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**SOCIAL REPORTING-
CR or PR?:
THE UNANSWERED QUESTIONS**

Priscilla R. Reis, Ph.D., CMA
Associate Professor
College of Business
Idaho State University
Pocatello, ID 83209-8020
208-282-3638
reispris@isu.edu



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ABSTRACT

KPMG's 2005 biennial survey of Corporate Responsibility (CR) Reporting (KPMG, 2005) showed that 52 % of the top 250 firms in the Fortune 500 published a CR report compared to 45% just two years earlier. An additional 11% included CSR information in their annual financial reports. Only 30% of those reporting CR data, however, had employed any assurance methods to verify their reports. Further, there is little consistency or agreement on the standards of rigorous assurance processes or even, the range of issues that should be reported upon. The result is the potential for many of these reports to be slick, glossy instruments of reputation management- a public relations ploy rather than a committed effort to identify, address and report upon CR issues.

The paper critically examines the theoretical issues relating to CR reporting including an introduction to the current state of CR reporting, the reporting models currently available, the complexity around creating and executing assurance processes, and then asks five critical questions that are important to the future of CR reporting, including what and who should be involved in assurance and how, and the intricacies of auditor independence and voluntary versus mandatory compliance.

INTRODUCTION

In 1989 Ceres pioneered the Ceres Principles - a ten-point code of environmental conduct that our partner companies must publicly embrace - as an environmental mission statement or ethic. The initial corporate reaction to the principles and their reporting mandate was negative and met with resistance to releasing data on environmental issues.¹

In 1993, Sunoco became the first US firm to adopt the CERES principles including a commitment to mandatory reporting on its environmental performance. Meanwhile, in the early 1990's the European Union Eco-Management and Audit Scheme (EMAS) created a framework for voluntary, independently verified public disclosure. Additional mandates emerged with British (BS7750) and international (ISO 14000) standards (Sillanpaa, 1998). When the Body Shop published its first Social Audit in 1996, it raised the bar for all firms operating in a multinational arena to expand attention, commitment, reporting and verification to a broader set of stakeholder issues. According to Zadek and Raynard (1995), "the purpose of a social audit is to make organizations more transparent and more accountable as well to reorient an



organization's activities toward stakeholder interests." Thus, the focus rapidly expanded from environmental issues only, to include all stakeholder concerns.

THE CURRENT STATE OF SOCIAL REPORTING

Over the past decade, an increasingly urgent business case has been made for engaging in a responsible and responsive approach to the needs of all stakeholders of a firm, not just shareholders. Lack of attention to stakeholder issues has been seen as exposing the firm to potential reputation risk. The social and environmental changes in the business climate, a list of stakeholder groups, corporate social responsibility issues, the positive potential business outcomes, and the relationships among these factors, along with their relationship to business risk is summarized in Figure 1. As a result of this perceived risk, the percentage of large companies issuing Corporate Responsibility (CR) Reports, also known as Corporate Social Responsibility (CSR) Reports, Corporate Citizenship (CS) Reports, Triple Bottom Line (TBL) Reports, Sustainability Reports (SR), Global Responsibility (GR) Reports, or Global Citizen (GC) reports has increased dramatically. KPMG's 2005 biennial survey of CR reporting showed that 52 % of the top 250 firms (G250) in the Global Fortune 500 published a CR report compared to 45% just two years earlier (KPMG, p.5), with an almost 150% increase in reporting between the 1999 and 2005 surveys. Further, the percentage of the top 100 companies in multiple countries (N100) issuing CR reports increased 250% from 1993 through 2005. (KPMG, p30). Almost 80% of the companies in most countries surveyed, with three exceptions, have CR reports; those exceptions are the USA (35%), China (33%), and the Scandinavian Countries (60%) (KPMG, p.11).

When looking at the primary drivers of this increased reporting, in the 2005 survey of over 1600 firms, 74% of those companies engaged in some sort of CR Reporting cited that the primary driver was economic; an Australian study of the CR Reports of 116 companies found that the majority cited "reputation enhancement" as the key benefit of producing the report (Centre for Australian Ethical Accounting, 2006). This is consistent with other research (Konrad *et al.* 2006). In addition, ten out of the eleven drivers mentioned related to the business case (KPMG, p.18). Gray and Bebbington (2006) argue that the goal of moving corporations toward sustainability cannot be achieved until the first priority is sustainability as opposed to profit; They theorize that what is needed is "profound structural and systemic change" and that, indeed, this current trend in sustainability reporting driven by the business case will destroy the very concept of sustainability (Baue, 2006). In theory, one can argue that a priority of sustainability over profit is the ultimate goal of this trend, but, if the process of evolution going on now is properly managed, that shift in priorities should take place gradually over time.

