

Abstract

We want to study small private audit firms in Norway and the increasing relevance of sustainability and the social responsibilities to better understand how/if private audit firms interact with clients and trending issues. Through this study, we used a qualitative approach and the data we collected through two interviewees. These respondents each represented their company in two completely various places in Norway. Recently the demand for sustainable methods has increased, from clients and from society. The uncertainty of implementation of sustainable methods is high since it is a new movement. We want to help develop an understanding of sustainability combined with the question if audit firms practice what they preach to their clients. This process is done through the following research question:

“How do small audit firms deal with sustainability, when working with clients”

The theoretical background of this thesis is built on past literature that revolves around sustainability, Social and Environmental Accounting (SEA), and legitimacy. To answer the issue, we decided to take a qualitative approach as a research design. The primary data comes from semi-structured interviews in which was physical and digital.

Main findings from our research are that sustainability have not found its place in audit yet. There are no definitive guidelines for how audit firms should express sustainable strategies. Secondly for small audit firms to stay relevant they need to acquire more knowledge, experience, people, and network. The need of financial resources is increasing as the need for more sustainable options. Lastly, practice what you preach, we discovered with small audit firms that this phrasing is opposite. Auditor will have a tough time staying relevant if they do not practice what the clients preach. This makes the audit firms very flexible but also very resource dependent.

Preface

This master thesis is written in the spring of 2022 as a last step towards our master's degree in MSc in Business at Nord University. The task amounts to 30 credits and is written over one semester within specialization in financial management. The topic regarding our master thesis is sustainability within the small audit firm sector in Norway. We believe that the small audit firms have a closer relationship to their clients, but at the same time less resources and financial power than the four big audit firms. Sustainability has been and is still an immensely popular ongoing theme to discuss, but the small private audit sector still has a way to go when it comes to adapting sustainable approaches to their strategy and daily work. We therefore believe that this study is relevant also for further research.

We want to express our gratitude towards to our supervisor Nadezda Nazarova for her believe in our study, and guidance throughout the process of the development of this thesis. We would also like to thank our two firms, who were willing to put their work aside in a stressful time to help us collect the data we needed. Without you this thesis would have not been possible. We hope that this master thesis will give a good insight in how small private audit firms perceive sustainability and what small audit firms need to implement to their strategy.

Lastly, we want to thank our fellow students for two great years during the master's degree. Many great collaborations and discussions, we have learned much from you. We wish you good luck in your careers.

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Summary

Due to sustainable demands and an increase of social and environmental pressure, firms all over the globe need to adapt sources and ways of changing in a sustainable direction to be more competitive in the market. The concept of sustainability remains to be defined as a clear definition, which proves to be impossible, as today there are an incredible number of different definitions of this. The demands to become more sustainable are increasing, as more medias are addressing the “green shift” more often. The four major auditing firms have better access to resources and financial support, which means they have better predictability to success in making small and substantial changes, such as when it comes to dealing with more sustainable solutions for both strategy and work routine. The small private audit firms in Norway receive their guidelines and support via the Norwegian Auditing Association, and they depend on that help to be able to change. Unlike the four major audit firms, the small private audit firms do not have the resources, or the financial support needed to be able to make the big changes towards becoming a more sustainable company. We want to study the small private audit firms and see how they perceive with sustainability and both the internal and external pressure to become more sustainable. Based on this our problem statement is as follows:

“How do small audit firms deal with sustainability, when working with clients”

This study will present goes deeper into the understanding of sustainability and the important existence of the small private audit firms. The study will also present how both internal and external pressure can help to influence companies to think new. To understand how sustainability can be perceived by the audit firms, along with the power of influence between the clients and the small audit firms, the subsequent literature will be relevant literature regarding sustainability, Social and Environmental Accounting (SEA), and legitimacy as our main theories.

Since this study is about the private audit firms and how they perceive sustainability, and if we should get the best possible data collection about this theme, we chose qualitative approach with semi-structured interviews as the most appropriate way to do it. Based on the number of respondents and our total data collection we have discussed the quality of this research up against validity to the study.

The main finding from our research shows us that the small private audit firms have not found any way to implement large, costly sustainable approaches to the firms yet. They are aware of the term sustainability and believe that it will affect them in a more long-term picture. Dealing with sustainable approaches is expensive for the small auditing firms, and it also requires a lot of resources in both financially and in terms of employees. In order for the private auditing firms to implement good sustainable strategies, they do not just need financial support from the Norwegian Auditing Association, but also the right knowledge, employees, education, and partners. The biggest surprise turned out to be that our starting point, and what we thought and wanted to find out, was the opposite of what we found out. It turns out that the environment in which the clients of the auditing firms work in, is what influences the clients to implement more sustainable approaches. This means that the audit firms must preach what the clients demand.

Based on our findings we can conclude that the small private auditing firms have not implemented any remarkable sustainable approaches. Dealing with sustainable approaches is expensive for the small private auditing firms and will be a part of the long-term strategy, since the financial costs are high for short-term strategies. The small private auditing firms are not practicing what they preach their clients, but rather the opposite since the clients' interests and requirements are defining the auditing firms' practices, and the clients' requirements are again defined by the environment they operate in.

Through our study, we identified several findings that can be linked to further research within this topic. Based on the empirical findings concerning the Norwegian Auditing Association, we believe that it may be useful to gather information through interviews with those who work with sustainable approaches in the auditing association. We also believe that further research within 'consulting theory; framing method' is important for further understanding of the relationship between the auditing firms and their clients. This topic delves deeper into the understanding of actions and framework conditions for the relationship between clients and audit firms.

Table of contents

Abstract	1
Preface	2
Summary	3
1.0 Introduction	7
<i>1.1 The purpose</i>	9
<i>1.2 Research question</i>	9
<i>1.3 Hypotheses</i>	10
<i>1.4 Delimitation and Clarification of Concepts</i>	10
<i>1.5 The structure of the thesis</i>	11
2.0 Theoretical background	12
2.1 Sustainability.....	12
2.1.1 Development of Sustainability Concept.....	12
2.1.2 Definitions of Sustainability	15
2.1.3 Sustainable value creation	18
2.2 Social and Environmental Accounting (SEA)	20
2.2.1 Corporate Social Responsibility (CSR).....	21
2.2.1.1 Transparency requirements	23
2.3 Legitimacy theory.....	24
3.0 Method	28
3.1 Data collection	28
3.2 Structuring of the interview	29
3.2.1 Qualitative analysis	29
3.2.2 Interview guide.....	30
3.2.3 Transcription	31
3.3 Research design and method.....	31
3.3.1 Representative committee	31

3.3.2 Population.....	31
3.3.3 Validity	32
3.4 <i>Limitations of research</i>	33
4.0 Empirical findings	34
4.1 <i>Perception of sustainability</i>	34
4.2 <i>Motivation for dealing with sustainability</i>	41
4.3 <i>Client’s relationship and sustainability</i>	42
4.4 <i>Alternative view on sustainability</i>	44
4.5 <i>Empirical Summary</i>	44
5.0 Discussion.....	46
5.1 <i>Sustainability in small audit firms</i>	46
5.2 <i>External and internal motivation for sustainability</i>	50
5.3 <i>Preach what you practice?</i>	52
6.0 Conclusion.....	54
6.1 <i>Further research</i>	55
7.0 References	56
Appendix	59

1.0 Introduction

“Practice what you preach” (2012) is an article written of Heusinkveld & Visscher (2012). Heusinkveld & Visscher (2012) write about how consultants framed management concepts are used by themselves. Those concepts they preach to their clients. Based on that quote “Practice what you preach,” we wonder how the audit sector who also are consulting their clients, do they use the same methods, related to sustainable advantage and approaches, on themselves, or is this something they just teach their clients to do? In this thesis we want to take a closer look into that, not only into how the private audit firms consult their customers, but how are they applying this for themselves, when it comes to creating sustainable solutions. Our focus for this thesis will be the small private audit firms and how they work when it comes to dealing with sustainability in their daily work.

The reason we want to study this theme is primarily because the term sustainability is a highly relevant theme (Caradonna, 2014). Secondly, since we have already had collaborations with the big firms, we want to study the small and private firms. With sustainability in mind, we want to explore the audit firm’s individual perception of the concept and whether they view it as an opportunity or disadvantage. The reflections they will give us about the concept and how they utilize a sustainable mindset in their work. An interesting aspect of this is if they use or not use sustainability as a factor when consulting their clients or not. If external or internal parties made a pressure on them.

The term ‘sustainability’ has been increasingly used by big margins over the decades (Caradonna, 2014). This extended use of the term has made consequently resulted it governments, communities, organizations, and individuals all over the world. The reason is that they seek to align with the basic principles of what they call ‘sustainability.’ By any means, this means that the government, communities, organizations, and individuals want to, and desires to create a society that is safe, prosperous, and ecologically minded (Caradonna, 2014). Trying to define what sustainability is, you will find many definitions. According to Caradonna (2014, p. 8) *“the definitions of sustainability that has circulated the resent years have mostly been emphasized as an ecological point of view”*. By this Caradonna (2014) means that this explains that human society and economy are intertwined to the natural environment, and for humans to thrive, persist, and adapt indefinitely, we must live harmoniously with the world and its nature. On the other hand, Johnston et.al (2007, p. 61)

explains that “*according to the dictionary definition, sustainability simply implies that a given activity or action is capable of being sustained*”. Even back in 1987 the term sustainability was frequently discussed, and Brown et.al (1987) quoted Tisdell (1985) who notes that when it comes to the very definition of sustainability the “definition is not defined” (Brown, Hanson, Liverman, & Merideth, Jr., 1987).

The last decades there has been remarkable progress in the development and use of the approach to the accounting for social and environmental outcomes. According to Ahmed (2012) Social and Environmental Accounting (SEA) is designed to support and easier the achievement of the organizations owns objectives. He also claims that organizations all over the world wants to achieve some sort of environmental performance, and that the organizations wishes to demonstrate good environmental performance by controlling the impacts on their activities, products, and services. When mentioning SEA, it is also important to mention Corporate Social Responsibility (CSR) as a part of the definitions and also theories about CSR. During the decades there are more business releasing social and environmental profit within value of non-financial outcomes. This is emphasized by Nicholls (2020) who also claims that these reports are import for the society and the stakeholders that the businesses want to sweeten. On the other hand, critics are queuing up to criticize this approach. Dudovskiy (2012) means, along with other authors, that implementing CSR reporting, as a part of your work, is just an empty promise and an effective public relations tool. It also makes businesses look good from the environmental point of view, by doing almost nothing to receive that non-financial profit. As with pretty much everything else, this also has on drawback. To implement this to the organizations it demands a lot of procedures, but not only that, but it also requires a big amount of money and time (UKEssays, 2015). UKEssays (2018) points out that the most important criticism of SEA is that even if you implement this to your organization in a good way it doesn’t guarantee for obtaining financial performance of environmental/social-related performance (UKEssays, 2015).

When we have mentioned sustainability, SEA, and CSR, it is important not to forget legitimacy. Legitimacy deals with the relationship with external parties and the importance of sharing relevant information to uphold trust and possibilities to conduct business. “*Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*” (Burlea & Popa, 2013, p. 1579). According to Burlea & Popa (2013) is this a

mechanism which supports the organizations work of implementing and developing social and environmental approaches. Legitimacy is an organizational choice to reveal aspects of the organizations for the sake of the external environment and society eyes (Deegan, 2002).

