



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Examining the Link between Stakeholder Accountability and Sustainability Reporting

- A case study of five organizations in the nonprofit sector

SOFIE BIRKVELDT
FRIDA HAMMARSTRAND

Supervisor: Svetlana Sabelfeld

GM0360 V18 Master Degree Project in Accounting
Master of Science in Accounting
School of Business Economics and Law
Gothenburg, Spring 2018

List of Abbreviations and Acronyms

EU	European Union
GRI	Global Reporting Initiative
NGO	Non-Governmental Organization
NPO	Nonprofit Organization
SR	Sustainability Reporting
WHO	World Health Organization

Abstract

Title: Examining the Link between Stakeholder Accountability and Sustainability reporting - A case study of five organizations in the nonprofit sector

Seminar date: 2018-05-24

Course: GM0360 Master Degree Project in Accounting

Authors: Sofie Birkfeldt and Frida Hammarstrand

Advisors: Svetlana Sabelfeld and Gudrun Baldvinsdottir

Purpose: In this study, we aim investigate why and how sustainability reporting practices has been adopted, or not adopted, in the nonprofit sector. By linking the process of sustainability reporting to the stakeholder accountability, we seek to understand how accountability is impacted by SR. Moreover, how the stakeholder dialogue is carried out in the case organization is assumed to impact stakeholder accountability, why this is an aspect which will be addressed.

Methodology: In order to answer the main research question, a multiple case study characterized by both exploratory and explanatory features has been conducted. The generated data has been collected through a dual data collection method consisting of both in-depth interviews and a systematic content analysis. Semi-structured interviews have been conducted with all five case organizations, and as a complement to the interviews, we have analysed the sustainability related content in both annual reports and in separate sustainability reports.

Theoretical perspective: Accountability is the foundation to our analytical model. The concept of sustainable development and the practice of sustainability reporting is essential to the study. Accountability and sustainability reporting are linked together in a section referring to accountability mechanisms. Accordingly, with the applied analytical model (Fig.1), stakeholder participation is considered a factor which influence accountability. Lastly, institutional theory is presented and will act as a theoretical lens when analysing the findings.

Empirical result: Different reasons have been found to affect the establishment of SR and we have identified a link between the NPOs' operational purposes i.e. social agendas and what information is disclosed. NPOs tend to report on the matters most closely related to one's agenda and mission. The two main constraints to SR refers to, first of all, the process of prioritizing limited resources such as time, money and personnel available. Secondly, the lack of external and internal pressure. The drivers consists of the legitimacy gains from being perceived as more transparent alongside its beneficial role in improving internal processes. In addition to this, adopting SR practices makes you a good role model in the sector which further may boost your brand as a credible actor. Furthermore, majority of the respondents struggled to explain the stakeholder dialogue in detail and more importantly, how input is brought in to the SR process, which leave us to believe it can be improved.

Conclusion: We have found that the lack of pressure from both laws, society and the organizations themselves, has been a major hinder for the adoption of SR. It has resulted in that SR is viewed as somewhat superfluous and remains rare in the sector. Thus, there is an extant confusion between working for the social good and working in a sustainable manner. It was shown that NPOs need to improve the stakeholder dialogue regarding SR as well as broaden the scope of SR to achieve better stakeholder accountability. In addition, our study suggests that SR can achieve upward accountability but SR is not an ideal forum for discharging downward accountability.

Key words: Accountability, nonprofit organization, NPO, sustainability, sustainability report, stakeholder participation, stakeholder dialogue

Acknowledgement

First of all, we want to address a great thank you to all our respondents that have been involved and contributed with valuable input to our results and to the study in general. Also, a big thank you to our seminar group for all valuable feedback! Finally, we want to address the greatest thanks to our supervisor, Svetlana Sabelfeld, for all guidance and support through the process.

Sofie Birkfeldt

Frida Hammarstrand

University of Gothenburg
School of Business Economics and Law
2018-05-24

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1. Introduction

The introductory chapter will present the background to the chosen topic and further problematize our identified area of research. The problem discussion is channelled down one main research question and three sub-questions. Following this is the aim of the study. Lastly, an outline of the whole report structure will be provided.

1.1 BACKGROUND

Sustainability reporting (SR) is an important and timely for topic for all types of organizations today and is becoming an integrated part of accounting. It is often subject for debate due to its relatively unregulated character as well as involving a huge portion of moral and ethical judgement. It is vital for organizations to keep up-to-date with current norms and practices to be perceived as legitimate in society's eyes. Thus, in failing this and only focusing on financial performance, an organization may risk not sustaining its competitive position or worse, not sustaining at all (Maddocks, 2011; Dobes, 2009).

One frequently discussed aspect of SR, is the drivers behind producing a sustainability report. In a report from KPMG (2011) alongside research by Porter (2013), it is claimed that disclosing a sustainability report is considered to have both an operational and a competitive purpose, thus, it should be considered a business imperative. Environmental and social reporting practices are widely adopted among organizations. Global Reporting Initiative (GRI) is providing global standards for sustainability disclosures to companies worldwide. GRI (2018) reports that 93 % out of the 250 largest companies in the world, report on their sustainability performance and 83 % do it in accordance with the GRI guidelines. Yet, even though an increasing amount of companies produce sustainability reports, this appears not to equal more transparency and responsible behaviour (O'Donovan, 2002; Baker and Schaltegger, 2015). Consequently, there is room for improvement and calls for increased transparency and accountability are apparent in practice and in research (Cooper and Owen, 2007; O'Dwyer and Unerman, 2008; O'Brien and Tooley, 2013). This is hardly surprising when considering the amount of CSR-related scandals which have been exposed in media during the last decades (Cooper and Owen, 2007). One example is Volkswagen, who was called out for an emission cover up (BBC, 2015) and the irresponsible behaviour by companies does not seem to stem any time soon.

Most attention has historically been directed towards private profit-driven entities but in the last decade, theorists have shed light on the public and nonprofit sector and more specifically, on how these organizations appear to have been lagging at adopting SR practices (Gray et al. 2009; Maddocks, 2011). The nonprofit feature and the image as actors which strive for the social and public welfare, should not lead one to assume that nonprofit organizations' reports are fully transparent and reflect a truthful picture of the organization (Lin-Hi et al. 2014). In year 2017, a new EU-directive concerning mandatory SR for large companies was introduced. This legislation will apply to the nonprofit sector as well (European Commission, 2018). This inclusion further signalizes that these types of organizations are no longer under the radar and need to be subject to equal accountability demands as for-profit corporations. Thus, the focal point in this study is to examine how and why NPOs have adopted SR practices prior to this legislation. Numbers from GRI reveal that the ten largest profit-driven companies in Sweden produced a sustainability report in accordance with GRI in 2016, but this number drastically decreases when reviewing the nonprofit sector where only one out of the ten largest NPOs is present. In the nonprofit sector worldwide, 148 organizations produced a sustainability report in year 2016 and this number can be compared to year 2010, where only 57 organizations produced a sustainability report in accordance with GRI guidelines (GRI, 2018). Moreover, SR is growing in the nonprofit sector but still these statistics leads us to question what underlying factors have led to this scarce representation of NPOs. Thus, this thesis will investigate this phenomenon in a Swedish context and we will examine the reporting from year 2016, before the new EU-Directive 2014/95/EU was introduced. The new directive will result in that large NPOs are forced to disclose

sustainability information. When conducting this thesis project, it is essential to understand what characteristics that define a NPO and therefore, a general definition will follow in the next paragraph.

1.1.1 Nonprofit Organization (NPO)

In recent years, there has been a rapid growth in the nonprofit sector (Ebrahim, 2003; Jones and Mucha, 2013). This growth have increased the competition in the sector and forced NPOs to adopt and continue to pursue their social mission while taking on new innovative practices (Weerawardena et al. 2010). A nonprofit organization (NPO) is defined by the United Nations (2003) as; *“(a) organizations, that (b) are not-for-profit and, by law or custom, do not distribute any surplus they may generate to those who own or control them, and that are (c) institutionally separate from government, (d) self-governing and (e) non-compulsory”*. Similar to this definition is the one presented by Salamon and Anheier (1997) where emphasis is put on the following characteristics; being an organization (formally or legally), privately run (although they may receive contributions from governmental bodies), no distribution of profits to owners or the like, self-governing and voluntary engagement and work for members. NPOs are often mentioned alongside non-governmental organizations (NGOs). There is no single definition of an NGO, but it is usually a type of NPO which is always independent of government and its operations are driven by a social mission. The terms NPO and NGO are in research often used interchangeably even though they are not necessarily identical (NGOsource, 2018).

1.2 PROBLEM DISCUSSION

The rapid growth within the nonprofit sector, has alongside various revealed scandals in NPOs, led to concerns regarding accountability in the sector (O’Dwyer and Unerman, 2008; Cavill and Sohail, 2007; Ebrahim, 2005). Time and again, the reality shows that also NPOs have behaved irresponsible by being involved in corruption, misappropriation and manipulation of the donors’ funds. There are several situations where manipulation and ill-legitimate behaviour has been exposed. Rather recently, the Red Cross was called out for committing fraud and corruption associated with donated funds for the Ebola breakout in West Africa, where 5 million USD in aid money were allegedly lost between year 2014 and year 2016 (OCCRP, 2017). In addition to this, there has also been controversy where the largest environmental group in America, the Nature Conservancy, has made profit by leasing land to an oil company and allowed oil drilling (Salon, 2014). In Sweden, the NPO Love and Hope has been accused for falsely claiming they have saved children from sexual trafficking and exaggerating the number of rescue actions for marketing purposes (Dagen, 2017).

Grant Thornton (2018) recently acknowledged the problem and directs attention towards the lack of SR within the nonprofit sector. To per definition, “work for the social and environmental good”, does not exempt an organization from declaring its operations’ impacts on the environment. This thought has been brought up by scholars in earlier research, among these are Ebrahim (2003) who states that NPOs should not be viewed as “magic bullets” due to their business purpose and being mission-driven, but should be considered more critically regarding accountability. Moreover, it leaves us to question; what are really the constraints for NPOs to report? The sector itself has even been accused of overrating its own legitimacy (Ebrahim, 2003). Problems associated with requiring companies to discharge their accountability to their stakeholders has been acknowledged in prior research (Brennan and Solomon, 2008; Gray et al. 1996). Thus, the disclosed information in annual reports do not always lead to the desired level of accountability and consequently, this is a field of research where continued research is needed. Depending on what information that is reported and the volume of disclosures, it will impact accountability. The calls for more accountability among NPOs is further advocated by Simaens and Koster (2013), who suggest that SR could be a stepping stone towards improving this area. What the current adoption of SR in the nonprofit sector actually mean for accountability, will be further investigated in this study.

The nonprofit sector has a steadily increasing impact on society and its individuals, partly due to the growing number of organizations in the sector (Ebrahim, 2003; Jones and Mucha, 2013) and partly due to the broadened view on accountability where organizations today are accountable to multiple stakeholder groups and thus, moving away from the traditional shareholder-focus (Brennan and Solomon, 2008). It is essential to consider stakeholders' interests and to further have a sufficient dialogue to ensure your organization meet their demands. One can argue that the process for determining the relative importance of stakeholders is more complex for NPOs. This is due to the lack of shareholders which for profit-driven organizations are the default most important group (Manetti and Toccafondi, 2014). Prior research has revealed that NPOs tend to give little attention to stakeholders' interests and inputs in the SR process (Manetti and Toccafondi, 2014), why this study aims to examine this claim. The lack of understanding for responsibility and accountability processes in both practice and theory is recognized by Bergsteiner and Avery (2010). This alongside the increased importance to consider these concepts in organizations, provides this study with motivation to further investigate this field. This study will seek to clarify the concepts and further review SR from an accountability perspective. Further, we will explore how NPOs work with SR and how it relates to achieving stakeholder accountability. Even though accountability related to CSR has been receiving greater attention in research during the last decade, the nonprofit sector remains under-represented in the literature (Ebrahim, 2003). This sector related gap in the research field is also acknowledged by Higgins et al. (2015) who suggest the NGO sector, which further is a category of NPOs, to be a sector which needs greater attention in research. More specifically, how SR practices could be explained through the lens of institutional theory is of interest. Thus, this is a perspective which we will apply when conducting this research project. We will investigate this by answering below research questions.

1.3 RESEARCH QUESTION

- **Why and how has the nonprofit sector adopted sustainability reporting practices and what does this mean to accountability?**

To assist us in answering the main research question, three sub-questions are asked;

- What sustainability information is being reported?
- What are the drivers and constraints for NPOs to report on sustainability?
- How is the stakeholder dialogue carried out in the organizations?

1.4 THE AIM OF OUR THESIS

In this study, we aim to investigate why and how SR practices has been adopted, or not adopted, in the nonprofit sector. By linking the process of SR to the concept of accountability, we seek to understand how accountability is impacted by SR and how the stakeholder dialogue is carried out in the case organization as this is assumed to be part of the accountability process. Drawing on institutional theory, which have been frequently used in similar research, and the extensive literature on accountability and SR practices, we further seek to explore the motives to why the nonprofit sector has adopted SR practices the way they have.

1.5 STRUCTURE OF REPORT

The introductory chapter presents the background of the case study, the problem discussion and the research questions. Moreover, we briefly explain what a non-profit organization is. The second chapter introduces the theoretical framework and will further present previous research, theories and concepts. The third chapter will present the applied research method and give a motivation to the chosen case organizations, research strategy and data analysis process. The fourth chapter will firstly introduce the participating organizations and subsequently, present the empirical findings from the conducted interviews and content analysis. The fifth chapter will present an analysis and a discussion based on the most interesting and relevant findings. Finally, the sixth chapter consists of the conclusion where we summarize the findings and answer our research questions. We present the contributions and give suggestions for future research.

2. Theoretical framework

In this chapter, an outline of the applied theoretical framework will be presented. Firstly, we begin with introducing the concept of accountability, which is the foundation to our analytical model. Secondly, we provide an overview of prior research on sustainable development, illustrate the role of sustainability reporting and provide an introduction to the GRI framework. Thirdly, we attempt to link the two initial parts together in a section referring to accountability mechanisms, where sustainability reporting and stakeholder participation constitute the mechanisms in this master thesis. Lastly, we present institutional theory which will act as a theoretical lens when analysing the findings.

2.1 MOTIVATION TO THE THEORETICAL FRAMEWORK

The theoretical framework for this study takes a position on SR practices in relation to the concept of accountability and current reporting guidelines, through the lens of institutional theory. This frame of references has been concentrated into a model which displays the links between the elements. The main research question is centered around accountability, why understanding this concept and its multiple dimensions, is essential. An introduction to Global Reporting Initiative is motivated by its dominating role and influence on SR in the nonprofit sector today. Institutional theory will be used to analyse sectoral patterns and to assist the discussion on why SR *do not* appear to have been institutionalized in the nonprofit sector yet.

2.2 ACCOUNTABILITY

Accountability is a broad term which has been defined numerous of times in previous research. Its meaning differs depending on the purpose and the setting in which it is discussed (Cavill and Sohail, 2007). One common used definition is presented by Gray et al. (1996), who defines accountability as; *“The duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible”*. Similar to this definition is the one provided by Edwards and Hulme (1996) which recites the following; *“the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions”*. Cornwall et al. (2000) have added another dimension to the concept and suggests that accountability is not solely about being *held* responsible but also about actively *taking* responsibility. This two-sided perspective including both an internal and an external perspective is further in alignment with how WHO (World Health Organization) views accountability. WHO defines accountability as; *“The processes through which an organization makes a commitment to respond to and balance the needs of stakeholders in its decision-making processes and activities, and delivers against this commitment”*. Moreover, WHO has created the GAP framework for accountability where the concept is divided into four parts; transparency, participation, evaluation and complaint and response mechanisms (WHO, 2005).

2.2.1 The Concept of Accountability

Gray et al. (1996) has suggested that an accountability framework is the most useful framework when examining the transmission of accounting information and especially when focusing on CSR-related information. They further present a view where social and environmental reporting is of high importance when studying the creation of accountability. In the context of an organization versus its stakeholders, two obligations are identified. The first one being to responsibly use the extant resources, and the second one being to give an account for this management via e.g. the annual report. Gray et al. (1996) introduce an accountability model which originally refers to the relationship between a company and its shareholders. However, they point out the flexibility of the model and advocate its applicability in other types of principal/agent situations. Moreover, in this study the accountee is represented by the stakeholders and the accountor is represented by the sample NPOs.

Drawing on the accountability model presented by Gray et al. (1996), we have created a modified version of this model which is suitable for analysing our research question and investigating the relationship between stakeholder accountability and SR in NPOs.

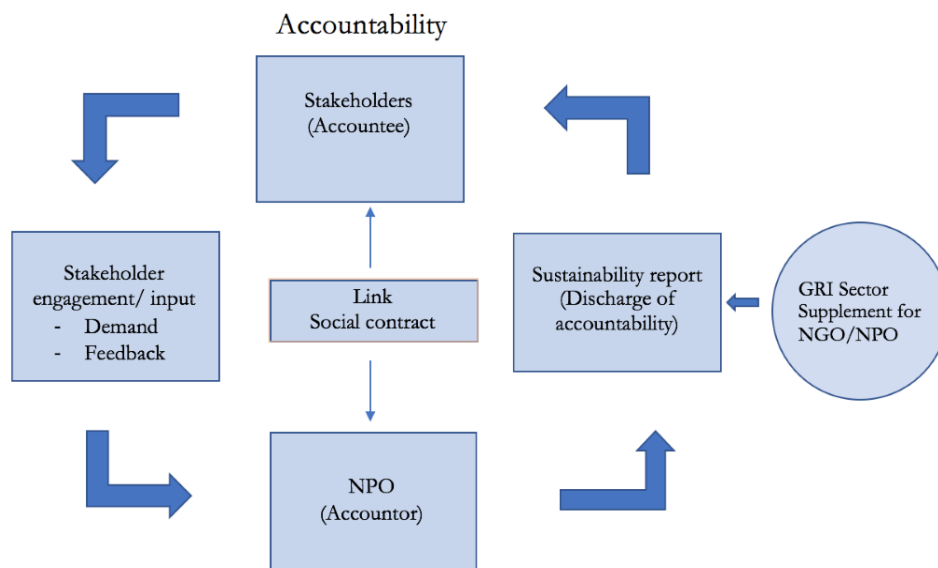


Fig.1 Modified version of Accountability model introduced by Gray et al. (1996)

Gray et al. (1996) suggest that the relationship between the two actors in the model is shaped by the characteristics of the social contract and social context which surrounds the accountee and accountor. The social contract creates responsibility and allows rights to certain information which thereafter determines the accountability. What information stakeholders have the right to, is further decided either through legislation, or the accountor may have a moral obligation to share details concerning their operations (Gray et al. 1996). This voluntary information compartment is often where sustainability information tends to fit in. Even though legislation may force a legal responsibility on organizations to act in certain ways, this responsibility does not necessarily translate in to a legal obligation to disclose information about this, but merely a moral responsibility to share this information with their stakeholders. The collective understanding of that certain behaviour is acceptable or not acceptable, is what creates moral obligations. The legislation aspect can be linked to what is brought up by Gallhofer et al. (2011), referring to that companies tend to prefer minimal standards related to mandatory disclosures to comply with. However, there is a paradox present here, since organizations often require and find it beneficial, to have standards which allows them to benchmark their CSR-disclosures against peers to avoid unnecessary high costs resulting from the process of producing a sustainability report (Gallhofer and Haslam, 2007). Moreover, if an organization is more or less forced to provide their stakeholders with a detailed and audited report on social, environmental and economic aspects of their impact, the organization can more easily be held accountable for all actions. To knowingly leave information out of the reports, increases the information asymmetry between the organization and its stakeholders (Gallhofer and Haslam, 2007).

The problem regarding information asymmetry pose a question; could more extensive social and environmental disclosures counteract this problem and lead to greater organizational transparency? Gray et al. (1996) has suggested benefits which could follow the change. For example, when being forced to report on certain actions, this tends to further influence the behaviour of the management in a constructive way and it may also lead to less conflicts of interest when closing the gap between the organization and the results of its actions. A positive chain reaction may occur where taking more responsibility leads to greater accountability which again leads to more responsibility. In stating this, the absolute majority of accounts

presented by organizations today, are still dominated by financial information. There is a need for a more integrated perspective on the accountant's obligations towards stakeholders which includes obligations from laws, quasi-laws, moral and philosophical responsibilities. The introduced accountability model is a useful tool when reviewing and analysing an accountee-accountor relationship in a democratic society due to its combined descriptive and normative character (Gray et al. 1996).

2.2.2 Accountability to Whom?

The question as to *whom* an organization is accountable to is brought up by an increasing number of researchers (Brennan and Solomon, 2008). Among these are Unerman and O'Dwyer (2006) who stress the importance for specifically third sector organizations, including NPOs, to be fully aware of *whom* they are accountable to. They have suggested three different types of accountability; upward, downward and holistic accountability. The first one refers to the organization being accountable to donors which provide the organizations with monetary means, the second one includes the receivers of the organization's services i.e. the beneficiaries and the last-mentioned type, includes a mix of both perspectives. Upward accountability can be created by providing an account for how the donated money are being utilized in the operations whereas downward accountability is achieved when successfully identifying the core needs of the receivers and thus, take greater responsibility towards society.

