LUND UNIVERSITY

Social Environmental Accounting and Accountability

A preparer's perspective on the relationship between the accountor and the accountee within the food industry in Sweden

By Ola Nordahl & Alexander Chiem

Supervisors

Karin Jonnergård

Amanda Tan Sonnerfeldt

Abstract

Title: Social Environmental Accounting and Accountability - a preparer's perspective on the relationship between the accountor and the accountee within the food industry in Sweden

Seminar date: 2014-06-02

Course: BUSN69 Degree Project - Accounting & Auditing

Authors: Ola Nordahl & Alexander Chiem

Advisors: Karin Jonnergård & Amanda Tan Sonnerfeldt

Five key words: Sustainability reporting, SEA, CSR, Accountability, Food Industry

Purpose: To provide insight into the concept of accountability from a preparer's perspective by examining how the main aspects of SEA contributes to accountability between the accountee and the accountor within the food industry in Sweden.

Methodology: A qualitative and exploratory case study of the food industry in Sweden consisting of six semi-structured interviews.

Theoretical perspective: Legitimacy and stakeholder theory are commonly used to explain the relationship between organizations and their environment in terms of accountability. We view these theories and the theoretical construct of SEA, from a preparer's perspective, to shed light on the concept of accountability.

Empirical foundation: The data collection consists of information from interviews with four companies within the food sector, one food industry association and one sustainability reporting entrepreneur.

Conclusions: Creating accountability is a motive behind SEA and explained by legitimacy and stakeholder aspects. Motives outside the concept of accountability might however also exist. Stakeholder dialogues are essential in order to establish accountability, although the efficiency of the dialogues is questioned. Both the public and specific stakeholders are perceived to be recipients of SEA, which implies that a perceived accountability exists towards both. Understandability of the SEA is important, which might broaden the concept of accountability. A responsive approach to accountability is present whereas preparers see a certain level of subjectivity within SEA as natural.

Table of Contents

1. Background

1.1. CSR

The origins as well as the definition of Corporate Social Responsibility (CSR) is rather unclear since there are different interpretations and on-going debates of what CSR is (Banerjee, 2008). One of the early discussions regarding CSR was initiated by Friedman (1970), who claimed profit to be the sole purpose of business and thus stating CSR as an irrelevant business objective. Proponents against Friedman, argued against the maximization of shareholder value as the sole purpose of business and considered more than one group of stakeholders. Researchers such as Frederick (1978), Freeman (1984) and Handy (2002) has provided an extensive theoretical framework of why companies need to consider a broader range of stakeholders, mainly arguing CSR as one, and sometimes the main objective of business. Carroll (1979), who early categorised company responsibilities as economic, ethical, legal and philanthropic provides a definition of CSR, which is still commonly accepted. Another commonly accepted definition is considering CSR as *sustainability*, thus arguing that it consists of three pillars; *Economic, Environmental* and *Social* responsibility. The view of CSR as sustainability, was further established through *One common future: Report of the World commission on Environment and Development* (UN, 1987), commonly known as the *Brundtland Report* (CFR, 2014). CSR shall therefore be seen as a concept that makes companies and businesses take more responsibility in addition to creating maximum value for shareholders.

1.2. Reporting CSR

Borglund et al (2012) describes *communicating* CSR as one of the main challenges within the field of CSR. A significant increase of sustainability reporting has been identified in recent years, and it is considered a rapidly growing concept (Scholz, 2012). Reporting CSR is often referred to as Social and Environmental Accounting (SEA) or sustainability reporting (Gray, 2002). Although we consider *SEA* to be the most frequently used academic term for reporting social and environmental actions within literature, the term *sustainability reporting* will also be used throughout our master thesis. The reason for this is because we consider *sustainability reporting*

the most frequently used term for the practical concept of reporting social and environmental actions among preparers of sustainability reporting. About 7 times more companies issued sustainability reports in 2012 compared to the beginning of the 2000's (Mohin, 2012) and 95 % of the largest companies in the world now has a sustainability report (GRI, 2013). Another growing *format* of CSR disclosures are integrated reports, which integrates financial and non-financial performance into one report (IIRC, 2013). One discussion within the field of SEA and sustainability reporting regards the purpose behind the concept and the reasons for *why* companies sustainability report. Porter (2013) along with a comprehensive report from KPMG (2011) argue that sustainability reporting now should be considered a business imperative and thus arguing for SEA as mainly having an operational and competitive purpose. Some however argue that the motive should be philanthropic and that companies exists for a "*nobler end*", which means not only satisfying shareholders, but rather the whole society (Handy, 2002). There is furthermore extensive research positioning sustainability reporting as an effective marketing tool (Anselmsson & Johansson 2007, Chahal & Sharma 2006) which can affect *what* is being reported. For example, Windsor (2001) argues that preparers construct CSR adapted to business interests rather than accounting for social and environmental interests of the external environment.

In contrary to financial reporting, which has extensive regulations and theoretical background clarifying its role and use as well as stating its purposes through explicit requirements; there is no consensus regarding what purpose sustainability reporting fulfils and what it is used for. This challenges the aspect of accountability within SEA since several alternative motivations can be found within literature. Although guidelines such as GRI have provided accounting principles of sustainability reporting advocating balance, comparability, accuracy, timeliness, clarity and reliability (GRI G4 RPSD, 2013), guidelines such as these are not mandatory. Furthermore, the GRI principles resemble the IASBs general accounting principles which implies a similar role of SEA as financial reporting although some of the academic literature argues that there are other existing purposes. Guthrie (1990) argues that sustainability reporting might be a tool for constructing and sustaining arrangements that mainly contributes to a corporation's private interests, which ought not to be in line with for example the above mentioned principles of GRI, which are adapted for SEA to create accountability. GRI and it's guiding principles are based on

an accountability aspect deriving from the various stakeholders of the company, which initiates discussions such as *for whom* sustainability reporting really is for.

Furthermore, researchers have raised doubts on the reliability of sustainability reporting, arguing that it is heavily biased by management selection of *what* to report in order to appear as better performers (Mobus 2005, Ingram & Frazier 1980). Critical accounting researchers such as Hines (1988), Gray, Owen & Adams (1996), Carpenter & Feroz (1992) criticizes SEA to have low objectivity and transparency. Furthermore, a lack of external auditing from independent parties has empirically shown deficient sustainability reporting, not upholding satisfying quality (FAR, 2010), which further makes the concept of accountability using SEA relevant to discuss.

According to Deegan (2009), there are four relevant questions to ask within SEA:

1. Why do companies choose to report sustainability?

2. To whom are the companies reporting sustainability?

3. What does companies choose to disclose within its sustainability reporting?

4. What format is used to report sustainability?

We have throughout the two previous sections touched upon all of these four aspects and we will from now on systematically consider and refer to these four questions as the *main aspects of SEA* and sustainability reporting in order to be able to treat the concept of SEA in a structured and systematic way.

1.3. Literature review

1.3.1 Navigating SEA

Several literature reviews have been made within SEA by academics such as Owen (2007), Parker (2005), Deegan (2002), Mathews (1997) and Gray, Kouhy & Lavers (1995). An examination of the reviews shows a vast and multi-faceted literature with a variety of evaluatory

frameworks such as market-based, deep-ecology, ethical, stakeholder and legitimacy perspectives (Thomson, 2007). Several other evaluatory frameworks of SEA can be found in addition to the above, although a complete overview of these is beyond the scope of our master thesis. Although the evaluatory frameworks vary within SEA, some common grounds within the literature can be found. Especially regarding stakeholder and legitimacy theory, which are considered relevant throughout all the reviews. Furthermore, a lack of empirical evidence of these theories was early argued by Gray, Kouhy & Lavers (1995) and Adams (2002) regarding the relationship between organizations and the external environment. Owen (2007) continues with explaining the lack of empirical evidence as the result of deductive oriented theorizing.

The answers to the SEA oriented questions presented by Deegan (2009) regarding why, what, for whom and what format are ambiguous within the literature. Deegan (2002) and Gray, Kouhy & Lavers (1995) point out that there is currently no unitary theory although several compatible interpretations of SEA theories exist. Owen (2007) describes the variation of interpretations within SEA as viewing the world from different lenses. The various interpretations and perspectives are however considered to enrich the SEA literature and Owen (2007) argues these are required in the complex and changing field of study. Similarly, Gray, Kouhy & Lavers (1995) as well as Deegan (2002) argue that the most insightful theories within SEA; legitimacy and stakeholder theory, should be viewed as overlapping theories of SEA in a framework of political economy. Deegan (2002) further argues the importance of viewing the occurrences through more than one theory.

The main aspects of SEA, as we consider the four relevant questions asked by Deegan (2009) to be differs in theory and thus also does not create any coherent practice. In extension, the different views creates inconsistencies in how SEA is viewed. Even though we agree with Owen's (2007) view of varying perspectives enriching the literature, we believe it also have enhanced the dichotomy between practice and theory. The various existing and future theorized perspectives of viewing SEA risks becoming something similar to a never-ending cycle of theorizing rather than actually benefiting and developing practice. Especially considering the growing attention to CSR and the consequent rising number of researchers within SEA. Therefore, we believe it is essential to clarify the connection between theory and practice within SEA. We consider

Deegan's (2009) main aspects of SEA to provide the foundation to such a clarification by asking the most basic questions of why, what, to whom and what format sustainability is reported.

It is relevant to answer these four questions using the theories that are currently considered the most insightful within SEA, namely stakeholder and legitimacy theory. Both stakeholder and legitimacy theory explains *why* sustainability is reported by assuming that companies strive to satisfy the expectations of certain stakeholders or the society. Companies' desire of accountability through satisfying expectations from the external environment thus provides a clear purpose to sustainability reporting which can be found within the stakeholder and legitimacy perspective. While the answer to why companies choose to report sustainability is similar using both stakeholder and legitimacy theory since it is directly connected to creating accountability; *what*, *for whom* and *what format* varies depending on what perspective is applied since it depends on whose expectations that are identified and answered. Certain is that all four questions from Deegan (2009) can be used to explain current SEA practice and is a way of summarizing the content of SEA practice and how it is used to create accountability by surfacing four central aspects.

Stakeholder theory is based on the satisfaction of certain stakeholder's interests. What, for whom and what format thus becomes a result of the expectations perceived by the companies from certain stakeholders. Who these group of certain stakeholders are varies and is explained more thoroughly in section 4.4. Both what is being reported and what format is used ought to however be strongly related to for whom the reporting is for. In essence, viewing SEA and Deegan's (2009) four questions from a stakeholder perspective then becomes relevant. At first sight it might seem like for whom is of central consideration and a driving factor for the three other questions, it is however important to view interrelations between the questions and to understand that they can affect each other. As an example, the format chosen might affect for whom the reporting is for and not the other way around since regulation might directly regulate what format that shall be used. The format used might then affect for whom the reporting is aimed towards. What is being reported might also be the point of departure and affect other aspects. Availability of information might directly affect what is being reported and might therefore directly affect aspects such as for whom the reporting is for or what format that is used for presentation and not the other way around.

In contrary to stakeholder theory, legitimacy theory is less specific, and thus more difficult to assess in explaining what, for whom and what format sustainability is reported. The conceptual idea is that companies will strive to satisfy society as a whole by identifying values, norms and beliefs, which are expected by the companies, which are further presented in section 4.3. It is clear that a need of gaining legitimacy, based on external pressure will drive aspects such as for whom to report, what to report and what format to report since these are aspects that needs to be handled in order to uphold legitimacy towards society, thereby creating accountability. The question of why sustainability reporting is therefore strongly related to aspects within legitimacy theory.

As presented in the literature review above, there are various answers to Deegan's (2009) questions, although the answers will vary depending on the wide range of perspectives or theories applied. However, we can conclude that the view of SEA is divergent, our impression is that stakeholder and legitimacy theory penetrates most of the SEA researchers' works since, for example Gray, Kouhy, Lavers (1995), Deegan (2002), Owen (2007), Matthews (1997) and Parker (2005) all considers legitimacy and stakeholder theory as central to SEA. Therefore we believe a study connecting legitimacy and stakeholder theory as well as SEA practice can provide further insights within SEA and how accountability is created and perceived.

1.3.2. Positioning of thesis

Considering the above mentioned vast amount of perspectives and theories within SEA, positioning ourselves within the research is quite a daunting task. With the literature reviews above as a point of departure, especially Owen (2007), we clarify our position below within the research field.

Owen (2007) describes various social and political underpinnings, which have created polemical debates within SEA. In terms of such an approach, to position our master thesis we consider our view close to a neo-capitalist underpinning. Our reasoning behind this is our shared belief of the existence of purely philanthropic motives in line with Handy (2002) as well as the self-interest aspects in line with discussions brought by Adams & Frost (2008) within sustainability reporting.

We also recognize the system-oriented aspects of stakeholder theory deriving from Freeman (1984) and the existence and need of legitimacy in accordance with Suchman (1995).

Furthermore, it is arguable that we have a critical, or at least alternative approach to SEA considering that our view challenges some of the assumptions within the mainstream SEA research by viewing sustainability reporting from a stricter preparer's perspective. However, we do not view ourselves as interventionists, which Owen (2007) argue that some critical researchers are; rather than aiming to change practice, we strive to develop existing theory by studying the preparer's perspective in practice. Therefore, our master thesis should also be considered to be performed with a managerial approach to SEA. In similarity to earlier works within the managerial approach mentioned by Owen (2007) as for example Moerman & Van der Laan (2005), Adams (2004) and Tilt (2001), our study captures the underlying motives of sustainability reporting. However, these reports have been executed with completely different methodologies compared to our own since for example Tilt (2001) views internal policy statements only and Adams (2004) views the stakeholder dialogue processes. The closest work we have found to our own is Gray, Kouhy and Lavers (1995), which concluded that stakeholder and legitimacy theory should be applied either mutually or alternatively on SEA practice. However, it should be noted that Gray, Kouhy and Laver's (1995) also has a different methodology compared to our own since they conducted a 13-year long longitudinal study.

Lastly, our master thesis mainly concerns explaining the preparer's perspective, and thus puts little emphasis on the expectations provided by stakeholders or the society. Rather than doing so, we are studying the practice based on the perceived, interpreted form of these expectations by considering the preparer's perspective. This is achieved by structuring our thesis around the four central aspect or questions deriving from Deegan (2009).

1.4. The relationship between stakeholder, legitimacy and accountability theory

The relationship between stakeholder and legitimacy theory is complicated since both theories explains, answers and relates to the main aspects of SEA, however with different perspectives and answers. It is essential to connect these two different theories along with practice in order to

gain an understanding of how the main aspects of SEA are connected to practice, which we consider can benefit SEA towards a more convergent research as well as practice.

According to Gray, Kouhy & Lavers (1995), stakeholder theory assumes companies to seek approval from stakeholders by adjusting activities to the stakeholders' satisfaction. Similarly, legitimacy theory assumes companies to pursue legitimacy through various legitimation strategies (Gray, Kouhy & Lavers, 1995). Both theories thus assume companies to strive to satisfy various actors. While stakeholder theory is based on certain stakeholders' interest, legitimacy theory takes a wider point of departure in societal values, norms and beliefs. Depending on what theory one chooses to apply, different answers and explanations of the four questions asked within SEA will be presented. However, satisfying others' interests is a common ground for the two theories. Gray (2001) views this phenomenon as a relationship between the external environment and the preparers of SEA and argue that the satisfaction of interests from the external environment to result in the concept of *accountability*. Accountability is the ability and obligation to explain and justify events and actions (Cooper & Owen, 2007). As mentioned above, the most central theories of explaining accountability within SEA is found in the stakeholder and legitimacy theory. Even though legitimacy and accountability can be perceived as similar, Deegan (2002) argues for a separation between legitimacy and accountability since accountability is a responsibility approach and legitimacy a responsive approach on the expectations within the relationship between preparers (accountors) and the environment (accountees). Stakeholder theory is argued to identify accountability toward certain stakeholders (Gray, 2001) and a responsive approach to the expectations of the stakeholders is applied.

