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# A Conceptual Model for Understanding Corporate Social Responsibility Assurance Practice

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## Abstract

The prior research on different forms of what can be referred to as corporate social responsibility (CSR) reporting is vast. As CSR reporting becomes more commonplace, the theoretical and empirical analysis of this type of reporting has matured and both academics and practitioners have begun to explore the possibility of having CSR disclosures assured. This paper makes an important contribution by synthesising the findings on emerging forms of CSR assurance practice. It summarises the ground covered to date and provides a comprehensive review of the literature on the characterises, use and limitations of CSR assurance services. It develops a conceptual model which distinguishes between determinants of CSR assurance at the national- and firm-level and shows how the nature of assurance services, a company's reporting infrastructure and current technologies of assurance enable or constrain the benefits of having CSR disclosures assured. Areas for future research, based on identified weaknesses in the current CSR assurance environment, are also identified.

**Keywords** Assurance, corporate social responsibility · Integrated reporting · Sustainability reporting

## Introduction

Social and environmental reporting research has developed exponentially over the last 40 years drawing on a range of methods and theoretical perspectives to explain the emergence and development of what this paper refers to, in general, as corporate social responsibility (CSR) reporting (see, for example, Gray et al. 1988; Bebbington et al. 1999; Khan and Gray 2016). In the 1970s and 1980s, the emphasis was largely on social accounting (Guthrie and Parker 1989). A decade later, the focus shifted to environmental reporting as this type of CSR disclosure gained prominence and became common practice among larger corporations (Gray et al. 1995b). By the turn of the century, theoretical and empirical analysis was fixed firmly on the first corporate responsibility, corporate citizenship or sustainability reports which attempt to merge the social and environmental dimension of CSR (Fifka 2013). The most recent development is the introduction of integrated reporting in 2009, something which has already attracted considerable attention from the academic

(Eccles and Krzus 2010; De Villiers et al. 2014; Adams et al. 2016) and professional community (PwC 2015; EY 2017).

Synthesis of the now vast collection of work on different forms of CSR reporting and practice are common. For example, Fifka (2013) and Orlitzky et al. (2003) provide an analysis of the determinants and consequences of CSR reporting in different geographical locations. A similar approach is followed in a meta-analysis by Khlif et al. (2015) on the effect of cultural dimensions on CSR reporting in international capital markets. At the theoretical level, Gray et al. (1995a) raise concerns about a lack of coherence in early CSR reporting literature which they attribute to the absence of 'centralities' necessary for the appearance of internal consistency in financial reporting. The researchers also provide a categorisation of the CSR literature according to the emphasis placed on a decision-useful agenda, the relevance of economic agency/positivist accounting theory and the role of CSR reporting as part of a political economy paradigm. Parker (2005) takes a similar stance. He distinguishes between the prior research which presents the CSR agenda as an 'addendum' to the conventional accounting system or as a central part of the 'organisation-society dialogue' (p. 845). The former relies on economic, stakeholder, legitimacy and accountability theory to frame the development and role of CSR reporting. The latter engages political

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economy, deep green and social ecology theories to explore CSR reporting as an agent of change.

As CSR reporting becomes more established, the role played by assurance as part of the broader reporting project has attracted attention. Several papers have examined different drivers of the demand for CSR assurance, such as the corporate governance system (Simnett et al. 2009), extensiveness of CSR reporting (Cho et al. 2014) and the size, leverage and structure of the organisation (Branco et al. 2014). This is complemented by reviews of current CSR assurance practice which focus on the differences in assurance services provided by accountants and consultants (O'Dwyer and Owen 2005), characteristics of assurance reports (Deegan et al. 2006a, b) and the limitations of CSR assurance services (Adams and Evans 2004).

Farooq and De Villiers (2017) are the first to aggregate this body of work which they categorise according to the factors which drive the demand for and inhibit the supply of CSR assurance. This paper complements their efforts by taking a more conceptual approach for explaining the proliferation of CSR assurance (Ackers and Eccles 2015; KPMG 2017) and persistent criticism that current assurance practices stop short of satisfying stakeholders' information needs (O'Dwyer and Owen 2007; Maroun and Atkins 2015). Unlike Farooq and De Villiers (2017), the demand-side of the CSR assurance market is analysed according to determinants functioning at a national and organisational level. Similarly, supply-side considerations are framed in more detail according to the characteristics of assurance services, assurance methods and the sophistication of the reporting infrastructure necessary for supporting a formal assurance engagement. This is followed by an analysis of the outcomes of CSR assurance.

The proposed model will be useful for academics and practitioners interested in understanding the determinants of CSR assurance and whether or not these are specific to a firm or to the jurisdiction in which they operates. The model is also the first to deal explicitly with the features of current assurance services (as described by the prior research) and how the objectives and outcomes of assurance are either enabled by or constrained by companies' reporting systems and practices and the provisions of professional assurance standards. Finally, the model provides an overview of the body of CSR assurance research which is useful for academics, preparers and auditors keen on understanding this area of CSR reporting and identifying areas for future research.

The remainder of this paper is structured as follows: “[Sustainability and integrated reporting](#)” section provides a brief discussion of the history of sustainability reporting and the emergence of integrated reporting. (In the interest of brevity, no distinction is drawn between CSR, integrated and sustainability reporting and the terms are used interchangeably.) This is followed by an overview of the growing demand for

CSR assurance and current professional standards which are used to assure CSR disclosures. “[Conceptual model](#)” section summarises and aggregates the prior research according to the determinants of the assurance, the nature of assurance models and the outcomes of assurance. “[Summary, discussion and areas for future research](#)” section discusses the model used to analyse the prior CSR assurance literature and identifies areas for future research.

## Sustainability and Integrated Reporting

Early examples of a type of sustainability reporting include social or employee reports issued by companies in the American steel industry during the early 1900s (Lewis et al. 1984). There is also evidence of large Australian companies (in the same industry) preparing reports containing what is today termed corporate social responsibility (CSR) disclosures as early as 1880 (Guthrie and Parker 1989). Widespread publication of social and environmental information appears to have emerged during the 1970s. According to Bebbington et al. (2000, p. 3), Europe was ‘in the vanguard of these developments’ which were the result of ‘institutional encouragement’ given the growing awareness of the importance of complementing financial information with social and environmental disclosures. This was especially the case as the power of large multinational corporations ‘to control and move resources internationally became a subject of worldwide concern’ (Gray et al. 1990, p. 598).

There was considerable variation in the content and structure of early reports dealing with non-financial information. These were referred to by a variety of different names such as corporate citizenship reports, social reports and environmental reports (Fifka 2013; Hahn and Kühnen 2013; Junior et al. 2014). Over the next 20 years, these reports grew in prominence as shareholder-centric models of corporate governance gave way to a stakeholder-inclusive paradigm. By the end of the 1990s, ‘reporting research and practice increasingly began to consider the social and the environmental dimension simultaneously in a joint report which [was] often published alongside traditional financial reports’ (Hahn and Kühnen 2013, p. 5).

This type of reporting gained prominence outside the industrialised nations of North America and Europe, spreading to capital markets in other European countries, Asia and Africa (KPMG 2012; Fifka 2013). This coincided with a number of important regulatory developments in the early 2000s, driven largely by governments, stock exchanges and the responsible investment community (KPMG 2017). For example, in 2001, Japanese firms adopted government-issued guidelines on environmental reporting. From 2002, French-listed companies were required to report on their environmental and

social performance (Mock et al. 2013). In the same year, South African codes on corporate governance introduced the concept of triple-bottom-line reporting which were adopted by the local stock exchange (Institute of Directors in Southern Africa [IOD], 2002). In 2003, the Australian Stock Exchange took a similar move when it equated good governance with social and environmental responsibility (Mock et al. 2013).

Local regulatory developments occurred in the context of a growing international awareness of the importance of reporting environmental, social and governance information. For example, in 1987, the United Nations World Commission on Environment and Development made an urgent call for sustainable development in response to mounting social and environmental concerns (GRI 2016). This was followed in 1992 by the United Nations Conference on Environment and Development (the Rio de Janeiro Earth Summit) about issues such as climate change and environmental degradation. The conference paved the way for the formation of the World Business Council on Sustainable Development (WBCSD) in 1995, which seeks to provide a platform for developing and promoting sustainable business practice. In 1997, the GRI was founded, based on principles from the Coalition for Environmentally Responsible Economies (CERES), the Tellus Institute and the United Nations Environment Programme (UNEP) (GRI 2015). The GRI's G2 guidelines on how to prepare a sustainability report were issued at the World Summit for Sustainable Development in 2002 with an aim to promoting sustainable business practice (Mock et al. 2013). These were superseded by the GRI-G4 during 2016 which define sustainability reporting as:

‘an organization’s practice of reporting publicly on its economic, environmental, and/or social impacts, and hence its contributions – positive or negative – towards the goal of sustainable development’ (GRI 2016, p. 3).

From 2008 to 2012, the number of companies in the USA filing sustainability reports increased by 275%. Comparable trends were reported in other jurisdictions such as Japan, Spain, South Africa and the United Kingdom (KPMG 2012; Hughen et al. 2014). By 2015, over 70% of the largest 100 companies in the America, Europe and Asia-Pacific region produced some form of sustainability report, with only Africa and the Middle East showing a decline in the extent of reporting (KPMG 2015, 2016). In 2017, just over 90% of the world’s 250 largest companies and an estimated 70% of the largest 100 companies in 46 jurisdictions were engaged in sustainability reporting (KPMG 2017). At the same time, the number of regulations, policies, codes of best practice or guidelines which encourage or require sustainability-related information has grown significantly from 180 (in 44 countries) to approximately 400 (from 64 countries) from 2013 to 2016 (KPMG 2016).

