Accounting, Auditing &
Accountability Journal

Navigational Space for the Absence of Sustainability Assurance in China

SCHOLARONE™
Manuscripts

Navigational Space for the Absence of Sustainability Assurance in China

Abstract

Purpose - This case study presents a critical analysis of why and how corporate managers in China are reluctant to adopt sustainability reporting assurance (SRA) provided by externally independent third-party assurers, despite the fact that it is acknowledged as a value-adding activity globally.

Design/methodology/approach - A longitudinal case study was conducted from 2014 to 2019 in a Chinese central state-owned enterprise (CSOE), a pioneer in sustainability reporting practice since the mid-2000s, to collect first-hand empirical data on managerial perceptions of the adoption of external SRA. Semi-structured interviews with 25 managers involved in sustainability (reporting) practice were conducted. The interview data were triangulated with an analysis of archival documents and board meeting minutes pertaining to the undertakings of sustainability practices in the CSOE case study.

Findings - While managers recognize the benefits of adopting external SRA in enhancing the legitimacy of sustainability accountability, they oppose SRA because of their deep-rooted allegiance to dominant logic of sociopolitical stability in China. SRA risks the stability of the socialist ideology with which CSOEs are imbued. Any transformational approach to accepting a novel practice must be molded to gain control and autonomy, thereby maintain the hegemony of stability logic. Managers harness sustainability reporting as a navigational space to engage in internally crafted alternative manners in order to resist the rationality of external SRA.

Originality/value - The empirical analysis presents a nuanced explanation as to why internal managers have hitherto been reluctant to embrace the embedding of independent assurance into the sustainability reporting process. Prolonged fieldwork provides ample context-specific, intra-organizational evidence regarding the absence of SRA in Chinese CSOEs, which warrants more attention given their considerable presence in the global economy. In addition, the empirical analysis contributes to our understanding of the managerial capture of sustainability issues in a specific context of state capitalism and how organizations and individuals in an authoritarian regime interpret and respond to novel discourses derived from distinct institutional settings.

Key Words: Sustainability Reporting Assurance; Socio-Political Stability Logic; Navigational Space; Resistance to Assurance, Case Study; Chinese CSOEs.

1. Introduction

This study seeks to offer empirical evidence regarding the reluctance of Chinese central state-owned enterprises (SOEs) to accept the integration of external assurance into their sustainability reporting processes. Prior studies have acknowledged the critical role of SOEs' responses to the global demand for sustainability practices (Bruton *et al.,* 2014; Lin *et al.*, 2020; Hsu *et al.*, forthcoming). However, the current sustainability practices and reporting mechanisms are merely used as impression and reputational risk management tools to maintain a legitimate status and thus continue profitability-focused strategic objectives (Unerman and Chapman, 2014; Bebbington *et al.*, 2008; Deegan, 2019). It barely drives organizational change in a more socially, environmentally responsible, and sustainable manner. To address this criticism, corporations have begun to employ independent sustainability assurance provided by professional bodies or accounting firms (Channuntapipat *et al.,* 2019; Martínez-Ferrero and García-Sánchez, 2017a). Sustainability reporting assurance (SRA) offered by external independent third-party assurers serves as a credential for the materiality of sustainability reports and thereby re-construct more trustworthy relationships with stakeholders (Boiral, 2013; Clarkson *et al.*, 2019; Junior and Best, 2017).

Although SRA services have incrementally gained momentum in practice (Channuntapipat *et al.*, 2020; Clarkson *et al.*, 2019), more recent studies have reported global stagnation in SRA services, and the absence of SRA practices despite formal adoption (Farooq and De Villiers, 2017). This contradicts the recent KPMG corporate responsibility reporting survey, which indicates that 71% of the world's 250 largest companies have integrated SRA into their sustainability reporting processes (KPMG, 2020, p. 24). Empirical and theoretical understanding of the absence of SRA remains scarce in the existing literature. This study aims to fill this literature gap by providing empirical evidence to augment our understanding of the absence of SRA in China, the largest emerging country and the world's largest economy.

In the context of China, corporate social responsibility (CSR) and sustainability concepts were "transplanted" from the Western context around the late-1990s, which led to various CSR/sustainability-focused initiatives in the Chinese corporate world *(*Situ *et al., 2020;* Parsa *et al*., 2021). In particular, the diffusion of sustainability-related practices (e.g., sustainability reporting and relevant governance mechanisms) in China was reinforced through the continual advocacy of various key stakeholders, such as political leaders (e.g., president and prime minister), government authorities (e.g., Ministries of Commence, Social Security, and Environmental Protection), the State-owned Asset Supervision and Administration Commission (SASAC), international and national professional bodies (e.g., Global Reporting Initiative, and United

Nation's Global Compact), industrial associations, and stock markets (i.e., Shanghai and Shenzhen Stock Exchanges) (Marquis and Qian, 2014; Li and Lu, 2020).

Notably, since mid-2000s, a rapidly growing number of Chinese corporations, especially CSOEs, embarked on sustainability reporting. Regardless of their international presence, with other multinational peers having embraced SRA for years, approximately 4% of Chinese CSR and sustainability reporting corporations have adopted external SRA services (Du and Gray, 2013; KPMG, 2017; Liao *et al.,* 2018). For example, a few Chinese CSOEs, such as PetroChina and COSCO, have adopted external SRA in sustainability reports since 2011; however, most CSOEs remain reluctant to embrace SRA. Engaging with recent research on sustainability reporting practices in emerging economies. This fieldwork case study of a Chinese CSOE attempts to answer the following questions:

i. How and why do internal managers counter or perhaps resist demands to adopt external SRA that their global peers have widely adopted?
ii. What mechanisms have managers devised to maintain allegiance to dominant socio-political logic?

To this end, a prolonged case study was conducted in a Chinese CSOE whose senior management officially pledged in the mid-2000s to invite external professionals to scrutinize their sustainability reporting process but has yet to do so until recently. During the fieldwork, the decision-making process regarding sustainability (reporting) practices was observed, and empirical data were collected through interviews with 25 managers involved in decision-making regarding the practice of accounting for sustainability. In addition, archival documents on sustainability-related practices undertaken in the case organization over the past decade were analyzed. We develop a theoretical bricolage that enables us to provide a nuanced explanation for why (i.e., reasons and concerns) and how (i.e., conditions and motivations) executives within a Chinese CSOE resist external SRA services.

Our study makes two major contributions to sustainability accounting and accountability literature. First, we provide insight into the intra-organizational dynamics that hinder the adoption and development of SRA for sustainability reporting in Chinese CSOEs (Tilt, 2018; Yang *et al.*, 2015). Understanding the development of sustainability practices in SOEs is critical because they account for a large portion of social and economic life in both developed and developing countries, such as China, and appear to have greater capacity and motivation to address sustainability issues

through intensified social and environmental engagement (Hsu *et al*., forthcoming). However, the absence of SRA external scrutiny in SOEs' sustainability accountability practices leads us to doubt their commitment to sustainable development. Our theoretical conceptualization enables us to unpack hidden resistance to SRA in the Chinese context. Overall, while SRA has been acknowledged as a value-adding activity globally, the Chinese CSOE in our case study remains faithful to the deep-rooted socio-political stability logic by subtly resisting the demand for externally sourced SRA.

Second, the empirical analysis enriches our understanding of the relevant role played by settled institutional logic and organizational embeddedness of sustainability-related demands and associated practices in a specific organization (Lepori and Montauti, 2020; Pache and Santos, 2013; Herremans *et al.*, 2009). In the Chinese institutional setting, whilst the adoption of SRA practices is recognized as substantiating the sustainability reporting process; nevertheless, it is envisaged as a redundant, unrealistic change to the self-serving (and self-disciplinary) accountability mechanism established in a CSOE. Internal actors (i.e., managers) in our case study organization were able to insist on refusing to incorporate SRA into the sustainability reporting process due to their allegiance to the prevailing logic of stability in an authoritarian regime. Moreover, our study provides practical implications for practitioner policymakers and standards setters on the dynamics behind the non-adoption of social auditing and assurance and broader sustainability-related initiatives (Yang *et al*., 2015; Belal *et al*., 2013; Tilt, 2018).

In the next section, we review the existing literature on SRA to identify a gap in previous studies on corporate reluctance to embed SRA practices into sustainability reporting processes. The theoretical framework used to help make sense of the empirical evidence is then described in detail. We then explain how qualitative fieldwork was conducted in the CSOE case study to collect relevant data on sustainability reporting and external assurance. Subsequently, an analysis of the empirical findings is presented, followed by a discussion and concluding remarks.

2. Research Background and Relevant Literature

2.1. The rise of sustainability practices in SOEs

Academic interest in sustainability-related activities, such as social and environmental practices, reporting, and auditing in SOEs, is growing (Hsu *et al.,* forthcoming; Li and Belal, 2018; Situ *et al.*, 2021; Marquis *et al.,* 2017). This study focuses on SOEs because the last decade has witnessed

a remarkable resurgence of SOEs[1] worldwide, and SOEs remain to underpin social and economic development globally (Bruton *et al.,* 2014; Lin *et al*., 2020; Hsu *et al*., forthcoming). More importantly, recent literature recognizes that, compared with privately owned firms, SOEs exhibit more capacity and motivation to engage in social and environmental sustainability activities (e.g., CSR reporting, environmental management systems, and sustainability policies) (Hsu *et al.,* forthcoming; Marquis *et al.,* 2017). Regarding Chinese SOEs, it is unclear whether their engagement in CSR and sustainability practices is genuinely aimed at maximizing social welfare due to their public ownership or merely a means employed by "politician" executives to improve their reputation and career promotion in the socialist political system (Li and Lu, 2020; Luo *et al*., 2016; Marquis and Qian, 2014).

Despite contentious views on the motives of SOEs engaging in sustainability activities, previous studies underscore the interactive effects of institutional, organizational, and individual characteristics in the initiation of sustainability accounting and reporting practices in Chinese SOEs (Li and Belal, 2018; Situ *et al*., 2021; Zhao and Patten, 2016). Since the early-2000s, the central government of China has emphasized the significance of CSR and sustainable development. The government and its affiliates are key instigators encouraging companies to implement sustainability practices. Such a declaration becomes a subtle mechanism for the government to exert pressure on managers to integrate a sustainable development agenda into organizational practices. Even though the sustainability agenda is not exercised coercively, the strong governmental influence on CSOEs appears to have triggered various initiatives to disseminate CSR and sustainability principles in China (Yang *et al*., 2015, Zhao and Patten, 2016). Government dominance in CSOEs' sustainability practices manifests itself as an invisible or internalized form of power (Temper *et al*., 2018). Despite the transformation of CSOEs' corporate governance as a result of the 1980s reform[2], SOE operations and decision making remain closely controlled by the government. The Chinese government owns more than 90% of the SOEs (Jiang and Kim, 2020). The appointment of senior managers in SOEs is at the government's discretion. In 2017, there were 75 Chinese CSOEs in the Fortune Global 500 and more than 150,000 SOEs governed by provincial or municipal-level government agencies throughout China (Lin *et al*., 2020).

---

[1] Globally, SOEs contribute to more than 10% of GDP, and more than 20% of global equity market value. More than 10% of world's largest companies are SOEs which generate total sales of more than 3.6 trillion dollars in 2011. SOEs exist across the world, from Africa, Asia and Latin America to North America and Europe (Kowalski *et al.,* 2013).

[2] For a comprehensive review of the three major phases of reform in Chinese SOEs and their socio-political and economic significance in China, please refer to Lin *et al*., (2020). The reforms have led to some improvement of corporate governance mechanisms in SOEs incorporate modern corporate governance mechanisms (e.g., Board of Directors, various managerial committees, etc.).

