

# The assurance of sustainability information

*A study on the work by accounting firms and their professional association  
when the CSRD is transposed into Swedish law*



Lund University School of Economics and Management

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BUSN79 Degree Project in Accounting and Finance

Ewert, Wilhelm

Tillgren, Tobias

## Abstract

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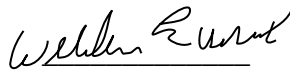
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| Key Words               | Sustainability Assurance; Corporate Sustainability Reporting Directive; Accounting Firms; Professional Associations; Institutional Work   |
| Purpose                 | The thesis researches work undertaken by big accounting firms and the professional association FAR to promote sustainability assurance in a Swedish context from the perspective of institutional work theory. The transposition of the CSRD into Swedish law constitutes a motivation for the study. This gives rise to the thesis' research question, namely, <i>How and why are accounting firms and the professional association FAR engaging in different forms of institutional work to promote their interests when the CSRD is implemented in Sweden?</i> |
| Methodology             | The thesis is an interpretive qualitative and deductive study, where the main empirical data was collected through semi-structured interviews, with web data and documents as complements.  |
| Theoretical Perspective | Three categories of institutional work define the scope of the thesis' theoretical base and the operationalized framework for the analysis: <i>political, cultural and technical work</i> (Perkmann & Spicer, 2008).  |
| Empirical Findings      | The empirical data indicates that the big accounting firms, with the help of FAR, perform multiple different types of institutional work to promote sustainability assurance and their own position in the Swedish context. The findings show that the institutional work undertaken by the big accounting firms has changed since the CSRD came into force, both in terms of what they do and why they do it.  |
| Conclusion              | The thesis demonstrates that the work undertaken by powerful actors when creating an institution may alter as formal regulation is introduced. This study found that the emergence of the CSRD influences the organizational field of sustainability assurance, and thereby the institutional work undertaken by the accounting firms and FAR. In the Swedish context, the significant role played by FAR as a professional association is also noteworthy, which has not been registered in previous studies in other geographical contexts.                     |

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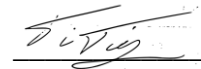
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Lund, 28th of May 2023



Wilhelm Ewert



Tobias Tillgren

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# 1. Introduction

## 1.1 Background

The fluidity of the assurance as a practice enables accounting firms to venture into new business areas by pushing the already established social and jurisdictional boundaries (Bottausci & Robson, 2023). The continuous expansion of the field of assurance has led to accounting firms not only offering financial assurance services but also those related to sustainability (O'Dwyer, 2011). Sustainability assurance is still a relatively new and unregulated type of practice in the field and has therefore been inhabited by multiple types of competing assurance providers (Farooq & de Villiers, 2017). The big accounting firms have been successful in conquering a major market share of the field of sustainability assurance, compared to non-accounting sustainability assurance providers, such as engineering consultancies and sustainability consultancies (Farooq & de Villiers, 2019a). This can be attributed to the big accounting firms' determination to occupy emerging areas of assurance (O'Dwyer, 2011).

Since sustainability assurance has been unregulated and voluntary under most jurisdictions, sustainability assurance services have previously been characterized by a noticeable heterogeneity in its execution (Farooq & de Villiers, 2017). Assurance service providers have been applying different standards as bases for their method, which can be attributed to the lack of regulation. (Farooq, de Villiers, 2017). Research has found that the variability has ignited a discussion regarding the need for standardization and comparability of sustainability reports and assurance services (Rowbottom, 2022; Farooq & de Villiers, 2017). Large institutions, such as the International Auditing and Assurance Standards Board (IAASB), have therefore made attempts to regulate sustainability assurance with international guidelines and standards (O'Dwyer, 2011). Nevertheless, the implementation of sustainability assurance has still suffered from a lack of homogeneity (Farooq & de Villiers, 2019a).

In January of 2023, the Corporate Sustainability Reporting Directive (CSRD) came into force, aiming to regulate the field of sustainability reporting and assurance in Europe (European Commission, 2023). The directive follows the initiative titled the *European Green Deal*, with the objective of making Europe the first climate neutral continent by 2050 (European Commission, 2023). The CSRD sets higher demands on the reliability of the sustainability information which must be reported, and encompasses more companies (Accountancy Europe,

2022). A crucial change to the field which the CSRD entails is the fact that the directive stipulates that the information reported must be assured with limited certainty (Accountancy Europe, 2022). This was not a mandate under the previous Non-Financial Reporting Directive (NFRD) (Accountancy Europe, 2022). Although the CSRD is to be implemented throughout the EU, the directive leaves some leeway for each member state (Accountancy Europe, 2022). The CSRD does make sustainability assurance mandatory, but specifically what form of assurance provider is allowed to conduct it is up for discussion, be it a financial auditor or an Independent Assurance Service Provider (IASP) (Accountancy Europe, 2022). This is a significant option which each member state must take a stand on, and the question is still up for debate in Sweden (FAR, 2023). An investigation (Utredning) is currently being held by the Swedish Department of Justice (Justitiedepartementet) (Dir. 2022:34) regarding the Swedish transposition of the CSRD. In the investigation, multiple significant organizations and authorities are heard, and their opinion considered to evaluate the alternatives (FAR, 2023). The outcome of the investigation will recommend to legislators who should be allowed to conduct sustainability assurances in Sweden. As of yet, the investigation is still in progress, and the decision on who will conduct the mandatory sustainability assurances in Sweden has not been made (FAR, 2023).

## 1.2 Problematization

In relation to more traditional forms of assurance, such as financial assurance, the field of sustainability assurance is still new and subject to rapid changes as the field develops (Hay, 2017). Although the research area of sustainability assurance has been studied before, Hay (2017) stresses that sustainability assurance still is an uncharted field of research in need of further research due to its quick advancement. Silvola and Vinnari (2020) and Farooq and de Villiers (2019a; 2019b) have researched the field of sustainability assurance in recent years, however their studies were conducted in a context where the CSRD had not yet been introduced (European Commission, 2023). They establish in their studies that the market of sustainability assurance is fragmented and unregulated, which now has changed. The introduction of the CSRD constitutes a development in the research area, regulating reporting and mandating assurance, and thereby expanding the current market for sustainability assurance (European Commission, 2023). The CSRD also has the potential to stifle the evident competition in the field of sustainability assurance by allowing EU member states to decide whether independent assurance service providers will be granted the legislative right to conduct sustainability

assurances (Accountancy Europe, 2022). Naturally, the big accounting firms have a high interest in the question and will therefore take action in order to protect their market share and entrench themselves as the sole sustainability assurance providers (Farooq & de Villiers, 2019a). The studies published after the introduction of the CSRD are sparse, and since it introduces a new context, it may prompt different forms of promotional activities by the big accounting firms. This makes the new context interesting to investigate from an empirical perspective.

The Swedish context is particularly interesting to study because of FAR, the professional association for accountants and auditors in Sweden (FAR, n.d.a). FAR (n.d.a) consists of 5000 members from approximately 1000 companies in the field. Their organizational purpose is to guide and represent their members' views and interests in different discourses. The Big Four accounting firms were quick to capture a significant market share of the sustainability assurance in Sweden, and FAR also became involved early in the development of sustainability assurance (Sonnerfeldt, 2011). FAR has for instance been active through referrals to state authorities, publishing reports and developing assurance guides and standards (Sonnerfeldt, 2011). Furthermore, FAR and its member organizations are part of transnational engagements by having representatives in different groups and committees (Sonnerfeldt, 2011). FAR is also participating in the Swedish implementation of the CSRD, as it has been appointed as an expert in the current investigation of the directives' transposition into national law (Dir. 2022:34; FAR, 2022c). As an industry association, FAR can gather valuable insight and perspectives from the entire assurance industry and is therefore permitted to leave an opinion to the investigator to offer knowledge and guidance (FAR, 2022c). Studies of professional associations and their influence in their organizational fields have not been extensively studied in empirical research historically (Greenwood, Suddaby & Hinings, 2002), and few have been made within the field of sustainability assurance. Silvola and Vinnari (2020) and Farooq and de Villiers (2019a; 2019b) researched promotional activities undertaken by big accounting firms in Finland and Oceania respectively but made no note of an influential industry association in the sustainability assurance field. The authors encourage future studies in other geographical contexts to highlight any differences in how big accounting firms advocate and compete for the market. This motivates a study in Sweden, where the national professional association FAR has an evident market presence with the potential to influence the field.

Farooq and de Villiers' (2017) research paper highlights the lack of theoretical perspectives applied in studies of the market for sustainability assurance services. Their



research shows that up to 72% of the articles they studied used no theoretical framework to aid the authors in their analysis. They therefore proposed that future studies, both with a supply and demand perspective of sustainability assurance, apply a theoretical framework as a lens to guide researchers in their studies. Recent literature on the supply side of the sustainability assurance market have chosen to apply *institutional work theory* as a framework, e.g., Silvola & Vinnari (2020) and Farooq and de Villiers (2019a). They operationalized the version of the theory which was synthesized by Lawrence and Suddaby (2006) and Perkmann and Spicer (2008) to make sense of their findings on professional assurance service providers. Lawrence and Suddaby (2006) develop the theory of institutional work by providing a framework which illustrates how powerful actors with certain skills and activities can drive institutional change in their organizational field. Lawrence and Suddaby (2006, p.215) explain institutional work as “the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions”. The specific forms of activities which actors perform to create institutions are categorized by Perkmann and Spicer (2008) into three types of institutional work: *political*, *technical* and *cultural work*. They recommend that future research operationalize their synthesis as a starting point to test their theoretical suggestions against empirical evidence. Silvola and Vinnari (2020) and Farooq and de Villiers (2019a; 2019b) applied these frameworks in their research of big accounting firms’ promotional activities concerning sustainability assurance, which this thesis similarly aims to do. Therefore, the theory of institutional work is applicable as a framework for understanding and analyzing the thesis’ empirical findings. Since the big accounting firms are prominent actors within their field of operations (O’Dwyer, 2011), studying the work they undertake in their organizational field provide a valuable contribution to the theoretical assumptions by Lawrence and Suddaby (2006) and Perkmann and Spicer (2008).

### 1.3 Purpose

The purpose of this study is to provide further empirical understanding of the promotional activities undertaken by big accounting firms and the professional association FAR in the Swedish transposition of the CSRD. The domain of the study is professions at work, and the CSRD in Sweden constitutes the context. The Study aims to deepen the theoretical knowledge of institutional work by applying it as a framework to analyze two prominent actors within the sustainability assurance field and determine what forms of activities they undertake.

*RQ: How and why are accounting firms and the professional association FAR engaging in different forms of institutional work to promote their interests when the CSRD is implemented in Sweden?*

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## 1.4 Delimitations

The chosen research domain does not provide a holistic view of the entire organizational field and situation, but instead aims to fill a small, while indeed important, gap in the research area. Due to constraining factors such as time and resources, the scope of this thesis has been set in relation to several reviewed boundaries.

Firstly, this thesis studies the supply side of the market for sustainability assurance, and not the demand side, as differentiated by Farooq and de Villiers (2017). This narrows the scope of the study by choosing one perspective of the question. This thesis also focuses on the creation of institutions, as opposed to disrupting and maintaining institutions (Lawrence & Suddaby, 2006). This is because sustainability assurance is still a new and emerging fashion, and studying its creation is therefore more logical and feasible. Regardless, this approach sacrifices some of the thesis' theoretical breadth.

The thesis is limited to the study of two types of institutional actors, i.e., professional organizations and professional associations, which are represented by the big accounting firms and FAR respectively. Focusing on two particular institutional actor categories and the work they engage in provides the thesis with depth, but once again makes the study less broad by not analyzing a larger number of actor groups. This is a logical tradeoff which has been noted by previous studies in the field (Silvola & Vinnari, 2020).