One of the most recent and, arguably, most important guidelines is the framework on integrated reporting published by the International Integrated Reporting Council (IIRC) in 2013 what states that:

‘The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. An integrated report benefits all stakeholders interested in an organization’s ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers’ (IIRC 2013, p. 4)

Integrated reporting did not start with the IIRC. According to Eccles and Saltzman (2011), a Danish company was the first to prepare an integrated report in 2002. A handful of American, Brazilian and Dutch companies followed in 2008. Inclusion of an integrated approach to corporate reporting in codes of best practice occurred in South Africa in 2009 (IOD 2009). In 2011, the South African Integrated Reporting Committee (IRCSA) issued the world’s first detailed paper on how to prepare an integrated report (IRCSA 2011). In the same year, the local stock exchange effectively mandated integrated reporting when it took the decision to require listed companies either to prepare an integrated report or to explain why they had not done so (Atkins and Maroun 2015).

Integrated reporting has not achieved the same prominence as sustainability reporting. It has also been criticised for its emphasis on shareholders (rather than on stakeholders) and for not taking sufficient steps to drive the sustainability agenda (Flower 2015; Thomson 2015). Nevertheless, there have been significant developments in reporting policy and organisational practice in jurisdictions in which integrated reporting has been adopted (De Villiers et al. 2014). Integrated reporting may not be a total solution for the effects of Capitalism but it provides value-relevant information to stakeholders (Zhou et al. 2017); encourages companies to articulate and understand their value creation process more clearly (Adams et al. 2016) and can contribute to positive organisational change (Eccles and Saltzman 2011; De Villiers et al. 2017; Guthrie et al. 2017).

## CSR Assurance

Sustainability and integrated reporting’s growing importance has led some stakeholders to call for the assurance of these reports (GRI 2013; IIRC 2014a; Junior et al. 2014). According to O’Dwyer and Owen (2005), the practice of voluntarily engaging independent assurance providers to attest to certain sustainability report disclosures commenced in 1997/1998. Since then, the market for the assurance of

non-financial information has grown rapidly (O'Dwyer et al. 2011). For example, in 2005 only 30% of the sustainability reports prepared by the world's largest 250 companies were subject to independent assurance. By 2017, this number increased to 67% (KPMG 2017).

Upward trends in the demand for CSR assurance are unsurprising. The GRI (2016) recommends the use of independent assurance to ensure the accuracy, completeness and reliability of the sustainability report:

'External assurance or verification can provide both report readers and internal managers with increased confidence in the quality of sustainability performance data, making it more likely that the data will be relied on and used for decision making' (GRI 2013, p. 5).

For this purpose, assurance is the outcome of a professional engagement completed by an independent and technically competent practitioner and subject to suitable quality control procedures (see GRI 102). The GRI requires companies to disclose their policies and practices for having their sustainability reports assured which can include the use of external audit services complemented by internal controls and panel reviews by stakeholders on the overall approach to sustainability reporting and the content of sustainability reports (GRI 2016).

Similarly, the IIRC recognises the important role which assurance plays in an integrated reporting context (IIRC 2014a). The IIRC does not mandate the use of assurance services but it states that:

'The reliability of information is affected by its balance and freedom from material error. Reliability (which is often referred to as faithful representation) is enhanced by mechanisms such as robust internal control and reporting systems, stakeholder engagement, internal audit or similar functions, and independent, external assurance' (IIRC 2013, para 3.40).

Unlike financial statement audit, CSR assurance is a relatively new and unregulated practice (O'Dwyer et al. 2011). Guidance on exactly how a sustainability or integrated report can be assured is also limited (IIRC 2014b; Maroun and Atkins 2015). The result is considerable variation in the methods used to perform the engagements and the scope and type of assurance provided (Deegan et al. 2006b; Cohen and Simnett 2015).

The two most commonly applied professional standards for dealing with CSR assurance include AA1000AS (issued by AccountAbility in 2003) and ISAE 3000 (issued by the IAASB in 2003) (Ackers 2009; Junior et al. 2014). According to ISAE 3000, an assurance engagement is:

'An engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a

conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria)' (IAASB 2009c, para 12).

Similar to an audit of financial statements, the practitioner gains an understanding of the subject matter in order to assess the risk of material misstatement. Based on the assessed level of risk and quantified materiality, test procedures are performed to support an opinion on the subject matter. A reasonable assurance engagement results in a high level of assurance and the practitioner expresses an opinion on whether or not the subject matter of the engagement complies with the stated criteria. A limited engagement gives a moderate level of assurance. An opinion is expressed in the negative: nothing has come to the practitioner's attention to suggest that the subject matter does not comply with the given criteria (IAASB 2009c).

AA1000AS defines assurance as:

'the methods and processes employed by an assurance provider to evaluate an organisation's public disclosures about its performance as well as underlying systems, data and processes against suitable criteria and standards in order to increase the credibility of public disclosure. Assurance includes the communication of the results of the assurance process in an assurance statement' (AccountAbility 2008a, p. 23)

The standard was issued at approximately the same time as ISAE 3000 and was intended to address concerns about auditors' responsibilities, the type of opinions being provided and the importance of independence in a CSR assurance context (Dando and Swift 2003). Like ISAE 3000, an engagement performed under AA1000AS involves a risk assessment process and execution of test procedures to support an opinion on the subject matter of the engagement. The opinion can provide a high or moderate level of assurance on conformity with the defined criteria (usually the principles in AA1000AS). Unlike ISAE 3000, AA1000AS caters for two types of assurance engagements. Type 1 engagements 'evaluate the nature and extent of the organisation's adherence to all three AA1000 AccountAbility Principles'<sup>1</sup> (AccountAbility 2008a, p. 9). A Type 2 engagement is similar but, unlike a Type 1 engagement, includes an evaluation

<sup>1</sup> These are: inclusivity (the inclusion of stakeholders in developing and achieving a strategic response to sustainability); materiality (the relevance/significance of an issue to an organisation and its stakeholders) and responsiveness (responding appropriately to issues which affect sustainability performance) (AccountAbility 2008b).

of the reliability of information on sustainability performance (AccountAbility 2008a, pp. 9–10).

On average, professional accounting/auditing firms rely on ISAE 3000 for assuring CSR information while other experts usually make use of AA1000AS (Deegan et al. 2006b; Junior et al. 2014). The prior research also suggests that limited/moderate assurance has, over time, become more prominent than reasonable/high assurance engagements with the large accounting firms more likely to issue the former type of assurance opinion (Mock et al. 2013).

In addition to ISAE 3000 and AA1000AS engagements, some organisations rely on a review of their sustainability or integrated reports by a panel of stakeholders or other specialists to add to the quality and reliability of their CSR disclosures (Junior et al. 2014; GRI 2016; Maroun 2017). This can form part of a combined assurance model which involves the use of independent assurance providers, internal auditors, CSR experts and those charged with an organisation's governance to ensure that integrated or sustainability reports are accurate, complete and reliable (Junior et al. 2014; IOD 2016). Whether or not these monitoring and review processes meet the definition of 'assurance' is debatable because they do not always involve the expression of a formal opinion on the integrated or sustainability report, based on tests of the underlying data and controls by an independent practitioner exercising due care and skill (Junior et al. 2014; Maroun 2017).

## Conceptual Model

According to Alrazi et al. (2015), environmental reporting is required to demonstrate high standards of environmental performance, discharge accountability to influential constituents and, in turn, ensure credibility. The same logic applies to integrated reporting. In addition to providing value-relevant information (Zhou et al. 2017), this type of reporting is an important mechanism for managing legitimacy and promoting long-term sustainability (De Villiers et al. 2017). To produce high-quality reports which can achieve these outcomes, effective stakeholder engagement, management control and carefully designed accounting systems are essential (see also Alrazi et al. 2016; De Villiers et al. 2016; McNally et al. 2017). The extent and quality of reporting is also influenced by characteristics such as firm size, governance structures, stakeholder pressure and geographical location. These give an indication of the demand for environmental or integrated reporting and the availability of resources necessary for providing high-quality CSR disclosures in these reports (Lodhia 2014; Alrazi et al. 2015).

These principles can be used to inform a conceptual model for explaining the decision to have CSR information assured. Using a comparable approach to Alrazi et al. (2015)

and De Villiers et al. (2017), CSR assurance can be framed according to:

- determinants or factors which contribute to the demand for assurance;
- the functioning of accounting and management control systems;
- the characteristics of existing professional standards which either enable or constrain the assurance of CSR disclosures and
- the outcomes of CSR assurance.

Each of these elements is discussed in detail below.

## Determinants of CSR Assurance

The determinants of CSR assurance can be categorised as external or firm-specific characteristics which influence an organisation's decision to have certain CSR information independently assured (see Farooq and De Villiers 2017). For the purpose of this paper, these include:

- the governance and regulatory environment at the national level;
- organisational determinants (such as firm size and the attitude to CSR disclosures) and
- an organisation's operating context.

## Governance and Regulatory Environment

Simnett et al. (2009) study CSR assurance trends from 2002 to 2004 by companies based in 31 jurisdictions. Their results show that the operation of either a shareholder- or stakeholder-centric governance system influences the decision to have CSR information assured. Specifically, stakeholder-orientated countries do not see an organisation as a vehicle for maximising only shareholders' returns. They rely on a code law (rather than common law) system and understand that a broad group of stakeholders have a legitimate interest in organisations' operations and how they create value (Solomon 2010). In this environment, companies provide more detailed CSR disclosures to ensure that stakeholders' information needs are satisfied (Deegan and Blomquist 2006) and are more likely to have the disclosures independently assured (Simnett et al. 2009). The same applies as the strength of the legal system increases (ibid).

Two similar studies on assurance practices by Fortune Global 250 companies in 1999, 2000 and 2005 (Kolk and Perego 2010) and companies filing their annual/sustainability reports with the GRI from 2005 to 2009 (Herda et al. 2014) produce slightly different results. As predicted by Simnett et al. (2009), the first shows that firms operating in jurisdictions which are stakeholder-oriented are more likely

**Table 1** Governance and regulatory environment v use of CSR assurance

	Use of CSR assurance				
	Stakeholder-orientated governance	Shareholder-orientated governance	Strong investor protection	Weak investor protection	Perceived need for credibility
Simnett et al. (2009)	Increases	Decreases	Increases	Decreases	Increases
Kolk and Perego (2010)	Increases	Decreases	Decreases	Increases	Increases
Herda et al. (2014)	No evidence		Decreases	Increases	Increases

to make use of independent CSR assurance. Weak investor protection is, however, inversely related to the use of CSR assurance (Kolk and Perego 2010). Herda et al. (2014) find that only the level of protection afforded to investors is relevant. There was no evidence that a stakeholder governance system results in more CSR assurance. The same is true when considering the practices of large cooperatives which, in contrast to listed companies, do not make extensive use of CSR assurance even when operating in stakeholder-orientated jurisdictions<sup>2</sup> (Seguí-Mas et al. 2015). The findings are summarised in Table 1.

