Increasing the scope of assurance research: new lines of inquiry and novel theoretical perspectives

Abstract

Purpose – Theorizing in the extant sustainability assurance literature is limited. This paper identifies apposite organizational theories from related fields which scholars could apply to sustainability assurance research. Through the introduction of theoretical perspectives new to the field, we seek to extend current research.

Approach - A literature review was undertaken and papers using theory to examine research questions concerned with sustainability assurance and business sustainability issues more broadly were categorized by theory and sub area of focus. We then considered how organizational theories used in other areas of business sustainability research might augment the current paucity of theorizing applied in sustainability assurance research thereby opening up new research possibilities.

Findings – Our review identified gaps in current theorizing in sustainability assurance research and theoretical frameworks which have the potential to: augment research avenues in sustainability assurance; the way researchers interpret their data; and, increase our understanding of sustainability assurance decisions.

Practical implications – Innovation in sustainability assurance research may lead to developments in sustainability assurance practice which enhances the credibility of sustainability reports. It will inform ongoing debate regarding whether sustainability assurance should be mandatory, whether a specific reporting format and level of assurance should be prescribed, how the practice can be developed and whether alternatives to enhancing the credibility of sustainability reports need to be found.

Social implications – Enhanced theorizing may shed light on whether sustainability assurance enhances the credibility of sustainability disclosures and whether it leads, or fails to lead, to real improvements in preparers' sustainability-related practices.

Originality/value – By identifying theories which could be applied to sustainability assurance research, the article facilitates the development of new avenues of research and new ways of interpreting data from the field.

Paper type: Conceptual

Introduction

Despite the growing literature on assuring sustainability reports, there is a lack of theorizing to explain preparers' sustainability assurance decisions (Farooq and de Villiers, 2017). At present and in most countries, sustainability reporting is largely voluntary with neither the format nor content prescribed. However, this is presently changing quite a lot in Europe (EU, France, Germany, and UK,) and beginning to change in Asia (Japan). In addition, preparers can have sustainability disclosures assured by accountants or experts in other fields, and they can opt for a limited or reasonable level of assurance over the entire

or selected portions of their sustainability disclosures. Sustainability assurance is an emerging practice imbued with many choices, outcomes and determinants, all of which would benefit from a better theoretical understanding of the assurance decision. Questions have been raised about whether other means should be developed and employed to enhance the credibility of sustainability disclosures (Adams, 2015a). This paper examines how certain apposite organizational theories (agency, contingency, gatekeeping, institutional, legitimacy, stakeholder, strong structuration, and transformational leadership) have been, and could be, used to shed light on decisions made by preparers concerning assurance and how they might guide future research in sustainability assurance.

Calls for elevating the credibility of sustainability reports to that of financial reports, either on a stand-alone or integrated basis, have intensified in recent years (see Adams 2004; Parker, 2005, 2011). The academic community has responded, in part, with a developing body of literature on sustainability assurance (see, for example, Canning et al., 2018 and Michelon et al., 2018). While the chronology of sustainability assurance literature is rather limited (c. the past 20-25 years), several common themes have emerged.

Initially, scholars identified preparers who did or did not obtain sustainability assurance and attributed their decisions to demographic factors (e.g., country, regulatory structure, industry, size, etc.), firm-level characteristics (corporate governance structure, board composition, sustainability executives' status and background, etc.), or certain key financial metrics (profitability, liquidity, ROA, etc.)[1]. Others have examined the choice of assurance provider (accountants v. non-accountants) (Farooq and de Villiers, 2019), and the costs v. benefits of assurance (Ballou et. al; 2013; Evans et al., 2011; Wong et al., 2016). However, relatively few scholars have theorized the process by which preparers make decisions concerning sustainability assurance.

In contrast, there is a body of recent literature that examines motivations for issuing sustainability reports. Gray (2002), Hopwood (2009), and Owen (2008) are among those who have questioned and theorized preparers' motivations for issuing sustainability reports calling for more critical, theoretically developed studies. Adams (2004) was one of the first to look within companies and to explore a possible reporting–performance portrayal gap and examine unreported data as well as the quality level of reported data (see also, Adams and Harte, 1998; Adams and McPhail, 2004).

Linked to these studies on motivations for issuing sustainability reports, Michelon et al. (2016) concluded that the 'camouflaging perspective' could explain preparers' assurance seeking behavior. Adams (2015b) noted that the absence of assurance standards that address a reporter's materiality processes might result in incomplete or potentially misleading sustainability reports. O'Dwyer and Owen (2005) questioned the independence of the assurance exercise and the ability of the outside assurer to provide useful insights to stakeholders. These studies raise questions as to the value of sustainability assurance and hence the decision to engage sustainability assurance providers. Assurance findings that sustainability disclosures mislead, tell blatant untruths or are incomplete pose significant challenges to sustainability assurance providers in determining their approaches.