Li and Belal (2018) provide further evidence that senior executives and managers play a significant role in initiating stand-alone CSR reporting in a Chinese CSOE. They argue that both global and domestic institutional factors have induced political sensitivity and the capability of internal actors to concur with the central government's agenda to drive CSR reporting decisions in SOEs (Li and Belal, 2018). Recently, the central government has used symbolic power of regulators, shareholders, and appointers of CSOE executives to imbue political ideology into the organization and to induce managers' consensus and habitus in promoting environmental reporting practices (Situ *et al.,* 2021). The discourse analysis of seven Chinese firms demonstrates that corporations, including CSOEs and private companies, have no option but to respond to the government's politically infused environmentalism ideology to accrue symbolic capital, social position, and ultimately more economic capital in the "state capitalism" (Situ *at al*., 2021, p. 3). Luo *et al*. (2017) evidenced that, due to the central government's political advocacy for CSR and sustainability, CSOEs (with close ties to the central government) tend to adopt CSR reporting more quickly.

Additionally, Li and Lu (2020) argue that although the SOEs' global experience plays an integral part in their sustainability initiatives, the political ambitions of local government politicians and the career pursuits of senior managers (e.g., chairman and CEOs) are the most important drivers for implementing CSR and sustainability practices in Chinese SOEs. These findings are consistent with Marquis and Qian's (2014) finding that Chinese firms tend to actively engage in CSR reporting practices when their owners or senior managers are members of political councils, such as the National People's Congress and the Chinese People's Political Consultative Conference. In summary, the literature suggests that the pressure for sustainability performance (e.g., social and environmental reporting) is prominent, inevitable, and irresistible in the Chinese context. In Chinese SOEs, socio-political and institutional pressures, as well as formal and informal social norms, shape strategic orientation and influence corporations to adopt sustainability practices.

2.2. *The presence and absence of SRA adoption*

Existing SRA literature has examined various motivating factors for SRA adoption in different corporations and the effects of SRA in different organizations and institutional contexts (Clarkson *et al*., 2019; Tyson and Adams, 2019). Generally, most firms adopt SRA because of increasing expectations, demands of relevant stakeholders, and broad institutional pressures (Braam and Peeters, 2018; Martínez-Ferrero and García-Sánchez, 2017; Sheldon and Jenkins, 2020). In addition, firms may use SRA to sustain or strengthen corporate reputation and competitive advantages, as well as avoid potential risks and missed opportunities (Kend, 2015; Martínez-Ferrero and García-Sánchez, 2017). Moreover, firms adopt SRA as a symbolic or strategic activity

in the process of legitimizing holistic and sustainability-related projects in corporations (Channuntapipat *et al.*, 2020, Braam and Peeters, 2018).

Numerous empirical evidence suggests that the SRA service provided by the Big Four professional accountancy firms can enhance the credibility and reliability of sustainability reports; hence, increasing stakeholders' confidence in using the information to make more informed decisions (Michelon *et al.*, 2019; Steinmeier and Stich, 2019). In addition, SRA may mitigate information asymmetry between corporate management and various stakeholder groups, thereby reducing the cost of equity capital and the forecasting errors of financial analysts (Martínez-Ferrero and García-Sánchez, 2017; Reimsbach et al., 2018; Rivière-Giordano *et al.*, 2018). Nevertheless, extant SRA services and assurance statements are accused of being incomplete, often immaterial, and only partially conforming to specific assurance standards and auditing procedures (Smith *et al.*, 2011; Wong and Millington, 2014).

Nevertheless, previous studies have mainly focused on SRA adoption by firms in developed countries, whereas SRA research in emerging economies, such as China, is limited. One study by Liao *et al.* (2018) offers valuable evidence on existing CSR assurance adopters in China. This study reveals that corporate characteristic (e.g., the board of directors) impact CSR adoption in Chinese companies. However, they also report that only approximately 4%, 83 out of the 2,054 firms in the sample, have adopted external SRA (Liao *et al.*, 2018). Although the authors explained that the board of directors plays a decisive role in voluntarily using third-party assurance in CSR reporting practice, the reasons why most firms (96%) in China resist accepting SRA services deserve further investigation. Notably, there is a dearth of empirical studies investigating the phenomenon that most sustainability reporting organizations, particularly those in emerging economies, have yet to adopt SRA (KPMG, 2017; Tyson and Adams, 2019).

Darus *et al.'s* (2014) study represents an early attempt to explore the impediments of embedding SRA into organizational contexts. Through an online questionnaire survey, the study suggests that while SRA seems to have become a prevalent practice, the adoption or rebuttal of SRA is fundamentally determined by the attitudes and subjective norms of internal organizational actors (e.g., senior managers) (Darus *et al.*, 2014). Fear of public scrutiny and criticism, adverse effects on corporate reputation, the cost of undertaking complicated SRA engagement, the absence of agreed standards, mandatory regulation, and other coercive pressures are among the barriers preventing firms from embedding SRA (Darus *et al.*, 2014). Overall, there is limited understanding of why there is a lack or absence of SRA adoption in emerging economies. Given the nature of

public ownership for maximizing social welfare, we draw attention to the role of SOEs in implementing relevant practices to address sustainability issues in China, which is the largest emerging and world's upcoming largest economy, in our study.

This study aims to offer a nuanced understanding of why and how the interplay of an institutional script and organizational factors results in individual actors persistently resisting embracing SRA as a component of the sustainability reporting process in Chinese CSOEs. We use a theoretical conceptualization of hidden resistance to SRA practices to investigate how and why SRA remains absent in Chinese CSOEs, which have led sustainability reporting practices in China since the mid-2000s.

3. Conceptualizing Hidden Resistance to SRA in China

3.1. *Allegiance to socio-political stability logic*

Individuals and organizations are guided by institutionalized field-specific norms, values, and practices that cohere in institutional logic (Thornton and Ocasio, 2008). Human conduct is determined by sociocultural norms and specific institutional logics, which construct an institutionalized pattern of actions (Scott, 2013; Schneider, 1976). Individual members of an organization frequently enact societal scripts and norms in their organizational life (Thomas *et al.*, 1987). Individual choices, motivations, and purposes are not entirely autonomous. They implicitly and explicitly subscribe to constitutive rules and sociocultural norms as guidelines for their decisions in any situation (Berger and Luckmann, 1967, Scott, 2013). Therefore, individuals' allegiance to institutionalized norms influences how they respond to demands and pressures.

Since the founding of the People's Republic of China in 1949, the logic of socio-political stability has governed all aspects of organizational operations and facets of individual life (Feng, 2013; Zeng, 2015). Stability logic entails that any decisions and actions proposed by organizations (e.g., companies and public sectors) be scrutinized by relevant government agencies to ensure that they are consistent with the government's political ideology and enhance, or at least do not affect, the ruling legitimacy of the Chinese Communist Party (CCP) (Howell, 2012; Schubert and Ahlers, 2011). Any threat to the government's control in the social and economic spheres will be interfered with, neutralized, or terminated. Over the last few decades, the CCP's political ideology has led governments at all levels to dominate companies' perceptions of practices and their strategic decisions that impact the accumulation of symbolic and economic capital (Situ *et al.*, 2021). Maintaining socio-political stability appears to not only suit a fledgling country after China's independence in the late-1940s when socio-political stability was prioritized, but also played an

important role in achieving rapid economic growth over the last decades. SOEs, in particular, are the most important organization in which politically important stability logic can be maintained. For example, to ensure the pervasive implementation of stability logic and other political ideologies, all senior executives of SOEs are selected and appointed by the CCP-led State Council. Moreover, all of them have political standing in the CCP committee, and their promotion is contingent upon their loyalty and conformity to the party's political orders.

Organizations and individuals in an authoritarian regime like China's naturally follow a political ideology and, more specifically, stability logic in their daily life (Howell, 2012; Raynard *et al.,* 2013). This is not surprising given that organizational members often serve as carriers of constitutive logic (Pache and Santos, 2010). Any projected plans and decisions for future changes must adhere to institutionalized norms and values (Friedland, 2018). Attachment to institutionalized scripts influences how individuals and organizations evaluate and respond to external/environmental stimuli that necessitate organizational changes (Almandoz, 2014). Any decisions for organizational change must conform to settled logic (Liebman and Milhaupt, 2015). It forms the logical properties and structures of a stream of individual thoughts, actions, and decisions (Innis, 2004, Polanyi, 1966).

Indeed, Chinese firms and internal actors are aware that strong ties to state power are critical to organizational survival and prosperity (Milhaupt and Zheng, 2015; Sheng *et al.*, 2013). The dominant stability logic somehow rules individual and organizational actions (Pearson *et al.*, 2021). The logic of stability is clearly enacted and embodied in how individuals choose to operate and what organizations sign up for. Individual managers and organizations in the Chinese context carry stability logic as institutionalized norms. They embed and enact them in all aspects of organizational decisions with pride (Voronov and Vince, 2012). The overarching logic of stability in the Chinese context becomes tacit logic that influences an organization's readiness to accept any ideas or external pressures to change.

According to Bourgoin *et al.* (2020), any pressure for change in such a politically adverse context often engages in legitimacy work to gain organizational members' acceptance and support for their initiatives, including in the context of sustainability assurance practitioners (O'Dwyer, 2011; Canning *et al.*, 2019; Andon *et al.*, 2015; Farooq and De Villiers, 2019). However, organizational actors might resist demands for such undesirable changes as they contradict or threaten established institutional logic and social values (Wright *et al.*, 2017; Glynn and Lounsbury, 2005; Marquis and Lounsbury, 2007; Malhotra *et al.*, 2021). Resistance might occur in the context of growing

pressures to accept a social and environmental accounting agenda and the demand for sustainability assurance because strong internal forces drive individuals in organizations to adhere to the prevailing profit-maximizing logic (Bouten and Everaert, 2015). Individual organizational members may be adamant about settled logic or interpretation and resist engaging in seemingly insignificant discursive practices (Harding *et al.*, 2017). As discussed in the following subsection, allegiance to the embedded logic may induce logic-based resistance.

3.2. Harnessing a navigational space to resist external SRA

Organizations under pressure to change often engage in ways that enable them to regain control and autonomy by developing a navigational space, which constitutes discursive conditions or any transformational approach that ensure the same signs of change can be appropriated, translated, rehistoricized, and read anew (Palpacuer and Seignour, 2020; Moje *et al*., 2004; Keenan and Miehls, 2008). By doing so, organizational members can subtly resist the pressures for change by creating a space that allows them to navigate the pressure for change or to bridge or expand the boundaries between the organization's settled logic and the new discourse for change (Barton and Tan, 2009). The navigational space allows them to negotiate different discourses and generate new knowledge or counter-narratives. Such a subtle way of resisting enables organizational members to share, develop, and leverage discursive and material resources to respond to pressure for hegemonic transformation (Palpacuer and Seignour, 2020). Resistance manifests as deep-seated struggles over certain issues that clash with settled logic (Fleming and Spicer, 2008).

A navigational space to pressures allows resistance to be concealed in many ceremonial aspects of individual acts and organizational decisions (Courpasson, 2017; Kelley, 1993; Contu, 2008). The navigational space provides an obscured or veiled means of resisting "intersubjective relations and other quiet subterranean realms of organizational life" (Fleming and Sewell, 2002, p. 869). Elite or individual actors in firms may engage in "decaf resistance" (Contu, 2008), or subtle/discreet (Ybema and Horvers, 2017), hidden/indirect (Fleming and Sewell, 2002), or covert in any modes of interstitial and subterranean acts of resistance (Collinson, 2003; Collinson and Ackroyd, 2005; Scott, 2007; Putnam *et al.*, 2005). The act of subtle resistance is obstructed in what acts seemingly accommodate demands or responses to societal pressures. Managers may use accounting tools as navigational spaces to subtly and creatively resist (Allain *et al.,* 2021).