Adding more dimensions to the concept of accountability is Ebrahim (2003), who introduces upward-downward, internal-external and functional-strategic accountability. Upward-downward accountability is, as stated above, directed towards external stakeholders but Ebrahim (2003) further suggests that internal accountability, is that which an NPOs have against themselves and their mission. This refers to the responsibility which the organization has towards its management and its volunteers and this may sometimes conflict with the external accountability. Finally, based on research presented by Avina (1993), strategic accountability is separated from functional accountability. Strategic accountability refers to accounting for the impacts of the organization's actions on the environment in large and in relation to its purpose, while the functional accountability involves reporting on resource possession, how operations are carried out and on the use of inputs (Cavill and Sohail, 2007). It has been claimed that NPOs mainly focus on short-term measures, both in regards to downward and upward accountability, and therefore disregards the elements which can lead to strategic accountability (Najam, 1996 in Ebrahim, 2003). It has been suggested that a usage of traditional, logical frameworks, limits the accountability and over-stresses the quantitative targets instead of viewing actions more long-term and sustainable. In accordance with Najam (1996), problems associated with a lack of strategic accountability is brought up by Cavill and Sohail (2007) where they state that NPOs need to place greater focus on strategic accountability aspects to achieve their missions. Functional accountability through quality-control measures will serve in improving task performance, but will not mend the extant social and economic inequalities. To improve this flawed area, NPOs need to better integrate their values and mission into operational activities and policies (Cavill and Sohail, 2007). Moreover, O'Dwyer and Unerman (2008), acknowledge the problem associated with that upward accountability tends to crowd out downward accountability in NPOs and claim that this is partly due to that the beneficiaries rarely demand accountability in the same way as e.g. the donors. These practical difficulties with receiving the beneficiaries' input often lead to downward accountability becoming less of a priority for NPOs.

In the literature, the complex balance between being an organization which actively *takes* responsibility and being one that is *held* responsible by external actors, is discussed. The mandatory reports produced by companies yearly or quarterly, which include descriptions of operational activities and results, allows society to hold companies accountable for the disclosed actions but accountability is broader than this meaning. It is a two-sided concept where organizations also internally take responsibility, beyond what is mandatory, and display their behaviour to the public which allows them to critically assess the organization's actions

(Ebrahim, 2003). Moreover, Bergsteiner and Avery (2010) underscores how meaningful and important it is for leaders in organizations to understand the concepts of accountability and responsibility and further, the distinction between the two. Prior literature has revealed some confusion as to what comes first, accountability or responsibility? Majority of scholars do however suggest that responsibility precedes accountability. Thus, when one takes responsibility or the contrary, accountability can be exercised (Bergsteiner and Avery, 2010).

2.2.3 Weaknesses with the Concept of Accountability

As stated above, accountability is shaped by the perceived social contract between the accountee and the accountant. This fact pose us with a potential problem of exploitivity if the accountee push questionable social values on the accountant (Roberts and Scapens, 1985 in Gray et al. 1996). Accountability relationships are undoubtedly complex and another concern with the concept is when accountability is expected and needed but can not be imposed due to lack of legislation. Conversely, the problem can be generated through the opposite situation where the accountee, the stakeholders in this study, decides not to enforce accountability even though it is due. This could depend on a lack knowledge or pure laziness (Gray et al. 1996). It is debatable if the concept of accountability fall short here.

2.3 SUSTAINABLE DEVELOPMENT

Sustainable development is defined as “*development that meets the needs of the present, without compromising the ability of future generations to meet their own needs*” (Brundtland Commission, 1987). When operationalizing this definition, it means the companies should consider their impact on society, economically and environmentally and on the stakeholders (Dyllick and Hockerts, 2002).

One difference between profit-driven entities and NPOs is that profit-driven companies have a primary objective in satisfying the needs of their shareholders whereas NPOs strive to achieve welfare for the public as a whole and in a wider context. This study will further focus on NPOs and their reporting, and therefore, the goal of maximizing creation of value for the shareholders is no longer relevant. NPOs appear to have a unique relationship between funds and operations, where they can satisfy a need that neither the public sector or profit-driven companies can. Reporting practices can vary among NPOs depending on the different types of mission the organizations have (Lin-Hi et al. 2015). Since NPOs’ core mission often includes a social mission, and they engage themselves in society’s well-being, their core mission is often closely related to CSR (Lin-Hi et al. 2015). Tschirhart and Bielefeld (2012) state that NPOs do not face the same external pressure as profit-driven organizations do and profit-driven organizations are monitored more critically by stakeholders and journalists. NPOs have since the early 1990s seemed to be given an increased amount of trust. The increased amount of trust given to the nonprofit sector has led to the driving and shaping of new sustainability agendas (Bebbington et al. 2014).

2.3.1 Sustainability Reporting

SR is a vital step in helping organisations to understand their impact on their stakeholders, the society, the economy and environment. It has been suggested that, as soon as SR has been standardized, SR will be as important for the organizations as the financial performance (EY, 2017). Also, SR is a critical tool in communicating this type of information and for the organizations to show that they have taken responsibility to manage the different stakeholders’ needs (Hahn and Kühnen, 2013). Another major aspect of developing CSR-information in the annual report, is to create economic value and increase the chances for future success (Lin-Hi et al. 2015). Noteworthy, there are several potential beneficial results from engaging in CSR-practices for NPOs. For example, greater media attention, more volunteerism, better public appearance and increased positivity regarding the working place (Dumay et al. 2010). Dumay et al.

(2010) assume that this information should be easily accessible and create visibility, trust and public understanding. NPOs have a responsibility to report on their impact on the society, where they should engage and improve business processes to get an overall more sustainable impact (Gazzola et al. 2017). They are also playing a central role in delivering a sustainable development and their role in society shape how people around the world live their lives (Birney et al. 2010). In addition to this, NPOs seem to have a meaningful impact on both the economic and political transformation as well as being a powerful influential actor affecting governance mechanisms (O'Dwyer and Unerman, 2006). Adding to this, it is important that these organizations do promote sustainability because of the stewardship role this sector plays in society (Ball, 2005). However, the reporting from NPOs is not wide-spread. The SR development within the nonprofit sector has been suggested to lag, compared to the profit-driven sector (Manetti and Toccafondi, 2014). Adams (2002) further claims that SR have a purely positive effect on the organization's value and will lead to better financial performance. From this statement, one can question why the adoption rate in the non-profit sector has been low? The process of SR is an investment which often involves a significant amount of time and money spent. This can induce a heavy burden on smaller organizations which may restrict their engagement in these activities (Ebrahim, 2003). The cost-benefit ratio is further brought up and described more in detail by Hess (2007). He acknowledges the dual costs which occur from carrying out a social audit. Firstly, the cost of having a team of staff working with the production and the cost of measuring different CSR-aspects. Secondly, there may be a cost associated with disclosing truthful CSR information which may disappoint the stakeholders. This could hurt the organization's image and consequently, result in a loss of donors for NPOs.

Annual reports and statements are further the most common and widely used tools for discharging accountability (Ebrahim, 2003). Bebbington (2001) states the sustainability report appears to be a mean for organizations to meet ethical and social responsibility demands and to meet the expectations from society which they operate in. According to Milne and Gray (2007), organizations need to be encouraged and be more willing to report in a way that leads to a meaningful change. The law often requires financial information to be disclosed, which enables some degree of accountability to the stakeholders. Even though financial information is required to achieve upward accountability, NPOs generally have very limited legal requirements regarding disclosing information on the quality of their work (Ebrahim, 2003). There are established guidelines and requirements regarding the reporting on sustainability information. In the sustainability report, information on social impact is often presented in a descriptive way instead of quantitative data, as the financial and environmental disclosures commonly are (Toppinen and Korhonen-Kurki, 2013). Thus, Baboukardos et al. (2016) suggest that it could be problematic when evaluating the information and when comparing the information against other organizations.

Gazzola et al. (2017) state that the annual report is supposed to give the stakeholders an overall picture of the performance and communicate social processes and work. Furthermore, from an ethical-social perspective, the report aims to provide information on the quality and quantity of the activities to improve and broaden the stakeholders' understanding. From an internal point-of-view, it permits a reflection on the strategy formulation, the production process and allows the organization to strengthen their mission by better involving their stakeholders. Drawing on this, another reason to focus on SR could be to repair a bad image from actions committed in the past and to communicate this changed behaviour to their stakeholders. NPOs who fail to achieve this social mission, risk becoming viewed as irresponsible, and lose their credibility (Lin-Hi et al. 2015). External audit committees, code of conduct, compliance programs are example of governance mechanisms that organize and help NPOs in avoiding irresponsible actions.

2.3.3 Global Reporting Initiative (GRI)

Numerous international and national organizations have developed and set up different kind of guidelines for SR. These guidelines have simplified the disclosing process on environmental, social and economic matters to a wide range of stakeholders. Larsson and Ljungdahl (2008) state that there are no universally valid frameworks that decide what form a sustainability report should take, which further provides the organizations with flexibility and room for own interpretation. However, the guidelines most frequently used for SR is the GRI (Global Reporting Initiative) framework. The main purpose with GRI's guidelines is in line with the definition of sustainable development which emerged from the Brundtland commission, Thus, to support organizations' sustainable development without compromising conditions for future generations (GRI, 2018). Larsson and Ljungdahl (2008) state that the aim is also to help the organizations to develop a continuous sustainability work and to increase the knowledge of how their organization affects the surroundings. Since its introduction, the framework has maintained a strong commitment to social and environmental performance and the guidelines are accepted among many parties (GRI, 2013). As for the private sector, the same need for SR exists in the nonprofit sector. The third sector is meant to serve the society and contribute to the public welfare. These organizations must maintain, support and achieve government objectives and other contracts to survive in the long run (Dumay et al. 2010). However, as the area of SR continue to grow among companies, there is an issue regarding what sustainable value NPOs create. GRI encourages accountability, since it enables companies to be responsible for their impacts.

The GRI have issued a sector specific supplement for NGOs and NPOs. The aim with the supplement is to accommodate sector specific needs and further to improve the quality and usefulness of the provided CSR-information. According to GRI, an NGO is also referred to as civil society organization, NPO and private voluntary organization (GRI, 2014). The first supplement was published in year 2005. Furthermore, it is important that the disclosed sustainability information is based on the needs of the most important stakeholders, and not just general information directed to the public. GRI advocates that the core focus should be on providing a trusted framework that can be used for any organization not based on any specific geographical location, size or industry. The supplement could further facilitate and make NPOs more accountable for their actions and help the ones that want to develop their sustainability work (GRI, 2010).

According to the GRI (2014), the reason behind the sector supplement for NPOs was to strengthen their public accountability and answer to the demands from the public sector. The process of reporting on sustainability gives the opportunity to evaluate an organization's social, environmental and economic impact and is not only about the printed report. Through the process, the organization can also, by themselves, evaluate their own processes, learn and benchmark against other organizations on the market. The overall objective with GRI and SR further includes to favour a continuing stakeholder dialogue (Hess, 2007). In the GRI Sector Specific Supplement, both general and specific standard disclosures are included. However, the specific standard disclosures should only be reported on if they are viewed as material (GRI, 2014).

The GRI sector specific supplement for NGOs and NPOs, encourages organizations to provide information that is relevant to their industry, even if it is not enclosed in the GRI standard framework. This allows issue-specific solutions to appear over time which also follow societal changes. The GRI guidelines should further, according to Hess (2007), have a top-down mandate for the disclosures and a participatory function. The supplement should serve as a role model and assist NPOs in meeting disclosure expectations from the stakeholders. In addition to this, it should facilitate an effective dialogue with stakeholders.

2.3.4 Criticism Against GRI

Dumay et al. (2010) have criticized the supplement and argued that it has not fulfilled the gap that it was supposed to do fill. They argue that there is still a gap between the factual and the demanded practices in the usage of the GRI sector specific supplement. Dumay et al. (2010) state that there is an issue knowing what sustainable value the organization will create with a sustainability report, and where the demanded value for this sector is more comprehensive than merely a monetary value (value of society, quality, life and so forth). However, this issue seems not to have been addressed by GRI's NGO/NPO supplement. However, the GRI framework have still been well established due to the increased number of users, though the main users remain private organizations. Tort (2010) claims that some organizations need specially formed guidelines and that the GRI's sector supplements are supposed to respond to this request in the third sector. He suggests that a "one way fits all" is not possible and the supplement was supposed to be key part of filling this reporting gap. In practice, it appears that this have not been the case. The same argument is stated by Guthrie and Franeti (2008), who acknowledge this gap within the supplement. Dumay et al. (2010) divided SR into two sectors when explaining the current shortfall. Regarding the private sector, it seems that GRI dominates the current reporting practices. There might also be the same regulatory pressure in the public sector, but Dumay et al. (2010) assume that the current GRI guidelines do not give any indications of when an organization is sustainable or not. Furthermore, they claim that the NPOs have to rethink their approach to sustainability and move away from a dominance of standards and practices and instead learn how to create self-accounts of their sustainability activities. By doing this, they will not use already extant guidance created to fit all organizations.

Moneva et al. (2006) state that organizations that follow the GRI guidelines tend to focus on specific problems within the industry instead of focusing on the big picture of sustainability. They further question GRI's broad approach and the wide-ranging applicability. However, they still assume that GRI is a good starting point for reporting on sustainability activities. In alignment with these thoughts, Fonseca et al. (2014) claim that SR frameworks need to enable and assist the users in selecting the most relevant indicators. Numerous sustainability frameworks have been developed worldwide and the overall task is to structure, categorize, contribute with goals, policies and criteria (Fonseca et al. 2014). Searcy (2012) claims that GRI is not a management tool, that it includes too many indicators and is overall too general.

2.4 ACCOUNTABILITY MECHANISMS

Prior research has identified certain mechanisms which are applied to achieve accountability by NPOs. Beyond the traditional tools such as performance assessment and financial reports, the process of social audit is brought up. This refers to organization's attempts in improving their social performance and ethical behaviour (Ebrahim, 2003). Advocates of social auditing assume different reasons why NPOs should improve this process and develop their environmental and social information system. It has been found that by developing this system, the monitoring of performance will also increase which will have a positive impact on the internal management.

Hess (2007) examines and discuss how (corporate) accountability can be achieved, or improved, by implementing a transparency program initiative related to CSR. Social and environmental reporting is thought to work as a mechanism which will increase organizational transparency and consequently, lead to greater stakeholder engagement (Hess, 2007). However, the capacity of NPOs to implement SR practices, differs largely depending on the size of the organization and thus, its resources. A claimed problem related to this, is that donors lack understanding for how immense the efforts behind producing a sustainability report may be. Some research has suggested that the scale of reporting should be in relation to organizational size (Ebrahim, 2003). Yet, this statement leaves us with the question as to where to draw the line and what level of disclosures are sufficient and appropriate for what sized organization?

2.4.1 Accountable through sustainability reporting

As problematized in section 1.2, there are difficulties with requiring companies to discharge accountability to stakeholders and the provided information in reports is often insufficient. With more companies disclosing a sustainability report, the usefulness of the contents in the reports have been questioned (Hess, 2007). Extant SR systems, including mainly a number of voluntary frameworks such as GRI mentioned previously, has been critiqued by scholars for not fulfilling what was intended. Instead of increasing transparency and stakeholder engagement, it has been claimed that organizations use SR to show “the good parts” of the operations while deliberately leaving negative events out of the reports. This is sometimes referred to as strategic disclosures by conducting a form of impression management (Hess, 2007). To ensure transparency, the produced sustainability reports need to be audited by a third party which is usually where the organizations fall short in the handling process. The audit’s purpose is further to validate the completeness and accuracy of the provided information (Ball et al. 2000). It is also argued that SR emphasises organizational transparency, and this is further a key to successful stakeholder engagement. Hess (2007) argues that social reporting has two objectives. The first one is to engage the stakeholders, and the second one is to achieve organizational transparency. Companies often fail to achieve these objectives and instead choose to disclose information because they want to protect their legitimacy and not actually show the reality. In alignment with this thought, Deegan and O’Donovan (2002) state that information on sustainability aspects are often found in reports produced by organizations, who are facing a legitimacy crises. By including such information, organizations hope to regain legitimacy and increase the organization's overall performance. Hooghiemstra (2000) further supports this idea and mean that most companies disclose information on social and environmental impacts mainly to build an image as responsible actors. Deegan and Unerman (2011) also explain that that companies which have a larger negative effect on the environment, tend to be more inclined to report on their sustainability work.

From an external perspective, it can be a way for NPOs to improve their reputation by including certain disclosures. The social audit can advocate organizational learning and the strategic planning if the stakeholders feedback is looped back into the decision process. (Ebrahim, 2003). Research has further suggested that an increased CSR and corporate social accounting engagement, is often motivated by wanting to avoid more extensive regulations regarding the area and by a need to maintain a positive image towards the public. (Gallhofer et al. 2011) The terms of “greenwashing” and “whitewashing” are frequently used when discussing questionable drivers behind increased CSR-disclosures and refers to when organizations deliberately misleads stakeholders by including fake or modified information on e.g. their social and environmental impacts (Gallhofer and Haslam, 2003). Continuing the theme of questionable and unethical disclosures, one can draw a parallel to when organizations exclude information or provide very scarce information on certain areas. Providing scarce information on operations, can make it hard for stakeholders to identify potential violations and Gallhofer et al. (2011) stress the importance of detailed accounting information for this reason.

Despite of potential flaws in the information, the accounting literature emphasizes that accounting information facilitates the demand of accountability (Du Rietz, 2018). According to Du Rietz (2018), there should be a greater separation between information and knowledge where information should enable stakeholders to demand accountability. Previous research has argued that reported accounts enable accountability, since external parties are able to monitor the organizations’ performance more critically. The information should be available for the audience and so they can evaluate the accountable performance. Du Rietz (2018) critiques this view and assumes that this visibility does not necessarily provide external parties with the knowledge that would enable them to demand accountability. Furthermore, that information does not always lead to knowledge. Therefore, Du Rietz (2018) has created a new view on the relationship

between knowledge and information where it is assumed that accounting information does not have to enable control or accountability. Knowledge further gives the ability to go on with practice and information is only a resource that may give the opportunity to back this knowledge. Du Rietz (2018) concludes that reporting reforms alone will not give accountability to stakeholders. It will still be useful, but in a more unintended way.

Previous studies (Gallhofer et al. 2011) which has examined forces behind extant accounting practices has further claimed that even though current practices are largely affected by the hegemonic¹ context the organizations are in, this driver does not capture the whole picture. Accounting practices may be subject to conflicting and varying interests which exist in the surrounding setting of the organization, and the usage patterns of accounting methods are rather equivocal. However, reporting on for example non-mandatory aspects of CSR, is noted to be largely submissive to the hegemonic pressure and this factor should not be neglected when investigating underlying factors (Gallhofer et al. 2011). How theoretical accounting practices are turned into actions is further considered. Previous studies have also investigated governance variables which impact disclosure decisions and determines the transparency level. Laws and regulations have been found as being a prominent external factor, and some internal mechanisms which play a role are; level of firm independence, the impact of the board of directors, ownership structure and the audit quality (Brennan and Solomon, 2008). Where laws are not existent, "civil regulation" might be exercised where civil society actors, NGOs included, use information to put pressure on corporations which may lead to increased amount of disclosures which allow stakeholders to demand accountability (Kolk et al. 2008). However, providing more detailed information does not automatically lead to an increased demand of accountability (Kolk et al. 2008).

Brennan and Solomon (2008) has reviewed corporate governance research and how this relates to the concept of accountability. They mean that corporate accountability has by scholars been channelled to exclusively involve the shareholders' interests. This traditional approach needs to be extended when examining the nonprofit sector since this type of organization do not have shareholders and are not driven by profit maximization. Research on accounting practices has often viewed transparency solely through a financial reporting perspective which is largely due to the default shareholder-oriented approach held by companies (Brennan and Solomon, 2008). For the nonprofit sector, the shareholder focus has translated into an excessive focus on upward accountability to funders and consequently, on disclosing detailed information concerning funding. This focus is thought to be partly rooted in the leverage which funders have on NPOs. Other stakeholders do not have the power to impact the NPO by threatening to stop funding and thus, often what the donors say, go. This is an injustice problem related to accountability. (Ebrahim, 2003) However, recently there has been a greater focus placed on social and environmental reporting when discussing the transparency of NPOs. (Unerman et al. 2007) This shift of focus further confirms the development towards a multiple stakeholder approach in accounting and corporate governance studies (Brennan and Solomon, 2008). There is a current interdependence between NPOs and their funders since the NPOs are dependent on receiving funding to run their operations while the donors are relying on the NPOs efforts to contribute to building their reputation. What is often lost in the accountability debate, is how organizations are supposed to juggle different interests among their stakeholders. (Ebrahim, 2003).

¹ **Hegemony** refers to the dominance of one group over another and is often founded in legitimating norms and ideas. The term *hegemony* is today sometimes used as shorthand to describe the relatively dominant position of a set of ideas and their associated tendency to become commonsensical and intuitive, thereby inhibiting the dissemination or even the articulation of alternative ideas.

2.4.2 Accountable Through Stakeholder Participation

Stakeholder theory and the process of stakeholder participation is tightly linked to the concept of accountability. The theory is rooted in the multifaceted relationship between an organization and its environment, which further constitutes of multiple stakeholders (Gray et al., 1996; Manetti and Toccafondi, 2014). There has been a noted shift from a pure shareholder-based approach to corporate governance and accountability research, towards an approach which considers multiple stakeholders' interests (Brennan and Solomon, 2008). Thus, when performing a case study on the nonprofit sector, this is an interesting aspect since this type of association lacks traditional shareholders. From an accountability framework point-of-view, stakeholders are determined by the society whereas from an organization-centered perspective, stakeholders are decided by the organization (Gray et al. 1996). However, per definition, stakeholders include all groups which are impacted by, or impact an organization's activities. Stakeholders may include groups such as employees, shareholders, communities, suppliers and customers. (Freeman, 1984; Brennan and Solomon, 2008). The stakeholder theory suggests a two-sided relationship between an organization and its stakeholders, where the organization has an obligation towards its stakeholders which they should strive to satisfy (Freeman, 1984).

