UNIVERSITÀ DEGLI STUDI FIRENZE

FLORE
Repository istituzionale dell'Università degli Studi di Firenze

The role of stakeholders in sustainability reporting assurance

Questa è la Versione finale referata (Post print/Accepted manuscript) della seguente pubblicazione:

Original Citation:
The role of stakeholders in sustainability reporting assurance / G.Manetti; S.Toccafondi. - In: JOURNAL OF BUSINESS ETHICS. - ISSN 0167-4544. - STAMPA. - 107:(2012), pp. 363-377. [10.1007/s10551-011-1044-1]

Availability:
This version is available at: 2158/497472 since: 2015-09-17T13:40:30Z

Published version:
DOI: 10.1007/s10551-011-1044-1

Terms of use:
Open Access
La pubblicazione è resa disponibile sotto le norme e i termini della licenza di deposito, secondo quanto stabilito dalla Policy per l'accesso aperto dell'Università degli Studi di Firenze (https://www.sba.unifi.it/upload/policy-oa-2016-1.pdf)

Publisher copyright claim:

(Article begins on next page)

12 October 2024

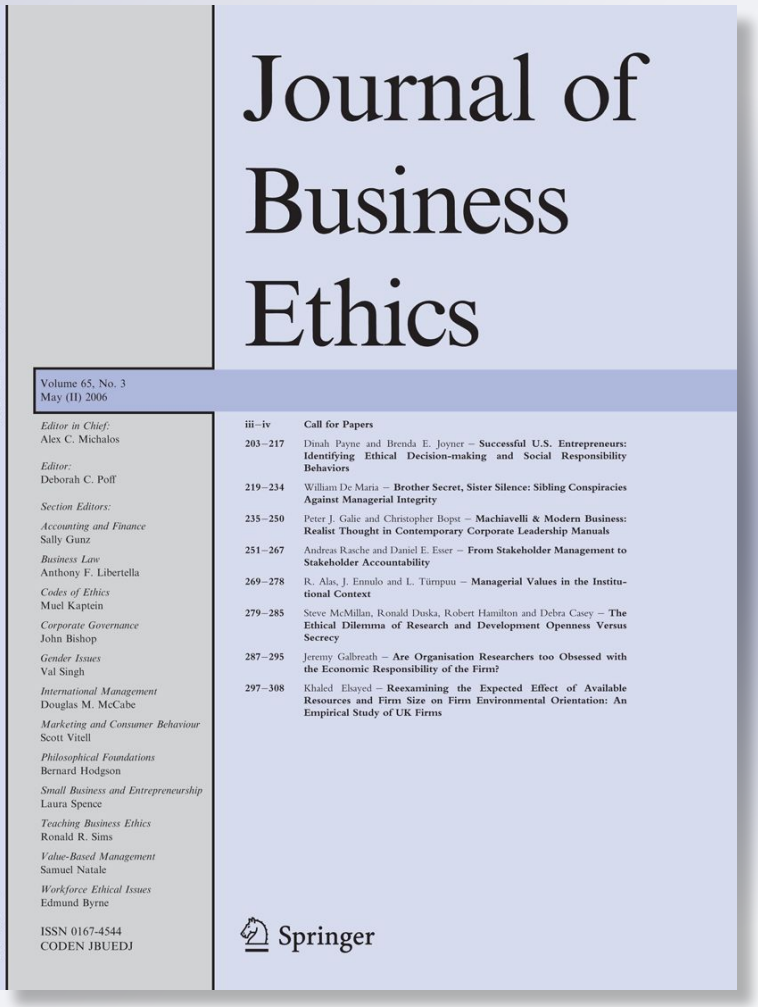
The Role of Stakeholders in Sustainability Reporting Assurance

Giacomo Manetti & Simone Toccafondi

Journal of Business Ethics

ISSN 0167-4544
Volume 107
Number 3

J Bus Ethics (2012) 107:363-377
DOI 10.1007/s10551-011-1044-1



Journal of Business Ethics

Volume 65, No. 3
May (II) 2006

Editor in Chief:
Alex C. Michalos

Editor:
Deborah C. Poff

Section Editors:

Accounting and Finance
Sally Gunz

Business Law
Anthony F. Libertella

Codes of Ethics
Muel Kaptein

Corporate Governance
John Bishop

Gender Issues
Val Singh

International Management
Douglas M. McCabe

Marketing and Consumer Behaviour
Scott Vitell

Philosophical Foundations
Bernard Hodgson

Small Business and Entrepreneurship
Laura Spence

Teaching Business Ethics
Ronald R. Sims

Value-Based Management
Samuel Natale

Workforce Ethical Issues
Edmund Byrne

ISSN 0167-4544
CODEN JBUEDJ

iii–iv Call for Papers

203–217 Dinah Payne and Brenda E. Joyner – **Successful U.S. Entrepreneurs: Identifying Ethical Decision-making and Social Responsibility Behaviors**

219–234 William De Maria – **Brother Secret, Sister Silence: Sibling Conspiracies Against Managerial Integrity**

235–250 Peter J. Galie and Christopher Bopst – **Machiavelli & Modern Business: Realist Thought in Contemporary Corporate Leadership Manuals**

251–267 Andreas Rasche and Daniel E. Esser – **From Stakeholder Management to Stakeholder Accountability**

269–278 R. Alas, J. Ennulo and L. Türnpuu – **Managerial Values in the Institutional Context**

279–285 Steve McMillan, Ronald Duska, Robert Hamilton and Debra Casey – **The Ethical Dilemma of Research and Development Openness Versus Secrecy**

287–295 Jeremy Galbreath – **Are Organisation Researchers too Obsessed with the Economic Responsibility of the Firm?**

297–308 Khaled Elsayed – **Reexamining the Expected Effect of Available Resources and Firm Size on Firm Environmental Orientation: An Empirical Study of UK Firms**

Springer

Springer

Your article is protected by copyright and all rights are held exclusively by Springer Science+Business Media B.V.. This e-offprint is for personal use only and shall not be self-archived in electronic repositories. If you wish to self-archive your work, please use the accepted author's version for posting to your own website or your institution's repository. You may further deposit the accepted author's version on a funder's repository at a funder's request, provided it is not made publicly available until 12 months after publication.

Springer

Author's personal copy

J Bus Ethics (2012) 107:363–377
DOI 10.1007/s10551-011-1044-1

The Role of Stakeholders in Sustainability Reporting Assurance

Giacomo Manetti · Simone Toccafondi

Received: 11 April 2011 / Accepted: 7 September 2011 / Published online: 4 October 2011
© Springer Science+Business Media B.V. 2011

Abstract The main purpose of this exploratory analysis is to understand whether, based on evidence gathered from international best practices selected among corporations which adopt the Global Reporting Initiative guidelines in sustainability reporting (SR), stakeholders are significantly consulted and involved—as international literature would indicate—by assurance providers, during assurance processes of SR. We aim at verifying if this practice—known as stakeholder assurance—is in fact widespread in SR assurance by carrying out empirical research, through content analysis, into a sample of 161 assurance statements of international corporations, in order to test characteristics of any stakeholder assurance implemented.

Keywords Assurance · Content Analysis · Global reporting initiative · Stakeholder engagement · Sustainability reporting

Giacomo Manetti (PhD) is Assistant Professor in Financial Accounting. Simone Toccafondi is PhD student in Planning and Control at the University of Florence. Although the article is the result of a team effort, Giacomo Manetti can be considered the author of sections "Introduction", "Stakeholder Assurance", "Method" and "Conclusions" and Simone Toccafondi the author of section "Results". Section "Discussion" has been written by both authors.

G. Manetti (✉) · S. Toccafondi
Department of Business Administration, University of Florence, Via delle Pandette, 9, 50127 Florence, Italy
e-mail: giacomo.manetti@unifi.it

S. Toccafondi
e-mail: simone.toccafondi@unifi.it

Abbreviations

AAPs	Accountant assurance providers
CAPs	consultant assurance providers
SR	Sustainability reporting

Introduction

Sustainability reporting (SR, for short) for the past two decades has represented an authentic 'frontier' of accounting studies (Gray, 2000). More recently, it has entered an extremely prolific phase of literature contribution (Gray and Collison 2002; O'Dwyer and Owen 2005; O'Dwyer and Owen 2007; Owen and Cooper 2007) and of trials in organizations (ACCA 2004a, b; Fédération des Experts Comptables Européens (FEE) 2004; Kpmg 2008). In particular, in 2007, ~80% of the world's largest corporations published some form of social or environmental report, distinct from their financial report (Kpmg 2008). In parallel, there has been a progressive increase of interest in assuring the information contained in the sustainability reports, through external and independent assurance providers (Ball et al. 2000; Craswell et al. 2002; FEE 2002). Recent studies have shown that about 40% of sustainability reports by larger corporations on an international level contain a concluding assurance statement by a third party (Kpmg 2008; Kolk and Perego 2010; Smith et al. 2011).

