

Rational purpose requirement and sustainability reporting assurance

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Abstract

Purpose – This paper aims to investigate views of sustainable reporting (SR) stakeholders on the purpose of sustainability reporting assurance (SRA) and on the potential of the rational purpose requirement (RPR) to promote SRA as an accountability mechanism.

Design/methodology/approach – The study adopts a multiphase research approach. Data collection methods comprise a Q-methodology survey, roundtable discussions and semistructured interviews. Four stakeholder groups were involved in the study: report preparers, assurance providers (APs), investor users and social/environmental users.

Findings – The authors found that stakeholders hold diverse ideologically-based views on the purpose of SRA and lack critical reflection regarding SRA. By positioning APs as traditional intellectuals, four indicators (compliance with established norms, reinforcement of established practices, prioritization of own and corporate interests over broader interests and upholding of existing power structures) showed that the potential of the RPR to promote SRA as an accountability mechanism is limited.

Practical implications – The findings point to the need for stronger mandatory regulation, increased involvement of a wider range of stakeholders and improved professional education and training. Professional training should promote critical thinking and a deeper understanding of SRA, rather than mere compliance with standards.

Social implications – The study makes regulators and professional bodies more aware of the influence practical and commercial realities have on regulation, and the paradoxical effect of regulation on their public interest objectives.

Originality/value – The study investigates the RPR in the mostly unregulated SRA environment and illuminates public interest considerations in SRA through insights into the potential of the RPR to promote SRA as an accountability mechanism.

Keywords Sustainability reporting, Public interest, Sustainability assurance, International standard on assurance engagements, Public accountants and auditors

Paper type Research paper



1. Introduction

On an intuitive level, assurance providers (APs) appear to be acting in the public interest when they assure sustainability reporting [1] (SR). However, the reality

depends on how public interest as a concept is interpreted in practice (Adams *et al.*, 2021; Baudot *et al.*, 2017; Dellaportas and Davenport, 2008; Paisey and Paisey, 2020). Public interest considerations are not necessarily aimed at serving the common interest (Frémeaux *et al.*, 2020) because of client- and self-interest motivations (Paisey and Paisey, 2020). Sustainability reporting assurance (SRA) provides an ideal platform for the profession to put public interest motivations first to “regain public confidence by demonstrating that they respond to the things that matter to people” (Spencer, 2020). This paper’s focus is on the rational purpose for SRA engagements and on public interest considerations.

The International Auditing and Assurance Standards Board (IAASB) aims to serve the public interest by setting high-quality international auditing and assurance standards (IAASB, 2022a). In the International Framework for Assurance Engagements and the International Standard on Assurance Engagements (ISAE 3000) (Revised) the IAASB sets a *rational purpose* as a precondition for an assurance engagement (IAASB, 2022b, 2022c). Various factors must be considered by the AP to determine whether an engagement has a rational purpose, such as who the intended users of the assurance report are, whether the assurance engagement’s subject matter is expected to be restricted (and the reasons for this), by whom and how the measurement or evaluation criteria were chosen and whether there are any significant limitations on the AP’s scope of work (IAASB, 2022b). We were interested in the views of SR stakeholders [APs, report preparers (RPs) and users] on the purpose of SRA and on the potential of the rational purpose requirement (RPR) to promote SRA as an accountability mechanism.

The APs considered in our study are public accountants and auditors. As accounting professionals, they are usually associated with large audit firms and must comply with the industry’s strict ethical requirements, international standards and quality control measures (Martínez-Ferrero and García-Sánchez, 2017). Accounting professionals are increasingly involved in SR, being required to provide advice (Farooq and De Villiers, 2020; Hickman and Cote, 2019) and assurance in a largely unregulated environment (Farooq *et al.*, 2024; Krasodomska *et al.*, 2021; Velte, 2021; Venter and van Eck, 2021). Although there is still no consensus on who is most qualified to provide SRA (Thompson *et al.*, 2022), accounting professionals are generally considered the preferred APs for SR (Martínez-Ferrero and García-Sánchez, 2017). Accounting professionals are associated with higher quality SRA if they possess industry expertise and experience (Martínez-Ferrero *et al.*, 2018) and if knowledge spillover from audit to SRA services occurs (Ruiz-Barbadillo and Martínez-Ferrero, 2020). A recent trend is to integrate nonfinancial information in the annual report and to use the same AP (Lu *et al.*, 2023). Accounting professionals generally use ISAE 3000 (Boiral and Heras-Saizarbitoria, 2020; Farooq *et al.*, 2024; Velte, 2021; Velte and Stawinoga, 2017; Venter and van Eck, 2021), which is seen as an “accounting-focused” rather than “accountability-based” standard (Bepari and Mollik, 2016, p. 675).

SRA, as presently capturing the interest of researchers (Farooq and De Villiers, 2017; Farooq *et al.*, 2024; Hazaea *et al.*, 2022; Velte, 2021; Venter and van Eck, 2021), gives credibility to SR (Boiral *et al.*, 2019; Jones and Solomon, 2010) and is a necessary step to rebutting criticism that portrays SR as mere corporate greenwashing (Farooq *et al.*, 2024). Previous research shows that SRA has value, insofar as it improves the quality of integrated reporting (IR) (Maroun, 2019a, 2019b), increases reporting credibility and improves stakeholder confidence in the reliability and balance of SR (Farooq *et al.*, 2024).

In a competitive market in which SRA is mostly voluntary (Thompson *et al.*, 2022) and has inadequate standards (Boiral *et al.*, 2019), management can capture assurance processes (Diouf and Boiral, 2017; Hickman and Cote, 2019; O'Dwyer and Owen, 2005; Smith *et al.*, 2011). This reduces accountability to affected stakeholders (O'Dwyer and Owen, 2005; O'Dwyer *et al.*, 2011). The risk of capture exists, for example, when management and the AP negotiate about the subject matter to be included in the scope of the assurance engagement (Hickman and Cote, 2019), or about who the intended users of the SR are. According to ISAE 3000 (Revised) (IAASB, 2022b, par.12m), intended users are designated as those that are expected to use the assurance report, but there may be others who were not identified by the AP and form part of a large number of people who have access to the assurance report. In that case "intended users may be limited to stakeholders with significant and common interests" (IAASB, 2022b, par. A16). The definition of intended users in the recent International Standard on Sustainability Assurance 5000 (ISSA 5000) corresponds to ISAE 3000 (IAASB, 2022b), but provision is also made for a wider interpretation of intended users; those who use sustainability information for resource allocation decisions (shareholders, investors, lenders and other creditors) and others who are also interested in an organization's disclosure of sustainability information (such as, consumers, taxpayers, employees, competitors, those granted public contracts, communities, indigenous people, governments, regulators and interest groups) (ISSA 5000, par A36).

Accountability is central to serving the public interest (Spencer, 2020). Stakeholders view SR accountability as reliable and credible reporting, and as an accountability mechanism SRA can be an appropriate measure to demonstrate such reporting credibility (Gillet, 2012). However, the contribution of assurance statements to demonstrating stakeholder accountability is brought into question (Bepari and Mollik, 2016; Boiral and Heras-Saizarbitoria, 2020) when SRA fails as a mechanism to hold powerful organizations accountable to their broadly defined stakeholders, and is seen as a breeding ground for consultancy work (Bepari and Mollik, 2016; Farooq and De Villiers, 2020). In instances where the idea of public interest is "easily hijacked by the powerful rather than the public" (Killian and O'Regan, 2020, p.2), management can impose assurance restrictions that undermine the importance of assurance as an accountability mechanism (Bepari and Mollik, 2016). We argue that greater accountability is demonstrated when the ISAE 3000 (Revised) provides authority to the negotiation process and the RPR, interpreted as the countervailing power (Frank, 2001), is used for a more meaningful level of assurance, taking into account relevant considerations (about the intended users, subject matter, measurement or evaluation criteria and assurance scope) (IAASB, 2022b). In short, SRA is promoted as an accountability mechanism if APs use the RPR to negotiate for the SR to address information needs of broadly defined intended users (as described above) and not just "certain users."

Given the power dimensions for accountability, our study uses Gramsci's (1971) theory of hegemony to frame the research. The historical bloc (the site on which hegemony is contested) remains intact when SR creates space wherein "current ways of business-as-usual need not be problematized," because SR does not endorse/reinforce revolutionary or drastic changes, but rather comprises slow, rhetorical actions that represent greenwashing (Alawattage *et al.*, 2023, p.102507). We position APs (accounting professionals) as traditional intellectuals who, according to Gramscian analyses, are either "working more towards the status quo or more beyond it" (Streinzer and Tomic, 2022, p.390). To work beyond the status quo requires accounting professionals to become more like organic intellectuals who challenge power structures and advocate for practices that serve the public interest (Gallhofer and Haslam, 2003; Spence and Gray, 2007). Our study uses the RPR to consider whether APs have an appetite to move beyond the status quo. Due to the plurality of

interests (Farooq and De Villiers, 2020; Hickman and Cote, 2019; Malsch *et al.*, 2022; O'Dwyer *et al.*, 2011; Thompson *et al.*, 2022), it is uncertain whether APs see potential in the use of the RPR to promote SRA as accountability mechanism.