1.1 The purpose

There is a rising awareness of sustainability in the society and the pressure to be more sustainable is exponentially increasing (Caradonna, 2014). The sustainability movement in audit has just begun and there are uncertainties around the issues connected with sustainability. The auditors' job is not just to review financial data, but also to communicate and consult clients. The audit firms are aware of the need for sustainable solutions and methods, but we want to see if what they practice is what they preach to their clients. In doing so, we want to explore the audit firm's perception of the concept of sustainability. The reflections they will give us about the concept and how they utilize a sustainable mindset in their work. An interesting aspect of this is if they use or not use sustainability as a factor when consulting their clients. If it is pressured upon them by external or internal parties.

Our motivation for writing about sustainability and the audit sector is because we want to challenge the audit firms to explore sustainability in a positive manner, as well as develop good insight on how to better tailor it for this specific sector. We see an important connection between auditors and all the other markets out in the world, in which they can have influence. As well as the importance of starting early in the transition of implementing sustainable strategies to find the options that might give positive results.

1.2 Research question

For this master thesis we worked hard finding a good research question that would help us define what we want to achieve with in this study. We find defining sustainability, and narrow the definition of sustainability down, challenging related to our paper. Since we found out that there is many definitions of sustainability and many perceptions of the social and environmental approaches that may affect the firms and make it hard for firms to visualise something concrete about the themes. During the work of the study, we went back and forth many times since, as we said before, the perceptions were many and based on our respondents

the study change a bit along the way. Despite that we managed to come up with a research question that defined what we wanted to study in this paper.

“How do small audit firms deal with sustainability, when working with clients”

As mentioned before there has been written a lot about definitions and perceptions of sustainability and SEA by many different authors, and each author are trying to define these terms in many different ways. When it comes to the word ‘sustainability,’ this can be interpreted in many ways. We will, later in this study, try to define sustainability as we interpret it, how we define sustainability according to our paper and how this can be related to other theories such as, Social and Environmental Accounting (SEA), Corporate Social Responsibility (CSR), and Legitimacy theory.

1.3 Hypotheses

In recent years, even more small private auditing companies have entered the market. In connection with this, more companies are also started in different industries. All companies with a turnover of more than NOK 6 million are subject to auditing (Centiga, 2021). This means that the demand of more auditing firms also is rising. Our hypothesis is based on the belief that the small auditing firms have a much closer bond with their customers than the big four. This closer bond, we believe, makes it easier to communicate with each other and that the degree of influence also increases in that they can influence each other, not just one way.

1.4 Delimitation and Clarification of Concepts

In this study we will focus only on the small private audit firms. Our collected data reflects the views of the auditors and advisers, not the clients.

Small audit firms

There are different worldwide definitions on what constitutes an SME. In Europe, an SME is defined as an enterprise which has fewer than 250 employees. The three levels are micro (1-9 employees), small (10-49 employees), and medium (50-249 employees) (International Federation of Accountants, 2010). SMEs are important to the developing economies around the world. SMEs contribute to over 99% of all enterprises and 100 million jobs. According to IFAC (2010) existing theories demonstrates that managers of SMEs utilize external sources

when it comes to advice and support services, because of the gap in their internal resource base (International Federation of Accountants, 2010).

1.5 The structure of the thesis

The thesis is divided into six main chapters. The first chapter is the introduction chapter where the research question and the background for the choice of the theme of the thesis is presented, as well as the structure of the whole thesis is also presented here.

The theoretical part of the thesis is structured in to four parts. This is being presented in chapter 2. The first part of this chapter contains the subject about sustainability and its development, as well as the many definitions and perceptions of this. Further on in the chapter we are presenting the Social and Environmental Accounting (SEA) theory alongside with the Corporate Social Responsibility (CSR) theory. At the end of the chapter, we are presenting the legitimacy theory where we will present different perceptions of legitimacy and the theory itself.

In the third chapter of this thesis, we have explained our progress in the choice of method for the study. The method chapter contains the data collection for the study, how we are structuring the interview, as well as our research design and the interview guide. At the very end of the chapter, we are critical to our own study and bring out weaknesses with the method.

The fourth chapter is the chapter where we have presented the empirical findings from the interviews. When it comes to the fifth and the second last chapter, we have analysed our empirical findings with the theoretical frame of reference. The last chapter, chapter six, contains the conclusion of the thesis. In this chapter we have answered our research question based on our most important findings from the analyse chapter in the best way. The last sub chapter in this thesis is the chapter about further research from this study.

2.0 Theoretical background

The purpose of this thesis is to study implementation of sustainability in the small private audit sector. We find it natural to start with the concept of 'sustainability', to give the reader an understanding of the concept and how this can be used to understand the framework around what affects sustainability. Furthermore, we have chosen to address theories of Social and Environmental Accounting (SEA) and Corporate Social Responsibility (CSR) which deal with the external pressure and the external demands that come from stakeholders and various legislation. We have chosen to use these two theories in the sense that the reader will here gain an insight into how the external environment influences companies to act more sustainable to appease their stakeholders. At the end of this chapter, we have chosen to include legitimacy theory because we think that the firms care about the society and how their view of the company is, and that the firms are willing to change to be accepted by the society.

2.1 Sustainability

To get a better understanding of what sustainability is, it is important to know its origin, and the evolution of the sustainability term. The most important we will do in this sub chapter is to look at different views of sustainability, and when it comes to the development and the many definitions of the term. Further on we will use the term sustainability and see how this can be used to generate value creation and competitiveness.

2.1.1 Development of Sustainability Concept

The term sustainability first emerged in the late 1970's – early 1980's, as an explicit social, environmental, and economic ideal according to Caradonna (2014). The idea of 'sustainable development' became first widely articulated in the Brundtland Report from the United Nations in 1987 (Johnston, Everard, Santillo, & Robert, 2007). Further, in the 1990's it had developed to be a familiar term in the world of politics. Example wise, the President of The United States, Bill Clinton, and his council of Sustainable Development, but the term was not yet fully embraced. Meanwhile the environmentalist Bill McKibben in the mid 1990's criticized the term of sustainability as "buzz-less buzzword", meaning a term with no meaning. Sparking a mainstream of other publishers to accuse "Sustainability" and "sustainable development" of being superficial and used to cover or hide ongoing environmental degradation and facilitate "Business as usual" economic growth (Caradonna, 2014).

Even back in 1987 they we are authoring articles about the development of sustainability. Brown et.al (1987) authored an article from the Institute for Environmental Studies, and the term sustainability was a hot topic even back on that time. Brown et.al (1987) quoted an article from Repetto (1985) from The World Resources Institute and they looked at sustainable development as a “*development strategy which manages all assets – natural and human resources, as well as financial and physical assets – for increasing wealth and wellbeing*”. (Brown, Hanson, Liverman, & Merideth, Jr., 1987, p. 716). Brown et.al (1987) writes further that this also has a combination with the ‘sustainable economic development’ which the World Bank was writing about back in 1985. Brown et.al (1987) quotes an article written by Tisdell (1985) who notes that, even though the sustainable development is an important goal of the World Conversation Strategy, it is important to remember that “sustainability is not defined” (Brown, Hanson, Liverman, & Merideth, Jr., 1987).

Furthermore Brown et.al (1987) writes from different authors point of view, and mostly critical views when it comes to the development of sustainability. According to Brown et.al (1987) an author with name Pearson (1985) meant that the term ‘sustainable development’ is “*elusive, but important and does deserve attention*” (p. 716). By this they mean that it indicates that the very meaning of the idea ‘sustainability’ is a concept, which by current decisions, shouldn’t destroy or influence the maintaining and improving living standards in the future in a bad way. According to one Tim O’Riordan (1985) he means that sustainability is some sort of utilization and happens to be an ambiguous concept with no space, time, managerial, technological, or ecological dimension. At the end Brown et.al (1987) quotes Caldwell (1984) who means that it is easy to state sustainability in theoretical detail. Especially when it comes to ecological and economic complexities, it can make the situation quite different from, and even more difficult than the theory itself (Brown, Hanson, Liverman, & Merideth, Jr., 1987).

One can see that the term ‘sustainability’ usage has been increasing by big margins over the decades. In both articles and books as a title or just the use of the term. This extended use of the term has made consequently resulted it governments, communities, organizations, and individuals all over the world. The reason is that they seek to align with the basic principles of what they call ‘sustainability’. Which means that the government, communities, organizations, and individuals desires to create a society that is safe, prosperous, and

ecologically minded. The practice that is inspired by the term and concept of sustainability could result in the rise of a new major socio-economic transformations. Sustainability has in modern times become a powerful term, whose application subsumes other movements as well, but the mostly environmental movement (Caradonna, 2014).

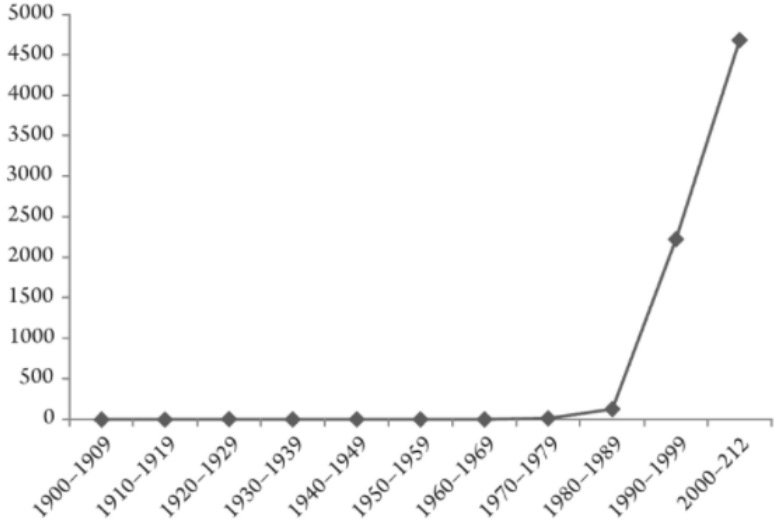


Figure 1: Visualization of the usage of the word “sustainable” or “sustainability” as a title in books, from the 1900-2012. (Caradonna, 2014, p. 3)

The term sustainability is firstly and foremost, used as a corrective, which means a counterbalance directly connected to climate change. The term climate change is a very taboo term, that most of governments tries to avoid. As we could read from Brown et.al (1987), even back in the 80s they were struggling with how to understand the development of the term, and that it was important to notice that sustainability is not defined (Brown, Hanson, Liverman, & Merideth, Jr., 1987). Sustainability is a term of reflection of the last 250 years of unsustainable, ecological exploitation and abuse on the planet. And therefore, the term is reflection that humans themselves, have become some sort of natural disaster. This implies for an instance the term global warming, which is extremely likely to have been heavily influenced by humans. Global warming is a foundation of climate change, and it has already begun. Alteration of natural systems and environment in troubling ways such as increase in temperature irregularities and unpredictable weather patterns, changes in the hydrological cycle with causes draught and larger and more frequent storms, sea levels rise, and species and ecosystems die out, by human population and environmental manipulation. This is the reasons sustainability rose, to counteract a moribund ecosystem that has drained the world of its finite resources, like oil and fresh water, generation of global financial systems meltdown,

social inequality, and brought civilizations to a breaking point towards catastrophic disaster. By the means of unwise advocacy for economic growth at the expenses of resources and crucial ecosystem services (Caradonna, 2014).