A stakeholder-orientated system recognises the fact that a sustainability report has multiple users who are not only focused on a firm's financial performance (Solomon 2010). In this environment, CSR information becomes material and companies can demonstrate that the information is credible by having the disclosures independently assured (Hodge et al. 2009; Simnett et al. 2009). The relationship between demand for CSR assurance and the corporate governance framework is modified by the characteristics and level of investor protection.

Generally, stakeholders require, at least, some guarantee that CSR disclosures are credible. This is typically provided by a legal framework which protects the users of the annual/sustainability report. Herda et al. (2014) and Kolk and Perego (2010) focus on investor protection defined according to anti-director or non-controlling shareholder rights (see LaPorta et al. 1999). As this decreases, the use of independent assurance increases suggesting that assurance substitutes for lost confidence usually provided by the legal system. In contrast, when investor protection is understood as a broad commitment to the rule of law, an inverse relationship emerges between this variable and use of external assurance (Simnett et al. 2009).

It is possible that a lack of commitment to the rule of law—which extends beyond minority shareholders' rights—undermines the sustainability reporting project as a whole. In this environment, independent assurance *alone* is insufficient to bolster stakeholders' confidence in CSR reporting (Simnett et al. 2009). More pervasive concerns with the legal environment mean that, even if CSR disclosures are assured, commitment to long-term sustainability remains in doubt. As a result, the cost of assurance exceeds the benefits and the use of CSR assurance decreases as the legal environment deteriorates. Conversely, when companies are committed to the rule of law, stakeholders have a reasonable basis for concluding that CSR disclosures are, on average, of a high quality (Solomon 2010). In this context, CSR assurance becomes part of companies' checks and balances over their sustainability performance and reporting (consider Cohen and Simnett 2015; Maroun 2017). Assurance adds to the credibility of the already generally accepted sustainability report rather than having to substitute for weaknesses in the legal system. The result is a positive relationship between commitment to the rule of law and the use of independent assurance to bolster legitimacy.

The relationship between CSR assurance and legitimacy can also be seen when, in the context of a stakeholder-orientated system, increased societal pressure for high quality CSR disclosures results in a growing demand for CSR assurance. For example, Simnett et al. (2009), Kolk and Perego (2010) and Perego and Kolk (2012) find that companies in high social or environmental impact sectors are more likely to have CSR disclosures assured although the latter accounts for industry type as a control variable. The results are not consistent when it comes to assurance practices by cooperatives (Seguí-Mas et al. 2015) but are in line with more recent papers by Zorio et al. (2013), Branco et al. (2014) and Cho et al. (2014) which show that industry affiliation is a determinant of CSR assurance. In general, the prior research suggests that, as environmental or social risk increases, the level of stakeholder scrutiny grows (De Villiers and Maroun 2017). Companies typically react by providing more detailed CSR disclosures to meet the demand for additional information and signal transparency (Deegan et al. 2002; Patten 2002). At the same time, corporate governance mechanisms

<sup>2</sup> This may be due to the fact that the cooperatives are not subject to the same market, regulatory or stakeholder pressures as listed companies are. Additional research is required to reach a definitive conclusion. As there is only a single paper dealing with CSR practices by cooperatives, this is not covered in detail in the remainder of this paper.

**Table 2** Firm characteristics versus CSR assurance

Paper		Determinants of CSR assurance <sup>a</sup>						
Authors	Type (M/S)	Firm size	Leverage	Profitability	Listing status	Extent of reporting	Ownership/gov-ernance structures	Capital inten-sity
Branco et al. (2014)	S	✓	✓	✓	✓	NC	✗	NC
Cho et al. (2014)	S	✗	✗	✗	NC	✓	NC	NC
Kend (2015)	M	✓	NC	✓	NC	NC	✓	NC
Kolk and Perego (2010)	M	✗	NC	NC	NC	NC	NC	✗
Sierra et al. (2013)	S	✓	✓	✗				
Simnett et al. (2009)	M	✓	✗	✓	NC	NC	NC	NC
Zorio et al. (2013)	S	✓	✓	✗	✓	NC	NC	NC

<sup>a</sup>No distinction is drawn between independent and control variables. Type refers to the paper's focus on either a single jurisdiction (S) or multiple jurisdictions (M). 'NC' indicates that the variable is not covered in the respective papers. There is no indication that assurance drivers are changing over time or in response to a particular event (such as the 2008/2009 financial crisis or emergence of reporting frameworks). This should, however, be interpreted with caution. Only Simnett et al. (2009) and Kolk and Perego (2010) deal with assurance drivers in different jurisdictions over time and their analysis is based on corporate reports published prior to 2006. Sierra et al. (2013) and Zorio et al. (2013) work with the period from 2005 to 2010 but only in one country. Longitudinal studies dealing with assurance drivers in multiple jurisdictions from 2010 to 2018 do not appear to have been completed

and the investor protection systems which are usually adequate for maintaining confidence and negating the need for independent assurance are no longer sufficient. External assurance becomes an important part of complementing existing checks and balances and signalling the credibility of CSR disclosures (Simnett et al. 2009; Kolk and Perego 2010).

### Organisational Determinants

Organisational characteristics such as the size of the firm, degree of leverage and profitability are often considered (either directly or as control variables) when assessing the drivers of CSR assurance. Results are mixed (Farooq and De Villiers 2017).

### Firm Characteristics

At the international level, Simnett et al. (2009)—after controlling for firms' total sales—find that size is positively associated with the decision to have CSR information assured while leverage (used as a proxy for financial risk) and profitability are not always determinants of CSR assurance. These findings do not necessarily hold in an Australian and UK setting where firm size and professional fees are not significant drivers of CSR assurance but current profitability and expected growth in sales are relevant predictors of the use of external assurance. The trends are also more pronounced for UK than Australian firms with more of the latter choosing to rely on CSR assurance (Kend 2015).

Branco et al. (2014) report slightly different results in a Portuguese setting. Size, leverage, profitability,

industry type, and listing status are relevant for determining whether or not CSR disclosures will be independently assured but ownership structure is not important. These findings are largely consistent with a study of Fortune 500 companies by Cho et al. (2014). This confirms the relevance of an industry's social or environmental impact for predicting demand for CSR assurance. The study also shows that the extensiveness of reporting is a driver of CSR assurance but that market value (even after controlling for CSR performance) may not be a relevant consideration. Findings from the prior research are summarised in Table 2.

Collectively, these findings are telling if each of the above variables is seen as a proxy for the operational characteristics of the underlying firm, rather than as a determinant of CSR assurance in its own right. For example, size is probably a good indication of the complexity of the business model; the need for more detailed CSR reporting to provide a comprehensive explanation of how the business is being managed and the possibility that CSR assurance is value-adding (consider Perego and Kolk 2012; IOD 2016). The size of a company and extensiveness of its reports gives a good indication of the availability of resources for operating the reporting infrastructure, including the system protocols and internal controls necessary for supporting independent assurance as discussed in more detail below (consider Perego and Kolk 2012; Cho et al. 2014; Cohen and Simnett 2015; Maroun and Atkins 2015). Smaller size, lower profitability and higher levels of GRI reporting may also be associated with reporters operating in jurisdictions with lower investor protection (Herda et al. 2014). As a result, the organisational variables evaluated by the prior literature



can be seen as indirect predictors of the type of macro-level determinants of CSR assurance.

### Attitudes to CSR Reporting

A firm's attitude to CSR reporting requires specific consideration. Although only dealt with by one paper, there is at least some evidence that:

'active and more diligent audit committees will play an important role in the decision to ensure the sustainability report comes with assurance from an independent provider, indicating that these committees are more than just symbolic' (Kend 2015, p. 72).

This may be especially true when, as recommended by codes of best practice, those charged with governance frame environmental, social or governance issues as strategic ones (see, for example, IOD 2016). In these cases, the value-relevance of CSR reporting increases (see Porter and van der Linda 1995; Churet and Eccles 2014) and assurance of these disclosures can encourage further investment (Cheng et al. 2015). The opposite may also be true. If companies see integrated or sustainability reporting as only a compliance exercise, the benefits of an expanded reporting model are not internalised (Stubbs and Higgins 2014; McNally et al. 2017). In this context, the costs of CSR assurance are prohibitively high because the attitude to CSR reporting itself results in low perceived value.

Similarly, if CSR disclosures are used as an impression management tool, the inherent bias in this information results in the loss of users' confidence in both a company's commitment to sustainable development and the use of assurance services. As a result, the prior research reports an inverse relationship between the demand for CSR assurance and the perceived bias of CSR disclosures (Coram et al. 2009; Wong and Millington 2014).

### Operating Environment

The interaction between stakeholder pressure and extent of environmental reporting is confirmed by a large body of work which shows that society's expectations for environmental sustainability drive organisations to increase environmental reporting (see, for example, Deegan et al. 2002; Patten 2002; Cho 2009). To some extent, additional disclosures are designed to manage impressions (Brennan and Merkl-Davies 2014), provide more information to stakeholders while avoiding additional scrutiny (De Villiers and van Staden 2006) and reframe environmental issues as economic ones (Tregidga et al. 2014). Stakeholders cannot, however, be perpetually misled. Companies must ensure that there is some commitment to improve sustainability performance to satisfy influential stakeholders, even if material change is deferred to the long-term (Cho et al. 2015a). As a result,

different types of sustainability reporting are not always entirely symbolic (Gray et al. 1995b; Adams and Whelan 2009; Solomon and Maroun 2012).