Moreover, it has been suggested that displaying a heavy and apparent emphasis on CSR aspects in the business model, implies a stakeholder approach to corporate governance in the organization (Gallhofer et al. 2011). Gallhofer et al. (2011) further acknowledge the fact that there are multiple types of stakeholder approaches and address the issue of traditional stakeholder approaches which seem to focus largely on the most dominant groups of stakeholders e.g. the shareholders. This fact can lead to insufficient accountability information for vulnerable groups such as children and communities (Banerjee, 2007).

Freeman's (1984) stakeholder theory could be divided into two parts; stakeholder participation and stakeholder management. Manetti and Toccafondi (2014) assume three steps towards achieving adequate stakeholder participation. These are based on prior research conducted by Svendsen (1998) and Waddock (2002).

- Step one: "Stakeholder mapping" where primary and secondary stakeholders are identified by the organization.
- Step two: Map down the stakeholders' expectations and interests and thereafter, manage these in a suitable and efficient way.
- Step three: the management team needs to invite the primary stakeholders in to the decision-making procedures where information is communicated between the organization and its stakeholders, stakeholders are involved in governance activities and bilateral responsibility is established.

When managing to create this mutual sense of responsibility, stakeholders' engagement can contribute to developing dynamic reporting practices. (Manetti and Toccafondi, 2014) Prior research has further discussed if stakeholder participation has an effective and beneficial influence on SR in NPOs or if it solely leads to a difficult juggle of conflicting stakeholder interests for the NPO?

Hess (2007) adds a dimension to what is needed to achieve meaningful stakeholder engagement. He states that organizations need to provide a solid information-based transparency policy which contains understandable and comparable data. Stakeholders need to be able to compare organizations and based on this, alter their behaviour i.e. donate or not donate in the charity sector. He emphasizes the importance of communication between the stakeholders and the organization as well as a "bottom-up" process, where the stakeholders' input on SR is valued and considered. This "bottom-up" process can be linked to step two

and three in Manetti and Toccafondi's (2014) model where attention to stakeholders' demands is essential. However, Manetti and Toccafondi (2014) do stress that managing stakeholders' interests is a strategic process which is influenced by, not only a moral obligation, but also an opportunistic one, may be difficult. Hess (2008) further concludes that social reporting does not need to involve perfect information, but at least contain sufficient information to allow stakeholders to be engaged and enlightened.

Managing to align diverse interests among stakeholders and to decide priority among stakeholder groups, is a challenge which all organizations are posed with. (Manetti and Toccafondi, 2014) Unlike for-profit organizations, nonprofit associations do not have the primary group of stakeholders, the shareholders, to direct the disclosed information in the annual report to. One can from this information reflect on the question as to who are the most important stakeholders for NPOs? According to Manetti and Toccafondi (2014), this is determined by legal conditions and the organization's business purpose.

2.5 INSTITUTIONAL THEORY

CSR, and the shifting from a greater financial focus towards an environmental and social focus includes certain changes to the organisations strategy and the reporting. The institutional theory has been somewhat underestimated in the social reporting (Mussari and Monfardini, 2010) but according to Roszkowska-Menkes and Aluchna (2017) it is crucial for the organisation survival and to attain legitimacy. Also, institutional theory is assumed to shape reporting activities, and the institutional pressures have been an important factor in the expansion of SR (Higgins et al. 2015). For this reason, institutional theory is considered important to this study.

The institutional theory explains the dynamic change in institutions and tries to explain how and why organizations sometimes act in the same way. The theory also questions whether organizations is rational or if they rather want to follow rules. According to the theory, organizations are strongly influenced and shaped by the external environment and place great focus on the social structure. The social behaviours include various rules, norms and routines and the theory focus on how these elements are adopted and created over time and space. Thus, how the behaviour fall into disuse or failure. (DiMaggio and Powell, 1983) Mason et al (2007) states that the shape of an organization is outlined from the external environment. The organizations take form by institutional norms and rules and in this way, they become isomorphic. Furthermore, these norms provide stability and legitimacy. Perceived legitimacy is dependent on the adoption and if it meets the environmental expected characteristics. Traditionally, it depended on how organizations follow rules and further secure their position and legality.

CSR is viewed as a reaction to environmental challenges, including globalisation and the need for sustainable development. The implementation of CRS is therefore viewed as the organisation's reaction to social pressure and institutionalization of change in the formal structure (Darus et al. 2013). NPOs operate in an environment that develops new practices, adopt new laws and where new rules are emerging and where the institutional environment strongly can influence the future development within this area.

2.5.1 Isomorphism

DiMaggio and Powell (1983) claims that there are three different types of institutional forces which will lead to organizations adopting similar structures and consequently, increase homogenization within a certain industry. These are;

- Mimetic pressure
- Coercive pressure
- Normative pressure

This process is referred to as isomorphism. According to SR, the three different mechanisms will have varying impacts of the voluntary disclosures (Perez-Batres et al. 2010). Coercive isomorphism occurs when powerful actors influence dependent peers to act a certain way as a result of the society and the society's cultural expectations. This pressure is an essential factor in driving environmental questions (Kilbourne, 2002). Mussari and Monfardini (2010) claims coercive isomorphism to be the most efficient factor in explaining the intensified reporting on sustainability. In contrast to coercive, there is mimetic pressure which is common in high uncertainty environment. A need to copy other organizations successful ways and structures, often emerges from uncertainty. According to Mussari and Monfardini (2010), mimetic isomorphism could be useful in explaining the increased disclosures in sustainability reports. If a successful actor in the for-profit sector may be one which have efficient operations and is profitable, in the nonprofit sector, the role model is more likely to be an actor which has a good reputation and appears to be transparent. Moreover, NPOs do not have to fight for prosperity and do not experience the same competition as for-profit companies do. Bielefeld (1992) has further claimed the response to uncertainty in the nonprofit sector is inconsistent and that e.g. competition as a factor, do not necessarily result in NPOs rethinking strategy or add activities in the operations. Yet, there is a demand on NPOs to disclose information which signalizes a high degree of social responsibility and a high level of efficiency. Perez-Batres et al. (2010) claim that mimetic mechanisms need to exert pressure on an organization to register for established guidelines, such as GRI. However, as mentioned earlier, there is a very small number of NPOs that comply with GRI around the world. The last type of isomorphism is normative which is linked to “best practice” situations and pressures brought by professionalization and arise from academic (Delmas and Toffel, 2004). When these three institutional forces are not present, organizations will not adopt similar structures and practices will not be institutionalized.

The organisations react to CSR in different ways, and very often it depends on the mixture of types of isomorphism mechanisms and how the strategy and approaches are adopted. The spread of CSR stems from coercive isomorphism which is connected to the increased growth of ethical consumerism. It can also be derived from political pressure and a way for the governance to minimize the environmental impact. There are also some researcher arguing that coercive institutional theory barley changes the organizational structure. (Maria Roszkowska-Menkes, Maria Aluchna, 2017)

The establishment of GRI framework has been widely institutionalized in many for profit companies, and significantly fast due to the short period of time since its introduction. Social auditing has further been taken for granted by larger organizations, where GRI have been the leading framework. (Brown et al, 2009) CSR reporting is the ultimate place to study the isomorphic forces as the reporting seems take on a standardized form. Governments have been the most powerful institutional driver for SR. According to Deegan (2002), the early reporters in 1980s and 1990s were mostly listed, large companies facing social pressure and reported mainly because of legitimacy drivers. Morharadt (2010) claims legitimacy to be the only driver for SR. In contrast, Higgins et al. (2015) assume that this is not the case all times. They have found institutional pressures may have an impact, but it is not always the case. It is not necessarily the industry, size or on geographical area that affects reporting patterns among organizations. Instead, it might be a more issue-based problem that leads to certain behaviour. Some organizations may not even experience any pressure to address sustainability concerns yet. (Higgins et al. 2015) This might be the case for certain NPOs.

3. METHODOLOGY

The following section presents the methodology which was undertaken for this study. We begin with presenting and motivating the research method. Next, the data collection methods are introduced and accompanied by a motivation for the case organizations and respondents. This is followed by an outline of how we have conducted the data analysis. Finally, we address the research quality and limitations of the gathered data.

3.1 RESEARCH APPROACH

We are investigating the practice of adoption of SR in NPOs, and how this relates to stakeholder accountability, by conducting a multiple explanatory case study of five organizations. Case studies can involve either investigating a single unit or multiple units within a certain context (Ryan et al. 2002). When applied in the field of accounting, the method can help the researcher to understand and explain the deciding factors to existing practices. Thus, the difference between an explorative and explanatory case study is rather vague where an exploratory study may produce results which could be used to explain accounting behaviours (Ryan et al. 2002). Eriksson and Kovalainen (2008) state this qualitative methodology approach allows to focus on the identified question and its complexity, within the specific context. It will further assist in creating new knowledge regarding the phenomenon and by rooting our study in the introduced theoretical framework, find explanatory factors to make sense of the current situation and elaborate on potential problematic areas which has held back the adoption rate. Due to the explanatory character of the performed case study, the research approach will be characterized by an interpretivist philosophical position. This is beneficial for the study's purpose since analysing qualitative data requires one to focus on understanding human behaviour and to interpret the examined situation (Kovalainen and Eriksson, 2008). According to Yin (2002) there are different ways to report a case study. Our study is built upon a linear-analytic structure which Yin (2002) explains starts with an outline of the problem formulation together with the research question. This is followed by the theoretical framework, and methodology section and finally the findings alongside analysis, discussion and concluding ideas. Moreover, the work process up till performing the analysis and discussion on our topic, is outlined below in Fig. 2.

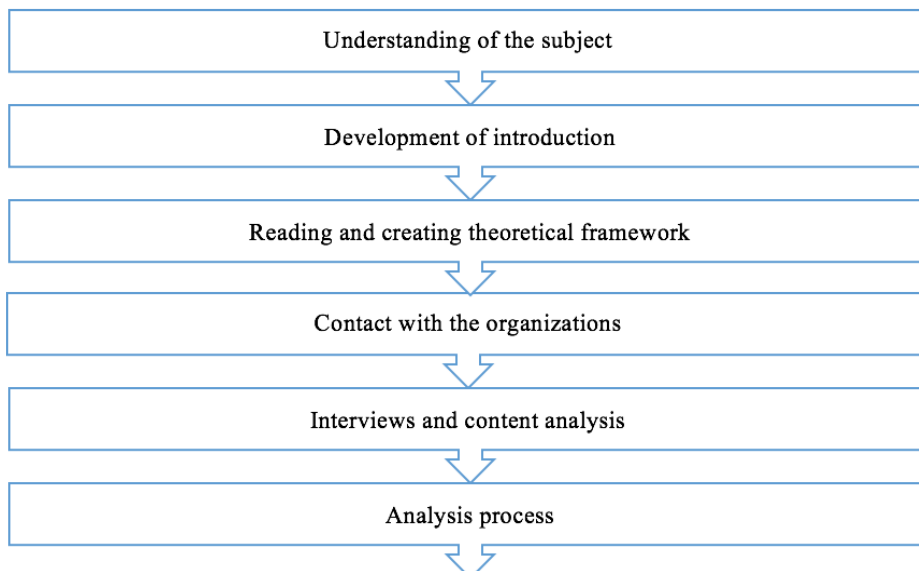


Fig 2. Work Process

3.2 DATA COLLECTION

The data collection has taken place over two months between March and April in year 2018, and has been performed through two types of methods; interviews and document reviews of both annual reports and

sustainability reports (in those cases it exists) from year 2016. This choice is motivated by the character of our research questions which requires us to gather primary data from the organizations and further, to add to this data with what the organizations have disclosed in reports. This choice of method and the suitability of data collecting methods, are motivated by its ability to answer the research question (Eriksson and Kovalainen, 2008). A content analysis will give us information of what is reported and further, how it is reported. Alongside the findings from the interviews, these results will assist us in exploring and explaining the current adoption of SR practices in the nonprofit sector. These two data collection methods are complementary and can therefore well be applied simultaneously and this will add to the interpretation (Collis and Hussey, 2013).

3.2.1 Selection of Organizations

Our case study will examine Swedish organizations in the nonprofit sector, since this association type is the focal point. When choosing a sample in a qualitative interpretivist study, one do not need to select a random sample since the aim is not to analyse the data statistically and generalize from the sample to the population (Collis and Hussey, 2013). We have selected the organizations based on their SR practices. Thus, we have selected two organizations, Rädde Barnen and Fair Action, which produce a separate sustainability report for the examined year. These two organization are two out of few NPOs in Sweden, which are not government funded, who produce a report accordingly with GRI. This is a purposive sampling process and refers to when the objects are chosen due to their knowledge within the examined area (Collis and Hussey, 2013). The three organizations who do not explicitly produce a sustainability report, were selected through convenience sampling i.e. they met our selection criteria and they agreed to be part of the study. By selecting organizations which both produce a sustainability report and not, allows us to explore the motives behind both approaches and to understand the reason to why practices differs between organizations. In each cluster, we have decided to examine at least one, per definition, large company, and one small or medium-sized. The size aspect is interesting from an institutional theoretical perspective, why we want to review organizations of varying sizes. According to Collis and Hussey (2013), an interpretivist study should limit the scope by not collecting too large volumes of data since focus in on in-depth understanding. This could make the analysis process difficult and unfocused. We have considered this fact and selected a sample of five organizations. Table A presents the organizations. Organizational size is measured accordingly with the EU-recommendations 2003/361, where two out of three prerequisites must be fulfilled (EU Commission, 2018).

Organization	Purpose	Size	Produce a sustainability report (for 2016)
Rädde Barnen (Sweden)	Rädde Barnen is a child rights organization working to guarantee that all children get their rights protected and they further support children in exposed areas and environments.	Large	Yes (GRI)
Fair Action	Fair Action is a nonprofit organization working on ensuring that companies act responsible and consider their impact on people and the environment.	SME	Yes (GRI)
Röda Korset (Sweden)	Röda Korset is fighting to saving people's lives and give hope to people around the world. Some of their work they do is to help people affected by armed conflicts, react to tragedies in conflict	Large	No (Includes a chapter in the annual report)

	zones, addressing sexual violence, help people with disabilities and so on.		
Amnesty (Sweden)	Amnesty International's vision is of a world in which every person enjoys all the human rights enshrined in the Universal Declaration of Human Rights and other international human rights instruments. In pursuit of this vision, Amnesty International's mission is to undertake research and action focused on preventing and ending grave abuses of these rights.	SME	No
Cancerfonden	Their aim is that fewer individuals will suffer from cancer and that more will survive cancer. To reach their vision, they engage in activities involving, funding of research, distribution of knowledge and impact work.	Large	No

Table A. Introduction of the case organizations

3.2.2 Interviews

We have conducted five semi-structured interviews to collect the empirical data we need for the analyse. There are a few different approaches to interviews depending on what the researcher interested of. It is a well-suited and efficient method when gathering information on a phenomenon which is not made public in other form (Eriksson and Kovalainen, 2008). Under an interpretivist paradigm, interviews are either semi-structured or unstructured to examine the actions and attitudes towards the researched phenomenon (Collis and Hussey, 2013). The aim with the interviews is to gain knowledge about why the responding organizations choose to report on sustainability, or on the contrary, not report on the matter. In addition to this, we seek to understand how the organizations view the link between SR and how stakeholder participation and communication is exercised. Our purpose with the interviews is characterized by both “what” and “how” questions which makes it suitable to perform semi-structured interviews (Eriksson and Kovalainen, 2008). This approach allows us to base and focus the interviews around the pre-written interview guide, but gives enough flexibility to adapt the questions when needed or add sub-questions.

Contact was established with the sample organizations through e-mail and the interviews were conducted via telephone. The interview guide was sent to all respondents approximately one week before the interview took place and this was a request made by the respondents. The respondents have been selected based on their involvement and knowledge in sustainability questions. The interview guide was modified when interviewing those organizations which did not produce an explicit sustainability report.

Organization	Respondent	Date for interview
Rädda Barnen (Sweden)	R1, Junior Project Leader	2018-03-20
Fair Action	R2, Financial Officer	2018-03-21
Röda Korset (Sweden)	R3, Organizational Developer	2018-03-15
Amnesty (Sweden)	R4, Head of Department (Resources and Control)	2018-03-20
Cancerfonden	R5, Head of Strategic Coordination	2018-03-19

Table B. Interview respondents

3.2.3 Document Review

In business research, collecting secondary data can be a useful complement to for example interviews when performing a case study (Eriksson and Kovalainen, 2008). We have reviewed the contents related to sustainability actions and impacts in the annual reports from 2016 and in separate sustainability reports when these exist². The year we have reviewed is the latest available report covering operations in year 2016 and was published in year 2017. The GRI Core guidelines and the supplement for the NGO sector has been used as a guide when conducting the search. This choice is motivated by GRI's prominent role as a framework for SR, its previous use in similar studies performing content analysis and by the fact that GRI has introduced a sector specific supplement to capture the specific needs of the sector. Below follows table C displaying what aspects we have included in our search.

Category	Aspect
Labor practices and Decent work	Employment Labor/Management Relations Occupational Health and Safety + Training and Education + Diversity and Equal Opportunities Equal Remuneration for Women and Men Supplier Assessment for Labor Practices Labor Practices Grievance Mechanisms
Human Rights	Investment Non-discrimination Freedom of Association & Collective Bargaining Child Labor Forced or Compulsory Labor Security Practices Indigenous Rights Assessment Supplier Human Rights Assessment Human Rights Grievance Mechanisms
Society	Local Communities Anti-corruption + Public Policy Anti-competitive Behavior Compliance Supplier Assessment for Impacts on Society Grievance Mechanisms for Impact on
Product Responsibility	Customer Health and Safety Product and Service Labeling Marketing Communications + Customer Privacy Compliance Affected Stakeholder Engagement ++ Feedback, Complaints and Action ++ Monitoring, Evaluation and Learning ++ Gender and Diversity ++ Public Awareness and Advocacy ++ Coordination ++
Economic	Economic Performance + Market Presence Indirect economic Impacts Procurement Practices Resource Allocation ++ Socially-Responsible Investment ++ Ethical Fundraising ++
Environmental	Materials Energy Water Biodiversity Emissions Effluents and Waste Products and Services + Compliance Transport Overall Supplier Environmental Assessment Environmental Grievance Mechanisms

Table C. GRI NGO Sector Specific Supplement (Specific Standard Disclosures).

Green= Indicators solely included in the NGO sector supplement

+= Indicators that are part of the general guidelines but contains an additional requirement for the NGO sector

² View reports in Reference chapter 7.1, Annual and Sustainability reports.

The contents in the analysis are categorized accordingly with GRI's Core guidelines and the supplement for the NGO/NPO sector. When performing the content analysis of the reports, the grading system derived from a model developed by Beck et al. (2010) has been applied. They have developed the method consolidated narrative interrogation (CONI) which provides a measure of information diversity, information content and volume. In broad terms, the CONI model comprises a combination between a mechanistic approach to content analysis and an interpretative one. The mechanistic approach often focuses on volumetric measurements and/or frequency of certain words or phrases whereas an interpretative approach seeks to analyse narratives in a more qualitative way. In this study, the contents have further been graded on a scale from 1 to 5 based on its quantitative and qualitative (narrative) characteristics. View Table D for classification. In the case when a disclosure is binary and can not be graded accordingly with the scale, the disclosure has received a 5 when including information and grade 0 when not including the information.

Disclosure type/grade	Definition
0	No disclosure
1	Disclosure addresses issue related to category definition; pure narrative
2	Disclosure addresses issue related to category and provides details; pure narrative
3	Disclosure addresses issue related to category in numerical way; purely quantitative
4	Disclosure addresses issue related to category in numerical way, including qualitative explanations; narrative and quantitative
5	Any numerical disclosure to the category including qualitative statements demonstrating year comparisons; narrative, quantitative and comparable

Table D. Coding scheme derived from the CONI model introduced by Beck et al. (2010).

Content analysis is a descriptive method, and one limitation of this method is that the disclosed information may not disclose the primary motives for the observed patterns. It could be problematic for an organization to describe some actions and insights in words (Elo and Kyngäs, 2008). In addition to this a manual content analysis, contains a portion of self-judgement which may impact the credibility. The applied grading system based on the CONI model allowed us to capture variations in the disclosures. However, it is important to keep in mind the risk for inaccuracy. To avoid bias, the two researches have conducted the content analysis separately and thereafter compared the results to ensure accuracy.

3.3 DATA ANALYSIS

The basis and starting point for the analysis is the introduced Accountability Model (Fig 1.). The research questions are integrated in the model's elements and the model presents the steps which have been analysed in order to answer our main research question. When analysing quantitative data, such from the content analysis, there are universally accepted methods available whereas qualitative data pose us with more of a challenge since there is no generic method for conducting the analysis (Collis and Hussey, 2013). A hermeneutic interpretivist approach during the analysis process. This approach is proven suitable when conducting an explanatory study with explorative features (Eriksson and Kovalainen, 2008). Collin and Hussey (2013) states that it is further important with reflection in this type of study to eliminate data which is not relevant for the study. This was considered when scrutinizing the gathered data and deciding what data is necessary to answer the research question. Ryan et al. (2002) explain that case studies are suggested to be a method where the findings beneficially, can be explained by applying established theories which is why we have chosen to use Institutional Theory.

The first step of the analysis process has been to screen the material in a systematic way and compromise all data from both interviews and content analysis, which is identified as meaningful for our analysis and discussion. The process has been focused around selecting and highlighting the findings which are most relevant to answer our research question and thereafter, interpreting the findings by connecting to the theoretical framework. The research data stems from the conducted interviews and from the performed content analysis. The introduced Accountability model has been operationalized through determining how we measure SR and how we concretize the process of stakeholder participation. The first element is estimated through a systematic search for disclosed sustainability aspects which has been derived from GRI's supplement for NGOs (view Table C). The second element, level of stakeholder participation, is estimated by applying Manetti and Toccafondi's three step model (outlined in theoretical framework) for achieving adequate stakeholder participation.