Johnston et.al (2007) refers to the '*Brundtland definition*' of sustainable development, and it's defined as: "...development that meets the need of the present without compromising the ability of future generations to meet their own needs" (p. 60). This is also being emphasized by Ramsey (2015) where he writes that "*the Brundtland definition characterizes sustainable development by reference to "needs," "compromise," "future generations," and a host of subsidiary concepts such as economic growth, equity, and environment*" (p. 1078). The 'sustainable development' term, according to Johnston (2007), is now an increasingly term which is regarded as two different views. These views of sustainable development are either as internally self-contradictory, or a term that is plagued by ambiguous or distorted definitions. This means that the term sustainability is a term which is hard to define, since the meaning of this can be many, depends on which eye is seeing (Johnston, Everard, Santillo, & Robert, 2007). Brown also highlights this et.al (1987), where they claim that "*sustainability is not defined*" (Brown, Hanson, Liverman, & Merideth, Jr., 1987, p. 716).

2.1.2 Definitions of Sustainability

The definitions of sustainability that have circulated in the recent years have mostly been emphasized on an ecological point of view, which explains that human society and economy are intertwined to the natural environment (Caradonna, 2014). Further Caradonna (2014) explains that for humans to thrive, persist, and adapt indefinitely, we must live harmoniously with the world and its nature. Rather than to perceive the society and the environment are separate or antagonistic spheres. Johnston et.al are having a different kind of view when it comes to trying to define the term sustainability. They explain that sustainability can be defined like this: "*At the level of dictionary definition, sustainability simply implies that a given activity or action is capable of being sustained*" (Johnston, Everard, Santillo, & Robert, 2007, p. 61). Sustainability assumes that humans along with their economic systems are indelibly connected. For an instance, the most common sustainability model that have emerged these recent years is an illustration of the connection of the "three E's" in a Venn diagram with three parties. The three parties consist of environment, equity, and economics,

and sometimes there is also a fourth party, education. To emphasize the importance of education in a society that desires sustainability.

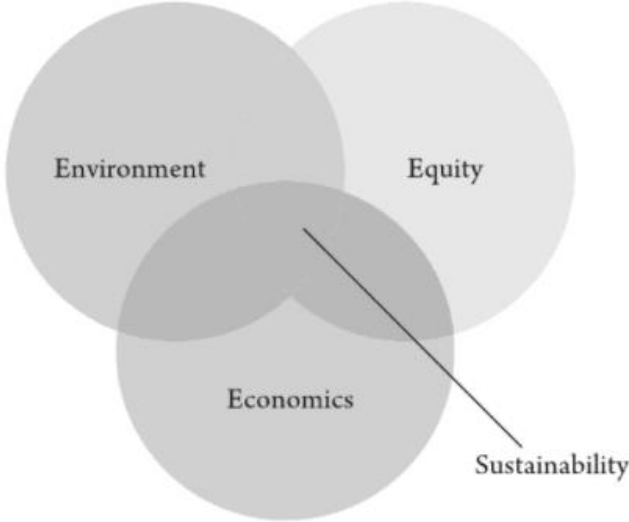


Figure 2: Model that show the required balance of the three Es of sustainability (Environment, equity, and economics) shown in a Venn diagram. (Caradonna, 2014, p. 8).

Furthermore, there have risen another model, a newer model. The model has reconceptualized the diagram to look like a series of concentric circles. The model explains that the environment is the foundation of sustainability, while economics and the society is laid within. The model has risen because of reflection and critique from several sustainability economists. For an instance, Peter Victor and Herman Daly, which had argued that society and the economy have been supported by the environment and would not have been existing today if it was not for the environment. This implies that the environment should be the priority in any model of sustainability.

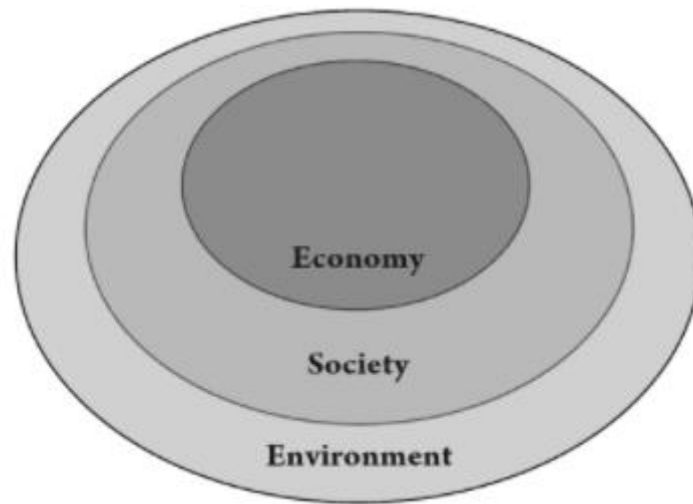


Figure 3: *This diagram explains how the environment as the foundation, and that the society and economy is dependent on it. Emphasizing on the environment as the main priority.*
 (Caradonna, 2014, p. 9)

To approach real sustainability, it is important that we are mentioning the necessary elements of temporal scale to our thinking. The pace of the environmental change is rapidly changing and the need of working together with the planet is therefore important. *“It becomes necessary, therefore, to define sustainability to be relevant to the human environment.”* (Johnston, Everard, Santillo, & Robert, 2007, p. 61). This is one of many quotes that Johnston et.al (2007) highlights when they are explaining different definitions of sustainability. We find one of the quotes which Johnston et.al (2007) are highlighting, when they are explaining that sustainability can mean several things, very interesting, and this is a quote that, we believe, most of us are thinking of when we hear the term sustainability. This quote is as follows; *“Sustainability demands turning and charting a new course that will improve the quality of our lives and the lives of our children while restoring the gift of natural systems upon which our lives depend.”* (Johnston, Everard, Santillo, & Robert, 2007, p. 62).

Ramsey (2015), who we quoted in the previous sub chapter, starts his article ‘On Not Defining Sustainability’ with; *“Definitions of sustainability-and criticisms of the definitions-abound.”* (p. 1075). Ramsey (2015) is arguing in his article that there are problems with the very definitional approach itself. It is not just any definition, but the definition of sustainability. The worry about not finding a clear definition is not something that we should worry about, explains Ramsey (2015). Further Ramsey (2015) emphasize that a clear definition is not something that would be a platform for how we should approach

sustainability for our society. He even adds that even if there are many definitions of sustainability, definitions can be meaningful, and on that basis, we do not need a clear definition. According to Ramsey (2015) that even though there are many definitions of sustainability, each and one of them tries to provide a content by presenting terms that can make it simpler and more readily apparent and measurable. We used this quote where he referred to the World Commission on Environment and Development (WCED) in the last sub chapter. By any means Ramsey (2015) means that the approach of sustainable development included to include our 'future generations' and the 'economic growth' that is yet to come. This is something we must think of when we are trying to define the term of sustainability according to Ramsey (2015).

2.1.3 Sustainable value creation

Globalization is especially important to the capital market. Since the evolution to electronic monetisation and the opportunity of easier information transfer enables this, also the satisfaction of demand and supply of corporate share (Salvioni & Gennari, 2017). When it comes to the establishment of having an effective relationship with your stakeholders, according to a CSR approach, Salvioni & Genmari (2017) means that it is based on the company itself and its investors to maximise the future value even on the behalf of short-term revenue. Salvioni & Genmari (2017) also explains that this has something to do with seeking out measures of the company's performance and are connected to a credible long-term strategy. This affects the business approach to corporate social responsibility and sustainability by using the definition of corporate strategies and the related indicators (Salvioni & Gennari, 2017).

Furthermore, with significant importance, are the function of global initiatives that is intended to reduce the gap between the global market and the divergences in cooperate governance systems. Which support the promotion of the integrity of corporate governance management. Globalisation of information and the increasing spectre of responsibility have had a significant impact on how corporate governance have evolved. More specifically, the lack of correlation between the firm's ability to meet stakeholders' expectations and the effectiveness of the market relationships that the firm has, and the need for improvement in corporate governance convergence. The potential for optimizing the firms result overtime is heavily dependent on how the firm manages appreciation of expectations from all stakeholders the firm interact with. The importance of activating positive stakeholder

engagement processes have increased in the development of virtuous circles such as resources, activities, achievements, and consensus with a focus on the influencing factors of risk towards the firm's operations and their complex relations with other firms and the markets (Salvioni & Gennari, 2017).

In relation to sustainable value creation, and the introduction of operative procedures that is designed to increase awareness towards risks connected to the firm's operational activities. This is influenced by the firm's strategic values in economic, social, and environmental responsibility integration. Alongside the internal diffusion and sharing of sustainability-oriented values, and how the firm have established the integration of their risk management systems. If the firm's board have the drive force to implement sustainable practices in the organization and internally develop a sustainability culture that goes beyond external expectations, pressure, and mandatory rules, it will favour them in forms of competitiveness. Therefore, it is suggested that the board should develop a long-term value creation matrix, balancing the types of investors that are interested in the firm, find the best practices to be used, and reducing the focus on short-term financial matrix. With considers the firm-specific issues (Salvioni & Gennari, 2017).

The strategic orientation towards integrating CSR is of the responsibility connected to the different stakeholders. The strategic orientation adopts methods and tools of governance that have the intention to improve economic, social, and ecological performance. In these processes, with the help of constant stakeholder engagement opens consideration of new types of value generated through sustainable goals and objectives. This is done by reducing risk and exploitation of the opportunities available. The boards should also consider the weight both the long-and-short-term use of capital, decide on the correct allocation of resources with relation to economic, social, and ecological performance (Salvioni & Gennari, 2017).

It is important to maintain the level of satisfactory and the effectiveness. It is required to assess the stakeholders' expectations, their environmental impact, and how this is aligned with corporate strategies, business conduct transferred by top management orientation, the verification of coherence between managerial objectives and actual result, and lastly optimization of the performance and improved relations. There are two pillars that creation of sustainable values relies on: firstly, the quality of corporate governance decision-making with the approach of responsibility, and the ability to transfer the sustainability objectives

derived from the socially responsible strategy into the behaviour of the entire organization (Salvioni & Gennari, 2017).

2.2 Social and Environmental Accounting (SEA)

The purpose of this theory in this paper is to explain how the social and environmental aspect can affect the accounting- and auditing organizations in acting more environmental to sweeten their stakeholders.

Social and Environmental Accounting (SEA) is designed to support and easier the achievement of the organizations' own objectives (Ahmed, 2012). It is also known as Corporate Social Responsibility (Mathews, 1995) which we will present in the next sub chapter of this sub chapter. Ahmed (2012) claims that all kinds of organizations around the world are increasing their concern to achieve some sort of environmental performance. The organizations want to demonstrate sound environmental performance by controlling the impacts, not only of their activities, but on their products and services as well on the environment. This is consistent with their environmental objectives and policy (Ahmed, 2012). The core of Social and Environmental Accounting is also emphasized by Mathews (1995) who describes it as *"the extension of accounting reports to include information about product, employee interests, community activities, and environmental impact."* (Mathews, 1995, p. 668). Ahmed (2012) also claims that the organizations are doing so in the context of increasingly stringent legislation, increasing concern of the customers about the environmental impact of the organizations products, development of economic policies and increasingly concern from the stakeholders about sustainable development and environmental matters.

