The role of third party assurance of sustainability reports

Incentives and Challenges
Master Thesis

Title: The role of third party assurance of sustainability reports – Incentives and challenges
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Date: 2017-05-22

Key terms: Third party assurance, sustainability assurance, assurance, institutional theory, stakeholder theory

Abstract

Background: Companies responsibilities regarding sustainability issues has drawn significant attention globally recent years due to catastrophes such as pollution and destruction of ozone layer. Out of this, a demand for companies to account for their sustainability performance has dawn, together with an almost concomitant growth in sustainability assurance. Some companies are truly committed to sustainability issues whilst other use sustainability reporting as manipulation and so called “greenwashing”. The role of sustainability assurance of these reports is unclear. Does it function as a legitimizer, a managerial tool and/or a corrector?

Purpose: The purpose of this thesis is to investigate what role of third party assurance of sustainability information play, by identifying incentives and challenges. The thesis is written from a Swedish perspective.

Method: It is a qualitative research and the data is collected through semi-structured interviews. Interviews was performed with assurance providers, companies with assured sustainability information and companies without sustainability information.

Conclusion: The result shows that sustainability assurance is mainly functioning as a managerial tool that aims to improve internal processes, communication and control environment. However, it is associated with difficulties. Moreover, it does not necessarily imply that accountability increases and that the quality and credibility of the report is improved, since the role as corrector is unprioritized and associated with difficulties. A main concern is lack of standardization and laws, and lack of stakeholder inclusiveness in the reporting process and assurance process, referring to a wide range of stakeholders. Instead an important role of sustainability assurance is to legitimize the company as well as the assurer. Lastly, if the company acts sustainable or not is up to the company to decide. One should not expect auditors to prevent scandals or contribute significantly to a more sustainable world.
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1. Introduction

The introductory chapter outlines a background to the subject corporate sustainable development, corporate sustainability reporting and third party assurance of sustainability information. Thereafter a problem discussion is presented which forms the basis for the subsequent purpose of the thesis and the research questions. Lastly, delimitations of the study are presented.

1.1 Background

1.1.1 Corporate sustainable development

Humanity is most certainly killing the planet. Oil spill, stock market collapses, material frauds, pollution, destruction of the ozone layer and child labor are examples of catastrophes that has shaken the world. At the same time, business press express joy regarding growing profit and risen gross national products. However, successful business has its price (Gray, Adams and Owen, 2014). Studies have shown that traditional business interest and a sustainability ideal are in tension (Caron and Turcotte, 2009). Hence, we cannot realize a sustainable development without companies’ contribution (Blindheim and Langhelle, 2010).

Corporate sustainable development and corporate social responsibility is a topic that has drawn significant attention globally within science (see for example Bansal, 2005; Campbell, 2007) as well as within practitioners (Grankvist, 2012; Dagens nyheter, 2017), business press and politicians (Campbell, 2007).

However, there are various perceptions of the meaning of the broad concept sustainability and what changes that is needed to take place to fulfill sustainability. Additionally, several concepts are introduced in this field and the meaning of the concepts seems to vary over time (Campbell, 2007). Sustainable development is according to the well-cited Brundtland report “a development which meets the needs of the present without compromising the ability of future generations to meet their own needs” WCED (1987).

Another widely used concept is Corporate Social Responsibility (CSR). However, a definition of CSR is hard to agree upon as well (Gray et al, 2014; Milne and Gray, 2007). The World Business Council for Sustainable Development defines it as following: “.. the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.” (World Business Council for Sustainable Development, n.d). Moreover, Carroll A.B (1991) introduced a pyramid of CSR which illustrates four components; be profitable, obey the law, be ethical and be a good corporate citizen. Profit is, according to the pyramid, the base that all other components rest upon. Gray et al (2014), on the other hand, argues that profit should not have that elementary
position. These two widely used definitions of sustainable development and CSR should be seen as guidance. Making it even more confusing, these two concepts are often used as synonyms (Larsson and Ljungdahl, 2008, p.11-12).

Finally, an ideal situation would be that sustainability reporting could contribute by exposing sustainability issues to reveal the problems mentioned above, such as pollution and child labor (Gray et al, 2014, s. 2).

1.1.2 Corporate sustainability reporting

According to a survey accomplished by KPMG in 2015, 92 % of the world’s 250 largest companies by revenue (G250) are reporting on sustainability issues. Overall, 73 % of the 100 largest companies in several countries around the world (N100) are reporting (KMPG, 2015), comparing to 12 % in year 1993 (Kolk, 2004). Approximately 87 % of the 100 largest companies in Sweden are reporting on sustainable issues, which is a rise of approximately 7 % since 2013. It puts Sweden on place 10 in the world (KPMG, 2015).

Hence, an increasing number of companies report on sustainability issues. However, the content and structure of the disclosed sustainability information differ substantially. There is confusion in the terminology and a need of a unified perception of corporate sustainability reporting. However, as a consequence of the confusion in the terminology of sustainability and CSR, there are obstacles with defining corporate sustainability reporting and what a sustainability report is (Milne and Gray, 2007). Sustainability reporting is a complex subject that is interpreted differently. It has many names among researchers. Sustainability reporting is also known as corporate social reporting, environmental reporting, triple bottom line (TBL) reporting, corporate social responsibility (CSR) reporting, social accounting and social/environmental reporting (SER), to mention some of them (Gray et al, 2014; Deegan, Cooper and Shelly, 2006; Beelde and Tuybens, 2015; Higgins and Walker, 2012). To simplify, henceforth the term sustainability reporting will be used.

Additionally, the aim with sustainability reporting is unclear; to satisfy the management intentions or to increase the accountability? There seem to be a conflict between those two objectives (Gray, 2000). Companies’ argue that the reason they engage in sustainability reporting is to enhance employees’ moral, facilitate implementation of sustainability strategy and improve the organizations’ understanding of sustainability issues (Kolk, 2004, p. 54). However, other central motives are to legitimize the corporation (Windolph, Harms and Schaltegger, 2013; Hu and Karbhari, 2015) and to improve reputation (Kolk, 2004, p. 54; Gray, 2000).

Moreover, some theorists have a positive approach toward sustainability reporting and argue that it does play an important role by putting the subject on companies’ agenda and are contributing by facilitating to argue for the meaning of the subject (Gray, Walters, Bebbington and Thompson,
Gray (2000) argues that it increases transparency regarding companies’ sustainability performance and might add corporate accountability.

Other previous findings have shown contrasting result. Users of sustainability reports want the company to give a true and fair view of the companies’ achievements (Gray, 2000). However, previous research has shown that there is a lack of credibility in sustainability reports and a demand of adding extra credibility. Users cannot trust the correctness of the disclosed data and the honesty of the reporting company. Companies use persuasive rhetorical strategies to increase their acceptability and credibility, to appear reasonable and reinforce good impression (Higgins and Walker, 2012). Moreover, users cannot trust that the report is complete, that all material issues are included (Adams and Evans, 2004).

Additionally, it seems that sustainability reporting and sustainability strategy are decoupled from sustainability performance. There is a tendency that companies with insufficient sustainability performance have a more extensive disclosure (Cho, Guildry, Hageman and Patten, 2012). Studies have shown that companies’ sustainability reports are relatively high rated in sensitive industries such as chemicals, oil and gas, and mining even though the evidence of enhancements of their sustainability performance are inadequate (Milne and Gray, 2007). So, even though most companies seem to have a sustainability strategy in place (Kend, 2015), it does not imply that users should be pleased with the improvements in the companies’ sustainability performance (Milne and Gray, 2007).

Hence, so far, stakeholders seem to have the responsibility to distinguish between companies that are truly committed and companies that uses the disclosure as a symbolic action, for so called “green washing” and manipulation (Higgins and Walker, 2012; Alon and Vidovic, 2015; Greenwood and Van Buren III, 2010, p. 436).

A potential solution is to let an independent third party assure companies’ disclosed sustainability information; to increase the credibility and accountability (Dando and Swift, 2003; O’Dwyer and Owen, 2005), expose potential irregularities (Ek, 2012), and to ensure the completeness of the sustainability information (Adams and Evans, 2004).

1.1.3 Third party assurance of sustainability information

The latest survey made by the auditing firm KPMG shows that a growing number of companies engage an independent third-party to assure their sustainability information. 63 % of the 250 largest global companies (G250 companies) have their sustainability information assured by an independent third party. The corresponding percent regarding N100 companies are not stated. However, sustainability assurance is growing among N100 companies after stagnation between year 2011 and 2013 (KPMG, 2015). So, it seems that this growth of sustainability reporting has brought an almost concomitant growth in sustainability assurance. In addition, there is a similar
confusion over terminology and similar ambiguity regarding the aim of the service (Gray, 2000). There are several unequal definitions, which might reflect a variety of interests in this immature growing field (Power, 2003).

Some theorists have a positive approach towards the involvement of sustainability assurance. Dando and Swift (2003) argue that it has the potential to add credibility by increasing transparency and accountability, if the assurance process is designed sufficiently. A sufficient standard might play an important role (Dando and Swift, 2003; Manetti and Becatti, 2009). Moreover, Beelde and Tuybens (2015) argues that sustainability assurance increases credibility and confidentiality. Lastly, Gray et al (1995, p. 233) states that it increases transparency and makes sustainability a controllable issue.

Other theorists have made opposite conclusions. Michelon, Pilonato and Ricceri (2015) conclude that there is no relationship between sustainability assurance and quality of the sustainability information. They argue that it could be seen as a symbolic action, that companies use assurance to influence stakeholders’ perception in believing that they are committed to sustainability issues. Moreover, evidence has shown that the “assurance appears to be a managerial tool associated with the congruence of internal processes rather than a performance-differentiating signal to external stakeholders” (Alon and Vidovic, 2015, p. 348-349). Furthermore, there seems to be a tendency that companies which are operating in sensitive industries and financing industries are more likely to assure their sustainability information (Cho, Michelon, Patten and Roberts, 2014).

Noteworthy is that assurance providers are seeking legitimization of their role and the assurance process (Power, 2003; O’Dwyer et al, 2011). They are risking impoverished reputation if they do not perform a sufficient assurance. In addition, assurers are risking expectational gaps, therefore they are pressured to rationalize and standardize the assurance process, and make it transparent. On the other hand, there are other legitimization strategies that might be decoupled from the assurance practice (Power, 2003). A driver for the leading auditing firms to enter the assurance market is to succeed economically. Studies have shown that legitimizing strategies used are short-term rather than moral. They are focusing on clients; they promote internal benefits with assurance, such as improved reporting practices, and external credibility, rather than improving the assurance process. Furthermore, they have attempted to legitimize their role towards external stakeholders by formulate a persuading public assurance report and promote a stakeholder focused approach (O´Dwyer et al, 2011).

In conclusion, a main tool to add credibility and accountability is to engage an external third party. However, there are reasons to question what role sustainability assurance play, and the quality of it (Park and Brorson, 2005; Adams and Evans, 2004; Simnett, 2012, p. 90).
1.2 Problem discussion

So, it seems that the research community does not agree on the role of either sustainability reporting or its assurance. This problematization puts forward five possible roles; that of the reporting company as the truly committed “altruist” (see for example Gray, 2000; Kolk, 2004) and that as the “green washer” (see for example Alon and Vidovic, 2015; Higgins and Walker, 2012). Moreover, research inclines either the role of the “controller” (Beelde and Tuybens, 2015; Dando and Swift, 2003), the “legitimizer” (see for example O´Dwyer et al, 2011; Power, 2003), or that of the “managerial tool” (Alon and Vidovic, 2015, p. 348-349) to sustainability assurance.

Several combinations of these roles are possible to imagine. For example, sustainability assurance might control or/and legitimize companies which aims to take their responsibility when it comes to sustainability development, and aims to give a true and fair view of their sustainability performance in their report. On the other hand, sustainability assurance might control or/and legitimize companies that use sustainability reports to legitimize weak sustainability performance and manipulate the reader. In addition, sustainability assurance might function as a managerial tool that focuses on internal processes.

Hence, one potential scenario is that companies disclose persuasive and conceived untruths and omit important information (Higgins and Walker, 2012; Adams and Evans, 2004). In addition, sustainability assurance might function as a short-term legitimizer of this information (see for example Power, 2003).

Park and Brorson (2005) have done an investigation of factors that influence the decision to engage sustainability assurance of their sustainability information, from a Swedish perspective. They interviewed 28 Swedish companies’ including assurance providers. They analyzed their disclosed sustainability information. In general, the assured companies were positive and stated that sustainability assurance improves internal systems and increases credibility. However, companies without assured sustainability information stated that it is too costly and that there is insufficient evidence that supports that it does increase credibility. There is a call for further studies of how to create links between enhanced credibility and assured sustainability reports (Park and Brorson, 2005). Furthermore, previous studies have expressed a call for a more profound understanding of how the assurance process (O´Dwyer, 2011) and sustainability reporting (Adams and Larrinaga-González, 2007) works in practice. This thesis contributes to the research by connecting the subject to institutional theory and stakeholder theory and additional previous research. It aims to improve the understanding of the role of third party assurance.

So, the problem is that the role of sustainability assurance is unclear and there is a need of further research. The research questions and purpose are formulated in the light of this fact.
1.3 Research question

The main question is:

What role does third-party assurance of sustainability information play?

RQ1 What incentives are there to engage a third party to assure sustainability information?

RQ2 What challenges are it related to third-party assurance of sustainability information?

1.4 Purpose

The purpose of this thesis is to investigate what role third-party assurance of sustainability information play, by identifying incentives and challenges.

1.5 Delimitations

The thesis is written from a Swedish perspective. The survey comprises OMXS30 companies, hence, large Swedish companies listed on the Stockholm stock exchange, measured by turnover on the stock exchange. It includes companies that do assure their sustainability information as well as companies that do not assure their sustainability information. Moreover, it comprises of Swedish assurance providers. All respondents that represents assurance providers are representatives from auditing firms.

2. Theoretical Framework

In this chapter, the theoretical basis of the study is presented. The chapter begins with previous research on corporate sustainable development. Thereafter, previous research on corporate sustainability reporting is presented together with accompanied accounting standards, laws, and regulations. Followed by an interpretation of previous research on third-party assurance of sustainability information, together with accompanied assurance standards, laws, and regulations. Lastly, institutional theory and stakeholder theory are presented.

2.1 Corporate sustainable development

Since the 70s, the traditional business self-interest and profit focused approach has been increasingly questioned. To begin with, researchers attempted to understand the whole system rather than decoupled parts of it, and a control function that ensures that companies’ acts in the interest of the society as well as the owners were discussed (Kempner, McMillan and Hawkins, 1970). Moreover, the British economist Milton Friedman claimed in reports in the 70s that
companies’ primary responsibility is to its owners, to make as much money as possible. A claim that brought reaction among researchers, they argue that companies should act socially responsible (Shaw, 1988).

The World Commission on Economic Development (WCED) has played an important role when it comes to developing the meaning of and companies’ commitment to sustainable development (Rondinelli and Berry, 2000). The report “Our common future”, from year 1987, WCED introduced three principles that were necessary to adopt to fulfil sustainable development; “environmental quality”, “economic prosperity” and “social justice” (Elkington, 1997; WCED, 1987). The response to those principles was initially reluctance and skepticism, which might be due to a common assumption that environmental and social issues conflicts with economic success (Bansal, 2005). Moreover, “Social justice” is something that companies gladly disregards (Elkington, 1997, p. 70).

The discussion of whether sustainability performance and economic success is possible to combine is ongoing even during the 90s. Klassen and McLaughlin (1996) investigated the correlation between environmental management, referring to minimization of negative environmental impact on the firm’s products, and companies’ financial performance. They concluded that there is a positive relationship between strong environmental performance, referring to successful minimization of environmental impact, and companies’ financial success. Correspondingly, evidence showed that weak environmental management has a negative impact on financial performance (Klassen and McLaughlin, 1996).

A decade after the publication of The Brundtland report, it was found that most large multinational companies had incorporated environmental management practices and accepted those principles (Rondinelli and Berry, 2000). Mackey, Mackey and Barney (2007) concluded that managers are willing to invest in corporate social responsibility activities that increase the companies’ market value in the long run even though it is related to short term costs. It seems that corporations must engage in sustainability issues to be successful (Elkington, 1994). However, there is a call for a more profound understanding of companies’ actions; why or why not they act responsible. Since a company might contribute significantly in charities for rhetorical purposes and at the same time act irresponsible towards the environment or act unethical towards employees (Campbell, 2007).

One can understand companies’ behavior when it comes to sustainable development as something which is dependent on companies’ capabilities, in forms of employees, time and money, from a resource based perspective (see for example Klassen and McLaughlin, 1996). Another common way to investigate companies’ sustainable behavior is through the lens of an institutional perspective (see for example Campbell, 2007).
Klassen and McLaughlin (1996) investigated the correlation between environmental performance and financial performance, and concluded that there is a significant positive relationship between them. Environmental projects are associated with stock return. Campbell (2007) investigated the correlation between economic conditions and the probability of companies taking socially responsible actions. It turned out that companies that experience weak financial performance and operates in a harmful economy are more likely to act irresponsible. Moreover, an adequate level of competition, an environment of strong regulation or self-regulation, an environment in general that encourage companies to take their responsibility and engagement in stakeholder dialogues is factors that seem to positively affect corporations’ sustainability responsible behavior (Campbell, 2007). Bansal (2005) investigated corporate sustainable development through the lens of both those perspectives. Evidence showed that capital resources an international experienced is positively associated with corporate sustainable development. Furthermore, it seems that media pressure play an important role in the sustainable development, particularly initially in the development. Imitation of other organizations structures and activities explains why companies engage in sustainability issues. However, the correlation between sustainable development and sustainable performance remains unclear (Bansal, 2005).

So, companies have a responsibility and are under pressure to act responsible. In addition, they have a responsibility and are under pressure to account for their actions and objectives regarding sustainable development (Gray, Owen and Maunder, 1987, p. 2-4; Elkington, 1994).

2.2 Corporate sustainability reporting

In step with an increasing interest in sustainable development, there is a corresponding demand for companies to publicly account for their contribution to sustainable development. Initially, the demands were unofficial. However, the question has been raised among researchers if a compulsion is needed (Caron and Turcotte, 2009). Since last year, large companies in Sweden are obliged by law to disclose sustainability information, because of the EU directive 2014/95/EU (Sveriges riksdag, n.d.). This directive will be presented further below.

The first separate sustainability report was published in 1989. Since then the number of reporting companies has increased rapidly (Kolk, 2003). John Elkington is a pioneer of sustainability reporting. He made research on win-win-win strategies that consider the company, customers as well as the environment simultaneously (Elkington, 1994). He introduced the term triple-bottom-line (TBL) during the 90s. The aim was to affect companies to focus not only at economic values but also at environmental and social values (Elkington, 1997). TBL had a large influence on corporations’ sustainability reporting and were widely adopted. However, studies have shown that TBL fails to affect companies and its actions, instead it is a rhetorical tool that misleads the reader (Norman and MacDonald, 2004).
Sustainability reporting is about accounting for non-financial information, such as ethical, social and environmental issues. However, due to the confusion in the terminology, this concept is interpreted differently (Milne and Gray, 2007).