Lastly, context specific factors with regards to time frame and geography must be taken into consideration. The thesis investigates the institutional work of actors in Sweden, where the economy, legislation and assurance may differ from other countries. Country specific environment was noted by Silvola and Vinnari (2020) as a factor which may influence conclusions drawn from research on sustainability assurance. This thesis recognizes the boundaries of its generalizability as it studies only under Swedish circumstances. The thesis also focuses on the time frame set by the previous rules by the NFRD and the new, current CSRD. The CSRD constitutes a new legislative context and builds upon the first sustainability reporting standards introduced by the NFRD in 2014 (European Commission, 2023), which motivates studying this specific period.

## 1.5 Outline

The thesis is structured in the following manner. In the next section, *Methodology*, the research approach and design are presented and discussed. Following this section, the *Theoretical background* is presented. Here, sustainability assurance and the context of Sweden is investigated. Institutional theory and its branches' different points of view are then presented, and institutional work is then introduced, from which the thesis' framework is derived. Previous empirical studies on the chosen actors from this perspective are thereafter reviewed. In the following section, *Empirical findings*, the gathered data is presented in accordance with the theoretical base. Following this, the findings are analyzed and discussed with previous studies in mind in the *Discussion* section. The thesis' key findings are then presented in the *conclusion*.

## 2. Methodology

### 2.1 Research approach

This thesis is conducted in the form of an interpretive qualitative study to research the promotional activities performed by big accounting firms, and why they do it. The research question was derived with the help of a literature review on studies within the chosen domain of professions at work, where sustainability assurance is the delimiting context. The research area of sustainability assurance is complex and prone to contextual factors (O'Dwyer, 2011), as to why a qualitative approach is the most appropriate for the study's purpose of an in-depth investigation (Bryman & Bell, 2017). The qualitative study method provides the right conditions for an analysis of explorative and deductive nature and makes it possible to examine and understand the situation through the lens of institutional work. The theory of institutional work is applied as a framework, meant to aid the study in analyzing and making sense of the empirical findings.

#### 2.1.1 Motivation of the research approach

Qualitative studies benefit from having a flexible structure to lay the groundwork for an open discussion, interpretation and analysis, which the method of interviews can provide (Bogner, Littig & Menz, 2009). Interviewing experts with high positions in different firms can provide an overview of the development of the field of sustainability assurance (Bogner, Littig & Menz, 2009). Their knowledge enables the gathering of valuable information for a study of

exploratory nature. Accessing insightful qualitative information from experts cannot be accomplished through survey questions, but rather require flexibility. To answer the research question of the thesis, the studied experts are interviewed on questions regarding sustainability assurance, with the possibility of them providing examples and branching out the discussion. A more open interview approach such as this is described as a semi structured interview method (Bogner, Littig & Menz, 2009). By encouraging an open discussion between interviewer and interviewee, there is less risk of misunderstandings hurting the validity, as answers can be clarified and expanded upon (Bryman & Bell, 2017). Moreover, letting the interviewees speak freely may prompt them to bring forward interesting episodes which the thesis' framework does not completely cover, but which are valuable for the thesis findings regardless (Bogner, Littig & Menz, 2009). Having an open-minded approach with the help of semi structured interviews is therefore a suitable approach for this study.

## 2.2 Research design

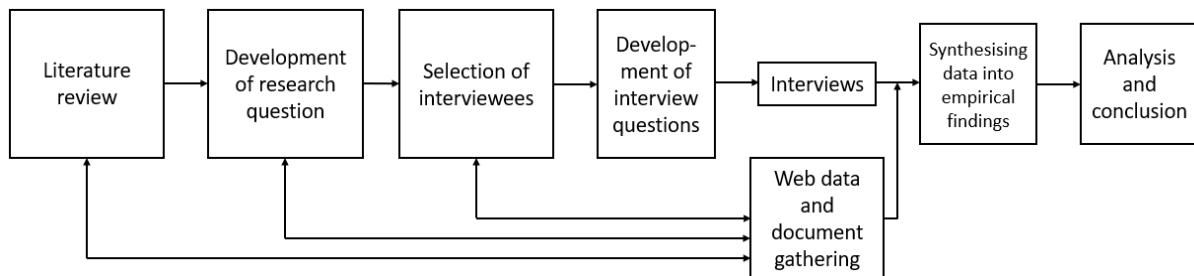


Figure 1: Methodology flow chart

### 2.2.1 Defining key actors

The big accounting firms were found to be relevant by reviewing theory, previous literature, and web documents. Within the sustainability assurance field, the large and transnational accounting firms have been identified as a key actor group, guided by articles such as Greenwood and Suddaby (2006) and Perkmann and Spicer (2008). The biggest accounting firms in Sweden were identified with the help of FAR's (2021) industry report. These are, in order of size, PwC, EY, KPMG, Deloitte, Grant Thornton, BDO and Mazars (FAR, 2022a). Greenwood and Suddaby (2006) state that the big accounting firms utilize their expertise and central position within the accounting field to influence the development of new practices. Similarly, Perkmann and spicer (2008) use the big accounting firms as an illustration of actors undertaking different activities to move into new fields within accounting. In addition, previous literature on the sustainability assurance market has described big accounting firms

as being a major actor within the field's development (Silvola & Vinnari, 2020; Farooq & de Villiers, 2019a; O'Dwyer, Owen & Unerman, 2011).

Professional associations are also described in previous literature as playing a key role in driving changes in their organizational field (Greenwood, Suddaby & Hinings, 2002). In Sweden, FAR fills this role (FAR, n.d.a). FAR has been noted to be active in the field of sustainability assurance in Sweden (Sonnerfeldt, 2011), and was thereby identified as a key actor for this study.

Both professional organizations, such as the big accounting firms, and professional associations are presented and described as being influential throughout the theory of institutional work (Perkmann & Spicer, 2008), which is applied as the framework for this thesis' research.

### 2.2.2 Selection of interviewees

From the selected accounting firms, individual interviewees were subsequently contacted. Each interviewee had to meet certain criteria to be considered appropriate for the study. The interviewees were expected to possess strategic knowledge of the organizations conduct and work with regards to the CSRD and sustainability assurance. The interviewees which were asked to participate needed to have a senior manager position or higher, which was necessary for them to provide the right information for the thesis' research. The selection of suitable interviewees was aided by the employees first contacted in each firm, who often had a junior title. Through the snowball method (Bryman & Bell, 2017), the thesis' researchers were connected to potential interviewees who the firms considered to possess the appropriate knowledge for the thesis' research question.

### 2.2.3 Ethical considerations

Several ethical aspects were considered in the execution of the study in line with Bryman and Bell's (2017) recommendations regarding conformity, consent, and confidentiality. The interviewees were informed about the purpose of the thesis and main questions that would be asked in the interviews beforehand. They thereby had enough information to decide whether they were interested and comfortable in participating in the study. The interviewees were asked about their preference regarding anonymity in the thesis and were also asked about tape recording of the interview for the transcription. The interviewees were then given the opportunity to review the final empirical statements in the paper, thereby reducing the risk of inaccuracy and misinterpretation.

#### 2.2.4 Data collection

The empirical evidence was mainly collected from nine semi structured interviews held with representatives from FAR and the biggest accounting firms in Sweden. The interviews provided the thesis with insight into the organizations and were able to bring forward valuable information which otherwise would not have been accessible. The semi structured interviews provided the data collection with the preferred level of flexibility for the study's research question.

The interview questions were formed around the different categories of institutional work commonly undertaken by influential actors to promote change; *political*, *cultural*, and *technical work* (Lawrence and Suddaby, 2006; Perkmann and Spicer, 2008). Some subcategories were not extensively focused on in the interviews, as the study only investigates non-governmental organizations. The focus areas were therefore chosen with the help of previous research on similar organizations, such the studies by Silvola and Vinnari (2020) and Farooq and De Villers (2019a). The interview questions were iteratively revised following each interview session to improve areas necessitating refinement.

When contact was established with each interviewee, a short description of the research question was given to the employee to ensure their professional knowledge and capability to aid the research. The planned and actual interviewees were approached through the social media platform LinkedIn, their company websites and with the help of the External Engagement Department of Lund University School of Economics and Management. At this stage, ethical conduct was also considered (Bryman & Bell, 2017). Four out of the 10 total interviewees asked to remain anonymous in the thesis, while all consented to the interview being tape recorded. The interviews' length varied between 30 and 45 minutes and were entirely held online due to geographical distance.

In addition to interviews, publicly available web data and documents from the accounting firms and the professional association FAR provided a supplementary but material source. A document analysis was conducted of annual reports, expert statements, and organizations' webpages to substantiate and validate the empirical findings from the interviews. FAR's annual reports were a main web data source utilized, as they gather and report information from the entire accounting industry in Sweden. Their annual reports could also be used to identify the biggest accounting firms in Sweden, as FAR reports its member organizations size in terms of revenue and number of employees (FAR, 2021). This document

analysis served as a means of gathering information on the key actors before interviews were held, as well as confirming information afterwards.

| <u>Interviewee</u>                                | <u>Duration</u> | <u>Title</u>  |
|---|-----------------|---|
| Patrik Magnusson                                  | 45 min          | Senior Consultant at Deloitte - Risk Advisory in Sustainability   |
| Johan Rippe                                       | 30 min          | Partner at PwC, President of FAR's Audit Strategy Group   |
| Charlotte Söderlund                               | 30 min          | Associate Partner at EY, Member of FAR's Specialist Group for Sustainable Development, Member of EFRAGs Sustainability Reporting Board                                |
| Pernilla Zetterström Varverud                     | 45 min          | Partner at Grant Thornton   |
| Annika Nygren                                     | 30 min          | Assurance Manager and Sustainability Specialist at Grant Thornton, Member of FAR's Specialist Group for Sustainable Development, Representative at Accountancy Europe |
| Anonymous interviewee 1 & Anonymous interviewee 2 | 40 min          | Senior Manager & Assistant Manager - Climate Change and Sustainability Services   |
| Anonymous interviewee 3                           | 30 min          | Senior Manager - Lead Manager for Climate and Sustainability Services   |
| Anonymous interviewee 4                           | 30 min          | Partner   |
| Markus Håkansson                                  | 30 min          | Partner at BDO, Member of FAR's Specialist Group for Sustainable Development  |

*Exhibit 1: Information about interviews presented in chronological order*

### 2.2.5 Data triangulation

Two types of data sources were utilized in the empirical findings of the study: interviews, and web documents. The information gathered from the interviews was corroborated and supported by analyzing web data and documents related to the actor and the general domain. The documents and websites supported the information collected from the interviews, improving the credibility of the findings (Bryman & Bell, 2017). The interview data was verified to the degree which was possible, although certain information from the

interviews could not be verified as it was not publically available. Nonetheless, this iteration reduced the risk of inaccuracies or misunderstanding of the interviewees.

### 2.2.6 Data analysis

The interviews were transcribed verbatim in Swedish, and the key concepts of the interviews were subsequently translated in a promemoria. The promemoria for each interviewee was used in the empirical findings and characterized according to the categories derived from Lawrence and Suddaby (2006) and Perkmann and Spicer (2008). The categories chosen for the codification of the findings are *political*, *cultural*, and *technical work*, each with multiple types of subcategories applicable to the research domain. This codification of the information gathered from the interviews facilitated an efficient review of the content and enabled a straightforward analysis of its correspondence with findings from previous studies (Elo & Kyngäs, 2008). The theory of institutional work thereby functioned as a framework meant to provide structure to the findings and discussion.

### 2.2.7 Reflection on the research design

The reliability of the study was improved through close internal and external collaboration, and a detailed description of how the study was conducted. There are certain risks associated with the research design regarding translation and codification. These were mitigated through close collaboration. The interviews were conducted in Swedish, since the paper is written in a Swedish context. This creates a risk of meaningful nuances being lost in translation as the answers are entered into the thesis findings from the written promemoria. Since information is extracted from the promemoria based on its deemed value to the research, there is also a risk of certain bias and incompleteness, as some information is left out due to it being unrelated to the research question. Following these risks, the study was conducted in close collaboration between the thesis' researchers to improve internal reliability in line with Bryman and Bell (2017). The cooperation was done by thoroughly discussing the translation, interpretation, and finally the analysis of the empirical findings. It creates consistency and reduces the risk of potential bias or general individual mistakes being made. Any divergence in the researcher's interpretation of the interviewees' answers were resolved by staying in contact with the interviewees after the interview was conducted, allowing them to assess the written findings accuracy in an attempt of achieving content validation (Elo & Kyngäs, 2008).