Assurance is perceived as a fundamental element in assuring the credibility and reliability of SR (Edgley et al. 2010; Zadek and Raynard 2004) in the same way as external auditing is done for financial reporting (Simnett et al. 2009). Organizations, too, tend to recognize the growing role of assurance as an instrument for creating added value, both from an organization communications viewpoint, and for improving internal learning and growth

Author's personal copy

processes (Deegan et al. 2006a). This, however, takes place in a dynamic and changing context, where SR and SR assurance models and tools are constantly changing, according to organizational needs and indications from practice and from experts (Edgley et al. 2010).

Moreover, currently at international level, SR and SR assurance—with rare exceptions—are voluntary processes whose costs are generally borne by the assured corporation and that are carried out based on standards and guidelines that are totally discretionary for corporations (Manetti and Becatti 2009). Primarily, these assurance services standards and guidelines have been drawn up by private not-for-profit organizations (e.g., AccountAbility 2008), by international accounting organizations (e.g., *Fédération des Experts Comptables Européens*-FEE, *International Auditing and Assurance Standard Board*-IAASB of the International Federation of Accountants-IFAC) or by national bodies, both from the accounting sector (e.g. IDW in Germany, Royal NIVRA in Holland, FAR in Sweden) and mixed or heterogeneous (e.g. GBS in Italy).

These guidelines and standards vary considerably as to scope and content. The International Standard on Assurance Engagement 3000 (ISAE 3000) of the International Auditing and Assurance Standards Board (IAASB) (2004) is the point of reference for accountant assurance providers (AAPs), including the four largest audit firms globally (the 'Big Four'). This standard pays particular attention to traditional accounting aspects, such as:

- determining the level of assurance of controls carried out which, depending on the type of information verified, can be 'reasonable' or 'limited'. Here, recent empirical research shows how AAPs tend to indicate a limited level, or a combination of limited and reasonable SR assurance reliability, because they recognize an intrinsic difficulty in the process of SR control. This complexity is due to the mix of qualitative and quantitative information, which can be subjectively interpreted, in the assured documentation (Hasan et al. 2005);
- the possibility of working with an interdisciplinary team of experts coordinated by the assuror;
- type of controls implemented (substantive and control tests, analytical procedures);
- the evaluation of audit (residual) risk (possibility of report being materially misstated after the assurance service is completed and an unqualified opinion is issued), as a consequence of its various components (inherent risk, control risk, and detection risk) (Messier et. al. 2010);
- guidelines or standards followed in reporting;
- form and contents of assurance statement.

ISAE 3000 is strongly oriented toward formal auditing aspects, in order to safeguard assurance providers in managing the risks of their profession (International Auditing and Assurance Standards Board (IAASB) 2004; O'Dwyer and Owen 2007) and to limit the intended users' expectation gap. In this perspective, the level of assurance declared in the assurance statement is particularly important. Factors determining higher or lower reliability of controls (Hasan et al. 2005; International Federation of Accountants (IFAC) 2002) are:

- use of selective tests;
- limitations of internal control systems;
- indicative or conclusive nature of the elements assembled by the assurance provider;
- considerable discretion exercised in collecting indicative elements and in drawing conclusions based on verified evidence;
- intrinsic nature of the subject matter.

With reference to the last point, SR is a particularly complex subject of investigation that combines quantitative-type information with entirely qualitative elements and that, above all, implies a process that is difficult to formalize: mapping and involvement of stakeholders, embedding of their opinions and so on. It will never be possible to guarantee highly reliable verification.

These are the main reasons why many assurance providers exclude reasonable assurance for SR and strongly prefer limited assurance, or, at most, foresee a combination of reasonable assurance for some parts that are more objectively verifiable (e.g. financial indicators) and limited assurance for others more complicated to verify (e.g. the social impact of the activities).

Other standards, by contrast, place more attention on the audit process. In particular, AccountAbility's AA1000 Assurance Standard (AA1000 AS) directs the audit process toward stakeholder interests (AccountAbility 2008; O'Dwyer and Owen 2007).

On this point, studies have noted that the diversity of perspectives is connected with the various policies of accountability, which, in turn, depend on the "complex networks of exchanges, collaboration, deliberation and confrontation" (Néron 2010, p. 342).

The plurality of SR assurance guidelines, in this sense, implies that assurors often use a combination of heterogeneous operating instruments, mixing together guidelines and standards of divers origin that are sometimes mutually conflicting (CorporateRegister.com 2008, p. 13; O'Dwyer and Owen 2007). Furthermore, this heterogeneity derives from notable differences in types of assurance provider, ascribable to the two macro-categories of AAPs and consultant assurance providers (CAP) (Deegan et al. 2006a; Edgley et al. 2010; O'Dwyer and Owen 2005). The first category can be clearly identified as individuals or bodies qualified to carry out external auditing of enterprises and

Author's personal copy

non-profit organizations who follow IFAC assurance methods and practices. The second includes a wide range of subjects: certification bodies, NGOs, professional individuals or opinion leaders, trade associations and even academic institutions (CorporateRegister.com 2008). In this second category, assurance providers do not necessarily use IFAC standards—in fact, they tend to place more emphasis on the process aspect of auditing. Indeed, SR's complex and heterogeneous nature requires input from experts in many different fields: from accounting, to elaborate economic and financial data, from management, to elaborate industrial plans and systems for corporate risk and economic, social, and environmental responsibility management. Chemical and engineering expertise is necessary to verify environmental data reported, labor law, for industrial relations—and NGOs for production facilities located in developing countries (Scalet and Kelly 2010; Waddock 2008). In this context, even consultation of the external experts by the assurance provider, who takes full responsibility for final opinions, does not necessarily add credibility to SR and SR assurance. In fact, intended users might express their skepticism regarding the sincerity and effectiveness of engagement, the contents, the extent of evaluation, the significance of the assuror's conclusions or the conflict of interest deriving from the commercial relation of the latter with the organization (Deegan et al. 2006a, p. 368).

All in all, SR assurance would seem to be a complex professional practice still in the embryonic phase, involving a multitude of subjects claiming to be assurors in order to pursue their own business, professional or ideological interests, without any real guarantee as to the reliability of evaluation carried out (Jones and Solomon 2010; Kolk and Perego 2010).

In the light of the above, this study intends to see whether, based on evidence gathered from SR best practices worldwide, stakeholders are effectively consulted to a greater degree by assurance providers during the assurance process, compared with previous surveys (O'Dwyer and Owen 2007; Edgley et al. 2010). These studies suggested that stakeholders are being increasingly included in the assurance process as it matures. Their authors also maintained that SR assurance is beginning to provide dual-pronged benefits, adding value to management and stakeholders simultaneously and displaying some characteristics of a dialogical process, being stakeholder inclusive, demythologising and transformative, with assurors perceiving themselves as a 'voice' for stakeholders. Consequently, in their opinion, SR assurance is becoming an important mechanism for driving forward more stakeholder-inclusive SR.

We aim at verifying if this practice—known as stakeholder assurance—is in fact widespread in SR assurance.

In the sections that follow:

- we shall analyze reference literature on stakeholder assurance, with particular comments on empirical evidence gathered so far;
- we shall carry out an empirical analysis on a sample of assurance statements from SR best practices worldwide, in order to identify the type of assuror and the nature of any stakeholder assurance carried out;
- we shall discuss the main results of the survey;
- we shall draw research conclusions.

Stakeholder Assurance

In recent years, the literature has given clear indications regarding the need to increase stakeholder involvement and participation in SR processes. Primarily, it has been noted that the quality of SR is closely tied to that of stakeholder engagement carried out, whether before or during drawing up of the report (Thomson and Bebbington 2005, p. 17).

Moreover, experts have supported the thesis that greater stakeholder involvement in SR and SR assurance processes can bring significant benefits to corporations, because of increased credibility of reporting and a greater ability to interact, during decision-making processes, with the outside environment and the internal organization structure (Gray 2000; Owen et al. 2000, 2001).

