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**The constitution of non-financial reporting: agency and
structure**

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DECLARE that the present dissertation, entitled “**The constitution of non-financial reporting: agency and structure**”, submitted by Mercedes Luque Vílchez to obtain the title of Doctor with international mention, was carried out under their supervision in the Doctoral Program “Ciencias Jurídicas, Económicas y Sociales” at the Universidad de Burgos.

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“If I have seen further it is by standing on the shoulders of giants”
(Newton, 1676)

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TABLE OF CONTENTS

ABSTRACT	17
RESUMEN	19
INTRODUCTION	21
1. Research topic and motivations.....	23
2. Objectives	26
3. Structure	27
CHAPTER ONE	33
Reporting Models do not Translate Well: Failing to Regulate CSR Reporting in Spain	33
1. Introduction	35
2. Research methodology	39
2.1 Content Analysis: The Quality and Comprehensiveness of Sustainability Reports.....	39
2.2 Qualitative interviews.....	44
3. The Quality of Sustainability Reports and its Evolution	45
4. An Interpretation of the Causes of the Regulatory Failure	48
4.1 Competing Views about CSR Reporting and CSR Reporting Regulation	49
4.2 CSR Reporting Patterns	52
4.3 Interest and Power	53

5. Concluding comments	59
Notes	63
Appendixes	67
CHAPTER TWO: The institutionalization of sustainability assurance services: a comparison between Italy and the United States	75
1. Introduction	77
2. The institutionalization of sustainability reporting assurance	82
3. Research method	86
3.1 Sample.....	86
3.2 Content analysis and research instrument	88
3.3 Research design.....	89
4. Results	90
5. Discussion, concluding comments and implications .	104
Notes	111
Appendixes	113
CHAPTER THREE: The social constitution of non-financial reporting regulation: agency, structure and conflict	117
1. Introduction	119
2. Theoretical scaffolding	124
2.1 A socio-political approach to law and regulation	124
2.2 Structuration theory: an overview	128
3. Contextualization and field study	131
3.1 CSR and CSR regulation in Spain: an overview.....	131
3.2 The field.....	137
4. Research method	138
4.1 Qualitative interviews.....	139
4.2 Participation in meetings	141
4.3 Document analysis	142

5. A conflictual relationship between the actors of the Spanish NFRR field	142
6. Inspecting the Spanish field of non-financial reporting regulation.....	146
6.1 Resources mediating interactions. A multiplicity of centres of power.....	147
6.2 Rules.....	150
7. Discussion and concluding remarks	159
Notes	163
Appendixes	165
CHAPTER FOUR: The influence of managers' personal values on environmental disclosure: the mediating role of the organizational structure	173
1. Introduction	175
2. Literature review and hypotheses development	177
3. Research design.....	182
3.1. Sample selection	182
3.2 Methods and Variable measurement.....	184
3.3. Econometric model.....	192
4. Results.....	194
4.1. Global measurement model.....	194
4.2. Measurement model.....	195
4.3. Structural model	200
5. Conclusion	209
CONCLUSIONS AND FINAL REMARKS	217
REFERENCES.....	223

TABLES, FIGURES AND APPENDIXES

Tables

Table 1.1: CSR reporting by Spanish companies (>1,000 employees).....	42
Table 1.2: Quality of CSR reports published by Spanish companies (>1,000 employees), by type of company.....	47
Table 2.1: Sustainability assurance in Italy and the US (2003/2013).	91
Table 2.2: Evolution of the map of the providers of SR assurance services in Italy and the US (2003/2013).....	103
Table 4.1. Disaggregation of information about personal values.	188
Table 4.2: Disaggregation of information about organizational structure (OS) in terms of its approach to sustainability. ...	189
Table 4.3: Analysis of the measurement model.....	195
Table 4.4: Evaluation of the discriminant validity.....	198
Table 4.5: PLS structural model path coefficients and predictive power (N=137).....	201
Table 4.6: Mediation analysis.....	203
Table 4.7: Additional analysis (N=137).....	208

Figures

Figure 2.1: HHI of concentration of the disclosure items in Italy and the US for period 2007/2013.....	93
Figure 2.2: Distribution of the disclosure items in Italy and US for periods 2007/2010 and 2011/2013.	96

Figure 2.3: HHI of concentration of the disclosure items in Italy and the US over period 2007/2013, by type of assesor.....	100
Figure 3.1: Summary of the involvement of Spanish public administration in promoting CSR.	135
Figure 4.1: Theoretical model proposed.....	182
Figure 4.2: Structural model and results.	206

Appendixes

Appendix 1.1: Companies covered by SEL regulation disclosing a sustainability report at least in one year between 2010 and 2013 (N = 65).	69
Appendix 1.2: CSR Disclosure Index.....	70
Appendix 1.3: Interviews.	74
Appendix 2.1: Characterization of both Italian and US sustainability reports over 2003/2013.	115
Appendix 3.1: Interviews.....	167
Appendix 3.2: Interview guide.	171
Appendix 4.1: Industries included in the sample.....	215

LIST OF ACRONYMS

- AVE:** average variance extracted
- CEOE:** Confederación Española de Organizaciones Empresariales
- CI:** confidence interval
- CR:** composite reliability
- CSR:** corporate social responsibility
- ED:** environmental disclosure
- EMAS:** Eco-Management and Audit Scheme
- GRI:** Global Reporting Initiative
- HHI:** Herfindahl-Hirschman index
- HTMT:** Heterotrait-Monotrait ratio
- IAASB:** International Auditing and Assurance Standards Board
- MPV:** managers' personal values
- NFRR:** non-financial reporting regulation
- NGO:** non-governmental organization
- OS:** organizational structure
- PLS:** Partial Least Square
- PSOE:** Partido Socialista Obrero Español
- RQ:** research question
- SABI:** Sistema de Análisis de Balances Ibéricos
- SCCSR:** State Council on CSR
- SEL:** Sustainability Economy Law

SR: sustainability reporting

SRMR: Standardized Root Mean Square Residual

UGT: Unión General de Trabajadores

VIF: variance inflation factor

ABSTRACT

The general objective of this dissertation is to deepen the understanding of CSR reporting practice through the exploration of both social structures and agency. This dissertation includes four investigations that explore and explain such question through different theoretical and methodological approaches. In particular, each of these investigations explores, respectively: (i) the influence of state actors on non-financial reporting through processes of law-making and law-implementation; (ii) the influence of non-state actors on non-financial reporting through informal rules (norms of practice); (iii) the influence of agency and structures in the constitution of a particular process of non-financial reporting regulation; and (iv) the influence of organizational actors' agency (in particular, managers' personal values) and organizational structure in environmental reporting. Accordingly, each chapter contains one of these investigations. The first and second chapters, based on theoretical insights drawn from institutional sociology and normativity production, reveal that non-financial reporting practice (CSR reporting and assurance) seems to be explained by the agency of a plurality of actors (state and non-state actors) and the existence of certain reporting patterns. The third and fourth chapters, based on theoretical insights drawn from Giddens' structuration theory, conclude that the actors' capacity to exercise agency in a specific context is determined by different structures, at both the organizational (chapter four) and the historical, political and economic (chapter three) levels. Overall, this dissertation reflects on the central aspects around which the emission of rules of practice (norms) in non-financial reporting is articulated

RESUMEN

La presente tesis doctoral tiene como objetivo explorar el papel que desempeñan la agencia y la estructura en la constitución de normas de divulgación de información no financiera. Esta tesis incluye cuatro investigaciones que exploran y explican, mediante el uso de diferentes enfoques teóricos y metodológicos, dicha cuestión. En particular, estas investigaciones analizan: (i) la influencia de los actores estatales en la información no financiera a través de procesos de elaboración y aplicación de leyes; (ii) la influencia de actores no estatales en la información no financiera a través de reglas informales (normas de la práctica); (iii) la influencia de la agencia y las estructuras en la constitución de un proceso particular de regulación de información no financiera; y (iv) la influencia de la agencia de los actores organizacionales (en particular, los valores personales de los gerentes) y la estructura organizativa en los informes ambientales. Cada capítulo de esta tesis contiene una de estas investigaciones. Los capítulos primero y segundo, basados en nociones teóricas derivadas de la sociología institucional y la producción de normatividad, revelan que las prácticas habituales de divulgación de información no-financiera y de su aseguramiento parecen explicarse por la agencia de una pluralidad de actores (actores estatales y no estatales) y la influencia de ciertos patrones de comportamiento ya establecidos. Los capítulos tercero y cuarto, basados en nociones extraídas de la teoría de la estructuración de Giddens, concluyen que la capacidad de los actores para ejercer agencia en un contexto específico está determinada por diferentes estructuras, tanto organizacionales (cuarto capítulo) como

históricas, políticas y económicas (tercer capítulo). A modo de resumen, esta tesis refleja los aspectos centrales alrededor de los cuales se articula la emisión de reglas de la práctica (normas) en informes no financieros.

INTRODUCTION

**Research topic, motivations, objectives
and structure**

1. Research topic and motivations

Corporate social responsibility reporting (also known as sustainability or non-financial reporting) is a process through which organizations disclose information about the (economic, social and environmental) impacts of their corporate activities, to discharge their accountability to their stakeholders. The birth of initiatives such as the Global Reporting Initiative (hereafter GRI), along with other factors, has led most of the world largest companies to consider corporate social responsibility reporting as an essential part of their reporting practice (Boiral, 2013; Leszczynska, 2012; Tschopp and Huefner, 2015). More specifically, in the year 2014 a total of 3,200 sustainability reports (prepared according the GRI G4 guide) were published worldwide.

However, despite the number of firms that produce corporate social responsibility (hereafter CSR) reports, this activity is still in an embryonic stage compared to financial reporting (Tschopp and Huefner, 2015). For example, in relation to the quality of the information disclosed in these reports, although there has been a notable improvement in recent years worldwide (KPMG, 2013, 2015), an extended number of studies in this research field (Archel, Fernández and Larrinaga, 2008; Bebbington, Larrinaga and Moneva-Abadía, 2008; Boiral, 2013; Gray, 2010; Gray and Milne, 2002; Milne and Gray, 2007, 2013) have observed that there is still substantial room for improvement in terms of reporting quality. For example, this literature has expressed concerns about: (i) the lack of involvement of the stakeholders' representatives in the production

of sustainability reports (Boiral, 2013); (ii) the lack of materiality (Archel, et al., 2008; Boiral, 2013), transparency (Boiral, 2013; Leszczynska, 2012), and neutrality (Cho, Laine, Roberts and Rodrigue, 2016) of the information disclosed; or (iii) the managerial capture of the CSR reporting process (Milne and Gray, 2007, 2013).

This has led some authors in the literature to suggest that some kind of governmental regulation in non-financial information is needed to improve the quality of sustainability disclosure (Albareda, Lozano and Ysa, 2007; Deegan, 2002; Gallhofer and Haslam, 1997; Mobus, 2005; Moon, 2004; Owen, Gray and Bebbington, 1997). In this context, the European Union is a notable case. The European Union, in order to improve corporate transparency, has approved Directive 2014/95/EU on non-financial disclosure, requiring EU member states to make a range of social, environmental and employee-related disclosures mandatory for large companies. Furthermore, in different countries such as Denmark, France or Spain, national laws were developed to regulate non-financial reporting, even before the approval of the EU Directive.

An additional measure suggested to improve the quality of non-financial information is sustainability assurance (Hodge, Subramaniam and Stewart, 2009; Kolk and Perego, 2010; Park and Bronson, 2005). Sustainability assurance, through independent and qualified external revision of the reports, has been construed as an indication of sustainability reporting (hereafter SR) credibility, assessing and judging non-financial reporting (Gray, Adams and Owen, 2014). Nowadays, 63% of the top 250 global companies producing SR are providing an assurance statement as part of it (KPMG, 2015).

However, a substantial number of studies in this research field has revealed that neither sustainability assurance (Boiral, Heras-Saizarbitoria and Brotherton, 2017; O'Dwyer, 2011) nor governmental regulations (e.g. Bebbington, 2013; Bebbington, Kirk and Larrinaga, 2012; Chauvey, Giordano-Spring, Cho and Patten, 2015; Chelli, Durocher and Richard, 2014) guarantee better corporate practices, in terms of both quantity and quality of non-financial reporting. These studies suggest that non-financial reporting is a complex activity and its understanding requires opening the black box of the practice itself.

To that end, this dissertation tries to inspect how “national political and social contexts” affect “the development and interpretation of accounting regulations” (Canning and O'Dwyer, 2013, p. 169). The interplay between the institutional forces emerged in these contexts (structure) and actors' capacity to influence/intervene in the course of social interaction (agency) has been studied in the literature on financial accounting regulation (e.g. Canning and O'Dwyer, 2013; Crawford, Ferguson, Helliard and Power, 2014). In social and environmental accounting literature, scholars such as Bebbington, et al. (2012) have explained the existence of a plurality of actors (state actors, and non-state actors such as professional organizations) and different manifestations of structural elements, such as previous patterns in a specific context, to understand how non-financial reporting practices become binding. Other authors have elucidated that while agency involves the capacity of intervening in a particular situation, structure can constrain and enable the exercise of agency (Adams, 2002; Adams and

McNicholas, 2007; Buhr, 2002; Contrafatto and Burns, 2013; Contrafatto, 2014).

In particular, the literature on non-financial reporting regulation has focused on actors' agency (Deegan, 2002) or, more recently, on the role that structural forces play in the exercise of power (e.g. Archel, Husillos, and Spence, 2011), but it has not considered the interplay of both forces in the constitution of a particular process of non-financial reporting regulation. This dissertation represents a step forward in that it addresses the more detailed question of how agency and structure interact to produce a particular practice and/or regulation of non-financial reporting.

To do so, this dissertation studies the phenomenon of non-financial reporting from different methodological approaches. On the one hand, interpretive methods such as semi-structured interviews allow extracting knowledge from the discourses and the subjectivity of the interviewees (Berg and Lune, 2012). On the other hand, quantitative methods such as structural equation models based on surveys allow obtaining information evaluating the relationships between different variables.

2. Objectives

The general objective of this dissertation is to deepen the understanding of the CSR reporting practice through the exploration of both social structures and agency. This PhD dissertation includes four investigations:

- a) The first study explores the influence of state actors on non-financial reporting through processes of law-making and law-implementation.
- b) The second investigation explores the influence of non-state actors on non-financial reporting through informal rules (norms of practice).
- c) The third study explores the influence of agency and structures in the constitution of a particular process of non-financial reporting regulation.
- d) The fourth investigation explores the influence of organizational actors' agency (in particular, managers' personal values) and organizational structure in environmental reporting.

3. Structure

This PhD dissertation is structured in four chapters that seek to address each of the investigations above mentioned.

The first chapter explores the influence of state actors on non-financial reporting through processes of law-making and law-implementation. This chapter tries to understand, drawing on theoretical insights about normativity production (Bebbington et al., 2012) and power (Archel et al., 2011; Cooper and Owen, 2007; Lukes, 1985), the role that the Spanish Government plays in the regulation of non-financial reporting. The empirical setting of this chapter consists of the Spanish CSR regulation context in 2008-2014. To that end, this chapter analyzes the sustainability reports disclosed by organizations affected by Spanish Sustainable

Economy Law, which has been cited by the EU as a precedent for Directive 2014/95/EU, as well as the perceptions of relevant actors in this empirical setting. The results of the content analysis of sustainability reports suggest that the Spanish state and its regulation did not have any impact in terms of both quantity and quality of the information disclosed. With the help of interviews, the chapter has examined three elements that seem to explain the limited effect of the role that the Spanish state had in this regulation: (i) competing views about CSR and CSR regulation; (ii) lack of congruence with previous similar practices; and (iii) issues of power and interest. This chapter, co-authored with Carlos Larrinaga, was published in *Social, Environmental and Accountability Journal*, vol. 36, No. 1, pp. 56-75.

The second chapter tries to provide some insights into how non-state actors influence non-financial reporting through informal rules (norms of practice). Specifically, this chapter draws on institutional sociology and notions of normativity production to explain whether and how particular assurance practices became norms in specific constituencies. To that end, this research presents a descriptive-exploratory analysis of assurance practices in two contexts (Italy and the US) in a period of eleven years (2003/2013). The choice of Italy and the US is driven by their contrasting situation with regard to the level assurance practice: Italy is one of the countries with the highest assurance activity and the US is one of the countries with the lowest assurance activity. The analysis reveals that SR assurance disclosure practice converged in Italy around a set of specific disclosure items, in such a way that by the end of the period under analysis, almost all Italian assurance statements were disclosing the same

information. A different situation was found in the US, where there is not any sign of convergence of assurance disclosure practices. Results reveal the association of particular professionals in the earlier and later stages of SR assurance norms' life-cycle. It was also found a significant influence of non-Big4 firms (such as engineering and consulting firms) in the initial stages of diffusion of SR assurance disclosure practices (Italy and the US). Results indicate that Big4 accounting firms are positively associated with the narrowing of the assurance norm into a subset of this activity in later stages of its life-cycle (Italy). In contrast, lower participation by the Big4 accounting firms is found in the US, where a lower percentage of sustainability reports are assured and there is a higher variation in SR assurance disclosure practices. This chapter is on a revise and resubmit in a double-blind refereed international journal.

The third chapter explores the influence of agency and structures in the constitution of a particular process of non-financial reporting regulation. The empirical setting of this chapter is very similar to that of the first chapter. The main difference is that it deepens on the social constitution of non-financial reporting regulation, the actors involved in them and their relationships. The empirical setting comprises the Spanish CSR regulation context in 2008-2017 and focuses on Directive 2014/95/EU on non-financial disclosure, the State Council on CSR of 2008, the Sustainable Economy Law 2/2011 of 4 March and the Royal Decree-Law 18/2017 of 24 November 2017. This last regulation has transposed Directive 2014/95/EU to the Spanish context. Under insights from structuration theory and the political-sociological approach to law and regulation, this chapter explores through qualitative interviews

the manner in which the interactions between the actors participating in what we call the ‘Spanish non-financial reporting regulation field’ are produced and reproduced by both the agency of actors and structural elements (for example, taken-for-granted assumptions). In doing so, this chapter tries to respond the call made in Covalleski, Dirsmith and Weiss (2013) for further research applying structuration theory in the investigation of how law and regulation are socially constructed. In that respect, this chapter enriches Bebbington et al. (2012), who pointed out the relevance of both agency and structural elements in non-financial reporting regulation, but did not analyze the interplay between agencies and structures to produce a particular form of non-financial reporting regulation. This paper has been accepted for presentation in the 12th Interdisciplinary Perspectives on Accounting Conference (Edinburgh, 2018).

Chapter four explores through a quantitative method the influence of organizational actors’ agency (more specifically, managers’ personal values) and organizational structure in environmental reporting. The empirical setting of this chapter consists of the largest 410 environmentally sensitive Spanish firms in the year 2009. Specifically, this research aims to take a further step in the examination of internal factors’ influence over environmental information disclosed by companies. Drawing on the notion of agency-structure dualism, this research tries to deepen on the explanation of environmental reporting through a structural equation model that tests the influence of managers’ personal values and organizational structural elements in reporting. This work concludes that the relationship between managers’ personal values

and environmental disclosure quality is not direct, but is fully mediated by the organizational structure. This paper is on a revise and resubmit in a double-blind referred international journal.

CHAPTER ONE
Reporting Models do not Translate Well:
Failing to Regulate CSR Reporting in Spain

“The danger is always that the business response will be designed to create an appearance of change rather than a genuine improvement in performance” (Parkinson, 2003, p. 32)

1. Introduction

In October 2014, the European Union adopted Directive 2014/95/EU on non-financial disclosure¹, with the stated aim of raising corporate social and environmental reporting to a similar level across all EU member countries. This Directive is part of the ‘renewed EU strategy 2011–2014 for Corporate Social Responsibility’ (European Commission, 2013), which stressed the need to encourage companies to work on the path of sustainable growth, responsible business behavior and sustainable employment generation to, among other things, restore the investor and consumer needed trust, lost in the economic and social crises. According to Directive 2014/95/EU companies of a certain size² are asked to make a minimum of social and environmental disclosures, including a description of the business, the policies related to those issues, the outcome of those policies, the main risks involved in those issues and key non-financial performance indicators.

As a Directive, this EU regulation will not affect companies until it is transposed into the domestic law in each EU member state. However, different EU member states had already developed initiatives to regulate corporate social and environmental disclosures. Such is the case of Spain, where the Sustainable

Economy Law 2/2011 of 4 March (hereafter SEL), in article 39, mandates corporations exceeding 1,000 employees to publish a sustainability report. More specifically, this law establishes that the ‘State Council on Corporate Social Responsibility’ (hereafter SCCSR) will recommend for corporations, organizations and public and private entities a set of characteristics and indicators for CSR self-evaluation, as well as a set of reporting models or references in accordance with international standards in this area³. In the case of corporations, SEL establishes that they may publish annually a CSR report that respond to the previously mentioned international objectives, characteristics, indicators and standards, which, in any case, shall state whether it has been verified by a third party or not. Finally, the law states that, in the case of corporations exceeding 1,000 employees, this annual CSR report will be submitted to the SCCSR to allow proper monitoring of the degree of implementation of CSR policies by large Spanish companies. The same law (article 35) establishes the obligation to submit annual sustainability reports for state-owned companies. The SCCSR is a stakeholder consultation process sponsored by the Spanish Government that promotes, stimulates and monitors CSR (Archel, Husillos and Spence, 2011).

Such an attempt to regulate CSR disclosure is consistent with the argument often made in the literature that only regulation will increase the quality and comparability of reported information and discharge the corporate accountability with stakeholders (see e.g. Deegan, 2002). However, this perspective has been problematized in studies reporting empirical evidence in comparative policy contexts (Bebbington, Kirk and Larrinaga, 2012; Chauvey,

Giordano-Spring, Cho and Patten, 2015) that show how governmental intervention in CSR disclosure alone does not guarantee better disclosure levels from the private sector. Bebbington et al. (2012, p. 90) contend that ‘formal legislation alone may not be sufficient to create a norm’ and suggest that a fruitful research avenue is to investigate the ways in which actors recognise norms as binding (production of normativity). In a similar vein, Edelman (1990) notes that changes in legal rules may not be sufficient for the production of ‘institutional change’. A normative climate is also needed to create effective changes in the law, that is, changes producing norms. This normative climate resonates with previous ideas in social and environmental accounting literature about the relevance of structural elements (Bebbington et al., 2012) or institutional reform (Cooper and Owen, 2007) for a legislative corporate reporting reform to affect reporting practice. Bebbington et al. (2012) draw on the notion of normativity to explain how reporting norms have multiple sources and are not necessarily mandated and enforced by a hierarchical state. Arguably, this theoretical perspective illustrates how ‘environmental and sustainability reporting (hereafter SR) practices of organizations have converged internationally around guidelines designed by non-governmental organizations such as the GRI, which does not seek to enforce compliance’ (Bebbington et al., 2012, p. 78). These authors suggest that normativity is the outcome of (i) the agency of some (state/non-state) actors and (ii) structural elements, such as the existence of previous norms, the precise design of the regulation or the existence of relatively stable patterns of expectations.

EU working papers cited two laws as precedent of the EU Directive (European Commission, 2013): the Spanish SEL and the 2008 Act amending the Danish Financial Statement Act. The latter, approved the 16th of December 2008, requires large businesses, listed companies and state-owned companies to disclose their CSR performance in their annual reports (Danish Government, 2008)⁴. It is interesting to note that, according to different observers (Barañano, 2009; PWC, 2011), the Spanish regulation tried to emulate the Danish reporting model. However, while the latter had a substantial effect on CSR reporting practice (Danish Business Authority, 2013), the former failed, according to our analysis (see below), to generate a significant change in terms of the number of reporting companies and only produced a meagre increase in reporting quality.

This chapter explores the specific regulation process followed in Spain and tries to provide insight into which were the structural elements that resulted in the outcome of the Spanish regulation. This study contributes to existing debates over CSR reporting regulation, providing insight into what is the role that the state can play (or is willing to play) in the regulation of CSR reporting. This study also contributes to our appreciation of the possible processes that might facilitate or impede the effective implementation of Directive 2014/95/EU.

To explore the regulation process and the circumstances of the Spanish regulation, this chapter adopts a multi-method approach. This is based on content analysis to portray the state and evolution of CSR reporting as a result of the Spanish regulation and on 12 qualitative interviews with participants in the stakeholder dialogue

process, company managers and consultants, to understand how the law and the alleged reporting norms came into being. The rest of the chapter is structured as follows. The next section describes the multi-method approach adopted in the empirical investigation. Section three describes the results of the content analysis, supporting the argument that the regulation was a failure. Section four tries to provide an explanation for the lack of normativity of the SEL, based on three main arguments: the lack of shared expectations about CSR reporting, the incongruence of the regulation with previous CSR reporting practice and the mobilisation of power by those opposing the regulation. Finally, section five provides some concluding comments.

2. Research methodology

Considering the complexity of the research question, the empirical investigation is multimethod in approach. This methodological approach is consistent with previous literature (Bebbington et al., 2012) and consists of a content analysis of the sustainability reports published by the largest Spanish corporations and qualitative interviews with relevant actors in the regulation field.

2.1 Content Analysis: The Quality and Comprehensiveness of Sustainability Reports

We performed a content analysis of a sample of the sustainability reports published by large Spanish companies between 2010 and

2013 to explore whether the quality of SR changed as a result of the Spanish Government initiatives.

The first step in the analysis consisted in identifying the large Spanish companies that were producing CSR/sustainability reports. The SEL states that corporations with more than 1,000 employees will submit their CSR reports to allow the SCCSR to monitor the implementation of CSR policies in large Spanish companies. Therefore, we gathered from Sistema de Análisis de Balances Ibéricos (SABI) database and other sources⁵ the list of Spanish corporations with more than 1,000 employees in 2012, resulting in 206⁶ companies (see table 1.1). Considering that very little progress has been made in terms of the SCCSR receiving CSR reports from companies (see later) and that nothing like a SCCSR reports database existed, sustainability reports were identified by reference to the GRI databases and corporate websites. Accordingly, we checked whether the previously identified Spanish corporations had an entry in the GRI databases. We also navigated the corporate websites of all the corporations to identify CSR reports that were not included in the GRI database.

Among the 206 corporations a maximum of 53 entities in 2010 and a minimum of 43 in 2012 were found to publish CSR reports (see table 1.1, panel A). Over all the period studied, 65 entities among the regulated corporations⁷ were identified as issuing CSR reports at least in one year (see appendix 1.1). Furthermore, five of these entities produced more than one CSR report, that is, one or more subsidiaries were producing a CSR report, apart from the parent company (see footnote, appendix 1.1). For example, as depicted in appendix 1.1, two Abengoa subsidiaries (Befesa and Telvent)

published CSR reports, apart from the parent company. Accordingly, the number of CSR reports included in the analysis goes from a minimum of 48 in 2012 to a maximum of 56 in 2010 (see table 1.1, panel B).