Detailed descriptions of how the study was conducted offers improved reliability as well. The interview questions are outlined in the appendix to enable similar studies to revise



the findings of this study, thereby improving the thesis' external reliability (Bryman & Bell, 2017; Elo & Kyngäs, 2008). The external reliability is improved through a description of the analyzing process, ensuring clear conformity between empirical observations and the conclusions drawn thereafter (Bryman & Bell, 2017; Elo & Kyngäs, 2007).

The credibility of the study, and thereby the internal validity, is improved by ensuring that the interviewees are well informed on the subject, providing valid, high-quality data (Bryman & Bell, 2017). Potential interviewees were identified based on their position and their professional expertise of sustainability assurance within their organization. The empirical findings thereby consist of answers from experts with relevant knowledge. By interviewing multiple experts from different accounting firms, the generalizability of the findings also increases, thereby increasing the external validity (Bryman & Bell, 2017).

### 3. [Theoretical background](#)

#### 3.1 [The changing context of sustainability reporting and assurance](#)

The field of sustainability reporting and assurance has historically been defined by international heterogeneity (O'dwyer, 2011; Rowbottom, 2022), but the CSRD seems to change this (Accountancy Europe, 2022). There have been several standards and frameworks used by different actors and organizations in different national contexts. The CSRD creates a completely new landscape for assurance providers on the market for sustainability assurance.

##### 3.1.1 [Sustainability reporting](#)

The sustainability reporting landscape has been characterized by disorganization and a lack of regulation, and many private standard setters have wanted to be a part of the solution (Rowbottom, 2022). Several efforts have been made to harmonize the discourse and reporting frameworks regarding sustainability, such as the initiative undertaken by the Corporate Reporting Dialogue in 2014 (O'Dwyer, 2011; Rowbottom, 2022). Rowbottom (2022) states that the assembly of multiple influential organizations quickly dissolved into a clash of logics and ideologies. Power relations became tangible as an abundance of independent actors competed to promote their perspective while undermining other actors (Rowbottom, 2022). This illustrates the difficulty as well as the importance of consolidating and developing a widely accepted and applicable sustainability reporting standard. Rowbottom (2022) claims that the purpose of the Corporate Reporting Dialogue was to gain the consensus necessary to promote

a harmonized and useful sustainability reporting standard. In this process however, certain differing ideologies and worldviews must be diminished to achieve the desired cohesion as legitimate standardisers, the author states. Since multiple stakeholders are involved, only certain parties' perspectives can survive the tough competition (Rowbottom, 2022). The standards can be designed in a variety of ways, and the shape of the assurance process would be heavily influenced by the construction of adopted sustainability reporting standards (Silvola & Vinnari, 2020).

In the Corporate Reporting Dialogue, many actors' perspectives were given room in the discussion, one of which was the Global Reporting Initiative (GRI) (Gray, 2010). The GRI had since long been a dominant actor in the development of standards and reporting initiatives on sustainability but was nevertheless diminished in the discussion by other influential actors, such as the International Integrated Reporting Committee (IIRC) (Gray, 2010; Humphrey, O'Dwyer, & Unerman, 2017). Eventually, The Task Force for Climate-Related Financial Discourse (TCFD), another relationally and materially powerful orchestrator, took on a meaningful role in the discourse (O'Dwyer & Unerman, 2020). The TCFD's recommendations managed to align with many of the members in the Corporate Reporting Dialogue, heavily influencing the course of the sustainability reporting discussion (O'Dwyer & Unerman, 2020; Rowbottom, 2022). Thereby the TCFD formed an umbrella, harmonizing existing frameworks and worldviews into a set of recommendations for coordination (O'Dwyer & Unerman, 2020). Even though the TCFD overshadowed the GRI, in due time both would come to influence the development of new reporting standards.

From Rowbottom's (2022) findings, it is evident that certain orchestrators possess more political and financial resources, enabling them to exert their power in international discussions regarding sustainability standards. The author concludes that the clash of worldviews constitutes an evident obstacle in the consolidation and standardization in the field, requiring continued active work by established organizations to achieve harmonization. Similarly, O'Dwyer (2011) and Silvola and Vinnari (2020) state that sustainability assurance has suffered from a lack of standardization in the field of sustainability reporting. The authors go on to propose that when sustainability reporting becomes properly standardized, studies should focus on the effect this would have on sustainability assurance, and which actors who have influenced and will be affected by the change.

### 3.1.2 Sustainability assurance

There have been many obstacles along the way towards the harmonization of standards within sustainability assurance (O'Dwyer, Owen & Unerman, 2011). O'Dwyer (2011) describes an experimental approach from accountants and non-accountants in their development and attempts to adequately standardize the sustainability assurance practice. He states that assurors especially struggled in transferring traditional assurance methodologies into this new area. In the initial phase, there were not sufficient techniques or systems to support the sustainability assurance (O'Dwyer, 2011). Assurors had to rely on instinct because of the incomplete data, which resulted in subjective reports (O'Dwyer, 2011; O'Dwyer, Owen & Unerman, 2011).

O'Dwyer (2011) explains that various decision-making bodies within accounting promoted the use of sustainability assurance by organizations. He states that two of those, AccountAbility and the IAASB, developed their own standards. The non-profit body AccountAbility developed AA1000AS in 2003 which focuses on “[...] the relevance and completeness as well as the reliability of reported information [...]” (O'Dwyer, 2011, p.1237). AA1000AS has been used more extensively by non-accounting consultancies (O'Dwyer, 2011). This assurance standard has been framed to be constructive and provide clear guidelines for the assurance provider (Farooq & de Villiers, 2019a). Another standard, the ISAE 3000 which was developed by the IAASB, came into effect in 2005 (O'Dwyer, 2011). O'Dwyer (2011) explains that the IAASB is recognized as a prominent and legitimate standard setter globally, and their standard ISAE 3000 is more universal and can be applied to traditional assurance practices as well. It therefore resembles the assurance guidelines for financial statements (O'Dwyer, 2011). Farooq and de Villiers (2019a) state that the ISAE 3000 standard is widely used by accounting firms in general, especially the Big Four, because of its broad applicability.

The IAASB largely consists of members from the Big Four accounting firms, and acts as an expert committee in the development of assurance standards (Loft, Humphrey & Turley, 2006). The IAASB operates under the oversight of the global body IFAC, which is a key, non-governmental organization with global authority and legitimacy for setting generally accepted standards for assurance (Loft, Humphrey & Turley, 2006). By the Big Four being part of the IAASB and their professional association in IFAC, they have influence in the development of standards in their organizational field (Loft, Humphrey & Turley, 2006). The IFAC is formed by different national professional associations, but the significance of the Big Four as

individual organizations has increased because of their number of representatives in committees such as the IAASB (Loft, Humphrey & Turley, 2006). The IAASB is currently involved in the development of the CSRD, as it is responsible for bringing forth a draft for a new sustainability assurance standard called ISSA 5000 (IAASB, 2023).

Accountancy Europe is another member of IFAC, and functions as a transnational professional association for accounting firms in Europe (Samsonova & Humphrey, 2014). Accountancy Europe (n.d.a) has the mission of gathering professional organizations in the field and informing the European policy debate of their perspective. One such discussion is the one for the CSRD and sustainability assurance (Accountancy Europe, n.d.a; n.d.b).

### 3.1.3 The emergence of the CSRD

In January 2023, the CSRD was brought about as part of the European Green Deal (European Commission, 2023). The European Green Deal was enacted as a reaction to the threat of environmental issues to the world, wherein the CSRD is supposed to be part of the solution (European Commission, 2023). The directive rules that large companies, and eventually small and medium size enterprises, will be required to conduct a sustainability report and assure the information they report (European Commission, 2023). The first companies, those with more than 500 employees, must implement the standards by 2024 (European Commission, 2023). Large companies with more than 250 employees will implement the CSRD by 2025, and finally small and medium sized enterprises will have to implement the rules by 2028, in total encompassing approximately 50 000 companies in Europe, compared to 12 000 which are currently encompassed by the NFRD (FAR, 2022b). The directive rules that companies will be mandated to disclose sustainability information in their management reports, including sustainability policies, sustainability governance and a description of the firm's opportunities and resilience to risks related to sustainability (Accountancy Europe, 2022). The purpose of the new reporting directive is to aid stakeholders, such as investors and customers, in the evaluation of performance of companies from a sustainability perspective (European Commission, 2023). To achieve this, it aims to improve the level of reliability and comparability of sustainability information to reach the same degree of rigor as financial reporting (Accountancy Europe, 2022). The CSRD is an advancement upon the previous NFRD, partly on the level of assurance that an auditor must provide (Accountancy Europe, 2022). Assurors were only required to acknowledge that a report had been prepared in compliance with the NFRD, but they will instead offer limited assurance with the CSRD (FAR, 2022b). Eventually, reasonable assurance might be mandated, which would be the same level

of assurance as for financial reports, according to the directive (EU) 2022/2464 of the European Parliament and the Council. The directive states that limited assurance requires less work, fewer tests, and less accuracy in the assurance statements than for reasonable assurance. The directive further explains that reasonable assurance therefore requires better processes and information systems from companies. It states that the potential transition from limited to reasonable assurance will thus be reviewed 2028. Specifically which form of assurance provider should be responsible for the assurance according to the CSRD is not decided on an EU-level but is instead up to each member state to decide (Accountancy Europe, 2022). When the CSRD is implemented into national law, member states must choose whether only statutory auditors or also Independent Assurance Service Providers (IASP) can carry out the assurance.

The standards that will be used according to the CSRD is the European Sustainability Reporting Standards (ESRS) were drafted in november 2022 by the European Financial Reporting Advisory Group (EFRAG) and is based on the previously mentioned ideas of the GRI and TCFD (EFRAG, 2022; FAR, 2022b). EFRAG is an independent association representing a multitude of stakeholders in Europe (European commission, 2023). EFRAG is composed of two pillars: the financial reporting pillar and the sustainability reporting pillar, both with European and national members (EFRAG, n.d.). Accountancy Europe can be found among those stakeholder organizations (EFRAG, n.d.).

The question of the Swedish implementation of the CSRD is currently being investigated by the Department of Justice, whereby a state appointed investigator shall express their opinion on how the new EU directive should be realized and submit their legislative proposal (Dir. 2022:34). The proposal must be presented by June the 1st 2023 (Dir. 2022:34).

## 3.2 Sustainability assurance and key actors in Sweden

The most significant actors in the development of sustainability assurance in Sweden are the national professional association FAR and its member organizations. One of FAR's key objectives is to increase the interest in sustainability assurance (FAR, 2022c), which it may achieve by representing its members and engaging in international networks (Samsonova & Humphrey, 2014). FAR is active together with several transnational organizations in the development of sustainability assurance and regulations, such as the previously mentioned IFAC (2022) and Accountancy Europe (n.d.a). FAR's own representatives are mainly from the big accounting firms (FAR, n.d.b), and FAR's sustainability specialist group only consists of members from the six biggest firms in Sweden (FAR, n.d.c). In Sweden, the seven biggest

accounting firms in order of size are PwC, EY, KPMG, Deloitte, Grant Thornton, BDO and Mazars (FAR, 2022a). These firms are significantly larger than the remaining firms, and together possess a market majority, making them powerful actors in their domain (FAR, 2022a; Sonnerfeldt, 2011). The Big Four held 86% of the total sustainability assurance market already in 2010 (Sonnerfeldt, 2011). As the Big Four accounting firms managed to capture a significant part of the market share, this granted them the position of a dominant actor in sustainability assurance (Sonnerfeldt, 2011).