Faced with mounting pressure from stakeholders, some companies are changing the scope and design of their accounting infrastructure to collect more accurate CSR data which can be used to improve the quality of CSR reporting and inform positive change to business practice (Melnik et al. 2003; Alrazi et al. 2015). For example, Adams and Frost (2008) provide Australian and UK-based evidence that organisations are reacting to society's demand for environmental responsibility and accountability. They are incorporating environmental and social issues in their key performance measures, risk assessments and strategic decision-making. The finding is confirmed by surveys of integrated reporting practice in South Africa which finds that, from 2013 to 2017, reporting is taking on a more strategic dimension. It is also being supported by a maturing accounting infrastructure which can be used to inform business management and demonstrate to stakeholders that sustainability is being taken seriously (PwC 2015; EY 2017). Similarly, in the USA, companies which voluntarily adopted sustainability policies during the 1990s developed distinct organisational processes within a 10-year period. The result is board-level accountability for sustainability performance, incorporation of sustainability indicators in key performance measures, formal stakeholder engagement and improved financial performance (Eccles et al. 2012; Churet and Eccles 2014).

The extent to which assurance forms part of these internal changes has not been considered by the CSR assurance literature but some inferences are possible. Firstly, if stakeholders value and make use of CSR information (including responsible investment indices), they are more likely to demand more of these disclosures and require the relevant information to be assured<sup>3</sup> (Wong and Millington 2014). In other words, if a company's operating environment is characterised by stakeholders scrutinising social and environmental performance, more detailed sustainability reporting results (Milne and Patten 2002; Patten 2002) and CSR assurance become important tools for signalling the reliability and credibility of these disclosures (Simnett et al. 2009). This means that the extensiveness of CSR reporting can be used as an indication of the extent of stakeholder pressure to deal with sustainability-related issues in corporate reports and, in turn, the likelihood of a company using CSR assurance to bolster legitimacy (see Cho et al. 2014).

<sup>3</sup> According to Wong and Millington (2014), this is the case even if stakeholders have access to private reporting processes which can compensate for weaknesses in publically available information (cf Atkins et al. 2015b).

On one level, CSR assurance may be part of the same impression management process which involves the use of additional disclosure to placate stakeholders (see, for example, Atkins et al. 2015b; Cho et al. 2015a; Michelon et al. 2015). Gillet (2012) and Gillet-Monjarret (2015), for example, study CSR assurance practices by French companies. Given the lack of detail on and precision of the assurance services, the conclusion is that companies engage assurance providers primarily as a legitimacy management tool. Using independent assurance services can also be interpreted as an impression management exercise designed to signal the credibility of CSR reporting when faced with additional scrutiny and to complement the well-documented approach of increasing the extent of environmental or social reporting when faced with a crisis of confidence (see, for example, Patten 1992; Brown and Deegan 1998; Cho 2009). However, independent assurance is costly with the result that its use only as an impression management tool may be questionable. This leads to the second observation.

The systems and processes required to ensure high-quality environmental, sustainability or CSR reports (Alrazi et al. 2015; De Villiers and Maroun 2017) may require assurance services. For example, in addition to acting as a signalling method (Simnett et al. 2009) attesting to system data, controls over management and reporting process and the identification of and engagement with stakeholders can provide useful information for external users and identify problems. This can, include the following: errors in the data collection, departures from reporting frameworks, omission of key constituents, and identification of business risks (consider Peecher et al. 2007; Cohen and Simnett 2015; Maroun 2017). In other words, stakeholder pressure drives sustainability reporting which depends on a sound accounting and management control system, something which may, practically, require the use of CSR assurance.

Thirdly, the stakeholder-orientated environment which is associated with CSR assurance (Simnett et al. 2009; Kolk and Perego 2010; Herda et al. 2014) is also characterised by codified best practice for corporate governance. These often require, for example, the use of sustainability committees, development of internal controls over business processes, and formulation of policies for identifying and mitigating economic, environmental and social risks (Solomon 2010; IOD 2016). It would be reasonable to assume that companies with sound corporate governance systems are able to understand sustainability/CSR issues better than other entities are. They should also be able to identify the types of internal changes required to achieve improved sustainability performance (consider Eccles and Krzus 2010; Churet and Eccles 2014; Stubbs and Higgins 2014; King 2016). This may include instances where CSR assurance can be used for improving internal systems and operating activities.

Finally, CSR assurance is not mandated by law but codes of best practice typically vest responsibility for corporate sustainability and the integrity of the annual, sustainability or integrated report with those charged with governance (Atkins and Maroun 2015; IOD 2016). Sustainability rating agencies, regulators, NGO's and the responsible investment community also expect a board of directors to assume responsibility for the relevance and reliability of CSR disclosures (Gillet 2012; GRI 2013; Atkins and Maroun 2015). This responsibility is bolstered when companies face more stringent regulation on CSR reporting (Perego and Kolk 2012). In addition, jurisdictions with stakeholder-centric legal systems may allow directors and managers to be held legally liable for poor CSR performance and reporting. The result may be significant pressure to develop mechanisms for testing the completeness and reliability of CSR disclosures and signalling that managers have taken reasonable steps to discharge their fiduciary duties (see Beets and Souther 1999; Esser and Du Plessis 2007; Perego and Kolk 2012). CSR assurance might have a part to play in this process. At the same time, codification of professional standards dealing specifically with CSR disclosures (Perego and Kolk 2012; Farooq and De Villiers 2017) and the view of the GRI (2016) and IIRC (2013) that independent assurance adds to the integrity of the sustainability or integrated report may work in conjunction with corporate governance systems and give rise to normative isomorphic pressure to have CSR disclosures assured (consider DiMaggio and Powell 1983). These may be complemented by mimetic isomorphic forces (ibid). Global trends show that more of the most prominent companies are relying on, at least, some type of assurance for their sustainability reports (KPMG 2015, 2017). Concurrently, the professionalization of the non-financial statement assurance space is taking place (O'Dwyer et al. 2011). The result is that the same institutional forces which contributed to the taken-for-granted status of financial statement audit may be working to similar ends in the sustainability or integrated reporting environment (see Power 1994).

### The Assurance Model

The technical features of CSR assurance services are dealt with less often by the prior research. What have been considered in relative detail are the characteristics of the assurance provider—either a professional accountant/member of the auditing profession or expert consultant. The type of assurance provide has also been considered ([Assurance characteristics](#) section). Largely overlooked are the infrastructure required at the client level to support an assurance engagement and the requirements of existing professional standards which may hinder the provision of CSR assurance ([Firm infrastructure to support CSR assurance](#) section).

## Assurance Characteristics

**Choice of Assurance Provider** Research on auditor choice has produced mixed results. For example, a study of Australian companies reports no difference in the quality of assurance provided by professional accountants or consultants (Moroney et al. 2012). In contrast, Perego (2009) finds that large accounting firms are more likely to provide high-quality audits (measured in terms of report format and procedures performed) than other service providers. An experimental study based in Australia, however, finds only weak evidence that a proxy group for sustainability report users places more reliance on an assurance opinion provided by a professional accountant than specialist consultants (Hodge et al. 2009). This is largely consistent with a second experiment which showed that analysts in Australia and the UK see little difference in the perceived credibility of CSR disclosures attested to by different assurance providers (Pflugrath et al. 2011). These findings do not necessarily hold in the USA where financial analysts place more value on the assurance services provided by professional accountants/auditors. Consultants may not necessarily have the same standing as the large audit firms and the perceived difference in reputation may be more pronounced in the USA where CSR assurance is less common (Pflugrath et al. 2011).

Similar to the USA, in a study of assurance providers by large Spanish companies, those in high environmental impact industries or part of the top 35 listed entities are more likely to rely on an accounting firm to provide assurance services (Zorio et al. 2013). Kend (2015), however, finds that company-specific factors do not play a role in determining the type of assurance provider, with the exception of an active governance or sustainability committee. The presence of these committees is positively associated with the use of the financial statement auditor to provide any other assurance services (see also Ackers 2009). This is possibly the result of expected synergistic benefits or cost savings but may also reflect the operation of country-level governance features. Simnett et al. (2009), for example, report that companies operating in countries with a weak legal environment or in industries with high social or environmental risks do not necessarily appoint a member of the auditing profession to assure CSR disclosures (cf Perego 2009; O'Dwyer et al. 2011). Companies operating in stakeholder-orientated jurisdictions are, however, more likely to choose a member of the auditing profession as their assurance provider<sup>4</sup> (Simnett et al. 2009). In contrast, Kolk and Perego (2010) find that firms operating in shareholder-orientated jurisdictions usually chose an accounting firm as their assurance

provider, especially when the risk of litigation is lower. The type of industry may also play a role in determining the likelihood that a company has CSR disclosures assured by a large accounting firm (Sierra et al. 2013).

Overall, these conflicting findings point to the possibility that:

‘the important decision for industries needing to enhance credibility appears to be the decision to assure the information in the sustainability report, and the determination of whether the assurance provider is a member of the auditing profession is less important’ (Simnett et al. 2009, p. 965).

There is, however, some evidence suggesting that the assurance services provided by accounting and consulting firms differ. For example, O'Dwyer and Owen (2005, p. 225, 2007) and Perego and Kolk (2012) find that ‘consultant assurers tend to focus much more on the issues of completeness, fairness and overall balance within their opinion statements’ than do professional accountants. They are usually more adaptive/experimental and less conservative than their counterparts at accounting firms (O'Dwyer and Owen 2007; O'Dwyer 2011). Contrary to the findings of O'Dwyer et al. (2011) and Jones and Solomon (2010), because they do not audit the financial statements and have specialised social and environmental skills, they may be seen as better placed to assure CSR information (Wong and Millington 2014). This is partially supported by an analysis of international CSR assurance practices from 2002 to 2004 and 2006 to 2007 by Mock et al. (2013, 2007). They find that the Big 4 are less likely to provide a high level of assurance (evidenced by a positive audit opinion) than other assurance providers. This is possibly due to a perceived litigation risk. Perhaps for a similar reason, the large accounting firms tend to provide more information on the procedures used and assurance framework applied than other assurers but do not publish recommendations for improving CSR reporting or performance.