Although the Spanish Government and the SCCSR have failed to provide corporations with a set of suitable characteristics and indicators (see later), it makes sense to analyze not just the impact of the SEL regulation in terms of the number of reports disclosed, but also in terms of their quality. Accordingly, we developed a disclosure index and performed a content analysis (Abbott and Monsen, 1979) of all the reports to measure their quality and comprehensiveness, with the main purpose of assessing the evolution of reporting quality over the years, before and after the enactment of the SEL regulation. Results are displayed in table 1.1, panel B.

Table 1.1: CSR reporting by Spanish companies (>1,000 employees).

Panel A: Number of regulated and reporting companies				
	2010	2011	2012	2013
(1) Number of regulated companies (>1,000 employees in 2012)	206	206	206	206
Of which ...				
(2) ... disclosing GRI reports (percentage)	43	35	35	37
(3) ... disclosing non-GRI reports (percentage)	21	17	17	18
(4) = (2) + (3) ... disclosing CSR reports (percentage)	10	9	8	12
	5	4	4	6
	53	44	43	49
	26	21	21	24
Panel B: Number of reports and CSR disclosure index				
	2010	2011	2012	2013
(5) = (6) + (7) = N	56	50	48	51
(6) = Number of GRI reports	46	41	40	39
(7) = Number of non-GRI reports	10	9	8	12
CSR overall disclosure index	0.268	0.286	0.300	0.294
CSR disclosure index (GRI reports)	0.304	0.318	0.331	0.346
CSR disclosure index (non-GRI reports)	0.107	0.138	0.146	0.125

We designed and applied a CSR disclosure index that measures the presence/absence of disclosure items and characteristics (Guidry and Patten, 2010). This index (see appendix 1.2) draws on Clarkson, Li, Richardson and Vasvari's (2008)⁸ comprehensive environmental

disclosure index and the GRI guidelines (GRI, 2006, 2013). In that regard, we are aware of the criticisms of GRI (Gray, 2006), but this choice is justified by three reasons: (i) we do not venture to conclude about the absolute quality of CSR reporting, but only about its evolution at about the time the SEL regulation entered into force; (ii) SEL stated that the reporting models to be proposed to Spanish corporations should be in accordance with ‘international standards’ and, arguably, the GRI guidelines are those that best fit in this category (Ballou, 2006) and (iii) Clarkson et al.’s (2008) disclosure index was also developed from GRI categories. Compared to Clarkson et al.’s (2008) index, which focused on environmental issues, our CSR disclosure index includes a slightly lower number of environmental performance indicators (maximum score from 60 to 48), but includes economic and social performance indicators (maximum scores of 24 and 96, respectively), selected from those considered in G3 and G4.⁹ Along the same lines, our CSR disclosure index only considers a selection of the non-performance disclosures considered by Clarkson et al. (2008), incorporating broader CSR issues (ISO26000 and SA8000) and the European certification scheme Eco-Management and Audit Scheme (EMAS).

Following thematic content analysis (Jones and Shoemaker, 1994; Milne and Adler, 1999), coding consisted in searching each disclosure item/characteristic in each sustainability report. As depicted in appendix 1.2, a value of one was given to every present disclosure items, excepted performance indicators. To account for the quality of performance indicators a 0–6 score was assigned, following Clarkson et al. (2008). Content analysis validity and reliability (Potter and Levine-Donnerstein, 1999) relied on the

described coding procedures designed for the thematic content analysis and the fact that disclosure items and characteristics derive from internationally recognised guidelines. Additionally, one of the authors coded all the reports and a second coder analyzed independently 27% of them. All discrepancies were discussed and agreed.¹⁰

2.2 Qualitative interviews

We also carried out 12 qualitative semi-structured interviews (Alvesson, 2010; Miller and Crabtree, 1999; Wengraf, 2001) to explore the process of CSR disclosure regulation in the event of the Spanish SEL (see appendix 1.3). More specifically, these interviews are used to understand how the structural elements referred to in the introduction can provide some insight into the effects of the Spanish regulation of CSR reporting.

Interviewees were all involved in CSR activities and were active members in corporations, NGOs, one union, one business association and one academic institution. Among them, three were members of the SCCSR and three more were working with SCCSR members. The SCCSR was created by the Spanish Government in 2008 by Royal Decree 221/2008, as an ‘advisory and consultative’ body, under the Ministry of Employment. This body is (in legal terms) a relevant actor in the regulation of SR in Spain, because (i) the SEL regulation mandates the SCCSR to establish indicators and reporting characteristics and models and (ii) sustainability reports of large companies are to be sent to this institution so that it can monitor the degree of implementation of CSR in large Spanish

companies. The SCCSR consisted of 56 individuals that allegedly represented the 4 groups that were considered as having the greatest stakes in CSR (Olcese and Alfaro, 2014): the government itself, the business sector, the so-called most representative trade unions and other civil society organizations (especially non-governmental organizations). Although we were unable to interview government officers, we have analyzed secondary information available in the official SCCSR website, as well as interviews with the Director-General in charge of CSR in the Spanish Ministry of Employment.

Interviews were conducted between November 2014 and June 2015 and lasted between 15 and 50 minutes. Each interview commenced with a brief description of the research, followed by the interview itself. Consistent with the exploratory nature of this research, and the characteristics of qualitative interviews, the interview guide evolved, in an interactive process, as the interpretation progressed, with new questions being added for exploring concerns that emerged in previous interviews (Miller and Crabtree, 1999). Interviews were recorded and transcribed. As regards analysis, interview transcripts were read several times in an interpretive and reflexive way, rather than in a literal way (Miller and Crabtree, 1999). We made codes to categorise the insights from the interviews (Miles and Huberman, 1994), taking notes of specific interviews' statements.

3. The Quality of Sustainability Reports and its Evolution

The results of the content analysis are displayed in table 1.1. Between 35 and 43 companies produced at least one stand-alone

sustainability report in the years analyzed according to the GRI databases, that is, 17–21% of the companies affected by the regulation (table 1.1, panel A). Considering that corporations could choose not to follow the GRI guidelines to elaborate stand-alone sustainability reports and/or not submit their reports to the GRI databases, we also searched the corporate websites of the rest of the regulated companies and identified between 8 and 12 additional CSR (non-GRI) reports, which generally were less ambitious in terms of quality and the topics covered (see later). The results present a clear picture, indicating that from 21% to 26% of the regulated entities are producing CSR reports in the four years investigated. Further, contrary to our initial expectations, the passing of the new law was not associated with any increase, but with a decrease in the number of regulated companies issuing sustainability reports.

As regards the quality and comprehensiveness of CSR reports, table 1.1 (panel B) displays an overall disclosure score below 30% (between 30% and 35% for GRI reports and between 10% and 15% for non-GRI reporters)¹¹. Concerning the evolution of reporting, there is a statistically significant increase of the disclosure score in the year the regulation entered into force and the subsequent year (2011 and 2012), compared to the reference year (2010)¹². The disclosure index increased 0.018 from 2010 to 2011 (7%) and 0.032 from 2010 to 2012 (12%). This increase in quality should be balanced against the decrease in the number of reports and reporting companies. In 2012, the number of reporting companies dropped from 53 to 43, that is, 26% and 21% of the regulated companies (the number of CSR reports reveals a similar trend).

Table 1.1 displays movements in opposite directions for the last year examined (2013), with more companies reporting and a slight decrease in quality.

Table 1.2: Quality of CSR reports published by Spanish companies (>1,000 employees), by type of company.

	2010	2011	2012	2013
Domestic companies	0.256	0.272	0.270	0.335
Multinational companies	0.298	0.309	0.319	0.274
Subsidiaries of foreign companies	0.224	0.250	0.277	0.211

A further analysis inquired into the association between reporting quality and the type of company. The results of this analysis (table 1.2) reveal that there does not seem to be any substantial difference in disclosure quality between domestic companies, multinational companies and subsidiaries of foreign companies, although the disclosure index is generally higher for multinational companies than for domestic companies and subsidiaries of foreign companies. However, this difference is only statistically significant for 2013, when the disclosure index is higher for domestic companies.¹³

Overall, these results indicate that the Spanish regulation on CSR reporting has failed to produce the expected increase in either the number of reporting companies or the quality of the reports¹⁴. This situation contrasts with the results of the Danish regulation, which has significantly increased the scope of CSR reporting. According to the Danish Business Authority (2013), in the course of the first

three years of the legal obligation (since 2009) nearly 50% of the companies reported on CSR for the first time. In the following sections, we try to provide an explanation of the Spanish regulatory failure with the assistance of the insights obtained from qualitative interviews.

4. An Interpretation of the Causes of the Regulatory Failure

This section reports the analysis of a set of qualitative interviews that were made with actors that participated in CSR reporting from different perspectives. This analysis is inspired by the literature that has looked at the regulation of CSR reporting (e.g. Bebbington et al., 2012; Chauvey et al., 2015), which recognises that governmental regulation on CSR reporting does not alone guarantee better levels of disclosure. In this regard, Bebbington et al. (2012) elaborated on the notion that reporting norms stem from the agency of a plurality of actors (the state, private regulators, norm carriers and companies themselves) and structural elements, such as the existence of previous norms, the precise design of the regulation or the existence of relatively stable patterns of expectations. These structural elements are described by Edelman (1990) as the normative climate necessary to accompany changes in the law. Following these ideas, the analysis of the interviews is structured around three themes that could explain the failure of the government's attempt to regulate this activity (Bebbington et al., 2012). First, rather than a common understanding about CSR reporting the interviews reveal a diversity of views about CSR and the opportunity of regulating it. Second, the practices suggested by the new regulation did not fit in the

existing reporting norms. And, finally, in the absence of previous practices and shared expectations about CSR reporting, the new regulation could have succeeded by relying on state authority. However, the government did not have (or did not choose to use its) power to enforce the regulation, something that was correlated with the political process and the mobilisation of power by those opposing the regulation.

4.1 Competing Views about CSR Reporting and CSR Reporting Regulation

The SCCSR is a privileged empirical setting to explore the understandings of CSR reporting in Spain (Archel et al., 2011). As explained above, the SEL attributed a major role to the SCCSR: according to the law, the SCCSR had to provide a set of guidelines to companies and CSR reports were to be submitted to this council. This ‘advisory and consultative’ body, under the Ministry of Employment, was created in 2008 by the then socialist government after waiting in vain for months for the Spanish business sector to sponsor a multi-stakeholder initiative to promote CSR. The SCCSR was organised into five working groups that dealt with different issues (Olcese and Alfaro, 2014): (i) The role of CSR in the crisis; (ii) transparency, communication and reporting standards and SR; (iii) consumption and socially responsible investment; (iv) CSR and education and (v) management of diversity, cohesion and cooperation for responsible development. However, soon after the approval of the SEL regulation in March 2011, the conservative Partido Popular won the general elections (by the end of 2011) and

SCCSR was reorganised into three working groups (Olcese and Alfaro, 2014): (i) CSR promotion; (ii) socially responsible investment for pension funds and (iii) corporate governance. By 2012 about 80 meetings had taken place (Cinco Días, 2012), but neither the business sector nor the representatives of civil society were happy with the results.

The working group on ‘transparency, communication and reporting standards and sustainability reporting’ was already active in 2008. A union officer that participated in the stakeholder consultation process describes the optimistic atmosphere of the moment:

“In the early days, there were several working groups and many representatives of the civil society participated, trying to reach agreements and solutions.” (SCCSR member, union officer)

However, those familiar with social and environmental accounting research will not find the problem encountered by this working group particularly unexpected: although issues such as indicators and reporting models were initially considered by some as neutral, very soon they became political, with different camps supporting different discourses, as Archel et al. (2011) have already described.

As a result, for example:

“When the civil society representatives proposed some issues to be reported, business representatives insisted that so much detail was unnecessary.” (SCCSR member, independent expert)

Therefore, rather than by shared expectations, the CSR reporting field was characterised by competing views that, for the sake of simplicity, could be grouped in the corporate and the civil society camps. On the one hand, the former argued for the inherent

voluntary nature of CSR, which was conceived as a competitive advantage. But a somewhat cruder version of the business perspective about CSR emerged in 2012. In June, the Spanish Confederation of Employers' Organizations (Confederación Española de Organizaciones Empresariales; CEOE) made a case for abolishing the SCCSR and SEL's article 39, with three main arguments (Cinco Días, 2012): first, the SCCSR had been ineffective; second, the debates and the documents produced by the SCCSR assessing and examining CSR actions by the government, unions, consumer associations and civil society, were too inquisitorial and could discourage further companies to engage in CSR activities and third, SEL's article 39 would be a cost for Spanish companies that could harm their international competitiveness.

“In the recently adopted EU Directive even the European Commission has refused to establish the indicators the company has to report. So, if this is the framework at the European level, it is useless to set a standard for Spanish companies which may affect competitiveness in the European context.” (SCCSR member, business association)

On the other hand, civil society stakeholders had entirely different expectations about CSR reporting regulation.

“In my organization, we strive to promote work integration of people with disabilities. But if companies aren't required to report their compliance with the minimum percentage of disabled people employed required by law, then the integration of disabled people in the job market is at stake.” (CSR assistant, social organization)

“Customers are demanding the regulation of CSR reporting by large corporations providing basic services, such as financial services.”
(SCCSR member, independent expert)

In summary, competing views about CSR reporting regulation were expressed in an overtly political way, with discussions about CSR framed from the outset in antagonistic terms and even the law (and the SCCSR itself) being a contested matter. The lack of shared expectations (Bebbington et al., 2012) was an obstacle for a CSR reporting norm to emerge.

4.2 CSR Reporting Patterns

CSR reporting was an established practice among large listed Spanish companies, following GRI guidelines (De la Cuesta and Valor, 2013). According to García-Benau, Sierra-Garcia and Zorio (2013), 51% of the companies listed on the Spanish Stock Market produced CSR reports for the period 2008–2010. This established practice, consisting in CSR reporting by large listed Spanish companies, was more consistent with the Danish model, which focused on specific large companies and listed companies, than with the Spanish regulation. The CSR Director-General stated in March 2011¹⁵ that, unlike the Danish legislation, the Spanish Government did not want to circumscribe this practice to listed companies, but had opted to expand the field of action to non-listed companies with more than 1,000 employees. Additionally, SEL’s mandate for the SCCSR to provide guidance on the characteristics and content of CSR reports (in accordance with international standards in this area) was probably impractical, given the overtly political situation

described above, but also unexpected, given the previous reliance on GRI reporting guidelines. The fact is that the SCCSR was unable to agree and issue such guidance (see later).

Bebbington et al. (2012) suggest that the normativity of CSR reporting depends in part on its congruence with previous similar practices. By 2011, CSR reporting was an increasing activity among large listed companies, showing a convergence of reporting practices in a different sphere than the nation-state (Higgins and Larrinaga, 2014), that is, much of this activity followed the international (GRI) guidelines, irrespectively of the firm's country of origin. In this state of affairs, a new domestic regulation that did not build upon such previous practice was unlikely to become a norm. The empirical evidence seems to confirm such explanation, since Spanish companies just ignored the submission to the SCCSR and, in essence, listed companies kept producing sustainability reports following the GRI model, as they were doing before the SEL was enacted.

4.3 Interest and Power

The lack of previous practice and shared values about CSR reporting could have been alleviated by the enforcement mechanisms of a strong Westphalian state. However, after the Spanish law was enacted, and in contrast with the Danish case,¹⁶ the state failed to implement enforcement mechanisms such as the guidelines for reporting metrics and the system for the submission of CSR reports. These failures have made unclear what is required for a company to meet the SEL regulation.

This failure to implement enforcement mechanisms can be explained by the erosion of state's power. Corporate regulation is presently characterised by the increasing power of large multinationals (Scherer and Palazzo, 2008) and by the emergence of an increasing number of actors that compete with the state in corporate regulation (e.g. the GRI in the field of SR). Archel et al. (2009) have described how contemporary governments play mediating and facilitating (rather than regulatory) roles.

Such was the case in the regulation of CSR reporting in Spain, where authority was distributed among a plurality of social actors with conflicting interests and views about CSR reporting.

“The problem is that although the CSR Director-General takes no notice, she does not have enough authority to bring order. She needs an authoritative intermediary. There are too many antagonistic standpoints in the SCCSR.” (CSR senior consultant)

Drawing on the work of Bourdieu, Archel et al. (2011) studied how a dominant discourse about CSR emerged from the discussions of the SCCSR in the period 2008–2010. They studied this council as a field (Swartz, 1997), as an arena for struggle about the monopoly over the orthodoxy. Archel et al. (2011) found that the heretic position of actors, such as NGOs, were marginalised and their participation served to legitimise the business case discourse. However, in our analysis of CSR reporting regulation we did not find a settled field that necessarily produced symbolic violence, but one characterised by ongoing struggle, with conflicting interests mobilising not only symbolic but also material resources. Lukes (1985) three dimensions of power are useful to make sense of these findings. According to Lukes, the most insidious form of power is

domination, a notion that is amenable to the Bourdieusian notion of symbolic violence, ‘were the dominated acquiesce in their domination’ (Dowding, 2006, p. 137). However, this form of power was not identified in the SCCSR, where competing views about CSR reporting regulation were articulated in an overtly political way and where the law and the SCCSR themselves were contested (see Cooper and Owen, 2007).

The two less sophisticated forms of power in Lukes (1985) are more fruitful for explaining the findings in this case. They are encapsulated in the observation of decisions about conflicts (first dimension) and the analysis of the forces that prevent potential conflicts (second dimension). The first dimension is concerned by the behavior and the decisions made about issues that entail an observable conflict, which often is linked with the political process (Lukes, 1985). The most obvious way in which this form of power has affected the regulation of CSR reporting was through the representation of different stakeholders in the SCCSR, whose composition has always been contested. Unions, NGOs and CSR advocates have complained about the overrepresentation of the business sector (Archel et al., 2011), disapproving, for example, the fact that:

“Business lobbies count as stakeholders in the SCCSR, while in fact they are quite a different actor.” (SCCSR member, union officer)

In contrast, the main business association (CEOE) considered that the composition of the SCCSR was unbalanced because, in their view, this institution should be piloted by the main actors in CSR – companies and the associations that represent them – suggesting that they should amount to 50% of the council (Cinco Días, 2012).

On similar grounds, the observable behavior included threats to leave working groups if certain aspects were discussed. For example, business stakeholders left the ‘indicators’ working group in protest for the discussion of tax avoidance schemes:

“When the discussion switched to the regulation of tax avoidance reporting ... they [business stakeholders] left the group.” (SCCSR member, union officer)

But the more far-reaching way in which this form of power shaped CSR regulation was through the political process. The Socialist Party platform for the 2004 elections included a clause on CSR stating that ‘a law will establish the obligation for listed companies to comply with transparency requirements in such a way that those companies prepare a triple bottom line account, on economic, social and environmental performance, as part of their annual report’ (PSOE, 2004, p. 135). As described by Archel et al. (2011), when this political party won the elections in 2004 it deployed a set of CSR initiatives that included the SCCSR and the SEL. This was an important resource for unions, NGOs and CSR advocates. However, those opposing the regulation of CSR reporting also deployed their resources, as described by Archel et al. (2011). As a result, where the 2004 platform said ‘obligation’, the SEL (approved in March 2011) established that the ‘CSR report will be submitted to the SCCSR to allow proper monitoring’ and, finally, the socialist CSR Director-General affirmed in June 2011¹⁷ that non-reporters were not to be punished, but through this regulation a record would be left about whether or not they consider their social responsibility is important as they manage their businesses.

The Popular Party won the elections in November 2011 and was in charge of giving effect to the SEL approved a few months earlier. The CSR policy of the new government stressed the voluntary nature of CSR (e.g. Gobierno de España, 2014), something that provided legitimacy to the business position in the SCCSR. As discussed by Cooper and Owen (2007) in the case of Operating and Financial Review in the UK, the timid implementation of the SEL was interrupted by the government. For example, as explained above, it reorganised the SCCSR, eliminating the ‘transparency, communication and reporting standards and sustainability reporting’ working group, leaving CSR reporting to the imprecise ‘CSR promotion’ working group.

“When the [Popular Party] came it eliminated all the previous work. And talking about priorities, well, you see that CSR is not a priority. We now have a strategy that allegedly recovered what was left from the Sustainable Economy Law, but actually it does not; because it has no landmarks, no clear objectives, no dates, no established measurement.”
(CSR senior consultant)

Lukes (1985) second dimension of power focuses on the forces that prevent making decisions about potential issues in which there is an observable conflict. The analysis of this second dimension of power requires identifying ‘non-decision making’ (15). Unlike the case reported by Cooper and Owen (2007), CSR reporting was framed in Spain by the non-decisions that the government of the Popular Party made with respect to two crucial issues: the non-production of the reporting guidelines requested by law and the non-establishment of the submission mechanism ordered in the same law.

As the former concerns, soon after the SEL was enacted, but before the Popular Party won the elections, the SCCSR had approved a working paper¹⁸ that was meant to provide the basis for the reporting guidelines mandated by the law. This is an anonymous 23 pages' document without references that provides a shallow introduction to CSR, two reporting principles (transparency and comprehensiveness) and six criteria, along with a list of social, environmental and corporate governance issues without much explanation.

“It’s true that there is a table with indicators approved in the SCCSR plenary in May 2011 (...). This table includes indicators, but very little progress was made in terms of what is the information that each indicator should include.” (SCCSR, independent expert)

However, influenced by the political process, the activity of the SCCSR was gradually declining, transforming itself over the years into a forum for exchanging ideas (Coller, Cambra-Fierro, Gulatingeri, and Melero-Polo, 2014). Eventually, the (politicized) council was unable to produce the reporting guidelines. It could even be argued that this goal was set to fail, since external references, both in terms of accepted reporting guidelines and academic/professional experts were not included in the council. Similar observations can be made about the submission mechanism: the SCCSR did not establish any.

“Furthermore, there isn’t any official way to deliver reports to the SCCSR as such. This is why the SCCSR does not receive any information from any company, as the [SEL] suggested.” (SCCSR, independent expert, emphasis added)

These non-decisions were crucial for the failure to implement enforcement mechanisms, whose absence made very unlikely the success of CSR reporting obligation included in the SEL regulation. However, in contrast to Archel et al. (2011), we did not find evidence of such widespread symbolic violence. Our analysis of the SCCSR rather shows a field that remains contested, one in which observable (rather than symbolic) power is mobilised, not to legitimise the business case discourse, but to eradicate the debate.

5. Concluding comments

This chapter explores the attempt to regulate CSR reporting for Spanish companies through the Sustainable Economy Law 2/2011. This regulation is relevant for Directive 2014/95/EU on non-financial reporting, since the preparatory EU documents cited the Spanish regulation as a precedent and, arguably, its analysis will provide information about how the Directive is transposed to the legislation of different EU countries.

The empirical investigation of this chapter adopts a multi-method approach, based on content analysis and qualitative interviews. This investigation revealed that the Spanish regulation did not have any effect in terms of the number of companies disclosing sustainability reports. Rather, the number of reports decreased in 2011 and 2012, when the new regulation entered into force. Conversely, the content analysis revealed that, although reporting quality remained at very modest levels (around 30% for GRI reports and 15% for non-GRI reports), it increased modestly in 2011 and 2012. It has to be taken into consideration that this disclosure index only refers to the

sustainability reports that were actually published and the slight increase in average quality could be explained by the shrinking number of reports. The analysis by type of company reveals that while generally disclosure scores are generally higher for multinational companies, in 2013 it is significantly higher for domestic companies. Further research should explore whether this change persists and how it can be explained. In summary, these results illustrate the limited impact that CSR reporting regulation had in Spain.

Qualitative interviews with relevant actors, along with ideas about normativity (Bebbington et al., 2012) and power (Archel et al., 2011; Cooper and Owen, 2007; Lukes, 1985) allowed us to explore how different elements of the regulation explain the limited effect of this regulation: competing views about CSR and CSR regulation, CSR reporting patterns and the role of power. Finding a common ground in terms of the understandings about CSR and CSR reporting was improbable, since the discussions about CSR were framed from the outset in antagonistic terms and the law itself was a contested matter. A field characterised by ongoing conflict inhibited the emergence of any CSR reporting norm.

Further, CSR reporting regulation did not build upon previous reporting practices. The governmental policy of extending CSR reporting to non-listed companies turned out to be asymptotic to the previous practice: while the regulation did not seem to have any effect on non-listed companies, listed ones continued their reporting practices despite any regulation development.

Finally, the role of the state is problematic, since a plurality of actors have agency in this regulation. In this regard, despite the limited

effect of the regulation, we could not find a settled business discourse (Archel, et al., 2011), a dominant form of power (Lukes, 1985), but a field with ongoing struggle. Consistent with Cooper and Owen (2007), we found observable (rather than symbolical) power mobilised to suppress the potential of CSR reporting regulation.

This analysis shows that regulation needs to be read between the lines, that is, different attributes of the law erode its normativity, as Bebbington et al. (2012) suggested. Examples would include leaving the specifics to bodies that cannot reach an agreement or omitting the consequences of non-compliance. More specifically, the findings of this chapter are important for analysing the prospects of Directive 2014/95/EU. The results of this chapter suggest that it is important to analyze the attributes of the directive and how it is transposed into the domestic legislations and from them to corporate reporting practice, which is, reporting norms. Three important attributes of the Directive would be: (i) how reporting guidelines and reporting models are approached; the plans for publishing non-binding reporting guidelines are problematic, according to the Spanish experience; (ii) which mechanisms are devised, if any, for the enforcement of the reporting obligation and (iii) what is the process by which the Directive is transposed into the domestic legislations.

Notes

1. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014.
2. Companies with more than 500 employees and either with total assets exceeding 20 million euros or with annual turnover surpassing 40 million euros are obliged under the Directive.
3. The law also mandated that those guidelines had to conform to the principles of transparency, good governance, commitment to the local communities and to the environment, respect for human rights, improving labor relations, promoting the integration of women, effective equality between women and men, equal opportunities, universal accessibility for the disabled and sustainable consumption. (SEL, article 39).
4. Following the 2008 Act, further initiatives by the Danish government include the Danish Action Plan for CSR (2012–2015) (Danish Government 2012). This plan contends that CSR and transparency are an essential part of the agenda for growth, in response to financial crisis. This plan also proposes to improve the guidance on CSR issues. As part of this regulation, the Danish government carries out an in-depth evaluation of the disclosure of CSR policies to the government (especially by listed corporations) and how those policies are implemented (2008, 2012).
5. SABI is a Bureau Van Dijk database containing more than one million companies in Spain and Portugal. SABI is the reference in the area of financial and governance information for Spanish non-financial firms (see <http://www.bvdinfo.com/en-gb/our-products/companyinformation/national-products/sabi>). For financial firms we referred to the financial industry yearbook published by the Asociación Española de Banca (2012).
6. The initial list of companies retrieved from the databases included more than 400 companies. But, subsequently this sample was reduced by considering only the parent company when two or more entities were found to be part of the same group.

7. It has to be remembered that, for the purposes of this study, companies refer to those that are regulated under LES (having separate legal entity and more than 1,000 employees). Some CSR reports identified in this study which were published by subsidiaries of those companies, were included in the analysis for the only purposes of analysing the overall evolution of CSR disclosure.

