

Article

Non-Financial Reporting and Assurance: A New Opportunity for Auditors? Evidence from Portugal

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Abstract: Research on auditing professionals' perceptions of non-financial reporting and its assurance is relatively scarce, and the majority of the existing studies pay little attention to the assurance aspect. Our study contributes to strengthening this type of research by investigating Portuguese audit professionals' perceptions of non-financial reporting and its assurance. The purpose of the current paper is to identify the perceptions of Portuguese audit professionals about non-financial reporting, particularly the responsibility for its preparation, its mandatory or voluntary natures, and how to improve non-financial reporting and its assurance. We also analyze whether these perceptions are associated with sex and work experience. The perceptions of statutory auditors were surveyed by using a questionnaire. Results allow us to conclude that Portuguese statutory auditors agree that non-financial reporting assurance is an important practice, and that company management should be responsible for the preparation and publication of non-financial reports. They consider that assurance of these reports should be conducted by a statutory auditor and think that the Institute of Portuguese Statutory Auditors should have a more active role in this matter. Notwithstanding, very few of the respondents have experience with this type of assurance, which may explain their acknowledgment of the importance of additional training. Work experience and sex do not influence the perceptions of the auditors. Findings suggest the existence of a positive attitude towards non-financial reporting and its assurance associated with the acknowledgement of its underdevelopment in Portugal. As far as we are aware, our study is the first to focus exclusively on Portuguese auditing professionals' perceptions concerning non-financial reporting and assurance.

Keywords: non-financial information; assurance; Portugal; questionnaire; statutory auditors



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1. Introduction

Corporate social responsibility (CSR) is defined by the European Commission [1] as companies' responsibility for their impacts on society. The European Commission [1] also subscribes to a view of the reporting of non-financial information as an important cross-cutting issue. The recent requirement of such reporting by major European entities is a testimony of its importance [2].

The assurance of non-financial reports has developed enormously. According to KPMG's 2013 and 2020 international surveys on corporate responsibility reporting, the percentage of the 250 largest companies in the world having their non-financial reports assured has grown from 59%, in 2013, to 71%, in 2020 [3,4]. In the case of the 100 largest companies in each country surveyed, the growth has been from 38%, in 2013, to 51%, in 2017 [3,4]. Similar to the case of financial audit for financial reports, the assurance of non-financial reports amounts to an examination of "data and claims from an independent position", which "is intended to add credibility" to the report [5] (p. 1096).

Among academics, the assurance of non-financial reports is an area of interest that has grown enormously in recent years. The analysis of this type of assurance is presently a growing strand of literature that has produced studies published in almost all of the most reputable academic journals both in the areas of accounting and auditing e.g., [6–11], and in the areas of business ethics and corporate social responsibility e.g., [12–15].

Earlier studies on non-financial reporting assurance focused on the study of the content of assurance statements see, for example [16–19]. More recent strands of research focus on the factors influencing the decision to have non-financial reports assured [20–22], the impact of assurance on perceptions of the reliability of non-financial reports [6,23,24], or perceptions of assurance providers and other agents [7,8,25]. This study falls within the latter strand of literature mentioned. Jones and Solomon [26] argued for the importance of complementing desk-based studies in non-financial reporting assurance with people-based studies.

Research on auditing professionals' perceptions of non-financial reporting and its assurance is relatively scarce, and the majority of the existing studies pay little attention to the assurance aspect. Our study contributes to strengthening this type of research by investigating Portuguese audit professionals' perceptions of non-financial reporting and its assurance. The objective of this paper is to identify the auditors' perceptions of non-financial reporting, mainly concerning the responsibility for its preparation, its mandatory or voluntary natures, and how to improve non-financial reporting, and its assurance. As far as we are aware, our study is the first to focus exclusively on Portuguese auditing professionals' perceptions of non-financial reporting and assurance.

Our purpose is to understand Portuguese audit professionals' perceptions of non-financial reporting assurance and its development in Portugal. Although the auditing of the financial information produced by companies dates to the end of the 19th century, the first steps of statutory auditing date from the early 1970s [27]. Its development was very slow until the entry of Portugal to the European Union in 1986, which led to a greater development of statutory auditing in Portugal [27]. We also developed additional tests to determine whether some perceptions are associated with auditors' sex and work experience.

