Sustainability Assurance

The Swedish audit profession's interpretation and manifestation of competence

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ABSTRACT

Title: Sustainability assurance – The Swedish audit profession's interpretation and manifestation of competence

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Five key words: Sustainability assurance, assurance providers, competence, audit profession, legitimacy.

Purpose: The purpose of this paper is to investigate the audit profession's interpretation of the characteristic competence in sustainability assurance, and how this is practically demonstrated.

Method: In this paper, a qualitative research with an inductive method approach has been used.

Theoretical perspectives: Theories in this paper consist of Flint's (1988) philosophy of auditing, Abbott's (1988) theory on professions, Power's (1997; 1999; 2003) theories of the audit profession, as well as the Swedish legal framework and sustainability assurance standard RevR 6.

Empirical data: The empirical data presented in this paper consists of four interviews with sustainability assurers from the Big Four audit firms. The interviews have been used to analyse the profession's interpretation and manifestation of necessary competence to perform sustainability assurance.

Conclusions: The key findings are that the sustainability assurers from the audit firms claim competence due to a perceived overlap between financial audit and sustainability assurance, as well as their use of multidisciplinary teams. External attributes such as educational background, internal training and certification are not seen as factors determining competence.

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Abbreviations

ACCA	Association of Chartered Certified Accountants
CSR	Corporate Social Responsibility
EC	European Commission
ESRA	European Sustainability Reporting Association
EU	European Union
FAR	Föreningen Auktoriserade Revisorer
FEE	Fédération des Experts Comptables Européens
GRI	Global Reporting Initiative
IAASB	International Auditing and Assurance Standards Board
IES	International Education Standard
IFAC	International Federation of Accountants
IIRC	International Integrated Reporting Council
ISAE	International Standard on Assurance Engagements
KPMG	Klynveld, Peat, Marwick, Goerdeler
NGO	Non-Governmental Organisation
PwC	PricewaterhouseCoopers
RevR	RevisionsRekommendation

1. Introduction

According to KPMG's s tri-annual study "International survey of corporate responsibility reporting" from 2011, the number of companies reporting on sustainability is continuously rising (KPMG, 2011, p. 6). They argue that sustainability reporting has become "virtually mandatory" for multinational companies around the world (KPMG, 2011, p. 6). Following this trend, there has been an increased interest by companies to let a third party review their sustainability report in a so-called assurance engagement. IFAC defines an assurance engagement as "an engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria" (IFAC, 2012, p. 14). Assurance of sustainability reports is argued to fulfil the same function and provide the same values for the stakeholders as audit does for financial reports. That is, they provide credibility to the report by being examined by an independent, competent third party (Park & Brorson, 2005, p. 1096). KPMG's survey reveals that 46 % of the G250 (the 250 largest companies in the world) and 38 % of the N100 companies (the 100 largest companies in each country surveyed), assure their sustainability report (KPMG, 2011, p. 28). In Sweden, 42 % of the 100 largest companies get their sustainability report assured (KPMG, 2011, p. 30).

Beyond this trend of increased sustainability assurance, there is a legal and political debate, which highlights the increased awareness of sustainability issues. The European Commission on the 16 April 2013 released a proposal, which involves an amendment of the 4th and 7th accounting directives. The proposal aims at improving the transparency and behaviour of companies within the EU concerning non-financial issues (EC, 2013, p. 1). It suggests that certain large companies should be required to disclose "relevant and material" information in their annual reports regarding their policies, risks and results on for example environmental and social issues (EC, 2013, p. 1).

The Big Four audit firms (PwC, KPMG, Deloitte and Ernst & Young) dominate the assurance market in Sweden although there are other providers, primarily consulting firms (Tan-Sonnerfeldt, 2011, p. 206). However, from an international perspective a number of researchers have questioned whether these audit firms possess the necessary competencies to perform assurance of sustainability reports (Ball et al., 2000; O'Dwyer, 2001; O'Dwyer & Owen, 2005). Despite having their legitimacy questioned, the audit profession argues that their competence is demonstrated through knowledge. This knowledge is based upon, inter alia, already existing methodology from financial auditing and the use of multidisciplinary teams. The composition of the team and the knowledge of the individuals involved is claimed to be vital in providing assurance (Wallage, 2000, p. 54; FEE, 2002, p. 18). During the last decade the audit profession has shown an ability to successfully conquer new areas of assurance, which lies beyond their traditional financial auditing core (Power, 1997, p. 123).

1.1 Background

1.1.1 The different assurance providers

Gray & Herremans (2011) argue that the qualification of the assurer is one important factor for the reliability of the assurance. Users need to take the large differences in assurer qualification level into account when reading the assurance statement (Gray & Herremans, 2011, p. 15). Before discussing the various qualifications of the assurers, an introduction of the different providers is needed. On an international level, the Big Four audit firms dominate the assurance market. These firms conduct 71 % of the G250 sustainability assurance and 64 % of the N100 sustainability assurance (KPMG, 2011, p. 30). In addition to the audit profession there are other external assurance providers such as CSR specialist consultants, civil society organisations, opinion leaders and advisory panels (Zadek & Raynard, 2004, p. 46).

1.1.2 The different providers competence

As indicated above, the audit profession has expanded their services and started to perform sustainability assurance services in addition to traditional financial auditing. This expansion has been legitimised by comparing sustainability assurance to financial auditing, claiming that since the processes are similar, it is natural for auditors to exercise these services (O’Dwyer, 2011, p. 1230). It is however noteworthy that it was the audit profession themselves which in the 1990s constructed and defined the term assurance (Tan-Sonnerfeldt, 2011, p. 92-93). The assurance concept was constructed by the IAASB, which is the international accountancy professional body IFAC:s independent standard-setting board. It was developed by referring to the broad notions and knowledge from financial audit (Tan-Sonnerfeldt, 2011, p. 126). Wallage (2000) claims that financial auditors have a relatively advantageous role due to the large size of the firms and the auditors' multidisciplinary areas of competence (Wallage, 2000, p. 64). Also considered beneficial is the support of the professional bodies of auditors, the financial auditors' reputation, and experience when it comes to cooperation with outside experts. This since cooperation between various disciplines is seen as an essential part of sustainability assurance (Wallage, 2000, p. 64). Finally, financial auditors have skills in reviewing information systems, in verifying data, and in the reporting of this information (Wallage, 2000, p. 64).

The other assurance providers mentioned, i.e. CSR specialist consultants, civil society organisations and opinion leaders and advisory panels, are also believed to possess various necessary competencies. Some of these competencies include stakeholder representation, and competence in relevant areas within sustainability (Zadek & Raynard, 2004, p. 9). While civil society organisations and opinion leaders have a tendency to be more normative and prescriptive in their assurance, the accounting profession and CSR consultants are said to be more focused at judging whether the information is correct or not (Zadek & Raynard, 2004, p. 46-47).

Following the discussion of assurance providers above, Owen (2007) identifies two broad approaches within sustainability assurance, the accountancy-based and the more evaluative approach. While the former is focused on determining the accuracy of data based on standards, the second more detailed approach provides a more evaluative commentary in the statement (Owen, 2007, p. 172-173). A perceived strength with the accountancy-based approach is their use of standards, which prescribe the utilisation of specialists (Zadek & Raynard, 2004, p. 49). This has led to the creation of teams that combine different competencies and therefore provide legitimacy to the assurance process. In other words, multidisciplinary teams are generally believed to provide credibility since they ensure the necessary mix of technical, industry and cultural knowledge (Zadek & Raynard, 2004, p. 86). Due to this ability to create multidisciplinary teams with the necessary characteristics and expertise, professional audit firms are expected to continue to be key providers of sustainability assurance (Zadek & Raynard, 2004, p. 86). However, even though both approaches can be considered to be beneficial, it is argued that no single provider or organisation will possess all the necessary competencies to ensure that the assurance is valuable to all stakeholders (Zadek & Raynard, 2004, p. 48).

1.1.3 Sustainability assurance in Sweden

In Sweden, there is no statutory requirement that sustainability reports in general should be assured. The exception is when the sustainability report is located in the management report within the annual report and thereby is encompassed by the statutory audit (RevR 6, §T1). In addition, Swedish state-owned companies are since 2007 obliged to produce sustainability reports in accordance with the GRI guidelines and assure these reports by an independent attestation (Regeringskansliet, 2007, p. 2). Since the GRI guidelines leave a lot of freedom to the reporting company in terms of the scope and depth of assurance, Swedish state-owned companies have much discretion in choosing what approach to have towards external assurance on their sustainability report (Larsson & Ljungdahl, 2008, p. 131-132). The requirement of sustainability assurance differs from the requirement of external review of financial reports in that the government has refrained from commenting on preferred type or nature of provider (Tan-Sonnerfeldt, 2011, p. 196).

Since third-party assurance is not statutorily required in Sweden there are other reasons why companies still choose to have their sustainability reports assured. Park & Brorson (2005) in their study have investigated this and provide insight to why Swedish companies voluntarily select assurance. Benefits such as enhanced credibility for the published information as well as feedback on how to improve their internal reporting system were mentioned. Companies without assurance cited high costs and lack of evidence on whether third-party assurance actually enhances credibility as their reasons. In addition, assurance was by some considered to be necessary only for larger, multinational corporations (Park & Brorson, 2005, p. 1095-1100).

From a Swedish perspective, the Big Four audit firms have an even greater share of the assurance market compared to international numbers, with 86 % of the market in 2009 (Tan-Sonnerfeldt, 2011, p. 206-207). In Sweden, non-auditors hold about 13 % of the assurance market and this group consists largely of various consulting companies (ESRA, 2010, p. 6). Two examples of consulting firms who perform sustainability assurance on

Swedish companies are DNV (Det Norske Veritas) and Respect Sustainable Business (Tan-Sonnerfeldt, 2011, p. 206). Compared to 23 % in 2007, this group's share of the market has decreased substantially (ESRA, 2010, p. 6).

Recently there has been a debate in the area of sustainability assurance concerning the knowledge and competence of sustainability auditors. In the Swedish professional journal “Balans”, the auditor Åse Bäckström states that sustainability consultants are not a threat to the audit industry and their dominance of the sustainability assurance market (Lennartsson, 2010b). Lars-Olle Larsson, an auditor and a well-known sustainability assurance profile in Sweden, in the same journal comments that the growing sustainability trend requires the audit industry to enhance its knowledge in the field. He claims that the large audit firms are indeed ready to meet the growing demand for sustainability services, but that not all auditors have the knowledge that is required to understand the complexities surrounding sustainability issues (Lennartsson, 2010a). In the same journal Pia Bäckman, also an auditor and sustainability specialist concurs with this statement that the Swedish audit industry needs to gain more competence. She comments that there is no education concerning sustainability aimed at auditors under the auspices of the Swedish auditor organisation FAR. Further, while people working with sustainability assurance often have a relevant academic background, Bäckman states they lack a more specific specialised training. Increased knowledge within this area is argued to enhance the long-term development of companies, the audit industry, and society as a whole (Bäckman, 2012). Regarding sustainability assurance standards in Sweden, the generally accepted standard is RevR 6 (Lennartsson 2010b). Åse Bäckström states that the use of RevR 6 indicates that the signing auditor is qualified. This in turn implies there are certain requirements of competence, regulation, and professional ethics in the standard (Lennartsson, 2010b).

1.2 Relevance of study

The term “sustainability” includes environmental, social and economical aspects but there is no coherence as to what it actually means and how it should be carried out in practice (Buhr, 2007, p. 57-58). While sustainability assurance is a growing market that the audit profession is interested in continuing to dominate, the actual practice is not as clear as the financial audit. This can lead to an insecurity for the practitioners regarding what is expected of them and what the assurance process should look like (O’Dwyer, 2011, p. 1245-1246). Furthermore, it is problematic for auditors to interpret the meaning of terms such as competence, even if it is addressed and defined in existing assurance standards (Tan-Sonnerfeldt, 2011, p. 296). While much research has been conducted on the standards (Dando & Swift, 2003; O’Dwyer & Owen, 2007, O’Dwyer, 2001) and on the content of sustainability reports (Ball et al., 2000; Gray & Herremans, 2011; O’Dwyer & Owen, 2005), little research has focused on the complexity of the actual practice and on the providers. However, none of these academics have observed how the audit profession interprets competence. Lee & Stone (1995) refer to competence and independence as being the “congenial twins of auditing” (Lee & Stone, 1995, p. 1169) but competence is not as extensively covered in audit research as independence. Furthermore, competence is one of the cornerstones in audit theory. For example, Flint (1988) refers to competence as “the first requirement for the authority of auditors” (Flint, 1988, p. 48). Since competence is important but somewhat of a neglected field within audit research, this is a relevant and interesting topic to study.

The relevance of this study is to assess how sustainability assurance practitioners in Sweden interpret the term competence, which according to the generally accepted standard RevR 6 is required in the assurance of sustainability reports. Their interpretation of competence relates to how they legitimise that the audit profession possess the vital characteristics needed in sustainability assurance. In summary, the intent of this paper is to investigate how the audit professions interpretation of competence is organised and manifested internally. Meaning the composition of the teams, the individuals involved and their knowledge and skills. The reason for having a Swedish perspective is that Sweden is an interesting case, among other things because of the unique institutional environment. For example, Sweden has a statutory requirement of audit on the administration of the company, in which other factors than purely financial ones are assured. Furthermore, the audit profession dominates a large share of the Swedish assurance market and therefore it is relevant to investigate this claimed suitability to perform sustainability assurance.

1.3 Purpose and research question

Some researchers (Ball et al., 2000; O'Dwyer, 2001; O'Dwyer & Owen, 2005) have questioned the audit professions suitability to perform sustainability assurance and instead suggest other actors are more knowledgeable and prepared for this demanding task. Others (Simnett et al., 2009) claim the audit profession already possess vital qualities required in the assurance of sustainability reports and therefore are more adequate. Because of the differences between financial audit and sustainability assurance, auditors' competence within sustainability assurance can be discussed. Therefore, the purpose of this paper is to investigate the audit profession's interpretation of the characteristic competence in sustainability assurance, and how this is practically demonstrated. That is how they organise within the firm to secure this competence. The professions interpretation will be compared with what is prescribed in Swedish law and standards. The intention is to investigate which claims the Swedish audit profession use to demonstrate that they have enough relevant knowledge, expertise, technical skills and competence to perform assurance on sustainability reports. In summary, this paper aims to seek an understanding of how the Swedish audit profession through demonstrated competence, claim legitimacy to perform sustainability assurance. This purpose can be concretised into the two following research questions:

1. How does the Swedish audit profession interpret competence?

2. How is this interpretation manifested and organised into practice?

1.4 Delineation

Within the area of sustainability assurance, there are many interesting topics. One way to explain the delineation of this essay is to refer to the model below, which is based upon ACCA: s figure "Assurance dimensions driven by assurance appetite".

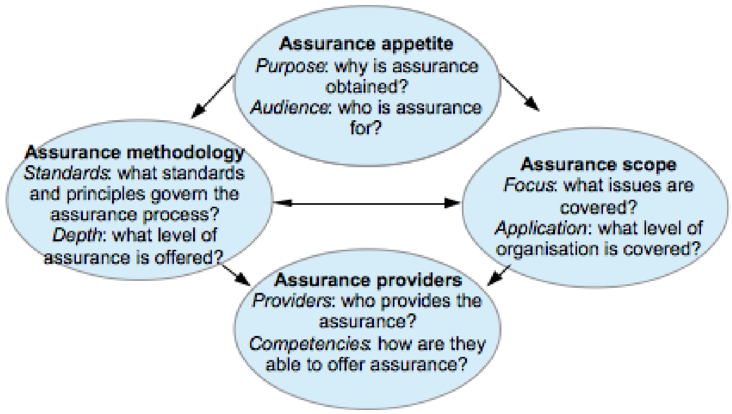

Fig. 1.1: Assurance dimensions driven by assurance appetite. Source: Adaptation of the model found in Zadek & Raynard (2004) p. 32.