8. Clarkson et al. (2008) developed a comprehensive environmental disclosure scale. This 95-point index was largely based on GRI guidelines and consists of two major sections. Their 'hard disclosure items' include four sub-sections labelled as (i) governance and structure management, (ii) credibility, (iii) environmental performance indicators (EPIs) and (iv) environmental spending, whereas 'soft disclosure items' comprise three sub-sections classified as (i) vision and strategy claims, (ii) environmental profile and (iii) environmental initiative.

9. The purpose of this study is not to evaluate the influence of G4 over the quality/comprehensiveness of CSR reporting. However, the emphasis on materiality in G4 could, arguably, weaken the link between completeness and reporting quality that underlies our disclosure index. Nevertheless, G4 does not seem to affect our results, since we are analysing only 13 G4 reports (all in 2013) and the disclosure index of the G3 reports in 2013 ($N = 26$) does not statistically differ from the disclosure index of the G4 reports ($N = 13$) (Wilcoxon-Test = 941.000; $p = .309$).

10. The main discrepancies between coders revolved around ISO 26000, SA 8000, internal environmental audits and the fine-tuning of the 0–6 scores of performance indicators. Internal validity is the key concern of this study, as it intends to evaluate quality disclosure evolution in the period 2010–2013.

11. The mean disclosure index for the GRI reports is significantly greater than the mean disclosure index of the non-GRI reports in all the years (Wilcoxon $Z = -4.655$ (2010); -4.396 (2011); -4.234 (2012); -4.999 (2013); $p < .05$).

12. The mean disclosure index is significantly greater for 2011 and for 2012 than for 2010 (Wilcoxon $Z = -3.634$ (2010–2011); -4.171 (2010–2012); $p < .05$). In the rest of the cases there are not significant differences ($p > .05$).

13. Kruskal–Wallis $H = 4.894$ (2010); 2.729 (2011); 1.899 (2012); $p > .05$. $H = 7.125$ (2013); $p < .05$).

14. A competing explanation could rely on the economic crisis, that is, the regulation could have a positive effect in some companies, compensated by the decision of other companies to discontinue CSR reporting due to the economic crisis. This explanation has, however, to be rejected. García-Benau, et al. (2013) conducted a study before the SEL entered into force and found that CSR reporting increased significantly during the 2008–2010 crisis period compared to the 2005–2007 pre-crisis period.
15. Servimedia. 22/03/2011. RSC. Más de 400 empresas tendrán que comunicar al Cerse sus políticas de responsabilidad social. Accessed July 27, 2015, from <http://www.servimedia.es/noticias/detalle.aspx?s=24andn=129411>.
16. As has been pointed out above, the Danish government provided guidelines to the companies and developed an in-depth evaluation process (2008, 2012).
17. Servimedia. 1/6/2011. RSC. Los informes de responsabilidad social no serán obligatorios en España, según Juan José Barrera. Accessed July 27, 2015, from <http://www.servimedia.es/noticias/detalle.aspx?s=24andn=145956>.
18. “Transparencia, Comunicación y Standards de los Informes y Memorias de Sostenibilidad” Accessed July 27, 2015, from <http://www.observatorio-rse.org.es/sitio/cerse.aspx>.

Appendix

Appendix 1.1: Companies covered by SEL regulation disclosing a sustainability report at least in one year between 2010 and 2013 (N = 65).

Domestic corporations (N= 17)	
Atresmedia (previously Grupo Antena 3)	Indra
Banco Sabadell	Industria de Turbo Propulsores (ITP)
Bankinter	Meliá Hoteles
Bilbao Bizkaya Fundación Bancaria: Bilbao Bizkaya Kutxa	Mutua Madrileña
Compañía Logística de Hidrocarburos (CLH)	Automovilística*
ESTEVE	NH Hoteles
Fondo Reestructuración Ordenada Bancaria: Bankia and BMN†	Inmobiliaria Espacio
Fundación Bancaria Caixa: Critería Caixa	Red Eléctrica de España
Fundación Bancaria Ibercaja: Ibercaja Banco	Repsol YPF
Fundación Bancaria Unicaja: Unicaja Banco	Sacyr
Garibaldi*	Técnicas Reunidas
Grupo Leche Pascual	Telefónica España
Mahou Group	
Martínez Lorient*	
Mercadona*	
Sar Residencial y Asistencial	
Sorea Sociedad Regional de Abastecimiento de aguas	
Multinational Corporations (N=29)	Subsidiaries of foreign multinational corporations (N=19)
Abengoa: Abengoa S.A, Befesa and Telvent†	Accenture Spain
Acciona	Alcampo
Acerinox	Amadeus
ACS	AREAS
Banco Popular	Atento
Banco Santander	BSH Spain
BBVA	Carrefour*
Enagas	Cepsa
Ecros*	Danone*
El Corte Inglés*	Iberia Airlines of Spain
Endesa	Ikea Ibérica*
FCC: FCC Construcción and Aqualia†	Nestlé Spain*
Ferrovial S.A: Ferrovial Servicios and Cespa†	Peugeot Citroën*
Gas Natural	Orange*
Gestamp	Heineken Spain
Grupo Cortefiel	Siemens
Iberdrola	Sopra*
Inditex	Stef*
	Vodafone Group: Vodafone
	España SAU and Vodafone
	ONO S.A†

* Non-GRI reporters.

† Four corporations (FCC, Ferrovial S.A, Fondo Reestructuración Ordenada Bancaria, Vodafone Group) produced two CSR reports and one corporation (Abengoa) produced three CSR reports at least in one year.

Appendix 1.2: CSR Disclosure Index.

(1) Governance and structure management (max = 7)

- (1) Existence of a Department and/or management position for environmental management (0–1).
- (2) Stakeholder involvement in the policies established in the organization (0–1).
- (3) Implementation of ISO 14001 at the plant and/or at the company level (0–1).
- (4) Implementation of ISO 26000 at the plant and/or at the company level (0–1).
- (5) Implementation of SA 8000 at the plant and/or at the company level (0–1).
- (6) Implementation of EMAS at the plant and/or at the company level (0–1).
- (7) Executive compensation is linked to social, economic and/or environmental performance (0–1).

(2) Credibility (max = 3)

- (8) Table identifying the location of the standard disclosures in the report (0–1).
- (9) Policy and current practice with regard to seeking external assurance for the report (0–1).
- (10) How the organization has responded to stakeholder engagement (0–1).

(3) Performance Indicators

(3.1) Economic Performance Indicators (max = 24)

- (11) EPI on direct economic value generated and distributed (0–6).
- (12) EPI on procedures for local hiring and proportion of senior management from the local community (0–6).
- (13) EPI on indirect economic impact, describing it (0–6).
- (14) EPI on the proportion of spending on locally-based suppliers at significant locations of operation (0–6).

(3.2) Environmental Performance Indicators (max = 48)

- (15) EPI on materials used by weight or volume (0–6).
- (16) EPI on energy use and/or energy efficiency (0–6).

- (17) EPI on water use and/or water use efficiency (0–6).
- (18) EPI on significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas (0–6).
- (19) EPI on greenhouse gas emissions (0–6).
- (20) EPI on waste generation and/or management (recycling, re-use, reducing, treatment and disposal) (0–6).
- (21) EPI on environmental impacts of products and services (0–6).
- (22) EPI on compliance performance (e.g. reportable incidents) (0–6).

(3.3) Social Performance Indicators (max = 96)

- (23) SPI on the total number and rate of new employee hires and employee turnover by age group, gender, and region (0–6).
- (24) SPI on rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender (0–6).
- (25) SPI on the average hours of training per year per employee by gender, and by employee category (0–6).
- (26) SPI on the composition of governance bodies and breakdown of employees per category according to gender, age group and minority group membership (0–6).
- (27) SPI on the ratio of basic salary of men to women by employee category, by significant locations of operation (0–6).
- (28) SPI on the percentage and total number of significant investment agreements that include clauses incorporating human rights concerns, or that have undergone human rights screening (0–6).
- (29) SPI on the total number of incidents of discrimination and corrective actions taken (0–6).
- (30) SPI on the number of operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights (0–6).
- (31) SPI on the number of operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor (0–6).

(32) SPI on the number of operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor (0–6).

(33) SPI on the number of operations that have been subject to human rights reviews and/or impact assessments (0–6).

(34) SPI on the percentage of operations with implemented local community engagement, impact assessments, and development programmes (0–6).

(35) SPI on the number of business units analyzed for risks related to corruption (0–6).

(36) SPI on the life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures (0–6).

(37) SPI on the type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements (0–6).

(38) SPI on programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship (0–6).

(4) Compliance spending (max = 3)

(39) Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (0–1).

(40) Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with social laws and regulations (0–1).

(41) Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (0–1).

(5) Vision and strategy claims (max = 2)

(42) Statement from the most senior decision-maker of the organization (e.g. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy to stakeholders (0–1).

(43) Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report (0–1).

(6) Sustainability profile (max = 3)

- (44) Description of key impacts, risks and opportunities (0–1).
- (45) Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries) (0–1).
- (46) Scale of the reporting organization (e.g. number of employees or number of operations) (0–1).

(7) Sustainability Initiatives (max = 2)

- (47) Internal environmental audits (0–1).
- (48) Protocols to cope with accidents at works (0–1).

Total maximum possible score = 188

Following Clarkson et al. (2008) performance indicators were assigned a 0–6 score to account for their quality. This score is the addition of the following informational aspects: (1) Performance data is presented; (2) Performance data is presented relative to peers/rivals or industry; (3) Performance data is presented relative to previous periods (trend analysis); (4) Performance data is presented relative to targets; (5) Performance data is presented both in absolute and normalized form; (6) Performance data is presented at disaggregate level (i.e. plant, business unit, geographic segment) (p. 313).

Appendix 1.3: Interviews.

Interviewee	Organization	Role in SCCSR	No. Interviews
CSR	Business association	Member representing his/her organization	1
CSR Assistant	Social organization focusing on physical disability	Assistant to the member that represents the part of the SCCSR related with disability	1
Fundraising Director	NGO fighting poverty and social discrimination	Works with the member that represents the part of the SCCSR related with NGOs	1
Officer	Large trade union	Member representing his/her organization. Member of the Executive Council	2
Professor	Academic institution	Independent expert	1
CSR Manager	Corporation in the automobile parts manufacturing industry	None	1
Marketing Director	Corporation in the food processing industry	None	1
Human Resources Director	Spanish MNC in the automobile parts manufacturing industry	None	1
Technical Director	NGO focusing on mental disability	None	1
Risk Manager	Large subsidiary, car manufacturing industry	None	1
CSR Senior Consultant	CSR consulting organization	Works with different SCCSR representatives	1

CHAPTER TWO

**The institutionalization of sustainability assurance
services:
a comparison between Italy and the United States**

1. Introduction

Over the past decade, sustainability reporting has begun to be equated with standard business practice among large global companies. KPMG (2013) reported that nearly 100% of the largest 250 global companies, as well as the top 100 companies in several countries, were committed to Sustainability Reporting (SR), affirming that “*the debate on whether companies should report on sustainability... or not is dead and buried*” (KPMG, 2013, p. 10). However, both researchers (Adams, 2004; Boiral, 2013, 2017; Cho, Patten and Roberts, 2006; Dando and Swift, 2003; Gray, 2010; Levy, Brown and de Jong, 2010; Milne and Gray, 2013; Moneva, Archel and Correa, 2006) and practitioners (KPMG, 2013) have expressed concern over the reliability, the materiality, and the quality of SR, at the expense of accountability and transparency to stakeholder (O’Dwyer and Owen, 2007).

Along the same lines, it has been suggested both by researchers (Hodge, Subramaniam and Stewart, 2009; Kolk and Perego, 2010; Park and Brorson, 2005) and by practitioners (ACCA, 2004; KPMG, 2002) that sustainability assurance, through independent and qualified external revision of the reports, can confer credibility and validity on the information in SR. In this regard, sustainability assurance has been construed as an indication of SR credibility and it is, therefore, important for discharging the social responsibility of firms.

The literature suggests that it is possible to increase the credibility and the quality of SR, to improve stakeholder confidence in the

accuracy and the validity of the information that is disclosed. The risk of perceiving SR as addressing only the needs of the most powerful stakeholders is also reduced through the adoption of independent external assurance (Adams and Evans, 2004; Deegan, Barry and Shelly, 2006; Hodge et al., 2009; Kolk and Perego, 2010; O'Dwyer and Owen, 2007; Park and Brorson, 2005; Perego and Kolk, 2012; Simnett, Vanstraelen and Chua, 2009; Zadek, Raynard, Forstater and Oelschlaegel, 2004). The literature refers to several further benefits: contributing to reduce agency costs (Carey, Simnett and Tanewski, 2000; Fuhrmann, Ott, Looks and Guenther, 2017); to provide stability to markets and their operations (Kend, 2015); to reduce information asymmetries (Fuhrmann et al., 2017); and to improve overall performance in relation to existing policies, commitments, and risks (Zadek et al., 2004).

Consistent with these purported benefits, international evidence indicates an increase in the number of corporations providing third-party assurance of their CSR reports (e.g. Casey and Grenier, 2015; Peters and Romi, 2015). For example, KPMG (2015) reports that 63% of the top 250 global companies that produce SRs provide an assurance statement as part of the process.

Previous research studied whether this phenomenon was determined by corporate characteristics, such as social and environmental sensitiveness (Casey and Grenier, 2015; Peters and Romi, 2015; Simnett et al., 2009); size (Branco, Delgado, Gomes and Eugénio, 2014; Cho, Michelin, Patten and Roberts, 2014; Kolk and Perego, 2010; Sierra, Zorio and García Benau, 2013; Simnett, Vanstraelen and Chua, 2009); and listed status (Zorio, et al., 2013). However, an investigation of corporate attributes alone cannot

explain the lack of homogeneity found in sustainability assurance when different countries are compared. This practice appears to have attained higher levels in Denmark, Italy and Spain, with more than 60% of the reports assured (KPMG, 2011), eliciting the institutional question of whether this practice has become a norm (Bebbington, et al., 2012; Finnemore and Sikkink, 1998; Sunstein, 1996). In contrast, an assurance norm is very unlikely in countries such as the US or Canada, where assurance is less prevalent.

The explanation of the divergence in assurance practice in different countries can enlighten us to the functions that assurance services perform (such as conferring credibility on the SR) and the obstacles that this practice might encounter. In that respect, ethical corporate behavior is assumed to be a function that SR assurance performs. In this regard, the aim of this investigation is to throw light on sustainability assurance. To do so, it explores, from an institutional theory perspective, whether and how specific assurance practices became norms in specific constituencies and the connection of those norms with the ethical function of SR assurance. In doing so, this investigation is making three sets of contributions.

First, previous literature has approached the question of the international diversity of sustainability assurance through cross-sectional studies that inquire into the association between sustainability assurance and a set of country-specific institutional factors. Some studies found a positive relation with stakeholder-oriented countries (Gürtürk and Hahn, 2016; Kolk and Perego, 2010; Simnett et al., 2009; Zhou, Simnett and Green, 2013) and higher institutional pressure for corporate sustainability (Gürtürk and Hahn, 2016; Kolk and Perego, 2010). Evidence is also mixed

with respect to the legal systems and the strengths of each country (Kolk and Perego, 2010; Simnett et al., 2009; Zhou et al., 2013). Arguments to explain why sustainability assurance has developed so quickly to become a business standard in some countries, rather than in others require a longitudinal investigation that pays more attention to the process of normativity production. Sustainability assurance is a quite recent, fragile and contested practice, where the boundaries between attestation and advice and between technical procedures and sustainability are fluid, with assurors seeking to define the framework of sustainability assurance (O'Dwyer, 2011). This chapter contributes to the literature by focusing on the norm itself, performing a longitudinal study (Casey and Grenier 2015), and drawing on some ideas from institutional theory and normativity production (Bebbington et al., 2012; Brunnée and Toope, 1997; Finnemore and Sikkink, 1998; Sunstein, 1996).

Second, previous literature on country-specific institutional factors merely understands sustainability assurance as a dichotomous factor that either is or is not present. This investigation contributes to the previous literature by examining whether and how the institutional development of sustainability assurance could affect this practice in terms of content. Different studies have illustrated the diversity of sustainability assurance practices in terms of extension and quality (Dando and Swift, 2003; Hummel, Schlick and Fifka, 2017; Manetti and Becatti, 2009; Mock, Rao and Srivastava, 2013, Mock, Strohm and Swartz, 2007; O'Dwyer and Owen, 2005; Perego, 2009). For example, Hummel et al. (2017) inquired into the quality of the assurance process (in terms of depth and breadth of the assurance statement). This study contributes to the literature by showing, how

the crystallization of a sustainability assurance disclosure norm in a specific constituency is coupled with a narrower focus on specific assurance activities. It finds that more unsettled and embryonic assurance practices are coupled with more ambitious practices (see O'Dwyer, 2011).

Third, previous assurance research (Andon, Free and O'Dwyer, 2015) has not only inquired into the characteristics of the professionals involved in the assurance service, but it has also inquired into the characteristics of the processes in which they participate. In this regard, the ethical function of assurance depends not only on the company that seeks assurance, but also on other actors such as the assurors (Hummel, Schlick and Fifka, 2017). The assurator interacts with firms seeking assurance and building norms that determine assurance quality and the content of SR assurance statements. This investigation contributes to the previous literature by exploring the role of assurors (the Big4 firms and non-Big4 firms) in the production of assurance norms.

The rest of the chapter is structured as follows. The following section presents a theoretical framework for the study of sustainability assurance and develops a set of research questions on the development of assurance norms. The research method (based on content analysis of all the sustainability assurance reports published in Italy and the US by large companies between 2003 and 2013) is described in the third section. The fourth section presents the empirical results. Finally, the fifth section discusses the results and offers some concluding comments and the implications of this research.

2. The institutionalization of sustainability reporting assurance

Referring to sustainability assurance, KPMG (2013) audaciously affirms that “*the tipping point has been crossed, with over half the world’s largest companies*” (p. 12) disclosing such information. The notion that assurance is gaining broader acceptance allows us to frame the analysis in terms of the dynamics of assurance practices, and more particularly in terms of the different pace at which assurance has developed in Italy and in the US. Previous evidence has shown that, since the early 2000s, Italian companies have developed significant assurance activity, assuring over 60% of all SR (Kolk and Perego, 2010; Simnett et al., 2009). In contrast, these studies also indicate that only about 6% of the sustainability reports produced by US firms were assured in the same period. Accordingly, any potential sustainability assurance norm is likely to be ahead of the life-cycle of norms in Italy when compared with the US.

If SR assurance is at a later stage in the life-cycle of norms in Italy, then the legitimacy of the norm and the pressure for convergence would be higher in this country than in the US. But beyond its mere existence, the understanding of assurance norms and the specific practices that they include requires us to examine the content of assurance statements (Bebbington et al., 2012 developed a similar study for environmental reporting). The early stages of the norm life-cycle through an institutional lens suggests that they are characterized by innovation and by the assembly of shared meanings and understandings about the emerging practice (Djelic and Quack, 2008). Previous literature suggests that assurance practices in the US

seem to be at an initial stage, with innovation carried out by a limited number of organizations (Casey and Grenier, 2015; Cho et al., 2014; Peters and Romi, 2015; Simnett et al., 2009). Innovation in this initial stage will be characterized by “advancing new ideas, solutions, and practices” (Scott, 2008, p. 126) and, therefore, by more diversity in disclosure practices. The mere existence of assurance cannot capture the unsettled and innovative character of assurance hypothesized for initial stages in the life-cycle of assurance norms, but requires a more meticulous analysis of assurance statements.

The life-cycle concludes with the crystallization of the norm, i.e. with convergence towards defined structures and patterned practices that acquire a permanent character (Djelic and Quack, 2008). Patterned assurance practices are likewise approached through the exploration of the content of assurance statements. Our first exploratory research question, to ascertain patterns of convergence in the assurance practice of both Italy and the US, is as follows:

RQ1: Do particular SR assurance practices converge, in terms of the content of assurance statements, towards defined structures over time?

This institutional perspective on norms has prompted an interest in the multiplicity of actors that participate in the production of normativity, such as norm entrepreneurs and carriers. Norm entrepreneurs innovate and propose specific practices in the earlier stages of the life-cycle of norms. For example, the Global Reporting Initiative has attracted some scholars interested in the notion of norm entrepreneurship (Brown, de Jong and Lessidreanska, 2009; Etzion and Ferraro, 2010; Levy et al., 2010). As regards

sustainability assurance, this role has arguably been played by AccountAbility and the International Auditing and Assurance Standards Board (IAASB) with the issuance of their standards AA1000 and ISAE3000 (Dando and Swift, 2003; Deegan et al., 2006a, 2006b; Manetti and Becatti, 2009; O'Dwyer and Owen, 2005). In the assurance context, it is also important to highlight the possible existence of “domestic norm entrepreneurs advocating a minority position [that] use international norms to strengthen their position” (Finnemore and Sikkink, 1998, p. 893). Potential domestic norm entrepreneurs in the field of sustainability assurance are likely to be professionals such as individual auditors; small accounting firms, that use international assurance standards to strengthen their position in the assurance market (Manetti, 2006).

This institutional perspective is also interested in the role of carriers in the diffusion of practices and in the generalization of their particular meanings (Sahlin-Andersson and Engwall, 2002; Scott, 2008). Applied to the area under investigation, such a perspective suggests that the diffusion of sustainability assurance requires carriers to transport practices and values between fields and organizations. The carriers identified in the literature include consultants, auditors, and professional associations (CorporateRegister, 2008; Perego, 2009). In the particular case of sustainability assurance, it is important to scrutinize the role played by assurors. Since its inception, sustainability assurance has been provided by two different professional groups: accounting firms (especially the so-called Big4 firms) and CSR organizations (certifications bodies, and specialist consultancies). The causes and consequences of the type of professional group engaging in

assurance has stimulated a substantial body of cross-sectional studies analyzing how the type of assurator is associated with particular characteristics of the assurance practice (Casey and Grenier, 2015; Deegan et al., 2006a, 2006b; Hasan et al., 2005; Hummel et al., 2017; Mock et al., 2007, 2013; O'Dwyer and Owen, 2005).

Previous studies have also been interested in the association between the kind-of-assurator choice (large audit firms or CSR consultancies) and country characteristics (Kolk and Perego, 2010; Perego, 2009; Zhou et al., 2013), showing an association between large audit firms (Big4) and stakeholder-oriented countries. Perego (2009) also found that the Big4 firms tend to disclose more information on formal and procedural issues at the expense of recommendations and opinion.

Institutional theory suggests that by participating in this process of diffusion, carriers actively interpret and edit those ideas and practices. O'Dwyer (2011), for example, has shown how the Big4 firms have worked to construct the practice of sustainability assurance and to seek legitimacy in the eyes of key audiences (see also O'Dwyer, Owen and Unerman, 2011) by narrowing its approach. An understanding of the Big4 as assurance carriers suggests that assurance norms are initially designed by institutions such as AccountAbility and IAASB. Triggered by other contextual factors, these norms are translated and edited by the Big4 firms that, following O'Dwyer and colleagues, would narrow their approach over time and be the engine of sustainability assurance uniformity. Considering the previous literature, institutional theory would suggest that the Big4 firms do not play a role in the initial design

and the launch of the sustainability assurance norm, but are more likely to play a relevant role in the diffusion of the practices, at a subsequent stage in the life-cycle of norms, once other contextual factors are triggered. Based on this discussion, the second research question addresses the association of assurers with the production of SR assurance norms:

RQ2: Are different types of assurance providers associated with the earlier and later stages of the life-cycle of SR assurance norms?

3. Research method

3.1 Sample

The nature of the research question requires a qualitative and longitudinal analysis of sustainability assurance that, as such, means that the inquiry is narrowed down to certain countries. The choice of Italy and the US is justified by their contrasting situation with regard to assurance practices (Kolk and Perego, 2010; Simnett et al., 2009). The sample for this study includes all the SR assurance statements published by large Italian and US organizations in eleven years, from 2003 until 2013. The choice of 2003 is dictated by the emergence of sustainability assurance. In March 2003, one of the dominant international assurance standards, the AA1000 Assurance Standard ‘AA1000AS’ was issued by AccountAbility (AccountAbility, 2003a, 2003b). The second dominant standard, the IAASB’s International Standards on Assurance Engagement

'ISAE3000' (IAASB, 2003) was applied as from January 2005 (CorporateRegister, 2008; 2013; KPMG, 2008).

Italian and US Sustainability Reports were identified by reference to the GRI database. We are aware of the criticisms of GRI (Gray, 2006), but this choice is justified on two grounds: (i) through its sustainability reporting guidelines the GRI has become a dominant global player in the area (Levy et al., 2010; Milne and Gray, 2013); and, (ii) the GRI database is the reference point for the identification of published sustainability reports and is regularly used in sustainability reporting research to identify reporters (e.g. Boiral, 2013). SR published by large companies were selected for two main reasons: (i) a positive association between corporate size and the presence of SR assurance has been identified in the previous literature (e.g. Branco et al., 2014; Cho et al., 2014; Mock et al., 2013; Peters and Romi 2015; Sierra et al., 2013; Simnett et al., 2009); and, (ii) institutional theory predicts that larger companies are more likely to create norms in the activities they developed (Lieberman and Asaba, 2006). 375 Italian and 1,057 US SRs produced by large companies were identified in the GRI databases (appendix 2.1). Subsequently, we searched for those SRs that included an assurance statement. According to the GRI databases, 180 Italian and 125 US companies declared having assured their SR. However, the GRI database proved to be inaccurate in some instances and we found no assurance statements¹ in 22 cases for Italy and 29 for the US. The missing assurance statements were requested by email from the companies, to ensure that the substance of SR assurance disclosure practice was included in the analysis, obtaining one further assurance statement from a US company² (for more detail, see

footnotes in table 2.1). The final sample for this study included 158 Italian and 97 US SR assurance statements, corresponding, respectively, to 42% and 9% of the SRs (see table 2.1).

3.2 Content analysis and research instrument

An in-depth analysis of SR assurance disclosure practices requires an examination of the content and characteristics of this practice. To that end, a thematic content analysis of the SR assurance statements was performed (Gray, Kouhy and Lavers, 1995; Jones and Shoemaker, 1994). A similar approach has been followed in the previous literature (Hummel et al., 2017; O'Dwyer and Owen, 2005; Perego and Kolk, 2012; Rossi and Tarquinio, 2017; Zorio et al., 2013).

Perego and Kolk (2012), based on the framework provided by O'Dwyer and Owen (2005), proposed an assurance disclosure score with 19 items. We followed the research instrument developed by Rossi and Tarquinio (2017), which is based on the most recent versions of the two main international assurance standards: AA1000AS (2008) and ISAE3000 (2013). This instrument consists of an index containing 29 assurance disclosure items that belong to seven types of assurance disclosure thematics: (i) assurance provider characteristics; (ii) representation by the responsible party; (iii) nature and extent of the planning process; (iv) formal requirements; (v) particular conclusion on the specific accounting system; (vi) assurance form and criteria; and, (vii) comments and advice.