Subsequently to performing the document review and content analysis accordingly with the CONI model, we have summarized the most relevant results in various staple diagrams to display the volume and character of the disclosures. To attain the diagrams, we have calculated the maximum total score for both GRI's General Standard Disclosures and for GRI's Specific Standard Disclosures and thereafter, the total score attained by each organization. In this way, we could subtract the compliance level for both disclosure types for all organizations. The selected diagrams are motivated by that we want to show how each organization weights each dimension of sustainability, economic aspect, social aspects and environmental aspects, against each other. We also seek to demonstrate the overall differences among the organizations for both General, Specific and Sector Specific GRI aspects. The result of the content analysis will be used as indicator of level of discharged accountability. Drawing on the accountability literature presented in chapter 2, it is suggested that when sharing extensive information on all areas of operations with stakeholders, an organization allows the stakeholders to hold them responsible and demand accountability. The second element we have analysed is the stakeholder participation. When conducting the interviews, we have assigned one part of the interview guide to questions regarding stakeholder engagement and communication. The results have been matched against Manetti and Toccafondi's three step model to estimate how extensive and integrative their stakeholder dialogue is.

After assessing each organization's performance and deriving patterns within the sector, we have linked the findings to the concept of accountability by searching for explanatory factors in the theoretical framework. Due to the complexity and multifaceted character of the accountability concept, it is impossible to state the definite impact of the organization's behaviour and actions, on stakeholder accountability. However, by operationalizing the Accountability model originally presented by Gray et al. (1996), we attempt to draw conclusions regarding the phenomenon which are rooted in previous research and therefore are showing a truthful picture. Interpretation has been a major part of the analysis process.

3.4 RESEARCH QUALITY

In this study, we have applied a dual data collection method which therefore requires us to review the data quality from two perspectives. We have judged the research quality based on credibility, transferability, and confirmability alongside reliability and validity.

According to Collis and Hussey (2013) and when conducting an interpretivist study, it is important to consider the data integrity when selecting a suitable method. Evaluating the quality of a case study is a complex task and methods for evaluating varies noticeably across the literature (Eriksson and Kovalainen, 2008). The aim with a case study is not establish new knowledge which can be generalized to a whole population (Eriksson and Kovalainen, 2008; Ryan et al. 2002). This case study includes five organizations, which is considered a fairly low number and therefore, it limits the generalizing power of our results. Our findings may however provide us with an indicator on how the examined sector has adopted SR practices.

Perhaps even more importantly, our research can be useful in creating hypotheses which can be furthered tested in future research which involves larger samples (Ryan et al. 2002). Transferability has been considered when providing detailed background data to allow for the study to be repeated and for comparisons to be enabled.

To ensure a sufficient degree of reliability, we will carefully document the answers during the interviews through transcription (Ryan et al. 2002). This also relates to the credibility factor brought up by Shenton (2004) where use of different methods can create triangulation. Thus, multiple methods can compensate for their individual limitations. In addition to this, credibility has been ensured by offering the respondents to be part of the study and the interviews have not been leading, neither have we implied that there are any correct answers. We have also given all respondents the opportunity to read through our findings before finalizing the thesis to ensure the accuracy. By demonstrating our findings clearly, it will enable other people to examine what has been done. Also, according to Ryan et al (2002) to increase the reliability, it is important to use a good research design which is suitable for the specific research question. When conducting this study, we have made our research question clearer by adding two sub-questions. When discussing the validity of the study, contextual validity has been considered most important due to the case study method. Contextual validity refers to the credibility of the case study findings and further, the conclusions which are stated therefrom (Ryan et al. 2002).

The validity should be considered of each part of the results. It can be assessed by comparing findings with other kinds of evidence regarding the same matter (Ryan et al. 2002). This, we have been done by comparing the interview findings with the disclosed information in the annual and sustainability reports. This allowed us to judge if the same information is confirmed and establish triangulation. To increase the validity, evidence might be collected from different sources (Ryan et al. 2002), why we have collected data from both documents and interviews. The researcher should further judge the validity of their own interpretations of the evidence. By conducting this research through collaboration between two researchers, the risk of possible influence of investigator bias has decreased and conformability has been facilitated (Shenton, 2004). However, the issue with this study might still be the authors' similar educational backgrounds and areas of interests, which might lead to one common bias.

3.4.1 Secondary Data

To conduct the content analysis, secondary data was collected. The reason behind using secondary data was to get a broader understanding of the organizations, and to identify the compliance rate with the GRI guidelines (both general and specific). It is complementary to the interviews, and will give us a broader understanding of the sustainability work and how far each organization have come in the development of sustainability disclosures. The secondary data in this study will be collected from annual and sustainability reports. According to Stanton and Stanton (2002), annual reports are written from a perspective to favour the corporation's image. Having a trustful attitude towards social aspects will in the long run attract more stakeholders (Grafström et al. 2010). Therefore, this risk for bias is something we will keep in mind when analysing the results from the content analysis.

4. Empirical Findings

The findings alongside the analysis and interpretation of the findings, are presented accordingly with the Accountability Model (Fig 1) introduced in theoretical framework. Firstly, an introduction of the organizations will be provided to gain understanding of the NPOs in our study. Thereafter, the findings and analysis will be presented. The findings further consist of the results from the performed content analysis of the annual report and SR, and the results from the conducted interviews. The results will be analysed separately accordingly with the elements described in the Accountability Model (Fig 1.) In the next chapter, the discussion, the results will be linked together and analysed from an accountability point-of-view.

4.1 PARTICIPATING ORGANIZATIONS

Amnesty works worldwide towards creating a better life and justice for individuals which have their human rights violated. International justice, discrimination, detention, freedom of expression and torture are examples of areas where they actively operate. Amnesty does not produce a sustainability report.

Cancerfonden's vision is to defeat cancer and the organization raises funds to support cancer research and the distribution of knowledge. Cancerfonden has not prior to the introduction of the new EU-directive (2014/95/EU) published a SR but are affected by the requirement so will start SR from year 2017.

Fair Action is a NPO working on ensuring that companies act responsible and consider their impact on people and the environment. They review how companies' products and services are produced and put pressure on companies to improve the working conditions for their employees through the whole supply chain. Fair Action has produced a sustainability report since year 2015.

Rädda Barnen is a child rights organization working to guarantee that all children get their rights protected and they support children in exposed areas and environments. Aid is provided to those who lacks support from parents, children living in war and poverty or/and children that cannot attend school (Rädda Barnen, 2018). Rädda Barnen is present both internationally and in Sweden, and in this study, we have examined the Swedish organization. Rädda Barnen has produced a sustainability report since year 2012. Before this, there was a chapter on sustainability information included in the annual report.

Swedish Röda Korset (after mentioned as Röda Korset) is one of the world's largest disaster organizations. They carry out humanitarian activities relating to emergency relief in, and in readiness for, armed conflicts, natural disasters and other emergencies nationally and internationally, reduces risks and strengthens resilience, and promotes international humanitarian law and humanitarian values. Röda Korset has not produced a sustainability report prior to the introduction of the EU-directive but has included a chapter on sustainability impact in their annual report. For year 2017, they published their first SR.

4.2 SUSTAINABILITY FUNCTION

The results from the interviews reveal that none of the organizations have an actual sustainability function in their organizations. Röda Korset, Rädda Barnen and Fair Action do however have employees which have sustainability questions as part of their work assignment. Being responsible for sustainability question is a part of a wider role in the organizations e.g. a controller or a coordination role. When inquiring about who is responsible for the sustainability work and report, R2 at Fair Action and R1 at Rädda Barnen underscore that all employees work with sustainability since this is permeates all operations. Sustainability appears to be a mutual responsibility in the organizations where one or two personnel are responsible for the actual production of the sustainability report (Rädda Barnen and Fair Action).

To have one specific person which is responsible and exclusively dedicated to the sustainability work is a matter of cost and time and the benefits must exceed the cost.

“SR is a comprehensive task and every hour for us is important. All time we dedicate to SR must be balanced against the time we spend on our operational work” – R3 at Röda Korset, 2018

R5 at Cancerfonden believes that their sustainability work will increase over time and therefore, they are likely to need one person who is responsible for the sustainability work in the future. Amnesty do not have any representative for sustainability efforts and during the interview, it is made clear that this depends on their relatively small size.

“We are not big enough to have a sustainability function” – R4 at Amnesty, 2018

4.3 WHAT INFORMATION IS BEING REPORTED?

GRI guidelines are divided into two parts, General Standard Disclosures and Specific Standard Disclosures. The General Standard Disclosures includes a set of indicators which are used to report contextual information regarding strategy aspects, organizational profile and governance. The Specific Standard Disclosures are further divided into three sub-categories, Economical, Environmental and Social indicators. Within the social category, performance is measured in the area of Labour Practices and Decent Work, Human Rights, Society and Products and Services. It is further the Specific Standard Disclosures which captures the traditional sustainability aspects and indicate the organization’s environmental, economical and social impact.

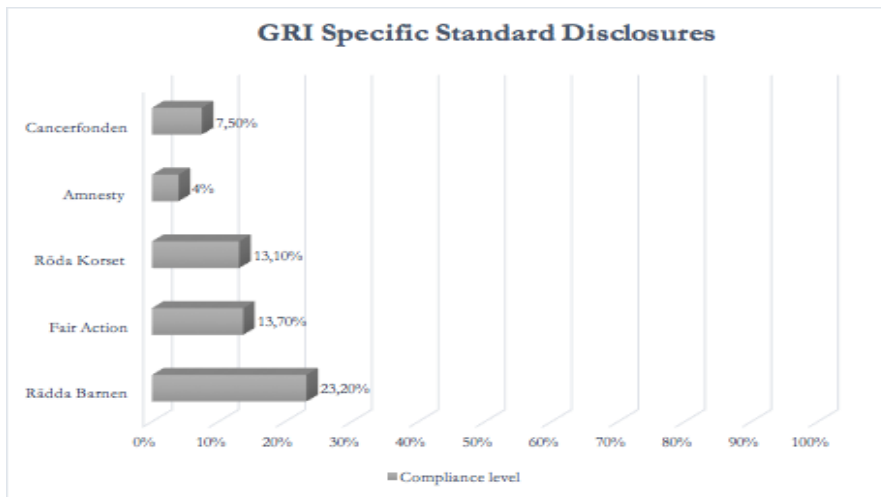


Fig. 3 GRI Specific Standard Disclosures (View Appendix 2 for full coverage)

The results from the content analysis reveals that Rädda Barnen has a compliance level which equals 23,2% when reviewing the GRI index referring to Specific Standard Disclosures. Following these results are Röda Korset (13,1%) and Fair Action (13,7 %) which have similar amounts of disclosures. Noteworthy is that Fair Action has a sustainability report based on GRI’s guidelines, whereas Röda Korset only includes a chapter on sustainability aspects but still their reporting is almost equally extensive. Cancerfonden includes 7,5% of the indicators and Amnesty shows the lowest compliance level and has merely a 4% degree of fulfilment.

R2 at Fair Action further explains the will to set a good example as the main motivation for producing a sustainability report.

“We place high demands on the companies whose sustainability reports we review. To set high standards, we feel that we must meet these requirements ourselves” – R2 at Fair Action, 2018

All organizations’ core mission includes a social agenda, where they all are engaged in society’s well-being. Amnesty have a broad spectrum of different areas where they operate in society, compared to Cancerfonden who have a narrower area of operation. Noteworthy is that Amnesty have fewer sustainability related disclosures than Cancerfonden, even though their operations include a wider spectrum of social responsibility activities.

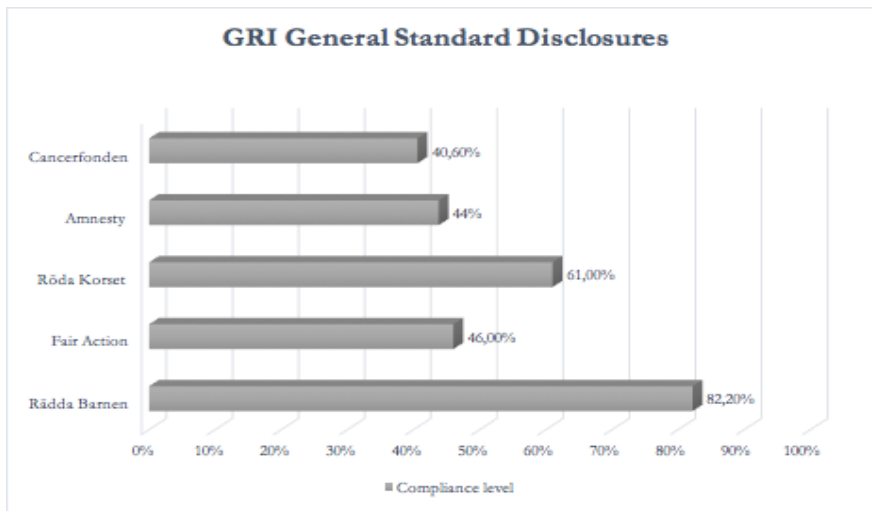


Fig. 4 GRI General Standard Disclosures (View full coverage in Appendix 1)

Figure 4 shows how the companies performed regarding GRI *General* Standard Disclosures. Rädda Barnen have an 82,2% compliance level which is significantly higher than any other organization. They are followed by Röda Korset on a 61,0% degree of fulfilment and thereafter the three remaining organizations have a relatively similar compliance level. Fair Action reports on 46,0% of the indicators, Amnesty on 44% and lastly, Cancerfonden disclose information on 40,6% the indicators.

Overall, all organizations have a significantly higher compliance rate regarding the General Standard Disclosures than when analysing the Specific Standard Disclosures. However, R2 at Fair Action, R4 at Amnesty and R3 at Röda Korset explain that they do not believe the lag in adopting SR practices is due to a lack of knowledge on how to establish a sustainability report.

“I do not believe lack of knowledge have been a hinder for nonprofit organizations to establish an SR. Rather, we have not felt any pressure from society to establish a SR, and the new EU-directive will neither put pressure on us to establish a separate SR in the future, it would suffice to include the sustainability information in our annual report.”
 – R3 at Röda Korset, 2018

In the same time, according to the statement about the lack of knowledge, Amnesty claims that “I remember and think I have hear about the NGO sector specific supplement before, but I can not recognize from where I have heard it...” – R4 at Amnesty, 2018

According to GRI (2014), the Specific Disclosures should only be reported on if they are perceived as material. Below in Fig. 5, we review the contents of the disclosures in more detail and examines the indicators included in the GRI NGO Sector Supplement for Specific Disclosures exclusively.

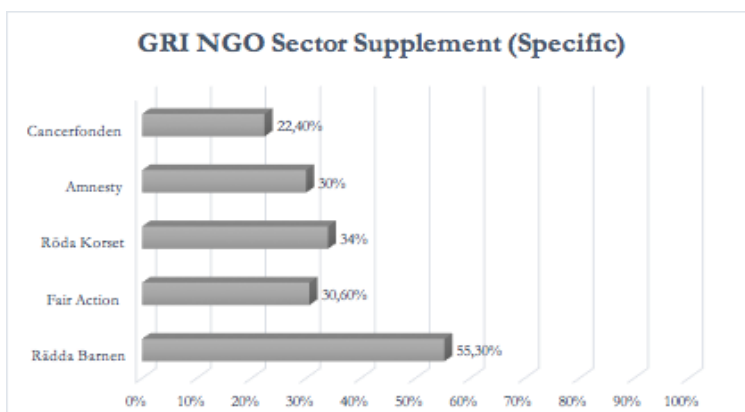


Fig. 5 GRI NGO Sector Specific Supplement (View full coverage in Appendix 2)

For all organizations, the amount of disclosures related to these NGO specific indicators are superior to those included in the standard GRI guidelines for Specific Disclosures. This result implies a greater effort from the organizations to inform their impact and processes regarding these areas. The GRI NGO sector supplement contains indicators which are viewed as more useful for this industry and therefore it might be more relevant for the organizations to report on these to their stakeholders. The aim with the supplement is further to accommodate this sector specific needs and to improve both quality and usefulness of the provided CSR information. In stating this, Rädda Barnen is still the only organization that reach the 50% mark of fulfillment. Even though the level of compliance is higher compared to GRI's Specific Standard Disclosures, it is still relatively low in relation to the total NGO Specific Disclosures possible to disclose.

From the total compilation, it is apparent that the case organizations are relatively similar when selecting what NGO indicators to report on. Röda Korset and Rädda Barnen have a significantly higher score on the disclosures describing economic behaviour i.e. resource allocation, socially-responsible investment, ethical fundraising (View appendix 1). Cancerfonden do report on all the three economic NGO disclosures but receives a lower score compared to the other two organizations. Amnesty and Fair Action do only report on Ethical Fundraising, where Amnesty received the lowest score and Fair Action the highest. The overall high score supports the findings in which majority of the organizations emphasized that their most important aspect to report on, involves trust and how they distribute their funds.

Furthermore, reaching the highest score on *resource allocation* does according to GRI imply that the organization have identified a system by tracking its resources, ensure funding is used for the purpose intended by donors. This is also explained to be a very important part for Röda Korset, Rädda Barnen and Cancerfonden in the interviews.

“According to our materiality analysis, the most important aspects are the ones connected to trust and responsibility and how we work with the donors’ money” – R3 at Röda Korset, 2018

For the disclosure on *Ethical Fundraising*, a high score indicates that the organization have ethical routines when accepting donations and other gifts (GRI, 2014). All organizations have included information about how their processes are carried out, and Röda Korset, Rädda Barnen and Fair Action all received the highest score possible.

When reviewing the NGO specific social disclosures, the *affected stakeholders engagement*, is the most reported indicator among all organizations. This refers to the process of involving affected stakeholder groups in the implementation, design and evaluation of programs and policies. Below in Fig.6, the internal division between disclosures for each organization’s total sustainability related disclosures is shown.

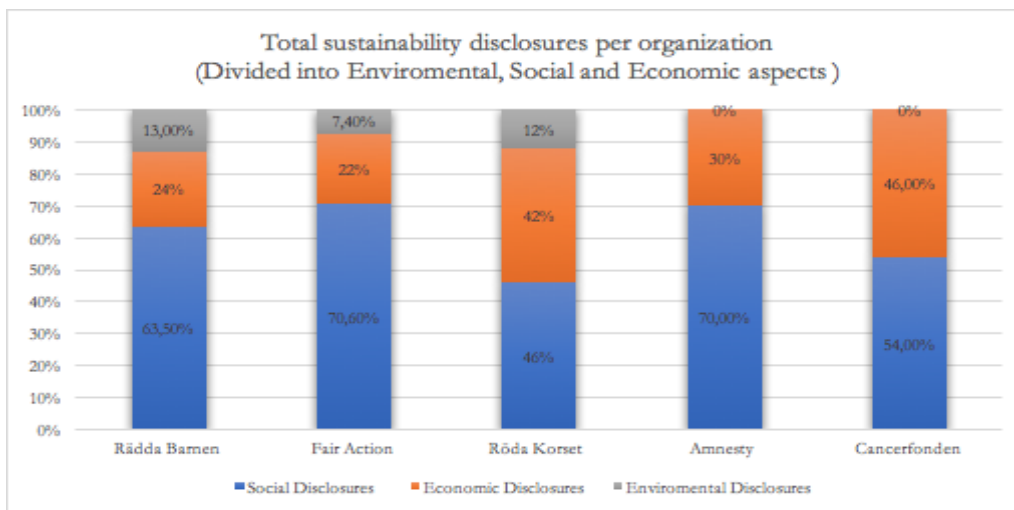


Fig. 6 Total amount of sustainability related disclosures divided into economic, social and environmental disclosures

It further reveals the proportion between the three main categories; economic, environmental and social disclosures. Amnesty and Cancerfonden have not disclosed any information on environmental aspects (0%). Röda Korset, Fair Action and Rädda Barnen have some environmental disclosures but compared to the economic and social disclosures, the environmental category is under-represented. For all organizations, besides from Röda Korset, the social disclosures are dominant. Fair Action and Amnesty top the list with 70% social disclosures out of the total sustainability related disclosures.

Sustainability activities within the organizations seem to be a of an important growing matter, and when inquiring about the time horizon for the sustainability initiatives, it is obvious that majority of the NPOs consider their impact from a long-term perspective.

“When working with sustainability, it has to be on a long-term basis. Otherwise it contradicts the purpose of being sustainable...” – R3 at Röda Korset, 2018

“We work almost exclusively with long-term sustainability goals, otherwise it would have been hard to work with sustainability” –R1 at Rädda Barnen, 2018

4.4 THE MATERIALITY PROCESS AND MATERIAL ASPECTS

Overall, the respondents struggled with explaining how the materiality analysis for the SR was conducted. Some organizations stated that the process was done a long time ago, and consequently, the respondents did not know much about it. However, both R3 at Röda Korset and R1 at Rädda Barnen point out that they have performed a materiality analysis. The process is quite similar for the two, they have had a group of various people with different competencies within the organization which have analysed documentation from stakeholder dialogue to find out what aspects are sought after. For the remaining three organizations, they simply did not put much effort into a materiality process due to their small organizational size and absence of a SR. Moreover, the materiality process was in the pipeline for one of the organizations.

“In the future reports, we will explain the stakeholder dialogue and the materiality analysis more. Before we have not had any active process regarding this.” – R2 at Fair Action, 2018

When inquiring about the most material aspects for each organization, the answers differed a bit due to their varying operational purposes. All organizations based the material aspects on their purpose and they all identified a link between the two.