In different organizational contexts, superficial responses or subtle mixes of compliance and resistance to the demand for changes in accounting practices have been observed (McNally and Maroun, 2018; Allain *et al.*, 2021). In the context of the sustainability agenda, internal actors'

resistance may be manifested in the adaptation and learning of sustainability strategies (Dyball *et al.*, 2015). Silvola and Vinnari (2021) argued that institutional actors undertake political work induced by market logic to resist mandatory sustainability assurance. The navigational space for subtly resisting allows implicit binary opposition, which ensures compliance to organizational control processes, while also providing an effective resistance space to such mechanisms of control (Mumby, 2005, Pfeiffer, 2016). In such conditions, compliance and resistance coexist, and contradiction and compromise are complex and often contradictory dynamics (Thomas and Hardy, 2011; Thomas *et al.*, 2011).

Studies show how accounting functions as a navigational space of resistance or counter-action as actors are caught in dialectical workplace control engagements (Yang *et al.*, 2021; Fukofuka and Jacobs, 2018). Unwanted accounting and finance changes may induce private/internal and public/external forms of resistance (Broadbent *et al.*, 2001;Alawattage and Wickramasinghe, 2009; Jeppesen, 2010). In a sustainability transformation agenda, navigational space also enables organizational actors to engage in subtle and apparent resistance to cope with complex power relations and socio-political conflict (Temper *et al*., 2018). Navigational space allows actors to resist coercive and subtle mechanisms behind the formal mandate for sustainable transformation (Saravanamuthu, 2004; Avelino and Rotmans, 2011; Partzsch, 2017). For example, in navigating a space to resist, organizational actors may use rhetoric to disguise the absence of external SRA. Studies show how they withstand the employment of external SRA by arguing that such assurance is simply a restricted check of the sustainability report content (Farooq and De Villiers, 2019), which has a superficial impact on promoting credible reporting (Gürtürk and Hahn, 2016).

In certain jurisdictions, the influence of socio-political logic or powerful government/actor groups may induce discursive practices, internal control, or a more comfortable alternative to SRA assurance (Silvola and Vinnari, 2021; Gillet, 2012). Navigational space allows actors to simultaneously resist both subtle and apparent ways (Dyball *et al*., 2015; Milne *et al.*, 2009); thus enabling individuals to present frontstage compliance with backstage resistance or vice versa (Ybema and Horvers, 2017). In such a context, control or pressure to change and power to resist or act in liberating ways are caught in a deadly embrace (Contu, 2008). In our case, SOEs recognize the global pressure to implement SRA practices/reporting and assurance processes. Subtle resistance occurs because the requirement for SRA assurance contradicts the stability logic. The involvement of external assurance providers may pose a potential threat to the stability of SOEs in China. Resistance to the demand for SRA assurance may be implicitly represented in how individual members of an organization engage in subtle oppositional strategies (Prasad and Prasad,

2000). Our study seeks to conceptualize how managers engage in subtle resistance by reframing alignment to the demand of SRA assurance while maintaining allegiance to socio-political stability logic.

4. Methodology and Research Methods

A qualitative fieldwork case study approach was undertaken in 2014 to collect empirical evidence regarding corporate/managerial resistance to SRA in a Chinese SOE, which is anonymously named Chinergy, operating in the energy sector. During fieldwork in Chinergy, the lead author personally observed the entire process of preparing the stand-along sustainability report, interviewed nearly all decision makers collectively determining voluntary CSR/sustainability practices, and analyzed previous sustainability reports and archival documents about the decision-making of CSR/sustainability issues. In addition, additional follow-up field visits and interviews were conducted in 2019 to provide a fuller picture of the collective decision-making process regarding the non-adoption of SRA in the case organization.

We selected Chinergy as our case study organization because it has been a pioneering CSOE in China's sustainability practices. The stand-alone sustainability reporting process in Chinergy involves all departments in its headquarters; therefore, providing a suitable research context for observing and collecting information regarding the sustainability-related decision-making process. This will help us fully understand how actors within SOEs perceive and interpret the adoption of SRA that has been embraced by their global peers for many years, and why they have consistently avoided it. More importantly, with the publication of the first sustainability report in 2006, Chinergy's senior management officially pledged to embed SRA into the reporting process; however, they remained reluctant until 2022. This study aims to answer the question of why this was the case.

To address this research question, we adopted an engagement research approach to investigate Chinergy's endurable resistance to accepting external SRA services that its global peers have regularly adopted for many years. We obtained an in-depth theoretical understanding of the social accounting agenda and managerial capture of the accounting and reporting processes within a specific organizational context by engaging with the organizations and internal actors (i.e., managers and employees) (Adams and Larrinaga, 2007; 2019). In this case study, we conducted a series of semi-structured interviews and informal conversations with 25 managers involved in sustainability (reporting) practices to ascertain the reasons for Chinergy's prolonged resistance to the integration of SRA into its sustainability reporting processes. Data collection was conducted

in two phases. The initial round of data collection was conducted in 2014 as part of a large research project investigating sustainability reporting practices in Chinergy. In 2019, we conducted 11 follow-up interviews with key personnel to trace their consideration of external assurance on sustainability reporting.

Initially, the lead author obtained authorized access to conduct fieldwork in Chinergy. To build trust with actors involved in the sustainability reporting process, the lead author worked as a volunteer (unpaid) member of its Sustainability Report Editorial Team (SRET) from February to June 2014, and hence had a chance to engage with the team through the entire process of producing a stand-alone sustainability report. During fieldwork, the authors maintained a neutral academic investigator position as far as possible. During the prolonged fieldwork, we were able to observe first-hand how sustainability reports were produced and made notes regarding their perceptions of SRA services provided by various existing assurers. Our research responds to the recent call for increased engagement and field research in SEA (Adams and Larrinaga, 2007; 2019). Through prolonged fieldwork, we were able to achieve our main objectives of obtaining an authentic, in-depth understanding of managerial attitudes towards adopting SRA in the CSOE.

In addition to the face-to-face interaction with relevant personnel, the author gained access to archive documents and board-level meeting minutes to analyze how the chairman, CEOs, and middle-level department managers consider SRA services. To maintain the variability and reliability of our empirical data, the author acts as a passive observer to minimize the impact of others on the authors' judgement and analysis (O'Dwyer, 2004; Bédard and Gendron, 2004). Except for two occasions when informants refused to be recorded, the majority of interviews were audio-recorded.

However, although SRET has repeatedly mentioned adopting SRA services in the board meeting, until mid-2019, Chinergy has not approved the proposal. In case the managerial perspectives on SRA evolved after 2014, we planned to undertake up-to-date interviews with 11 influential decision-makers during the summer of 2019. In the second-round field visit, the informants were directly asked why professional SRA remained a vacuum in Chinergy's sustainability reporting process, and if there were any changes in their perception of SRA services since the last fieldwork period in 2014. All the follow-up interviews were recorded. More detailed interview information is illustrated in Appendix A. Once again, Chinergy's published sustainability reports, relevant archival documents, and memos recorded during sustainability practice meetings were also

analyzed to instantiate and supplement the managerial discourse regarding SRA after the initial fieldwork in 2014 (Grafton *et al.*, 2011; Parker, 2014; Yin, 2009).

These theoretical arguments serve as a framework by which our empirical data can be sufficiently examined. Our data are derived from managerial discourse via interviews and documentary materials, with the primary objective of ascertaining why Chinergy's internal managers formed their different insights into the necessity and relevance of SRA and ultimately resisted adopting it in sustainability reporting processes over the last decade or so. To this end, we coded the empirics by categorizing distinctive perceptions and interpretations of internal actors as to: (i) the prominent sustainability reporting practice and the advent of the discourse of SRA in the Chinese context; (ii) the logic of socio-political stability and its impact on the development of SRA in the SOE sector and the Chinese context at large; (iii) the influence of stability logics on their reluctance to accept external SRA services; (iv) how they navigate the increasingly important SRA service in global peers and growing demands from stakeholders; and (v) the prospective outlook on SRA for sustainability reporting practices in Chinese corporations.

Initially, the interview data were translated from Chinese to English so that the authors could conduct further analysis and discussion. During the translation and initial transcription, the main themes were identified , and relevant managerial discursive quotations were classified accordingly. The first round of data coding generated 76 pages of transcripts and 11 themes relating to why individual managers considered SRA something they should avoid. The second round of data analysis aimed to reduce the dataset with the specific purpose of summarizing the most relevant quotes, specifically focusing on managers' perceptions and reactions to SRA practices. The last round synthesized various managerial discourses using the current study's framework of hidden resistance to SRA (O'Dwyer, 2004; Hitt *et al.*, 2007). The empirical analysis is presented in the subsection that follows.

5. Empirical Analysis

5.1. Advent of SRA discourse and the allegiance to a socio-political logic of stability

Chinese SOEs began voluntarily initiating CSR and sustainability reporting in the mid-2000s, trailing many other global peers by more than a decade. The external SRA offered by third-party independent assurers caught the eye of Chinergy's management from the outset of its sustainability reporting. However, our fieldwork revealed that implementing sustainability reporting within Chinergy has never been easy and smooth. The process remains primarily controlled by the Chinese government, which has a substantial stake in SOEs, as expressed by informant I14:

"We must admit that social and political stability is fundamental for economic development in a Socialist country. The central government has experimented with various policies and strategies to boost national development. We cannot ignore the fact that SOEs are historically and realistically vital for the socio-political stability and continual development of the country."

Based on our empirical evidence, stability emerges as a prevailing institutional order under the close control of socialist governments. Any potential threats to national interests must be mitigated. Maintaining the stability of the socialist market economy has become a settled institutionalized norm, and the logic of stability is dominant in how SOE implements SRA. As claimed by I2,

"CSR/sustainability reporting has been adopted in Chinergy for 13 years; we have accumulated substantial first-hand experience and clearly understood what we should do in the process. SOEs underpin the preliminary phase of a socialist market economy. Chinergy must continue operating in the energy industry and maintain its global business activities; anything that could pose a threat to its operation needs to be prohibited."

As discussed by I2, stability logic has often conflicted with the logic of sustainability reporting and assurance practices over the last few decades. Individuals in China refuse to adopt SRA fully and frame its implementation as "a voluntary, self-regulated accountability process whereby internal management has flexibility and discretionary power to determine what to report, to whom it reports, and how the reporting process should work in their respective organizations," as contended by I5.

Several managers possessed a strong conservative attitude towards making changes at Chinergy. Allegiance to stability logic influences their acceptance of changes to routinized organizational processes and structures, including sustainability reporting-related practices. The settled logic for maintaining stability drives managers' fear of uncontrollable social upheavals, or overwhelming external forces and pressures, as critical pre-conditions for an organization to initiate substantive changes. They argue that accepting external SRA services is a strategy used by some Chinese corporations to win CSR-themed award schemes that require an assurance statement to the sustainability report. They view it as a shortcut in presenting a superficial image of being socially and environmentally responsible corporations, as I3 stated:

"[we are not like] other companies [that choose to] verify their sustainability report to gain rewards and enhance their corporate reputation; I do not believe they use external verification to improve the quality of sustainability reports."

Managers also argued that all aspects of Chinergy's operation are crucial to the national development strategy; therefore, an external intervention was viewed as unacceptable and a potential threat to the stability of the Chinese context. As reported by I1:

"[…] the operations of large SOEs are relevant to national policymaking, social stability, and economic prosperity […] we cannot allow outsiders to touch information about our internal operations. External verification of SOEs should be cautiously undertaken because our confidential information has been stolen many times over the past several decades […] Energy corporations are crucial for China's economic and societal development; we have not been prepared to accept third-party assurance services."

Given the current socio-economic and political environment in which CSOEs are an integral part, it appears that most internal actors viewed the adoption of external SRA services to be inappropriate, or even forbidden, for Chinergy. As I25 argues, many managers have realized the importance of verifying sustainability reporting, but they are concerned that SRA providers will become troublemakers, disrupting Chinergy's normal operation […] the price for SRA service is too high to deserve Chinergy's acceptance". For them, Chinergy remains a strategically significant SOE whose industry operations and administrative processes should not be overexposed to the public. Individual managers considered the exposure of information on its internal structure, process, and operation as a threat to social stability, economic prosperity, and national development in an emerging economy, such as China.