The remainder of this paper is organized as follows. In the following section, necessary background regarding non-financial reporting assurance is provided. In Section 3, the research methodology is explained. In Section 4, results are presented. Finally, Section 5 is devoted to some concluding remarks.

2. Background

2.1. Non-Financial Reporting

Although there is not a single and generally accepted definition, non-financial information [28,29], known to be presented mostly, but not only, in Sustainability Reports, describes the company's performance regarding social, environmental, corporate governance, and human resources management issues, among others. It is an emerging topic that has gained increasing relevance in the perception of stakeholders about the information disclosed by the entity during its fiscal year [30].

Non-financial information can be presented in a variety of ways, for example, in a single Sustainability Report or CSR Report, within the Annual Management Report [31,32], or even, in conjunction with financial information, in the Integrated Report or Extended External Report (EER) [30]. According to the Global Reporting Initiative (GRI), Sustainability Reports are practices of measurement, disclosure, and of being responsible to internal and external stakeholders for organizational performance towards the objective of sustainable development. They must provide a balanced and reasonable representation of the entity's sustainable performance, including both positive and negative contributions. They have been a great communication tool between organizations and their stakeholders regarding their environmental, social, and governance performance [33].

The term EER has also gained more and more relevance and a greater focus on users, allowing a greater vision of the company concerning issues related to its sustainable devel-

opment and future strategies to create value for its stakeholders, especially its shareholders. The information presented may be less structured, compared to the reports focused on the financial statements, but they are more diversified, both in format and in the matters to be addressed.

2.2. Non-Financial Reporting Assurance

Non-financial reporting assurance is not usually legally required in most countries. Hence, the motivations for companies to engage in such practices lie elsewhere. There are some interviews and questionnaire-based studies illuminating firms' rationales for choosing to have their non-financial reports assured [5,26,34,35]. Park and Brorson [5], studied the main reasons for Swedish companies to have their reports assured by analyzing reports and interviewing companies as well as assurance providers. The main benefits mentioned were increased credibility for published data and guidance on how to develop their internal reporting system. The high costs of assurance and lack of evidence on whether assurance is effective in enhancing credibility were presented as the main reason not to adhere to assurance.

Jones and Solomon [26] interviewed 20 corporate social responsibility representatives from top UK listed companies and analyzed important questions, such as whether non-financial reporting is deemed necessary and whether it should remain voluntary. Amongst other things, they found that: first, the respondents considered the enhancement of the credibility of information and the improvement of the non-financial reporting process as two important drivers of non-financial reporting assurance; second, the main reasons halting the widespread adoption of assurance are the increased costs, the insufficient development of non-financial reporting, and the complexity of non-financial reporting assurance; third, respondents tended to consider that non-financial reporting assurance is a logical development of financial auditing, despite the majority of the firms employing environmental consultants; fourth, the independence of the consultants appeared as one of the major concerns of the interviewees.

Sawani et al. [34] used a sample of companies from Malaysia and collected data using interviews and questionnaires. They found that most of the respondents view assurance practices as helping to enhance the credibility of the report and as improving internal and external reporting. Gillet [35] interviewed seven French listed companies belonging to the CAC 40 index and three accountant assurers. She concludes that one of the main reasons driving French companies' engagement in non-financial reporting assurance is the search for legitimacy.

Recent studies provide evidence that voluntary assurance of corporate non-financial reports does provide enhanced the credibility and reliability of the reports [23,24]. Based on a questionnaire survey of 145 students enrolled in MBA programs at two large Australian universities, Hodge et al. [23] found that assurance of non-financial reporting improves its perceived reliability. In addition, they provide evidence that reports users place more confidence in non-financial reports when assurance is provided by a top tier accountancy firm than when it is provided by a specialist consultant.

Using a behavioral experiment, Pflugrath et al. [24], studied how having a report assured or not and the type of assurer (accountant or sustainability consultant) influence perceptions of financial analysts from Australia, the United States, and the United Kingdom regarding the credibility of non-financial reports. They found that being assured by a professional accountant enhances the perceived credibility of the reports and that professional auditors are viewed as providing a greater level of independent and expert assurance than sustainability experts. Moreover, the impact of assurance on the credibility of the reports was found to be context-specific. First, information is perceived as more credible when a company is from an industry where assurance is more commonplace. Second, financial analysts from the United States perceive non-financial information assured by professional accountants to be more credible than said information assured by sustainability consultants,

whereas financial analysts from Australia and the UK perceived little difference in the enhanced credibility provided by these two groups.