The figure shows the four assurance dimensions, the links between them, and important questions to be asked in each dimension. Simply put, the needs of the audience determine the type and scope of assurance, which in turn determines the characteristics of the assurance provider. Although the other aspects will be mentioned, the study will focus on the assurance providers and more particularly the large audit firms in Sweden. The reason why it is interesting to focus on the assurance providers is because much has already been written about the assurance standards, the scope of the assurance, its purpose and audience, but less about the practitioners conducting the actual assurance. Among the various providers, we have chosen to delineate ourselves to the audit profession, more specifically the Big Four. The reason is that it is mostly large companies that produce sustainability reports, and large companies generally are audited and assured by large audit firms. Therefore, the Big Four have more experience with sustainability assurance than smaller audit firms. Finally, the study is limited to Sweden, partly because of the unique institutional environment mentioned above, but also because of practical reasons such as the assurors accessibility.

2. Method

In this section a description will be given of the thesis' method and methodology, where the former concerns the actual methods used and the latter the philosophical grounds that the research is based on. It involves a review of the role of theory, the research strategy and method, a justification of chosen interview objects and a presentation of how the interviews were conducted. Further, it provides a reflection over important criteria within business economic research with the purpose to assess the quality of the performed research. The concluding paragraph will address some criticism of sources.

2.1 Methodology - The role of theory and ontological assumption

This paper is built on an exploratory and interpretative research, which partly implicates that the studied surroundings are seen as highly socially constructed. It is based on the ontological assumption, which Scapens (2007) refer to as "reality as a social construction" (Scapens, 2007, p. 2). This assumption is used to understand the reality of the investigated phenomena and implies that the individuals involved have constructed it. In addition, knowledge has been derived from a subjective interpretation of the conducted interviews. This research approach has assisted in creating a more profound level of understanding about the studied surroundings, which is the sustainability department at the Big Four audit firms in Sweden. The role of theory has been to turn the focus to certain important areas within sustainability assurance rather than using it to explain this study. Further, the theory has been used in an exploratory purpose, which simplified the analysis and understanding of the observed patterns of the study. Thus, as Scapens (2007) state, "the role of the theory is to make sense [...] of the case" (Scapens, 2007, p. 7). The theories put forward by Abbott (1988), Flint (1988) and Power (1997; 1999; 2003) as well as the literature review, have been a vital input in constructing the research questions as well as to explain our specific research area. The information derived from the interviews has throughout the research process been related to these theories, analysed and resulted in some key findings. Regarding the involvement of the researcher, it has been taken into account that the researcher is seldom entirely independent and neutral. There is always a possibility that the researcher somehow affects the interview objects and thereby steer the result in a certain direction (Scapens, 2007, p. 20).

2.2 Research strategy

The essay is built upon a qualitative research strategy, which implies an interpretative perspective and focuses on how individuals perceive and interpret their reality (Bryman & Bell, 2003, p. 40). The purpose of qualitative research is to investigate how these individuals perceive themselves and interprets their surroundings, rather than how the world actually is (Lundahl & Skärvad, 1999, p. 101). Concerning the relation between theory and research, or in other words how the study was performed in practice, there is a choice between an analytical inductive or deductive approach. The former can be explained as a process where theories are developed from the research effort, while the latter approach instead involves producing and testing one or more hypotheses based on earlier knowledge and research (Bryman & Bell, 2003, p. 25). This paper is based on an inductive approach and the process began with extensive literature research, continued with four qualitative interviews and resulted in generalized conclusions based on the empirical outcome. Bryman & Bell (2003) emphasises that an inductive approach not necessarily must lead to internally produced theories. Instead it is often sufficient to analyse the empirical evidence and draw general conclusions (Bryman & Bell, 2003, p. 25), which has been the aim in this paper. This research approach suited the purpose since the intention was not to test any hypotheses nor to develop new theories around the area, but rather to discuss how the audit profession through claiming competence seeks legitimacy to perform sustainability assurance.

2.3 Method - Research design

Research design concerns the process where data has been collected and analysed. This term is distinguished from research method, which rather aims to the actual technique of this process, for instance the choice between performing qualitative interviews or sending out questionnaire surveys (Bryman & Bell, 2003, p. 46-47). The authors commenced the study by reflecting on which issues around sustainability assurance that were of interest to investigate and how this could most easily be explored. This resulted in the search for answers from sustainability assurors regarding the sustainability assurance and whether the audit profession possess enough competence to perform these services. That is, the authors wanted to create an understanding about in what ways the interview objects argue for the audit profession being best suited to perform sustainability assurance. In each organisation, individuals were carefully chosen based on their experience and perceived ability to answer the interview questions. The research process began with extensive research and literature reading around the subject of sustainability assurance. Keywords such as assurance, assurance providers, profession, competence and legitimacy were used in the literature search to find relevant articles and it generated a deeper knowledge of the area. The purpose with the comprehensive literature reading was further to look for unexplored perspectives. For instance, auditor independence was found to have been much written about while the equally important characteristic competence appeared to be somewhat unexplored. Also, it became apparent that many had already researched about the actual assurance process and how it was performed in practice, but little had been studied about how the audit profession actually legitimises themselves in this area of work. Furthermore, numerous writers held a critical perspective regarding stakeholder engagement in the assurance process and about the increasingly close relationship between the assuror and management. However, a small proportion was found on sustainability assurance from the auditors' perspective and the difficulties in the interpretation of certain criteria. For example the criterion of competence, which all auditors should possess according to the generally accepted standards on sustainability assurance. Consequently, our problem specification became to investigate how auditors claim competence to perform sustainability services. Regarding the research method, four qualitative telephone interviews were carried out and these will be described in more detail below.

2.4 Data collection

Data are often divided into two categories depending on how it was collected. If the researcher uses material originating from another source it is referred to as secondary data. This collection technique differs from when the information is self gathered, which is then instead called primary data (Arbnor & Bjerke, 1994, p. 241). The authors have used both primary and secondary sources in order to obtain enough information to answer the research questions. These consist of interviews with sustainability auditors, books and multiple articles on the subject.

2.4.1 Primary data

The information derived from the interviews is primary data, since it came directly from the source. Primary data is considered to be a less available form of data and more expensive to obtain (Lundahl & Skärvad, 1999, p. 52). For that reason, these were performed over the phone to enable time and cost savings. Interviews are a common method in qualitative research and in this case, they were performed relatively unstructured since it among others creates larger flexibility (Bryman & Bell, 2003, p. 317).

A total of five individuals were contacted, all employed at the Big Four audit firms. These are Deloitte, Ernst & Young, KPMG and PwC. However, one individual declined to participate, more specifically a senior partner and a qualified auditor from one of the big firms. The provided reason was that she did not believe her answers were going to contribute with a further understanding since an interview already had been conducted with another individual at the same department. This can be questioned since the person who was interviewed is of lower rank and therefore does not have as much experience of sustainability assurance. Further, since the paper's research approach involves how the respondents interpret and perceive their surroundings, it can be argued that the two in fact would provide different answers. Thus, one more interview could have been beneficial since it probably would have given more answers on how auditors interpret the term competence and how it is manifested in the organisation.

The interview selection was made due to the high individual competence within these organisations and because the Big Four audit firms obtain a large part of the sustainability assurance market. Consequently, it could be argued that smaller audit firms might lack equivalent experience and would not contribute equally. This choice can also be justified by the thesis focus, sustainability assurance from the auditor's perspective. All interview objects are currently working at the sustainability department at these four audit firms and even though they are all experts within sustainability assurance, they have very different backgrounds within the profession. The authors considered this to be beneficial since each individual's perspective and experiences would be taken into consideration. For instance, the authors regard it to be advantageous that two interviewees except from being sustainability experts are also qualified auditors. The empirical data consists of answers from the four interviewed individuals and these will be presented below. Helena Kernell was first interviewed and she currently work as a Manager at KPMG's Climate Change and Sustainability Services department. The second contact was with Charlotte Söderlund, a Senior Manager at Ernst & Young's, also at the Climate Change and Sustainability Services. Our third interview was conducted with Fredrik Ljungdahl, Director at PwC's Sustainable Business Solutions. Finally, Didrik Roos, Partner at Deloitte Audit Sustainability was spoken to. A table with information about the interviews is provided below.

Interviewee name	**Firm name**	**Auditor**	**Title**	**Department**	**Interview date**	**Interview length**
Helena Kernell	KPMG	No	Manager	Climate change and sustainability services	2013-04-17	42 min
Charlotte Söderlund	Ernst & Young	Authorised	Senior Manager	Climate change and sustainability services	2013-04-23	48 min
Fredrik Ljungdahl	PwC	No	Director	Sustainable Business Solutions	2013-04-24	31 min
Didrik Roos	Deloitte	Authorised	Audit Partner	Sustainability	2013-05-02	48 min

Table 2.1 Table of interviews. Source: own

As stated, these four were chosen due to their long experience within sustainability assurance. Lundahl & Skärvad (1999) argue it is important to select individuals who are highly likely to contribute with important and relevant knowledge and which furthermore are related to the problem specification (Lundahl & Skärvad, 1999, p. 104). Experts within an area are most likely to contribute with high values and this legitimises the selection further (Lundahl & Skärvad, 1999, p. 117). In addition, since they are of higher rank within their organisation it felt sufficient to perform four interviews in order to fulfil our purpose and to answer the research question. The outcome of the conducted interviews can be viewed as internal generalities, meaning the presented conclusions will show the studied context, which is a selection represented of sustainability experts (Svensson & Starrin, 1996, p. 215).

The initial contact with the respondents was taken by email or by a phone, where the study's purpose was briefly explained and how their expertise would benefit our research. This procedure can facilitate the researchers efforts (Bryman & Bell, 2003, p. 369). When the respondents had agreed to be interviewed, a questionnaire consisting of 26 different questions were constructed and sent out in advance. These questions are attached in appendix 1. The purpose was to give the respondents an opportunity to prepare which subsequently would lead to more qualitative answers. The questions were divided into six categories and addressed topics such as the auditors individual background, previous education and certification, applied standards, the assurance process, the individuals involved and the future trends within sustainability assurance and integrated reporting. Although these questions were rather structured, the actual interviews focused on discussing the different main topics and were complemented with specific questions when deemed necessary. The interview guide can be viewed as a structured list of questions but with the purpose not to prevent the respondent to discuss other relevant topics. Further, follow-up questions were asked, which encouraged the individuals to constantly develop their answers (Lundahl & Skärvad, 1999, p. 116). Bryman & Bell (2003) state that it is important not to ask too specific questions in an semi-structured interview since the answers in a qualitative study should be extensive. They should reveal an individual's values of a certain situation as well as opinions and attitude (Lundahl & Skärvad, 1999, p. 117). Bryman & Bell (2003) define a semi-structured interview as a situation where the researcher has a list of themes and the person answering has large scope to formulate their answers as they wish and thereby might include other information they see as relevant (Bryman & Bell, 2003, p. 362-363). However, Arbnor & Bjerke (1994) argue it is advantageous to standardise the interview questions as was done in this case, because it gives the opportunity to compare the individual responses (Arbnor & Bjerke, 1994, p. 243).

All interviews were recorded and transcribed. It prevents relevant information or interesting strategies getting overlooked, which is regarded as vital in qualitative interviews (Bryman & Bell, 2003, p. 369). The reason for performing the interviews by phone was the study's limited time frame and the large distance to the interview objects. Compared to personal interviews, phone interviews are less costly and more time efficient to perform (Dahmström, 2000, p. 75). A disadvantage with telephone interviews can be the difficulty in obtaining honest answers when asking more sensitive or critical questions, as well as the loss of the interviewees' body language shown in personal interviews (Dahmström, 2000, p. 78). These issues can be related to this study since the research approach in some way involves questioning the audit profession's competence and expertise within the sustainability assurance area. Consequently, the questions might be perceived by the interviewed auditors as somewhat critical towards their professional identity. Despite this, the authors believe the semi-structured interviews managed to capture the individuals' personal opinions on the subject. The critical issues were not emphasised to a larger extent, instead a discussion was carried out which concerned the profession's threatened legitimacy in a broader perspective.

2.4.2 Secondary data

A reason for using secondary data is because it is easier to obtain compared to primary data (Dahmström, 2000, p. 96). However, two problems can be identified and these are the information's comparability and reliability. Data from another source might have been collected with another purpose and therefore not be comparable to the information needed in a different situation. The second issue is related to the insecurity about the information's correctness, that is to what extent the source is reliable (Arbnor & Bjerke, 1994, p. 243). The sources used in the paper's theoretical part are well-known authors who have been much cited by many other researchers. Implying they have high reliability and can be regarded as trustworthy. In addition, a critical approach to the sources has been held throughout the process and the information's relevance to the research area has been assessed.

2.5 Essay credibility criteria

According to Bryman & Bell (2003) there are three important criteria within business economic research which need to be taken into consideration. These are *reliability*, *replication* and *validity*. Reliability concerns whether a study, if conducted a second time, will show the same result or if the first study have been affected by other circumstances.

Replication regards the ability to perform the study a second round. Validity is considered to be one of the most important research criteria. If a research effort has high validity, the drawn conclusions from the investigation are coherent. Meaning the researcher has found what he/she in the beginning aimed to study and not something else (Bryman & Bell, 2003, p. 48-49).

If the same questions were to be asked to the respondents a second time in this particular study, one could assume the outcome would be somewhat similar. However, since semi-structured interviews implies the interview object is allowed to speak rather freely there is a risk that their answers would not be the same in a second study. Hence, the investigations' reliability can be considered to be relatively high although it is not possible to achieve total reliability since individuals will not give the exact same answers twice. The person interpreting and summarising their answers can also affect the outcome. Since sustainability assurance is under constant development, the time of the investigation can also affect its reliability. Whether the study is replicable or not is dependent on issues such as the ability to access the same material twice and to get respondents to agree to a second interview. In this case where a qualitative inductive strategy have been used, the conclusion is that it is replicable to some extent. The authors chose the interview objects while carefully considering if their experience would provide answers relevant to the purpose and problem definition and thus the papers validity has been contemplated. In order to further enhance the papers validity, the interviewees' answers were accurately and without elements of own values, presented in the empirical section. The collected data provides an accurate picture of the individuals' perception of reality. The questions asked in the investigation were formulated in a way where the individuals own opinion would be emphasised and therefore it is more likely that the study is without any erroneous information and not targeted in a certain direction.