From the above, it appears that extant literature positions SRA as a mechanism to enhance transparency which can strengthen an organization's legitimacy, but more clarity is needed about SRA as an accountability mechanism. Our study sheds light on this emerging issue by focusing on the RPR for SRA engagements. We use the following research questions to understand the context of SRA, to explore the potential of the RPR to promote SRA as an accountability mechanism:

RQ1. What is the purpose of SRA? and

RQ2. How do SR stakeholders view the potential of the RPR to promote SRA as an accountability mechanism?

The study involved four stakeholder groups [RPs, APs, investor users (IU) and social/environmental users (SEU)] and was part of the collaboration between the South African Institute of Chartered Accountants (SAICA) and the South African Independent Regulatory Board for Auditors (IRBA) to prepare the South African audit profession for impact with the RPR (IRBA, 2018). Two rounds of roundtable discussions were held by the SAICA and IRBA as part of their due process in standard setting and promotion, an action seen as acting in the public interest (Carter and Warren, 2019). This is reflected in the study's multiphase research approach and data collection methods consisting of four integrated phases: a Q-methodology survey; a first round of roundtable discussions; 27 semistructured interviews; and a second round of roundtable discussions.

The study was conducted in South Africa (SA), where SR is an already established practice (Maroun, 2019a, 2019b; Richard and Odendaal, 2020). There is also an increasing preference for SRA (Thompson *et al.*, 2022) in that approximately 60% of the largest SA listed companies use SRA and about 50% use accounting professionals as APs (IFAC, 2024a). At the time of our study, the IRBA and SAICA were promoting compliance with the RPR in ISAE 3000 (Revised) (IRBA, 2018). The IRBA guidelines on the application of the RPR (IRBA, 2018, 2020) are similar to international guidelines (IAASB, 2021) which makes our study results comparable to international developments (Krasodomska *et al.*, 2021).

The contributions of the study are as follows: First, our study builds on previous SRA research (e.g. Boiral and Gendron, 2011; Boiral and Heras-Saizarbitoria, 2020; Farooq and De Villiers, 2020; Gillet, 2012; Hickman and Cote, 2019; O'Dwyer *et al.*, 2011) in two ways: we investigate the RPR in a mostly unregulated assurance environment in which organizations can maneuver their "responsiveness to concerns of public interest" (Boiral and Gendron, 2011, p.342), and through insights into the potential of the RPR to promote SRA as accountability mechanism, we shed light on public interest in SRA, itself an under-researched topic in non-audit engagements (Malsch *et al.*, 2022). Second, unlike previous SRA studies (e.g. Farooq and De Villiers, 2017, 2020; Hickman and Cote, 2019; O'Dwyer *et al.*, 2011) that mostly consider the views of APs and management, our study also obtained users' views. Third, the study makes practical contributions: as it was an integral part of the IRBA and SAICA's collaboration to prepare the SA audit profession for the RPR, it helped develop understanding of stakeholder engagement and raised awareness about the RPR; in addition, it identified gaps in the regulatory framework, especially in how the RPR was being conceptualized and implemented. These gaps were brought directly to the attention of the IRBA and SAICA.

The rest of the article consists of four sections. The literature review is presented next, followed by the study's methodology. Then the findings are presented and discussed. The article concludes in Section 4 with a brief summary and the identification of areas for further research.

2. Literature review

In [Gramsci's \(1971\)](#) theory of hegemony, which argues dominance through consent ([Goddard, 2002](#); [Jeacle, 2012](#)), the dominant hegemonic configuration (or historical bloc) is a social formation that is "internalized as 'common sense'" ([Litowitz, 2000, p.528](#)). [Gramsci \(1971\)](#) uses the concept of hegemony to illustrate the power of the historical bloc. This historical bloc is not only a structural phenomenon, but a form of social contract which, although relatively stable, is subject to renegotiation ([Raber, 2003](#)). Neoliberalism is the historical bloc of our time ([Mihret et al., 2020](#)) where the expansion of the traditional capital market is seen to be in the public interest ([Adams et al., 2021](#); [Burns and Jollands, 2020](#)). Hegemony relies on ideological leadership of agents in civil society (rather than coercion exercised directly as state power) ([Raber, 2003](#)) for dominant beliefs and practices to become "common sense" ([Litowitz, 2000, p.518](#)).

Civil society consists of institutions such as trade unions, professional bodies (including the audit profession ([Yee, 2009](#))), schools and the church, which individually and collectively generate and organize consent ([Gramsci, 1971](#)). As traditional intellectuals, accounting professionals are seen as allies of the ruling class (although they are also sometimes considered autonomous) ([Jones and Melis, 2021](#)). Four indicators in accounting literature point to the maintenance of hegemony: compliance with established norms ([Carter and Spence, 2014](#); [Spence and Gray, 2007](#)); reinforcement of established practices ([Jones and Melis, 2021](#)); prioritization of firm interests over broader interests ([Carter and Spence, 2014](#)); and upholding existing power structures ([Goddard, 2002](#)). Through the aforementioned, traditional intellectuals help the ruling class to perpetuate the hegemony by their predictable professionalism. As accounting professionals are immersed in the neoliberal culture and depend on it for their social position ([Boyce, 2014](#)), they are connected to the existing system through deep-seated and multilevel power plays, and submission to the system can be exemplified by [Litowitz's \(2000, p.518\)](#) interpretation of Gramsci's ideas of historical bloc and common sense: "we [people/accounting professionals] often obey as a matter of reflex for the simple reason that our very identities are formed by the dominant framework to the extent that we are powerless to do anything else."

Accountability is central to serving the public interest ([Spencer, 2020](#)). Voluntary SRA can be seen as a response to stakeholder demands for accountability on the reliability and credibility of SR ([Gillet, 2012](#)), but previous research questions SRA's usefulness as a mechanism for promoting accountability ([Bepari and Mollik, 2016](#); [Boiral and Gendron, 2011](#); [Boiral and Heras-Saizarbitoria, 2020](#)). SRA's usefulness is called into question, for example, when SR and SRA processes are "captured" by management ([Boiral and Gendron, 2011](#); [Farooq and De Villiers, 2020](#); [Hickman and Cote, 2019](#); [Smith et al., 2011](#)) and there is limited consultation with stakeholders ([Bepari and Mollik, 2016](#); [Farooq and De Villiers, 2020](#)). Under those circumstances SR and SRA are mainly directed at the needs of management and not those of the intended users ([Boiral and Henri, 2017](#); [O'Dwyer et al., 2011](#)) and, thus, the transparency and usefulness of SR comes under suspicion ([Boiral and Gendron, 2011](#)).

SRA can serve as a mechanism for promoting accountability when APs use the RPR in SRA engagements to negotiate for the information needs ([IAASB, 2022b](#)) of broadly defined intended users ([IRBA, 2020](#)). Since hegemonic power structures govern accountability

(Ahmed *et al.*, 2023), it is uncertain whether APs, as traditional intellectuals, see potential in the RPR to promote SRA as an accountability mechanism. For SRA to effectively promote accountability, APs would need to become more like organic intellectuals, who challenge established norms (Carter and Spence, 2014; Spence and Gray, 2007), firm interests (Carter and Spence, 2014), existing power structures (Goddard, 2002) and established practices (Jones and Melis, 2021) and robustly advocate for practices that serve the public interest (Gallhofer and Haslam, 2003; Spence and Gray, 2007). However, under those circumstances the complex dynamics of SRA (the nature, context and practical implementation) come into play.

Nature: SRA is increasingly being used (Boiral and Heras-Saizarbitoria, 2020; Farooq and De Villiers, 2017; IFAC, 2024a; Velte, 2021; Velte and Stawinoga, 2017), regardless of the cost and concerns about its added value (Farooq and De Villiers, 2017). Positive effects of SRA include reducing information asymmetry, and increasing both SR quality (Farooq *et al.*, 2024) and stakeholders' trust in the reliability and credibility of SR (O'Dwyer *et al.*, 2011; Velte and Stawinoga, 2017). SRA can also serve as a management tool to strengthen underlying reporting systems (Jones and Solomon, 2010; O'Dwyer *et al.*, 2011) or to establish/justify sustainability policies (Gillet, 2012).

Context: SRA mostly takes place in an unregulated environment where APs can be exposed to managerial and professional capture (Farooq and De Villiers, 2020; Smith *et al.*, 2011). Accounting professionals experience competition from various nonaccountant APs (Farooq *et al.*, 2024; Martínez-Ferrero *et al.*, 2018), a situation that places higher demands on their capabilities and capacity (Hsiao *et al.*, 2022). Nevertheless, APs can provide high-quality SRA, especially if the APs are connected to accounting firms and possess industry knowledge and experience (Martínez-Ferrero *et al.*, 2018). The quality of an SRA can be further improved when a firm performs both the financial statement audit and the SRA (Ruiz-Barbadillo and Martínez-Ferrero, 2020), as knowledge from one engagement can inform the other (Venter and van Eck, 2021). However, there is a lack of clear guidance on SRA, and this leads to large scope variations (Farooq and De Villiers, 2020; Jones and Solomon, 2010) and introduces ethical issues (Boiral *et al.*, 2019).