To overcome SR assurance credibility and reliability limits, it is necessary to reinforce mechanisms of stakeholder engagement, during both the SR and the SR assurance processes, in order to guarantee the materiality and relevance of information disclosed in the reports and assurance statements (Bebbington et al. 2007).

As is known, stakeholder engagement can be distinguished from stakeholder management, which is the mere management of expectations of parties involved designed to mitigate the various interests at stake. In the former, businesses involve stakeholders in decision-making processes, including them in the organization's management, sharing information, using dialog, and creating a reciprocal model of responsibility (Svendsen 1998; Waddock 2002). Stakeholder engagement, in other words, contemplates—as opposed to mere reconciliation—mutual commitment toward solving issues that might arise in relations between the corporation and its general and specific environment. Stakeholder engagement is therefore a process that "creates a dynamic context of interaction, mutual respect, dialog and change, not a unilateral management of stakeholders" (Andriof et al. 2002, 9 a.tr.).

According to Phillips, stakeholder engagement is a process with mutual benefits for corporations and stakeholders, which draws on a cooperative scheme called a "mutually beneficial and just scheme of cooperation" (Phillips 1997, p. 54) that in turn is based on the idea of 'social contract' (Rawls 1971). In this perspective,

Author's personal copy

relations between stakeholders and corporations are based on the principles of reciprocity, interdependence and power (Andriof and Waddock 2002, p. 19) according to a network model that interprets the relationship as two-way rather then one-way (Rowley 1997). Stakeholders are, in particular, participants in business management through the submission of questions and issues deemed important that generate positive or negative impact on corporations, influencing managerial decisions. (Prado-Lorenzo et al. 2009). Their main responsibility is therefore, in addition to supplying information requested in collaborating with management, to avoid formulating issues that might cause unintended negative externalities on the corporation, other organizations or local communities (Andriof et al. 2002, p. 15; Wicks and Goodstein 2009; Windsor 2002, p. 138).

In particular, in SR stakeholders are involved in identifying the data and information that the organization should publish in sustainability reports, in accordance with principles of transparency, materiality and relevance of external reporting (Manetti 2011). Vice versa, in SR assurance, stakeholders have a supervisory and watchdog role, since they contribute toward checking information contained in the document as explicitly requested by the assurance provider, who acts as collector and guarantor of the process.

In the light of the above, the effectiveness and the intensity of stakeholder engagement in assurance services represent fundamental conditions for guaranteeing fairness and quality in the whole process. In this regard, it is important to recall that all the categories of stakeholders (internal and external) are crucial and should be involved, but this does not prevent a corporation from explicitly declaring an order of priority in the engagement between the different categories. On this point, Mitchell et al. (1997) argue that the salience of stakeholders (or the degree to which their arguments were perceived to count) depended upon the stakeholder possessing three attributes: power, legitimacy and urgency. In other words, it is not compulsory or necessary to consider all the groups at the same level of relevance and importance, because of the different role and importance of each category in each organization. In this case, however, corporations should declare the motivations of different levels of relevance and, subsequently, engagement among the categories.

Empirical evidence found so far, however, seems to demonstrate an insufficient level of stakeholder engagement in the assurance processes. Primarily, O'Dwyer and Owen (2005), in their enquiry into a sample of assurance statements, raised many doubts on the intention of assurance providers to involve stakeholders in the assurance processes. In fact, studies have underlined how SR and SR assurance processes are strongly conditioned by self-referential and self-protecting mechanisms of management (Owen et al. 2000; O'Dwyer 2001) and of assurors (Adams and Evans 2004; Belal 2002; Gray 2001; Gray and Milne 2002; Owen et al. 2000). On the one hand, there is the risk that managers assume a dominant position in reporting and auditing processes (managerial capture), giving an inward looking picture of internal and external organizational performance. On the other, there is often excessive professionalization of the process by the assurance provider who tends to safeguard his own interests (whether economic, or in reducing audit risks), to the detriment of those of company stakeholders (professional capture) (Power 1991, 1997a, b). These forces of 'capture' tend to favor information requirements of managers and assurors in the SR and SR assurance processes, to the detriment of impartial organizational accountability and the true interests of stakeholders. Furthermore, management and professional capture contribute toward reducing the clarity and transparency of assurance statements, with negative impact on accountability and disclosure mechanisms (Deegan et al. 2006a, b).

On the contrary, processes of 'dialogic' interaction can be undertaken with stakeholders, by communicating with and involving the various categories (Thomson and Bebbington 2005), as long as managers are willing to actually make disclosures in the interests of public utility. In this case, assurance providers act from a position that is critical toward their own profession (external protest), generating an assurance process concentrating on the main economic, social and environmental issues of the corporation and actively participating in political debate in the community (Power 1991). A similar example of 'external protest' is given by Smith et al. (2011) in connection with the 'Friends of the Earth' report on Shell's sustainability reports for 2003 and 2004, where the NGO contests information given, citing the opinion of local citizens in communities where the corporation has production sites.

Practice and theory have also shown the need for assurance practices to evolve from a mere check on data and information contained in the report to a more thorough control of the level of stakeholder engagement in SR, as well as of the alignment of corporate strategies with stakeholder expectations, in a climate of mutual commitment (Adams and Evans 2004; Boele and Kemp 2005; Fédération des Experts Comptables Européens (FEE) 2006; O'Dwyer and Owen 2007). In this connection, it is evident that an assurance provider who takes an extreme 'data accuracy approach' is in clear contrast with proactive forms of control based on prevention of corporate risks, as recommended in more recent auditing studies and by the audit firms themselves. On this point, O'Dwyer and Owen (2005) identify a distinct difference in approach and viewpoint between AAPs and CAPs. According to the authors, the AAPs are more cautious, focusing mainly on the consistency of the reported information with underlying data sets. In effect, they conducted a "mere data-checking

Author's personal copy

exercise" (O'Dwyer and Owen, 2005, p. 225). By contrast, the CAPs focused more on completeness, fairness and overall balance within their opinion statements.

Edgley et al. (2010) support the thesis that both categories involve stakeholders in the SR assurance and the process is likely to continue to increase in the future. The authors also suggest that AAPs are far more preoccupied with the contribution of stakeholders to companies' systems of internal control, materiality decisions and management processes, meanwhile CAPs pay more attention to the need for stakeholder inclusivity for the benefit of the stakeholders. In other words, AAPs would favor indirect mechanisms of stakeholder inclusivity in SR assurance, whereas the CAPs would experiment more with direct mechanisms of involvement. Perego (2009), in investigating the choice of a specific assurance provider for SR by corporations, affirms that AAPs, and especially the 'Big Four' audit firms, can guarantee higher levels of quality in the assurance process. They should bring in their experience from providing financial assurance services and have a competitive advantage with respect to the provision of assurance services in general. At the same time, the author affirms that CAPs have better expertise in this specific area, since SR assurance requires knowledge about complex environmental and social processes.

The decision to engage stakeholders in SR assurance is fundamental on three levels:

- firstly, to indicate the report sections and phases of the reporting process to which the assuror should give priority;
- secondly, to indicate if in the report information is missing that is held to be material and relevant (*stakeholder-based materiality*);
- thirdly, to contribute to improving assurance standards—especially if connected with the profession of auditor—by explicitly requesting involvement of interdisciplinary teams of experts and stakeholder representatives coordinated by the assuror (ACCA 2004a, b; Fédération des Experts Comptables Européens (FEE) 2004) as already experimented by some corporations (Park and Brorson 2005).[1]

With reference to the last point, some representative bodies of the accounting profession are making attempts in this direction. Of particular significance is the standard issued by Royal NIVRA in the Netherlands, '3410 N Assurance Engagements relating to sustainability reports', where internal and external stakeholders are explicitly included among intended users of the assurance service (Royal NIVRA 2005a, b). Primarily, the Dutch standard adopts an approach based on consultation and stakeholder interests in defining and evaluating the principles of information materiality and relevance (O'Dwyer and Owen 2007).

Based on the above considerations, this study's aims and relevant purposes—previously illustrated—are verified by means of an empirical analysis of a sample of assurance statements from SR best practices worldwide.

In the presentation of the research results, we will also take into account the particular characteristics of:

- assurance providers, with a distinction between AAPs—particular reference is made to the 'Big Four'—and CAPs;
- assurance statements—reliability level of controls, type of opinion expressed, presence—if any—of interdisciplinary teams of external experts and reference to stakeholder engagement during reporting phase;
- corporations in the chosen sample (sector, dimension, geographical origin, etc).

This study, therefore, intends to ascertain current levels of stakeholder engagement and involvement in assurance processes, by means of a content analysis of a sample of assurance statements.