In addition, most managers appear to believe that additional external verification will not affect the internal governance system of Chinergy, as internal interventions often take place to maintain the allegiance to stability logic. Many managers asserted that given SOEs' significant position in Chinese society and economy, it is highly likely that leaders would like to influence the verification results. As reported by I9, "if our leaders were unhappy with the assurance statement, they could manipulate it by applying their power and authority". Assurance ultimately results in bureaucracy and formalism, adding no substance to prospective sustainability practices.

"[…] we need to do everything based on the actual national reality. Large corporations intervene in and manipulate the current assurance of financial reports along with sustainability reporting. Therefore, it is useless and meaningless to introduce [independent] SRA." (I24)

Because of the CSOEs' influential position in the Chinese context, it was alleged that they would have the power to intervene in assurance work to ensure stability. Chinergy's managers argue that an assurance process can easily be manipulated. In their view, the SRA could become a ceremonial process, resulting in a waste of resources (e.g., time and money) in the existing organizational governance system, which is inefficient compared with other global enterprises. Like many emerging or less-developed countries, the state or central government intentionally crafts and maintains institutional orders by supervising organizational and individual actions so that its political authority and ruling power are not jeopardized (Lin *et al.*, 2020; Luo *et al.*, 2017; Song, 2018).

Our empirical investigation reveals managerial reluctance and resistance to embedding SRA in the sustainability reporting process in Chinergy. As stated by one of the managers (I3) "[…] when it comes to financial, social, and environmental, or any other reporting or information disclosure to outsiders, our principle is clear that we only report what we would like the outsiders to know, instead of what they would like to know. This is what we [SOE insiders] have been following when communicating with relevant stakeholders. Otherwise, we will be in trouble and must avoid that."

Overall, allegiance to stability logic shapes what is deemed inappropriate and risky changes to sustainability reporting practices. As an authoritarian regime, exterior examination, inspection, and verification of the operations of significant sector organizations, such as CSOEs, are perceived as an intervention in political affairs and a potential threat to stability in China. Stability logic drives managers' awareness of the possibility of leaking confidential and strategic information during the assurance process, as discussed further in the following subsection.

5.2.   Harnessing a navigational space to resist pressure from SRA discourse

Chinergy's CEO, in a press conference for the publication of its first sustainability report in 2006, officially declared the organization's intention to incorporate external SRA into the process of sustainability reporting: "[…] we are delighted to announce Chinergy's decision to produce a stand-alone sustainability report to the public […] and will engage with external verification

shortly to improve our SR processes and make the report more reliable, credible, and readable for the stakeholders." (Excerpts from the CEO's speech on inaugural sustainability reporting)

Despite the CEO's claimed propensity to integrate SRA into sustainability reporting, Chinergy's allegiance to stability logic ultimately inhibits its implementation. From our analysis, the spirit of maintaining the internal secrecy of CSOEs and national interest induces the development of a navigational space to respond to the pressure for change in their sustainability reporting. Different rhetoric is offered to ensure that Chinergy could show the same signs of change in their sustainability reporting practices, or seemingly adopt SRA but subtly engage in ways that the assurance process can be appropriated, translated, re-historicized, and read anew (Palpacuer and Seignour, 2020; Moje *et al*., 2004; Keenan and Miehls, 2008).

5.2.1. *Rationalizing the skepticism and subtle resistance to the demand for external assurance*

Despite acknowledging the value of adopting SRA, managers express skepticism about the necessity and appropriateness of having sustainability reporting assured by independent third parties. A department manager (I24) argued that "[…] it is a bit ridiculous to accept external verification of our sustainability practice and reporting because we have no idea how it works, and we are not ready to be scrutinized; the cost of having the assurance should not be a problem, but is it necessary? I do not think so […] we refuse the extra burden on our busy routine." Chinergy managers, represented by I24's argument above, provide different rationales to justify their resistance to external SRA. The skepticism toward the independent verification of their sustainability reporting process reflects the fear that such an assurance process will harm the stability logic. A bad experience that Chinergy had in the past, as narrated by I4 below, becomes a strong ground from which to refuse to engage with an external assurance process. The risk of unwanted leaks in internal matters or sensitive affairs becomes a strong rationale for CSOE to refuse external assurance for sustainability reporting. As argued by I4:

"We learn lessons as we undertake the reporting […] when we first prepared sustainability report, we did include information against the Global Reporting Initiative Sustainability Reporting Standard 2.0, and we honestly reported some negative news about our accidents and pollution. However, over the night, Chinergy became the target of attack by the public. That was a nightmare; our top executive and even the central government were concerned about the public reaction to SOEs' social responsibility. After that, we stopped reporting sensitive information to the public […] no matter what, we must be in control."

In the past, bad experiences of this nature further vindicate the fear of compromising or putting the stability logic at risk. Managers seem unconvinced that external verification would add value, arguing that sustainability performance is difficult to verify. Chinergy's management highlighted the multifaceted nature of the existing structure of sustainability practices and the absence of a consensus about a universally accepted standard and procedure for undertaking meaningful SRA. As stated by I19:

"We did reach out to some CSR and sustainability reporting assurers, and we realized that it is pre-mature to engage with current assurers because they cannot clearly explain what standard they use in carrying out the assurance work in Chinese companies. Undoubtedly, CSOEs differ from Western corporations in their identity and mission to underpin the nation's prosperity and socio-political stability. If they do not have a plausible made-to-measure assurance standard for Chinese corporations, how could we prepare relevant documents or paperwork for their verification?

The argument of the Chinergy manager (I19) above represents further evidence of strong allegiance to stability logic. They challenge the lack of standardization in the external SRA process and its methodology as a cover for their fear of external interference that might breach the secretive nature of Chinergy's organizational practices. This suggests that, in the present Chinese social context, managers' resistance to external assurance is hidden behind the rhetoric around many aspects of the external assurance provider's work. Such rationales and rhetoric are created to maintain stability and internal secrecy, as I12 outlined.

"[…] generally speaking, assurance or auditing is not regarded as effective in China. Assurance providers may do your favor if you pay them. […] Even the audited financial reports of some listed firms have always been exposed as being connected to scandals and fraud […] in sustainability reporting; I deeply doubt that SRA can influence how companies compile sustainability reports."

Apart from the above rhetoric, managers argue that the assurance process will not affect the nature of the sustainability report because of its voluntary nature and discretionary managerial actions in the process. Some managers denote that the immaterial nature of the information disclosed in Chinergy's sustainability report caused the vacuum of external verification. Specifically, they contend that the existing report contains generic discourses, narratives, and images not worth external verification. Therefore, the stability and maintenance of internal secrecy are paramount

in Chinergy. Some concerns and expressions of doubt are shown to support their resistance to the idea of independent assurance on sustainability, as asserted by I10:

"[…] it is unrealistic to undertake assurance on a sustainability report because the nature of the information disclosed is generic and positive, which does not deserve a formal verification. The present sustainability report includes information that Chinergy's managers would like to report rather than completely follow a certain standard. There is no need for this kind of information to be verified."

Informant I11 refutes the need for external assurance by expressing doubts about the positive impact of external verification on normal operations (i.e., business as usual) in Chinergy. However, he did not seem to accept accountability. Some rhetoric is also presented around the cost of using external SRA. They argue that it seems overpriced compared to the value and benefit that such assurance processes would provide. This represents the subtle resistance to external SRA services. As I 11 argued:

"Despite the assurers' inadequate experience and insufficient techniques in undertaking assurance work in our organization, they charge a high price. The assurers, whether from domestic or foreign sources, aim to obtain the market share as early as possible; they are driven by profitability. Even if we pay the fee, we may have to teach them how Chinergy's CSOE operates and how to check and verify our CSR activities and performance in the assurance process, which would cost us a lot. Apparently, a piece of paper with a short statement (i.e., the assurance statement) is not worth the money."

They express explicitly their reservations about the value added from the independent assurance provided by global and domestic assurers. In undertaking assurance and auditing work for sustainability reporting processes in Chinergy, I5 states that, "over the past years, we could not identify any material value in having SRA service as part of the sustainability reporting process." They argued that the process adds no value to enhancing sustainability practices. They saw current assurance as pointless for the existing sustainability reporting practices. As claimed by I14:

"[…] whether to adopt an assurance service for our sustainability report depends on the ability of providers to improve the internal governance of Chinergy. We studied the assurance statements by KPMG and other professional accountancy firms […] that use ambiguous words

and phrases translated from Western language assurance statements. […] We cannot see any value in doing it. This statement is simply a window dressing. […] It is meaningless and useless."

Overall, most managers involved in sustainability reporting provide different reasons for resisting the idea of external assurance. The advocacy of global peers and global professional bodies is perceived as interference in what Chinergy's managers regard as sensitive internal matters, while also being seen as a threat to Chinergy's reputation. From our analysis, despite the formal announcement by top management to embed SRA, Chinergy has not yet accepted practice in the sustainability reporting process. From this incongruous position, this study aims to gain a nuanced understanding of Chinergy's reluctance to walk its talk by accepting SRA. This finding concurs with recent studies on sustainability practices in developing countries (Albu *et al.*, 2021; Farooq and de Villiers, 2020; Mahmood and Uddin; 2021; Parsa *et al.*, 2021).

[Insert Table 1 here]

Table 1 details the contradictions between the existing logic guiding sustainability reporting practices and SRA discourse based on fieldwork. Although the number of organizations engaging in sustainability reporting in China has increased significantly, external SRA has seldom, if ever, been seen as offering anything of relevance to the development of accountability and reporting processes. From our empirical analysis, embracing the demands of having sustainability reporting scrutinized and verified by externally independent third-party assurers represents a step outside the comfort zone of corporate executives, and the governing body of the Chinese CSOEs.

5.2.2. *Self-controlled sustainability practices: navigating an alternative assurance process*

The lack of support for full SRA adoption in Chinergy leads to creating a navigational space that regards sustainability practice as a self-controlled process. Only a few department managers expressed willingness to make independent SRA part of their sustainability reporting processes. Most managers consider sustainability reporting to be a self-motivated process driven by the purpose of fulfilling Chinergy's organizational goals. Several managers argue that resisting an independent SRA assurance process should be a management-initiated process. Most managers held an entrenched position that implementing a sustainability reporting system represents a benevolent and self-disciplining activity that should avoid any interventions from outsiders. As contended by I18:

> "[…] we do not accept SRA because we use sustainability reporting as a process of imbuing our corporate culture with the notions of CSR and sustainable development. […] We want sustainability reporting to improve our governance instead of showing off our performance. […] We know that some of our global peers have adopted SRA, but Chinergy does not always follow them. […] publishing a credible sustainability report should rely on self-discipline rather than being monitored and assessed by others."

Many managers have attributed their reluctance to accept external assessments because they view sustainability reporting as a cultural cultivation process within Chinergy. It appears that no strong motivations or internal pressures were placed on Chinergy's members to utilize external SRA to assess and verify its sustainability reporting process. To them, Chinergy simply responded to the government's advocacy about implementing SRA in CSOEs and the chairman's public announcement on the intention to engage with external verification of their sustainability reports. However, they must navigate these demands and expectations to comply with the stability logic while also impressing potential investors and global peers who have already incorporated SRA. They use it as an internal management tool to disseminate the relevant meanings of social and environmental responsibilities for attaining sustainable development in Chinergy as multinational SOEs controlled by the Chinese state government.

As such, internal managers in Chinergy view the reporting process as a way to foster a sustainability-oriented corporate culture with autonomy in its implementation. In other words, internal managers view sustainability practices and their reporting as a process that should be under Chinergy's control without any external interference that could threaten organizational stability. They navigate their resistance by arguing that cultural development and understanding through the sustainability reporting process cannot be achieved by an external assurance process or a similar kind of external intervention in a short period. They argue that its success is dependent on the self-discipline of internal actors rather than external forces, or that it simply reports positive news that will not harm organizational stability.