Accounting scholars have been encouraged to expand their sustainability assurance research agendas. Cohen and Simnett (2015) identified numerous current assurance-related issues to examine (e.g., risk identification, materiality, misstatements and fraud, evidence collection, and assurance reports and communication). Simnett and Huggins (2015) described a range of research questions tied to integrated reporting assurance, which faces similar challenges to sustainability assurance, due to the qualitative nature of much of the report content. Zhou et al. (2016) examined the decision to assure greenhouse gas emissions disclosures, and the choice of assurance provider (accounting/non-accounting). Zhou et al. (2016) noted a preference for accounting assurance providers; although there was significant variation

among countries and companies, and the authors found that preparers' corporate governance systems and processes impacted the assurance decision and helped explain country/company variations.

What is missing from the extant sustainability assurance literature is consideration of: a) the connection between decisions concerning sustainability disclosures and sustainability assurance; and, b) appropriate theoretical frameworks for examining the sustainability assurance decision process and outcomes. We focus on the latter whilst recognizing a likely connection between preparers' decisions concerning sustainability disclosures and sustainability assurance. In doing so, we are responding to the challenge of Farooq and de Villiers (2017, p89) "to consider alternative theoretical perspectives which can provide new and revealing insights to the field".

We note, following Adams (2002) with respect to sustainability disclosure decisions, that: in practice many scholars use more than one theory in setting up their research and interpreting their findings; specific research findings could support more than one theory to varying degrees simultaneously; and, any one theory will only offer a partial explanation. There are lessons to be learnt from the application of theories to business sustainability research in the quest to widen out the theories considered and employed by researchers in sustainability assurance. To do so brings the potential of new research avenues and hence findings with the new learning that brings for practice and policy.

Approach

Despite the more recent critical literature, relatively few sustainability assurance studies have applied a theoretical framework to direct research questions or explain findings. For example, only eight papers in Farooq and de Villiers (2017) review of 50 academic articles on sustainability assurance were found to adopt a theoretical lens to guide the analysis. In responding to Farooq and de Villiers (2017) call for consideration of alternative theoretical perspectives our own observations about the limitations posed by extant theorising, our paper initially considers extant theorizing in the sustainability assurance literature. Specifically, we examine the subset of papers on sustainability assurance that use theory to address a research question and categorise these papers by the theories used and the sub research questions examined.

The ABI Inform database was then used to expand the list of articles cited by Farooq and de Villiers (2017) concerning sustainability assurance and to include literature on business sustainability research which includes a theoretical perspective which could be relevant to sustainability assurance research.

We identify those articles that most effectively utilised one or more theoretical lenses to underscore the research questions and to consider their findings. Specifically, we identified papers that addressed research questions concerned with sustainability assurance which used theory and other business sustainability research that used one or more theories of our selected organisational theories to inform their work. Our final sample included 13 papers examining sustainability assurance questions using theory and 67 papers examining business sustainability research questions (see Table 1). Of these four papers used more than one theory.

Having identified, reviewed and categorized the literature in this way we then provide specific suggestions for the further application of these prominent organizational theories to sustainability assurance research. There is of course an element of subjectivity in the selection of theories and others could have been chosen[2]. We do not suggest that scholars should select any one theory noting that multiple theories might be employed to explain particular observations in the field. Further, we do not rule out the need to develop new concepts and theories to explain contemporary phenomena revealed in the field (see Unerman and Chapman, 2014).

INSERT TABLE 1 HEREABOUTS

Findings

Table 1 identifies prior research questions in sustainability assurance research examined through one or more theoretical lens by sustainability theme. It also includes broader business sustainability research papers which use these theories plus some additional theories.

Theoretical frameworks used to inform sustainability assurance studies were found to be legitimacy, stakeholder, contingency and agency.   As Table 1 highlights these studies have been used to address research questions pertaining to sustainability issues across a range of sustainability themes (first column in table 1) but particularly concerning reporting initiatives and report quality. Other research questions in sustainability assurance examined through a theoretical lens relate to governance of assurance, decision making concerning assurance, involvement of stakeholders and reputational impacts. We did not identify any sustainability assurance studies which incorporated supply chain considerations. Given contemporary concerns about reputational implications connected with, say, human rights abuses, carbon emissions and pollution in the supply chain this is a significant gap for researchers to consider regardless of chosen theoretical perspective.

In the broader business sustainability literature, other than sustainability assurance, we found the following additional theoretical lenses in use: institutional theory /logics, strong structuration, transformative leadership. We considered the possibilities these theories might bring for sustainability assurance studies along with gate-keeping theory which was not used in any of the studies we examined.

We discuss the potential of each of these theories for sustainability assurance in turn, starting with those already in use in the field with reference to the literature we have examined (see Table 1). We sought to consider the potential use of a range of theories to encourage scholars to enrich their research by adding a theoretical component, rather than providing a deep explanation of any one theory. Through this analysis we identify new areas for research in sustainability assurance. For example, we sought identify theoretical perspectives which might uncover whether sustainability assurance is linked to an organization's commitment to sustainability practices and achievements. We suggest that more theory-driven studies examining the sustainability assurance decision will contribute, albeit indirectly, to this understanding.

The analysis that follows starts by considering how legitimacy (along with impression management and signalling), stakeholder, contingency and agency theories have been used in the extant sustainability assurance literature and how they might be further used. We then consider theories we found used in broader business sustainability research which might be used in sustainability assurance research (institutional theory /logics, strong structuration, transformative leadership). Lastly, we considered the potential of gate-keeping theory which was not used in any of the 80 papers examined.