In Sweden, there has been a strong foundation of companies working toward battling sustainability issues with responsible business conduct (Sonnerfeldt, 2011). Non-state-owned firms in Sweden have voluntarily reported information regarding sustainability through adopting a multitude of frameworks, including private collaborative standards such as the GRI and AA1000AS (Sonnerfeldt, 2011). However, voluntary assurance on sustainability information was not a common occurrence in the period between 1995 and 2007 (Sonnerfeldt, 2011). State-owned companies were mandated to disclose their sustainability information according to the GRI guidelines in their 2008 reports, which needed to be assured by a third-party assurance provider (Sonnerfeldt, 2011). The heterogenous adoption of reporting standards resulted in the fact that sustainability information could differ and be found in multiple different sections in or outside the annual report (Sonnerfeldt, 2011). However, as sustainability reports over time became more commonplace, the reported information became more structured and standardized (Sonnerfeldt, 2011). Due to rising demand from investors and other stakeholders, sustainability reporting and assurance in turn became more demanded by firms in Sweden (Sonnerfeldt, 2011). When the NFRD was transposed into Swedish law in 2017, lower thresholds for the companies encompassed were chosen, making the sustainability reporting market larger than what was mandated by the EU (FAR, n.d.e).

FAR has long been involved in the standardization of the sustainability assurance in Sweden to increase the standardization of the field (Sonnerfeldt, 2011). To standardize sustainability assurances and increase the attractiveness of it as a service, FAR upheld their mission to grant their members with guides on how to “[...] create value, confidence and trust between business and community” (Sonnerfeldt, 2011, p.208). FAR therefore provided its members with several guides and generally accepted auditing standards to aid them in this field (Sonnerfeldt, 2011). FAR’s publication of the sustainability assurance recommendation RevR6 in 2004 enabled assurance providers to become more active in the emerging domain (Sonnerfeldt, 2011). In RevR6, FAR emphasized the increased demand for sustainability assurance, which begs for useful and generally accepted standards (Sonnerfeldt, 2011).

Simultaneously as FAR published RevR6, the IAASB developed the assurance standard ISAE 3000 which could be applied to sustainability assurances, although it was a general standard not designed specifically for sustainability purposes (Sonnerfeldt, 2011; Sonnerfeldt & Eklöv Alander, 2023 forthcoming). FAR did eventually close the gap between the Swedish RevR6 and the IAASBs international assurance standard ISAE 3000 because of FAR's responsibilities as a member of IFAC (FAR, 2022d; Sonnerfeldt & Eklöv Alander, 2023 forthcoming). Over time, FAR has continued to revise RevR6 to further harmonize the field of sustainability assurance with the help of experts from their member organizations (Sonnerfeldt, 2011). FAR (2022b) however notes that there is a need for an updated assurance standard fit for the CSRD, since the previously used ISAE 3000 and the Swedish RevR6 are not tailored for the new reporting standards.

### 3.3 Institutional work

The theory of *Institutional work* suggests that institutions do not appear spontaneously but require individual or collective efforts by a variety of influential actors working to change institutional conditions (Perkmann & Spicer, 2008). The concept of an institution can be referred to as a social element which permeates the thoughts and actions of different actors within a political, social and economic context (Lawrence & Suddaby, 2006). Lawrence and Suddaby (2006) state that these institutions can be embodied as common procedures or regulations, bringing meaning and stability to an organizational field and its members. Institutions can subsequently be both informal, such as traditions, or formal, such as laws (Lawrence & Suddaby, 2006). Lawrence and Suddaby (2006, p.215) define institutional work as “the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions”. In this process, institutional actors with differing expertises and capabilities can work in parallel to institutionalize practices they deem to be valuable or disrupt those they consider to be worthless (Perkman & Spicer, 2008). Institutional actors aiming to promote change commonly engage in a multitude of institutional work forms, depending on both internal and external contingencies (Perkmann & Spicer, 2007). Moreover, institutional actors in different organizational fields may leverage different skill sets and utilize varying types of work in order to promote institutional change (Perkmann & Spicer, 2007).

### 3.3.1 Origins of institutional work

The focus and the ideas within institutional theory has changed substantially over the last 50 years. The theory of *institutional work* has its origin in the study by Meyer and Rowan (1977), who describe *institutional theory*, and suggest that the structure of organizations is a result of institutional rules and myths within their field. They also mention that one aspect in the creation of institutions is the attempt of companies trying to influence their environment. However, this aspect of *agency* from organizations seems to be lost in the later prominent study by DiMaggio and Powell (1983), which predominantly focuses on institutional *structure*, as noted by Silvola and Vinnari (2020). DiMaggio and Powell (1983, p.147) continued the development of the theory of institutional work, and described “isomorphic processes”, which is the transition of organizations becoming more alike. They study the resemblance and harmonization of organizations, and attempt to explain these observations in theory. Their ideas center around the established institutional structures and how these designs affect the behavior of organizations (Lawrence & Suddaby, 2006). However, these concepts do not explain change within different fields, and so another type of institutional theory emerged; *institutional entrepreneurship* (Lawrence & Suddaby, 2006). This type of institutional theory focuses heavily on agency, and how individuals and collective organizations influence their surroundings (Hoffman, 1999; Lawrence & Suddaby, 2006; Maguire, Hardy & Lawrence, 2004). Modell (2020) states that the entrepreneurial institutional work has been criticized for depicting unrealistic and grand stories of individuals changing their environment. He explains that individuals are sometimes portrayed as being detached from the institutions within their own field, which has been denounced for being an inaccurate depiction. He states that although individuals and organizations can take action themselves, they still rely on the rules and ideas within the institutional environment around them. This discourse led to the most recent form of institutional theory emerging in literature; institutional work, which entails both concepts of structure and agency (Modell, 2020).

### 3.3.2 Types of institutional work

The activities performed by different institutional actors varies, ranging from discursive promotions to lobbying for regulative amendments, is known as institutional work (Lawrence & Suddaby, 2006). In time, a practice may become entrenched, meaning it will have long lasting implications for its prevalence (Perkmann & Spicer, 2008). Perkmann and Spicer (2008) claim that the institutionalization of a practice necessitates multiple forms of intentional work



from professionals within an organizational field. Often the discourse and publishings related to the practice intensifies as the proponents push for institutionalization, the authors state. Perkmann & Spicer (2008) divide the different forms of work into three main categories: *political*, *technical* and *cultural* work.

Political work refers to the way in which actors advocate for regulatory changes through persuasion and lobbying (Perkmann & Spicer, 2008). For an actor to successfully push for a regulatory change, they must possess certain political skills, as discussed by Lawrence and Suddaby (2006). *Advocacy* is the first type of political work the authors present, referring to actors representing certain interests and agendas by promoting and supporting new forms of legislation. Advocacy can have a significant impact on the institutionalization process, as it can be utilized by different types of institutional actors to promote the provision of rights to certain actors (Lawrence & Suddaby, 2006). However, Perkmann and Spicer (2008) claim it is most commonly exerted by more powerful actors in an organizational field such as professional bodies, industry associations and trade unions. Advocacy is often directly targeted at different forms of authorities, whereby a specific practice is defined by an institutional actor to clarify the desired rule system (Perkman and Spicer, 2008). This leads into the second type of political work presented by Lawrence and Suddaby (2006); *defining*. The authors describe this practice as the work focused on formalizing a fashion through defining contract standards, constitutive rules and certification of actors in an organizational field. This enables institutionalization of a practice, as the parameters of its use are clarified (Lawrence & Suddaby, 2006). Lastly, *vesting* is a form of political work referring to how a powerful coercive institutional actor provides rights and legitimacy to another actor (Lawrence & Suddaby, 2006). This forms new dynamics and market relations in the organizational field (Lawrence & Suddaby, 2006). The vesting process is subsequently composed of regulatory negotiations between a powerful actor, exemplarily the state or a regulatory authority, and an interested actor, according to Lawrence and Suddaby (2006). This interested actor is commonly operating in an established professional field where a regulatory authority is heavily involved, such as the auditing field, the authors state. The different forms of political work have been found to be part of a cycle, where advocacy precedes defining work, which in turn influences how property rights are distributed among actors with vesting work (Lawrence & Suddab, 2006).

The second category of institutional work is cultural work, which refers to the framing of a practice by an institutional actor to associate it with norms and values, according to Perkmann and Spicer (2008). The perception of a practice is central in this type of institutional work, as the public needs to be on board with the change for it to be successfully

institutionalized, the authors state. The authors go on to describe that one such activity may be the promotion of professionalizing a certain fashion, which can effectively institutionalize the practice and its specific area of expertise. This framing activity alters the identity of the fashion, by differentiating it from other functions and constructing a new professional role (Perkmann & Spicer, 2008). Lawrence and Suddaby (2006) calls this form of cultural work *constructing identities*, whereby actors promote the development of a professions' identity to become established and legitimate. To anchor a new practice in society it must align with the societal culture and values, which institutional actors can actively achieve by framing the practice in different ways (Lawrence & Suddaby, 2006). Lawrence and Suddaby (2006) propose *changing normative associations* as a form of cultural work which refers to the alteration of norms and values which are associated to a specific practice. Institutional actors aiming to reform the associations with a practice might attempt to frame it in relation to broad societal value, the authors express. Another specific type of cultural work proposed by Lawrence and Suddaby (2006) is the *construction of normative networks*. This work process includes the normative sanction of a practice by frontrunning and interconnected organizations (Perkmann & Spicer, 2007). In this process, institutional actors strive toward a common end, and together promote the construction of a new institution and identities linked to it (Lawrence & Suddaby, 2006). Institutional actors must subsequently possess social skills to persuade other actors to act in favor of the desired institutional change (Perkmann & Spicer, 2007).

The last form of institutional work proposed by Perkmann and Spicer (2008) is technical work, whereby promoters of a practice establish templates and frameworks. The authors link this to *theorization*, and explain that by theorizing and codifying a practice, it becomes more formalized and thereby more easily communicated and applicable in different contexts. Theorization also relates to the specialization of a practice and the roles performing it in the field (Perkmann & Spicer, 2008). Thereby, the practice becomes more rigorously operationalized and follows a more formal structure (Perkmann & Spicer, 2008). Another form of technical work occurs when standards organizations within an organizational field may be influenced by the previously mentioned political work, which leads them to perform *standardization* (Perkmann & Spicer, 2008). This refers to the actual development of generally accepted standards for the performance of a practice and is therefore significantly different although interconnected with advocacy and lobbying (Perkmann & Spicer, 2008). The practice can through this work be implemented routinely and commercially sold, aiding the transformation of the practice to an institution (Perkman & Spicer, 2008). Common reporting and assurance standards are one form of standardization of practices (Perkmann & Spicer,

2008). Perkmann and Spicer (2008) further describe *mimicry* as a form of technical work. Through mimicry, institutional actors attempt to create an intentional likeness with a new practice and already established institutions (Lawrence & Suddaby, 2006). Through mimicry, an institutional actor can minimize the gap perceived between old and new institutions, making other actors more likely to adopt the new practice without resistance (Lawrence & Suddaby, 2006). The last form of technical work identified by Perkmann and Spicer (2008) is *education*. This can be an effective activity to establish a new institution, as actors are taught skills and knowledge which are necessary for the implementation and entrenchment of the new institution (Lawrence & Suddaby, 2006). The education can be targeted by an institutional actor both internally at employees and externally at customers to increase their understanding of the new practice (Lawrence & Suddaby, 2006).

If all three of the mentioned categories of institutional work occur simultaneously, the promoted practice in question is more likely to become entrenched as an institution (Perkmann & Spicer, 2008).

### 3.3.3 Organizational fields

An important aspect of institutional work is the consideration of the context in which the actors are operating. An organizational field consists of actors which together form an ecosystem with regulatory agencies, organizations providing similar services and consumers (Greenwood, Suddaby & Hinings, 2002). These different actors are connected by a shared set of meanings, constituting a frame for how the members of that organizational field should behave around each other (Greenwood, Suddaby & Hinings, 2002). The collective beliefs may at some point be underpinned by regulatory agencies and professional associations with legitimacy and power in the field (Greenwood, Suddaby & Hinings, 2002). It is important to note that although certain organizational fields may appear to be stagnant, that is often not the case (Greenwood, Suddaby & Hinings, 2002). Even in more mature fields, change is inevitable, and boundaries are continuously rearranged (Greenwood, Suddaby & Hinings, 2002). Greenwood and Suddaby (2006) found that in mature fields, institutional change may be promoted by elite actors from deep within the field rather than from the outside, which they exemplify with the then Big Five accounting firms. This may be enabled by the fact that although the accounting field is mature, it is not as conservative as other professional service fields such as law, where central firms may be less inclined to promote institutional change (Greenwood & Suddaby, 2006). Greenwood and Suddaby (2006) concluded that firms at the

center of a mature organizational field, such as the Big Five, can contribute to endogenous change through utilizing their expertise and powerful position to prompt institutional change.