A model of accountability has been presented by Gray, Adams & Owen (2014) and we have chosen to adapt their model to be configured to visualize the role of SEA in relation to accountability. The most important change in the model is adapting the model to illustrate stakeholder and legitimacy theory specifically, which explains why, what, for whom and what format sustainability is reported. This is done by defining the relationship between the accountor and the accountee using stakeholder theory and/or legitimacy theory. In the original model by Gray, Adams and Owen (2014) the relationship remains rather open and undefined. We believe such an adaptation is required in order to explain and understand the relationship between preparers and the external environment; and ultimately how accountability can be understood

through sustainability reporting. By making this adaptation, the accountee is also more clearly defined since viewing the relationship using stakeholder and legitimacy theory now defines the accountees as either certain stakeholders or the society as a whole.
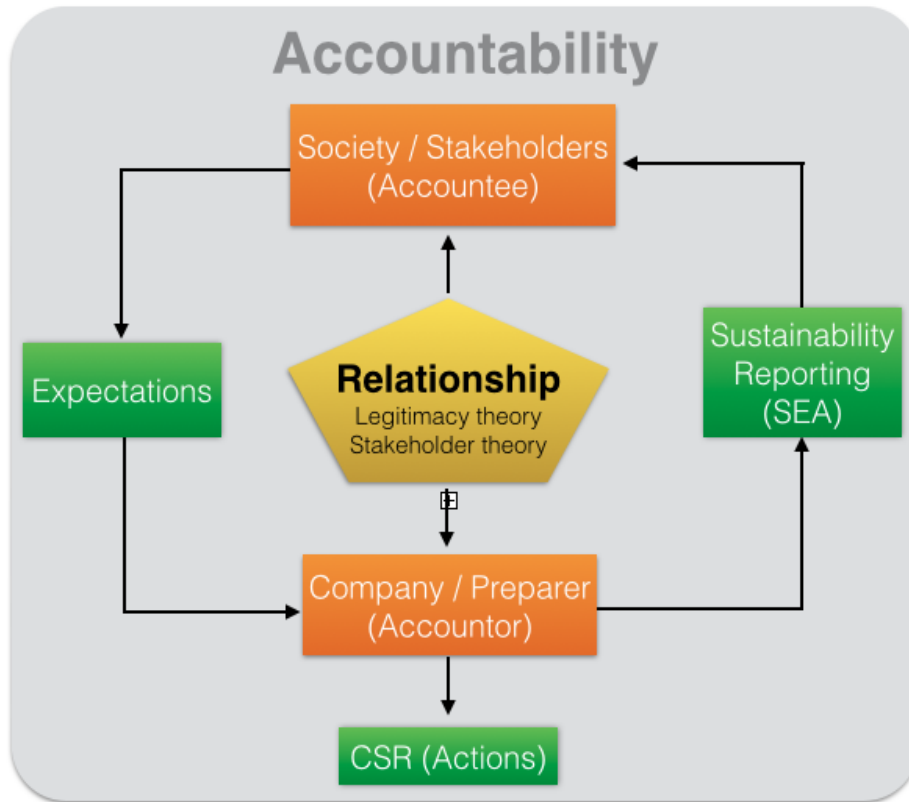
Figure 1.4. A model of accountability. Source: An adapted version of Gray, Adams & Owen's (2014) model of accountability.

The model of accountability above (Figure 1.4), shows two most insightful SEA perspectives, stakeholder and legitimacy theory as the backbone of the accountability relationship. Certain stakeholders and/or the society as a whole are viewed as the accountee, whose expectations drive the accountors (companies and other preparers of sustainability reporting) to engage in CSR actions, whereas sustainability reporting is used to report these actions back to the accountee. The expectations from the accountee are subject to interpretation by the accountors, who uses reporting (SEA) to create accountability towards stakeholders or the society. We view the relationship between the accountor and the accountee through stakeholder and legitimacy theory.

Together, these two overlapping theories provide extensive explanations to why companies reports sustainability from the external environment's point of view since explanations can be found to why there are expectations from the accountee on the accountors and why the accountors need to respond to the accountees. However, what we believe these theories and views currently lack if used without any other perspective or structure, is the direct possibility and relevance to explain this response from a preparer's perspective. This will be further developed in the next section.

1.5. A lack of preparer's view in the literature

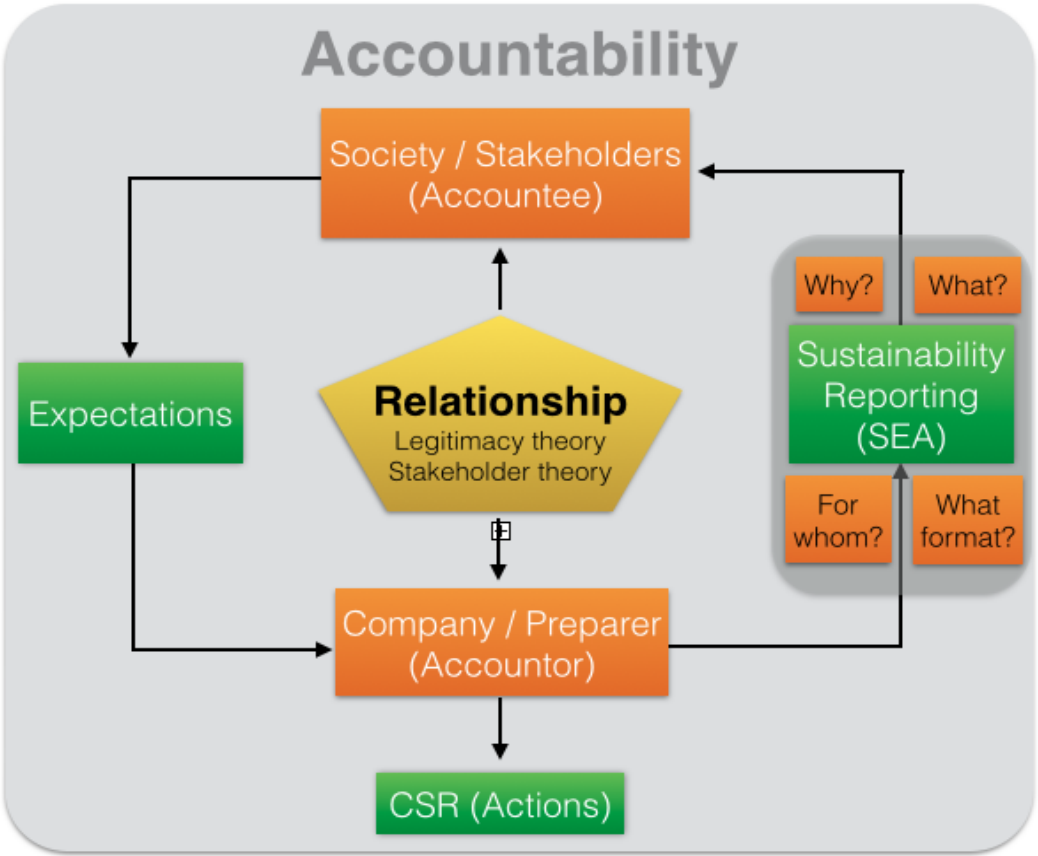Figure 1.5. The model of accountability including the main aspects of SEA. Source: An adapted version of Gray, Adams & Owen's (2014) model of accountability.

The model above (figure 1.5) is an extended version of the accountability model presented in previous section in order to include what we consider a preparer's perspective adapted model of accountability. As can be seen, we have defined SEA practice as the four questions asked by Deegan (2009). We believe that this view extends the reach of stakeholder and legitimacy theory. Even though the model in previous section (figure 1.4) do explain SEA from the perspective of the external environment, it does not fully explain the SEA from a preparer's perspective. Both stakeholder and legitimacy theory have their points of departures in the expectations of stakeholders and the society and thus do not provide answers to the main aspects of SEA from a preparer's perspective. Thus, we believe the current literature does not fully explain the relationship from accountors to the accountees. As Messner (2009) and Shearer (2002) argue, accountability needs to be viewed from both sides of the accountee and accountor relationship. Our master thesis will investigate accountability from a preparer's perspective by applying the main aspects of SEA presented by Deegan (2009) as the answer on the expectations from the accountees. We believe this will contribute to the theoretical gap in the current accountability model. By adding the four main aspects of SEA; that is why sustainability reporting is made, what to report, for whom to report and what format to use, we believe that more clarity can be brought forward on how the preparers considers SEA to contribute to accountability.

The preparer's perception is necessary to consider in order to understand how SEA is used and contributes to accountability. The reason for this is because a preparer's view can be helpful in understanding how accountability is managed, as well as perhaps identifying other underlying determinants of sustainability reporting beyond satisfying expectations from the external environment, which a strict stakeholder and legitimacy theory perspective presumes. Since our study directly regards accounting practice, it can prove to be useful in designing future regulations and to understand the concept of accountability.

A relevant problem that arises for the accountor is how to consider, view and use SEA in order to manage accountability of their business towards their environment, illustrated to the right in figure 1.5. Our master thesis is unique due to its discussion of accountability from a preparer's point of view in how the main aspects of SEA presented by Deegan (2009) (why, what for whom and what format) are directly viewed and used to contribute to accountability. Rather than adding another perspective or theory to the SEA field, we strive to develop existing theories in order to

close a theoretical gap as well as pushing the research closer towards practice by focusing on the actual SEA practice. Delimitations have been made in regard to the scope of this master thesis as well as possibilities to generalize the conclusions by only considering sustainability reporting within the Swedish food industry. The main reasons for choosing the food industry is that much of the world's environmental problems derive from the food industry (IFR, 2006) and that people seem to value sustainability aspects within this industry more than in other industries (Hartmann, 2011), which puts pressure on the industry to be held accountable for their sustainability related impact. Furthermore, our thesis only addresses an accounting perspective of sustainability meaning what is being disclosed and reported and we do not treat or assess the substance of the CSR work, referred to as actions in the accountability models above.

2. The aim of our thesis

The purpose of our work is to provide insight into the concept of accountability within SEA from a preparer's perspective. Our purpose is fulfilled by answering the following research question.

How does the main aspects of SEA contribute to accountability between the accountee and the accountor within the food industry in Sweden?

3. Research method

The following section covers our methodology of our master thesis. We initially motivate why a qualitative case study has been conducted within the food industry in Sweden. We then describe our interview targets, our view on research ethics and explain our empirical data. The final section clarifies our perspective on regulations within SEA.

3.1. Qualitative method

The purpose of our work is to provide insight into the concept of accountability from a preparer's perspective by examining how the main aspects of SEA contributes to accountability between the accountee and the accountor. Due to our chosen preparer's perspective, the main aspects of SEA that we investigate mainly concern accounting decisions and accounting practice. Accounting decisions are considered subjective (Hines, 1988) and we therefore consider it suitable to investigate them from a subjective setting. In order to understand the industry's accounting decisions, interpretations of actions and perceptions needs to be made. Similarly, Lundahl & Skärvad (1999) argue that understanding a social phenomenon requires an understanding of the setting the practitioners' are operating in. A qualitative approach is adopted in order to fulfil this purpose, since it is regarded suitable for explorative studies within a reality that is interpreted and perceived (Backman, 2008) since accounting decisions are not made in an objective setting.

In our work, an understanding is acquired through interviews with practitioners as well as an industry representative within the food industry and a sustainability reporting entrepreneur. By delimiting the study to one industry we aim to narrow down the practitioners' settings to similar points of departures. Using interviews has been time-consuming since setting up, conducting, transcribing, summarizing and analysing interviews takes much valuable time. This aspect is one of Jacobsen's (2002) critiques of the qualitative method. We did however find it inevitable to have a qualitative approach since we consider our aim difficult to fulfil by gathering numerical data and make exact measurements, which Bryman & Bell (2011) argue that much quantitative research consists of. Similarly, Backman (2008) describes a quantitative approach to be

concerned with measurements and observations assumed within an objective reality, which is not the case in our study since the point of departure is set to the preparer's perspective.

One critique of the qualitative method is that it can be seen as too subjective and impressionistic (Bryman & Bell, 2011) from the researcher's point of view. We will however, in order to fulfil our aim, need to be somewhat subjective in order to understand the decisions made by the practitioners since we will need to perceive the reality as through the eyes of the practitioners. This is achieved by the fact that our analysis of the interviewee's answer will be based on our interpretation of accounting theories and current regulations, which we considered to be part of their perceived reality. However, we want to highlight that much analysis is made based on our impression of the informant's view, which includes subjectivity from both sides. There will exist subjective aspects from the informant's point of view since their ways of seeing and understanding their world and business might vary. There will also exist subjective aspects from our point of view since we need to interpret and understand the informant's point of view. We however aim to be clear on the preconditions, our assumptions and the informant's view on things throughout the master thesis in order to increase reliability and replicability.

Bryman & Bell (2011) furthermore highlights problems of generalization when using qualitative methods. We are aware of the problems of generalizing our findings since our analysis will be based on a small number of companies only. Furthermore, our findings will be dependent on the perception of certain individuals since we only conduct one interview on each company throughout the industry, The findings might therefore be further tinted from subjectivity. Other individuals within other companies might have other perceptions than what we acquire from our informants. In order to secure the statements from the interviews, the results have been reviewed by the interviewees. We consider it important that our results corresponds the individuals statements and opinions. Our choice of only focusing on one industry will increase our ability to make generalising conclusions by making our findings applicable within similar industries or companies.

A straightforward and precise replication is however generally hard to achieve within business research, especially within research that is conducted in a qualitative way (Bryman & Bell, 2011). We have outlined much of the conditions of our research by mapping out important aspects of our method and also thoroughly account for what part of the rather extensive research

we use in our analysis as perspective. Our efforts within these areas will help future academics to use and replicate our study.

3.2. Case-study

Our work is based on a case study of the food industry in Sweden. Backman (2008) states that case-studies are appropriate in studies where complex situations dependent on context are to be described, explained or explored. In order to understand the choices behind the voluntary disclosures and accounting practice, we believe an understanding of the context the companies are operating in must be acquired and we have therefore chosen to make an industry focused case-study.

Our case-study is delimited to one industry with regards to the limitations on the scope of our master thesis. Such a delimitation is also beneficial in the purpose of understanding voluntary disclosures effects on accountability since differences within SEA related to industry-specific aspects will be minimized and thus show a more consistent result. The case study consists of interviews with four companies within the food industry, one industry representative (CSR specialist) and one sustainability communication entrepreneur. The sustainability communication entrepreneur is not specifically specialised within the food industry but is currently launching their services within the food sector, which makes it a relevant interview target and source of information. By using several sources, we believe that the credibility of our study is increased due to the fact that it helps us triangulate information from different sources, which is one way Bryman & Bell (2011) suggests to increase credibility of a study.

Within our empirical findings in section 6 we have chosen to present the information in a way that makes it possible for the reader to understand from what informant our empirical findings derives from. The reason for this is because there are internal variances within the industry which are hard to separate as general for the whole industry or company specific. By being clear on what source within the industry our empirical findings derives from, we believe the possibility to replicate the study will increase since other researchers will be able to use our empirical findings using their own approaches and analysis structures and tools in order to compile the view on industry practice.

3.3. The food industry in Sweden

There are several reasons for why our case study is conducted within the food industry. One reason is that much of the world's environmental problems derives from the production, processing, transporting and consumption within the large-scale food industry food in developed countries (IFR, 2006), which puts pressure on the companies in being accountable for their actions that might affect their surroundings. Another aspect is the impression that people seem to value sustainability aspects more in things they eat compared to other goods. One reason for this might be that food covers basic human needs and people therefore has strong views and opinions on it (Hartmann, 2011). This emphasises the need and relevance of accountability within the food industry.

The food industry can furthermore be considered to have come far and is considered one of the industries that is a *"locomotive"* for sustainability aspects of businesses and brands. A newly released report shows that one of the industries which has the most increased interest and awareness of sustainability within the Nordic countries is the food industry (SBI, 2014). This means that investigating this industry might give insight into relevant and perhaps even predicting general practice within SEA and accountability.

