How sustainability assurance engagement scopes are determined, and its impact on capture and credibility enhancement

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Abstract
Purpose: We examined how sustainability assurance providers' (SAPs) promotion of sustainability assurance influences the scope of engagements, its implications for professional and managerial capture and the ability of sustainability assurance to promote credible reporting.
Design/methodology/approach: We conducted in-depth interviews with sustainability reporting managers (SRMs) and SAPs in Australia and New Zealand, using an institutional work lens to focus the analysis.
Findings: At the start of a new assurance engagement, SAPs offer pre-assurance and flexible assurance scopes, allowing them to recruit clients on narrow-scoped engagements. These narrow-scoped engagements focus on disclosed content and limit SAPs' ability to add value and enhance credibility. During assurance engagements, SAPs educate managers and encourage changing the norms underlying sustainability reporting. At the end of the assurance engagement, SAPs provide a management report demonstrating added-value of assurance and encouraging clients broader-scoped engagements. However, with each assurance engagement, the recommendations offer diminishing returns, often leading managers to question the value of broad-scoped engagements and to consider narrowing the scope to realise savings. Under these conditions, client pressure (potentially managerial capture) along with practitioners' desires to grow assurance income (potentially professional capture) can affect SAPs' independence and, the quality of their assurance work.
Implications: The study implies that regulation mandating the scope of engagements may be called for.
Originality/value: We contribute to the research literature in several ways. First, our findings show how professional and managerial capture occurs before, during and at the end of the assurance process. We highlight how perceived value addition from sustainability assurance diminishes over time and how this impacts the scope of engagements (with implications for SAPs independence and the quality of assurance work). We show these findings in a table, clarifying the complicated interrelationships. Second, we contribute to theory by identifying a new form of institutional work. Third, unlike previous studies focused on SAPs, we provide insights from the perspectives of both SAPs and SRMs.

Acronyms
SAP – Sustainability Assurance Provider
SRM – Sustainability Reporting Manager

Keywords: Sustainability assurance; Sustainability assurance provider; Institutional work

1 Introduction

Sustainability reporting involves the disclosure of information on the economic, social and environmental impacts of organisations' operations[1]. This practice has gained considerable global traction (Mock *et al*., 2013). However, sustainability reports are often criticized for not providing a reliable (i.e. verifiable through evidence) and balanced (i.e. disclosure on all material[2] matters, good and bad) reflection of reporters' sustainability performance (Gray, 2010). To address these criticisms, a market for voluntary third-party assurance of sustainability reports has emerged to enhance the credibility of sustainability reports (O'Dwyer, 2011; Simnett *et al*., 2009). However, sustainability assurance is similarly criticized for failing to promote credibility and for being susceptible to managerial and professional capture (Gray, 2000; Dillard, 2011; Owen *et al*., 2000). Managerial and professional capture involves managers and sustainability assurance providers (SAPs) furthering their own interests (of enhancing the perception of disclosure credibility and developing new assurance markets, respectively), while failing to enhance the reliability and balance of sustainability reports (Smith *et al*., 2011). While this basic understanding of the concepts of managerial and professional capture are provided in the literature there is less understanding of how they arise or the implications of their occurrence on the credibility of sustainability reports. What is known is that given the unregulated nature of this market, some engagements are narrow in scope, focusing primarily on verifying the content of management-prepared sustainability reports (Deegan *et al*., 2006a; 2006b), whereas broad-scoped engagements extend to the reliability and balance (i.e. the disclosure of both good and bad news) of reports.

Several studies find that sustainability assurance positively influences users' perceptions of disclosure credibility (Cheng *et al*., 2015; Reimsbach *et al*., 2018; Hodge *et al*., 2009; Wong and Millington, 2014)[3]. Moroney *et al*. (2012) find that the quality of assured environmental reports is better than that of non-assured environmental reports. There is also evidence that broad-scoped engagements have a greater impact on perceptions of credibility than narrow-scoped engagements (Fuhrmann *et al*., 2017). However, none of these studies specifically focus on the reasons for variations in the scope of engagements nor do they shed light on the impact of sustainability assurance on the reliability and balance of sustainability reports (as perceived by SAPs and SRMs).

The prior literature also discusses obstacles to the adoption of sustainability assurance, being voluntary and a relatively recent development, including the time and cost of sustainability assurance, the need to improve underlying systems, the need to manage exposure to legal and reputational risks arising from the engagement, and the need for SAPs to demonstrate added value (Jones and Solomon, 2010; O'Dwyer *et al*., 2011; Park and Brorson, 2005; Sawani *et al*., 2010). O'Dwyer (2011) explores the challenges faced by accountants and non-accountants as they work together to create this new form of assurance in a big four accounting firm. O'Dwyer *et al*. (2011) examine the discursive strategies used by accounting SAPs to gain support from organizational managers, users of sustainability reports and SAPs' internal risk departments. Park and Brorson (2005) provide an overview of the sustainability assurance market in Sweden, highlighting how

[1] There is no consensus in the literature on the definition of sustainability reporting (Farneti & Guthrie, 2009).

[2] A balanced sustainability report contains disclosure over material good news as well as material bad news. An issue is deemed material if it is of importance to an organisation and its stakeholders (AccountAbility 2008).

[3] While Cho *et al*. (2014) disagree arguing that there is no correlation between sustainability assurance and reporters market value, i.e. investors do not value sustainability assurance. Others such as Birkey *et al*. (2016) point out that the benefit of sustainability assurance is realised not in the form of increasing share prices but rather the improved environmental reputation of reporters.

SAPs assist reporters to improve their underlying systems. Michelon *et al*. (2018) note that SAPs use restatements in sustainability reports as a way to legitimise their services. Farooq and De Villiers (2019) discuss how accounting and non-accounting sustainability assurance providers operate under different constraints, leading them to adopt different approaches to sustainability assurance. These broad parameters are known from the prior literature, however the following matters have not been fully explored: SAPs' efforts undertaken before, during, and at the end of the assurance process, the reason(s) for the variations in assurance engagements, including whether managerial and professional capture play a role, whether assurance enhances enhancing reliability and balance, and how this differs depending on the engagement scope.

Therefore, this study answers the following inter-related research questions:

(1) How and why do SAPs' efforts to establish and promote sustainability assurance influence the scope of engagements?

(2) What are the implications of these SAP activities for professional and managerial capture, and the ability of SAPs to enhance the credibility of sustainability reports?

The aim of this study is to understand how assurance practitioners establish new assurance markets for their services. The study explores the tension that exists between developing new streams of income and improving the credibility of the reports (with the latter being constrained by instances of professional and managerial capture).

This study relies on an analysis of 50 in-depth interviews with SAPs and sustainability reporting managers (SRMs) to answer the research questions. In the analysis, we identify SAPs' institutional work (Lawrence and Suddaby, 2006) as they strive toward institutionalizing assurance engagements. Institutional work relates to creating, maintaining and disrupting institutions, institutions being regular, taken-for-granted rules and procedures, or simply regular ways of doing things.

We find that SAPs' institutional work, aimed at overcoming obstacles to the institutionalization of sustainability assurance, influences the scope of engagements. Specifically, at the start of a new assurance engagement, SAPs offer pre-assurance and flexible assurance scopes, allowing them to recruit clients on narrow-scoped engagements. These narrow-scoped engagements focus on disclosed content and limit SAPs' ability to add value and enhance credibility. During assurance engagements, SAPs educate managers and encourage changing the norms underlying sustainability reporting. At the end of the assurance engagement, SAPs provide a management report demonstrating added-value of assurance and encouraging clients broader-scoped engagements. However, with each assurance engagement, the recommendations offer diminishing returns, often leading managers to question the value of broad-scoped engagements and to consider narrowing the scope to realise savings. Under these conditions, client pressure (potentially managerial capture) along with practitioners' desires to grow assurance income (potentially professional capture) can affect SAPs' independence and, potentially, the quality of their assurance work. These insights and the complex relationships between these concepts are explored.

The paper sheds light on the tension between SAPs efforts to overcome obstacles to the institutionalisation of sustainability assurance on the one hand and the need for sustainability assurance to enhance credibility (including reliable and balanced) of sustainability reports on the other, an area not fully explored in the literature. Further, while it is known that the voluntary nature of sustainability assurance gives rise to managerial and professional capture, we explain how and why managerial and professional capture occur at three stages of the assurance process (i.e. before, during and at the end of the engagement) and how managerial and professional capture influence the scope of engagements. By way of a theoretical contribution, we identify a new form of institutional work, namely risk reduction work (towards creating institutions), work aimed at reducing the risk of adopting new institutions, in this case the practice of sustainability assurance. These findings may prove useful to practitioners and regulators. We elaborate on these contributions in the discussion and conclusion section.