Nevertheless, large accounting firms may have a more comprehensive approach to assurance than do other assurance providers (cf O'Dwyer and Owen 2005). They provide higher quality engagements (measured in terms of report formats and the extensiveness of their test procedures) (Perego and Kolk 2012) and may be more inclined to focus on the full sustainability report and underlying processes than do other assurance providers (Mock et al. 2013). Larger companies with lower leverage are also more likely to be audited by a large accounting firm (Simnett et al. 2009). This is possibly because they command the confidence of the investor community, have more resources at their disposal, employ multi-disciplinary audit teams and have more developed audit methodologies (see also KPMG 2012, 2013, 2017).

<sup>4</sup> Simnett et al. (2009) caution that their findings may be affected by a US effect.

**Characteristics of the Assurance Service** Other research considers the characteristics of the assurance service, rather than the identity of the assurance provider. For example, a study on greenhouse gas assurance services shows that factors such as the experience of the individual practitioner, objectivity, independence and reputation may be more important for choosing an assurance provider than whether or not the audit team is from an accounting or consulting firm (Green et al. 2017). Similarly, Herda et al. (2014) and Perego and Kolk (2012) find that firms working in a weak investor protection environment or with a high environmental impact, respectively, are more likely to rely on higher quality assurance services. These are defined according to the scope and extent of the audit work performed; the independence of the assurance provider and the presence or absence of recommendations in and limitations on the distribution of the assurance report (O'Dwyer and Owen 2005; Perego and Kolk 2012; Herda et al. 2014). The findings are inconsistent with those of an experimental study by Hodge et al. (2009) which reveals that the provision of a high or moderate level of assurance does not necessarily affect users' perception of the credibility of tested CSR disclosures. These authors do, however, warn that the outcome of their experiment may be due to a lack of understanding of the technical difference between limited and reasonable assurance engagements by non-auditors (see also Hasan et al. 2003).

A more critical interpretation is also possible. Several writers have questioned the quality, credibility and, in turn, impact of CSR assurance. In an environmental reporting setting, for example, Ball et al. (2000) explain that assurance is not focused on the quality of disclosures and the reliability of environmental performance but on application of controls. The result is that the assurance process is inward-focused and not necessarily relevant for external stakeholders (see also Dando and Swift 2003). Similarly, O'Dwyer and Owen (2007) find that most test procedures are designed to validate data included in CSR reports and the data processing system. Site visits to confirm the operational reality, testing management's performance against targets and engaging stakeholders to ascertain their views on sustainability practice are rare.

Adams and Evans (2004) have criticised assurance practices for neglecting the completeness and reliability of sustainability reporting. The quality of CSR assurance is also questioned by a UK-based study in the early 2000s. O'Dwyer and Owen (2005) highlight a lack of detail on how materiality is being determined; the absence of a strategic testing approach by some assurance providers and reluctance to address assurance reports to the broad group of stakeholders who make use of CSR disclosures (see also Ball et al. 2000; Gray 2001; O'Dwyer and Owen 2007). These issues are compounded by concerns that, despite an increase in disclosure by assurance providers (O'Dwyer and Owen 2005; Mock et al. 2013), details about the nature and scope of the

work being performed may still be insufficient (Ball et al. 2000; Deegan et al. 2006a, b; O'Dwyer and Owen 2007; Gillet 2012). As a result, the extent to which users understand and are prepared to place their confidence in assurance opinions becomes questionable (Deegan et al. 2006b; Wong and Millington 2014).

More broadly, Gillet (2012) asks if practitioners—especially those trained in financial statement audit—have the necessary skills to perform a CSR assurance engagement (see also Wallage 2000; Gray 2001; Dando and Swift 2003; Peecher et al. 2007; IIRC 2014a; Maroun and Atkins 2015). At the same time, the importance of independence should not be overlooked as this can undermine users' confidence in and the reliance they place on assurance opinions (Wong and Millington 2014).

Finally, the unregulated appointment of assurance providers, limited external stakeholder engagement, the low number of qualified opinions, and reluctance to provide recommendations raise the possibility of 'professional capture' of assurance services to the detriment of their quality and credibility (Ball et al. 2000; Gray 2000; Adams and Evans 2004; Manetti and Toccafondi 2012, p. 375). If this is the case, CSR assurance fails to enhance accountability and empower stakeholders, and functions only as a symbolic display in which non-expert users misplace their trust (O'Dwyer and Owen 2005).

### FIRM Infrastructure to Support CSR Assurance

Park and Brorson (2005) summarise the process which a reporting entity needs to follow before CSR disclosures can be assured. Firstly, the company must decide if the cost of additional reporting exceeds the benefits. While many organisations have concluded that integrated or sustainability reporting is value-adding, not all companies are preparing these reports (Simnett et al. 2009; Hughen et al. 2014). In other cases, only limited information is being communicated to stakeholders due either to a lack of pressure from these groups or under-developed regulatory requirements (Sawani et al. 2010). If companies do not appreciate the benefits of comprehensive reporting, they are unlikely to invest additional resources in having low-valued CSR disclosures assured (see also [Organisational determinants](#) section).

If a company elects to prepare an environmental, sustainability or integrated report, there needs to be suitable subject matter before any CSR information can be assured (IAASB, 2009a). Appropriate subject matter is:

'identifiable and capable of consistent evaluation or measurement against the identified criteria and such that the information about it can be subjected to procedures for gathering sufficient appropriate evidence to

support a reasonable or limited assurance conclusion, as appropriate' (IAASB 2009a, para 33).

Having appropriate subject matter requires a carefully designed reporting system which can identify and collect the relevant data (Park and Brorson 2005; Alrazi et al. 2015). This is an onerous process which includes, *inter alia*, deciding which CSR issues need to be dealt with, the data required for analysing each issue, the format of that data, timing of the data collection and the chart of accounts used to organise the data (McNally et al. 2017). The design of the accounting system is especially challenging given that there is no single definition of CSR and how to measure it objectively (Morimoto et al. 2005). Related closely to this, codes of best practice, such as the IIRC's integrated reporting framework, are often principles-based and do not prescribe which CSR metrics to track or how these should be reported. As a result, companies have historically focused on high level CSR reporting which is not always supported by formal data collection and analysis process and a clear link between CSR reporting and performance (see Dillard 2011; Brown and Dillard 2014; Stubbs and Higgins 2014). In these environments, the cost of CSR assurance exceeds the benefits (Jones and Solomon 2010). This is especially the case if the assurance model is expanded to include formal assessment of the corporate reports by stakeholders in addition to an independent expert (Park and Brorson 2005) or independent assurance leads to additional scrutiny by regulators and to loss of reputation (Faizah et al. 2014).

Overall, when CSR reporting is ad hoc, the data collected are not guided by a sufficiently detailed and objective external or internal framework and controls are either informal or undocumented, the subject matter of the CSR engagement cannot be identified and defined with sufficient precision to support an assurance engagement (AccountAbility 2008a; IAASB, 2009a). Even if CSR assurance can be used to drive positive internal change and add credibility to corporate reporting, the accounting infrastructure cannot support the provision of either limited or reasonable assurance services (Dillard 2011; Faizah et al. 2014; Maroun and Atkins 2015).

## Current Assurance Structures

**Limitations of Traditional Assurance Models** Existing professional standards (such as AA1000AS and ISAE 3000) provide only 'broad parameters' for expressing an opinion on certain non-financial information, not all of which has been tailored for the practicalities of CSR reporting (Wallage 2000; O'Dwyer 2011, p. 1260). For example, tests of controls—common in financial statement audits (IAASB 2009b)—are unfeasible if generally accepted control frameworks are not agreed to and if these do not match the objectives of reporting guidelines developed either internally or

by standard setters such as the GRI and IIRC (Maroun and Atkins 2015). This is especially true if, as discussed in [Firm infrastructure to support CSR assurance](#) section, the client's reporting systems are still in a developmental stage and the assurance provider cannot conclude on their design and purpose. In addition, test procedures are typically framed in quasi-mathematical terms (see, for example, IAASB 2009c, 2013). These are appropriate for testing financial balances and transactions but may not always be suitable for the mainly qualitative, subjective and prospective nature of CSR disclosures typically included in integrated and sustainability reports (Dando and Swift 2003; O'Dwyer 2011; Cohen and Simnett 2015; Maroun and Atkins 2015; Simnett and Huggins 2015).

Adding to these challenges, existing professional standards, such as ISA 315 and ISAE 3000, may not be sufficient for understanding the complex interconnections between different 'elements' of the organisation's business model (Peecher et al. 2007). In an integrated reporting context, this is especially relevant when it comes to more complex reporting schematics which include multiple types of capital and stakeholders (Simnett and Huggins 2015). These standards are focused on risk of misstatement of information, and not on the risk of incomplete or inadequate reporting on the value creation process envisaged by the GRI or IIRC. As a result, it is difficult to establish a clear connection between the nature, timing and extent of test procedures and the content of the integrated or sustainability report (ibid). Determining materiality is also a challenge. Professional standards were developed in a financial reporting context where balances and transactions can be quantitatively assessed and evaluated against clearly defined criteria (Edgley et al. 2015). While there has been some research on different materiality frameworks, precisely how these can be applied for the purpose of assuring CSR disclosures in an integrated or sustainability report remains unclear (Wallage 2000; Cohen and Simnett 2015; Edgley et al. 2015; Simnett and Huggins 2015).

Related closely to this, the criteria against which the report would need to be evaluated are often problematic (Wallage 2000). The IIRC's framework is mainly principles-based and does not include reporting prescriptions/recommendations similar to those seen with International Financial Reporting Standards or the GRI. Consequently, there is considerable variation in how the framework is interpreted and applied (see De Villiers et al. 2014; Haller and Staden 2014; Beck et al. 2015; Massa et al. 2015) making it unlikely that a generally accepted set of criteria for concluding on the fair presentation of the integrated or sustainability report can be developed in the near-term.