SEA can also be defined as a publishment or a preparation of an organization's social and environmental activities, and the employees, community, customers and stakeholders' interactions with the organization, and the consequences of these activities and interactions (UKEssays, 2015). According to the UKEssays (2015) they also claim that Social Accounting, or SEA, can also be referred as non-financial reporting or sustainability accounting. This is a path the businesses choose to enter, in a way to gain competitive advantage, but most of all they want to place a value on the impact they gain on the society of the operations. *"SEA demonstrates a company's willingness to properly manage its*

environmental, social and economic effects, therefore, establishing a good interaction with the stakeholders and demonstrating transparency” (UKEssays, 2015).

When it comes to the integrating of Social and Environmental Accounting into the company, there must be criticism of the theory. When integrating this concept within an organization, it requires a lot of procedures. Not only that, but it also requires a substantial amount of money and time. On the path to sweeten your stakeholders, by becoming environmentally and socially responsible, you, as an organization, should start this from the bottom of the organization. The most important of all the criticism of SEA, is that implementing this does not guaranty for obtaining financial performance of environmental/social-related performance (UKEssays, 2015).

The criticism of SEA is also a key factor to understand why and how this even are being commented in so many literatures. Grey & Milne (2015) are not holding anything back when criticising the SEA. They mean that the whole practice of the social, environmental and sustainability disclosure is partly incomplete. Claiming further that it obviously does not explain anything about the organizations social, environmental, and sustainable consequence, and it does not say anything about its ‘social and environmental performance’ (Gray & Milne, 2015). Grey & Milne (2015) discuss further in their article that the whole sustainability and business ‘debate’ field is so predictable, ordinary and on the verge of boring. It remains so boring that if you are not able to put the context about the theorising, the empirical work, or the normative imagination to SEA, into a wider social, environmental, and political moral context, you will not success in reaching out to your stakeholders. They emphasize that an essential SEA would demonstrate that the ‘social responsibility’ and ‘sustainability’ was empty and destructive lies. It would state that no organizations, no matter the size of it, would make a profit out of it, when the social and environmental conditions are considered taken into account (Gray & Milne, 2015).

2.2.1 Corporate Social Responsibility (CSR)

The purpose of using CSR as a theory for our paper, is to enlighten the impact of the social responsibilities that an organization is facing. CSR will help us with explaining the external impacts of the choices that the organization is making.

There is not a clear definition on how to define Corporate Social Responsibility (CSR), but what we know for sure is during the time of its arrival to the present, the theme has been very much discussed. Basing our research on the discussion of how CSR is manufactured with (Roberts, 2003) and how it is related for sustainable value creation and stakeholder relationships (Salvioni & Gennari, 2017) will help us develop a good picture and foundation for basing our paper on.

In an article about the manufacturing of CSR, Roberts (2003) tries to explain how CSR can be defined. Robert (2003) says that it explains somehow how his own ambivalence reflects upon the huge interest and writing, both for the academic and practitioner, around the theme of corporate social responsibility and business ethics. This offers itself to see what is not productive and be able to get rid of it in this new enthusiasm of for the ethical. Roberts discuss themes connected to CSR such as ethics, responsibility, self-identity, perception, visibility, etc. by different other authors perspective on CSR. The purpose of the paper is identified CSR and to differentiate different negative and positive forms of CSR that is being used. The four forms are a collection of different views on ethics, perspective, finances, perception, and responsibility (Roberts, 2003).

Firstly, which is a negative form of CSR. Which suggest it as an ethical sensibility which is routine based with prioritization of financial interest, advertised, and enforced by disciplinary processes both inside and around the corporate hierarchy. Which have the possible impact of making people defensively or assertively preoccupied with themselves. Secondly, a more positive form of CSR than the first. Roberts calls this form of CSR the ethics of narcissus. The form is stimulated by new forms of negative external visibility. This implies that the corporate response seeks to manufacture its appearance to appear good through the production of the corporate ethical codes and structuring of social and environmental reports. Thirdly, this form om manufacturing of CSR tries to obtain an extended local reach to sincere moral sensibility within the corporation. The method of gaining sensibility is by the creation of diverse types of internal social and environmental control systems. In addition to this, there is related rewards and incentives that works as a complement to existing management accounting. As for the last suggestion on manufacturing of CSR, it elaborates on the necessity and potential of dialogues across the corporate boundary, with those who are vulnerable to the effect of corporate conduct (Roberts, 2003).

The last decades there has been remarkable progress in the development and use of the approaches to the accounting for social and environmental outcomes. There has been an increasingly international concern about climate changes and the inequality has made an image that academics, businesses, investors, and especially the legislators have responded at (Nicholls, 2020). Nicholls (2020) explains that; *“a growing number of businesses, many involved in this roundtable, have released social and or environmental profit and loss accounts that recognize and value non-financial outcomes”* (p. 753). This means that the number of social and environmental reporting as non-financial values are increasing and are becoming more important as the stakeholders and the society demands it.

The concept of CSR has activated many critics in the discussion of the implementing of CSR. Dudovskiy (2012) presents many varied reasons for criticizing CSR. Among other things, Dudovskiy (2012) means that organizations can benefit from implementing CSR, though this will make a positive image of the business by doing very little. According to that, the business can engage in cases about CSR, and can boast of that they are using CSR approaches. This can create highly positive brand image for organization, even though the effort is incredibly low (Dudovskiy, 2012). The biggest criticism of them all, according to Dudovskiy (2012), is that CSR is just an empty promise, and that it is being used as an effective public relations tool. He emphasizes that there are many authors who also have mentioned the same (Dudovskiy, 2012).

2.2.1.1 Transparency requirements

Transparency is a way for firms all over the world to share a piece of information for both their stakeholders and shareholders that the firms itself chooses. How companies are viewed from the outside is important for having a good reputation. Therefore, to share essential information about the company's attitude and action must come out in a good and reliable way (Quattrone, 2021).

“Transparency presupposes what one wants to make transparent” (Quattrone, 2021, p. 1). According to Quattrone (2021) makes the seeking of transparency one blind. He explains the limitation of transparency as a fact of dealing with a nonfinancial disclosure. If a company works with fishing, the only thing we will see is fish. If one is working with auditing, the only thing we will see is auditing. This is what Quattrone (2021) means with the

approach of transparency, which is put on the forefront to make a point. If one is reducing the equivocalness, polysemy, and the evolving nature of such quality as ‘properly,’ ‘affordable,’ ‘equal’ and ‘sustainable’ to a specific number, one ignores the fact that the value and the values of this are contested and contextual categories. In other words, this means that words and a term like ‘sustainability’ is not possible to measure as a concrete number. This are words that are put into a context, to understand how much of ‘sustainability’ there is in a single company. The problems of measurements begin to appear when we are trying to define the ideals such as ‘sustainability,’ ‘equal’, and so on through measures (Quattrone, 2021).

2.3 Legitimacy theory

Legitimacy theory is a subject to the strategy for an organization. The choice to reveal aspects of the organization or not to do so for the sake of legitimize the organization in the external environment and society eyes. The perception of inward looking public and the aspects of the organization that are revealed determine the organization’s reputation, and survival. In the paper “*Introduction – The legitimizing effect of social and environmental disclosure – a theoretical foundation*” (Deegan, 2002, p. 282) provide delivers evidence of connection of public disclosure within social and environmental information disclosure and legitimacy motivation for the management. This is especially important for firms in the audit sector that rely on close relations to their clients and other external environment, to gain and uphold a competitive advantage.

The legitimacy theory is to be considered as a systems-oriented theory, which goes in the same category as political economy and stakeholder theory. Systems-oriented theory can be defined as theory which view the organization and society within the aspects of the disclosure of information. With the focus on the relationship between organizations, the state, individuals, and groups. The system-oriented perspective assume that the entity is influenced by, and in turn to have influence on the society in the where the entity operates (Deegan, 2002).

According to Burlea & Popa (2004), they present a quote from Schumann (1995), who believes that legitimacy theory can be defined as follows: “*Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*” (Burlea &

Popa, 2013, p. 1579). Burlea & Popa's (2004) conception of the legitimacy theory is that they mean that the theory is some sort of a mechanism which supports the organizations work of implementing and developing social and environmental approaches. This means that it will be easier for organizations and fulfil their social contract that will enable recognition in a very turbulent environment. Burlea & Popa (2004) emphasize that it is important for the organizations to fulfil the environmental expectations, since all the social perceptions of the organization's activities will be reported to the environment, and the environmental expectations. If these expectations are not met by the society, this can in the worst-case lead to sanctions, which in turn can lead to failure in the organization. Should this happen, is it important that the organization rebuilds trust and must justify its existence in society through a series of legitimate, economic, and social actions (Burlea & Popa, 2013).

Legitimacy theory is a product from political economy theory. Which is defined as a social, political, and economic framework within which human life takes place. Political economy theory shines light on the various struggles that rise between separate groups within society, and the three subjects of the theory, society, politics, and economics are inseparable. *"The political economy perspective perceives accounting reports as social, political, and economic documents. They serve as a tool for constructing, sustaining, and legitimizing economic and political arrangements, institutions, and ideological themes which contribute to the corporation's private interests. Disclosure has the capacity to transmit social, political, and economic meanings for a pluralistic set of report recipients"* (Deegan, 2002, p. 292). Furthermore, Deegan (2002) explains that the organizations are a part of a broader social system. Within the legitimacy theory perspective, it elaborates that organizations are not considered to exist or even have the right to have resources. Reasoned by that is the society's power to decide that an organization is legitimate or not and therefore only exists when society believe so.

Therefore, the legitimacy theory can be connected to the concept of social contracts. According to Deegan (2002) to extend this further, the organization's survival can be cut short if society believe that the organizations have breached its social contract. Meaning that the society is not satisfied with how the organizations do their operations, or the legitimacy of the organization. In which results in the demise of the organizations by the society and the revoking of the social contract to continue the organizations operations. For an instance, that the consumers might reduce the demand or even eliminate it for products or services the

business delivers. Suppliers or partners can eliminate resource supply, or financial support. Deegan (2002) also means that government might even increase taxes, deliver fines, or establish laws that prohibits actions that do not fulfil the expectations of the community. The social contract's terms are not defined, since the terms varies upon the different perceptions of what the contract contains. This is depending on what type of organization operates within a society (Deegan, 2002).

Legitimacy can briefly be explained as *“a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy”* (Deegan, 2002, p. 293). Translated, legitimacy is considered as a resource that an organization is dependent on if it seeks to survive.

Legitimacy can be influenced or manipulated. For an instance, the organizations strategy can be to include targeted disclosures, or initiate cooperation with other parties that are considered legitimate.

Suggested actions to increase the legitimacy of the organization, according to Deegan (2002), can be:

- To adapt its output, goals, and methods of operations to conform to prevailing definitions of legitimacy
- Through communication, alter the social legitimacy definition.
- To utilize communication to be identified with symbols, values or institutions that represent a sturdy base of legitimacy.

Suggestions on how an organization can obtain or maintain legitimacy, Deegan (2002) presented it out in the following way:

- Educate and inform the relevant public about the organization's actual changes in performance and activities.
- Change the perceptions of the relevant public, but not change its actual behaviour
- Manipulate perceptions by deflection attention from the issue of concern to other related issues through an appeal such as symbols.
- Change external expectations of its performance.