2 Literature review

Sustainability reports are often viewed as marketing documents that fail to provide a credible account of the reporter's sustainability performance (Ackers, 2009; Perego, 2009). Some argue that sustainability reporting is nothing more than an exercise in corporate hypocrisy and that these documents are used to create a façade where the actions of the reporter is far removed from the claims thereby limiting the ability of sustainability reports to promote real change (Cho *et al*., 2015; Maroun, 2018; Maroun *et al*., 2018). To bridge this "credibility gap" some organisations voluntarily adopt sustainability assurance (Manetti and Becatti, 2009). The International Audit and Assurance Standards Board (IAASB[4]) defines assurance as "an engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information" (IAASB 2013, p.7). Sustainability assurance[5] can thus be defined as an engagement in which an external third-party assurance provider (i.e. a SAP) is appointed to provide assurance over a sustainability report (Farooq and De Villiers, 2017a; Farooq and De Villiers, 2017c). The role of SAPs is to evaluate and provide an opinion on the reliability and balance of disclosures (Farooq and De Villiers, 2018; Gray, 2010).

2.1 The presence of managerial and process capture

Critics argue that sustainability assurance is subject to managerial and professional capture, potentially affecting SAPs' effectiveness (Gray, 2000; Dillard, 2011; Owen *et al*., 2000). Managerial capture can be described as managers controlling the sustainability reporting agenda, ensuring an emphasis on good news (Adams and Evan, 2004; Cho *et al*., 2015; Owen *et al*., 2000; Smith *et al*., 2011). We apply this definition to sustainability assurance and define managerial capture as management controlling the assurance process to ensure that the scope of the engagement is limited to evaluating the reliability of some, or all of, the sustainability report contents, while excluding the key issue of the balance of the report, or coverage of all material aspects. For example, Gillet (2012, page 80) describes sustainability assurance as nothing more than a "quest for legitimacy of the companies engaging in verification processes"[6].

Smith *et al*. (2011), drawing on Power (1991; 1994; 1997), describe "professional capture" as assurance professionals furthering their commercial interests by entering and creating markets for new services, where the growth imperative is seen as more important that the 'social good' usually associated with professional services. In this case, assurance restricted primarily to checking the reliability of a defined part of the sustainability report content, while steering clear of ensuring the balance of disclosures. For example, Gürtürk and Hahn (2016) describe sustainability assurance statements as nothing more than smoke screens while doing little to promote credible reporting.

[4] The IAASB is a sub body of the International Federation of Accountants or IFAC (IFAC, 2016).
[5] While terms such as "audit", "verification", "validation" have been used, we prefer the term "assurance" in line with the terminology used by IAASB and academics such as Deegan *et al*. (2006a).
[6] See Fernandez-Feijoo *et al*. (2015), Perego (2009) and Simnett *et al*. (2009) for insights into macro/country and micro/organisational level factors driving the demand for sustainability assurance.

While the literature acknowledges the presence of managerial and professional capture, researchers have yet to examine when (i.e. what stage of the assurance process) these issues arise and how they influence the work assurance practitioners undertake (i.e. the scope of assurance engagements). There is a need to understand the tension that exists between the interests of assurers and assurees on the one hand and the need to promote credible sustainability reporting on the other.

2.2 Variations in engagement scope

The voluntary nature of sustainability assurance has produced a diverse market with engagements varying from narrow to broad in scope (Manetti and Toccafondi, 2012). Studies that analyse published sustainability assurance statements (e.g., Deegan *et al*., 2006a; 2006b) are unable to provide the reasons for these variations. Park and Brorson (2005) shed some light on this question, stating that reporters request scope changes to limit the focus on content they believe can be assured. Adams and Evans (2004) state that engagement scope is the decision of management without consultation with stakeholders, and they believe that the SAP is not consulted in setting the engagement scope. O'Dwyer *et al*. (2011) find that SAPs' attempts to gradually increase the scope of an engagement are not always successful, but do not elaborate on how this is done or why they are not always successful. Power (1991; 1994; 1997) argues that assurance providers first create the infrastructure (i.e. an auditable environment) and later check their own work. This could be interpreted as suggesting that the engagement scope is tailored to the maturity of the systems and processes being assured. However, Power focuses on what happens during assurance engagements, and therefore does not provide a complete picture of what SAPs do before the initial engagement, during engagements and after each engagement, nor does Power's theoretical insights explain the dynamic process whereby assurance scopes are negotiated and re-negotiated over time.

The adoption of narrow-scoped engagements, with assurance statements addressed to the reporter's management as opposed to external stakeholders, can be seen as evidence of capture. Evidence suggests that the inclusion of sustainability assurance statements in sustainability reports enhances external stakeholders' perceptions of sustainability report credibility (Cheng *et al*., 2015; Fuhrmann *et al*., 2017; Hodge *et al*., 2009). However, stakeholder perceptions are not necessarily correlated with sustainability report reliability. Moroney *et al*. (2012) conduct a longitudinal content analysis of environmental reports, finding that assured reports are of better quality. Even so, Moroney *et al*. (2012) do not measure the reliability or the balance of reports (i.e. disclosure of both good and bad news), do not address SAPs' work to promote credible disclosure, and do not show whether the difference in reporting quality is due to the assurance process or to the reporters being more committed to higher quality reporting.

2.3 Overcoming obstacles to institutionalising sustainability assurance

SAPs face several obstacles to the adoption of assurance (Jones and Solomon, 2010; O'Dwyer *et al*., 2011; Park and Brorson, 2005; Sawani *et al*., 2010), including the cost of external assurance, managers' need to manage exposure to legal and reputational risks arising from an assurance engagement, weak systems/processes to support sustainability reporting, and the perception that sustainability assurance adds little or no value, apart from enhancing stakeholder perceptions of disclosure credibility. Managers weigh the costs and benefits of external assurance against alternative credibility enhancement mechanisms, such as internal audit, certification, adoption of internationally recognized standards, and the use of stakeholder panels (Jones and Solomon, 2010; Simnett *et al*., 2009). Farooq and De Villiers (2019) identify the different constraints faced by accounting and non-accounting sustainability assurance providers, and elaborate on its implications for practice.

SAPs respond to these challenges by marketing sustainability assurance as a value-added activity (O'Dwyer *et al*., 2011). Therefore, assurance can be viewed as a management tool (Wong and Millington 2014), which is used to reduce the risk of misreporting (Darnall *et al*., 2009; Sawani *et al*., 2010). SAPs also help to improve the quality of sustainability reports (Gillet, 2012) by providing advice, encouraging clear descriptions that ensure comparability, benchmarking against industry competitors, and raising the profile of the sustainability reporting process among internal stakeholders (Park and Brorson, 2005). In addition, SAPs generally assist reporters in improving systems and processes underlying sustainability reporting (O'Dwyer, 2011; Gray, 2000; Jones *et al*., 2014) and reduce reporters' complacency (Sawani *et al*., 2010), because managers often underestimate the information needs and the extent of assurance work required to support an assurance opinion (O'Dwyer *et al*., 2011). SAPs also provide recommendations on a reporter's materiality assessment and stakeholder engagement processes (Park and Brorson, 2005), potentially influencing the selection of topics for reporting and the level of balance of sustainability reports. SAPs provide managers with a report highlighting concerns and providing recommendations on how these issues can be addressed (De Moor and De Beelde, 2005). SAPs also provide an assurance opinion to be published as part of the sustainability disclosures (O'Dwyer and Owen, 2005; 2007; Manetti and Becatti, 2009; Manetti and Toccafondi, 2012). Finally, SAPs use restatements in sustainability reports to legitimise their service to reporters (Michelon., 2018). However, the literature is fragmented and fails to provide a complete picture of the efforts being undertaken by SAPs to overcome these obstacles (i.e. before, during and at the end of engagements) and the implications of these efforts for the scope of engagements and the aim of promoting reliable and balanced sustainability reporting.

In summary, the literature provides a good background for our study, but does not answer our research questions. There remain several gaps in three streams of research (i.e. capture, engagement scopes, and overcoming obstacles to institutionalisation), which require further academic attention. Importantly, the interaction of these three areas needs to be more fully explored. Specifically, there is a need to understand the work SAPs undertake to overcome obstacles to institutionalising sustainability assurance (before, during and at the end of the engagement) and how this work gives rise to instances of professional and managerial capture which influence the scope of engagements and the ability of sustainability assurance to promote credible reporting.

3 Institutional work

We use an institutional work perspective to examine how SAPs are attempting to embed this new form of assurance in the day to day routines and rituals of organizational life. This theoretical lens is used for three reasons. First, since sustainability assurance is a voluntary engagement and an evolving field, the institutional work perspective allows us to surface and analyse SAPs' efforts (undertaken before, during and at the end of the engagement) to institutionalize this new form of assurance and how these efforts affect the scope of sustainability assurance. This is an area which remains under explored with in the extant literature (O'Dwyer et al., 2011; Power, 1991; 1994; 1997).

Second, the Lawrence and Suddaby (2006) typology allows us to frame SAPs' efforts by breaking up and labelling the complex forms of work in separate categories, allowing us to better understand the implications of SAPs' work. Third, the concept of institutional work does not assume that social actors will be successful in their efforts. Thus, this concept allows us to surface all of SAPs' institutionalization efforts, including those that prove(d) unsuccessful.