In contrast to accepting the assurance provided by independent professional bodies, Chinergy navigates the pressure to employ SRA through a self-navigated sustainability reporting review and assessment. As such, internal actors collectively acted against external intervention, arguing that it should be more about an internal culture-cultivating process. They argue that it is more suitable to exercise a self-accountability mechanism in Chinergy by implementing their assurance and auditing the sustainability reporting process. Internal actors argue that it is at their discretion to

select an assurance process that also values the significant strategic identity of state ownership and ensures Chinergy's political and economic power. They claimed that Chinergy had been a CSOE directly governed by the state government (i.e., the SASAC), and it is not publicly traded in the capital market (although it has several subsidiaries cross-listing in domestic and foreign stock markets). Chinergy seems to value the state government's recognition more than the verification or accreditation from any other external actor.

Managers navigate the need for SRA evaluation and verification into alternative assurance through what they argue as stakeholder engagement exercises. They claim that an ongoing annual external expert advisory panel consultation has been incorporated into the assurance of Chinergy's sustainability reporting process since the early-2010s. In supporting the alternative assurance process, Chinergy showcases numerous commentaries and appraisals from stakeholders, such as government officials, NGOs, and social activist groups, in their sustainability reports. The current reporting editor-in-chief (I5) argues that appraisals from relevant stakeholders are equivalent to, or even better than, external independent assessments of sustainability reporting practices.

"[…] we have acknowledged the importance of external independent assurance and verification providers on CSR and sustainability reports. Western corporations commonly use this practice to strengthen the value of their reports. Similarly, our report has displayed some rewards, commentaries, and appraisals offered by various governmental authorities, industrial associations, and stakeholder groups. This, to some extent, partly substitutes for the role of third-party assurers."

Interestingly, the stakeholder commentaries mentioned above are hardly independent assessments and could be captive or easily influenced. According to our observation of the external expert consultation during fieldwork, the consultation meeting was always arranged after the final sustainability report draft was completed despite the formation of the so-called external stakeholder panel. This indicates that this external review was merely superficial or ceremonial stakeholder inclusiveness in the reporting process, where independent verification and assurance remain absent. Our participation in the consultation suggested that half-day counseling ended with the video recording and photos being taken, which were subsequently included in the sustainability report to signpost the ratification of external stakeholders. The idea of external stakeholder engagement, a key element of principles of CSR and sustainability, as explained by I7, was "still conceived irreconcilable with the political ideology of the communist party-led central

government which historically avoids outside interference in China's interior affairs." In addition, as reported by I2:

"We cannot make sustainability reporting a troublemaker, and we must circumvent any potential risks and challenges imposed by outsiders on our operation. We are concerned about leaking confidential information, even regarding national energy security. That is unacceptable and may lead to all of us losing our jobs."

In summary, our empirical study indicates that internal managers held a conservative viewpoint concerning changes in a Chinese CSOE and appeared to view organizational change (e.g., the embedding of SRA) as a potential threat to the institutionalized norm and logic of stability. Our fieldwork indicates that because of the championing of the SRET and HSE departments in advocating the potential role of SRA within Chinergy, other managers have no desire to appreciate the benefits of SRA in improving corporate sustainability practices. Instead, many individual managers have critical viewpoints regarding the existing SRA practices in China. They claim that current SRA adopters rely on incomplete SRA as a tactical step to win CSR-related awards for window-dressing purposes rather than internal improvement. They also envisaged adopting and implementing sustainability reporting practices as an intrinsic, self-motivated process, not anything forced by external factors. The purpose of implementing sustainability reporting practice is to foster a sustainability-oriented culture within the corporate context of Chinergy. Such a culture cultivation process is time-consuming and can only be achieved through self-discipline rather than external supervision or intervention.

In addition, internal executives admitted the powerful position of CSOEs in both Chinese society and its economy, as well as their legitimate avoidance of external scrutiny and evaluation, with the exception of governmental authorities. Among these internal actors, there is a deep-rooted pretext in which the exposure of CSOEs' internal information and outsiders' interventions threatens national stability and economic prosperity. These internal actors recognized the relevance of assurance to the sustainability reporting process but subtly refused to incorporate SRA because of the perceived threat to organizational stability. This represents a clash between the prevailing logic of the sustainability field (i.e., the sustainability reporting process serves as internal accountability and culture-cultivating mechanism) and the rejection of SRA discourse. Therefore, the actors remained allied to both the symbolic and material aspects of the prevailing established stability logic (i.e., accountability without external intervention) and resistant to the assumptions and values of external SRA practices.

6. Discussion and Concluding Remarks

This case study attempted to offer an in-depth analysis of why Chinese CSOEs persistently refuse to adopt SRA, despite having pioneered the sustainability field in China for over 15 years. Empirical fieldwork has been undertaken in Chinergy, a leading CSOE in sustainability reporting practice since the mid-2000s. Our empirical analysis indicates that the organizational members of Chinergy tended to reject SRA owing to their personal identity, concerns, and work experiences. Specifically, they attribute the absence of SRA to the lack of expertise of existing assurors in verifying CSOEs, the likelihood of formalism, bureaucracy, wasting of resources, and the possibility of leaking strategic information to competitors. Perhaps most importantly, individual actors perceived the principles of the SRA (i.e., subjecting the sustainability reporting process to independent external assessment) as conflicting and irreconcilable with the prevailing dominant logic of stability deeply rooted in the existing sustainability reporting process.

As indicated by our empirical analysis, most Chinergy's managers perceive the sustainability reporting process as an indoor self-accountability mechanism whose development should rely on internal self-discipline rather than external intervention to foster a sustainability-oriented corporate culture over a long period. Specifically, almost all individual managers acknowledged the beneficial role of SRA in fundamentally improving the corporate governance structure relevant to sustainability practices in Chinergy. They also recognized SRA's potential in enhancing the quality of its sustainability reporting process and the materiality of sustainability reports, thereby accommodating the demands and expectations of relevant stakeholders. However, most individual actors of the Chinergy who had entrenched allegiance with the predominant logic of stability sought to create a navigational space to negotiate and resist pressure for organizational changes, such as embracing SRA practices (Suddaby and Greenwood, 2005).

There may be concerns that the lack of political pressure from the (central) government is the fundamental cause of the absence of SRA in our case. However, it is not the case. The government declaration pressured SOEs managers to integrate SRA as part of sustainability practices. Although the agenda is not mandatory, dominant governmental influence on SOEs appears to instigate the dissemination of CSR and sustainability practices in China (Yang *et al.*, 2015; Zhao and Patten, 2016). The government imposed an invisible or internalized form of power to dominate SOEs' sustainability practices (Temper *et al.*, 2018).

Our fieldwork confirms that when SOEs began publishing sustainability reports in the mid-2000s, the government (i.e., SASAC) allowed CSOE managers, including Chinergy, to investigate current

SRA services and their potential for enhancing sustainability practices. This is also why, following the publication of the first sustainability report in the mid-2000s, Chinergy's chairperson and CEO announced their intention to consider adopting SRA. We interpret the public speech of senior executives of a CSOE as a sign that the government exercises internal pressure on SOEs to provide assurance statements on sustainability reports. However, over the last seven decades, CSOE executives who are loyal and experienced CCP members have viewed external SRA as a threat to the root of the socio-political logic underlying the operation and existence of SOEs in China. Sociopolitical stability logic governs CSOEs' operations and their individual lives (Feng, 2013; Zeng, 2015). This logic drives decision making and actions around SRA and other sustainability practices (Howell, 2012; Schubert and Ahlers, 2011).

Indeed, managers in our case context envisaged organizational changes as an outcome of inescapable external pressures, and any proposal for changes should be consistent with the stability logic. They tended to explain the adoption of sustainability reporting practice as an internally motivated activity, and its continuity in an organization depends on self-discipline rather than inspection from outsiders. In addition, many managers tended to deny the value of any external intervention in CSOE operations due to various institutional issues and the range of specialties of CSOEs in strategically significant sectors that are conceived as relevant by the government for state stability, social security, and economic prosperity during the transitional period. Our empirical investigation, conducted in the form of a fieldwork-based case study of a Chinese CSOE, which has been a pioneer of sustainability (reporting) practices, makes a timely contribution to existing social and environmental accounting, auditing, and accountability research.

6.1 The role of settled logic/institutional norms in navigating SRA assurance practices

First, this case study provides ample empirical evidence of how institutionalized norms shape sustainability and SRA assurance practices. The stability logic in the Chinese context shapes persistent managerial resistance to the introduction of SRA in CSOEs. Our evidence sheds light on individual-level managerial perceptions and viewpoints when facing a newly emerged discourse or logic (Adams and Larrinaga, 2019; Unerman and Chapman, 2014; Tilt, 2018). From our analysis, the stability logic has driven the individual managers in our case to regard the sustainability reporting process, including SRA assurance, as an internally self-controlled process that is maintained in a socio-political culture-fostering mechanism.

Any external intervention in this self-maintaining culture was considered a risk to the Chinese socio-political stability logic and deemed inappropriate for achieving the predetermined purpose

and role of adopting sustainability reporting in the closely controlled corporate culture in the Chinese context. The internal members of the Chinese CSOE created a space that allowed them to navigate the pressure for external sustainability assurance by implementing a self-controlled assurance process. They subtly resist the pressures for external assurance by providing alternative work that fits the stability logic in the Chinese SOE sectors. The self-designed assurance process becomes a space that allows them to seemingly respond to the international pressure for engaging in SRA; however, internally it is a way to maintain allegiance to the settled stability logic.

This raised concerns about the public skepticism about SOEs' sustainability performance and the symbolic nature of assurance work on SOEs' sustainability reporting. As represented in the findings of our case, the assurance statements can be easily manipulated by SOEs' management, given their political and economic powers in China. At present, managers seem to intentionally avoid external assessments of the sustainability reporting process in Chinergy. We would argue that, under the Chinese authoritarian political climate, stability norms have induced avoidance tactics (Pache and Filipe, 2010; Olliver, 1991) as a way to at least temporarily avoid the potentially negative consequences arising from external examination of their sustainability performance, which may seriously impact their career path and outlook as members of a Chinese CSOE (Li and Belal, 2018; Xu, 2011).

6.2 Socio-political clashes and subtle organizational resistance to external SRA

From an individual-level analysis, this empirical study enriches the theoretical understanding of the reasons and conditions under which the introduction of a new discourse or practice in an organization may fail. The new discourse or practice (i.e., external SRA) may clash or be seen as a threat to settled logic (i.e., socio-political stability). Hence, internal organizational actors created a navigational space that allowed them to resist the new practices subtly. However, at the same time, they provided an internally controlled alternative that suits the socio-political culture and its goal of maintaining a settled logic of stability. Our organization-specific empirical analysis of how and why individual actors inside an organization (i.e., a Chinese CSOE) perceive external scrutiny and refuse to accept external SRA service contributes to the understanding of the "managerial capture" of CSR and sustainability reporting processes (Adams and Larrinaga, 2019; Unerman and Chapman, 2014, p. 390), as well as its impact on the institutionalization process of sustainability practices within corporations in emerging economy settings (Battilana *et al.*, 2009; Currie and Spyridonidis, 2016; Greenwood *et al.,* 2011).

More specifically, our empirical analysis enriches social and environmental (sustainability) accounting research by showing why and how to practice variations could emerge, develop, and maintain the current sustainability field of emerging economies, where the impact of controversial and alternative discourse continually emanates from foreign institutional contexts (Albu *et al.*, 2021; Mahmood and Uddin; 2021; Lounsbury, 2008). The socio-political context in which the individual actors, in our case CSOE, operate somehow clash with the discourse of SRA-related change (Kalantaridis and Fletcher, 2012; Kodeih and Greenwood, 2014). They have been conditioned to follow overwhelming stability logic and thus appear to be immune to SRA discourse. However, instead of outright rejecting the demand for SRA assurance, they created a navigational space that led to a self-controlled SRA process in line with a Chinese SOE's socio-political culture. This provides insights into the importance of investigating the evolutionary constituents of SRA assurance and other emergent (competing or complementary) discourses, as well as their impact on the advancement of sustainability practices (e.g., sustainability reporting or auditing) as the sustainability field matures.