It is important to know that legitimacy theory is relatively new and is still under development, new information rise, and old information might become irrelevant. The research done to provide this theory is well recognized and very much cited (Deegan, 2002).

3.0 Method

In this chapter we will go through the methodological analysis for the thesis. First, we will look at the data collection for our task, then we will look at all the at the structure for the thesis and how we went on with the interview guide, and at the end we will discuss what was good and what could have been done differently with our data collection.

3.1 Data collection

Research is different from ordinary assessments know that it must collect the data, or the documentation, which reflects the reality that you want to investigate. No matter which type of approach the author chooses, either it is a qualitative or a quantitative approach, he or she must consider who is going to participate in the survey. The author also must consider the size of the selection, committee strategy and recruitment (Johannessen, Christoffersen, & Tufte, 2011).

For this study we had to collect information from different small private auditing firms which also worked with advising their clients. When it came to the consulting part of the firms, we wanted to pick out the ones that said that they we're consulting within sustainable approaches, but we ended up with asking firms who we're doing consulting in general. First, we wanted to collect data from all the firms with these previous mentioned specifications, and that they were localized in the northern of Norway, to see if there was something common with the answers from these firms based on their geographical approaches. By northern Norway me mean companies that is in Nordland County and north. The feedback we received from this was not as good as we expected for our research method, and what we wanted answers to. We had to do some changes according to the localization of the firms. Since we did not get the response would wish for, when seeking for companies located in northern Norway, we had to expand our search to all over Norway. We wanted to interview about five firms which had approximately 10-20 employees, which went under the category as a small company. The important of the choices of the firms was that they had this number of employees, and that they were private SMB's. These firms also had to work with consulting, if not specifically within sustainability, then at least consulting in one form or another.

When we were in the beginning of contacting the firms, we sent out e-mails to approximately 45 firms, that matched our qualification for participating in the interview.

Based on few answers on our mails we also sent out messages to those we sent mail to, in case the email had ended up in spam. 25 firms did not respond to our e-mail or message at all. 20 firms ended up answering us, some answered after the e-mail we sent and some after we sent the message. Most of the answers we got from those who answered were that they did not have the time to participate in an interview, and the some answered that they hadn't implemented enough, or didn't know enough about sustainability that they felt for participating. Therefore, we ended up with two firms who were willing to participate in the interview, even though they hadn't implemented much sustainability but their interest regarding the term were high.

3.2 Structuring of the interview

3.2.1 Qualitative analysis

In this master thesis we have chosen to do a qualitative approach. We have chosen this approach since we feel that, to answer this research question in the most correct way, this approach is the best. A qualitative approach is an interview that is set up to have a conversation between the researcher and the informant. This conversation has a structure that is set on beforehand from the researcher, and it has a clear purpose. The interviewer asks questions and follows up the answers from the informant (Johannessen, Christoffersen, & Tufte, 2011, p. 143).

The interview itself is a combination of a '*semi structured interview* and a *structured interview*'. A *structured interview* means that the questions and the theme is determined in advance and the informant has fixed answer options. The *semi structured interview* means that the order of the questions, the themes and the questions may vary depending on who you are interviewing (Johannessen, Christoffersen, & Tufte, 2011, p. 145).

Our interview guide is therefore a combination of these two types of interviews, since we have made the questions and the theme title in advance of the interviews, but the order of the questions may vary. Instead of having fixed answer options for the informant, we have chosen to have open questions, which also regards open answers, so that the respondent can answer as he/she wishes and how he/she feels most right in relation to how they perceive the questions.

3.2.2 Interview guide

The answers for this interview guide will be anonymous if the respondent wants to. We will use “small private audit firms” as common name for the respondents and the answers will be divided into “Firm 1”, “Firm 2“. One key factor is also that these firms that we are going to interview are working with consulting. We will make the same questions for all the participants involved, but the answers we get from the firms are we assuming will be different for each of the firms. That will lead us into different sub-questions that will not be the same for each participant, but it will regard the same topics. It is important that it regards the same topic, as we want to compare the answers in the end. If this happens it will generate a semi-structured interview guide at the end.

The meaning of the interview is to acquire a good understanding of the individual perception of sustainability by multiple audit firms. As well as taking a deeper look at how the audit firms deal with sustainability when they are providing services to their clients, with sustainable approaches as the main goal. It is important that the aspect of audit have focus on economic growth and improvement, which sustainability affect as a halting mechanism for most small firms. Therefore, it is important to get an insight on how these two aspects are balanced within the practice of audit. Meaning the balance between economic growth and sustainability. The questions are meant to be open, to give the participants the power of reflection, reasoned by individual perceptions, experiences and implementation.

Interview guide segmentation:

Generalized interview guide aimed to collect data for our master thesis. The interview guide’s participants (firms) should consist of these criteria:

- Firms within the business of audit and consulting together
- Small private audit firms, not big ones. (Between 10-20 employees)
 - o The average age of employees in the company is irrelevant. (But we need to have conversations with employees or leaders that have experience with customers and the work in audit)
 - o 5-10 participating firms.
- Location is irrelevant, they can be stationed anywhere.
- Customers do not necessarily need to be in the same area of operations. (Usually the firms manage local clients)

- They should have a close relationship with their client. (Or some sort of consistent communication)

3.2.3 Transcription

The researchers must collect data that is the most relevant for and reliable towards the set research question. The most common way to collect qualitative data is through observations, interviews, and group discussions. In which case the process of the data collection must be documented. The documentation forms of qualitative data are through text, audio, or images. The audio- and/or image-recording are printed as text, this process is called transcription (Johannessen, Christoffersen, & Tufte, 2011).

In our case, the transcription process involved physical and digital interviews with the participants. The interviews were audio recorded and written down during the interviews. The audio recording was transcribed and divided into sections of part one and part two and placed within the correspondent question in the result chapter.

3.3 Research design and method

3.3.1 Representative committee

Since we have chosen to do a qualitative approach in our master thesis, our selection of respondents must therefore be someone who works within the requirements we have for the research question. For the respondents one examines shall form part of the population, these must be representative enough, and have the qualifications of a sample that enables them to represent the rest of the population. This type of selection is called a '*representative committee*' (Johannessen, Christoffersen, & Tufte, 2011, p. 259).

3.3.2 Population

Population is a word that can be used in many different scenarios and terminologies. The meaning of the word population is the total amount of organisms av a species. For an instance, humans, animals, or plants within a geographical area. In the field of social science, the population can also be transformed or be given the name study population or the universe. In most cases this refers to humans, but it can also be used for objects such as all the board minutes from a company or all the complaints regarding a specific service. Meaning that

population is the collective of all units within the frame of which the research question takes place (Johannessen, Christoffersen, & Tufte, 2011).

In some cases, according to Johannessen et.al (2011) it is easy to decide what the population exists of, for an instance it's easy to identify and limit the population of the employees within a company. Reasoned by the accessibility of the information need to identify the population. On the other hand, some cases can be hard to limit and identify its population. For example, the population of substance abusers in Norway. In cases like this there is two define problems, how to define what substance is, and the impossibility to find how many that is identified with substance abuse. Since there is no recorded number of humans that are substance abusers (Johannessen, Christoffersen, & Tufte, 2011).

Surveys can include the entire population. But if one would desire study for example examination presentations at university level, can one find all partaking students (populations) during that period. It is possible to investigate how grades are divided regarding what course or specialization with the and the coherency with age and gender. When collecting data through registers that consist of whole populations, there is usually no problems with the lapse of units within the population. If one also wants to research the students' habits of study, one must conduct additional surveys. In that case the researchers must reach out to the population and ask the individuals for participation. This can have issues with parts of the population cannot participate and therefor cause lapse of the units within the population (Johannessen, Christoffersen, & Tufte, 2011).

3.3.3 Validity

Validity makes the fact whether there is a connection with the data collected and the phenomenon to be investigated (Johannessen, Christoffersen, & Tufte, 2011). According to Johannessen et.al (2011) can validity in qualitative studies revolve around the degree to which the researcher procedures and findings, and how this reflects upon the purpose of the study and that it is representing the reality. Johannessen et.al (2011) explains further those statements when it comes to validity in qualitative studies is that it should contain all the information about the methods used in the data collection, how all the interviews were made and an analysis of the transcriptions (p. 244).

3.4 Limitations of research

The main issue of the survey is the lack of participants willing to partake in the interview process. As a set number of participants need to have a more valid data was to have 5 participants for the data collection. But, in reality, we managed to only have 2 participating companies out of 60 contacted. The conversations we had with not participating companies was similar, in which that the theme of the article held an uncertainty factor with the companies which were contacted. This companies had not involved themselves with the issues the article questioned, or that they did not have enough knowledge about the theme. This is further elaborated on in the result chapter of the article, since it was discussed with the actual participants.

4.0 Empirical findings

In this chapter we will present to you, all the findings that we gathered from the interviews. We will also look at the results from the interviews that will help us enlighten our research question. The firms had much to say about sustainability and the interests regarding sustainable approaches was present with the respondents.

4.1 Perception of sustainability

To gain a better understanding of the firm's relationship with sustainability we started the interview by asking them if they could try to describe what sustainability is for their firm. Reasoned by the concept of interpretation since no one have the same meaning about anything. The perception of sustainability can give us information on the personality of the firm, as well as the choice of clients. The respondents first reaction was uncertainty regarding the definition and term for them. Even if sustainability is a trending and current phenomenon, the firms seem to be uncertain about its meaning and usefulness in their daily work. We presented to them some common views on sustainability and the context would be internally focused.

Sustainability did not mean much more for the respondents than that they are just being familiar with the term. Sustainability has not become a common part of the small private audit practice just yet. After some thinking they mentions that even if it is not integrated in any big degree now, it might have long-term benefits later, which both firms also think was an exciting and interesting development for the firms.

“...sustainability for us does not mean so much yet. For our business this will be a more long-term work since sustainability is not that common for us yet. We know that sustainability is out there, since we hear about it on an almost daily basis, and we believe that it will be implemented for private audit firms in the future.” (Firm 2)

To further acknowledge the view of sustainability, firm 1 firstly mentions that there is no skepticism about climate issues internally. They are also comparing themselves with other sectors which elaborate on how they try to contribute to a greener workplace. When becoming more greener firm 1 means that no one in his business are climate skeptics, and that everyone in the business also thinks that it is important to have an environmental footprint. Mentioning

the importance of an environmental footprint firm 1 adds further on that the business they are working in is conscious when it comes to the use of paper. They are cutting the use of paper and acquire better digital solutions, even though they are aware that they use a lot of energy by using the PC solutions they have today. Furthermore, firm 1 mentions the sustainability goals that are presented by FN, in which the respondent focused more on equality, education and communication, but points out that they do not have any raw material or production where sustainable thinking is more natural. Firm 1 had a long and resonant answer when we asked them the question, and they add the following example:

Talks about a client; "... Works in the plastics industry, where this is a big issue. How to make all this recyclable, reuse all these things. There are not many things like this for us. Therefore, we have not reflected so much on sustainability beyond that we try to be environmentally friendly in general purchasing, source sorting and little paper use. Otherwise, nothing internal. other than that, we look at the goals of sustainability, working in teams, gender equality, education, and training. It is important to us, but I do not think of it as a sustainable external perspective. But it is sustainable for us as a company, because if we do not do it, we are not competitive. IF we do not have employees who are women, and if we do not try to hire women, since there are decision makers out in the business world, and we will meet them." (Firm 1)

Firm 1 took the question a bit further by shifting the focus to their clients, even if the audit sector might not have much of alternative methods to change internally, on the perspective of ecological issues. The client's perspective can give a more generalized vision of sustainability and adds:

"In relation to customers, we must think completely differently. Because customers live in an environment where demands are made. It can be environmental certification, recycling requirements, reporting requirements, requirements relating to transport. Our job is to identify risks for customers, because if one does not change them or work with sustainability and the goals. So, we might have a risk of not surviving. See opportunity, what we can do that is actually business, that can become business, a new way of thinking, that is sustainable and economic growth for us. As auditors, we have the opportunity to discuss with clients to look at risk, discuss strategy and opportunities, not least, auditors must report, review annual reports, and it is only natural that we have one focus on sustainability, where

there is either a legal requirement that companies must have something, or where there is a risk to the company. Emissions from some companies, for example, are critical”. (Firm 1)

Furthermore, Firm 1 conclude that sustainability is not just about the generalized view of sustainability. They do not move away from ecological, economic, and social factors within sustainability but elaborate that it might be other factors that is part of being and becoming more sustainable. They also suggest that knowledge is important since it removes fear and the possibilities of being manipulated. Earlier mentioned equality which exists within gaining knowledge, for good balancing changes as well as it eliminates religious conflicts, develop culture, and removes other male-dominated phenomena.