Overall, Sweden can be considered a strong proponent of sustainability reporting who early embraced SEA regulations, such as the Global Reporting Initiative for state-owned companies (Swedish Government, 2010). There is furthermore an on-going debate within the EU regarding if sustainability reporting should be mandatory for companies of a certain size and several Swedish companies are positive to this development (Miljöaktuellt, 2013) which further makes SEA relevant to investigate in Sweden since it might be a growing interest and relevance of the concept of accountability.

3.4. Interviews

We have conducted six 45-minutes long semi-structured interviews with six different targets in order to gather the empirical data for our discussion. The aim of the interviews is to understand the preparer's perception of the relationship between them and the accountees in order to gather and understand how their sustainability reporting practice contributes to accountability. Such an

approach is exploratory by nature, which makes semi-structured interviews appropriate in this case. Semi-structured interviews are based on general topics with the possibility to ask further questions. Thus, significant replies are easier to identify (Bryman & Bell, 2011) which is something we considered as an important aspect in gathering our empirical evidence since the topic and the informants impressions needs to be thoroughly discussed in order for us to gather a satisfying understanding. We based our interviews on the four relevant questions brought up by Deegan (2009) in order to semi-structure our interviews. We also took our point of departure in the interviews from central concepts within legitimacy and stakeholder theory. We however assumed that the informants does not have any deep knowledge within the academic field of accountability whereas stakeholder and legitimacy theory is a central perspective. This meant questions and topics needed to be adapted to a level and context in which the informant was comfortable and oriented. Answers and the empirical findings was then viewed using our theoretical background as lens.

All interviews was recorded and transcribed in order for us to be able to look into details after the interviews was conducted. The interview material was summarized and translated into English and sent to the informants in order for them to check how we translated and summarized their answers and our mutual discussions during the interview.

3.4.1 Interview targets within the industry

We conducted interviews with six different targets which we in short present below.

Findus Sweden is an unlisted limited company with the core activities within the production of ready-to-serve frozen food. Findus released their first sustainability report in 2012 and has five sustainability principles: responsible production, lowered environmental impact, social responsibility, health and sustainable eating habits, dedication and dialogues. We interviewed Åsa Josell, Head of CSR at their head office in Bjuv.

Lantmännen is an economic association owned by 32 000 farmers. Lantmännen has various business operations within agricultural products in about 15 countries and about 8000 employees. We interviewed Maria Carty, Sustainability Project Manager at Lantmännens head office in Stockholm.

Skånemejerier is a limited unlisted dairy company with operations mainly in southern Sweden and has about 600 employees. Skånemejerier was until 2012 a economic association owned by the farmers but is now owned by Groupe Lactalis in France. We interviewed Fredrik Javensköld, Environmental Manager at their head office in Malmö.

Arla is an economic association dairy company owned by 12 500 farmers that has been operating over 100 years. Today Arla is present in Sweden, Denmark, the UK, Germany, Belgium and Luxemburg. We phone-interviewed Kjell Lundén Pettersson, senior manager at Arla in Stockholm.

Livsmedelsföretagen is an industry association, which strives to improve the business conditions within the food industry, and represents over 800 member companies. The work primarily regards improving trade conditions and also representing and actualizing topics from the member companies, such as CSR. We interviewed Johan Anell who is the CSR-specialist at Livsmedelsföretagen in Stockholm.

Worldfavor provides a digital sustainability management tool and reporting platform in which sustainability disclosures and details are gathered in a database. Although Worldfavor has seen rather rapid growth since the start in 2009, with currently over 1000 users, it can still be considered a start-up. We interviewed Frida Emilsson, Chief Communication Officer at Worldfavor in Stockholm.

A summarizing table of the interview targets is presented below.

Location/Date	Type	Company	Interviewee
Bjuv, April 15, 2014	Frozen food producer	Findus	Åsa Josell, Head of CSR
Stockholm, April 24, 2014	Agricultural food products	Lantmännen	Maria Carty, Sustainability Project Manager
Malmö, April 22, 2014	Dairy products	Skånemejerier	Fredrik Javensköld, Product & Quality Manager
Lund/Stockholm, April 22, 2014 (phone)	Dairy products	Arla	Kjell Lundén-Pettersson, Senior Manager
Stockholm, April 24, 2014	Food industry association	Livsmedelsföretagen	Johan Anell, CSR & Sustainability Manager
Stockholm, April 25, 2014	Social responsibility communication entrepreneur	Worldfavor	Frida Emilsson, Chief Communications Officer

Table 3.4. Interview targets

3.5. Empirical data

In order to understand sustainability reporting practice, an investigation of annual reports and sustainability reports as well as semi-structured interviews has been used to gather empirical data. The investigation of sustainability documents within the industry has mainly helped us prepare for the in-depth interviews that enabled us to qualitatively investigate how the companies perceives the relationship between them and the accountees and how they use SEA to implement accountability into the relationship. In order to gain an understanding of this, interviews has been crucial since much information included in the sustainability documents regarding these aspects are not included and therefore only gives limited understanding of this aspect. A wide variation of media such as press releases, newspapers and corporate home pages has also been investigated in the purpose of gaining an understanding of what have *not* been disclosed in relation to relevant topics and scandals, since we consider also this an helpful aspect when preparing questions for the in-depth interviews.

Interviewing an industry representative gave us valuable information and perspectives on the food industry in Sweden as a whole since information received from this source is not tinted by specific company interests and bias that can arise from company informants. It furthermore proved helpful to compare information given from the industry representative with information given from companies in order to identify, accept or deny information as company specific rather than industry specific.

Interviewing a sustainability communication entrepreneur gave us a valuable perspective in terms of new ideas within sustainability reporting. The entrepreneur currently has projects undergoing within the food industry, which made it explicitly relevant to consider the ideas. Furthermore, all other informants has some bias to the industry or companies because of their employment while the entrepreneur was created with the vision of changing the business principles and practices to be based on sustainability.

Our proceeding in terms of how our discussion emerged was to initially openly discuss and the first impressions which led to a rather wide set of empirical data. We documented these and then went back to the interview data to support or deny our impressions systematically. We also made documents and tables with extractions from the full interview material in order to intercept similarities and dissimilarities among the informants within the industry. We early noticed both variations and contradictions within the material which made us decide to account for the empirical findings as a general industry while still maintaining a clear outline and structure which makes it possible to derive our empirical findings to the individual companies and informants.

3.6. Research Ethics

We consider it important to make sure that research ethics are followed when conducting our thesis. Research ethics includes ensuring that informants are not harmed as well as being transparent in the presentation of information (Easterby-Smith, Thorpe & Jackson, 2012). We consider these two aspects not always in line with each other since we might acquire, both intentionally and unintentionally, classified or sensitive information surrounding companies' practice of SEA. We have therefore been forced to balance transparency against the comfort of

the informer. One example is that we have given all informants the possibility to read through and comment on how we summarized the results from the conducted interviews prior the commencement of our analysis. Some initial information was changed on request after this read-through due to second thought, misconception or due to sensitive information. We are not fully transparent on these changes, we do however consider this the correct ethical decision since we then make sure that the informant is not harmed. We avoid harm to the informant by giving them the possibility to comment on what is being published and thereby minimize sensitive information. We consider that the risk of personal damage exceeds the possible benefits to society by not giving this opportunity, which was the main reason for why this opportunity was given.

3.7. The relevance of existing guidance and regulations

Even though regulations and guidelines within SEA are not legally binding or normally required to be fulfilled, regulations such as GRI, UNGC and ISO 26 000 are widely used and thus also ought to affect aspects such as what is being reported, for whom the reporting is for and what format that is used for sustainability reporting. Regulations ought therefore to have an impact on the preparer's view of accountability. The question of why sustainability reporting is performed ought not to change since the use of existing guidance and regulations regarding voluntary disclosures presume a managerial decision with a pre-existent purpose behind that decision.

Guidelines and regulations will be held in consideration in the analysis of our results although the regulation itself is not the central aspect of our analysis. Since the regulations or guidelines are voluntary and most companies do not have an external party auditing the disclosures, considerations will also be held to whether or not certain decisions regarding the disclosures are made due to regulations or due to managerial decisions that can be connected to their perception and assessment of accountability or not. Furthermore, current regulations and guidelines provide a certain amount of manoeuvrability which will be used in the analysis of to what extent the preparers selects various disclosures and prioritizes among specific disclosures.

4. Theoretical framework

This section builds and describes our theoretical framework. We initially describe research within accountability and also present a critical perspective on accountability. We then explain SEA and the two main underlying theories of SEA; legitimacy theory and stakeholder theory. We finalize in section 4.5 with a theoretical discussion that outlines the connections between the different concepts and perspectives.

4.1. Accountability

4.1.1. Accountability - a relationship

Gray et al (1997) considers accountability as the relationship between an accounting entity and its external environment. A further explanation of accountability is provided by Cooper & Owen (2007) who views accountability as the ability and obligation of accounting entities to explain and justify events or actions. Messner's (2009) view on accountability is from a sociological perspective and thus regards the explanation of specific behaviours. Common for these views is that the relationship between accounting entities and the external environment creates expectations of accountability in terms of giving information about certain actions. Our view of accountability is illustrated as the model of accountability presented in section 1.5. The model of accountability describes the relationship of companies and the external environment, whereas we consider the companies as the accountors and the external environment as accountees. Sustainability reporting is a tool for the accountors to meet the expectations from the accountees and to account for their CSR actions. The purpose of our study can be interpreted as a study of the model of accountability from a SEA preparer's point of view. Since Cooper & Owen's (2007) explanation can be adapted to depart from the position of the preparers, we have chosen to view accountability according to them and to define the relationship of accountability similar to Gray, Adams & Owen (2014).

Although much of the literature regarding accountability assumes a financial accounting perspective (Messner, 2009), the aspect of accountability within the SEA-literature is rapidly spreading (Gray, 2007). According to Messner (2009) the main argument for the accountability

aspect within SEA is that the view of accounting needs to be expanded in order to comprehensively account for relationships between accounting entities and the external environment – and not only consist of financial accountability.

We regard the accountability perspective important in order to develop SEA further. More specifically, as argued by for example Messner (2009) and Shearer (2002), accountability needs to be viewed both from the accounting entities as well as its stakeholders and the society. We believe the most established theories, that are legitimacy and stakeholder theory, lacks explanatory power to different extents regarding the main aspects of SEA: the questions of why, what, for whom and what format sustainability reporting is used to create accountability from a preparer's perspective. We argue that the demand side of SEA and a socio-political view of accountability are covered to a more comprehensive extent by the literature. The supply side, which is the perceived accountability from a preparer's point of view, are not as widely discussed. The need of a preparer's perspective is enhanced by Shearer's (2002) argument of requiring accountability to originate from an ethical basis rather than an economical basis. Shearer's (2002) reasoning behind that argument is that accountability itself regards a responsibility towards others rather than a self-interest. Accountability must therefore also be viewed from the preparer's perspective and not only depart from the clear expectations of the external environment.

4.1.2. A critical perspective on accountability

Some of the literature surrounding accountability can be described as a critical perspective since it embraces the socio-political and ethical problems of accountability (Messner, 2009) and might therefore be contradicting Shearer's (2002) argument that accountability only regards responsibility towards others and not self-interest. There are several critical perspectives and approaches, but it can fundamentally be defined as a perspective that is questioning the neutrality and objectiveness of accounting by arguing that accounting theories and accounting itself is a tool that only supports the capitalistic and unequal distribution of wealth, power and social status while undermining and holding back the position of others (Deegan, 2009). Much of the critical discussions are on a macro and societal level. We do however consider the arguments and perspectives within this research useful to consider in our study, which is on an industry and

accounting-practice level, since it identifies issues of objectivity and transparency within accounting and thus criticizes an accountability-driven view of SEA. Some radical researchers directly implies that accountants has a *"fake aura"* of objectivity and neutrality (Carpenter & Feroz, 1992), which implies that accounting in reality only supports social and political structures rather than being a tool for creating accountability by acting on expectations. This might in turn directly affect accounting practice from the preparer's perspective since this dramatically changes the underlying motives and principles of accounting and accountability. One example of this issue can be linked to the use of SEA for branding, marketing and positioning activities rather than assurance of CSR actions and thereby challenge the concept of SEA as accountability-driven.

One aspect that we consider is Hines (1988) who coined the frequently used view that when accountants are communicating reality they simultaneously construct reality. The insight of this article is that accounting is not to be considered objective and neutral. This view ought to be especially relevant within accounting areas, which has low level of regulation (such as we consider SEA to be) since low regulation gives room for increased manoeuvrability. Hines's (1988) view could therefore substantively affect what CSR disclosures that are being made and how they are presented. This view is relevant in our study since one implication from this could be that there is a risk that SEA has low transparency and objectivity and subsequently challenges the aspect of an only accountability-driven SEA. Cooper and Sherer (1984) further argues that society would actually benefit if accounting disclosures was viewed as partial rather than objective which again might further challenge the main preconditions of accountability within SEA.

4.2. SEA

Although there is much confusion regarding the terminology and a non-uniform use of concepts within the area of voluntary CSR disclosures, SEA ought to be seen as an umbrella term for corporate social reporting, sustainability reporting, social accounting et cetera (Gray, 2007). Although there is no consensus of what SEA and sustainability reporting is (Guthrie & Cuganesan, 2008) we consider SEA to include all ways of reporting environmental and social impacts of a business. We view *accountability* and *SEA* as different but closely related terms. As

mentioned above, accountability is interpreted as the ability and obligation of accounting entities to explain and justify events or actions, thus embracing the preparer's point of view. However, SEA often regards an overall perspective och accounting practice where the relationship of accountability usually is explained from either certain stakeholders' or the whole society's perspective by applying stakeholder or legitimacy theory to the relationship. As mentioned above, legitimacy and stakeholder theory are considered the most insightful theories within SEA (Gray, Kouhy & Lavers, 1995), and our impression is that both legitimacy and stakeholder theory are the two most widely used theories to explain the relationships between reporting entities and the external environment, including the central aspect of accountability. Gray, Kouhy & Lavers (1995) also describes the theories as the most penetrating throughout the SEA literature.

As mentioned in section 1.2, Deegan (2009) argues that there are four different issues, or questions to address within SEA: *why, what, for whom, what format.* Whereas *why,* regards the motives behind disclosing social and environmental performance. *What,* regards what types of disclosures that will be made. *For whom,* regards who the disclosures are directed towards and *what format* regards how the information is presented. It is arguable that SEA includes the preparer's perspective although most discussions often assumes the preparer's perspective to originate from either stakeholders' or society's demands. It is clear that all four questions can be investigated using the lenses of accountability, legitimacy and stakeholder theory and we therefore recognize the importance of including insights provided by both legitimacy and stakeholder theory as the backbone of accountability. By viewing accountability from a stricter preparer's perspective, we hope to find contributions to the research area of SEA and develop it's relation and non-relation to accountability.

4.3. Legitimacy

Legitimacy theory is based on the notion of social contracts, which was mentioned as early as during the Age of Enlightenment (Van Klaveren, 1989). Legitimacy theory regards organizations' underlying need to operate legitimately by conforming to the societal expectations (Deegan, 2002). Legitimacy has been defined as:

"[...] a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions"
- Suchman (1995 p.574)

Dowling & Pfeffer (1975) explains legitimacy as an important consideration to the relations between the organizations and the external environment and Näsi et al (1997) argues that legitimacy is needed in order to maintain relationships to the society on which the organizations are dependent. This shows that legitimacy theory is system-oriented and that it regards and views the company as part of a broader system whereas legitimacy is used to describe the relationship between the external environment and company actions. Some however only consider the *relevant society* and not society as a whole within legitimacy theory (Gray, Adams & Owen, 2014), although Deegan (2002) argues such a view is closer to the stakeholder theory. We will use Suchman's (1995) definition of legitimacy since it is based on the preparers' perception, which makes it the most relevant definition for our study. The view of legitimacy as a perception is also argued by Deegan (2002), who separates accountability and legitimacy by describing legitimacy as people's right-to-know rather than responding to expectations. This enhances our view of accountability as part of the relationship between organizations and the external environment and the existing expectations outlined in the accountability model from Cooper and Owen (2007). Even though Deegan (2002) does not argue for disclosures to be responsive, legitimising strategies are recognized to possibly be responsive. The responsive view of legitimacy is also the difference between legitimacy and accountability according to Deegan (2002), since legitimising strategies are responsive rather than responsible, which is what Deegan (2002) views as accountability to be. Since legitimacy is based on the accountor's perception of the society, legitimacy theory thus becomes ambiguous in identifying accountability from a preparer's perspective. This enhances the need to study accountability from a preparer's perspective from a broader view than legitimacy theory only.