Institutional theory offers a useful lens to examine the behaviour of social actors (De Villiers *et al*., 2014;

(Farooq and De Villiers, 2017; Jamali, 2010; Larrinaga-Gonzalez and Bebbington, 2001; Lawrence *et al*., 2009). Institutional theory acknowledges that decisions are not always aimed at the promotion of efficiency (Burns and Vaivio, 2001; Lounsbury, 2008; Meyer and Rowan, 1977; Meyer *et al*., 1981; Sharma *et al*., 2014; Zucker, 1977), because pressures on organizations lead to the adoption of institutions (the way things are habitually done) that will ensure continued access to resources (De Villiers and Alexander, 2014; De Villiers *et al*., 2014; DiMaggio and Powell, 1983). Over time these structures, practices, rules, and processes can become institutionalized as rationalized myths (Greenwood and Suddaby, 2006); taken-for-granted assumptions (Burns and Scapens, 2000); or acceptable and expected ways of doing things (Venter and De Villiers, 2013). Social actors are often unable to break free of these assumptions.

However, institutional work acknowledges that while institutions influence social actors (i.e. individuals and organizations), knowledgeable and skilled social actors can also influence institutions; thus social actors are not simply passive recipients of institutional pressures, but can change institutions to promote their own objectives. This tension between institutional pressures, which promote stasis, and the efforts of social actors who promote institutional change is referred to as the paradox of embedded agency (Seo and Creed, 2002; Holm, 1995) - if institutions determine the behaviour of social actors then how can social actors influence institutions? The institutional work perspective addresses this tension by highlighting a bi-directional relationship between institutions and social actors, arguing that while social actors are influenced by existing institutions, social actors can also create, maintain, and disrupt institutions (Lawrence *et al*., 2011).

Professionals are knowledgeable and skilled and often willing to invest time and resources to promote institutional change, i.e. to create, maintain, or disrupt institutions. However, this does not imply a "rational actor model", as the outcomes of institutional work are unknown and can interact with existing institutional structures in "unintended and unexpected ways" (Lawrence and Suddaby, 2006, p. 219).

3.1 Types of institutional work

Lawrence and Suddaby (2006, p.216) describe institutional work as "the broad category of purposive action aimed at creating, maintaining and disrupting institutions". This work is associated with the concepts of "intentionality" and "effort" (Lawrence *et al*., 2011). However, Battilana *et al*. (2009) note that intentions may evolve and social actors may not initially aim to achieve institutional change and may not be aware of the impact of their efforts.

Reviewing the institutional literature, Lawrence and Suddaby (2006) identify types of institutional work, which they categorize into three groups: creating, maintaining, and disrupting institutions. Creating involves social actors establishing new institutions in pursuit of personal interests. Maintaining institutions require social actors to motivate others to continue existing routines and rituals and to ensure that changes in the external environment are assimilated into existing routines (Lawrence *et al*., 2001). Finally, disrupting institutions involves social actors undermining institutions that conflict with their own interests, or a new, competing institution, which they support.

The forms of institutional work identified by Lawrence and Suddaby (2006), relevant to our study are: educating, advocating, changing normative associations (creating institutions); valorizing, demonizing, and embedding or routinizing (maintaining institutions); and undermining assumptions and beliefs (disrupting institutions). Lawrence and Suddaby (2006) describe educating work as equipping key actors with the skills and knowledge necessary to support the new institution. Advocacy involves the mobilization of political and regulatory support through direct and deliberate techniques of social persuasion. Changing normative associations involves re-making the connections between sets of practices and moral and cultural foundations for those practices. Valorizing and demonizing include providing others with positive and negative examples that illustrate the normative foundations of an institution. Embedding and routinizing involve actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices. Undermining assumptions and beliefs in existing institutions encourages innovation and the adoption of new institutions. Accounting examples of these forms of institutional work include, Sharma *et al*. (2014), who find that the management of a newly privatized company recruited divisional accountants as champions to *advocate* accounting and business routines and to teach (*educate*) the required skills, resulting in a gradual shift from engineering-based to accounting-based routines, which became *embedded* and *routinized* within the organization. In another example, Robson *et al*. (2007) find that the Big Four started to use the concept of Business Risk Auditing to move their image from traditional auditors to business advisors, thereby *changing normative associations*.

In addition to these types of institutional work from the prior literature, we identify risk reduction work as a new type of institutional work, which resort under creating institutions, in our dataset. We will discuss risk reduction work in the findings and discussion sections below.

4 Research method

In order to understand how and why SAPs influence assurance engagement scopes and the related implications, we need to capture and interpret the views and perspectives of those who experience the phenomena at first hand (Elharidy *et al*., 2008; Parker, 2014). Therefore, the primary source of data is in-depth interviews with SAPs and SRMs based in Australia and New Zealand. Using Pentland's (1999) terminology, the transcribed interviews are the *text*, which reveal the interviewees' *stories* that explain what happened to them (their *fabula*), which provides insights into the underlying *generating mechanisms,* i.e. the overall sustainability assurance process or how sustainability assurance is conducted in general and how and why the scope of engagements are influenced by SAPs and its implications. Pentland (1999) point out that most researchers use the specific to deduct the general, in order to make sense of the world, in our case, to make sense of SAPs' influence on sustainability assurance scopes and the related implications.

Only SAPs engaged in the provision of sustainability assurance services and SRMs who had published an assured sustainability report were selected[7], with the aim of including SAPs and SRMs from diverse organizations, ranging from small local operators to multinational corporations. While some of these organizations were mature, having published assured sustainability reports for many years, while others were either new to sustainability reporting or new to sustainability assurance. This broad interview pool enable us to draw on the insights of diverse organizations and to make comparisons between reporters with differing assurance scopes, and at different stages of their sustainability reporting journey.

Interview participants were recruited by using the researchers' networks of professional contacts (Bryman, 2012; O'Dwyer *et al*., 2011); requesting existing participants to introduce potential new ones (snowball sampling, as described by Patton, 2002); and a web search, which led to the Global Reporting Initiative (GRI) database, which provides information on SAPs (GRI, 2013). We contacted SAPs and SRMs by telephone or email. Once a participant had agreed to

[7] The search was restricted to organizations that had published an assured sustainability report in 2012, 2013 and/or 2014.

participate they were sent a formal request containing an outline of the research, the rights of participants, and a consent form.

4.1 Interviews

Rapport was established with most interviewees in a pre-interview telephone conversation (Hermanowicz, 2002; Chapple, 1999). The communication style was kept friendly, yet professional, to relax interviewees and encourage them to share their experiences and perspectives (Hermanowicz, 2002). SAP and SRM interview guides were used, which contained main and sub-questions designed to explore matters (Fontana and Frey, 2005; Rowley, 2012). Interviewees were asked open-ended questions according to the flow of the conversation, while ensuring that the main themes were addressed (Bryman, 2012). SAPs were asked how they conducted the sustainability assurance engagement, in terms of the various stages of the assurance engagement (including the scope of engagements), as well as SAPs' views on the impact of the engagement on the reporting entity. SAPs were asked to comment on the formal and informal mechanisms used to achieve these impact and identify the areas that were most difficult to influence. SRMs were asked to reflect on their previous year's sustainability reporting cycle and explain the various stages of the reporting process (including the stages in which they interacted with SAPs), as well as SRMs' perceptions of the formal and informal impacts of the sustainability assurance engagement. The interviews were audio recorded and transcribed.

The interviews were conducted in person, by telephone, or online using Skype (audio only). Using the telephone and Skype made it possible to interview a greater number of individuals working across Australia and New Zealand than would have been possible using in person interviews. Studies examining the use of the telephone and Skype for conducting semi-structured interviews have found that the level of rapport achieved and the quantity or quality of data collected is comparable (Chapple, 1999; Deakin and Wakefield, 2014; Farooq and De Villiers, 2017b; Sturges and Hanrahan, 2004).

A total of 15 SAPs and 35 SRMs were interviewed from February to August 2014. Of these 50 interviewees, 41 were based in Australia and 9 in New Zealand. The average interview time was approximately 63 minutes, with SRM interviews ranging from 29 to 102 minutes and SAP interviews running from 48 to 97 minutes in length. The 15 SAPs consisted of 10 non-accounting SAPs and 5 accounting SAPs. Appendices 1 and 2 provide summarized information regarding SRM and SAP interviews.

4.2 Thematic analysis

We analysed the transcribed interviews using the technique of thematic analysis, which is pervasive in interpretive research (Braun and Clarke, 2006; Jones and Solomon, 2010). Thematic analysis involves identifying patterns of meaning from a dataset, which shed light on the phenomena being investigated and ultimately address the research questions. The themes identified relate to the work done by SAPs at various stages (i.e. pre-engagement, engagement, and end-of-engagement) of the assurance process (from the perspective of both SAPs and SRMs) and the impact of the sustainability assurance engagement on the reporter.