Legitimacy theory, impression management and signaling theory

Legitimacy theory posits that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995), and that management will pursue strategies that establish or reinforce legitimacy among its external constituents. The quest for legitimacy is well-established in the audit literature (Free et al., 2009 and Power, 2003) and

has been used to explain a preparer's environmental disclosures and sustainability reports (Adams and McNicholas, 2007; Laine, 2008; Milne and Patten, 2002; O'Dwyer, 2002; Unerman and O'Dwyer, 2007). For example, Kolkand Perego (2010) concluded that external pressures and the search for legitimacy led stakeholder-oriented companies to assure sustainability reports.

Legitimacy theory has also been used to explain sustainability assurance decisions. Simnett et al., (2009) found that preparers with a greater need to increase the credibility of their disclosed information were more likely to obtain assurance of a sustainability report. O'Dwyer et al., (2011) described how the quest to establish moral legitimacy with non-client users motivated a professional services firm to develop an assurance practice. And Rossi and Tarquinio (2017) invoked legitimacy theory to help explain the assurance decision as well as the content and quality of sustainability reports in their longitudinal study of Italian companies.

Impression management is closely related to legitimacy theory and reflects a conscious or subconscious process in which a person or an organization attempts to influence the perceptions about a person, object or activity to their quest for legitimacy, typically by controlling the information disseminated in a social interaction. Impression management seeks to shape or manipulate outsiders' perceptions, either to garner favorable opinions or to offset negative ones. Thus, if an organization seeks to repair its reputation or reestablish brand value, impression management theory may help explain the decision to issue and assure sustainability reports.

Impression management theory has been invoked in several studies of sustainability reporting to date (Cho, et al., 2012; Simnett et al., 2009; Pflugrath et al., 2011; Wilson, 2013). For example, Michelon et al. (2016) concluded that the 'camouflaging perspective' could explain reporters' assurance seeking behavior. And Pflugrath et al. (2011) concluded that users' perceptions about the credibility of sustainability-related information was higher when the report was assured, especially by an accounting firm and particularly in an industry with a high credibility/ reputation deficiency like mining, although there were significant country differences.

Casey and Grenier (2015) specifically examined U.S. companies to better understand their relatively low demand for assurance of sustainability reports. Unlike their international counterparts, and despite finding that sustainability assurance was valued by U.S. equity markets, they concluded that intense oversight or scrutiny may act as suitable surrogates in either highly regulated or highly leveraged industries like finance and utilities.[3] The authors (2015, p. 122) speculated on how their findings could impact data quality:

> "Thus, the more important public policy issue is how to curb instances of CSRA [Corporate Social Responsibility Assurance] being used for impression management/greenwashing purposes. For example, public policy makers may want to consider the merits of regulating CSRA providers where there are severe consequences for not identifying inaccurate, incomplete, or misleading CSR reporting".

One facet of legitimacy theory that could well apply to sustainability assurance is signaling theory. Signaling theory reflects a theoretical approach that examines the communication between individuals that may have conflicting interests. It is increasingly used to support findings concerning sustainability reporting. Ching and Gerab (2017) used it, in part, to explain a significant increase in the quality of sustainability reporting in Brazil. Hetze 2016) and built a conceptual framework for CSR reporting using signaling theory. Zerbini (2017) similarly developed a detailed, systematic framework based on signaling theory for understanding corporate social responsibility initiatives. Thus, preparers may assure their sustainability reports to provide clearer and more persuasive 'signals' about their actual sustainability performance and practices. This might explain choices concerning the scope of assurance and the detail

regarding assurance tests and evidence that preparers seek to have their provider include in sustainability assurance statements.

These related theories suggest that organizations would assure sustainability reports either to reinforce their genuine commitment to sustainability (legitimacy and signaling theories, or to give the impression (impression management) they are truly committed when they are really trying to obscure negative activities. Future studies are needed to clarify the genuine motivating factors for obtaining assurance of sustainability reports. Perhaps the level of motivation and sincerity varies according to a sustainability executive's functional background or experience. Thus, sustainability officers with marketing or public relations backgrounds, as opposed to finance or accounting, might be more likely to initiate and obtain assurance as an added measure to remedy reputation deficiencies. Alternatively, researchers could explore whether a past event, such as a major ecological calamity, or just being in a high environmental risk sector stimulates assurance to restore an organization's brand value and reputation.

Stakeholder theory

Based initially on the work of Freeman (1984), stakeholder theory posits that an organization has responsibilities to a wider group of stakeholders than its investors and creditors. These stakeholders can include customers, suppliers, employees, local government, community partners, and others who are concerned with social and environmental matters in addition to an organization's financial performance.[4] It's understandable, therefore, that stakeholder theory has been referenced to explain the nature of stakeholder interaction with report preparers regarding their non-financial activities (Fernandez-Feijoo et al., 2014 and 2015; Herremans and Nazari, 2016; and Herremans et al., 2016; Theyel and Hofmann, 2012).