2.6 Source criticism

In assessing whether information is reliable or not, a researcher must hold somewhat of a critical view. For instance, one has to determine the information's original purpose as well as how and when it has been developed. It should also be carefully considered who the author behind the source is and what type of knowledge this individual has within the area (Patel & Davidsson, 2003, p. 64). Thurén (1997) describes source criticism as the judgement of whether a source is trustworthy. The author further highlights aspects such as the source authenticity and independence, which means if the source is what it claims to be and if it provides a correct view without any distortions (Thurén, 1997, p. 11). This paper's theoretical part is based on sources such as Power (1997; 1999; 2003), Abbott (1988) and Flint (1988). Since all three are well known academics with a deep knowledge in their respective fields, these sources can be argued to be reliable and independent. Also the fact that these authors are much cited and that many other researchers has based their work on their theories, further supports their trustworthiness. However, because these are secondary sources there is always a possibility for misinterpretations. For instance, if the authors has conducted the research in a different institutional context or has a completely different purpose, then the research built on these might be affected. Meaning if the information is misinterpreted or used incorrectly. In the introduction a debate was presented which originated from the Swedish professional journal "Balans". It has been taken into account that this information is both a secondary source, and can be considered to be somewhat biased since it includes the opinions from Swedish auditors and is issued by FAR. Primary sources are said to be independent to a higher extent than secondary sources, since the latter have been transcribed and processed (Thurén, 1997, p. 34). This paper is to a large deal based on primary sources and these are the data derived from the interviews with the four individuals working in the sustainability assurance area. Since these individuals have much knowledge and experience in the sustainability area, this increases the empirical data's trustworthiness. In addition, when transcribing and processing this information the authors were careful not to change or exclude any information which would change the reader's complete picture of the study. In the analysis, theoretical aspects that contradict our findings have been included, something the authors regard as important in order to enhance the papers reliability.

3. Regulatory environment

This chapter concerns auditors competence requirements found in Swedish law and applicable sustainability assurance standards. It will begin with a presentation of the framework on laws and standards, more specifically what these state regarding the competence and knowledge requirements of the assurance providers. This is important, since the audit firms are to follow what is prescribed in these. The prescriptions presented in these laws and standards will contribute with an understanding of what is expected of the sustainability assurers, and they will serve as a basis for discussing the competencies of the assurers from the other perspectives. Subsequently, the Swedish professional audit organisation FAR and their member category called FAR experts are presented. This is included since FAR is the organisation issuing the standard RevR 6, and also because two of the interview objects in this study are expert members in FAR as well as sits in their working group for sustainable development. Thus, they are involved in discussions and various developments concerning these particular issues. Finally, a quick review of a typical sustainability assurance process based on RevR 6 will be presented.

3.1 The legal and standard framework on competence

The requirement of competence and other important characteristics imposed on auditors can be defined on many different levels. This section will seek out the relevant definitions in law (the Auditors Act) and in the generally accepted standards (RevR 6 and IES 8), both followed by the audit profession when performing sustainability assurance. As mentioned earlier, the study's purpose is to analyse and discuss how the profession itself interprets the term competence and thus it is essential to first present what the law and standards states regarding this requirement. The Auditors Act is important since it can be regarded as a normative framework, having impact on the standard RevR 6 and its contents. Further, the Auditors Act as well as RevR 6 are based on regional and international provisions. The 8th EU Directive and its statement regarding auditor competence were transposed into the Swedish Auditors Act. RevR 6 is largely replicating the Dutch standard issued by Royal Nivra, which in turn is based on ISAE 3000 issued by IFAC. Below is a presentation of how competence is defined by the Auditors Act and by RevR 6. An additional one is given by IFAC, which define competence as "being able to perform a work role to a defined standard, with reference to real working environments" (IFAC, IES 8, p. 8). Even though IFAC separates the term competence from capabilities ("...professional knowledge; professional skills, [...] required to demonstrate competence", IFAC, IES 8 p. 8) they will hereinafter be viewed and interpreted as being interrelated.

3.1.1 The Auditors Act

While the Swedish Auditors Act is not focused on sustainability assurers and their qualifications, it still provides general rules and requirements of auditor competence. Nevertheless, this information can be regarded as relevant, since auditors are to follow these rules when conducting non-financial assurance engagements, such as sustainability assurance. Further, in any sustainability assurance engagement conducted by an audit firm, the signatory must be a qualified auditor and is thus required to follow the Auditors Act.

The Auditors Act contains, inter alia, the statutory requirements of an auditor's competence. The Act specifies requirements about the auditor's certification and ensures that the auditor has sufficient theoretical knowledge to perform statutory audits (§3). The auditor must also undergo continuing education in order to maintain this knowledge (§6). In order to complete the auditor exam, the individual must have a bachelor's degree in business and have undergone practical education for at least 3 years. More specifically, the auditor must have practical experience of audits on annual financial statements and consolidated financial statements, or alternatively similar accounting documents (§4). Swedish law distinguishes between two types of auditors, "approved" or "authorised". They differ slightly regarding level of experience as well as completion of exam (§4-5). According to the Auditors Act, both types can be primarily responsible for an audit engagement and both of them can consequently sign an audit report. Henceforth, the term "qualified auditor" will be used to refer to approved and authorised auditors, since both types are recognised as qualified auditors.

3.1.2 RevR 6

RevR 6 is the recommended standard on sustainability assurance and is issued by FAR. The standard provides guidance to Swedish auditors on how to assure sustainability reports. A number of requirements have to be met in order for an auditor to accept an engagement. For example, the auditor must verify that the requirements of expertise are met (§6). However, RevR 6 leaves it to the assurance provider to determine whether a team with sufficient necessary competencies can be assembled (§15). The standard neither prescribes anything about the assurance provider being obliged to inform in the assurance report about the assurance team‘s composition of individuals, nor about their skills in the assurance report. The only information of this type that is required is the names of the signatories (RevR 6, ex 1, fn 7). Regarding the expertise of the auditor and the assurance team, the standard states these should have enough *expertise* to carry out the assurance engagement. Meaning they should possess *technical skills* and *competence* within audit, material facts, management and information systems and on external reporting and accounting standards (§14). These competencies are further described in the T-section containing application instructions. While the above stated skills and competencies are required by RevR 6, the application instructions concerning interpretation explained below are not.

Knowledge about *audit* is explained as expertise and experience of assuring non-financial information, in particular sustainability reports. This includes knowledge of relevant standards for assurance engagements issued by IFAC or FAR. RevR 6 also gives the alternative to use standards not focusing on financial accounting and those issued by other organisations. These standards can help the auditor gain knowledge about a specific industry and the reporting entity’s social milieu (T25).

Knowledge about the *specific material facts* which the assurance concerns, is described by the standard as among others expertise within environmental issues and related technical risks. Furthermore, the auditor needs to be aware of social and financial aspects, current regulation on environmental issues, social responsibility, the labour market, and finally have knowledge about sustainability risks, associated standards and international development (T25).

The third area that the auditor according to RevR 6 must have knowledge in is *management and information systems*. More specifically, it is necessary to have general understanding of relevant management systems, for example systems for health and security, and associated standards. Knowledge and experience in assessing an entity’s internal information system and the gathering of necessary information is also included in this requirement (T25).

Finally the fourth area of expertise concerns *external reporting and accounting standards* and relevant social and political issues. It implies among other things that the auditor must have knowledge about relevant standards for external reporting. For instance the GRI guidelines, FAR:s accounting recommendations RedR1, or other comparable national or international standards on financial reporting. In addition, an understanding of essential social and political issues within the area of sustainable development, both nationally and internationally, is needed. Lastly, an understanding of the viewpoints, opinions and interests of the intended user is prescribed by RevR 6 (T25).

RevR 6 also has a section describing the use and composition of the multidisciplinary team in the assurance process. The auditor should assemble a team with sufficient experience and competence within the above mentioned fields of knowledge (§15). Hence, the auditor should have knowledge of relevant topics in the sustainability report in order to take managerial responsibility for the assurance team. The multidisciplinary team may contain specialists from other professions than the audit profession (§15). Furthermore, the standard states that the auditor has undivided responsibility for the assurance engagement, which is reflected through signing the assurance report (§10). This implies that if an external specialist is hired, it must be clarified that the auditor takes full responsibility for the engagement (T26). RevR 6 also recommends that the auditor refer to any contributions made by external specialists in the assurance report, for example by attaching a description of their work. This reference can enhance the credibility of the auditor's findings, but it does not reduce the signing auditor's managerial responsibility (T27).

As mentioned above, Swedish law states that both "approved" and "authorised" auditors can sign an audit report. According to RevR 6, both qualified auditors and FAR expert members, who will be defined in the next section, can sign an assurance statement either separately or together. However, since audit firms are obliged to follow the Swedish Auditors Act, a qualified auditor must always sign an assurance statement. To clarify, even though it is allowed by RevR 6 to only have the assurance statement signed by an

FAR expert member, it is prevented by § 17 in the Auditors Act. Implying that other assurance providers than audit firms are allowed to use solely a FAR expert member when signing an assurance statement.

3.2 FAR and its expert members

FAR, the Swedish organisation for professional auditors, represents about 6500 members who are qualified accountants and auditors, authorised accounting consultants, tax consultants, advisors and other specialists such as sustainability accounting experts (FAR, 2013). In 2005, a new group called “FAR expert member” in the context of signing the report emerged. While other titles such as “sustainability assurance specialist” also are used, they will henceforth be referred to as FAR expert members. As mentioned earlier, FAR at that time decided that a sustainability assurance report can be signed by both qualified auditors and experts member of FAR, either separately or together. However, the qualification requirements are very different for an authorised auditor and a FAR expert member (Tan-Sonnerfeldt, 2011, p. 252). While an authorised auditor’s qualifications are regulated at the EU level through the use of the Statutory Audit Directive, and on the Swedish level through the use of the Auditors Act, the FAR expert member’s qualifications are not statutorily regulated (Tan-Sonnerfeldt, p. 252-253). Instead, a FAR expert member within the sustainability field should “have at least 3 year university education, at least have worked within the field of sustainability assurance for five years, three of which are in a position with advisory capacity” (Tan-Sonnerfeldt, 2011, p. 213). The FAR expert member is trained and gains experience mainly through his/her professional audit firm. FAR does not qualify the expert members, it is instead up to the professional audit firms to do through the use of “in-house training programs” (Tan-Sonnerfeldt, 2011, p. 253). To sum up, qualified auditors are regulated in the law, but FAR expert members, for example sustainability experts, are not.

3.3 The sustainability assurance process in Sweden

This section will provide an understanding about how the actual assurance process is conducted on the basis of the generally accepted standard RevR 6. It is important to include, since it highlights some similarities and differences between a financial audit and a sustainability assurance. Two Swedish practitioners, Lars-Olle Larsson (formerly employed at PwC) and Fredrik Ljungdahl (currently employed at PwC), have written a simplified description of how a sustainability assurance process is conducted. They note that the scope and depth of a sustainability assurance is very much up to the client, but in general every sustainability assurance can be divided into three stages. These are referred to as the planning, execution and reporting stage. In the planning phase, a risk analysis is made partially together with the client company to decide on the focus of the process (Larsson & Ljungdahl, 2008, p. 135). In any larger engagement, a dialogue with the company's stakeholders is undertaken (Larsson & Ljungdahl, 2008, p. 135-136). The execution phase, in which the actual assurance takes place, can be divided into two main steps. First, an assessment is made of the entity's reporting system and internal control of sustainability data. Secondly, the auditor assesses whether this data is actually included in the sustainability report. The execution phase includes site visits and, depending on the size of the engagement, interviews with managers and stakeholders. Finally, in the reporting phase the results of the assurance are documented. Both an internal report of the results and suggestion of improvement is made and provided to the client company, as well as a signed assurance report to be publicised in the sustainability report (Larsson & Ljungdahl, 2008, p. 136).

One important conclusion which can be read out from the law and standards presented in this section, is that it is up to the professional audit firms to qualify experts and to assemble teams that possess the necessary competencies needed to conduct an assurance process. The fact that these important decisions are in the hands of the professional audit firms themselves, makes their interpretation and practical application of terms such as competence, a very important and interesting area to investigate.

4. Theoretical framework and literature review

In this chapter, various theoretical perspectives on competence and the legitimating strategies of sustainability assurance practitioners will be provided. The chapter will be divided into two main sections, the first concerning strict theory on auditor competence, professions and legitimacy, and the second one concerning a literature review of how other researchers have applied these theories.

4.1 Theories on competence, the profession and legitimacy

Initially, a part of Flint's (1988) audit philosophy will be presented, more specifically concerning competence. This theory will explain why competence is an essential characteristic of auditors and how it can be achieved and maintained. Subsequently is an introduction of Abbott's (1988) general theory of professions. This theoretical approach will assist in framing the audit profession, and more importantly, apply it on the part of the audit profession that refer to themselves as sustainability assurers. It will provide an opportunity to discuss the audit profession's claims to be a legitimate provider of sustainability assurance and to discuss the division of labour within the engagement team. Abbott's theory is useful in explaining interprofessional competition, that is, rivalry between neighbouring professions. Followed by a presentation of Power's (1997; 1999; 2003) theory on the audit profession. His research concerns the role of auditors and the definition of auditing, as well as how this particular profession makes various attempts to claim legitimacy. Power's research enables a further discussion about how the audit profession successfully has managed to expand from financial audit into various fields of assurance. The theories on competence, professions and legitimacy can be seen as interplaying theories and therefore they can facilitate a deeper analysis of the papers empirical data.[1]

4.1.1 Auditor competence

In order to understand the meaning of the term complex competence and highlight its importance, Flint's (1988) theory on the subject is here discussed. The author claims that it is a necessity that auditors are perceived as competent to gain authority (Flint, 1988, p.

[1] Power and Abbott use the title accountant but acknowledges that there are many versions of this word that can describe the profession. Therefore, they will here on forward be referred to as auditors.

48). For this to be achieved the involved parties must be confident about the actual audit, and this confidence is gained when parties assess that the audit has been conducted by competent auditors. To summarise, authority requires confidence in audit, which in turn demands the auditor to be perceived as competent (Flint, 1988, p. 50-51).

Auditor competence is a product of knowledge and skill, and these features can be acquired through education, training and experience. The education must be broad and general, covering both knowledge of auditing principles and methods, as well as knowledge of the specific matter which is audited (Flint, 1988, p. 49). Flint (1988) refers to auditing as “synoptic”, meaning it involves various fields of knowledge but is still a separate branch of science (Flint, 1988, p. 48). Audit work requires more than audit knowledge, it also demands that the auditor has a general understanding of the “nature, structure, institutions and law of the society in which it is applied” (Flint, 1988, p. 48). Knowledge is part of what constitutes competence, and auditors need knowledge within a variety of fields such as accounting, law and political economy in order to put their engagement into context (Flint, 1988, p. 50). Furthermore, auditing of a non-financial nature requires knowledge within other areas as well, which demands the use of a multidisciplinary approach. Even if auditors can further enhance their knowledge in certain fields, the complexity of specific technicalities might still demand the use of external specialists to some extent (Flint, 1988, p. 49). In these cases, Flint (1988) suggests that auditors should have a primary role due to their wide experience and analytical ability but as stated use external specialist when the assignment requires it. Flint (1988) argues that it is natural for audit to divide into various specialisations due to the audit clients being large and complex, and due to the increasing width of knowledge and skill which is required by auditors (Flint, 1988, p. 52). However, audit knowledge is seen as being the basis for all these specialisations. “The principles of auditing are universally applicable, and qualified auditors recognised as such should be capable of applying and adapting their skills to a wide range of organisations” (Flint, 1988, p. 52).

As mentioned above, competence is the product of education, training and experience. In order to be qualified, the auditor must demonstrate to the involved parties that he/she has undergone such a programme. Finally, Flint (1988) problematises qualification and how this recognition of competence should be ensured over time. More specifically, as audit develops, qualified auditors are required to continuously update their knowledge and competence. It is in the auditors' interest to voluntarily establish programmes of further education in order to maintain their competence (Flint, 1988, p. 53).