6.3 Practical implications for practitioners, standards setters, and policymakers

Our case study sought to provide practical implications for practitioners, standard setters, and policymakers in sustainability reporting and related practices. In our case, in the early-2000s, the state government of China began to advocate the integration of notions of CSR and sustainability into the national development strategy, including independent assurance and verification of sustainability practices. However, from our empirical study, the sustainability reporting mechanism in SOEs as well as any demands for assessment may only be regarded as an internally crafted process. It is more of self-serving accountability, which is not an independent assessment and can be easily influenced by organizational actors or state bureaucracy. Even though sustainability reporting is no longer voluntary, internal actors play a decisive role in deciding whether to adopt a particular practice if it may be perceived as threatening organizational stability.

The SRA process employed by standard setters needs to consider local corporations' regulatory influence, political ideology, and corporate governance structure. For example, given its overwhelming socio-political power in China, SOE management can neglect or suppress any activities that threaten the stability of Chinese society and the economy. Therefore, close interaction and collaboration between government authorities, executives of SOEs, standard-setters, and SRA providers are crucial for SRA to prevail in China and other emerging economies. Admittedly, our empirical findings from a single case study may not be generalizable to other organizations and settings. More research is needed to investigate further the evolution and effects of both voluntary

and mandatory CSR and sustainability reporting and related practices in other organizational and national settings.
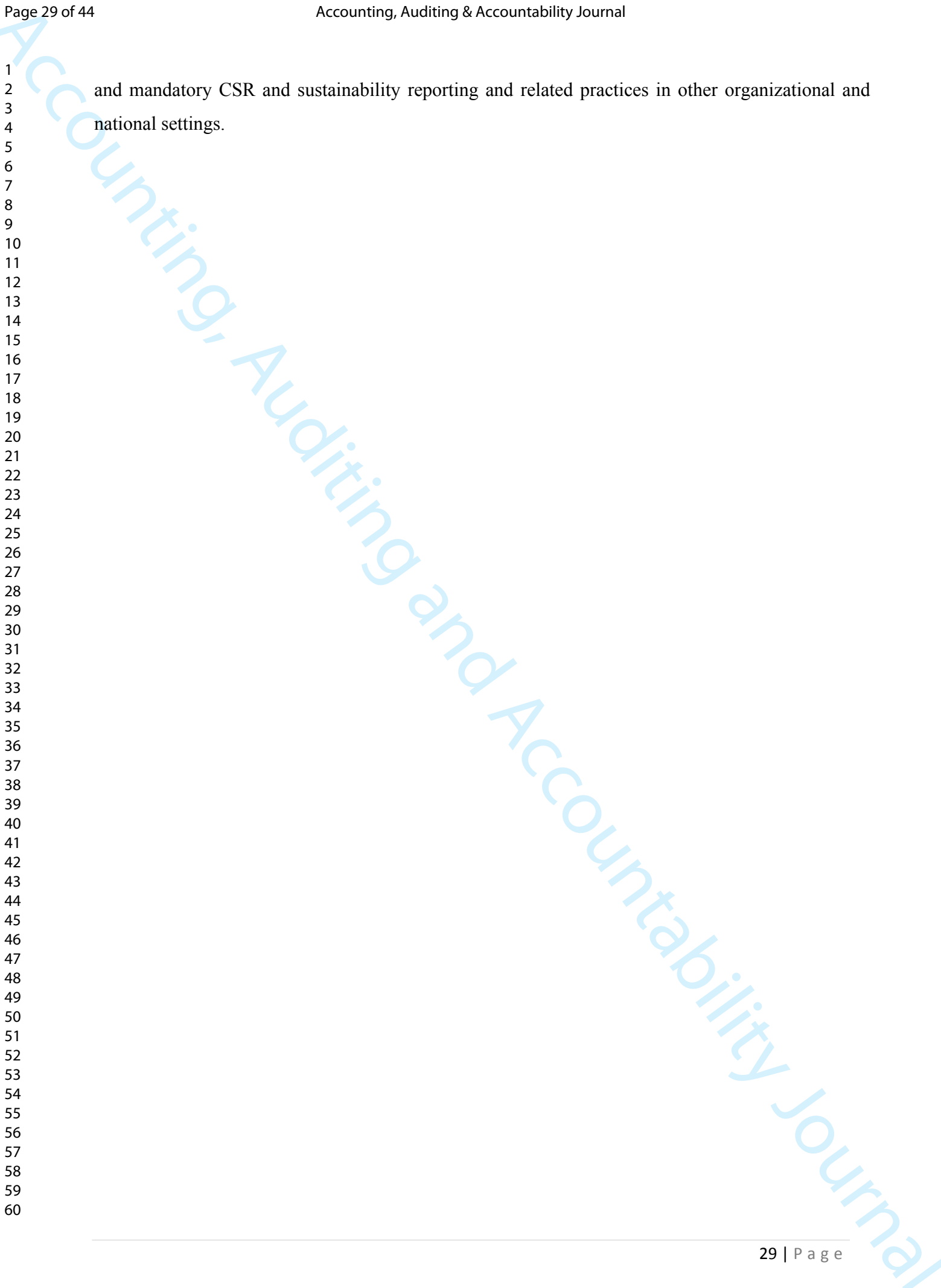
Table 1: Managerial Perceptions of the Stability Logic and SRA Discourse in Chinergy

	Socio-political stability logic	External SRA service
Goal	Stabilizing social-political and economic conditions by providing the public with an account of the CSR/sustainability performance; cultivate a corporate culture around the notions of CSR or sustainability.	(Re-)constructing or reinforcing public trust in corporate sustainable development performance through having CSR/sustainability reporting supervised and verified by external professionals.
Source of Legitimacy	Demonstrate a posture of engaging with global peers to publish CSR/sustainability reports by following universally accepted reporting standards and guidance.	Justify the level and extent of compliance of the CSR/sustainability reporting process with global norms and standards; it needs to be scrutinized and assured by professionals in CSR areas.
Source of Authority	Endorsement by the board of directors and internal management.	Endorsement by professional assurance statement.
Governance System	Prepare sustainability reports in a self-governance system by establishing relevant roles and responsibilities in addition to existing organizational structure.	Governance mechanisms involving more stakeholder engagement in the reporting process; more open to the outside and embrace wider range of voices from stakeholders.
Relevant Stakeholders	Central government and relevant official authorities, intergovernmental organizations, international institutions, and employees.	The general public, including customers, suppliers, society, and the environment.
Decision-Making Process	Collective decision-making involves all department directors inside organizations.	Interaction and collaboration between corporate internal actors and external professionals.
Desired Outcome	Cultivate a corporate culture around the notions of CSR/sustainability.	Improve corporate transparency by advancing the role of sustainability reporting as an accountability practice for CSR and sustainability performance.
Accountability Forms	In-house accountability is maintained by self-discipline without external intervention.	Professional accountability is buttressed by external verification and assurance.
Economic Systems	Socialist Market Economy where SOEs are the backbone and socio-political stability is prioritized.	Market Capitalism where all corporations fairly operate to contribute to maximizing social welfare.

Source: The authors' fieldwork memos

Appendix A: List of Informants

Interviewee No.	Managerial Position	Department of the Headquarters	Dates	Length (hours)
I1	Deputy Director	General Office	June 3, 2014 July 17, 2019	1.5 1
I2	Director	Public Relation	June 21, 2014	2
I3	Deputy Director	Public Relation	April 7, 2014 June 21, 2014 July 17, 2019	1.5 1 1
I4	Former Chief Editor	SRET	May 15, 2014 May 28, 2014 July 19, 2019	2 2 1.5
I5	Chief Editor	SRET	May 16, 2014 May 28, 2014 July 28, 2019	1.5 1.5 1
I6	Assistant Chief Editor	SRET	May 17, 2014	2
I7	Editor	SRET	May 17, 2014	1
I8	Director	Research Institute	April 27, 2014 May 22, 2014 June 5, 2014 July 27, 2019	1.5 2 2 1
I9	Deputy Director	Research Institute	May 23, 2014	1
I10	Deputy Director	HR	May 16, 2014	0.8
I11	Deputy Director	International Affair	May 20, 2014 July 22, 2019	0.8 0.5
I12	Deputy Director	Planning	May 26, 2014	1
I13	Deputy Director	HSE Management	May 26, 2014	0.6
I14	Director	Policy Research	May 27, 2014 July 19, 2019	1 0.5
I15	Deputy Director	P&O Management	May 27, 2014	1
I16	Deputy Director	Procurement	May 29, 2014 July 22, 2019	1 0.8
I17	Deputy Director	Corporate Management	May 29, 2014	1
I18	Deputy Director	Corporate Culture	May 30, 2014 July 22, 2019	1 0.8
I19	Deputy Director	Retiree Affairs	May 30, 2014	0.6
I20	Deputy Director	Information Technology	June 3, 2014	1
I21	Deputy Director	Overseas Exploration	June 3, 2014 July 15, 2019	1.5 1
I22	Deputy Director	Quality and Standard Management	June 10, 2014	1
I23	Deputy Director	R&D	June 13, 2014	1
I24	Deputy Director	Supervision and Inspection	June 17, 2014	1.5
I25	Director	External Communication	July 22, 2019	1
Total				***47.4***

References

Adams, C. A. and Larrinaga-González, C. (2007) "Engaging with organisations in pursuit of improved sustainability accounting and performance." *Accounting, Auditing & Accountability Journal*, Vol. 20 No. 3, pp. 333-355.

Adams, C. A. and Larrinaga-González, C. (2019), "Progress: engaging with organisations in pursuit of improved sustainability accounting and performance", *Accounting, Auditing and Accountability Journal,* Vol. 32 No. 8, pp. 2367-2394.

Alawattage, C. and Wickramasinghe, D. (2009), "Weapons of the weak: subalterns' emancipatory accounting in Ceylon Tea", *Accounting, Auditing and Accountability Journal,* Vol. 22 No. 3, pp. 379-404.

Albu, N., Albu, C. N., Apostol, O. and Cho, C. H. (2021), "The past is never dead: the role of imprints in shaping social and environmental reporting in a post-communist context", *Accounting, Auditing and Accountability Journal.* Vol. 34 No. 5, pp. 1109-1136.

Allain, E., Lemaire, C. and Lux, G. (2021), "Managers' subtle resistance to neoliberal reforms through and by means of management accounting", *Accounting, Auditing and Accountability Journal,* Vol. 34 No. 3, pp. 591-615.

Almandoz, J. (2014), "Founding teams as carriers of competing logics: When institutional forces predict banks' risk exposure", *Administrative Science Quarterly,* Vol. 59 No. 3, pp. 442-473.

Andon, P., Free, C. and O'Dwyer, B. (2015), "Annexing new audit spaces: challenges and adaptations", *Accounting, Auditing and Accountability Journal*, Vol. 28 No. 8, pp. 1400-1430.

Barton, A. C. and Tan, E. (2009), "Funds of knowledge and discourses and hybrid space", *Journal of Research in Science Teaching: The Official Journal of the National Association for Research in Science Teaching,* Vol. 46 No. 1, pp. 50-73.

Battilana, J., Leca, B. and Boxenbaum, E. (2009), "How actors change institutions: towards a theory of institutional entrepreneurship", *Academy of Management Annals,* Vol. 3 No. 1, pp. 65-107.

Bebbington, J., Larrinaga, C. and Moneva, J. M. (2008), "Corporate social reporting and reputation risk management", *Accounting, Auditing and Accountability Journal,* Vol. 21 No. 3, pp. 337-361.

Bédard, J. and Gendron, Y. (2004), "Qualitative research on accounting: some thoughts on what occurs behind the scene", in *The real life guide to accounting research: A Behind-The-Scenes View of Using Qualitative Research Methods*. Elsevier, Oxford, pp. 191-206.