There are numerous incentives to constitute a sustainability report, both internal and external (Park and Brorson, 2005). Such as transparency, branding, identify cost savings, reputation, legitimacy, competitive advantage and enhanced moral among the employees (Herzig and Schaltegger, 2006; Kolk, 2004). Disincentives regarding establishment of a sustainability report is for example high costs, a perception that it will not increase sales because of customers’ disinterest and the fact that competitors do not publish a report (Kolk, 2004).

Previous research concluded have identified two contradictory trends in sustainability reporting: sustainability ideal and business interest. The former has been labeled “path creation” and the latter has been labeled “path dependence”. “Path creation” refers to an aim to change, hence, is more demanding than “path dependence”, which refers to a disinterest of changes. Those two trends might be combined (Caron and Turcotte, 2009). Predictors of business interests in the sustainability report are for example that indicators in the reporting standard are not listed systematically, the information is superficial and the processes are described in words rather than disclosed in measurable figures. Additional indicators are that there are few references to specific stakeholders and they use the sustainability report to present their products, organization, management, and employees, predominantly from a positive view of it. They manifest a traditional view of business and show concern of efficiency and technical innovation. Traditional investors might consider the report to signal good management since they follow trends and handle stakeholders. However, due to exclusion of negative information and measurable figures, sustainability reports alone are not considered to be material for decision basis for ethical investors (Caron and Turcotte, 2009, p. 289-291). Correspondingly, there are indicators of true engagement in sustainability issues in sustainability reports, so-called sustainability ideal. For example, reoccurring references to indicators in the standard and stakeholders and a manifestation of a synergetic view of governance. Additional indicator of true engagement is if the company shows that they try to apply the conceptual definitions in practice. Furthermore, if the company expresses interest in further improvements and learning when it comes to generate transparent relations, then it might indicate a true engagement in sustainability issues. As well as if the company aims to integrate social and sustainability issues with economic objectives (Caron and Turcotte, 2009, p. 291).

There is a need of transparency and at the same time there is an absence of standardization regarding establishment of sustainability reports. Corporate sustainability is a new market that is developed at the same time as it is established. The tension between the so called “path dependence” (business interest) and “path creation” (sustainability ideal) might indicate a premature establishment of sustainability reporting (Caron and Turcotte, 2009).
There are several identified problem areas that confirms that the development of sustainability reporting might have been somewhat hasty. The most obvious problem is that companies can write whatever they want. Higgins and Walker, (2012) investigated persuasive reporting strategies that companies use to appear reasonable and trustworthy. They concluded that many persuasive techniques are used. Moreover, Adams and Evans (2004) states that there is a lack of completeness and credibility in the reports.

In addition, it seems that not every companies perform a sufficient materiality analysis and that they perform it differently. Consequently, the reliability and credibility of the reports decreases (Jones, Hillier and Comfort, 2016, p. 159). A key challenge for companies when it comes to establishment of sustainability reports seems to be to identify material issues and prioritize them in accordance with stakeholder demands (Hsu, Lee and Chao, 2013).

Lastly, companies which operated in the financial industry and companies in sensitive industries with great impact on the environment have been most active when it comes to sustainability reporting, when looking at large multinational companies (Kolk, 2003). However, improvements of the sustainability performance seem to be slow in sensitive industries, such as mining industry (Lodhia and Hess, 2014; Cho et al, 2012). Moreover, Cho et al (2012) concluded that companies with weak performance make more extensive disclosure, and disclosure is positively associated with good reputation (Cho et al, 2012). Thus, sustainability reporting is decoupled from sustainability performance. Moreover, users should not expect to learn anything about companies’ contribution to sustainable development, since the aim might solely be to legitimize the company, instead of giving a true and fair view of the company (Milne and Gray, 2007). Companies can easily claim that they aim to implement a sustainability strategy, improve understanding of sustainability issues and enhance employees’ moral (Kolk, 2004), something which the user tends to believe in (Cho et al, 2012).

Hence, one can understand sustainability reporting as something companies use to signal to stakeholders and persuade them to believe that they are reasonable and trustworthy (Higgins and Walker, 2012). On the other hand, one can understand it as something valuable that have a potential to increase transparency and add corporate accountability (Gray et al, 1995; Gray, 2000). However, the most reasonable interpretation is that sustainability reporting is in need of standardization and a control function.

2.2.1 EU directive 2014/95/EU and Swedish law

Legislators have taken a first step toward a compulsory engagement in sustainable development. The European Parliament and the European Council decided in October 2014 through the directive 2014/95/EU to perform a modification of the directive 2013/34/EU. This implies that it is compulsory for larger companies of public interest in the European Union to constitute a sustainability report. Larger companies refer to companies with over 500 employees in average
during the last fiscal year. There are many reasons for this amendment. For example, there is an experienced need of transparency, hence, enhanced openness and supply of convenient sustainability information. Moreover, publicity of companies’ sustainability information is important in order to assess risks regarding sustainability, to increase confidentiality towards investors and consumers, enhance comparability and to create a change towards a long-term sustainable global economy. Additionally, non-financial information enables to measure, monitor and handle companies’ influence on society. The law sets a minimum requirement of disclosure, which implies that the companies should disclose information regarding environmental issues, social conditions and employees, human rights, corruption and bribery. It should include a description of business model, their policy regarding sustainability issues including accomplished reviews and a report on the result of this policy, risk assessment regarding those issues and relevant performance indicators regarding those issues. Additionally, some companies should disclose information about their policy regarding diversity in the board of directors, including information about age, gender, education, and work background (EUT L330 15.11.2014).

The Swedish Parliament decided on October 26, 2016 to implement an extension of the EU directive. The Swedish law came into force in Sweden on December 1, 2016. It should be applied on financial years which start after December 31, 2016 (Sveriges riksdag, n.d.). The amendment of the Swedish law implies that Swedish companies of public interest which meet more than one of the following conditions are obliged to constitute a sustainability report;

- average number of employees during each of the last two fiscal years has been more than 250
- total assets for each of the last two fiscal years have been more than 175 million SEK
- net sales for each of the last two fiscal years has been more than 350 million SEK

Approximately 1600 Swedish companies are now obliged to constitute a sustainability report. Companies of public interest refers to listed companies, credit institutes and insurance providers. The requirements on the minimum level of content in the report are in accordance with the 2014/95/EU directive. Hence, there are no extensional requirements regarding the content of the report. Moreover, there are no legal requirements of sustainability assurance, neither no law that regulates sustainability assurance (KPMG, 2017; Sveriges riksdag, n.d).

2.2.2 Sustainability reporting standards - The GRI standards, Greenhouse Gas (GHG) Protocol and the International <IR> framework

The leading voluntary standard on sustainability reporting is the global reporting initiative’s (GRI) guidelines (Brown, Jong and Lessidrensk, 2009). It has gained legitimacy among a wide range of actors worldwide (Levy, Brown and Jong, 2010). The idea of GRI arise in the 60s and 70s through the debate about CSR, roles of business and government and the social movements. GRI guidelines are developed through the foundations of the “triple bottom line” (Elkington, 1994; Nikolaeva and Bicho, 2011), which is mentioned above. GRI was founded in Boston in 1997 by the
Coalition for Environmentally Responsible Economies (CERES). Since then several subsequent versions of GRI guidelines have been published; Generation 3 (G3), G3.1 and G4 (GRI, n.d.). Their vision is to affect companies to integrate sustainability issues into companies’ everyday decision making (GRI, n.d.). Moreover, GRI aim to enhance the comparability, auditability and general acceptance of sustainability reporting (Willis, 2003), to bring sustainability reporting to the same level as financial reporting (Nikolaeva and Bicho, 2011). Willis (2003) argues that GRI has the potential to improve the quality and usefulness of sustainability reports. However, GRI standards are voluntary, and might not be written in a way that makes it applicable as a mandatory standard.

In October 2016, the GRI G4 guideline was replaced by the first global standard on sustainability reporting, the GRI standards. Companies can use GRI G4 guidelines until 1 July 2018. The new GRI standards are divided into three categories; economic, environmental and social. Which in turn consists of a set of topic-specific standards. There are ten reporting principles in the GRI standards divided into two parts; principles for defining report content (principle 1-4), and principles for defining report quality (principle 5-10). Those principles form a foundation, of which all GRI standards are based on. Principle number one (P1) is called stakeholder inclusiveness, it implies that companies should identify its stakeholders and report on how the company respond to their expectations and interest. Stakeholders are defined as those who are significantly affected by the company, or those who are expected to affect the company’s implementation of their strategy or achievements of their goals. They should systematically include stakeholders in the establishment of the report to improve the quality of the report, and make sure that they understand stakeholders needs. Conflicting stakeholder needs should be balanced. Lastly, for it to be auditable, the stakeholder inclusiveness process should be documented. P2, sustainability context, implies that the reporting company should present their performance in the wide context of sustainability, describing how they contribute, and aim to contribute to a sustainable world, taking economic, social and environmental issues into consideration. The company chose to describe it on a proper level; local, regional or global. The organization should describe how their performance are related to their long-term strategy. P3, materiality, implies that the report should include all relevant issues; including significant economic, environmental and social issues, or influence of stakeholder assessments and decisions. The company are expected to prioritize between material issues, to give them an appropriate scope in the report. P4, Completeness, stresses that all material issues, including their boundaries, should be included. P5, accuracy, implies that the company should perform a sufficient level of accuracy and details, taking stakeholders into consideration. P6, balance, implies that companies should include both negative and positive aspect. P7, clarity, implies that the company should use a language that stakeholders are expected to understand and a structure that facilitates to navigate in the report. P8, comparability, implies that the company should report consistently, in a way that enable stakeholders to compare their performance over time and with other companies. P9, reliability, implies that the company should report information in a way that makes it possible to trace the original source. Moreover, the company should make it
possible for a third party to review the report. P10, *timeliness*, implies that the report should be published regularly and in time, in line with stakeholders needs (GRI, n.d.).

Moving over to the understanding of companies’ behavior, studies have shown that companies which engage in advertisements are more likely to adopt to GRI guidelines. An adoption to GRI seem to enhance companies’ legitimacy, they will appear responsible by signaling adherence to GRI norms. Moreover, a factor that affect companies to adopt to GRI is the number of other adopters in general and within their industry (Nikolaeva and Bicho, 2011). As a closing statement, it is reasonable to believe that GRI do not have the power to affect companies on a strategic level, as they claim that they aim to do (Levy et al, 2010).

Greenhouse Gas (GHG) Protocol is a standard on how to manage, report and measure greenhouse gas emissions world-wide, initially published in 2001. It is widely-used by multinational companies as well as emission reporting registries (Green, 2010). It is developed by the World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD). This standard comprises of practical tools, a step-by-step guide which is utilized by government as well as business leaders. Apart from to develop policies, they strive to demonstrate best practice and contribute to a sustainable future (World Business Council for Sustainable Development and the World Resources Institute, n.d.). Lastly, there is a perception that an adoption to GHG Protocol entails reduced transaction costs, a position as first-mover and an opportunity to enhance reputation (Green, 2010).

Lastly, sustainability reporting has been criticized for excluding financial issues. Some argue that it must be integrated in the companies’ financial report, otherwise it is not credible to claim that the sustainability strategy is integrated in the business strategy. If sustainability aspects are integrated with business strategy, which however is questioned, then there is an interrelation between financial information and sustainability information. Hence, there is a demand for reports which combines sustainability and financial issues (Lodhia, 2012, p. 143; Jensen and Berg, 2012). As a respond, the British organization The International Integrated Reporting Council (IIRC) developed the International <IR> framework, first published in 2002. It provides guidance on how to provide an integrated report. The aim is to enhance accountability (International Integrated Reporting Council, n.d). The international <IR> framework enhances the understanding of the interdependencies between those two aspects related to companies’ strategy. There seem to be an increasing regulatory interest in integrated reporting (Simnett and Huggins, 2015, p. 30). At the same time, there has been a reluctance towards it and a lack of a general accepted model (Lodhia, 2012, p. 143). At large, the global movement toward integrated reporting seems to be slow. In South Africa, integrated reporting is mandatory. However, in Sweden, 13 of the 100 largest companies use integrated reporting and refer to the international <IR> framework, which is a large number comparing to rest of the world (KPMG, 2015).
2.3 Third party assurance of sustainability information

2.3.1 Auditing as a concept

People have always checked up on each other. It derives from a fundamental need to build trust and be a rational individual. Auditing implies that an independent third party gathers evidence, to be able to express an opinion of a clearly defined object (Power, 1997, p. 5). Auditing is a well-tried appearance that can be traced back to 13th century (Noke, 1981). The need of modern financial auditing increased during 19th century. Because of the emergence of companies where the owners were separated from control, and financial auditing became statutory (Parker, 1990). Financial audit is about letting an auditor give an opinion of whether the financial information gives a “true and fair view” of the company or not. Independence is a key factor, to maintain integrity (Power, 1997, p. 17/132).

Historically, there has been a discussion and confusion regarding the objective of auditing. Before around year 1940 the main objective was to detect frauds, secondary objective was to discover errors (Montgomery, 1912, p. 9). Subsequently, detection of frauds became a secondary objective. The primary objective was instead to express an opinion (see for example Brown, 1962). Consequently, there is an expectational gap between what the audience expect and what the audit delivers (see for example Humphrey, 2007). Due to financial scandals during the last decades, this discussion regarding auditors’ responsibility to detect frauds has been raised again (Power, 1997, p. 23).

2.3.2 What is third party assurance of sustainability information and how can it be understood?

The last two decades, the need of verifying companies disclosed sustainability information has arisen. Companies started to voluntarily engage auditors to verify their sustainability information. It seems that there is a trust in assurance of sustainability information even though the role and scope is unclear. Not only auditors perform assurance on sustainability information, consultants as well, which might have arisen due to a lack of regulations. Moreover, the expectations gap as exists related to financial auditing, can be expected to be applicable even on assurance on sustainability information (Power, 1997, p. 60-64). Sustainability assurance has emerged last years due to scandals, collapses and financial crises (Jones and Solomon, 2010).

Ball et al (2000) investigated to which extent assurance statements produces organizational transparency. They found evidence that indicated that the assured company controls the assurance process to a considerable degree, with focus on internal systems to the expense of comments on the performance. It implies that the assurance service is used as a managerial tool rather than a production of external transparency and accountability. Similar conclusion was made by Bepari and Mollik (2016), that sustainability assurance do not produce accountability. That is due to lack of stakeholder inclusiveness in the assurance process, scope limitations and
the findings that assurance statements are not addressed to external stakeholders sufficiently. It rather functions as a management tool with focus on internal systems, data and processes.

Stakeholder inclusiveness has been identified as a key factor for a successful assurance of sustainability reports, something which seem to be ignored (Edgley et al, 2010). Edgley et al (2010) investigated stakeholder inclusiveness and managerial capture in the assurance process. They concluded that it is increasingly important to include stakeholders in the assurance process, to enhance accountability, something which will be improved by a higher level of assurance. Moreover, sustainability assurance can play an important role when it comes to driving forward a dialogic stakeholder inclusiveness in sustainability reporting processes. Assurance providers could also add value to stakeholders by changing the attitude of the management, and thereby enable accountability. Lastly, there is a need of breaking down management’s leading position. The concern of management control over the assurance process is common among theorists (see for example Jones et al, 2016).

A similar conclusion was made by Jones and Solomon (2010), which interviewed representatives from twenty companies in the United Kingdom regarding their perception of the necessity of sustainability assurance. Some companies had a perception that it enhances credibility and trust. However, other companies stated that internal controls were enough and that assurance serves as a managerial tool to improve internal management control systems, rather than enhancing companies’ accountability, adding credibility and building trust.

A similar conclusion was made by Alon and Vidovic (2015) which investigated sustainability reporting and its assurance influence on companies’ reputation from a signaling theory perspective. They concluded that assurance seems to function as a managerial tool to improve internal processes and to signal their commitment to sustainability issues in-house, rather than a signal to external stakeholders. Moreover, they concluded that sustainability assurance does not affect reputation directly. However, companies with great sustainability performance are more likely to engage sustainability assurance and there is a correlation between good sustainability performance and enhanced reputation (Alon and Vidovic, 2015). On the other hand, Simnett, Vanstraalen, and Chua (2009) concluded that companies which are in need of seeking credibility and enhanced reputation are more likely to engage sustainability assurance.

According to Park and Brorson (2005), Swedish companies with assured sustainability information claim that sustainability assurance is used mainly to add credibility, to internal as well as external stakeholders. Moreover, assurance is used to maintain a frontrunner position and respond to stakeholder demands. Lastly, some companies claimed that they assure to improve sustainability performance and internal reporting systems. Reasons for not assuring was high fee, a perception that sustainability assurance does not add any credibility, and a perception that the credibility they achieve by themselves is enough. Some companies claimed that they are not
prepared for sustainability assurance. Moreover, Park and Brorson (2005) identified problems areas that should be solved to increase credibility; some exclude information from the assurance, lack of generally accepted reporting standards and assurance criteria, lack of attention to stakeholders. Lastly, they encouraged the assurers to sell in potential benefits to companies and stakeholders and argues that it is essential for further development (Park and Brorson, 2005). Profitability and sales growth are important drivers as well (Kend, 2015).

To conclude, sustainability assurance can be understood as something that legitimates companies, and assists companies to position themselves as ethical and improve their reputation. Or something that improves the quality of the sustainability report and adds transparency, credibility and accountability towards external stakeholder. Or a managerial tool that improves internal reporting processes or/and internal control functions.

2.3.3 Challenges with third party assurance

There are several identified challenges related to sustainability assurance. Firstly, sometimes some sustainability information is excluded from the assurance, therefor it is of great importance to clarify the scope of the audit (Park and Brorson, 2005). Secondly, there are no general accepted standards and no general approach of sustainability assurance, consequently the quality and the practice of the assurance process varies. Both consultants and auditors perform sustainability assurance, and how they perform the service and formulate the assurance statement differ (Beelde and Tuybens, 2015; O´Dwyer and Owen, 2005; Perego and Kolk, 2012). Dando and Swift (2003) argue that a unified standard can add credibility to sustainability reports as well as the assurance provider. Thirdly, stakeholders´ demands are not considered enough, either by assurance standard setters or assurance providers (Park and Brorson, 2005; Beelde and Tuybens, 2015; O´Dwyer and Owen, 2005). Fourthly, it seems that assured companies´ management controls the assurance process to a large degree (O´Dwyer and Owen, 2005; Ball, Owen and Gray, 2000; O´Dwyer and Owen, 2005). Fifthly, some companies argue that sustainability assurance does not add any value, that the cost is high and that there is no experienced demand for the assurance service (Park and Brorson, 2005). Sixthly, it seems that far from every company performs a materiality analysis, and that there is a conflict between companies´ interest and stakeholders´ interest (Jones et al, 2016). Seventhly, previous studies have shown that assurance providers materiality assessment differs between financial audit and assurance of sustainability reports (Moroney and Trotman, 2016).