Practical implementation: Accounting professionals primarily use ISAE 3000 (Revised) for SRA engagements (Boiral and Heras-Saizarbitoria, 2020; IFAC, 2024a; Venter and van Eck, 2021; Velte, 2021). Since ISAE 3000 (Revised) has an accounting focus, accounting professionals follow financial audit methodologies when conducting SRA engagements, and prefer to provide assurance on quantifiable data and information (Farooq and De Villiers, 2017). ISAE 3000 (Revised) provides for different assurance levels (reasonable and limited) and partial assurance (limited to certain agreed sections) (IAASB, 2022b). Recognition is given to differences in maturity of clients' underlying systems and processes that may lead to the acceptance of lower assurance levels (Hickman and Cote, 2019; Junior *et al.*, 2014). The latter occurs especially among accounting professionals connected to Big 4 firms and with industry knowledge (Martínez-Ferrero and García-Sánchez, 2018). Most SRA reports are not addressed to stakeholders (Farooq *et al.*, 2024) and there is a need for regulation that mandates the scope of assurance engagements (Farooq and De Villiers, 2020).

In summary, extant literature indicates the lack of a stakeholder-centered approach in SRA. The environment is mostly unregulated in which different types of APs compete under different regulatory frameworks and hegemonic power struggles can shape the outcomes of SRA. It outlines the context in which SRA serves as a mechanism to enhance transparency and to strengthen organizational legitimacy that can increase trust in SR. However, more clarity is needed on whether SRA, in this context, promotes accountability in the public interest. Our study sheds light on this emerging issue by focusing on the RPR in ISAE 3000 (Revised). The RPR provides an opportunity to frame SRA around stakeholder information

needs, because the AP determines whether an engagement has a rational purpose by considering various factors. These relate to the intended users of SRA, limitations on the subject matter, the measurement or evaluation criteria and scope limitations (IAASB, 2022b) [as explained in detail to SA APs in the IRBA (2018, 2020) practice statement]. Broadly speaking, proper application of RPR should lead to a meaningful level of assurance that is targeted at the information needs of intended SRA users, and, thus, RPR can potentially promote SRA as an accountability mechanism.

3. Methodology

A four-phase research approach (Figure 1) was followed which formed part of the SAICA and IRBA’s public interest due processes to introduce RPR in ISAE 3000 (IRBA, 2017).

The fieldwork was conducted by the corresponding author (referred to as the researcher) as part of a larger project [2] and the ethical protocols mandated by the researcher’s university were adhered to. Trustworthiness of the data was ensured through the combination of data collection methods such as participant checking (done by interviewees and roundtable group facilitators), generating/keeping a research audit trail and using thick descriptions. Four stakeholder groups (RPs, APs, IUs and SEUs) were involved throughout.

4. Data collection methods

Data was collected in the four phases, as follows:

Phase 1 – a Q-methodology survey: With the survey, we wanted to find out from SR stakeholders (RPs, APs, IUs and SEUs) what the purpose of SR and SRA is and what SR is actually supposed to be about (thus, the underlying subject matter or phenomenon reported on). This was necessary to set the stage for further engagements (Phases 2, 3 and 4) and also provided stakeholders with an opportunity to reflect on SR and SRA. As in Q-methodology studies generally (Sorola, 2022), participants from the stakeholder groups had to rank a set of statements (the Q-set) designed to reveal divergent perspectives and common patterns of thought. The preliminary Q-set (with 42 statements, distinguishing between the business case, stakeholder accountability and critical view, see Appendix), was based on Sorola’s (2017) study’s set. A pilot study was used to refine the Q-set, specifically to determine adequacy in conceptual coverage, the applicability of the software, and the clarity of

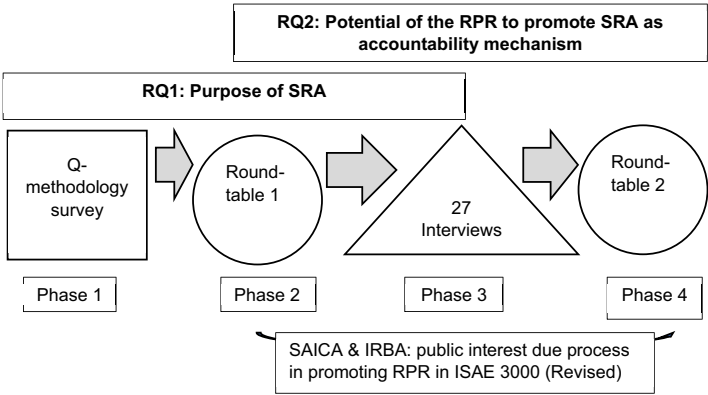


Figure 1. Four-phase research approach
Source(s): Authors’ own creation

instructions. Feedback from the pilot study's participants (a RP, an AP, an IU and two SEUs) informed final adjustments.

The researcher and SAICA invited individuals (using e-mail, websites, telephone calls, personal meetings and social media platforms) based on to their affiliation with institutions (e.g. SAICA, IRBA, the Johannesburg Stock Exchange, the Institute of Directors of South Africa, the Chartered Secretaries of South Africa, the World Wide Fund for Nature, the United Nations Principles for Responsible Investment, the GRI), to the first SAICA Rational Purpose workshop (June 12, 2019). Ninety-three individuals accepted the invitation, and they were purposefully targeted as survey respondents. The survey was sent to the 93 individuals, and 46 (49%) completed questionnaires were received (before the aforementioned workshop took place by 14 RPs, 15 APs, 8 IUs and 9 SEUs) and responses included contact details for follow-up interviews. Detailed instructions and a link to an instructional video were provided in the survey's e-mailed invitation, in which respondents were asked to sort the Q-set into the sorting grid. The number of responses required from a Q-survey to represent the population is not absolutely determined, but this study's 46 responses falls comfortably within the limits (40–60) recommended by [Watts and Stenner \(2012\)](#).

Phase 2 – round one of roundtable discussions: Roundtable 1 (RT1) was held on June 12, 2019 at the first SAICA Rational Purpose workshop, and was an open dialogue ([Evans and Kotchetkova, 2009](#)) on the purpose of SR, SRA and the RPR. Three themes were discussed: SR vs sustainable development, the purpose of SR and the purpose of SRA. This can be seen as “deliberative research” that is typically concerned with a heterogeneous set of actors, often with varying degrees of power and expertise ([Evans and Kotchetkova, 2009](#)). This roundtable was attended by 68 persons representing all four stakeholder groups (19 RPs, 20 APs, 9 IUs and 20 SEUs). Invitations to the workshop were sent to the 93 individuals in Phase 1 and the Q-survey respondents were specifically requested to attend the workshop and therefore made up the majority of participants. Participants were divided into five roundtable discussion groups and each group had representatives from all stakeholder groups. A facilitator and a scribe were allocated to each roundtable. As recommended in previous research ([Evans and Kotchetkova, 2009](#)), the researcher did not actively lead or moderate discussions. The facilitators were all part of the IRBA RPR working group, tasked with developing the SAAEPS 1. The scribes recorded the conversations, took notes to avoid ambiguities and transcribed the recordings which were later reviewed by a senior scribe and validated by the group facilitators.

Phase 3 – semistructured interviews: Interviews were subsequently conducted to gain deeper insights into the purpose of SR and SRA and the potential impact of the RPR. As a continuation of Phases 1 and 2, it was decided to limit interviews to those respondents who had both completed the Q-set (Phase 1) and participated in RT1 (Phase 2). In addition, an interviewee was also required to have completed the Q-set in a coherent and consistent manner (their responses must not have loaded significantly on multiple factors ([Sorola, 2022](#))). There were 27 such individuals (8 RPs, 5 APs, 7 IUs and 7 SEUs) and it was decided to interview all of them. Two additional individuals who were not part of RT1 were also interviewed in Phase 3. Participants in Phase 3 were briefed on the RT1 discussions before their interviews. Interview questions dealt with a participant's own position in the Q-survey, and key points from the roundtable discussions. The interviews lasted between 46 min and one-and-three-quarter hours and were recorded and transcribed by an independent person. The transcripts were made available to the individual participants who could suggest changes before corroborating their transcript.

Phase 4 – round two of roundtable discussions: Roundtable 2 (RT2) was held during the second SAICA Rational Purpose workshop (October 30, 2019). The workshop dealt with the implementation of SAAEPS 1 or the operationalization of the RPR in SA and three themes

were discussed: implementation challenges facing the SAAEPS 1, appropriate underlying subject matter and suitability of criteria and information needs of intended users. All those invited to the first SAICA Rational Purpose workshop (Phase 2) received an invitation to the second workshop and 22 individuals attended. The format of the workshop was very similar to the previous one. Participants were divided into four roundtable discussion groups and the same facilitators and scribes were used.