### 3.4 Institutional work in the field of sustainability assurance

#### 3.4.1 Institutional work by professional associations

Professional associations can play a meaningful role in legitimizing change in highly institutionalized organizational fields (Greenwood, Suddaby and Hinings, 2002). Professional associations act as intermediaries between organizations in the same field, allowing them to represent their organizations collectively (Greenwood, Suddaby & Hinings, 2002). With the help of professional associations, organizations in the same field can interact and become more normatively unified (Greenwood, Suddaby & Hinings, 2002). This subsequently allows professional associations to negotiate on the organization's behalf, in order to shape their organizational field and establish institutions to uphold (Greenwood, Suddaby & Hinings, 2002; Suddaby & Viale, 2011). Therefore, professional associations are often regarded as a stagnant force, which is not always true (Greenwood, Suddaby & Hinings, 2002). Greenwood, Suddaby & Hinings' (2002) findings prove that professional associations operating in a highly institutionalized and mature field can, and do, actively promote jurisdictional and organizational changes. For example, professions often work towards claiming jurisdictional exclusivity of a new institution (Greenwood, Suddaby and Hinings, 2002; Suddaby & Viale, 2011). Professional associations subsequently work to maintain memberships and form boundaries, limiting only certain actors to practice within a certain profession (Greenwood, Suddaby & Hinings, 2002).

#### 3.4.2 Institutional work by large accounting firms

Professional organizations constitute another significant institutional actor in the institutionalization process (Suddaby & Viale, 2011). Professional organizations, such as the big accounting firms, can induce institutional changes by exercising the powerful positions they possess in their organizational field (Suddaby & Viale, 2011). These organizations are active in reshaping their environment, claiming new economic spaces and areas of practice (O'Dwyer, 2011; Suddaby & Viale, 2011). Suddaby and Viale (2011) propose that the accounting profession has historically been known to occupy new and related professions by redefining their own profession and expertise. To achieve this, the authors state, the firms must legitimize themselves as professionals in the desired field through promoting institutional

change. This often culminates in conflict between institutional actors aiming to become the sole actor in an emerging field of expertise (Suddaby & Viale, 2011).

Perkmann and Spicer (2008) propose that the Big Five accounting firms have utilized institutional work to expand their operations into new domains, including management consulting and legal services, providing new profit areas. The authors state that this work involved the alternation of their perceived professional boundaries, widening the extent of their operations and professional knowledge. The authors also stress the fact that institutional actors which could benefit from the institutionalization of a practice are more likely to promote it. This was the case with the Big Five accounting firms, as institutional work was utilized for promoting institutional change in order to serve their self-interest (Perkmann & Spicer, 2008).

### 3.4.3 Institutional work in sustainability assurance

The previous research on professions at work in the context of sustainability assurance has been conducted in various contexts. Silvola and Vinnari (2020) analyzed the subject in a Finnish context, Farooq and de Villiers (2019a; 2019b) in Australia and New Zealand, and O'Dwyer, Owen and Unerman (2011) in Western Europe. Their findings were summarized through the institutional framework developed by Perkmann and Spicer (2008).

The political work found by Silvola and Vinnari (2020) and Farooq and de Villiers (2019a) is limited to advocacy. Silvola and Vinnari (2020) explain that the political work by Finnish accounting firms is done through advocacy of sustainability assurance at an EU level. They explain that accounting firms have advocated for making the practice mandatory when being asked for referrals and consultation in directives by the EU. The political work has been directed towards the EU because of its power in imposing regulations that member states must follow, but also because of the Finnish government's decision to not undertake further national measures than the minimum requirements by the EU directives in the field of sustainability assurance (Silvola and Vinnari, 2020). Farooq and de Villiers (2019a) identified some competition within the field of sustainability assurance, whereby accounting firms and non-accounting sustainability assurance providers fought and advocated for their position in the market. Farooq & de Villiers (2019a) state that the big accounting firms advocated the benefits of there being a lone assurance provider for financial and sustainability reports. They mention that accounting firms emphasize the convenience and efficiency of there being one assurance provider for the whole organization. The authors clarify that the accounting firms' argument is that a single assurer can comprehend the entire operation more efficiently, and that

they already possess the necessary knowledge and procedures from their experience with financial assurance.

The big accounting firms are also involved in cultural work, which concerns the framing of a practice, associating it with common norms and values (Perkmann & Spicer, 2008). The first type is the *construction of normative networks* described by Perkmann and Spicer (2008). Silvola and Vinnari (2020) found that the Big Four firms in Finland have representatives at an annual competition deciding the best sustainability report of the year. The authors explain that this competition constituted an opportunity for the representatives to meet and discuss sustainability reports, and together crown a winner. The representatives generally considered the sustainability reports to be of higher quality if it had been assured (Silvola & Vinnari, 2020).

Another type of cultural work is *constructing identities* which is an alternation of a practice's presentation, differentiating it from other roles (Perkmann & Spicer, 2008). O'Dwyer, Owen and Unerman (2011) explain that assurance providers attempt to distinguish and promote sustainability assurance through different measures. They state that assurance providers promote the general business advantages of sustainability assurance, such as the possibility of generating value and being included in sustainability indexes. The authors also explain that assurance providers attempt to increase the interest of the public in the potential of assurance. Furthermore, Farooq and de Villiers (2019b) state that sustainability assurance providers promote the benefits of sustainability assurance to their clients whenever they express concerns regarding the cost and value of the service. Silvola and Vinnari (2020) suggest that accounting firms observe an asymmetry of information between the board and the management in companies concerning sustainability reports. They state that the sustainability assurance, like financial assurance, reduces this asymmetry and results in more transparency between the parties. Rodrigue, Diouf and Gendron (2022) study the big accounting firms framing activities in the field of sustainability. They found that the big accounting firms frame themselves as legitimate and knowledgeable in the field of sustainability, even though it is an area which lies outside their common practices. The accounting firms highlight the managerial risks and opportunities with sustainability practices, rather than the social and environmental implications (Rodrigue, Diouf & Gendron, 2022).

Finally, studies have found the use of technical institutional work through *mimicry*, *education*, and *standardization*. Both Silvola and Vinnari (2020) and Farooq and de Villiers (2019a) found that *mimicry* was part of the institutional work since accounting firms emphasize the similarity of terminology and core concepts between sustainability assurance and financial

assurance. Farooq and de Villiers' (2019a) study showed that auditors often apply the more general standard ISAE 3000 to increase their clients understanding of sustainability assurance because of their familiarity with other forms of assurance.

Farooq and de Villiers (2019a) identified some *educational work* from accounting firms. They explain that accounting firms intend to educate and mentor clients to develop the necessary methods and processes which can efficiently undergo sustainability assurance. They suggest that accounting firms thereby are laying the foundation for companies to be assured, which Farooq and de Villiers (2019b) also found. Farooq and de Villiers (2019b) explain that audit firms attempt to ease the transition to sustainability assurance, which can be an unknown area for many clients. They also state that this is a way to ensure that clients meet the data requirements to undergo sustainability assurance. Silvola and Vinnari (2020) found that this education occurred from the auditors through either sessions or through specific suggestions on how companies could improve their sustainability report. The authors also state that these educational comments were sometimes part of public information published by the accounting firms.

Silvola and Vinnari (2020) state that audit firms also can be seen trying to *standardize* the field of sustainability assurance to some degree. For instance, the authors mention the Big Four's persistent use of the GRI standards in sustainability assurance. Silvola and Vinnari (2020) further state that although there are not any formal rules on what standards to use for sustainability assurance, the Big Four apply the ISAE 3000 framework extensively. The big accounting firms' extensive use of the GRI standards and ISAE 3000 can be viewed as a statement of how sustainability reporting should look like, and thereby an attempt to standardize the field informally (Silvola & Vinnari, 2020). However, Silvola and Vinnari (2020) also mention that accounting firms actively diversify their sustainability assurance, and thereby decrease the standardization of sustainability assurance among auditors. They state that firms for instance differ on the degree of consultancy services offered throughout the sustainability assurance. They attribute the heterogeneity with the lack of regulations and point towards the fact that accounting firms are competitors trying to create a competitive advantage for themselves.

## 4. Empirical findings

### 4.1 Political work

#### 4.1.1 Advocacy

The empirical data gathered provided evidence of the big accounting firms in Sweden undertaking political work mainly through the national professional association FAR. The representatives from each accounting firm unanimously proposed that they themselves do not undertake lobbying or promotional activities to a meaningful extent. The interviewees stated that the firm's individual political work is in the form of advocacy, mainly by answering referrals and promoting sustainability assurance through state investigations. The interviewees proposed that the professional association FAR is heavily engaged in advocacy and has played a key role in promoting mandatory sustainability assurance historically. FAR can represent all big accounting firms together to promote sustainability assurance and the firms as providers of this service, both in national and international forums, which is explained by Pernilla Zetterström Varverud (Interview, 28 April 2023).

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“We try as an industry to discuss these matters together. FAR invites its member firms to hear them out and gather the industry as a collective force.” (Pernilla Zetterström Varverud, interview, 28 April 2023).

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The above quote illustrates how FAR strives to gather the viewpoints of their members to be able to work cooperatively to enforce an establishment of sustainability assurance. The representatives from FAR express the value of coming together as an industry in Sweden, and they have observed clear differences between Sweden and other Scandinavian countries in this regard. Accounting firms in other countries have not worked collectively to advocate for sustainability assurance to the same extent, but have rather made individual efforts, Charlotte Söderlund (Interview, 24 April 2023) stated. Annika Nygren (Interview, 2 May 2023) explained that FAR also has formed a specialist group which systematically works to aid accounting firms with advocating and preparing for sustainability assurance. The representatives from FAR expressed that as an industry association it has a unique position as



a knowledgeable intermediary between the accounting firms and other actors. They suggested that this can improve their influence on institutions in national and international contexts. Johan Rippe (Interview, 23 April 2023) continued to explain that FAR possesses a significant amount of trust and legitimacy in Sweden. He proposed that FAR as a large and well-established institutional actor has the ability to attain contact with Swedish authorities and legislators, and thereby communicate the accounting firms' point of view. He mentions that since Sweden is rather small, the figurative distance for FAR to reach authorities such as the Department of Justice, who are responsible for the investigation of the Swedish implementation of the CSRD, is short. The different members of FAR expressed that lawmakers and politicians from all parties in Sweden are willing to discuss and listen to FAR's opinions in these matters. Ever since firms in Sweden started reporting on sustainability, FAR has advocated for mandatory assurance to improve the transparency and reliability of this information, Johan Rippe (Interview, 23 April 2023) stated. One of FAR's (2022c) main objectives is to increase the interest of sustainability assurance through cooperation with national and international authorities, but also through debate articles and newsletters. Johan Rippe (Interview, 23 April 2023) stated that these promotional activities are not only directed at state authorities, but also at different users of sustainability information, such as banks.