Legitimising strategies are described as maintaining, gaining or repairing legitimacy (Suchman, 1995) whereas gaining can be considered a proactive approach, maintaining a defensive approach and repairing a responsive approach. Gray, Adams & Owen (2014) argue that

Suchman's (1995) legitimising strategies provides insight to most sustainability reporting initiatives. Furthermore, legitimacy theory is considered as one of the more probable explanations to why companies voluntarily disclose social and environmental information (O'Donovan, 2002).

By analysing the need of legitimacy, individual organizational behaviour and practice can be understood (Dowling & Pfeffer, 1975), thereby including some practice within SEA. We will use legitimacy theory as a complement to and a part of the accountability perspective, as Deegan (2002) states legitimacy strategies can be viewed as responsive way to address to legitimacy threats. The identification of such threats as well as disclosures independent of such threats ought to be due to accountability rather than legitimisation. Similarly, Gray et al (1997) argue that accountability can be viewed from a societal point of view, where the power to demand information is decided by the intrinsic ability of parties within societies to demand such information and the willingness or desire to disclose the information by the preparers. For example, a power to demand such information could be because of legislation, standards, or relative position within the society such as environmental protection agencies or the position of owners. Accountability is rather driven from direct expectations, although it is important to point out that expectations might also be formalized through legislation or standards. Such insights makes it complicated and ambiguous to separate legitimacy and accountability. Prior studies have shown that the level of social and environmental disclosures is dependent and influenced by social pressure (Guthrie & Cuganesan 2008), which supports the relevance of a legitimacy perspective when studying SEA practice.

4.4. Stakeholders

Stakeholder theory derives from Freeman (1984) and is considered an overlapping theory within SEA by various researchers such as Deegan (2002), Gray, Adams & Owen (2014) and Chen & Roberts (2010). One of the main differences between legitimacy theory and stakeholder theory is that legitimacy theory addresses the society as a whole whereas stakeholder theory means addressing specific groups in society (Deegan, 2009). It is however wrong to say that legitimacy theory and stakeholder theory are two distinct theories. In contrary, the two theories are often used as two interrelated and overlapping aspects supporting and promoting SEA (Gray, Kouhy &

Lavers 1995, Deegan 2002, Chen & Roberts 2010 and Gray Adams & Owen 2014). We consider it likely and agree with Chen & Roberts (2010) argument that some business entities base their SEA on direct interactions with certain stakeholders and some base their SEA on a general management or impression of their societal level legitimacy. This highlights the need of both perspectives when studying SEA.

Freeman & Reed (1983) early proposed two definitions of what a stakeholder is, one wide and one narrow view. The wide view means that any identifiable group or individual that *can* affect or be affected by the organizations objectives should be considered stakeholders. The wide view means that any identifiable group or individual that *can* affect or be affected by the organizations objectives should be considered stakeholders. The narrow definition of stakeholders on the other hand only includes groups or individuals on which the organization's *survival is dependent*. As an example of the different views, a wider view would consider overlooking certain, not vital stakeholder's interest (Donaldson, 2002). However, some argue that the narrow definition might be more relevant to use since it is more managerial and organizational-driven (Mitchell, Agle & Woods 1997). The managerial branch of stakeholder theory (Deegan, 2009) can be connected to Freeman and Reed's (1983) narrow view of stakeholders since it only recognizes important and powerful stakeholders to the company, and thus makes the concept of stakeholders narrower. This might for example mean prioritization among certain stakeholders. The managerial and organizational-driven approach is chosen to be applied in our study since such a view is based on an organization-centred legitimacy (Gray et al, 1997) and thus regards the preparer's perception of the relationship and the expectations of its stakeholders. Thereby the narrow, or the managerial stakeholder perspective, can provide insight in cases where certain stakeholders are prioritised and thereby actively being identified as requiring accountability (Gray et al, 1997).

Accountability within the managerial stakeholder theory can be said to be demand-driven (Deegan, 2009) since the information provided will be based on an assessment of the needs of certain stakeholders. Several ideas of how salient stakeholders should be identified have been presented. As an example, Mitchell, Agle & Woods (1997) suggests that the importance of different stakeholders should be determined based on the legitimacy, urgency and power of a stakeholder. Legitimacy, urgency and power have also been found to significantly increase the saliency of stakeholders in a study by Mitchell, Agle & Woods (1997). Studies frequently points

towards that the nature of SEA are consistent with a managerial orientation of stakeholder theory (Oliveira, Rodrigues & Craig 2013) and studies has further empirically proven that companies do attend powerful stakeholders first (Lu & Abeyesekera 2013, Islam & Deegan 2008, Deegan 2009). These aspects points towards the relevance of viewing our empirical findings from a managerial stakeholder point of view.

4.5. Application of theoretical framework

Our theoretical framework originates in the main aspects of SEA identified by Deegan (2009) considering the questions of why, what, for whom and what format sustainability is reported. When outlining the theoretical gap we identified a common ground in the purpose of sustainability reporting within the two perspectives, stakeholder and legitimacy theory. More precisely, both stakeholder and legitimacy theory assumes companies to satisfy the expectations of the external environment, which consists of certain stakeholders or the societal values, norms and beliefs within the respective theories. This is also the main aspect and reasoning behind accountability since accountability is to justify events or actions (Cooper & Owen, 2007). This justification is clearly towards the external environment, which can be seen in the original model of accountability by Gray, Adams & Owen (2014). This insight helps answering the question of why sustainability reporting is made from the external environment's perspective and point of view. Such an approach assumes a responsive attitude towards sustainability, which however fails to explain situations of responsible actions; that is actions beyond or outside the expectations from certain stakeholders or the society. The remaining questions (what, for whom and what format) can also be explained through legitimacy and stakeholder theory from the external environment's perspective in accordance with the explanation in section 1.4. Showing these aspects depends on where responsiveness is directed towards. The argument of satisfying expectations as the main purpose behind sustainability reporting has earlier been identified by for example, Gray (2001), Messner (2009), and Shearer (2002) who refers to the phenomenon as accountability. The later two, Messner (2009) and Shearer (2002) also argue that accountability is a result of the relationship between preparers and the external environment and therefore needs to be viewed from both perspectives, whereas the accountor is one perspective and the accountee is one perspective. Within the relationship where accountors are striving to achieve

accountability lies our theoretical gap, where we argue that the main aspects of SEA is mainly considered from the external environment's perspective. Our reasoning behind this argument is that both stakeholder and legitimacy theory assumes a point of departure in the expectations provided by certain stakeholders or the society rather than the preparer's perceived perception or attitude, which ultimately also is the aspect resulting in sustainability actions and subsequently sustainability reporting. This is the main reason for us to structure and take point of departure in Deegan's (2009) four questions, that we consider an accountor's driven approach.

Although the phenomenon of accountability can explain the main aspects of SEA through stakeholder and legitimacy theory from the external environment's point of view, it provides little explanation to how it is perceived from a preparer's perspective. Our master thesis search to expand the understanding of the relationship between the external environment and the preparers by assuming a point of departure in the preparer's perception of these expectations. Since accountability is a common ground for both stakeholder and legitimacy theory, it also constitutes the central aspect of our application of theory while studying the preparer's perspective. Stakeholder and legitimacy theory will therefore be used by us as reference points to explain the main aspects of SEA from a preparer's perspective rather than from the external environment point of view. This is a view that most researchers in our literature review of SEA did not have. By doing this, we hope to provide an understanding of how, and if stakeholder and legitimacy theory can be useful to explain the whole relationship between accountors and accountees, including a more strict preparer's (accountor's) view.

5. Review of relevant guidance and regulation within SEA

The following section gives basic insight on the main relevant regulation within SEA by reviewing and presenting United Nation Global Compact (UNGC), ISO 26 000 and Global Reporting Framework (GRI) since they are the main regulations adopted by the food industry.

5.1. Several existing guiding documents and regulation

One important aspect to consider within SEA and how companies report their CSR-activities is current regulation and guidance since these can act as important influencers of SEA practice, either as a complement to the aspect of accountability or as a stand-alone demand. Accountability is furthermore connected to regulations since expectations from society can be either formalised in regulations and/or derive from administrative regulatory reasons. One argument for regulation within SEA is to counter potential biased information (Deegan, 2002). Several global voluntary frameworks emerged as an answer on the increased publicity regarding business ethics and CSR during the 1990's and onwards (Lim & Tsutsui, 2010) and we consider UNGC, ISO 26 000 and GRI to be the most relevant frameworks to present, from a preparing practitioner's perspective of SEA, since these are the frameworks that was mostly used among our targets within the food industry, which is illustrated the table below. There are also more identified regulations present within the industry. We however choose to present the below three since these regulations are the only regulations that is of consideration within our analysis in section 7.

Target	Regulation
Findus	GRI
Arla	UNGC
Skånemejerier	GRI
Lantmännen	GRI, UNGC
Worldfavor	Base their sustainability reporting service on GRI & ISO 26 000

Figure 5.1. Table of relevant frameworks among interview targets

5.2. The United Nations Global Compact (UNGC) & ISO 26000

We do not consider UNGC and ISO 26 000 to directly affect the presentation of sustainability reporting on a large scale within the industry. UNGC however provides 10 principles of business

behaviour within human rights, labour, environment and anti-corruption (UNGC, 2014) and can therefore be used to help explain the questions of why and for whom sustainability reporting is addressed within the companies that has signed the compact. It can thereby mainly affect two of the four central aspects of SEA. By recognizing the companies as a driver for globalization, UNGC allocates responsibility of developing economies and societies to the companies (UNGC, 2014). Implicitly, users of UNGC therefore need to address the society and not only individual stakeholders. This means that the use of UNGC enhances the relevance of viewing SEA from a legitimacy perspective rather than a narrow stakeholder perspective. Signing UNGC ought to create incentives to report CSR-activities in a manner consistent to the principles.

ISO 26 000 is a guiding standard that aims to define what social responsibility is and what companies can do to support a sustainable future (SIS, 2014). ISO 26 000 is, similarly to UNGC, also based on a set of principles, and mainly provides guidelines of how companies could incorporate CSR into their business (SIS 2014). ISO 26 000 can therefore affect what is being reported, which is one of the central aspects of SEA. ISO 26 000 is voluntary and of guiding character and therefore does not include any rules nor regulation. It is not possible, in contrast with several other standards from SIS, to become certified with ISO 26 000.

5.3. Global Reporting Initiative (GRI)

GRI has presented a new SEA framework for 2014 (G4), but since there is an on-going transition period, which means G4 is not fully in use yet; our treatment of GRI is based on the G3 and G3.1 versions, which are currently practiced.

GRI is the globally accepted guideline most commonly used within sustainability reporting (KPMG, 2011). GRI is designed to fit all organizations and consists of a number of Core Indicators (CI), which are assumed to be material to disclose for most organizations of all sizes (GRI, 2011). The CI:s have mainly been developed by a comprehensive *multi-stakeholder collaboration* that was conducted by GRI in the mid 2000's and based on a 30 000 strong multi-stakeholder network (GRI, 2011). Furthermore, disclosures regarding CI:s are mandatory in order for companies to be *in accordance* to GRI which means that CI clearly determines what to disclose to some extent. On the side of the CI, Additional Indicators (AI) has been developed

which is only considered to be material by some companies/industries or represent emerging common practice. However, since GRI is voluntary, not all current practice is necessarily based on GRI. In terms of disclosures within the food industry, there are in addition to the *regular* GRI guiding documents, also sector specific guidance available on what and how to report CSR within the food sector. This document is called GRI Sector Disclosures - Food Processing. GRI can mainly affect what is being reported and also the format of sustainability reporting since there are explicit guides on what and how to present sustainability disclosures.

6. Empirical findings

The following section contains our gathered empirical findings. The data is based on our conducted interviews. Sections 6.2. – 6.5 follows our systematic structure of SEA by being separated into the aspects of why, what, for whom and what format that is used for sustainability reporting within the food industry in Sweden. Section 6.6. summarizes our empirical findings within the industry in tables.

6.1. Internal variations within the industry

Our empirical findings shows that there are both major and minor internal variations within the food industry in regards of all the four main aspects of SEA. Our intention is to present the general findings based on the food industry as a whole. However, due to the identified internal variations within the industry, and sometimes also clear contradictions in the empirical findings, depending on what informant that provides the information, we present our material both from our general view of the industry and from a company specific view. The reason for this is to be clear and outline what informants' opinions and answers we base our actual findings on and what empirical evidence we subsequently base our industry analysis on. We therefore first provide a summary of our general findings of the industry and subsequently outline each source of information in terms of a summary of the conducted interviews with the six chosen informants within each of the four aspects of SEA. By doing this, we aim to provide the reader with insight into what is to be considered general to the industry, what is company specific and what aspects

that are hard, if not even impossible to make either general or specific due to contradictions, variations and due to our limited sample of companies. A more comprehensive discussion of our empirical findings and the industry variations, similarities and contradictions is discussed throughout section 7.

6.2. Why do companies within the food industry choose to report sustainability?

A variety of explanations can be found as motives to report sustainability within our empirical findings. Providing accountability, due to social pressure, creating transparency, branding tool, educating the public, internal monitoring, identifying potential business partners and creating internal identity are all identified answers on why companies choose to report sustainability within the food industry. Our empirical findings shows that there are both internal and external reasons to why sustainability reporting is being made within the industry, since sustainability reporting is used for both building accountability towards external parties and to grow internal identities.

Some of the companies within the industry argue that sustainability reporting should be objective and neutral, others advocate partially subjective sustainability reporting. Companies taking the later approach mainly argue that some bias is necessary in order to be able to explain and present the company in a representative manner. Objectivity and neutrality are mainly argued in the purpose of transparent reporting and creating comparability. A more detailed description of our findings regarding why companies within the food industry choose to sustainability report now follows as separate summaries of the six conducted interviews within the industry.

Figure 6.2. Table showing why the industry choose to sustainability report

6.2.1 Findus

Some of Findus's sustainability principles is based on a societal responsibility whereas others are described as business specific or Findus specific. Sustainability reporting is perceived as a tool to enhance transparency, which is a key principle to Findus. For example, Findus aims to present both negative and positive events relevant to its operations since there often are explanations to why certain events have happened and sustainability reporting is one method of conveying the explanation. The use of GRI provides accountability to the reporting by requiring specific measurements, although it is perceived as rather flexible since it allows some selectivity regarding what to disclose.

Sustainability reporting is used to present the company, which requires an amount of subjectivity in order to make the sustainability reporting representative and available for the public. A purely objective sustainability reporting would risk CSR to become a hygiene factor and due to raised awareness among stakeholders, substantial sustainability activities are expected to become mandatory.

Findus views sustainability reporting as a tool to communicate, describe and explain the company's activities to various stakeholders. In addition, their sustainability reporting is used to inform and educate the public about the importance of CSR. Sustainability reporting also enhances the internal focus on sustainability by facilitating the internal monitoring of Findus's progress within specific areas. Findus also views sustainability reporting as a competitive advantage by creating accountability in Findus' sustainability work. Much of their sector is price sensitive and the work within sustainability is considered an *"invisible quality"* which needs to be communicated in order to provide value.

6.2.2. Lantmännen

Lantmännen's sustainability reporting is based on its history of being owned by Swedish farmers which has created a natural focus on sustainability. Lantmännen defines sustainability as ensuring the conditions for future generations. In terms of how Lantmännen views sustainability reporting, they argue that the information of how the financial results are created, as under which environmental impact and social conditions the business is conducted is just as important as the financial reporting.