Additional examination of the survey results creates some disturbing concerns about the seriousness of many of the reporting firms to truly respond to what stakeholders deem important. First, only 21% of those issuing CR reports had informed their process, at any stage, through stakeholder engagement. Secondly, only about a third of the reporting firms underwent a formal assurance process and in the majority of cases assurance was restricted to only a subset of the



The Business Case for Corporate Social

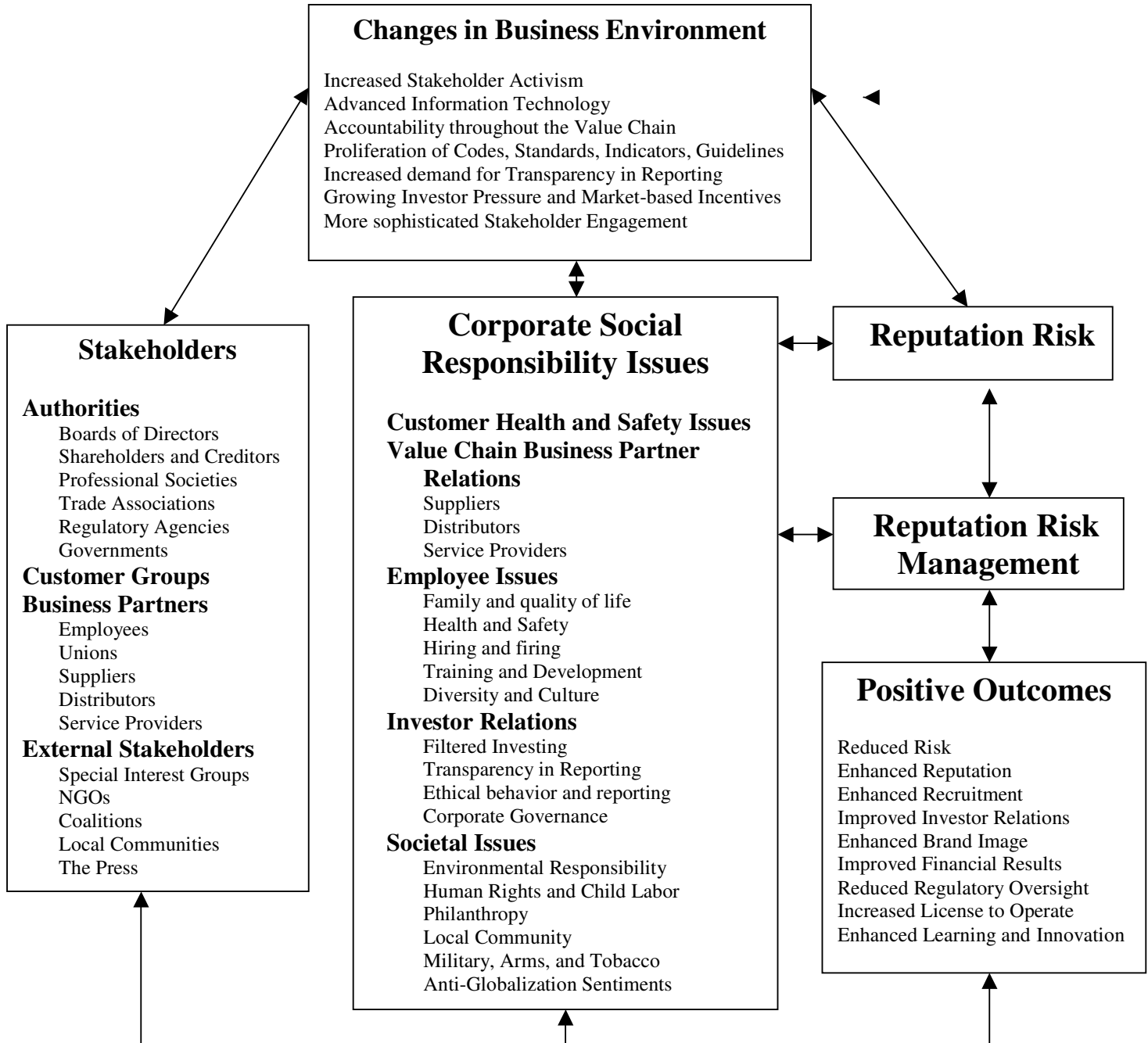


Exhibit 1



information provided. These results “suggest that not only do stakeholders have very little influence in deciding what information they need for decision-making, but they are rarely consulted about the type or level of assurance they need in order to feel ‘assured’” (KPMG, p.30). Thirdly, management frameworks for guiding both the reporting and assurance processes played a minimal role in CR reporting. (KPMG, pp.25-6). Without a well-defined that reporting and assurance process, both transparency and accountability suffer, with no guarantees the CR Report is any more than a polished public relations devise (Rasche and Esser, 2006; Laufer, 2000). The paucity of assurance of CR Reports has been blamed on the lack of sophistication in managing multiple stakeholders (Knox *et al*, 2005) along with a lack of commonly-accepted standards (Blyth, 2005). But as incipient methods for guiding reporting and assurance are entering the public domain, then are being applied, critiqued, and adapted, and social assurance professionals trained, the rate of assurance should begin to increase dramatically. An overview of selected principles, guidelines, and standards currently informing the reporting and assurance of corporate responsibility issues follow.

PRINCIPLES, GUIDELINES, AND STANDARDS FOR MANAGING AND REPORTING SOCIAL AND ENVIRONMENTAL ISSUES

Global Level

At the global level there are not mandatory standards or processes required of business in the areas of environmental and social issues. There are, however, voluntary global principles, guidelines and standards to help support the management and reporting of CR activities. The UN Global Compact² initiative established a set of ten principles in order to encourage minimal global standards in the areas of human rights, labor, environment, and anti-corruption. Likewise, the Global Sullivan Principles support goals of human rights, social justice, and economic opportunity.³ The UN Millennium Development Goals (MDG)⁴ transcend business goals and focus on broader global social ideals. The Coalition for Environmentally Responsible Economies (CERES) Principles encourage environmental responsibility.⁵