Lock and Seele (2017, p. 237) provide a pathway for applying stakeholder theory to the sustainability assurance decision by noting that, "stakeholder theory, in its more than 30 years of existence, has moved to "more dynamic, yet more complex, relationship-focused models that incorporate interdependencies, conflicts, and intergroup perceptions." Several recent studies have incorporated stakeholder theory to explain decisions concerning sustainability assurance. For example, Bepari and Mollik (2016) concluded that the lack of stakeholder engagement (i.e., involvement and interest) explained the absence of assurance. Martínez-Ferrero and García-Sánchez (2017) found that the strength of corporate governance (i.e., the degree of a board's independence and the activity of its sustainability committee) impacted the assurance decision.

Clearly, the decision to assure sustainability reports is based, if only in part, on a preparer's relationships with its key external stakeholders, the importance of two-way communication to develops interactive stakeholder relationships (Belal, 2002; Mitchell et al., 2015), as well as the pressures stakeholders exert on an organization. The diversity in stakeholder relationships, including board strength and composition, may also help clarify the variability of assurance practices and reports in an industry with comparable organizations. Future research could identify the stakeholders who are most influential in the decision, the nature of stakeholder/preparer relationships (i.e., board membership, board strength and independence, level of community engagement, participation in charitable foundations, etc.), and the type of pressures exerted by stakeholders that culminate in assurance of sustainability information.

Contingency theory and cost-benefit analysis

Contingency theory claims that there is no best way to organize and lead an organization, or to make strategic decisions. Instead, the optimal course of action is always contingent/dependent upon a variety of internal variables (i.e., leadership, size, structure, technology, culture, strategy, financial condition,

etc.), as well as an organizations' external environment (i.e., industry, level of regulation, customer profile, etc.). Contingency theory has long been applied in management accounting (see Otley, 1980 for a review and critique) and has been applied in a number of recent sustainability studies regarding strategy making, management roles and information needs, and reporting practices (Grewatsch and Kleindienst, 2017; Morali and Searcy, 2013; Neugebauer et al., 2016; Schaltegger et al., 2015; Schneider et al., 2014).

Scholars have recently applied contingency theory to the sustainability assurance decision, especially in conjunction with corporate governance. Martínez-Ferrero and García-Sánchez (2017) concluded that corporate governance factors (e.g. board size, board independence and activity of the sustainability committee) explicated the decision to assure. Kend (2015) also considered the role of corporate governance and found that an active and diligent audit committee correlated with obtaining assurance.

Black swan theory is a dimension of contingency theory that might prove helpful for understanding sustainability assurance decisions[5]. Black Swans are 'unknown unknowns' which, despite the plans and precautions that might be made, can take an organization by surprise and lead to catastrophic consequences. Although doubly unknown, perhaps like unanticipated and unprecedented ecological disasters, obtaining sustainability assurance could be perceived as an appropriate, cost-effective preparation for a sustainability-related, black-swan event. Thus, sustainability assurance would be viewed as an appropriate risk-management strategy whereby the incalculable costs of an unforeseen event are distributed among various organizational constituents, including the assurer. For example, the costs of an assurance engagement would mitigate a portion of the risks of an unforeseen, low-probability, but potentially high consequence sustainability-related event, such as class-action litigation against the preparer for failing to take reasonably appropriate preventive actions (e.g., having sustainability disclosures externally assured).

A related dimension of contingency theory is cost benefit analysis. Cost benefit analysis often encompasses a detailed accounting of anticipated costs and benefits associated with undertaking or omitting an activity. Scholars might discover that the sustainability assurance decision, despite additional audit fees and the potential for divulging proprietary information, emanates from a carefully or loosely documented business case in which the benefits and costs are identified and quantified. Alternatively, scholars might consider an Occam's razor mode of thinking and consider that preparers issue, and perhaps even have their sustainability reports assured, simply because their major customers demand or prefer it. In other words, preparers might perceive sustainability assurance – as they do sustainability practices - as an unavoidable cost of doing business and maintaining market share. In such cases, a detailed accounting of costs and benefits would be deemed unnecessary, although it may be helpful for those organisations seeking to gain board approval. There is no research, that we are aware of, indicating whether any buying organizations require their suppliers to issue and assure sustainability reports, but Walmart's imposition of a sustainability index on its major suppliers suggests this as a possibility[6].

Further research might also be undertaken to extend the research of Byus et al., (2013) who found that third-party assurance reduced the effort and cost of the regular financial audit. Moreover, as Chenhall (2007) noted, the incorporation or exclusion of sustainability metrics within an organization's MCS, as well as the role of MCS in strategic decision-making, needs further study. In all cases, researchers applying contingency theory and cost benefit analysis to the sustainability assurance decision should carefully consider the contextual variables they examine to contribute to this literature.

Agency theory

Agency theory is frequently employed to describe the relationship between principals and agents in organizations and is often concerned with problems among these relationships that are due to unaligned

goals or different levels of risk aversion. According to Lambert (2007, p. 247), agency theory has been a popular paradigm for over 25 years because it explicitly incorporates "conflicts of interest, incentive problems, and mechanisms for controlling incentive problems." Studies examining audit/assurance as a monitoring mechanism often invoke agency theory, in part, because of the asymmetry between a preparer's actual practices and the perceptions of these practices by absentee principals (shareholders) and other stakeholders. A central question associated with conflicting interests and information asymmetry is whether the entity with greater knowledge (the preparer) should be expected to communicate honestly rather than by providing incomplete or misleading information that primarily benefits their own interests.