As explained by O'Dwyer (2011), subjective assessments of CSR performance and reporting must be coupled with evidence obtained from institutionalised financial audit

methodologies constraining the potential of CSR assurance. This is often seen in the limitation of the scope of the assurance opinion largely because there ‘remains no generally accepted standard providing robust assurance for *all aspects* of an organisation’s sustainability reporting’ (Dando and Swift 2003, p. 196, emphasis added). Even when suitable criteria are available, these cover-specific disclosures rather than the corporate report as a whole or underlying sustainability performance (Wallage 2000). In addition, the criteria normally deal with factual content (see also Beets and Souther 1999; Maroun and Atkins 2015). Examples include opinions on water usage, greenhouse gas emissions, health and safety statistics and total number of employees. Details on matters such as the viability of the business model, the interconnection between different types of capital and adequacy of selected key performance indicators are outside the scope of conventional assurance engagements. Similarly, the extent to which stakeholders’ concerns are being addressed by environmental, integrated or sustainability reports is not covered. Related closely to this, the interconnection between sustainability or integrated reporting and sustainability performance and integrated thinking is excluded from conventional assurance engagements (Dando and Swift 2003; Maroun 2017). Unfortunately, these inherently subjective, qualitative and forward-looking elements of the integrated report contain relevant information for capital providers and other users (Dando and Swift 2003; Atkins and Maroun 2014; Churet and Eccles 2014). Paradoxically, the greater potential for misstatement (precisely because of the underlying complexity and use of judgement) is exactly where independent assurance can be of great value.

**Proposed Changes to Assurance Models** There are indications that steps are being taken to address the limitations discussed above. Developments point to a broadening perspective on what constitutes ‘assurance’ and how it functions to bolster the credibility and reliability of integrated and sustainability reports.

Two exploratory papers discuss the constraining effect of predominantly quantitative audit techniques and tentatively explore the use of a more interpretive attitude to collecting and evaluating data on CSR reporting and performance in order to widen the scope of conventional assurance services (Dillard 2011; O’Dwyer 2011). These papers challenge the position adopted by most of the prior research that ‘assurance’ must be framed in terms of formal test procedures executed by an independent expert (see [Assurance characteristics](#) section) and that the outcome of any assurance engagement is only a single opinion on the respective subject matter’s compliance with a set of neutral criteria (see also Cohen et al. 2002; Cohen and Simnett 2015). According to these researchers, ‘assurance’ needs to be understood more broadly (Dillard 2011; O’Dwyer 2011). For example,

test procedures can be interpretively constructed and legitimately grounded in subjective assessments of a company’s business environment/context rather than seeking to rely only on quasi-scientific methodologies prescribed by existing assurance standards (Dillard 2011). At the same time, the relatively narrow audit risk model can be expanded to include an assessment of, for example, a company’s strategy, operating conditions and relationships with multiple stakeholders and how this affects economic, social and environmental performance (see also Bell et al. 2005; Peecher et al. 2007). This could allow the focus of an attest function (and any assurance opinion) to be broadened so that it does not concentrate only on compliance with easy-to-assess criteria in reporting guidelines or the veracity of the data reported to stakeholders but the context, methods, assumptions and processes which inform management representations contained in an integrated or a sustainability report (for further details, see Maroun 2018).

For the scope of CSR assurance to be widened, ‘assurance’ may need to be understood as more than just the result of test procedures executed by an independent practitioner (see [Assurance characteristics](#) section). It can be the outcome of the operation of multiple levels of monitoring, control and review. Junior et al. (2014), for example, find that companies in China, Japan and South Korea rely on stakeholders and third party specialists to review their sustainability reports. These do not result in a formal assurance opinion but do provide organisations with an objective perspective on their sustainability reports. The reviews can also be used to complement traditional assurance services. Although not common, there are some large international organisations which publish opinions from traditional assurance services and from stakeholder/specialist reviews on their sustainability reports as a way of demonstrating that their reports are reliable.

Developments in South Africa are especially noteworthy. This jurisdiction is widely regarded as an integrated reporting pioneer (De Villiers et al. 2014) and has introduced a combined assurance model which relies on the use of external auditors, internal auditors, management experts and the functioning of independent committees of a board of directors to ensure the integrity of an integrated report (IOD 2016). This approach is in line with that proposed by the IIRC (2014a, b) which is exploring how a firm’s leadership structure, internal reporting policies and active stakeholder engagement can be used to ensure the credibility of integrated reporting. This is similar to an integrated assurance model described by Maroun (2017) which may, in the future, culminate in an opinion—based on the views of an independent panel of experts—on the fair presentation of an integrated report.

Finally, a fairly recent body of work challenges the traditional assumption that assurance is about providing an

independent opinion to the users of integrated or sustainability reports. Morimoto et al. (2005) proposes a normative audit protocol which focuses on ‘CSR system architecture’, supporting processes and involvement by key stakeholders to drive positive outcomes. The proposed model could be used to express an opinion on CSR disclosure and performance but it can also be employed to, for example, engage with important stakeholders, inform operational improvements and change an organisation’s attitude to sustainability. Dillard (2011) shares this sentiment. He argues that CSR assurance is a useful means for ensuring accurate and reliable reporting but that the objective of assurance can be validly expanded to include assisting managers with identifying operational or strategic problems and providing recommendations for improving business processes and policies. This may also be the case when it comes to the growing use of specialist or stakeholder reviews of integrated or sustainability reports. These parties may be well placed to provide objective feedback on a company’s operations and performance and how CSR reporting can be improved. They may also be willing to ‘identifying social and environmental “elephants” in the boardroom’ and, by engaging proactively with management, drive ‘change in corporate attitudes and behaviour’ (Edgley et al. 2010, p. 554).

The move from identifying and describing the limitations of current assurance models to exploring alternate views on how assurance should be understood and provided in a practical context probably reflects different timescales. Earlier research was focused on what was then emerging forms of CSR reporting and associated assurance practices (consider Dando and Swift 2003; O’Dwyer and Owen 2005). The last two decades has seen the growing popularity of sustainability reporting (KPMG 2017) and the emergence of an integrated reporting framework which further emphasises the need for multi-dimensional reporting to complement conventional financial statements (De Villiers et al. 2014, 2017). At the same time, stakeholders are beginning to appreciate the role played by high-quality sustainability and integrated reporting for explaining how companies are generating sustainable and responsible returns (Atkins and Maroun 2015; Barth et al. 2017). As more jurisdictions mandate or promote the preparation of integrated or sustainability reports in statutes or codes on corporate governance, companies are coming under increasing pressure to explain how they are ensuring that their corporate reports are accurate, reliable and complete (Junior et al. 2014). The result is a clear need for a more comprehensive approach to assurance which, unlike current attest services, can provide insights on the sustainability or integrated report as a whole and underlying business practices (IIRC 2014a, b; Cohen and Simnett 2015).

## Outcomes

CSR assurance is non-mandatory in a sustainability or integrated reporting context (Adams and Evans 2004; KPMG 2012; Maroun 2017). Consequently, coercive legal pressures which drive the demand for conventional audit services are not relevant. Instead, most of the prior research cites enhanced credibility as a key outcome of CSR assurance (Simnett et al. 2009).

## Signalling Theory and Agency Considerations

Signalling theory suggests that incurring the costs of assurance services indicates to the users of CSR information that the company is committed to high-quality reporting (Park and Brorson 2005; Simnett et al. 2009). This is because assurance services are costly and only incurred if an organisation has made a genuine attempt to compile an accurate and complete CSR report (Cho et al. 2014). Agency theory may provide an alternate case for CSR assurance.

The relationship between the quality of financial reporting and assurance services has been researched extensively (Francis 2004). One of the first texts on agency theory hypothesises that external audit is a monitoring mechanism which increases the value of a firm (Jensen and Meckling 1976). This is because ‘an audit by someone independent of the manager reduces the incentive problems which arise when the firm manager does not own all of the residual claims on the firm’ (Watts and Zimmerman 1983, p. 613). The same can be applied by analogy to CSR assurance.

The role of different types of social, sustainability or environmental reporting for complementing the one-dimensional focus of financial statements is well established (Adams and McNicholas 2007; De Villiers et al. 2014). Theoretically, independent attestation of these reports ‘is essential’ to ensure that they ‘fulfil [their] required role in developing transparency and accountability’ (Gray 2000, p. 247). This is the general position taken by most of the prior research which argues that CSR assurance can promote more complete and accurate reporting (Adams and Evans 2004; Simnett et al. 2009; GRI 2013) and high-quality disclosures (measured in terms of the detail provided to stakeholders) (Moroney et al. 2012). This reduces the risk of misrepresenting CSR performance and bolsters stakeholders’ confidence in the sustainability or integrated report (GRI 2013; IIRC 2015). Assurance can also be used to attest to the extent of compliance with internal reporting guidelines or codes of best practice (such as those issued by the GRI), something which can provide additional evidence about report quality and allow stakeholders to hold managers accountable for CSR reporting and performance.

The relationship between CSR assurance, disclosure quality and reduction of residual losses has not been tested to the

same extent as the impact of financial statement audit on agency costs. In addition, for CSR assurance to contribute to reduced agency costs, the relevance of environmental, sustainability or integrated reports must be established.

Some research has found that CSR disclosures are value-relevant (De Klerk and De Villiers 2012; Barth et al. 2017; Zhou et al. 2017) but the results are mixed (Cho et al. 2015b; Marcia et al. 2015; du Toit et al. 2017). Even when environmental or social disclosures are relevant, it is unclear if voluntary assurance services are, themselves, consistently valued by the capital market<sup>5</sup> (Coram et al. 2009; Cho et al. 2014; Fazzini and Dal Maso 2016). In addition, it is possible that companies are able to rely on internal checks and balances to ensure the integrity of their integrated or sustainability reports. Where this is the case, the marginal benefit of external assurance is exceeded by the incremental costs (Park and Brorson 2005; Jones and Solomon 2010). The number of studies on the relationship between CSR assurance, quality of reporting and value-relevance are, however, limited with the result that it may be premature to conclude that CSR assurance does not add value. Where stakeholders rely on CSR disclosures, the traditional agency relationship which characterises financial reporting can be applied by analogy to support the conclusion that high-quality external assurance has the potential to provide material benefits by lowering information asymmetry and facilitating accountability.