The primary standards at the global level are those of the International Standards Organization (ISO), particularly ISO 9000 and ISO 14000 that focus on quality and the environment, respectively.⁶ The ISO, along with the guideline of SA 8000, created by Social Accountability, have developed certification processes for individual facilities. SA8000 focuses specifically on workers’ rights across the globe.⁷ So although these are global standards, there application is at the individual facility, at the operational level of the organization, and each involves one particular area of concern.

Other guidelines include the recommendations of the Organisation for Economic Co-operation and Development (OECD)⁸ and the chemical industry-specific Responsible Care Program established by the European Chemical Industry Council (CEFIC).⁹ Other industry-specific guidelines are rapidly emerging for both the management and reporting of issues endemic to particular industries, especially in the area of environmental concerns.



The set of global guidelines that have received the most attention recently is the Global Reporting Initiative (GRI) (Rasche and Esser, 2006).

The GRI was convened in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP). It was established to elevate sustainability reporting practices to a level equivalent to those of financial reporting, while achieving comparability, credibility, rigour, timeliness, and verifiability of reported information.¹⁰

According to the GRI website, there are currently 168 organizations that are reporting using GRI guidelines.¹¹ Originally published in 2000, with a revised edition in 2002, at this time the GRI has the most comprehensive set of general, publically-available reporting guidelines; Within the guidelines, sustainability reporting is organized into economic, environmental and social performance- the “Triple Bottom Line” as popularized by Sir John Elkington (1998). The initial document included 11 reporting principles and 97 sustainability indicators divided in the three categories; the social category has four sub-parts: Labour Practices and Decent Work; Human Rights; Society; and Product Responsibility. Firms are encouraged to supplement the indicators with relevant ones emerging from stakeholder dialogue. The Guidelines are gradually being supplemented with sector supplements, issue guidance documents, and technical protocols. A revised set of guidelines will be published in October 2006. Most companies using the reporting guidelines incorporate a GRI Index into their report, documenting where, and to what extent, within the report, they address the extensive range of items listed in the guidelines. (See, for example Ford Motors¹² and British Petroleum’s¹³ Sustainability Reports.) The creation of this index is one of five conditions that must be met in order to assert that a company has reported “in accordance” with the GRI Guidelines.