4.1.2 The profession and competence - abstract knowledge

In the book "The System of the Professions: An Essay on the Division of Expert Labour", Abbott (1988) builds a general theory on professions, and how and why they evolve. Some of the issues include why a certain group should control expert knowledge, and how certain occupational groups gained their power. While Abbott's (1988) theory treats all professions in general, he mentions the case of audit as a particularly good example of the narrow view of professionalisation. By this he means gaining external attributes such as an association, education, licensure and even state-sanctioned monopoly. However, he argues what truly impacted on the history of the audit profession is its development and move of jurisdiction. The audit profession has historically moved its jurisdiction from bankruptcy to auditing to cost accounting and later into "management services" (Abbott, 1988, p. 26).

Abbott's (1988) general definition of a profession is: "exclusive occupational groups applying somewhat abstract knowledge to particular cases" (Abbott, 1988, p. 8). He regards the evolution of professions as the result of the interrelations between them, and that these interrelations in turn are determined by how professions control their knowledge and skills. This control of knowledge can be established either by emphasising *technique* or by emphasising *abstract knowledge*. By controlling either of these, the profession subsequently control their occupation. While abstract knowledge is difficult to transfer to others, the practical technique itself can in fact be delegated. Hence, the second way to control knowledge can involve delegating the execution of the practical techniques to other workers. The definition above implies that Abbott (1988) regards controlling abstract knowledge as more valuable to a profession than controlling technique, since technique can be delegated to others (Abbott, 1988, p. 8). A simplified example to clarify this theory is the case of carpenters and architects. While a carpenter can be considered to control a technique it does not imply that carpenters constitute a profession. Meanwhile, architects do not possess the technique to build a house but they can nevertheless be viewed as a profession since they possess abstract knowledge and can consequently delegate the practical technique to carpenters.

Abstraction of knowledge is what separates interprofessional competition from competition among occupations in general, and therefore abstract knowledge defines a profession. Abstraction is what allows professions to survive in the competitive world of professions. While any occupation can create licensure or develop a code of ethics, only a profession claiming abstract knowledge is able to “redefine its problems and tasks” and consequently defend themselves from new competitors and expand their territory (Abbott, 1988, p. 9). One of the fundamental mechanisms of interprofessional competition is the profession's ability to use their abstract knowledge as a tool to diminish the legitimacy of competitors work. More specifically, a profession can use their abstract knowledge to claim they perform the work better than any competitor (Abbott, 1988, p. 36). Abbott refers to the level of abstraction as “the ultimate currency” when professions compete for the same tasks, which emphasises the importance of an optimal level of abstract knowledge (Abbott, 1988, p. 9). By having an optimal abstraction level, professions can create and monopolise new areas of work as well as expand the boundaries of their competence. While litigation threats and increased state regulation pressures the profession to standardise and codify their knowledge, i.e. make it less abstract, threats of increased accessibility from competitors pressures the profession to keep their knowledge abstract. It is difficult to establish what exact level of abstraction is enough to withhold the professions status and power within in a certain field. This question is time and place specific and depends on the historical and social context (Abbott, 1988, p. 9). One mechanism that helps a profession to maintain an optimal level of abstraction is division. Division starts with internal specialisation, and specialities generally do not leave its parent profession since the parent profession often provides legitimacy to the new area of expertise. Therefore instead of moving the new specialised area away from the original, they develop special education and certification structures within the parent profession. The main cause for division is the existence of other groups who perform the same tasks as the professional specialists. Furthermore, these competing groups are more likely to emerge for speciality tasks that do not lie within the core activity of the profession but rather in its periphery (Abbott, 1988, p. 105-106).

In general, the amount and complexity of professional knowledge is constantly increasing, and the audit profession is one of many professions that is expected to gain more knowledge. Since the audit profession is characterised by a rapid knowledge shift within current and new areas, this profession needs to continuously re-educate itself. The audit profession has historically been used to having professional education and programmes because practice rules constantly change. This regards both the profession at large and within the major firms. One way to cope with the increased pressure of gaining knowledge is to subdivide the profession into different areas, for instance when an audit firm creates a specific division for tax issues and another for sustainability assurance. This separation enables the profession to achieve a high degree of knowledge (Abbott, 1988, p. 178-182).

4.1.3 The profession and competence - jurisdictional claims

Abbott (1988) claims that *jurisdiction* is the explanatory factor to describe professionalisation (Abbott, 1988, p. 2-3). Jurisdiction is the link that can be established between a profession and its work, for example by focusing on the content, control and differentiations of work. In order to understand a profession's development, this jurisdictional link and how it is created, anchored by social structures and interplays with other jurisdictional links, must be analysed (Abbott, 1988, p. 20). Jurisdictional boundaries are not fixed but rather subject to disputes, and it is these jurisdictional disputes that make professions develop (Abbott, 1988, p. 2). Since the links are not absolute, professions can be regarded as an interacting system in which they compete with each other for certain jurisdictions. For example, different professions can gain territory when old tasks are reshaped or new tasks arise or are created. This vacancy results in professions jostling and adapting within the system (Abbott, 1988, p. 33). New groups can claim jurisdiction to a task which another profession is already holding claims to, for instance by attacking the dominant profession (Abbott, 1988, p. 91). However, in countries where the service is legally monopolised, external attack is not common (Abbott, 1988, p. 95).

As has been implied above, jurisdictional changes are not only affected by external factors such as technology, politics and social forces, but also by internal dynamics such as professions creating a problem to gain new areas of work (Abbott, 1988, p. 40). Since jurisdictional claims are subjective, the profession which has created a problem can then reason about it and take action on it. In doing this, the profession needs to make sure their jurisdictional claims are vague enough not to be accessible for intruders, but at the same time comprehensible for the society as a whole in other to be considered legitimate (Abbott, 1988, p. 45). Further, academic knowledge is another important factor that enables a profession to sustain its jurisdictions. Academic knowledge clarifies the foundations of professional work and traces it to cultural values such as rationality, logic and science, thereby legitimising it. In this way, professional problems are constructed and professions can perform skilled tasks and justify them cognitively (Abbott, 1988, p. 53-54).

Jurisdictional claims can be justified through *reduction*. That is, an already secure profession claiming that a certain new task is reducible to one of the profession's already settled jurisdictions. One example is that urban planning is reduced to a problem of design, which makes it fall into the architectural jurisdiction (Abbott, 1988, p. 98).

4.1.4 Legitimising competence

Power's work referred to in this section, is found in his book "The audit society: Rituals of verification" from 1999 and in two of his articles. The first article is from 1997 and titled "Expertise and the construction of relevance: Accountants and environmental audit" and the second, "Auditing and the production of legitimacy" is dated to 2003. Power's work concerns the transferability of characteristics and skills already possessed by the audit profession through financial audit, to the area of environmental audit.[2] Power's reasoning about multidisciplinary teams and the hierarchy within it, will serve as a complement to Abbott's theory about abstract knowledge and the ability to delegate more routinised work to others. As such, it will provide a more nuanced view on the strategies used by auditors to expand into new fields by promoting themselves and their skills.

4.1.4.1 The audit idea

Power (1999) sees audit both as a distinct technical practice, and as an idea that includes various social norms and hopes. Society has to have confidence in the idea of audit in

[2] While Power (1997) analyses auditors' claims to legitimise their competence in the environmental area, the same reasoning can be assumed to be relevant for sustainability as well, since sustainability (similarly to environmental issues) is an area of work that it is not neutral to associate auditors with.

order to view the practice as legitimate. The author discusses the difficulty in finding one objective definition of the word audit. However, the audit process generally includes elements such as independence, evidence gathering and a professional opinion regarding this evidence. Power (1999) argues it is this vagueness about the audit idea, which has allowed it to expand into other contexts (Power, 1999, p. 4-6). It is the audit profession's ability to continuously reinvent themselves which has enabled the construction of various assurance services. This reinvention is in turn based on the reorganisation of the original audit process. Another aspect allowing the audit profession to expand into new areas is the production of legitimacy (Power, 2003, p. 387-388). Similarly to Abbott (1988), Power (2003) argues that it is important for the audit profession to produce problems and subsequent solutions, which are externally perceived as legitimate (Power, 2003, p. 392). Another key area of the audit process is considered to be the reliance on external experts, which the author argues makes an area difficult to audit more auditable. By relying on others' opinions on a subject matter, auditors can still claim jurisdiction to certain new areas (Power, 1999, p. 12).

4.1.4.2 Auditors expansion into new fields

Power (1997) argues that part of the success of the auditing profession is related to their ability to expand from their traditional financial auditing base into new fields. As a result, it has become increasingly difficult to define exactly what an auditor is (Power, 1997, p. 123-124). The profession has become so internally diverse that one cannot assume they are united in their approach to new fields of work. Nevertheless, the title auditor brings with it what Power (1997) calls a "strategic and rhetorical potential" which is useful when claiming competence in new fields of work (Power, 1997, p. 124). The profession is seen as constructing problems and solutions that the society considers to be legitimate. In this way, they promote their economic and social value (Power 2003, p. 392). When entering new and ill-defined areas it becomes important to construct and present this area in a way that enables the profession to claim expertise to operate in it. It is not sufficient to solely have an economic interest in a new area to gain legitimacy. The determining factor deciding which profession gets access to a new, immature area depends on the different competitors' ability to interpret the type of expertise needed. This interpretation is done at the expense of other professions. One way to conquer a new area in a jurisdictional competition is through using professional language. In other words, how the profession speaks about the actual practice is important (Power, 1997, p. 124). It might sometimes be difficult to see how the skills of the audit profession can be applied to for example environmental audit, when the skills of environmental scientists can appear to be more intuitively relevant. Still, many audit practitioners argue their skills in financial auditing are relevant in this area as well (Power, 1997, p. 129). According to Power (1997), it is the auditors themselves who have constructed the idea of financial and environmental auditing as being overlapped. That is, they claim the two processes are quite similar and consequently require the same set of skills (Power, 1997, p. 125). Only when these claims of similarity between financial and environmental auditing is perceived as legitimate, the audit profession are able to export these tools and techniques to the field of environmental auditing (Power, 2003, p. 388).

4.1.4.3 Criticism against the use of multidisciplinary teams as a legitimising factor

Power (1997) argues it is generally assumed that multidisciplinary teams are vital in the field of environmental auditing. His observation is supported by various professional auditing organisations which claim that the requirement of a variety of skills such as technical and legislative expertise, cannot be secured by one individual but instead demands a multidisciplinary team approach. Those arguing for the use of multidisciplinary teams often suppose that individuals with different knowledge simply can be coordinated for any specific task. Power (1997) regards this as a flawed rhetoric since it assumes that the disciplines involved are separated and technical in character. Within the concept of multidisciplinary teams, there will always exist various degrees of hierarchy and it is more important who leads the work, than who actually performs the work itself. A connection can be made between the multidisciplinary nature of environmental auditing and the competitive market for expertise mentioned above. In this market for expertise, hierarchical structures are of great importance (Power, 1997, p. 129-130). That is, the question of who orchestrates the work is of major relevance, because the individual controlling and leading the assurance process, although merely acting as a mediator delegating work to others, gets recognised for the work performed by the multidisciplinary team. In delegating routine tasks to other groups, the profession preserves its position in a hierarchy of professional knowledge. In the case of environmental audit, which is a competitive and expanding market, it seems as hierarchy has become more important than territory. Meaning that the audit profession's aim is to absorb and take advantage of their competitions knowledge, rather than to eliminate it (Power, 1997, p. 130).

Power (1997) relates to Abbott's (1988) emphasis of an optimum level of abstraction in knowledge discussed earlier. Power (1997) made observations in the UK in the early 1990s about groups competing for environmental audit work not emphasising the exclusivity of their knowledge. Instead, they highlighted their ability to lead and divide the work in the multidisciplinary teams (Power, 1997, p. 133). Also in contrast with Abbott's (1988) view on the professions wanting entire jurisdiction in a specific field, is Power's (1997) observation about the commonly accepted view of the environmental area being so diverse that one profession simply cannot claim exclusive right to it. This is the reason why the competition is not about territory but rather about hierarchical relations (Power, 1997, p. 133).

4.1.4.4 Three strategies that auditors use to promote themselves

Regarding the alleged overlap between skills that are necessary both for environmental audits and financial audits, Power (1997) identifies three related strategies used by auditors to promote themselves and their auditing based competencies. The strategies can explain how the profession justifies their claim of jurisdiction within the environmental field. The first strategy is identified as a territorial strategy, while the other two have a hierarchical objective. The former strategy aims at establishing that the knowledge needed to conduct an environmental audit is sufficiently similar to that of traditional financial auditing knowledge, resulting in auditors claiming legitimacy and relevance for that reason (Power, 1997, p. 134). For example, this strategy involves making parallels between the two types of audit such as both utilising the same standardised methodology, verifying compliance against specific standards and applying various audit techniques. That is, the involvement of financial auditors in other types of assurance is normalised through making an analogy with the area of financial audit. The two other strategies can be seen as complementary due to their more hierarchical aim. One focuses on positioning audit skills as important in the set of skills necessary to conduct environmental auditing, while the other one focuses on subordinating and undermine the skills that applied scientists have (Power, 1997, p. 134).

To summarise, Power (1997) problematises the term audit and observes that some have attempted to abandon the word while others chose to use it to gain credibility (Power, 1997, p. 137). By claiming similarity between the skills needed for financial and environmental auditing, and presenting audit as a separate legitimate body of knowledge, auditors are able to construct a relevant role for the profession in environmental audit. In addition, this construction of relevance suppresses differences and allows auditors to argue that the deficiency in their competence is so small it can be filled by hired experts from other fields. The rhetoric of technicality also plays an important role, since technicality can be used to justify hiring external experts to conduct work that is "merely technical" (Power, 1997, p. 138-139). This can be related to Abbott's (1988) reasoning regarding professions delegating routine work when they have claimed more jurisdiction than they actually are able to serve. Hence, Power (1997) argues that the audit profession's attempt to define what kind of knowledge is necessary to possess when conducting environmental audit, has in fact enabled them to promote the type of expertise they already have (Power, 1997, p. 123).

4.2 Literature review

4.2.1 Introduction

This part of the paper concerns a review of academic literature on the audit professions attempt to legitimate their expansion into new areas, for instance the sustainability assurance field. Many of the researchers below have applied Abbott's (1988) and Power's (1997; 1999; 2003) theories and thereby these authors can contribute with further arguments on how the audit profession claim legitimacy in performing sustainability assurance. The aim of the literature review is to create a deeper understanding of the subject and it will be used as a tool to analyse the empirical data.

Various authors (Free et al., 2009; Gendron & Barrett, 2004) agree with Power's (1997) observation about the audit profession being successful in expanding into new markets of assurance. Legitimacy is seen as a central concept in auditing (Free et al., 2009, p. 137), and research which investigates how the audit profession attempts to be perceived as legitimate in the context they operate within, for example within sustainability assurance, is therefore relevant for this paper. Here on forward follows a section covering research about different characteristics held by the audit profession, which the profession in turn use as a motivation to why they should be regarded as the legitimate provider of sustainability assurance services.

4.2.2 Legitimising qualities of the audit profession

Legitimising strategies are especially important for professions entering new domains of practice (O'Dwyer et al., 2011, p. 34). Therefore, this section concerns how the audit profession has managed to expand their original practice into new fields. Wallage (2000), an auditor and a professor in auditing, mentions a range of factors, which indicate that the audit profession have an advantageous role in sustainability assurance. They include the size of audit firms, their use of multidisciplinary teams, their reputation and technical expertise (Wallage, 2000, p. 64).