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“Influencing is a sport in itself. We may think it [sustainability assurance] is important, but someone else might perceive us as speaking in our own favor. We need to be aware of the fact that there is a cost at the other end, and therefore there must be value to be found in [sustainability] assurance. FAR's job is to contribute with as much information as possible to the legislators, politicians, but also to the users of sustainability reports.”  
(Johan Rippe, interview, 23 April 2023)

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FAR also represents the Swedish accounting firms on an international level. FAR are members of the transnational professional association Accountancy Europe (n.d.b). This enables them to undertake political work on a larger scale, since Accountancy Europe (n.d.b) is a global legitimate organization and a member of IFAC. Although FAR is itself a member of the IFAC (2022), the FAR representatives propose that Accountancy Europe is the main body through which they channel their advocacy on an international scale. Accountancy Europe undertakes advocacy on behalf of the European accounting profession partly by

participating in referrals and investigations from the EU, Annika Nygren (Interview 2 May 2023) stated. The accounting firms also engage in advocacy on an international level individually, as stated by Anonymous Interviewee 3 (Interview, 3 May 2023). They propose that their firm undertakes political work to a limited extent in Europe by leaving referrals to standard setters. Johan Rippe (Interview, 23 April 2023) also highlights the fact that PwC has representatives in the expert committee IAASB, which enables them to influence in international contexts. The IAASB, governed by the IFAC, is responsible for developing the sustainability assurance standard ISSA 5000 following the CSRD, he continued. The IFAC offers advice and oversees the standards development by the IAASB (Loft, Humphrey & Turley, 2006), and since FAR and Accountancy Europe are members of this body, Johan Rippe (Interview, 23 April 2023) explained that the accounting profession has the opportunity to influence. By being actively engaged from an early stage in these contexts, there are good opportunities to bring forward opinions and influence the development, Charlotte Söderlund (Interview, 24 April 2023) expressed.

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“This summer there were two big referrals about European sustainability reporting standards [...], the focus of FAR when answering these is on assurance. If this information is to be reported, is it auditable? Are there issues which must be addressed from the perspective of sustainability assurance?” (Charlotte Söderlund, interview, 24 April 2023)

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The FAR representatives also express that a large portion of FAR’s political work is undertaken in the Swedish field. An investigation is currently held regarding the Swedish transposition of the CSRD to chart the optional approaches (FAR, 2022c). Johan Rippe (Interview, 23 April 2023) mentioned that FAR has the opportunity to participate in this investigation as an expert, and thereby convey the accounting firm’s perspective to influence the decision by the state appointed investigator, who can decide whether or not to take their opinion into account. He stated that the promotional work at this early stage is the most crucial, although FAR also has the option to announce if they approve or disapprove of the bill when it is presented. All interviewees expressed an interest in the outcome of this investigation and the Swedish lawmaker’s stance on whether or not IASPs should be allowed to conduct sustainability assurance in Sweden, which is an option for each member state of the EU when

implementing the CSRD nationally (Accountancy Europe, 2022). The complete investigation on the matter is supposed to be presented June the 1st 2023 (FAR, 2022c), and the question is therefore highly relevant for the accounting firms and something they are actively engaged in currently. Most of the interviewees are skeptical to the inclusion of IASPs, and instead claim that financial auditors are the best suited for conducting sustainability assurances but recognize their bias on the issue. Providing auditors with this specific role and right would most likely result in more stability on the market and a higher level of conduct, according to Annika Nygren (Interview, 2 May 2023). The members of FAR stressed the fact that authorized auditors in Sweden are kept under tight scrutiny by The Swedish Inspectorate of Auditors (Revisorsinspektionen) and apply rules for independence by not being allowed to own shares in the firms they assure. These are requirements which auditors are accustomed to but must be met by all other potential providers of sustainability assurance, the interviewees claim.

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“If you have two different assurance providers, one financial auditor and one IASP, they must be under the same supervisory body according to the CSRD. If it were to be The Inspectorate of Auditors, they do not accredit IASPs since they are technical engineers, while The Inspectorate does have full control over authorized auditors. So, it would become very complicated technically to achieve proper supervision.”  
(Charlotte Söderlund, interview, 24 April 2023)

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All accounting firms bring forward the value of having one and the same assurance provider responsible for both financial and sustainability assurance. Pernilla Zetterström Varverud (Interview, 28 April 2023) claimed that auditors are better equipped to learn to assure sustainability than any other assurance provider would be to learn financial assurance. Anonymous interviewee 3 (Interview, 3 May 2023) mentioned that having one assurance provider contributes to the economy of scale and an overview and understanding of the entire organization.

## 4.2 Cultural work

### 4.2.1 Constructing identities

The Swedish accounting firms were found to undertake activities to form an identity around sustainability assurance and their position as performers of this practice. Most of the interviewees had been working with sustainable development for one to two decades and had eventually moved into the field of sustainability assurance. Annika Nygren (Interview, 2 May 2023) associated sustainability assurance with other forms of sustainability activities in line with conventional values.

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“I have been specializing in the nonprofit sector. A lot of that is Doctors Without Borders, WWF, Greenpeace, and their operations are connected to the global goals [Agenda 2030] and collaborations with other companies. I have enjoyed the areas beyond only business and making money. These issues are interesting and important.”  
(Annika Nygren, interview, 2 May 2023)

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Multiple interviewees stated that sustainability assurance is a necessary measure to achieve the EUs sustainability goals, and that it is therefore important for firms to focus on these issues, not only for the sake of the assurance. The most important aspect is for their clients to integrate the idea of sustainability into their business model, since this is the true objective of the CSRD, Patrik Magnusson claims. Many of the interviewees also clarify the economic implications of the CSRD. Although sustainability reporting and assurance can be costly, and it is optional for many companies in the first stages of the CSRD, the accounting firms explain to their clients that there is nonetheless value in doing it. For a company to appear attractive and future oriented to investors, it is necessary to undergo sustainability assurance, Anonymous Interviewee 1 (Interview, 3 May 2023) claimed. The companies must have assurance on their sustainability reports to be transparent, otherwise stakeholders cannot judge and compare them, the accounting firms claim. Anonymous Interviewee 3 (Interview, 3 May 2023) stated that sustainability assurance will be necessary to gain capital for all firms as soon as the first version of the CSRD is implemented into national law, also for those not immediately subject to the mandate. The issue of sustainability risks was brought up repeatedly by different interviewees,

who proposed that the CSRD and them as assurors can mitigate these risks. There is a risk of unreliable sustainability information being published, or clients being unaware of weaknesses and risks in their sustainability reporting if there is no one who assures their data, the interviewees claimed.

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“The purpose of the CSRD is to increase both the reliability and transparency of information, but also the ease of use. If a sustainability report is assured, it increases the ease of use dramatically.” (Anonymous Interviewee 3, interview, 3 May 2023).

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The accounting firms give the impression of attempting to redefine the identity of auditors, developing the social definition of the profession. This was something the accounting firms were seen to do individually and collectively as FAR. The interviewees proposed that their firms’ expertise spans across multiple subject areas, not only financial information. Consequently, the interviewees framed their position as experts working to inform and prepare clients for the requirements from the CSRD which they eventually must meet. Because of their widespread expertise, this is something the accounting firms are fit to do, the interviewees claimed. Anonymous interviewee 2 (Interview, 3 May 2023) mentioned that the auditors in their firms can turn to sustainability experts internally. They claim that having the right competence already could solidify their perceived position in the field as the most fitting sustainability assurance providers. The interviewees proposed that they strive to help their clients implement the necessary routines, but also a mindset in line with what the CSRD aims to achieve, being a sustainable European economy. Their work is thereby naturally in line with society’s moral and cultural values and is also a necessity for all businesses in order to attain financing and employees in a world where sustainability is all the more vital, Pernilla Zetterstöm Varverud (Interview, 28 April 2023) proposed.

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“If you build proper routines and processes from the beginning, then I think you can bring that with you [when assurance becomes mandatory]. Not only to put in the least amount of effort possible, but to do it properly like for a financial report. It is not for our own sake we promote it. We do it to ensure the correct information is reported. Hopefully if you build the systems now already, then the transition to mandated

assurance will not be as challenging.” (Pernilla Zetterström Varverud, interview, 28 April 2023).

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#### 4.2.2 Constructing normative networks

The firms are engaged in some normative networks where they collaborate across firms. One of these organizations is FAR, which can be viewed as the main normative network for big accounting firms in Sweden, according to the interviewees. Charlotte Söderlund (Interview, 24 April 2023) suggested that FAR has unified sustainability assurance in Sweden, and that the sustainability assurance has been more cohesive compared to other nordic countries due to this collaboration. FAR (n.d.d) is in turn also active within other normative and transnational organizations such as the Nordic Federation of Public Accountants (NRF) or Accountancy Europe. FAR is also a member of the previously mentioned IFAC (2022), the association for professional accountancy organizations globally. This private association brings together 180 organizations in 130 different jurisdictions (IFAC, 2022), constituting a large and valuable normative network. Moreover, the IAASB, which is governed by the IFAC, is another normative network consisting of experts from different accounting firms, lawyers and representatives from international regulatory bodies, Johan Rippe (Interview, 23 April 2023) stated.

The accounting firms also express close international collaboration within their own organization. Johan Rippe (Interview, 23 April 2023) proposed that internal education is often made using courses developed by their international counterparts, whereby collaboration is necessary. Anonymous interviewee 1 and 2 (Interview, 3 May 2023) mentioned that their national firm works together with an international group covering Europe, Asia and the Middle East. They stated that this international network develops courses and discusses the CSRD, with the aim of educating personnel within the firm. They explained that this collaboration intensified a few years ago, as sustainability assurance has become more internationally regulated and homogenized, making the knowledge exchange more valuable. The interviewees mentioned that several countries in Europe are further ahead in the regulation of sustainability assurance. They therefore expressed that it can be beneficial to contact the already experienced personnel from those countries for advice before the Swedish implementation of the CSRD.

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“It's a lot of discussion, ensuring that we have a common stance on regulations. This is also necessary to be able to submit our referral responses, so there is close collaboration and exchange of knowledge on various issues that arise in assurance or from clients. It's a very valuable [international] network with a lot of knowledge.” (Anonymous Interviewee 1, interview, 3 May 2023).

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The interviewees also mention normative networks within and between firms on a smaller scale in Sweden, consisting of personnel working with the aim of educating their colleagues. Some interviewees explained that they have created groups that operate between offices. They stated that these groups act as specialists and discuss issues and questions regularly. The interviewees stated that the people in these groups are then able to inform employees in their own offices about recent developments they have discussed. At the time when sustainability assurance was relatively new, a normative network was organized in the form of a Swedish competition for the best sustainability report, Charlotte Söderlund (Interview, 24 April 2023) stated. She explained that the big accounting firms had representatives in the jury of the competition, which offered an opportunity for them to come together and discuss the developments in the field.

## 4.3 Technical work

### 4.3.1 Mimicry

The accounting firms can be seen creating an intentional likeness with sustainability assurance and traditional financial assurance in discussions with clients and Swedish state authorities. Most of the interviewees expressed that the method for conducting an assurance is similar for sustainability information and financial information, and that it has become even more alike the last couple of years. Patrik Magnusson (Interview, 18 April 2023) for instance mentioned that Deloitte's expertise in assurance has been built up over many decades and can be applied to both fields. He stated that their experience and competence in dealing with new areas within assurance means they are well equipped to adapt to changes in assurance practices. Anonymous Interviewee 2 (Interview, 3 May 2023) expressed that although a sustainability specialist group will initially be required, their understanding is that financial auditors will gather knowledge and eventually be able to conduct the sustainability assurance themselves.

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"We have established processes that can be easily applied to other information as well, a methodology, templates, and a mindset that ensures unbiased assurance. We have efficient techniques to ensure that we review the correct points to make a complete conclusion." (Pernilla Zetterström Varverud, Interview, 28 April 2023).

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The accounting firms communicate that there are areas of overlap between financial and sustainability assurance already, and many parts of the sustainability assurance have been handled by auditors before. For instance, the social pillar of personnel, sick leave and HR systems is already part of financial assurance, as well as the assurance of corporate governance and corruption, Pernilla Zetterström Varverud (Interview, 28 April 2023) claimed. She stated that the environmental pillar is more unfamiliar for them, and financial auditors therefore take part in the work of sustainability assurance with collaboration and support from specialist groups.