There are no mandatory social or environmental reporting requirements at the global level (See Table 1 for a summary of standards and guidelines).

Global Reporting Guidelines and Standards

International Reporting Guidelines	Global Reporting Standards (GRI)	ISO14000	SA8000
Issuing Body	CERES and UNEP	International Organization for Standardization (ISO)	Social Accountability International (SAI)
Type of Organization	NGO and Global Association of Governments	NGO	NGO
Focus	Sustainability Reporting	Environmental Management	Human Rights In the Workplace
Certification	N/A	Of Facilities	Of Facilities Auditor Training
Mandatory?	No	No	No

Table 1



Country level

At the regional and country level, many countries have mandatory emissions reporting requirements and requirements for environmental reporting (See Table 2). Few have required reporting of social information beyond some employee and labor statistics. A number of countries require disclosure of any information that poses a potential financial risk. The US and UK have requirements for reporting governance and internal control issues. At the regional and country level there are numerous guidelines and recommendations to help a firm in managing and reporting social and environmental issue.

Mandatory National/Regional Reporting Requirements

Area	Emissions	Risk	Employee/ Labor Statistics	Governance/ Internal Controls	Environmental Information	Social Information
Countries/ Regions	European Union (large companies) Australia Japan Spain United States	European Union Australia Finland Norway United Kingdom United States	Belgium Germany United States (limited)	United States United Kingdom	Australia Belgium (Flanders) Canada Denmark France Germany Japan Spain Sweden The Netherlands	France Sweden (limited)

Table 2

ASSURANCE STANDARDS

Global Level

At this time there are two assurance standards available at the global level. The International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", was created by the International Auditing and Assurance Standards Board (IAASB), a standard-setting body operating independently under the auspices of the International Federation of Accountants (IFAC) which is comprises of 160 accountancy organizations from 120 countries. ISAE3000 provides 57 paragraphs of definition, prescription, and a few proscriptions in guiding the accounting profession in the required processes for expressing "reasonable assurance" or "limited assurance" of the environmental and social information the firm has collected.

The second Assurance Standard is the AA1000 series, a four-part series of AA1000 documents, under development in a phased, multi-stakeholder process by the Institute for Social and Ethical Accounting (AccountAbility), a UK-based NGO. AA1000AS, the Assurance Standard¹⁴ published in 2003, is based on a foundation of three core principles- materiality, completeness, and responsiveness- upon which metric choice, data collection, and reports should be designed



and assessed. The responsiveness, in this case, is specifically to companies' stakeholders. The other Standard in the series is the AA1000 Stakeholder Engagement Standard¹⁵ (AA100SES), currently in Exposure Draft, is aimed at improving the processes of Stakeholder engagement. Two additional pronouncements in the AA1000 series are in development.

Because these two standards are considered complementary rather than contradictory (Molencamp, Zadek, Ligteringen and Monaghan in CSRwire, Assurance Standards Briefing¹⁶), a number of firms have adopted both ISAE3000 and AA1000AS. (See Table 3 for a comparison).

Global Assurance Standards

International Assurance Standards	ISAE 3000	AA1000
Issuing Body	International Auditing and Accounting Standards Board (IAASB) and the International Federation of Accountants	The Institute of Social and Ethical AccountAbility (AA)
Type of Organization	International Standard Setting Board	NGO
Enforcement Capability	No	No
Licensing/Certification	No	Yes Training and Certification
Certification Required of Practitioners	Not Yet But Standard is geared toward licensed accountants	No

Table 3

As with any new undertaking, critics have found limitations in the standards with AA1000 having been accused of lacking vigor and ISAE3000 found by some to be not sufficiently tailored to sustainability issues (Morimoto *et al.*, 2005; Blyth, 2005). More recently, the European Federation of Accountants called for a more specific international standard for sustainability assurance saying that ISAE3000 "is too general in nature due to the complexity and specificity of the subject matter"¹⁷

Country Level

Sweden and The Netherlands have been developing national standards based on ISAE3000 and AA1000 while Germany and Japan have developed Assurance Standards consistent with their mandated reporting standards. Australia is experimenting with Standard DR03422 which defines verification and validation differently from the two global standards.