Lantmännen aims to be objective and transparent in their sustainability reporting since it is viewed as an important part of being accountable for their actions. GRI is a valuable reference in this aim and the internal referral process is of great importance.

The sustainability reporting is used both internally as well as externally to provide feedback to different stakeholders and their questions. Lantmännen considers it important to repack sustainability reporting information in order to adapt to whom they are addressing the information. The annual report with sustainability report might be considered less interesting to read, but it is very important in anchoring the disclosures in order to repack and reuse the information in other contexts.

Lantmännen consider sustainability reporting as part of their marketing and PR but they believe that they are objective and actively includes challenges, risks and negative aspects of their business. They are convinced that sustainability reporting must be objective, transparent and balanced in order to create accountability.

6.2.3. Skånemejerier

The decision to start sustainability reporting in 2012 came from the bottom of the organization and in connection to various customers' (municipalities, schools and retailers et cetera) demand of information. The demand of sustainability reporting is described as not being a hygiene factor but rather an answer on the customers' demand for explanations and descriptions.

Skånemejerier uses the sustainability report in marketing as well as a presentation of the company. Although the main purpose of sustainability reporting is not to be used in marketing, Skånemejerier views the role as ambiguous, rather than viewing the role of sustainability reporting as either to create accountability or to be used in marketing. The sustainability report is, for example, both used internally and externally, and the aim is to provide transparency and objectiveness. It is described as a balancing act between describing and explaining values and beliefs while also disclosing quantitative data and measurements. Furthermore, much emphasis is put on the readability of the sustainability report as well as making the report representative to Skånemejerier.

6.2.4. Arla

The purpose behind Arla's CSR-activities is to create a sustainable business, to be competitive in a long-term perspective. The purpose includes all markets as well as the whole range of products from Arla. Arla puts much emphasis of the internal use of sustainability reporting although it is also indirectly used for marketing. By sustainability reporting, accountability and trust is slowly established for the company and its brands which, indirectly creates a marketing effect although no instant marketing effect is directly perceived. Internally, sustainability reporting is mainly used to create an understanding of themselves and enhance the identity of the company.

The work within CSR is described to be less about values and beliefs nowadays and more about transparency and objectiveness. The shift towards transparency and objectiveness has increased the importance of linking the CSR-activities as well as the sustainability reporting to strategic objectives. For example, Arla is currently focusing on unifying foreign operations into one global identity where the sustainability reporting facilitates the transition. Their sustainability

reporting is also described as a way to identify potential business partners. By communicating their CSR-activities through sustainability reporting, an assessment of the values and beliefs of potential business partners can be made which is considered particularly important when developing their operations in new markets. Since their sustainability reporting is used for many different purposes and thus needs to be representative, Arla argues that some bias always will be present. Additionally, it is believed to be important to maintain some bias within sustainability reporting in order to be able to explain various conditions, events and decisions affecting the company.

6.2.5. Livsmedelsföretagen

The member companies have requested Livsmedelsföretagen to work with CSR since it is believed to be an important topic on an industry level as well as on company level. CSR is viewed as competitively neutral, yet value-creating and therefore not very sensitive information to share between the member companies. Furthermore, CSR is considered to be a popular topic and there is a social pressure to work with CSR within the industry.

The impression Anell have regarding why CSR and sustainability reporting is important to the food companies is that their products are consumed on a daily-basis. Consumers are furthermore starting to expect sustainable products, making CSR and sustainability reporting transition into a requirement. Sustainability is also important in terms of creating accountability as well as creating conditions for future operations. The reason for why sustainability is especially important within the food industry is because consumers seem to consider food products to be *"close"* to them due to fact that the consumers actually consume the products by eating them.

Anell views the work within sustainability as a future presumption from customers and consumers. The role of sustainability reporting therefore mainly concerns long-term insurance of company sustainability. CSR is considered to be developing into a requirement and the sustainability reporting as a way to ensure stakeholders of what is done within the area. One of the most important aspects of sustainability reporting according to Anell is that information becomes available and easy to communicate.

6.2.6. Worldfavor

Worldfavor's vision is to promote sustainability to a level where every business is based on sustainable principles and practice. The original service Worldfavor initially provided was an interactive reporting database where companies' sustainability reporting was made more accessible and understandable for everyone. The platform was similar to a social media where stakeholders and organizations could interact with each other and thereby identify relevant CSR-activities and disclosures.

Since many companies still was in an initial phase of sustainability reporting when Worldfavor started their operations, a management tool was also developed to facilitate sustainability management. The management tool includes a section called *"status"* which means companies can make an analysis of their progress within sustainability. This section can then be published if this is something the companies choose. Some companies have this section public for the transparency and accountability aspect of reporting whereas some only use it for internal analysis and follow-up. Worldfavor's ambition is that all companies make this section public in the future.

Emilsson describes companies' purpose behind sustainability reporting to be unclear and implicit, which in many occasions could result in a view of sustainability reporting as a hygiene factor. However, Emilsson's opinion is that branding ought to be the most obvious purpose behind sustainability reporting, although it differs depending on the context and who the companies do business with. Emilsson further describes Worldfavor's services to be used for both marketing as well as reporting purposes, depending on to whom and how the sustainability disclosures are used. She is however questioning what the difference really is. Accountability is regarded to be relevant in both purposes. The ability to compare sustainability disclosures is viewed as a prerequisite in order to gain accountability. Emilsson argues that marketing, objectiveness and transparency would be beneficial for companies to combine since being objective and transparent within the marketing is more likely to result in providing accountability. As an example, Emilsson argues that a motivation of transparency and objectiveness in communication sustainability reporting could decrease the negative effects from media scandals.

6.3. What does the industry choose to disclose?

The food industry mainly identifies and chooses what to disclose by conducting stakeholder dialogues. The dialogues are performed in different ways such as personal contact, internet or social media within the industry and are often specifically addressing different stakeholder groups. Some issues and problems is perceived within the industry in regards of the stakeholder dialogues within in terms of gaining an understanding of what to disclose based on the various stakeholders. There are also situations where companies do not actively chooses what to disclose at all and merely presents everything they do in terms of CSR actions. Availability of information also controls what is being disclosed within the industry. The industry furthermore also choose what to disclose based on their own strategic or competitive objectives within the company.

Regulations are also viewed as an important reference of what to report. Most companies are using GRI and are abiding to the CI:s as well as additional organizational specific indicators. Certain selectiveness and flexibility is perceived among the companies who sustainability report in accordance to GRI. In addition to GRI, UNGC is also used within the industry.

Summaries of the conducted interviews within the industry in terms of what is being disclosed in the sustainability reporting is presented below.

What the food industry choose to disclose
Perceived demands from stakeholder dialogues
Only depending on CSR actions
Based on availability of information
In line with strategic and competitive objectives
In accordance to regulation (GRI, UNGC, ISO 26000)
According to public opinion

Figure 6.3. Table showing what the industry choose to disclose

6.3.1. Findus

Findus considers the demands of the different stakeholders when choosing what to disclose within sustainability reporting. They have varying kinds of demands on information. Customers are mainly interested of the fact that their suppliers are working with sustainability in general. NGOs are more focused on specific areas such as fishing or production and refinement. Consumers are generally most interested in the end-product, although sustainability reporting is not mainly in the purpose of marketing but rather to present actual facts.

Much of the information disclosed is based on the expectations of the different stakeholders. Stakeholder expectations are identified by creating dialogues and receiving messages either by personal contact or on the web using the company website and Facebook. Dialogue with NGOs are mostly based on personal contact. Workshops and lectures are also conducted. The most important part of fulfilling the stakeholders' expectations is to actively engage with the stakeholders.

Findus does not actively choose what to disclose or not within their sustainability reporting. The selection of what is disclosed is mainly made in the choice of activities within sustainability and the amount of details available and then presented. The latter is determined by the interest of the consumers for different areas.

6.3.2. Lantmännen

Since they have business throughout the whole value chain of the grain, the largest environmental impact is in the beginning of their products' lifecycles, the cultivation stage. This determines what they report.

Stakeholder dialogues are furthermore held continuously throughout the year with different interested parties at different levels of engagement. For example, within the food industry and WWF regarding the sustainability issues of soy. This dialogue provides an important guidance when determining what is to be considered material and therefore should be disclosed in the report.

GRI is used as a reference and guidelines on what to disclose. Since GRI is designed to fit many organizations, some selectiveness within GRI is made to adapt the reporting to Lantmännen. As an example, individual metrics relevant to Lantmännen have been created and are disclosed. The ability to measure and retrieve information is important in terms of what is disclosed and this issue can be complex. Aspects such as if the whole company is using the same Enterprise Resource Planning or not are mentioned as potential challenges to retrieve data. Lantmännen are positive to the new GRI G4 since it enables them to focus on the most important aspects. They believe that they have the materiality analysis of the new G4 in place but that they need to formalize documentation and processes.

The difference between the information on the website and the integrated report is that more emphasis is put on explaining the challenges and the complexity of different challenges within specific areas on the website. Furthermore, important areas not relevant to the reporting period are also located on the website. The disclosures in the annual report with sustainability report are also limited by the space in the report.

6.3.3. Skånemejerier

Skånemejerier has chosen to report according to GRI since it provides distinct guidelines of what to report. Some considerations are also made in relation to what their competitors chooses to disclose. Most indicators are primarily based on what is assessed to be relevant and interesting from a customer perspective. However, Skånemejerier discloses all their CSR-activities, and describes their sustainability report as a summary of the events from the reporting period. The disclosures are also dependent on the ability to measure and retrieve data. Skånemejerier furthermore attempts to conduct stakeholder dialogues to identify relevant disclosures and activities although it is considered difficult to gain insight from a stakeholder perspective.

6.3.4. Arla

In accordance to UNGC, each year's report includes disclosures regarding progress within sustainability areas. In 2005, a Code of Conduct (CoC) was implemented, and in connection, a general assessment of what effects Arla has on its surroundings as well as what areas are most

important was made. The results have then been included in the CoC, which is largely related to the fact that Arla is an economic association. A new analysis of what disclosures that should be relevant is in progress and aims to focus more on transparency and objectiveness in order to make more distinct prioritizations and create relevant stakeholder dialogues. Much of the disclosures Arla has chosen to present are also based on strategic objectives as well as internal challenges identified.

6.3.5. Livsmedelsföretagen

Livsmedelsföretagen has a variety of member companies, from multinational corporations to smaller local companies. Therefore, no clear trends of what companies disclose is considered to be distinguished.

Livsmedelsföretagen represents and are involved in discussions raised from various directions and levels. Some questions are easier to motivate member companies to engage in, for example, decreasing food waste and efficient energy controls, mainly since there is a clear economical value in working with such questions. Other questions are mainly raised by media, NGOs or the government, member companies or by Livsmedelsföretagen themselves. Anell also points out that media plays an important role in what companies chooses to disclose, though it is the public opinion that is the ultimate determinant. As an example, there are orange plantations in Brazil, which includes many important questions to address, but the consumers mostly care about the sugar content, due to the *"closeness"* of sugar content to the consumers.

Livsmedelsföretagen is currently working on gathering and engaging member companies to report sustainability through a digital platform created by Worldfavor. Worldfavor requires its users to report according to GRI and ISO 26 000, the results will then be published as a common report for the whole industry. Companies will also have the choice to publish their individual data. The gathered data can then be used in comparison with other industries as well as between individual companies. Anell argues that even though comparable data between companies currently is difficult to gather, the data could be used to analyse the development from previous years.

6.3.6. Worldfavor

Worldfavor aims to break down the sustainability disclosures through their digital reporting platform and thus make the information more accessible to more people. By doing so, the measurements can also be compared individually since the reporting is based on the same frameworks: GRI and ISO 26 000.

Worldfavor's cooperation with Livsmedelsföretagen is in its initial phase and the purpose is to have indicators especially associated with the food industry as well as general sustainability indicators to be used in order for Livsmedelsföretagen to follow-up on the industry's performance. Examples of topics are waste in production, renewable materials in packaging, animal care, energy efficiency and carbon dioxide emissions.

Emilsson believes that traditional sustainability reporting has a tendency to mostly include positive disclosures, which Worldfavor tries to prevent by providing companies the opportunity to make the previously mentioned *"status"* section public, which can also be referred to as a gap analysis. The gap analysis confirms or denies the work within certain issues and is based on ISO 26000.

6.4. For whom is the industry sustainability reporting?

Sustainability reporting is directed towards various stakeholders within the food industry. The most important stakeholders considered within the industry are customers, consumers and NGOs. Both shareholders and employees is however also mentioned as important stakeholders within the industry in terms of for whom their sustainability reporting is for. There are various views on the prioritization of stakeholders, including both prioritization and no prioritization. Attention is in some cases more given to the society as a whole rather than specific stakeholders within the industry.

For whom sustainability is for depends on what format and channel that is used for the sustainability reporting. Most companies within the industry view the reporting on their websites as directed to customers and consumers. However, some also describe their reporting on the website as aimed to all stakeholders and the society rather than shareholders, which are usually directly and explicitly addressed in formats such as the annual report with sustainability report.

Following below are summaries of the conducted interviews in terms of for whom our informants within the industry considers their sustainability reporting to be directed to.

Figure 6.4. Table showing for whom the industry sustainability report

6.4.1. Findus

Findus aims their sustainability report towards their stakeholders, whereas the customers are considered the most important stakeholders. Findus's customers are retail stores such as ICA, COOP and Hemköp. The customers have their own objectives within sustainability and Findus are therefore as a supplier, required to present their sustainability work.

There is no formal prioritization of whom the sustainability report is addressed to, although they point out that the sustainability report mainly is affected by the demand of information, which is dominated by the customers. Other stakeholders who demand information regarding sustainability are primarily NGOs.

6.4.2. Lantmännen

Lantmännen addresses their sustainability reporting to different stakeholders, whereas the annual report with sustainability report is mainly addressed to the shareholders. The sustainability

reporting on their website is however mainly addressed to the rest of their stakeholders, such as customers, consumers and NGOs.

6.4.3. Skånemejerier

Primarily, the sustainability reporting is addressed to customers and consumers, and not the shareholders. Such a decision was made based on the fact that customers and consumers are Skånemejerier's most important stakeholders. Although many are working within sustainability, less personnel is regarded to have the comprehensive overview needed in reporting the activities.

6.4.4. Arla

Since Arla is an economic association, there are no ordinary shareholders as within a limited listed company. The employees are viewed as one of the most important stakeholders that the sustainability reporting is addressed to. Customers such as retail stores are another important group of stakeholders. Though consumers also are considered important, most of the sales are made B2B and therefore customers are considered more important in terms of sustainability reporting. Additional stakeholders are identified such as NGOs, media and the rest of society. Less focus is put on information addressed to different specialists within accounting or CSR since only a handful of people are regarded to be interested in, for example, complex measurements and indicators. By de-focusing on the measurements and indicators, Arla perceives the usefulness of sustainability reporting to increase.

6.4.5. Livsmedelsföretagen

Anell's impression of whom companies primarily addresses their sustainability reporting is the shareholders. The reason for this is explained by the fact that sustainability reporting often is relatively complex, meaning that measurements and contexts can be difficult to understand without appropriate background information.

6.4.6. Worldfavor

Emilsson's perspective is that the purpose behind sustainability reporting ought to determine, although it is not always the case, which the sustainability reporting will be addressed to. As an example, if branding is the main purpose, more emphasis will be put on the customers rather than the investors. The purpose itself is argued to be dependent on where the initiative of sustainability reporting comes from within the organization and to some extent also on the business characteristics of the company.

Emilsson believes all stakeholders are as important although certain stakeholder groups are prioritized differently. In general, investors are a prioritized group since most companies assumes that the public reports will be used and affect the decision-making of investors. The food industry might differ in regards to the stakeholder focus since businesses with consumption products also specifically needs to address the public due to the closeness of food products to the consumer.

Furthermore, Emilsson believes that both customers and employees are some of the most important stakeholders because of the increased awareness of sustainability, which will be reflected more clearly as sustainability reporting becomes more accessible. Although certain companies focus on different stakeholder groups, Emilsson perceives the most common users of sustainability reporting being investors and CSR-analysts. However, she has also gotten the impression from a report that investors and students are the most common users.