2.3.4 Additional factors that affect the assurance performance and the decision to assure

There are a number of additional factors that affect companies´ decision to assure, such as imitation of other companies (Bansal, 2005), pressure from companies in the same industry (Park and Brorson, 2005) and media pressure (Gillet-Monjarret, 2015). Stakeholder pressure is a factor that seems to have a significant impact on large companies´ decision to assure their sustainability
information (Jones et al, 2016). Integration of sustainability information in the annual report has been identified as a driver for sustainability assurance (Park and Brorson, 2005).

Moreover, studies have shown that companies in stakeholder-oriented countries are more likely to assure, comparing to companies in share-holder oriented countries (Zhou, Simnett, and Green, 2016; Kolk and Perego, 2010: Perego and Kolk, 2012). Kolk and Perego (2010) found that a large percent of companies in Japan and Europe assure their sustainability information. Comparing to in the United states where the corresponding percent is relatively low. United Kingdom, on the other hand, stands out with their high level of both reporting and assurance. A potential explanation is endorsement through regulations and societal pressure. There is a perception that auditing has the potential to compensate for weak or non-existent country-level institutional factors, such a legal enforcement.

Lastly, potential driving forces for future development of assurance practices are a combination of “…proactive approaches from leading companies, generally accepted reporting guidelines and assurance methods, increased pressure from stakeholders and the general acceptance that third-party assurance creates benefits for the company and its stakeholders” (Park and Brorson, 2005, p. 1095).

2.3.5 Auditability

Auditing requires the reviewed object to be auditable. In other words, the assured company must be possible to judge (Ek, 2012; Power, 1997, p, 87-89). Following four steps have been identified. The starting point is to have no internal reporting system and no public report. Step one is to implement an internal reporting system to collect the sustainability information and enable to analyze it. Step two is to publish a public report. Step three is to assure the report. Step four is to involve stakeholders in the assurance process, in order to increase the value of the assurance. All steps require additional resources (Park and Brorson, 2005, p. 1097).

2.3.6 Assurance standards – ISAE 3000, AA1000, FARs recommendations

The International Standards on Assurance Engagements 3000 (ISAE 3000) are one of two dominant international assurance standards. ISAE 3000 were launched by the International Auditing and Assurance Standard Board (IAASB) and came into force in January 2005. It addresses auditing professionals and is applicable on non-financial assurance services as well as sustainability assurance (Kolk and Perego, 2010, p. 184; Manetti and Becatti, 2009; Gray et al, 2014). Assurance engagement is according to ISAE 3000 “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). Each assurance engagement is classified on two dimensions: Either a reasonable assurance engagement or a limited assurance engagement…”
The AccountAbility AA1000 assurance standard (AA1000 AS) is the other of the two dominant assurance standards, launched by the organization AccountAbility in March 2003. It was issued by the nonprofit organization The Institute of Social and Ethical Accountability (ISEA). AA1000 AS addresses anyone who performs external verification services (Kolk and Perego, 2010, p. 184; Manetti and Becatti, 2009; Dando and Swift, 2003; Gray et al, 2014). The aim of AA1000 is to address the expectations gap related to the responsibilities of auditors, the commitment to the interest of the public, independence issues and the formulation of the assurance statement (Dando and Swift, 2003, p. 197). The definition of sustainability assurance in AccountAbility 2003a is: “.. an evaluation method that uses a specified set of principles and standards to assess the quality of a reporting organisation’s subject matter, such as reports, and the organisation’s underlying systems, processes and competencies that underpin its performance” (Zadek, Raynard, Forstater and Oeglschaegel, 2004, p. 28).

Lastly, recommendations from Swedish institute” Föreningen Auktoriserade Revisorer” (FAR) is a common assurance standards as well (Zadek et al, 2004, p. 38). FAR is a trade organization that works for developing the auditing and advisory industry in Sweden as well as internationally (Föreningen Auktoriserade Revisorer, n.d.). Their standard RevR6 regards assurance of sustainability information and is a Swedish application of ISEA 3000. RevR6 is addressed to auditors, it is applicable on audits on sustainability information as well as on limited assurance services and a combination of an audit and a limited assurance service (FAR, 2015). According to RevR6 the sustainability report may have several names and can be published in several ways (FAR, 2015).

2.4 Institutional theory

Companies’ behavior can be explained through the lens of an institutional theory framework. Companies are driven to become similar, to obtain legitimacy. However, it does not imply that they become more efficient. This homogenization of organizations, so called isomorphism, is a main concern for institutionalists (DiMaggio and Powel, 1983). DiMaggio and Powell (1983) have identified three mechanisms that implies institutional isomorphic changes; coercive, mimetic and normative. Coercive mechanisms allude to political pressure such as legislation, regulations, cultural expectations in the society and formal and informal demands from organizations of which the organization is dependent on. Those pressures are not necessarily a compulsion, it might be experienced as convincing or an invitation to join a secret agreement. Mimetic mechanisms allude to standardized habitual and taken for granted behavior in uncertain situations. Those uncertainties, which might be due to ambiguous goals or solutions, are drivers to mimic other, often more successful and legitimated organizations (DiMaggio and Powell, 1983). Mimetic pressure can be due to that they identify themselves with each other as well (Sahlin and Wedlin, 2008). Normative mechanisms allude to influence from professions and educations, such as professional networks and universities that are spreading models of best practice (DiMaggio and Powell, 1983).
Institutions arises when humans execute actions in a certain pattern, and organize and classifies patterns of actions, which might be conscious or unconscious (Power, 1991). One definition of an institution is a “...more or less taken-for-granted repetitive social behaviour that is underpinned by normative systems and cognitive understandings that give meaning to social exchange and thus enable self-reproducing social order” (Greenwood, Oliver, Sahlin, Suddaby, 2008, p. 5). The process when a social order or pattern obtain a certain level is called institutionalization (Jepperson, 1991). An institutional entrepreneur refers to a person or organization which creates new or transforms current institutions (Powell and Colyvas, 2008).

Selznick states that, to look at companies as institutions implies to look at it as something which takes responsibility for relevant stakeholders and their long-term interests. It is questioned if the main objective should be to maximize profit or returns on capital to shareholders. “An institutional theory of the firm is a voice of resistance to this culture of short-sightedness, offers guides to thinking about corporate responsibility, and brings into question the goal of maximizing profits or returns on capital” (Selznick, 1996, p. 272).

The situation becomes problematic for companies when there are divergent institutionalized trends and pressures simultaneously. Companies deal with this by a tool which is called decoupling. It implies that the organization has two organizational structures; A formal structure which is flexible, to deal with changed norms, trends, laws and regulations, and an informal structure to coordinate individuals’ actions in the organization. Those structures are “decoupled from each other and from ongoing activities” (Meyer and Rowan, 1977, p. 340). Decoupling enables companies to introduce legitimizing projects with ambitious aims, without fully implementing it in the organization, in order to survive. Hence, the actual behavior in the organization disagrees with how they claim that they behave (Powell, 1991). Those formal structures can be called myths (Meyer and Rowan, 1977). This inconsistency between talk, decisions and actions can be described as hypocrisy, and the reason it proceeds is because it brings legitimacy (Brunson 1989/2002). Correspondingly, if a company ignores those myths they might lose legitimacy and appear negligent (Meyer and Rowan, 1977).

There is a perception that success and survival is dependent on the organizations’ ability to become similar and to adopt to a variety of isomorphic pressures, and they must act efficiently as well as deal with legitimacy (Meyer and Rowan, 1977).

2.5 Stakeholder theory
Stakeholder theory regards companies´ relationship with its stakeholders. Stakeholders refers to either “any group or individual who can affect or is affected by the corporation” or a narrower definition “those groups that are vital to the survival and success of the company” (Hasnas, 1998, p. 25).
Within the ethical perspective (a so called normative theory) of stakeholder theory there is perception that even though management’s main objective is to maximize financial success, all stakeholders interest should be considered. When their interests differ from each other the management should strike to have an equitable balance between them, to survive. Hence, shareholder interest should not always have absolute priority (Hasnas, 1998, p. 26). One can divide stakeholders into primary and secondary stakeholders. Primary stakeholders refer to those that the company is directly dependent on to survive. Secondary stakeholders are those “who influence or affect, or are influenced or affected by, the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival” (Clarkson, 1995, p. 107). The company must consider primary stakeholders such as customers, owners, employees and suppliers. In addition, to survive in the long run, companies’ must consider secondary stakeholders as well, such as media and the community at large (Clarkson, 1995, p. 106-107). Companies are obliged to provide stakeholders with information of their decisions and their impact on stakeholders. It is important to create channels for stakeholders to affect the management regarding issues that concerns them (O´Dwyer, 2005, p. 28).

The managerial perspective of stakeholder theory on the other hand, is organization centered. It emphasizes that companies need to consider, give attention to and legitimate interests of all stakeholders in order to have an effective management. The focus is on identifying stakeholder groups and how to manage them. Stakeholders are identified and prioritized by the organization. How the stakeholder group are treated depends on how important they are to the company (Gray et al, 2014, p. 45).

3. Methodology

This chapter explains the proceedings that has been used to investigate the problem formulated above. The purpose is to present information about which decisions that have been taken and why, to give the reader an opportunity to create an understanding of the credibility of the thesis.

3.1 Qualitative research strategy

There are two fundamental research strategies to choose of when performing a research; Quantitative or qualitative, or a combination of those. All alternatives were considered. The obvious difference between those two approaches is that quantitative researchers employ measurements in term of figures whereas qualitative researchers do not (Bryman, 2016, p. 31). The aim of this thesis was to create an in-depth understanding of how representatives from companies and assurance providers are reasoning, their perception of reality and their attitude. So, this research emphasizes descriptions in words rather than quantifications (Bryman, 2016, p.
32-33). Moreover, there is a perception that social world is changing because of interactions between individuals, that there is no single truth. There is a focus on understanding the world by exploring participants’ perceptions and behavior. Hence, the thesis is written from the view of an interpretivist and constructivist (Bryman, 2016 p. 33/375). Quantitative researchers tend to ignore the fact that individuals interpret their world, in contrast to an interpretivist. Moreover, disadvantage with qualitative research is that does not take into consideration the fact that what the participants states might be decoupled from reality, how it works in everyday life (Bryman, 2016, p. 166; Cicourel, 1982).

Moving over to the relationship between theory and research. Initially, the institutional theory was addressed. However, the first draft of the literature review was based on previous research that derived from a variety of perspectives, such as institutional theory, stakeholder theory, signaling theory and a resource-based view. The first draft of the theoretical background functioned as a foundation for the interview questions. An open-ended strategy was used during the data collection and analysis. The theoretical framework was modified during and after the data collection as well as during the analysis. This implies that a combination of inductive and deductive approach was used, with predominance of the inductive approach. In the end, it might be referred to as an abductive approach, since there is a clear reciprocal action (Bryman, 2016, p. 21-23; Weidersheim and Eriksson, 2011; Esaiasson, Gilljam, Oscarsson and Wängnerud, 2012, p. 276).

So, a qualitative research method was used in this thesis. Quantitative method and a mixed approach was considered to be inappropriate. The main reason was that the sample of 14 participants, whereof 9 companies and 5 assurance providers was considered to be too small for making a reasonable analysis and draw meaningful conclusions based on measures.

3.2 Literature review

A foundation pillar of conducting a research is to build it upon what is already known in the field. The aim was to perform a feasible comprehensive overview and critical interpretation of previous research of the subject, to base the research questions on. The purpose was to identify what is already known, relevant concepts and theories, what methods and research designs have been used before, potential contradictory findings and need of further research (Bryman, 2016, p. 91-94).

Initially, emphasize was put on getting familiar with the supply of relevant databases and search methods. An individual meeting with the librarian responsible in this subject was performed in September 2016. The database Scopus was useful to identify key authors in the field, since it facilitates to find well cited articles by searching on title or author and search words. The database ABI/inform and business source premier enabled to search for both articles and dissertations in the body text. Jönköping University’s own search engine was useful as well, not least to identify
which articles are peer reviewed. FAR online was useful to keep up with the ongoing debate of the subject among practitioners in the surrounding world, and to get access to assurance standards. The social network research gate was used as well to find articles published by the authors themselves. Literature were found in additional databases as well, such as SAGE knowledge, Emerald and Libris. Lastly, references that key authors refer to are also investigated.

Most the literature derives from peer reviewed articles. Secondary sources are avoided, and when they are used they are critically evaluated. Chapters in handbooks that are edited by key authors in the field was considered to have sufficient quality. When presenting the literature review the aim was to create my own story, by making my own critical interpretation with my own words, to relate the findings to each other, to build up own arguments. Additionally, the aim was to appropriately balance the text, hence, give space to the literature based on the importance of it (Bryman, 2016, p. 97).

3.3 Cross sectional research design

In this study, a cross-sectional research design has been applied. The study is based on a sample of cases. The sample approach used recalls the so called “maximum variation sampling” approach, which implies that a wide range of interests among the participants were desirable. Auditing firms, consultants, companies with assured sustainability information, companies without assured sustainability information and companies from different industries were asked to participate in the study. Moreover, the data was collected simultaneously, during a period of two months (Bryman, 2016, p. 52-55/409).

3.4 Data collection method - Semi-structured interviews

The empirical data was collected through qualitative semi-structured individual interviews. It enabled for modulation of the questions during the interview, and thereby it facilitated for a focus on what the respondents emphasize. Moreover, the respondent had space to decide how to reply on the questions. At the same time as having this flexibility, there was a clear structure with prepared questions and supplementary questions which enabled to lead the interview when needed, when the interviewees went off-topic (Bryman, 2016, p. 10).

Two interview guides were prepared; one for companies, and one for assurance providers. The interview guide, written in Swedish, was handed out beforehand to the respondents, to increase the quality of the received information. Thereby the respondents knew what was required of them, they could prepare oneself and assure they were able to answer the questions.

Leading questions and yes/no questions were avoided. The aim was to formulate the questions clearly to stimulate them to talk. When it comes to questions regarding incentives and challenges, the respondents were initially asked an open formulated question, to identify what issue they emphasize (Bryman, 2016, p. 10).
A total of 14 interviews were conducted during October and November 2016. The interviews were recorded to enable transcription. All 14 interviews were transcribed, which enabled to analyze not only what they said but also how they said it. Moreover, it enabled me to concentrate on asking appropriate follow up questions and paying attention to inconsistencies in the answers, since it was no need to take notes. The interviews resulted in approximately 10 hours of recording; 141 minutes with companies that do not assure, 255 minutes with companies that do assure and 209 minutes with assurance providers. The interviews were conducted in Swedish and translated to English by the author. The interviews were performed by phone, mainly because it facilitated participation. Many respondents considered it to be reasonable with telephone interviews since they were in a hectic period. Face-to-face interviews would have been preferable since it enables to analyze body language. However, it was not practicable due to time limits of the study and geographical distance (Bryman, 2016, p. 203).

3.5 Selection of respondents

The thesis is written from two perspectives; company perspective and assurance provider perspective.

To assure quality of the information, much emphasizes and time were allocated on finding appropriate persons to answer the questions. Therefore, participants position and which company they represented were crucial. They should be conversant in the subject, be representative for the purpose and have authority to give information. In addition, it is beneficial if they possess different perspectives. In general, there was a satisfaction regarding the appropriateness of the participants. However, noteworthy is that participants that represent companies mainly use auditing firms as their assurer, all but one. All assurance providers that participated represent auditing firms.

The subject and purpose of the study were clearly announced when the potential participants were contacted for the first time, thus, they knew what they were asked to participate in.

Participants from companies’ were representatives from OMXS30 companies, the 30 largest listed Swedish companies, measured by turnover on the Stockholm stock exchange. Representatives from all 30 companies’ were contacted, by phone as well as by mail. The respondents belong to companies that assure their sustainability information as well as companies that do not assure. The advantage with choosing these companies is that there is a high probability that they have allocated resources for sustainability issues and sustainability assurance. In turn, there is a high probability that the information provided is useful. As preparation for the interviews, the companies’ disclosed sustainability information and assurance statement were synoptically examined.
The participants that represented companies’ had the following titles; head of corporate social responsibility, director of production processes and environmental sustainability, sustainability director, director group sustainability, acting sustainability manager and prior sustainability reporting specialist, head of corporate sustainability, head of sustainability affairs and senior vice president corporate sustainability. One of the respondents was manager talent manager, and prior manager for sustainability strategy and merox communication. This person clearly stated initially in the interview that might not be able to answer all questions. The respondent would contact another person who is more conversant if needed. The companies without assured sustainability information which participated were: SSAB (referred to as R1), Alfa Laval (R2) and Assa Abloy (R3). The companies with assured sustainability information which participated were: Telia Company (R4), Boliden (R5), Swedbank (R6), Anonymous company in the banking sector (R7), ABB (R8) and SCA (R9).

The following assurance providers were contacted, by phone as well as by email; EY(R10), Deloitte(R11), KPMG(R12), PWC(R13), Grant Thornton(R14) and Den Norska Veritas(DNV). All contacted assurance providers but DNV participated in the investigation. The participant representing assurance providers had the following titles; Executive director with specialty within verification within the area of sustainability, corporate responsibility and GRI reporting, manager responsible for sustainability and climate change services, head of assurance service related to non-financial information, sustainability auditor and specialist member at FAR, head of sustainability business service and authorized auditor.

3.6 Interview questions

The interview questions presented below enable to create an understanding of the role of sustainability assurance, by identifying incentives and challenges. Which is in line with the purpose of the study and the research questions.