Although there are similarities differences between financial and sustainability information, the main contrast appears to be that limited assurance is conducted on sustainability information, rather than reasonable assurance (Accountancy Europe, 2022). The firms express some concern as to whether companies can afford reasonable assurance, and whether the information systems will be able to support it. However, most interviewees believe that it will be possible soon. Some mention that they view this as a natural step for sustainability assurance to gain the rigor of financial assurance and bring forward the issues with limited assurance. Pernilla Zetterström Varverud (Interview, 28 April 2023) argued that it can be difficult for a financial auditor to know when to stop. She expressed the feeling of not being finished when conducting limited assurance on a sustainability report, in contrast to reasonable assurance. The interviewees expressed that introducing reasonable assurance for sustainability reporting as the norm will further bridge the gap between this and financial assurance.

### 4.3.2 Education

The accounting firms stressed that internal and external education is a central part of the current development in sustainability assurance and has become all the more important with the implementation of the CSRD. The interviewees stated that they must prepare for the coming changes. FAR is involved in educating their member firms on how to interpret and apply the



CSRD, and they have a specialist group to assist its members with these questions, its representatives stated. Furthermore, Johan Rippe (Interview, 23 April 2023) stated that FAR's paper Balans is used to inform and educate people within the industry. He also mentioned that the Big Four generally have their own internal courses through their international offices, while smaller accounting firms use the courses offered by FAR to a higher degree. For now, there is education for the personnel within the firms who will start working in this area or already are working in it, according to the interviewees. Multiple interviewees also express that there will eventually be some degree of education for people not working directly within sustainability assurance, since it can be beneficial for the whole firm to understand the practice.

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“Now that [sustainability assurance] becomes mandated by law, debates will become a smaller issue. Now the focus lies on how we will hurry up the adjustment. It's crucial to roll out information and get all members [of FAR] to prepare in time. Before, we have had an interest in getting it [sustainability assurance] on the map, but now it's more about preparation, and how we are going to make this work.” (Charlotte Söderlund, interview, 24 April 2023).

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Externally, the firms offer education to companies in formal and informal manners. Pernilla Zetterström Varverud (Interview, 28 April 2023) stated that in the formal settings, they are educating and analyzing their clients on specific areas for improvement. She explained that these educations depend on how developed the client's sustainability reporting currently is. They can for instance include a gap-analysis, materiality analysis, and a stakeholder analysis, she stated. The interviewees expressed that the education of clients is also made in informal settings with guidance of standards and suggestions on what to consider in line with the CSRD. The interviewees highlighted that they never jeopardize their independence on these occasions, but that they rather work as a sounding board for clients. They expressed that the education of firms is an important part of preparing companies for the CSRD. The interviewees mentioned that they discuss the routines and the information systems with clients to make them understand what will be required by them, and maps are set to give the client an idea of what to prioritize. The interviewees explain to their clients that the transition will be easier if they begin with the preparations well in time. Some interviewees also mentioned education of students at universities.

The directive (EU) 2022/2464 of the European Parliament and Council suggest a requirement of eight months of practical education to be allowed to conduct sustainability assurances, which worries some of the interviewees. Annika Nygren (Interview, 2 May 2023) expressed concerns about how to achieve this at an early stage, and that it also might be difficult for smaller firms to obtain this amount of experience, possibly leaving them outside the market. She continued to explain that these types of demands could result in the big accounting firms exclusively conducting sustainability assurance due to smaller firms not having enough clients that are covered by the CSRD. Some of the interviewees suggested that there should be a transition phase, and question whether specific demands on experience are necessary at all. Auditors commonly make judgments in other areas regarding whether they have enough experience to conduct assurance in that specific area or if they need to involve an additional expert, and this would not be different with sustainability assurance, Pernilla Zetterström Varverud (Interview, 28 April 2023) claimed.

### 4.3.3 Standardization

Previously, FAR has issued standards and guidelines for auditors through RevR6 or the current RevR12, Annika Nygren (Interview, 2 May 2023) mentioned. FAR can be viewed as a regulatory intermediary, guiding the implementation of assurance standards on the Swedish market (FAR, n.d.a). FAR's developed RevR6 as a means of standardizing the field of sustainability assurance in Sweden, Charlotte Söderlund (Interview, 24 April 2023) stated.

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"There were significant differences in how the [sustainability] assurance was conducted. Some assurors examined one key figure, others two, and others the entire report. So, there was work to coordinate and produce common certification reports, to compete on equal terms. So, the work around RevR6, Assurance Recommendation number 6, was a fundamental effort. To agree on how to conduct the assurance, everyone must recognize the audit report." (Charlotte Söderlund, interview, 24 April 2023).

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FAR's development of RevR6 has been a reaction to ISAE 3000, thereby functioning more as a complement for Swedish accounting firms' assurance according to ISAE 3000, Annika Nygren (Interview, 2 May 2023) stated. The interviewees highlighted the shortcomings

of ISAE 3000 for sustainability assurances however, as it was not developed for sustainability assurance purposes specifically. The interviewees therefore look positively at the development of ISSA 5000 by the IAASB. Johan Rippe (Interview, 23 April 2023) mentioned that the accounting firms have representatives in the IAASB and are thereby partaking in the development. He stated that it is necessary that auditors are participating in these developments because of their expertise. Charlotte Söderlund (Interview, 24 April 2023) stated that ISSA 5000 is an international standard, meaning it can be applied in both Europe and the U.S. for instance. She explained that this leads to the development of sub-standards, making it applicable for each specific context. Annika Nygren (Interview, 2 May 2023) mentioned that the International Sustainability Standards Board (ISSB) now has developed country-specific parts for the U.S. based on the first draft of ISSA 5000. Charlotte Söderlund (Interview, 24 April 2023) described the standards development process as a tug of war, where some countries, such as France, are keen on Europe developing its own standard, while most companies she has encountered in Sweden are promoting an international standard such as ISSA 5000. Many interviewees believed that an international standard would be the most beneficial for the market. Annika Nygren expressed (Interview, 2 May 2023) concerns that the development of a specific European assurance standard could take time, while the assurance of sustainability reports is supposed to begin already in 2024.

Lastly, the big accounting firms are also involved in the development of the CSRDs reporting standard, ESRS, by having representatives in the expert committee EFRAG, such as Charlotte Söderlund from EY (Interview, 24 April 2023). In these developments, her focus is on making sure that the reporting standards support the subsequent assurance standards with rigorous and auditable information.

## 5. Discussion

The empirical findings indicate that the accounting firms in Sweden undertake a wide variety of activities to promote sustainability assurance to support their interests and solidify their position as the foremost actor to conduct it. Previous research has not had the opportunity to research the question in a context where an international directive has been introduced, meant to standardize the reporting practice and mandate assurance. A central part of the thesis has been the study of the influence of a professional association, FAR, which has not been the focus of previous studies in the field of sustainability assurance. This thesis has attempted to fill these gaps in the research. As noted, the accounting firms and FAR undertake all

overarching types of institutional work identified by Perkmann and Spicer (2008), being political work, cultural work and technical work. The actors do however conduct each type of work to a different degree, both in line with and in ways which differ from previous studies.

## 5.1 Political work

The study shows that the accounting firms are highly involved in advocacy, but since the CSRD is making sustainability assurance mandatory, the focus of their advocating activities has shifted. Sweden has a history of widespread sustainability reporting and an active sustainability assurance market (Sonnerfeldt, 2011). Private companies in Sweden have previously reported sustainability information when it was still voluntary (Sonnerfeldt, 2011). State-owned firms were obligated to report and assure sustainability information already in 2008 (Sonnerfeldt, 2011). When the NFRD was implemented in Sweden in 2017, lawmakers chose to apply lower threshold values than what the EU had decided (FAR, n.d.e). The starting point of previous studies has been that sustainability assurance was voluntary under most jurisdictions (Farooq & de Villiers, 2019a). This distinguishes the Swedish context, as regulation has been more widespread than in many other jurisdictions. Previous studies have shown that accounting firms were engaging in political work for the sake of promoting regulatory changes, making sustainability reporting and assurance standardized and compulsory (Rowbottom, 2022; Silvola & Vinnari, 2020; Suddaby & Viale, 2011). The empirical findings similarly show that Swedish accounting firms and FAR have promoted mandatory sustainability assurance historically in Sweden. Since the CSRD achieves just that, the accounting firms have now decreased their time spent on promoting mandatory sustainability assurance. Instead, the focus area in their advocating efforts relate to the transposition of the CSRD into national law, whereby the option of whether to allow IASPs to conduct sustainability assurances is decided. Previous research by Farooq and de Villiers (2019a) has similarly highlighted the fierce competition between accounting firms and non-accounting sustainability assurance providers on a more unregulated market. The current context puts more at stake however, as the accounting firms' advocating activities has the possibility of resulting in a legislative exclusion of their competitors in the field of sustainability assurance. The Swedish state has not previously chosen to legislatively exclude a certain type of assurance provider from the market (Sonnerfeldt, 2011), which is an issue which they now must address with the transposition of the CSRD. This could possibly result in the Swedish state granting the accounting firms the entire market, of which they already

possess a large majority (Sonnerfeldt, 2011). Naturally, the question of IASPs was frequently brought up by the accounting firms, and their reasoning resembled that of previous studies. The accounting firms interviewed by Farooq and de Villiers (2019a) claimed that financial auditors have better understanding of the entire business and can therefore provide better assurance on clients' sustainability information. This argument was similarly brought up by the accounting firms in Sweden, to advocate for a regulatory change making themselves the only actor permitted by law to provide sustainability assurance services. Their advocating work in this matter could be an effort to get state authorities to in turn undertake defining and vesting activities by providing accounting firms with full property right of conducting sustainability assurance in Sweden. Advocacy has previously been noted as a precursor to the definition of rules which vest certain groups with the right to perform new practices (Lawrence & Suddaby, 2006). This sequence of events is demonstrated by the accounting firms' political work to influence the outcome of the investigation of the Swedish implementation of the CSRD.

An important distinction to make is the emphasis the accounting firms put on the professional association FAR as a vessel for their advocating efforts. The predominant role of FAR has been shown in previous studies on sustainability assurance in Sweden (Sonnerfeldt, 2011), and is confirmed again by this thesis. FAR effectively acts as an intermediary between the Swedish accounting firms and other institutional actors in their field. FAR consists of a collection of representatives from all big accounting firms, enabling them to promote organizational change collaboratively. The thesis illustrates how the accounting firms together through FAR may advocate on a national level toward Swedish lawmakers, as well as on an international level through transnational organizations such as Accountancy Europe and IFAC. Silvola and Vinnari (2020) found that the Finish accounting firms' political work was only directed to the EU, which differs from the national advocacy identified by this thesis. This could be due to the fact that Swedish state authorities and politicians appear to be more inclined to hear the opinions of FAR, as a legitimate and trustworthy professional association. The fact that professional associations are influential actors has been noted by studies before (Greenwood, Suddaby & Hinings, 2002), but has not been a consequential finding in previous studies within the field of sustainability assurance. Both Silvola and Vinnari (2020) and Farooq and de Villiers (2019a) found that accounting firms were actively involved in political work. However, neither of the studies highlighted the significance of a professional association for auditors in the context. The importance of FAR as an organization representing the interests of the Swedish accounting firms regarding sustainability assurance was brought up repeatedly by the interviewees. The significant role played by a professional association executing political

work on accounting firm's behalf in the context of sustainability assurance has not been observed in previous literature, but is thereby clearly evident in this study.

## 5.2 Cultural work

The big accounting firms are highly involved in the construction of normative networks, this study shows. The findings demonstrate that FAR functions as a network for the entire accounting industry, gathering the firms to discuss and exchange valuable experiences, information, and expertise regarding sustainability assurance. The firms are also engaged in international networks and organizations through Accountancy Europe, IFAC, IAASB, and collaborate with other professional associations in the Nordics. Additionally, the accounting firms are cooperating transnationally within their own organizations. The different accounting firms were engaged in a sustainability contest in the initial phase of sustainability assurance in Sweden, which aligns with Silvola and Vinnari (2020) findings. However, apart from the contest, the broad involvement in networks from the firms differ from Silvola and Vinnari's (2020) findings. They found that accounting firms failed in doing cultural work to create normative networks, possibly leading to sustainability assurance not becoming entrenched. Likewise, Farooq and de Villiers (2019a) did not acknowledge the formation of any normative network at all in their study. The Swedish accounting firms on the other hand engage in a range of internal, national, and international networks. The presence of FAR and the emergence of the CSRD seem to be two significant explanatory factors for this. The purpose of FAR is to provide an expert network in support of the industry (FAR, n.d.a), which explains why they were actively involved in the development of the field early on, and still are. The reason for the accounting firms' continued engagement in different normative networks within the firms and across Europe is the emergence of the CSRD. The CSRD aligns the reporting and assurance on sustainability throughout Europe, making international collaborations more feasible and valuable. This may explain why this thesis found more pronounced normative networks within the field than previous studies have.