In our discussion and conclusions, in addition, we shall outline a brief overview of the evolution of SR assurance processes toward increasing stakeholder engagement based on a dialogic (Thomson and Bebbington 2004, 2005) and two-way relationship with the stakeholders. In particular, based on evidence gathered, we shall identify the main obstacles to the progress of this process (including the risks of 'capture' on the part of managers and assurors) and the limits and the possible development of the present study.

Method

A sample was studied of assurance statements related to sustainability reports in English, Spanish or German with the highest level of accordance (A+ GRI checked) to the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (Global Reporting Initiative (GRI) 2006) in the GRI database as of 31st December 2010 and relating to the financial year 2009 (all 2009 reports in the three languages mentioned).

The sustainability reports of the corporations studied (160 in total) were located on each corporation's website.

The selection criterion for corporations sampled had the following motivations:

- selected corporations represent SR best practices at international level;
- reports are comparable, because drawn up using the same guidelines;

[1] Reference is to the cases of Shell, British Telecom, NovoNordisk and Chiquita cited by Park and Brorson (2005).

Author's personal copy

– by limiting ourselves to reports in English, Spanish, and German, based on the linguistic competences of our research team, content analysis could be done with more directly and authoritatively;
– choice of the 'A+ GRI checked' level gave us a series of information particularly helpful in evaluating the quality of voluntary SR contributions.

With reference to the last point, it should be recalled that this level of accordance comprises:

– reporting on all indicators and other numbered elements required by GRI guidelines, including any sector supplements applicable (level A);
– an assurance service by an external independent auditor (marked by '+');
– a formal check of the report contents by GRI (GRI checked).

In addition, all 'A+' level reports contain an assurance statement drawn up by an external independent assurance provider, whether AAP or CAP.

In this regard, GRI does not make recommendations on which assurance provider to choose, nor on which assurance approach to use. It is expected that the reporting organization select the assurance provider on the basis of six key qualities. SR assurance should:

(1) be conducted by groups or individuals external to the organization who are demonstrably competent in both the subject matter and assurance practices;
(2) be implemented in a manner that is systematic, documented, evidence-based, and characterized by defined procedures;
(3) assess whether the report provides a reasonable and balanced presentation of performance, taking into consideration the reliability of the data as well as the respect of materiality and relevance principles;
(4) utilize assurance providers who are not unduly limited by their relationship with the organization or its stakeholders to reach and publish an independent and impartial conclusion on the report;
(5) assess the extent to which the report preparer has applied the GRI guidelines in the course of reaching its conclusions; and
(6) result in an opinion or set of conclusions that is publicly available in written form, and a statement from the assurance provider on their relationship to the report preparer.

The assurance statements are taken from sampled corporations whose characteristics are given in Table 1.

The majority of the companies come from the European Union (60%), are medium or large (64% have over 5,000 employees), are quoted on at least one stock exchange (68%) and operate in the financial services (23%), energy (12%), construction (12%) and utilities (9%) sectors.

Table 1 Sample characteristics

	Quantity	%
Operating sector		
Financial services	37	23.13
Energy	19	11.88
Construction and construction materials	19	11.88
Health	7	4.38
Telecommunications	12	7.50
Logistics	7	4.38
Chemicals	4	2.50
Automotive	2	1.25
Computers and IT	3	1.88
Utilities	15	9.38
Retail	3	1.88
Steel	8	5.00
Other sectors	24	15.00
Total	160	100.00
Geographical origin		
Europe	96	60.00
North America	7	4.38
Latin America	24	15.00
Oceania	6	3.75
Africa	1	0.63
Asia	26	16.25
Total	160	100.00
Dimensions (no. employees)		
0–5,000	57	35.63
5,001–10,000	25	15.63
10,001–30,000	27	16.88
30,001–80,000	28	17.50
over 80,000	23	14.38
Quoted		
Yes	109	68.13
No	51	31.88
Total	160	100.00

The sample was studied to investigate the presence of stakeholder assurance policies and practices, by analyzing the assurance statements contained in each sustainability report.

The method chosen by the research group is content analysis. This is a method widely adopted in corporate disclosure studies (Guthrie et al. 2004) because it allows repeatability and valid inferences from data gathered. According to Krippendorff (2004, p. 3), "content analysis entails a systematic reading of a body of texts, images, and symbolic matter, not necessary from an author's or user's perspective". In this study, we adopt a qualitative approach to content analysis, verifying the presence of some key elements—included in the

Author's personal copy

research questions—with the aim of evaluating the levels and the quality of stakeholder assurance.

Five researchers conducted the analysis: three audit experts, one PhD student and a coordinator (assistant professor). A list of information detection and classification rules was defined by the group for each research question identified. Afterwards, some tests of the coding procedure were conducted to highlight ambiguous or unclear interpretation of coding rules. Three assurance statements from 'A+ GRI Checked' sustainability reports were independently examined by each member of the research group, both for the sample year (2009) and the previous one (2008). The results were compared and differences of interpretation discussed. This resulted in a final set of detection and classification rules for information contained in the documents. Finally, the revised procedure was tested on another assurance statement from a 2008 sustainability report—this time by the whole research group—to align conduct of all research team members. The next step was to divide documents for content analysis among team members (coordinator excepted), dividing the workload according to linguistic skills of each member, considering that documents analyzed were in English (74%), Spanish (24%), and German (2%). The coordinator afterwards compared results obtained by the other four members, checking that there were no ulterior differences of interpretation of research questions.

Results

The research questions and the results of the content analysis are illustrated in Table 2.

The analysis was developed into twelve research questions, which can be grouped into four distinct areas of evaluation:

(1) the professional opinion expressed by the assurance provider;
(2) intrinsic coherence of the assurance statement;
(3) Assuror's cooperation with third parties;
(4) role of stakeholders in the assurance process.

The first two areas, although they are not strictly correlated to the aim of this study, permitted us to identify some significant preliminary issues for successive analysis. In particular, the analysis of the professional opinions expressed by the assurance providers and the intrinsic coherence of the assurance statement allowed us to establish interesting correlations with the assuror's cooperation with third parties, and, above all, with the role of stakeholders in the assurance process.

Data collection was organized in such a way as to highlight incidence of assurance carried out by AAPs or CAPs for each answer to the research questions. This method allowed us to underline any significant correlation between type of response and nature of assurance provider.

A broad majority (about 2/3) of reports were assured by AAPs.

The number of statements analyzed (161) is greater than the number of organizations sampled (160), because in one case, the sustainability report was subject to double assurance—carried out both by an AAP and by a CAP. Given that the priority objective of research is to ascertain the level of stakeholder engagement and involvement in assurance processes, both statements were analyzed and included in results, in their capacity of autonomous processes.

As far as the first research question is concerned (A1), assurance providers give an unqualified opinion, accompanied in the majority of cases (53%) with indications for improvements that are related to possible changes in SR process, in order to increase stakeholder inclusiveness, materiality of information disclosed and responsiveness. In only two statements, the assurance provider disclaimed an opinion on the reports because he was unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the possible effects on the report of that inability were both material and pervasive.

Of the unqualified opinions given, it should be noted that two-thirds of CAPs (37/56) also give indication for improvements, while this phenomenon is less common with AAPs.

With reference to the intrinsic coherence of the assurance statement (research questions B1–B3), we found explicit reference to the aims and limits of the task, to any SR assurance standards adopted and to level of assurance declared. The aims and limits of the task are clearly defined in nearly all cases analyzed (almost 90%), while in 5% of statements they are not totally clear and in about 7% of cases they are not even mentioned. In particular, almost all the AAPs (102/105) clearly define aims and limits of the task, while only the majority of CAPs (39/56) does it clearly. Intended users, therefore, in the majority of cases, have the possibility of verifying the coherence between aims and outcomes of the assurance process.

Only in about 10% of assurance statements—all drawn up by CAPs—was there no explicit reference to the standards used. By contrast, in nearly all statements, the use of one or more reference standards was specified: ISAE 3000 (21%), AA1000 AS (14%), other national or international standards (14%) or a combination of at least two of the standards mentioned (42%). The AAPs were the only ones to use exclusively ISAE 3000, while CAPS showed a preference for AA1000 AS or for other national or international standards. It should, however, be noted that of assurors who claim to adopt more than one reference standard, AAPs are in the majority and the prevailing combination is of ISAE 3000 and AA1000 AS.