Similar arguments are mentioned by Simnett et al. (2009) who investigated the international market of sustainability assurance. By sampling over 2000 companies in 31 countries, the authors studied the motives companies convey for having their sustainability report assured and what lies behind their choice of type of assurance provider (Simnett et al., 2009, p. 937). Noteworthy is the authors' initial classification of the audit profession being a higher quality assurance provider than other providers of the same services. The assumption is based on the audit professions' well-developed international standards, ethical codes, independence requirements, and control mechanisms that ensure high quality of the assurance. Other arguments for viewing the audit profession as a higher quality assurance provider, is that they have legitimacy due to an established history and a good reputation (Simnett et al., 2009, p. 941). The authors also present a counter argument to this view in acknowledging that sustainability assurance providers who are not part of the audit profession, for example environmental consultants, might have a more profound expertise in the area. However, since the big audit firms often hire these, this argument is later dismissed (Simnett et al., 2009, p. 943). Although one of their general conclusions is that it is of no importance to the studied companies whether the provider is a member of the audit profession, their motivation supporting auditors higher quality is still relevant to this paper because it provides arguments as to why the audit profession is a legitimate provider of sustainability assurance (Simnett et al., 2009, p. 937).

Owen et al. (2000) and O’Dwyer (2001) have written two articles, both based on Power (1997). More specifically, the former supports Power’s (1997) analysis of auditors themselves being the creators of the perceived overlap between financial- and other assurance services. By interviewing leading sustainability assurance providers from audit firms, they concluded that there is a widespread view among the practitioners about social audit not being overly different from financial audit. The interviewees argued that the processes are quite similar and emphasised that auditors in general already have enough experience and thus have a natural role in social auditing. Even respondents with a non-auditing background accepted the view that social audit has a technical element which can be compared to financial audit work. Apart from the technical aspect, one of the perceived benefits of having professional audit firms conducting sustainability assurance was the global reach of the Big Four audit firms, allowing them to handle the complex work of sustainability assurance. However, the lack of internal education that would help develop the auditors’ competencies within the field was briefly mentioned as a disadvantage (Owen et al., 2000, p. 92-93).

In his research, O’Dwyer (2001) discuss auditors’ legitimacy in participating in social and ethical accounting, auditing and reporting. O’Dwyer (2001) argues that Power’s (1997) reasoning about the problematic and diffuse definition of an auditor has recently become even more vague, as a result of the profession continuously aspiring to expand their practice into new areas such as sustainability (O’Dwyer, 2001, p. 27). In addition, O’Dwyer (2001) agrees with Power’s (1997) observation that the overlap between financial and sustainability assurance practise is what has allowed financial auditors to claim expertise in performing sustainability assurance (O’Dwyer, 2001, p. 31). The technical skills of auditors are highlighted as an important reason to why they would appear legitimate in conducting non-financial audit. However, whether this technical expertise that auditors supposedly possess is enough for them to be legitimately involved in sustainability assurance, is questioned (O’Dwyer, 2001, p. 29).

4.3 Analytical framework

The regulatory environment presented in chapter 3 will be used normatively in order to understand what the Swedish auditor law, RevR 6 and IFAC prescribe about auditor competence. Throughout the paper is has been emphasised that the meaning of competence is vague and that it is much up to the audit profession itself to interpret and determine the term. Flint (1988) has presented an additional definition of competence which has further elaborated its meaning and assisted in analysing the audits professions interpretation of the term. The theories developed by Abbott (1988) and Power (1997; 1999; 2003) have been presented in the purpose of creating a more profound understanding on the dynamics of the profession and in what ways they are claiming jurisdiction in the field of sustainability assurance. Although the theorists use different terminology, for example Flint (1988) uses competence, Power (1997; 1999; 2003) uses expertise and skills and Abbott (1988) uses knowledge, these terms are in this paper linked together and thus construed similarly. The literature review will provide further insight in the legitimising factors the audit profession use and facilitate a comparison of arguments and results regarding auditors claimed competence within sustainability assurance.

Based on our theoretical framework, the following analytical model was prepared. It illustrates the theoretical approaches that will be used to discuss and analyse our research questions.

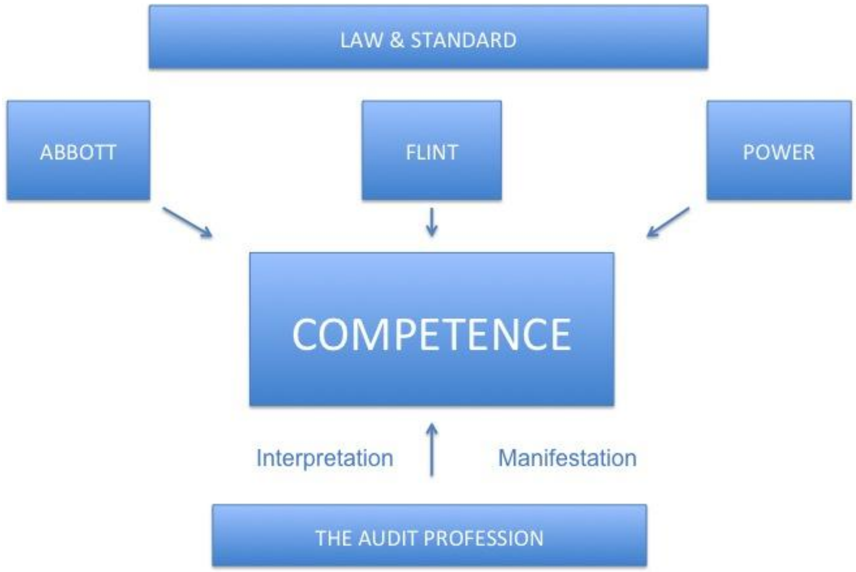

Fig. 4.1 Own analysis model

The following empirical section will provide an insight in how representatives from four large audit firms in Sweden interpret the requirement of competence and how this is manifested within the organisation. The analysis will then use the theoretical- and regulatory framework as well as the provided information in the empirical chapter to answer our two research questions.

5. Empirical evidence

In this chapter, a summary of the results obtained from the interviews with sustainability assurers from the Big Four audit firms will be provided. The chapter begins with a brief presentation of the interview objects' professional title and background. Subsequently, the empirical evidence will be divided into three main headings. The first two concern how the respondents interpret the term competence as well as how this is manifested into practice. This division aims at reflecting the two research questions. The third heading regards the future trend of integrated reporting.

5.1 Brief overview of the interviewees professional title and background

As was mentioned in the method chapter the four interview objects were chosen due to their position in the big audit firms as well as their long and diverse experience within sustainability assurance. Helena Kernell is manager at KPMG's department Climate Change and Sustainability Services and has been employed at KPMG since 2007. Between the years 2007 and 2010 she worked as a financial auditor and subsequently moved to the sustainability department. Kernell is involved in both assurance and consulting engagements and is not a qualified auditor. Charlotte Söderlund is currently employed at Ernst & Young as a senior manager at the department Climate Change and Sustainability Services. Thus, she is responsible for services connected to sustainability assurance and she is also a FAR expert member and a qualified auditor. In addition, Söderlund is a member of FAR's working group for sustainability issues. The third interview was conducted with Fredrik Ljungdahl at PwC and his internal title is director. Similar to Söderlund he is responsible for sustainability services such as consulting and assurance. Ljungdahl is not a qualified auditor but a FAR expert member and like Söderlund he is a member of FAR's working group for sustainability issues. Our representative from Deloitte is Didrik Roos, a qualified auditor who began his career within financial audit and then proceeded to work with sustainability assurance and other sustainability services. Currently Roos is neither a FAR expert member nor part of FAR's working group, although he will be in the near future.

5.2 Interpretation of competence

5.2.1 Comparison of financial audit and sustainability assurance

Kernell states that the methodology used for sustainability assurance is rather similar to the one used for financial audit. However, she describes that sustainability data in contrast to financial audit data involves more diffuse measurements. Another difficulty regarding the data is that is can be harder to get hold of, since more people and departments are involved. She provides the following example:

> *"Many times, the data about energy consumption might come from an invoice at the financial department or a measuring gauge out in the factory [...] so there are a lot of different systems involved and a lot of different persons who are to report the data"*

Söderlund states that the stakeholder dialogue and the materiality analysis are what differs most between sustainability assurance and financial audit. She explains that a sustainability report has a broader group of stakeholders than a financial report, making it difficult to assess who it is actually aimed at. The materiality analysis difference rather concerns whether the sustainability report actually covers the material issues and whether the right delineations have been made. She argues that contrary to a financial report, within sustainability the company themselves in a way conduct their materiality analysis.

When asked about the differences and similarities between financial audit and sustainability assurance, Roos sees sustainability assurance as fundamentally being like any other kind of audit. Among the similarities, he mentions the necessity of thinking about risk and materiality. In both financial and other assurance, the starting point is to understand the actual business operations of the company. This understanding is needed to conduct a good assurance, regardless of whether it concerns financial or sustainability information. Among the differences, Roos explains that it sometimes is more concrete to audit financial information. Meanwhile, sustainability information is not only quantitative but rather involves a lot of qualitative information.

> *"This calls for a need to describe more, it's not like ones and zeros so much but rather large risks and exposures"*

He exemplifies by saying that the assurance can involve searching the internet to see what the company has been up to the last year, and whether it has been reflected in a good way in their sustainability report. Like Söderlund, he mentions the need to assure whether material information that should have been included is missing, and that this part is very important in a sustainability assurance engagement.

> *"And that is actually easier in a financial audit, because you calculate a materiality amount which you can use to evaluate your 'errors'. You know how many errors you have and can ask yourself, 'can I live with this based on our materiality amount?' Regarding sustainability reporting it is more difficult. For example, 'here we have wrong information from three countries, they have omitted information about a supplier who have had child labourers in Bangladesh and not even mentioned it'. Is this material or not? Like, it's not very easy to determine. It becomes more of a qualitative discussion. I think you tend to give more comments on the sustainability assurances, just because it is hard to know whether it is material or not".*

5.2.2 Identification

Regarding the question whether the four respondents identify themselves as either an auditor or a sustainability assurer, they provide rather different answers. Kernell states it depends on the type of engagement, for instance whether she is performing a consultancy, assurance or audit assignment. Kernell comments that KPMG does not have specific titles, i.e. does not focus on whether persons are qualified auditors or not but rather focuses on assembling a team of individuals with the right competencies.

Instead of answering the question directly, Söderlund states that she sees her title as a qualified auditor as a necessity when working with sustainability and integrated reporting issues. Even though she currently does not sign any financial annual reports, she still uses her professional knowledge as a qualified auditor in her sustainability assurance work.

Ljungdahl's answer to the question whether he identifies himself as an auditor or sustainability assurer, is that it depends on how the concept auditor is defined. Even though not being a qualified auditor and not performing audit on financial statements, he still identifies with the role of an auditor since he performs the actual assurance of the sustainability report.

Roos explains that he personally regards himself as an auditor, although he does not believe it is a good solution to divide sustainability issues from financial audit issues and "put them in a separate silo". Deloitte formerly had a distinction between the title of auditor and sustainability assurer, but one of Roos' personal goals is to overbridge this distinction. Finally, he emphasises that he sees his background as a qualified financial auditor as highly beneficial in performing sustainability assurance. As a financial auditor he has experience of audit methodology and subsequently possesses a well-developed knowledge of issues concerning risk and materiality. Roos believes these aspects will become increasingly important within sustainability assurance.

5.2.3 The role of auditors in sustainability assurance

Although being asked to describe whether they see any potential problems with an auditor performing sustainability assurance, all respondents turned it into their advantage by describing why the audit profession possess competence in assuring sustainability reports. Kernell states that since the auditor is not involved with performing the actual assurance, but rather acts more as a team coordinator and quality assurer, she does not see a reason to why it could be problematic to have an auditor performing the sustainability assurance. Instead, she emphasises that the team is put together to possess the total amount of necessary competencies.

Söderlund explains that she sees it as an essential prerequisite and a benefit rather than a problem that an auditor performs the sustainability assurance.

Ljungdahl argues that auditors are "without hesitation the best ones to do this [sustainability assurance]". He mentions the methodology which the audit profession applies as one reason.

> *"I think you can ask any of our clients who have maybe had another consultant before, and they think that our methodology [...] our precision, how we review processes, ask questions, verify backing documents, help them with scripts and give them feedback [...] they have a better experience with us, that is clear, and therefore I do not hesitate at all to claim that we are best positioned to do this"*

Ljungdahl further mentions PwC:s size and associated resources as a reason to why they are a good sustainability assurance provider.

> *"I mean if you hire 'the consultancy shop on the corner' with eight employees who might have knowledge within specific sustainability issues but have no volume or methodology connected to assurance... then I think it will be a poorer assurance"*

Roos says that when he explains why it is beneficial to have auditors conducting a sustainability assurance, most people normally understand what he means. He usually uses his own background as a financial auditor as a strength. Further, he explains that many sustainability issues are not related to emissions and environment but rather, to ethics and how business is conducted. Since sustainability is such a broad area, he does not think that it is the way forward to force it into only “environmental issues”. Roos argues that it is more important to have a broad perspective, and that such a broad perspective can be better gained by a person with financial audit as a background. Finally, he thinks it is easier to discuss these issues on a management level with the company if one has this financial audit background.

5.2.4 Sustainability assurance standard

All the interviewees primarily follow the standard RevR 6 when performing sustainability assurance. Söderlund explains that RevR 6 is followed for Swedish engagements, and ISAE 3000 is used for foreign engagements. Ljungdahl also states that RevR 6 is the only standard PwC use, except when a client specifically requires other international standards to be used as a complement. RevR 6 was chosen because it is the standard FAR recommends all audit firms to use in conducting sustainability assurance.

Kernell, Söderlund and Ljungdahl were in agreement that RevR 6 is a good and supportive standard that provides sufficient guidance. Kernell emphasises that RevR 6 is good since it is built upon international standards and also continuously developing. Generally, she says that it can be problematic to define scope and materiality of a sustainability engagement and that is where the importance of competence comes in. Söderlund expresses that RevR 6 provides a “logical support” since it follows standard audit methodology. According to her, questions and problems arise in any type of audit, and thereby the audit profession is experienced and prepared to handle these issues in a sustainability assurance engagement as well. When asked if she utilises her experience as a qualified auditor when a “gap” appears in a sustainability assurance engagement based on RevR 6, she answers affirmative.

Ljungdahl’s experience of the support and guidance of RevR 6 is similar to Söderlund’s. He says that support can be given on different levels and that RevR 6 provides excellent support as a framework on how these engagements should be conducted. However, on a more detailed level he believes that every detail cannot possibly be expected to be encompassed by a single standard. Thus, PwC like other audit firms have internal tools, models and guidelines that are more thorough. Ljungdahl emphasises that in this aspect, sustainability assurance is not very different from a traditional financial audit. According to him, standards for financial audit do not fully cover every practical aspect either.

Roos explains that RevR 6 is currently about to be updated, and that this update is necessary. He says it is noticeable that the standard came out a few years ago since it feels slightly outdated. The world has changed since then and when conducting sustainability assurance engagements, he experiences certain limitations with the standard, especially regarding the recent trend of integrated reporting. More specifically, he explains:

> *"Instead of having a specific section called 'sustainability report', you kind of embed that information in the first part of the annual report or even in the management report in the formal annual report and then, RevR 6 is not entirely up to date. Like, how should the work be delineated and how is this information to be attested?"*

Roos explains that when information is put in the management report, it becomes encompassed by the statutory financial audit. Since financial audit normally is stricter than sustainability assurance, it becomes unclear which approach should be used for this integrated information. He emphasises the importance of having a standard that is constantly one step ahead, instead of creating a barrier for the development of sustainability assurance and integrated reporting. According to Roos, FAR:s working group believes there is an interest to develop the standard in the direction of integrated reporting. Finally, Roos comments that RevR 6 can sometimes be perceived as slightly too long and rigid.