5. Data analysis

Q-survey: The final Q-set covered three orientations:

- (1) business case;
- (2) stakeholder accountability; and
- (3) critical view, and the 42 statements spanned three areas of interest:
 - the purpose of SR;
 - the purpose of SRA; and
 - the underlying subject matter (phenomenon) that sustainability information purports to represent.

Using their professional knowledge, understanding and experience of SR and SRA, respondents had to sort the 42 (42) statements on a sorting grid using a scale ranging from “strongly agree (+4)” to “strongly disagree (−4)” to reflect their views of SR and SRA. To give the participants time to reflect on their choices on the grid, open-ended questions were only made available to respondents after they had completed the sorting process.

Using Ken-Q analysis ([Banasick, 2019](#)), and confirmed by a PQmethod analysis ([Schmolck, 2002](#)), five factors were identified. The factors were extracted using the Horst Centroid and the Varimax rotation techniques ([Watts and Stenner, 2012](#)). The factors were above the minimum threshold of 0.28 that determines whether a specific Q-type loads significantly on a specific factor ([Brown, 1980](#)) and showed a combined 45% common variance explanation. In the factor analysis process, 27 of the 46 responses were retained. Nineteen of the 46 responses were considered to be confounding variables as they loaded significantly on multiple factors.

Thematic analysis process: Thematic analysis was used to identify, analyze and report patterns or themes within data. This was performed according to the steps suggested by [Braun and Clarke \(2006\)](#). The researcher first immersed himself in the data to understand the depth and breadth of the content. In this way, data was systematically broken down into manageable units of meaning to generate initial codes. After reviewing the codes, some of them were grouped together as a basis for potential themes that emerged as patterns within the data. An iterative process of coding and theme development was followed. Then, after critical appraisal by both authors, the themes were revised and refined to accurately represent the data corpus and to ensure coherence and relevance. Defining and naming of the final themes provided a coherent and informative interpretation of the data. For the purposes of this paper, main themes emerged from the data, [Sorola's \(2017\)](#) Q-set (different orientations), the ISAE 3000 (Revised) and SAAEPS 1 (RPR conditions and journey), the literature (RPR journey and implications for APs) and the theoretical framework (hegemony – power and motives). Relevant literature and data were used to identify the subthemes.

6. Findings and discussion

In this section, the number reference to the category of participants (RP, AP, IU and SEU) in brackets distinguishes the participant's position on the list (randomly created) of the 27

participants interviewed. A distinction is also made between discussions held during RT1 and RT2. Considering our study's two RQs, findings are first discussed about the purpose of SRA and then about the potential of the RPR to promote the SRA as an accountability mechanism.

6.1 The purpose of sustainability reporting assurance

SR and SRA are inextricably linked. We use the following themes to explain the purpose of SRA:

- perspectives on SR;
- SRA orientations; and
- drivers for SRA.

6.1.1 Perspectives on sustainability reporting. The results of the Q-survey revealed participants' perspectives on SR. [Table 1](#) (indicating the number of responses, and number of confounded responses in brackets) identifies five factors or groups of participants who arranged the statements in a similar way; each factor/group represents "aspects of a unique perspective" ([Sorola, 2022](#), p.9). From the factor labels (in [Table 1](#)), it is clear that the results do not clearly distinguish the archetypal perspectives of SR (business case, stakeholder accountability and critical view). Thus, although all who loaded significantly on a factor may share elements of the same perspective, their perspectives did not necessarily display convincing similarities or certain elements of their perspectives were unique to individuals. A similar argument was made by [Sorola \(2022\)](#), who argues that alternative perspectives of SR are prevalent. This is also evident in that there were a relatively large number of confounded participants in the Sorola study, meaning that factors/groups "can be understood to be composed of multiple ideological orientations" ([Sorola, 2022](#), p.18).

In our study, there were 19 confounded participants, mostly APs. The dispersion in their perspectives is a cause for concern and is possibly due to the plurality of interests ([Bebbington et al., 2007](#); [Malsch et al., 2022](#)) which come into play with respect to SR and

Table 1. Particulars of Q-survey factors with number of responses

Respondents	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Total
RP	1 (1)	2 (1)	3 (0)	0 (3)	2 (1)	8 (6)
AP	0 (4)	0 (3)	1 (0)	2 (2)	2 (1)	5 (10)
IU	2 (0)	2 (0)	0 (0)	3 (0)	0 (1)	7 (1)
SEU	2 (1)	2 (1)	0 (0)	2 (0)	1 (0)	7 (2)
Total	5 (6)	6 (5)	4 (0)	7 (5)	5 (3)	27 (19)
Polarity across factors	6.18	19.91	6.88	10.02	15.52	
Factor labels	Middle transform	Extreme transform	Unsure	Middle	Traditional	
Explanation	Oppose BC Pro CV Slightly ambivalent to SHA	Oppose BC Pro SHA Pro CV	Confounded - loaded negatively on BC and CV	Oppose BC Pro SHA Slightly ambivalent to CV	Oppose CV Pro BC Slightly ambivalent to SHA	

Note(s): Brackets = confounded; BC = Business case; SHA = Stakeholder accountability; CV = critical view

Source(s): Authors' own creation

SRA. Factor 2 and Factor 5 had the two highest polarities (stronger and better-defined views) of the five factors. Factor 2 participants (RPs, IUs and SEUs) were strongly opposed to the business case and were in favor of stakeholder accountability and the critical view. Factor 5 participants (mostly APs and RPs) were strongly opposed to the critical view and very much in favor of the business case, while they were slightly ambivalent about stakeholder accountability.

6.1.2 Sustainability reporting assurance orientations. According to the Q-study results, the dominant orientation for SRA was the critical orientation (8.69 polarity), followed by the stakeholder accountability orientation (6.99 polarity), and recognition that assurance has a business case (−12.69 polarity). A generally held view was that assurance should drive accountability as an end in itself. [Table 2](#) presents participants' views on SRA based on the three orientation categories.

Participants' views on the purpose of SRA, regardless of orientation, were closely related to the perceived value of SR and SRA. Participants' value perceptions of SRA were related to motivations for SR (e.g. [Spence and Gray, 2007](#); [Mahmood and Uddin, 2021](#)) and SRA ([Farooq et al., 2024](#); [Venter and van Eck, 2021](#)), such as increased reporting credibility, accountability to stakeholders, economic benefits and serving as a “legitimacy management tool” ([Maroun, 2020](#), p.195).

Only participants with a business case orientation mentioned the voluntary nature of SRA, and were not opposed to it, possibly due the increasing preference for SRA in SA ([Thompson et al., 2022](#)) and because IR is mandatory ([Maroun, 2019a, 2019b](#)). Contrasting opinions on the scope of SRA engagements were found. Engagement scope has a lot to do with the subject matter requiring assurance ([Farooq and De Villiers, 2017, 2020](#)), and participants with a business case orientation supported management's assumed right to dictate the engagement scope [as shown in [Bepari and Mollik \(2016\)](#) and [Smith et al. \(2011\)](#)]. In contrast, those with a critical orientation argued for a broader scope (even if problem areas are highlighted) and that the assurance engagement's scope should be determined through participatory stakeholder decision-making (as suggested by [Malsch, 2013](#)), to also then reflect the “information needs of the impacted” (SEU25).

In line with [Spencer's \(2020\)](#) view, participants' views on accountability were central to their public interest perspectives. Participants with a stakeholder accountability orientation argued for increased accountability in support of stakeholders' interests and their right to information but acknowledged that balancing stakeholders' and business' interests is challenging, especially given management's position of power. Participants with a business case orientation focused on self-interest and viewed SRA as a business management tool “rather than performing any genuine accountability function” ([Jones and Solomon, 2010](#), p.26). A participant with a critical view on public interest mentioned the watchdog role of APs, similar to the “public-service watchdog role” mentioned by [Coffee \(2019, p.544\)](#). The latter is a traditional view of auditors ([Flint, 1971](#)) and does not show a critical reflection of SRA.

6.1.3 Drivers for sustainability reporting assurance. During RT1 discussions drivers for SRA were shared which also appear in the literature ([Farooq et al., 2024](#); [Jones and Solomon, 2010](#); [O'Dwyer et al., 2011](#); [Velte and Stawinoga, 2017](#); [Venter and van Eck, 2021](#)). This is detailed in [Table 3](#), with reference to the category participant (AP, RP, IU and SEU) and to one of the five discussion groups (G-1 to G-5) in RT1.

An important observation was made by a participant that the purpose of SRA should not be seen in isolation of responsibilities of other stakeholders: “The assurance process does not take away the responsibility of investors of being owners of their investment” (IU-G4). This section explains the purpose of SRA which creates the context for the next section in which the potential of the RPR is discussed.