Agency theory has been applied to sustainability reporting in several recent articles. Ganesan et al., (2017) used agency theory to rationalize the association between corporate governance, the internal audit function, and the level of sustainability disclosures. Gavana et al., (2017) associated sustainability disclosure with the need to raise external capital. Sundin and Brown (2017) examined the interplay of monitoring mechanisms and how changes in management control systems (MCSs) reduced goal incongruence, mitigated conflicts of interest, and better aligned agents' actions to environmental outcomes.

Agency theory also appears to be a pertinent framework for explaining sustainability assurance decisions. Al-Shaer and Zaman (2017) found that board-level sustainability committees and sustainability-related compensation were positively associated with sustainability assurance. Heenetigala and Armstrong (2017) used agency theory, in part, to explain the variability of assurance among Australian mining companies. Like the financial audit, sustainability reports assured by accountants may be perceived as more credible than unassured reports or sustainability reports assured by non-accountants and similarly reduce information asymmetry between an organization's internal and external constituents. Sustainability assurance engagements might be viewed as an appropriate, cost-effective way to mitigate conflicting interests, reduce goal incongruence and disseminate environmental concerns within and across the organization.

Institutional theory and institutional logics

Institutional theory considers the processes by which an organization's structures (i.e., schemes, rules, norms, and routines) become established as authoritative guidelines for social behavior and reporting practices. Institutional theory posits that an organization's survival is based on recognizing and conforming to these structures (DiMaggio and Powell, 1983). In general, scholars invoking institutional theory have considered an organization's dominant logic, relationships with stakeholders, and managerial motivations to explain differing responses to outside pressures. Responses often encompass changes in corporate governance, transparency, and management control systems (Oliver, 1991).

Institutional logics contends that broad, cultural belief systems (i.e., logics) shape the behavior of actors within organizations. These logics typically include the prevalent, instrumental view of profit maximization/increasing shareholder value or, in the case of sustainability, added consideration of broader interests (e.g., CO_2 emissions, climate change, sustainable development, etc.). Based, in part, on the work of Thornton and Ocasio (1999) and Thornton et al., (2012), researchers have used institutional logics to examine how organization practices change (or fail to change) when these new logics conflict with those that have predominated[7]. Institutional logics have recently been cited in the sustainability literature to explain supply chain decisions (Montabon et al., 2016; Wan et al., 2016), the role of public-sector accountants (Ionescu, L. (2016), the integration of sustainability in green projects (Corbett et al., 2018); and other management practices (Hörisch et al., 2017; Schaltegger and Hörisch, 2017). For

example, Järvenpää and Länsiluoto (2016) concluded that environmental measures were reshaped to align them to the continuing dominant logic of profit maximization.

Both institutional theory and institutional logics have been employed to explain how various institutional pressures and/or logics coexist and what leads an organization to direct more resources to sustainability-related practices including environmental disclosures and issuing sustainability reports. Changes to these practices have been attributed to new relationships with stakeholders, a revised hierarchy of an organization's dominant logics, altered managerial motivations and values, and changes to the management control system (MCS).[8] For example, Wijethilake et al., (2017) referenced institutional theory to explain, in part, how organizations responded to institutional pressures by altering the MCS to include sustainability-related metrics.[9] Frostenson and Helin (2017) explored how conflicting institutional logics impact the decision to issue, structure and content of sustainability reports.

Institutional theory and institutional logics have also been invoked to explain the sustainability reporting decision. In investigating pressures on sustainability reporting systems and processes, Herremans and Nasari (2016) tied the inclusion of sustainability assurance within formal MCSs to stakeholder pressures and expectations. Martínez-Ferrero and García-Sánchez (2017) used a blend of stakeholder and contingency theory to link an organization's governance structure to the decision to obtain sustainability assurance. Institutional theory and institutional logics are other lenses that could be used to consider this issue. Researchers could further examine the role of sustainability assurance within MCSs, as well as the specific type and source of institutional pressures and revised belief systems that lead to changes in MCSs that incorporate sustainability assurance. It would be especially interesting to discover whether sustainability assurance emanated from a revision in sustainability's standing among an organization's hierarchy of core beliefs. Institutional theory and institutional logics are among the most commonly used theoretical frameworks in sustainability research but have had limited use in sustainability assurance research specifically. They could be used to consider global developments in non-financial assurance and the influence of the assurance process on organizational logics.

Strong structuration theory

Structuration theory posits that social systems and recurring social patterns are based on the interrelated, inseparable duality of social practices (structures) and human actions (agents) (Giddens, 1984). Strong structuration theory adds a social dimension to accounting and helps explain the motivation for voluntary practices (i.e., ABC), why they become institutionalized, and how they shape behavior (Roberts and Scapens, 1985). Stones (2005) refined the structuration-theory concept of 'ontology-in-general' to 'ontology-in-situ.' Thus, strong structuration theory places greater emphasis on context and contingency, the role of agency, and the extent of agent activity[10].