3.6.1 Questions prepared for OMXS30 Companies

Ten key questions were prepared for the companies. They regard the following subjects; Incentives, decision, sustainability report establishment, the assurance process, challenges, materiality, scope, stakeholders, relationship between the assurance provider and the assured company and standards (see figure 1 below).
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<tr>
<th>Interview guide – Companies</th>
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<tr>
<td><strong>Incentives</strong></td>
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<tr>
<td>1. Why do you/why do you not engage a third party to assure your sustainability report? How do you use assurance to improve the company in-house? What incentives and disincentives are there to engage sustainability assurance?</td>
</tr>
<tr>
<td><strong>Decision</strong></td>
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<tr>
<td>2. What other factors affect your decision to assure or not assure?</td>
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<tr>
<td><strong>Sustainability report establishment</strong></td>
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<td>3. How does the establishment of the report work? Do you engage an advertising agency?</td>
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<td><strong>The assurance process</strong></td>
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<td>4. How does the assurance process work?</td>
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<td><strong>Challenges</strong></td>
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<td>5. What challenges do you recognize with sustainability assurance?</td>
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<td><strong>Materiality</strong></td>
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<td>6. What challenges do you recognize with the materiality analysis/assessment? How does the materiality assessment process work in your company?</td>
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<tr>
<td><strong>Scope</strong></td>
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<td>7. What challenges do you recognize related to the scope of the assurance service?</td>
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<td><strong>Stakeholders</strong></td>
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<td>8. What challenges do you recognize related to stakeholders? How are you affected by stakeholders? Which stakeholders are you affected by? How are your company affected by competitors? How are your company affected by pressure from media?</td>
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<tr>
<td><strong>Relationship between the assurance provider and the assured company</strong></td>
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<tr>
<td>9. What challenges do you recognize with the company’s involvedness in the assurance process?</td>
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<tr>
<td><strong>Standards</strong></td>
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<tr>
<td>10. What challenges do you recognize with the fact that there is no general accepted way to perform an assurance service of sustainability information? …related to the fact that there are several different assurance standards? …related to the fact that there are several assurance providers which performs the assurance service differently?</td>
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**Figure 1**

Question one (see figure 1) is twofold. Firstly, when the question targets companies with assured sustainability report, it is about creating an understanding of why companies assure their sustainability information. In turn to draw conclusion of whether it satisfies the management intentions or increases the accountability (Gray, 2000). Hence, if the decision is internally or externally driven (see for example Alon and Vidovic, 2015). Additionally, it gives an understanding of what expectations companies have on sustainability assurance. Secondly, when the question targets companies without an assured sustainability report, it is about creating an understanding of perceived incentives and disincentives with sustainability assurance. In other words, their expectations of sustainability assurance (Park and Brorson, 2005).
Question 2 (see figure 1) is about understanding possible additional factors that affect the decision. For example, influence of institutional factors (Campbell, 2007; Perego and Kolk 2012; Zhou et al, 2016) and resource based factors (Perego and Kolk, 2012).

Question 3 (see figure 1) is about creating an understanding of the practice of sustainability reporting (Adams and Larrinaga-González, 2007). Which enables to identify challenges with sustainability assurance.

Question 4 (see figure 1) is about creating an understanding of the practice of the assurance service, which is of great importance (O´Dwyer, 2011) and it enables to identify challenges and a potential expectational gap (Power, 2003).

Question 5 (see figure 1) is an open formulated question about experienced challenges with sustainability assurance. To investigate experienced challenges enables to identify a potential expectational gap regarding sustainability assurance (Power, 2003). In addition, it enables to identify challenges and areas of improvements related to sustainability assurance.

Question 6 (see figure 1) is about creating an understanding of potential experienced challenges related to materiality, with focus on how the materiality analysis and assessment works in practice. Materiality issues, connected to completeness issues, has been identified by previous researchers as an area of importance, which are associated with difficulties (Jones et al, 2016; Park and Brorson, 2005; Moroney and Trotman, 2016). The question is twofold. It regards companies’ materiality analysis and the assurance of it, as well as auditors’ materiality assessment, hence, how much errors the auditor should accept.

Question 7 (see figure 1) is about creating an understanding of potential experienced challenges related to scope of the assurance service, since there are identified risks related to that (Park and Brorson, 2005).

Question 8 (see figure 1) is about creating an understanding of potential experienced challenges related to stakeholders. In addition, to create an understanding how they are affected by their stakeholders, and which stakeholders they prioritize. To include stakeholders in the sustainability reporting process and the assurance process has been identified as a key factor which is increasingly important (see for example Edgley et al, 2010; Bepari and Mollik, 2016).

Question 9 (see figure 1) is about creating an understanding of potential experienced challenges related to the relationship between the assurance provider and the assured company. Independence is, and has always been, a linchpin of auditing and in turn sustainability assurance (Power, 1997). However, previous research has concluded that the assured company governs the assurer (Ball et al, 2000).
Question 10 (see figure 1) is about creating an understanding of potential experienced challenges related to the fact that there are various standards and various assurance providers, which perform the assurance service differently (Perego and Kolk, 2012).

3.6.2 Questions prepared for assurance providers

Eight key questions were prepared for the assurance providers (see figure 1 above and figure 2 below). They regard the following subjects; Incentives, assurance process, challenges, materiality, scope, stakeholders, relationship between the assurance provider and the assured company, and standards.

<table>
<thead>
<tr>
<th><strong>Interview guide – assurance providers (complementary questions)</strong></th>
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<tbody>
<tr>
<td><strong>Incentives</strong></td>
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<tr>
<td>1. <strong>What incentives do you recognize with sustainability assurance?</strong></td>
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<tr>
<td>How do you improve the company in-house by sustainability assurance?</td>
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<td>How do you facilitate the companies’ information systems by sustainability assurance?</td>
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<tr>
<td>How do you improve the companies’ sustainability report by sustainability assurance?</td>
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<td>How can you affect the companies’ on a strategic level, hence, to act more sustainable?</td>
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<tr>
<td><strong>Assurance process</strong></td>
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<tr>
<td>2. <strong>How does the assurance process work?</strong></td>
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<tr>
<td>What is the differences and similarities between sustainability assurance and financial audit?</td>
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</table>

Figure 2

Question 1 (see figure 2) is about creating an understanding what the purpose of an assured sustainability reporting is, from an assurance provider perspective. It gives an additional dimension of understanding of whether it is supposed to satisfy the management intentions or to increase the accountability (Gray, 2000). In addition, it gives an understanding of how the assurance providers promote the service (Power, 2003; O’Dwyer et al, 2011).

Question 2 (see figure 2) about the assurance process is almost identical with Q4 for companies. However, since it is from the perspective of an assurance provider the prepared sub questions differ. To investigate differences and similarities between sustainability assurance and financial audit enables to identify challenges with sustainability assurance.

Q3 about challenges is identical with Q5 for companies (see figure 1). Q4 about materiality is identical with Q6 for companies (see figure 1). Q5 about scope is identical with Q7 for (see figure 1). Q6 about stakeholders is identical with Q8 for companies. However, since it is from the perspective of an assurance provider the prepared sub questions are formulated differently (see figure 1). Q7 about the relationship between the assurance provider and the assured company is identical with Q9 for companies (see figure 1). Q8 about standards is identical with Q10 for companies (see figure 1).
3.7 Qualitative data analysis

A so called primary data analysis was performed, which implies that it was the same researcher that collected the data as analyzed the data. The analysis was performed primarily after all empirical data was collected. However, some linkages between research and empirical result were identified during the data collection process. It enabled to formulate and reformulate the follow-up questions and thereby it increased the quality of the data collection.

The basis of the theoretical framework was determined beforehand. However, it was assembled and modified after the data collection and during the analysis. Phase one of the analysis was about grouping the empirical data under themes, subheadings and subjects, to make sense of the data (Bryman, 2016, p. 11). The themes used were based on the main question and the two research questions; “What role does third-party assurance on sustainability information play?”, “What incentives are there to engage a third party to assure sustainability information?” and “What challenges are it related to third-party assurance of sustainability information?”. The subheadings used were “assurance providers’ perspective” and “companies’ perspective”. Moreover, the empirical data were structured into subjects based on the respondents’ answers, such as “cost and benefits”, “signal” and “auditability”. So, the subjects and themes were not predetermined, instead the aim was to have an open-minded approach, to let the data direct the investigation, and to impartially analyze the data. The themes and subjects were renamed during the analysis. Initially, topics that occurred many times were prioritized. However, during the process, other factors were emphasized and prioritized for the identification of themes and subjects, such as similarities and differences in the answers, and reflection on what is not said (Ryan and Bernard, 2003). This might be referred to as a thematic analysis, even if it is difficult to confirm since it is a new phenomenon with no common techniques (Bryman, 2016, p. 584-587). The aim was to follow the so called “coding” technique in phase one. The result was structured into subjects during the same period as the interviews were performed. The interviews were transcribed as soon as possible. The result was read through repeatedly. It was structured and restructured and comments and notes were taken, to identify linkages between the answers, and linkages to previous research (Bryman, 2016, p. 581-582).

In phase two, the aim was to understand the role of sustainability assurance through the eyes of an institutional theory perspective, stakeholder theory perspective and link it to additional previous research and applicable standards, laws and regulations. The aim in the analyze was to take into consideration respondents’ attitudes, what they emphasized, similarities and contradictions in the answers, what is excluded in the answers, and additional factors that are lying underneath.

3.8 The quality of the research

How to measure the quality of a qualitative method is debated, there is no agreed criteria. Instead, researchers agree that the measurements of quality used in quantitative methods "validity" and
"reliability", are not naturally applicable on a qualitative research (Bryman, 2016, p. 383–390). However, quality is crucial even for qualitative method, not least since the authors’ interpretation is central (Kvale and Brinkmann, 2014, p. 111). So, quality issues have been taken into consideration in this study. Firstly, the aim was to give a detailed description of the context when presenting the findings, to enable for readers to make judgement of the transferability. Secondly, the thesis was emailed to all participants to give them an opportunity to react on potential perceived misinterpretations related to the result, analysis and conclusions. Thereby add credibility to the findings. Thirdly, a corrector proofread the thesis in the end of the writing process, to correct spelling and grammar mistakes as well as to react on the content, the line of argument and potential perceived misinterpretations of the findings. Thereby the readability and trustworthiness increased. Fourthly, during each step in the research, a concern was to maintain an open mind, to achieve information from different viewpoints, to present a fair view (Lincoln and Guba, 1985, p. 81-87).

3.9 Ethical issues

Ethical issues have been taken into consideration in this study as well. The name of the respondents is not stated, only the name of the company. Respondents titles are stated in a way that it cannot be attributed to a certain person. All respondents were informed about their anonymity and that the thesis will be published publicly. The respondents were asked for approval of recording the interviews, and it was clearly stated that it will not be used for any other purposes than for this study. One of the respondents wanted to approve the information related to their company before publication, to confirm the correctness of the data and assure that nothing was misunderstood. Another respondent wanted to approve eventual quotations. Even though there were no quotations, the text regarding those companies was emailed to those respondents for approval. However, one of them had demitted. A discussion with the respondents’ substitute was performed. This person concluded that it was reasonable to publish the text, but under the name “anonymous company in the banking sector”, which were applied. Lastly, a main concern when presenting and analyzing the empirical result was to give a fair view, to not manipulate the respondents’ answers, and seek to understand what they really mean (Bryman, 2016, p. 126-131).

4. Empirical result

In this chapter, a compilation of the empirical data is presented. The result is structured, rather than written chronologically. Initially, data from the three companies without assured sustainability information are presented. Thereafter, data from the six companies that have assured sustainability information are presented. Lastly, data from the five assurance providers are presented. The empirical data will be analyzed and linked to the theoretical framework in the next chapter.
4.1 Companies without assured sustainability information

4.1.1 SSAB

The sustainability information is integrated in the financial report, with a GRI chapter.

The reason SSAB did not assure their sustainability information was because of in-house turbulence. Two years ago, they focused their time and resources on internal systems and their reporting on primarily environmental data because of a consolidation with a Finnish company. Emphasis is put on the fact that there are complicated processes regarding environmental data because of a large amount of laws and regulations. Moreover, last year they updated internal systems, therefore they took the decision to not assure their sustainability information. In addition, they were unsure about the new regulations in GRI G4. Therefore, they wanted to assure that the quality of the report was sufficient in accordance with the new requirements before assuring the information by a third party, which is time consuming and resource demanding. Moreover, they discuss internally which level of assurance that is appropriate in each part of the company (R1, personal communication, October 26, 2016).

The concern about sustainability assurance increases internally, they believe that since the new EU-directive requires companies to disclose non-financial information eventually legal requirements on sustainability assurance will come into force as well. In addition, one reason that they focus on sustainability issues is because of their major emissions and that they believe that it increases their competitive advantage. Assurance will probably be current soon. Furthermore, assurance is a way of signaling the importance of these issues to outside and in-house stakeholders. In addition, it is viewed as a quality assurance of the disclosed data (R1, personal communication, October 26, 2016).

Furthermore, the stakeholder demand is experienced as limited. One explanation is that SSAB is a business to business company, positioned far back in the value chain. Companies that are positioned close to end consumer encounter tougher demands as a consequence of pressure from consumers and media. The shareholders have not demanded sustainability assurance, but if they would, then they would be forced to assure their sustainability information, the respondent argue (R1, personal communication, October 26, 2016).

Additional experienced obstacles with sustainability assurance are that it is significantly costly and it requires a large amount of in-house resources. Companies that experience a financial crisis are not able to allocate that large amount of money for assurance services. Which in turn requires concrete argument why companies should engage a third party to assure their sustainability information. Additionally, there is an uncertainty how demanding the assurance process is; how time consuming it is, how much resources that is needed and how much additional documentation that is needed. There is a demand for a simpler process and a flexibility in
choosing level of assurance. Moreover, there is a perception that few companies assure their sustainability information (R¹, personal communication, October 26, 2016).

When it comes to assurance providers and standards, there are experienced problems regarding the comparability linked to the fact that there are a variety of assurance providers. Since auditing firms as well as consultants perform assurance services and since they use unequal practices and standards. No one controls if the sustainability assurance has been done according to a model of good practice. A challenge with sustainability standards is that you need to ensure sufficient argumentation due to fuzzy descriptions in GRI G4. Moreover, to report on sustainability issues are not per se good for the environment or for human beings. Therefor this new law that requires larger companies to disclose sustainability information does not play its role if the companies do not have any ambitions to improve their performance. (R¹, personal communication, October 26, 2016).

Moreover, the respondent suggests that a potential risk is that sustainability assurance affects companies to allocate resources on reporting at the expense of improvements of the actual sustainability performance (R¹, personal communication, October 26, 2016).

However, sustainability assurance might play an important role in the problematic issue of corruption. If you utilize sustainability assurance it becomes more difficult to hide such behavior, since it enhances the transparency (R¹, personal communication, October 26, 2016).

4.1.2 Alfa Laval

Alfa Laval does not involve an advertising agency to put together the sustainability report because they are anxious to disclose seriously how they work instead of presenting a superficial brochure. Moreover, Alfa Laval has not made a materiality analysis according to the regulations (R², personal communication, October 27, 2016).

One reasons why they do not assure their sustainability information is because there is a perception that the benefits do not outweigh the costs. Moreover, the respondent believes that if you engage in this assurance service it is for the purpose to signal to the world that you are world leading and that you master these issues perfectly. Alfa Laval cannot position themselves to be that qualified (R², personal communication, October 27, 2016).

The respondent emphasizes the importance of having a well functioned process in place regarding collection of sustainability information before you engage a sustainability assurance. Alfa Laval used excel sheets and a basic information system for documentation of sustainability information earlier. Recently they have invested in a robust information system that comprises 90 % of the sustainability information which is presented in figures. In this system, you can trace who inserted the information and these figures are authorized by another person, a function that was missing
in the prior system. There is a separate database regarding suppliers. However, systems cannot compensate a human being and an information system requires substantial education of employees (R², personal communication, October 27, 2016).

One barrier for sustainability assurance is that there is a perception that assurance providers have a disguised agenda. That the purpose is to acquire a list of areas of improvements, to sell additional services to the assured company. There is an explicit demand of companies that exclusively offers sustainability assurance. Moreover, sustainability assurance is expected to have more impact on the internal processes rather than the actual disclosure (R², personal communication, October 27, 2016).

Additional reflections regard possible effects of potential requirements of comprehensive disclosure of information. Suppose that a law that requires organizations to disclose on every single subject in GRI would come into force. That would not increase comparability, it would make it difficult for the reader to understand the significant issues for that specific company, which is much more interesting. In addition, in present time, few people read the sustainability report from cover to cover, and even fewer would read the report in case of such requirements. Furthermore, it would be too resource intensive and a risk is that it would make it even more difficult for the organizations to engage employees that already are skeptical towards these issues. If you do not have a plan on improvements on that issue, then that information does not have a considerable function. Lastly, a potential risk is that the company affects the assurance provider to overlook important issues (R², personal communication, October 27, 2016).

Advantages with sustainability assurance is that you get an objective second opinion and suggestions on areas of improvements regarding disclosed data as well as internal processes (R², personal communication, October 27, 2016).

4.1.3 Assa Abloy

Assa Abloy engages an advertising agency for the layout of the sustainability report.

They have never engaged a third party to assure their sustainability information. The reason is that they do not consider the service to generate that much value, in relation to the high costs. Additional explanations are that it implies hard and time consuming work, absence of pressure from external stakeholders such as shareholders, they believe that they have sufficient internal controls and they experience sufficient credibility of the disclosed information nonetheless (R³, personal communication, November 9, 2016).

Advantages with sustainability assurance are that it brings an extra dimension of credibility and that it might affect employees to work more carefully (R³, personal communication, November 9, 2016).
Moreover, the respondent argues that the decision to engage sustainability assurance must be established on highest managerial level in the concern, and it must be motivated by a strong desire from stakeholders (R³, personal communication, November 9, 2016).

Furthermore, sustainability assurance is an immature appearance and it might take 5-20 years to establish a standard for sustainability disclosure. There is an expressed demand for standardized definitions regarding how to count and evaluate numbers in the sustainability report. For example, concern groups with companies that uses another exchange rate has problems with consolidation of information. Figures from companies in for example China, Germany and South Africa have different value depending on how strong the exchange rate is at the moment. Another example is inflation related to energy consumption. The numbers last year are somewhat bombastic in comparison with current year and there are various ways of calculating. You can count on energy consumption in relation to either turnover, sale or earnings (R³, personal communication, November 9, 2016).

Lastly, there is a perception that sustainability assurance cannot affect companies to act more sustainable. On the other hand, the assurance provider can develop regulations and accounting principles regarding sustainability information that to increase comparability (R³, personal communication, November 9, 2016).

4.2 Companies with assured sustainability information

4.2.1 Telia Company

The natural reason for Telia Company to assure their sustainability information is because they are obliged to assure, since they are owned by the government. However, concrete values of assurance services are that you legitimize the report and that you add credibility to the report. Internal incentives are that you gain additional pressure to bring order to reporting processes. It is a useful screening of both reporting processes and data. Assurance providers function as correctors. Furthermore, the report the auditors write to the management includes deficits, that is useful for the report department (R⁴, personal communication, October 26, 2016).

When it comes to challenges, firstly, there is a perception that no sustainability report would survive an audit. Sustainability is per definition a more subject concept with looser guidelines, comparing to financial audit. Since the report processes are immature it is impossible to avoid errors at a detailed level in the report. The important part is to present information coherently, with veridical balance and a common thread (R³, personal communication, October 26, 2016).

Disadvantages with assurance services are that it is considerable costly and time consuming, which is not necessarily a problem since it creates value. It is a threshold for many companies which do not have time and budget, it is a risk taking. To diffuse the work with the auditor, which
is usually done in December and January, you can assure a published half-year report. Then the review of the processes can be done already in September and October. Furthermore, a challenge related to the scope of the assurance service is that some companies only assure parts of the sustainability information, which is a warning bell (R4, personal communication, October 26, 2016).