Content analysis requires an inspection of the SR assurance reports for the presence or absence of disclosure across the set of

information items (Guidry and Patten, 2010). Electronic copies of all the 255 SR assurance reports were used for that purpose. The coding procedure consisted in assigning 1 for the presence (and 0 for its absence) of each specific sub-item.

Content analysis validity and reliability (Potter and Levine-Donnerstein, 1999) depended on the aforementioned coding procedures, designed for thematic content analysis, and the fact that internationally recognized frameworks in sustainability assurance are the source of the disclosure items. Two coders participated in the analysis (Berg and Lune, 2012), in such a way that all the reports were coded by one of the authors and a second coder independently analyzed 20% of them. Each discrepancy was discussed and agreed with a third coder and after that, considered for the rest of the coding.

3.3 Research design

RQ1 is explored with the assistance of the Herfindahl-Hirschman index (hereafter HHI). This index is a ratio of concentration that has been used in such research fields as computer sciences (Lu, Qiao and Chang, 2017), management (Alcacer and Chung, 2014), and accounting (Christensen and Kent, 2016). In the present research, the HHI allows us to explore the degree of convergence of SR assurance practices, in terms of the content of company assurance statements in Italy and the US. The HHI range is the whole (0,1) interval. High HHI values indicate a high level of concentration of assurance practice in particular disclosure items and, conversely, low values indicate a high level of variation in assurance practice.

HHI was calculated as follows:

$$HHI = \sum_{t=1}^n p_i^2$$

Where HHI represents the Herfindahl-Hirschman index, n is the number of companies that disclose SR assurance statement and p_i is the proportion of companies that disclose the same i^{th} combination of the 29 items according to Rossi and Tarquinio (2017). This analysis is complemented with a graphical representation of the distribution of assurance elements and characteristics in both countries, plotting the items that are either rarely or typically disclosed in each country (figure 2.2).

The HHI was recalculated to explore RQ2, splitting each country sample into assurance reports attested by Big4 firms and by non-Big4 firms. In this way, we can explore whether and how different assessor types participated in the earlier and later stages of the life-cycle of SR assurance disclosure norms.

4. Results

A total of 82 large Italian and 382 large US companies produced at least one sustainability report between 2003 and 2013. Table 2.1. presents the sustainability and the assurance reports identified per year (Italy in panel A and the US in panel B). Table 2.1. shows a steady increase of sustainability assurance activity in Italy for the period under analysis, and in the US as well, although at a slower pace.

Table 2.1: Sustainability assurance in Italy and the US (2003/2013).

	Number of SR assurance statements per year		
	Number of SR per year (a)	(b)	(b)/(a)
<i>Panel A: Italy</i>			
2003	7	1	0.143
2004	8	1	0.125
2005	12	0	0.000
2006	11	2	0.182
2007	24	10	0.417
2008	47	20	0.426
2009	46	15	0.326
2010	51	22	0.431
2011	52	30	0.577
2012	60	28	0.467
2013	57	29	0.509
<i>Total</i>	375	158 ^a	0.421
<i>Panel B: US</i>			
2003	13	0	0.000
2004	19	0	0.000
2005	18	0	0.000
2006	27	1	0.037
2007	24	3	0.125
2008	73	5	0.068
2009	80	7	0.088
2010	117	6	0.051
2011	188	16	0.085
2012	240	30	0.125
2013	258	29	0.112
<i>Total</i>	1,057	97 ^b	0.091

^a Although according to the GRI databases 180 out of the 375 Italian sustainability reports included assurance statements, 17 of them were not publicly available (neither in the GRI database nor on the company website) and could not be obtained through personal communication with the companies themselves. Five further sustainability

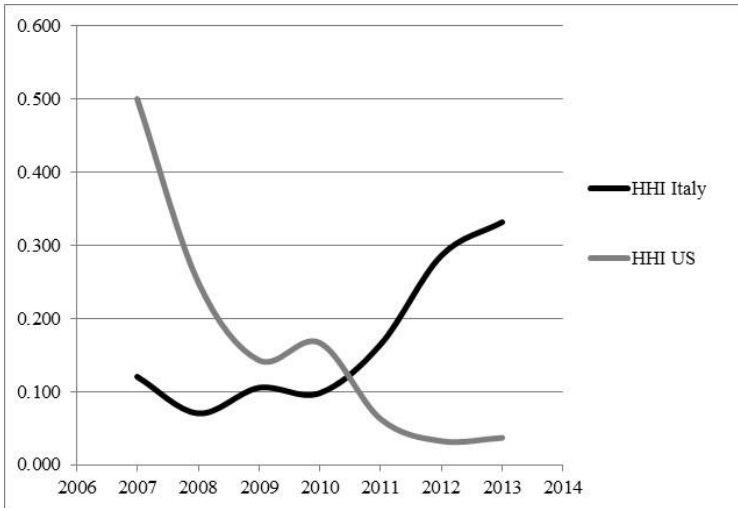
reports were discarded: two digital documents were illegible and 3 presented internal auditing information. Consequently, the number of assurance statements in Italy included in this analysis amounts to 158.

^b 125 out of the 1,057 sustainability reports were declared in the GRI databases as containing an assurance statement. As in the case of Italy, 29 assurance statements were not publicly available, but one them was obtained was obtained from the company itself. Finally, the number of assurance statements included in this study is 97.

Table 2.1 also reveals that sustainability assurance, with less than two statements per year per country, was a rather marginal practice over the period 2003/2006. However, in 2007 this activity accelerated, with more than 40% of Italian SRs including an assurance statement in that year (panel A). Those figures in the US are less impressive although 12% of the American sustainability reporters claimed that they had included an assurance statement in 2007. In 2011, this proportion reached 58% in Italy and stabilized in both countries in later years at around 50% for Italy, and 13% for the US. These data confirm previous evidence noting more established sustainability assurance, in terms of the number of adopters, in Italy than in the US. Given that the practice of sustainability assurance was marginal until 2007, our analysis focused on the 2007/2013 period for the exploration of both RQ1 and RQ2.

RQ1 explores whether SR assurance practices converge, in terms of the content of assurance statements, over time in Italy and the US. Figure 2.1 plots the HHI, providing an indication of the sustainability assurance practice and its concentration around similar disclosure items in those countries.

Figure 2.1: HHI of concentration of the disclosure items in Italy and the US for period 2007/2013.



The HHI results show that the concentration of assurance practice around a set of disclosure items systematically increased for Italy from 2008 until 2013, reaching $HHI > 0.300$ in 2013. Although the trend is not clear until 2010, from 2011 HHI indicated an increasing convergence towards uniform disclosure practice in Italy. In contrast, the HHI values showed that assurance convergence in the US was progressively decreasing. A mere three US assurance reports included the same information over the whole period.

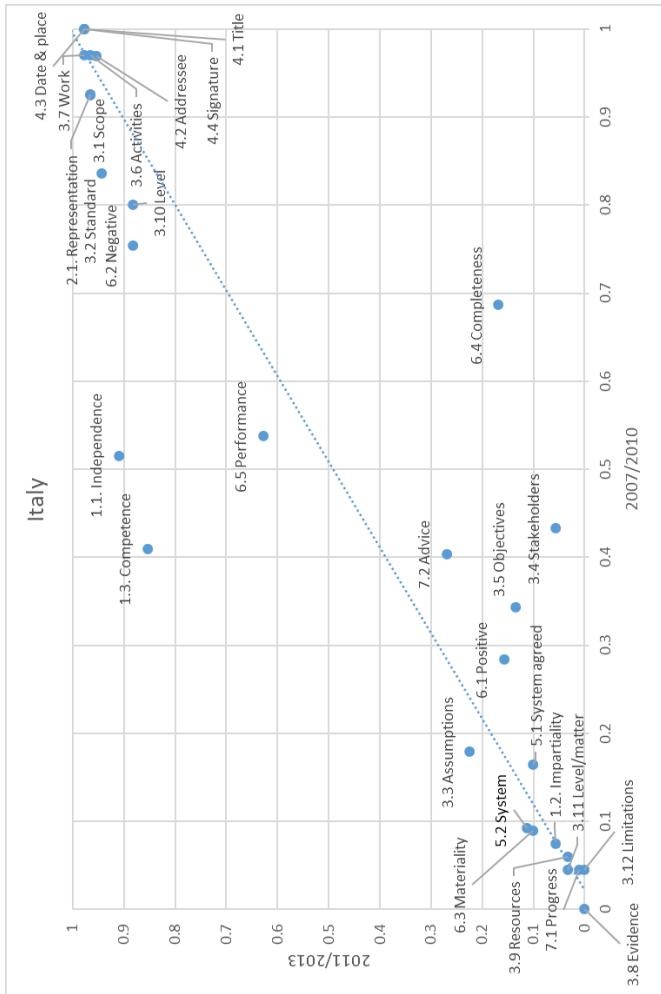
The distribution of disclosure items in both countries, displayed in figure 2.2, is consistent with the results of figure 2.1. An indication of concentration can be the proportion of items that are either rarely or typically disclosed in each country relative to the total. In this regard, a high proportion of items included in more than 80% or

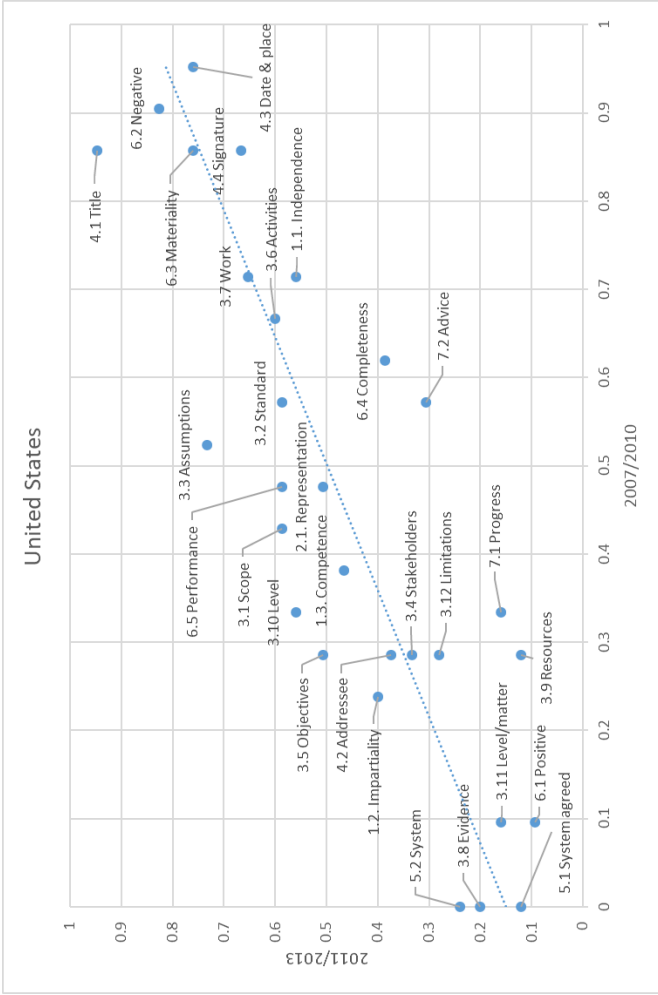
less than 20% of assurance statements would be indicative of patterned assurance practices. In contrast, a high proportion of items disclosed in between 20% and 80% of the assurance statements would denote more uneven disclosure practices. Over the period 2011/2013, the first proportion, indicative of more homogeneous reporting, amounted to 26 out of 29 disclosure items for Italy and seven out of 29 for the US; consequently, the latter proportion, revealing more uneven assurance practices, is three out of 29 for Italy and 22 out of 29 for the US. Figure 2.2 graphically illustrates Italian assurance convergence, where disclosure items are concentrated towards the extreme upper right and the bottom left of the chart.

Since RQ1 is dynamic in nature, figure two analyzes the evolution of SR assurance disclosure by plotting the concentration over 2007/2011 on the coordinate axis and the concentration over 2011/2013 on the ordinate axis. Figure 2.2 visually confirms the previous conclusions. A process of convergence is not discernible in US assurance. However, in Italy, while eight items are plotted in the more uneven disclosure area ($20\% > \text{frequency} > 80\%$) in 2007/2011, further SR assurance disclosure practice in the 2011/2013 period “pushed” those items to either non-disclosure ($<20\%$) or norm status ($>80\%$). For example, information on the competence to provide assurance services (item 1.3) was disclosed in around 40% of the statements in the first period, but further practice in the second period proved that it was an item worth disclosing in an ideal assurance statement ($>80\%$). In contrast, the consideration of completeness issues in sustainability reports (item

6.4) was a common disclosure in assurance statements in the first period (around 70%) that was subsequently abandoned (<20%).

Figure 2.2: Distribution of the disclosure items in Italy and US for periods 2007/2010 and 2011/2013.





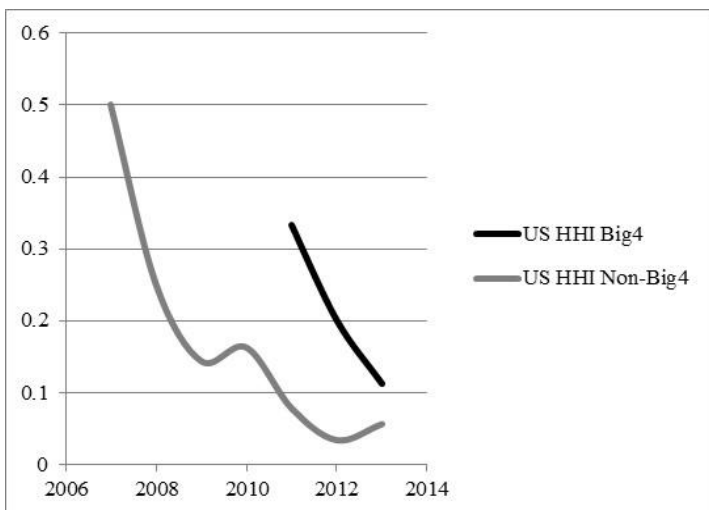
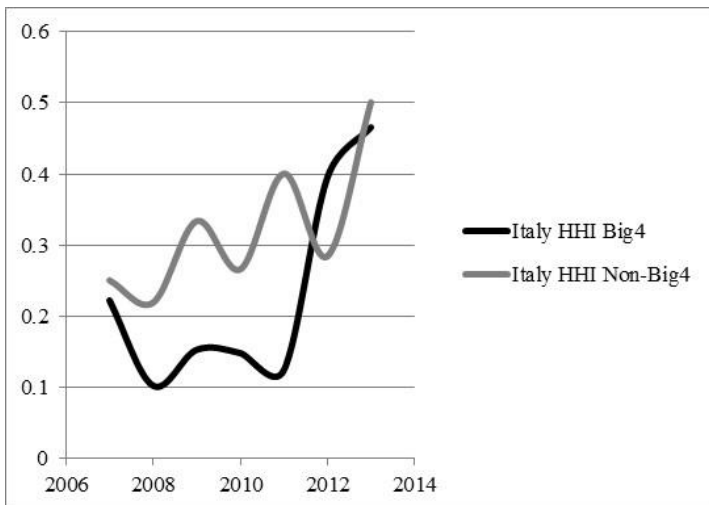
This exploration of RQ1 allows us to conclude that, according to institutional arguments, assurance practice in Italy has converged around a sub-set of the practice investigated through the content analysis, while the rest of those practices appear to be marginalized. Patterned assurance practices include some of the minimum requirements of sustainability assurance (independence, competence and scope, among others). This convergence in sustainability assurance is associated with a later stage in the life-cycle of norms.

At the same time, assurance practice in the US appears unsettled, with companies experimenting and innovating with different assurance sub-practices. This situation is characteristic of an initial stage in the life-cycle of norms. It is worth highlighting that assurance practice in the US appears keener to introduce demanding disclosure items, such as materiality and stakeholder participation in assurance, that, in contrast, appear to be repressed by the Italian assurance norm.

Finally, from an accountability perspective and considering corporate discharge of social responsibility, the exploration found that a set of more challenging disclosure items are generally ignored in assurance practice in both countries, in such a way that the norm is not to disclose them. Those items include the evaluation of the information systems used for sustainability reporting, the consideration of completeness and performance issues, and the comments and advice on sustainability reporting progress. This finding is consistent with previous studies (Deegan et al., 2006a; 2006b; Manetti and Becatti 2008; O'Dwyer and Owen, 2005).

RQ2 aims to explore the type of assurers associated with different stages of SR assurance norm production, to deepen the understanding of how this phenomenon takes place. Specifically, RQ2 inquiries about the role of different types of assurers (Big4 firms and non-Big4 firms) in the earlier and later stages of the life-cycle of SR assurance disclosure norms. Figure 2.3 portrays the HHI of concentration of the items contained in the assurance statements disclosed, for Italy and the US by type of assurer. In this way, we can explore whether different genres of assurers participate in the emergence and diffusion stages of SR assurance norms and provide more insight into how SR assurance norm production takes place.

Figure 2.3: HHI of concentration of the disclosure items in Italy and the US over period 2007/2013, by type of assuor.



Italian SR assurance statements produced by non-Big4 firms seem to show a trend of convergence since the early stages (the concentration HHI increases from 0.25 in 2007, to 0.40 in 2011, reaching a value of 0.50 in 2013). In contrast, Italian SR assurance statements prepared by the Big4 firms over 2007/2011 appeared not to follow a clear pattern and the concentration index was low. Interestingly, the Italian Big4 assurance statements have, since 2011, suddenly started to follow the same trend as non-Big4 firms, converging around a sub-set of the assurance practices (the HHI sharply increased, not only reaching the value of non-Big4 firms, but exceeding it in 2012).

Non-Big4 firms produced the pioneering US SR assurance statements (2007/2010). Unlike in the case of Italy, non-Big4 firms in the US appear not to be associated with the convergence of assurance statements around a sub-set of practices, but rather with an unsettled situation (the concentration index value dropped from 0.50 in 2007 to 0.05 in 2013). The Big4 firms were not active in the US assurance market until 2012 and the Big4 assurance statements followed a similar trend to the non-Big4 ones, with the HHI decreasing from around 0.35 in 2011 to 0.10 in 2013.

The Italian case is consistent with the suggested significant role played by the assurers in the diffusion of assurance disclosure practices in a particular direction.

Despite not representing more than 25% of the market in the last years (table 2.2), non-Big4 firms appear to have been associated with the convergence of sustainability assurance in Italy since the earlier period. In contrast, the Big4 firms were not associated with levels of concentration similar to non-Big4 firms until 2011. These

concentration trends in Italy suggest that the Big4 would have followed the practices initiated by the non-Big4 firms, probably editing and diffusing them, contributing to the emergence of a particular SR assurance norm.

In the US the lack of assurance convergence is associated with both the Big4 and non-Big4 assurers. One plausible explanation for the non-role of assurers' as carriers of any assurance norms is that convergence is difficult, because of the heterogeneity of assurers that characterize the US market. The Big4 firms are largely outnumbered there by stakeholder panels, individual auditors, academics, small accounting firms and engineering firms, among others (Perego and Kolk, 2012).

Table 2.2: Evolution of the map of the providers of SR assurance services in Italy and the US (2003/2013).

	2003/2006	2007/2010	2011/2013	2003/2006	2007/2010	2011/2013
N	4	68	86	1	22	74
Big4 providers	3	52	74	0	0	17
<i>(percentage)</i>	0.750	0.765	0.860	0.000	0.000	0.230
Deloitte	0	5	16	0	0	11
	0.000	0.074	0.186	0.000	0.000	0.149
Ernst and Young	1	10	13	0	0	2
	0.250	0.147	0.151	0.000	0.000	0.027
KPMG	2	30	25	0	0	2
	0.500	0.441	0.290	0.000	0.000	0.027
PWC	0	7	20	0	0	2
	0.000	0.081	0.232	0.000	0.000	0.027
Non-Big4 providers	1	16	11	1	19	37
<i>(percentage)</i>	0.250	0.235	0.127	1.000	0.864	0.500
Expert panels	0	0	0	0	2	0
<i>(percentage)</i>	0.000	0.000	0.000	0.000	0.091	0.000
Not specified	0	0	1	0	1	20
<i>(percentage)</i>	0.000	0.000	0.011	0.000	0.045	0.270

These results appear counterintuitive, because large accounting firms would be expected to play a more homogenizing role internationally, restraining international differences between Italy and the US. In this regard, it is important to note that Deloitte, E&Y, KPMG, and PWC are assuring sustainability reports in both Italy and the US. Nevertheless, the institutional explanation of the life-cycle of these norms provides an explanation to this apparent paradox: the Big4 association with the development of the Italian assurance norm is explained by their role as carriers rather than by their nature as dominant firms. The results in both Italy and the US are consistent with the carrier role of the Big4 firms. In Italy, where non-Big4 firms (among other actors) launched a process of assurance convergence, the Big4 firms appeared to follow suit and to transmit the values and the practices that produce an assurance norm around the sub-set described earlier. Conversely, the Big4 firms in the US played no carrier role at all apparently, because neither values nor practices emerged to be carried.

5. Discussion, concluding comments and implications

This chapter has presented an exploratory and longitudinal analysis of SR assurance disclosure practices in Italy and the US that seeks to inquire into whether and how disclosure practice and norms become institutionalized. The choice of Italy and the US is driven by their contrasting situations with regard to their respective levels of SR assurance services; Italy is among the countries with the highest and the US among those with the lowest assurance activity.

Two questions approached through an institutional lens were investigated: (i) which is the relative pace at which assurance norms are developing in Italy and the US, in terms of convergence of assurance disclosure practices; and (ii) the role of different types of assurers (the Big4 firms and non-Big4 firms) in the production of SR assurance norms.

The results of the study are in line with the theoretical framework proposed for this research. Consistent with previous evidence, the study has confirmed very different levels of assurance activity in both countries, providing an appropriate contrasting empirical site for the study of assurance practices. In particular, the theoretical framework draws attention toward the importance of investigating the nature of this practice to analyze the institutionalization of SR assurance reporting, in terms of its elements and characteristics, and exploring the institutionalization of SR assurance. In this regard, although the volume of disclosures made in SR assurance statements were comparable in both countries, an in-depth analysis revealed that SR assurance disclosure practice converged in Italy around a set of specific disclosure items, in such a way that by the end of the period under analysis, almost all Italian assurance statements were disclosing the same information. This concentration of the practice was perceptible in the content analysis. For example, it revealed that most assurers in Italy used templates for the wording and structure of substantial parts of the assurance statements produced for companies in different sectors/years. Italian assurance was *framed* around a set of disclosure items, focusing on the characteristics of the assurer, the nature of the work performed, and formal requirements. These findings are consistent

with previous literature suggesting that these disclosure practices, imported from financial auditing, seek to create comfort about this fragile practice (Boiral et al., 2017; Gendron et al., 2007; O'Dwyer, 2011).

In contrast, the US shows how an unsettled situation, typified by a lower percentage of sustainability reports that are assured, lower participation by the Big4 accounting firms and a higher variation in SR assurance disclosure practices, is associated with companies willing to experiment with different assurance sub-practices. This description, which is consistent with the observations of practitioners (Schneider, 2013), is characteristic of an initial stage in the life-cycle of norms. However, despite the purportedly lower level of assurance in the US, the results show a higher level of disclosure on substantive issues, such as assumptions, stakeholder engagement, evidence, and materiality. These results mean that patterned practice is not increasing transparency (Perego, 2009), suggesting that the restrictive version of SR assurance is motivated by managerial interests, rather than by broader accountability and transparency to stakeholders (O'Dwyer and Owen, 2007).

With respect to the role played by the Big4 firms in the institutionalization of assurance disclosure practices, the results of this study have indicated that their activity is positively associated with the subset of specific assurance disclosure practices that constitute the Italian assurance standard. While at an initial stage (2009-2011) the Big4 followed the practices of non-Big4 firms in Italy, the Big4 firms later became the main carriers, editing the assurance disclosure norms to narrow down their focus to a selected subset of this activity. It should be noted that SR assurance was

initially a business for domestic specialist firms that considered assurance akin to yet another certification process. Later on, assurance started to resemble a financial audit more and was perceived as a market opportunity by the Big4 accounting firms (Boiral and Gendron, 2010; Manetti and Becatti, 2009). Even though the non-Big4 firms have initiated the promotion of SR assurance, the Big4 firms are those that subsequently edited the assurance norms to narrow down its focus to a selected subset of this activity. In this regard, it is interesting to note that the Big4 firms not only promoted ISAE3000, the auditing-oriented standard, but edited it in such a way that a set of disclosures proposed in this standard were introduced in the Italian assurance norm (e.g. 1.1 Independence), while other items were ignored (e.g. 6.3 Materiality and inclusivity).

In contrast, the Big4 firms are not playing a significant role in the US, where engineering, environmental and CSR consultants dominate the assurance market and tend to experiment more and, for example, provide services associated with advice and evaluation of the information systems.

The findings have suggested that international differences are not only observable for the assurance activity in which non-Big4 firms participate, but also for the activities of the Big4 firms. Engineering and CSR consultancies are often locally based. However, considering the international integration of the Big4 firms, it would be reasonable to expect that those firms could play a more active role in transnational SR assurance uniformity. Our findings appear to contradict this expectation and are in line with Suddaby, Cooper and Greenwood (2007), who found that despite their level of

international integration, the Big4 firms are playing different roles in different countries. The carrier role of the Big4 firms is circumstantial rather than based on their attributes. Our analysis shows that carriers play an important role in later stages of the life-cycle of norms (in Italy), but play an insubstantial role in earlier stages (in the US).

One implication of this study is that the diffusion of SR assurance and the creation of SR assurance disclosure norms is not without its cost. The results find no reason to suggest that transparency is increased by patterned practice; a finding that has implications for the understanding of the production of norms in the context of corporate social responsibility reporting. In that respect, the results have shown that SR assurance standardization and the participation of the Big4 firms as carriers is associated with a narrow SR assurance disclosure practice. We might conjecture that if the SR assurance market developed in the US and the Big4 firms were to develop an appetite for this new market, then a process of narrowing down and standardizing SR assurance would be likely in US assurance practice. The results are also consistent with assurance practice that is largely imported from financial auditing, shifting from a criterion of sustainability to one that gives weight to the norms shared by financial auditors (Boiral et al., 2017). Such a shift has ethical implications, as the Big4 firms appear to contribute to the constitution of what “assurance” means, spreading specific practices (Hummel et al., 2017) and constructing shared understandings (Bebbington et al., 2012) with regard to how SR assurance statements are best prepared.

Considering the aim of this chapter (seeking to explain whether and how particular practices contained in SR assurance statements can become institutionalized), an important limitation is that its focus on disclosure practices cannot provide explanations on the reason for these norms. In this regard, a promising area of research is the extension of this longitudinal study with qualitative data. Semi-structured interviews with key actors in the Italian and US assurance fields could provide an intricate picture of assurance normativity.

Notes

1. GRI uses the EU definitions of large companies. Large companies are defined in the Recommendation 2003/361/EC of the European Commission of 6 May 2003 as those that have an average number of 250 employees during the financial year and “exceed at least one of the two following criteria: (a): balance sheet total: EUR 43 million; (b) net turnover: EUR 50 million” (p. 4).