Author's personal copy

Table 2 Research questions and results

	Total		Accountant assurance provider		Consultant assurance provider	
	Quantity	%	Quantity	%	Quantity	%
(A) Professional opinion						
A1. Which professional opinion is contained in the assurance statement?						
Unqualified opinion	59	36.65	42	71.19	17	28.81
Qualified opinion	14	8.70	13	92.86	1	7.14
Adverse opinion	0	0.00	0	0.00	0	0.00
Disclaimer of opinion	2	1.24	1	50.00	1	50.00
Unqualified opinion with indications for improvement by assurance provider	86	53.42	49	56.98	37	43.02
Adverse opinion with indications for improvement by assurance provider	0	0.00	0	0.00	0	0.00
Total	161	100.00	105	65.22	56	34.78
(B) Intrinsic coherence of assurance statement						
B1. Aims and limits of mandate are clearly defined in assurance statement?						
Yes	141	87.58	102	72.34	39	27.66
Yes, but not entirely clearly	8	4.97	2	25.00	6	75.00
No	12	7.45	1	8.33	11	91.67
Total	161	100.00	105	65.22	56	34.78
B2. Does the assurance statement refer explicitly to assurance standards of sustainability report?						
Yes, ISAE 3000	34	21.12	34	100.00	0	0.00
Yes, AA1000 Assurance standard	22	13.66	6	27.27	16	72.73
Yes, other (national standards, FEE, etc.)	22	13.66	16	72.73	6	27.27
Yes, to a combination of at least two of the standards mentioned	67	41.61	49	73.13	18	26.87
No	16	9.94	0	0.00	16	100.00
Total	161	100.00	105	65.22	56	34.78
B3. Is the level of assurance clearly stated?						
Yes, as "reasonable"	25	15.53	15	60.00	10	40.00
Yes, as "limited"	74	45.96	64	86.49	10	13.51
Yes, as reasonable for some parts and limited for others	10	6.21	8	80.00	2	20.00
Yes (other level)	20	12.42	9	45.00	11	55.00
Not stated	32	19.88	9	28.13	23	71.88
Total	161	100.00	105	65.22	56	34.78
(C) Cooperation with third parties by assurance providers						
C1. Does the assurance statement contain reference to consultation of third party individuals or bodies coordinated by the assurance provider?						
Yes, specialist experts (e.g. environmental engineer)	11	6.83	8	72.73	3	27.27
Yes, famous faces or opinion leaders	0	0.00	0	0.00	0	0.00
Yes, NGOs, trade associations or unions	6	3.73	1	16.67	5	83.33
Yes, a combination of at least two of individuals/bodies mentioned	3	1.86	1	33.33	2	66.67
Yes, other	5	3.11	2	40.00	3	60.00
No	136	84.47	93	68.38	43	31.62
Total	161	100.00	105	65.22	56	34.78
(D) Stakeholder role in assurance process						
D1. Who are intended users of assurance statement?						
Board directors/executives/CEO/managers	88	54.66	76	86.36	12	13.64
Shareholders	1	0.62	1	100.00	0	0.00
Stakeholders in general	17	10.56	10	58.82	7	41.18
Both directors/executives and stakeholders	11	6.83	8	72.73	3	27.27
Intended users are not specified	44	27.33	10	22.73	34	77.27

Author's personal copy

Table 2 continued

	Total		Accountant assurance provider		Consultant assurance provider	
	Quantity	%	Quantity	%	Quantity	%
Total	161	100.00	105	65.22	56	34.78
D2. Does the assurance statement refer to verification of relevance and materiality principles of information disclosed?						
Yes	65	40.37	39	60.00	26	40.00
No	96	59.63	66	68.75	30	31.25
Total	161	100.00	105	65.22	56	34.78
D3. oes assurance statement mention verification of stakeholder engagement carried out by organization?						
Yes	63	39.13	39	61.90	24	38.10
No	98	60.87	66	67.35	32	32.65
Total	161	100.00	105	65.22	56	34.78
D4. Does assurance statement refer explicitly to stakeholder consultation during verification process by assurance provider? If yes, how?						
Yes, by interviews/one-to-ones	118	73.29	90	76.27	28	23.73
Yes, by phone interviews and one-to-ones	1	0.62	0	0.00	1	100.00
Yes, by questionnaires and one-to-ones	6	3.73	1	16.67	5	83.33
Yes, by electronic consultation (e-mails, website, etc.) and one-to-ones	14	8.70	6	42.86	8	57.14
Yes, generic reference to consultation without any indication of channels used	6	3.73	5	83.33	1	16.67
No reference	16	9.94	3	18.75	13	81.25
Total	161	100.00	105	65.22	56	34.78
D5. If the previous answer is affirmative, which stakeholder categories were consulted by the assurance provider?						
Employees	103	71.03	80	77.67	23	22.33
Clients/customers	0	0.00	0	0.00	0	0.00
Local community	0	0.00	0	0.00	0	0.00
Suppliers	0	0.00	0	0.00	0	0.00
Lenders	0	0.00	0	0.00	0	0.00
Shareholders	1	0.69	1	100.00	0	0.00
Public administration	0	0.00	0	0.00	0	0.00
Employees and undefined external stakeholders	5	3.45	1	20.00	4	80.00
Employees and shareholders	1	0.69	1	100.00	0	0.00
Employees and others	23	15.86	14	60.87	9	39.13
Other	12	8.28	5	41.67	7	58.33
Total	145	100.00	102	70.34	43	29.66
D6. Does assurance statement mention difficulties or problems met in consulting stakeholders during assurance process?						
Yes, difficulties in finding/reaching	2	1.24	1	50.00	1	50.00
Yes, difficulties in identifying significant representatives of categories	0	0.00	0	0.00	0	0.00
No	159	98.76	104	65.41	55	34.59
Total	161	100.00	105	65.22	56	34.78
D7. Does assurance provider refer to any sections of report dedicated to stakeholder opinions on previous report?						
Yes	2	1.24	0	0.00	2	100.00
No	157	97.52	104	66.24	53	33.76
No—first edition of document	2	1.24	1	50.00	1	50.00
Total	161	100.00	105	65.22	56	34.78

As far as regards the type of information controlled, the majority of statements (80%) explicitly state the level of assurance, while in a relative majority of cases (46%), limited assurance is given. Only 15% of statements bear a level of reasonable assurance. The practice of declaring a 'reasonable' level for some parts of the report and 'limited' for others is quite rare (6%), with most of the assurances being done by AAPs. Different terminology for describing level of reliability is found in a few cases (12%), mostly in controls carried out by CAPs.

Author's personal copy

Involvement of third parties in the assurance process (research question C1) was investigated by analyzing any references in the assurance statement to opinions of external individuals or bodies, coordinate by the assurance provider. A vast majority of assurors (74%), both accountants and consultants, did not declare involvement of third parties in SR assurance. Where third parties were found to be involved, consultation was mostly of experts in specific disciplines (7% of cases, mostly by AAPs) and NGOs, trade associations or unions (4% of cases, mostly by CAPs), or a combination of both categories (2%).

The role of stakeholders in the assurance process is the fourth area of research (research questions D1–D7). This was analyzed in the assurance statements by:

- checking into their presence as intended users;
- verifying the presence of references to the materiality and relevance principles in reporting;
- identifying information on any stakeholder engagement carried out by the corporation during SR processes, or by assurance providers during SR assurance processes.

The quality of stakeholder engagement was verified by ascertaining the presence in assurance statements of references to:

- information tools and channels used;
- stakeholder categories actually involved;
- disclosure of any problems or critical areas arising during engagement.

Lastly, by verifying references to stakeholder opinions on previous reports, the attention paid by assurors to processes of constant improvement of stakeholder engagement can be verified. In fact, it is evident that increased stakeholder engagement results in evidence of their opinions and views on SR published in the past.

Intended users are identified (D1) in the great majority of cases (73%), although assurors mostly address the final statement to their clients (managing directors, CEOs or corporation managers in 55% of cases) and only on a few occasions (11% of cases) to all stakeholders in general.

Verification of the principles of relevance and materiality of information published is not declared by the majority of assurance providers (60%), who show their tendency to apply traditional auditing techniques based on the already mentioned 'data accuracy approach', rather than on ascertaining omission of significant information to the SR reference areas. Although such behavior is widespread, prevailing incidence can be found among AAPs—63% (66/105) of assurance statements by AAPs contain no such reference. This figure has less relevance (54%: 30/56) for those drawn up by CAPs.

Stakeholder engagement designed to increase SR assurance credibility and reliability was discerned through a dual control. On the one hand, the presence of references to verification of stakeholder engagement by the corporation during SR was analyzed. On the other, any mentions of stakeholder involvement in SR assurance processes were identified.