5.2.5 Legitimacy

When asked about whether their legitimacy in performing sustainability assurance ever has been questioned, Kernell, Ljungdahl and Roos claim it has not. For instance, Kernell states the reason she has never been questioned is due to the experience of KPMG's team of qualified auditors and specialists on sustainability assurance. The only one who has experienced this is Söderlund and it was the result of a client questioning the assurance process. However, when she explained the purpose and went through the process, the client felt reassured that Söderlund and her firm were legitimate in providing this service. Hence, the clients questioning was due to the lack of understanding about what a sustainability assurance process really involves.

Ljungdahl does not regard legitimacy as a problem although he is aware of the ongoing debate. However, he believes this discussion that questions auditors' ability and competence in conducting sustainability assurance was much stronger a few years ago. The fact that the audit firms dominate such a large part of the market he thinks is a proof of this. While Ljungdahl has not explicitly had his legitimacy questioned, he mentions that misunderstandings between the assurance team and the client regarding the service are rather common. This because it is often someone at the client's head office who has the initial contact with PwC, or because the client is not used to being audited on these specific terms. Ljungdahl continues answering this question by providing various reasons to why the audit profession withholds competence in this area. For instance he mentions that the audit profession has the methodology, which is similar to the one used in financial audit, and also they have knowledge of standards and tools, which further emphasises their professionalism. He also believes that the audit profession has more legitimacy and competence in integrated reporting compared to other assurance providers. He thinks PwC has gained many new clients due to their confidence in that the audit profession has better knowledge of integrated reporting.

5.2.6 Requirements of expertise

Kernell, Ljungdahl and Roos all mention the use of multidisciplinary teams as a way to ensure enough expertise in each sustainability assurance engagement. Söderlund put more emphasis on the process of becoming a qualified auditor as a way of securing expertise.

Kernell points out that sustainability is a very broad area, which includes everything from human rights to environment, and for that reason it is very important that the sustainability department has a diverse background. Thus, KPMG coordinates individuals with different competencies for every specific engagement. She sees her previous experience within financial audit as beneficial, since the sustainability assurance standard is very similar to the standards used for financial audit. In addition, she regards herself as having competence not only within financial audit but also within other areas. In addition, there are other competencies on areas such as corruption and human rights within KPMG. Depending on type of client, the industry the client operates in and which individuals have the best specific industry knowledge, the teams are mapped out. She exemplifies with manufacturing companies, which often involve a lot of chemicals and emissions. In such an engagement, a person with a lot of experience and knowledge within environmental issues is required. In the case of a bank, the issues are more about investing money and ethical funds and in such an engagement a different type of competence is required.

> *"I don't know if there is any person who knows about everything from chemicals to legislation to everything else within this area, so it's more about putting together a team that works as a whole"*

Söderlund refers both to the process of becoming a qualified auditor, and to multidisciplinary teams, when discussing the knowledge requirements of auditors. She states that the process of becoming qualified ensures that the auditor is provided with sufficient knowledge and expertise. To become a qualified auditor, an individual must have five years of work experience, and these years of work experience aims at ensuring that the auditor is exposed to a variety of different situations. Subsequently, the auditor has the ability to determine whether he/she or the assurance team fulfils the requirements of expertise in RevR 6. This is where the concept of "professional judgement" comes in, according to Söderlund. Professional judgement is derived from long theoretical and practical education. Söderlund also emphasises the multidisciplinary teams that are put together for sustainability assurance engagements. While she personally has focused on environmental issues, she might have to get help from someone else when it comes to very specific environmental questions. She states that the sustainability area is very broad, and involves everything from work environment issues to corruption and product safety. To get a picture of what is important, she and her colleagues attend seminars and educate each other.

Ljungdahl states that he interprets RevR 6:s requirement of expertise literally the way it is stated, and that there is not one set of knowledge but rather teamwork. He explains that a team normally consists of 8-10 persons who work with different aspects of sustainability, and within the team there is a very mixed array of knowledge in various fields. The majority have a financial education and some, like Ljungdahl himself, have taken other courses as well. Furthermore, the experience gained through working with these issues for several years has provided a deeper understanding in many sustainability issues.

> *"It is seldom one single individual who has all the expertise. [...] Which sustainability issues that are relevant depends on the type of industry of course. That is, a good team which is skilled in a variety of different issues is what is important"*

Similar to Kernell and Ljungdahl, Roos states that the requirements of expertise depend on ensuring that the team consists of the "right staff". He emphasises that personnel with the right experience is of great importance, for example that not too many of the junior staff makes the assurance but rather having the senior personnel reviewing and securing the accuracy of the assurance.

> *"It is not stated exactly what it means, with education for example. Rather it is up to each firm to ensure that they have enough expertise within the area and for example have conducted assurance earlier. I don't have much more to answer on this question, it's rather woolly"*

He believes that the meaning of RevR 6:s requirement will become clearer and increasingly standardised as time goes by. Regarding knowledge and competence requirements on a more general level, Roos states that Deloitte aims at over-bridging the work between the sustainability assurance team and the financial audit team since they often can assist each other with specific expertise. It is not necessarily the case that the sustainability team has expert knowledge within for example mining issues. However, he explains that the sustainability assurance team often works on the same assignment for several years, which consequently provides them with expertise in a certain area over time.

5.3 Practical organisation and manifestation of competence

5.3.1 Competition from other assurance providers

All the four interviewees were largely in agreement that they first and foremost feel competition from the other large audit firms. More specifically, Kernell explains that providers conducting sustainability assurance based on RevR 6 are those holding qualified auditors, and therefore KPMG mostly experience competition from the Big Four. Kernell states that other assurance providers might not have the same legitimacy as the audit profession. She emphasises the importance of quality, suggesting that the audit professions' use of standards and methodology works as a quality seal. When asked about whether other providers can give the same assurance quality, she answers:

> *"No, I mean are there any guarantees that they have experience and competence within methodology, in what way do they work?"*

Furthermore, she mentions the development of integrated reporting, where sustainability information is put in the management report and annual report. Thus, sustainability information is becoming a part of the financial audit, which further underlines the importance that the information is of high quality. She argues that this development towards integrated reporting makes the role of the qualified auditor increasingly important. However, she points out that in the case of consulting engagements, KPMG compete with other providers.

> *"I'm sure that they [other assurance providers] can design a sustainability report and be part of that process, there is a lot to do before you're ready to [...] have the report assured. [...] Other players can provide various services surrounding this. But the actual assurance is concentrated to the audit firms"*

Söderlund states that she feels very little competition from other assurance providers. She explains that the sustainability assurance market was sprawling in the beginning, but that the development has led to market dominance by the Big Four. She believes this development implies it is an essential prerequisite to be an auditor in assurance services. In the early days, the audit firms performed financial audit and other providers performed sustainability verification. However, she explains that now, it is basically always the case that the firm conducting the financial audit also conducts the sustainability verification.

Ljungdahl also see the Big Four as being the main competitors on the sustainability assurance market.

> *"Sure, we are industry colleagues and competitors, we basically take engagements from each other. Then there are consultants providing this type of assurance as well, having a part of the market and their clients. I don't know what they [their clients] are after, but I think it's a cheap verification. But we have had that type of discussion with some clients when they [the other consultants] offer to take an engagement for money we cannot compete with. In those cases, I question the quality of the assurance. Unfortunately this cannot be seen from the outside, what one can see is only that they have been assured, and one assumes that it is okay, but one reasonably cannot do it in a good way for the price that they offer"*

He emphasises that the value of auditors depends on what the client is looking for. Sometimes the client is looking for a quality seal, that is, the assurance report itself. However, sometimes the client wants feedback and advice, and Ljungdahl argues that this is where the value of the auditors comes in. Since auditors can provide feedback and advice based on their assurance, they are able leave an impression.

Roos agrees with the other three interviewees in that the main competitors are the Big Four audit firms. However, he observes that the industry is very fragmented at the time and many smaller actors who provide both sustainability consulting and assurance are entering the market. Therefore, while he sees the large audit firms as the main competitors, he thinks that the smaller actors should not be underestimated.

> *"But it's like everything, we have to be good (laughs) and be able to show what we're better at, and the strength is the global network that we have which can provide further insight that the smaller competitors are not able to do. But we have to be on our toes, absolutely"*

5.3.2 External experts involvement in the assurance process

The four interview objects generally do not use external experts in the assurance process. Kernell could not recall ever having used external experts; instead she explains that her firm has the necessary competencies in-house, including KPMG internationally.

Contrary to this, Söderlund admits they sometimes use external experts on certain complicated issues. However, similar to Kernell she believes Ernst & Young's global reach enables them to cover a large range of specialist expertise. Many employees are not qualified auditors but instead sustainability consultants.

Ljungdahl's response to the question was:

> *"No it has almost never happened, instead we believe we have all the needed competence either within the Swedish firm or among PwC at a global level"*

Further, since they have about a thousand individuals working globally in this area he believes they are significantly better than most local experts. In the assurance process the qualified and signing auditor is overall responsible, but the specialists are the ones responsible for performing the actual assurance. Further, since PwC often assists clients with both financial and non-financial assurance, these departments frequently cooperate and exchange information and knowledge. Within the multidisciplinary teams working with sustainability assurance there are individuals with a background within financial audit as well as specialists in sustainability, and these complement each other.

On the question of whether external experts are used in the sustainability assurance process, Roos answers that it happens very rarely. External experts are used when individuals feel a certain need for education in a specific area, rather than in connection to an assurance engagement. His argument for not using external experts in the assurance process is the same as the other three respondents provided, that his firm's global network enables them to achieve all the expertise needed. Roos mentions that the sustainability area is globally prioritised within Deloitte and that they even have a particular internal service. This service keeps track of for example previously performed assignments and the individuals involved, which enables them to reach specific expertise available within Deloitte internationally.

> *"There is a global organisation in the field, led by a person seated in New York. They are after all keeping it all together, partly concerning studies and investigations conducted in different countries and on a global level, which we take part in and which is very important for our understanding. But also to keep track of where these assignments have been performed earlier. Where is the expertise? There is always someone who has encountered these issues that we need assistance with."*

5.3.3 The coordination of the teams and its composition

All four respondents use multidisciplinary teams in the sustainability assurance process. Kernell states that the use of RevR 6 implies that a team consisting of various qualifications and expertise is used in the assurance, and she believes this contributes to a high quality assurance. She explains that the sustainability department is responsible for compiling the team, but that the auditor who signs the final report is involved from the beginning and participates in this process. She states that having an auditor signing the sustainability assurance provides a seal of quality. This person is responsible for coordinating the team and ensuring that it contains the right expertise for the specific task. When being asked who is the signatory of the sustainability report, Kernell states it is a combination. More specifically, a qualified auditor has to sign the statement when conducting an assurance in accordance with RevR 6. Further, two employees at Kernell's department are FAR expert members and if deemed necessary they sign the statement together with the qualified auditor. That is, if the qualified auditor is considered not to have comprehensive competence for the specific area of sustainability.

Söderlund sees audit as very hierarchical. Meaning one person signs the statement, another is overall responsible for the assignment and other tasks are allocated to individuals who conduct the actual assurance.

> *"So it's very easy to work in audit engagements, because you have very clear tasks and responsibilities"*

When asked who is responsible for putting together the team, Söderlund states that it is ultimately up to the signing auditor. On the question of who signs, Söderlund answers that she signs various sustainability statements since it is only a qualified auditor who can sign a RevR 6 statement. To clarify, all authorised auditors can sign a RevR 6 assurance statement. However, there is no other specialist who is also qualified at her department. Finally, Söderlund mentions that the sustainability assurance work is conducted close to the financial audit team, for example regarding start up-meetings and closing-meetings.

Ljungdahl explains that while he signs all the assurance reports, they are also signed by a qualified auditor since this is required by RevR 6.

Roos explains that Deloitte works in multidisciplinary teams because it is considered advantageous to have both financial auditors and specialists with deeper knowledge in sustainability issues in the team. Roos reveals that the team normally is composed of 3-4 persons, although sometimes being larger. The team consists of everyone from relatively new recruitments to those who have been working for 5-6 years, to those who are going to sign the report, which is often Roos himself. However, he points out that the composition of the team is heavily dependent on the size of the assurance engagement. In a smaller engagement, the team can consist basically of Roos himself and one junior employee. He also explains that Deloitte focuses on integrating the audit and assurance processes more within the firm. That is, those conducting the financial audit are becoming more involved with assuring non-financial information as well. This gives the financial audit team more responsibility and allows them to gain further insight into these issues. Regarding signing, Roos mentions that there are several persons at his department who certify sustainability reports. If it is a financial audit client where Deloitte also signs the sustainability statement, the chief auditor often signs together with a sustainability specialist.

> *"From the clients' perspective, it is pretty good to have the financial auditor who is primarily responsible as a signatory on the rest of the annual report to sign together with the specialist. That's the way we have reasoned up to now, but I think it might change in the future. The primarily responsible auditor is responsible not only for the financial information but also for the sustainability related information in the annual report"*

5.3.4 Educational background

Of the four interviewees, Söderlund has the most profound background within environmental issues. In 1989 she started studying accounting and auditing in Finland and at that time there were no environmental courses at her disposal. Sustainability was simply not a field of study back then, and thus not available at her university. For that reason, she later complemented her education by taking courses in environment issues. Her career began at KPMG in Finland and she then moved to Sweden in 1996 and changed employer to Ernst & Young, where she conducted her first assurance of a sustainability statement. Because of the continuously growing focus on adapting society to IT services and her interest in environmental subjects, she decided to start working at the Swedish governmental organisation Naturvårdsverket (Swedish Environmental Protection Agency). However, a few years later she returned to Ernst & Young and finished her authorisation and at that time, the directive obliging all state-owned companies to establish sustainability reports came. Söderlund has thus gone from being a qualified auditor working with financial audit to gradually move to solely conducting assurance of sustainability reports.

Ljungdahl began studying business economics at Lund University and later continued with research within the same field. It ended with a doctorate (PhD) in business administration with and his research focused on environmental accounting. Environmental issues were not included in his economics education and therefore he took additional courses within that certain area, such as environmental law and science.

Roos speaks about education within Deloitte rather than any educational background within sustainability at a university level. Although considering himself to be mainly self-taught, he states that he has gained knowledge through certain internal "e-learning" courses. In addition, he explains how he became interested in the topic sustainability. It began when he worked with clients where sustainability issues were on the agenda, for instance his clients included food companies and consumer businesses. Rather than focusing on clear environmental topics, what interested him were questions such as how these issues affect the company and their ability to make profits.

5.3.5 Internal education

Kernell explains that KPMG has an internal education based on the internationally recognised audit methodology. The sustainability methodology education is similar to the one used in the financial audit processes, and concerns how the assurance should be conducted. More specifically, the methodology education aims at securing that the RevR 6 standard assurance is performed in an appropriate manner. She also mentions that everyone at her department who are involved with sustainability assurance attend courses together. It is up to each individual to request and attend further education if wanting to become more specialised within a certain area.

Söderlund states that Ernst & Young have no "off-the-shelf courses" within sustainability. Rather, there is a lot of informal exchange of experience and knowledge between the individuals within the department. This experience sharing aims at keeping up with what is happening within the field of sustainability and integrated reporting, i.e. which issues that are currently discussed.