Belal, A. R., Cooper, S. and Roberts, R. W. (2013), "Vulnerable and exploitable: The need for organisational accountability and transparency in emerging and less developed economies", *Accounting Forum,* Vol. 37 No. 2, pp. 81-91.

Berger, P. L. and Luckmann, T. (1966), "The social construction of reality: A treatise in the sociology of knowledge". Penguin Putman, New York.

Boiral, O. (2013), "Sustainability reports as simulacra? A counter-account of A and A+ GRI reports", *Accounting, Auditing and Accountability Journal,* Vol. 26 No. 7, pp. 1036-1071.

Boiral, O., Heras-Saizarbitoria, I. and Brotherton, M.-C. (2019), "Professionalizing the assurance of sustainability reports: the auditors' perspective", *Accounting, Auditing and Accountability Journal,* Vol. 33 No. 2, pp. 309-334.

Bourgoin, A., Laszczuk, A. and Langley, A. (2020), "Legitimacy work in organizations: Securing the existence of a novel change agency unit", in *Academy of Management Proceedings.* Academy of Management Briarcliff Manor, NY.

Bouten, L. and Everaert, P. (2015), "Social and environmental reporting in Belgium: 'Pour vivre heureux, vivons cachés'", *Critical Perspectives on Accounting,* Vol. 33, pp. 24-43.

Braam, G. and Peeters, R. (2018), "Corporate sustainability performance and assurance on sustainability reports: Diffusion of accounting practices in the realm of sustainable development", *Corporate Social Responsibility and Environmental Management,* Vol. 25 No. 2, pp. 164-181.

Broadbent, J., Jacobs, K. and Laughlin, R. (2001), "Organisational resistance strategies to unwanted accounting and finance changes", *Accounting, Auditing and Accountability Journal,* Vol. 14 No. 5, pp. 565-586.

Bruton, G. D., Peng, M. W., Ahlstrom, D., Stan, C. and Xu, K. (2015), "State-owned enterprises around the world as hybrid organizations", *Academy of Management Perspectives*, Vol. 29 No. 1, pp. 92-114.

Canning, M., O'Dwyer, B. and Georgakopoulos, G. (2019), "Processes of auditability in sustainability assurance–the case of materiality construction", *Accounting and Business Research,* Vol. 49 No. 1, pp. 1-27.

Channuntapipat, C., Samsonova-Taddei, A. and Turley, S. (2019), "Exploring diversity in sustainability assurance practice", *Accounting, Auditing and Accountability Journal,* Vol. 32 No. 2, pp. 556-580.

Channuntapipat, C., Samsonova-Taddei, A. and Turley, S. (2020), "Variation in sustainability assurance practice: An analysis of accounting versus non-accounting providers", *British Accounting Review,* Vol. 52 No. 2.

Clarkson, P., Li, Y., Richardson, G. and Tsang, A. (2019), "Causes and consequences of voluntary assurance of CSR reports", *Accounting, Auditing and Accountability Journal,* Vol. 32 No. 8, pp. 2451-2474.

Collinson, D. and Ackroyd, S. (2005), "Resistance", *The Oxford Handbook of Work and Organization*, pp. 305.

Collinson, D. L. (2003), "Identities and insecurities: Selves at work", *Organization,* Vol. 10 No. 3, pp. 527-547.

Contu, A. (2008), "Decaf resistance: On misbehavior, cynicism, and desire in liberal workplaces", *Management Communication Quarterly,* Vol. 21 No. 3, pp. 364-379.

Courpasson, D. (2017), "Beyond the hidden/public resistance divide: How bloggers defeated a big company", *Organization Studies,* Vol. 38 No. 9, pp. 1277-1302.

Currie, G. and Spyridonidis, D. (2016), "Interpretation of multiple institutional logics on the ground: Actors' position, their agency and situational constraints in professionalized contexts", *Organization Studies,* Vol. 37 No. 1, pp. 77-97.

Darus, F., Sawani, Y., Zain, M. M. and Janggu, T. (2014), "Impediments to CSR assurance in an emerging economy", *Managerial Auditing Journal,* Vol. 29 No. 3, pp. 253-267.

Deegan, C. M. (2019), "Legitimacy theory", *Accounting, Auditing and Accountability Journal,* Vol. 32 No. 8, pp. 2307-2329.

Du, Y. and Gray, R. (2013), "The emergence of stand-alone social and environmental reporting in mainland China: an exploratory research note", *Social and Environmental Accountability Journal,* Vol. 33 No. 2, pp. 104-112.

Dyball, M. C., Wang, A. F. and Wright, S. (2015), "(Dis)engaging with sustainability: evidence from an Australian business faculty", *Accounting, Auditing and Accountability Journal,* Vol. 28 No. 1, pp. 69-101.

Farooq, M. and de Villiers, C. (2020), "How sustainability assurance engagement scopes are determined, and its impact on capture and credibility enhancement", *Accounting, Auditing and Accountability Journal,* Vol. 33 No. 2, pp. 417-445.

Farooq, M. B. and De Villiers, C. (2017), "The market for sustainability assurance services", *Pacific Accounting Review,* Vol. 29 No. 1, pp. 79-106.

Farooq, M. B. and De Villiers, C. (2019), "How sustainability assurance engagement scopes are determined, and its impact on capture and credibility enhancement", *Accounting, Auditing and Accountability Journal*. Vol. 33 No. 2, pp. 417-445

Feng, C. (2013). "The dilemma of stability preservation in China". *Journal of Current Chinese Affairs*,Vol. 42 No. 2, pp. 3-19.

Fleming, P. and Sewell, G. (2002), "Looking for the good soldier, Švejk: Alternative modalities of resistance in the contemporary workplace", *Sociology,* Vol. 36 No. 4, pp. 857-873.

Fleming, P. and Spicer, A. (2008), "Beyond power and resistance: New approaches to organizational politics", *Management Communication Quarterly,* Vol. 21 No. 3, pp. 301-309.

Friedland, R. (2018), "Moving institutional logics forward: Emotion and meaningful material practice", *Organization Studies,* Vol. 39 No. 4, pp. 515-542.

Fukofuka, P. and Jacobs, K. (2018), "Accounting as capital and doxa: exploring power and resistance in World Bank projects in Tonga", *Accounting, Auditing and Accountability Journal,* Vol. 31 No. 2, pp. 608-625.

Glynn, M. A. and Lounsbury, M. (2005), "From the critics' corner: Logic blending, discursive change and authenticity in a cultural production system", *Journal of Management Studies,* Vol. 42 No. 5, pp. 1031-1055.

Grafton, J., Lillis, A. M., Ihantola, E. M. and Kihn, L. A. (2011), "Threats to validity and reliability in mixed methods accounting research", *Qualitative Research in Accounting and Management,* Vol. 8 No. 1, pp. 39-58.

Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R. and Lounsbury, M. (2011), "Institutional complexity and organizational responses", *Academy of Management Annals,* Vol. 5 No. 1, pp. 317-371.

Harding, N. H., Ford, J. and Lee, H. (2017), "Towards a performative theory of resistance: Senior managers and revolting subject (ivitie) s", *Organization Studies,* Vol. 38 No. 9, pp. 1209-1232.

Herremans, I. M., Herschovis, M. S. and Bertels, S. (2009), "Leaders and laggards: The influence of competing logics on corporate environmental action", *Journal of Business Ethics,* Vol. 89 No. 3, pp. 449-472.

Hitt, M. A., Beamish, P. W., Jackson, S. E. and Mathieu, J. E. (2007), "Building theoretical and empirical bridges across levels: Multilevel research in management", *Academy of Management Journal,* Vol. 50 No. 6, pp. 1385-1399.

Howell, J. (2012). "Civil society, corporatism and capitalism in China". *Journal of Comparative Asian Development*, Vol. 11 No. 2, pp. 271-297.

Hsu, P. H., Liang, H. and Matos, P. (Forthcoming), "Leviathan Inc. and corporate environmental engagement", *Management Science*, 1-40.

Innis, R. E. (2004), "The tacit logic of ritual embodiments: Rappaport and Polanyi between thick and thin", *Social Analysis,* Vol. 48 No. 2, pp. 195-212.

Jeppesen, K. K. (2010), "Strategies for dealing with standard-setting resistance", *Accounting, Auditing and Accountability Journal,* Vol. 23 No. 2, pp. 175-200.

Jiang, F. and Kim, K. A. (2020), "Corporate governance in China: A survey", *Review of Finance,* Vol. 24 No. 4, pp. 733-772.

Kalantaridis, C. and Fletcher, D. (2012), "Entrepreneurship and institutional change: A research agenda", *Entrepreneurship and Regional Development,* Vol. 24 No. 3-4, pp. 199-214.

Keenan, E. K. and Miehls, D. (2008), "Third space activities and change processes: An exploration of ideas from social and psychodynamic theories", *Clinical Social Work Journal,* Vol. 36 No. 2, pp. 165-175.

Kelley, R. D. (1993), "" We are not what we seem": Rethinking black working-class opposition in the jim crow south", *Journal of American History*, pp. 75-112.

Kend, M. (2015), "Governance, firm-level characteristics and their impact on the client's voluntary sustainability disclosures and assurance decisions", *Sustainability Accounting, Management and Policy Journal,* Vol. 6 No. 1, pp. 54-78.

Kodeih, F. and Greenwood, R. (2014), "Responding to institutional complexity: The role of identity", *Organization Studies,* Vol. 35 No. 1, pp. 7-39.

Kowalski, P., Büge, M., Sztajerowska, M. and Egeland, M. (2013), "State-owned enterprises: Trade effects and policy implications", *OECD Trade Policy Papers,* No. 147, OECD Publishing.

KPMG. (2020), "The KPMG survey of corporate responsibility reporting 2020", KPMG, Amsterdan, Avaliable at: https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf

Lepori, B. and Montauti, M. (2020), "Bringing the organization back in: Flexing structural responses to competing logics in budgeting", *Accounting, Organizations and Society,* Vol. 80.

Li, S. and Lu, W. (2020), "A Dual-Agency Model of Firm CSR in Response to Institutional Pressure: Evidence from Chinese Publicly Listed Firms", *Academy of Management Journal,* Vol. 63 No. 6, pp. 2004-2032.

Li, T. and Belal, A. (2018), "Authoritarian state, global expansion and corporate social responsibility reporting: The narrative of a Chinese state-owned enterprise", *Accounting Forum,* Vol. 42 No. 2, pp. 199-217.

Li, B., Xu, L., McIver, R. P., Liu, X. and Pan, A. (2022), "Mixed-ownership reform and private firms' corporate social responsibility practices: evidence from China", *Business & Society*, Vol *61* No. 2, pp. 389-418.

Liao, L., Lin, T. P. and Zhang, Y. (2018), "Corporate board and corporate social responsibility assurance: Evidence from China", *Journal of Business Ethics,* Vol. 150 No. 1, pp. 211-225.

Liebman, B. L. and Milhaupt, C. J. (2015), *Regulating the visible hand?: The institutional implications of Chinese state capitalism*, Oxford University Press.

Lin, K. J., Lu, X., Zhang, J. and Zheng, Y. (2020), "State-owned enterprises in China: A review of 40 years of research and practice", *China Journal of Accounting Research*. Vol. 3 No. 1, pp. 31-55

Lounsbury, M. (2008), "Institutional rationality and practice variation: New directions in the institutional analysis of practice", *Accounting, Organizations and Society,* Vol. 33 No. 4-5, pp. 349-361.

Luo, X. R., Wang, D. and Zhang, J. (2017), "Whose call to answer: Institutional complexity and firms' CSR reporting", *Academy of Management Journal,* Vol. 60 No. 1, pp. 321-344.

Mahmood, Z. and Uddin, S. (2021), "Institutional logics and practice variations in sustainability reporting: Evidence from an emerging field", *Accounting, Auditing and Accountability Journal*. Vol. 34 No. 5, pp. 1163-1189.