In the first instance, the level of attention was found to be fairly low, considering that only 39% of assurance statements actually mention it. In the second, on the other hand, widespread stakeholder engagement was noted, given that in about 90% of cases we found explicit reference to their engagement in SR assurance (D4). This is a relevant research finding of our research that will be duly discussed and commented on in the following section.

The most frequently used instrument of interaction with stakeholders is the *one-to-one* interview, which is used on its own (73%) or together with other channels or ways monitored by our investigation, such as phone interviews (9%) and questionnaires (4%).

It must be pointed out that stakeholder engagement in SR assurance is often limited to internal stakeholders. In fact, in 71% of cases, only 'employees' were consulted, 16% of statements mention 'employees and others' (mostly a combination of employees and managers), while 8% of cases state 'other' (mostly managers). Employee and manager consultation was conducted mainly (almost 2/3 of cases) through interviews, focus groups, and questionnaires.

In the rare circumstances where consultation is found of 'employees and external stakeholders' (about 3%), the latter are mentioned generically and their relevant categories are not identified. Moreover, the operating sectors where assurance statements refer more frequently to the consultation of external stakeholders during the verification process were 'energy', 'construction', 'health', and 'chemicals'.

It is also interesting to note that only in 1% of cases analyzed were difficulties reported in finding or reaching stakeholders.

Finally, with reference to monitoring of a continuous improvement process of SR, we verified whether assurors checked the presence of stakeholder opinions on previous reports. Although previous empirical evidence (Manetti and Becatti 2009) had found a significant amount of stakeholder engagement in this hindsight evaluation, in only 1% of cases did assurors refer to sections of the report dedicated to stakeholder opinions on previous reports.

Discussion

The above results can be interpreted by considering the most significant evidence with reference to the literature and to the main aims of this study.

In particular, a large majority of reports (about 2/3) were assured by AAPs, with a clear prevalence, among these, of

Author's personal copy

the 'Big Four'. This initial fact conditions successive results of the study, since audit firms represent a point of strength in involving experts from various disciplines and in consulting, in interviews and on-site visits, a wide public of stakeholders. However, it is equally evident that this particular type of assurance provider is influenced by his cultural and professional background tied to the auditing tradition and to consequent attention toward formal aspects of the auditing process, leading to the already-mentioned 'data accuracy approach'. Despite this, as already highlighted in a recent detailed case study carried out on one of the 'Big Four' with many years of experience in the sector (O'Dwyer et al. 2011)—showing that SR assurance is a part of auditing where debate and dialog with all stakeholders is growing—there is also a tendency toward less standardized and more personalized controls, ad hoc for the client. Controls are also more open to experimentation with new practices.

This affirmation is in direct contrast with the findings reported by Power (1994, 1997a, b) on the risks of self-referentiality and limiting of debate and confrontation of the new auditing practices. It represents a tangible and concrete response to his "call for more customized and informative narratives in assurance reporting" (O'Dwyer et al. 2011, p. 1; Power 2003).

The above conclusions of O'Dwyer et al. (2011) are confirmed by this study, although using decidedly different methodological approaches. The investigation made has led to identifying other factors of interest in evaluating stakeholders' role in current SR assurance policies and practices. Firstly, the assurance statements analysis shows a tendency toward a consultative approach, both by AAPs and, as was to be expected, by CAPs, because of the high incidence of positive responses with indications of improvement (research question: A1). This kind of judgment proves the assurance providers' propensity to supporting corporations in their path of growth and continuous learning in SR. This fact is neither negative nor positive in itself, considering the totally voluntary nature of SR assurance, in the absence of regulatory obligations on the subject. Nor does it necessarily prefigure mingling of the roles of auditor and consultant.

Moreover, the most significant innovations in the assurance process were found among the CAPs, albeit in limited numbers. These included, for example, delegation of assurance to panels of independent external evaluators, chosen from experts in fields relative to financial, social, and environmental sustainability, who were subject to periodic substitution.

Compared with previous empirical research (Manetti and Becatti 2009), more attention is noted toward formal aspects involving the structure, language and information included in assurance statements (research question: B1, B2, and B3)—an evident sign of the growing influence of relevant international standards.

Accountant assurance providers' tendency to integrate the traditional auditing standards (ISAE 3000) with other guidelines particularly dedicated to the processes of assurance activity is also evident. In this context, there is a significant attempt to reduce the expectation gap of intended users, by explicitly declaring a level of assurance in about 4/5 of assurance statements analyzed.

The creation of interdisciplinary teams of experts in various fields regarding sustainability, coordinated by the assurance provider (research question: C1), is still quite a rare practice and often reserved to CAPs. This factor raises doubts as to process quality, since the formation of interdisciplinary teams made up of experts in the various areas of SR can make a significant contribution to assurance activity, not least when considering the complexity and heterogeneity of a sustainability report.

Data regarding stakeholders' role in assurance processes (research question: D1–D7) constitute a group of interesting findings for the purposes of this study. In particular, only rarely do assurance providers address their final statement to stakeholders, preferring managers, CEOs, and directors (D1). This evidence might point to the existence of both managerial and professional capture, which might lead to attributing only residual materiality to stakeholder interests. The risk of managerial capture that might seem to emerge from this finding must, however, be interpreted in the light of procedures for conferment of the assurors' mandate. In fact, given that the assignment is often conferred by the above-mentioned categories, it is to a certain extent natural for the assuror to address the assurance statement to his client, rather than to a wider public made up of stakeholders. International standards' silence on this point is certainly of little help in deciphering this fact and leaves ample room for a variety of interpretations.

There is also scarce attention, in the sample assurance statements, toward verifying the principles of materiality and relevance of information published in the SR, in the sense of their adherence and conformity to stakeholder expectations (D2). This evidence is in line with the following one (D3), which shows the assurance providers' lack of interest in verifying the effectiveness of stakeholder engagement undertaken by the corporation in defining report contents. However, considering that international standards do not explicitly expect the assurance statement to contain this element and considering that nevertheless almost 40% of assurors verify it on a purely voluntary basis, one might discern encouraging signals for the future of SR assurance.

The most significant research finding is the constant reference, in a large majority of assurance statements (nine cases out of ten), to consultation of stakeholders in order to formulate the assurance provider's professional opinion (D4). So the key role of stakeholders clearly emerges in

Author's personal copy

nearly all the sample. They are key interlocutors, whom assurors consult in order to deduce important probative elements necessary in formulating the professional opinion.

This fact, however, must be interpreted in the light of the categories of stakeholder effectively engaged in the process (D5). Very often these are stakeholders internal to the corporation (primarily employees), while external stakeholders are frequently kept at a distance from the recruiting and consultation process. This is an important limit in stakeholder assurance, since external stakeholders have broad competences and are capable of contributing to improvement of information materiality and relevance in the assurance statement. Stakeholder engagement is often mentioned in the sampled assurance statements. Corporations, however, sometimes make use of mechanisms and tools that can be used in a highly discretional manner (e.g., interviews or electronic consultations with employees and managers) without specifying their methods. Furthermore, stakeholder engagement is often limited to issues that pertain to specific categories (e.g., the verification of the effective functioning of an occupational health and safety management system). Nevertheless, in the majority of cases (almost 2/3) consultation of employees and managers was conducted at every organizational level and, therefore, it represents a significant contribution to the investigation of materiality and relevance of the SR. Moreover, even if the consultation is often limited to employees (71% of cases), it should be considered that they represent a primary stakeholder for the sampled corporations, as stated in their sustainability reports and in consideration of their dimension (64% of the corporations have more than 5,000 employees).

The prevailing involvement of internal categories of stakeholders—who are easily reachable—explains lack of reference to problems and difficulties encountered in consulting them. The almost total absence of mention of difficulties encountered during the consultation process raises some doubts as to the reliability of engagement. Corporations, in fact, might well encounter problems in reaching and embedding the representatives of stakeholders, deliberately omitting, however, explicit mention of this in the assurance statement. Considering the sample's nature (multinational corporations of medium to large dimensions with production facilities in various parts of the world), it seems unlikely that assurance providers would have interviewed directly and without distinction representatives of the various workforce categories. But it is plausible that they encountered practical difficulties in identifying, finding or reaching these representatives.

This consideration is strongly confirmed in the next research questions (D6–D7), which reveal a lack of references, above all, in multinational corporations with various production facilities:

- to difficulties or problems encountered during SR by assurors;
- to opinions expressed by stakeholders on previous reports.