APPLIED RESULTS

There are two patterns that have emerged from the recent increase in reporting. First, a review of the practices of a number of firms with more highly rated CR Reports shows the evolution of a three tiered process, such as the "three levels of sustainability reporting" articulated by BP in its 2005 Sustainability Report¹⁸. At the group level of the firm, moral principles, such as the Global Compact principles may be espoused, stakeholders engaged, reporting and industry guidelines



chosen and assurance methods established. At the country or regional level, regulatory standards must be adopted and country-specific guidelines chosen. At the local level, some additional stakeholder engagement may be necessary, along with individual facility verification processes. (See Table 4).

Emerging Multilevel Reporting and Assurance Processes

Choosing Principles, Guidelines, Regulations, Standards, Processes	Level of Organization	Assurance Activities
Global Principles Global Stakeholder Engagement Global Reporting Guidelines Global Assurance Standard(s) Global Assurance Process	Group Level	Establishing Metrics and Processes Collecting Quantitative and Qualitative Data Compilation and Review of data Audit of Data/Data Systems Stakeholder Feedback/ Assessment of Outcomes Assurance of Report
Country and Industry Engagement Country Guidelines Country Standards Industry Guideline	Regional, National, and Industry Level	Verification and Certification as required or recommended
Local Stakeholder Engagement Facility Level Standards	Local Level	Assessment of individual practices Certification of individual facilities

Table 4

The second pattern is that firms are still experimenting, particularly with the assurance process. (Comparative Practices in two Industries- Oil & Gas and Food are detailed in Tables 5 and 6.) There seems to be no clear consensus on where assurance should come from. The KPMG study (p.33) shows that about 58% of assured reports in their sample were completed by the major accounting firms with the rest using certification bodies, technical expert firms, specialist firms (which includes self-proclaimed “sustainability assurance firms”) and others. In a different approach, but one within the spirit of an underlying focus on stakeholders, Royal Dutch Shell constituted a Stakeholder Review Committee to assure its Sustainability Report.

With the introduction in the past several years of more definitive guidelines and standards, and with the adoption of these standards by an increasing number of those firms that are in the forefront of CR reporting, there is no doubt that more and more organizations will embrace these practices in the next few years. The Global Reporting Initiative reports that the number of firms issuing CR reports “in Accordance” with the GRI Guideline has nearly doubled in the first six months of 2006¹⁹. As companies, shareholders and assurers become more fluent in the spirit of CR reporting and the practice of these standards, they will inevitably be revised, expanded, or replaced. As we move forward, there are several critical issues that need to be addressed to make sure that we get it right – that is, that we develop frameworks, relationships, approaches, and processes that allow all firms to meet the philosophical goals of CR reporting rather than allowing the process to denigrate into a public relations null set.



Comparative Practices -Oil & Gas Industry

Company	Country	Report Title	Stakeholder Engagement/ Feedback	Principles Cited	Guidelines/ Standards Cited	Assurance/ Review
BP	UK	Sustainability Report	Stakeholder Engagement Open and structured feedback	UN Global Compact	GRI Industry guidelines ¹ Country standards Local reporting	Ernst & Young AA1000
Royal Dutch Shell	The Netherlands	Sustainability Report	Stakeholder Engagement Open feedback online	UN Global Compact UN DHR OECD Guidelines Extractive Industries Transparency Initiative	GRI Industry guidelines ¹	Report Review Committee AA1000
Sunoco	USA	None found	Local Community Advisory Panels (CAPS)	CERES	None cited	Internal Audit
ExxonMobil	USA	Corporate Citizenship Report	Limited Engagement Open feedback online	Internally generated	GRI Industry guidelines ² ISO 14001	BSR Review Lloyd's Register Quality Assurance

Table 5

Comparative Practices-Food Industry

Company	Country	Report Title	Stakeholder Engagement/ Feedback	Principles Cited	Guidelines/ Standards	Assurance/ Review
Groupe Carrefour	France	Sustainability Report	Stakeholder Engagement/ Local community interaction	OECD UN Global Compact	GRI New Economic Regulations	KPMG (Review) Supplier Audits
Groupe Danone	France	Social and Environmental Responsibility Report	Feedback only Dow Jones Sustainability Rating Vigeo Rating ASPI Eurozone Index Ethibel Sustainability Index	Internally Generated	GRI New Economic Regulations (French Law n°2001-420) International Union Of Food Workers	Pricewaterhouse Coopers Mazar & Guérard
Kesko	Finland	Corporate Responsibility Report	Stakeholder Engagement/ Stakeholder Feedback	Internally Generated	GRI plus additional indicators	Pricewaterhouse Coopers (Review) ISAE3000 AA1000
Unilever	UK	Environmental And Social Report	Have begun review of external stakeholders/ Dow Jones Sustainability Rating Other awards	UN Global Compact Internal Business Principles	GRI	URS Verification Ltd. AA1000

Table 6

¹ IPIECA/API Oil and Gas Industry Guidance on Voluntary Sustainability Reporting, 2005.