“... I believe that knowledge, education, and gender equality are some of the most important in sustainability, and as an auditor we can have a lot to contribute to customers and the attitudes they have.” (Firm 1)

Regardless of what the respondents answered about their view on sustainability we wanted to know how far they had come when implementing sustainability into their strategies. We wanted to find out in what level of foothold sustainability regardless of interpretation had established in the firms. Since our respondents had not implemented any kind of sustainability into their strategy, both gives an expression of that they would like to implement the strategy to their strategy. The respondents also emphasizes that now they do not see any benefits in doing so, since the clients and the Norwegian Auditing Association don't demand that they have implemented sustainability to their strategy.

The respondents had similar answers to this question in which they briefly explained that there was no sustainability implemented in their strategy.

“No, we have not.” (Firm 1)

“No, we have not implemented any kind of sustainability into our strategy.” (Firm 2)

This can explain their uncertain reaction of the first question in the very beginning of the interviews. Since they seem to not have much experience and knowledge about sustainability, this could also be the reason they haven't implemented it yet. Even with no

sustainability, they seem to be positive and excited to integrate sustainability into their strategy in the future, which is reflected upon within the first question, but they add that dealing with sustainability would be expensive and requires many resources regarding especially employees and financial. The firms also adds that if they had to implement sustainability to their strategy, they would need the financial support and guidelines from the Norwegian Auditing Association.

How the firms operate on a daily basis is fundamental for its survival, and if sustainability would be integrated into their strategy, so would the operations also change. We wanted to see what the firms thought about the impact of sustainability and how this could change their daily routines and work ethic. Since it was established previously that there is no sustainable strategy implemented, the respondents had also similar response regarding their present work routines and ethics of this question. Which was that they are not affected by it, not just yet.

“Sustainability doesn’t affect our firm yet, but I am sure that in near future we will be more affected by it.” (Firm 2)

However, the firms had to be aware of the possible changing situation of their clients.’ Justified by comparing their situation about sustainability and their clients. Which firm 1 elaborates that there are customers who have requirements, which can be related to banking, financing, green financing, tax, and fee payment. It is important that the auditor look at the opportunities and risks for the client. Furthermore, development in requirements of sustainability and strategy.

“It is clear that if the banks start to “turn on the tap” and says that they want sustainability in that industry. Previously you have had one public tender, if you have not paid taxes and fees, one will not submit a tender. Now it's more about whether one has not implemented green strategies, whether one is not environmentally certified, etc. So, towards customers we need to think more about the upcoming possibilities for sustainable changes.” (Firm 1)

Regarding how sustainable strategy influence the quality of service the audit firms deliver; the respondents believe that it does not aggravate the quality they provide. There is

almost to no demand for sustainability strategy in which it cannot be influencing the quality of service. For firm 1 the quality is not just about the service, it relies on the communication with the client and the experiences the auditors can use from previous clients on new clients as well. According to firm 2, they also emphasize that communication with the clients is important to change the ways of doing things in the future, both with new clients and the old clients. Furthermore, elaborating on the mindset of solving issues. It requires different types of people, new ways of thinking and the ability of learning how to think creatively.

“... because we have a mindset that has worked in the past to think new. In front it is asphalt, from behind it is cobblestones. We must look at the competence, we must think differently strategically because the customer will be concerned with other things. If we are to be able to be relevant, we must be advisers and a connecting point between several service providers.” (Firm 1)

Learning is the key to increase the quality of their service. Gain the right knowledge and skills to understand the issues the clients present will increase the quality. Understanding the issue and the client most importantly. Generational change is especially important if the company wants to become more sustainable sometime in the near future according to firm 2. They also continue with saying that for their firm, they are depending on the new generation of employees. By this, the firm meant the new generation that has just finished their education, and those who were interested in sustainability, and a drive to implement more sustainable approaches in the company, and the private auditing sector in general.

On the other hand, firm 1 was mentioning more about the influence, and that the influence should come from knowledge and experiences from the past, which they explain like this: *“There can be different political standpoints, financial standpoints. There are many types of holdings. ... You must have a foothold in the past, to understand the present, and find direction in the future.”* (Firm 1)

Concluding that this is sustainable, to see what has been done, the position is today and to assess the solutions to do the right thing in the future. To do so, one must use the acquired knowledge, competence, network and understanding. It is also important to have different and new viewing angles to be able to adapt the changes in the future.

“The most difficult thing is to think about adjusting. Breaking habits, if one is to change, one must identify what needs to change and repeat the changes.” (Firm 1)

When implementing new strategies, it makes sense that the goals and achievements should be changed accordingly. If the audit firms decided to be more sustainable in the strategy, what could this do to how they measured their goals. If it had some noteworthy influence on their ability to achieve the goals that were set. For example, firm 2 did not believe that it would affect their goals.

“We haven’t implemented sustainability to our goals, so no, it doesn’t influence the goals.” (Firm 2)

Firm 1 also thought that it would not affect the goals, but the clients' goals could be highly influenced by sustainability. Furthermore, questioning if sustainability is worth exercising if the result of it would be the end of them or their clients.’

“No, but I do not see how they can change anything for our industry. Our customers experience greater challenges related to it. For example. build new trawlers. Investments can reach up to several hundred million and if those boats are to be electrified. Will it be more expensive. For plastics, painting the plastic again and making it again is challenging in terms of costs when it comes to collecting the plastics, cleaning, and maintaining the quality of the product. Following the sustainability goals makes it challenging to face competitors who do not. Since they do not spend money on sustainable methods and deliver cheaper product. It is very crucial for companies that there are different support schemes or legal requirements. Then it will be the same for everyone, because then everyone will have to invest in new equipment and methods to exercise sustainability. But Economic development, then the question is whether it’s worth it?” (Firm 1)

This raises question around if it is worth exercising sustainability in a highly comparative market if one will draw the shortest straw in the competition. Is it worth taking a short-term loss to maybe grow long-term?

The firms saw no defined disadvantages by implementing sustainability into their strategy or work ethics. Firm 2 claims that it can be time consuming and very expensive to

implement. In the long-term it can generate great benefits. The risk of not integrating sustainability into strategy was in a bigger degree reflected upon with firm 1, which discussed the risk of not taking ecological issues seriously.

“There are many who think it is completely natural with global warming, but we have reached a stage where we cannot afford to make mistakes. If we think we are not able to influence enough, do we have time to wait 20 years to see if that is true?” (Firm 1)

Firm 2 also reflected on the consequences of dealing or not dealing with trending ecological issues. According to the firms, they mean that sustainability is costly short-term, but no harm is done by expressing sustainable methods.

The balancing between being sustainable and economic growth can be a mayor issue for many companies. When it comes to private audit firms, the firms that we interviewed thought that the balancing is a hard case to solve, since the requirements of being sustainable are expensive. This is also emphasized by the two firms who says that it is expensive, demands a lot of resources, it is time consuming, and most important of all is that they need support from the Norwegian Audit Association. The support from the Norwegian Audit Association should come as a financial support, since its, again, expensive to become more sustainable.

“In our case this would have been expensive. We also need competence and the resources to do so, which we, on this stage, don’t have.” (Firm 2)

Firm 1 also thinks that the balancing is difficult but think it is not many things that can be changed within the audit sector. The issue lies more in how the balance can cause problems for their clients.

“... We are where there may be very little difference. There are not many things to discuss concretely to achieve these sustainability goals. But if you are an oil producer or plastic producer, recycling will come in a completely different way. There are production methods, fuel consumption, etc. It is much easier to think of sustainability in such places.” (Firm 1)

4.2 Motivation for dealing with sustainability

Internal and external motivation can be crucial to start addressing new issues that rises in present time. We asked the firms how employees and clients could be a source of motivation towards sustainable approaches for firms. Regarding the external environmental effects, the firms saw the clients as a source of motivation. But this varied on what type of client they currently worked with. If it was a big client, small client or a client that worked within a more sustainable sector. When it came to the internal environmental effects, it was varied in the answers from the firms. For firm 2 there was a mix of interest for sustainability by the employees. Firm 1 on the other hand had a smaller cast of employees and had more experience with sustainability prior, this meant that no one saw sustainability as an issue. As previously mentioned, the employees had collectively decided to reduce use of paper and some of the employees used electrical cars.

“Some of our clients is big firms, and here we see that sustainability is more implemented into their daily routines. When we’re working with the big clients, we feel that on some work, when it comes to sustainability, we do not quite reach. We also have a lot of small firms as well, and here there’s no demand when it comes to sustainability, and therefore we don’t use any resources on it”. (Firm 2)

It could also seem that clients not only served as a motivation but also change in attitude and as a learning partner.

“I think it's a combination, knowledge, and pressure. If you are pressured into something, you yourself have not reflected on or thought that this could be smart. Then there is resistance, but if one sees it has an effect and gives meaning, it will give a change of attitude. This is a circle. Since knowledge, change of knowledge about different things is also motivating because then one sees for oneself it can give results through that they themselves can do something.” (Firm 1)

On the other hand, when it came to internal sources of motivation regarding sustainable approaches, the firms had similar answers. Which explains that the employees have the same level of attitude towards sustainability.

“Nothing much internally, only the changes we have done ourselves. Paper use reduction, electrical cars, improved IT.” (Firm 1)

Firm 2 confirms this by elaborating on the willingness of change is present, but the transition has not yet started fully.

“Our employees haven’t worked much with sustainability. We believe that when this generational change comes to our firm, we might see a more sustainable approach.” (Firm 2)

4.3 Client’s relationship and sustainability

The relationship with the clients is important for the firms, regardless of who the client is and how big they are. Firm 2 elaborates that it is easier to maintain a good relationship to with smaller firms. Meanwhile firm 1 mean that the relationship is dependent on who in the audit firm the client interacts with. Meaning that employees in the audit firm have different things at which they are good. For example, some spend a lot of time talking to the client and some does not. Someone also use their time elsewhere where it might be more relevant for them to be. Such as reviewing the financial reports for the client.