Ljungdahl explains that PwC has a similar arrangement. There are no periodic courses but sometimes courses are provided if requested. Instead, the people working in the sustainability department educate each other and their colleagues if this is perceived as needed. He mentions that there are courses provided for clients regarding various sustainability guidelines and similar matters, and that these courses are open for colleagues to attend if there is an interest. He summarises by describing the internal education on sustainability as "ad hoc and on request".

As mentioned earlier, Roos states that Deloitte on an international level previously had a few occasional courses in the form of e-learning. While he thinks that Deloitte has little global cooperation within the educational area, he believes this will improve in the future. Roos explains that the department in Stockholm have some internal training programmes in which sustainability assurance methodology is reviewed. When being asked whether attendance on these training programmes are mandatory, Roos states that those individuals who are going to be involved in sustainability assurance work in the coming years should attend. However, if someone is unable to attend it can be solved in another way.

> *"It is not some sort of accreditation, such as 'you have to attend or otherwise you absolutely cannot touch sustainability assurance', if you know what I mean. It is encouraged that you attend"*

5.3.6 Certification

None of the four interviewees see a need for any specific certification within sustainability, similar to the one available for financial audit. Kernell says that a sustainability assurance based on RevR 6 implies that the signatory of the assurance is a qualified auditor or a FAR expert member, and that this in turn can be viewed as a type of external certification. However, she explains that there is no internal sustainability assurance certification within KPMG. Thus, there are no available courses within the firm that can be attended to receive a certain title. Rather, the focus is on assembling a team with the right competencies.

Ljungdahl, who as mentioned earlier is a member of FAR:s working group for sustainability issues, reveals that the group has discussed whether to have a certification for several years but that it is not an easy question. He states that being a FAR expert member with focus on sustainability can be considered as an informal certification. On the question whether he thinks that being a FAR expert member is enough, Ljungdahl answers affirmative.

> *"I haven't experienced a need in the current situation for another certification. [...] Our assurance processes with RevR 6 have an authorised auditor being responsible and then that person hires specialist competencies"*

Instead, he believes the development is heading in the other direction. He refers to a sustainability specialist today being allowed to sign a sustainability statement.

Although having doubts on the matter, Roos sees it as a relevant question and similar to Ljungdahl he relates a certification in sustainability assurance to being a FAR expert member. Being a FAR expert member serves as a proof of a person having developed and improved within the sustainability area, according to Roos. However, he is not familiar with any other certification available within sustainability assurance.

> *"Personally, I am slightly hesitant regarding whether there should be a specific certification within this area. Rather, what has occurred to me is the lack of comprehensive education and courses within this field"*

When Roos initially started working with sustainability issues he felt a need to attend some courses, but when contacting various individuals and organisations it seemed as his options were limited to a few seminars and forums. He thinks that the lack of education within this area is "a bit weird". Turning the question to FAR:s working group and whether he will have the ability to affect these kind of issues when becoming a member, Roos believes it is a good forum to work with these questions since there are representative from different firms.

5.4 The future of sustainability assurance and integrated reporting

5.4.1 Development of the sustainability assurance service

Kernell has experienced that more and more companies seek external third-party assurance on their sustainability report. When asked about whether KPMG has more to do now than before, Kernell answers affirmative. She experiences this development as positive and thinks that it will evolve even more in this direction in the future. One of her observations regards the increasing global discussion on whether to make it statutory for listed companies to provide a sustainability report.

Söderlund also has noted an increased awareness of these issues. She says that the market was more scattered when the directive about state-owned companies came in 2007, but has now become more focused. Further, she thinks that it is acknowledged that sustainability assurance is intimately connected to the financial audit, and that it basically involves understanding the company and its internal controls.

> *"I've been passionate about these issues from the beginning, so I think it's a great development. Also, sustainability issues have entered the big leagues now, as compared to earlier when it was more like 'yeah whatever, you can do that on the side'"*

When asked about whether the status of sustainability assurers will increase even more in the future, Söderlund answers affirmative. She points out that the recent EU proposal regarding changes in the legislation about non-financial information is some kind of recognition as well. She concludes by mentioning her opinion about the board's responsibility of the sustainability report. The board is legally obliged to sign and take responsibility for the annual report and therefore she believe they should have the same accountability for the sustainability information.

> *"I think that the board of directors should take more responsibility, in order for the information to have the dignity that the user expects it to have"*

Ljungdahl notes several trends with the most obvious one being that more companies want to be assured and that the market is growing. Also, he argues that sustainability reporting and assurance is not questioned to the same extent anymore.

> *"One has to remember that this is a voluntary service which is purchased. There is no statutory requirement, so in that way this is a type of consulting service that we offer. One has to not only create a sustainability report, but also be prepared to pay to have it assured. It's an investment in time and money"*

Ljungdahl perceives that the interest for this type of services has increased rather markedly during the last couple of years. He explains that PwC gets an increasing number of requests and that the integrated reporting trend has further fuelled the clients' curiosity. At the same time, Ljungdahl observes that this trend is a challenge for the audit profession. The profession is faced with new questions such as whether everything can be assured through the use of the same methodology or if the approach needs to be elaborated in some direction. His summary of how the sustainability service has evolved is “more maturity, more curiousness and an understanding of the value that assurance provides”.

5.4.2 The integrated reporting trend’s effect on competence requirements

Kernell thinks that there will always be a need for specialist competence within the sustainability area. More specifically, the integrated reporting trend will further highlight the importance of assembling the right team. Kernell mentions that while the work will not differ substantially from before, her department will probably cooperate more with the financial audit team.

Söderlund believes that sustainability will continue to have a separate department within the audit firms even though the reports are becoming increasingly integrated. She argues that specialist competencies normally are gathered in a department, and mentions accounting services as one example. While thinking that specialist competence will continue to be maintained within separate departments, she notes that sustainability elements are beginning to enter most large audit engagements. When asked about how Ernst & Young is preparing for this integrated reporting trend, Söderlund explains that her firm has an internal working group dealing with these issues.

Both Ljungdahl and Roos believe that competence in sustainability assurance will continue to be more demanded in the future. Ljungdahl states that it is difficult to predict how the integrated reporting trend will affect the sustainability assurance service, since the development and subsequent changes in practice are taking place right now. However, he emphasises that integrated reporting is about more than only “tucking in sustainability in an annual report” and rather about what specific information to actually include in the report. The trend concerns not only sustainability issues, but rather everything from business models to corporate governance and strategic issues. Even though Ljungdahl is familiar with parts of this agenda, he admits that he as a sustainability specialist does not necessarily have expertise in all aspects. Hence, he thinks that the trend will force both client companies and audit firms to work across a wider agenda. When asked about whether the integrated trend will place larger competence requirements on the audit profession Ljungdahl states:

> *"Yes, you have to be open to new methods of auditing, and new things becoming auditable, in order to create this value of audit that I think the clients wants. Of course the financial statement needs to be in order but except for that, we have much more to offer. I think that the whole annual report, not only the financial numbers, will be much more important to tackle now when we talk about integrated reporting. Yeah, so the profession is faced with an exciting challenge"*

On the question whether Deloitte prepares for integrated reporting in any specific way, Roos states his firm is actually involved in leading the development of integrated reporting. For example, an employee of Deloitte in the Netherlands is sitting in a group within the organisation IIRC, which is currently working on a framework on integrated reporting. Further, Roos believes it lies in today's spirit not only to be a financial auditor and view sustainability as an entirely different area, since it is becoming all the more integrated with non-financial issues. Because these questions on sustainability are moving upwards in the client organisations and becoming more of a board issue, it is important for a financial auditor to be familiar with sustainability issues. This allows the auditor to engage in a dialogue with the board. Thus, sustainability cannot be entirely left to one single department.

6. Analysis and discussion

In this chapter, an analysis will be made based on the compiled empirical data. In the analysis, the empirical evidence will be connected to our chosen theories, regulatory framework and literature review, summarized in the above presented analysis model. The main intention of the analysis is not to confirm or reject the presented theories, but rather to use them as a tool to highlight in which ways the audit profession through claims of competence argue for them being a legitimate provider of sustainability assurance. The analysis will begin with a short discussion on the competence requirements placed on the audit profession by law and standards as well as the interview objects interpretation of these requirements. It is followed by some key findings regarding how this interpretation has been manifested and organised in the organisation. Finally, it will be discussed how the integrated reporting trend can come to affect the audit profession, more specifically how it will influence their interpretation and manifestation of competence.

6.1 The Swedish audit profession's interpretation of competence

There are various definitions of the term competence. Flint (1988) argues that competence consists of knowledge and skills, which is similar to RevR 6:s prescription that auditors should possess competence and technical knowledge within audit, material facts, management and information systems, and relevant standards. The provisions stated in IES 8 are also of relevance since this definition of competence provides a further understanding and enables a comparison between what is stated by Flint (1988) and RevR 6. According to IES 8:s definition of competence, it is important for auditors when acting as a sustainability assuror to have expertise in the relevant standard. Further, even though IES 8 separates competence from capabilities, i.e. professional knowledge and skills, these definitions imply that to have competence in a certain field requires the auditor to also have professional knowledge and skills in the area. The above definitions have been used in a comparative purpose to assess how the audit profession interprets competence in sustainability assurance. Still, the practical implications are vague and thus it is largely up to the audit profession itself to interpret the term. Since financial audit and sustainability assurance differ in many aspects, it is interesting to investigate their claim of competence in sustainability assurance, based on having skills in financial audit. These two aspects have been the foundation of this paper, and our findings reveal that the four respondents use various arguments to why they are to be regarded as competent within sustainability assurance.

The interview objects repeatedly argued for there being an overlap between financial audit and sustainability assurance. For instance that their background as an auditor, frequent use of financial audit based standards, and experience in audit methodology indicate that they have competence within sustainability assurance. In other words, the audit profession regards competence in financial audit to be somewhat equal to competence in sustainability assurance. Further, all four respondents agreed on that one individual cannot possess all the required competence needed to conduct sustainability assurance, which is supported by Flint (1988) and RevR 6. These two state that the wide competence requirements instead can be ensured through the use of multidisciplinary teams. Thus it is not surprising that all four emphasised their use of such teams as a major reason to why they are to be perceived as competent. In connection to this statement, they all claimed that the size and international reach of their audit firms allows them to ensure that all the needed experience and knowledge can be obtained. Thereby they are able to ensure that sufficiently competent teams perform every assurance engagement.

Another finding is that none of the respondents seem to regard previous education at university level as important to secure competence in sustainability assurance. They did not mention it in connection to the question on how they interpret competence, and when being explicitly asked about their previous academic education, they answered very briefly. For example, even if some had studied topics related to sustainability they refrained from highlighting this, implying it is not seen as a major explanatory factor of competence. Also, the general perception among the respondents was that further education within the firms is not a major factor of competence. This interpretation is derived from that none of the individuals, except Roos, highlighted the importance of internal education in the sustainability assurance area. Finally, they were in agreement on that there is no need for sustainability assurors to have a particular certification to ensure their skills. This indicates that the respondents do not see certification as a factor influencing their perceived competence. In summary, the above stated reveal that neither educational background, further education within the firms, or certification, are factors which the respondents interpret as competence within sustainability assurance.

Contrary to our findings, Flint (1988) argues that education and training are what constitutes competence. The author also mentions certification as what enables the auditor to demonstrate that he/she has undergone education and training, thereby establishing the auditor's competence. One possible explanation to why external attributes are not equated with competence might be that the Swedish audit profession believe their competence is sufficiently ensured through the alleged overlap and the use of multidisciplinary teams.

Power's (1997) three strategies on how the audit profession by claiming there is an overlap legitimises their involvement in non-financial assurance, might be of explanatory value. Owen et al. (2000) agrees with Power (2003) that it is the audit profession themselves who have created this overlap. Similar to Owen et al.'s (2000) findings, our respondents stated that the processes of financial audit and sustainability assurance are equal concerning methodology and that the global reach of their firm allows them to achieve all necessary competencies. In addition, Wallage's (2000) findings also support our empirical evidence since many of the factors he mentions to why the audit profession has an advantage in performing sustainability assurance, are put forward by our respondents as well. For example, their use of multidisciplinary teams, the size and reputation of their firm and their expertise in audit methodology, they claimed were factors of competence. A further analysis of these interpretations of competence will be provided in the next section by comparing these claims to how these interpretations are practically manifested within the organisation.

6.2 How the interpretation of competence is manifested into practice

6.2.1 How competence is manifested through use of standards, methodology and background

There are multiple aspects in which our respondents argue that their competence in sustainability assurance is secured through the assumed overlap between financial audit and sustainability assurance. For example, our empirical data show that auditors see their background as a financial auditor, use of standards, and skills in audit methodology, as necessary when performing sustainability assurance. Power's (1997) three strategies on how the audit profession use this overlap to promote themselves and to justify their claim of jurisdiction in non-financial assurance, is thereby an important theory which can be used to further highlight these various claims of expertise.

One of the interview objects' claim of competence within sustainability assurance regards their expertise of a specific audit methodology, which is manifested through their use of RevR 6. Since the audit profession has been using standards in financial audit for many decades, they state firstly that they have competence of this technique and subsequently that this is vital and needed in sustainability assurance. Expertise in standards is further mentioned as an important factor of competence in both IES 8 and RevR 6. Some of our respondents argued that the fact that RevR 6 is based on financial audit standards makes it sufficiently supportive and logical. For example, Söderlund explained that questions and problems arise in any type of audit, making the audit profession prepared when similar issues arise in sustainability assurance. These findings imply that Power's (1997) territorial strategy is in fact used by the auditors in their claim for jurisdiction, as well as his second strategy which implies that the audit profession tries to position their already possessed audit skills as necessary in sustainability assurance.

As mentioned, the respondents emphasised their use of a methodology similar to the one used in financial audit, implying that they regard themselves to have enough knowledge and skills to conduct sustainability assurance. Even when asked whether they have knowledge or education in specific areas of sustainability, their responses indicated that they see skills in audit methodology as more important than expertise knowledge in for example a certain environmental subject. This might suggest that their lack thereof is compensated by their experience in audit methodology. Power's (1997) strategies can once again be used for explanatory purposes. This since our respondents used audit methodology, an already possessed skill, as an argument to show that they are a legitimate provider of assurance. Another aspect is that if audit methodology is viewed as what Abbott (1988) refers to as an abstract knowledge, then it can be interpreted as the respondents claim they possess this. Although abstract knowledge is difficult to define, a reason to view audit methodology as an abstract knowledge is because it is a skill that characterises the audit profession and is not easily transferable to other occupations. Since they "control" this method they are able to use this abstract knowledge in other fields than solely the financial audit area. Thus, audit methodology is something that can assist them in their claim for jurisdiction within sustainability assurance. For example, Ljungdahl emphasised his skills in audit methodology and claimed that other providers are not able to imitate these. The statement can be interpreted as him using abstract knowledge to diminish the legitimacy of other assurance providers. In accordance with Power's (1997) third strategy Ljungdahl can also be argued to downplay his competitors' skills.