Additionally, there is a perception that auditors make sure that the company have balance in the report and do not diminish negative information by exaggerating positive information. However, there is a large margin for interpretation. The auditor might not comment if you report on low prioritized issues, but they comment on disclosed information regarding issues you do not work with, omitted unfavorable issues and underreported issues. To disclose negative aspects might have a negative impact on inexperienced readers, like journalists. However, experienced analysts are positive towards transparency since they understand that the problem exists (R4, personal communication, October 26, 2016).

A potential risk is that the company tries to govern the auditor to not check selected parts. On the contrary, a practical risk is insufficient communication between the company and the auditor. If the company does not provide the auditor with relevant information. It would be to aggravate for the auditors which in turn implies much work and shortage of time in the end of the process. Furthermore, there is a risk that the assurance provider is friendly because they want to sell additional services to the company (R4, personal communication, October 26, 2016).

When talking about advertising agencies the respondent suggests that they are generally not that knowledgeable in the subject, consequently the terminology and tone might be considerable wrong. Therefore, it might be even more important with sustainability assurance for companies which utilizes an advertising agency and do not write their report by themselves. An advantage with writing the report by yourself is that it is easier to adjust mistakes. Telia Company write their report by themselves without any help from an advertising agency (R4, personal communication, October 26, 2016).

Moreover, many companies still use excel sheets, it might be a matter of cost, or a perception that an information system requires much effort. The auditors are probably happy if the company use an information system, since detailed calculations in excel is always wrong, the respondent argues (R4, personal communication, October 26, 2016).

Furthermore, the respondent suggests that companies that are beginners on sustainability reporting have a greater need for copying and inspiration by competitors’ sustainability report, it is probably a matter of self-confidence and experiences (R4, personal communication, October 26, 2016).
Additionally, it is important to have a discussion within the company regarding target groups, it affects the tone and the content in the report. This is something which many companies seem to not perform, since many reports are too comprehensive. Their most important stakeholders are the owners, since they read the report (R⁴, personal communication, October 26, 2016).

Another challenge for assurance providers, is that the company can perform a correct materiality analysis according to the GRI guidelines without creating any value. For example, the materiality analysis may consist of a questionnaire in December to hundred persons where they fill in what issues they consider most important, then you create an excel matrix. The report should reflect what you perform in the company, and not the opposite. A solid materiality assessment is a complicated and ambiguous process, which should be in progress the year around. Parameters that influence the materiality analysis are the surrounding world (for example media scandals), stakeholder dialogues during the year, the overall strategic agenda, and questionnaires. Moreover, the risk with materiality matrix is that the reader is focusing too narrow on where the blob is, which is misleading since they have different initial value and it is difficult to interpret the meaning of those figures. Additionally, a sustainability materiality matrix must be integrated with the overriding business strategy. It is not trustworthy to claim that your sustainability engagement is integrated in the company if you have a separate materiality matrix (R⁴, personal communication, October 26, 2016).

Lastly, the respondent emphasizes a problematic situation with sustainability analysts. There are two contradictory trends among sustainability analysts; those who analyze the company given industry and company specific factors, and those who rate the company based on a standardized questionnaire. The former does not demand unnecessary information, instead they prefer that the company report on important issues, which the company work with. The latter, on the other hand, request increasingly amount of information. In practice, it implies that if you do not report on a subject which is irrelevant for your company, then you get zero points, hence, an inferior score. A potential reason why those questionnaires tend to become increasingly comprehensive is because increased competition. It is easier to differentiate by quantity than quality. A major problem is that many of those analyst rating firms, which demands information on irrelevant issues (among them the leading international company Sustainalytics), do not give an opportunity to comment why you do not report on a certain issue. This grade is of great importance (R⁴, personal communication, October 26, 2016).

4.2.2 Boliden

Boliden write their report by themselves, however an advertising agency assist them to put it together, register it, do the layout and counselling about the content (R⁵, personal communication, October 28, 2016).
The reason they assure the sustainability information is because they began with integrated reporting. Moreover, auditors contribute to an improved report by reviewing and questioning routines and thereby helping them to improve the report. Additionally, sustainability assurance builds expectations on improvement for the coming year (R5, personal communication, October 28, 2016).

Moreover, the respondent states that it is difficult to consider what should be included and excluded in the report. Stakeholders have different view on what is important. You might consider the issues that you can affect to be the most important. Furthermore, a reason to exclude an issue might be because it is impossible to account for adequately. It might be even more difficult for concerns who must consolidate information sensible (R5, personal communication, October 28, 2016).

Lastly, the respondent expresses experienced problems related to analyst firms. Some analyst firms do an analyze with a sector specific approach, hence, they exclude questions which are irrelevant for your specific industry. However, other analyst firms do not adjust the questions. Consequently, you get a lower grade when you exclude irrelevant issues, for example child labor, which is irrelevant to report on in Sweden, Finland, Ireland, and Norway. The company has the right to be given an opportunity to express disagreement, to explain why they exclude certain information. Lastly, the respondent suggests that it is the analysts who have opinions on the report, from a shareholder perspective. Media does probably not affect the decision to assure (R5, personal communication, October 28, 2016).

4.2.3 Swedbank

Swedbank engages an advertising agency for the layout. However, they write all the text by themselves (R6, personal communication, November 2, 2016).

Incentives to assure the sustainability information are to signal to the stakeholders that the company takes sustainability issues seriously and that the information is correct. Additionally, the auditors assist you in the process of improving the data. In addition, sustainability assurance is an effective tool to influence internal employees to take sustainability issues seriously and to produce information. Moreover, it is of great importance that the auditor is conversant in the industry and stakeholders demands and can give advises what should be included in the report. Auditors generally have best -practice knowledge and thereby can give concrete proposals on improvements and can shed light on problem areas. Lastly, there is a belief that auditors inspire companies to improve their sustainable performance, not only improve the report. It puts the subject on the agenda (R6, personal communication, November 2, 2016).

Swedbank has one information system for the entire concern regarding environmental data. The residual information derives from excel sheets. There is a perception that the systems on the
market that are gathering all sustainability information would not help and that excel is effective. The challenge is to adapt the system to many different entities in the organization. Furthermore, it is of great importance that the information providers report the data correctly to avoid misinterpretations. When you use excel sheets there is an opportunity to explain circumstances. It might be difficult to systematize the information since it is gathered unfrequently, once a year, and from a large amount of people (R⁶, personal communication, November 2, 2016).

Moreover, a disadvantage with sustainability assurance is that the report must be done approximately two weeks earlier which implies that the data from December are not possible to include in the report, instead these figures are estimations (R⁶, personal communication, November 2, 2016).

A difficulty with materiality is that it is not obvious where to place the aspects in the materiality matrix. Secondly, sustainability issues are difficult to measure in figures. A problem with materiality analysis for the banking sector is that aspects related to economic sustainability are not measurable GRI indicators. Companies are developing their own indicators in consultation with the auditors. Consequently, the analysis is not comparable to other companies. Furthermore, a potential risk with sustainability assurance is that the assured company choose to avoid answering on sensitive issues and try to affect them to ask questions of which they have good answers (R⁶, personal communication, November 2, 2016).

The respondent is not conversant in either assurance standards or how consultants work. The respondent suggests that average citizen probably do not have more insight. Moreover, the respondent argues that it is of great importance how competitors act; how they present the data and if they choose to assure the information. If one competitor move over to integrated reporting, then it would be considered to a much larger extent. It is of great importance to follow trends. Related to the assurance service, the owners are the most important stakeholders. There is a perception that customers do not care about whether the sustainability information is assured or not. Lastly, there is a perception that many companies move over to integrated reporting instead of following the GRI guidelines (R⁶, personal communication, November 2, 2016).

4.2.4 Anonymous company in the banking sector

This company has an information system that puts together information from other systems. In addition, they use excel sheets (R⁷, personal communication, November 2, 2016).

The respondent suggests that sustainability assurance increases the credibility, internally as well as externally. It improves the reporting and internal processes; how to collect data, how to ensure the quality of the report and how to streamline the processes. Additionally, it is valuable to discuss the relevance of the information. Moreover, there is a perception that the assurance process might affect companies to allocate their resources appropriately; to have a balance between resources
allocated at the report and the sustainability performance. However, if resources are allocated appropriately depends on how the process is performed and how the company utilizes the assurance. Assurance can be a useful tool to follow up the work done. Moreover, to facilitate the assurance process, it is beneficial to have functioning processes in place, to be on time and make sure you have access to appropriate tools and information (R7, personal communication, November 2, 2016).

Additionally, the respondent emphasizes that sustainability is a new and immature phenomenon which is not standardized. It differs and it should differ between industries. For some areas, it is not obvious how to calculate key figures, which complicates the assurance process and makes the companies less comparable. It is more difficult to review information regarding human rights and freedom of speech, comparing to environmental data that are more established. For environmental data, there are more competence and more concrete numerical values, even if this area could become better as well. Moreover, some companies include both financial and sustainable aspects in the materiality assessment, it is a matter of judgement and business strategy. Moreover, the respondent argues that if a competitor is disclosing a certain type of information, then it is natural to report on that information as well (R7, personal communication, November 2, 2016).

Lastly, the respondent expresses challenges related to analyst firms. Some analysts have a comprehensive picture of the company while other analysts have a focused agenda with a role to drive specific issues. Furthermore, it is a challenge to measure advancements, to show improvements in the performance. For that purpose, it is important with clearly stated objectives (R7, personal communication, November 2, 2016).

4.2.5 ABB
The consultant “Den Norska Veritas” assures their sustainability report. They write the report by themselves, without help from an advertising agency. They are upgrading to a new system for sustainability information where you can follow trends. However, on the local level the information comes from for example excel sheets. The respondent is responsible for providing information to the concern. However, the respondent does not have a clue about the difference between consultants and auditing firms and is not conversant in the assurance process (R8, personal communication, November 3, 2016).

Incentive for sustainability assurance is improved credibility (R8, personal communication, November 3, 2016).

4.2.6 SCA
They do audit on their environmental data and health and safety and assurance on the remaining part. They do not utilize an advertising agency (R9, personal communication, November 11, 2016).
Incentives to engage sustainability assurance are improved credibility externally and to get help with data quality, processes and routines. The respondent emphasizes the importance of making sure that the assurer has insight in the company and understands the business, to be able to prioritize and identify material issues, since sustainability is such a wide concept (R⁰, personal communication, November 11, 2016).

Additionally, the respondent emphasizes that a problem related to the fact that sustainability reporting is an immature concept is that there are few data definitions. There are several unequal definitions on how to measure health and safety. Consequently, it causes difficulties regarding comparability. However, everyone utilizes the standard greenhouse gas protocol, which includes definitions regarding how to calculate greenhouse gas emissions. This standard is relatively well defined. However, corresponding standards regarding social reporting do not exist, instead companies calculate differently, and with different headings. It would simplify considerably if companies agree on determined definitions. As an example, there are no standard that determine if part-timers should be accounted for one person or for example an 80 % person (R⁰, personal communication, November 11, 2016).

Lastly, it is of great importance to prioritize what you include in the report to have focus on relevant issues. If a question arises from a stakeholder regarding an issue which the company consider to be non-essential, then they explain to the stakeholder. It is important that you explain in the report why you exclude certain indicators. It is not reasonable to report on an issue of which the company have no influence (R⁰, personal communication, November 11, 2016).

4.3 Assurance providers

4.3.1 EY

Strictly, the purpose with sustainability assurance is to make a statement, and thereby increase the credibility externally. However, a main incentive to engage sustainability assurance is related to the internal communication; to get a second view in the eyes of others, to assure the quality of the disclosed information and to obtain transparency in the processes. Additional values are that sustainability assurance can trace potential deficiencies and inefficiencies in the internal control environment (R¹⁰, personal communication, October 26, 2016).

The respondent continues by explaining that in Sweden today, there are a confined number of assured sustainability reports. Sweden has around 70-80 assured sustainability reports, whereof approximately 40-50 are public owned companies which have requirements from their owners to assure their sustainability report. However, an increasing number of companies are assuring their sustainability information. The attitude among larger companies 10-15 years ago, was that the
credibility the company themselves can achieve is higher than the credibility the auditor can achieve (R\textsuperscript{10}, personal communication, October 26, 2016).

Moreover, a challenge with sustainability assurance is that data is seldom extensive and that routines and control environment are seldom well established. Sustainability information is often collected in excel sheets (R\textsuperscript{10}, personal communication, October 26, 2016).

The respondent suggests that there are difficulties related to materiality and GRI. It might take time to find an adequate level of subjects that GRI requires companies to account for. Generation 3 guidelines included too much subject, while generation 4 tends to include too few subjects. Moreover, completeness is a challenge related to the scope of the assurance service; to include all entities, to include parts of entities that period of the year when the company owned it and to analyze sufficiently upstream and downstream to obtain full understanding regarding the specific issue. Regarding independence, the standard auditing methodology is applied, and there are no experienced problems related to that (R\textsuperscript{10}, personal communication, October 26, 2016).

Furthermore, there are no experienced problems regarding standards since the auditing industry has developed a unified assurance standard. Qualified auditors which are affiliated to FAR utilizes the standard ISA 3000. You know what you get when engaging a qualified auditor. Consultant firms that offer sustainability assurance are not considered to be competitors since they offer a completely different service based on commercial standards and are acting on another market. We serve different purposes, audit firms work with internal corporate governance issues (R\textsuperscript{10}, personal communication, October 26, 2016).

4.3.2 Deloitte

From the external perspective, the value is to achieve a quality mark on the disclosed information. From the internal perspective, the incentive is to achieve a quality mark on both information and processes. Moreover, the company can take part of the knowledge of common best practice that auditors have and the auditor gives advices of process related improvements. Consequently, the auditor might indirectly, not explicit, pursue requirements on improvements of information systems in terms of safety, stability and reliable and complete information (R\textsuperscript{11}, personal communication, October 27, 2016).

An expressed difficulty with assurance, for the company as well as for the assurance provider, is the issue of materiality since it is a matter of judgement. The process for the auditor of assessing considerable risks and where to address assurance arrangements is more complicated for sustainability information comparing to financial information. That is partly because there is no general concept of value, no absolute terms, and assurance of sustainability information is immature comparing to the financial audit (R\textsuperscript{11}, personal communication, October 27, 2016).
Moving over to what the potential consequences would be if a law which requires companies to report on all categories would be constituted. The respondent states that the problem is that the companies disclosing this information today vary substantially. We are talking about everything between service business to complex manufacturing industry in developing countries. The question is then if all information is relevant and the probability is high that you do not capture what is material for each specific business. There is a difficulty in finding a regulation which is both flexible and compulsory. Additionally, it would require additional resources in the companies and there is a potential risk that assurance affects companies to focus on the reporting to the expense of the actual sustainability performance. However, there is a perception that companies today already allocate a great deal of resources on reporting as well as on the sustainability performance. Moreover, the respondent states that the formation of the assurance statement is strictly standardized and the information regarding potential improvements are considerable confined in the public report (R11, personal communication, October 27, 2016).

A difficulty related to the scope is due to the uncertainties of what a sustainability report is, particularly when the sustainability information is integrated in a combined report together with financial information. Consequently, there are uncertainties of what is assured, especially when some parts of the sustainability information are excluded from the assurance. It is the company that defines what the sustainability information includes and it is a challenge to find a way, in consultation with the company, to visualize page references. Furthermore, generally, the assurance provider defines in the statement what is included in the assurance, seldom there is a need of defining what is excluded. Moreover, stakeholders are included in the assurance process to an extremely limited extent, except from internal predecessors for the company for the purpose to convey information (R11, personal communication, October 27, 2016).

Furthermore, to create a general acceptance that assurance creates value the audit industry can, except from advocating the advantages, create general accepted tools through the organization FAR and agree on general accepted assurance standards, which is realized already. However, there are consultants which utilizes deviant assurance standards, probably the AA1000 standard. However, the issue of consultants shows up to an extremely limited extent. The respondent did not want to analyze the consultants in detail (R11, personal communication, October 27, 2016).

Lastly, whether the assurance service contribute to a more sustainable world or not depends completely on the reporting companies’ attitude. For some companies the purpose is to put everything out on the table as a base to improve the sustainability performance. However, that is probably extraordinarily. In addition, the auditor could not possible realize the changes because of the independent position you have as an auditor (R11, personal communication, October 27, 2016).
4.3.3 KPMG

Firstly, the respondent suggests that the purpose with sustainability assurance is primarily to show a quality label externally. The value internally is to get a critical review of processes, routines, and controls. Sustainability assurance increases the in-house organization understanding that sustainability issues are important for the company. It brings better decision basis which in turn facilitates for implementations of improvements regarding for example sustainability issues. Additionally, the auditor would not accept if the company report on a subject that they do not care about. Correspondingly, the auditor would not accept if the company does not report on a material subject that they should prioritize, or if the company has fuzzy performance indicators. The auditor can invoke that the company´s materiality analysis is not sufficient and thereby they do not report according to GRI. On the other hand, the auditor is not a police man and cannot oblige a company to report on a certain issue, since it is voluntary to report on sustainability information. However, auditors´ role will change after the new law has come into force and it is mandatory for larger companies to either report or explain why they do not report on five specific subjects (R12, personal communication, October 28, 2016).

Moreover, an expressed challenge with sustainability assurance is that the processes and documentation for sustainability information are not of the same high standard as for financial information. The price varies from case to case and companies want an in depth and comprehensive assurance but they are not willing to pay more than a tithe of the costs of the service. Furthermore, the GRI guidelines are fuzzy, it is made to fit the largest manufacturing companies in the world, that do not exist. For example, it might be stated in the guidelines that you should measure a specific subject, but it is not possible, then you must find solutions (R12, personal communication, October 28, 2016).

Additionally, the respondent suggests that the audit industry has developed a general accepted assurance standard and a general accepted way of performing assurance of sustainability information that the audit firms utilizes and agree upon. However, there is a perception that clients and potential clients do not understand the differences in the assurance standards. A challenge might be that external stakeholders do not understand the difference between auditors and consultants. A general acceptance that sustainability assurance creates value increases in step with occurrences that happens, that you need a sustainability assurance to rely on the disclosed information. What the audit industry can do is to convey the added value it brings (R12, personal communication, October 28, 2016).

An area which is particularly difficult to handle is scandals. Firstly, it is not the auditors´ role to detect crimes, and the auditors´ would probably not receive sensitive information from the company. Secondly, even when the auditor has found information regarding a scandal it is not sure that the company should report on it. If a company knows that it is an ongoing process regarding for example corruption but it is not known in media and they do not know if they will
be convicted or not, then it is not sure that they should report on it. Correspondingly, when there is an ongoing scandal in media but the company do not know if they will be convicted or not then it is stupid to demand the company to report on it. In those kind of situations, the auditors perform media scans, pursue considerable discussion with the company and consult with the company’s lawyer, to chase up what is going on. Auditors have a professional obligation to protect confidentiality. Auditors can refer to their commitment and argue that their job is to review the disclosed information (R12, personal communication, October 28, 2016).