The data in Figure 6 goes hand in hand with what was said during the interviews and regarding the materiality process. R5 at Cancerfonden explains that they believe all three dimensions of sustainability; the social, environmental and economical, are important to report on but the environmental aspects have the weakest link to their core operations and this is suggested to be a motivation for the scarce representation. They do however mention areas where they can consider environmental impact.

“We could for example think about our travelling habits. But this area is very limited, hence there is no point to report on the matter...” – R5 at Cancerfonden, 2018

They further expressed that social and personnel questions are a priority. R4 at Amnesty agree with R5 at Cancerfonden and mentions that the environmental dimension is experienced as important from the general public’s perspective but that the reporting on these aspects might be needless due to their size. Instead, social aspects referring to work conditions and discrimination are perceived as interesting and relevant.

“We are just one office, why environmental aspects become rather uninteresting” – R4 at Amnesty, 2018

In alignment with this, R1 at Rädda Barnen claims the most important questions for them are the social ones, based on their operational mission. Nonetheless, they acknowledge the importance of the environmental and economic aspects as well, and that all aspects are linked together. They also emphasize aspects that are connected to trust and responsibility. R3 at Röda Korset is the only organization which

highlights environmental aspects among the most important during the interview, why it is then surprising that environmental disclosures derived from the content analysis only represent 12% of the total sustainability disclosures. R3 at Röda Korset explain that since they provide help in places affected by climate related catastrophes, it would be very questionable for their organization which actively work internally to reduce the organization's contribution to climate change, to not lift these questions. R3 at Röda Korset further acknowledges the importance of reporting on how they raise their funds in an ethical manner."

4.5 GRI - THE DOMINATING FRAMEWORK FOR SR

The two organizations which have a sustainability report for the examined year of 2016 and thus prior to the introduction of the EU-directive (Rädda Barnen and Fair Action), have applied the GRI framework for guidance and further included the GRI-index in the report. The GRI framework contains a great number of indicators to report on and organizations can choose if they want to reach a core or comprehensive compliance level. R2 at Fair Action mentions that the GRI framework is sometimes too rigid and inflexible and for a small organization like themselves, it is complicated to follow and some indicators are not applicable to their organization. The respondents claim that they are more *influenced* by GRI than complying with it fully. In the meantime, R2 at Fair Action acknowledges that GRI is still a suitable framework for them and above all, it is valuable for them to educate themselves on the guidelines since the companies they review are often applying it.

R5 at Cancerfonden believes that GRI is more relevant, and best-fitted for profit-driven organizations. Therefore, they sometimes have trouble to see the relevance with the framework. R1 at Rädda Barnen claims that GRI is a comprehensive framework which covers sustainability aspects in all dimensions. In the same time, there lies a strong focus on products, customer and sales, and for a NPO this can be problematic since these aspects are not applicable on their organization. However, the GRI NGO Sector Specific Supplement suits their organization better, when for example including information referring to the volunteers. They consider this to be more relevant for Rädda Barnen, even though it might be hard to always find them in the framework. R1 at Rädda Barnen also concludes that translating the framework from English to Swedish can be an issue sometimes, and to catch all allusions right. Regardless of GRI's flaws, all organization felt that it is good to have a framework to base the SR on for them to know they are doing the right thing and measure relevant aspects. This is also something that R1 at Rädda Barnen agree with, but they also state that it can be hard to translate information from GRI Core. Another thing that R1 points out as difficult, is that other organizations design varying style reports, which makes it hard to compare due to the different outlooks and designs. R1 further suggest that it would be easier if all NPOs would apply the same reporting guidelines so the reports would be uniform and consistent.

4.6 CONSTRAINTS BEHIND SR

The results from the empirical investigation revealed two main constraints on SR; prioritizing limited resources such as limited funds, time and staff, and a lack of pressure, both exercised by the NPOs themselves and by external parties.

4.6.1 Prioritizing Limited Resources

To report on sustainability requires a considerable amount of time. R3 at Röda Korset explains that every hour in their organization is of high importance and all time they spend on SR, must be balanced against the total time available. R5 at Cancerfonden and R2 at Fair Action agree with this statement. R2 further states that establishing a sustainability report requires both time and money, and if an organization do not need to report on sustainability aspects, these resources can instead be saved and put to better use elsewhere. The benefits must be considered to exceed the cost, measured in time and money spent, for SR to be a motivated choice. This appears from the interviews to be hard to estimate and to further see any direct

positive effects from SR. According to R5 at Cancerfonden, the main reason why they have not produced a sustainability report prior to the introduction of the EU-directive, is not a lack of resources, instead they have chosen to prioritize other things. R1 at Rädda Barnen believes that the organizations will instead prioritize their core operations and further underscores that it is vital for their stakeholders that the largest part possible of the gathered funds are spent on the aid actions. Further, that this might be the reason for the overall lag in adoption in the nonprofit sector.

“For us, the cost question is not a problem, but I believe it might be for some organizations. For us, it is important to put a lot of effort, time and energy on a good financial accounting. This will further also help us establish a better sustainability report and where it is easier to evaluate what we do good and what we can make better.” – R1 at Rädda Barnen, 2018

R2 at Fair Action states that the only negative aspect from establishing a SR is the cost aspect.

“With the introduction of the new EU-directive, there will be some organizations that must establish a SR, which will cost them a lot of money. This can be viewed as a burden.” –R2 at Fair Action, 2018

R5 at Cancerfonden adds that due to the voluntary character that many other NPOs have, excluding themselves from this category, one reason for not adopting SR could be linked to just this. That they are dependent on volunteers and do not have resources to spare on SR.

“I believe that to some extent it depends on that it is voluntary forces who carry many NPOs and it is about prioritizing limited resources. It can further be difficult to have a possibility to prioritize SR and see the linkages to one’s operations” – R5 at Cancerfonden, 2018

These organizations are driven by voluntarily forces and it is all about prioritizing the available resources. The *added value* is another aspect for Röda Korset. As a NPO, and from an external point-of-view, R3 believes that they are already viewed as an organization who acts sustainable since they contribute with sustainability to the society. Moreover, they question how much added value SR would lead to. Thus, in the end, the difference might not be significant.

“As an NPO, you are viewed as a sustainable organization anyway, because our core business and our work contribute to a sustainable development of the society. It might be important for us internally, but from an external perspective, it might not have much effect and quite little added value.” – R3 at Röda Korset, 2018

4.6.2 Lack of Pressure

R1 at Rädda Barnen believes that one reason why NPOs have lagged in adopting SR practices, is due to the absence of laws and the lack of requirements. Thus, they underscore that this should not be used as an excuse to not report.

“This is just my own opinion, but if you are an nonprofit organization, this fact itself, is a sufficient argument why we need to report on sustainability” –R1 at Rädda Barnen, 2018

This is supported by Fair Action where R2 states that NPOs have nor had the same legal obligations, and neither the requirements from society, but should set a good example and therefore report on their sustainability impact. R4 at Amnesty, who does not produce a report, are also in alignment with this thought even if R4 emphasises that due to their size, they have limited impact.

“However, you could say that we as an NPO, we should definitely report since we place great demands on other organizations to be transparent and self-reflecting and thus, limit their impact” – R4 at Amnesty, 2018

Moreover, R2 at Fair Action explains that NPOs might feel pressure to include certain sustainability aspects, even though they might not call it a sustainability report. Anti-corruption report is suggested to be an example. R5 at Cancerfonden states that it is more natural for profit-driven organizations to establish a sustainability report. The profit-driven organizations have responsibility against their shareholders to give financial return on invested capital, but NPOs also have capital to manage in a trustful way, even if there are no shareholders in focus.

R4 at Amnesty points out that NPOs in general have little impact on the environment compared to e.g. the manufacturing industry. If you are a manufacturing company, there is a greater reason to show your operations are carried out in a sustainable manner. This is suggested to be partly why NPOs experience less pressure. However, R4 claims that NPOs which operate larger aid projects should be interested to show how they carry out their work and promote sustainability.

Majority of the respondents thought that NPOs do not experience the same amount of external pressure as profit-driven entities. However, R1 at Rädda Barnen viewed the pressure the same for NPOs and for-profit organizations. They state that it is up to every actor to take responsibility and establish a SR, independently if the organization is profit-driven or an NPO. Also, they imagine that other external parties think that this kind of organization knows how to report on sustainability, just because their overall operational goal is associated with sustainability, and therefore, they become “the experts” within the area of SR. Moreover, difficulties with gathering input from stakeholders was mentioned.

In the same time, we do not get many follow-up questions on the sustainability report we have established.” – R1 at Rädda Barnen, 2018

Overall, the organizations do not feel any pressure from the society to establish a sustainability report. R5 at Cancerfonden explains they recently started to use the concept ‘sustainability’ more widely, because of the increased demand and the natural development of the term in the society. Moreover, R4 at Amnesty believes the pressure from the society to establish a sustainability report will increase in the future. The empirical results showed that sustainability is considered an integrated part of society nowadays.

“Sustainable development is a natural development in the society, which we should and want to be a part of” – R5 at Cancerfonden, 2018

R2 at Fair Action is not aware of any pressure, but claims the reason could be their small organizational size. R1 at Rädda Barnen believes that the pressure will increase in the future, when more organizations are establishing SR. The knowledge among the public will increase and they can therefore dispute the outcome.

4.7 DRIVERS BEHIND SR

The empirical results reveal that none of the participating organizations believe that a sustainability report could lead to any negative consequences. On the contrary, the respondents identify only positive effects from SR and the main drivers are separated into internal and external drivers.

4.7.1 Internal Processes and Learning

When inquiring about what benefits the NPOs associated with SR, their own (internal) work processes related to sustainability matters was mentioned as a positive aspect. SR will allow the NPOs to develop and become aware of their processes and to identify improvement areas. This benefit is in alignment with what R3 at Röda Korset, R1 at Rädda Barnen and R2 at Fair Action suggest and they add that it is required from organizations today to be in the front edge in regards to both ecological, social and economic work. R3 further means that SR will help them identify flawed areas within operations. R5 at Cancerfonden believes that SR will contribute to increased clarity regarding what to do and how to establish SR practices.

Again, this type of organizations is viewed as the “expert” within the sustainability and from an external point-of-view, a sustainability report will help them improve their own knowledge so they can better help

other organizations. R2 at Fair Action highlights the benefit of SR enabling them to compare their internal work over time. This is also mentioned by R1 at Rädga Barnen who states that one of the benefits from SR, is to be able to follow their improvements and make sure that they are developing in the right direction. In addition to this, Fair Action who are reviewing other organizations' sustainability reports and operations, need to possess comprehensive knowledge of current frameworks and requirements. This will be facilitated by themselves establishing a SR and learning about practices.

4.7.2 Increased Transparency and Credibility

One dimension of SR, is the benefits from being perceived as more transparent towards stakeholders and thus, building more credibility around their brand. R5 at Cancerfonden underscores the importance of credibility and transparency, both for donors and individuals seeking information about their organization. NPOs rely on donations, why it is vital to have an accepted and credible brand. When successfully maintaining a strong position among other NPOs, this can result in more donations and this is an apparent benefit from SR. Reporting on one's impact facilitates the transparency process and can boost the legitimacy of an organization.

"To nurture our brand, it is important to keep a high degree of credibility and transparency." –R5 at Cancerfonden, 2018

"We are able to operate what we do thanks to private donors, which make SR important from a fundraising perspective" – R4 at Amnesty, 2018

R3 at Rödga Korset brings up their role as a CSR-partner for many profit-driven entities and emphasizes their responsibility towards this.

"We are strengthening our external position by showing how we work internally" – R3 at Rödga Korset, 2018

R3 and R1 also believe that SR could potentially lead to more donations. However, R1 underscores that the main driver for SR is to set a good example for other organizations. R4 at Amnesty, who does not produce a SR, still believes it has many positives.

"From my own perspective, I agree with that our members and donors should be able to demand that we as an NPO, show how we conduct our operations and that we do it in a sustainable way" – R4 at Amnesty, 2018

This argument is also supported by R1 at Rädga Barnen. R1 argue that it is contradictable if they do not live as they learn. If they want other organizations to report on their sustainability impact, it is important that they act as they require from others. R2 at Fair Action continues along the same argument;

"We put a lot of requirements on the organizations that we review, and try to encourage them to establish a SR. To be able to demand this, we feel that we must meet these standards ourselves" – R2 at Fair Action, 2018

4.8 STAKEHOLDER PARTICIPATION

The process of involving and communicating with stakeholders is a part of every organizations operations and judging from the empirical results, every organization have different approaches to this process. It is apparent that stakeholders are considered among all the responding organizations but to what extent they are involved in the SR process, and if their interests are considered when conducting the materiality analysis, differs between the organizations.

4.8.1 Who Are the Stakeholders?

All organizations have identified their stakeholder groups and Rädga Barnen, Amnesty and Cancerfonden have divided them into a primary and secondary cluster. Amnesty identifies their members and donors as the primary stakeholders and society and employees as secondary, whereas Cancerfonden's primary stakeholders include patients, authorities, researchers, donors and the secondary group contain suppliers,

other organizations and the pharmaceutical industry. Rädda Barnen considers the children who they supply help for as core stakeholders and among the secondary group are companies, partners, society, members, employees, donors and institutional donors. Röda Korset and Fair Action do not separate primary from secondary stakeholders but have similar interest groups. These include members, donors, companies, partner organizations, the public, employees and both organizations underscore the groups which they help as an important group. Fair Action states that their stakeholders consist of consumers, members, political decision-makers and other organizations.

For Rädda Barnen and Fair Action, who are the only two organizations who explicitly produce a sustainability report prior to the new law requirement, neither have directed the report towards a certain stakeholder group and assumes it to be relevant to all stakeholders. However, R1 at Rädda Barnen mentions donors, members and other organizations among those who are expected to be interested in this type of information.

“Even if the children are our main focus group, this are not the ones that will be able to read the report. Instead, companies, private donors, institutional donors and our members. Generally, the ones giving us money or the ones that are a part of our organization, such as our members are interested in reading the report” – R1 at Rädda Barnen, 2018

R3 at Röda Korset, who disclose a chapter on sustainability impact for year 2016, also believes the report to be relevant and of interest to all stakeholders and therefore do not have a certain group in mind when producing the report. R3 do however emphasize the importance of making the report understandable and readable to the users. R4 at Amnesty, who do not produce a sustainability report, believes that their members and donors would be most prone to take part of this information if they in the future decide to adopt SR as a practice.

The results from the interviews demonstrate that even though only three of the organizations divided stakeholder groups into primary and secondary, there appears to be a clear focus towards the groups which the organizations aim to help with their operations.

“Of course, the children are the most important” – R1 at Rädda Barnen, 2018

“I believe that the rights-holders, the people we work for which have been aggrieved, are our stakeholders and it is important when we help them that we don’t contribute to any oppression elsewhere” – R4 at Amnesty, 2018

The stakeholder group which are per definition the “receivers of the supplied aid”, is unique for NPOs. Moreover, this fact place the sector in a different place to profit-driven organizations as NPOs do not have the shareholders. The overall finding is that the organizations do not experience a need to further separate and prioritize stakeholders. This inclusive approach towards stakeholder groups, implies a wide stakeholder focus which in fact rimes well with the characteristics of an NPO i.e. working towards a social mission and towards fair treatment. Being a NPO, involves working closely with society as a whole and naturally, these organizations have numerous of stakeholders.

4.8.2 Stakeholder Dialogue

The findings from the interviews show that the stakeholder dialogue is central to all organizations. Yet, stakeholder communication directly linked to SR seems to be limited. The comprehensiveness of this type of dialogue reflect the sporadic adoption of SR practices and most communication appears to deal with other areas of operations such as how the donations are spent. R1 at Rädda Barnen and R3 at Röda Korset explain that trust related questions are core for their stakeholders and the most important ones. R1 points

out that questions regarding distribution of funds are of course related to sustainability as well, but is perhaps not what majority of people associate with the term. Moreover, the interviews reveal an emphasis on sustainability aspects which are linked to the core purpose i.e. social factors in the case of the participating organizations in this study. The results showed that the nonprofit sector is mostly reporting on sustainability matters within their own scope of practice. Environmental aspects are the category which least organizations reported on. Thus, one can see that both the results from the interviews and the results from the conducted content analysis, that social and economical matters are representing majority of disclosures. When inquiring about the lack of environmental impact disclosures, R4 at Amnesty and R2 at Fair Action explain that due to their size (in Sweden) measured in offices and employees, there is not much to report on this area. They have a limited environmental impact which results in that reporting is experienced as needless and above all, they do not feel that it is demanded from stakeholders.

R3 at Röda Korset highlights that communication is part of “everything we do” in their daily operations and R1 at Rädda Barnen refers to communication as an integrated part of operations. Writing informative letters, web-site announcements and holding meetings are mentioned as forums for communication for all responding organizations. R1 further emphasizes the field-related communication to receive the children’s input which is further explained and elaborated on, in the annual report. R4 at Amnesty acknowledges difficulties with communicating with the “right-holders” due to their geographical positions and due to their exposed situation in their home countries. From the interviews, one finding is that when inquiring about how the organizations communicate with their stakeholders, most focus is directed towards how the organization send out information to their stakeholders but little as to how the organizations gather information and input from the stakeholders. This type of one-way communication is exercised through web-site announcements, social media channels, annual reports and magazines. The description of communication streams and on the process of gathering input, are fairly vague in all interviews.

Although communication appears to be essential, Rädda Barnen is the only organization who explicitly have brought the stakeholders’ input into a materiality analysis which is what the disclosures in the sustainability report are mainly based on. Various policies such as anti-corruption policy, whistleblowing policy, anti-discrimination policy, are also what the contents are derived from. Majority of the organizations admits that even though the stakeholder dialogue is important, it is not sustainability questions which are the focal point of the communication. Instead, the gained information from the dialogue regarding stakeholders’ general interests and opinions, are applied on the organization’s approach towards sustainability matters. R3 at Röda Korset explains that they have compiled information and input gathered from numerous dialogues with stakeholders and used this to create an idea of what sustainability aspects their stakeholders are interested in. They have further performed textual analysis to gain understanding of what aspects to report on, and state that they have held complementary interviews when increased understanding has been required. This process appears rather comprehensive but sustainability matters remains a side topic in the dialogue due to judgements made by the organization regarding their stakeholders’ time.

“We have to consider and respect our stakeholders’ time and not ask the same thing twice” – R3 at Röda Korset, 2018

In addition to the limited time aspect, R1 at Rädda Barnen points out the difficulties related to receiving sufficient and educated input from stakeholders for the sustainability report. They express that they want to gain the stakeholders’ input in order to improve their performance. However, this has sometimes confused the stakeholders since they assume the organization to be the expert when it comes to sustainability.

“First and foremost, referring to the donating companies, we are a sustainability partner for them. I therefore believe that they put their trust in us to act sustainable and that we know sustainability” – R1 at Rädda Barnen, 2018

The general impression among the respondents is that their stakeholders trust the organizations to operate in a sustainable manner and assume the NPOs to consider their impact in all areas. An aspect worth noticing is that none of the organizations have according to the respondents, noticed a demand or felt pressure from their stakeholders to produce a sustainability report. There appears to be a unanimous opinion in all organizations that their stakeholders do not require a sustainability report from them since their core purpose is tightly linked to sustainability in one way or another. Based on this, it is hardly surprising that the NPOs do not experience direct pressure from their stakeholders to produce a sustainability report. Nevertheless, all organizations believe this addition or development of the current report, would only be viewed positive from a stakeholder perspective since there is a pre-understanding of stakeholders possessing an interest in these aspects. When inquiring about the stakeholder’s demand on the organizations to produce a sustainability report, R4 at Amnesty, R2 at Fair Action, R3 at Röda Korset and R1 at Rädda Barnen, all explain that their members are of course interested in sustainability questions and this is the basis to why they are involved and active in the organizations.

“If you are an active member of Amnesty, that means you are interested in sustainability questions” – R4 at Amnesty, 2018

“We assume that our stakeholders have an interest in sustainability questions and that this is partly why they work with us as an organization” – R1 at Rädda Barnen, 2018

Despite the absence of direct pressure, all respondents have noticed an increased general interest in society on sustainability matters and impact. An overall finding is the thin and complex line between what the organizations do for their operational purpose and how they conduct their operations, i.e. what impact their operations have from a sustainability perspective. It is apparent that all respondents have a hard time separating working for the organizational purpose, which in the interviewed organizations’ case include working for the public good and social welfare, from carrying out the operations in a sustainable way. Working for a social mission does not equal acting sustainable and the difficulties in separating the two is apparent from Amnesty’s response to why they have not produced a sustainability report so far.

“It would be vexatious to blame the absence of a sustainability report on a lack of knowledge of these questions since we know what sustainability is. At least, large parts of it” – R4 at Amnesty, 2018

This saying exemplifies the noted scenario referring to the thin line between working with a social agenda and working in a sustainable manner. The case organizations perceive themselves as knowledgeable on the area even though, the reporting side of sustainability is rather incomprehensive in its scope for many of the NPOs.

5. Analysis and Discussion

This chapter will lift the most important findings from our empirical results and discuss these in a more critical manner relating back to the theoretical framework. We attempt to identify how the elements in the analytical model, relates to each other and thus, how the outfall of these, impact the accountability to stakeholders. In addition to this, we aim to find explanatory factors to the current situation and adoption patterns in the nonprofit sector. The discussion is divided into four main parts based on the relevance of the findings.