As a final consideration, the increased attention paid to CSR-related issues means that these are increasingly dealt with at the level of the board of directors. If assurance can add to the reliability of data being reported to external stakeholders (Simnett et al. 2009; Moroney et al. 2012), it can also be employed to ensure that information used by those charged with governance is valid, accurate and complete (GRI 2013; IOD 2016; Maroun 2018). The result is improved internal decision-making (ibid) and an ability to benchmark CSR reporting with other organisations or recommended best practice (Gillet 2012). CSR assurance also provides directors with a basis for attesting to the quality of their integrated or sustainability report and meeting their responsibility for ensuring high-quality reporting (IIRC 2013). At the same time, the ‘threat of litigation and other actions by shareholders or regulatory authorities for misrepresentations’ in corporate reports ‘may be substantially reduced by third party verification’ (Beets and Souther 1999, p. 133).

<sup>5</sup> For example, an experimental study by Coram et al. (2009) shows that the value of CSR assurance is context specific. It may only affect investors’ decision when disclosures are positive and, as a result, their reliability is questioned.

## The Change Potential of CSR Assurance

The prior research has questioned the extent to which sustainability (Bebbington et al. 1999; Milne et al. 2009) and integrated reporting (Brown and Dillard 2014; Stubbs and Higgins 2014) promote material organisational change in the interest of long-term sustainability. This position is, however, challenged by an emerging body of research which argues that maturing forms of CSR reporting are creating a growing awareness of the need to monitor and to manage environmental and social risks (Dillard and Reynolds 2008; Atkins et al. 2015a; Adams et al. 2016; Guthrie et al. 2017). The resulting change to systems, processes and strategies reflects the realisation that so-called non-financial issues can have a material impact on a company’s business model (Porter and van der Linda 1995; Adams and Frost 2008). Collecting and analysing data on a company’s environmental or social impact when preparing an integrated or a sustainability report can make managers aware of the need for change and cause them to focus on more than just financial performance (Gallhofer et al. 2015; Atkins et al. 2018). In turn, the conventional accounting model can be modified to inform stakeholders of pressing environmental or social issues, promote social activism and encourage companies to change their behaviour out of a genuine commitment to sustainability (see, for example, Atkins et al. 2016, 2018; Jonäll and Rimmel 2016).

The extent to which assurance can aid the sustainable development project has not been explicitly considered. What is known is that assurance can add to the credibility of CSR disclosures (Simnett et al. 2009; Cho et al. 2014); identify weaknesses in processes and controls (Park and Brorson 2005; Maroun 2017); promote active involvement of and coordination with key stakeholders (Morimoto et al. 2005) and assist with refining sustainability policies (Gillet 2012; GRI 2013). This is especially true if the assurance provider, working with key stakeholders, is able to raise ‘the critical consciousness of [CSR reporting] rather than accepting information in a passive, unquestioning manner’ (Edgley et al. 2010, p. 554). In other words, the attestation of CSR information could amplify the change potential of different types of CSR reporting. This is grounded in the fact that auditing can highlight deficiencies in reporting and operating practices, paving the way for managers to be held accountable and remedial action to be taken (O’Dwyer and Owen 2005). As explained by Power (1997a, p. 124), assurance has the ability to ‘enlighten, inform, and enable criticism and substantive change’.

There are, of course, limitations. The veracity of the verification process required before CSR assurance is able to drive organisational change may be prohibitively expensive (Gillet 2012). Even when independent assurance is provided, it is possible that different perspectives on sustainability performance



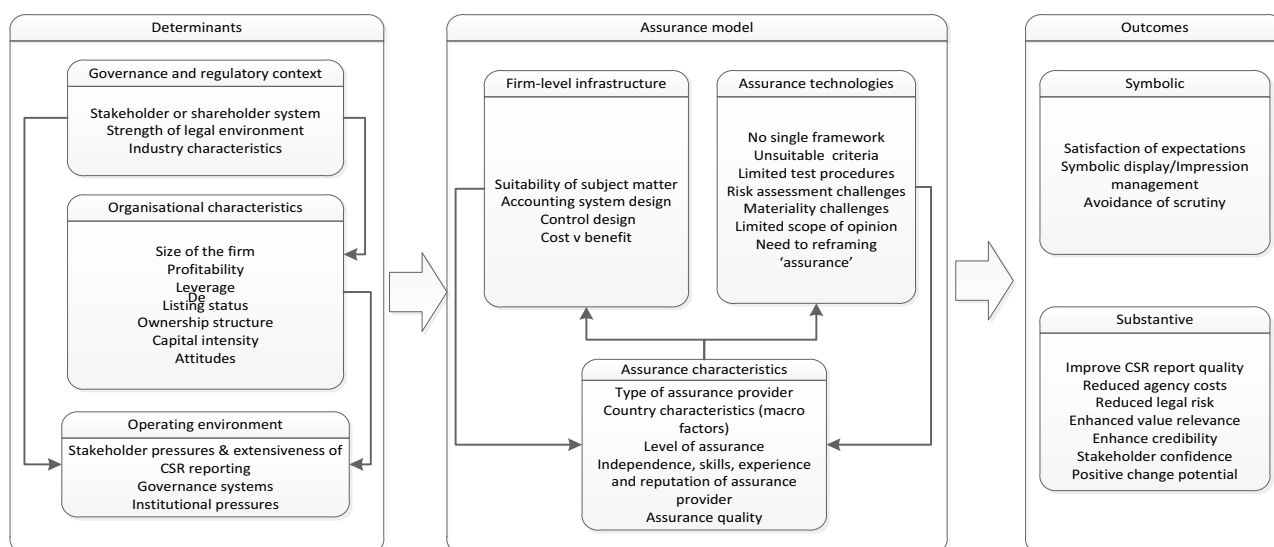


Fig. 1 CSR assurance model

and the inter-disciplinary skills required to assess performance are subordinated by an audit process which is inherently restricted by a financial capital logic (see Power 1997b; O'Dwyer and Owen 2005). In addition, assurance cannot substitute for the absence of a holistic approach to business management or a disconnect between the data accumulated for the corporate report and the real state of sustainability performance (see Park and Brorson 2005; Gillet 2012). Where independent assurance is not coupled with a genuine commitment to sustainable development, the attest function becomes symbolic (Ball et al. 2000; Gray 2000). The aim is not to promote positive change but to acquiesce to societal expectations for at least some CSR information to be independently assured (Power 1997b). As explained by Ball et al. (2000, p. 2) 'it would appear that organizational legitimacy is sustained by the very fact of being seen to be audited, rather than there being any real substance to the audit process itself'. Where this is the case, assurance no longer functions as a mechanism of accountability. From the perspective of the assurance provider, it becomes another professional service used to expand jurisdictional claims and revenue bases (Dillard 2011; O'Dwyer et al. 2011). In the eye of the assured, it is a means for managers seeking to negate the need for proactive monitoring and review on the basis that the CSR information is independently verified (see Power 1994) and manage key risks imposed by various stakeholders who need to be controlled. (O'Dwyer and Owen 2005, p. 226).

## Summary, Discussion and Areas for Future Research

This paper examines the growing body of research dealing with emergence and development of CSR assurance practice and its impact. Drawing on the approach used by Alrazi et al. (2015) and De Villiers et al. (2017) to frame the drivers and consequences of environmental and integrated reporting respectively, this research presents CSR assurance according to its determinants, the nature of existing assurance models and the outcomes of assurance. The model is presented in Fig. 1.

Determinants are drawn from the largely positivist research which examines factors which are associated with or influence the decision to have CSR information independently assured. At the macro-level, three key determinants are identified: a stakeholder- or shareholder-centric national governance system; the strength of the legal protection accorded to investors and the environmental and social impact of the industry in which an organisation is located (Simnett et al. 2009; Kolk and Perego 2010; Herda et al. 2014). Collectively, these factors give an indication of the extent to which social and environmental performance are scrutinised by stakeholders and, depending on the influence of these stakeholders on an organisation, the

use of CSR assurance to demonstrate the reliability of sustainability or integrated reports.

For example, in a stakeholder-orientated environment, constituents (other than providers of financial capital) have a legitimate interest in an organisation's operations and a valid basis for demanding sound social and environmental management. Companies react by preparing sustainability reports to satisfy their information needs and use CSR assurance to signal the credibility of these reports (Simnett et al. 2009; Hahn and Kühnen 2013). This is especially the case for industries with a high social or environmental impact or when the legal system alone is not sufficient to ensure stakeholder confidence in the reporting process.

Organisational characteristics include specific company features which may predict the demand for CSR assurance. For example, on average, there is a positive association between firm size, profitability and leverage and use of CSR assurance (see, for example, Perego 2009; Zorio et al. 2013; Branco et al. 2014). These variables may be good indicators of the relationship between the size of an organisation, the complexity of its business model; the magnitude of its sustainability impact and the number of stakeholders (including regulators) monitoring sustainability performance. All of this will encourage the preparation of high-quality sustainability reports and the use of CSR assurance to attest to their accuracy and completeness (consider Cho et al. 2014; Alrazi et al. 2015; De Villiers et al. 2016). This is especially the case when mature corporate governance systems are in place and when sustainability is seen as a strategic issue, rather than as a compliance exercise (see Cheng et al. 2015; Kend 2015). Some companies understand that social and environmental issues can have a material impact on risk assessment, strategy development and the management of the business model (Adams et al. 2016). For these firms, the importance of CSR assurance for producing high-quality sustainability or integrated reports for the benefit of stakeholders' is amplified. In addition, CSR assurance is important for ensuring the integrity of environmental and social data being used to inform management decisions.