Table 2. Participants' SRA views per orientation area

Theme	Description	Example quotes
<i>Participants with a business case orientation</i>		
Value	Cost/benefit value proposition	"[...] as APs and RPs, we get paid, our job is to do the work ... preparing the reports and assuring the information, so the fact that the business case comes across stronger in certain aspects doesn't surprise me" (AP10) "And that is why you've got to get the right assurance scope; it gives the most value, because then the benefit is there" (AP3) "... a report is all about keeping your stakeholder enlightened and assurance is to build on that trust and accountability. But the value of assurance is that your stakeholders trust what you're telling them" (AP3)
Voluntary	Mandatory vs voluntary activity	"If you look at financial assurance, it is mandatory and there is a framework. Whereas SR or IR is voluntary, the assurance is voluntary. So, until the point assurance becomes mandatory ... then as an auditor ... you can add value. Up until that point you can't really turn them [engagements] down because you trying to encourage assurance, you trying to encourage reporting ... we are still getting to that point where financial reporting can actually help assurance" (RT1)
Own interest	A marketing effort	"Well, this is precisely the problem ... there are no rules about how they should do it, everything is voluntary, [...] thousands and thousands of pages of pretty pictures and lovely stories, occasionally within that somewhere is buried a little bit of bad news just so it doesn't seem too ridiculous [...] the purpose of SR reporting ... is completely and utterly not achieved" (SEU25) "The primary purpose certainly should not be a marketing tool, but I think if it was done in the right spirit, it would inadvertently become a marketing tool" (RT1)
Scope	Management decision	"We shouldn't question it too much because it's not actually our place to choose the scope. The scope is provided to us by management" (IU17) "Defining the scope, it is for their purpose [management] and you are hoping that they have considered there are the stakeholders when they came up with that assurance scope, but it is primarily to serve their best interests" (IU7)
<i>Stakeholder accountability orientation</i>		
Value	Stakeholder accountability	"... what would be the information needs of the users? It would be where the business is actually showing that they're accountable for their actions and their decisions [...] users just want accountability" (IU17)
	Reputation - serious about sustainability	"It will perhaps also signal to your stakeholders or the investor that you are serious about SR. So, enhancing that confidence with [SRA is] also the signalling aspect" (IU16)
Public interest	Advancing public interest, not just corporate interests	"It's voluntary so I think they [APs] still kind of, have very limited power. So, if they got more, more connected with users and actually advocated for what users want, which is, I guess the whole point of it. And [if] ... the assurance approach is more, more responsive to users because essentially these reports are being written for users, they're not ... and there's an element of it that's compliance and, but even the people that we try to comply with are essentially users, ... there's pushback ... they've [management] got more power" (RP26)
	Representing stakeholders' interests	"Sometimes it just takes a bit of discussion. This client they couldn't come right with, but normally if you show the client, 'here's the numbers, I just want to show you. You want us to do this, but here's the elephant in the room that you're all ignoring. We just can't do this'. And most clients will say, 'no, you're absolutely right'" (AP6)

(continued)

Table 2. Continued

Theme	Description	Example quotes
	Recognizing stakeholders' rights to information	"Stakeholders should hold us accountable, this here, this is the information, this is what we are doing as a business, go look at it and say are we fulfilling our end of the bargain in terms of a social license to operate for example, and reporting is the best way" (AP10)
Balancing interests	Balancing stakeholders And business interests	"Currently business is leading it and business will only do something if it makes business sense. Business sense doesn't always mean it's going to make the user happy ... unfortunately ... the users find the reports not to meet their information needs and they kind of ignore it and stop reading the reports. And instead, if they just pushed back to business and said, 'No, we're not getting the information we need, so at your next AGM we're going to be more activist and start voting against certain things, until we start seeing what we need to see.' [It] kind of then pushes business to produce the information that users require" (RP26) "... if you're viewing assurance through one lens but you are viewing reporting through a different lens, then how are you, how is the assurance going to be effective?" (IU17)
Critical orientation		
Value	Increased reporting credibility	"And why would I want it assured? Because sustainability, like financial statements, having an assurance behind anything gives you a sense of comfort that it's been looked at and it's not just something that's been brainwashed or thumb sucked from some office somewhere, but that it gives a sense of credibility. And that it's something that's been looked at by an external party, who is independent, hopefully" (RP26)
Public interest	Aligning accountability and a business case logic	"... assurance should be a critical view, ... we are [auditors] watchdogs not bloodhounds, so there is an element of keeping people safe, keeping stakeholders and people safe through the work that we do" (AP10)
Scope	Stakeholder involvement	"I disagree with management should choose the scope. Well, it is if RPs, and the APs are not given the information that these guys are looking for. There's a mismatch" (IU6) "An interesting thing ... it's [the scope is based on] information needs of the intended users, it's just the information needs, it's not ... the information needs of the impacted" (SEU25) "... about health, about biological degradation, about carbon emissions, about any of that, so it is a tool to enable stakeholders who give a damn about nothing other than financial, which should be all stakeholders a sense of what your approach is to those negative externalities. Well, this is precisely the problem, they don't [...]" (SEU25)

Source(s): Authors' own creation

6.2 Potential of the rational purpose requirement to promote sustainability reporting assurance as an accountability mechanism

We used participants' views on the potential impact of the RPR and its operationalization to understand the potential of the RPR to promote SRA as accountability mechanism. This is outlined in the following four themes.

6.2.1 Necessary conditions for rational purpose requirement. According to ISAE 3000 (Revised) (IAASB, 2022b) certain conditions must be present before an SRA engagement is accepted or continued. This is also covered in the SAAEPS (IRBA, 2018) and was discussed during round two of the roundtable discussions (RT2) as part of the operationalization of the RPR. A common concern expressed was that "if the SAAEPS is enforced strictly, it may

Table 3. Reasons that drive SRA

Theme	Example quotes
Credibility and transparency	“What I think is missed here is how the APs provide credibility to those numbers. Now what is important is how those numbers should be used against targets and objectives. The idea is to use those credible numbers and test whether they are meeting objectives and see whether we are on track or not” (AP-G1) “Assurance is supposed to provide credibility and transparency to the process” (AP-G1) “As an AP we are there to express an opinion on financial information and other information. We provide a report showing whether the information represents what needs to be represented. It should enhance public interest, looking after the public interest ... We can only assure if there is a standard to follow on which we can report on therefore determining whether it meets the standard or not. If it’s not there, then we cannot evaluate” (AP-G4) “Provide independent assurance ... specifically around the issues of governance, risk management and internal controls. The issue of the quality of data becomes very pertinent to ensure the information is accurate, reliable and complete” (SEU-G5)
Management tool	“Assurance is just an independent person coming in and verifying if there is credibility behind it, that is just the assurance approach. Management has to decide what’s important enough to have assured, what is important enough to make strategic decisions” (AP-G1) “You would like to get value out of your assurance because APs tend to be subject matter experts ... [for example] it’s about the risks of not being sustainable and taking the wrong decisions” (AP-G3) “Reporting and assurance are not helpful, we are treating the symptoms instead of the problem” (SEU-G2)
Providing comfort	“When I read it, I think I have a sustainability report that has an assurance report which provides me with a level of comfort. Then my question is against what is it being assured because we don’t have standards in place so ... I don’t know-is it good? Is it bad? Compared to what?” (AP-G3) “From the lazy investor perspective, this is a little bit tricky. We want the assurer to do our job that would be the best description. So that investors that have very limited time and capacity, can actually pick up the report and find comfort that this has been assured. It’s not greenwashing, there has been rational critical thinking by what’s been presented” (IU-G4)
Trust and legitimacy	“Assurance is important for us because it provides trust and legitimacy ... There is a global trust deficit, people don’t trust corporates ... the statements are tested and assurance back it up” (RP-G5)

Source(s): Authors’ own creation

drive clients to go to non-IRBA registered auditors” (RT2). [Table 4](#) provides illustrative quotes emerging from RT2 discussions [with reference to the specific group restriction (G1-4)] and also summarizes other related conditions that emerged from the interviews.

[Krasodomska et al. \(2021\)](#) summarized the UNCTAD ISAR WBCSD Webinar on SRA which explored related views, practices and challenges. They identified challenges in the SRA process and mentioned the RPR, but did not elaborate on its implementation. RT2 participants were fairly comfortable with the underlying subject matter and criteria because they knew how to audit using ISAE 3000 (Revised), which has an accounting focus that allows for financial audit methodologies and assurance on quantifiable data and information ([Farooq and De Villiers, 2017, 2020](#)). There was recognition of a need to increase scope and identify a wider group of intended users, but the participants believed SR stakeholders (other than APs and RPs) should drive the change. Participants also elaborated on practical difficulties in implementing the RPR for a new engagement.