Stones (2005) introduced the concept of a 'quadripartite framework' of interrelated components that contained external and internal structures, and active agency and outcomes that would help bridge the gap between structuration theory and practice. According to Jack (2017, p. 211), expanding the abstract and philosophical nature of Giddens' work via strong structuration theory would facilitate empirical research of actual accounting-related decisions and, "to investigate the relationships between different actors and their knowledge of the contexts which they inhabit to understand why accounting is done in the way it is, and the extent to which change is possible."

Innumerable studies have applied structuration theory to explain management accounting and control practices, but few have applied either structuration theory or strong structuration theory to sustainability reporting, other than an early study by Buhr (2002) who applied structuration theory to explain the decision to issue environmental reports. More recently in their introduction to an *AAAJ* special issue

devoted to strong structuration theory, Coad et al., (2016) indicated that several articles in social and environmental reporting would be forthcoming. In one of the special issue papers, Moore and McPhail (2016) used strong structuration theory to explain how a carbon reporting and pricing system and was developed in Australia and how it was impacted by the level of agency activity.

Prospects for extending strong structuration theory to research concerning sustainability assurance decisions appear opportune. It could be used to examine the impact of active agents, be they accountants or non-accountants, in the decision process, in industries where the presence of sustainability assurance is especially variable. The extent that active agency is embedded in ongoing structural relations between accounting and sustainability officers also appears germane to the sustainability decision, as is the decision to obtain assurance from accountants or non-accountants. Similarly, strong structuration theory might explain why certain companies within an industry obtained assurance of sustainability information where others did not, given that both companies had comparable demographic features and financial metrics.

Transformational leadership theory

According to Northouse (2010, p. 3), leadership can be defined as, "A process whereby an individual influences a group of individuals to achieve a common goal." There are many leadership styles/theories that could be offered to posit sustainability reporting and assurance, but one that seems especially germane is transformational leadership theory. [11] Transformational leadership theory is associated with a leader's exceptional personal characteristics, such as a precise vision, psychological makeup, and charisma (Bass and Avolio, 1994). It argues that a process or activity is enhanced when a person interacts with others to create a solid relationship that results in a high percentage of trust, that should result in an increase of motivation, both intrinsic and extrinsic, among leaders and followers. Benn et al., (2010) noted that transformational leaders were especially effective at diffusing the sustainability strategies and sensitivities across an organization. Burns (1978) indicated that transformational leaders motivate their followers to think beyond self-interest, an idea which again seems applicable to sustainability reporting and, potentially, sustainability assurance.

Bendell et al., (2017, 421) described leadership "as a behaviour rather than a position of authority" and stressed the importance of leadership to furthering or hindering progress toward sustainability. In this regard, transformational leadership theory would suggest that an organization will seek a transformational leader when it believes it must make immediate and dramatic changes, perhaps in response to an unforeseen and catastrophic sustainability-related event. Although the application of transformational leadership theory to sustainability-related decisions is currently uncommon, it might, for example, support the finding that assurance emerged after a new CEO dramatically shifted the direction of the organization towards sustainable development. It might also be noteworthy to examine if assurance emanated from the changes implemented by transformational leaders that had similar functional, experiential, or educational backgrounds.

Gatekeeping theory

Accountants can assume a variety of roles within large organizations including scorekeeping, knowledge/technical expertise, business consulting, information brokering, and gatekeeping. Gatekeepers typically establish a hierarchy of information and limit the information they disseminate to outsiders to only what is legally prescribed. Alternatively, they may screen information they authorize for release under the belief that outsiders are either incapable of understanding it and using it appropriately,

or that they will not act in the best interests of the preparer organization when they obtain this information.

Gamekeeping theory has been frequently used to explain the activities of accountants and other professionals within organizations (Cranefield and Yoong, 2007; Tushman and Katz, 1980; Tushman and Scanlan, 1981), and has recently been applied to sustainability reporting (Flower, 2015; Moroney and Trotman, 2016; O'Dwyer, 2011; Schaltegger and Zvezdov, 2015). One common theme emerging from these studies is that preparer-firm accountants often act as gatekeepers by limiting or suppressing the information that is provided in sustainability reports. Thus, an unintended consequence of calls for greater accounting involvement in sustainability reporting, especially in key decision-making roles, may be fewer issued and assured reports. This is worthy of further investigation as increasing compliance requirements and expectations, such as those of the Taskforce on Climate related Financial Disclosures (TCFD, 2017), lead to greater involvement of accountants in sustainability reporting and assurance processes and decisions.

Applying gamekeeping theory to the sustainability assurance decision suggests a variety of research questions. For example, is sustainability assurance *less* likely when accountants/finance executives, rather than corporate affairs or other functional heads, oversee a preparer's sustainability activities? Is assurance by accountants *more* likely compared to assurance by non-accountants, when accountants are key decision makers? Similarly, does the composition, demographics, or committee structure of a corporation's Board of Directors, and accountants' roles therein, impact the sustainability assurance decision? Gamekeeping theory might also help explain why certain preparers in an industry with comparable demographic features issue assured sustainability reports while others do not. The sustainability assurance decision might also reflect the level of voluntary disclosure associated with preparers' MD&A portion of the annual report. The level of disclosure and the decision to assure might be correlated to the functional background of the report's overseer.