5.1 NPOs AS LEGIT ACTORS - IS TAKEN FOR GRANTEDNESS A GOOD THING?

Drawing on the empirical findings presented in the previous chapter, the noted confusion between operating towards a social agenda and to operate in a sustainable manner, and give account for this in a report, appears to have held back the adoption of SR practice. Separating the two is difficult for the case organizations, thus SR is viewed as somewhat superfluous or not an area that requires immediate efforts in majority of the organizations. During the interviews, it was hard for Rädde Barnen to answer the question on how many people works with sustainability questions today. To exemplify the confusion, some respondents stated that everyone in the organization was working with sustainability because of their overall sustainable goal. In fact, this is true in one way, but working for the public good should not be confused with SR i.e. measuring the impact of the actual operational activities and reporting on these. Another proof of the thin line between SR and having a social agenda is that the results showed that stakeholders get confused when the NPOs ask for their input in regards to SR, since they view the NPOs as the experts in this area. Consequently, this may lead to the stakeholders questioning the NPOs' competence, which would contradict the purpose. We further believe the confusion can be linked to the broadness of the term sustainability where organizations interpret the concept in various ways and includes differing aspects in it. This fact might add to the confusion and this thought is in alignment with Dumay et al. (2010), who point out the problems with there being no real indication of when an organization is sustainable or not even when reporting on their impact.

5.1.1 Lack of Societal Pressure

None of the organizations felt any pressure from the society to establish a SR. Deegan and Unerman (2011) state that organizations which have a greater negative impact on the environment, tend to be more inclined to report on their sustainability work. The NPOs in our study expressed in the interviews that they have a relatively low impact on the environment, since their offices are quite small and they do not have many suppliers involved in their operations. Based on the statement from Deegan and Unerman (2011) and on the lack of SR in NPOs, the reason could be that this sector does not have a significant negative effect on the environment, and therefore do not practice SR to the same extent. Thus, it is not experienced as vital to communicate sustainability work in order to strengthen their legitimacy. Most the organizations thought profit-driven entities felt a greater pressure to establish a SR compared to NPOs. Again, this is in line with the noted confusion, where the nonprofit sector already are viewed as legit actors and are assumed to do purely "good" things for society while profit-driven organizations face more demands on showing how operations are carried out.

The confusion between having a social agenda and acting sustainable further seems to have created an idea among NPOs that they are performing adequately in the area of CSR. We ask ourselves; where has this idea risen from? Gray et al. (1996) acknowledge the social contract between the accountee and accountant and that this is shaped by the characteristics in the social context. Moreover, the social context surrounding profit-driven companies and their stakeholders, do hold a moral obligation for them to report on sustainability. This is supported by Tschirhart and Bielefeld (2012), who point out that profit-driven entities are under greater pressure from stakeholders and are being more critically monitored by journalists. On the

contrary for NPOs, the contract between them and their stakeholders, do not seem to contain an equally strong moral obligation to report on sustainability and we believe therefore they do not report to the same extent. Based on the empirical results, there is however an awareness among NPOs that SR is of growing interest to society at large.

As shown in recent research (Cavill and Sohail, 2007; Cooper and Owen, 2007; O'Dwyer and Unerman, 2008; O'Brien and Tooley, 2013), the pressure on NPOs to show their impact has increased but this pressure does not seem to have reached the actual organizations judging from our results. None of the organizations experienced pressure from stakeholders to produce a sustainability report. Yet, they all agreed with that there has been a general increase in interest for this type of questions. As mentioned, Tschirhart and Bielefeld (2012) have previously claimed that NPOs do not experience the same external pressure as profit-driven organizations, which our results also points at. Nevertheless, the pressure on NPOs might be little compared to profit-driven firms but the experienced increase in the general interest on sustainability, reflects the overall growing transparency-demands. Moreover, in this study, a gap between the increased calls for transparency from scholars and society (Gazzola et al. 2017) and the actors in the sector, has been identified. Is the experienced lack of pressure an excuse not to report? The collective opinion among scholars and practitioners is no (Ball, 2005; Unerman and O'Dwyer, 2006). All organizations, independently of size or purpose, owe it to society to share information on all parts of their operations (Gazzola et al. 2017). Moreover, Du Rietz (2018) has discussed "civil regulation" and how this is often exercised on companies to encourage and pressure them into SR. This pressure does however not appear to have affected the nonprofit sector. A possible explanation to this is that "civil regulation" is often employed by NPOs on profit-driven companies. The fact that NPOs generally *are* the CSR-work of profit-driven firms, makes the relationship between SR and NPOs complicated. Moreover, NPOs do not experience societal pressure or civil regulation since this would in many cases mean that they exercise pressure on themselves, which is not their focus. This lack of self-pressure is discussed below.

5.1.2 Lack of Self-Pressure

Even though some organizations expressed increased efforts towards the area of SR, others showed a rather weak interest in the practice which is further supported by the results of the content analysis. This weak interest can further be linked to the self-belief brought up by Ebrahim (2003), where he claims that NPOs tend to overrate their own legitimacy and believe that one's operational purpose equals taking corporate responsibility. We believe this fact is partly why there is a lag in adopting SR practices in the sector.

Drawing on what was stated in 2.2.1, there are two different approaches to responsibility presented by Cornwall et al. (2000) who underscore the importance of not only being *held* responsible, but actively *taking* responsibility is a vital part of the accountability process. Since the NPOs in this study do not experience pressure to produce a sustainability report, they are not held responsible in the same way as organizations who are viewed as more irresponsible actors and whose operations are affecting the external environment to a greater extent. When not being *held* responsible, one could ask if the right thing shouldn't be to then *take* responsibility and set this good example that all the case organizations express is important? Overall, the organizations appear to fall short in regards to *taking* responsibility since the sustainability disclosures are scarce. In stating this, Rädde Barnen is somewhat of an exception with having the most information disclosed on their impact. Previous research and empirical evidence points out that CSR-related disclosures are more frequent in larger organizations, which is in accordance with the case of Rädde Barnen. From the size aspect, Fair Action's results are more surprising since they are the smallest organization in the study but have the second highest compliance level. They attempted to also report on aspects they do not believe are the most material ones to set a good example. They include disclosures and *take* responsibility for their

impacts. According to Deegan and Unerman (2006), there is a greater focus on satisfying a broader group of stakeholders today. Stakeholders have a better knowledge and are calling on organizations to satisfy their needs. Regarding the organizational size of Röda Korset, they impact more stakeholders compared to Fair Action and this could be a reason for Röda Korset's amount of information and disclosures, even though they do not have a stand-alone SR.

As actors which review other organizations' sustainability impact, two organizations stated that they must endorse the same practice themselves - to set a good example. Ebrahim (2003) states that there is a direct relationship between responsibility and accountability, where organizations internally take responsibility, beyond what is mandatory, and display their behaviour to the public and allow them to demand accountability. According to the respondents, they all had a positive approach towards SR, which implies a sign of willingness to take responsibility. This willingness of taking responsibility is the foundation for achieving adequate accountability. The accountability is about measuring result, and according to the content analysis, all organizations have large improvement opportunities.

Slowly and gradually, new value associated with SR is emerging, that encompasses social, environmental and human disclosures. Information disclosed on CSR alongside financial information is what some would consider essential when gaining or maintaining legitimacy. The definition of an accountability is according to Gray et al. (1996); "*The duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible.*" To be responsible, and to act as a role model in sustainable behaviour is not unaccustomed for the NPOs in our study, because of their overall operational goal, and their work to encourage and advocate the society. The organizations promote sustainability work, and one can wonder if they lead by example. When reviewing other companies' work and sustainability reports, should it not lie in your interest to establish a sustainability report yourself? Ball (2005), highlights the importance of that the nonprofit sector are advocates for sustainability because of the stewardship role this sector plays in society. We can see from our results that Rädde Barnen and Fair Action who produce SR, is attempting to do just this - be a role model. This will probably also increase their credibility as an actor. Thus, this is mentioned as a great driver behind the report and this implies that the demands from scholars seemed to have reached certain actors in the sector. Although, one can ask oneself why this behaviour is not more widespread, perhaps not all actors believe they have this stewardship role and that SR is not part of the "social" contract between them and society.

Assuming themselves as responsible actors, NPOs fails to put pressure on themselves. In reality, a NPO has the exact same responsibilities as a profit-driven organization. Yet, a mix between the public assuming NPOs to be responsible actors and the NPOs rating themselves as trustworthy (Ebrahim, 2003), has resulted in this absence of pressure. Other potential explanations behind not adopting comprehensive SR practices, is that NPOs does not risk falling behind or being viewed irresponsible in comparison to other NPOs since SR is that rare in the sector. The hegemonic context factor is brought up by Gallhofer et al. (2011) and non-mandatory disclosures are claimed to be submissive to this pressure. The hegemonic context for NPOs could therefore be thought not to contain the same set of ideas and norms as for the profit-driven companies. One can draw a parallel to profit-driven companies where the SR practice is widespread, and thus shaping the hegemonic context. Consequently, those for-profit companies who does not adopt practices, are likely to be put to shame. Risking losing credibility and damaging one's reputation is further claimed to be a likely scenario for profit-driven firms who do not adopt SR practices (Lin-Hi et al. 2015). Mimetic pressure is often exercised in uncertain environments, why this might not be the statues for the nonprofit sector when comparing to the for-profit sector. However, Weerawardena et al. (2000) has stated that competition has grown in the sector, which lead one to think that mimetic forces could be created. But according to Bielefeld (1992), NPOs are inconsistent in how they respond to increased uncertainty and for

example, competition and thus, mimetic pressure is not extant from our empirical results. Mussari and Monfardini (2010), mean that NPOs don't have to fight for prosperity in the same way as for-profit organizations which may explain the inconsistency in responding to uncertainty in the external environment.

5.1.3 Lack of Legal and Normative Pressure

All NPOs in this study, except from one, are among the ten largest organizations in Sweden. Considering the organizations' sizes and viewing the situation through the lens of institutional theory, our findings support that informal coercive isomorphism has not been an institutional force in the nonprofit sector. Rädde Barnen is a large actor in the Swedish nonprofit sector and do not appear to have had coercive influence on their branch peers. The organization has up till the introduction of the new EU-directive, been one of few NPOs to produce a sustainability report. The coercive pressure is according to both Kilbourne (2002) and Mussari and Monfardini (2010) necessary, and an efficient factor while driving environmental questions, and SR. Our conclusion regarding this is that it is not enough that one large actor is acting in a certain way to establish an institution around this behaviour. Besides from the noted lack of moral and civil pressure, the legal requirements i.e. formal coercive power, for NPOs to produce SR, are an important factor to consider when exploring and explaining the adoption patterns. Up till the introduction of the EU-directive 2014/95/EU in year 2016, there has not been any legal pressure on NPOs to provide the stakeholders with sustainability information. This, according to Gallhofer and Haslam (2007) make it more difficult for the organization to be held accountable when their stakeholders can not access such information. The new EU-directive could however solve this issue, and further decrease the information asymmetry between the organization and the stakeholders. Previously, the organizations have not been forced to disclose information on their impact. Darus et al. (2013), argue that the nonprofit sector operates in an environment that is now developing new practices, new laws are emerging and where the institutional environment strongly can influence the future development of SR. We have not found any significant support for this being the case in the nonprofit sector. On the contrary, the sector is not submissive to institutional pressure.

In contrast to Kilbourne (2002) and Mussari and Monfardini (2010), Perez-Batres et al. (2010), claims that the normative mechanism i.e. the main pressure to report, arises from academia and professionals and is linked to a "best practice" approach. Based on the empirical results, the norms for "best practice" in the nonprofit sector do not seem to include SR. We further believe that this is due to the voluntary status associated with SR in the past. An overall conclusion based on the empirical findings and the theoretical framework, is that the lack of coercive forces such as pressure from society and legal institutions, are significant reasons to why SR has not been institutionalized in the nonprofit sector. In stating this absence of institutionalization, there is however some indicators of the influence of isomorphism when examining the usage of SR frameworks. All case organizations who did produce an SR, applied the GRI guidelines which we have identified as the dominating framework. Extant guidelines will be discussed in the next part.

5.2 IS THERE ADEQUATE SR GUIDELINES FOR NPOs?

There has been a noted shift from a purely financial focus towards an environmental and social focus in accounting (Mussari and Monfardini, 2010). Larsson and Ljungdahl (2008) state that the aim with GRI is to help organizations to develop a continuous sustainability work. The dominating framework for SR is GRI and this also applies to NPOs. However, the applicability and usefulness of GRI has been questioned and critiqued in prior research (Dumay et al. 2010; Moneva et al. 2006). Noteworthy in this study is that all the interviewed organizations which state that they apply the guidelines, are hesitant to express this in our meetings. Although, including the GRI-index in the report and firmly stating the adoption of the guidelines, the organizations claim that the guidelines are used more as an inspiration than anything. There is further an aura of insecurity when inquiring about GRI and it is suggested to be too rigid. This leads to question

the applicability in the nonprofit sector. Dumay et al. (2010) have criticized the GRI NGO sector supplement for not filling the gap it was supposed to, where they argue there is still a gap between the factual and the demanded practices in the usage of the GRI NGO sector supplement. Tort et al. (2010) further criticize GRI for having a “one way fits all” approach. They further suggest that NPOs should create self-accounts of their sustainability activities instead of using already existing guidelines. When interpreting the results, we ask ourselves if the sector supplement for NGOs might in fact not capture the specific needs of the sector completely since all the added indicators do not appear to be important to disclose information on. It could imply that the indicators which few of the organizations reported on e.g. Gender and Diversity and Feedback, Complaints and Action, are perceived as unnecessary and are not believed to add value to stakeholders or that these are too complex and difficult to measure. Our findings support this where the organizations unanimously state that there are difficulties with measuring certain indicators such as those referring to products and services. In addition to this, certain indicators become rather irrelevant in an organization whose cause is directly linked to fighting issues relating to the indicator. Dumay et al. (2010) further mean that the GRI guidelines do not give any indications of whether an organization is sustainability or not. This can be linked to what is brought up by Ebrahim (2003), who states the difficulties with deciding how extensive the SR should be in respect to the organizational size. It is apparent that GRI guidelines are in need for more flexibility and provide the users with greater adaption possibilities from our findings, as the respondents suggested difficulties both in line with Dumay et al. (2010) and with Ebrahim (2003). It is simply not rational to assume that all organizations can apply a “one way fits all” framework with equally successful results.

The overall goal with the GRI guidelines is to develop the organizations sustainability activities (GRI, 2018) and through this, encourage accountability where it enables the organization can take responsibility for their impact. In practice, from the interviews and drawing on the results from the content analysis, it seems like there might be some issues regarding the understanding and complexity. There are only two organizations that produce a sustainability report, but even they state it is difficult to follow GRI completely. However, the respondents all agree on that having a framework to lean against when establishing a sustainability report for the first time can give a feeling of assurance. Drawing on this, Rädde Barnen suggest that it would be easier if all NPOs would apply the same reporting guidelines so the reports would be uniform and consistent. This is an interesting point, since one goal for GRI is to give organizations and their stakeholders the opportunity to evaluate their social, environmental and economic impacts (GRI, 2016). Some might argue that it would be hard to evaluate the performance without comparing with other organizations, which we further agree with. Hess (2007) highlights that it is important to provide the stakeholders with comparable sets of data. This will be addressed further in the discussion.

The acknowledged legitimacy gain (Morharadt, 2010; Deegan, 2002) in SR and stating that one complies with the GRI guidelines, could further be a motive for NPOs to apply it. A noted example and indicator of this, is that Röda Korset states in their report from 2017 that they produced their first sustainability report in year 2016, but during the interview, it was made clear that this information was incorrect. Moreover, NPOs are relying on being perceived as legitimate in the stakeholders’ eyes as for-profit firms, why they have to meet the same requirements. This false statement might further have been an attempt to seem more responsible than the reality proves. The criticism GRI has been receiving (Dumay et al. 2010; Moneva et al. 2006) seems to have substance when reviewing the empirical results which indicates that GRI is complex to apply and does not always achieve what it sets out to achieve. Tort (2010) identifies three potential reasons to the low adoption rate. The guidelines are too difficult to understand, they are too narrative or they lack relevance to the organizations. In this study, the first and mostly the latter is identified as explanatory factors. Gallhofer et al. (2011) also states that companies tend to prefer minimal standards related to mandatory

disclosures. This is in alignment with our results, since majority of the organizations expressed that they were positive to reporting staying voluntary. Though Gallhofer and Haslam (2007) acknowledge an existent paradox, being that organizations like to have one universal correct way to report to be able to benchmark against each other. Thus, knowing what makes the reporting adequate and sufficient, allows one to spend just enough resources on the matter. This idea has received some support by our findings since majority of the organizations are in the start-up phase of SR and therefore expressed that guiding frameworks could be helpful when *having* to report on sustainability. Rädde Barnen explicitly stated that it would be easier to report if all NPOs had similar processes and reports to facilitate benchmarking. Worth noticing is that, even though SR is rare and as mentioned, has not been institutionalized in the nonprofit sector, the GRI framework has a dominating position among available frameworks. All organizations mentioned GRI as the framework they most likely will use when producing a SR, why this seems to have an equally strong position in the nonprofit sector as for profit-driven sectors. This result further implies that the usage of GRI has been somewhat institutionalized as the “norm”.

5.2.1 Guidelines to ensure accuracy and quality of SR

Since SR is a relatively new phenomenon in the nonprofit sector, we believe that guidelines are necessary to harmonize and ensure comparability of the reports. EY (2017) explains that as fast SR has been standardized, the SR will be equally important as the financial report. SR will assist organizations in understanding their impact from all three sustainability perspectives; social, environmental and economical as well as on their stakeholders. Referring to Hess (2007), it is important to provide a solid information-based transparency policy which contains understandable and comparable data to stakeholders. This may facilitate an efficient usage of the information. Thus, guidelines will aid this process. In stating this, lack of knowledge of SR is explained not to be an issue for the respondents. Yet, the empirical findings showed there were uncertainties regarding the GRI NGO supplement. Both regarding what it is and further how to apply it. Only one company considered using external help if they were in the future to establish a sustainability report, and pondered attending bransch organizations' lectures to learn more. The noted limited knowledge of GRI and the NGO supplement, signalize that there still is somewhat of a lack of knowledge within the area of SR, even though majority of the organizations did not consider this a hindering factor. Rädde Barnen did however advocate the use of one framework for all NPOs to aid the benchmarking process, but also to draw inspiration from their bransch peers. One can draw a parallel from this attitude to the discussed confusion between one's social agenda and sustainability impact since the organizations appear to be reluctant to admit limited knowledge in any relation to sustainability. In their eyes, this might put them in a bad light since they are supposed “to know” sustainability and define themselves by it. Even though knowledge were not thought to be a constraint to not producing a SR, our empirical results implied that knowledge needs to be improved, especially for the new users. A few of the respondents stated that they wanted a framework to lean against, especially in the start-up phase of producing a SR. The identified problem here is that sustainability frameworks are often too rigid. Gallhofer and Haslam (2007) argue that by applying a framework, you can avoid unnecessary high costs. Moreover, it will force the organization to report on environmental, social and economic aspects and they will more easily be held accountant for their actions. To emphasize accountability, the GRI's mission is to enable organizations to be responsible for their actions and give the opportunity to evaluate an organization's social, environmental and economic impact. Some might argue it would not be possible evaluate this process without any guidelines.

The empirical findings did not show comprehensive compliance with the GRI guidelines, not even for the two organizations who explicitly apply the framework. Thus, this is in line with the critical literature states - that SR is selective and often leaves meaningful parts out of the reports. Previous research show beneficial outcome, both from an internal and an external perspective, from including a sustainability report. However, there exists a critical discussion which refers to including too much information. “Greenwashing” is a

known issue in SR and the term is discussed by Gallhofer et al. (2011). It refers to when organizations portray themselves as a more sustainable actor than what reality shows by e.g. false marketing. Overall, judging from the relatively low amount of disclosures obtained from the content analysis, this do not appear to be a problem for the case organizations. On the contrary, there is more of a risk that the organizations do not share enough information based on our results and according to Gallhofer and Haslam (2007), this is likely to result in information asymmetry between the NPOs and their stakeholders. Greenwashing or overwhelming their readers with non-useful information can give a misleading image of the organization. Continuing on this, out of the two organizations who states that they apply GRI's guidelines, their results from the content analysis were neither completely convincing. When stating that one is applying GRI, this might create expectations among stakeholders that the reporting is comprehensive and well-rounded. Consequently, having a low compliance rate is likely to be disappointing from a stakeholder point-of-view. If the disclosures are scarce, this impacts the accountability negatively since the opportunity for shareholders to require accountability decrease. Moneva et al. (2006) argue that organizations that follow the GRI framework tend to focus too much on specific problems within the industry instead of focusing on the big picture of sustainability. Some argue (Tort, 2010) that the NGO sector specific guidelines are too narrative and this raises the question on how to report instead, to still reach a high level of accountability? Would a self-account be one solution, where the organizations can use their own account and guidelines for their sustainability practices, instead of this "one way fits all framework" that Dumay et al. (2010) has criticized GRI to be. A noted finding from the empirical research, is that even though all interviewed organization are per definition NPOs, they have different needs in regards to SR as a result of e.g. varying sizes, areas of operation and so forth. The supplement seems to capture some important parts but needs an update based on the overall score, where only one organization disclosed more than 50% of the total possible disclosures. Consequently, we believe that there is a larger need for adaption of current frameworks to meet and capture all actors' demands.