We coded interview transcripts by allocating names/labels to sentences and paragraphs (Gubrium and Holstein, 2003). To assist in the coding process, we used the qualitative data analysis software "Atlas.ti 7". While the software does not code the data, it improves the efficiency of facilitating the creation, editing, maintenance, retrieval, merging, and tracing of codes to transcripts in a database. While coding can follow an inductive or a deductive logic, we use an inductive approach. This involved developing codes based on the discussion of topics and issues within the transcripts. These codes/issues were then grouped together into sub-themes and main themes, which corresponded to the stages of the sustainability reporting and assurance process, and some additional themes, as explained below.

5 Analysis and findings

This section addresses the two inter-related research questions set out in the introduction, namely (1) How and why do SAPs' efforts to establish and promote sustainability assurance influence the scope of engagements? (2) What are the implications of these SAP activities for professional and managerial capture, and the ability of SAPs to enhance the credibility of sustainability reports? The analysis and findings are divided into six sub-sections. The first three present SAPs' institutional work to overcome obstacles to the institutionalisation of sustainability assurance. The implications of SAPs work on the scope of engagements and how it gives rise to instances of managerial and professional capture which frustrate the ability of sustainability assurance to enhance sustainability reports' credibility are explored. The matter of diminishing returns is then discussed in the fourth sub-section. The existence of managerial and professional capture creates questions around SAP independence which are addressed in the fifth sub-section. Finally, the sixth sub-section explore how (if at all) and to what extent SAPs can promote credibility (including reliability and balance) in sustainability reports.

5.1 SAPs' institutional work undertaken before the assurance process

At the outset, SAPs focus on convincing reporters to get their sustainability reports assured[8].

5.1.1 Pre-assurance services

SAPs typically offer new assurance clients the option of pre-assurance[9], in which the reporter's readiness for independent external assurance is evaluated. The provision of pre-assurance has been noted by Park and Brorson (2005). They found that some Swedish companies procured sustainability assurance to assist in the development of internal reporting systems without the publication of an assurance statement for stakeholders' consumption. Expanding on this earlier work we find that pre-assurance overcomes obstacles to the institutionalisation of sustainability assurance in three ways. First, pre-assurance helps assuage senior managers' and boards fears of adverse assurance opinions and the potential reputational and legal damage this could entail. We identify this as a new form of institutional work (within the category of creating institutions), which we call risk reduction work, i.e. institutional work aimed at providing pathways for key social actors, responsible for approving the adoption of an institution, to manage and reduce the risks associated with new institutions.

> "... if they're just starting out we'll offer internal assurance. ... So internal assurance is basically the same as external assurance except without having a public statement and we'll do that for organisations that are just starting out that want to get an idea of where they fit, if they, in advertent comas pass, even though it's not a pass or fail. So we do that" (NASAP7).

[8] Recall that sustainability assurance is a voluntary undertaking and therefore reporters are free to choose whether they want their reports externally assured and, if so, the scope of the assurance engagement.

[9] Participants note that this has many names, including a dry run, a readiness review and internal assurance.

Second, and in line with Park and Brorson (2005), pre-assurance also provides SAPs with an opportunity to carry out educating work (Lawrence and Suddaby, 2006) by pointing out issues with sustainability reporting systems and to guide inexperienced managers (specifically SRMs and content owners[10]) in meeting the requirements of an external assurance engagement.

> "... they're also quite keen to undertake as much pre-assurance work as they can so as to help us, prepare us, our systems and processes …" (SRM4).

Pre-assurance helps overcome obstacles in the way of fully adopting assurance. Once reporters start sustainability assurance, any attempt to discontinue it is likely to be questioned by both internal and external stakeholders. Therefore, SAPs go to great lengths to secure new assurance clients, including engaging in risk reduction work.

Third, we find that not all reporters transition to external assurance, with some dropping out during pre-assurance. This suggests that some reporters may not have the resources required (i.e. SAPs have to earn a profit and assurance fees are high), or simply lack the commitment to spend time and resources in developing an infrastructure to support external assurance, i.e. creating auditable environments (Power, 1991; 1994; 1997). Pre-assurance thus acts as a filter for removing reporters who are not committed to sustainability reporting. SAPs appear to be cautious, wishing to avoid high-risk clients who are likely to be unwilling to provide auditable evidence or take corrective action to avoid qualified assurance opinions.

> "More of a readiness review or a dry run, we won't actually report that but yeah just have a try based on the year end procedure. We've had a few (clients) yeah just because you know it is such a big process … and yes sometimes it's better just to have a practice and then do it properly after. Yes, some of them have gone 'nah' too hard and dropped off, some of them are still working through it and some of them have become clients" (ASAP3).

Pre-assurance also reduces the likelihood of having to issue a qualified assurance opinion, which could prevent SAPs from securing new clients, who may fear a similar outcome in their own organization. This is important given the voluntary nature of sustainability assurance and the fact that the market is still in its infancy. Whereas O'Dwyer *et al.* (2011) found that SAPs use discursive strategies to convince internal stakeholders, such as the risk management function, our findings regarding risk relate to SAPs' risk reduction work aimed at reducing the risk for both the (new) client and the SAP.

While SAPs' pre-assurance advice is effective as risk reduction work, it creates a potential independence problem, with those SAPs later providing assurance over systems they advised organizations to implement. This begs the question whether SAPs can be independent and raises concerns over professional capture in subsequent assurance engagements, which would impair the ability of sustainability assurance to promote credible sustainability reporting.

5.1.2 Flexible engagement scopes tailored to reporters' requirements

The lack of regulation over sustainability assurance allows practitioners to tailor their offerings to meet the specific requirements of reporters, something which has not been documented in the prior literature. We find SAPs use flexible engagement scopes for three reasons. First, this

[10] Content owners are managers responsible for preparing sustainability report content.

flexibility allows SAPs to offer narrow-scoped engagements to attract new clients interested in enhancing disclosure credibility cost-effectively.

> "[They want] something … [they] can put in the back of the report and say people have looked at our data. It is correct and therefore we're credible. And that works …" (NASAP7).

Second, SRMs defend their choice of narrow-scoped assurance, stating the opinion that report users are unable to distinguish between different engagement scopes as a fact.

> "... the truth of the matter is that our customers value the report but they wouldn't have a clue about A, B or C or even limited assurance versus full assurance or anything like that" (SRM15).

Third, another advantage of narrow-scoped engagements for SAPs, is that content that does not lend itself to external assurance (due to a lack of evidence or weaknesses in systems/processes) can be excluded, allowing SAPs to encourage inexperienced reporters to start with sustainability assurance, thereby furthering the institutionalisation of sustainability assurance. SAPs attempt to gradually increase engagements scopes in line with improvements in reporters' systems. This approach resonates with cautious reporters wishing to avoid risk.

> "…this is incremental. … When we started out we were focused on one or two indicators only, just to get a sense of what is involved and … we have been able to broaden it since" (SRM9).

SAPs are wary of inexperienced reporters taking on overly ambitious sustainability reporting and assurance plans, e.g. we found that in one engagement, the SAP recommended a reduction in the scope of the sustainability report due to the inexperience of the SRM. The finding that SAPs sometimes recommend reducing the engagement scope is new to the literature. Despite the reduced scope, the reporter was still unable to meet the requirements of the guidelines and thus only stated that their report was *influenced* by the guidelines. In another engagement, the SRM explained how she had underestimated the time and cost involved in assurance. The client's systems could not be relied on, necessitating extra assurance work and leading to a higher than expected assurance fee. Such instances can deter other reporters from starting with sustainability assurance, therefore SAPs prefer to adopt a flexible approach, tailoring the engagement to the requirements and the maturity of the reporter.

Similar to pre-assurance, we find flexible engagement scopes reduce risks for both SAP and client. O'Dwyer *et al.* (2011) focused on risk reduction for internal stakeholders, i.e. SAPs themselves. We add that a gradual increase in engagement scope, in line with maturing systems, is preferred by SAPs, but also by reporters. While Michelon *et al.* (2018) find that SAPs exploit restatements as a way to legitimise sustainability assurance, we note that SAPs in the first instance avoid the need for restatements by adopting flexible engagement scopes tailored to the requirements of their clients. Thereby, potentially reducing the need for future restatements. Flexible engagement scopes explain why there is considerable diversity in the market for sustainability assurance services as noted by prior studies that examine the content of published sustainability assurance statements (Deegan et al., 2006a; O'Dwyer and Owen, 2005; 2007; Manetti and Becatti, 2009; Manetti and Toccafondi, 2012).

While flexibility allows SAPs to achieve their objective of initializing assurance engagements, this does not always lead to enhanced reports. For example, some clients do not progress towards broad-scoped engagements, while others renegotiate the scope during the engagement to exclude contentious matters.

> "… we didn't see much point in kind of rocking the boat if you like and trying to find out more about our supply chain ... we can simply say [supplier Y] are outside the scope" (SRM20).

