore deserves further empirical research.

#### *Acknowledgements*

This article is a result of the Chaire de recherche du Canada sur l'internalisation du développement durable et la responsabilisation des organisations and a Research Group funded by the Basque Autonomous Government (Grupos de Investigación del Sistema Universitario Vasco; IT1073-16 - GIC 15/176).

#### *Funding*

This study was funded by the Canada Research Chair in Sustainable Development Management Standards and a Research Group funded by the Basque Autonomous Government.

## References

- Abbott, A. (2014). *The system of professions: An essay on the division of expert labor*. Chicago, IL: University of Chicago Press.
- Adams, C. A., & Evans, R. (2004). Accountability, completeness, credibility and the audit expectations gap. *Journal of Corporate Citizenship*, 14, 97–115.
- Alleyne, P. A., Devonish, D., & Alleyne, P. (2006). Perceptions of auditor independence in Barbados. *Managerial Auditing Journal*, 21(6), 621–635.
- Ashbaugh, H. (2004). Ethical issues related to the provision of audit and non-audit services: Evidence from academic research. *Journal of Business Ethics*, 52(2), 143–148.
- Bakar, N. B. A., Rahman, A. R. A., & Rashid, H. M. A. (2005). Factors influencing auditor independence: Malaysian loan officers' perceptions. *Managerial Auditing Journal*, 20(8), 804–822.
- Ball, A., Owen, D. L., & Gray, R. (2000). External transparency or internal capture? The role of third-party statements in adding value to corporate environmental reports. *Business Strategy and the Environment*, 9(1), 1–23.
- Bazerman, M. H., Morgan, K. P., & Loewenstein, G. F. (1997). Opinion: The impossibility of auditor independence. *Sloan Management Review*, 38(4), 89.
- Biernacki, P., & Waldorf, D. (1981). Snowball sampling: Problems and techniques of chain referral sampling. *Sociological Methods & Research*, 10(2), 141–163.
- Boiral, O. (2013). Sustainability reports as simulacra? A counter-account of A and A + GRI reports. *Accounting, Auditing & Accountability Journal*, 26(7), 1036–1071.
- Boiral, O. (2016). Accounting for the unaccountable: Biodiversity reporting and impression management. *Journal of Business Ethics*, 135(4), 751–768.
- Boiral, O., & Gendron, Y. (2011). Sustainable development and certification practices: Lessons learned and prospects. *Business Strategy and the Environment*, 20(5), 331–347.
- Boiral, O., Heras-Saizarbitoria, I., & Brotherton, M.-C. (2017). Assessing and improving the quality of sustainability reports: The auditors' perspective. *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-017-3516-4>.
- Casterella, J. (2010). Auditor tenure and rotation: The auditors, are they a-changin? Colorado State University. [https://warrington.ufl.edu/centers/icraa/docs/indepth\\_article\\_3.pdf](https://warrington.ufl.edu/centers/icraa/docs/indepth_article_3.pdf), Accessed August 8, 2017.

Charmaz, K., & Belgrave, L. L. (2012). Qualitative interviewing and grounded theory analysis. In J. F. Gubrium, J. A. Holstein, A. B. Marvasti, & K. D. McKinney (Eds.), *The SAGE handbook of interview research: The complexity of the craft* (pp. 347–365). Thousand Oaks: Sage.

Cho, C. H., Laine, M., Roberts, R. W., & Rodrigue, M. (2015). Organized hypocrisy, organizational façades, and sustainability reporting. *Accounting, Organizations and Society*, 40, 78–94.

Cho, C. H., Michelon, G., & Patten, D. M. (2012). Impression management in sustainability reports: An empirical investigation of the use of graphs. *Accounting and the Public Interest*, 12(1), 16–37.

Cho, C. H., Michelon, G., Patten, D. M., & Roberts, R. W. (2014). CSR report assurance in the USA: An empirical investigation of determinants and effects. *Sustainability Accounting, Management and Policy Journal*, 5(2), 130–148.

Cho, C. H., & Patten, D. M. (2007). The role of environmental disclosures as tools of legitimacy: A research note. *Accounting, Organizations and Society*, 32(7), 639–647.

Cho, C. H., Roberts, R. W., & Patten, D. M. (2010). The language of US corporate environmental disclosure. *Accounting, Organizations and Society*, 35(4), 431–443.

Chung, J., & Monroe, G. S. (2003). Exploring social desirability bias. *Journal of Business Ethics*, 44(4), 291–302.