Lastly, assurance of sustainability information made by an auditor differ substantially from financial audit, the respondent suggests. Firstly, you utilize different standards; sustainability information is traditionally reviewed based on Rev6 in Sweden while financial audits are based on ISA standards. However, the main difference is the depth of the service; assurance of sustainability information is most often a limited review comparing to financial audits which are profound. In practice, it implies that the minimum level of evidence the auditor must gather is lower for assurance of sustainability information. Consequently, the assurance service varies; some evidence show 100 % certainty even though a lower percentage would be enough for a limited assurance. Additionally, the level of certainty and the scope of the assurance service varies depending on the assured companies’ desires. Particularly when the assurance is limited, which is not always the case, sometimes some parts of the sustainability information are audited. Lastly, sustainability assurance services differ from each other since the sustainability report is not defined in the same way as financial audits (R12, personal communication, October 28, 2016).

4.3.4 PWC

Initially, the respondent explained how assurance of sustainability information differs from financial audits. Assurance of sustainability information is most often limited and the statement is formulated differently. A limited assurance service implies a considerable lower scope comparing to financial audits. There is a perception that the reason companies choose a limited assurance is because there is no law that requires a certain type of review of sustainability information. However, comprehensive audits of some sustainability information occur as well, with the same scope as financial audits. Another difference is that sustainability information is qualitative instead of numbers. Furthermore, the audit and assurance service differs when it comes to level of certainty. The level of certainty of audits is approximately 70 % whereas for assurance the corresponding figure is 30 %. Assurance services are to a large extent an analytic review based on interviews. If answers in the interview seem reasonable then the auditor does not have to gather more evidence in that matter, comparing to an audit where you should gather evidence, for example invoices, with a coverage of approximately 70 % of the basic data. Moreover, in audits you should test information systems and their control functions which is not compulsory for assurance services. However, the auditor usually tests the information system in those unusually cases where there is a well-developed system in place for sustainability information.
Moreover, sustainability reporting is immature and the process differs much between companies, many companies use excel sheets. It is more difficult and time consuming to gather information from the company since you might have to ask several times (R13, personal communication, November 2, 2016).

Incentives with sustainability assurance are primarily to give a quality label and add confidentiality by the assurance statement. Indirectly it can lead to improved processes, improved report, and best practice – recommendations. Additionally, it might be a competitive advantage to assure the sustainability information (R13, personal communication, November 2, 2016).

Additionally, the respondent states that auditors can contribute to a more sustainable world, by audits as well as by advisory services. Auditors intend to be a catalyst of change, to make sure that companies do not stick to old patterns. Hence, affect companies to improve and renew. However, since there is no law that regulates the assurance service the company can choose to exclude some disclosed information from the assurance. If the company exclude important information from the report, the auditor can invoke that the materiality analysis incomplete. On the other hand, if they have chosen to not report on a sensitive issue in the report then the auditor does not review that issue. Then it is up to the reader to think by themselves. The respondent states that “We review what is stated in the report, not what is not stated, which could be somewhat confusing” (R13, personal communication, November 2, 2016).

Furthermore, the respondent expresses difficulties related to the fact that sustainability is a broad concept. Numerous of expert competence are needed. The service varies substantially from case to case since companies have different areas of focus. This in turn implies education of auditors. PWC does not use any external expertise, instead they educate their internal personnel when needed (R13, personal communication, November 2, 2016).

When it comes to materiality issues, the respondent argues that relatively many companies do not perform a complete materiality analysis. They do not have sufficient dialogue with stakeholders, instead they sit in their own office by themselves and engage a specialist that suggest what is most important for this company. The role of the auditor has then been to urge the importance of getting input from more stakeholders. In addition, the respondent state that they have a group that works specifically with consulting services. They offer consulting services regarding for example materiality analysis, in which they analyze what is happening in the surrounding world, how to incorporate the new development objectives from United Nations, what objectives that is important in your specific industry and for your company (R13, personal communication, November 2, 2016).

Moreover, if you look at the costs, some companies choose to engage consultants to perform the assurance service because it is substantially less costly. In one example, the price the consultants
took corresponds to approximately 3 hours of work and a tenth of the costs, comparing to if an auditing firm would perform the assurance service. It is not credible. There is a perception that stakeholders believe that the consultant firm has done as much work and with the same quality as the auditing firm, hence there is an expectation gap. Furthermore, an assurance statement made by consultants is in some cases considerable extensive comparing to a statement made by auditors. It contains valuable information which auditors could not place public, but in an unofficial documentation to the management, according to auditors´ assurance standards. Consumers has expressed a demand that auditors should write a more comprehensive assurance statement. The inequalities between consultants and auditing firms’ assurance services is expressed as a challenge (R\textsuperscript{13}, personal communication, November 2, 2016).

When it comes to standards, there is no experienced problem apart from the fact that consultants utilize other standards. However, consultants get fewer and fewer, the respondent suggests (R\textsuperscript{13}, personal communication, November 2, 2016).

Lastly, there is a perception that companies must experience from assurance services to understand the value of it (R\textsuperscript{13}, personal communication, November 2, 2016).

4.3.5 Grant Thornton

Firstly, the incentive with sustainability assurance is that it brings a guarantee regarding the quality of the report, a quality mark from an external third party. However, there is no guarantee regarding the companies´ sustainability strategy, something that is not understood by the Swedish economy, the respondent suggests. Strategic sustainable development is completely decoupled from the reporting. In Sweden, there are 51 publicly owned companies which are obliged to disclose sustainability information and engage an authorized auditor to assure the information. Those companies have miserable failed with the sustainability performance, yet they are relatively good at reporting (R\textsuperscript{14}, personal communication, November 2, 2016).

Furthermore, the respondent suggests that the assurance provider does not necessarily prevent even blatant strategic mistakes. As a way of example, an anonymous major company in the forest industry bought a company in Asia and had child labor in their supply chain. A fact that was known in the company by an investigation. This information was concealed, a decision which could be a rational risk taking from a traditional commercial perspective but is unethical and immoral. They had a nice sustainability report which was assured by an authorized auditor and the assurance statement was clean. Either the auditor has lost their independent position, or the management were hiding that type of information. The auditor must be goal-oriented to find out such irregularities. However, one can argue that if the assurance process was performed properly the auditor should have found it (R\textsuperscript{14}, personal communication, November 2, 2016).
In the assurance process the auditor is not allowed to govern the companies at all, nor affect it on a strategic level. However, the auditor can affect the company through consulting services, by sharing best practice recommendations regarding for example which type of person is adequate for a certain position. However, auditors are not allowed to give that type of advice for the same company as they assure, since then they become challengeable. Many auditors do perform both advisory and assurance services of sustainability information on the same company anyway. Something which they probably do not allow when it comes to financial auditing (R14, personal communication, November 2, 2016).

The auditor does not allow material falsehoods and misleading information. Such irregularities would be visible in the assurance statement. Additionally, the auditor can give audit-related consulting. In practice, such consulting could imply for example to inform that an indicator usually not is reported in a certain way, hence, advice related to the reporting format. Additionally, audit-related consulting could imply to guide the company to follow regulations and laws. Lastly, the auditor can share their knowledge regarding for example how to manage and run a business (R14, personal communication, November 2, 2016).

Moreover, the respondent emphasizes the similarities between assurance services and financial auditing. It is made by auditing firms, built upon the same pedagogy and procedure, it has the same documentation requirements and the same ethical guidelines. However, assurance services are most commonly limited reviews. You can choose a limited review for financial audit as well, which is common for interim financial reports. Limited review and audit differ from each other when it comes to level of the review and time spend on each moment. An audit has the highest level of security comparing to a limited review which do not impose as much work and has lower security level. Additionally, the statements differ; for the limited review, it is formulated negatively and for the audit it is formulated positively. The conclusion you reach from a limited review is that you have not found anything that indicate that everything is not correct. Comparing to an audit where you conclude that it is correct. An assurance service might in practice end up having the same security level as an audit (R14, personal communication, November 2, 2016).

Consultants who perform sustainability assurance differ substantially from auditing firms. Firstly, the assurance service made by consultants’ costs approximately one-third comparing to an audit firm. However, it is only a cost, it brings no quality label. Consultants do not check what is behind the figures and would not detect irregularities. The auditor on the other hand is questioning and confirming the figures by searching for evidence and questioning the process. Hence, the assurance service made by auditors is a considerable better service, which is something that the user often does not experience since they receive a nice assurance statement. Stakeholders, for example banks, are not aware of the difference between assurance service made by auditing firms and consultants. However, there is a perception that, in the future, stakeholders
are not interested in who did the assurance, but what is the strategy behind the report, to act sustainable.

Furthermore, it is a challenge to make companies admit the negative part, especially among smaller companies. A measurement of a material defect is that stakeholders would make a different decision if the stakeholder had knowledge about the defect. However, the auditor must follow their gut feeling. A common mistake regarding sustainability reports is that the report is too comprehensive, thus the reader gets misled. The company might conceal information by creating an imbalance. However, to omit important information is a defect as much as disclosing wrong information (R14, personal communication, November 2, 2016).

There are some areas where the respondent does not experience any problems. There is no experienced problem related to the scope, it is simple to explain. There is no problem related to cost, either the consumer is willing to pay for the service or not (R14, personal communication, November 2, 2016).

Lastly, there is a perception that what is needed to achieve a more sustainable world is a legal opportunity to sentence auditors that does not do their job properly. The society must find a way to ensure that companies that suggest in the report that they are acting sustainable do act sustainable. Digital tools will assist in the future, however today there are no sufficient information systems for sustainability information on the market. Many companies use excel sheets, which is not acceptable in traditional financial reporting (R14, personal communication, November 2, 2016).

5. Analysis

In this chapter, the empirical result is systematically analyzed and linked to the theoretical framework. The analysis is structured based on the purpose, main question and the research questions; incentives, challenges and lastly, the role of third party assurance. In the next chapter the main question and research questions will be answered in form of conclusions.

5.1 Incentives

5.1.1 Companies’ perspective

Table 5.1 below gives an overview of the answers regarding incentives from respondents from companies without assured sustainability information.
A common denominator among the three companies that do not assure their sustainability information is that a main incentive is to signal something to internal as well as external stakeholders (Alon and Vidovic, 2015). Signal that the information is trustworthy/credible, that they master sustainability issues perfectly or that the company considers sustainability issues to be important (see table 5.1). However, just because companies want to give signal to stakeholders does not imply that it is true. The purpose might instead be to obtain a competitive advantage, improve reputation and legitimize the company.

Moreover, there are expectations of assurance that it affects employees to work more carefully and that assurers gives an objective second opinion on internal processes and communication (see table 5.1). These expectations agree with previous findings that concluded that assurance functions as a managerial tool rather than increasing transparency and accountability (see for example Ball et al, 2000; Bepari and Mollik, 2016; Edgley et al, 2010). In addition, there is an expectation that the assurer ensures the quality of the disclosed data. Even if the main objective of audits is to express an opinion if report gives a true and fair view (Power, 1997), it does not imply that the data are correct. However, stakeholders might trust that the disclosed data are correct if it is assured, since stakeholders tend to believe that the report is trustworthy even without assurance, according to previous research (Cho et al, 2012).

Noticeable is that one of the company stated that a reason they engage in sustainability issues is because of their major emissions. Engagement in sustainability issues does not imply that they are anxious of improving their sustainability performance, neither that they are acting sustainable. It rather indicates that they have a sustainability strategy in place, that they have an extensive report (Cho et al, 2014), and that there is a need of legitimize themselves (Caron and Turcotte, 2009). Previous researchers have concluded that sustainability reporting, sustainability strategy and sustainability performance are decoupled from each other and that a driving force to
report is to legitimize the company rather than giving a true and fair view (Cho et al, 2012; Kend, 2015; Milne and Gray, 2007). The fact that the standard “greenhouse gas protocol” is well defined and widely used reflects the need of legitimizing this industry.

Furthermore, potential future legal requirements of assurance are affecting companies today to engage in sustainability reporting and its assurance. Hence, sustainability reporting has been institutionalized due to the new EU directive and the extensions in the Swedish law (Powell and Colyvas, 2008). In addition, assurance is on its way to become institutionalized, due to legal requirements on reporting and cultural expectations on companies to engage in assurance (Jepperson, 1991). Hence, companies experience legal pressure and cultural pressure to follow the trend, it can be referred to a so called coercive isomorphism (DiMaggio and Powell, 1983).
Moving over to the six companies that do assure their sustainability information. Table 5.2 above gives an overview of the answers regarding incentives from respondents from companies with assured sustainability information.

Comparing to companies that do not assure, there is more emphasize on the “managerial tool” aspect. To improve internal processes and routines, put pressure internally to bring order, affect employees to take sustainability issues seriously, screen data and processes, build expectation of improvements in the company, get best-practice recommendations, get advice what should be included in the report and follow up work done (see for example Ball et al, 2000; Bepari and Mollik, 2016; Edgley et al, 2010). Moreover, respondents argue that this implies improved data quality. Which contrast previous findings by Michelon et al (2015) which argue that assurance should be viewed as a symbolic action. However, it supports previous findings by Beelde and Tuybens (2015). In addition, the companies expect that assurance legitimizes the company as well as the report. That it builds trust by signal to stakeholders, external as well as in-house, that the information is trustworthy. If assurance does make the information more trustworthy is unclear, previous findings disagree. Jones and Solomon (2010) argue that it adds credibility, Park and Brorson (2005) on the other hand, concluded that there are problems related to assurance ability to add credibility.

### Table 5.2  
**Incentives**  
Companies with assured sustainability information

<table>
<thead>
<tr>
<th>Signal</th>
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<tbody>
<tr>
<td>Legitimize the report. Signal that you take sustainability issues seriously and that the information is correct. Add credibility externally and internally.</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Improve report</th>
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</thead>
<tbody>
<tr>
<td>Improve data quality.</td>
</tr>
<tr>
<td>Auditors review and question routines</td>
</tr>
<tr>
<td>Improve the report.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improve internal processes and communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve internal processes and routines.</td>
</tr>
<tr>
<td>Tool to follow up work done.</td>
</tr>
<tr>
<td>Internal pressure to bring order to reporting processes.</td>
</tr>
<tr>
<td>Useful screening of data and reporting processes.</td>
</tr>
<tr>
<td>Build expectations of improvements.</td>
</tr>
<tr>
<td>Assistance in the process.</td>
</tr>
<tr>
<td>Influence employees to take these issues seriously. Advice regarding what should be included in the report. Best-practice knowledge.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder demands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception that stakeholder demands assurance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Integrated report</th>
</tr>
</thead>
<tbody>
<tr>
<td>They began with integrated reporting.</td>
</tr>
</tbody>
</table>
What does this evidence imply from a stakeholder perspective? Does the fact that these companies are assuring their sustainability information, and are using it not only to add credibility but also as a managerial tool imply that interest from a wide range of stakeholder are taken into consideration? Probably not. Does it imply that these companies are more anxious of contribute to corporate sustainable development and improve their sustainability performance? Not necessarily.

To begin with, it is probably the companies themselves that identifies relevant stakeholders. Many companies use GRI guidelines for their reporting (Brown et al, 2009). The principle one in GRI, “stakeholder inclusiveness”, takes a managerial perspective: it is the company itself that should identify relevant stakeholders. Stakeholders are narrowly defined as to those who are significant affected by the company, or affect the implementation of their strategy or achievement of the goals (GRI, n.d.). So, even though there is a clear focus on stakeholders in GRI, those stakeholders should be managed and prioritized by the company depending on how important they are to the company. However, there is a focus on shareholders among companies that assure as well as companies that do not assure. When analyzing this from a managerial stakeholder theory perspective, those actions might result in ineffective management (Gray, et al, 2014). When analyzing this from an ethical stakeholder theory perspective those companies are not taking their responsibility. Since companies must act ethical and consider all stakeholders to survive in the long run, sometimes to the expense of the interest of shareholders, thus they might have problems to survive in the future (Clarkson, 1995).

From an institutional theory perspective, the companies’ engagement in reporting can be referred to as a formal structure that are decoupled from the ongoing activities in the company, an informal structure. In other words, even if the report is signaling true engagement in sustainability issues, it might not be the case in the reality. The report could then be referred to as a myth that the company use to gain legitimacy, because they feel pressure to follow the sustainability reporting trend (Meyer and Rowan, 1977; Powell, 1991; Brunson, 1989/2002).
5.1.2 Assurance providers’ perspective

Table 5.3 below gives an overview of how assurance providers answered regarding incentives.

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Assurance providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signal</td>
<td>Improve report</td>
</tr>
<tr>
<td>Signal to internal and external stakeholders that the data are of high quality. Signal to internal stakeholders that the processes if of high quality. Competitive advantage.</td>
<td>Guarantee the quality of the report.</td>
</tr>
<tr>
<td></td>
<td>Increase credibility externally by making a statement.</td>
</tr>
</tbody>
</table>

Table 5.3

In general, the answers are consistent with the answers by companies with assured sustainability information. However, from another point of view. Assurance providers clearly stated that the actual purpose is to increase credibility toward external stakeholders by expressing an opinion in the assurance statement (see table 5.3). Improvement of internal communication and the internal control environment should be considered as side-effects. Those side-effects are according to O’Dwyer et al (2011) arguments that assured use to sell in the product and a way of seeking legitimacy of their role and the assurance process. Either that is due to an awareness of limitations of sustainability assurance, or auditors have failed to convince the companies that do not assure of the benefits. One can also imagine that those companies are not able to assure due to cost and resource limitations (Park and Brorson, 2005, p. 1097). In addition, why companies do not assure can be due to a perception that it is not generally accepted (Greenwood et al, 2008; DiMaggio and Powell, 1983).

One can ask oneself if stakeholders, defined as “any group or individual who can affect or is affected by the corporation” (Hasnas, 1998, p. 25), are satisfied with what role sustainability assurance seem to have based on these answers. To function as an internal managerial tool, signal quality and ethical behavior, increase quality of the report, and add credibility by making a statement. Firstly, the question remains if sustainability assurance can serve this. Something which will be analyzed later, under the heading “challenges”. Secondly, is it enough to survive in the long run? Stakeholders might expect that assurance providers guarantees that companies take
sustainability issues seriously and are aiming to improve their sustainability performance. If not, then both assurance providers and assured companies need legitimacy (Clarkson, 1995).

5.2 Challenges

The tables below (see tables 5.4, 5.5 and 5.6) give an overview of what challenges the respondents themselves have identified. There are additional identified challenges based on the respondents´ answers, that will be presented below as well.

5.2.1 Companies´ perspective

Table 5.4 below gives an overview of the reasons for not assuring that companies without assured sustainability information expressed.