2. Interestingly, in one case, the correspondent vehemently challenged the accuracy of the GRI database. In most cases, no response to our petition was forthcoming from the companies that we approached.

Appendix

Appendix 2.1: Characterization of both Italian and US sustainability reports over 2003/2013.

	Italy	US
SR analyzed:	375	1,075
SR by sector taxonomy ^a (%):		
Energy	14.93	17.86
Materials	9.07	5.86
Industry	6.93	5.02
Consumer Discretionary	4.53	10.51
Consumer Staples	7.20	13.95
Health Care	2.40	5.21
Financials	18.13	9.02
Information Technology	2.67	4.93
Telecommunication Services	5.87	1.86
Utilities	18.13	10.60
Others	10.13	15.16

^a Sector taxonomy is based on Standard and Poor's sector classification

CHAPTER THREE

The social constitution of non-financial reporting regulation: agency, structure and conflict

“There is a need for basic structure institutions of some kind that do collective responsibility work in order for there to be spheres of democratic deliberation going beyond economic rationality”
(Mäkinen and Kourula, 2012, p. 670)

1. Introduction

Nowadays, there is a growing trend pointing towards the regulation of non-financial reporting. Evidence of such trend is Directive 2014/95/EU of 22 October 2014 requiring EU member states to make a range of social, environmental and employee-related disclosures mandatory for large companies¹. This trend is also reflected in national contexts such as those of Denmark, France or Spain, where national laws regulating non-financial reporting have been developed even before the EU Directive was approved. Among these cases, the law addressed in chapter one (SEL), was mentioned in the EU working papers as a precedent of the EU Directive (European Commission, 2013). Overall, these initiatives are in line with the suggestions of previous studies stressing the need of some kind of governmental regulation to improve the quality and the comparability of reported social and environmental information (e.g. Albareda, Lozano and Ysa, 2007; Deegan, 2002; Gallhofer and Haslam, 1997; Mobus, 2005; Moon, 2004; Owen, Gray and Bebbington, 1997).

However, a substantial number of studies on non-financial reporting regulation (hereafter NFRR) (e.g. Bebbington, Kirk and Larrinaga, 2012; Chauvey, Giordano-Spring, Cho and Patten, 2015;

Chelli, Durocher and Richard, 2014; Luque-Vílchez and Larrinaga, 2016) have revealed that governmental regulations do not guarantee a better response from the business sector, in terms of both quantity and quality of sustainability reporting.

Literature has noted different elements that do not contribute to creating compliance conditions: (i) the poor design of the regulation (e.g. Bebbington et al., 2012); (ii) the lack of law congruence with prevailing informal norms of behavior (e.g. Bebbington et al., 2012); (iii) the lack of mechanisms allowing proper law monitoring (e.g. Díaz-Díaz and García-Ramos, 2015); or (iv) the lack of consequences/punishments or incentives for companies to comply with the law (e.g. Díaz-Díaz and García-Ramos, 2015). In that respect, the literature has remarked the relevance of the processes beneath accounting regulation (Bozanic, Dirsmith and Huddart, 2012; Canning and O'Dwyer, 2013; Cooper and Robson, 2006; Covaleski et al., 2013; Crawford, Ferguson, Helliard and Power, 2014; Djelic and Shalin-Andersson, 2006; Susela, 1999) for understanding the specific law characteristics and outcomes. Studying the relationship between the actors involved in the accounting regulation processes (both regulator and regulatees) is important because such relationship can influence how accounting regulation is enacted in practice (e.g. Canning and O'Dwyer 2013; Covaleski, Dirsmith and Weiss, 2013). The exploration of such relationship requires inspecting the interactions between those actors (Canning and O' Dwyer 2013, Clemens and Douglas, 2005). For example, Canning and O'Dwyer (2013) analyzed how the interactions between regulatees (in particular, actors related to the accounting profession) and regulator (the nation-state) influence the

development and interpretation of accounting regulation. To that end, they studied the nature of the strategies and resources enrolled by these actors in their interactions. However, an investigation of the strategies and resources alone cannot capture the role of structural elements in the interactions between actors (e.g. Giddens, 1984). In this sense, Canning and O'Dwyer (2013, p. 191) made a call for further research of the “influence of national political and social contexts on the development and interpretation of accounting regulation.”

In this regard, the aim of this investigation is to explore how the production of NFRR takes place. To that end, we follow the institutional and political sociological approaches to law and regulation (Bozanic, et al., 2012; Covaleski et al., 2013; Edelman and Stryker, 2005) and key sensitizing concepts drawn from structuration theory (e.g. Giddens, 1984), such as the role of the agency of actors (their resources and strategies) and structural elements in the constitution of NFRR. Specifically, this investigation provides descriptive evidence of the regulator-regulatee and regulatee-regulatee interactions taking place in what we call the Spanish NFRR field and of how such interactions impact a national law that contains non-financial reporting obligations (the abovementioned SEL). Understanding not only regulator-regulatee interactions but also regulatee-regulatee interactions is particularly important in this context because there is a multiplicity of actors with different rationalities (employers, unions, third sector organizations such as NGOs and the public administration) engaging in NFRR (Luque-Vílchez and Larrinaga, 2016). This entails a potentially complex relationship between such actors (e.g.

Cichowski and Börzel, 2003; Sahlin-Anderson, 2006) that needs to be explored in detail. Such inspection is conducted in this chapter through an in-depth qualitative study based on semi-structured interviews conducted with the multiplicity of actors involved in the Spanish NFRR field (employers, unions, NGOs and public administration), the participation in meetings monitoring the progress of such regulation and document analysis.

This investigation makes the following contributions.

First, by analyzing the interactions between the actors involved in a particular context, the present study adds new insights to the literature exploring processes through which both regulators and regulatees can influence the social constitution of accounting regulation (Bozanic et al., 2012; Covaleski, Dirsmith and Weiss, 2013; Edelman and Stryker, 2005).

Second, much of the literature in NFRR has focused either on the role of agency exercised by the state (Deegan, 2002) and non-state actors (Cantó-Milà and Lozano, 2009; Gond et al., 2011) or, more recently, on the role of social structures establishing the economic and social order (e.g. Archel and Husillos, 2009; Archel, Husillos and Spence, 2011; Levy et al., 2010). However, the role of agency and structure should be evaluated in conjunction, rather than considered as alternative possibilities (Bebbington et al., 2012; Utting, 2005). Utting (2005) suggests that the understanding of CSR regulation practices “requires looking at the way in which multiple factors and contexts associated with injustice or crisis, and the role of ‘agency’ and organized interests, as well as ideas, institutions and structures intervene and interact” (p. 13). This study contributes to the literature examining CSR reporting and its regulation by looking

simultaneously at the agency of actors and structural elements in the constitution of NFRR.

Third, one of the prevailing criticisms of accounting regulation studies is that they pay insufficient attention to the power of actors (Cooper, Ezzamel and Willmott, 2008; Cooper and Robson, 2006). The present research contributes to this literature by showing how resources-power are mobilized in shaping the Spanish NFRR. Cooper and Robson (2006) also observed that “a common position in the accounting literature is to examine the role of professional associations and related organizations” (p. 435) in regulation processes, and instead recommended the consideration of third parties such as NGOs and intergovernmental organizations to explore the potential existence of different centres of power. In that respect, this research also contributes to this literature by revealing how power is distributed in the Spanish NFRR field among multiple actors.

Finally, by focusing on the analysis of the Spanish NFRR and SEL, this research complements prior work of governmental CSR initiatives in Spain (e.g. Archel and Husillos, 2009; Archel, Husillos and Spence, 2011; Luque-Vílchez and Larrinaga, 2016). In this regard, we found a picture slightly different from the description of Archel and Husillos (2009) and Archel et al. (2011), who found that corporate social responsibility (and the governmental CSR initiatives) in Spain is a phenomenon dominated by a naturalized corporate discourse. In contrast, this research reveals the existence of an open and latent conflict, which influences the development of the Spanish non-financial regulation process.

The rest of the chapter is structured as follows. The second section describes the theoretical perspective followed in this research. The third section provides an overview of the context of NFRR in Spain and the specific field study carried out. The fourth section describes the research method. Sections five and six present and discuss the results of the empirical research. Finally, chapter seven provides some conclusions and final remarks.

2. Theoretical scaffolding

2.1 A socio-political approach to law and regulation

Different conceptions of ‘law’ are present in the literature. Law and economics perspectives have generally considered law as formal rules (e.g. directives, state laws, statutes). These formal rules are treated as independent/exogenous variables with respect to their social and economic context. As Edelman and Stryker (2005) explain, this perspective assumes that law can exert compliance on those regulated independently from the context in which law is supposed to work. In contrast, the institutional perspective within the sociology of law (e.g. Edelman, 1990, 1992) suggests that law (also called ‘rules of the books’) cannot be understood apart from the social realm in which it is supposed to be implemented. In this regard, Edelman (1990, 1992) explains the relation of law with the institutional mechanisms shaping the context in which the law is thought to work. These institutional mechanisms ‘constitute’ the meaning of law in practice and, therefore, they may “mediate” its “impact” in terms of outcomes (Edelman, 1992, p. 1531).

These ideas resonate with studies in social and environmental accounting regulation (e.g. Bebbington et al., 2012) that, based on institutional sociology and normativity, explain how apart from the lack of enforcement mechanisms (or sanctions for non-compliance), the lack of normativity (degree in which a rule is acknowledged as binding by stakeholders) can also explain why legislative corporate reporting reforms do not always affect reporting practice. These scholars emphasize the relevance of both the existence of a plurality of actors with agency (such as the state, professional associations) and structural elements (such as the existence of previous patterns in a specific context) to understand why specific practices become binding. These ideas have been fruitfully applied in different studies of NFRR in similar settings: for example, Chauvey, Giordano-Spring, Cho and Patten (2015), Chelli, Durocher and Richard (2014), in the French context; and Luque-Vílchez and Larrinaga (2016), in the Spanish one.

The above ideas have neo-institutional foundations that imply that cognitive and normative pillars are the primary mechanisms for the constitution of rules of practice shaping regulation outcomes. One of the prevailing criticisms of the institutional approach to regulation and law in accounting research is that it does not pay enough attention to the power of actors participating in the accounting regulation processes (Botzem and Quack, 2006; Canning and O'Dwyer, 2013; Cooper, Ezzamel and Willmott, 2008). Accordingly, an emergent field in institutional research (Djelic and Shalin-Andersson, 2006; Edelman, 2005; Edelman and Stryker, 2005; Edelman, Uggen and Erlanger, 1999, 2011; Lounsbury and Rao, 2003; Oliver, 1991) emphasizes that law cannot be understood

without the exploration of the institutional and political-power processes influencing its meaning in practice.

As Djelic and Shalin-Andersson (2006) note: “behind the institutional forces, there are individuals with conflicting interests, interactions, and power plays” (p. 385). The existence of such institutional forces creates “taken-for-granted assumptions” that diffuse meanings in legal and economic fields, which may shape how political and power processes are “framed” (Edelman and Stryker, 2005, p. 542). In this regard, this perspective proposes law as endogenous: “law is generated within the social realm that it seeks to regulate” (Edelman, 2005, p. 337).

These theoretical perspectives lead to studies exploring socio-political dynamics underlying regulation processes by which those regulated can also influence the meaning of accounting regulation (Bozanic et al., 2012; Covaleski, Dirsmith and Weiss, 2013). For example, Bozanic et al. (2012) explored the development of the Securities and Exchange Commission (SEC) regulation on insider trading. Through a content analysis of archival data about the development of such regulation, they found how regulators and regulatees actively and “mutually” influenced regulatory/socio-political dynamics and in this way, both influenced the “rules of the game” of SEC regulation. Covaleski et al. (2013) analyzed welfare regulation within the state of Wisconsin and identified how the active agency of institutional entrepreneurs was not able to “fully endogenize” the regulation in the challenge of budgets (called “Transformative Welfare Works: W-2”), but rather this regulation was socially constructed in the reciprocal relation that was established between such regulation and the social context of its

application. Thus, while regulation involved changes in the organizations to adapt to regulatory requirements, at the same time, actors involved in the regulatory context were able to influence aspects of the regulation (such as its provisions). In both studies, regulation and the social context of its application “mutually” influenced the “rules of the game” of regulation. The main contribution of Bozanic et al. (2012) and Covaleski et al. (2013) in relation to the Edelman and Stryker (2005)’ perspective, is that both studies found that those regulated not only influence the meaning of regulation ‘passively’, as Edelman and Stryker (2005) suggested, but, they do it also actively.

As explained in the introduction, one key contribution of this study is its focus on the manner in which the interactions between the actors participating in the regulation process are produced and reproduced by both the agency of actors and structural elements (for example, taken-for-granted assumptions). In that respect, Covaleski et al. (2013) suggest² that structuration theory could open new avenues for exploring how law and regulation are *socially constructed*. The appropriateness of Giddens’s structuration theory for this research lies in its ability to uncover social and economic-political structures, which often help to explain accounting processes (Baker, 2005; Englund and Gerdin, 2014) and, at the same time, put in relation these structural forces with the agency of the actors implicated in these processes (i.e, Baker, 2005; Buhr, 2002; Dillard and Pullman, 2017; Dillard, Rigsby and Goodman, 2004; Englund and Gerdin, 2014; Moore, 2013). Covaleski et al. (2013)’ suggestion is harmonious with Edelman and Stryker (2005), who note the theoretical perspective developed by political sociologists

is central to the interplay between institutional and political power processes in shaping law and regulation.

The focus pursued in this study is in line with prior work in the field of law and policy implementation (Halliday, 2009; Hancher and Moran, 1989; Havinga, 2006; Mahoney and Thelen, 2010; Terpstra and Havinga, 2001) looking at actors' interactions to understand regulation. Thus, for example, Mahoney and Thelen (2010) explain how the successful implementation of a law "often depend on complex interactions" (p. 126) between a multiplicity of actors, who reproduce the institutional context in which the legislation seeks to be implemented. An explicit application of structuration theory is made by Havinga (2006) and Terpstra and Havinga (2001), who explain how the context in which the legislation is supposed to be implemented is manifested in rules and resources that actors bring into action, which determinate power relations, interpretations and norms decisive for the (real) working of the law. Giddens' work has also been applied in the field of management accounting³ (e.g. Dirsmith, Heian and Covaleski, 1997; Macintosh and Scapens, 1990), in the field of social and environmental accounting (e.g. see Buhr, 2002; Dillard et al., 2004; Moore et al., 2013), but not to understanding the meaning of accounting regulation in practice.

2.2 Structuration theory: an overview

Drawing on Weber's writings and influenced by Bourdieu and Durkheim, Anthony Giddens introduces the so-called 'Structuration Theory' (Giddens, e.g. 1979, 1984, 1990). Structuration theory advocates a perspective of social life consisting

in the combination of actors' capacity to intervene in the course of social interactions (agency) and the social context in which actors are embedded (structure) (see Englund and Gerdin, 2008, 2014 or Englund, Gerdin and Burns, 2011). In that respect, Giddens explains how the social structure is an "absence" that is visualized in the actors' interactions (see also Buhr, 2002; Dillard and Pullman, 2017; Moore, 2013, for an empirical exemplification in the social and environmental accounting field). This mutual relation between agency and structure is what Giddens calls 'duality of structure'. The agency-structure relation is mediated by the existence of a set of structural properties of the social systems (fields of action) in which the interactions between actors take place. Structural properties manifest in rules underlying social action, but also in resources that actors bring into action. Rules represent considerations that are fundamental in social interaction, and resources are the means that actors have to exercise agency in social interaction (Giddens, 1984).

Rules can be related to modes of behavior (legitimation rules) or to the constitution of meaning (signification rules). More specifically, legitimation rules shape specific codes of conducts and protocols and, in this way, they participate in the creation of legitimation structures that are followed by the actors in their daily practices (Englund et al., 2011; Giddens, 1984). A manner of shaping specific forms of behavior is the creation of norms and values that provide the criteria for evaluating behavior. Dillard and Pullman (2017, see also Dillard et al., 2004 and Yuthas, Dillard and Rogers, 2004) explain how empirically these norms and values are translated into specific rights and responsibilities addressing the context in which interactions take place. Signification rules are established over time

through institutional processes that diffuse the above mentioned norms and values through interpretative schemes. The latter consist on a set beliefs and codes of meanings (e.g. forms of language, definitions, talk codes, language requirements) that facilitate communication between actors. Both legitimation and signification rules are expressed in the actions and the discourse of actors, but also in their relations with other actors of the field of action.

A basic tenet of this theoretical perspective is the relevance attributed to the actors' conscience in the reproduction of the structure. For Giddens, the capacity of actors to reflect on their actions is a key aspect of social life, considering that reflexivity is the (potential) element to transform the rules governing structure. In that respect, while rules are associated with the embedded sphere of the action (unconscious acceptance of the rules as part of structural properties), resources are the means associated to reflexivity because actors, through the control of resources, can exercise agency and change (or reconstitute) the established rules (Giddens, 1979, 1984). The potential of reflexivity to transform the "routine course of social interaction" (Giddens, 1979, p. 92) is facilitated by accessing resources (e.g. education, economic, financial support) that have (or are acquiring) relevance in their social contexts.

Overall, this section introduces valuable theoretical insights that can help to provide a more complete than usual explanation of NFRR through an analysis of both individual and structural influences. In this particular study, this requires exploring the interactions among actors belonging to the Spanish NFRR field, which is exactly what is done in the following sections.

3. Contextualization and field study

Giddens (e.g. 1984) explains how the interplay between structure and agency needs to be conceived in an empirical context because the dynamics resulting from this interplay are “context and time dependent” (see also Hesmans, 2003; Modell, 2014, p. 10). This section describes the specific case explored in this research: the Spanish NFRF field. To facilitate the understanding of the case, the rest of this section provides an overview of the context of non-financial reporting in Spain and a definition of the scope of the field study.

3.1 CSR and CSR regulation in Spain: an overview

The involvement of the Spanish Government in promoting corporate social responsibility is very low in comparison with other governments such as Denmark or the UK (Aragón and Rocha, 2009; Lozano, 2005). Until 2000 the Spanish Government had been passive in promoting CSR, “restricting its action mainly to the partial regulation of environmental information in annual financial reports” (Archel et al., 2011, p. 330). It was not until 2004 when the CSR debate began to be a part of the Spanish Government’s agenda. It was around this time when Spain, following the lead of countries such as Italy or Greece, created consultative bodies (Forum of Experts, Roundtable on Social Dialogue and Parliamentary Sub-Commission)⁴ with a multi-stakeholder approach, to discuss CSR public policies (Archel et al., 2011; Lozano, Albareda, Ysa, Roscher and Marcuccio, 2008; Valor and De la Cuesta, 2008).

Doing a leap in time, to reinforce the idea of public debate, the socialist government created in 2008 the SCCSR, in the form of a “collegiate, advisory and consultative” body under the Ministry of Employment (Art 2.2, Royal Decree 221/2008)⁵. The SCCSR is formed by a body of 56 individuals that represented four groups of stakeholders (Royal Decree 1469/2008) to take considerations of different stakeholders in these initiatives:

- 14 members representing employers,
- 14 members representing the most relevant trade unions at the State level,
- 14 other members representing other relevant organizations in the field of CSR,
- and 14 members representing public authorities, both at national, regional and local levels.

However, as Luque-Vílchez and Larrinaga (2016, p. 63) explained, the “element that attributed a major role to the SCCSR” was SEL. Since 2011, SEL made sustainability reporting mandatory for large corporations (Art 39) and for state-owned corporations and public business entities controlled by the government (Art 35). According to this law, “the SCCSR had to provide a set of guidelines to companies and CSR reports were to be submitted to this council” (Luque-Vílchez and Larrinaga, 2016, p. 8). Thus, the SCCSR would monitor the development of governmental CSR initiatives (Valor and De la Cuesta, 2008).

However, no mechanisms for proper monitoring of SEL (Arts 35 and 39) have been implemented since the law came into force. There

are neither consequences/punishments nor incentives for companies considered in such articles, which can be the reason for the limited impact of this law in terms of the number of sustainability reports disclosed by companies considered in the regulation and their quality and comprehensiveness (Díaz-Díaz and García-Ramos, 2015; Larrinaga, Luque-Vílchez and Fernández, 2018; Luque-Vílchez and Larrinaga, 2016).

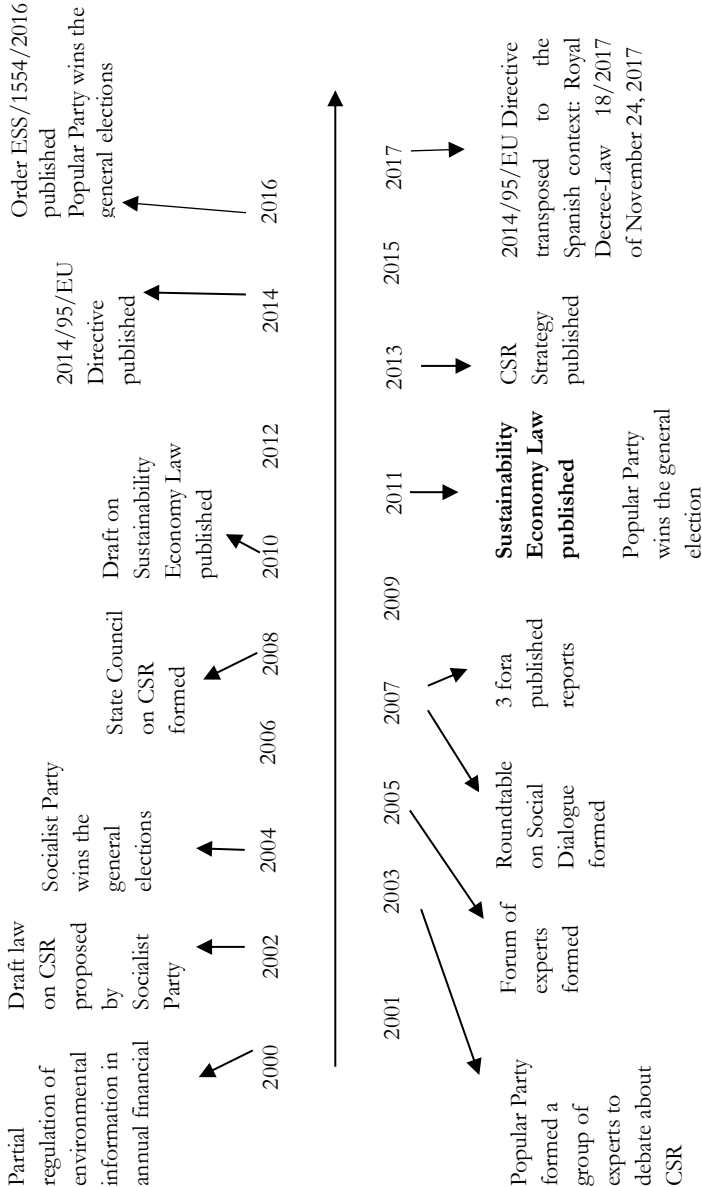
Other reporting initiatives were proposed by the Spanish Government after SEL. The same year that SEL came into force, there was a change of government. The Popular Party won the elections in November 2011 and “was in charge of giving effect to the SEL approved a few months earlier” (Luque-Vílchez and Larrinaga, 2016, p. 12). However, the CSR policy of the new government stressed the voluntary nature of CSR (e.g. Gobierno de España, 2014), something that provided legitimacy to the business position in the SCCSR. The Popular Party proposed the Spanish Strategy on CSR (Spanish Government, 2013), which was implemented in 2013 as a tool to ensure the Guarantee to Market Unity Law 20/2013 of 9 December and emerged as an initiative aligned with the “renewed EU strategy 2011-2014 for Corporate Social Responsibility” (European Commission, 2013). The Spanish Strategy on CSR was elaborated, as the SEL, in the SCCSR. It provides companies with a general guideline about CSR practices but it does not develop the SEL’s information requirements.

In June 2016 the Popular Party approved the Order ESS/1554/2016 of 29 September, which promotes the registration and publication of public and private organizations’ sustainability reports. The main aim of Order ESS/1554/2016 was to give

visibility to initiatives and practices implemented by organizations, as well as recognize their transparency on a voluntary basis.

None of the two aforementioned initiatives contained reporting obligations. This situation changed with the transposition of 2014/95/EU Directive. The European Commission stated that the deadline for transposition of this directive was 6 December 2016. In Spain, the 2014/95/EU Directive was transposed after a more than one-year delay, through Royal Decree-Law 18/2017 of 24 November 2017. This Royal Decree-Law amends the Spanish Trade Code and the Spanish Laws on Capital Companies and on Auditing, in non-financial information and diversity matters.

Figure 3.1: Summary of the involvement of Spanish public administration in promoting CSR.



In this chapter, we aim to take a further step in the understanding of the reasons for such a limited development of SEL, and its subsequent limited impact in practice. Previous studies focus on the public initiatives to promote CSR in Spain (Archel and Husillos, 2009; Archel, Husillos and Spence, 2011) analyzed the 2002-2010 period (see figure 3.1), where there were no mandatory requirements for non-financial reporting.

3.2 The field

A study like this implies considering a “field” that brought “into existence” the production of actors’ interactions (Wooten and Hoffman, 2008, p. 138). Following Giddens’ structuration theory, Wooten and Hoffman (2008, see also Lawrence and Phillips, 2004) explain how in such as field, “structure enters simultaneously into the constitution of social practices, and ‘exists’ in the generating moments of this constitution” (p. 138). The present research focuses on what we call the Spanish NFRR “field”. Following Luque-Vílchez and Larrinaga (2016), this field consists of a variety of participants, with their own views on CSR and its regulatory process. Actors of this field are those who assist and influence the Spanish Government in establishing the formal criteria of the non-financial reporting initiatives (regulations, recommendations) in the abovementioned SCCSR, as well as other relevant actors in the Spanish process of NFRR such as academics, accounting associations, company managers and consultants.

According to Lawrence and Phillips (2004, see also Arnold, 2009 and Crawford et al., 2014), a field like this represents processes that

happen mainly in the mezzo levels of analysis, but also in the macro levels of analysis. Mezzo-level analysis “is directed at the wider institutional field” (Crawford et al., 2014, p. 305) and aims to “understand how economic activity is embedded in institutional arrangements such as legal and regulatory regimes” (Arnold, 2009, p. 51). For Arnold (2009), the mezzo-level is the most desirable level for studying contexts “in which a multiplicity of actors participates (i.e. firms, regulatory authorities)” (p. 55). An analysis of macro levels is also needed to understand the inevitable impact of institutional forces (i.e. social, historical and political influences) in the relationships between actors, such as “class relations, social struggles, and geopolitics play” (p. 59). The exploration of these levels is an important challenge in the field of accounting regulation (e.g. Arnold, 2009). In this respect, Canning and O’Dwyer (2013) and Suddaby, Cooper and Greenwood (2007) have suggested the potential of examining the traditional national actors (together with transnational actors) for representing a complete picture of regulatory processes, since national actors are in part disciplined by transnational actors.