In part, because non-financial reporting assurance is a relatively novel practice, regarding which regulation is still to be enacted in most countries, there are different types of assurance providers and different standards that can be used to guide the assurance services [33]. Non-financial reporting assurance is most often provided by specialized consultant and accounting assurers, and two standards have risen to prominence in this field, the International Auditing and Assurance Standards Board's International Standard on Assurance Engagement (ISAE) 3000 and the AccountAbility's AA1000 Assurance Standard (AA1000AS) [20,33,36]. The former standard is usually closely followed by specialized consultants, whilst the latter one is predominantly used by accounting firms (*ibid.*).

Several authors view managerial and professional capture of the non-financial reporting assurance process as a serious problem [37]. This is related to concerns over things such as lack of assessor independence [16,19], a large degree of management control over the assurance process, and a dearth of stakeholder involvement [17,38]. In addition to these suspicions, existing literature has raised concerns about things such as the ambiguity and diversity in criteria and scope [16,17,38] and the tendency to attach little importance to expectations by using extensive scope limitations [17,38,39].

Boiral [40] contends that the lack of transparency of non-financial reporting brought forth by his study raises important questions about the reliability and usefulness of non-financial reporting assurance, which most of the reports he analyzed had undergone. He concludes that the assurance process may not be as reliable as claimed, as evidenced by the many non-conformities with GRI principles detected in reports that were certified at the A+ level (18 out of 22) analyzed by him.

Whether non-financial reporting assurance should be carried out by the accounting profession is a somewhat contentious matter. Whereas some suggest that the accounting profession may not be the most adequate for the job, others contend that it is. In support of the case for sustainability consultants as the preferred assurance provider, the argument that they may have greater subject expertise when matters of a specific environmental or social nature are being assessed is often adduced [41].

Discussing the legitimacy of accountants' involvement in non-financial reporting and auditing, O'Dwyer [42] suggests that the relevance of the skills of these professionals is bolstered within an approach to non-financial reporting and auditing that views it as a risk/stakeholder management process and focuses mainly on the concerns of corporate management. He asserts that if the focus is primarily on the concerns of the wider society and corporate accountability is understood without such focus on financial impact, the legitimacy of the accountants' involvement is questionable. Worthy of note is the argument presented by this author that given the importance of the non-financial/qualitative areas in non-financial reporting and auditing, the lack of experience and expertise of the accountants in the qualitative aspects of these practices raises the risk of excessive reliance on corporate management and poses a threat to the independence of the auditor.

In line with this latter reasoning, an investigation of stakeholder perceptions of corporate social disclosure (CSD) assurance in the UK based on data obtained from a survey by questionnaire reveals a clear preference for specialist assurers instead of financial auditors (Wong and Millington, 2014) [43]. Wong and Millington [43] (p. 880) conclude that "a perception of independence and subject expertise, rather than competence in auditing procedures, is considered key to the trustworthiness of assurers".

Wallage [44] refers to some relative advantages of the accounting profession, including the existence of large multidisciplinary firms performing audits, significant support from professional bodies of accountants, and their reputation and expertise in verification as a process. Simnett et al. [31] consider the audit profession to already possess some important requisites, such as well-developed standards, a body of ethics and independence requirements, and quality control mechanisms at both the firm and engagement levels that help ensure that the assurance provided is of consistently high quality.

Studies analyzing the perceptions of accounting professionals on non-financial reporting are relatively few [45–54]. Early UK evidence suggests a lack of involvement on the part of accountants to incorporate responses to the environmental agenda [45]. Additionally, in the UK context, Collison [47] focused on financial auditors. His interview-based research offered some interesting results, namely that auditors acknowledged the growing importance of environmental awareness for their work, agreed that there was no useful role for regulators at the moment, and found educational initiatives useful. Borgato and Marchini [54] explore the point of view of auditors about the practice of integrated reporting assurance and find that there is a need to improve assurance mainly because of the absence of suitable criteria and the difficulty to assure qualitative and prospective information.