6.5. What format is used for reporting sustainability?

The industry mainly reports CSR by publishing sustainability reports. Some publish an annual report with sustainability report, whereas some releases separate sustainability reports which they view as closely related to the annual report. The sustainability is sometimes viewed as a *"sibling report"* in relation to the annual report. There are no integrated reports present among our interviewed companies although a annual report with sustainability report can be considered something similar since it integrates sustainability aspects into the annual report.

Much of the sustainability reporting within the industry is also published through the Internet using company websites or social media. There are also new ways of reporting sustainability identified such as digital platform specially designed for sustainability reporting.

One of the most important aspects regarding the format of sustainability reporting is perceived to be increasing availability and understandability. The easiness to read and comprehend the sustainability reporting is an important aspect regarding the format of sustainability reporting within the industry. The format varies depending on who to reach and how the reader most effectively absorbs the information that is being reported.

Regulation is also an important aspect in terms of what format is used since regulations are used that directly guides and controls the format of the sustainability reporting. Both GRI and UNGC and ISO 26 000 is used to report sustainability and directly guides and controls the format.

What format that is used within the food industry for sustainability reporting
Sustainability reports
Annual report
Annual report with sustainability report
Webpage (Corporate homepage)
Social Media (Facebook)
Digital interactive platforms

Figure 6.5. Table showing what format the industry use for sustainability reporting

6.5.1. Findus

Findus reports their sustainability activities through their sustainability report and through their website and Facebook. The sustainability report is based on GRI 3.1. It is important for Findus to be transparent and objective although much emphasis and value is based on how available and easy-to-read the sustainability reporting becomes.

6.5.2. Lantmännen

In connection with unifying their communication in 2008, Lantmännen implemented a Code of Conduct (CoC) based on UNGC and in 2009 they moved from reporting sustainability aspects as a separate publication to one single publication titled *Annual Report with Sustainability Report* in which sustainability reporting became a section of this printed report. They do not want to refer to this report as an integrated report since they consider the definition of integrated reports as vague. They have however gradually increased the integration of sustainability aspects in the context of financial reporting through their Annual report with Sustainability Report. This publication is adapted to be addressed to the shareholders. Disclosures on the website, such as the GRI-index is addressed to remaining stakeholders. The information on the website is more comprehensive since much emphasis is put on availability and understandability. The disclosures being made on the web are critical in order to measure and report both UNGC and GRI.

In terms of the implementation of G4, Lantmännen believes that they will need to make more choices and be more selective, which they consider a positive aspect since it will make the disclosures more relevant.

6.5.3. Skånemejerier

Skånemejerier releases sustainability reports annually and also disclose sustainability reporting on their website. The sustainability report primarily focuses on the interest of customers and consumers. Since the sustainability report mainly is used to inform customers and consumers, the design of the sustainability report is primarily focused on understandability and how easy it is to read. The later is also considered a presumption in order to make people interested in reading the report at all.

6.5.4. Arla

Arla describes their sustainability report as a *"sibling"* in relation to the financial report since they are released at the same point of time. Most of their sustainability reporting is gathered in the report although disclosures are also made through the website. Furthermore, much of the CSR-activities are integrated into the internal processes and therefore also described within the

financial report. Arla has chosen to not report according to GRI since its guidelines historically have been assessed to be inappropriate in consideration to the fact that Arla is an economic association and not a limited company. Additionally, GRI is perceived to hinder the understandability and subsequently the usefulness of the report. Transparency is considered to be one of the most important aspects of the sustainability reporting, both in order to create accountability as well as the use of sustainability reporting in marketing. It is argued that without transparency and truthfulness, the accountability of Arla would deteriorate.

6.5.5. Livsmedelsföretagen

Anell has not noticed any distinct trends regarding what format companies chooses when sustainability reporting, although there has been a clear increase of awareness regarding sustainability which is considered the main reason of the increased sustainability reporting.

6.5.6. Worldfavor

Since Worldfavor provides a digital sustainability management tool as well as a digital reporting platform, some differences exists in the format of presenting the information. Since companies use the management tool to monitor and control their sustainability work, not all of it is published. Instead, companies can voluntarily publish information to their chosen extent. In time, Worldfavor will develop an opportunity for companies to explain and comment on specific disclosures, which is only available internally at the moment.

Worldfavor has created a consumer-oriented platform which can also be connected to the company website. Instead of a traditional printed report, the information is provided in a more interactive and explorative way in order to engage the user. Emilsson means that since companies are interested in the stakeholder's opinions, and within the food industry especially consumers' interests, there is a demand for better communication channels that engages and enables the stakeholders to actually express their opinions, which their platform enables the stakeholders to do.

Emilsson believes that different stakeholder groups require different methods of communicating in order for people to access and understand the information. The most important communication

channel is described as the one where the customer, or other interest groups will effectively absorb the information.

6.6. Summary of empirical findings

Below is a summary of why, what, for whom and what format the food industry sustainability report based on the findings above.

Why the food industry choose to sustainability report	What the food industry choose to disclose	For whom the food industry sustainability report	What format the food industry use for sustainability reporting
To provide accountability	Perceived demands from stakeholder dialogues	Customers & consumers	Sustainability reports
Due to social pressure	Only depending on CSR actions	NGOs	Annual report
To create transparency	Based on availability of information	Shareholders	Annual report with sustainability report
For marketing and branding aspects	In line with strategic and competitive objectives	Employees	Webpage (Corporate homepage)
In order to educate the public	In accordance to regulation (GRI, UNGC, ISO 26000)	Shareholders (printed report only)	Social Media (Facebook)
For internal monitoring	According to public opinion	Consumers, customers & NGOs (website only)	Digital interactive platforms
To identify potential business partners		Society	
To create an internal identity			
To communicate an "invisible quality"			
Considered an hygiene-factor			

Figure 6.6. Empirical findings summarized in a table

7. Discussion

Our discussion of how the main aspects of SEA contributes to accountability between the accountee and the accountor from a preparer's perspective is structured into four sections that covers the four main aspects of SEA. Section 7.1. address the aspect of why sustainability reporting is being done. Section 7.2. discuss the aspect of for whom sustainability reporting is made. Section 7.3. covers what is being reported. Section 7.4. discuss the format of sustainability reporting. We then finalize by taking a critical point of view of accountability by discussing subjectivity within sustainability reporting in section 7.5.

7.1. Why companies sustainability report

According to legitimacy and (managerial) stakeholder theory, companies sustainability report in order to satisfy a demand from society and powerful stakeholders. This assumes that a demand of accountability from the preparer's perspective is perceived.

7.1.1. Accountability as the main motivation of sustainability reporting

When assessing our results, we identify SEA within the food industry to be clearly connected to the model of accountability and that accountability, like Cooper & Owen (2007) argue, is used to explain and justify events or actions. This is something that we can conclude since our results points towards that the preparers of sustainability reporting views their sustainability reporting to be a way of directly ensuring accountability of their business. Both Lantmännen and Skånemejerier argue that accountability is the main motive of their sustainability reporting whereas both Arla and Findus argue the main motive being transparency, which is viewed as a prerequisite to achieve accountability. Furthermore, Findus points out that sustainability reporting is a way of explaining their actions whereas Skånemejerier views sustainability reporting as an answer on customer's demand for explanations. These statements can directly be connected Cooper & Owen's (2007) definition of accountability and the view that the relationship is driven either by a stakeholder or legitimacy theory aspects. We therefore consider the industry to somewhat view accountability as one of the main motives behind their sustainability reporting. That accountability is the main driver behind the sustainability reporting

within the industry is further supported by Livsmedelsföretagen's opinion on the importance of accountability and how Worldfavor develops their digital sustainability reporting platform with the goal making sure businesses is based on sustainable principles and practice, thus being accountable for their actions.

7.1.2. Other motivations outside the context of accountability

We can however also identify several motivations behind sustainability reporting within the industry that we consider not directly linked to accountability. This can be seen in the various aspects that were brought up when companies, the industry association and the sustainability reporting entrepreneur was given an unconditioned space to answer on questions related to the motivations behind sustainability reporting. The informants described a range of different reasons behind their sustainability reporting in addition to accountability. In order to demonstrate the identified variety of why sustainability reporting is conducted within the industry, various aspects can be brought up from our empirical findings as examples. These include internal monitoring, creating internal identity, and identifying potential business partners. Reasons for why sustainability reporting is made and aspects such as these affect the preconditions and thus the accounting practice of SEA. What it points towards is that SEA is not only connected to a demand of accountability which both stakeholder and legitimacy theory advocates and that there might be other aspects than accountability that is relevant to consider as motivations behind sustainability reporting. The main argument why we do not view these motivations directly connected to accountability is that these motivations are not a result of pressure from neither certain stakeholders nor the public. These aspects are rather driven by an internal managerial point of view and therefore might be explained by other theories beyond our accountability perspective since these motivations can not be seen as a way of explaining and justifying actions as Cooper & Owen (2007) refers to accountability.

This reasoning can further be supported by Livsmedelsföretagen's perception that it is easier to get companies within the industry to work with sustainability issues that has clear economic value. This points towards that aspects outside a legitimacy and stakeholder perspective is relevant to consider when assessing the preparers view on what CSR actions and thus what sustainability aspects that are being reported using SEA. This is however previously stated by

researchers such as Porter (2013) who argues for the clear connection between CSR and company performances in terms of a certain *"value added"*. This value however partly derives from a stakeholder point of view since Porter (2013) considers the created shared value to the company to stem from the community (general public or stakeholders) in which it operates. However, what is not really treated is that fundamentally different aspects, such as savings from a financial view, can initiate CSR action. This is rather what Livsmedelsföretagen's perception ought to imply. This further means that CSR actions and thus the reporting of it (SEA) does not necessarily need to be seen as mainly driven by accountability and derive from legitimacy and or stakeholder aspects. However, it can further be discussed if a CSR action, which is primarily motivated by direct economical value, is to be considered CSR or not. This is however outside of the scope of our master thesis. What is relevant to consider however, is if the disclosures contributes to accountability even though the content of the sustainability reporting is based on a motivation of a clear economical value or not. Our view on this question is that viewing accountability from a legitimacy and stakeholder aspect solely, we would consider these disclosures not to contribute to accountability from our theoretical perspective. This reasoning is built on the fact that these disclosures are not mainly a result of a certain demand or expectation from the public or certain stakeholders.

7.1.3. Indirect links to accountability

Since our view on SEA is from an accountability perspective, we will discuss these alternative motivations as something that can be indirectly linked to accountability. Internal monitoring is seen as a way to follow up and assess the CSR work within the business. As can be seen in the accountability model in section 1.5., actions are an essential part of accountability, whereas reporting is merely a way of communicating it. Assuring that CSR actions are managed in a satisfying way is part of creating accountability because it creates a reliability and substance of the actual CSR actions that are being undertaken. Since transparency is viewed as an essential part of providing accountability, businesses need to assure that there is substance in their CSR action. Creating a sustainability focused identity within the company provides a certain anchoring and a natural focus on sustainability since internal identity is a way of managing people and thereby the business. A similar reasoning can be applied on identifying potential

business partners since sustainability includes ensuring sustainability through the whole value chain. Working with sustainability-focused partners enables the organization to secure sustainability aspects to a higher extent within their business. Although Hines (1988) argues that accounting practice means a constructed reality to be communicated, ensuring the CSR actions and anchoring sustainability aspects within the organization makes the reporting of CSR more efficient since an objective and transparent reality then can be communicated. The increased pressure of transparency from the public in terms of legitimacy and certain stakeholders creates a need for companies to anchor their sustainability aspects into the organization and its strategic objectives in order to create accountability. The above discussion points towards that the alternative motivations behind sustainability reporting that we discussed in the aspect of not being directly related to accountability might be indirectly a way of creating accountability. It also highlights the importance and complexity behind the basic question of why sustainability reporting is made in relation to accountability.

7.2. What disclosures are included in the sustainability reporting?

According to the accountability model presented in section 1.5, the determinant of what to disclose within sustainability reporting is viewed differently depending on if a legitimacy or stakeholder perspective is used on the relationship between the accountor and the accountee. The accountee's expectations and resulting demands of accountability are based on the society's values, beliefs and norms within legitimacy theory, and from certain powerful stakeholders within stakeholder theory. Thus, the relationship where the accountability is perceived from the accountor's point of view can be viewed differently depending on the different perspectives.

7.2.1. Stakeholder dialogues

Legitimacy theory implies a responsive approach to gain, maintain or repair legitimacy in order to fulfil the social contract and that stakeholder dialogues provide a basis to judge the requirements to fulfil societal norms, values and beliefs. The opinion of societal norms, values and beliefs is therefore created by the management itself rather than a social obligation. It is therefore important to regard which stakeholders that are part of the dialogues forming the social

contract. Furthermore, managerial decisions of what to disclose provides the most insightful explanation to the investigated practice of sustainability reporting. The sustainability reporting is based on the expectations of various stakeholders identified, and the most important part of identifying expectations is to actively engage the stakeholders. Such an approach shows a more demand driven form of accountability where the accountability between the company and the external environment can be described as driven by external interests rather than an ethical form of accountability such as described by Shearer (2002).

Our study shows that stakeholder dialogues are present in all companies and that it is mainly customers, consumers and NGOs who are included in the stakeholder dialogues. Such a prioritization of stakeholders implies an implicit focus on certain stakeholders, which also is advocated in the managerial orientation of stakeholder theory. Thereby, from an accountability perspective, the social contract is perceived from the preparer to dominantly derive from the interests of certain stakeholder which means that accountability is built upon specific stakeholder's expectations, which is more appropriately viewed from a managerial stakeholder theory perspective.

It is however arguable how effective the stakeholder dialogues are within the food industry, since some companies expressed difficulties in identifying stakeholder interests and expectations even though stakeholder dialogues were performed. Rather than relying on the results from the stakeholder dialogues, decisions of what to disclose were made based on the judgement of what would be of interest to the reader. Such practice was mostly identified in companies who recently began sustainability reporting. In some cases, the companies would however disclose all its CSR-activities and thus no choices of what to disclose were made other than through used guidelines. Our impression is, that stakeholder dialogues within SEA are perceived as a way to contribute accountability from a preparer's point of view, although the expectations of different stakeholders are not always successfully identified. However, stakeholders do to a great extent decide what is being reported in many cases and since we consider stakeholder dialogue a way for the accountor to interpret what the expectations are from the accountee. This shows that stakeholder dialogues is a central aspect of what is being disclosed and that SEA contributes to accountability by directly evaluating what the expectations are from the accountee.

7.2.2. Regulation

Regulations such as GRI, ISO 26 000 and UNGC are widely used in the food industry, whereas GRI and UNGC seem to be most commonly practiced. Such frameworks are used by the companies as guidelines or reference of best practice. Our results show that the most widely explicitly used framework to directly reference what to disclose is GRI. The use of GRI is viewed to enhance the accountability and a selection of indicators are reported beyond the CI:s provided by GRI. This means that it creates an accountability in terms of issues of the CI:s as well as indicators beyond the CI:s that are identified and used. The application of GRI furthermore creates a more quantitative focused sustainability reporting by requiring companies to disclose certain indicators. However, much of the information is also presented in a narrative manner with reference to the indicators.

Even though GRI provides set guidelines of what to disclose, there are room for manoeuvrability, which the companies has expressed as a benefit. In regards of how selectiveness could impact on accountability, this is not a concern that has been highlighted by the preparers. The selectiveness merely enables the companies to report what is possible, relevant and what they believe is interesting to their stakeholders, aspects that are clearly connected to the perceived expectations within the accountability model. What is also a prerequisite however is that the information that is being disclosed needs to be available to be gathered and presented. This means that although certain disclosures might be expected to be reported, they will not be reported due to a lack of availability. The aspect of availability has been highlighted by the preparers which argues in favour for a certain selectiveness and manoeuvrability in SEA regulation. Preparers does not consider this selectiveness to compromise the accountability aspect of using regulation and what we identify as a possible reason for this is that it might be that enhancement of accountability from a preparers point of view could derive from the fact that a formal regulation is used instead of how it is used.