Malhotra, N., Zietsma, C., Morris, T. and Smets, M. (2021), "Handling resistance to change when societal and workplace logics conflict", *Administrative Science Quarterly,* Vol. 66 No. 2, pp. 475-520.

Marquis, C. and Lounsbury, M. (2007), "Vive la résistance: Competing logics and the consolidation of US community banking", *Academy of Management Journal,* Vol. 50 No. 4, pp. 799-820.

Marquis, C. and Qian, C. (2014), "Corporate social responsibility reporting in China: Symbol or substance?", *Organization Science,* Vol. 25 No. 1, pp. 127-148.

Marquis, C., Yin, J. and Yang, D. (2017), "State-mediated globalization processes and the adoption of corporate social responsibility reporting in China", *Management and Organization Review*, Vol 13 No. 1, pp. 167-191.

Martínez-Ferrero, J. and García-Sánchez, I.-M. (2017a), "Coercive, normative and mimetic isomorphism as determinants of the voluntary assurance of sustainability reports", *International Business Review,* Vol. 26 No. 1, pp. 102-118.

Martínez-Ferrero, J. and García-Sánchez, I.-M. (2017b), "Sustainability assurance and assurance providers: Corporate governance determinants in stakeholder-oriented countries", *Journal of Management and Organization,* Vol. 23 No. 5, pp. 647-670.

Martínez-Ferrero, J. and García-Sánchez, I. M. (2017), "Sustainability assurance and cost of capital: Does assurance impact on credibility of corporate social responsibility information?", *Business Ethics: A European Review,* Vol. 26 No. 3, pp. 223-239.

McNally, M.-A. and Maroun, W. (2018), "It is not always bad news", *Accounting, Auditing and Accountability Journal,* Vol. 31 No. 5, pp. 1319-1348.

Michelon, G., Patten, D. M. and Romi, A. M. (2019), "Creating legitimacy for sustainability assurance practices: evidence from sustainability restatements", *European Accounting Review,* Vol. 28 No. 2, pp. 395-422.

Moje, E. B., Ciechanowski, K. M., Kramer, K., Ellis, L., Carrillo, R. and Collazo, T. (2004), "Working toward third space in content area literacy: An examination of everyday funds of knowledge and discourse", *Reading Research Quarterly,* Vol. 39 No. 1, pp. 38-70.

Mumby, D. K. (2005), "Theorizing resistance in organization studies: A dialectical approach", *Management Communication Quarterly,* Vol. 19 No. 1, pp. 19-44.

O'Dwyer, B. (2004), "Qualitative data analysis: Illuminating a process for transforming a 'messy' but 'attractive' 'nuisance'", in Humphrey, C. and Lee, B. (Eds.), *The real life guide to accounting research: A behind-the-scenes view of using qualitative research methods.* Elsevier, Oxford, pp. 391-407.

O'Dwyer, B. (2011), "The case of sustainability assurance: Constructing a new assurance service", *Contemporary Accounting Research,* Vol. 28 No. 4, pp. 1230-1266.

Olliver, C. (1991), "Strategic responses to institutional processes", *Academy of Management Review,* Vol. 16 No. 1, pp. 145-179.

Pache, A.-C. and Filipe, S. (2010), "When worlds collide: The internal dynamics of organizational responses to conflicting institutional demands", *Academy of Management Review,* Vol. 35 No. 3, pp. 455-476.

Pache, A.-C. and Santos, F. (2010), "When worlds collide: The internal dynamics of organizational responses to conflicting institutional demands", *Academy of Management Review,* Vol. 35 No. 3, pp. 455-476.

Pache, A.-C. and Santos, F. (2013), "Embedded in hybrid contexts: How individuals in organizations respond to competing institutional logics", in Lounsbury, M. and Boxenbaum, E. (Eds.), *Institutional Logics in Action (part B).* Emerald Group Publishing Limited, Bingley, pp. 3-35.

Palpacuer, F. and Seignour, A. (2020), "Resisting via hybrid spaces: The cascade effect of a workplace struggle against neoliberal hegemony", *Journal of Management Inquiry,* Vol. 29 No. 4, pp. 418-432.

Parker, L. (2014), "Qualitative perspectives: Through a methodological lens", *Qualitative Research in Accounting and Management,* Vol. 11 No. 1, pp. 13-28.

Parsa, S., Dai, N., Belal, A., Li, T. and Tang, G. (2021), "Corporate social responsibility reporting in China: Political, social and corporate influences", *Accounting and Business Research,* Vol. 51 No. 1, pp. 33-64.

Pearson, M., Rithmire, M. and Tsai, K. S. (2021), "Party-state capitalism in China", *Current History,* Vol. 120 No. 827, pp. 207-213.

Pfeiffer, A. (2016), Management by recognition: An interactionist study of normative control in voluntary work, Lund University.

Polanyi, M. (1966), "The logic of tacit inference", *Philosophy,* Vol. 41 No. 155, pp. 1-18.

Prasad, P. and Prasad, A. (2000), "Stretching the iron cage: The constitution and implications of routine workplace resistance", *Organization Science,* Vol. 11 No. 4, pp. 387-403.

Putnam, L. L., Grant, D., Michelson, G. and Cutcher, L. (2005), "Discourse and resistance: Targets, practices, and consequences", *Management Communication Quarterly,* Vol. 19 No. 1, pp. 5-18.

Raynard, M., Lounsbury, M., & Greenwood, R. (2013). Legacies of logics: Sources of community variation in CSR implementation in China. In *Institutional logics in action, part A.* Emerald Group Publishing Limited.

Reimsbach, D., Hahn, R. and Gürtürk, A. (2018), "Integrated reporting and assurance of sustainability information: An experimental study on professional investors' information processing", *European Accounting Review,* Vol. 27 No. 3, pp. 559-581.

Rivière-Giordano, G., Giordano-Spring, S. and Cho, C. (2018), "Does the level of assurance statement on environmental disclosure affect investor assessment? An experimental study", *Sustainability Accounting, Management and Policy Journal,* Vol. 9 No. 3, pp. 336-360.

Schneider, D. M. (1976), "The meaning of incest", *The Journal of the Polynesian Society,* Vol. 85 No. 2, pp. 149-169.

Schubert, G., and Ahlers, A. L. (2011). "Constructing a new socialist countryside'and beyond: an analytical framework for studying policy implementation and political stability in contemporary China". *Journal of Chinese Political Science*, Vol 16 No. 1, pp. 19-46.

Scott, J. C. (2007), "Domination and the Arts of Resistance", in *On Violence*. Duke University Press, pp. 200-214.

Scott, W. R. (2013), *Institutions and Organizations: Ideas, Interests, and Identities*, SAGE Publications.

Sheldon, M. and Jenkins, J. (2020), "The influence of firm performance and (level of) assurance on the believability of management's environmental report", *Accounting, Auditing and Accountability Journal,* Vol. 33 No. 3, pp. 501-528.

Sheng, H., Hong, S. and Zhao, N. (2013), *China's state-owned enterprises: Nature, performance and reform*, World Scientific.

Siddiqui, J., Mehjabeen, M. and Stapleton, P. (2021), "Emergence of corporate political activities in the guise of social responsibility: Dispatches from a developing economy", *Accounting, Auditing and Accountability Journal.* Vol. 34 No. 5, pp. 1137-1162

Silvola, H. and Vinnari, E. (2021), "The limits of institutional work: a field study on auditors' efforts to promote sustainability assurance in a trust society", *Accounting, Auditing and Accountability Journal.* Vol. 34 No. 1, pp. 1-30

Situ, H., Tilt, C. and Seet, P. S. (2021), "The influence of the Chinese government's political ideology in the field of corporate environmental reporting", *Accounting, Auditing and Accountability Journal,* Vol. 34 No. 9, pp. 1-28.

Situ, H., Tilt, C. A. and Seet, P. S. (2020), "The Influence of the government on corporate environmental reporting in China: An authoritarian capitalism perspective", *Business & Society,* Vol. 59 No. 8, pp. 1589-1629.

Smith, J., Haniffa, R. and Fairbrass, J. (2011), "A conceptual framework for investigating 'capture'in corporate sustainability reporting assurance", *Journal of Business Ethics,* Vol. 99 No. 3, pp. 425-439.

Steinmeier, M. and Stich, M. (2019), "Does sustainability assurance improve managerial investment decisions?", *European Accounting Review,* Vol. 28 No. 1, pp. 177-209.

Tang, P., Yang, S. and Yang, S. (2020), "How to design corporate governance structures to enhance corporate social responsibility in China's mining state-owned enterprises?", *Resources Policy*, Vol 66, 101619.

Thomas, G. M., Meyer, J. W., Ramirez, F. O. and Boli, J. (1987), *Institutional structure: Constituting state, society, and the individual*, Sage, Newbury Park, CA.

Thomas, R. and Hardy, C. (2011), "Reframing resistance to organizational change", *Scandinavian Journal of Management,* Vol. 27 No. 3, pp. 322-331.

Thomas, R., Sargent, L. D. and Hardy, C. (2011), "Managing organizational change: Negotiating meaning and power-resistance relations", *Organization Science,* Vol. 22 No. 1, pp. 22-41.

Thornton, P. H. and Ocasio, W. (2008), "Institutional logics". In Greenwood, R., Oliver, C., Suddaby, R. and Sahlin-Andersson, K. (Eds.), *The Sage Handbook of Organizational Institutionalism*, Sage, London.

Tilt, C. A. (2018), "Making Social and Environmental Accounting Research Relevant in Developing Countries: A Matter of Context?", *Social and Environmental Accountability Journal,* Vol. 38 No. 2, pp. 145-150.

Tyson, T. and Adams, C. A. (2019), "Increasing the scope of assurance research: New lines of inquiry and novel theoretical perspectives", *Sustainability Accounting, Management and Policy Journal,* Vol. 11 No. 2, pp. 291-316.

Unerman, J. and Chapman, C. (2014), "Academic contributions to enhancing accounting for sustainable development", *Accounting, Organizations and Society,* Vol. 39 No. 6, pp. 385-394.

Voronov, M. and Vince, R. (2012), "Integrating emotions into the analysis of institutional work", *Academy of Management Review,* Vol. 37 No. 1, pp. 58-81.

Wong, R. and Millington, A. (2014), "Corporate social disclosures: a user perspective on assurance", *Accounting, Auditing and Accountability Journal,* Vol. 27 No. 5, pp. 863-887.

Wright, A. L., Zammuto, R. F. and Liesch, P. W. (2017), "Maintaining the values of a profession: Institutional work and moral emotions in the emergency department", *Academy of Management Journal,* Vol. 60 No. 1, pp. 200-237.

Xu, C. (2011), "The fundamental institutions of China's reforms and development", *Journal of Economic Literature,* Vol. 49 No. 4, pp. 1076-1151.

Yang, D., Dumay, J. and Tweedie, D. (2021), "Accounting's role in resisting wage theft: A labour process theory analysis", *Accounting, Auditing and Accountability Journal,* Vol. 34 No. 1, pp. 85-110.

Yang, H. H., Craig, R. and Farley, A. (2015), "A review of Chinese and English language studies on corporate environmental reporting in China", *Critical Perspectives on Accounting,* Vol. 28, pp. 30-48.

Ybema, S. and Horvers, M. (2017), "Resistance through compliance: The strategic and subversive potential of frontstage and backstage resistance", *Organization Studies,* Vol. 38 No. 9, pp. 1233-1251.

Yin, R. K. (2009), *Case study research: Design and methods*, Sage, Thousand Oaks.

Zeng, J. (2015). *The Chinese Communist Party's capacity to rule: ideology, legitimacy and party cohesion*. Springer.

Zhao, N. and Patten, D. M. (2016), "An exploratory analysis of managerial perceptions of social and environmental reporting in China: Evidence from state-owned enterprises in Beijing", *Sustainability Accounting, Management and Policy Journal,* Vol. 7 No. 1, pp. 80-98.