² Extractive Industries Transparency Initiative (EITI), International Petroleum Industry Environmental Conservation Association (IPIECA), the American Petroleum Institute (API) *Oil and Gas Industry Guidance on Sustainability Reporting*.



CRITICAL QUESTIONS IN CR REPORTING AND ASSURANCE

There are five critical questions that need to be addressed as CR reporting evolves to its next stage. They are:

1. How should CR reporting be circumscribed?
2. Who or what makes CR reporting credible?
3. Who should assure the CR reports?
4. How can independence between the organization and the assurers be ensured?
5. Should CR reporting be voluntary or mandatory?

How should reporting be circumscribed?

The question of circumscription focuses on defining the scope, depth, comparability, sufficiency or completeness and the credibility of the reports (Adams and Evans, 2004). Because of the newness of both the process and the recent standards, organizations are taking substantially different approaches. The range of stakeholders and their competing interests makes determination of the audit scope difficult to define (Lewellyn, 2000; Adams and Evans, 2004). While the GRI might be taken as the definitive outline of the range of indicated topics, does it demand too much? Should every firm report or every indicator or state why they do not? What indicators basic to an understanding of corporate responsibility might be missing? In the US, for example, indicators about an organizations ethics training and compliance policy would be expected by many stakeholders?

In terms of depth, must a firm report only at the group level? If not, is information required from all facilities at the local level or only those who choose to report or those determined by a sampling or a rotating schedule?

There have been criticisms about lack of comparability between firms (Guthrie and James, 2005). Given that every firm is different, is comparability? And against what should they be comparable- all others organizations? Others in the industry? Its own prior reports?

Finally, there is serious concern about what kind of assurance should take place in order for these reports to be credible. It has been argued that the range of stakeholders and their competing interests makes determination of the audit scope and deciding upon appropriate audit methods complicated (Lewellyn,2000, Adams and Evans, 2002). In order to determine what constitutes credibility, one must first look at the second critical question.

Who or what makes CR reporting credible?

Adams and Evans (2004,) have argued that, “Assurance in itself is not enough to avoid criticisms regarding the credibility of reporting” (p.98), but, as stated in the introduction to AA1000, “increased credibility is a pre-requisite for more effective sustainability Reporting” (p.3).



And in order to determine what is credible, we need to determine the audience who will ultimately decide credibility. So who is social reporting for? Was CR reporting developed to strengthen and enhance an organization's management procedures or rather, because "accountability to the stakeholder (rather than stakeholder management) should be one of the core principles of social audit. (Gray et al, 2000, p.87).

This is the crux of the problem: from a traditional auditing perspective, based on a history of auditing the measurable financial results that is the primary goal of most businesses, the key to assurance is having well-defined, "assurable" measures to help the engaging firm's management. From a civil society perspective (Henriques, 2001), the audience for these statements is the organization's stakeholders, and, thus "Consultation with stakeholders is the best way to ascertain stakeholder perceptions and expectations about building credibility (GRI, 2002, p.17).

If we look back at the motivation for the current surge in CR reporting, although environmental issues were frequently legislated, the social issues and the external reporting processes were driven by civil society. CERES "emerged just as the Exxon Valdez oil spill in Alaska motivated the environmental and investor communities to push for higher standards of corporate environmental performance and disclosure."²⁰ And the Body Shop, early initiator and most public of social audits, came about because the value of the owners were less oriented toward maximizing profits and more toward the imperative that business must assume its global responsibility to all its stakeholders.

So, if we assume that the stakeholders are the primary audience, then what constitutes credibility? There are numerous reports that contend that stakeholders have no confidence in the relevance or results of the current CR reporting because assurance processes focus on the accuracy of quantitative data and the robustness of the systems with little analysis of materiality to the stakeholders (AA1000), by auditors with few means and less comfort assuring qualitative data (Risako *et al*, 2005; Hammond and Miles, 2004).