From the SAPs' perspective, flexibility can also be used to avoid issuing qualified assurance opinions, because this could potentially hinder the recruitment of new clients. Thus, both assurers and assurees appear to be exploiting the lack of regulation to adjust engagement scopes in line with their own interests and this behaviour provides evidence of professional and managerial capture.

5.2 SAPs' institutional work undertaken during the assurance process

This section describes our analysis of SAPs' institutional work during assurance engagements.

5.2.1 Engaging with SRMs and content owners

During the assurance process, SAPs use a range of formal (e.g. workshops and meetings) and informal mechanisms (e.g. telephone and face-to-face conversations) to engage and interact with SRMs and content owners, to educate (Lawrence and Suddaby, 2006) inexperienced managers regarding sustainability reporting and the requirements of sustainability assurance, e.g. the systems and evidence needed, as also noted by Gray (2000) and Jones *et al.* (2014). Over time these efforts serve to embed and routinize (Lawrence and Suddaby, 2006) sustainability assurance within the organization's systems and operations.

As Park and Brorson (2005) note, SRMs seek advice from SAPs regarding which issues to focus on within their sustainability report. We build on the literature by noting that this guidance is often detailed and provided in the first stages of the sustainability reporting process. SAPs provide SRMs with documents and links to websites, share insights and experiences gained from other assurance engagements, connect SRMs to peers facing similar challenges, and suggest appropriate workshops and conferences. SRMs tend to welcome these interactions with likeminded professionals, because they often feel isolated at work.

> "... they're often very eager to have those conversations with us …. They're somewhat isolated in the business and … they've often got no one else to talk to" (NASAP9).

SAPs use these opportunities to provide SRMs with examples of what to do and what not to do from their experiences with other reporters, using valorizing and demonizing forms of institutional work (Lawrence and Suddaby, 2006), i.e. examples of best and worst practice. SRMs perceive SAPs as experts in the field and value their insights from other engagements:

> "They're talking to a whole list of companies and their experience may short-cut that process for us" (SRM24).

Guidance is offered on the application of sustainability reporting standards. For example, in 2013 the GRI introduced its new sustainability reporting guidelines, the G4 (GRI 2013). To support the transition to the new guidelines, SAPs educated and guided SRMs regarding the transition to the new G4 requirements:

> "… we [SRM and SAP] sat down and we basically drew an Excel spread sheet …, he said that's all you need, it [stakeholder engagement] can be quite simple …" (SRM7).

While these efforts serve to improve the quality of disclosure by ensuring that it is verifiable and adheres to the requirements of standards, these actions blur the distinction between consultant and independent assurance provider. Such instances of professional and managerial capture harm SAPs' independence and their ability to promote credible sustainability reporting.

5.2.2 Sustainability reporting for planning and decision-making

SRMs often complain about the lack of internal and external interest in sustainability reports. If the sustainability report is not valued, then its assurance is unlikely to be valued. To address this issue, SAPs undertake advocacy work (Lawrence and Suddaby, 2006) by promoting the view that sustainability reporting is more than an external communications exercise, instead encouraging the use of sustainability information for planning and decision-making. This finding is new to the literature. This involves educating inexperienced reporters on how to integrate sustainability information into strategic processes, including risk management, strategy development, and decision-making.

> "… we're very strong on saying to them you've gone through a very intensive process of developing a report and having it assured; is there really opportunities for you to take this information and findings and use them elsewhere around better conversations between departments in relation to risk, risk evaluation, better relation to strategy development, in relation to decision-making" (NASAP9).

In institutional work terms, SAPs aim to change the normative associations (Lawrence and Suddaby, 2006) underlying sustainability reporting from an external communication tool to a broader role, integrated with the strategic and operational information needs of both line managers and senior management. Where successful, these efforts raise the importance of sustainability reporting and carries the potential for senior management to move towards broader-scoped assurance, which could also enhance SAPs' ability to enhance credibility.

However, the integration of sustainability reporting systems into existing management control systems support management in the pursuit of economic goals, and sustainability assurance can be seen to benefit senior managers and boards, rather than to benefit external stakeholders.

5.3 SAPs' institutional work undertaken at the end of the assurance process

SAPs' advocacy work (Lawrence and Suddaby, 2006) promotes sustainability assurance as a value-added service to make it more attractive to reporters, a point also noted by O'Dwyer *et al.* (2011) (see also De Moor and De Beelde, 2005). SAPs attempt to convince senior managers and board members of the benefits of assurance, over and above enhanced report credibility. The management report is used to emphasize value-addition by highlighting system and process issues/weaknesses and recommending improvements.

> "... the management report and the assurance letter … are the outputs from the assurance provider" (SRM18).

> "... providing them a prioritized list of issues that they should be addressing ..." (ASAP1).

Subsequently, this report is used to track management's progress. At the start of the reporting cycle, SRMs (and other managers) review the report to assess improvements made and identify remaining issues. Management are invited to write responses to highlighted issues, embedding and routinizing (Lawrence and Suddaby, 2006) assurance.

What is not covered in the extant literature is that both inexperienced and experienced SRMs value sustainability assurance, but for different reasons. For inexperienced SRMs the value is in the recommendations offered by the SAP in the management report. Experienced SRMs state that they are already aware of many of the issues in the management report and have unsuccessfully tried to place these issues on the organizations' agenda.

> "Look I believe you know in the old adage that you can't be a prophet in your own land" (SRM27).

As a result, experienced SRMs point out weak areas to the SAP in order to recruit the provider in the process of placing the issue on the agenda.

> "... So it was basically them that was telling us OK we're not doing that well, we're not doing that well here either. Then please outline everything we're not doing that well articulated categorically. So we can basically use those recommendations … [to] drive our own agenda internally" (NASAP10).

This quote shows that SRMs will go as far as requesting the SAP to use clear, strong language to communicate issues and weaknesses to senior management. Similarly:

> "... It might be that they actually want more or they want us to toughen the language about things. … So they can take that up to [senior management] and say hey this is the findings. We need to do something about this … So the management report is definitely used as a bit of stick" (ASAP5).

Thus, for experienced SRMs, the value of the management report is in its ability to help SRMs obtain resources from senior management and boards for improving the sustainability reporting process and their own standing in the organization. Our evidence suggests that SRMs and SAPs collaborate and use the management report to enhance their own agenda and provides another example of managerial and professional capture.

5.4 Diminishing returns from sustainability assurance

SAPs believe that, given the voluntary nature of sustainability assurance, it is necessary to demonstrate value-addition to managers. The management report provides an opportunity to do so, and therefore for many SAPs it is of greater importance than the assurance statement.

> "So our most valuable document that we give to our clients at the end of the assurance engagement is not the assurance opinion, it's the management report …" (ASAP1).

> "... the assurance statement is a very very small chunk of the value add of doing assurance ... So how many of the stakeholders actually value this assurance statement in all honesty I don't know, it will be a small number. However, so many people will see the management report ... That will have a greater readership from board level to management level and also the people in the war zone, you know, the sustainability managers etc." (NASAP6).

Managers new to sustainability assurance are often surprised when they receive an extensive management report outlining numerous major and minor deficiencies and providing recommendations for improvement. This is because managers tend to over-estimate the quality of their information systems and sustainability reports, and to underestimate the extent of assurance work required, even for a narrow-scoped engagement (O'Dwyer *et al.,* 2011). SAPs use the report to shake senior management's confidence in their systems and procedures.

> "... with all of the recommendations that were made in the first year there would have been a lot of questions asked of the management team by corporate, like what are you going to do this time to improve this process …" (NASAP2).

Building on these findings, we note that the management report serves to disrupt the confidence senior managers and board members have in their sustainability reporting. These efforts map to Lawrence and Suddaby's (2006) undermining assumptions and beliefs institutional work (disrupting work), in which social actors create demand for new institutions by destroying key social actors' confidence in their existing institutions. New institutions are offered that provide solutions, thereby not only creating a demand for more assurance (as noted by O'Dwyer et al., 2011), but also encouraging reporters to broaden the scope of their assurance engagements.

However, SAPs' promotion of sustainability assurance as value-adding could be counterproductive in the long run, as the perceived value-addition from sustainability assurance inevitably diminishes after each successive engagement, as depicted in Figure 1. Reporters often start their sustainability assurance journey with a narrow-scoped engagement focusing primarily on data verification. Reporters, who are less committed to sustainability reporting, view sustainability assurance as a compliance exercise and aim to enhance disclosure credibility at the lowest possible cost. Where SAPs are able to show added value from sustainability assurance, senior managers will consider moving towards a broad-scoped engagement (position "1" in Figure 1). Broad-scoped engagements have a greater potential to enhance credibility (Fuhrmann *et al.,* 2017), as SAPs examine both the sustainability reports' reliability and balance. Here, SAPs are able to institutionalize sustainability assurance and play a greater role in enhancing credibility. However, as reporters mature and SRMs address the issues raised in SAPs' management reports, each successive engagement reveals fewer issues, and lead to fewer recommendations (position "2" in Figure 1).