“This depends entirely on the position in the company, experience and what one is good at. New employees need time to develop subjects and industry understanding and not least the relationship building. Build trust with customers.” (Firm 1)

Based on the development of the relationship, firm 1 suggest to not only be reactive of the clients’ questions and request, but to also take initiative by being proactive. Gain not only the necessary knowledge but the right knowledge. To develop a bigger picture of the client and its shareholders issues. With three key points presented to have good relations with the clients.

“Holistic thinking is also sustainability; it will provide optimal solutions within what one can do. It is within sustainability since it will not adversely affect any parties. Knowledge, collaboration, and information sharing are important.” (Firm 1)

The diversity in profession within audit have become increasingly needs since the digitalization of audit started. Firm 1 sees that the need for acquiring a diverse cast of employees will help them to develop better relationships with their clients.

There is a difference between the firms when it comes to the views of how the clients can be a source of sustainable information or development for the firm. Firm 1 for instance, is open and see a lot of potential. On the other hand, firm 2 have experience only from specific types of clients that work as a source of information. Firm 2 says that their big clients often have guidelines to follow and does not ask us for advice, though they have enough resources to figure it out on their own. If the clients could be a way of sustainable information, it must be the small clients.

“... client can be a source of sustainable information, but it has to be through the entrepreneurs, or the small firm that we’re auditing.” (Firm 2)

The potential information clients can give to the audit firms be in different areas, not only for sustainability. The challenges the clients present can be a source of development in other cases for the audit firms.

“What customers have taught me is to challenge, ask questions, disagree, and not accept what is presented. It will teach you to know how they think and their everyday lives.” (Firm 1)

Would sustainability influence the relationship between client and audit firm? This was the follow-on question to the previous question. The firms are unanimous that sustainability does not have a negative impact on the relationship between the auditing firms and their clients’. The relationship is dynamic with the interests of the client. To have the resources that is required from the client is important, to stay relevant for the clients in their sector.

During the interview with firm 1 the discussion developed to the topic of the audit firms' power to influence client and the multitude of different sectors and market they work in. Firm 1 experienced that interaction, testing and analyzing different client would be beneficial and make them more useful for new and potential clients. Regarding sustainability

they thought prior experiences with risks assessment, industry knowledge and competence would give them opportunities to be a partner with other clients as well.

“We can bring with us experiences from others, and the knowledge we gain from others we take with us to new customers as a discussion partner. Not to identify risks, but to look at opportunities, discuss strategies, look at consequences.” (Firm 1)

4.4 Alternative view on sustainability

At the end of the interview, we asked the firms if there was something about this study they wondered about or had other opinions about, which were not covered in the previous questions. Firm 2 wanted to highlight the willingness to implement more sustainable approaches to their work but emphasized that the available resources they had was not enough. Therefore, it was relevant for them to get support from the Norwegian Audit Association. Firm 1 discussed the “freshness” of the subject and that ‘early adapters’ are a healthy thing to be.

“A “trendsetter” is those who think new and come up with new input. Later, the trend will disappear, but it may have affected an industry. This also applies to auditing; we must dare to develop together with the customers.” (Firm 1)

4.5 Empirical Summary

Dealing with sustainable approaches is very new to the firms. None of the firms has or sees any need of sustainability approaches to their firm as it is today, but they are aware that in the near future they might have to adapt more of it to maintain competitiveness. The size of the firms, knowledge, number of employees and the mindset of the employees affects the extent that they can implement some sort of sustainable work into their daily work routines. Our respondents agree that if the firms are to become more competitive in the future they must be more ‘sustainable’ and looks at sustainable approaches as something important to stay relevant and competitive. They also emphasize that the younger generation is important for the firms, when it comes to knowledge and enthusiasm to maintain more sustainable approaches in the future, so that the future generation also can have a planet to live on in the future.

Regarding the internal and external pressure and motivation the firms mentioned that the external pressure was most often what the clients demanded of them as auditors. They did not feel so much external pressure from their clients or the society yet, but for firm 1 they felt a bit more pressure as they had more clients who had more requirements and worked in a sector that could demand more sustainability. Firm 1 had in addition a big client who worked with plastic, but they did not reveal any details about the clients' situation other than the possible issue of sustainable solutions. Firm 2 explains that if there is any sustainable discussion in their environment, this will be on a general level. The firms mentioned further that there is no internal pressure of becoming more sustainable within in the firms, but the firms also adds that the future generations will have more knowledge about sustainability and will develop suggestions and requirements that auditing firms must and should comply with. Doing something that you as a person is unfamiliar with, can give you motivation, according to firm 1. They state that if you're pressured into something unknown, you must reflect upon it. Change and challenge your knowledge are also motivating because you then can see that it gives results, and you get a feeling of mastery.

Small audit firms are having resource issues regarding the implementation of sustainable approaches. According to the firms that we interviewed there is a lack of employees who has time and the knowledge to work with sustainable approaches within the auditing firm. Since there is no requirements or guidelines from the Norwegian Auditing Association, the firms do not see the point in spending large resources on acquiring demanding sustainable methods. The firms need more financial support to extend their level of knowledge about sustainable approaches. The firms also adds that the financial support should regard engaging more employees to work on more daily sustainability actions. Previously mentioned, firm 1 stated that knowledge, collaboration, network, and experience are important to cultivate sustainability. This can be seen as resources that is required to implement and to work with sustainable approaches.

The firms are experiencing that the implementation of sustainability is hard unlike our customers. According to firm 1, they mentioned that the clients' needs to act in a completely unique way to please the social and environmental demands. Since this firms' clients do not demand, or that there are no requirements from the Norwegian Auditing Association, they do not need to investigate in big changes towards becoming more sustainable, even for themselves or for the client's sake.

5.0 Discussion

In this chapter, we will analyse all our main empirical findings, who we presented in the previous chapter. The empirical findings will be discussed against the theoretical framework that we presented in chapter 2. This will help us get the answer of the problem and research question.

5.1 Sustainability in small audit firms

Our empirical data show that auditors view of sustainability is varied in which the respondents had different perspectives of sustainability. The variation was from the more general perception of sustainability which we presented in the theoretical background. This was presented by Caradonna (2014) who explained that humans need to work along with the nature to thrive. Brown et.al (1987) also agree with Caradonna (2014) but adds that our current decisions should not destroy or influence the living standards in the future in a bad way. Like both Caradonna (2014) and Brown et.al (1987) shows our empirical findings that the younger generation is important, since they come with more knowledge from both the education and the general knowledge from the media. We can also see from the findings that even if sustainability was more an undefined subject for the firms, it did not mean that it wasn't there, the expectation from the clients became more important as the audit firms wanted to be more competitive in the future. Meaning, from the empirical findings, that they saw sustainability as collaboration and communication between different people and sectors, knowledge about the relevant issue, equality for everyone and experiences. This indicate that all these perspectives are coherent with each other. This is related to what Roberts (2003) meant when talking about the firm corporate ethical codes and structuring of social and environmental reports.

Like Caradonna (2014) our empirical findings show clear connection to his Venn diagram presented in 2.1.2 as 'Figure 2'. Our respondents clearly talk of the importance of the connection and communication between the different sector and between the firm and the client. The diagram that is presented shows the three Es of sustainability. According to our empirical findings it is enough information to say that there is a connection between the theory and the practice. We can see that the environment is important for the firms, both internally and externally. This is important, because private audit firms want to appear in the best possible way, and at the same time learn from what society has to offer. It is not to be

overlooked that based on our empirical findings, it is equity and economics in general that are left as a challenge to be able to complete larger sustainable approaches in the firms. Our findings are also based on the importance of knowledge. General knowledge of sustainable approaches, which can either be learned along the way by already experienced auditors, previous clients, partners, or something that comes as part of the education of the younger generation. This is supported by the same theory of Caradonna (2014) presented in the Venn diagram, which points out that there is also a fourth element among these Es for sustainability, namely education in the form of increased knowledge level on the topic.

The above builds on Caradonna's (2014) theory that the environment is the very foundations of sustainability, while economics and society is laid within the environment. This interacts with what our empirical findings say about the combination of knowledge and pressure. The pressure in questions may come from the environment one is in, which for our respondents are auditing firms with some clients who in the future will require more sustainable approaches because society demands it. As previously mentioned in the theory, Caradonna (2014) mentions two critical sustainability economists, who claim that if it had not been for the fact that society or economics were supported by the environment, this would not have been a problem today. These also claim that the environment should be given priority in every model of sustainability. This emphasizes our empirical findings, which state that the choice and/or pressure to become more sustainable, for audit firms, will come through clients. This is because the environment in which the clients belong requires that they become more sustainable, and then the pressure returns to the auditing firms through the clients.

According to our empirical findings we see that when establishing equality everyone gets to express their thoughts, meaning and of course knowledge. Knowledge is important to understand and to share for increasing collaboration and to generate good strategies. Communication strengthens the trust between various parts and the information flow. Experience is an assurance, that even if a plan work on paper does not mean it work in practice and will help to further develop the intended result. Which is more of the view of Ramsey (2015) and his theory. In the view for the clients the firms believe it might be different. The client's perception of sustainability can be defined by the current situation and environment the client finds themselves in. This also emphasized by Johnston et.al (2007). This might suggest that the audit firm aid client by being curious, asking and to be open for discussion to develop definition to the issues the client has. Furthermore, it does not

necessarily have to be a sustainable issue in the “traditional” meaning. For example, the client that worked with plastic that was mentioned. It can be how to find opportunities, partners, risk, to look at their finances and law related issues. Our empirical data does not say that Caradonnas (2014) concept of sustainability is wrong but that it can be easily misunderstood or misinterpreted. Within ecological, economic, and social aspects might have factors that can be perceived differently from others.

It is important to understand that the term ‘sustainability’ is not defined (Brown, Hanson, Liverman, & Merideth, Jr., 1987). Johnston also highlights this et.al (2007) which emphasizes that the term ‘sustainability’ is hard to define, but that the meaning depends on whose eyes is looking. Our empirical findings enlighten that the term ‘sustainability’ varies depending on who you are asking. Our respondents answer differently on the question about the connection of ‘sustainability’ and what this means for the firm. The respondents start to question our question and wondered what we put in the concept of sustainability. This clearly indicates that the term ‘sustainability’ varies depending on who you are asking. On the other hand, Ramsey (2015) also emphasizes that even if there are many definitions of sustainability, the definitions can be meaningful, and based on that we do not need a clear definition to able to define it. We also see that Ramseys (2015) theory is consistent with the findings we have, where both Ramsey and the firms see future generations as an important piece to be able to establish more sustainable approaches, along with subordinate concepts mentioned earlier, such as economics, equity, and environment. Comparing this further from the firms' point of view, we can see that they are very communication focused. Which they establish teams that work together to reach a common goal. Furthermore, that to communication develop competence, in which education and equality plays a big part. They justify this by removing the “fear factor” and risk of manipulation. Though this are factor that reduce communication and competence. Ramsey (2015) justify this by referencing the characterizations of sustainable development, there is a need for communication, compromise by including everyone and to build a well-rounded culture, and possible improve the overall state of the firm to achieve economic growth by sharing information and removing fear. On the other hand, if there is no need for sustainable development, then this statement does not work. Since if the environment one is defined to do not have need or interest to develop sustainable strategies or methods then, it is not an issue. Furthermore, it emerges that for one of the firms their environment did not require any broad knowledge about sustainability other than small

issues or questions. But then again it can be argued that to do something new or change a method of doing something have to give more value than the present method.