7.3. For whom is sustainability reporting?

Our theoretical framework indicates that viewing the accountability relationship from a stakeholder and legitimacy theory perspective, both the public and/or certain stakeholders are the main recipients of SEA. The two perspectives are considered overlapping in terms of explaining

SEA practice and a discussion of the implications on accountability can be made by viewing our results from these aspects through the lens of these theories.

7.3.1. The public

Findus, supported by Livsmedelsföretagen, clearly illustrates that there are societal pressures and that they consider the accountee to be the public or the general opinion. This affects other aspects of SEA such as the consideration of understandability of the sustainability reporting. These aspects of the sustainability reporting are indicated to be of most importance in terms of disclosures presented on webpages and in digital and interactive formats. One of the reasons for this seem to be that disclosures in these channels are more adapted to the public. The aspect of legitimacy regards the society or the general opinion as the accountee, and if disclosures are adapted to the public, it further implies that the disclosures are of a more legitimizing character rather than directed to specific stakeholders. If sustainability reporting instead was aimed towards specific stakeholders such as NGOs or investors, the information do not generally need to be adapted to the public. As an example, information both to and from NGOs are based on personal contact between the company and the NGOs which means that each relationship of accountability is of unique character rather being a general relationship. What we can conclude is that our empirical findings clearly illustrates the need of viewing legitimacy as a component of SEA since the public is addressed, meaning that the preparers considers legitimacy to be central underlying concept when creating accountability.

7.3.2. Stakeholders

Although legitimacy can be seen as an important aspect within the relationship of accountability and SEA, our results also points towards that stakeholder theory is both relevant and applicable on SEA within the industry as an overlapping view. This supports Chen & Roberts (2010) argument that some entities base their sustainability reporting on interaction with specific stakeholder whereas some on the societal level of legitimacy. That stakeholder theory is applicable is rather obvious since we view these aspects from a preparer's and a managerial view. Managerial oriented stakeholder theory advocates prioritization of powerful stakeholders

according to their influence on the company resources, which means that stakeholder's influence on resources creates a reliance on certain stakeholders in order to survive and continue to operate. We can clearly see a trend among the food industry that specific stakeholders are actively addressed such as NGOs, consumers, customers and employees. Livsmedelsföretagen further argues that shareholders are mainly addressed whereas Worldfavor's opinion is that it depends on the specific information and business characteristics. However, what all the above implies is that specific stakeholders are considered to be accountees within the industry. We can further also see in Lantmännens case that information in their printed report is more aimed towards shareholders whereas information on the website is aimed towards consumers, customers and NGOs which indicates the relevance of a managerial stakeholder view.

Whether Freeman & Reed's (1983) wide or narrow concept is most applicable is not clearly established since results points in both directions. On one end there are results pointing towards a wide view, see for example Findus who points out that there is no formal prioritization among the stakeholders. One the other end however, all informants, including Findus (which might seem contradicting) points towards identification, management and prioritization among stakeholders. On the note that it might seem contradicting we believe that this is a clear indication of how legitimacy theory and stakeholder theory overlaps and that in order understand SEA practice, one needs to mix and manoeuvre between the the two theories since a non-prioritization can be viewed as a legitimacy theory aspect and not a stakeholder theory aspect.

Both customers and consumers are highlighted as important stakeholders and we assess them to be the most frequently addressed accountee from an accountability point of view within the industry. This since all companies point them out as one of the most important recipient of their sustainability reporting. Worldfavor also identifies the customers as one of the most important recipient and tries to incorporate a communication from the customers, the accountee, to the companies, the accountor. As discussed in section 7.2.1., stakeholder dialogue is an important activity within the industry but inefficiencies are perceived. An improvement of this aspect will develop the accountability model, since a development of the dialogue will affect the relationship between the accountee and the accountor. This dialogue, from an accountor perspective, aims to identify and assess what the expectations are from the accountee, meaning that the aspects of accountability will be affected. Expectations are what drives accountability and a clarification

and development of this input to the accountor will improve the capabilities of SEA to contribute to and address accountability.

7.4. The format of sustainability reporting

Neither legitimacy theory nor stakeholder theory advocates or directly argues in line with any specific formats of sustainability reporting. However, the different recipients advocated within the theories might provide different implications on how the information is disclosed.

7.4.1. Understandability and availability

Understandability and availability and is of central consideration from a preparer's view of sustainability reporting in order to create accountability. What is highlighted by several of the informants is that they value the aspect of reaching out to the accountee rather than making sure that the disclosures are presented in the most correct, reliable and objective way. This view makes information more available to the public and various stakeholders and it makes it easier for accountees to absorb the information. This is something that the sustainability reporting entrepreneur has also highlighted since they consider availability as one of the most important aspects of sustainability reporting in order for SEA to contribute to accountability and thus has created a platform that is meant to increase availability. This availability might broaden the spectrum of accountees since they will now be able to reach out to more recipients that might have additional demands. The digital platform format for sustainability reporting will furthermore also increase the possibility for increased stakeholder dialogue. The increased possibility for dialogue will help the accountor to understand what they are being held accountable for and thus what they need to consider in terms of their sustainability reporting. The impact of an enhanced stakeholder dialogues' impact on accountability is discussed in section 7.3.2.

7.4.2. Responsive sustainability reporting

By viewing the industry's actions in terms of sustainability reporting, we are able to discuss the aspects of being responsive or responsibility driven which is a discussed aspect within legitimacy

theory. Implications of a social obligation being present can be identified, which is why we argue that the company practice within the industry is somewhere in between responsive and responsibility driven. One example is Livsmedelsföretagen that argues that the economic return of doing CSR-activities is significantly lower than the cost of performing them by the companies, which point towards a certain responsibility driven approach within the industry. Furthermore, risk analyses performed by, for example, Lantmännen shows further implications of taking responsibility rather than being responsive. However, few companies within our study are disclosing such analysis.

Even though all companies argue for a responsibility driven purpose behind their sustainability reporting, our impression is that a reactive approach is more common. A responsive approach to CSR-disclosures can be explained by the format of sustainability reporting. Sustainability reporting within the food industry can be seen as being much of responsive character since our study shows that disclosures and accountability is built on being able to provide explanations. In order to provide an explanation, what is to be explained needs to have already occurred. Furthermore, since most of the companies mainly uses printed sustainability reports to disclose their CSR and regarding the fact that sustainability reports are published annually; the timeliness of information is always delayed a certain time and there is due to this a risk that sustainability reporting therefore solely becomes responsive. New formats such as digital platforms and websites providing real-time updates could be more suitable in terms of gaining and maintaining legitimacy by creating accountability through more timely disclosures, making the information more relevant and not only focusing on historical events. This would decrease the amount of SEA that is of repairing character.

All studied companies has some form of sustainability reporting on their websites. However, our impression is that this information is more adapted to branding and customer-related aspects rather than assuring the CSR of the companies. The industry seem to establish most accountability through printed sources since these are the main formats. What also needs to be noted is that since sustainability disclosures are reported in various formats to a rather high extent, a consideration to all CSR disclosures must be made in order to fully understand the implications of SEA on accountability.

7.5. A critical perspective

A central aspect of sustainability reporting is maintaining a social contract or answering certain stakeholders demands on being accountable for the companies' actions. As legitimacy theory implies, voluntary disclosures are used for this purpose in terms of SEA as a legitimizing strategy (Deegan 2002). A legitimizing reason for sustainability reporting ought to improve objectivity and transparency within the industry in regards of SEA since these are aspects that are expected by the public. The expectations are something that companies will try to fulfil in order to gain legitimacy and to create accountability.

It is important to understand that legitimacy theory is about perception and not actual change of business (Suchman 1995). This means that there are not necessarily any substance of the desired transparency and objectivity, it is merely about how various stakeholders or the public perceives the company to be transparent and objective or not. The substance of transparency and objectivity can be viewed from the preparer's point of view in a critical sense since many critical researchers argues that accounting practice is fundamentally not neutral and objective, thus reducing transparency.

Several companies points out that their sustainability reporting needs to be objective, transparent and balanced in order to create transparency. However, some companies point out that certain subjectivity is needed in order to make it available and representable. The latter confirms Hines' (1988) argument that accounting practice is and shall be considered subjective. Several of our informants points out that subjectivity and bias are natural aspects of sustainability reporting since it is needed in order to be able to explain company practice and make the information available and representable to the recipients.

As critical researchers points out, accounting and thus SEA could be used for private interest rather assuring and accounting for the work of CSR (Guthrie 1990). As an example, this could mean using SEA for increasing sales without the consideration of accountability. Although this type of use is hard to point out and prove, our results could be interpreted as being in line with the fundamental arguments that are found within the critical perspective: that accounting is used for other reasons than presenting information in an accountable way (Deegan 2009). This mainly since our informants points out aspects such as branding, marketing and creating an internal

identity as an aspect of their sustainability reporting. These aspects might not be connected to the assurance of CSR work or presenting this work in an accountable way. Although, as discussed in section 7.1.2., there might be indirect links to accountability. From a critical point of view however, our assessment is that SEA can be and is used to increase competitiveness of business and does not necessarily needs to be connected to accountability. It could instead be connected to communicating certain positive aspects of a business or a product. As an example, Findus describes the food industry as price sensitive and that sustainability reporting therefore becomes important in order to communicate an *added value* of the product. This *"invisible quality"* is then believed to potentially create incentives for purchase. SEA can therefore be viewed as being part of a sales aspect that again might not be connected to the concept of accountability. This use of SEA might however also part of a legitimacy aspect since the invisible quality might be a legitimizing demand from consumers or other stakeholders that the company tries to fulfil and this demand might be *"accountability"*. As our discussion indicates, it is hard to establish a clear conclusion on this aspect.

8. Conclusion

Our study aims to answer, from a preparers point of view, how the main aspects of SEA is perceived to contribute to accountability between the accountee and the accountor within the food industry in Sweden. We have therefore structured our concluding section into the four main aspects of SEA, why, what, for whom and what format. We then conclude our critical discussion in section 8.5 and in section 8.6 we finalize our conclusions by bringing forward our a gathered view of our contributions.

8.1. Why sustainability reporting is made

In terms of why companies sustainability report we can conclude that one of the main motivations for the preparers of SEA is incorporating accountability between them and their environment. This conclusion is in line with the academic literature since this motivation clearly finds its explanation by viewing SEA through the perspectives of legitimacy theory and

stakeholder theory. However, we can also conclude that there are other motivations which can not be directly explained from a legitimacy and stakeholder perspective, such as internal monitoring, creating internal identity and identifying potential business partners. It is however possible to view these alternative motivations as indirectly connected to accountability from an accountor's point of view. Our conclusion is further that the question of why sustainability reporting is a relevant question to ask and it is directly connected to how accountability is created since the motivation behind the reporting might affect if accountability is created or not.

8.2. What sustainability aspects are reported

What we can conclude regarding what is being reported is that stakeholder dialogues are perceived by the accountor to have a central role in determining what to disclose and thereby contribute to accountability. This further means that accountability is perceived to be built upon specific stakeholder interests. However, since the dialogues are also considered to sometimes not be efficient, not all existing stakeholder's expectations are met. We can conclude that a clear managerial view of stakeholders is present within the industry due to a prioritizing view from the accountors. In terms of regulation, we can conclude that GRI directly serves as a reference what to disclose and that selectiveness within this framework is not perceived to compromise accountability from a preparer's point of view.

8.3. Who sustainability reporting is for

We can conclude that the general public are viewed by the accountor as the accountee. This implies that the legitimacy aspect, deriving from legitimacy theory is considered by the preparers of SEA to provide accountability to their relationship with their environment. However, what we also can conclude is that preparers view SEA to be directed directly towards certain stakeholders, making stakeholder theory a relevant overlapping perspective on SEA. We consider an improvement of stakeholder dialogues to provide an improvement of SEA's capabilities to contribute and answer to accountability.

8.4. The format of sustainability reporting

We see a clear focus within the industry on understandability of the disclosures. Understandability enhances accountability since it makes the accountee to easier absorb the information. Another focus is availability and this aspect broadens the spectrum of accountees and thus broadens the potential implications of SEA on accountability. Furthermore, SEA within the industry seem to be somewhere in between being responsible and responsive whereas the printed version of sustainability reporting as the main format might be a contributing factor to a more responsive-driven approach to accountability by the preparers.

8.5. A critical perspective

In a critical sense, a discussion of subjectivity in relation to objectivity can be made due to the fact that legitimacy and accountability ought to be seen as a perception from the accountee. Our master thesis show that preparers consider subjectivity as a natural aspect within SEA in order to be able to make the information available and representable. We can not establish if SEA is used for private interest rather than presenting information in an accountable way or not since in terms of when SEA is used to only communicate positive aspects of a product, even then might SEA be linked to an accountability aspect.

8.6. Contributions

Both stakeholder and legitimacy theory provides implications to explain the preparer's perspective on answering why sustainability reporting is important. Though accountability can be viewed as central also to the preparer's perspective of sustainability, we found that the relationship itself to be an important component of why sustainability reporting is perceived to be important in order to create accountability. For example, some of the interviewees expressed the importance of educating the public and thus affecting the expectations of the accountees. Such results enhances the arguments of Messner (2009) and Shearer (2002) advocating a need to view the relationship between preparers and the external environment from both perspectives. Insights such as these stresses the importance of viewing SEA from a preparer's perspective, which in our case meant incorporating Deegan's (2009) four relevant questions to ask. If SEA

practice was viewed from a stakeholder and legitimacy perspective solely, not incorporating aspects such as Deegan's (2009) question of why sustainability reporting is made, such insights would not appear in the analysis of SEA practice. Therefore we believe accountability to not only be a result of satisfying expectations as Gray (2001) describes the accountability relationship, but also a creation by the preparers efforts to communicate their CSR actions.

Regarding the question of what to disclose, both stakeholder and legitimacy theory assumes a responsive approach to perceived expectations. Expectations that derives from the accountees in order for the accountor to create accountability. We have been able to clearly conclude that what is being disclosed is directly driven by what is being expected from the accountees. What is being disclosed is therefore directly used to create accountability. The industry chooses to disclose what is being expected from the accountees in a way that both stakeholder and legitimacy theory advocates. However, in contrary to such a view, practice is not only based on expectations. Instead, our empirical findings also provides other answers where what to disclose also is based on aspects such as availability of information as well as often simply presenting all CSR actions. Conclusions such as these also derives from the fact that we incorporated a preparer's view on SEA practice in our analysis. If stakeholder theory and legitimacy theory as a part of the accountability relationship was applied, without incorporating a more preparer's oriented view, a presumption of what is being reported would be that it is solely driven by expectations from stakeholders or society. Our view has again made it possible to gain alternative insights without this presumption. As mentioned above, the preparer's perspective of the relationship between preparers and the external environment also includes attempts to change the expectations of the external environment. Thus, what to disclose could be viewed as the key component in order to create accountability since both changing the expectations of the external environment as well as fulfilling their expectations are subject to what is disclosed.

For whom the SEA preparer chooses to address their sustainability reporting has been found to be in direct accordance to stakeholder and legitimacy theory. Meaning that the recipients are certain stakeholders or/and the society as a whole. The question of for whom sustainability reporting is for is consequently directly connected to the central aspects of both stakeholder and legitimacy theory. How the question of for whom sustainability reporting is for and how this aspect creates accountability is therefore a well developed area within existing research. What

however not has been highlighted directly in prior research is how recipients change depending on the format or channel of the sustainability reporting. By viewing SEA from a stricter preparer's perspective, we have been able to see implications such as that sustainability reporting on webpages and social media is directed more towards the society as a whole whereas sustainability reporting in annual reports and sustainability reports are more aimed towards shareholder or other certain stakeholders. We believe that this implication is interrelated to the fact that annual reports and sustainability reports often are more detailed and complex, whereas disclosures on webpages are simplified and adapted to the readers' level. One reason for this might be that very little regulation and guidance directly regulates what is being published on other formats outside the annual and sustainability reports. This might lessen the accountability aspect within formats such as these, since less expectations are present and since it is easier to have lower substance of the disclosures. This is something that the accountors seem to be aware of, but we have however no insight into what the accountee is aware of and what their expectations are on formats such as these. We have however concluded that one of the main focuses in regards of the format of sustainability reporting within the industry is to increase availability in order to make the accountees absorb the reporting of information in an effective way. It is clear that the format is an important factor in order to create accountability since the format might decide what the accountee absorbs. This is at least how the accountors perceives it. The format is therefore actively used and adapted by the accountors in order to gain accountability whereas availability and the possibility for the accountee to understand what is being reported is of central concern.