> "It's sort of fairly minor one's now. We've been reporting to A+ level for a while so and the assurance recommendations we pick up they're not huge in terms of improvements, they're sort of getting more of diminishing returns" (SRM1).

> "... we're fairly well progressed in terms of our sustainability reporting. ... so the changes they recommend these days they're not that significant". (SRM17)

> "We've reached a plateau of we've picked all the low handing fruit. We've spent a lot of money on video conferencing so we don't have to drive and travel as much as we used to. We've done a lot of work on what else, waste travel what else, community involvement. We've introduced an employee volunteering ..." (SRM20).

Consequently, senior managers begin to perceive the cost of assurance as higher than the value added. At this stage, managers often consider reverting back to cheaper narrow-scoped engagements (position "3" in Figure 1). The following SRM quote explains:

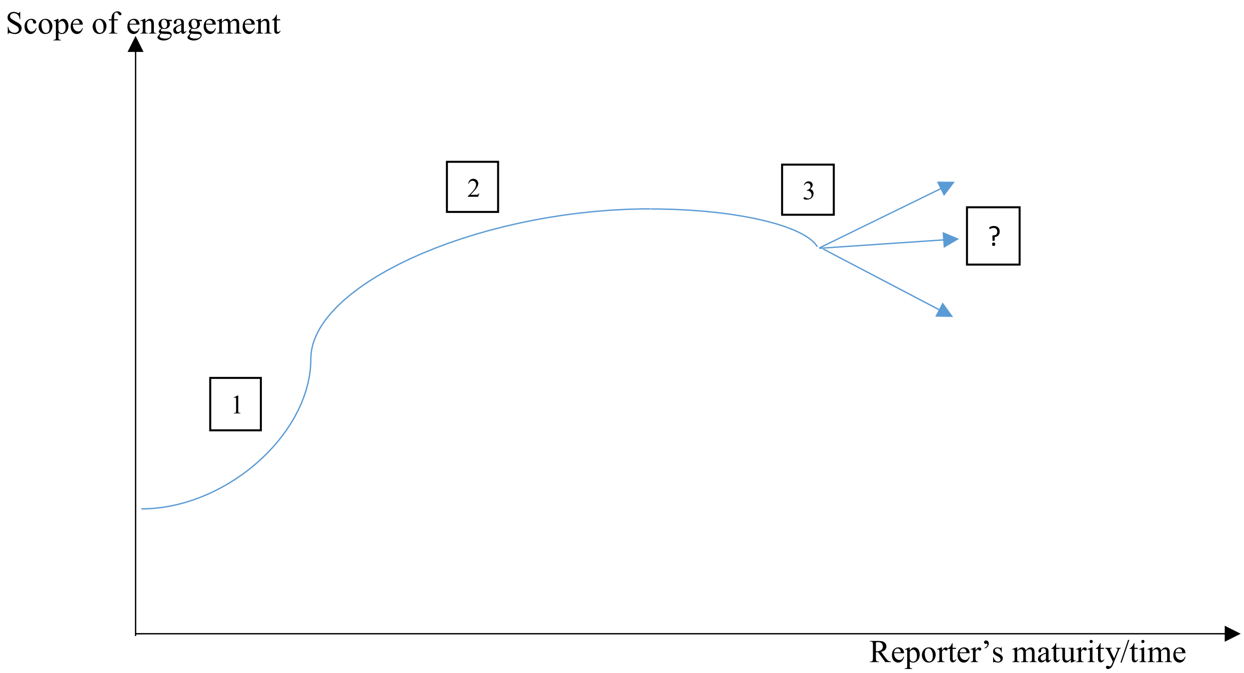
> "... we have been doing these kinds of things for a number of years now ... and a lot of the benefits have been kind of embedded and now it's just compliance …" (SRM27).

> "... we're very mature in our reporting, ... I probably haven't actually seen as much of the value that could be delivered ... We are now going into our tenth year of our reporting. We've definitely felt that ... we haven't seen anything really new come through from the assurance engagement in the last couple of years. But I think it would be quite different you know the rigor of an assurance process definitely helps inform businesses that are new and relatively less mature in their reporting and their sustainability management" (SRM19).

A similar path is observed with more committed reporters, with some differences. While these reporters may start off demanding narrow-scoped engagements, they are already committed to gradually increasing the assurance scope in line with improvements in their reporting systems, therefore they are more receptive to the SAPs' recommendations and demonstrate a greater capacity to move quickly from narrow- to broad-scoped engagements. However, once diminishing returns set in, both committed reporters and less committed reporters begin to drift back to narrow-scoped engagements as they see little benefit in costly, broad-scoped assurance engagements. With more committed reporters the reduction in the scope of engagements may be delayed or may never occur. SAPs' efforts to institutionalize sustainability assurance impacts SAPs' ability to enhance credibility, initially positively and later negatively.

The pressures SAPs face when undertaking assurance also change over time. For example, the potential independence of SAPs is compromised when they attempt to demonstrate the value-addition of sustainability assurance. When diminishing returns set in, SAPs face pressure to reduce the scope of the engagement scope, to demonstrate efficiency and to economize, potentially affecting the quality of their assurance work.

Figure 1: Changes in the scope of voluntary assurance engagements over time



Notes:
1. SAPs try to move reporters to broad-scoped assurance by promoting it as **value-adding**
2. SAPs are more effective at institutionalising assurance and promoting enhanced credibility
3. Fewer recommendations in management report. Managers **question value** and consider reverting to narrow-scoped assurance

5.5 Independence and objectivity

The need to demonstrate value-addition raises questions around the independence and objectivity of SAPs. However, SRMs and SAPs argue that they are aware of the need to maintain SAP independence and they understand the difference between assurance and advisory services.

> "… you've got to remember in the assurance context you're walking a fine line. You can test the process … but you can't give them advice because you got to keep showing independence …" (NASAP10).

This sounds like a contradiction, but SAPs argue that the recommendations that they provide before assurance and in the management report are broad and of a general nature and therefore do not constitute the provision of advisory services.

> "… telling them that there is a gap because this should be done that way without giving advice … meaning there is a text for it that says it should be done this way or that way …" (NASAP10).

> "… we're not exactly pitching for work or we're not really providing any advisory work. What we're saying is very broad and high level recommendations. … let's say their risk management process doesn't capture a risk at a particular site right. … So

we would say that please use a risk management framework so that X Y Z is captured and the appropriate discussion happens" (NASAP6).

SAPs argue that they attempt to provoke, challenge, and engage with reporters, drawing issues to their attention without providing detailed instructions. SAPs explain that sharing insights from other assurance engagements allows them to add value without compromising their independence. In addition, the management report goes beyond issues that could lead to a modified assurance opinion. For example, the management reports may highlight systems improvements that could reduce the time and resources required to prepare and assure the report. As one SRM notes:

"... they're important but they're not show stoppers ..." (SRM20).

Nevertheless, there is a tension between maintaining independence and demonstrating value-addition. While SRMs may be aware of the need to maintain the SAP's independence, they are also keen on securing expert guidance and advice. Procuring such services from an alternative source would be costly and time-consuming.

"… if we were to do that research independently, it could have taken a lot of time, we could have engaged other consultants to do it, but they wouldn't have been as familiar with our business so it was a genuine value add to have the assurance provider at the table give us that guidance" (SRM34).

Thus, there remains a tension between demonstrating value-addition from sustainability assurance (which is seen as important by both SAPs and SRMs and provides evidence of managerial and professional capture) and the need for SAPs to remain independent.

5.6 Promoting enhanced reliability and balanced disclosure

This section discusses SAPs' work in promoting reliable and balanced sustainability reporting (research question 2). Narrow-scoped engagements focus primarily on assuring the reliability of content, while broad-scoped engagements cover both reliability and balance and therefore have more potential to enhance credibility. Our findings support the extant literature (Moroney *et al*., 2012) that sustainability assurance improves the quality of sustainability reporting. However, we find that this improvement is primarily related to disclosure reliability (i.e. claims made are supported by evidence) and less to disclosure balance (i.e. disclosure of both good and bad news). SAPs' credibility related work is achieved through traditional assurance procedures, by educating and guiding inexperienced managers, and by encouraging best practice before during and at the end of the engagement.

5.6.1 Reliable sustainability reporting

We find SAPs have had success in promoting reliable sustainability reporting, in at least three ways. First, SAPs play a role in improving underlying systems (e.g. information systems) and processes (e.g. materiality assessment), which leads to better quality disclosures. SAPs achieve this by educating SRMs and content owners on sustainability reporting and by encouraging senior managers and boards to invest in systems and processes through the management report.

"... assurance has really improved our reporting systems" (SRM15).

> "I think our executive leadership team takes the assurance process to heart. We have the assurance provider actually present to our executive leadership team at the very end of the process, to talk through the recommendations and how they came about them and you know there's a more engaging discussion with the executive leadership team" (SRM19).