Covaleski, M. A., Dirsmith, M. W., Heian, J. B., & Samuel, S. (1998). The calculated and the avowed: Techniques of discipline and struggles over identity in Big Six public accounting firms. *Administrative Science Quarterly*, 43(2), 293–327.

Cuadrado-Ballesteros, B., Martínez-Ferrero, J., & García-Sánchez, I. M. (2017). Mitigating information asymmetry through sustainability assurance: The role of accountants and levels of assurance. *International Business Review*, 26(6), 1141–1156.

Dando, N., & Swift, T. (2003). Transparency and assurance minding the credibility gap. *Journal of Business Ethics*, 44(2–3), 195–200.

De Beelde, I., & Tuybens, S. (2015). Enhancing the credibility of reporting on corporate social responsibility in Europe. *Business Strategy and the Environment*, 24(3), 190–216.

Deegan, C., Cooper, B. J., & Shelly, M. (2006). An investigation of TBL report assurance statements: UK and European evidence. *Managerial Auditing Journal*, 21(4), 329–371.

DeFond, M. L., Raghunandan, K., & Subramanyam, K. (2002). Do non-audit service fees impair auditor independence? Evidence from going concern audit opinions. *Journal of Accounting Research*, 40(4), 1247–1274.

- Diouf, D., & Boiral, O. (2017). The quality of sustainability reports and impression management: A stakeholder perspective. *Accounting, Auditing & Accountability Journal*, 30(3), 643–667.
- Dogui, K., & Boiral, O. (2013). Permanence de l’auditeur et indépendance de l’audit ISO 14 001: une étude exploratoire. *VertigO*. <https://doi.org/10.4000/vertigo.13970>.
- Dogui, K., Boiral, O., & Gendron, Y. (2013). ISO auditing and the construction of trust in auditor independence. *Accounting, Auditing & Accountability Journal*, 26(8), 1279–1305.
- Dunne, C. (2011). The place of the literature review in grounded theory research. *International Journal of Social Research Methodology*, 14(2), 111–124.
- Duska, R. (2005). The good auditor—Skeptic or wealth accumulator? Ethical lessons learned from the Arthur Andersen debacle. *Journal of Business Ethics*, 57(1), 17–29.
- Fernandez-Feijoo, B., Romero, S., & Ruiz, S. (2016). The assurance market of sustainability reports: What do accounting firms do? *Journal of Cleaner Production*, 139, 1128–1137.
- Fonseca, A. (2010). How credible are mining corporations’ sustainability reports? A critical analysis of external assurance under the requirements of the international council on mining and metals. *Corporate Social Responsibility and Environmental Management*, 17(6), 355–370.
- Fuhrmann, S., Ott, C., Looks, E., & Guenther, T. W. (2017). The contents of assurance statements for sustainability reports and information asymmetry. *Accounting and Business Research*, 47(4), 369–400.
- Geiger, M. A., & Raghunandan, K. (2002). Auditor tenure and audit reporting failures. *Auditing: A Journal of Practice & Theory*, 21(1), 67–78.
- Gendron, Y., & Spira, L. F. (2010). Identity narratives under threat: A study of former members of Arthur Andersen. *Accounting, Organizations and Society*, 35(3), 275–300.
- Gendron, Y., & Suddaby, R. (2004). CAP Forum on Enron: Professional insecurity and the erosion of accountancy’s jurisdictional boundaries. *Accounting Perspectives*, 3(1), 84–116.
- Gephart, R. P., Topal, C., & Zhang, Z. (2010). Future-oriented sensemaking: Temporalities and institutional legitimation. In T. Hernes & S. Maitlis (Eds.), *Process, sensemaking, and organizing* (pp. 275–312). New York: Oxford University Press.
- Gilbert, D. U., & Rasche, A. (2008). Opportunities and problems of standardized ethics initiatives—A stakeholder theory perspective. *Journal of Business Ethics*, 82(3), 755–773.
- Glaser, B. G., & Strauss, A. L. (2017). *The discovery of grounded theory: Strategies for qualitative research*. New York: Routledge.

Global Reporting Initiative. (2013). The external assurance of sustainability reporting. Amsterdam: GRI.

Goldwasser, D. L. (1999). Is it possible to achieve? Independence in a changing accounting profession. *The CPA Journal*, 69(10), 46–51.