Even though sustainability is not defined, do have many meanings, and has many different definitions the respondents are aware of the term 'sustainability' and the many meanings of it. The empirical findings reflect upon the fact that sustainability, in any way you would define it, is important, and if they are going to increase their competitiveness in the future, sustainability will be a big part of the strategy in the near future. This emerges from the theory of Salvioni & Genmari (2017), which claims that if the firms force to implement sustainable practice and internally develop a sustainable culture, this will favour them in forms of competitiveness. The respondents also give an expression that they want to keep up with the development of sustainable approaches and considers this an important communication platform in the future

Assessing the respondents view of sustainability and goals, they state that it is their job to identify risks for clients, since they can express change and sustainability towards goals. Otherwise, they might not survive. How the firms can survive over time mentioned by Salvioni & Genmari (2017), depends on how they absorb feedback and understanding of the expectations of their stakeholders. This can then be expectations from both internally and externally teams. The client has their set expectations on how to achieve goals as well as the society in the environment expect them to achieve the goals possible in another way. Furthermore, the stakeholders of the audit firms are mostly their clients but also their employees, and the expectations of them are measured accordingly to the needs of the clients' requirements. Our empirical findings shows that the goals of sustainability do not necessarily affect the industry of audit firms, but it might require them to look for new opportunities, such as what business is, what business can become, and new ways of thinking for the development of the business. For their client it might be a completely different situation. Their stakeholders are defined in a much broader fashion, and they interact with more people depending on their environment and their service/product. Findings from the empirical chapter shows that it can be difficult for clients to follow sustainability goals when facing competitors that does not. In which they might choose methods that are not sustainable to deliver cheaper products. The differentiation of stakeholders and their goals can possibly influence the goals of the client and the method of doing so. As mentioned above, the audit firms' job then is to guide the

client by assessing potential opportunities, risk, and methods. To reach the goals but also in a more sustainable manner.

As previously mentioned, Ramsay (2015) referred to the World Commission of environment and development in which the characterisation of sustainable development was in which one might say are positive views. Regarding sustainability as something that is generating advantages and/or disadvantages, our findings clearly saw that it does not cause any disadvantages. Reasoned by how they associate sustainability as taking care of their environment. It can possibly be a disadvantage for some firms since the respondents also state that sustainable methods give them no choice but to strive for it. Our findings furthermore shows that there is no room for mistakes and the time pressure and the wait of developing or the use of sustainable methods might be too late in 20 years. We can see that if in 20 years' time it reveals that a sustainable method was not necessary, the only consequence would be less waste, cleaner environment and maybe better work-environments. On the other hand, if in 20 years the assumption of global warming is true, and nothing have been done to relieve the environmental pressure. It would have devastating results. This can then indicate that sustainability might have short-term disadvantages economically for clients and the society but long-term it can benefit everyone within the environment.

5.2 External and internal motivation for sustainability

According to our empirical findings we see that there is a difference between the respondents when it comes to the view of external and internal motivation. Our respondents mentioned that the external pressure from the clients varied depending on the size of the client firms. When it came to the internal change within the firms, we see from our empirical findings that the firms felt external pressure to change in a sustainable way. The firms felt the environmental pressure and have decided to, as an example, cut paper usage and even more employees has started driving electrical cars towards a more sustainable approach. According to Nicholls (2020) there has been a huge increase in numbers of businesses which has released social and environmental profit and loss accounts that value and recognize non-financial outcomes. And, according to Ahmed (2012) we can see a combination with our findings, because he explained that all kinds of organizations are increasing their concern when it comes to environmental performance. Based on our empirical findings we can see that the

firms can feel, not much, but some social and environmental pressure to become more sustainable from an environmental point of view.

Furthermore, Dudovskiy (2012) expressed that CSR is just an empty promise and is being used as an effective public relation tool. For example, when one of the firms elaborated for their own part that it both defines and undefines how they approach sustainability, but it also might be a consequence of how the worldview had become. This indicates, according to our empirical findings, that auditors don't have much public relations to maintain or to generate. On the other hand, it seemed to be more for the client's sake that the audit firms must obtain resources that will suit their client's needs to exercise CSR in an optimized manner. As our empirical findings shows us, the clients exist in environments that have demands, and these demands can be different types of expectations and requirements. The requirements can be, for example wise certification, recycling, or non-financial reporting. This can be associated with how UKEssays (2018) claimed that SEA could referred to. Precisely the fact that it is a form of non-financial reporting, but which is also a path that the auditing firms choose to enter to become more competitive. We know from our empirical findings that it is expected that the auditor work with identifying the client's risk and opportunities, as well as develop strategies, work with sustainability (if that's required), and improve clients' goals. This can be translated into the auditors' responsibilities towards society, and that it is important to have the right information and resources to aid with the expectations of the society towards their client. Here we can draw similarities to Matthews (1995) where he believed that if one were to have the opportunity to expand and improve their accounting reports, which could be non-financial reporting for instance, then one had to include information concerning the interests of employees, as well as social activities and environmental impact.

Which comes to the resources, for the audit firms to apply sustainability upon themselves and their clients. From what our empirical findings told us several times, the firms express that they need resources in the form of knowledge, economical in general and employees. This emphasize that the internal motivation for the auditing firms is at the same level of attitude towards sustainable changes. The employees are very aware that sustainability is an important theme and must be implemented to a greater or lesser degree in both the strategy and the daily work routines of the firm in the near future. Furthermore, the empirical findings also show us that the firms elaborates that if they were to increase

sustainability in their strategy and methods, they would require support from the Norwegian Auditing Association, and confirms that the willingness of change is present even though it has not started yet.

Even if the willingness of the firms is there, the issue of managing and balancing sustainability and economic growth is relevant. Firm 1 elaborated that for them it is difficult to balance sustainability and economic growth. Sustainability has many requirements previously mentioned and are costly to implement short-term. According to our empirical findings this is also emphasized by the second firm which also means that sustainable approaches for the auditing firms will be a more long-term investment and that the long-term costs will be balanced more easily to their economic growth. Firm 1 also means that clients struggle with the balancing might depend on the situation, market, and environment their clients operate in.

5.3 Preach what you practice?

As Deegan (2002) mentioned that legitimacy theory is a subject to the strategy of an organisation, and the choice to reveal aspects of the organisation or not for the sake of legitimacy in the external environment and society eyes. From our empirical point of view this might not actually be truly accurate, according to the theory, when it comes to the small private audit sector. The respondents mentioned that for them to stay relevant they need to gain information and knowledge of the subject area, to find possibilities and challenges in order to develop strategies. The suggested method by the respondents is through cooperation, in which one can say is how transparent the clients is with the auditor. Deegan (2002) also mentioned that legitimacy theory focuses on the relationship between organizations, the state, individuals, and groups. This corrects the first statement above, from the empirical data. Transparency might be a key factor of the development of legitimacy. Quattrone (2021) implies that it is important that the information about the organization's attitude and action must come out in a good and reliable way to maintain or gain a good reputation, which is also highly emphasized from our empirical findings.

Furthermore, Deegan (2002) state that legitimacy theory's system-oriented perspective assume that the entity is influenced by and in turn to have influence on the society where the entity operates. For our empirical findings this can be translated to that the firms in the private

audit sector can influence the clients, but the client can also influence the firms as well. As the firms elaborated earlier about their clients' environment, it turns out that the audit firms must preach what the clients are demanding, which also turns out to be the quite opposite from what we were expecting in the very beginning, as we thought the audit firms were practicing the same as they were preaching their clients. The clients of the small private auditing firms are affected by the society, and small private auditing firms are influenced by their clients, which means that the auditing firms are indirectly affected by their client's society. This can be justified by Burlea & Popa (2004) in which fulfilling the environments expectations by the organisation is important, and all the social perceptions of the organisation's activities will be reported to the environment. This explains that it is important for audit firms to fulfil the expectations of the client and activates will be reported to and discussed with the client. We can see an indication from our empirical findings that this is true when they talk about "the other talk." That means to find out everyday life concerns of the client, seeing the opportunities and the risks in the industry, and to be a conversation partner. Furthermore, we see from our empirical findings that developing a proactive engagement towards clients is important, to further develop their trust.

6.0 Conclusion

In this thesis we have taken a closer look at sustainability and small private audit firms. The research question throughout this thesis has been “*How do small audit firms deal with sustainability, when working with clients*”. To answer the research question, we have used different views and theories regarding sustainability, Social and Environmental Accounting (SEA), Corporate Social Responsibility (CSR), legitimacy and transparency. Additionally, we constructed a semi-structured interview guide, and interviewed small private audit firms.

From our empirical analysis, we can conclude that sustainability has not found its place in audit yet, and to find the purpose of expressing sustainability in the work of an auditor it requires a lot of resources. These resources can be costly for audit firms to acquire, and possible must come through support from external organisations or partners. The right knowledge, employees, education, and partners are necessary to develop good sustainable strategies and approaches to the private auditing sector. This is justified by the need to be relevant in the marked for auditing, and of course its survival and future competitiveness.

We started the thesis with an expectation that auditing firms should practice what they preached to their clients, but during the analysis from the interviews it showed that it is very much the opposite. To stay relevant, and to acquire the right resources they must analyse and interact with their clients. Based on our findings we can conclude that the small audit firms must practice what the clients are preaching. This makes the definition of what auditors work with very vague and different depending on what client they work with. The clients’ interests and requirements are defining the audit firms’ practices, but the clients' interests and requirements are also defined by the environment that they operate in. This can be reversed but it will be more static, meaning that audit firms can affect the client by develop strategies, express, and enlighten the client for change, as well as helping them achieving good results. This means that small private auditing firms must fulfil the environments expectations, and they only have the opportunity, to possibly affect the environment.

Through our findings we can see that the audit sector is evolving towards a greener environment. Although the measures are small and not required by the authorities, clients, or environment, small private auditing firms, at least those we have spoken to choose to make the small changes they can with the resource they have available. We can clearly see that the

need for new experiences and employees that does not primarily focus on finances, but non-financial as well, have drastically increased. Several authors, critics, and theorists also emphasize this. Legal personnel, consultants, IT-personnel, sustainability educated employees, controllers, marketing, etc. Different perspectives and cooperation between the various parties for one purpose has become important for the small private auditing firms if they want to please the environment with good “acceptable” non-financial reporting as well as being competitive in the future.

6.1 Further research

In this thesis we have chosen to look at the firm’s side, but it would be interesting or valuable to shift the perspective of the research to the client’s side. “*Consulting theory: Practice what you preach*”. We found this main title of the article by Heusinkveld & Visscher (2012) interesting to utilize and explore. We can see the potential of this article, as it digs deeper into the interaction between audit firm and client. To see how the process work and partake in discussions when auditing firms meet their client etc. The article discusses framing moves that is used by consultants to make sense of and to justify possible translations of management concept in given assignments. What can be interesting is to find out more how auditors interact with their client and maybe try to find more connections with sustainability.

Furthermore, is to continue our research on a complete national or international level to give more interesting findings and develop definitions for sustainability in the audit sector to further improve their strategies when interacting with clients. As well to interview the Norwegian Auditing Association about the sustainability audit guidelines, to better define the guidelines and to develop sustainable strategies for audit firms and possible support-schemes for small audit firms.

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Appendix