4. Research method

The regulation process and the circumstances of the Spanish NFRR field were analyzed following a triangulation research approach (Berg and Lune, 2012; Ryan, Scapens and Theobald, 1993). Three data sources were used: qualitative interviews with relevant actors in the Spanish regulation field, data derived from the participation in technical meetings and seminars, and document analysis.

Participation and documents complemented the insights derived from interviews, facilitating their interpretation (Berg and Lune, 2012).

4.1 Qualitative interviews

We carried out qualitative interviews (Berg and Lune, 2012; Cassell, 2015; Miller and Crabtree, 1999; Wengraf, 2001) with key actors in the Spanish NFRR field. 39 interviews were conducted with SCCSR members and relevant actors that were knowledgeable about the SCCSR process and CSR in general. We scheduled at least two interviews in each of the four groups of stakeholders involved in the SCCSR. Following Archel et al. (2011), the selected actors for these interviews have different perspectives about CSR and its regulation. The principal roles of these actors are described in appendix 3.1.

The interviews were carried out between November 2014 and December 2017, and lasted between 20 and 180 minutes. 29 interviews were carried out in person and the rest, by phone. The first round of interviews was conducted between December 2014 and June 2015. The two initial interviews of this round were pilot interviews for obtaining an overview of the research field and testing the interview guide. The first interviewee was a leader of one of the largest trade unions in Spain, who has been a member of the SCCSR since its inception in 2008 and, moreover, has experience in other CSR forums at the European level. The second interviewee was a CSR senior consultant that although he did not personally participate in the SCCSR, had worked with different SCCSR members. A second round was needed for exploring concerns that

emerged in previous interviews (Berg and Lune, 2012). This second round took place between November 2015 and January 2017. The two last interviews were carried out in December 2017.

Considering the variety of the interviewees' profiles, semi-structured interviews were conducted to "allow the interviewers both to ask a series of regularly structured questions (...) and to pursue areas spontaneously initiated by the interviewee" (Berg and Lune, 2012, p. 114). The first draft of the interview guide (used in the pilot interviews) was developed drawing on previous relevant literature analyzing the Spanish stakeholder dialogue processes (Archel et al., 2011) and on legal and policy documents that were reviewed to have an overview of the regulatory context. After the pilot interviews, new questions were added to the interview guide drawing on the ideas and expertise of the two first interviewees. Overall, considering the exploratory nature of qualitative semi-structured interviews, the interview guide prepared for this investigation was progressively adopted and personalized for each interview. Appendix 3.2 shows the main questions addressed in the interviews.

The interviews were recorded and transcribed. During the interview process, we also took notes (Hammersley and Atkinson, 2007). These notes detail, for example, the voice tone and the gestures of the interviewees, and their emotions towards the research topic. Considering the nature of this research, it is necessary to "elucidate the understanding of the individuals involved in producing and transmitting (...) messages (...) the ways in which they understand what they are doing, what they are producing and what they are trying to achieve" (Thompson, 1990, p. 305). For this purpose, data derived from the interviews were analyzed in a reflexive and

interpretative way (Berg and Lune, 2012). Every three weeks during the span of the research, we reviewed the data and reflected on them (Hammersley and Atkinson, 2007). This process facilitated the identification of themes that were coded to reduce information and made data more accessible.

4.2 Participation in meetings

While we conducted the interviews, we participated in technical meetings and seminars monitoring the progress of NFRR. We attended the most representative of such meetings (four) held over the course of the research period. Such conferences were organized by representatives of employers (e.g. large companies and audit firms) or social organizations (e.g. third sector associations). Also, one of those meetings was organized by the own Spanish Government inviting to participate representatives of both business and social parties, in addition to political parties.

Field notes (Hammersley and Atkinson, 2007) were taken in the meetings. These notes detailed the more repeated themes emerged in such meetings, the understanding of the different stakeholders about CSR and its regulation, in addition to details such as symbolic gestures used by the individuals during their interventions in the meetings.

4.3 Document analysis

We completed the understanding of the regulation process with an analysis of documents produced by the SCCSR and its (former and current) presidents, and media reports. These documents enabled us to become familiar with the situation on the empirical ground. In addition, historical documents were explored. Historical documents “provide information about settings being studied” and about “their wider contexts and key figures” (Hammersley and Atkinson, 2007, p. 122). For example, the exploration of the former Spanish Official State Bulletin (called “La Gaceta”) allows understanding who were the social agents⁶ one century ago and compare them with who seem to be the key actors in the stakeholder dialogue process nowadays.

5. A conflictual relationship between the actors of the Spanish NFRR field

The analysis of interviews, meetings and documents provides insights that allow exploring how accounting regulation is enacted in practice. The analysis is structured in two sections derived from the themes identified in the empirical analysis in conjunction with sensitizing concepts of the theoretical scaffolding portrayed in section two. This section analyzes the type of relationship existing between the members of the Spanish NFRR field. Section six inspects the interactions between the actors involved in such specific relationship.

The Spanish NFRR field. A conflictual field.

One of the most representative spheres of the Spanish NFRR field is the SCCSR (Archel et al., 2011; Luque-Vílchez and Larrinaga, 2016). As explained in section three, the SCCSR is formed by members representing four different groups of stakeholders (employers, trade unions, third sector organizations and public administration) that assist the Government in issues related to the CSR reporting and its regulation. Regarding the *modus operandi*, the text of the SCCSR creation details that decisions in this body need to be adopted “under consensus” (Art 7.1, Royal Decree 221/2008). Consensus entails that progress on any point requires unanimous agreement between all SCCSR members; the possibility of resorting to administrative majorities to reach an agreement is not considered. Those interviewees familiar with this kind of fora, found inadequate from the start the consensus rule, given the participation of members with thoughts as different as those who were represented:

“From the beginning, consensus was the means to reach agreements in the SCCSR. I, and others, alerted the SCCSR about the risk of applying consensus as the mode of adopting decisions.” (SCCSR member, Spanish Confederation of Cooperatives)

“In the SCCSR, the mode of adopting decisions is through reaching unanimous consensus. This means that to reach an agreement it is needed that all SCCSR’s members agree with the decision, and the SCCSR is formed by fifty-six members.” (SCCSR member, academic institution)

Despite the significant challenge posed by the ‘consensus’ rule, the first few years of the SCCSR’s existence were active and fruitful (Coller, Cambra-Fierro, Gulatieri and Melero-Polo, 2014; Díaz-Díaz and García-Ramos, 2015; Luque-Vílchez and Larrinaga, 2016; Olcese and Alfaro, 2014): working groups formed by representatives of all SCCSR’s parties worked intensively in different aspects of CSR in Spain.

However, as Luque-Vílchez and Larrinaga (2016, p. 63) explained, the members in working groups soon discovered that they did not share the same ideas and values about NFRR. More specifically, considerable differences of opinion between those groups began to appear in 2011 when they started to discuss the reporting guidelines (for example, a set of indicators) that the SCCSR had to suggest to the organizations for SEL enforcement.

“The debate about indicators generated substantial controversy between the SCCSR members [...]. This fruitless debate has contributed to create a conflictive environment in the SCCSR that has been a constraint to achieve any agreement.” (SCCSR member, Spanish Confederation of Cooperatives)

“The indicators already exist. In fact, if you look at the Sustainable Economy Law (art. 39 and art. 35) you can see how this law refers to international indicators. We (Socialist Party) only appealed to more thinking and reflection on them. But employers and union officers did not understand our message.” (SCCSR member, former government officer)

The existence of “competing views about CSR reporting and CSR reporting regulation” in the SCCSR (Luque-Vílchez and Larrinaga,

2016, p. 8), together with the consensus rule, made the achievement of any agreement between the SCCSR members almost impossible.

Nowadays the scale of this conflict is such that documents from the media (Diario Responsable, 2015)⁷ identified the lack of consensus about the above-mentioned indicators as a fact that could cause the SCCSR death. In this context, it does not seem surprising that the SCCSR is less and less convened: “*only three meetings have been held since 2012*” (SCCSR member, large trade union 1), leading to a state of inactivity in the SCCSR:

“Working groups have had no continuity.” (SCCSR member, CSR director of a Spanish multinational)

“SCCSR does not progress... there is little information available about it and its activity. Some information appears on the SCCSR’s website (but it is outdated).” (CSR manager of state-owned company 1)

In a conflictual relationship, actors with antagonistic points of views are entrenched in different perspectives about CSR and its regulation. In doing so, they do not consider the possibility of working in a team (Erbert, 2014), being the “division and active struggle” (Giddens, 1984, p. 257) the only alternative available. Perhaps for this reason, despite the significant role attributed to the SCCSR, this body has not been considered in the last decisions adopted by the Spanish Government:

“The Government has not considered the SCCSR in its last decisions about CSR: these are unilateral decisions by the Spanish Government through its General Director of Social Responsibility.” (SCCSR member, large trade union 1)

An example of these decisions has been the approval of the Order ESS/1554/2016 of 29 September, in June 2016.

“SCCSR members have not participated in the elaboration of the Order ESS/1554/2016 of 29 September 2016.” (SCCSR member, public officer)

This initiative does not contain any reporting obligation and (only) promotes (without any specific criteria) the registration and publication of public and private organizations’ sustainability reports. Furthermore, this investigation found that the SCCSR was not considered to discuss the positions adopted by the Government for the transposition of 2014/95/EU Directive.

“The Royal Decree that transposes the European Directive on non-financial information to the Spanish context does not mention SEL, neither the SCCSR.” (SCCSR member, large trade union 2)

These findings reveal how the conflictual relationship has progressively contributed to the decline of the SCCSR. In the next section, we try to understand the causes behind this conflictual relationship that has blocked the development of SEL, and consequently limited its impact in practice.

6. Inspecting the Spanish field of non-financial reporting regulation

The interplay between agency and structure considered in structuration theory provides theoretical insights for exploring how the identified conflictual relationship emerges and impacts on

processes of NFRR. In this vein, it should be emphasized that although Giddens (1984, p. 198) recognizes that conflict is not a structural concept (“by conflict I mean struggle between actors or groups” who exercise agency through the control of different resources), he highlights the influence of structural aspects in the reproduction of any social act, such as conflict. As was explained in section two, the recursive relation between agency and structure is mediated by the existence of rules and resources. This is why the understanding of conflict requires an analysis of both resources and rules that are strategized and shape the struggle between the actors. This section discusses and characterizes both resources and rules surrounding.

6.1 Resources mediating interactions. A multiplicity of centres of power

As explained in section two, field actors can exercise agency through the control of resources, and possibly even dominate the field, if a specific group concentrates the most important part of resources (Giddens, 1984; see also Macintosh and Scapens, 1990 and Ndiweni, 2010).

In this respect, the analysis of the interviews reveals that resources to exercise agency in the stakeholder dialogue process were somewhat distributed. Each actor supported his/her power on different resources. For example, it is apparent that the employers (group 1 of the SCCSR) have a high level of financial resources, but contrary to what one could expect, they seem to have an important

deficit of both, technical (in the terms of knowledge) and communicative resources.

“Although employers handle the money, the employers’ representatives in the SCCSR have no idea of CSR. They are not valid interlocutors.”
(SCCSR member, CSR organization)

In addition to financial resources, the analysis reveals that trade unions are supported by political resources related to their membership and to all the time that they have been considered key agents in the social dialogue (explained in greater detail in the following subsection). Literature in the field of labor relations (i.e. Rigby, 2016) refers to these resources as “associative and institutional resources”, respectively. As a union officer explained:

“The trade unions’ resources stem from legitimacy supported not only by members who pay the union fees, who in the period of crisis have been less, but also by the number of people (affiliates and non-affiliates) who vote in [union] elections every four years, which is still quite high.”
(SCCSR member, large trade union 2)

The analysis reveals how third sector organizations, such as NGOs and environmental organizations, have substantial moral resources in the field, which are legitimized by the relevant social issues they support (decent work, climate change):

“Today, no one can deny the importance of problems NGOs struggle for, especially in in less developed countries. I would remind the collapse of a factory in Bangladesh in 2013 that manufactured clothes for Spanish firms. It was the most horrifying thing I have seen in all my life: more than one thousand people died.” (SCCSR member, former government officer)

“Discussions about climate change is currently taking place at the international level because data are quite alarming, and not only for the future but for the present. This is why, for example, there is an agreement at the UN Climate Summit in Paris.” (SCCSR member, large trade union 1)

But certainly, it was the public administration (the government itself) the group that has a clear source of resources (political) to intervene in the process of NFRR:

“They can rethink and decide what is the most relevant decide what is going to be done with SCCSR, the path to be adopted.” (SCCSR member, public officer)

“The politicians take the wind go there or here ...” (director of a professional organization)

When resources are distributed, power is also distributed and agency can be exercised from different centres of power (Giddens, 1979, 1984; see also: Allen, 2004; Canning and O’Dwyer, 2013; Cooper and Robson, 2006; Erbert, 2014; Robson and Cooper, 1989; Wieviorka, 2013). Based on our analysis, four centres of power (with different resources) are identified: employers, union officers, third sector organizations and public administration. Therefore, we distinguished as many centres of power as groups forming the SCCSR, suggesting that the four parties of this body had, in principle, power to intervene in the discussions.

In such situation such as this, Hancher and Moran (1989, see also Risse, 2004) explained that a relation of collective work between the different centres of power is needed for a successful implementation of regulation. However, this is not the case, as we

explained in section five. The existing centres of power in the Spanish NFRR field have different and antagonistic points of views about NFRR due to their interests and opposed values (Luque-Vílchez and Larrinaga, 2016). This created a situation of vivid “struggle between the groups” what has come to be called as conflict (Giddens, 1984, p. 198). As a SCCSR member explained:

“In the SCCSR, the goal is not to achieve agreements between the members, quite the reverse.” (SCCSR member, academic institution)

6.2 Rules

Although in the action field new power relations can emerge based in new resources, Giddens (1979, 1984) highlights that the strength of the resources for exercising agency is determined by the existence of certain structural rules. This section discusses and characterizes the specific rules that influence action in the Spanish NFRR field.

Legitimation rules

Identification of specific rights and responsibilities between the actors of the Spanish NFRR field is the starting point for the documentation of legitimation rules (Dillard and Pullman, 2017; Giddens, 1984; Yuthas, Dillard and Rogers, 2004). This section explores the specific rights and responsibilities of those actors and discusses the legitimation rules that provide the basis upon which such rights and responsibilities are established.

Despite the governmental consideration of the SCCSR as a forum represented equally by four groups of stakeholders (as it was explained in section three), the interviewees explained how, apart from the Government, there were only two groups that led SCCSR in terms of dialogue:

“In the SCCSR, dialogue is led by the Government, the Spanish Confederation of Employers’ Organizations and the most representative trade unions. For the rest of the SCCSR members, it is almost impossible to participate in this debate.” (SCCSR member, fiscal expert working in an international NGO)

“In the SCCSR, dialogue is understood as the bargaining among Government, CEOE, and most representative trade unions. The other members are there watching how they negotiate.” (SCCSR member, Spanish Confederation of Cooperatives)

“Employers and union officers were the first to occupy the empty seats available in the room in which SCCSR’s meetings took place.” (SCCSR member, Spanish Confederation of Cooperatives)

“There is a disproportion between the trade unions’ capacity for action and the rest of civil society’s capacity in the SCCSR dialogue process.”
(SCCSR member, CSR organization)

The understanding of legitimation rules supporting rights (and responsibilities) to participate in the social dialogue requires an analysis of Spanish history such as the main cognitive insight for driving interpretations (Giddens, 1984). In this regard, as Fernández Infante (2006) explains, the role of employers and trade union leaders in the SCCSR appears to be the result of the privileged position attributed to the Spanish Confederation of Employers’ Organizations and the largest Spanish trade unions, over time. For example, the 1978 Spanish Constitution calls for the employers’ organizations to cooperate with the largest trade unions in the social and economic organization of the country to achieve collective (consensual) agreements (i.e. art. 7, art. 37.1, art. 37.2, art. 129.1, art. 129.2, art. 131.2 of Spanish Constitution). This ‘legitimacy’ of employers and trade unions seemed to be implied in their ability to have a preferential seat and relevant voice (power) in the SCCSR. In a situation such as this, power is maintained “not by exertion”, but it can be understood based on their “prior development” (Gaventa, 1982, p. 23).

Organizations such as NGOs, which have been incorporated later to the Spanish social and political arena, could be less recognized and have less legitimacy (and less power) to intervene in the SCCSR’s dialogue. Accordingly, Archel et al. (2011) showed how employers’ representatives and unions officers had “eclipsed other important voices” (p. 339) in the process of CSR institutionalization in the Spanish context. Legitimation rules constrain the capacity of

certain actors to have voice (power) in the stakeholder dialogue process. And, at the same time, these rules enable the capacity of employers' representatives and union officers to have power in such dialogue. Both the employers' representatives and union officers made it impossible for third sector organizations to take part in the dialogue about the situation of CSR and its regulation. In this sense, several interviewees referred to the pessimism and discouragement that had been generated among the representatives of third sector organizations in the SCCSR such as the case of some NGOs (one of the marginalized voices).

“The human rights people are fully discouraged.” (SCCSR member, large trade union 1)

“Initially, important third sector organizations such as Amnesty International were involved in the SCCSR, but, then, they left it.” (SCCSR member, former government officer)

Signification rules

Signification rules, which provide meaning to talk and action in social fields, are always implicated in legitimation rules (Buhr, 2002; Dillard and Pullman, 2017; Giddens, 1984). The narratives of interviewees about behavior and dialogue between employers and union officers reveal that these actors have forms of language and behavioral codes (types of interpretative schemes) that could be helping to lead the dialogue in the Spanish NFRR field in a particular direction.

“Employers and trade unions have a particular way of acting. For example, it is often the case that although in disagreement on relevant aspects [emphasized], they can negotiate an agreement in which they may be interested. It is also very common that they negotiate outside SCCSR meetings, as they are used to in other fora where they participate.”
(SCCSR member, independent expert 1)

These encrypted codes of behavior facilitate the creation of interaction patterns shared by employers and unions officers. These findings are consistent with Archel et al. (2011, p. 339), who explain how the long tradition of dialogue between employers and trade unions had led to the consolidation of “a particular model of collective negotiation”: the collective bargain. This form of negotiation was reproduced in the SCCSR (A1, A14, A15, A20, B14):

“From the first day SCCSR was created (...) it was to replicate the model of collective bargaining.” (SCCSR member, independent expert 2)

“Employers and trade unions tried to bring to the field of CSR their traditional form of dialogue in the field of labor relations.” (SCCSR member, fiscal expert working in an international NGO)

This situation has the effect of reinforcing the existing meaning of social dialogue (understood as the dialogue between government, employers and trade unions) and, therefore, the existing rules of meaning and legitimation were also reinforced (Giddens, 1979, 1984). Importantly, unlike Archel et al. (2011), we found that the fact that employers and trade unions have a long tradition of dialogue was not enough to compromise in an agreed understanding of CSR. In fact, employers and union officers were the main

protagonists of the above mentioned conflictual relationship between the actors of the Spanish NFRR field:

“At the meetings in the SCCSR, a particular tension was apparent in the relationship between employers’ representatives and union officers. We wanted the SCCSR to become a much more peaceful place, instead of a place for continuous struggles between the CEOE and the largest unions.” (non SCCSR’s member, CSR manager of state-owned company 1)

The relationship between the CEOE and the largest unions have been characterized by their conflictual relations over the course of the Spanish history. The constitutional call for cooperation cannot hide the historical conflict between labor and capital. For example, if we take a look back to the 1990s and the 1910s, was a period characterized by labor conflicts and violence. Later, during General Primo de Rivera’s military dictatorship (1923-1930), with the purpose of avoiding this pressing environment, the government set up a forum for dialogue that would allow labor and capital to reach collective agreements. These fora (called Parliamentary Committees) were created by Royal Decree-Law of 26 November 1926 under the supervision of the Ministry of Labor. Members equally representing workers and business agents formed these Parliamentary Committees (Art. 10, Royal Decree-Law of 26 November 1926). Some of the major trade unions existing nowadays in Spain such as UGT (‘Unión General de Trabajadores’, the General Union of Workers) were already present in these committees, extending their influence thanks to the banning of anarchist trade unions (Ben-Ami, 1980). Thus, it was gradually laid the foundation for enhancing the complex relation between

employers and trade unions in the Spanish context, that was at a later stage translated into the SCCSR. In the words of some SCCSR members (A11, A12, A21):

“The debate between unions and employers is an element that has been in the SCCSR from its birth and comes from the traditional debate that they maintain. It is interesting that this debate is reproduced again.”
(SCCSR member, professor)

Interestingly, with the introduction of a new thematic (CSR and its regulation) in the traditional dialogue between employers and trade unions a more intense debate was initiated:

“Working on a new thematic, the dialogue between employers and trade unions turns into a heated conflict.” (SCCSR member, professor)

“When you have around the same table the unions and the employers, every time you try to raise an important and significant advance about CSR and its regulation, it is blocked.” (SCCSR member, independent expert 2)

These narratives are consistent with previous literature (Botzem and Quack, 2006) highlighting how conflict is especially associated with the early stages in the processes of accounting regulation. Botzem and Quack (2006) explain that in the early phases, it seems to be very likely that any regulatory aspect is likely to become a conflict between actors promoting different positions. Additionally, a very important insight, is that contextual circumstances such as “periods of economic or political crisis” (Edelman and Stryker, 2005, p. 542, see also Canning and O’Dwyer, 2013; Djelic and Shalin-Andersson, 2006) may rekindle conflict. That seemed to be the case of SEL, which saw the light during one of the hardest years in the economic

crisis in Spain (2011) when a change of government was imminent. The Socialist Party was suffering the consequences of the economic crisis and losing support from its former voters. For these reasons, the probability of losing the incoming elections was very high.

“This law was designed at the last minute by a weak government that knew it was losing the elections.” (SCCSR member, independent expert 1)

“SEL was created quite quickly because there was a change of government. It was impossible to have time to develop completely the law and reflect about the necessary resources required to its enforcement.” (SCCSR member, Spanish Confederation of Cooperatives)

“I would like to draw attention to the fact that as this law has been drafted at the last moment of our legislature. It was our intention for this law to be developed by the incoming government (although it seems that it was not the new government’s intentions).” (SCCSR member, former government officer)

These circumstances caused an incomplete development of SEL and an excessive ambiguity on its implementation. In that respect, several of the interviewees (A14, A17, B12) pointed out that there was not sufficient time for consultation regarding SEL’s development and implementation.

In relation to, the Government as mediator, the narratives of the interviewees remark how, regardless the level of implication of the Government in the resolution of conflict, it is very difficult to overcome the conflict because the national social context enables it.

“Conflict between employers and trade unions in Spain is a structural issue. Some have already considered SCCSR as a missed opportunity.”
(CSR senior consultant)

Thus, in contrast to studies such as Archel et al. (2011), who found that CSR is a subject dominated by a naturalized corporate discourse, this research finds an open and latent conflict that influences the development of the Spanish non-financial regulation process. Archel et al. (2011) explained how despite, initial, the discourse in the SCCSR was characterized by struggle and contestation, the business discourse was later naturalized: all stakeholders' groups ended up talking the business language. On the contrary, the insights of the present study reveal that the institutionalized rules of legitimation and signification strengthened struggle and contestation. Although Giddens recognizes conflict is not a structural concept: “by conflict I mean struggle between actors or groups”, he points out how “structural properties are going to intervene indirectly in conflict” (Giddens, 1984, p. 198). More specifically, Giddens' writings explain how structural properties of fields (reproduced in process of action along time) become taken for granted patterns in the reproduction of any social act such as the struggle and contestation emerged in the SCCSR, and influence the capacity of actors to exercise agency (via resources), and therefore, influence the production and reproduction of conflict. In our empirical context, the relations and interactions between the actors participating in the Spanish field of NFRR (both SCCSR members and the rest of important actors in such field) were intertwined with some of the rules of the social and economic Spanish structure.

Therefore, conflict has elements of both agency and structure. This idea about how structural forces can influence conflict echoes the ideas of studies such as Modell (2014) and Stryker (1994). Modell (2014, p. 9), explains how “conflict seems to be such as a struggle between actors (or collectives) that hold antagonist positions, which can be conditioned by structures.” In a similar vein, Stryker (1994, p. 881) points out how the structural conditions, in a conflictual relationship, could “constrain” actors and their interests. Accordingly, these struggles, emerged in the field of NFRR, help to understand how both agency and structure (in conjunction rather than considered as alternative possibilities) can serve as engines of conflict dynamics, and explain the significance of these dynamics in NFRR.

7. Discussion and concluding remarks

Drawing on insights from structuration theory and the political-sociological approach to law and regulation, this chapter presents an in-depth qualitative analysis of non-financial reporting regulation in Spain that tries to provide evidence of the relations between the actors involved in what we have called the Spanish NFRR field and how such relations impact the Spanish SEL. This study explains how power struggles emerge in the Spanish NFRR field, and affect the development of recent governmental initiatives. In this vein, this research aims to provide a better understanding of conflict dynamics in processes of NFRR and more specifically, the role that the interplay between agency and structure plays in the reproduction of conflict dynamics in such processes.

In this study, we found a context in which resources to exercise power are unevenly distributed among different actors (e.g. while business representatives hold substantial financial wealth, international NGOs have considerable moral resources). This context facilitates the exercise of agency by different SCCSR groups and promotes a situation of “struggle between the groups” (Giddens, 1984, p. 198). At the same time, the structure surrounding the SCCSR dialogue process exerts considerable influence in this resource distribution. Thus, the strength of these resources for exercising agency in this conflicting situation is determined by the existence of certain structural rules (e.g. norms in the social context) that provide actors with different degrees of legitimacy. For example, moral values in the SCCSR are legitimized by the need to defend basic rights in labor policies. Another example of structural influence in agency is that our preliminary results show how certain positions in the SCCSR’s social context facilitate the access to resources. In this respect, the analysis of the interviews reveals how the privileged position conferred historically in the Spanish context to employers and union officers in organizing the social and economic sphere (preexisting social structure) was translated into the stakeholder dialogue process in the SCCSR (through legitimation and signification rules) and enables the exercise of power by these groups. The same historical background, together with certain economic and political circumstances, are the reasons of an intense conflict between employers and union officers. The privileged position of employers and union officers in the Spanish field of NFRR determines the key subjects for discussion in such field. Consequently, labor and social issues dominated the CSR arena and environmental issues became less salient. In this regard,

the meaning of NFRR was endogenously constituted: it was generated within the social context in which NFRR process was meant to have an effect. Consistently with Edelman et al. (1999, see also Edelman and Stryker, 2005; Mahoney and Thelen, 2010), the narratives of the interviews have illustrated that the more ambiguous and politically contested the law is, the more endogenous its generation.