With specific reference to the second point, scarce interest of assurance providers toward verifying improvements to the report on the basis of any comments made by stakeholders can be noted. This data confirms the assurance providers' tendency to reconcile stakeholder interests and expectations as to contents of the assurance service (stakeholder management), rather than carrying out a real process of involvement with mutual responsibility and continuous interaction in a cooperative way (stakeholder engagement).

Conclusions

The aim of this study was to understand whether, in the context of international SR best practices, stakeholders are significantly consulted by assurance providers during the assurance services.

According to recent studies, one would expect stakeholder assurance to be an increasingly widespread practice among corporations that choose to assure their own report. Our empirical evidence on assurance statements confirms the literature that stakeholders are being incorporated increasingly into all stages of the SR assurance process, despite the emergent nature of such stakeholder inclusivity. It is not possible, on the contrary, to confirm or to deny the growing dialogic nature of this process that, according to the literature, should add value to management and stakeholders simultaneously, with assurors perceiving themselves as a 'voice' for stakeholders.

Results of our empirical investigation make it possible to affirm that the assurors' propensity to involve stakeholders (especially internal ones) is confirmed, although the obstacles and difficulties that hinder full stakeholder engagement in these processes are still numerous and the quality of assurance statements, in this regard, should be improved.

In synthesis, a picture emerges of growing interest of assurance providers and corporations toward the challenges of stakeholder assurance, even though this practice is not currently completely recognized and legitimized by professional practice.

Some results of the present survey (e.g., the low level of engagement of external stakeholders or of internal stakeholders other than employees or managers; the high incidence of unqualified opinion with indications for improvement; the low level of cooperation with third parties in conducting assurance services) confirm, as stated by

Author's personal copy

the literature, the presence of professional capture in assurance services, to the detriment of their quality and credibility. In other words, this influence does not yet seem to be completely restrained, limited or even controlled by the mechanism of stakeholder assurance.

Despite this, risks of "tokenism gestures of accountability" (Shore and Wright, 2000) (apparently democratic corporate practices of engagement, concealing conservative attempts to maintain the status quo) that often emerge in studies on corporate social responsibility, are restrained and balanced by the growing role of stakeholder assurance. In any case, in this regard, it is indicative that the corporations whose assurance statements refer more frequently to the consultation of external stakeholders during the verification process operate in environmentally or socially sensitive sectors (e.g., 'energy', 'construction', 'health', and 'chemicals'). Stakeholder assurance, however, does not appear to be yet another attempt to placate stakeholder expectations in an opportunistic or manipulative manner, nor to implement 'blue-washing' corporate policies and practices (Zadek et al. 1997), "whereby cultures of defensiveness disallow the creation of new forms of vulnerability" (O'Dwyer et al. 2011, p. 20; Hutter and Power 2005). The fact that stakeholder assurance is at present limited to internal stakeholders might indicate corporate intent to proceed gradually in that direction, contacting and engaging first of all stakeholders who are easier reachable.

It is also interesting to note how CAPs have a widespread tendency to experiment less orthodox or established assurance practices, given, too, lack of constraints in respecting IFAC principles. In fact, it is the CAPs who frequently demonstrate more attention toward verifying materiality and relevance of information reported, as well as toward the interests of local communities and some categories of external stakeholders, such as NGOs and clients.

Among the limits of this study, we note that only a content analysis of assurance statements was used to verify stakeholder assurance levels. Although this is now common practice, it does not provide a detailed investigation into the complexity and all dynamics of assurance processes (O'Dwyer and Owen, 2005, p 227). Because of the chosen method, the research team has been able to verify only the presence or the absence of single elements investigated and, in some contexts, the intensity of such a phenomenon through analysis of the language or of single expressions used, in a qualitative approach to the content analysis.

Nonetheless, we hold that content analysis of assurance statements should not be neglected since, if carried out at the correct intervals and on carefully selected corporate samples, it is a valid instrument for highlighting SR assurance progress. After all, assurance statements represent the final output of every assurance process. Thanks to the progressive improvement and to the growing diffusion of assurance standards and guidelines, content analysis allows us to obtain a set of information that is very valuable in verifying the level of stakeholder assurance.

We therefore believe that a possible development of this study might be a qualitative analysis of one or more case studies of CAPs and AAPs, using both content analysis of assurance statements and semi-structured interviews. With regard to the latter, we are of the opinion that such research should not be limited to interviews with assurance providers, but should be extended to the main internal and external stakeholders of corporations sampled, to find objective confirmation of evidence gathered and to define new research paths. The instrument of semi-structured interviews with assurance providers and main stakeholders could be aimed, in particular, at analysis of the main reasons why external stakeholders' consultation are so rarely mentioned in the assurance statement. The interviews could also verify whether operating in specific environmentally and socially sensitive sectors influences this kind of engagement in a decisive manner. This could contribute to clarifying whether the involvement of external stakeholders as conducted by assurance providers, on specific request of assured corporations, is mainly to gain consensus and (re)build public trust.

Acknowledgment The author thanks Julia Campbell Hamilton (j.hamilton@email.it) for revision of the English version of this article and the two anonymous reviewers for their constructive comments.

References

AccountAbility. (2008). *AA1000 assurance standard*. London: AccountAbility.

Adams, C. A., & Evans, R. (2004). Accountability, completeness, credibility and the audit expectations gap. *The Journal of Corporate Citizenship, 14*, 97–115.

Andriof, J., & Waddock, S. (2002). Unfolding stakeholder engagement. In J. Andriof, S. Waddock, B. Husted, & S. Rahman (Eds.), *Unfolding stakeholder thinking: Theory, responsibility and engagement* (pp. 19–42). Sheffield: Greenleag Publishing.

Andriof, J., Waddock, S., Husted, B., & Rahman, S. (2002). *Unfolding stakeholder thinking: Theory, responsibility and engagement*. Sheffield: Greenleag Publishing.

Association of the Chartered Certified Accountants (ACCA). (2004a). *Towards transparency: Progress on global sustainability reporting 2004*. London: ACCA and CorporateRegister.com.

Association of the Chartered Certified Accountants (ACCA). (2004b). *The future of sustainability assurance*. London: ACCA.

Ball, A., Owen, D. L., & Gray, R. (2000). External transparency or internal capture? The role of third-party statements in adding value to corporate environmental reports. *Business Strategy and the Environment, 9*(1), 1–23.

Bebbington, J., Brown, J., Frame, B., & Thomson, I. (2007). Theorizing engagement: The potential of a critical dialogic approach. *Accounting, Auditing & Accountability Journal, 20*(3), 356–381.

Author's personal copy

Belal, A. R. (2002). Stakeholder accountability or stakeholder management: a review of UK firms' Social and Ethical Accounting Auditing and Reporting (SEAAR) practices. *Corporate Social Responsibility and Environmental Management, 9*(1), 8–25.

Boele, R., & Kemp, D. (2005). Social auditors: Illegitimate offspring of the audit family? *Journal of Corporate Citizenship, 17*(1), 109–119.

CorporateRegister.com. (2008). *Assure view: The CSR assurance statement report*. London: CorporateRegister.com Limited.

Craswell, A., Stokes, D., & Laughton, J. (2002). Auditor independence and fee dependence. *Journal of Accounting and Economics, 33*(2), 253–275.

Deegan, C., Cooper, B., & Shelly, M. (2006a). An investigation of TBL report assurance statements: Australian evidence. *Australian Accounting Review, 16*(2), 2–18.

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

Edgley, C., Jones, M., & Solomon, J. (2010). Stakeholder inclusivity in sustainability report assurance. *Accounting Auditing and Accountability Journal, 23*(4), 532–557.

Fédération des Experts Comptables Européens (FEE). (2002). *Providing assurance on sustainability reports*. Brussels: FEE.

Fédération des Experts Comptables Européens (FEE). (2004). *FEE call for action: Assurance for sustainability*. Brussels: FEE.

Fédération des Experts Comptables Européens (FEE). (2006). *Key issues in sustainability assurance. An overview*. Brussels: FEE.

Global Reporting Initiative (GRI). (2006). *Sustainability reporting guidelines*. Amsterdam: GRI.

Gray, R. H. (2000). Current developments and trends in social and environmental auditing, reporting and attestation: A review and comment. *International Journal of Auditing, 4*(3), 247–268.

Gray, R. H. (2001). Thirty years of social accounting, reporting and auditing: What (if anything) have we learnt? *Business ethics: A European review, 10*(1), 9–15.