Conclusion

This paper has presented various theoretical frameworks that have been used in sustainability assurance research and others that have not. It sets out how these theories could be used to generate new research questions and/or explain findings in sustainability assurance research such as those concerning the sustainability assurance decision and understanding where assurance fits within the compendium of sustainability-related practices. The views of Malmi, and Granlund (2009) about the motivation, role and nature of theory in management accounting, and the following comments by Ahrens and Chapman (2007, p. 99) about theorising management accounting practice seem equally germane to sustainability assurance decisions:

> "Theorising management accounting practice is about understanding how people in organisations make specific uses of widely available accounting solutions, how such solutions come to be at their disposal, and how their use might change existing accountings and give rise to new accounting solutions that others can use. It is about the changing possibilities for uses of accounting, often explored through the detailed study of specific instances of such uses."

Sustainability assurance can be considered as an accounting (or accountability) solution which might have a number of uses.

Given that sustainability assurance is an emerging, accounting-related practice with many unknown determinants, there are several *current* research questions that would benefit from a more consistent, theoretical underpinning. For example, we have identified five questions that could be approached using

one of both of two theoretical underpinnings (transformational leadership or institutional logics) that have not yet been applied to sustainability assurance decisions. These include:

- *Distinguishing preparers who obtain or do not obtain assurance, regardless of the type of assurer.* Transformational leadership theory suggests that the infusion of a sustainability champion with a demonstrated commitment to sustainability might be critical in the assurance decision. Alternatively, the decision to assure might be made to fit with an emerging logic concerned with sustainable development and accountability, particularly as organisations seek to contribute to the Sustainable Development Goals (a decision which might itself be explained by stakeholder, institutional or legitimacy theory.)
- *Understanding why an organization obtains assurance from accountants rather than from non-accountants.* Institutional logics theory might support the use of accountant assurers when an organisation employs its management accountants to establish authoritative guidelines for all key formalized social behavior and reporting practices.
- *Clarifying whether assurance is obtained to validate a preparer's **genuine** commitment to sustainability or to improve stakeholders' **perceptions** of a preparer's credibility and commitment.* Transformational Leadership theory suggests that the assurance decision emanates from a transformational leader's sincere and demonstrated interactions to build trust and increase motivation among staff to improve an organisation's sustainability footprint. Given that we did not find any papers concerned with extending the assurance scope to the supply chain, the potential to do so under a transformational leader, and obstacles that might be encountered, might be a fruitful avenue.
- *Determining whether obtaining assurance helps bolster a preparer's **actual** commitment to sustainability.* Institutional logics might explain the decision to assure when an organisation's mission expands beyond increasing *shareholder* value to include a broader set of stakeholders with more varied interests.
- *Explaining the link, if any, between sustainability assurance and an organization's management control system, internal data collection processes, and the internal use of sustainability disclosures and reports.* Both Transformational Leadership theory and institutional logics, as discussed above, could be applied to underpin this question.

The above is not intended as an exhaustive list of research possibilities revealed by considering different theoretical approaches – or a combination of theories. Some others (again not exhaustive) are presented in the discussion of each theory. Our examination of a range of theoretical perspectives and the research questions examined to date suggests a number of further and more novel areas of research. These include:

- Identify and validate the key sustainability-assurance metrics that are monitored in the MCS;
- Examine the link, if any, between sustainability assurance and an organization's commitment to sustainability practices and achievements;
- Discover if sustainability assurance arises simply because major customers demand or prefer it - and create a profile of these customers;
- Develop a profile of accounting/finance executives who champion sustainability assurance in their organizations;
- Determine if changes to sustainability assurance practices are attributable to new relationships with stakeholders and/or a revised hierarchy of an organization's dominant logics;
- Identify if certain past events, such as a major ecological calamity or labour rights issue, or just being in a high environmental risk sector, stimulate assurance;

- Determine if sustainability reports are assured primarily, if not exclusively, to restore an organization's brand value and reputation and whether assurance is discontinued once brand image and/or reputation is restored;
- Identify the characteristics of organisations that have discontinued sustainability assurance and catalog their reasons for discontinuing assurance;
- Discover and catalogue the specific changes in sustainability practices that arose from sustainability assurance;
- Examine new sustainability assurers to determine if they were inspired/directed by a transformational leader or if sustainability assurance was discontinued when the transformational leader departed; and,
- Investigate the appetite for alternative means of enhancing the credibility of sustainability reports and the how this might be achieved.

Although this paper discusses theories individually, scholars are clearly *not* precluded from using multiple theories to underscore their studies and we have provided some examples. For example, Herremans and Nazari (2016, p. 104) noted that their theoretical framework, "explicates the nexus of institutional theory and institutional logics, motivations, stakeholder relationships, and the management control literature as it relates to sustainability reports." Similarly, Heenetigala and Armstrong (2017, p.335) noted that their study, "draws attention to agency theory, stakeholder theory and legitimacy theory to discuss the assurance practices of sustainability reporting." And Ching and Gerab (2017) supported their study on CSR disclosures with reference to stakeholder, legitimacy and signaling theories.[12] Given that scholars have different focal points of interest and may employ multiple theories, we have developed a table (Table 1) to assist scholars as they plan their research.