In order to summarize how the main aspects of SEA contributes to accountability between the accountee and the accountor within the food industry in Sweden, which is our research question, is essential to understand that accountability is viewed as a relationship between preparers and the external environment. Although the most insightful theories within SEA, stakeholder and legitimacy theory provides answers to the main aspects of SEA from the external environment's perspective, they fail to fully explain how accountability can be created from the preparer's perspective. Our conclusion is based on the fact that some of the sustainability reporting is adapted in order to change the expectations of the external environment rather than fulfilling them. This can also be seen in the varying formats, and choices of what to disclose depending on for whom the reporting is addressed. The main aspects of SEA: why, what, for whom and what

format sustainability is reported is therefore necessary to not only be viewed from both the preparer's and the external environment's perspectives, but also in relation to each other in order to understand how accountability is created.

9. Final remarks and further studies

There is a vast amount of research within accountability, especially on a socio-political level. We consider accountability to be a complex concept that can be viewed from several aspects and that it is a concept that is hard to fully understand.

We however consider that we have been able to shed some light on SEA preparer's view of accountability and thereby contributed to research through our master thesis. In addition to Gray, Kouhy & Lavers (1995) as well as Deegan (2002) remarks regarding the compatibility as well as enrichment of viewing SEA from both legitimacy and stakeholder theory; our master thesis implies that *both* perspectives are required to fully explain the preparer's view of accountability. Both the relationship toward society and stakeholders needs to be taken into considerations in order to understand the preparer's perspective. This is similar to the remarks on legitimacy theory, originally provided by Lindblom (1994) found in Deegan (2002), that it is necessary to view the *relevant public* rather than the *whole society* as the accountee. Whereas the latter is considered the most frequently used view within legitimacy theory. As Deegan (2002) discusses, such a view borrows perspectives from stakeholder theory and could thus be further developed to understand the preparer's perception of accountability within the relationship between companies, stakeholders and the society. It is however hard to conclude how to balance between and view legitimacy theory and stakeholder theory due to the varying perceptions from the preparers.

We believe that there are several aspects of accountability and SEA that are interesting and relevant to make further studies within. Our study showed that there are considerations and motivations behind SEA that might not be connected to accountability. We deem it interesting to make further studies within this area in order to further identify and discuss these aspects of SEA. It would furthermore be interesting to more closely evaluate stakeholder dialogues in order

to see how efficient they are really are and how much these dialogues contributes to the contents of SEA. Another area that we have identified is some new ideas within SEA, such as the rise of digital platforms for sustainability reporting. Further studies of this idea are relevant since we consider this an area to develop rapidly.

Reference

Adams, C. A. (2002) Internal organisational factors influencing corporate social and ethical reporting: beyond current theorising. *Accounting, Auditing & Accountability Journal* 15.2 pp. 223-250.

Adams, C.A. (2004), "The ethical, social and environmental reporting-performance portrayal gap", *Accounting, Auditing & Accountability Journal*, Vol. 17 No. 5, pp. 731-757.

Adams, C. A., & Frost, G. R. (2008, December). Integrating sustainability reporting into management practices. In *Accounting Forum* (Vol. 32, No. 4, pp. 288-302). Elsevier.

Anselmsson, J., & Johansson, U. (2007). Corporate social responsibility and the positioning of grocery brands: An exploratory study of retailer and manufacturer brands at point of purchase. *International Journal Of Retail & Distribution Management,* 35(10), pp. 835-856.

Backman, Jarl (2008). *Rapporter och uppsatser.* 2, Lund: Studentlitteratur

Banerjee, S.B (2008) Corporate Social Responsibility: The Good, the Bad and the Ugly, *Critical Sociolo* 34(1) 51-59

Borglund, T., De Geer, H., Sweet, S., Frostenson, M., Lerpold, L., Nordbrand, S., Sjöström, E. & Windell, K. (2012) *CSR - corporate social responsibility: en guide till företagets ansvar.* Stockholm: Sanoma utbildning

Bryman, A. & Bell, E. (2011). *Business research methods*. 3. ed. Oxford: Oxford University Press

Carpenter,V. & Feroz, E. (1992) GAAP as a symbol of legitimacy: New York State's decision to adopt generally accepted accounting principles. *Accounting, Organizations and Society*, Volume 17, Issue 7, October 1992, pp. 613-643

Carroll, A.B (1979) A three-dimensional conceptual model of corporate performance *Academy of management review* 4 (4), pp. 497-505

CFR (2014) Information on website. http://www.cfr.org/economic-development/report-world-commission-environment-development-our-common-future-brundtland-report/p26349 Viewed 2014-04-02

Chen, J., & Roberts, R. (2010). Toward a More Coherent Understanding of the Organization-Society Relationship: A Theoretical Consideration for Social and Environmental Accounting Research. *Journal Of Business Ethics*, 97(4), pp. 651-665.

Chahal, H., & Sharma, R. D. (2006). Implications of Corporate Social Responsbility on Marketing Performance: A conceptual Framework. *Journal Of Services Research*, 6(1), pp. 205-216.

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

Cooper, D. J., & Sherer, M. J. (1984). The value of corporate accounting reports: arguments for a political economy of accounting. *Accounting, Organizations and Society*, *9*(3), pp. 207-232.

Deegan, C. (2002). Introduction: the legitimising effect of social and environmental disclosures–a theoretical foundation. *Accounting, Auditing & Accountability Journal*, *15*(3), pp. 282-311.

Deegan, M. (2009). *Financial accounting theory*. 3. ed. North Ryde, N.S.W.: McGraw-Hill

Donaldson, T. (2002). The stakeholder revolution and the Clarkson principles. *Business ethics quarterly*, *12*(2), pp. 107-111.

Dowling, J., & Pfeffer, J. (1975). Organizational legitimacy: Social values and organizational behavior. *Pacific sociological review*, pp. 122-136.

Easterby-Smith, M., Thorpe, R. & Jackson, P. (2012). *Management Research*. 4th edn. London:Sage

FAR (2010). Pressmeddelande: Kommuner och landsting usla på hållbarhetsredovisningar. http://www.far.se/PageFiles/2124/101207HLLBARHETSREDOVISNING%20I%20OFFENTLIG%20SEKTOR.PDF

Frederick, W.C (1978) From CSR1 to CSR2, The Maturing of Business-and-Society Thought. *Business Society*, vol 33:150

Freeman, R. Edward (1984). Strategic Management: A stakeholder approach. Boston: Pitman.

Freeman, R. and Reed, D. (1983) Stockholders and stakeholders: A new perspective on corporate governance, *Californian management Review*, 25 (2), pp. 88-106

Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine*, September 13.

Gray, Rob. (2001) Thirty years of social accounting, reporting and auditing: what (if anything) have we learnt?. *Business ethics: A European review* 10.1: 9-15.

Gray, R. (2002) The Social Accounting Project and Accounting Organizations and Society: Privileging Engagement, Imaginings, New Accountings and Pragmatism Over Critique? *Accounting Organizations and Society*, 27:7 pp. 687–707.

Gray, R. (2007). Taking a Long View on What We Now Know About Social and Environmental Accountability and Reporting. *Issues In Social & Environmental Accounting*, 1(2), pp. 169-198.

Gray, R., Adams, Carol A. & Owen, D. (2014). Accountability, social responsibility, and sustainability: accounting for society and the environment. New York, NY: Routledge.

Gray, R., Dey, C., Owen, D., Evans, R. and Zadek, S. (1997), Struggling with the praxis of social accounting. *Accounting, Auditing and Accountability Journal*, Vol. 10 No. 3, pp. 325-64.

Gray, R., Owen, D. and Adams. C. (1996) Accounting and Accountability: Social and environmental accounting in a changing world. Hemel Hempstead: Prentice Hall International.

Gray, R., Kouhy, R. & Lavers S. (1995) Corporate social and environmental reporting: a review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing & Accountability Journal*, Vol. 8 Iss: 2, pp. 47 – 77

GRI (2011). G3.1 Guidelines including technical protocol. Available online: https://www.globalreporting.org/resourcelibrary/G3.1-Guidelines-Incl-Technical-Protocol.pdf

GRI 2013, Information on website https://www.globalreporting.org/information/news-and-press-center/Pages/GRI-among-the-most-popular-CSR-instruments.aspx). Viewed 2014-05-04

GRI G4 RPSD (2013) Global Reporting Initiative G4 Reporting Principles and Standard Disclosures. Available online: https://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf

Guthrie, J. P. (1990). Corporate social disclosure practice: A comparative international analysis. *Advances in public interest accounting*.

Guthrie, J. Cuganesan, L. (2008) Industry specific social and environmental reporting: The Australian Food and Beverage Industry. *Accounting Forum,* Volume 32, Issue 1, March 2008, pp. 1-15

Handy, C. (2002). What is a Business for? *Harvard Business Review*, December 2002.

Hartmann, Monika (2011). Corporate Social Responsibility in the food sector. *European Review of Agricultural Economics* Vol 38 (3) (2011) pp. 297–324

Hines, R. D. (1988). Financial accounting: In communicating reality, we construct reality. *Accounting, Organizations & Society,* 13(3), pp. 251–261.

IFR (2006) Environmental Impacts Food Production and Consumption. Manchester Business School. Available online: http://www.ifr.ac.uk/waste/Reports/DEFRA-Environmental%20Impacts%20of%20Food%20Production%20%20Consumption.pdf

IIRC (2013) Information on website. http://www.theiirc.org/about/ Viewed 2014-05-05.

Ingram, R. W., & Frazier, K. (1980). Environmental Performance and Corporate Disclosure. *Journal Of Accounting Research*, 18(2), pp. 614-622.

Islam, M., & Deegan, C. (2008). Motivations for an organisation within a developing country to report social responsibility information. *Accounting, Auditing & Accountability Journal*, *21*(6), pp. 850-874.

Jacobsen, Dag Ingvar (2002) *Vad, hur och varför: om metodval i företagsekonomi och andra samhällsvetenskapliga ämnen*. 1:8. uppl. Lund: Studentlitteratur.

KPMG (2011). KPMG International Survey of Corporate Responsibility Reporting 2011. Available online: http://www.kpmg.com/PT/pt/IssuesAndInsights/Documents/corporate-responsibility2011.pdf

Lindblom C.K. (1994) The implications of organizational legitimacy for corporate social performance and disclosure, Paper presented at the Critical Perspectives on Accounting Conference, New York

Lim, A. & Tsuitsui, K. (2010) The Globalization of Corporate Social Responsibility: Cross National Analyses on Global CSR Framework Committment, Department of Sociology, University of Michigan

Lu, Y & Abeysekera, I. (2013).Stakeholders' power, corporate characteristics, and social and environmental disclosure: evidence from China. *Journal of Cleaner Production* Volume 64, 1 February 2014, Pages 426–436

Lundahl, Ulf. & Skärvad, Per-Hugo. (1999). *Utredningsmetodik för samhällsvetare och ekonomer*. Enskede: TPB

Mathews, M.R. (1997) Twenty-five years of social and environmental accounting research: Is there a silver jubilee to celebrate?. *Accounting, Auditing & Accountability Journal*, Vol 10 No.4 pp. 481-531

Messner, M. (2009). The limits of accountability. *Accounting, Organizations and Society*, *34*(8), pp. 918-938.

Miljöaktuellt (2013) Information on website/Article. http://miljoaktuellt.idg.se/2.1845/1.537368/debatt--obligatorisk-hallbarhetsredovisning-gor-foretagen-gott Vieweed 2014-04-28

Mitchell, R.K., Agle, B.R. & Wood, D.J. (1997) Toward a theory of Stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, vol 22, no 4, pp. 835-886

Mobus, J. (2005) Mandatory environmental disclosures in a legitimacy theory context, *Accounting, Auditing & Accountability Journal*, Vol. 18 Iss: 4, pp. 492 - 517

Moerman, L. and Van Der Laan, S. (2005), "Social reporting in the tobacco industry: all smoke and mirrors?", Accounting, Auditing & Accountability Journal, Vol. 18 No. 3, pp. 374-89.

Mohin, T. (2012). The top ten trend in CSR in 2012. Forbes Leadership Forum. http://www.forbes.com/sites/forbesleadershipforum/2012/01/18/the-top-10-trends-in-csr-for-2012/ Viewed 2014-04-02

Näsi, J., Näsi S., Phillips, N., & Zyglidopoulus, S. (1997) The Evolution of Corporate Responsiveness: An Explanatory Study of Finnish and Canadian Forestry Industry. *Business & Society,* Vol 36, No 3, pp. 296-321

O'Donovan, G. (2002) Environmental disclosures in the annual report: Extending the applicability and predictive power of legitimacy theory. *Accounting, Auditing & Accountability Journal*, Vol 15, No 3, pp. 344-371

Oliveira, L., Rodrigues, L., & Craig, R. (2013). Stakeholder Theory and the Voluntary Disclosure of Intellectual Capital Information. *Caspian Journal Of Applied Sciences Research*, *2*(3), 75.

Owen, D (2007) Chronicles of wasted time?: A personal reflection on the current state of, and future prospects for, social environmental accounting research. *Accounting, auditing & accountability journal*, vol 21 Iss:2, pp. 240-267

Parker, Lee D. (2005) Social and environmental accountability research: a view from the commentary box. *Accounting, Auditing & Accountability Journal* 18.6. pp. 842-860.

Porter, Michael. (2013). TED-talk in Edinburgh in June 2013. http://www.ted.com/talks/michael_porter_why_business_can_be_good_at_solving_social_problems.html Viewed 2014-04-01

SBI (2014). Sustainable Brand Index 2014, Nordics. Available online: http://www.sb-insight.com/wp-content/uploads/Sustainable-Brand-Index-2014-Officiell-rapport-Nordics.pdf

Scholz, K,. (2012). Thomson Reuters, http://sustainability.thomsonreuters.com/2012/11/30/materiality-in-csr-reporting-the-importance-of-gris-g4-guidelines/ Viewed 2014-05-19

Shearer, T. (2002). Ethics and accountability: from the for-itself to the for-the-other. *Accounting, Organizations and Society*, *27*(6), pp. 541-573

SIS (2014) Information on website. http://www.sis.se/tema/iso26000/vad-ar-iso-26000//?icid=26000_pf_vad_ar Viewed 2014-05-19

Suchman, M.C, (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, vol. 20, No.3, pp. 571-610

Swedish Government (2010). Increasing Responsibility through transparency? http://www.government.se/content/1/c6/15/23/57/a5d3ccbc.pdfhttp://www.government.se/content/1/c6/15/23/57/a5d3ccbc.pdf

Thomson, I , (2007). Mapping the terrain of sustainability accounting. In Unerman, J. Bebbington, J. & O'Dwyer, B. (2007). *Sustainability accounting and accountability*. pp. 19-36. New York, NY: Routledge

Tilt, C.A. (2001), "The content and disclosure of Australian corporate environmental policies", *Accounting, Auditing & Accountability Journal*, Vol. 12 No. 2, pp. 190-212.

UN, (1987). World Commission of Environment and Development, Our common future. Available online: http://www.un-documents.net/our-common-future.pdf

UNGC (2014) Information on website. http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html Viewed 2014-05-19

Van Klaveren, J. (1989). The Concept of Corruption. *Political corruption: A handbook*, 25.

Windsor, D. (2001). The future of corporate social responsibility. *International Journal of Organizational Analysis*, *9*, pp. 225-256.