As in the case studies by Covalleski et al. (2013), the endogenization in the Spanish regulation was exercised actively (a clear example is the vivid conflict between employers and trade unions). However, in contrast to Covalleski et al. (2013), which focused on the manner in which actors have influenced regulatory requirements before regulation entered into force, the present research (see also Bebbington et al., 2012) focuses on the manner in which actors' influence regulation along the whole process encompassing discussion, preparation, development and interpretation after it enters into force. Furthermore, this investigation enriches Bebbington et al. (2012), that pointed out the relevance of both agency and structural elements in NFRR, but they did not analyze how agencies and structures interplay to produce a particular form of NFRR.

In contrast to studies such as Archel et al. (2011), that concluded that the CSR phenomenon is dominated by the “business block” (monolithic power) in Spain, an important insight in this study is, the identification of different centres of power (Allen, 2004; Giddens, 1984) based on different resources (authoritative and allocative) and rules, establishing struggles for power. This is a relevant finding since it could help to understand how contextual

changes (political, economic and social) created the conditions of possibility for the Spanish route of non-financial regulation. This pluralist view of power in CSR reporting (Cooper and Robson, 2006; Gray, Adams and Owen, 2014, Robson and Cooper, 1989) allows identifying different levels of power and, therefore, can provide a subtler understanding (Allen, 2004) of conflict.

A further insight in this study is how in the age of globalization, there are still issues for which the national regulatory contexts matter. Not everything in non-financial reporting is globalized; there are traditional actors with power determining NFRR.

This chapter has a limitation, which is present in any structural analysis and in general in any investigation in the social sciences: in the empirical analysis, some structures are foreground and others, are background (Giddens, 1979). No investigation represents the whole reality. In this respect, it would be interesting to see further studies exploring other possible structures influencing NFRR under the theoretical perspective followed in this study. It could be also interesting that further studies explore the relationship between the social constitution of NFRR and the different national approaches to CSR (for example, in relation to the actors participating in the CSR dialogue).

Finally, it should be noted that this study intends to support efforts to develop structuration theory in the accounting empirical research. As Englund and Gerdin (2014) explain, “despite of the potential of Giddens’ structuration theory as a framework for understanding accounting practices” (p. 17), “accounting studies have not yet developed how to apply structuration theory methodologically in empirical research” (p.1).

Notes

1. “Companies with more than 500 employees and either with total assets exceeding 20 million euros or with annual turnover surpassing 40 million euros are obliged under the Directive.” (Luque-Vílchez and Larrinaga, 2016, p. 14).
2. Covaleski et al. (2013) call for further research pursuing examine “regulations and their areas of application as being mutually endogenous” (p. 359) through the analysis of social interaction.
3. Giddens framework has also been particularly fruitful in organizational studies (e.g. Jarzabkowski, 2008; Whittington, 2010), but not without its critics (see, for example, Roberts, 2014; Sewell, 1992; Stones, 2005).
4. For more details of this period see Archel et al. (2011).
5. This consultative body was created by Real Decreto 221/2008 (2008) and modified by Real Decreto 1469/2008 (2008).
6. “Social agents (Agentes Sociales) is a widely used term in Spain to refer jointly to both trade unions and employers’ associations” (Archel et. al., 2011, p. 339).
7. The lack of consensus as a death threat for the SCCSR <http://diarioresponsable.com/opinion/19015-rse-la-falta-de-consenso-amenaza-de-muerte-al-cerse>).

Appendix

Appendix 3.1: Interviews.

Panel A: SCCSR members (21)				
Interviewee	Organization	Role in SCCSR	No. Interviews	Interview Code
<i>SCCSR Group 1:</i>				
CSR Director	Spanish Multinational	Member representing his/her organization (2008-nowadays)	1	A1
Chief of staff	Business association	Member representing his/her organization (2013-nowadays).	1	A2
SCCSR Group 2:				
Officer	Large trade union 1	Member representing his/her organization. Member of the Executive Council (2008-nowadays)	2	A3-A4
Officer	Large trade union 1	Member representing his/her organization. (2012-nowadays)	1	A5
Officer	Large trade union 2	Member representing his/her organization. Member of the Executive Council (2008-nowadays)	4 (1 pilot interview)	A6-A10

Panel A: SCCSR members (21)

Interviewee	Organization	Role in SCCSR	No. Interviews	Interview Code
SCCSR Group 3:				
Professor	Academic institution	Independent expert 1 (2008- nowadays)	2	A11-A14
CSR Expert	Employers	Independent expert 2 (2008- nowadays)	1	A14
Fiscal expert	International NGO	Member representing his/her organization (2012- nowadays)	1	A15
Coordinator	CSR organization	Member representing his/her organization (2008- nowadays)	1	A16
Director of CSR area	Spanish Confederation of Cooperatives	Member representing his/her organization (2008- nowadays)	1	A17
SCCSR Group 4:				
Former government officer	Ministry of Employment	Former president of the SCCSR (2008- 2011).	1	A18
Public officer	Ministry of Employment	Member of the Ministry of Employment in charge of CSR actions (2015- nowadays).	2	A19-A20
Professor	Academic institution	SCCSR member (2008- nowadays)	1	A21

Panel B: non SCCSR members (18)

Interviewee	Organization	Relation with SCCSR	No. Interviews	Interview code
Director	CSR Consulting Services	None	1	B1
CSR Manager	Manufacturing company	None	1	B2
CSR Manager	Spanish Bank	None	1	B3
Marketing Director	Corporation in the food processing industry	None	1	B4
Human Resources Director	Spanish Multinational	None	1	B5
Risk Manager	Large subsidiary	None	1	B6
<i>State-owned companies:</i>				
CSR Manager	State-owned Company 1	None	1	B7
PR Manager	State-owned Company 2	None	1	B8
CSR Manager	State-owned Company 3	None	1	B9
Institutional Relations and CSR Manager	State-owned Company 4	None	1	B10

Appendix 3.2: Interview guide.

1. What are the origins of your organization?
2. What are the main activities undertaken by the organization you represent?
3. How does the organization you represent define CSR?
4. What kind of activities do you carry out in the field of CSR?
5. To what extent do you perceive that CSR practices are implemented in Spain?
6. Why do firms pursue, or not, these practices?
7. What are the roles of the market, regulation and social awareness as mechanisms to enhance CSR in organizations?
8. What is your opinion about the role that CSR reports play and should play in CSR?
9. What do you think about the State Council on CSR?
10. What do you think about the public consultation process initiated by the Spanish Government?
11. What is your evaluation of the Sustainability Economy Law and its requirements about CSR reporting?
12. What do you think about the other reporting initiatives (Spanish Strategy on CSR of 2013, Order ESS/1554/2016 of 29 September) that were proposed by the Spanish Government after Sustainability Economy Law?
13. How (and when) do you think that the Spanish Government will transpose the Directive 2014/95/EU of non- financial information into domestic law? / What do you think about the way in which the Spanish Government has transposed the Directive 2014/95/EU of non- financial information into law?

Questions 1-10 adapted from Archel et al. (2011).

CHAPTER FOUR

**The influence of managers' personal values on
environmental disclosure: the mediating role of the
organizational structure**

1. Introduction

Previous literature on social accounting has found that corporate characteristics, such as size, sector or turnover (Fifka, 2013); media attention (Deegan, Rankin and Tobin, 2002) or stakeholders' salience (Cormier, Gordon and Magnan, 2004; Deegan and Blomquist, 2006; Liesen, Hoepner, Patten and Figge, 2015; Roberts, 1992), influence corporate environmental disclosure (hereafter ED). Adams (2002) and Husillos, Larrinaga and Álvarez (2011) refer to those characteristics as external factors to distinguish them from internal factors, such as organizational commitment and structures (Adams, 2002; Adams and McNicholas, 2007; Buhr, 2002; Contrafatto, 2014; Contrafatto and Burns, 2013) and managers' personal values/perspectives (Adams 2002; Adams and McNicholas, 2007), that might have a significant effect over ED quantity and/or quality. Internal contextual factors have received much less attention in the environmental accounting literature than external factors (Adams, 2002; Husillos et al., 2011).

The internal context of ED practices was analyzed by Adams (2002), who suggested that both the internal processes of, and personal attitudes towards, ED requires further investigation to understand how ED quality and quantity can be enhanced. One key element of the ED internal context, managers' personal values (hereafter MPV), has received scant attention, remaining "largely unclear why individuals do (and do not) support and develop social accounting (and accountability) (...) and how initiatives are developed or opposed" (Gray, Adams and Owen, 2014, pp. 92-93). However, the

actual influence of personal values and desires on ED practices is far from clear. For example, Buhr (2002) found that managerial aspirations to produce some change in ED require the support of organizational structures (hereafter OS) and processes to create any effect.

Considering the paucity of research in this area and the importance that the social accounting literature has attributed to personal values, together with different factors of the internal context of ED, in influencing environmental reporting decisions, this study carries out an empirical study to ascertain whether managers have agency over ED quantity and quality, and whether this influence is mediated by the organizational structure. With this aim, and using a Partial Least Squares (hereafter PLS) structural equation model, we analyze the relationship between the quality of the environmental reports published by 137 environmentally-sensitive Spanish firms, their level of commitment towards the environment and the personal values of the directors in charge of those reports. The study contributes to social and environmental accounting literature by combining the comprehensiveness of the agency-structure theoretical framework and the well-established structural equation modelling method, to understand to what extent actors within the firm could (or could not) support and develop corporate social reporting practices.

The rest of the chapter is structured as follows. The second section presents the theoretical framework of the study and develops the hypotheses. The third section portrays the methodology used in this research. The fourth section shows the results, after testing the model and the different hypotheses. The fifth section discusses the

main results and presents areas for future research.

2. Literature review and hypotheses development

This section discusses the environmental accounting literature and agency-structure dualism (Giddens, 1984) perspective, from which we derive two hypotheses on the role played by MPV and organizational structure (hereafter OS) as determinants of environmental disclosure quality.

Berthelot, Cormier and Magnan (2003) define ED as the practice through which organizations disclose information about the past, present and future environmental activities and performance. Even though, previous literature recognizes that both external and internal factors can explain the level of ED, the external drivers of ED have attracted much more attention in this area (Deegan and Blomquist, 2006; Deegan, Rankin and Tobin, 2002; Liesen et al., 2015; Roberts 1992). The role of internal factors on the level of ED has been analyzed in this literature almost exclusively following qualitative methods (Branco and Rodrigues 2008; O'Dwyer 2002). For instance, Husillos et al. (2011) analyze the determinants of TBL reporting in the Spanish context. After analysing 30 semi-structured interviews with CEOs, members of the board of directors, executives and technical staff from 20 Spanish firms, they found that, beside the traditional external factors, both organizational internal factors (e.g. organizational core values, resources and capabilities) and individual internal factors (e.g. managers' ethical values and environmental views), influence the preparation of sustainability reports. While the first group of internal factors

reflects the importance of organizational knowledge, habits and routines, the second one considers the role of the power and attitude of specific members in the organization on ED quality. However, the use of qualitative methods prevents this kind of studies to confirm and generalize their conclusions (Branco and Rodrigues, 2008; Husillos et al., 2011; O'Dwyer, 2002). The present investigation contributes to fill this gap by testing the influence of internal factors on ED for a sample of large Spanish firms using a structural equation model. In particular, it examines the influence of managers' personal values.

Personal values are crucial to understand human agency because they drive human judgement, decisions and actions (Bardi and Schwartz, 2003; Caprara and Steca, 2007; Schwartz, 2010). According to Berson et al. (2008), MPV have an important influence on managers' perceptions and behavior, guiding them in the way they influence corporate environmental responsiveness and performance. Personal values have been found to have a prominent impact in corporate social responsibility initiatives (Hemingway and MacLagan, 2004), environmental responsiveness (Papagiannakis and Lioukas, 2012), corporate environmental performance (Agle, Mitchell and Sonnenfeld, 1999; Aragón-Correa, 1998; Ullmann, 1985) and specific environmental aspects, such as the implementation of reverse logistics programs (Álvarez-Gil, Berrone, Husillos and Lado, 2007). The results of these studies largely concur with the existing findings in the qualitative social accounting literature on the relevance of key organizational actors, such as CSR managers, to promote social and environmental reporting initiatives (Adams and McNicholas, 2007; Bebbington, Higgins and Frame,

2009; Contrafatto, 2014; Contrafatto and Burns, 2013). Accordingly, we hypothesize that MPV have an influence on ED:

H1: Managers' personal values have a direct influence over environmental disclosure quality.

Agency-structure dualism, managers' personal values and environmental disclosure

The notion of agency-structure dualism, as formulated by Giddens (1979, 1984, 1990), establishes that both agency (actors' capacity to intervene in the course of social interaction) and structure (the context in which actors are embedded) are paramount for explaining social life. While agency involves the capacity of intervening in a particular situation, the understanding of agency requires considering how economic and social structures constrain and enable the exercise of agency. Therefore, the notion of agency-structure dualism entails studying the joining effect of agency and structure.

Ideas deriving from agency-structure dualism have been particularly fruitful in fields such as socio-politics (Baek, 2010; Sewell, 1992; Turner, 2006), organizational studies (i.e. Feldman, 2004; Orlikowski, 2000; Whittington, 2010) or accounting (Coad and Gypthis, 2014; Dillard and Pullman, 2017; Robert and Scapens, 1985). However, an analysis in terms of agency-structure dualism of how organizational and individual internal factors influence ED has not deserved much attention in the social accounting literature (Gray et al., 2014). Buhr (2002) found that organizational structure is decisive to support managers' agency on environmental and social

reporting. In a similar vein, Contrafatto and Burns (2013) explained that although “agency is key” (p. 355) (because power is required to affect firms’ decisions), structural elements are those which allow CSR managers “to gather some momentum” (p. 355), to have agency over organizational sustainability development. Structure represents, for these authors, a “medium” (p. 356) for implementing environmental initiatives such as SR in the organizations. In this sense, elements of the organizational structure, such as, the authority of the environmental management function in the organizational structure (Buhr, 2002; Contrafatto and Burns, 2013); the vision of corporate sustainability held in the organization (Adams and Mc Nicholas, 2007; Contrafatto and Burns, 2013); and the existence of commitments and social/environmental initiatives in the organization (Adams, 2002), have been identified in the literature as having some influence in sustainability/environmental disclosure.

According with the previous discussion on agency-structure dualism, the influence of MPV on ED should not be analyzed in isolation, but within the context of organizational structures. Contextual variation can elucidate how organizational structures can enable (or constrain) MPV influence on ED. In this regard, different studies have shown the relevance of the organizational structure to support changes championed by managers seeking to bring new SR practices (Adams, 2002; Adams and Mc Nicholas, 2007; Buhr, 2002; Contrafatto, 2014; Contrafatto and Burns, 2013). For example, Buhr (2002) studied two cases in which changes championed by the CSR Manager, consisting in new SR initiatives, were not communicated successfully through the organization. The consequence of this lack

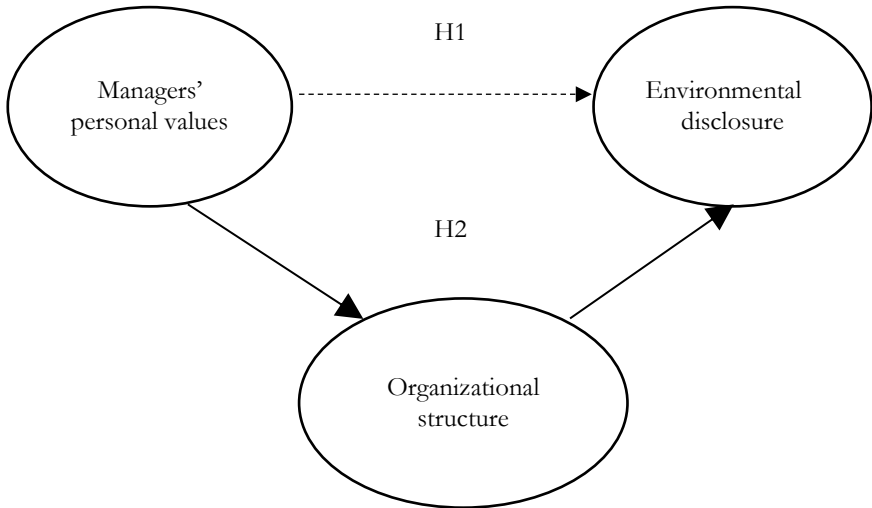
of internal communication was that the plans to improve the quality of environmental reporting did not have effect. Further qualitative research (Adams, 2002; Adams and Mc Nicholas, 2007; Contrafatto 2014; Contrafatto and Burns, 2013) found that internal contextual factors, such as the existence of a CSR committee or the corporate sustainability vision, can play a significant role in ED quality.

Bearing in mind the notion of agency-structure dualism, the present study carries out a more generalizable than usual explanation of environmental reporting, through a combined analysis of individual (MPV) and structural (OS) influences (Gray et al., 2014; Husillos et al., 2011). Furthermore, beyond case studies, little is known about how organizational structures influence the possible effect of internal personal factors on ED. In that respect, the present research aims to study if organizational structure mediates the influence of MPV on environmental disclosure for a large sample of Spanish firms. According to the agency-structure dualism, we test the hypothesis that the influence of MPV on ED is mediated by OS:

H2: The influence of managers' personal values on environmental disclosure is mediated by the organizational structure.

The theoretical model derived from the notion of agency-structure dualism, concerning the individual and organizational determinants of environmental disclosure is represented in figure 4.1.

Figure 4.1: Theoretical model proposed.



dotted line represents H1, solid lines represent H2

3. Research design

We tested our model using structural equation modelling with the information about MPV, OS and ED gathered from a sample of environmentally sensitive Spanish firms.

3.1. Sample selection

The sample consists of the largest 410 environmentally sensitive Spanish firms in the year 2009. Focusing on environmentally

sensitive industries allows us to limit the effect of industry, since previous literature (e.g. Brammer and Pavelin, 2008; Cho and Patten, 2007; Patten, 2002; Young and Marais, 2012) has consistently found an association between the environmental sensitiveness of a company and the level of environmental disclosure. Industries included in the European Union Regulation No 166/2006 relative to the European Pollutant Release and Transfer Register (manufacture of textiles and leather, paper, oil, electricity, oil and gas, chemicals, manufacture of metallic and non-metallic mineral products, and waste management), together with sectors with an important environmental footprint, such as manufacture of vehicles and machinery, retail trade, transport and construction (Wiedmann, Minx, Barrett and Wackernagel, 2006), were deemed as environmentally sensitive. A search in Amadeus database¹, allowed identifying the companies belonging to those industries (see appendix 4.1). For different firms belonging to the same corporate group, we only kept the holding company².

As the purpose of the present study is to investigate the impact of personal values on environmental disclosure, we singled out the individual in charge of sustainability or environmental matters, who was considered as the corporate actor most likely to influence environmental reporting. We assume that this person (a) is knowledgeable about environmental issues (Lisi, 2015) and (b) his seniority ensures her agency in corporate environmental decisions. We identified this manager directly from each organization and phoned him/her directly to be sure that he or she is really in charge of the environmental issues in the company and to arrange an interview. This implied a systematic and enduring effort that was

accomplished with the help of a research assistant. Once we had identified and secured the participation of (some of) the managers, the questionnaire was administered by telephone by a marketing research professional who specializes in interviewing corporate managers. As it was not possible to identify and obtain an interview with all the managers in a reasonable timeframe, we finally obtained 137 usable questionnaires, representing 33% of the initial sample.

We conducted a power analysis to explore whether the sample size is appropriate to test the number of hypotheses proposed. A G* Power test (Faul, Erdfelder, Lang and Buchner, 2007), for a standard level of significance $\alpha=0.05$, an effect size $f^2=0.15$ and 9 predictors, resulted in 88.92%, exceeding the recommended 80% level recommended by Cohen (1988).

3.2 Methods and Variable measurement

The theoretical constructs in our model were operationalized through variables measured using two methodological tools: a questionnaire and a thematic content analysis.

First, a questionnaire was built to capture managers' personal values and organizational structure in terms of environmental practices (see tables 4.1 and 4.2). An initial version of the questionnaire was drafted with items derived from previous literature. This version was shared with three academics with expertise in the research topic or in the methodology, and pre-tested with four managers who belong to the population object of study. Their suggestions led us to reword and reorder some of the items in the questionnaire in order ensure that the scales capture the theoretical constructs

analysed, considering the cultural context where the study is carried out.

In order to collect data about the environmental disclosure activity of the 137 firms, we gathered their environmental, sustainability and CSR reports, as well as their annual reports, corresponding to the fiscal year before the managers responded to the questionnaire. We downloaded those reports from the GRI database and corporate websites. A thematic content analysis was conducted (Abbott and Monsen, 1979; Gray, Kouhy and Lavers, 1995) to measure the quality of the environmental information disclosed by the firms. Thematic content analysis consisted in examining the information disclosed by firms (Guidry and Patten, 2010) through confirming the presence/absence of each item in all the reports included in the sample.

To add greater reliability to the coding, 25% of the sample organizations' reports were analyzed independently by a second and third coder.

3.2.1. Environmental disclosure (ED)

Clarkson et al. (2008) index was applied to measure the quality of environmental information disclosed by the firms. This disclosure index is formed by 45 indicators structured around seven categories³ (for more details see Clarkson et al., 2008, pp. 311-312, table 1).

The coding procedure for each of the indicators conforming these seven ED categories consist of a 1/0 value for presence/absence of ED, with the exception of the environmental performance indicators with a value between 0 and 6 depending on the quality of

the information reported (more detail, Clarkson et al., 2008, pp. 311-312, table 1). The quality of the environmental information of each of the seven categories is calculated as the percentage results from [sum of the items of category X / maximum possible score in the item category X].

A question addressing environmental reporting was also included in the questionnaire to test the reliability of the data obtained from corporate environmental managers through the questionnaire. In that respect, we found a significant correlation at the 1% level between different sources (the value given by managers in the questionnaire and the value obtained from the content analysis of the actual environmental/sustainability reports, as measured by ED).

3.2.2. Managers' Personal Values (MPV)

Personal values variables have been extensively used in psychological research, as well as in management and accounting research. Psychology research established different ways to measure personal values, the most common being a survey. This research draws on the Portrait Values Questionnaire (Schwartz et al., 2001). In particular, we measure values associated with the support of environmental goals (Egri and Herman, 2000). Universalism is defined as the “understanding, appreciation, tolerance and protection for the welfare of all people and for nature” (Schwartz, 2003, p. 268) and benevolence as the “preservation and enhancement of the welfare of people with whom one is in frequent personal contact” (Schwartz, 2003, p. 268). These values are

characteristic of self-transcendence (Bardi and Schwartz, 2003), i.e. personal concerns about the way one transcends to society.

As it concerns environmental issues, Egri and Herman (2000) found that the leaders of non-profit and for-profit environmental organizations have more self-transcendent values than the leaders of other organizations because they are “strongly concerned with the welfare of others and the natural environment” (p. 593). This variable has also been used to explain environmental responsiveness (Papagiannakis and Lioukas, 2012), or environmental strategy (Fernández et al., 2006).

To measure self-transcendence values, we draw on the original questionnaire developed by Schwartz (2003). Table 4.1 present the English version of questions made to measure in a Likert scale (from 1: strongly disagree to 7: strongly agree) universalism and benevolence.

Table 4.1. Disaggregation of information about personal values.

Variable	Personal values	Items	Items from Schwartz (2003)
<i>Self-Transcendence</i>	<i>universalism</i>	MPV1	“He thinks it is important that every person in the world be treated equally. He wants justice for everybody, even for people he doesn’t know.” (PVAL.2)
		MPV2	“It is important to him to listen to people who are different from him. Even when he disagrees with them, he still wants to understand them.” (PVAL.4)
		MPV3	“He strongly believes that people should care for nature. Looking after the environment is important to him.” (PVAL.9)
	<i>benevolence</i>	MPV4	“It’s very important to him to help the people around him. He wants to care for other people.” (PVAL.5)
		MPV5	“It is important to him to be loyal to his friends. He wants to devote himself to people close to him.” (PVAL.8)

All the items are valued using a Likert scale (1–7): (1 = strongly disagree... 4 = neutral... 7 = strongly agree).

3.2.3. Organizational structure (OS)

OS is approached through the most relevant corporate environmental practices, according to previous literature. Table 4.2 present the six items (communication of environmental issues; environmental management systems; supply chain and life-cycle

analysis; environmental consideration in administrative work; employee training; and environmental risk assurance) and the questions that were used to encapsulate OS practices, together with the references to the literature in which we draw. OS1, OS2 and OS3 are computed as the arithmetical average of the two relevant questions in each case. OS is deemed as a formative variable, formed by the six items depicted in table 4.2, because the organizational structure reflected in corporate environmental practices is considered to be the result of the individual contribution of the different environmental practices measured by the different items. The items were valued using a Likert scale (from 1: activities not developed and no plan to develop them to 7: significant progress has been made in the development of these activities).

Table 4.2: Disaggregation of information about organizational structure (OS) in terms of its approach to sustainability.

Items	Question used for scoring the OS variable: “In which degree, these activities are implied in your organization?”	References
OS1: Communication of environmental issues	Q1: “Sponsorship of natural environmental events.”	Aragón-Correa, Matías-Reche and Senise-Barrio (2004) Chamorro, Rubio and Miranda (2009) Martín-de Castro, Amores-Salvadó and Navas-López (2016)

	Q2: "Use of natural environmental arguments in marketing."	Aragón-Correa, Matías-Reche and Senise-Barrio (2004) Hillestad, Xie and Haugland (2010) Martín-de Castro et al. (2016)
OS2: Implementation of environmental management systems	Q4: "Monitoring and evaluation procedures, and proposals regarding appropriate corrective actions."	Aragón-Correa, Matías-Reche and Senise-Barrio (2004) Lisi (2015) Ullmann (1985)
	Q5: "Filters and controls on emissions and discharges."	Aragón-Correa, Matías-Reche and Senise-Barrio (2004) Porter and Linde (1995) Thitakamol, Vewab and Aroonwilas (2007)
OS3: Supply chain and life cycle analysis	Q6: "Purchasing manual with ecological guidelines."	Aragón Correa, Matías-Reche and Senise-Barrio (2004) Henri and Journeault (2008, 2010)
	Q9: "Natural environmental analysis of product life cycle."	Aragón-Correa et al. (2004) Baumgartner and Ebner (2010) Finkbeiner, Schau, Lehmann and Traverso (2010)
OS4: Environmental aspects in administrative work	Q3: "Natural environmental aspects in administrative work."	Aragón-Correa, Matías-Reche and Senise-Barrio (2004) Berry and Randinell (1998) Cho and Patten (2007) Fernández, Junquera and Ortiz (2006)

		Yang, Spencer and Adams (2013)
OS5: Employee training	Q7: "Training to employees and managers in the environmental field."	Aragón-Correa, Matías-Reche and Senise-Barrio (2004) Daily and Huang (2001) Linnenluecke and Griffiths (2010) von Geibler, Liedtke, Wallbaum and Schaller (2006)
OS6: Pollution insurance	Q8: "Pollution damage insurance."	Aragón-Correa, Matías-Reche and Senise-Barrio (2004) Henri and Journeault (2008, 2010)

All the items are valued using a Likert scale (1–7):

- (1) The company does not do it or does not plan to do it.
- (2) The company would like to do it but still has no plans.
- (3) The company plans to do it.
- (4) The company is starting to implement it.
- (5) The company has made some progresses in the implementation.
- (6) The company has made considerable progress in the implementation.
- (7) The company represents a model to be followed in the implementation of this practice.