Gray, R. H., & Collison, D. (2002). Can't see the wood for the trees, can't see the trees for the numbers? Accounting education, sustainability and the public interest. *Critical Perspectives on Accounting, 13*(5–6), 797–836.

Gray, R. H., & Milne, M. (2002). Sustainability reporting: Who's kidding who? *Chartered Accountants Journal of New Zealand, 81*(6), 66–70.

Guthrie, J., Petty, R., Yongvanich, K., & Ricceri, F. (2004). Using content analysis as a research method to inquire into intellectual capital reporting. *Journal of Intellectual Capital, 5*(2), 282–293.

Hasan, M., Maijoor, S., Mock, T. J., Roebuck, P., Simnett, R., & Vanstraelen, A. (2005). The different types of assurance services and levels of assurance provided. *International Journal of Auditing, 9*(2), 91–102.

Hutter, B., & Power, M. (2005). Organizational encounters with risk: An introduction. In B. Hutter & M. Power (Eds.), *Organizational encounters with risk* (pp. 1–32). Cambridge: Cambridge University Press.

International Auditing and Assurance Standards Board (IAASB). (2004). *International Standard on Assurance Engagements 3000 (ISAE 3000). Assurance engagements other than audits or reviews of historical financial information*. New York: IFAC.

International Federation of Accountants (IFAC). (2002). *The determination and communication of levels of assurance other than high*. New York: IFAC.

Jones, M. J., & Solomon, J. (2010). Social and environmental report assurance: Some interview evidence. *Accounting Forum, 34*(1), 20–31.

Kolk, A., & Perego, P. (2010). Determinants of the adoption of sustainability assurance statements: An international investigation. *Business Strategy and the Environment, 19*(3), 182–198.

KPMG. (2008). *KPMG international survey of corporate responsibility reporting*. Amsterdam: KPMG Global Sustainable Services.

Krippendorff, K. (2004). *Content analysis: An introduction to its methodology* (2nd ed.). Beverly Hills, CA: Sage Publications.

Manetti, G. (2011). The quality of stakeholder engagement in sustainability reporting: Empirical evidence and critical points. *Corporate Social Responsibility and Environmental Management*, *18*(2),110–122.

Manetti, G., & Becatti, L. (2009). Assurance services for sustainability reports: Standards and empirical evidence. *Journal of Business Ethics*, *87*(1), 289–298.

Messier, W. F., Glover, S. M., & Prawitt, D. F. (2010). *Auditing and assurance services* (7th ed.). New York: Irwin McGraw-Hill.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review, 22*(4), 853–886.

Néron, P. Y. (2010). Business and the polis: What does it mean to see corporations as political actors? *Journal of Business Ethics, 94*(3), 333–352.

O'Dwyer, B. (2001). The legitimacy of accountants' participation in social and ethical accounting, auditing and reporting. *Business Ethics: A European Review, 10*(1), 27–39.

O'Dwyer, B., & Owen, D. L. (2005). Assurance statement practice in environmental, social and sustainability reporting: A critical evaluation. *British Accounting Review, 37*(2), 205–229.

O'Dwyer, B., & Owen, D. L. (2007). Seeking stakeholder-centric sustainability assurance: An examination of recent sustainability assurance practice. *Journal of Corporate Citizenship, 25*, 77–94.

O'Dwyer, B., Owen, D., & Unerman, J. (2011). Seeking legitimacy for new assurance forms: The case of assurance on sustainability reporting. *Accounting, Organizations and Society*, *36*(1), 31–52.

Owen, D., & Cooper, S. (2007). Corporate social reporting and stakeholder accountability: The missing link. *Accounting, Organizations and Society, 32*(7–8), 649–667.

Owen, D. L., Swift, T. A., Humphrey, C., & Bowerman, M. (2000). The new social audits: accountability, managerial capture of the agenda of social champions? *The European Accounting Review, 9*(1), 81–98.

Owen, D., Swift, T., & Hunt, K. (2001). Questioning the role of stakeholder engagement in social and ethical accounting. *Accounting Forum, 25*(3), 264–282.

Park, J., & Brorson, T. (2005). Experiences of and views on third-party assurance of corporate environmental and sustainability reports'. *Journal of Cleaner Production, 13*(10–11), 1095–1106.

Perego, P. (2009). Causes and consequences of choosing different assurance providers: An international study of sustainability reporting. *International Journal of Management, 26*(3), 412–425.

Phillips, R. (1997). Stakeholder theory and a principle of fairness. *Business Ethics Quarterly, 7*(1), 51–66.

Power, M. (1991). Auditing and environmental expertise: Between protest and professionalism. *Accounting, Auditing & Accountability Journal, 4*(3), 30–41.

Power, M. (1994). *The audit explosion*. London: Demos.

Power, M. (1997a). *The Audit society: Rituals of verification*. Oxford: Oxford University Press.

Power, M. (1997b). Expertise and the construction of relevance: Accountants and environmental audit. *Accounting, Organizations and Society, 22*(2), 123–146.

Power, M. (2003). Evaluating the audit explosion. *Law and Policy, 25*(3), 185–202.

Prado-Lorenzo, J. M., Gallego-Alvarez, I., & García-Sánchez, I. M. (2009). Stakeholder engagement and corporate social responsibility reporting: the ownership structure effect. *Corporate Social Responsibility and Environmental Management, 16*(2), 94–107.

Author's personal copy

Rawls, J. (1971). *A theory of justice*. Cambridge MA: Harvard University Press.

Rowley, T. J. (1997). Moving beyond dyadic ties: A network theory of stakeholder influences. *Academy of Management Review, 22*(4), 887–910.

Royal NIVRA-Royal Dutch Institute for Register Accountants. (2005a). *Standard for assurance engagements 3410-Exposure draft: Assurance engagements relating to sustainability reports*. Amsterdam: Royal NIVRA.

Royal NIVRA-Royal Dutch Institute for Register Accountants. (2005b). *Explanatory memorandum to a new Dutch assurance standard NR. 3010 Practitioners working with subject matter experts from other disciplines on non-financial assurance engagements*. Amsterdam: Royal NIVRA.

Scalet, S., & Kelly, T. F. (2010). CSR rating agencies: What is their global impact? *Journal of Business Ethics, 94*(1), 69–88.

Shore, C., & Wright, S. (2000). Coercive accountability: The rise of audit culture in higher education. In M. Strathern (Ed.), *Audit cultures: Anthropological studies in accountability, ethics and the academy* (pp. 57–89). London: Routledge.

Simnett, R., Vanstraelan, A., & Chua, W. F. (2009). Assurance on sustainability reports: An international comparison. *The Accounting Review, 84*(3), 937–967.

Smith, J., Haniffa, R., & Fairbrass, J. (2011). A conceptual framework for investigating 'capture' in corporate sustainability reporting assurance. *Journal of Business Ethics, 99*(3), 425–439.

Solomon, J. F., & Darby, L. (2005). Is private social, ethical and environmental reporting mythicizing or demythologizing reality? *Accounting Forum, 29*(1), 27–47.

Svendsen, A. (1998). *The stakeholder strategy: Profiting from collaborative business relationships*. San Francisco, CA: Berett-Koehler.

Thomson, I., & Bebbington, J. (2004). It doesn't matter what you teach. *Critical Perspectives on Accounting, 15*(4–5), 609–628.

Thomson, I., & Bebbington, J. (2005). Social and environmental reporting in the UK: a pedagogic evaluation. *Critical Perspectives on Accounting, 16*(5), 507–533.

Waddock, S. (2002). *Leading corporate citizens: Vision, values, value added*. Boston, MA: Mc Graw-Hill.

Waddock, S. (2008). Building a new institutional infrastructure for corporate responsibility. *Academy of Management Perspectives, 22*(3), 87–108.

Wicks, A. C., & Goodstein, J. D. (2009). Stakeholder responsibility and stakeholder commitment. *Notizie di Politeia, 93*, 9–24.

Windsor, D. (2002). Stakeholder responsibilities: Lessons for managers. In J. Andriof, S. Waddock, B. Husted, & S. Rahman (Eds.), *Unfolding stakeholder thinking: Theory, responsibility and engagement* (pp. 137–154). Sheffield: Greenleag Publishing.

Zadek, S., Pruzan, P., & Evans, R. (1997). *Building corporate accountability. Emerging practices in social and ethical accounting, auditing and reporting*. London: Earthscan Publications.

Zadek, S., & Raynard, P. (2004). *The future of sustainability assurance*. London: ACCA-AccountAbility.