<table>
<thead>
<tr>
<th>Reasons for not assuring</th>
<th>Cost-benefit</th>
<th>Auditability</th>
<th>Time consuming and resource demanding</th>
<th>Signal and credibility</th>
<th>Stakeholder demands</th>
</tr>
</thead>
<tbody>
<tr>
<td>A perception that the benefits do not outweigh the costs.</td>
<td>Inhouse turbulence. Focus on internal systems and reporting. Not conversant in the new regulations in GRI G4. Insufficient information system.</td>
<td>Time consuming assurance process. Hard work.</td>
<td>A perception that the purpose of assurance is to signal to external stakeholder that you are world leading and they cannot position themselves to master these issues perfectly.</td>
<td>Limited stakeholder demands since they are positioned far back in the value chain. No pressure from stakeholders such as shareholders.</td>
<td>A perception that internal controls adds enough credibility.</td>
</tr>
</tbody>
</table>

To begin with, according to previous studies, not all companies are possible to judge due to lack of sufficient information systems and/or functioning internal processes et cetera (Ek, 2012; Power, 1997; Park and Brorson, 2005, p. 1097). This is something which the companies that do not assure seem to be aware of. They state that they are not conversant in GRI guidelines, have insufficient sustainability report, have insufficient reporting system and that they have not made a materiality analysis according to GRI (see table 5.4). In addition, they claim that they do not master sustainability issues perfectly and do not want to give a false signal to stakeholders, which indicates that the company aims to behave honest. The fact that they do not consider themselves
to be auditable shows awareness of limitations of assurance. In addition, it indicates that GRI guidelines does not function as an auditability enabler as they aim to do (Willis, 2003).

Moreover, noteworthy is that they experience no pressure from stakeholders and shareholders are prioritized (see table 5.4). From an ethical stakeholder theory perspective, this indicates that companies are not taking their responsibility toward a wide range of stakeholders. Thus, they might have difficulties in surviving in the long run (Clarkson, 1995). Additionally, there is a perception that consumers and media pressures (Gillet-Monjarret, 2015) companies to assure rather than other companies. This indicates that to assure sustainability information are not a taken-for-granted social behavior among companies (Greenwood et al, 2008). Furthermore, a challenge for assurance providers is that there is a perception that sufficient internal controls make the information trustworthy enough, therefor there is no need of adding extra credibility (see table 5.4). Similar conclusion was made in previous research (Jones and Solomon, 2010; Park and Brorson, 2005).

An additional common denominator is that they think that assurance is time consuming, resource demanding and costly (Park and Brorson, 2005) and the benefits do not exaggerate the costs (see table 5.4). This supports previous research that concluded that engagement in corporate sustainable development is dependent on companies´ ability, in form of for example costs and time (Klassen and McLaughlin, 1996; Bansal, 2005). One respondent expressed uncertainty of how demanding the process is, for example how much additional documentations that is needed, the respondent demands a simplified assurance process. So, assurance providers need to add transparency to the assurance process, and thereby legitimize themselves (Power, 2003).

Table 5.5 below gives an overview of challenges that companies without assured sustainability information expressed.

<table>
<thead>
<tr>
<th>Time consuming and costly</th>
<th>Independence</th>
<th>Do not improve the report?</th>
<th>Stakeholder demands</th>
<th>Demanding assurance process</th>
<th>General acceptance</th>
<th>Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurers sell extra services.</td>
<td>Assurance improves internal processes rather than the report.</td>
<td>The decision is made on managerial level and must be motivated by strong stakeholder demands.</td>
<td>There is a demand for a simpler assurance process.</td>
<td>Uncertainty how the process is.</td>
<td>Few companies that assure.</td>
<td>Fuzzy descriptions in GRI. Lack of definitions.</td>
</tr>
<tr>
<td>The assured company might affect the assurer to overlook sensitive issues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>A variety of assurance providers and no control of the quality of the assurance process.</td>
<td>Various ways to calculate.</td>
</tr>
</tbody>
</table>
To begin with, there is a perception that fewer read the report if it is too comprehensive, which might be the case if you include all stakeholders’ interests. When analyzing this from an ethical stakeholder theory perspective, this further confirms that those companies might have difficulties in surviving in the long run, since the reader is emphasized rather than a wide range of stakeholders (Clarkson, 1995).

When it comes to reporting standards, there is a perception that there is no general accepted model of good practice. The absence of standardized definitions makes it difficult to compare between companies and it decreases the trustworthiness and the quality of the reports. However, the data definitions when it comes to greenhouse gas emissions seem to be relatively well defined and widely accepted. Corresponding standards for the remaining sustainability issues are desirable. One respondent argued that assurers can take the responsibility to develop reporting standards (see table 5.5). To develop reporting standards enhances assurers own legitimacy since it makes the reports more credible (Dando and Swift, 2003).

There are additional identified challenges that indicates that assurance providers need to legitimize themselves (see table 5.5). It should preferably be done by improving the assurance process instead of using short term legitimizing strategies (Power, 2003; O’Dwyer et al, 2011). Firstly, there are expressed concerns about potential managerial capture of the assurance process. There is a perceived risk that the assured company governs the assurers to overlook sensitive issues. Which is in line with previous research (see for example Ball et al, 2000). Secondly, there is a perception that the assurance providers have a distinguished to sell extra services. Which endanger their independent position (Power, 1997). Thirdly, there is a perception that assurance improves internal processes rather than the actual report. Which supports previous findings (see for example Jones and Solomon, 2010). Fourthly, the variety of assurance providers and no control of the quality of the sustainability assurance service leads to an increased expectational gap and comparability issues (Power, 1997; Beelede and Tuybens, 2015; O’Dwyer and Owen, 2005; Perego and Kolk, 2012). Fifthly, assurance is costly, demanding and time consuming. Sixthly, stakeholder demands are limited (Park and Brorson, 2005; Klassen and McLaughlin, 1996; Bansal, 2005).
Moving over to companies that do assure their sustainability information. Table 5.6 above gives an overview of these companies experienced challenges with sustainability assurance.

When comparing the answers with companies without assured sustainability information, there are similarities as well as differences. There is a similar emphasize on challenges related to lack of standardization, referring to reporting standards (Caron and Turcotte, 2009; Dando and Swift, 2003). Loose guidelines, lack of data definition and unequal data definitions (see table 5.6). This leads to comparability problems. It makes it difficult to compare between companies and to compare between years. Even if GRI might enhance comparability (Willis, 2003), GRI guidelines need further development to reach the same level as financial audits, as it aims to do (Nikolaeva and Bicho, 2011). In addition, there are some concern regarding that economic issues are not measurable GRI indicator when performing a materiality analysis. A concern which might reflect a weakness of GRI and a possible movement toward integrated reporting (Lodhia, 2012, p. 143; Jensen and Berg, 2012). Additional weakness of GRI G4 is that even if you perform a materiality analysis according to GRI, it might not create any value to the firm, since it does not imply that a wide range of stakeholders are included in the process during the whole year. In turn, it might not create enough value to stakeholders either. Note the respondents refer to GRI G4. However, the GRI principles presented in chapter two from the new GRI standards indicate a similar approach toward stakeholders (GRI, n.d.).

<table>
<thead>
<tr>
<th>Standards</th>
<th>Analyst firms</th>
<th>Cost and time issues</th>
<th>Scope issues</th>
<th>Independence</th>
<th>Auditability</th>
<th>Reporting process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loose guidelines.</td>
<td>Analyst firms</td>
<td>Costly and time consuming</td>
<td>Some companies only assure parts of the sustainability information.</td>
<td>The assured company might try to govern the assurer.</td>
<td>It is useful to have a well functioned process in place.</td>
<td>Difficult and important to consider what should be included and excluded in the report, stakeholder have different interests.</td>
</tr>
<tr>
<td>Lack of standardization: not clearly stated how to calculate.</td>
<td>Demands disclosure</td>
<td>It is a risk taking for companies.</td>
<td>However, insufficient communication is a risk.</td>
<td>Many companies use excel sheets. Systems on the market are not useful, excel is more effective.</td>
<td>Many companies do not have a sufficient discussion regarding target groups, many reports are too comprehensive.</td>
<td></td>
</tr>
<tr>
<td>Few and unequal data definitions.</td>
<td>Irrelevant issues.</td>
<td>You can perform a correct materiality analysis without creating any value. Economic sustainability are not measurable indicators in GRI.</td>
<td>Assurance providers sell extra services.</td>
<td>The assured company can avoid answer on sensible issues.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Figures from December must be estimations due to lack of time.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.6
Moreover, the evidence show an equivalent concern about the relationship between the assurer and the assured company. The assured company can try to govern the assurer and avoid answer on sensitive issues, and assurers are trying to sell extra services, which might imply that they are too friendly (see table 5.6). Hence, their independent position is questioned (Power, 1997). However, some respondents disregarded the question and companies that governs the assurer would probably not admit it, thereby it is difficult to confirm. Assurers independence will be analyzed further under the heading “additional challenges”.

When it comes to auditability, one respondent confirmed previous research regarding the importance of being auditable. However, it was only stated that it was useful, not necessary (Ek, 2012; Power, 1997). Instead it seems to be common among assured companies to not have functioning processes in place, such as well functioning information systems (Park and Brorson, 2005, p. 1097). Many companies use excel sheets and consider it to be preferable, since there is no sufficient system on the market (see table 5.6). However, that has not hindered them to assure. So, it seems that even though it is important to have a well-functioning reporting process in place, it is not the reality. Consequently, the trustworthiness and quality of the reports decreases. Which in turn further confirms assurance providers need of legitimize themselves (Power, 2003; O´Dwyer et al, 2011). In addition, it reflects companies´ need of a managerial tool; to improve internal processes, communication and control environment. By using assurers as a managerial tool companies will become increasingly similar, since assurers give best-practice advises (DiMaggio and Powel, 1983; Campbell, 2007).

In contrast to companies that do not assure, there is no concern regarding cost. Cost and time are only viewed as an obstacle for companies that experience weak financial performance (see table 5.6). However, there are concerns regarding time. Since the report should be done two weeks earlier when you assure comparing to if you do not assure, much work must be done in December, which implies that figures from December must be estimations (see table 5.6). It implies that assurance decreases the credibility of the report. Which supports the findings by Park and Brorson (2005), that credibility is associated with problems. In addition, it hinders companies to live up to principle “accuracy” in the GRI guidelines (GRI, n.d.). However, one respondent argues that time issues can be solved by assuring a half year report, then you diffuse the work over the year.

Moreover, challenges related to companies´ materiality analysis was emphasized. It is important to prioritize what should be included in the report the respondents argue. In addition, since sustainability is a wide concept this judgement is particularity difficult. Stakeholders interests differ. This is in line with previous findings by Hsu et al, (2013). A main concern was that analyst firms demand and encourage disclosure on irrelevant issues. Consequently, many reports are too comprehensive which might be due to lack of discussion regarding target groups. This further confirms companies´ need of using assurance as a managerial tool (see for example Ball et al, 2000). However, respondents from companies that do assure gave some indications that the
judgement might be difficult even for assurance providers. It is important that the assurer has insight in the company and understands the business, to be able to prioritize and identify material issues.

Why reports are comprehensive can be explained from an institutionalist perspective. They feel coercive pressure to report on issues they do not consider to be relevant. The pressure derives from expectations from organizations (analyst firms) of which they are dependent on (if they do not report they get a lower grade). So, why companies report on issues might not be due to an interest or willingness to improve their sustainability performance, instead it might be due to an aim to gain legitimacy (DiMaggio and Powel, 1983) and to signal to stakeholders that they are responsible (Michelon et al, 2015).

Why companies tend to have comprehensive reports can be explained through the eyes of an ethical stakeholder theory perspective as well. They might aim to satisfy or signal responsibility to both primary and secondary stakeholders, to survive in the long run (Clarkson, 1995, p. 106-107). The result shows that shareholders are in general prioritized and considered to be primary stakeholders. Too much focus on shareholders implies that they might encounter problems to survive in the long run (Clarkson, 1995). One respondent stated that the owners are the most important stakeholder since they read the report. Just because stakeholders do not read the report, it does not imply that they are not affected by or affect the company, hence, many stakeholders should be considered to be primary stakeholders (Clarkson, 1995, p. 107). The average citizen can also be directly affected by the company even if they are not expected to read the report. Instead they express their interest through other channels, such as media (Gillet-Monjarret, 2015).

Furthermore, some companies use advertising agencies for the establishment of sustainability reports, companies that assure as well as companies that do not assure. Some use it for layout, whilst other use it as an advisor regarding what should be included in the report. Since those advertising agencies might not be knowledgeable in sustainability issues it can lead to imbalanced reports with wrong tone. Thus, there is a risk that advertising agencies makes sustainability reports superficial and decouples it from the ongoing activities in the company (Meyer and Rowan, 1977, p. 340; Powell, 1991). In turn it aggravate the assurance process.
5.2.2 Assurance providers’ perspective

Table 5.7 below gives an overview of challenges assurance providers have identified.

<table>
<thead>
<tr>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditability and reporting process</strong></td>
</tr>
<tr>
<td>Few companies assure. Some companies believe that they can achieve higher credibility than auditors.</td>
</tr>
<tr>
<td>Data is seldom extensive. Routines and internal controls are seldom well established.</td>
</tr>
<tr>
<td>Excel sheets is common. Sustainability reporting processes varies. Time consuming to gather information from the company. Low standard of the companies’ processes and documentation. Many of the companies’ materiality analysis is incomplete.</td>
</tr>
<tr>
<td>Auditors materiality assessment is a matter of judgement. There are no general concepts of value, no absolute terms.</td>
</tr>
<tr>
<td>It is a challenge to make companies admit negative parts. Many reports are too comprehensive. The auditor cannot oblige a company to report on a certain issue.</td>
</tr>
<tr>
<td>No balance in GRI regarding how much they require companies to report on.</td>
</tr>
<tr>
<td>Difficulties in finding regulation that are both flexible and compulsory.</td>
</tr>
<tr>
<td>The assurance statement is strictly formalized. No law that requires a certain type of review.</td>
</tr>
<tr>
<td>Assurance service made by an auditor differs from case to case, when it comes to level of certainty. The assurance service differs depending on who made the audit, consultants or auditors, something which stakeholders are not aware of.</td>
</tr>
<tr>
<td>Uncertainties of what a sustainability report is and what is assured.</td>
</tr>
<tr>
<td>It is a challenge to analyze sufficiently since companies are not willing to pay.</td>
</tr>
<tr>
<td>Companies can choose to exclude information from the assurance.</td>
</tr>
</tbody>
</table>

To begin with, assurers express the judgement of what should be included/excluded in the report as a difficulty (Jones et al, 2016). Auditors share the perception that many reports are too comprehensive, and argue that it misleads the reader. In addition, auditors sometimes must try to affect companies admit negative information to ensure completeness of the report (see table 5.7), which is not an easy task. Hence, to ensure that principle four in GRI guidelines are fulfilled (GRI n.d.). This is in line with Adams and Evans (2004), that concluded that there is a lack of completeness in sustainability reports.

In addition, respondents disagree on what responsibilities they have. A confusion which can be traced back to the fundamental objective with audits; to detect frauds (Montgomery, 1912) or to express an opinion (Brown, 1962). The majority seem to agree that their job is not to detect frauds. However, not all of them. One respondent argued that assurance providers should prevent frauds such as blatant strategic mistakes, though you cannot trust that they will (see table 5.7). Moreover, there is an emphasize on challenges related to scandals. Auditors have a responsibility to protect
confidentiality, therefore it is not sure that they consider that the company should report on an ongoing media scandal regarding for example corruption, if they are not convicted yet. On the other hand, auditors should follow their gut feeling, which implies that if stakeholders would make another decision then it should be considered as material, and thereby the auditor should not accept it. Some argue that auditors’ job is solely to review disclosed information. Some argue that auditors’ job is also to make sure that companies do not omit material information. If the company exclude important information the auditor can evoke that the materiality analysis is incomplete, but cannot oblige a company to report on a certain issue. Some argue that if the company has chosen to not report on a sensitive issue the auditor does not review that. Then it is up to the reader to think by themselves. Moreover, there are no general concepts and no general terms (see table 5.7), which further aggravates auditors’ materiality assessment (Moroney and Trotman, 2016).

This confusion supports the findings by Power (1997) that the discussion of auditors’ responsibilities are raised again due to scandals. In addition, it reflects challenges related to the complexity of the concept sustainability (Campbell, 2007; Gray et al, 2014; Milne and Gray, 2007, Power, 2003). It also indicates that auditors are dependent on the fundamental trust that stakeholders seem to have in assurance (Power, 1997). Interestingly, even though auditors consider scandals to be an area that are particularly difficult, scandals explain the emergence of assurance (Solomon and Jones, 2010). In other words, users expect that sustainability assurance play an important role when it comes to scandals. It further indicates an expectational gap and a need of assurance providers to legitimize themselves to survive in the long run (Humphrey, 2007; Power, 2003).

Moreover, there is a concern regarding the GRI guidelines. There is not an appropriate level in GRI G4 regarding what should be included/excluded in the report. They argue that it is not easy to develop a standard which is both flexible and compulsory. This is in line with previous research that concluded that GRI guidelines might not be applicable as a mandatory standard (Willis, 2003). Moreover, auditors confirm that the descriptions in GRI guidelines are fuzzy. Functional generally accepted reporting standards are crucial in order to add credibility to sustainability reports, according to previous studies (Dando and Swift, 2003; Park and Brorson, 2005).

Furthermore, evidence support previous findings that the exceptional gap is larger when it comes to sustainability information comparing to financial information (Power, 1997). Firstly, if there is no law that regulates the assurance service, companies can choose to exclude information from the assurance. Moreover, they can choose level of certainty, which is only approximately 30 % for assurance, comparing to 70 % of an audit. Secondly, auditors and consultants perform the assurance service differently, they use different standards. Thirdly, an assurance service made by auditors differs from case to case, when it comes to level of certainty for example. Something which can be solved by a law that regulates the assurance service.
Moving over to the issue of stakeholders. When weighing the evidence, it seems that auditors focus on shareholders and generally do not include external stakeholders in the assurance process. According to previous research this implies that auditors have problems in increasing companies’ accountability (Bepari and Mollik, 2016). Stakeholder inclusiveness in the assurance process has been identified as a key factor for a successful sustainability assurance (Edgley et al, 2010). Some auditors claim that they drive forward stakeholder inclusiveness in companies’ materiality analysis. However, it is probably limited to what is stated in the standard the company apply. At least that is what the reader can expect from the assurance. Thus, if the company uses the new GRI standards then stakeholders are referred to those that are significantly affected by the company or those who are expected to affect the company’s implementation of their strategy or achievements of goals (GRI, n.d.). Since auditors’ assurance statement is strictly formalized they are not able to include information regarding for example internal process improvements. Consultants, on the other hand are able to write a comprehensive statement including for example areas of improvements. Something which stakeholders demands. So, the auditor might have problems in surviving in the long run as assurance provider since they do not take their responsibility towards a wide range of stakeholders (Clarkson, 1995).