If we look to standards for help, we find that AA1000 is more congruent with the stakeholder perspective while ISAE3000 and the FEE definitely show their financial reporting roots. If the goals of CR reporting is different for stakeholders than for management, then the assurance processes need to be expanded to include assurance methods to assess qualitative data collections processes and integrity, and methods to help meet stakeholders' expectations and needs, and thus increase the credibility of the reports. It is obvious that the FEE is oblivious to this perspective as its Discussion Paper states that this suggested standard will lead to greater transparency "benefiting both companies and consumers."²¹ - totally ignoring the vast majority of stakeholders. As noted by Rasche and Esser (2006),

auditing bodies will try to promote standards they are eligible to audit...That is not to say that decisions for or against a certain standard are always motivated by opportunistic behavior, but that without a dialogical justification they are likely to limit the scope [of the standard] (p. 255).

Thus, it is critically important that when countries begin to legislate reporting and assurance protocol, they take into account multiple perspectives and not be lead entirely by the accounting



profession as currently is being or has been done in Germany, the Netherlands, Sweden and Japan.

If the financial accounting profession is not trained to evaluate qualitative data or to seek credibility validation from stakeholders rather than management, we need to consider, next, who should be doing it.

Who should assure the CR reports?

There are currently no required standards or laws about the requisite credentials of CR report assurers. It has been suggested that, aside from being able to assess the accuracy of quantitative data and the robustness of the systems that collect that data, financial accountants frequently lack the technical competencies and commitment to the public interest required for the CR audit (Swift and Dando, 2002; Grey, 2001; O'Dwyer, 2001; Owen *et al*, 2000). Currently the Big Four accounting firms have the dominant role in CR report auditing; though they claim to hire specialists to advise them, they still determine the scope of the assurance process. As Zadek (2006) has observed,

Assurance providers themselves need to be credible with the stakeholders they assure. This means having the necessary technical competency and demonstrating values that are in tune with stakeholders' social and environmental concerns.

So who should assume the role of social auditor? How does one find a social auditor whose values are in tune with the stakeholders? From what disciplines should they come? What kinds of generalized and specific education do they need? Is certification desired or necessary? From which accrediting body? Is a "hybrid approach" using accounting firms for one part of the process and "social audit firms" for the other part an alternative? And how can we assure that auditors are independent from the organizations they are auditing?

How can independence between the organization and the assessor be ensured?

Independence continues to be a problem and a myth. As with financial reporting, there can never be true independence between a firm and its assurers when the firm is directly paying for the assurers' work. One alternative may be to create a buffer between the organization and the assessor. As some NGOs are taking a role in helping firms construct a Stakeholder or Expert Review Board, a new role for certain NGOs or consulting firms might be to act as a buffer between the organization and the assurance team. In a process blind to the organization, the buffer firm would assess stakeholder expectations and what assurances they desire to ensure credibility, then hire the experts required to effectively meet those needs. The organization would hire the buffer firm while the buffer firm would hire the experts, none of whom are members of their own staff. Another alternative may be for the stakeholder group to be given the power to appoint auditors and determine the scope of the audit (Boele and Kemp, (2005). In any case, an alternative to the organization both directly hiring, then paying, the auditors needs to be developed.



Should CR reporting be voluntary or mandatory?

The final question is whether reporting and assurance standards should remain voluntary or become mandatory. It is the strong opinion of some that CR reporting won't ever be taken seriously unless it is legislated (Konrad et al. 2006; Baue, 2006; Morimoto et al, 2005) because "Voluntary initiatives do *not* produce widespread, consistent and systematic practice. Only changes in educational regulation can produce this" (Gray, 2001, p.13).

But it would be premature to even begin to consider regulation until the first four questions are answered. In the next several years today's experimentation in CR reporting and auditing will evolve to a greater state of definition and stability. The final question becomes: Will the new state of CR reporting become the "true accounting" of an organization's impact on the environment and society, or will the exercise turn out to be just another public relations scheme that firms engage in to hide their quest for profitability, not matter what the cost?

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ENDNOTES

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- 2 <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>
- 3 <http://www.thesullivanfoundation.org/gsp/principles/gsp/default.asp>
- 4 <http://www.un.org/millennium/declaration/ares552e.pdf>
- 5 <http://www.ceres.org/coalitionandcompanies/principles.php>
- 6 <http://www.iso.org/iso/en/ISOOnline.frontpage>
- 7 <http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&pageId=473>
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