5.3 BENEFITS AND CONSTRAINTS BEHIND SR - A CRITICAL PERSPECTIVE

From the empirical results, it is evident that money and an overall lack of resources are the largest constraints of producing a SR. But is this really a legit reason to not report? The process of SR could be an investment and not a just a challenge, and benefits such as improved internal processes and a good image, are further acknowledged by the organizations. Yet, this is not resulting in them actively taking responsible by disclosing information on their impact i.e. the benefits and gains appear to not be greater than the cost. One can question the motives behind not disclosing information regarding sustainability impacts. In fact, all organizations have a cost related to this process and profit-driven entities can not hide behind this limitation anymore, so why can NPOs? Nevertheless, one may argue that the funds raised by a NPO which work for the public good, make better use of the money by aiding people in need and investing in communities. The cost aspect can be divided into certain aspects; cost of having a team working with the production, measuring CSR-aspects and the cost if the stakeholders get disappointed with the CSR information and the outcome (Ebrahim, 2003). For other organizations, it is rather a dilemma of resources, and how to prioritize the resources among all projects and ensure having enough resources left to report on sustainability. From the interviews, this seems to be one of the greatest argument why not establish a sustainability report. The SR must create more value than it destroys if deciding to spend money and resources on the SR project. According to Ebrahim (2003), the cost-benefit consideration has a greater impact on small organizations, since SR might be a burden they can not carry and they often do not have resources to spare. In addition to this, their impact is limited which is pointed out frequently in the empirical investigation. The added-value aspect proved to be important for majority of the organizations and Dumay et al. (2010) have critically commented on the difficulties with estimating what value SR actually leads to. Based on the empirical results where we identified uncertainties regarding how much added-value SR will result in, and on Dumay et al.'s (2010) argument, it appears that the complex process of estimating value has resulted in the NPOs

continuing down beaten path i.e. not reporting. Again, this can be linked to the absence of institutional forces in the nonprofit sector.

Previous research (Ball et al. 2000) has suggested that to ensure transparency and guarantee quality of the sustainability report, it should be audited by a third party. From the results, it was shown that none of the participating organization have their sustainability report audited. Thus, the nonprofit sector has proven to be extremely cost-sensitive in regards to this matter which is probably why the process of auditing is rare. This lead us to question the completeness and accuracy of the provided information. By choosing to not have their sustainability report audited, the organization could potentially disclose inaccurate information or only show the “good parts”, which is a noted problem within SR practices (Gallhofer and Haslam, 2003; Hess, 2007). However, it is rather obvious why the organizations choose to skip this part of the handling process i.e. the aspect of cost versus benefit. For NPOs, the cost associated with solely producing the report is a heavy burden and they seem rather content with themselves for merely producing one. Especially since it is a rare practice in the sector. Moreover, having the SR audited might be viewed as an unnecessary effort and cost, since stakeholders most often do not request this from the organizations. Since SR practice alone is not wide-spread, it is not surprising that the audit process is limited. Another cost which is brought up in research (Hess, 2007) is that which can occur from disclosing negative CSR-information which disappoints stakeholders. This might lead to less donations and hurting the organization’s image. Nevertheless, this cost is not something the case organizations are concerned about. When inquiring about potential negative consequences from producing a sustainability report, all organizations unanimously states that they can not see a risk of this. This opinion holds an underlying idea and a quiet self-confidence in their own performance and further, that they have nothing hide, thus, they do not appear to believe that they have any negative disclosures that could lead to a damaged reputation. Being aware of the scandals such as those mentioned in the introductory part of the report, one may question this approach. This attitude can be linked to the critique which the sector has been receiving in research for overrating their own legitimacy (Ebrahim, 2003). This self-believe in their own performance which is apparent from our results, can be problematic since this might lead to a lack of self-evaluation and not critically reviewing their performance in all areas of operations. Profit-driven or nonprofit, all organizations have an impact on a social, environmental and economic level which requires efforts from the organization to control this impact and act sustainable. The stamp of being exempt from having to disclose sustainability information is further believed to be partly a result from not receiving pressure from society, but partly from the NPOs assuming themselves to act responsible.

However, SR is not all about challenges but can bring benefits to the organization. Dumay et al. (2010) states that there are several benefits with including sustainability disclosures in the annual report such as greater media attention, more volunteerism and better public appearance. Therefore, starting to report on sustainability seems to be a rolling loop. Thus, when including CSR information, the attention from stakeholders seem to grow, and the expectations and pressure increases to keep up with the growing sustainability trend. The respondents suggested that SR can help the organizations to address key sustainability challenges, and highlight gaps in their internal processes. Yet, there was no organization who explicitly mentioned the long-term cost saving effect which may come from SR. This is acknowledged as a main motivator for SR among profit-driven companies. Energy savings, waste reduction are just two examples of potential areas that can be made more effective. Some research (Adams, 2002) have claimed that the reports have a purely positive effect on the organization's’ value and lead to a better reputation and an increase financial effect, in this specific case it might lead to attracting new donors and new volunteers. In addition to this, there is the benefit of showing increased transparency and consequently, limit the risk misunderstandings and being questioned for illegitimate behaviour. Gazzola et al. (2017) mean that the sustainability report aims to provide information on the quality and quantity of the activities to broaden the stakeholders’ understanding. Thus, a sustainability report allows the organization to strengthen their mission

by involving their stakeholders. Our question is whether the organizations know about these potential benefits? It appears so from the interviews but still, the scarce resources are clearly weighing over towards not reporting on sustainability. Even though the respondents are aware of the benefits of SR in theory, we have from the empirical investigation identified, that none of the organizations appear to have experienced significant positive effects in practice. This is thought to be why SR remains rare.

5.4 HOW DOES SR in NPOs IMPACT STAKEHOLDER ACCOUNTABILITY?

Drawing on the model initially introduced by Gray et al. (1996), accountability related to a sustainable performance is achieved by successfully discharging accountability through e.g. public reports. In addition to this, the organization needs to have an adequate stakeholder dialogue which in this research project is demonstrated by meeting the requirements of the three-step model introduced by Manetti and Toccafondi (2014). The results from the content analysis accompanied by the findings from the interviews, show that the nonprofit sector falls short in both areas. The overall weak results regarding the stakeholder dialogue connected to specifically SR is apparent. In addition to this, the current SR practices adopted by the case organizations are relatively unconvincing when reviewing the results. The general disclosures are far more comprehensive than the specific disclosures, the latter category being those who mainly refers to sustainability aspects. There are however one organization which appears to break the norm to some extent where Rädga Barnens results are more extensive. The results could both indicate that it is easier to fulfil the general disclosures compared to the specific ones or that the specific disclosures are judged as less material to the case organizations. Again, the organizational size seems to have a significant impact since Rödga Korset and Rädga Barnen are in the top when reviewing the disclosure volume. Referring back to previous research by Grey et al (1996) and Manetti and Toccafondi (2014), accountability could suffer as a poor result of disclosures and a vague stakeholder dialogue.

An issue which remains unresolved, is the problem regarding NPOs and accountability. Further if and in that case how, SR can help to improve accountability? The question is also if it is reasonable to require the same level of accountability from the nonprofit sector as for the profit-driven sectors? The results in our study show that the nonprofit sector has not come very far in adopting SR practice and neither developed adequate stakeholder participation processes based on the three-step model introduced by Manetti and Toccafondi (2014). The previous chapters of the discussion have brought up several explanatory factors and following this, is an outline on how the findings from the empirical investigation relates to the concept of accountability based on the model presented in the theoretical framework (Fig. 1).

5.4.1 Stakeholder Dialogue and Participation

According to Freeman (1984) and stakeholder theory, there is a two-sided relationship between the stakeholders and the organization, where the organization have an obligation against their stakeholders and the other way around. From the interviews, it is showed that all organizations have achieved the first step, “stakeholder mapping”, in accordance with Manetti and Toccafondi’s (2014) three step model towards achieving sufficient stakeholder participation. All organizations have outlined their stakeholder groups. Although not all organizations have prioritized the groups into primary and secondary stakeholders. Three of the respondents have specified their stakeholder into primary and secondary, and the rest have not done any classification of importance and bearing of their stakeholders. Therefore, all organizations in our study have been working with stage one, but in varying degree of intelligibility.

However, regarding step two and three in Manetti and Toccafondi’s (2014) model, there seem to be some uncertainties among the respondents and the organizations’ stakeholder dialogue. The only organization who stands out and touches upon step two, i.e. has mapped down the stakeholders’ expectations and interests to thereafter catered for these, is Rädga Barnen who has brought this into the materiality analysis.

Thus, identified the sustainability questions that are important to their stakeholders. Our results are therefore in alignment with what Manetti and Toccafondi (2014) state, that NPOs are generally inadequate in considering stakeholders' interests in the SR process. However, we still question the process since the dialogue is not directly focused on sustainability. According to the respondents, the stakeholder dialogue was overall an important consideration for them, where some of the organizations claimed they had a daily communication with their stakeholders. Some even included information regarding this communication in their annual reports, e.g. facts about how many people they reached out to on their social media channels. However, no one claimed they had a stakeholder dialogue focused on SR directly, and their communication regarding sustainability was more of a side topic. This makes us question the lack of demand from the stakeholders i.e. how do the NPOs know that the stakeholders do not want a report? This could be partly a result of little actual communication in regards to specifically sustainability matters, and partly due to communication being such a wide and integrated area of all operations.

According to the literature (Manetti and Toccafondi, 2014; Hess, 2007), it is of high importance to engage a stakeholder dialogue and develop a two-way communication. The organizations must encourage the stakeholders to participate in order to attain valuable feedback, which in the end will be beneficial for the organization and their reporting. Hess (2007) support this statement, arguing that social reporting has two objectives, where one of them is to engage the stakeholders. According to his "bottom-up" process, which also could be linked to Manetti and Toccafondi's (2014) model step two and three, he explains that taking the stakeholders demand in consideration is of high importance. Even though the respondents state that stakeholder dialogue is an important aspect, we ask ourselves if the organizations really have been encouraging participation through the stakeholder dialogue? Since sustainability is mainly a side topic for all organizations and has not received direct focus in the stakeholder dialogue? Have the organizations really been interested in knowing about their stakeholders interests? Moreover, the framework which most organization stated that they are inspired by is GRI and according to these guidelines, an overall objective is to favour a continuing stakeholder dialogue (Hess, 2007). Thus, the situation is conflicting since the dialogue aspect of SR has been neglected. With saying this, one could however view the situation from Freeman's (1984) point-of-view, where the two-sided relationship between stakeholders and the organization is underscored. Thus, this relationship creates a mutual obligation where the NPO needs to strive to satisfy the needs of their stakeholders. Consequently, if sustainability questions are not a "need" for the stakeholders, could this be used to motivate not producing a SR?

5.4.2 Balancing the interests of stakeholders

Further, Manetti and Toccafondi (2014) claim it might be difficult to juggle all stakeholders' expectations, and consider all interests fairly. This could lead to conflicts. Though, this requires a two-way communication, which for the organizations in our study seem to be rather limited. Another dimension to the stakeholder dialogue, is the difficulties of making sure communication flows with all groups. Some stakeholder groups, most likely the powerful ones, are bound to have more conversation with the organization and receive majority of their attention (Gallhofer et al. 2011). Banerjee (2007) points out the problems related to this, that weak groups like e.g. people in a catastrophe areas and children, are neglected from an accountability perspective. Previous research (Gallhofer et al. 2011), have noted problems associated with traditional stakeholder approaches, who tend to only focus on shareholders. The answers from the interviews implies that all stakeholder groups are important but when inquiring about the communication regarding the SR, donors and partners are priority. Having an inclusive approach towards stakeholder groups, implies a wide stakeholder focus which in fact rimes well with the characteristics of an NPO i.e. working towards a social mission and towards fair treatment. However, from an accountability point-of-view, it seems problematic to discharge this to the beneficiaries i.e. downward since they are not the ones interested in SR. Ebrahim (2003) highlight the dependency that NPOs have on their donors. Thus, when interpreting the empirical

results, we can see some tendencies of this since the NPOs are that dependant on their donors and this group if further the group that has most opinions regarding the operations, why they appear to get priority in the dialogue. Hess (2007) assumes that social reporting does not need to involve perfect information, but at least contain sufficient information to allow stakeholders to be engaged. From this and our results, it is possible to believe that the organizations are hesitant to include information since they want it to be flawless and free from error. Furthermore, this could be one reason why organizations neither do encourage the dialogue and are lacking a sustainability report. SR lies outside the comfort zone for many organization and one sign of this is the adaption of the GRI framework. No organization confidently state that they follow GRI. Thus, more that they are inspired by the framework. Could this be evidence of organizations fear failing and not producing a sustainability report free from error? SR is a new phenomenon in the sector and organizations are likely to struggle to find adequate and prominent examples to mimic.

The organizations in our study showed to have a vague understanding of what sustainability information their stakeholders want to see from them, but the respondents still explained that it is important to take stakeholders' interests in consideration when disclosing CSR information. The stakeholder dialogue on sustainability related matters was however hindered by the stakeholders' lack of input and Rädde Barnen state that they do not get any follow up questions on their SR, or any direct feedback on this. This provides us with a dilemma - whose responsibility is it to gather input? Should the organization more actively encourage stakeholders to get involved and learn more, or is it approved behaviour to leave it as it is if stakeholders do not show dissatisfaction? Again, this can be linked to Cornwall et al. (2000), accountability is about *taking* responsibility not just being *held* accountable, consequently the case organizations fall short here in the handling process of gathering input. From the results, we further believe that the NPOs should put more effort into gathering input directly on sustainability matters. It is easy to state that input is important but in practice, how hard do they work towards getting this information collected?

5.4.3 Accountable to Whom - Downward or Upward?

NPOs tend to have a wide and inclusive stakeholder approach. However, to be accountable for one's actions through a sustainability report is a forum that appears suitable when discharging accountability to donors and members but not to the beneficiaries. For example, children and communities in need of help, are likely to not have access to the report and neither be interested in these aspects as their foremost needs are elementary ones such as receiving food and medical assistance. Thus, discussing how to exercise upward accountability and downward accountability become two separate issues. Upward accountability is employed by providing donors, members and so forth with information which enables these groups to hold the organizations accountable. From the empirical results, this has proved to be enabled in some areas, specifically referring to the NPOs social impact. The disclosures related to social aspects are in most cases superior to environmental aspects. We believe that this is due to the case organization's operational purposes. We suggest this is mainly since the NPOs possess knowledge in this area, which they do not to the same extent in regards to environmental aspects. But also since these are experienced as material to their stakeholders. The economic aspects are however also receiving priority. According to Lin-Hi et al. (2015), one major aspect of developing CSR in the reports is to increase the economic value. We believe that this is a motivational force for the NPOs which can not be ignored even though this is not highlighted by the organizations themselves. We further consider the competition within the sector and for the NPOs to achieve their mission, they need to maintain a credible image to receive the funds from donors above their peers.

From the content analysis, it is shown that almost all organizations have included information about the donated money and how the funds are being utilized in the operations. This is also confirmed during the

interviews, were the respondents explain that showing this in a concrete way is important for them which will increase the amount of trust. According to Dumay et al. (2010), disclosing CSR information for NPOs leads to greater media attention and better public appearance, and this for instance may automatically lead to greater monitoring of the donated money as well. This being a major part of the organizations' business and even more so with referral to recent exposed scandals concerning transparency (OCCRP, 2017). Ebrahim (2003) adds to this argument and explains that developing the systems, such as social and environmental information systems, the monitoring of performance will increase. This can further have a positive impact on the internal management and can be a way for the organizations to improve their reputation by including certain disclosures. When being aware of how operations are carried out and having efficient systems in place, NPOs can increase the internal accountability, which relates to being true to one's purpose and mission. Downward accountability includes to effectively identify the needs of the receivers and this is facilitated by an efficient two-way stakeholder dialogue. In this study, the stakeholder dialogue has showed to be an area with improvement potential, at least for some of the organizations. More specifically, to have dialogue and feedback systems that allows the organizations to quickly and effectively respond to stakeholders' input. Moreover, O'Dwyer and Unerman (2008), acknowledge the problem associated with that upward accountability tends to crowd out downward accountability in NPOs and claim that this is partly due to that the beneficiaries rarely demand accountability in the same way as e.g. the donors. These practical difficulties with receiving the beneficiaries' input often lead to downward accountability becoming less of a priority for NPOs. Again, the results from this study implies that SR is a forum suitable for discharging upward accountability as these groups are the ones interested in sustainability information. Thus, the problem of upward accountability crowding out downward accountability, is something the NPOs should keep in mind to limit the risk for this.

5.5 Will Increased SR Lead to Better Accountability?

Referring back to the social contract brought up in 5.1.1, if we pose that the contract between an NPO and their stakeholders does not contain a moral obligation to report on sustainability as it does for profit-driven organizations, does not reporting impact accountability negatively? It is difficult to say but one thing is clear, the social contract is not black and white and therefore, it probably does decrease accountability to some extent. The results from the empirical investigation showed that the organizations that did not produce a stand-alone sustainability report, did however include a similar amount of disclosures as one of the organizations who did produce a report. This is an interesting aspect which can be linked to the question if more sustainability disclosures would actually lead to greater accountability. Kolk et al. (2008) claim that this is not always the case. Thus, having an explicit sustainability report does not automatically mean that the organization share more extensive information. Actually, a big portion of the required GRI indicators can be found in parts of the annual report e.g. information regarding personnel and anti-corruption. One should therefore not assume that an organization is acting sustainable just from them producing a sustainability report. Moreover, stakeholders might find themselves confused regarding this fact since producing an explicit sustainability report signalizes that the organization take responsibility over their actions compared to those who do not. We further ask ourselves what amount of disclosures and the detail level of these, are actually adequate in the eyes of the stakeholders? Linking back to the problem of greenwashing and approaching SR in a highly selective way, organizations could be prone to create a sustainability report just for the image boost it might bring with it. Thus, including the GRI index list is likely to work as a strong signal towards stakeholders that they have adopted a well-established practice but in the case of NPOs, applying GRI does not equal having an all rounded sustainability report.

5.5.1 Reporting content reflects mission

All organizations tend to report on the aspects closest to their main objective and disregard especially the environmental aspects. To ensure and develop the accountability, NPOs need to be more aware of what aspects are interesting to their stakeholders and report on all dimensions of sustainability; economic, environmental and social. Hess (2007) brings up the critique which has been directed towards extant voluntary frameworks on SR and that they facilitate companies to only show "the good parts" of operations while leaving other information out. Further, Searcy (2012) claimed that GRI is overall too general which affects the usefulness negatively. Based on these critiques, one could argue whether the selective approach to disclosures applied by the case organizations where they predominantly show their impact in their "area of expertise" - social aspects, is leading up to the original purpose of GRI's guidelines? Probably not. This, to a certain degree contradicts the ambition to act as a role model. It can be questioned if the organizations really serve as responsible actors when leaving information out? This approach is further acknowledged by Moneca et al. (2006) who suggest that organizations which comply with GRI, tend to focus on specific problems within the industry instead of focusing on the big picture and the multiple dimensions of sustainability. Finally, referring back to Ball et al. (2000), accountability is likely to increase when disclosing CSR-information but in addition to this, having a social audit will add another dimension and improve the credibility of the provided information and consequently, accountability can be demanded from stakeholders.

Moreover, since all the organizations' operations are based on a social mission, and the number of social disclosures are significantly higher than the economic and environmental disclosures, this means that the organizations are reporting on the aspects which are closest to their organizational purpose and mission. Thus, reporting on the social aspects is a sign of strategic accountability where the organizations account for the impacts in relation to their purpose (Cavill and Sohail, 2007). This was further pointed out as important in the interviews, that one should "live as you learn" i.e. take responsibility in the areas you operate in. Cavill and Sohail (2007) state that NPOs need to place a greater focus on strategic accountability aspects to achieve their mission, but from the results in this study it appears as if the NPOs do actually achieve some strategic accountability as they report on aspects relating to their mission. Prior research has contradicted our results, suggesting that NPOs mainly focus on short-term measures. According to Najam (1996) and Ebrahim (2003), this will disregard the elements which can lead to strategic accountability. This is further not supported by our results where the NPOs emphasized that sustainability is an area where you must work with a long-term mind-set otherwise it defeats its purpose. Functional accountability refers to when the organization reports on resource possession, how they use their inputs and how operations are carried out. This, in turn, has shown to be a weak point in this study. Furthermore, drawing on Toppinen and Korhonen-Kurki (2013) who state that there are no real established guidelines regarding social disclosures as it is for both environmental and economic disclosures. They argue social information is often presented in descriptive information instead of quantitative data. Therefore, it raises the question whether it is easier for the organizations to include more descriptive social information in the reports, due to their overall social mission and their already established knowledge within this area? Moreover, Baboukardos et al. (2016) state there could be an issue when attempting to compare these descriptive social disclosures between organizations. The results from the content analysis further revealed that Röda Korset and Fair Action have approximately the same amount of disclosures. When considering the organizational size, it could be argued that it is easier for Röda Korset to include more descriptive social information compared to Fair Action. Röda Korset is larger and therefore has more aspects to share information on.

5.5.2 Accountability enabled = accountability enforced?

The extensive literature and research on the concept of accountability, suggests that by giving account for one's operations in multiple areas and considering impact from an environmental, social and economic perspective, will increase the opportunity for stakeholders to demand accountability. Simaens and Koster (2013) suggests that SR could be a stepping stone towards increasing accountability to stakeholders. Even though our findings show that all participating organizations only could see positive consequences from providing one's stakeholders with a sustainability report, this is not viewed as an essential part of operations which is reflected in the low frequency of reports. From this, we ask ourselves if the NPOs perhaps do not experience that accountability is flawed in this area? The philosophy "why fix it, if it is not broken" describes the situation quite well, where the experienced pressure (important to hold separately from the pressure in recent research), is basically non-existent and this could explain why the sector has not adopted SR practice as a response to accountability demands. Majority of the organization report on the dealing of monetary funds, which has proven to be an extremely important aspect for the sector, and consequently, the organizations are likely to feel that they are acting adequately in "the important areas".