When asked about how they interpret RevR 6:s requirement of expertise, three of the respondents referred to their expertise in the above mentioned audit methodology. Söderlund on the other hand highlighted her background as a qualified auditor as an important factor to why she is to be perceived as competent within sustainability assurance. She argued that her long practical and theoretical experience as an auditor, which is a requirement in the Auditors Act, ensures her competence in performing assurance of sustainability reports. Although three of the respondents did not explicitly mention auditor background as a factor of competence, all four to some extent identified themselves as an auditor. This is noteworthy since Ljungdahl and Kernell in fact are not qualified auditors. Still, they identify with this role and by using the title auditor they are able to take advantage of what Power (1997) refers to as the strategic and rhetorical potential of this title, and thus can claim competence within new areas such as sustainability assurance. To clarify, to call oneself auditor automatically provides a type of legitimacy, which disappears if this title is abandoned and replaced with for example sustainability specialist. This also relates to Abbott's (1988) statement about new specialities wanting to remain under the "umbrella" of the parent profession since it gives them legitimacy. Another way to describe this phenomenon is through what Abbott (1988) calls reduction. The overlap argument can be viewed as the audit profession reducing sustainability assurance to a problem of auditing, which automatically makes it fall into the jurisdiction of auditors. Our findings have two implications, firstly that financial audit is viewed as closely connected to sustainability assurance, and secondly that a background as an auditor is seen as highly beneficial in this field. This further supports Power's (1997) theory of auditors being the creators of a perceived overlap between financial audit and sustainability assurance, because they want to legitimise their claim of competence in new areas of work.

However, whether there actually is such a distinct overlap between financial audit and sustainability assurance can be problematised. It can be discussed whether competence within financial audit de facto results in competence in sustainability assurance. For instance regarding the audit methodology Roos reasoned about the difficulties of calculating a materiality amount in sustainability assurance compared to financial audit. This raises the question whether a central concept such as materiality can simply be translated to other areas of assurance, an issue also raised by Wallage (2000). Roos was not the only respondent who mentioned differences between financial audit and sustainability assurance. For instance other interviewees stated that sustainability assurance is more difficult than financial audit because of the information's more qualitative nature. Power (1997) as well as Owen et al. (2000) on the other hand argues that only the similarities between the financial audit and non-financial audit will be put forward by auditors seeking legitimacy in new fields. Thus it can be observed that the respondents' answers for some reason are not entirely in accordance with what these authors have previously found.

In conclusion, our main findings concerning how the audit profession interprets and manifests competence within sustainability assurance is related to their claim of knowledge in audit methodology, their background as an auditor and experience in using standards. This result can be supported by Flint's (1988) argument of audit principles being "universally applicable" and that auditors can adapt their knowledge within auditing to other areas as well.

6.2.2 How competence is manifested through the use of multidisciplinary teams

Since a majority of the respondents agreed on that multidisciplinary teams could secure the requirements of competence prescribed in RevR 6, it is once again worth noting that the standard leaves it up to the audit firms themselves to decide how the teams should be composed. When asked explicitly how they secure competence the interview objects repeatedly mentioned the use of multidisciplinary teams, without further explaining the team dynamic. Meaning, they did not provide thorough information about the team leader, the experience of the involved individuals or their cooperation. Even though the mapping of the teams was regarded as very important, they did not problematise the difficulty of assembling and coordinating a team, which together would possess all the skills and knowledge for each specific task. On the contrary its seemed as their answers were rather standardised, implying they believe it is generally known that using teams equals competence. Although their arguments are in line with what is prescribed by RevR 6, there are still theoretical aspects, which can be applied to discuss these arguments. For example, Power (1997) argues that this assumption of easily being able to separate and coordinate different knowledge fields and disciplines is in fact deficient. Therefore, the respondents' arguments that their use of teams will automatically fulfil the requirement of expertise can be seen as partly diminishing the problem of sustainability assurance to only comprise of coordinating different skills.

Regarding the hierarchical aspects of the multidisciplinary teams, inter alia how the teams are led and assembled, Söderlund was the only interviewee who mentioned hierarchical structures as being an important. Contrary to Söderlund, the other respondents neither focused on the individual coordinating the team, nor on other hierarchical aspects. For example, Kernell's answer indicated that the sustainability department jointly decide how the team is composed. One general trend was that none of the interview objects, even though being directly asked on the matter, provided a more thorough answer on the team dynamic. More specifically, information on who is responsible for mapping out the team and delegating the work assignments among the individuals involved. This finding might suggest that the respondents regard it to be more important to highlight that it is indeed possible to coordinate a sufficiently competent team, than to elaborate how the team dynamics is practically achieved. More particularly, how the team is led and assembled seems to be almost taken for granted. This empirical evidence is in contrast to what Power (1997) found in his research regarding environmental auditing in the 1990s, where the competing providers emphasised their ability to lead and delegate work within multidisciplinary teams, rather than the exclusivity of their knowledge. Our respondents neither highlighted their exclusive knowledge within specific sustainability fields, nor their ability to lead and delegate work within these teams as an important factor of competence. Instead they seemed more interested in conveying their ability to coordinate all the knowledge, experience and skills withheld in the firm. This raises the question why our respondents apparently do not see the need to emphasise their ability to map, lead and delegate individuals and tasks within the multidisciplinary teams. Before attempting to analyse and explain these differences in findings, a section about the use of external experts will be presented.

Concerning the use of external experts, our findings reveal that a majority of the interviewees do not utilise external knowledge to a great extent, but rather delegate work within their own firm. The exception was Söderlund who stated that external experts have been used on certain complicated assignments. Generally, the respondents claimed that they already have the necessary competence in-house, and further argued that their large global organisation allows them to gain specific knowledge from offices in other countries. The respondents' answers imply that all four regard the large size of the firm as a reason to why they have all the necessary competence to perform sustainability assurance. The fact that external experts are rarely used, to some extent contradicts Power's (1997) theory of auditors utilising their competitors knowledge in order to maintain their own position in the hierarchy. The author means that by delegating work to experts outside the firm, auditors can claim legitimacy since it is only "technical details" they are lacking knowledge in and therefore hires externally. Abbott (1988) has a similar explanation to why the audit profession can bring in external experts and still be perceived as competent and therefore also legitimate. Since the audit profession has abstract knowledge, in this paper equated with audit methodology, they can outsource tasks of a more technical nature. However, the interview objects revealed that they seldom use external experts, which implies that they regard themselves and thus their firm to have all the necessary experience, knowledge and skills within sustainability assurance.

As can be read out from above, disparities have been found between Power's (1997) research and our case. More particularly, our respondents did not highlight their ability to lead and delegate within the teams, nor claimed they use external experts. The differing research contexts could explain these variations in findings. In Power's (1997) case, consultants were strong players in the jurisdictional contest for environmental auditing in the UK. In a Swedish perspective the sustainability assurance consultants instead have a minority of the market, and their market share is steadily decreasing from year to year. In Power's (1997) research the audit profession competed with consultants, whereas in our case the audit profession as demonstrated does not feel threatened by these. The competition is instead between the Big Four audit firms, which has been confirmed by all respondents. While the Swedish audit profession attempts to be perceived as superior in relation to other large audit firms, Power (1997) observed that the auditors' claim of competence aimed at subordinating the skills possessed by the consultants.

In conclusion, since the Swedish audit profession apparently already has established competence and legitimacy compared to the other assurance providers, it has become more important to present and organise their own firm in a superior way in relation to the other large audit firms. It could be argued that by claiming to have all the necessary competencies in-house and thereby not requiring external experts, the individual audit firm can be perceived as more competent in conducting sustainability assurance. Subsequently, it becomes important to emphasise the ability to coordinate teams that secures the necessary expertise, knowledge and skills in each engagement. Hence, the above reasoning could be an explanation to why the respondents continuously emphasised their ability to coordinate the various individuals' knowledge in the multidisciplinary teams.

6.2.3 External attributes - educational background, internal training and certification

Our findings show that the four respondents have very different educational backgrounds and that courses within the sustainability area are not an absolute necessity. Their interpretation of competence is that educational background is not of major relevance, and this is apparent in the firms' organisation. Contrary to becoming a qualified financial auditor, the respondents' diverse educational background show that there are not any specific academic requirements to become a sustainability assuror. While Abbott (1988) states that a professions' academic knowledge is what gives them power and thus enables them to sustain its jurisdiction, it seems as the studied audit firms do not require a certain previous education in the sustainability area. Sustainability auditors could by claiming a deep academic knowledge further legitimise their sustainability assurance work as being rational, logic and based on science. Furthermore, Flint's (1988) research is also somewhat contradictory to our findings since he mentions education as one important factor determining competence. In conclusion, our finding could be interpreted as the respondents regard knowledge in audit methodology to be more important than specific educational background in sustainability, in manifesting competence.

Concerning internal education, the respondents as stated do not view this as a significant factor determining competence. Accordingly, when asked about whether the firms provide any specific training in the sustainability area, the respondents' answers indicated that internal education within the firms is not very well developed. The firms' internal courses rather seem to concern audit methodology than sustainability issues. It became apparent that it is largely up to the individual to decide whether to attend the available courses. Also, the respondents claimed having more of an informal knowledge-exchange between colleagues rather than regularly attending formal courses. Since the Auditors Act requires auditors to undergo continuous education to maintain their knowledge, it could have been assumed that the internal sustainability education was more profound within these Big Four audit firms. This reasoning is supported by both Flint (1988) and Abbott (1988), who argue that the audit profession both is in need of, and has an interest in continuously re-educating themselves. However, our finding is similar to Owen et al. (2000) who recognises the lack of internal education within social audit as a potential disadvantage, since it is needed to develop further competence. To conclude, our research demonstrates that competence in sustainability assurance is to a minor extent connected to internal sustainability education.

Another key finding is that certification in sustainability assurance is not seen as an important factor of competence, and thus is not used to legitimise the audit professions' involvement in this area. Ljungdahl and Kernell claimed that using RevR 6 serves as a sufficient evidence of competence because it indicates that the individual responsible for the engagement is a qualified auditor. Ljungdahl and Roos both refer to being a FAR expert member with a focus on sustainability as some type of certification. However, it can be noted that it is only the audit profession who can achieve this title and therefore it excludes other occupational groups to gain this "certification". This expressed lack of interest in gaining a particular certification can be related to Abbott's (1988) claim that professions possessing abstract knowledge do not need this type of external licensure. Flint (1988) on the other hand regards certification as evidence of having undergone training and education, and therefore also as a sign of competence. One interpretation of this finding is that the Swedish audit profession already feels competent and secure in their role as sustainability assurors, and therefore sees no need for this type of legitimising proof.

6.3 The future of sustainability assurance and integrated reporting

One future implication that highlights the importance of sustainability assurance can be derived from Söderlund's and Roos' statements that it has "entered the big leagues" and become more of a board issue. All respondents agreed on that the sustainability assurance market is growing, and that the audit profession most likely will continue to dominate this market. However, they were divided on the issue of whether sustainability will continue to be a separate division at their firms due the trend of integrated reporting. For instance, Roos and Ljungdahl stated that sustainability will become more integrated into other audit areas. They believe that the integrated reporting trend is going to be a challenge to the audit profession, which will need to develop new methods since the sustainability information will be more intertwined with the financial data. As a result of the sustainability information being placed in the more prestigious financial section of the report, it might gain a higher status and therefore sustainability auditors can come to be seen as more important.

Due to the integrated reporting trend, it can be argued that the audit profession's claim of an overlap becomes even more legitimate and therefore allows them to gain even greater jurisdiction in the sustainability area. The respondents opinions that integrated reporting will lead to the financial audit team working closer to the sustainability department, further supports this analysis. For example, Kernell believes that her department will probably cooperate more with the financial audit team in the future. If the teams will cooperate to a greater extent, it also has implications for our finding about the profession emphasising the importance of multidisciplinary teams as a way to secure competence. As a result of the integrated reporting trend, one can argue that it will place even greater pressure on the audit profession to coordinate teams with the sufficient skills and knowledge to assure this type of reports.

7. CONCLUSION

It has throughout the paper been emphasised that the definition of competence is vague and therefore difficult to interpret. The purpose has been to investigate how the Swedish audit profession interprets competence within sustainability assurance and further how this interpretation is orchestrated into practice. One key finding is that the respondents argue for there being an overlap between financial audit and sustainability assurance. Consequently, the audit profession are able to justify their jurisdictional claims in the sustainability area since they already possess skills, which are transferable into this new field. More specifically, the respondents argued they are to be seen as competent due to their background as an auditor, long use of standards and knowledge in audit methodology. Another significant finding is that the respondents see the use of multidisciplinary teams as securing competence within sustainability assurance. Coordination of individuals' knowledge and skills is regarded as more important than hierarchical aspects such as leading and delegating tasks within the teams. Further, the respondents do not use external experts but rather obtain the competence in-house due to their firms' national reach. A possible explanation might be that the dominance of the Big Four audit firms in Sweden has resulted in them not struggling to legitimise the audit profession in relation to other assurance providers, but rather to be perceived as superior compared to each other. Attributes such as educational background, internal training and certification were not used as arguments for possessing competence in sustainability assurance. A future implication is the trend of integrated reporting. This trend might come to enhance the legitimacy of the overlap argument since the areas financial audit and sustainability will become increasingly intertwined. The trend will probably also place an even greater pressure on auditors to coordinate their multidisciplinary teams. It will be interesting to see how the Swedish audit profession will attempt to maintain their dominance within sustainability assurance.

Our research method involved performing semi-structured interviews with sustainability assurors at the large audit firms. However, this method resulted in somewhat vague answers regarding the composition of the multidisciplinary teams, more specifically how these teams are organised and about the individuals involved. Their responses also tended to be standardised and normative regarding in which ways competence is secured through the use of multidisciplinary teams. Therefore, our suggestion concerning future research is to perform an observational study, as this would illuminate how the teamwork is conducted in practice.

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Appendix 1. Interview questions

Name:

Position/title:

Firm:

Background within the profession:

Individual background

1. What is your professional title and what does it mean in practice?
2. Do you identify as an auditor, a sustainability assurer or something else?
3. What kind of educational background do you have within sustainability?

Further education and certification

4. Do you think there should be a sustainability assurer certification similar to the financial auditor certification? Why/why not?
5. Can an auditor attend a particular further education within your firm to become a sustainability assurer?
6. If you conduct in-house training programmes, how are these designed?

The assurance process (standards, teams and experts)

7. What standard do you follow and why?
8. Do you believe the used standard(s) provide enough support and guidance? If not, please give an example and how you solved it?
9. In RevR 6, it is stated that auditor or the assurance team should have "requirements of expertise". How do you interpret this?
10. To what extent are the internal consultants involved in the assurance process?
11. To what extent are external experts involved in the assurance process?
12. How different/similar is this assurance process from the financial audit?
13. Do you work in multidisciplinary teams? Why/why not?
14. What do you perceive as most problematic when conducting sustainability assurance?

Own opinions

15. Do you see any potential problems with an auditor performing sustainability audits?
16. What knowledge and competence do you think that a sustainability auditor should have - should they have knowledge about specific sustainability issues?
17. Have you ever felt that your legitimacy, as an auditor, to conduct sustainability assurance has been questioned?
18. Do you feel competition from other assurance providers such as sustainability consultants, or just between the big audit firms?
19. What is your opinion regarding that other professions than yours can perform sustainability assurance?
20. What kind of values does the audit profession provide in sustainability assurance? (e.g. to the client, to society)

Trends and the future

21. How has the sustainability assurance service evolved over the last years?
22. How will the integrated reporting trend affect the assurance practice?
23. How is your firm preparing for integrated reporting?
24. Will competence within sustainability assurance be requested more in the future, putting larger requirements on the auditors?
25. Finally, is there something else you want to add regarding the auditors' future and sustainability issues?
26. Are we allowed to publish your name and the name of the audit firm in our essay?