

ESG Assurance in Corporate Reporting: Implications for Accounting Research and Emerging Role of Accounting Professionals

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Abstract : The credibility of environmental, social, and governance (ESG) disclosures has become a central issue in corporate reporting. While sustainability reports are widely published, their reliability is often questioned due to selective disclosure and the voluntary nature of reporting frameworks. External assurance has emerged as a mechanism to enhance trust and accountability, yet existing practices remain fragmented and uneven across providers, industries, and geographies. This paper presents a qualitative literature review that synthesizes key studies on ESG assurance, including both seminal works and recent systematic reviews. The review identifies major trends in assurance practices, evaluates the role of auditors and consultants in shaping credibility, and highlights persistent shortcomings in scope, standards, and stakeholder inclusivity. Findings suggest that while assurance has the potential to transform accounting practice by extending the role of auditors into non-financial domains, it remains constrained by symbolic use, inconsistent standards, and geographic imbalance. The study concludes with a set of research gaps and proposes directions for future accounting scholars to strengthen the theoretical and practical understanding of ESG assurance.

IndexTerms - ESG Assurance, Corporate reporting, Sustainability Disclosure, Stakeholder Inclusivity, Accounting Profession, etc.

INTRODUCTION

Over the past two decades, environmental, social, and governance (ESG) reporting has emerged as a cornerstone of corporate accountability. Stakeholders increasingly expect organizations to disclose their climate risks, labor practices, governance structures, and social impacts, alongside traditional financial performance. However, unlike financial reporting, which is supported by well-established auditing practices, ESG reporting often suffers from credibility concerns. Companies may present selective or overly positive information, raising doubts about whether stakeholders are receiving a complete and accurate picture.

The concept of assurance of ESG disclosures has gained momentum in response to these concerns. Assurance involves an independent third party, often an auditing firm or specialized consultant, evaluating the reliability of a company's ESG report. Much like the audit of financial statements, ESG assurance is meant to build confidence among stakeholders, reduce information asymmetry, and counter accusations of "greenwashing." Assurance engagements, however, vary widely: some cover entire sustainability reports, others only selected metrics; some provide limited assurance, while others aim for reasonable assurance. This diversity reflects the evolving and somewhat fragmented state of practice.

From the perspective of accounting research, ESG assurance is particularly important. First, it extends the boundaries of the auditing profession, requiring accountants to adapt their expertise to non-financial domains. Second, it creates competition between accountants and non-accounting professionals, such as engineering or sustainability consultants, who also provide assurance services. Finally, it raises questions about independence, credibility, and the role of standards in shaping practice. Despite a growing body of research, the field remains scattered, with limited attempts to bring findings together to evaluate how assurance is reshaping accounting.

This shift raises fundamental questions about how assurance practices are reshaping the accounting profession and what role accountants will play in the future of corporate accountability. This paper addresses this gap by reviewing the literature on ESG assurance and synthesizing its implications for accounting research. Building on existing systematic reviews and key empirical studies, it consolidates diverse insights into a coherent picture.

REVIEW OF LITERATURE

Research on the assurance of ESG and sustainability reports has evolved steadily since the early 2000s, reflecting growing interest in the credibility of non-financial disclosures. However, the literature demonstrates inconsistency in scope, quality, and theoretical development.

i. Early Concerns with Assurance Statements

Early work was critical of the superficiality of assurance practices. A study by O'Dwyer and Owen (2005)¹ revealed that environmental and sustainability assurance statements often lacked meaningful content. They argued that assurance was often more symbolic than substantive, raising doubts about its accountability function. Similarly, Manetti and Becatti (2009)² mapped the use of ISAE 3000 and AA1000AS and showed how companies selectively adopted standards, leading to inconsistent practices and

¹ O'Dwyer, B., & Owen, D. (2005). See full citation in References.

² Manetti, G., & Becatti, L. (2009). See full citation in References.

weak credibility. **Seguí-Mas et al. (2015)**³ confirmed these concerns in Spain, noting that many assurance statements were short, uninformative, and varied in quality depending on the regulatory environment.

ii. Comparative and Cross-National Studies

Several influential studies compared assurance practices across countries. **Simnett, Vanstraelen, and Chua (2009)**⁴ conducted one of the first cross-national analyses, finding that Big Four accounting firms were more likely to use formal standards such as ISAE 3000, while consultants applied more flexible approaches. Their results highlighted a tension between credibility (favored by auditors) and accessibility (favored by consultants). Building on this, **Perego and Kolk (2012)**⁵ tracked multinationals' assurance adoption and found that while investors perceived Big Four assurance as higher quality, firms often preferred smaller providers due to cost and flexibility.