Grey, C. (2003). The real world of Enron's auditors. *Organization*, 10(3), 572–576.

Gunz, S., & McCutcheon, J. (1991). Some unresolved ethical issues in auditing. *Journal of Business Ethics*, 10(10), 777–785.

Gürtürk, A., & Hahn, R. (2016). An empirical assessment of assurance statements in sustainability reports: Smoke screens or enlightening information? *Journal of Cleaner Production*, 136(A), 30–41.

Hahn, R., & Kühnen, M. (2013). Determinants of sustainability reporting: A review of results, trends, theory, and opportunities in an expanding field of research. *Journal of Cleaner Production*, 59, 5–21.

Hahn, R., & Lülfes, R. (2014). Legitimizing negative aspects in GRI-oriented sustainability reporting: A qualitative analysis of corporate disclosure strategies. *Journal of Business Ethics*, 123(3), 401–420.

Heras-Saizarbitoria, I., Dogui, K., & Boiral, O. (2013). Shedding light on ISO 14001 certification audits. *Journal of Cleaner Production*, 51, 88–98.

Higgins, C., Stubbs, W., & Milne, M. (2018). Is sustainability reporting becoming institutionalised? The role of an issues-based field. *Journal of Business Ethics*, 147(2), 309–326.

Hodge, K., Subramaniam, N., & Stewart, J. (2009). Assurance of sustainability reports: Impact on report users' confidence and perceptions of information credibility. *Australian Accounting Review*, 19(3), 178–194.

Hudaib, M., & Haniffa, R. (2009). Exploring auditor independence: An interpretive approach. *Accounting, Auditing & Accountability Journal*, 22(2), 221–246.

Hummel, K., Schlick, C., & Fifka, M. (2017). The role of sustainability performance and accounting assurors in sustainability assurance engagements. *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-016-3410-5>.

Hurtt, R. K., Brown-Liburd, H., Earley, C. E., & Krishnamoorthy, G. (2013). Research on auditor professional skepticism: Literature synthesis and opportunities for future research. *Auditing: A Journal of Practice & Theory*, 32(Suppl 1), 45–97.

Iansen-Rogers, J., & Oelschlaegel, J. (2005). Assurance Standards Briefing: AA1000 Assurance Standard and ISAE3000. London, Amsterdam: AccountAbility and KPMG Sustainability.

- Jones, M. J., & Solomon, J. F. (2010). Social and environmental report assurance: Some interview evidence. *Accounting Forum*, 34, 20–31.
- Junior, R. M., Best, P. J., & Cotter, J. (2014). Sustainability reporting and assurance: A historical analysis on a world-wide phenomenon. *Journal of Business Ethics*, 120(1), 1–11.
- King, A., & Bartels, W. (2015). *Currents of change: The KPMG Survey of Corporate Responsibility Reporting 2015*. Zurich: KPMG International.
- Kolk, A., & Perego, P. (2010). Determinants of the adoption of sustainability assurance statements: An international investigation. *Business Strategy and the Environment*, 19(3), 182–198.
- Kornberger, M., Justesen, L., & Mouritsen, J. (2011). “When you make manager, we put a big mountain in front of you”: An ethnography of managers in a Big 4 accounting firm. *Accounting, Organizations and Society*, 36(8), 514–533.
- Laufer, W. S. (2003). Social accountability and corporate greenwashing. *Journal of Business Ethics*, 43(3), 253–261.
- Macpherson, A., & Jones, O. (2010). Editorial: Strategies for the development of International Journal of Management Reviews. *International Journal of Management Reviews*, 12(2), 107–113.
- Malsch, B., & Gendron, Y. (2013). Re-theorizing change: Institutional experimentation and the struggle for domination in the field of public accounting. *Journal of Management Studies*, 50(5), 870–899.
- Manetti, G., & Becatti, L. (2009). Assurance services for sustainability reports: Standards and empirical evidence. *Journal of Business Ethics*, 87(1), 289–298.
- Manetti, G., & Toccafondi, S. (2012). The role of stakeholders in sustainability reporting assurance. *Journal of Business Ethics*, 107(3), 363–377.
- Maroun, W. (2017). Assuring the integrated report: Insights and recommendations from auditors and preparers. *The British Accounting Review*, 49(3), 329–346.
- Martínez-Ferrero, J., & García-Sánchez, I. M. (2016). The level of sustainability assurance: The effects of brand reputation and industry specialisation of assurance providers. *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-016-3159-x>.
- Martínez-Ferrero, J., & García-Sánchez, I. M. (2017a). Coercive, normative and mimetic isomorphism as determinants of the voluntary assurance of sustainability reports. *International Business Review*, 26(1), 102–118.