Table 4. Pre and other conditions related to the RPR

Theme	Description	Example quotes
Preconditions (ISAE 3000 (Revised) and SAAEPS)	Appropriate underlying subject matter and criteria	“The underlying subject matter and suitable criteria is not too much of a concern for us because we are very comfortable, especially with the appropriate subject matter because from years of experience you know what can be audited” (RT2-G2) “You can’t have a KPI and then as an afterthought think about public opinion” (RT2-G2)
	Intended users	“How do we get users involved in the information process? ... It’s not so much that they are involved in the criteria but they are involved in determining what the information and issues they want disclosure on ... users do not have to get into the nitty-gritty of the technical issues” (RT2-G3) “I suppose you have to ask who the intended users of the report are, because if they distribute the report to the greater public, then they have to make sure that those KPIs have been included as part of the assurance otherwise you are only meeting the needs of internal users” (RT2-G2) “Stakeholders are important role players and have power to change the status quo” (RT2-G1)
	Scope for meaningful assurance	“RPs should consider why they want assurance on information they present and APs should consider why they don’t walk away when feasible information is not presented” (RT2-G1) “That’s where the pull comes in, where the auditor or AP acts in some way as an educator to try and influence clients around these [scope and intended users] issues” ... So instead of walking away shouldn’t we accept more of that kind of work and then guide the clients?” (RT2-G2) “If the drive for assurance is not coming from other people apart from the company, the company is likely to become complacent in requesting for assurance. Therefore, other stakeholders, other than APs, need to drive what needs to be assured” (RT2-G1)
	Practical difficulties	“When you reach out to them [management], they will say we can’t engage with you at the proposal stage so now you must consider these preconditions before proposing to them ... sometimes they (the client) are very blunt” (RT2-G2) “... if you don’t meet the preconditions, then you can’t accept it [the engagement]. Sometimes it’s very clear but sometimes those preconditions are a bit more borderline ... if you are going to drive them away from registered auditors, they are going to go to non-registered auditors which may not have the structure in place for aiming for the objectives [of the RPR] that we are trying to achieve” (RT2-G2) “We are fine with the guidance (RPR) except for a cold proposal because of the timing and access to information. It’s not in the right timing because you can’t implement the guidance” (TR2-G1) “You may be able to ask a few clarity questions but you won’t be able to get to that level of detail” (RT2-G3)
Capabilities	Prior knowledge, access to information and skills	“As an AP if you’re approached by a potential client with a request for quotation, and here’s their scope and ‘please send us your proposal within two weeks’, it’s going to be very difficult to assess, especially if it’s a company you don’t know

(continued)

Table 4. Continued

Theme	Description	Example quotes
Guidance	Checklist vs impact	particularly well ... you can't propose to them without having their engagement but they don't want to engage with you ... we are less likely to win work" (AP10) "Establishing rational purpose is part of the pre-engagement activity, but it doesn't stop you from doing it throughout the engagement. You have to look at a whole lot of underlying policies and frameworks continually because in the beginning, you don't have access to all that kind of information" (RT1) "I mean, you [APs] would really have to, I don't know how you would upskill yourself to understand the business" (RP27) "... we would want clear guidance, and I don't like to say this, but I think it's reality, something that we can check boxes, like a checklist, so that's what the RPs may expect going forwards for the RPR" (RP20) "I agree that the big accounting firms do have that expertise, but they still looking at figures. They not looking at the overall impact, in my experience. They do not look at the impact of what those numbers mean" (RT1)

Source(s): Authors' own creation

Similarly, during interviews, participants expressed reservations about recruiting new clients due to limited industry knowledge, information and access to RPs. Participants were consequently open to an alternative engagement (such as a readiness review) if the rational purpose was not achievable and considered it a valuable precursor, as proposed in SAAEPS 1 (IRBA, 2020). Otherwise, according to them, there was merit in the continuity of existing engagements. The finding is consistent with previous research that points to the benefit of knowledge flow for high-quality assurance, which is more easily achieved if the same audit firm performs the financial statement audit and the SRA (Martínez-Ferrero *et al.*, 2018; Venter and van Eck, 2021). Participants were in favor of more regulation, such as a checklist that indicates compliance behavior, but admit that impact is still not addressed.

6.2.2 Journey toward the rational purpose requirement. Participants saw SRA as a journey undertaken by RPs and APs as partners with a road map (AP3), so that the RPR is achieved through mature processes. According to Alawattage *et al.* (2023), this metaphorical rhetoric portrays SR as committed to and involved in progressive movements promoting sustainability, while allowing for "modes of business-as-usual" to persist. Radical and revolutionary change is, thus, hindered (Alawattage *et al.*, 2023) when APs work more to maintain the status quo than to advance it. Table 5 summarizes considerations related to the journey.

Previous research points out that stakeholder involvement in the SRA process is limited (Bepari and Mollik, 2016; Farooq *et al.*, 2024). It is noteworthy that the journey metaphor ["collaboration on a journey" (AP3) for scope widening and process improvement], as proposed in our study, was only used in reference to collaboration between RPs and APs. This view was supported at RT1 by an investor participant who felt "slightly disempowered" when questioning the actual impact of the investor. Participants viewed the journey approach as a result of pragmatic considerations due to the still limited maturity of SR and SRA processes. This is consistent with Maroun's (2020) finding, that underlying reporting systems

Table 5. Considerations for the journey toward implementing RPR

Theme	Description	Example quotes
Collaboration	Mutual influence of and by APs and RPs	“It’s a bit of a wrong directional process [APs influencing RPs], but it positively influences practicing reporting and from a [...] [accountancy] perspective” (AP3) “Where do I see it playing out in reality? I see it being incremental [...] I actually know this is not the real substance of what this business should be having assured. You might say, ‘OK we will do these five and we can do readiness reviews for a few more over the next few years to get us in five years to the position where everything is assured’” (AP10)
Reaching maturity	Maturation journey requires transparency	“... but we also do see ourselves as taking a journey with the client [...] you say, let’s assure what can be assured just now and work on a plan to develop the other processes so that they can be assured incrementally over a number of years” (AP10) “So, there’s got to be some recognition that there’s a maturity happening in this space, and how do we then best fit an assurance applied over that information in this period of developing maturity? [...] So, if you’re not at the point yet where you can meet the RPR perfectly, this is the RPs’ obligation I’m talking about, because they’re the ones putting the information and the right assurance together. They then need to describe that journey. They need to be transparent about that” (AP3) “You take what’s on the menu and that seems slightly disempowering to me as an investor. As part of this journey, I would like to see what direct impact a current or potential investor really have other than rocking up at an AGM. This is still a bit of a myth to me” (RT1)

Source(s): Authors’ own creation

do not always provide the necessary support. [Hickman and Cote \(2019\)](#) admit that practicality comes into play at this point, but cost constraints or avoiding areas of poor performance are also serious scope constraints. The importance of RPs’ transparency about the entity’s position on its maturity journey was also highlighted.

6.2.3 Power and motives. Participants expressed opinions about power dynamics in the RPR (summarized in [Table 6](#)), recognizing that although full accountability can be potentially transformative ([Gray et al., 2014](#)), those with power can (and do) exert significant effort to avoid liability ([Owen, 2014](#)). Underlying motives for SRA were also highlighted, but this must be seen in the context of the following comment from a user participant (IU21):

[...] one must probably remember those who’ve got a strong critical view are the outliers. And it’s not [...] your preparers or your providers, APs. It’s not in their interest to be critical of this whole process.

Participants were convinced that RPs were in the dominant power position; they had all the information, dictated the content of SR and decided who the APs should be. In the literature it is shown that the position can subject SR and SRA to management capture ([Boiral and Gendron, 2011](#); [Farooq and De Villiers, 2020](#); [Hickman and Cote, 2019](#); [Smith et al., 2011](#)). In contrast, participants recognized the limited power of APs who do attempt to confront management. This is also reflected in the literature ([Hickman and Cote, 2019](#); [O’Dwyer et al., 2011](#)), and can lead to SRA sometimes lending credibility to a

Table 6. Power dynamics and underlying motives

Theme	Description	Example quotes
<i>Power dynamics</i>		
RPs dominant position	Management's own interest	"In my mind it's about who really has the power in this conversation, who has influence, and obviously business will have influence; they are both preparers of reports but [are] also [the] people who hire people for assurance purposes" (SEU9) "... at the moment they've [management] got a lot of power, so they've got sort of the [most power] ... they can make the decision of how much to report and how much to hold back on because they have got the real information behind the [SR]" (RP26) "Sometimes you will say let's tweak the scope, but they [management] are very right to say no, we've asked you to tender for this, you must deliver that" (RT2)
APs limited power	Limited influence	"APs, I don't believe you have as much power as you would like, because management of a company could say 'bye, I don't need you, it's just voluntary so I don't really need to buy this service', so you kind of go with whatever the company tells you, unless you have something [as a counterbalance]" (IU7) "So, just by saying this, ... when are you going to satisfy that rational purpose? It's almost impossible, because you're never going to satisfy all intended users even" (AP6) "You give feedback after you've done these assurances and you say look, we have assured this, and this is what we have done and actually you didn't do this very well and have a look at this and get better at that. So clearly that's a valuable process but I don't understand how much power the assurers have to draw in other information that you are not given voluntarily by the company" (RT1)
<i>Underlying motives</i>		
Organizational legitimacy	Doing the right thing	"... then the investor ... want to disassociate with you because you are kind of perceived to be an organization that [is] unethical and ... not willing to do the right thing" (AP23) "[SRA] demonstrates that an organisation is a good corporate citizen. And is being ethical and responsible in their interaction with society, customers, consumers" (RP27) "... as an NGO when we're looking for funding sometimes, they will ask for our own audited statements, not just any financial statements ... those statements say they've been verified by an auditor or an auditing firm" (SEU24)
Motivations	A moral intention	"This conversation we're having, we've been having for the past 20 years. There's nothing new ... We're only becoming more sophisticated in thinking about assurance. What's striking on a general approach is that it's not about morality but about the business case" (RT1)
	A commercial motivation	"It makes sense for my business, they [other APs] might see it as extra hassle, ... if you're given a scope ... you might say ok ... over the next few years [we get] to the position where everything is assured" (AP10)
	A deep personal motivation	"It's like a motto, purpose is building trust in society and solving important problems. So even though I'm just an auditor or an AP, I want to positively influence the practice wherever I can. So, even if it's not my responsibility, that's something I don't mind doing as AP" (AP3)

Source(s): Authors' own creation

SR that does not effectively hold companies accountable for their impact on sustainability issues (Gray, 2010).