Second, SAPs use assurance procedures to assess the reliability of report content, insisting on 'auditable' evidence. Evidence is sought for each claim in the draft sustainability report. Unsubstantiated claims are removed or revised to reflect the available evidence. As a result, vacuous self-laudatory superlatives are unlikely to survive.

> "Sometimes [they] had to maybe tone down [a] sentence to say look [you] don't actually have that specific information" (NASAP8).

> "When they're actually doing their data verification, such as highlighting where … for example we might have been a little bit too strong in our statement. … we might have said we are conserving all biodiversity on site for example. Whereas you know that might be true for 99% of projects but there might be one that might be an outlier. So they are able to identify those sorts of things" (SRM28).

> "... our marketing people have become a bit more conscious of certainly making statements in the report about [we being] the best at this or using superlatives ... they understand that they need to be able to verify their statements" (SRM15).

Finally, the knowledge that the sustainability report will be assured and that SAPs need 'auditable' evidence to support all claims made, causes content owners to take greater care, as also noted by Park and Brorson (2005).

> "... they actually see that there is a rigorous process in place and that we're not just compiling a brochure. I think when they realize that ... there's going to be an expense of making sure that these numbers are correct. It gets taken a bit more seriously" (SRM6).

Thus, SAPs can positively impact the reliability of reports. However, as discussed above, instances of managerial and professional capture limit SAPs' ability to enhance sustainability report reliability. For example, flexible engagement scopes (section 5.1.2) create room for managerial and professional capture, where sections of the sustainability report for which evidence is unavailable are removed from the scope of the engagement.

5.6.2 Balanced sustainability reporting

In broad-scoped engagements SAPs and SRMs perceive sustainability assurance as promoting balance in sustainability reports at three levels. First, SAPs examine if the reporter has included material issues in the sustainability report. SAPs achieve this through assurance procedures, by educating managers, and by way of management report recommendations. SAPs' assurance procedures pressurize managers to disclose material bad news. Educating work may also be required where non-disclosure of a material issue is due to inexperience. The management report may also be used to point out deficiencies in the materiality assessment process.

"… another [recommendation] was integration with our corporate risk register … [because] what we include in our corporate risk register doesn't actually align with what we report in terms of disappointments in our annual report. Also what we report in our annual report doesn't align with our corporate risk register" (SMR11).

"I think the other thing that's brought up through the sustainability assurance process is being transparent … it's not just about reporting all the fantastic things we have done in the company …" (SRM23).

Second, SAPs ensure that the information on material issues are sufficient to satisfy user needs. SAPs primarily use assurance procedures to ensure that material issues receive adequate coverage in the sustainability report. Reporters typically try to limit their disclosure of material bad news in an attempt to downplay the issue. SAPs press for more information, e.g.:

"... We have included some sentences in there and then based on their feedback we have included additional sentences. ... they wanted more information in a particular spot and so we included that" (SRM18).

Third, through broad-scoped assurance, SAPs ensure that material issues are presented in a manner that is consistent with its importance in relation to other matters in the report (e.g. font size and type, and images). Presentation techniques involving graphics, images, font sizes and styles, and positioning can be used to direct readers' attention, or to influence their perceptions. SAPs use assurance procedures to compare presentation styles to ensure balance.

"… look you've given prominence to this number here … That's when they start having concerns about balance on the page and the design, you've given prominence to one thing but not to another" (SRM20).

However, SAPs and SRMs accept that this is an area where sustainability assurance has been less successful as senior managers and boards remain reluctant to disclosing material bad news.

"It's still a stretch because it's really hard to make people report stuff that's bad …" (ASAP3).

"… it wasn't a balanced report … And for the last 3 years they've (SAPs) tended to have the same concerns … And we're not really making much head way … the assurors are concerned that the report is still not fully balanced … it doesn't talk about some of the key issues and challenges, the negative stuff, the bad stuff that has happened during the year … so I would write the chair's and chief executive report and I would happily write in stuff about challenges and issues and he would cross it out . Because he/she doesn't want to see negative stuff … So then I'm caught between a rock and a hard place. I've got the assurors on the one hand saying more balance, ... more negative stuff and I've got the chair chief exec nah nah we're not going to talk about that. … and he's/she's got the letter from our SAP. He/she knows what they want but he's/she's going to ignore it …" (SRM20).

The material issues, that senior managers and board members are willing to subsequently include in their sustainability report, appear to be those which are less contentious (i.e. areas of performance under the reporters control or where the reporters performance has not been negative).

Thus ensuring balance in sustainability reporting is challenging, as it may be considered subjective and could entail changing senior managers' and boards mind-sets, who are reluctant to disclose material bad news. SAPs state that introducing balance in sustainability reporting is a major challenge and a gradual process realised over several engagements.

6 Discussion and conclusion

The objective of sustainability assurance is to enhance the credibility (reliability and balance) of sustainability reports. However, sustainability assurance is voluntary and SAPs need to overcome obstacles before reporters agree to subject their sustainability reports to outside inspection (i.e. to institutionalise this new form of assurance). To overcome these obstacles SAPs undertake efforts before, during, and at the end of their engagements. While these efforts help SAPs overcome obstacles to the institutionalisation of sustainability assurance, there are important implications for managerial and professional capture.

Managerial capture occurs when managers use sustainability assurance to enhance the credibility of their sustainability reports while limiting the scope of the engagement to evaluating the reliability of some, or all of, the sustainability report contents as provided by management, while excluding the key issue of the balance of the report, including whether all material matters are disclosed. Professional capture occurs when assurance practitioners pursue new business, in this case sustainability assurance, by accommodating clients' objectives, i.e. by limiting the scope of their assurance work to the less risky area of evaluating content reliability, while staying away from the riskier area (and arguable more important) of assuring the balance of the report.

For example, by first offering pre-assurance services and then assurance services to the same client, SAPs, in effect, work first as consultants and later as assurance providers over the work they consulted on (i.e. professional capture). The adoption of flexible engagement scopes tailored to clients' needs certainly encourage reporters to start their sustainability journey (arguably a positive outcome). However, if engagement scopes do not increase over time from narrow (reliability only) to broad (reliability and balance), and if SAPs and their clients can subsequently restructure engagement scopes to exclude issues that could lead to a qualified opinion, then this indicates the presence of both professional and managerial capture.

If during the engagement, SAPs assist/educate managers (which SRMs value) on sustainability reporting and sustainability assurance, then again, the distinction between consultant and independent assurance provider is blurred (indicating the presence of professional and managerial capture). Further, SAPs encourage the use of sustainability reporting for planning and decision making (professional capture). If efforts in this area lead to reporting being viewed as primarily a management tool, then sustainability assurance may also be subject to managerial capture and drift in the same direction, i.e. sustainability reporting moves from a vehicle for accountability and becomes a management tool.

SAPs use the management report to demonstrate the value addition from sustainability assurance to senior managers and boards. However, if SAPs and SRMs value the management report more than they do the sustainability assurance opinion/statement, then this once again indicates professional and managerial capture, i.e. sustainability assurance serves to further professional and commercial interests, while moving away from its initial function of facilitating disclosures that stakeholders/sustainability report users find credible and can rely on.

Initially, pre-assurance and the option to tailor engagement scopes, are effective in recruiting new sustainability assurance clients, often initially involving narrow-scoped engagements, which focuses on content reliability, and therefore plays a limited role in enhancing credibility. Having been appointed, SAPs promote sustainability reporting information for use in internal decision making, and encourage reporters to embed assurance and to transition to broad-scoped engagements to take advantage of the added value they offer, e.g. assisting reporters to improve their systems and processes. This leads to broad-scoped engagements and thus more revenue. However, as clients' systems improve, perceived value-addition diminishes after each successive engagement. These diminishing returns cause many reporters to question the benefits of continuing with expensive broad-scoped engagements, with several reverting to more affordable narrow-scoped assurance. Consequently, promoting the engagement as a value-added service can be counterproductive and could lead to professional/manager capture as SAPs attempt to maintain the scope of the engagement and/or promise more for less. Figure 1 shows these changes in scope. Table 1 provides insights into the pressures SAPs face and how these pressures change, initially affecting SAPs' independence and later impacting the quality of the assurance work undertaken.

SAPs and SRMs argue that they understand the difference between consultancy and assurance and are aware of the importance of ensuring the assurance provider is independent and objective. SAPs and SRMs also argue that management report recommendations tend to be broad and therefore do not fall under the scope of consultancy work. Further, both SAPs and SRMs perceive sustainability assurance as improving the reliability and balance (in broad-scoped engagements) of sustainability reports.