- Martínez-Ferrero, J., & García-Sánchez, I. M. (2017b). Sustainability assurance and assurance providers: Corporate governance determinants in stakeholder-oriented countries. *Journal of Management & Organization*, 23(5), 647–670.
- Martínez-Ferrero, J., & García-Sánchez, I. M. (2017c). Sustainability assurance and cost of capital: Does assurance impact on credibility of corporate social responsibility information? *Business Ethics: A European Review*, 26(3), 223–239.
- Maxwell, J. A. (2012). *Qualitative research design. An interactive approach*. Thousand Oaks, CA: Sage.
- Michelon, G., Pilonato, S., & Ricceri, F. (2015). CSR reporting practices and the quality of disclosure: An empirical analysis. *Critical Perspectives on Accounting*, 33, 59–78.
- Moore, D. A., Tetlock, P. E., Tanlu, L., & Bazerman, M. H. (2006). Conflicts of interest and the case of auditor independence: Moral seduction and strategic issue cycling. *Academy of Management Review*, 31(1), 10–29.
- Moriceau, J.-L. (2005). What can we learn from a singular case like Enron? *Critical Perspectives on Accounting*, 16(6), 787–796.
- Moroney, R., Windsor, C., & Aw, Y. T. (2012). Evidence of assurance enhancing the quality of voluntary environmental disclosures: An empirical analysis. *Accounting & Finance*, 52(3), 903–939.
- Morrison, E. W., & Milliken, F. J. (2000). Organizational silence: A barrier to change and development in a pluralistic world. *Academy of Management Review*, 25(4), 706–725.
- O'Dwyer, B. (2011). The case of sustainability assurance: Constructing a new assurance service. *Contemporary Accounting Research*, 28(4), 1230–1266.
- O'Dwyer, B., & Owen, D. (2007). Seeking stakeholder-centric sustainability assurance. *Journal of Corporate Citizenship*, 25(1), 77–94.
- O'Dwyer, B., Owen, D., & Unerman, J. (2011). Seeking legitimacy for new assurance forms: The case of assurance on sustainability reporting. *Accounting, Organizations and Society*, 36(1), 31–52.
- O'Dwyer, B., & Owen, D. L. (2005). Assurance statement practice in environmental, social and sustainability reporting: A critical evaluation. *The British Accounting Review*, 37(2), 205–229.
- Owen, D. L., Swift, T. A., Humphrey, C., & Bowerman, M. (2000). The new social audits: Accountability, managerial capture or the agenda of social champions? *European Accounting Review*, 9(1), 81–98.



- Park, J., & Brorson, T. (2005). Experiences of and views on third-party assurance of corporate environmental and sustainability reports. *Journal of Cleaner Production*, 13(10), 1095–1106.
- Perego, P. (2009). Causes and consequences of choosing different assurance providers: An international study of sustainability reporting. *International Journal of Management*, 26(3), 412–425.
- Perego, P., & Kolk, A. (2012). Multinationals' accountability on sustainability: The evolution of third-party assurance of sustainability reports. *Journal of Business Ethics*, 110(2), 173–190.
- Power, M. (1997). *The audit society: Rituals of verification*. Oxford: Oxford University Press.
- Power, M. (2000). The audit society—Second thoughts. *International Journal of Auditing*, 4(1), 111–119.
- Rahmina, L. Y., & Agoes, S. (2014). Influence of auditor independence, audit tenure, and audit fee on audit quality of members of capital market accountant forum in Indonesia. *Procedia-Social and Behavioral Sciences*, 164, 324–331.
- Raivio, K. (2011). Sustainability as an educational agenda. *Journal of Cleaner Production*, 19(16), 1906–1907.
- Reimsbach, D., Hahn, R., & Gürtürk, A. (2017). Integrated reporting and assurance of sustainability information: An experimental study on professional investors' information processing. *European Accounting Review*. <https://doi.org/10.1080/09638180.2016.1273787>.
- Roberts, D. H., & Koeplin, J. P. (2011). Sustainability reporting practices in Portugal: Greenwashing or triple bottom line? *International Business & Economics Research Journal (IBER)*, 6(9), 29–40.
- Sharma, D. S., & Sidhu, J. (2001). Professionalism vs commercialism: The association between non-audit services (NAS) and audit independence. *Journal of Business Finance & Accounting*, 28(5–6), 563–594.
- Simnett, R., Vanstraelen, A., & Chua, W. F. (2009). Assurance on sustainability reports: An international comparison. *The Accounting Review*, 84(3), 937–967.
- Sipos, Y., Battisti, B., & Grimm, K. (2008). Achieving transformative sustainability learning: Engaging head, hands and heart. *International Journal of Sustainability in Higher Education*, 9(1), 68–86.
- Smith, J., Haniffa, R., & Fairbrass, J. (2011). A conceptual framework for investigating 'capture' in corporate sustainability reporting assurance. *Journal of Business Ethics*, 99(3), 425–439.