Participants saw value in SRA as evidenced by the motives for SRA. The latter gives organizational legitimacy that can be more than wholly symbolic (Maroun, 2020). The moral motivation was seen as a business case motivation and is not aligned with Dellaportas and Davenport's (2008) view that an individual's personal and professional behavior must extend beyond their own self-interests, as well as those of the client or employer. A commercial motivation was related to business sense [professional and managerial capture (Farooq and De Villiers, 2020; Smith *et al.*, 2011)], while a deep personal motivation (as "just an auditor" who sees solving societal problems as their responsibility) resonates with Litowitz's (2000) interpretation of Gramsci in that the individual is (apparently) trapped in the historical bloc of "common sense," and feels powerless to do anything else.

6.2.4 Implications for assurance providers. SRA is conducted voluntarily in a competitive market (Thompson *et al.*, 2022), and with as yet limited formalization of standards (Boiral *et al.*, 2019). Table 7 summarizes the implications for APs that emerged during this research.

Participants attributed the negative implications of SRA for APs to the unregulated SRA environment, and the fact that accounting professionals do not have a monopoly on this market (Channuntapipat *et al.*, 2020). For our study's participants, the voluntary nature of the SRA environment was about it not being a level playing field: the market is not an impartial judge (Malsch, 2013); transparency in SR is not rewarded, and there are no consequences for irresponsible reporting. Thus, the lack of regulation or the presence of ineffective regulation, does not have the desired effect, a view that agrees with Vigneau and Adams (2023) on the importance of mandatory SR requirements that recognize and facilitate stakeholder accountability and are externally assured and enforced.

In the competitive SRA environment where SR depends on underlying (preexisting business) reporting systems, many stakeholders are involved and the need for SRA exists (Maroun, 2020), APs' own interests came to the fore: APs believed they would lose business if they were unwilling to accept narrow-scope SRA engagements and that applying a softer approach to regulations affecting the implementation of the RPR was an appropriate way to retain clients. Participants also referred to "pragmatic legitimacy" for SRA, in that it can be seen primarily as a management tool that can be used to strengthen underlying reporting systems (Jones and Solomon, 2010; O'Dwyer *et al.*, 2011).

6.3 Summary

In this section, Gramsci's (1971) theory of hegemony is used as a frame within which to discuss the findings. To put SRA in context, we obtained perspectives from different stakeholder groups. Stakeholders held diverse ideologically-based views on the purpose of SRA (RQ1) reflecting their wide-ranging perspectives on SRA, their SRA orientations and drivers for SRA. While the dominant orientation for SRA was the critical orientation, the polarity (8.69) was relatively low, not indicating a persuasive view, and this was confirmed by stakeholders' critical orientation views that did not provide a persuasive critical reflection on the purpose of SRA (for example those with a strong critical view were considered as outliers and the traditional auditor watchdog metaphor was used).

By positioning APs as Gramscian traditional intellectuals, we explored the potential of the RPR to promote SRA as an accountability mechanism (RQ2). We found that APs work more to maintain and promote the status quo than to oppose it, thereby contributing to the production and perpetuation of hegemony (Jones and Melis, 2021). The following indicators illustrate the finding:

Table 7. Implications for APs

Theme	Description	Example quotes
<i>Voluntary SRA environment</i>		
Market perceptions and consequences	Reward and penalties	“People rarely reward transparent behaviour. Does the market really reward? So that is why there is probably a reluctance around that, so ... but regardless, you need to be balanced in your reporting to achieve any sort of meaningful outcome” (TR1) “At the moment, when we look at the sustainability space, you might not identify the risk because nobody has been sued for assuring a limited scope or something that does not have a rational purpose” (RT2)
Regulation	Lack of, or ineffective, regulation	“I think there has been some change, but if you want to see real change, you need regulation. Companies report as they please, you know” (RP12) “... because regulators do not regulate the social environmental impacts of businesses, and even if ... they have regulation ... they don’t enforce them” (SEU25) “... the only way to do that [accountability] is to make this thing [SR and SRA] mandatory, so shift it out of voluntary, but you probably going to get a lot of resentment” (SEU21) “... you will need good standardisation, preferably regulation, enforcement and the likes, to force SR and SRA ... to caring for the environment and society” (IU8)
<i>Competitive SRA environment</i>		
Commercial interests	Narrow-scoped engagements	“We’re in this space where not only IRBA registered auditors are in a position to provide assurance on sustainability information: the argument that they could have is - if we don’t accept engagements that have a limited scope or, then we’re going to lose the business” (IU17)
	Soft approach to regulation	“... you [APs] rely on that company to pay your fees. So, you are independent to a certain extent but if there are issues, are you going to find a softer way of dealing with it? If I need to pay my bills at the end of the day, I’m not going to make too many waves” (RT1) “... from an assurance perspective it’s going to cause conflict in terms of, this is my bread and butter, ... there’s a certain amount of risk I’m willing to take even though I’m not hundred percent sure that the engagement that I’m going to take on is not necessarily in line with what this is intended to do” (RP18)
Pragmatic legitimacy	Internal management tool	“Most benefits of assurance are not even for outside [users], which assurance is designed for, but internally. It’s more an internal management tool than anything else” (AP6)

Source(s): Authors’ own creation

- *Compliance with established norms* (Carter and Spence, 2014; Spence and Gray, 2007): APs applied ISAE 3000 (Revised) and because they focused on auditing quantitative data (numbers) instead of its impact, they were quite comfortable making RPR decisions based on this accounting-focused standard for the SR subject matter and criteria. While they called for more regulation, they wanted more guidance (checklists) that could promote compliance, but impact on all SR stakeholders is still not addressed.
- *Reinforcement of established practices* (Jones and Melis, 2021): Due to limitations in underlying reporting systems, participants saw implementation of the RPR as a journey. In their journey to achieving RPR, APs supported slow progress by following modes resembling business-as-usual and viewed the journey as a joint effort of APs

and RPs, but with no mention of stakeholder engagement. Although APs supported SR accountability to broadly defined users in theory, they believed the appropriate drivers of the engagement should be stakeholders other than APs and RPs.

- *Prioritization of own and corporate interests over broader interests* (Carter and Spence, 2014): The interplay of a variety of conditions complicated the potential benefits of the RPR to promote SRA as an accountability mechanism. These complexities relate to APs' own interests or client interests rather than broader interests. During the process of deciding whether the RPR was feasible, APs needed knowledge of the business, information and access to RPs. This was not always made available by RPs and therefore, in APs or clients' interest, continuing existing engagements or embarking on an RPR journey (as explained above) were seen as more attractive options. The underlying motives identified during the RPR process did not reflect broader interests: these motives included assurance of organizational legitimacy; commercial motives that could lead to business of greater assurance scope in the future; personal motivation to build trust in society and solve important problems that were accompanied by a feeling of powerlessness due to hegemonic pressure; and a moral motive seen as "nothing new [...] a general approach" that actually constitutes a business case. Other examples of APs promoting their own interest relate to their competition with nonregulated APs, and to regulations that are limited in scope and/or are ineffective. Because of these circumstances, APs felt justified in accepting narrow-scope engagements, taking a soft approach to regulation and using SRA engagements as an internal management tool for professional capture.
- *Upholding of existing power structures* (Goddard, 2002): APs accepted the dominance of RPs in SR and SRA and perceived their power, even with ISAE 3000 (Revised) as standard and the RPR, as limited. It would appear that APs lacked the appetite to challenge corporate hegemony because the market does not reward transparency and there are no consequences for irresponsible reporting.

The above does not provide strong evidence of critical reflection among stakeholders regarding the role of SRA in the wider societal impact, and it shows they view the potential of the RPR to promote SRA as an accountability mechanism to be limited. The findings point to the need for: stronger mandatory regulation that goes beyond compliance, with incentives or pressure to challenge the status quo and to act; increased involvement of a wider range of stakeholders (including those representing social and environmental interests) so that impact rather than mere reporting can gain traction; and improved professional education and training that promotes critical thinking, a deeper understanding and critical reflection of the SR and SRA that promote social justice, rather than mere compliance with standards.