Referring back to the exposed scandals and what was problematized in chapter 1, the responsible fundraising aspect and responsible distribution of funds is vital for NPOs. Since some organizations have been critiqued in media for committing fraud, this is an area where accountability has been damaged and therefore need to be looked after. However, increased accounting information does not always equal more accountability (Kolk et al. 2008), which pose us with a dilemma. This can further be linked to Du Rietz (2018), who points out that it is important to distinguish between information and knowledge in an accountability setting and concludes that accountability will not be established purely through an accounting reform e.g. the introduction of the new EU-directive in this study's case. Gray et al. (1996) early presented thought in alignment with Du Rietz (2018) and point out, there is a weakness with the concept of accountability - that even when it is due, stakeholders might not require it as a result of laziness or lack of interest. This is something that should be kept in mind when discussing whether increased SR will lead to greater accountability and our conclusion is that it is a very complex question. Hence, one can not assume there is a direct relationship between disclosures and accountability. What we can state, is that increased SR will at least not work the opposite way where accountability decreases and based on prior research, among these Simaens and Koster (2013), more accounting information enable stakeholders to demand accountability. Moreover, when NPOs succeed in reporting on those aspects perceived as material for the stakeholders, accountability can be successfully discharged through SR. Thus, this requires the whole loop described in our accountability model (Fig.1), including responding to the stakeholders' demands, to be addressed in order to achieve sufficient accountability.

6. Conclusion

In this final chapter, we answer our research questions and present our main findings. Thereafter, the contributions of the study and proposals for future research are provided.

In the introduction of this thesis, we raised the question of increased calls for accountability within the nonprofit sector and acknowledged the lag in adopting SR practices in this type of organization. The aim has further been to investigate why and how SR practices has been adopted, or not adopted, in the nonprofit sector. By linking SR to the concept of accountability, we aimed to understand how accountability is impacted by SR and further, how the stakeholder dialogue is carried out in the case organizations, as this is assumed to be part of the accountability process accordingly with the presented model (Fig. 1). The research has provided us with highly interesting findings regarding the matter. We have found that the lack of pressure from both laws, society and the organizations themselves, has been a major hinder for the adoption of SR. The lack of pressure has resulted in that SR is viewed as somewhat superfluous and needles and thus, remains rare in the sector. Moreover, majority of the organizations appeared convinced that they are already perceived as responsible actors and therefore, there is not the same need to account for one's actions in a sustainability report as it is for profit-driven companies. The sector appears to have been exempt from SR demands due to their role as "stewards for the public good", which is problematic considering the amount of exposed scandals which has led to increased calls for accountability and transparency from scholars (O'Dwyer and Unerman, 2008; Cavill and Sohail, 2007).

Another major finding is that there exists a confusion between working with a social mission and working in a sustainable manner. All case organizations have a hard time separating the two and often assume that everything they do is sustainability. In fact, one's core operations can be tightly linked to sustainability when working for the public good, but this does not automatically equal that operations are sustainable. Therefore, it is vital to separate the two. In addition to this, another constraint associated with SR, is the cost associated with SR, which is a burden especially for smaller organizations. Further, there are difficulties with estimating the added-value of SR. This has led to a vague understanding regarding if the benefits of SR actually exceed the costs, which is thought to be a reason for the scarce adoption of SR practices. On the other hand, the empirical investigation revealed some drivers for SR. It is thought to result in increased transparency and credibility which could lead to more donations, but the actors in the sector, do not appear to be in urgent need of an image-boost, why SR remains rare. Yet, the importance of acting a role model is emphasized by the two NPOs who produce a report, which consequently is viewed as a main motivation for SR for these organizations alongside improving internal processes and thus, becoming more efficient.

Noteworthy, is the identified link between the NPO's operational purpose, a social agenda in all the participating NPOs' case, and what type of information that is disclosed. NPOs tend to report on the matters most closely related to one's agenda and mission, which limits the accountability regarding the neglected areas. It further made us question the aspiration to be a role model since neglecting e.g. environmental aspects, implies a selective approach to SR. A well-rounded SR will facilitate to ensure and develop the accountability in all areas. Merely showing "the good parts" and their area of expertise, could further be problematic from an accountability point-of-view. Moreover, the volume of sustainability disclosures is found to not be dependent on if the organization have an explicit SR, or not. It was proven that even organizations which did not produce a SR, had similar compliance level with GRI as some who did.

Alongside SR, the stakeholder dialogue is a central part in the accountability model (Fig. 1). It was further proved to be important for all NPOs and is suggested to be an integrated part of operations where multiple stakeholder groups were acknowledged as important. Drawing on Manetti and Toccafondi's (2014) three-

step model, all organizations achieved the first step “stakeholder mapping” but only one organization reported on how they had brought in the input in the SR process i.e. step two. Furthermore, the results implied that communication is mainly one-way i.e. NPO to stakeholder and the gathering of input from various stakeholder groups, was vaguely described which made us question the comprehensiveness of the communication. The fact that majority of the respondents struggled to give information on how the stakeholders’ input is integrated in the SR process, indicated that this area is rather flawed. Hess (2007) states that it is of high importance to engage stakeholders by developing two-way communication streams, which in this study showed to be an area which need improvement. Linking back to the definition presented by WHO (2005), accountability is defined as *“The processes through which an organization makes a commitment to respond to and balance the needs of stakeholders in its decision-making processes and activities, and delivers against this commitment”*. Thus, sustainability was proven to be merely a side topic of the communication why the dialogue does not appear to influence SR to any significant extent. Consequently, accountability is impacted negatively by the limited dialogue regarding this topic.

In conclusion, this study contributes with knowledge of why and how the nonprofit sector have adopted SR practices and what this means for accountability. Drawing on the accountability model (Fig. 1), accountability is discharged from the NPOs to their stakeholders through SR. Moreover, Simaens and Koster (2013) has suggested SR to be a suitable forum for discharging accountability to stakeholders. Our study has shown that it is limited to upward accountability as this is the group of stakeholders who value this information. In stating this, it appears as even this group i.e. donors and partners, are not always interested in SR why they simply do not demand accountability. This reflects the complexity of accountability relationships described by Gray et al. (1996), where stakeholders might not enforce it even though they have the opportunity. In this study’s case, it seems to be mostly due to the stakeholders’ preconception of then NPOs as legit actors. In addition to this, Kolk et al. (2008) point out that more disclosures do not necessarily lead to greater accountability. However, in this case, it seems as more disclosures will neither decrease the accountability but will at least facilitate an improvement and provide the opportunity for stakeholders to demand accountability. Accountability is an area of improvement in the nonprofit sector and there needs to be an attitude change among the public, as well as within the NPOs themselves, to move away from the preconception of that the nonprofit stamp automatically make you a responsible actor.

6.1 CONTRIBUTIONS

As a result of the study, there are some practical and policy implications which have been identified. The policy implication is directed towards standard setters such as GRI. Our findings suggest that the GRI guidelines need greater adoption to capture the varying characters of NPOs, why this can be meaningful when establishing or updating guidelines for SR. The practical contributions are aimed towards the NPOs themselves. To reach a satisfying level of accountability towards stakeholders, the actors need to improve SR practices by making it more comprehensive and well-rounded, and further increase the involvement and dialogue with stakeholders regarding SR. Moreover, a methodological contribution has also been made by applying a combined research method consisting of both content analysis and a more in-depth interview based case study. We have broadened the scope for the researched area since most prior studies have been purely quantitative or qualitative, why this thesis help to fill this noted gap. Our findings may be the basis for a more extensive quantitative study in the future.

This study further contributes with empirical implications. Firstly, we have discovered a confusion in NPOs between acting sustainable and working towards the public good. This has resulted in a lack of self-pressure to report on sustainability. In addition, from an institutional theoretical perspective, the study has shown that the “taken for grantedness” of the nonprofit sector’s legitimacy, has resulted in a lack of institutional forces and pressures compared to those present for profit-driven sectors. The scholars’ calls for increased

accountability demands in the nonprofit sector, has not influenced practices to any significant extent since the public holds on to the preconception of NPOs being responsible actors. Our thesis has contributed in shedding light on the dominant form of accountability stemming from SR i.e. upward accountability and that this tends to crowd out downward accountability. The gathered empirical data can be useful in creating hypotheses which can be further tested in future research which involves larger samples.

Lastly, this research project has presented some interesting theoretical contributions. We contribute to previous knowledge by using a concept i.e. the adapted Accountability model (Fig.1) in a nonprofit context to better understand and interpret the empirical findings. By conducting a content analysis based on the CONI-model and the GRI sector supplement for the NGO sector alongside applying Manetti and Toccanfondi's (2014) stakeholder participation model, we have analysed the motives behind adopted SR practices and what this means for accountability. Thus, using the three-step model and linking the grade of stakeholder participation to accountability, adds another theoretical contribution of this study. Thereafter, we have intertwined these steps in the Accountability model originally presented by Gray et al. (1996) to interpret all empirical results. The model's wide scope and applicability has been confirmed by Gray et al. (1996) and has to our knowledge, not been applied in this context before, nor been integrated with the complementary stakeholder participation model and content analysis based on GRI NGO supplement.

6.2 PROPOSALS FOR FUTURE RESEARCH

We believe that there are numerous areas of SR, accountability and the nonprofit sector which are interesting for future studies. The extant literature and research on accountability and sustainability reporting is extensive. Recently the nonprofit sector has become of increased interest and importance due to its expanding character and unique association type. Drawing on this study, future research could continue to examine the link between SR and accountability in the nonprofit sector but add an external perspective by conducting an in-depth interview study directed towards stakeholders. This would add another interesting perspective on the phenomenon. In addition to this, we suggest that further studies can develop hypotheses based on our findings to perform a more comprehensive study which can be used to gain results with a stronger generalizing power. Due to the complexity of the concept of accountability, future studies could widen the knowledge base by applying a different model for achieving accountability.

Moreover, this study has applied The GRI guidelines when conducting the content analysis and this is just one available framework. Therefore, we deem it interesting to compare the results from a GRI based content analysis to another SR framework. Likewise, we suggest analysing stakeholder participation from another model to broaden the scope. Lastly, we suggest that this study can be conducted again with the addition of another sector e.g. with a profit-driven sector. In this way, the drivers and constraints as well as the external environment can be compared between the two sectors. This, could give another perspective and better understanding of why and how SR practices have been adopted. We believe further studies within the nonprofit sector is of high interest since the area is developing rapidly.

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Appendix 1

GRI General Disclosures

Category	Aspects (+ = Sector specific)	Rädda Barnen (Sweden)	Fair action	Röda Korset	Amnesty (Swedish section)	Cancerfonden
Strategy and Analysis +	G4-1	5	5	5	5	5
Organizational profile	G4-3	5	5	5	5	5
	G4-4 +	5	5	5	5	5
	G4-5	5	5	5	5	5
	G4-6	5	2	5	2	—
	G4-7 +	5	5	5	5	5
	G4-8 +	5	2	5	2	2
	G4-9 +	5	5	5	5	5
	G4-10 +	4	4	4	4	3
	G4-11	5	5	5	—	—
	G4-12	1	—	—	—	—
	G4-13	5	—	4	1	—
	G4-14	4	—	2	1	2
	G4-15	5	5	5	5	5
	G4-16 +	4	4	2	2	4
Identified material aspect and boundaries	G4-17 +	5	5	5	5	5
	G4-18	5	—	5	—	—
	G4-19	5	—	—	—	—
	G4-20	5	—	—	—	—
	G4-21	—	—	—	—	—
	G4-22	5	—	—	—	—
	G4-23	5	—	—	—	—
Stakeholder engagement	G4-24 +	5	—	—	5	—
	G4-25	1	—	—	—	—
	G4-26	4	4	4	2	2
	G4-27	5	1	2	—	—
	G4-28	5	5	5	5	5
	G4-30	5	5	5	5	5
	G4-31	5	—	5	5	5
	G4-32	5	5	—	—	—
	G4-33	5	—	—	—	—
Governance	G4-34	5	5	5	5	5
	G4-37 +	4	1	4	—	—
	G4-39 +	5	2	5	2	2
	G4-40 +	—	—	—	—	—
	G4-45 +	2	—	1	—	—
Ethics and Integrity	G4-56	5	—	5	—	—

Appendix 2

GRI Specific Disclosures

Category	Aspects (+= Sector Specific)	Rädda Barnen Sverige	Fair action	Röda Korset	Amnesty (Svenska sektionen)	Cancerfonden
Social	Employment					
Labour practices and Decent work	G4-LA1	5	5	5	3	3
	G4-LA2	4	1	2	–	–
	G4-LA3	–	–	–	–	–
	Labour/Management Relations					
	G4-LA4	–	–	2	–	–
	Occupational Health and Safety +					
	G4-LA5	–	4	–	–	–
	G4-LA6	–	–	–	–	–
	G4-LA7	–	1	–	–	–
	G4-LA8	–	–	–	–	–
	Training and					
	G4-LA9	–	2	–	1	–
	G4-LA10	5	–	–	–	–
	G4-LA11	–	4	–	–	–
	Diversity and Equal Opportunities					
	G4-LA12	5	4	5	5	5
	Equal Remuneration for					
	G4-LA13	5	–	–	–	–
	Supplier Assessment for Labour Practices					
	G4-LA14	2	–	–	–	–
	G4-LA15	–	–	–	–	–
	Labour Practices					
	G4-LA16	4	–	–	–	–
Human rights	Investment					
	G4-HR1	2	–	2	–	5
	G4-HR2	–	4	–	–	–
	Non-discrimination					
	G4-HR3	1	–	–	–	–
	Freedom of					
	G4-HR4	–	–	–	–	–
	Child Labour					
	G4-HR5	–	–	–	–	–
	Forced or Compulsory Labour					
	G4-HR6	–	–	–	–	–
	Security Practices					
	G4-HR7	–	–	–	–	–
	Indigenous Rights					
	G4-HR8	–	–	–	–	–
	Assessment					
	G4-HR9	–	–	–	–	–

	Supplier Human Rights Assessment					
	G4-HR10	2	–	–	–	–
	G4-HR11	–	–	–	–	–
	Human Rights					
	G4-HR12	2	–	–	–	–
Society	Local Communities					
	G4-SO1	4	–	2	–	–
	G4-SO2	–	1	–	–	–
	Anti-corruption +					
	G4-SO3	1	2	2	–	1
	G4-SO4	2	1	1	–	–
	G4-SO5	4	–	2	–	–
	Public Policy					
	G4-SO6	–	–	–	–	–
	Anti-competitive Behaviour					
	G4-SO7	–	–	–	–	–
	Compliance					
	G4-SO8	–	–	–	–	–
	Supplier Assessment for Impacts on Society					
	G4-SO9	2	–	–	–	1
	G4-SO10	–	–	–	–	–
	Grievance Mechanisms for Impact on Society					
	G4-SO11	4	–	–	–	–
Product Responsibility	Customer Health and Safety					
	G4-PR1	–	–	–	–	–
	G4-PR2	–	–	–	–	–
	Product and Service Labelling					
	G4-PR3	–	–	–	–	–
	G4-PR4	–	–	–	–	–
	G4-PR5	–	4	–	–	–
	Marketing Communications +					
	G4-PR6	–	–	–	–	–
	G4-PR7	4	–	1	–	–
	Customer Privacy +					
	G4-PR8	2	–	–	–	–
	Compliance					
	G4-PR9	–	–	–	–	–
	Affected Stakeholder Engagement ++	5	5	2	2	2
	Feedback, Complaints and Action ++	2	–	1	–	–
	Monitoring, Evaluation and Learning ++	2	–	–	2	–
	Gender and Diversity	1	–	1	–	–
	Public Awareness and Advocacy ++	1	1	1	–	1
	Coordination ++	2	5	–	1	2

Economic	Economic					
	G4-EC1	5	5	5	5	5
	G4-EC2	–		–	–	–
	G4-EC3	–	–	–	–	–
	G4-EC4	5		5	–	4
	Market Presence					
	G4-EC5	2	–	2	–	–
	G4-EC6	1	–	–	–	–
	Indirect Economic					
	G4-EC7	–	–	–	–	–
	G4-EC8	–	–	–	–	–
	Procurement Practices					
	G4-EC9		–	1	–	–
	Resource Allocation	5	–	5	–	5
	Socially-Responsible Investment ++	4	–	4	–	2
	Ethical Fundraising	5	5	5	1	1
Environmental	Materials					
	G4-EN1	5		–	–	–
	G4-EN2	–	–	2	–	–
	Energy					
	G4-EN3	1	1	1	–	–
	G4-EN4 –	–	–	–	–	–
	Water					
	G4-EN8 – G4EN10	–	–	–	–	–
	Biodiversity					
	G4-EN11 – 14	–	–	–	–	–
	Emissions					
	G4-EN 15 – 18	–	–	–	–	–
	G4-EN19	2	–	1	–	–
	G4-EN 21 –22	–	–	–	–	–
	Effluents and Waste					
	G4-EN22	–	–	1	–	–
	G4-EN 23-26	–	–	–	–	–
	Products and Services					
	G4-EN 27	5	–	2	–	–
	G4-EN28	–	–	–	–	–
	Compliance					
	G4-EN29	–	–	–	–	–
	Transport					
	G4-EN30	–	2	1	–	–
	Supplier Environmental					
	G4-EN32	2	1	–	–	–
	G4-EN33	–	–	–	–	–
	Environmental Grievance Mechanisms					
	G4-EN34	–	–	–	–	–

Appendix 3

Interview questions

Organizations that *do not* have a sustainability report:

NPO

1. Do you work with sustainability questions?
2. If yes – do you produce a sustainability report?
3. Do you have a specific person dedicated to working with sustainability questions in your organization?
4. It is quite few organizations that establish a sustainability report in the nonprofit sector, what do you think is the reason behind?
5. (When applicable) There is some sustainability information in your annual report. Have you considered establishing a separate sustainability report?
6. If yes – what would motivate you to do that?
7. What positive outcomes do you think you would get from establishing one? (Both internal and external benefits)
8. If no – what factors are against establishing one?
9. What is the main reason to why you have not established a sustainability report so far?
10. Do you feel any pressure from the society to establish a sustainability report?
11. Do you believe that you, as a nonprofit organization, feel the same pressure to establish a sustainability report as a for-profit organization do?
12. Do you think organizations within the nonprofit sector should share information on their impact in the same way for-profit should?

Sustainability reporting

13. Do you think there are enough guidelines for nonprofit organizations to establish a sustainability report?
14. Do you know that GRI have published a sector specific supplement for nonprofit organizations?
15. If you would start establishing a sustainability report, do you think you would use this supplement?
16. Today, do you get inspiration from any sustainability framework?
17. Being a nonprofit organization, what sustainability aspects do you consider as the most important to highlight in a potential report?
18. Will the new EU directive affect you in any way? If yes – how?
19. How do you balance between short-term and long-term sustainability goals? What are you focusing most on?

Stakeholder dialogue

20. Who are your stakeholders? Do you identify primary and secondary stakeholders?
21. Who do you think are the most interested receiving your sustainability information?
22. Do you know what sustainability aspects that are the most important for your stakeholders and partners?
23. If yes – which aspects?
24. Do you know if your stakeholders are currently lacking a sustainability report?
25. If yes – how do you know that?
26. How do you communicate with your stakeholders regarding sustainability questions?
27. Do you take your stakeholders' and partners' input and interest in consideration when you decide the contents of the sustainability-related information that is included in the annual report?
28. If yes – in what way?
29. If no – what are your disclosures derived from?
30. Do you involve your stakeholders in the decision process concerning SR?
31. If yes – can you give an example on how?
32. Do you experience that the interest in sustainability questions among your stakeholders have increased over time?

Organizations that *do* establish a sustainability report:

NPO

1. How many people are working with sustainability questions in your organization?
2. Is it the same people that oversee establishing the SR?
3. How many years have you been establishing a SR?
4. What motivates you to establish a SR?
5. What is your overall goal with the SR?
6. What positive consequences do you get from the SR? (Internal and external)
7. What is the greatest challenge of producing a SR?
8. It is quite few organizations that establish a sustainability report in the nonprofit sector, what do you think is the reason behind?
9. What factors weigh against establishing a SR?
9. Have you seen any negative consequences from having a SR?
10. Do you feel any pressure from the society to establish a SR?
11. Do you believe that you, as a nonprofit organization, feel the same pressure establish a sustainability report as a for-profit organization do?
12. Do you think organizations within the nonprofit sector should share their impact on sustainability in the same way for-profit should?

Sustainability reporting

13. Do you think there are enough guidelines for nonprofit organizations to establish a sustainability report?
14. Do you follow any other guidelines except from GRI?
15. Do you feel that the available guidelines capture your needs as a NPO?
16. Do you think it is easy to follow GRI guidelines?
17. Do you get any external help with the establishment of the report?
18. Being a nonprofit organization, what sustainability aspects are the most important for you to highlight in the sustainability report?
19. Will the new EU directive affect you?
19. If yes – how?
20. Do you have any sustainability goals?
- 20.1. If yes – are this mainly over long or short time period?

Stakeholder dialogue

21. Who are your stakeholders? Do you identify primary and secondary stakeholders?
22. Who do you think is most interested in your sustainability report?
23. Do you direct the report to them in some way?
24. How do you communicate with your stakeholders regarding sustainability matters?
25. Do you take your stakeholders' and partners' input and interest in consideration when you decide the contents of the sustainability-related information that is included in the annual report?
26. If yes – Do you encourage them being a part in the decision-making process and do you involve them in this process?
27. Do you know what sustainability aspects that are important for your (different) stakeholder groups regarding the SR?
28. If yes – can you give some examples?
29. What are the contents of the SR based on?
30. Do you feel that your stakeholders have knowledge about sustainability?
31. Do you experience that the interest in sustainability questions among your stakeholders have increased over time?