3.2.4. Control variables

We control for variables that the literature has found to be associated with ED: financial performance (see Hahn and Kühnen, 2013 for a review); being listed in stock markets (Clarkson et al., 2008; Cormier and Magnan, 2003); and financial risk (Cormier and Magnan, 2003, 2004). Financial performance was captured by the return over assets (ROA). Firms listed stock markets were identified in the listings of the Spanish stock market. Financial risk was measured through the firm debt ratio. Financial information was obtained from the SABI database (Sistemas de Análisis de Balances Ibéricos)⁴.

All controls variables were modelled as dummy variables. ROA takes the value of 1 for those companies whose ROA is above the average and 0 otherwise. The variable listing takes the value of 1, if the company is listed in the Spanish stock market and 0 otherwise. A similar approach to what which we have followed for ROA, is taken for the debt ratio variable.

3.3. Econometric model

The proposed structural model was tested applying Partial Least Squares (PLS hereafter) structural equations. Smart PLS3 version was used (Ringle, Wende and Becker, 2015). This application is based on a technique that allows testing the psychometric properties of the scales used in the research model to measure the variables, while allowing evaluating the relationships between the different variables of such a model (Chin, 1998). A growing number of studies (Chapman and Kihn, 2009; Elbashir, Collier and Sutton,

2011; Lisi, 2015, 2016; Pondeville, Swaen and De Rongé, 2013) have used the potential offered by this computational technique to test complex models in the accounting field (Lee, Petter, Fayard and Robinson, 2011).

This technique was applied instead of other based on covariance (e.g. LISREL, AMOS), for four reasons. Firstly, PLS is suitable for small samples: the minimum recommendation is 100 cases (Reinartz, 2009). The second reason for using PLS in this research is the presence of some formative variables (Chin, 2010). The third reason is that different types of variables can be measured in the same model (e.g. categorical, ordinal, range, or ratio scales).

The measurement model chosen in PLS to test the influence of managers' personal values in ED was a composite model⁵ (Henseler et al., 2014; Rigdon, 2012). This measurement technique is recommended when working with PLS path modelling both for reflective and formative variables⁶ (for details, see Rigdon, 2012). In relation to the details considered when applying the PLS application, the weighting method followed was the "path weighting scheme" that selects at least "a value of 300 as the maximum number of iterations" (Roldán-Salgueiro and Cepeda-Carrión, 2016, p. 66). In this iteration process, "each sample is obtained by sampling with replacement from the original data set until the number of cases are identical to the original sample yet" (Chin et al., 1998, p. 320).

The final reason for applying PLS is the need to test the OS mediating effect. Smart PLS3 allows to test mediating effects in a single model at once (Adams and Yapa, 2013; Nitzl, Roldan and Cepeda, 2016; Yang-Spencer), whereas previously a mediating analysis needed to follow a two-step procedure (for example, Baron

and Kenny's procedure) and necessarily required to identify in the first step a significant direct effect between the independent and the dependent variable. However, it has been proved that this is not always a necessary requirement (Nitzl, Roldan and Cepeda, 2016). Smart PLS3 allows testing mediating effects in a single step through the calculation of a linear regression based on a "multiple-mediator model" (Nitzl et al., 2016, p. 1852).

4. Results

This section presents the results of the structural equation analysis. This analysis is conducted in three stages (Henseler, Hubona and Ray, 2016; Roldán-Salgueiro and Cepeda-Carrión, 2016): goodness-of-fit of the global measurement model; measurement model of the composites (collectively called "measurement model"); and measurement of the structural model. It should be noted that before conducting these measurements in PLS, a pre-evaluation of the data was conducted and, following Hair, Hult, Ringle and Sarstedt (2017) it was checked that the missing data for any item did not exceed 15%.

4.1. Global measurement model

To test the goodness-of-fit of the Global measurement model, we calculated the value of the Standardized Root Mean Square Residual (hereafter SRMR) applying a bootstrapping process (resampling technique results in the creation of 5,000 resamples)⁷. The result turned out to be suitable since $SRMR=0.066$, and a model is

considered to have a good fit when SRMR <0.08 (Hu and Bentler, 1998).

4.2. Measurement model

The analysis of the measurement model was conducted to confirm the validity of the different composites. Due to the differences between reflective and formative composites, validity and reliability tests are not conducted in the same manner (Petter, Straub and Rai, 2007).

4.2.1 Reflective composites

Reliability and convergent validity measurements of the reflective composites (MPV and ED) are displayed in table 4.3 (panel A).

Table 4.3: Analysis of the measurement model.

Panel A: reflective composites				
	Loadings	AVE	CR	Alfa-Cronbach
MPV				
MPV1	0.715			
MPV2	0.761			
MPV3	0.857			
MPV4	0.832			
MPV5	0.822			
		0.639	0.898	0.857

ED				
ED1	0.861			
ED2	0.924			
ED3	0.863			
ED4	0.790			
ED5	0.855			
ED6	0.862			
ED7	0.758			
		0.716	0.946	0.933

Panel B: formative composites				
	Loadings	Weights	VIF	Tolerance
OS				
OS1	(0.438)	0.173 ^a	1.038	0.569
OS2	(0.797)	0.361 ^a	1.015	0.422
OS3	(0.610)	-0.067 ^a	1.130	0.428
OS4	(0.454)	0.192 ^a	1.096	0.589
OS5	(0.713)	0.220 ^a	1.422	0.282
OS6	(0.816)	0.504 ^r	1.323	0.380

All loadings of reflective (and formative) composites are significant at the 1% level based on a two-tailed test [$t(0.01; 4,999) = 2.577$]

^r, denotes formative items relatively significant and ^a, formative items absolutely significant

Reliability is tested through the analysis of the loadings values, the composite reliability values (CR) and Cronbach's alpha (Chin, 2010). All loading values, CR values, and Cronbach's alpha values were deemed as appropriate, as they were greater than 0.7 (Chin, 2010; Hair et al., 2014).

Regarding validity, convergent validity demonstrates that each reflective composite (block of reflective items) is suitable only for the theoretical construct being measured (Henseler et al., 2009). Convergent validity was confirmed (table 4.3) based on the values of the average variance extracted (AVE), all of them greater than 0.5 (Chin et al., 1998). Finally, discriminant validity was calculated to ensure that all theoretical composites differed sufficiently from each other (Henseler et al., 2009). To that end, the Fornell and Larcker criterion (1981) was confirmed: the square roots of the AVE (diagonal values presented in this table 4.4) of each construct was greater than its correlation with any other composite.

Because the Fornell-Larcker criterion has received some criticism, we also present the discriminant validity value for reflective composites (table 4.4) by calculating the Heterotrait-Monotrait Ratio (HTMT) to measure discriminant validity (Henseler, Ringle and Sarstedt, 2016) between (only) reflective composites. HTMT takes a value under 0.85 (see table 4.4), as suggested by Henseler, Ringle and Sarstedt (2016).

Table 4.4: Evaluation of the discriminant validity.

Fornell-Larcker criteria			
	MPV	ED	OS
MPV	0.799		
ED	0.159	0.846	
OS	0.365	0.318	N/A

Heterotrait-Monotrait Ratio	
	ED
MPV	0.174

N/A: not applicable

4.2.2 Formative composites

Table 4.3 (panel B) also portrays the evaluation of the validity of the formative composite (OS). The validity of formative composites is evaluated by ruling out multicollinearity problems between formative items and by calculating tolerance levels. Following Roberts and Thatcher (2009) the variance inflation factor (VIF) was calculated to test multicollinearity. VIF values were appropriate in all cases ($VIF < 3.3$). Suitable tolerance levels were also confirmed; above 0.10 in all cases (Hair et al., 2014). Overall, these results suggest that the six items are salient contributors to the variable representing the OS construct.

Subsequently, the contribution of the formative indicators (contribution of each item to the theoretical construct) was evaluated (table 4.3, panel B). This evaluation differs from the case of reflective items because it requires considering not only the relative contribution of the formative composite item (loading), but also the item's absolute contribution (weight) (Hair et al., 2014; Henseler et al., 2009). In fact, as the number of items forming part of the formative construct increases, the average value of the weights decreases, as does the likelihood of finding relatively significant weights. In this sense, Hair et al. (2014) contend that a formative item can be relatively significant, if its weight is significant; or absolutely significant, if its weight is not significant but its loading is significant and closer or greater than 0.5. Accordingly, the six indicators used in this study are found to contribute to the formation of the OS construct in a significant way (see footnote table 4.3).

4.3. Structural model

After testing the validity and reliability of the measurement models, we proceed to evaluate the hypotheses tested in the structural model through the analysis of the path coefficients mediation analysis, and the predictive power measures of such structural model (R^2 and Stone-Geisser's Q^2).

4.3.1 Evaluation of the path coefficients

Path coefficients can be interpreted as standardized regression coefficients (Hair et al., 2014). Their statistical evaluation is carried out in PLS by a bootstrapping procedure with a minimum of replacement of 5,000 samples (Hair et al., 2011) and a one-tailed test ($t = 4,999$) due to the fact that the hypotheses tested in the main model predict sign. Table 4.5 presents the coefficients for the three hypothesized paths in the model. As this table illustrates, two of the three hypothesized paths are statistically significant: MPV directly and positively influence OS (path coefficient 0.365 and $p < 0.001$) and OS directly and positively influences ED (path coefficient 0.300 and $p < 0.001$), but MPV do not have any influence in ED ($p > 0.10$).

Table 4.5: PLS structural model path coefficients and predictive power (N=137).

<i>Path coefficients (t-value)</i>			
	Paths to:		
Paths from:	MPV	ED	OS
MPV	-	0.049	0.365***
ED		-	-
OS	-	0.300**	-

<i>Predictive power of structural model</i>		
	R²	Q²
OS	0.134	N/A
ED	0.103	0.245

n = 5,000 subsamples, values of cells represent path coefficients and the level of significance of each one.

, * represent significance at the 0.01, 0.001 levels based on a one-tailed test [t (0.01; 4,999) = 2.327; t (0.001; 4,999) = 3.092] for hypotheses tested in the main model (path coefficients with predicted sign).

N/A: not applicable.

Considering the results presented above, H1 is rejected and there is potential for H2 (it is likely that OS variable plays a mediating role between managers' personal values and environmental disclosure), as suggested in section 2, because MPV influence OS (hereafter H2a path, see figure 4.2) and, at the same time, OS influences ED (hereafter H2b path, see figure 4.2).

4.3.2 Mediation analysis

The potential of OS as a mediating variable is analyzed (see table 4.6) by determining the significance of the indirect effect and the type of mediation. The indirect effect derives from the two paths that aggregated conform H2: H2a and H2b (see figure 4.2).

To test the significance of the indirect effect, PLS bootstrapping results for the combination of H2a \times H2b (indirect effect) were considered.

Table 4.6: Mediation analysis

Panel A: Indirect effect			
Indirect effects	Original sample (O)	Sample mean (M)	Bias
H2axH2b	0.109	0.126	0.017
	P: 99, CI 0.5% 99.5%		P: 99, CI 0.5% 99.5%
			Bootstrapping BC P: 99, CI 0.5% 99.5%
			Bootstrapping BCa P: 99, CI 0.5% 99.5%
			Sig. yes

Panel B: Mediation			
<i>Direct effect</i>		<i>Indirect effect</i>	
path	95% sig no	path	99% sig yes
H1: 0.049	+/-	H2axH2b: 0.109	+/-
	+		+
			Full mediation

The results show that the indirect effect is significant at the 99% level (indirect effect 0.109, $p < 0.01$), indicating that organizational structure plays a mediating role in the relationship between auto-transcendent managers' values (MPV) and environmental disclosure quality. To confirm the significance of this mediating effect (Nitzl et al., 2016), these results were compared with those obtained by calculating different confidence intervals (CI hereafter) for H2a \times H2b (see table 4.6, panel A). Following Yang Spencer et al. (2013), three different CIs were calculated (CI, Bias-corrected CI, and Bias-corrected accelerated CI). As table 4.6 (panel A) portrays, neither of these CIs contains the value zero for a significance level of 99%, confirming these results the mediating effect.

The next step in the mediation analysis consists in identifying the type of mediating effect that OS is playing (table 4.6, panel B). Considering that the direct effect (H1) is not significant, there can be no doubt this is a case of full mediation (Nitzl et al., 2016).

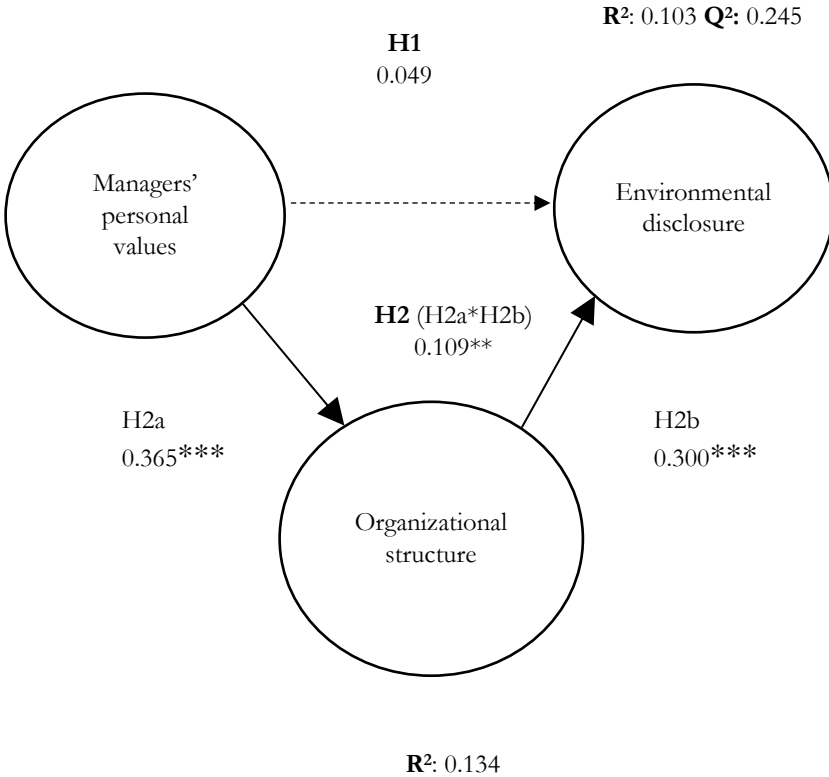
4.3.3 Predictive power of the structural model

Finally, R^2 and Q^2 values were calculated⁸ to measure the predictive power of the structural model and specifically, the predictive power of the endogenous variables (OS and ED). Table 4.5 displays R^2 values for each endogenous variable that can be considered suitable (0.134 for OS, and 0.103 for ED). For a model to have predictive power, Falk and Miller (1992) recommend a minimum value of 0.10 for R^2 , whereas Chin et al. (1998) consider appropriate a value equal or greater than 0.19, but it depends on the field. While marketing studies require higher levels (Lee et al., 2011), $R^2 \leq 0.10$ are

considered acceptable in accounting studies (e.g. Lisi, 2015). Additionally, $Q^2 > 0^9$ for ED composite further confirm the predictive power of the model (Chin, 1998).

R^2 and Q^2 values, together with the path coefficients and their respective t-statistics are graphically depicted in figure 4.2.

Figure 4.2: Structural model and results.



*, ** and *** denote significant path coefficients at 0.05, 0.01, 0.001 significance levels.

dotted line represents H1, solid lines represent H2.

4.3.4 Sensitivity analysis

We performed additional analysis to assess the robustness of our results. Firstly, we run the theoretical model including control variables, which allowed us to study the effects of control paths in the measurement of the model. These control paths are portrayed in table 4.7 (effect of ROA, listing, and debt ratio variables in both ED and OS). As table 4.7 shows, after including control variables in the theoretical model, the significant path coefficients did not change substantially. Both the MPV->OS and the OS->ED path coefficients slightly declined but remained significant at the 99% and the 95% levels. None of the financial variables affected ED, but the listing of companies in the stock market did have a positive and significant influence in both OS and ED, producing in consequence an increase in R^2 values.

Table 4.7: Additional analysis (N=137).

Path coefficients (t-value)						
Paths to:						
Paths from:	(1)	(2)	(3)	(4)	(5)	(6)
(1) MPV	-	<i>0.048</i>	0.315**			
(2) ED		-	-			
(3) OS		0.215*				
(4) ROA		<i>0.031</i>	<i>-0.062</i>		-	
(5) Listing		<i>0.470***</i>	<i>0.217*</i>	-		
(6) Debt ratio		<i>0.041</i>	<i>-0.069</i>			-
Predictive power of structural model (with control paths)						
	R²			Q²		
OS	0.156			N/A		
ED	0.385			0.063		

Control paths are highlighted in italics.

*, ** and *** represent significance at the 0.05, 0.01, 0.001 levels based on a one-tailed test [t (0.05; 4,999) = 1.645; t (0.01; 4,999) = 2.327; t (0.001; 4,999) = 3.092] for hypotheses tested in the main model (path coefficients with predicted sign), and two-tailed test [t (0.05; 4,999) = 1.960; t (0.01; 4,999) = 2.577; t (0.001; 4,999) = 3.292] for control paths.

N/A: not applicable.

Secondly, to further check the robustness of the results we changed the year of measurement of the ED composite (2006 and 2007 instead of 2008), leaving the other composites as they were measured in the main model to see if the relationships were different (results not displayed here). The results of this sensitivity analysis confirmed that, independently of the year of measurement of the ED variable, the results remained stable.

5. Conclusion

The purpose of this research was to analyze the way in which managers' personal values (and particularly auto-transcendent values) influence the quality of environmental disclosures. The findings revealed that self-transcendent values of environmental managers do not have a direct impact on the quality of environmental disclosures [H1 is rejected]. This relationship is fully mediated by the organizational structure [H2 is accepted]. Our research shows how even when managers have a powerful disposition to drive firms' behavior in a more social and environmental friendly direction, the quality of ED will not necessarily improve. The influence of managers' personal values on the quality of environmental disclosure would depend on the nature of the organizational structure. These results provide insights about the organizational context of environmental/sustainability managers' agency to improve corporate environmental reporting. They confirm and generalize for a large sample of firms, the conclusions of previous qualitative case-based literature (Buhr, 2002; Contrafatto, 2014; Contrafatto and Burns, 2013). The finding

of an OS mediation over the MPV-ED relationship puts also in question the “routine research” carried out in the social and environmental accounting field described by Gray and Laughlin (2012, p. 238). Researchers should increase their research methods and ambitions, analysing, for example, internal and external corporate reporting driving forces, in a more creative and robust way. In this sense, our research shows how the analysis of the direct relationship between MPV and ED can bring us to incomplete and in some way misleading conclusions.

One limitation of this work is that it is a cross-sectional investigation, and maybe the effects derived from the impact of the MPVs can be more visible in longitudinal studies that cover longer periods of time. This problem has been attempted to remedy, to some extent, through the inclusion of ED information collected over a longer period. Therefore, the development of longitudinal research is an important challenge in the field of social accounting.

Notes

1. Amadeus is a Bureau Van Dijk database that provides financial information of the Europe's largest companies by total assets (see <https://www.bvdinfo.com/en-gb/home>).
2. Excluded subsidiaries that are ultimately owned by a company of the selected group which is a Domestic Ultimate Owner or that are directly or totally owned ($> 50\%$) by a company of the selected group.
3. Clarkson et al. (2008)' ED information categories are: Governance structure and management systems; Credibility; Environmental performance indicators; Environmental spending; Vision and strategy claims; Environmental profile and Environmental Initiatives. More information in Clarkson et al. (2008, p. 311).
4. SABI is a reference for companies' economic and financial information in Spain and Portugal (see <http://www.bvdinfo.com/en-gb/our-products/company-information/national-products/sabi>).
5. Traditional PLS is the computational taxonomy applied in PLS application to work with composites.
6. Reflective composites are also called composites of type A and formative composites, composites of type B (Henseler et al., 2014).
7. This value allows avoiding misspecification issues in the model since it determines the probability of obtaining a discrepancy between the correlation matrix implied by the model and the empirical correlation matrix (Henseler, Hubona and Ray, 2016).
8. R^2 statistical evaluation is carried out in PLS by the same bootstrapping procedure as in the case of the Path coefficients, and Q^2 statistical evaluation is carried in the same application by a blindfolding procedure (more details in Chin et al., 1998).
9. Only applicable in dependent composites of reflective type (see, for example, Roldán-Salgueiro and Cepeda-Carrion, 2016), in our case: ED.

Appendixes

Appendix 4.1: Industries included in the sample.

<i>two-digit NACE codes</i>	<i>Industry</i>	<i>Number of firms finally included in the study, by industrial type</i>
13	Manufacture of textiles	1
17	Manufacture of paper and paper products	2
19	Manufacture of coke and refined petroleum products	3
20	Manufacture of chemicals and chemical products	14
22	Manufacture of rubber and plastic products	2
23	Manufacture of other non-metallic mineral products	8
24	Manufacture of basic metals	11
25	Manufacture of fabricated metal products. except machinery and equipment	6
28	Manufacture of machinery and NCOP equipment	7
29	Manufacture of motor vehicles, trailers and semi-trailers	18
35	Electricity, gas, steam and air conditioning supply	5
41	Construction of buildings	30
42	Civil engineering	5
47	Retail trade, except of motor vehicles and motorcycles	13
49	Land transport and transport via pipelines	8
51	Air transport	4
Total firms: 137		

CONCLUSIONS AND FINAL REMARKS

The general objective of this dissertation is to deepen the understanding of CSR reporting practice through the exploration of both social structures and agency. This PhD dissertation includes four investigations that explore and explain such question through different theoretical and methodological approaches. In particular, each of these investigations explores, respectively: (i) the influence of state actors on non-financial reporting through processes of law-making and law-implementation; (ii) the influence of non-state actors on non-financial reporting through informal rules (norms of practice); (iii) the influence of agency and structures in the constitution of a particular process of non-financial reporting regulation; (iv) the influence of organizational actors' agency (in particular, managers' personal values) and organizational structure in environmental reporting. The dissertation is structured around four chapters that seek to address each of the investigations stated above.

This section summarises each chapter's conclusions and presents some general conclusions and final remarks derived from this doctoral project.

The first chapter reveals that, in the period under analysis, the state had a limited influence on non-financial reporting through SEL.

This law did not have any effect in terms of the number of companies disclosing sustainability reports. This chapter concludes that the limited impact of this law seems to be explained by the existence of a plurality of actors (apart from the state) with competing views about CSR and CSR regulation, a lack of congruence with previous CSR reporting patterns and issues of power and conflict. The second chapter provides insights into the diffusion of SR assurance, the creation of SR assurance disclosure norms, and the role of particular professionals in the earlier and later stages of the SR assurance norm's life-cycle. The third chapter concludes that it is more enlightening to theorize NFRR as a phenomenon produced and reproduced in social interaction (NFRR is social constructed) than as a phenomenon exogenous to its social context. In that respect, the empirical analysis revealed that in the Spanish NFRR field, power resources are distributed among actors, facilitating the exercise of agency from different centres of power, and promoting a situation of vivid conflict. At the same time, the structure surrounding this process exerts considerable influence in the resource distribution and in the configuration of relations between the actors participating in such as field.

The fourth and last chapter of this dissertation reveals that managers' agency does not result in their transcendence values improving ED quality. Rather, managers' agency over ED quality depends on the role played by the organizational structure, through factors such as the sustainability initiatives developed by organizations. Sustainability initiatives enable the effect of managers' transcendence values in CSR reporting.

Overall, this dissertation reflects on the central aspects around which the emission of rules of practice (norms) in non-financial reporting is articulated. Bebbington et al. (2012) explain the relevance of both the agency of a plurality of actors and structural elements to understand why specific reporting practices become binding. This dissertation represents a step forward in this direction, addressing the more detailed question of how agency and structure interact to produce a particular practice and/or regulation of non-financial reporting.

On the one hand, this thesis has evidenced that a plurality of actors (state, civil society, companies, accounting associations, auditing firms, and consultants) have agency in non-financial reporting practice. CSR is a context in which power is distributed among different stakeholders and, consequently, the governance capability of the nation-state has declined. Such a situation can be perceived as a risk by the citizens, because the lack of state authority has been partly compensated by the emergence of new forms of governance above and beyond the state (e.g. Mäkinen and Kourula, 2012). In that respect, for example, the first chapter of this dissertation reveals how the state's influence on non-financial reporting is problematic and limited, since a plurality of actors have agency in non-financial reporting practice. Likewise, the second chapter shows the influence of non-state actors, such as the assurers, in the creation of SR assurance disclosure norms.

On the other hand, the dissertation reveals that despite the fact that actors belonging to a specific CSR context have agency over non-financial reporting practice, the capacity to exercise such agency will depend on structures (e.g. social and historical factors), which can

enable (or constraint) the actors' agency. In that respect, the third chapter of this dissertation, focusing on the intersection between SR and policy processes, reveals how the structure surrounding a particular NFFR context determines the distribution of power among agents, and, therefore, the constitution of a particular form of NFRR. In the same vein, the fourth chapter shows how the organizational structure enables actors' agency within the firm. This leads me to think that any proposal to improve CSR reporting is fruitless without the appropriate and enabling structures. This conclusion is in line with the need for structural elements (Bebbington et al., 2012) or institutional reform (Cooper and Owen, 2007) for a legislative corporate reporting reform to affect reporting practice.

These conclusions have implications for both the business sector and policy making.

With respect to policy making, the results of this thesis show that different circumstances and/or characteristics of the law can erode its normativity. On the one hand, examples of circumstances diminishing normativity would include leaving the specifics to bodies that cannot reach an agreement, such as the Spanish SCCSR. On the other hand, examples of characteristics limiting the effect of regulation would include the lack of mechanisms allowing for proper law monitoring or the lack of consequences/punishments or incentives for companies to comply with the law, as Bebbington et al. (2012) suggested. These ideas could help to explain the interplay between accounting regulation and its social context. Overall, this project provides valuable information for a better understanding of the relationship between agency and social structure at both

organizational and policy levels. This information can help to analyze how institutions can design better private and public policies to enhance firms' transparency and accountability. I believe that in tackling these matters, governments are not the only actors that can foster real changes in policy process. For example, academics can contribute to solve these problems applying the findings obtained in their investigations through their engagement in public policy processes.

With respect to the business sector, chapter four provides insights about the organizational context of environmental/sustainability reporting. We found that the influence of managers' personal values on the quality of environmental disclosure would depend on the nature of the organizational structure. Even when managers have a strong motivation, this will not improve CSR reporting. This process, rather, requires a more profound set of structural changes in organizations, involving changes in sustainability practices.

Finally, I acknowledge these conclusions are subject to some limitations, which have been explained in each chapter. Overall, a limitation of this dissertation is that due to the focus on a single country in the first, second and third chapters, the results might not be strictly generalizable. In this respect, future investigations can enrich this thesis by extending the studies carried out in this thesis to other contexts.

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