However, the presence of managerial and professional capture raises questions over the ability of sustainability assurance to perform its role of enhancing the credibility of sustainability reports. We find that this credibility enhancement is achieved through a combination of consultancy style work/guidance and assurance work/procedures, and relates more to report reliability than report balance. SAPs in broad-scoped engagements have had some success in getting clients to include those material issues, which are of a non-contentious nature. However, clients remain reluctant to disclose material bad news and any progress in this area is achieved slowly and gradually. Thus, in the absence of regulation, sustainability assurance has developed into a carefully choreographed dance, aimed at verifying the reliability of what senior managers and boards are comfortable putting into their sustainability reports and what assurance providers are comfortable providing assurance over. Further, if stakeholders are unable to tell the difference between narrow and broad-scoped engagements (as suggested in the literature and also observed in this study), then assurance opinions in narrow-scoped engagements could actually mislead users into believing the report to be a balanced account of the reporter's sustainability performance, i.e. these forms of assurance assist managers to continue to conduct business as usual, while the company projects a caring image through its sustainability report.

This study contributes to our understanding of sustainability assurance in at least four ways. First, as far as we know, this is the first study to identify the diminishing returns of sustainability assurance from the perspective of clients and the pressures this creates for SAPs, including the potential impact this has on their work, as captured in Figure 1. Second, this study provides a more complete analysis of SAPs' work before the first engagement, during ongoing engagements, and at the end of each assurance engagement, aimed at institutionalizing assurance and how this leads to diversity in engagement scopes and SAPs ability to enhance credibility, as summarized in Table 1, than the prior literature (O'Dwyer, 2011; O'Dwyer *et al*., 2011; Park and Brorson, 2005). These findings highlight several aspects that is new to the literature, including that SAPs play an active part in negotiating the scope of engagements, sometimes advising enlarging the scope and sometime advising reducing the scope, that SAPs advise managers to integrate sustainability information into management control systems, such as risk management and strategy development

Table 1: Summary of sustainability assurance providers' (SAPs') institutional work, obstacles to institutionalization, and capture

Mechanism used	Institutional work	Obstacles SAPs target and how obstacles are overcome	Ability to enhance credibility	Professional capture	Managerial capture
SAPs' institutional work before the assurance engagement					
Pre-assurance services	Risk reduction Educating	1) Overcome managers' fear of a qualified assurance opinion 2) Educating and guiding inexperienced managers 3) Filtering out high risk reporters, to reduce i) SAPs' audit risk, and ii) the need for qualified assurance opinions later, which could deter potential clients	None	Subsequent assurance over pre-assured clients could create a conflict and constitute capture	None
Tailoring the engagement scope to the requirements of the reporter	Risk reduction	1) Address managers' concerns that systems and processes are not up to rigors of external assurance 2) Address managers' concerns re assurance costs 3) Filtering out high-risk reporters	Limited credibility enhancement since scope is typically narrow	Scope revision during engagements to avoid qualified opinions evidence capture	
SAPs' institutional work during the assurance engagement					
Engaging with SRMs and content owners	Educating Embedding and routinizing Valorizing and demonizing	1) Assist SRMs and content owners in developing an audit trail 2) Educate/guide inexperienced SRMs and content owners, including providing examples of best/poor practice	Combining assurance/ consultancy harm SAPs' independence & ability to enhance credibility	Sustainability assurance used more as a consultancy tool could evidence capture	
Promoting sustainability reporting for internal planning and decision-making	Changing normative associations	Raising the importance of sustainability reporting among line and senior managers and thereby raising the importance of sustainability assurance	Changing perceptions to tool for management may diminish credibility enhancement	Changing perceptions of assurance to that of a management tool could evidence capture	None
SAPs' institutional work at the end of the assurance engagement					
Using the management report to promote sustainability assurance as value-adding	Advocacy Undermining assumptions and beliefs Embedding and routinizing	Addressing managerial concerns over value of assurance by 1) promoting value-adding role, and 2) weakening confidence in existing sustainability reporting systems and processes	Improved by increased scope. Long-term diminishing returns may cause scope reduction	Assurance used more as consultancy to the benefit SAPs and managers, evidencing capture	Experienced SRMs use SAPs' management report Assurance used more as consultancy

systems, and that SAPs' assurance activities improve report credibility primarily by way of enhanced reliability of disclosures (i.e. disclosures are supported by evidence), while their ability to influence the balance of disclosures are limited (i.e. ensuring both good and bad news are disclosed). Third, by way of a contribution to theory, this study identifies a new form of institutional work, risk reduction work that falls under creating institutions and is aimed at reducing the risks associated with adopting a new institution (assurance) and thereby overcoming the fears and concerns of key social actors (managers). Fourth, this study provides insights, not only from SAPs, as in the prior research (e.g. O'Dwyer, 2011) but also from managers, who are privy to the report both before and after it has been assured.

At a practical level, SAPs, the accounting profession, and regulators may be interested in our insights. Our findings suggest that regulation around the scope of sustainability assurance engagements could be beneficial. Regulators may consider mandating broad-scoped engagements where assurance is provided over both the reliability and balance of sustainability reports. This is particularly important for larger listed entities which raise funds from the public and who are now encouraged by a growing number of stock exchanges to disclose non-financial/sustainability information as part of corporate governance best practice requirements. Regulators will also need to consider tighter monitoring the independence and objectivity of SAPs if sustainability assurance (whether broad or narrow in scope) is to play any positive role in improving sustainability report credibility.

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Appendix 1: Summary of SRM interviews

Reporter	SRM ref	Designation	Loca-tion	Interview mode	Interview duration (min)
1	SRM1	Sustainability coordinator	AU	Telephone	68
2	SRM2	Consultant	AU	Skype	32
3	SRM3	Senior manager - Government relations and corporate responsibility	NZ	Telephone	66
	SRM4	Senior manager - corporate sustainability and financial inclusion	AU	Telephone	72
4	SRM5	Sustainability Analyst	AU	Telephone	49
	SRM6	Communications consultant	AU	Telephone	68
5	SRM7	Head of sustainability and foundation	NZ	In Person	62
6	SRM8	Manager sustainability strategy	AU	Telephone	62
7	SRM9	Director sustainability	AU	Telephone	63
8	SRM10	Environmental stewardship lead, strategic planning	AU	Telephone	57
	SRM11	Corporate communications and engagement advisor	AU	Telephone	47
9	SRM12	Sustainability manager	AU	Telephone	43
10	SRM13	Carbon and sustainability	AU	Telephone	49
11	SRM14	Chief Operating Officer	AU	Telephone	37
12	SRM15	Manager sustainability	AU	Telephone	53
13	SRM16	Sustainability specialist	AU	Telephone	70
14	SRM17	Manager sustainable development	AU	Telephone	47
15	SRM18	Sustainability Analyst	AU	Telephone	81
16	SRM19	Sustainability manager	AU	Telephone	29
17	SRM20	Public affairs manager	NZ	In Person	88
18	SRM21	Corporate communications	NZ	Telephone	57
	SRM22	Head of people and culture operations	NZ	Telephone	37
	SRM23	Advisor corporate communications	NZ	Telephone	49
19	SRM24	Environment manager	NZ	In Person	102
20	SRM25	General council and company officer	AU	Telephone	54
21	SRM26	Sustainability and community partnerships manager	AU	Telephone	78
22	SRM27	Implementations specialist: External engagement	NZ	Telephone	53
23	SRM28	Sustainability Coordinator Sustainability communications consultant Director sustainability	AU	Telephone	60
24	SRM29	Sustainability advisor - reporting and Chief sustainability officer	AU	Telephone	41
25	SRM30	Corporate responsibility performance manager	AU	Telephone	47
26	SRM31	Sustainability consultant	AU	Telephone	60
27	SRM32	Group manager environment	AU	Telephone	99
28	SRM33	Manager corporate affairs	AU	Telephone	53
29	SRM34	National manager - safety and environment and sustainability manager	AU	Telephone	80
30	SRM35	Group communications and sustainability manager	AU	Telephone	90

Appendix 2: Summary of SAP interviews

Assurance providing organization	Reference	Designation	Loca-tion	Interview mode	Duration (min)
1	NASAP1	General Manager	AU	Telephone	69
	NASAP2	Senior manager	AU	Telephone	66
	NASAP3	Principal - sustainability services	AU	Telephone	57
2	NASAP3	Manager	AU	Telephone	48
	NASAP4	Corporate community investment director	AU	Telephone	59
3	ASAP1	National head of climate change and sustainability	NZ	Telephone	70
4	NASAP6	Associate	AU	Telephone	87
	NASAP7	Head of assurance	AU	Telephone	70
5	NASAP8	Principal consultant	NZ	In Person	63
6	ASAP2	Senior manager	NZ	In Person	97
	ASAP3	Partner – audit	NZ	In Person	55
7	NASAP9	COO and principal	AU	Telephone	54
	NASAP10	Senior consultant	AU	Telephone	56
8	ASAP4	Associate director - climate change and sustainability services	AU	Telephone	62
9	ASAP5	Climate change and sustainability services	AU	Telephone	60

ASAP – reference used for Accounting Sustainability Assurance Providers
NASAP – reference used for Non-Accounting Sustainability Assurance Providers