7. Conclusion

This study extends the literature by investigating the RPR in its mostly unregulated assurance environment, and by shedding light on public interest in SRA through insights into why the RPR does not promote SRA as an accountability mechanism. The study also reveals difficulties with the implementation of the RPR, underscoring a gap in the regulatory framework, because it does not take into account the practical and commercial realities facing APs. The practical contributions of the study are clear because, as an integral part of the IRBA and SAICA's collaboration to prepare the South African audit profession for the RPR the study helped promote stakeholder engagement and raised awareness of the RPR.

The study's dependence on the South African context may limit the generalizability of the findings. Further research could examine the application of RPR in different countries and

under different regulatory environments to validate and extend the study's conclusions. Given the insights gained from this study, further areas for research emerge; research is still needed to understand the impact of existing regulatory frameworks on the assurance profession. Such studies could examine how regulations affect the behavior of APs and impact their ability to meet the needs of a diverse stakeholder group.

Our study considered accounting professionals and ISAE 3000 (Revised) (IAASB, 2022b). A recent development is the IAASB's (2024) issuance of the Final Pronouncement International Standard on Sustainability Assurance 5000, ISSA 5000 General Requirements for Sustainability Assurance Engagements and Conforming and Consequential Amendments to Other IAASB Standard Arising from ISSA 5000. As an overarching standard, ISSA 5000 provides baseline requirements so that it can be used on its own, is applicable to all SRA engagements and can be used in conjunction with any reporting framework criteria. It also addresses both limited and reasonable assurance, compliance with quality management and ethical requirements and is applicable to both professional accountants and nonprofessional accountant APs (IAASB, 2024). Although the standard is not mandatory (it depends on each jurisdiction and regulatory body), ISSA 5000 is effective for SRA engagements on SRs for the periods on or after December 15, 2026 (or at a specific date). The IAASB regards this to be a unified, global response to the public interest's need to strengthen the global SR and SRA ecosystem. ISSA 5000 contains an RPR with stipulates (a meaningful level of assurance, a useful engagement that is not misleading to intended users and avoidance of greenwashing) what the AP should consider in assessing whether the engagement has a rational purpose (IAASB, 2024). ISSA 5000 also provides for a wider interpretation of intended users by distinguishing between those who use sustainability information for resource allocation decisions, and others who are interested in an organization's disclosure of sustainability information (ISSA 5000, par A36) (IAASB, 2024). Future studies could investigate the ability and effectiveness of the standard to challenge the status quo and involve a wider range of stakeholders, and the RPR interpretation of nonprofessional accountant APs.

Our study focused on the RPR in a mostly unregulated assurance environment. APs are key in the successful implementation of the first IFRS sustainability disclosure standards [IFRS S1 and IFRS S2 (IFRS (2023a, 2023b))]. A need for the RPR still exists with the new developments of mandatory reporting (IFRS S1 and IFRS S 2) and future assurance requirements (ED-5000). Future research can focus on RPR taking into account the new developments and whether the RPR has improved potential to promote SRA as an accountability mechanism.

The improved professional education and training suggested by our study (needed to promote critical thinking and a deeper understanding of the SR and an SRA oriented toward social justice) is a further area for research. Future studies may deal with the IFAC's (2024b) proposed revisions to its International Education Standards (IES 2, 3 and 4 – sustainability). Researchers can determine its likely effect on education and training programs, to equip aspiring professional accountants to play a key role in providing high quality SR and related services (SRA).

Our study's social contribution is to make regulators and professional bodies more aware of the influences of practical and commercial realities on regulation, and the paradoxical effect this has on their public interest objectives.

Notes

1. This paper uses the term sustainability reports broadly; it includes forms of extended external reports such as environmental, social and management reports, corporate social responsibility reports and integrated reports (Venter and van Eck, 2021).
2. This paper is based on the unpublished PhD study of the corresponding author.

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Appendix. The Q set

The business case orientation

1. SER benefits everyone by enhancing shareholder value through a more holistic approach to business decision-making and strategic planning.
2. It is useful to consult with stakeholders over SER and keep their interests in mind during the business decision-making process. However, ultimately, it is management's job to decide what is best for the business.
3. SER helps to foster stakeholder engagement with the community. These relationships have potential to add long-term value to the organization.
4. SER can help management explore the linkages between corporate social, environmental and financial performance. This way they can identify profitable, "win-win," reporting situations for the business that are good for society, stakeholders and the environment.
5. SER makes good business sense by helping companies to mitigate risk, protect the corporate brand and gain competitive advantage.
6. The key focus of SER must be on business and investors. This approach will ultimately prove the most beneficial for society as a whole.
7. SER enables corporations to be perceived as acceptable members of society, which ultimately helps decrease the amount of unnecessary regulation imposed on business.
8. Ultimately, the value of SER should be measured through its impact on share prices.

Assurance issues

9. Information included in the external assurance scope should primarily support managerial decision-making.
10. External assurance should not be undertaken if it is unclear whether the benefits of assurance will be greater than the cost (i.e. that it supports value creation).
11. Assurance should remain a voluntary activity where management retains the discretion of what is to be included in the assurance scope.

Views of sustainability

12. The market mechanism will ensure that the social and environmental costs are included in prices; hence, supply and demand will reach equilibrium at levels that are socially and environmentally sustainable.
13. A sustainability mind-set will drive efficiencies in the business that will lead to greater profitability.
14. The pursuit of environmental and social sustainability will drive long-term economic growth leading to sustainable value creation.

The stakeholder accountability orientation

1. SER should be aimed at increasing the accountability and transparency of businesses to stakeholders.
2. SER must recognize stakeholders' rights to information and effective participation if it is to become an impetus for meaningful change.

3. SER cannot always address stakeholder and business interests simultaneously. There is a real risk that management will ignore stakeholders who are relatively powerless to defend themselves against corporate abuses.
4. SER is an inevitably political and contentious issue that involves a careful balancing act to ensure the interests of all stakeholders are fairly represented. It is not as easy as saying it's all "win-win." We need to recognize that we have both common and separate interests.
5. SER requires regulation to ensure balanced reporting for accountability, monitoring and decision-making purposes. Otherwise, the risk of selective reporting is too high.
6. SER should be developed within the current system (e.g. partnership approaches with business) to create incremental change.
7. SER can increase compliance costs for businesses, but from a societal perspective, the benefits of implementation are likely to outweigh the costs.
8. The problem with business case approaches to SER is that business can choose to ignore forms of SER for which a business case cannot be made. These may well be the areas that address potential conflicts between business–society–environmental interests, and which stakeholders are most interested in.

Assurance issues

9. Assurance of SEA should advance the public interest, and not purely corporate interests.
10. The assurance function should play a role to ensure that stakeholders concerns are represented in sustainability reports in a fair and balanced way.
11. Assurance is about the discharge of accountability to stakeholders and will not always be able to illustrate direct financial benefits.

Views of sustainability

12. A lack of accountability toward society and the environment is the primary contributing factor to social and environmental problems today.
13. Sustainability is considered to be complex (or a wicked problem) due to the fact that decisions that have to be made where either society or the environment (or other groups within society) will benefit, but not both.
14. SER should be developed within the current system (e.g. partnership approaches with business) to create incremental change.

The critical orientation

1. SEA should, more generally, focus on demonstrating why current social, economic and political institutions require radical change.
2. SEA should draw attention to business-society conflicts, environmental degradation and social inequalities so as to enable critical reflection on how we can address such problems.
3. SEA, in its current form, does not ensure meaningful engagement with stakeholders. It may be more appropriately described as "greenwash" or "pseudo-participation".
4. SEA is incapable of achieving high quality reporting or an adequate level of public accountability from corporations via voluntary forms of regulation.
5. SEA is prevented from generating as significant an impact on the environment and society as it could, given that it is highly susceptible to being captured by business interests.

6. SEA has the potential to covertly make it seem as if everyone's interests can be addressed within the current system, when in reality they cannot.
7. SER has little chance of developing real corporate accountability unless there is radical change in the dominant capitalist structures.
8. SER needs to illustrate the domination of accounting by capitalist logics that prioritize capital markets and shareholder interests.

Assurance issues

9. Fair and effective assurance is a crucial component toward SEA reaching its emancipatory potential.
10. The assurance function cannot function effectively if management is responsible for selecting the scope of assurance.
11. An AP may not accept (or sign off on) an assurance engagement where evidence exists of unbalanced/biased/incomplete information in either the reported information or the assurance scope.

Views of sustainability

12. An organization cannot be said to be progressing toward sustainability if it is not in some way making a contribution toward social and environmental justice (i.e. repairing historical social and environmental injustices).
13. Sustainability is in reality a concept that can only be effectively considered at a planetary level. This means that the requirements of sustainability cannot be effectively disaggregated to an organizational level.
14. The social and environmental problems of today are a direct result of the way capitalism is practiced. To address social and environmental problems, hence, requires a fundamental reorientation of the way the economy is organized and individual behavior is rewarded.

Source(s): Authors' own creation

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