iii. Impact on Investor Confidence

Research has also examined how assurance affects stakeholders, particularly investors. **Hodge, Subramaniam, and Stewart (2009)**⁶ conducted experimental research showing that assurance increases investors' confidence in sustainability reports, though the effect depends on the type of assurer. **Casey and Grenier (2015)**⁷ described CSR/ESG assurance as an "enigma," arguing that while investors generally view assurance positively, companies often use it in a symbolic way that fails to meet stakeholder expectations.

iv. Quality and Scope of Assurance

Concerns about limited scope have been echoed across the literature. **Junior, Best, and Cotter (2014)**⁸ analyzed integrated reporting among dual-listed companies and found that most assurance covered only selected indicators, raising doubts about whether partial assurance truly enhances credibility. Similarly, **Zorio, García-Benau, and Sierra (2013)**⁹ analyzed assurance report quality and found that many lacked transparency in methodology, confirming persistent weaknesses in assurance depth.

v. Sectoral and Country-Specific Evidence

Context-specific studies provide further insight. **Ackers (2009)**¹⁰, in her doctoral thesis on South African companies, found that assurance was growing but often symbolic, aimed more at legitimacy than accountability. **Fonseca (2010)**¹¹, in a thesis on the mining industry, found that voluntary assurance often failed to detect "greenwashing," particularly in high-impact sectors. These studies emphasize how industry and national context shape assurance practices.

vi. Research Agendas and Professional Implications

Several authors have directly considered the implications for accounting. **Cohen and Simnett (2015)**¹² proposed a research agenda, stressing that ESG assurance expands the accountant's role beyond financial data but raises challenges of independence, expertise, and standards. More recently, **Hazaea et al. (2021)**¹³ conducted a systematic review of 94 articles (1993-2021) and concluded that research remains fragmented, with limited theoretical grounding and inconsistent focus on professional implications. Their review underscores the growing but uneven role of accountants in this domain.

Literature Overview

Across these studies, a clear picture emerges. ESG assurance improves perceptions of credibility but is undermined by limited scope, inconsistent standards, and variation in provider expertise. Auditors bring legitimacy but face challenges adapting to non-financial domains, while consultants offer technical expertise but may lack independence. Assurance remains more symbolic than substantive in many contexts, particularly in emerging markets and resource-intensive sectors.

RESEARCH GAPS

Based on the reviewed studies, several key gaps remain:

1. **Superficial Assurance Practices** - Many assurance statements remain vague and symbolic (O'Dwyer & Owen, 2005; Ackers, 2009), suggesting the need for research into how substantive assurance can be ensured.
2. **Fragmented Standards** - Lack of harmonization across ISAE 3000, AA1000AS, and other frameworks creates inconsistency (Manetti & Becatti, 2009; Hazaea et al., 2021).
3. **Geographic Imbalance** - Most studies focus on Europe and developed economies; emerging market evidence remains scarce, aside from limited work (Ackers, 2009; Fonseca, 2010).
4. **Stakeholder Perspectives** - Research largely emphasizes investors, while other stakeholders such as employees and civil society are underexplored (Hodge et al., 2009).
5. **Professional Identity of Accountants** - Though several studies highlight the role of accountants, little systematic research exists on how ESG assurance redefines the profession's boundaries (Cohen & Simnett, 2015).

RESEARCH QUESTION

How do existing studies on ESG assurance highlight its scope, provider choices, and quality, and What consequences do these practices hold for accounting research and the future role of the profession?

OBJECTIVES OF THE STUDY

³ Seguí-Mas, E., Bolas-Araya, H. M., & Polo-Garrido, F. (2015). See full citation in References.

⁴ Simnett, R., Vanstraelen, A., & Chua, W. F. (2009). See full citation in References.

⁵ Perego, P., & Kolk, A. (2012). See full citation in References.

⁶ Hodge, K., Subramaniam, N., & Stewart, J. (2009). See full citation in References.

⁷ Casey, R. J., & Grenier, J. H. (2015). See full citation in References.

⁸ Junior, R. M., Best, P. J., & Cotter, J. (2013). See full citation in References.

⁹ Zorio, A., García-Benau, M. A., & Sierra, L. (2013). See full citation in References.

¹⁰ Ackers, B. (2009). See full citation in References.

¹¹ Fonseca, A. (2010). See full citation in References.