INSERT TABLE 2 HEREABOUTS

Two issues not specifically addressed in this paper are worth noting. One concerns the generalizability of research findings. Given that assurance of sustainability reports is a voluntary activity, decisions to assure may be inextricably linked to an organization's unique set of internal and external factors. A number of the theories (for example, contingency theory, institutional theory and institutional logics) we discuss in this paper require an understanding and interpretation of the specific context and complexity in the research field. Thus, they can shed light on why a decision was made given a particular set of contextual circumstances. Thus, they are useful to scholars in explaining the relevance of their conclusions to wider populations, especially in the case of studies involving one or only a few selected organizations, and especially if they have not been randomly selected.[13]

Another issue is the selection of the research methodology to employ - i.e., questionnaire surveys, data-base analyses, or longitudinal case studies – in light of the theoretical framework(s) selected. In the authors' view, longitudinal case studies seem especially fitting for uncovering the impact of sustainability assurance on an organization's MCS, its managerial motivations and behavior, and its actual sustainability practices (i.e., its culture of sustainability) when using, for example, institutional theory, institutional logics, gatekeeping theory and transformational leadership theory. For example, studies that explore whether and how sustainability practices change after assurance is implemented, using one of these theories, can be especially noteworthy. They might clarify by what means the assurance decision was reached, if any impediments to assurance had to be overcome, and whether purported benefits of the assurance engagement were achieved. Similarly, the influence of a transformational leader may best be

gleaned by interviews with sustainability officers who were on site pre- and post-arrival of the transformational leader.

Lastly, scholars are increasingly charged with demonstrating the impact of their research beyond traditional citation counts, number of downloads, or other traditional metrics. Future research concerning sustainability assurance decisions and their effects might well stimulate more substantive discussions regarding whether sustainability reports should be made mandatory, a reporting format and level of assurance prescribed, and whether assurance involving accountants be required. Uncovering and, potentially, tying the introduction of sustainability assurance to specific, quantifiable sustainability improvements could support the argument that assurance is a necessary and cost-effective undertaking – or perhaps not, in which case the findings would be just as compelling for those arguing against mandatory reporting and assurance and supporting calls for alternatives to improving the credibility of sustainability reports. Either way the discussion of theoretical perspectives which could be employed opens up the possibility of new research questions, alternative explanations for findings. This is an essential step to achieving much need advancements in approached to enhancing the credibility of sustainability disclosures and reports. These advancements might well be through means other than accepted approaches to sustainability assurance.

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[1] For example, see Fernandez-Feijoo (2015), Kend (2015), Nazari et al (2015), Peters and Romi (2015), Wong et al (2016), among many others.

[2] For example, Guthrie and Parker (201, p. 10) state that, "An ever-expanding array of theories can now be found applied within accounting research studies, ranging across: resilience theory, social learning theory, actor-network theory, theories of change, grounded theory, Marxist theory, feminist theory, stakeholder theory, political economy theory, structuralist theory, poststructuralist theory, modernist theory, postmodernist theory, standpoint theory, emancipatory theory, positivist theory and institutional theory. As a theory menu, this is but the tip of the iceberg."

[3] Casey and Grenier (2015) speculated that high litigation risk and ineffective marketing of assurance services may also be unique causal factors in the U.S.

[4] According to Freeman (2010, p. 26), a stakeholder is ''any group or individual that can affect or be affected by the realization of an organization's purpose."

[5] See Hajikazemia et al., (2016) and Flage and Aven (2015) for more details on Black Swan theory.

[6] See Brockhaus et al., (2016), for a discussion of Walmart's use of sustainability index within its supply chain.

[7] See Damayanthi, S. and Gooneratne, T. (2017) for detailed review of institutional logics and how they have been applied in the management control literature.

[8] Other scholars invoking institutional theory and/or institutional logics include Abeydeera et al., 2016; Bansal, 2005; Bansal and Roth, 2000; Cho et al, 2105; Delmas and Toffel, 2004; Delmas and Toffel, 2008; Higgins et al., 2018; Jennings and Zandbergen, 1995, Perego and Hartmann (2009); and Wijethilake et al., (2017).

[9] See Wijethilake et al., (2017) for fuller details on the range of institutional pressures and organizational responses.

[10] Jack (2017, 215) noted that, "It is this analysis of active agency arising from an agent's knowledge of context and conduct that is the strength of strong structuration theory, and which provides new directions for empirical data collection and analysis."

[11] As noted by Opoku et al., (2015, p. 187), a variety of different leadership styles have been presented in the literature. They cite (Toor and Ofori, 2006) for stating these include, "transactional, transformational, charismatic, democratic, servant, autocratic, consultative, laissez faire, joint decision making, authoritative, participative, tyrant,

task oriented, relationship oriented, production-oriented, employee-oriented, delegating, authority-compliance, impoverished management and team management, etc."

[12] See Frostenson and Helin (2017) for a discussion of how LT, IM, and IL have been used in the SR literature.

[13] See Parker and Northcott (2016) for a detailed discussion on the generalizability of qualitative research.