The findings on the construction of identities are partly similar to previous studies in that the firms still promote the managerial value of the service to clients. The firms communicate the advantage of sustainability assurance for attracting investors, similar to the findings of O'Dwyer, Owen and Unerman (2011). The findings further align with Silvola and Vinnari's (2020) study regarding the firms' promotion of the idea that sustainability assurance results in improved transparency between the company and its stakeholders. However, there is

a shift in focus compared to previous studies in the construction of identities. Although the big accounting firms still promote the societal value of the general idea of sustainability to some degree, it does not seem to be communicated to the same extent as in the findings by O'Dwyer (2011) and Silvola and Vinnari (2020). Instead, the accounting firms focus on explaining managerial risks and the legal requirements which the CSRD sets on their clients. The accounting firms underscore their experience in the field of assurance, and their skills in developing necessary routines and information systems to help clients with similar issues. The findings of the thesis help identify efforts by the accounting firms to reframe their position as sustainability experts, also found by Rodrigue, Diouf and Gendron (2022). The practice's social and environmental value does not seem to be promoted to the same extent to their clients as the importance of adhering to the law and mitigating risks of faulty information, which the accounting firms claim they can help their clients with.

### 5.3 Technical work

There are clear similarities between the technical work that can be identified in the findings of this thesis and previous studies. Mimicry has been identified as a form of technical work undertaken by accounting firms in Finland, Australia, and New Zealand (Silvola & Vinnari, 2020; Farooq & de Villiers, 2019a). Likewise, the accounting firms in Sweden proposed to their clients that the methodology for conducting sustainability assurances is similar to regular financial assurances. By highlighting the overlap in duties and activities, the accounting firms are also effectively promoting their role as the most fitting provider of sustainability assurances, since they already possess the necessary expertise and processes. These findings are similar to Rodrigue, Diouf and Gendron's (2022) research, which shows how the Big Four claim that their methods and knowledge of financial assurance is transferable to the area of sustainability assurance, although this area is not within their typical field of expertise.

When it comes to education, this thesis identified it as one of the foremost kinds of institutional work that the accounting firms undertake. While previous studies have recognized that accounting firms have undertaken educating work toward their clients (Silvola & Vinnari, 2020; Farooq & de Villiers, 2019a), it has not been recognized as a practice to increase the skills of internal employees. Following the introduction of the CSRD, the interviewees stressed that there has been a significant shift in the big accounting firms' promotional activities, from lobbying for a regulatory change to preparing their members for that change with the necessary

expertise and technologies. A portion of the accounting firms' educating work is also directed at their clients, also found by Farooq and de Villiers (2019b), to help them prepare for the new directive. Subsequently, internal educating work has become one of the most central activities related to sustainability assurance for FAR and the big accounting firms. According to the directive (EU) 2022/2464 of the European Parliament and the Council, the providers of sustainability assurance must have eight months of practical experience to be allowed to conduct sustainability assurances. This incentivizes the accounting firms to educate their auditors and initiate their practical work, as being unprepared when the CSRD is transposed into national law could result in them losing out on significant market shares. Educating work is therefore essential for the firms to secure their position in the field of sustainability assurance. This could explain why this study found internal education to be more central for the accounting firms than previous studies have.

Standardization is the last form of technical work identified in the thesis' research. Standardizing work has been identified as an activity which can be performed by professional associations (Perkmann & Spicer, 2008). However, this type of institutional work has not been observed in other geographical contexts to a wide extent in the field of sustainability assurance. Silvola and Vinnari (2020) found attempts by accounting firms to standardize the practice of sustainability assurance to limited success, differing from the findings of this study. FAR, as a legitimate and trusted national professional association, is able to develop generally accepted assurance standards and guides in Sweden, including ones related to sustainability (Sonnerfeldt & Eklöv Alander, 2023 forthcoming). FAR's standardizing work with RevR6 is one such example, whereby they promote a common method when applying the international assurance standard ISAE 3000 (FAR, 2022d). FAR's past development of sustainability assurance standards, and planned efforts to continue when ISSA 5000 for the CSRD is released, appears to distinguish the Swedish context. The big accounting firms also have representatives in the IAASB which is responsible for developing ISSA 5000, illustrating another example of the accounting firms being involved in standardization efforts in the field. By formulating sustainability assurance standards, FAR helps their members with conducting sustainability assurances in a formalized and equal manner. Increasing the standardization of their members' service offering may additionally provide the accounting profession with an increased credibility and attractivity as providers of sustainability assurance, which is one of the goals of FAR (2022c).



## 6. Conclusion

This study has sought to answer the question of how and why accounting firms and the professional association FAR are engaging in different forms of activities to promote their interests when the CSRD is implemented in Sweden. With the help of institutional work as a framework for the study, the empirical findings have been made sense of and analyzed in a structured manner. Previous research has studied accounting firms at work in the field of sustainability assurance in an unregulated context and other geographical locations (Farooq & de Villiers, 2019a; 2019b; O'Dwyer, 2011; O'Dwyer, Owen & Unerman, 2011; Silvola & Vinnari, 2020), while this thesis has been conducted in a new landscape, where the standardization of sustainability reporting and assurance is escalating.

The thesis' findings contribute to the empirical research field of professional organizations and associations in the sustainability assurance context, both in terms of what they do and why they do it. The findings illustrate a shift in the big accounting firms' activities concerning sustainability assurance compared to previous studies, with evidence of a significant influence by the professional association FAR in advocating activities. FAR's advocacy is now focused on the transposition of the CSRD into Swedish law, where the discussion on IASPs is central. As a regulatory intermediary, FAR is also able to standardize the field of sustainability assurance in Sweden by publishing generally accepted standards and recommendations. Through the IAASB, the accounting firms are also able to influence the development of international standards, such as ISSA 5000. The accounting firms' engagements in sustainability issues in different networks has also seemingly increased, both nationally and transnationally. The firms' education of their internal workforce has also intensified compared to what previous studies have shown. Furthermore, the way in which the accounting firms portray sustainability assurance and themselves to their clients appears to have changed, with them largely highlighting the risks and opportunities related to the practice, rather than its societal value. These changes can partially be attributed to the introduction of the CSRD, which has had a significant impact on the organizational field for professional associations and the big accounting firms. It is thereby apparent that the institutional work changes when regulation is introduced.

In theoretical terms, the findings of this thesis support the suggestion that powerful and influential actors may undertake multiple forms of institutional work to promote a practice and reach their goals. Perkmann and Spicer (2008) recommended future studies to apply their synthesized framework of institutional work in empirical studies, to use it as a lens and test

their propositions and assumptions, which this study has aimed to do. Previous studies highlighted the importance of political work in an early stage of the creation phase of an institution, defined by its lack of formal regulations (Silvola & Vinnari, 2020). This study, which instead is conducted in a later stage where formal regulations have been introduced, identified the two other categories of institutional work as more pronounced. The technical work undertaken by the studied actors in the field has increased compared to previously, as the actors were participating to a higher degree in education and standardization of the practice and maintain a similar level of work concerning mimicry. Furthermore, the cultural work they undertake has noticeably increased. Their normative networks have strengthened considerably, and their construction of identities has remained important but with a shift in framing. Even though the actors are still engaged in political work, the findings indicate that other forms of institutional work have become more central in the final stages in the creation of the institution than in the initial stages.

The limitations of the study can be related to factors of scope, framework, and time. Firstly, the study only focuses on the big accounting firms and FAR. By devoting the entire study to only those actors, the study may lose the wider perspective of the situation. Secondly, the choice of theoretical framework is also recognized as a possible limitation, as it provides a specific point of view applied to discuss and analyze all empirical findings. Finally, the thesis' research is ultimately limited by time restraints. It has therefore not been possible to conduct longitudinal study, which is recommended as an appropriate approach by past studies (Perkmann & Spicer, 2008). Moreover, the shortage of time may have contributed to a more limited number of interviews, as well as a constrained document study.

There are several relevant avenues for future research. Since this thesis only focuses on Swedish actors, there are still possibilities to study the field in other geographical contexts, which Silvola and Vinnari (2020) recommend as well. This thesis showed that FAR has a significant influence in the Swedish context, which begs the question of whether there are professional associations in other countries with a similar role. Future studies could also cover more actor groups to achieve a broader scope, which this thesis sacrifices for its depth. This study has applied the institutional work theory as a framework to analyze and understand the empirical findings, but it is encouraged to investigate the applicability of other theoretical frameworks to find new valuable perspectives. For instance, the Legitimacy Theory has been applied to study professional organizations in the sustainability assurance field previously (O'Dwyer, Owen & Unerman, 2011), but not in this new context. The Actor Network Theory could also be applied to study the network of relationships between national and transnational

organizations in the sustainability assurance domain (Rydin & Tate, 2016). For future studies, a longitudinal study would enable a better understanding of the development of the practice and what forms of institutional work the actors apply in the different stages. Future studies have the chance of researching the later phases of the practice's diffusion, e.g., maintaining and disrupting, which have not yet been reached. This would constitute valuable findings as well, as this has not been possible to study in the field of sustainability assurance before.

## Appendix

### Interview questions

| Swedish  | English   |
|--|---|
| Har ni utfört aktivt arbete på strategisk nivå för att uppmuntra och förespråka en etablering av hållbarhetsgranskning?  | Have you conducted active work at a strategic level to promote and advocate for the establishment of sustainability assurance?  |
| Har ni förespråkat en lagstadgad hållbarhetsgranskning, som nu blir fallet med CSRD?   | Have you promoted legally mandated sustainability assurance, which now is the case with the CSRD?   |
| Tilläggsdirektiv till Utredningen om skattetransparens och några redovisningsfrågor (Ju 2021:06) ger i uppdrag till en utredare att ta ställning till den svenska implementeringen av CSRD. Vad tycker ni är viktigt att ha i åtanke i den svenska kontexten? Vilken roll spelar ni i denna kontext? | Tilläggsdirektiv till Utredningen om skattetransparens och några redovisningsfrågor (Ju 2021:06), assigns an investigator to assess the Swedish implementation of the CSRD. What do you think is important to consider in the Swedish context? What role do you play in this context? |
| Hållbarhet är något aktuellt i Sverige just nu, men många företag har tidigare inte låtit sina hållbarhetsrapporter granskas. Varför tycker ni att hållbarhetsgranskning är värdefullt? Hur kommunicerar ni detta utåt?  | Sustainability is an important topic in Sweden right now, but many companies have previously not had their sustainability reports assured. Why do you think sustainability assurance is valuable? How do you communicate this outwardly?  |
| Har ni genomfört organisatoriska reformer i arbetsroller eller dylikt för att etablera hållbarhetsgranskning och er roll i domänet?  | Have you implemented organizational reforms in job roles or similar aspects to establish sustainability assurance and your role in the domain?  |
| Har ni utfört aktivt arbete med utbildning och upplärning relaterat till hållbarhetsgranskning internt och/eller externt?  | Have you actively worked on education and training related to sustainability auditing internally and/or externally?   |
| CSRD öppnar för olika upplägg av hållbarhetsgranskningen för EUs medlemsstater, bland annat genom  | The CSRD allows for various arrangements of sustainability assurance for EU member states, including through Independent  |

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Independent Assurance Service Providers.  
Vilka krav på kompetens är rimliga att sätta  
på de som utför hållbarhetsgranskning?

Assurance Service Providers. What  
competency requirements are reasonable to  
set for those performing sustainability  
auditing?

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Finns det något ni skulle vilja tillägga?

Is there anything else you would like to add?

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