¹² Cohen, J. R., & Simnett, R. (2015). See full citation in References.

¹³ Hazaea, S. A., Zhu, J., Khatib, S. F. A., Bazhair, A. H., & Elamer, A. A. (2021). See full citation in References.

1. To critically review existing literature on the assurance of ESG disclosures, with a focus on the scope, quality, and standards used across industries and countries.
2. To examine the role of assurance providers, particularly accounting firms versus consultants in shaping the credibility and legitimacy of ESG reports.
3. To identify key research gaps and future directions for accounting field, highlighting how ESG assurance is redefining the professional boundaries and responsibilities of accountants.

RESEARCH METHODOLOGY

This study adopts a qualitative literature review methodology. The approach is interpretive and relies on synthesizing findings from peer-reviewed journal articles, theses, and systematic reviews on ESG assurance.

The main source for this review is the comprehensive systematic review by Fonseca et al. (2021), which analyzed 94 peer-reviewed articles published between 1993 and 2021. Additional seminal works frequently cited in that review, such as Simnett et al. (2009), Cohen and Simnett (2015), O'Dwyer et al. (2011), Casey and Grenier (2015), and Maroun (2020) were integrated to strengthen the analysis.

A thematic review approach was adopted to organize the literature into major themes: assurance providers, scope and level of assurance, assurance standards, and implications for accounting. Within each theme, studies were compared and contrasted to identify areas of consensus, disagreement, and gaps. This methodology is suitable for the research problem because ESG assurance is a fragmented field, and qualitative synthesis helps bring together diverse findings to clarify trends, contradictions, and implications for accounting research.

RESULTS AND DISCUSSION

The review of literature highlights that ESG assurance is simultaneously an opportunity and a challenge for the accounting profession. On one hand, auditors enjoy a credibility advantage over consultants in the eyes of investors (Casey & Grenier, 2015), and their involvement often signals legitimacy (Simnett et al., 2009). On the other hand, the dominance of limited assurance engagements and the prevalence of consultant-driven practices suggest that ESG assurance is not yet fully institutionalized as an accounting function.

From an accounting research perspective, this dynamic raises important questions. First, assurance blurs professional boundaries. While accountants have traditionally specialized in financial reporting, ESG assurance requires knowledge of areas such as climate science, labor practices, and governance structures domains that extend beyond conventional audit expertise. This necessitates an expansion of the profession's skill set, the development of interdisciplinary collaborations, and the adaptation of existing assurance standards to new contexts.

Second, assurance exposes the tension between symbolic and substantive accountability. O'Dwyer and Owen (2005) and Ackers (2009) have shown that many assurance statements are symbolic, serving primarily to satisfy stakeholder expectations rather than providing rigorous verification. If assurance continues to operate at this superficial level, it risks not only undermining the value of ESG reporting but also eroding the credibility of auditors themselves.

Third, the fragmented nature of assurance standards creates challenges for comparability and consistency. Without stronger global frameworks, such as harmonization between ISAE 3000 and AA1000AS, assurance may inadvertently reinforce existing credibility gaps. This calls for research that critically examines how different standards are applied and what implications they have for the legitimacy of ESG reporting.

Finally, the scarcity of studies from emerging markets remains a significant limitation. While contexts such as Europe and North America have been well studied, countries like India, Brazil, and South Africa, where sustainability challenges are acute, remain underexplored (Ackers, 2009; Fonseca, 2010). Investigating these regions could enrich accounting scholarship by showing how institutional environments shape assurance practices differently than in developed economies. Thus, ESG assurance represents a field where accounting research can make significant contributions, not only by documenting current practices but also by theorizing their implications for professional boundaries, accountability, and global comparability.

CONCLUSION AND FUTURE RESEARCH SUGGESTIONS

Assurance improves perceptions of credibility, but limited scope, weak standards, and geographic concentration undermine its effectiveness. For accounting, ESG assurance offers both opportunities to expand into non-financial domains and challenges, including competition with consultants and the risk of superficial assurance damaging professional credibility.

Future research may-

1. Investigate how substantive assurance can be institutionalized, moving beyond symbolic practices.
2. Explore broader stakeholder perspectives beyond investors.
3. Study assurance practices in emerging markets where institutional frameworks differ.
4. Analyze how the accounting profession is adapting to the practice of providing ESG assurance.
5. Assess regulatory convergence and the role of upcoming standards (ISSB, CSRD).

In conclusion, ESG assurance is a transformative arena where accounting research can play a decisive role in shaping credibility, comparability, and accountability in corporate sustainability reporting.

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