- Strutton, D., Vitell, S. J., & Pelton, L. E. (1994). How consumers may justify inappropriate behavior in market settings: An application on the techniques of neutralization. *Journal of Business Research*, 30(3), 253–260.
- Suddaby, R., Cooper, D. J., & Greenwood, R. (2007). Transnational regulation of professional services: Governance dynamics of field level organizational change. *Accounting, Organizations and Society*, 32(4), 333–362.
- Sykes, G. M., & Matza, D. (1957). Techniques of neutralization: A theory of delinquency. *American Sociological Review*, 22(6), 664–670.
- Talbot, D., & Boiral, O. (2015). Strategies for climate change and impression management: A case study among Canada's large industrial emitters. *Journal of Business Ethics*, 132(2), 329–346.
- Taminiau, Y. (2013). “It looks like friendship but it's not”, the institutional embeddedness of informal client relationships of Big 4 accountants and consultants compared. *International Journal of Management Concepts and Philosophy*, 7(2), 128–149.
- Tan, H.-T. (1995). Effects of expectations, prior involvement, and review awareness on memory for audit evidence and judgment. *Journal of Accounting Research*, 33(1), 113–135.
- Tepalagul, N., & Lin, L. (2015). Auditor independence and audit quality: A literature review. *Journal of Accounting, Auditing & Finance*, 30(1), 101–121.
- Tourangeau, R., & Yan, T. (2007). Sensitive questions in surveys. *Psychological Bulletin*, 133(5), 859–883.
- Umar, A., & Anandarajan, A. (2004). Dimensions of pressures faced by auditors and its impact on auditors' independence: A comparative study of the USA and Australia. *Managerial Auditing Journal*, 19(1), 99–116.
- Vanstraelen, A. (2000). Impact of renewable long-term audit mandates on audit quality. *European Accounting Review*, 9(3), 419–442.
- Vitell, S. J., & Grove, S. J. (1987). Marketing ethics and the techniques of neutralization. *Journal of Business Ethics*, 6(6), 433–438.
- Vough, H. C., Cardador, M. T., Bednar, J. S., Dane, E., & Pratt, M. G. (2013). What clients don't get about my profession: A model of perceived role-based image discrepancies. *Academy of Management Journal*, 56(4), 1050–1080.
- Weick, K. E. (1995). *Sensemaking in organizations*. Thousand Oaks: Sage.
- Wilson, M. C. (2013). A critical review of environmental sustainability reporting in the consumer goods industry: Greenwashing or good business? *Journal of Management and Sustainability*, 3(4), 1–13.

## **Appendix: Semi-structured Script Used for the Interviews**

### *Section 1: Information About the Sustainability Report Assurance Process*

- Trends in sustainability report assurance
- Motivation of the reporting company to get assurance
- Standards used for the sustainability report assurance
- Level of assurance
- Responsibility limitation of the assurance provider
- Scope of the assurance process

### *Section 2: Methodology Used for the Assurance Process*

- Verification according to the GRI guidelines
- Actual methods used to perform the assurance process
- Best practices for the assurance process
- Difficulties observed during the assurance process
- Improvements required for the assurance process

### *Section 3: Results of the Assurance Process*

- Opinion about the general content of sustainability reports
- Reliability of sustainability reports
- General recommendations made to reporting companies
- Characteristics of published assurance statements
- Implication of the assurance process for stakeholders

### *Section 4: Professionalism and Independence of Assurance Providers*

- General background of assurance providers
- Distinctions between assurance providers coming from different backgrounds
- Justification of assurance providers' objectivity, independence and professionalism
- Distinctions between assurance and consulting works
- Important skills needed for assurance providers