Lastly, regarding auditability, the auditors emphasize challenges related to the fact that companies do not have functioning processes in place. Seldom extensive data, seldom well-functioning and established routines and internal controls, excel sheets is common and low standard of documentation. It aggravates the assurance process since it is time consuming to gather information and you might have to ask for information several times. This further indicates that GRI guidelines do not function as an auditability enabler as they aim to do (Willis, 2003). In addition, it shows that lack of auditability does not hinder assurers to assure, even though it is important, to achieve a high qualitative assurance. Moreover, it reflects auditors’ need of legitimizing themselves and the assured company (O’Dwyer et al, 2011; Power, 2003).

5.2.3 Additional challenges

To begin with, the question of whether there is a true engagement among companies and assurance providers is central. Even if the sustainability information is assured, it does not imply that the company is anxious to improve their sustainability performance. Superficial reports signals business interest. A willingness to apply definitions in practice and integrated reporting signals true engagement, according to Caron and Turcotte (2009). When weighing the evidence there is a preponderance on business interest among OMXS30 companies, even though some companies express difficulties in calculating and applying definitions. That is due to the fact that there is a focus on shareholders and many companies´ use advertising agencies, not only for the layout, but also for judging what should be included in the report.
Moving over to integrated reporting. Since integrated reporting makes it more difficult to scan what is included in the report, the purpose to use integrated reporting might be to confuse the reader and hide sensitive information. However, they might claim that the purpose is to integrate the sustainability issues to the business strategy (Lodhia, 2012, p. 143; Jensen and Berg, 2012). Just because sustainability issues are integrated in the business strategy does not imply that they are acting sustainable (Kend, 2015; Milne and Gray, 2007). Evidence shows that there is a growing interest in integrated reporting in the banking sector. Companies in the banking sector are anxious of following trends and copy competitors. It can be referred to as mimetic isomorphism that might be due to that they feel uncertain about sustainability reporting (DiMaggio and Powell, 1983) or/and that they identify themselves with each other (Sahlin and Wedelin, 2008). So, integrated reporting might be spread relatively fast in the banking sector due to mimetic pressure rather than true engagement. Moreover, previous studies have shown that financing sector are more likely to assure (Cho et al, 2014). However, it does not imply that they are anxious to improve their sustainability performance either (Milne and Gray, 2007). Respondents from auditing firms as well as from companies argue that assurance might instead affect companies to allocate resources on reporting to the expense of the sustainability performance. Thus, a reasonable interpretation is that companies integrate the report because they believe that it legitimizes themselves and makes them appear sustainable, rather than because they believe it would improve their sustainability performance.

The reason why assurance providers started to engage in sustainability assurance can be explained through the eyes of an institutionalist. Assurance provider were pressured to follow the sustainability trend; mimetic as well as coercive pressure (DiMaggio and Powel, 1983). The society in large, including many companies, increasingly engaged in this new undefinable area. If assurance providers would not engage in sustainability assurance they are risking decreased legitimacy (Power, 2003). Another explanation why auditing firms and consultants started to offer sustainability assurance is because they identify themselves with each other and with other companies, therefor they feel pressure to become similar (Sahlin and Wedlin, 2008).

Another explanation is that assurers do it for business, to enter a new market (O´Dwyer, 2011), without true engagement in sustainability issues. The assurance provider might not be interested in companies´ potential sustainability performance. Assurers job is instead to make a statement of the correctness in the report, for example regarding if the company has followed the standards of which they claim that they follow. The respondents expressed that sustainability assurance have been developed to fast (Power, 1997), that there is lack of standardization (Beelde and Tuybens, 2015; O´Dwyer and Owen, 2005; Perego and Kolk, 2012). In addition, evidence shows that assumes are focusing on shareholders. Thus, even if a report, in which the company gives a picture of the company as someone who is acting sustainable, is assured, the company might not be truly engaged. Since the assurers are not provided with appropriate tools.
Moreover, sustainability reports made by companies that are beginners on sustainability reporting are more likely to be decoupled from their informal structure, hence might differ from what is going on in the reality (Powell, 1991; DiMaggio and Powell, 1983; Meyer and Rowan, 1977). That is because beginners might have a greater need of copying other reports since they are not confident and experienced in sustainability issues. In turn, the assurance process becomes more demanding and time consuming, hence, it is more challengeable to reach a report that gives a true and fair view.

Lastly, there are areas of which respondents from auditing firms did not experience any problems; independence, assurance standards, consultants, scope and cost. Firstly, independence was considered not to be a problem since auditing methodology is utilized. Respondents instead emphasized that companies must be involved and that insufficient communication is a risk. The assurer is dependent on the assured companies’ willingness to give access to and convey information. However, there are identified problems related to the consulting services that auditing firm offers. An auditor argued that it is not acceptable that auditing firms perform consulting services on the same company as they assure, since they become challengeable. An opinion which is shared by respondents from companies as well. Audit-related consulting regarding for example how to follow standards, regulations and laws is acceptable within the role as assurer. Evidence have shown that some assurance providers perform consulting services on the same company as they assure and do give consulting advices within the role as assurer, and some assurance provider do not accept it. Hence, auditors independent position is endangered (Power, 1997).

Secondly, when it comes to assurance standards and consultants. Auditors emphasized that they have agreed on a general accepted standard. The auditors in general tended to neglect possible challenges related to consultants and the fact that they use other standards. However, they confirmed that they perform the service in a different way. In general, it was difficult to make the auditors understand the question from an external stakeholder point of view. Auditors stated that they were not conversant in how consultants work, that consultants are not considered as competitors since they serve different purposes, that consultants get fewer and fewer, and that they did not want to analyze consultants. On the other hand, some auditors identified challenges related to consultants. Their service is considerably less costly. Clients, potential clients and stakeholders do not understand the difference between auditors and consultants, they think that consultants have done as much work as auditors, which is not true, according to an auditor. The assurance service made by consultants do not create any value, it is only a cost. Hence, there is a expectational gap (Power, 1997). Moreover, one of the respondents expressed that consultants write a more comprehensive assurance statement, which is something that stakeholders demands and auditors cannot fulfill. Since the assurance statement is strictly standardized in auditors’ assurance standard. Moreover, auditing firms work with internal management issues, an auditor argues. Thus, consultants, which often use the standard AA1000, might serve the interest of the
public to a larger extent than auditors as they aim to (Dando and Swift, 2003, p. 197). This further indicates that auditing firms do function as an internal managerial tool rather than considering a wide range of stakeholders. They serve the managements intention rather than increasing accountability (Gray, 2000). Hence, they might encounter problems in surviving in the long run (Clarkson, 1995). Noteworthy is that only one of the respondents derives from a company that uses a consultant as their assurance provider. This respondent was not conversant in the assurance process even though this person was responsible for the sustainability assurance in Sweden. It indicates that consultants work differently comparing to auditors, as auditors claims. It indicates that they perform a superficial assurance with less controls. Hence, consultants might encounter difficulties in surviving in the long run as well (Clarkson, 1995).

The assurance standards that auditors respectively consultants use defines sustainability assurance differently. In ISAE 3000, which auditors use, there is an emphasize on increasing the credibility by expressing an opinion. In AA1000, which consultants use, there is an emphasize on assessment of companies´ internal systems and processes (Zadek et al, 2004). Something which contrasts the empirical result in this study which shows that auditors functions as a managerial tool rather than adding credibility and consultants do not function as a managerial tool. This indicates that standards are superficial and are functioning as short term legitimizers (Power, 1997).

Thirdly, when it comes to scope and cost the respondents disagree. An auditor argued that scope is simple to explain and that either the company pay or do not pay. On the other hand, other respondents from companies and well as auditing firms identified problems related to scope as well as cost. For example, some companies exclude parts of the sustainability information from the assurance. In addition, some auditors experience difficulties to review sufficiently up streams and down streams because companies are not willing to pay enough. Thus, evidence confirm previous findings by Park and Brorson (2005).

To conclude, a reasonable interpretation is that the reason why some auditors neglect and disregard these issues mentioned above and do not express any problems related to them, is because their need of legitimizing themselves and companies (Power, 2003; O´Dwyer et al, 2011).

5.3 The role of third party assurance of sustainability information

There are three identified roles of sustainability assurance; the main role as “the managerial tool”, and supporting roles as “the corrector” and “the legitimizer”. Lastly, the potential supporting role as “contributor to a sustainable world?” is discussed.

5.3.1 The main role: “The managerial tool”

The result indicates that the main role of sustainability assurance made by auditors is “the managerial tool” that improves internal processes, communication and control environment
rather than the sustainability report and companies’ sustainability performance. Which is in line with previous findings (Ball et al, 2000; Bepari and Mollik, 2016; Edgley et al, 2010; Jones and Solomon, 2010; Alon and Vidovic, 2015; Park and Brorson, 2005). However, it is associated with difficulties.

The most important task seems to be to judge what should be included/excluded in the report (Adams and Evans, 2004; Jones et al, 2016, p. 159; Hsu et al, 2013), which auditors and companies has expressed as a challenge. A key to succeed is to include stakeholders in the assurance process as well as in the sustainability report establishment. Previous findings have concluded that auditors could play an important role to drive forward stakeholder inclusiveness in companies’ materiality analysis. However, the result shows that auditors focus on a narrow range of stakeholders and that they do not include stakeholders in the assurance process (Bepari and Mollik, 2016; Edgley et al, 2010; Park and Brorson, 2005; Beelde and Tuybens, 2015; O’Dwyer and Owen, 2005). The evidence show that “the managerial tool” sometimes implies improved report. On the other hand, it shows that there is not necessarily always a correlation between those.

5.3.2 Supporting role 1: “The corrector”

The respondents argue that the main purpose of sustainability assurance is to serve the need of external stakeholders by adding credibility by making an assurance statement (Power, 1997; Brown, 1962), to guarantee a level of quality of the disclosed data. However, this is not prioritized and it is associated with difficulties (Park and Brorson, 2005). A main concern is that there is a lack of standardization and laws that regulates assurance and sustainability reporting. Lack of and unequal data definitions leads to comparability issues. Lack of laws that regulates assurance leads to managerial capture over the assurance process implies that assurance independent position is in danger and sensitive issues might not be disclosed.

5.3.3 Supporting role 2: “The legitimizer”

Instead an important role of assurance is “the legitimizer”; to legitimize the assured company and legitimize the assurer (Power, 2003; O’Dwyer et al, 2011). Sustainability reporting and its assurance are ongoing trends that they need to deal with, to success and survive (Meyer and Rowan, 1977). Firstly, companies’ need to legitimize themselves is due to lack of generally accepted and functioning reporting standards with general accepted data definitions. Secondly, it is due lack of auditable companies with functioning internal processes and communication. Thirdly, it is due to lack of stakeholder inclusiveness in the reporting process, referring to a wide range of stakeholders. Fourthly, it is due to difficulties regarding what should be included/excluded in the report, since stakeholders’ interests differs. Lastly, it is due to weak sustainability performance and lack of willingness to improve sustainability performance.
Similarly, the assurers are in need of legitimizing themselves. In addition to those factors mentioned regarding companies above, which affects assurers as well, there are more factors that indicates a need for assurers to legitimize themselves. Firstly, lack of general accepted assurance standards and differences in the assurance service. Secondly, due to lack of laws that regulates assurance. Thirdly, due to lack of stakeholder inclusiveness in the assurance process and a focus on shareholders. Lastly, due to lack of true engagement in sustainability issues.

Lastly, there is a perception that few companies in Sweden assure their sustainability information. This indicates a lack of general acceptance that sustainability assurance creates value (Greenwood et al, 2008). Hence, it is not institutionalized (Jepperson, 1991). Is it because companies must experience assurance to understand the benefits of it? If so, the assurer can sell in the service and develop persuading assurance statements and thereby gain short term legitimacy. Or, is it because companies are aware of the limitations of assurance? If so, the assurer can take a more self-critical approach and focus on how to develop the assurance service, and thereby legitimize themselves in the long run (Power, 2003; O’Dwyer, 2011). The latter is preferable and more reasonable since there are many identified challenges related to sustainability assurance.

5.3.4 Supporting role 3: “The contributor to a more sustainable world?”

So, how can sustainability assurance contribute to a sustainable world? There is a perception that sustainability assurance inspires companies to improve their sustainability performance and that it puts the subject to the agenda. Which supports findings by Gray et al (1995). Additionally, some respondent argues that sustainability assurance might militate and aggravate corruption, by adding transparency to the report (see Gray, 2000).

However, when weighing the evidence, the most reasonable interpretation is that there are limitations in the role as “the contributor” as it is currently performed. Moreover, reporting and assurance is not per se good for the environment. Firstly, reporting is decoupled from sustainability strategy, and sustainability strategy is decoupled from sustainability performance (Cho et al, 2012; Hageman and Patten, 2012; Kend, 2015; Milne and Gray, 2007). Secondly, assurance might affect companies to allocate resources on reporting to the expense of the actual sustainability performance. Thirdly, there is a common perception that assurers cannot affect companies to act more sustainable. Fourthly, assurers should not affect companies on a strategic level, hence, to act more sustainable. Assurers cannot realize changes because of their independent position. They can give consulting advises, however, not within the assurance service, but within a consultant service. If it is applied or not is dependent on the companies’ attitude and willingness to change. Fifthly, assurance providers might not even have the ambition to improve companies’ sustainability performance. Sixthly, there is a common perception among auditors that their job is not to detect crimes. Lastly, there is a perception that customers, media, competitors and stakeholders can contribute to a more sustainable world, rather than sustainability assurance.
6. Conclusions, discussion and future research

In this chapter, the output of the thesis is summarized. Conclusions related to the purpose and the research questions are presented. Thereafter, additional reflections and proposal for future research are presented.

6.1 Conclusions

6.1.1 RQ¹: “What incentives are there to engage a third party to assure sustainability information?”

The main incentive to engage sustainability assurance is to improve internal communication, processes and control environment. This finding is in contrast with previous research on Swedish companies’ incentives to engage in sustainability assurance (Park and Brorson, 2005). Secondly, a prominent incentive it is to signal to external and internal stakeholders that you are ethical and act sustainable (Alon and Vidovic, 2015). Thirdly, incentives to engage in sustainability assurance is to improve the report (Beelde and Tuybens, 2015) and their sustainability performance (Park and Brorson, 2005).

6.1.2 RQ²: “What challenges are it related to third-party assurance of sustainability information?”

A main challenge is the lack of standardization, which is probably due to a hasty development of sustainability reporting and its assurance and the complexity is the concept sustainability. Assurance is not regulated by law, which leads to managerial capture over the assurance process. The concern over managerial capture is common among theorists (Jones et al., 2016; Edgley et al., 2010; Ball et al., 2000; Bepari and Mollik, 2016). Insufficient assurance standards and reporting standards lead to a focus on shareholders and judgement difficulties. In addition, the lack of and unequal data definitions in reporting standards leads to comparability and credibility issues. Something which stakeholders are expected to not be aware of. Hence there is a expectational gap between what assurance provides and what stakeholders expects from the assurance service (Humphrey, 2007; Power, 1997). Something which assurance providers and companies show awareness of.

An additional concern is lack of stakeholder inclusiveness in companies reporting process as well as in the assurance process. Referring to a wide range of stakeholders. Hence, companies and assurance providers might experience difficulties in surviving in the long run (Clarkson, 1995).

6.1.3 Main question: “What role does third-party assurance of sustainability information play?”

Sustainability assurance is currently functioning primarily as a managerial tool that improves internal communication, processes and control environment rather than the report and the
sustainability performance (Ball et al, 2000; Jones and Solomon, 2010; Bepari and Mollik, 2016; Alon and Vidovic, 2015; Gray, 2000). In addition, the findings support previous findings that sustainability assurance does not necessarily add credibility and increase the quality of the report (Michelon et al, 2015). The role as corrector is not prioritized. Instead, an important role for sustainability assurance is “the legitimizer”. Assured companies as well as assurers are in need of legitimizing themselves, to succeed and survive in the short and long run (Meyer and Rowan, 1977). That is partly due to lack of laws, functioning standards and lack of attention towards a wide range of stakeholder. Which is in line with previous research by Edgey et al (2010). In addition, companies claim themselves that they use assurance to signal an ethical position, at the same time as their answers indicates wee interest in sustainability issues. Lastly, sustainability assurance in its current forms cannot take the role as a contributor to a sustainable world. Hence, in general, sustainability assurance does not affect companies to act more sustainable. It is the companies themselves that decides if they should act sustainable and responsible or not.

6.4 Discussion

To conclude, it would be desirable to be able to trust companies’ sustainability reports and to trust that sustainability assurance increases the quality and trustworthiness of the information and adds accountability. However, the result shows that there are reasons to further question this. Which is in line with previous research (see for example Higgins and Walker, 2012). Since stakeholders tends to trust companies´ reports (Cho et al, 2012) and the function of assurance, this result is particularly important to take into consideration.

The society in large plays an important role when it comes to ensuring that companies are acting sustainable as well as ensuring the quality of the report. There is a clear need for a control function, however, auditors have difficulties in satisfying this need. Legislators have taken a first step by requiring companies to report on sustainability issues, and evidence have shown that it affect companies´ to assure (DiMaggio and Powell, 1983). However, to require companies, not only publicly owned companies, to assure is desirable as well. Moreover, a law that regulates sustainability assurance is desirable to further develop the service. Standard setters play an important role as well. Assurance providers are dependent on functioning reporting and assurance standards that encourages and ensure stakeholder inclusiveness, referring to a wide range of stakeholders, and provide data definitions. Standards that are applicable as mandatory standards (Willis, 2003). It enables for assurance providers to ensure the quality of the report (Dando and Swift, 2003). However, how to ensure that companies are acting sustainable and do not act immoral or illegal remains unclear. It is unsure if assurance providers can or want to take that role. Firstly, they are not allowed to affect companies on a strategic level. Secondly, it is not their role to detect crimes. Thirdly, there seem to be a lack of interest in sustainability issues among auditors. The need of sustainability assurance increases due to scandals, together with a concomitant expectational gap between what is expected from assurance and what auditors achieve (Solomon and Jones, 2010; Power, 1997). Is it possible for the society to develop another
control function? It would be preferable if this service is paid by the society instead of by the companies themselves, to ensure independence (Power, 1997).

6.2 Future research

Future research that explores what standards and laws that are needed to facilitate for sustainability assurance to ensure quality of the report and affect companies to act sustainable is desirable. Furthermore, it would be contributing with further research on how consultants work in comparison to auditing firms, to investigate whether consultants take the responsibility toward a wide range of stakeholders. Lastly, it would be contributing if further research performs qualitative investigation on sustainability assurance from the perspective of a wide range of external stakeholders, to create a better understanding of their demands and expectations.

Reference list

The references are presented in one list, written in alphabetic order.