The third set of determinants deals with a firm's operating context. In a stakeholder-orientated system, the demand for more comprehensive reporting on an organisation's performance drives an increase in the extent of CSR reporting (see, for example, Patten 2002; Deegan and Blomquist 2006; Hahn and Kühnen 2013; Alrazi et al. 2015). This necessitates the use of CSR assurance as part of a broad monitoring and review system designed to ensure the integrity and reliability of the reporting process. This is especially the case when codes of best practice and the legal system vest responsibility for the integrated or sustainability report with those charged with governance and allow them to be held accountable for sub-standard reporting. In this way, even though CSR assurance is not a statutory requirement,

there may be subtle (but material) coercive pressures which account for the growing demand for independent assurance services. These are amplified by normative and mimetic isomorphic forces caused by the professionalization (and institutionalisation) of sustainability and integrated reporting practice (see De Villiers and Alexander 2014; Higgins et al. 2014) and the prolific use of independent assurance by some of the world's most prominent organisations (see Junior et al. 2014; KPMG 2017).

Finally, Fig. 1 shows that there is an interaction among the three levels of determinants. While not made explicit by the prior research, the national governance and regulatory structure gives an overall indication of a jurisdiction's appreciation of stakeholders' rights and its commitment to CSR reporting. This sets the context for framing the benefits of CSR assurance and assessing whether or not these exceed the cost of assurance. As a result, the extent to which firm characteristics can be used to predict the demand for CSR assurance should be interpreted in a way mindful of a jurisdiction's attitude to the broader sustainability project. Similarly, the operation of coercive, normative and mimetic pressures (which the assurance model uses to define a firm's operating context) assume sustainability reporting matters in the jurisdiction in which the organisation operates.

If a company decides to have its CSR disclosures assured, the operation of the assurance model becomes relevant. Most of the prior research deals with characteristics of the assurance service.

Research on the choice of the assurance provider has generated mixed results. There is some indication that consultants (such as environmental experts or engineers) 'tend to focus much more on the issues of completeness, fairness and overall balance within their opinion statements' than professional accountants (O'Dwyer and Owen 2005, p. 225, 2007). Others argue that large accounting firms have more resources at their disposal, multi-disciplinary audit teams and the benefit of extensive professional reputation explaining why they hold most of the market share for CSR assurance in several jurisdictions (see, for example, Ackers 2009; Mock et al. 2013; KPMG 2017). Overall, conflicting findings suggest that the primary consideration is whether or not to have CSR information assured (Simnett et al. 2009) and if the assurance provided is of a sufficiently high quality (Green et al. 2017).

Assessing assurance quality is subjective and may be affected by the perceived standing of professional accountants and consultant assurance providers (Pflugrath et al. 2011). The provision of either a positive (high assurance) or negative (moderate assurance) opinion is not necessarily an indicator of the perceived quality of the assurance engagement or the reliability of the opinion provided (Hodge et al. 2009; Herda et al. 2014). This may be because of a lack of understanding by non-expert users. The technical

similarities of both types of engagements and inherent weaknesses in assurance practices may also be relevant. These include, for example:

- An inward-focused approach to assurance which emphasising verification of data, compliance with frameworks and operation of controls instead of the quality of the disclosures and usefulness of the CSR disclosures for stakeholders (see, for example, Ball et al. 2000; Dando and Swift 2003; O'Dwyer and Owen 2007).
- Insufficient testing of the completeness and reliability of integrated or sustainability reports (Adams and Evans 2004; Maroun and Atkins 2015)
- Concerns about the addressee of the assurance reports and the level of detail provided on the nature, timing and extent of work performed (Ball et al. 2000; Deegan et al. 2006a&b; O'Dwyer and Owen 2007; Gillet 2012).
- Whether or not assurance providers are independent of their clients and have the necessary skills to test CSR information adequately (Gillet 2012; Manetti and Toccafondi 2012)

Limitations in existing assurance services should also be interpreted in the context of the suitability of the subject matter of CSR assurance engagements, the available criteria and current attest methodologies (Wallage 2000; Maroun 2018). The integrated reporting framework, GRI and other guidelines are interpreted and applied differently by organisations with the result that the content and structure of their integrated and sustainability reports vary considerably (De Villiers et al. 2014). In addition, management controls, reporting systems and charts of account are not as developed as those in place to support financial accounting (Dillard 2011; IIRC 2015). As a result, the subject matter of CSR assurance engagements is difficult to define and these are often limited to specific disclosures found in the integrated or sustainability report (Wallage 2000; Maroun and Atkins 2015). Suitability of criteria compounds the challenge of providing an opinion on the fair presentation of these reports as a whole. Guidelines dealing with sustainability reporting and performance do not provide sufficiently structured details on what constitutes an accurate or complete account of sustainable business practice. In addition, most of the test procedures used to collect and analyse data are inherently quantitative and not suitable for evaluating subjective, qualitative or forward-looking information which accounts for the majority of the disclosures in an integrated or sustainability report (see Dando and Swift 2003; Cohen and Simnett 2015; Simnett and Huggins 2015; Maroun 2017).

Overall, these challenges mean that the drivers of CSR assurance are constrained by the characteristics of current assurance services, firm-level infrastructure and existing assurance technologies. The growing demand for CSR

assurance has given rise to an increase in the number of assurance opinions on specific aspects or elements of an integrated or sustainability report (KPMG 2017) but there are no examples of a formal opinion on the extent to which these reports give a true and fair view of long-term sustainability which is what stakeholders would find most useful. The outcomes of CSR assurance are more modest.

Independent assurance can be used to identify weaknesses in CSR disclosures and reporting systems leading to a better quality sustainability or integrated report. It can also assist those charged with governance to meet their responsibilities for ensuring the integrity of their reports, hold managers accountable for poor quality reports and mitigate legal risk because of inaccurate reporting (Beets and Souther 1999; Gillet 2012; GRI 2013; IOD 2016). In this way, the relationship between reduced information asymmetry, agency cost and external assurance in a financial accounting setting can be applied, by analogy, to CSR reporting. An added benefit is the use of external assurance to signal the credibility of the CSR report, bolster stakeholder confidence and add to the value-relevance of CSR disclosures (Simnett et al. 2009; Cho et al. 2014; Cheng et al. 2015). If planned and executed correctly, assurance can help to amplify the change potential of sustainability or integrated reporting by identifying weaknesses in policy and practice and serving as a mechanism of accountability (consider: Power, 1997; Park and Brorson 2005; GRI 2013). The converse is also true.

External assurors can be engaged as a means of acquiescing to stakeholders' expectations for at least some independent verification of CSR assurance and securing legitimacy by relying on the good faith assumption that, because parts of the integrated or sustainability reports are assured, the company is a responsible corporate citizen. Paradoxically, where this type of impression management is employed, assurance constrains stakeholder enquiry and activism rather than driving accountability and transparency.

The model outlined in Fig. 1 makes an important contribution by aggregating the growing body of research on CSR assurance and providing a framework for explaining the drivers of the demand for attest services, how the current assurance environment enables or constrains assurance of CSR reports and the outcomes of the assurance process. The model is also useful for identifying avenues for future research.

At the determinants and outcome levels, more needs to be done to understand the relationship between a company's corporate governance system, the way in which assurance is used to add to the credibility of corporate reports and exactly why stakeholders place their faith in these assurance practices (Kend 2015). This can included quantitative analysis to isolate important corporate governance features but should be complemented by more detailed exploratory work to understand exactly how assurance is being

understood and applied as part of the broader corporate governance framework and interpreted by different types of stakeholders (see IIRC 2015; IOD 2016). Related closely to this is the relevance of management's attitude to corporate governance and the sustainability project for the decision to have CSR information assured. For example, why is it that some companies choose to resist changes to the corporate reporting environment while others embrace the opportunity for change? Similarly, if stakeholder pressure is driving the demand for assurance, how are companies able to avoid having their CSR disclosures assured without a loss of credibility (see, for example, Tremblay and Gendron 2011; Stubbs and Higgins 2014; van Zijl and Maroun 2017)?

The link between governance, attitudes and assurance may also have to take into account the relevance of CSR information and the relative power of stakeholders. For example, the prior research has not considered differences in the perceived importance of CSR disclosures in different jurisdictions and how this explains variations in the extent of CSR assurance. Most of the value-relevance research is also framed from the perspective of investors (Parker 2005). We know little about the type of social and environmental information which other stakeholders are using; how they engage companies on these disclosures and the exact extent to which they can influence organisational behaviour. This highlights the need for theoretical and methodological eclecticism (Llewelyn 1996). Most of the prior CSR assurance research is grounded in a positivist philosophy using signalling and stakeholder theory as a frame of reference (see, for example, Simnett et al. 2009; Cho et al. 2014). If the relevance of, for example, political economy, impression management, actor network relationships and power-control dynamics are considered in more detail, new perspectives might emerge on the interaction between assurance, expectations of different stakeholders and the development of sustainability and integrated reporting in general (see Gray et al. 1995a; Parker 2005).

Finally, there is a need for additional research on the CSR assurance model. The prior research has focused almost exclusively on inferential testing of assurance practice. Examples include reviews of differences in the title, wording and detail provided in assurance opinions (Deegan et al. 2006b; O'Dwyer and Owen 2007) and testing for variations in choice of assurance provider according to size of firm or jurisdiction (Herda et al. 2014). Few studies engage preparers or stakeholders on their views on the choice of assurance provider and relevance of the assurance services (see IIRC 2015; Green et al. 2017) outside of controlled/experimental settings (see Hodge et al. 2009; Cheng et al. 2015). More fieldwork studies are needed to understand exactly how CSR disclosures are being tested, the challenges being encountered and threats to the quality of these engagements. Exploratory research drawing on primary evidence

from preparers, assurers, regulators and other stakeholders is also needed to form a view on the adequacy of the scope of assurance being provided and the extent to which assurance opinions are being used. Perhaps most urgent is the need to develop an assurance model which can be applied in practical terms in an integrated or sustainability reporting context. Existing professional standards are criticised extensively for not enabling the comprehensive assurance of CSR performance in a manner which benefits stakeholders rather than managers (for example: Ball et al. 2000; Adams and Evans 2004; O'Dwyer and Owen 2005; Deegan et al. 2006a). Overcoming this limitation will require bold and original research which is theoretically grounded *and* practically relevant.

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## Compliance with Ethical Standards

**Conflicts of interest** There are no conflicts of interest to declare.

**Ethical Approval** This article does not contain any studies with human participants or animals performed by any of the authors.

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