Deegan et al. [46] obtained findings similar to those of Bebbington et al. [45] for the Australian case. Nyquist [49] investigated Swedish authorized public accountants' attitudes and opinions towards auditing environmental information required by Swedish legislation since 1999 and found that they: had a positive attitude towards environmental information and asked for more training; and found that the number of environmental information companies present may increase in the future.

Krasodomska et al. [53] examined the perceptions of Polish accountants concerning mandatory non-financial reporting in a setting of the incorporation of Directive 2014/95/EU into the country's accounting law. Their findings revealed that the respondents possessed insufficient knowledge of this type of reporting, with this knowledge differing significantly between respondents with training on non-financial reporting and their counterparts. These researchers found that neither gender nor work experience was significantly associated with differences in terms of attitudes towards mandatory non-financial reporting.

In a developing country context, Lodhia [48] reached the conclusion that Fiji accountants seemed to be absent from environmental management accounting and reporting in organizations. More recent research carried out in a developing country setting offers different results. Kuasirikun [50] detected an overall positive attitude towards social and environmental accounting amongst the accountants, auditors, and accounting-related professionals in Thailand. From their analysis of the Libyan case, Pratten and Mashat [51] (p. 319) concluded that the key accounting sectors of Libya seemed united in their views on the nature of corporate sustainability and the purpose of non-financial reporting. Namely, they considered that: firms do have moral responsibilities; community and environmental issues are important; the legislation would be required to advance the extent of non-financial reporting. Islam and Islam and Dellaportas's [52] study of the Bangladeshi case suggests that despite low investor demand for corporate non-financial information, accountants have positive attitudes toward corporate non-financial reporting. Not only do they consider that companies should provide corporate non-financial information to enhance transparency, but also, they agree on the need to change the roles of accountants to deal with this field of accounting [52].

2.3. The Legal Context of the Non-Financial Reporting in Portugal

The European Commission published the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, which concerns the disclosure of non-financial information and information on diversity. Portugal transposed this Directive with the publication of Decree-Law no. 89/2017 in July 2017. This law states that companies must present, in their annual reports, a non-financial statement, which should contain information on the evolution, performance, position, and impact of their activities, referring, at least, to environmental, social, and worker issues, equality between women and men, non-discrimination, respect for human rights, and the fight against corruption and bribery. This decree-law concerns all large companies that are entities of public interest, which at the end of each year exceed an average number of 500 workers. It is also possible to report this information in an autonomous report, such as a sustainability report or an integrated report, using national, European, or international standards. This obligation applied to

annual reports regarding periods that started on or after 1 January 2017. For companies outside this scope, the reporting of non-financial information remains voluntary.

As previous evidence shows that few companies report on sustainability risks and policies, and those that report that information do not disclose complete, trustful, and comparable information that is considered relevant by stakeholders, in 2021, the European Commission issued a proposal for a Corporate Sustainability Reporting Directive. This directive will replace the NFRD and heralds a new era in sustainability reporting. One of the changes envisaged in the new directive is the audit requirement for sustainability reports. To increase the reliability of sustainability reports, companies within the scope of the directive will be required to provide limited assurance on their reported sustainability information. Auditors will have to express a limited opinion on the sustainability report's compliance with the directive's requirements, including applicable standards. The requirements of independence and professional competence will apply to these assurance services. This requirement represents a significant advance while not imposing a reasonable assurance requirement, and a stronger and more demanding level. Reasonable assurance of sustainability reporting is difficult at this stage not only because it is more onerous for companies and better matches market availability for audit services but also because of the absence of sustainability assurance standards. The proposal, therefore, gives the Commission the possibility to adopt such standards. If the Commission adopts sustainability assurance standards, the legal requirement will automatically become a requirement for reasonable rather than limited assurance. The Commission's proposal allows the Member States to open up the market for sustainability assurance services to so-called "independent assurance service providers". This means that the Member States could choose to allow companies other than the usual auditors of financial information to ensure sustainability information.

3. Research Design

The perceptions of statutory auditors were surveyed by using a questionnaire. The questionnaire was developed into an online survey which was hosted on the website of the Portuguese Institute of Statutory Auditors. From a possible number of 886 responses (OROC, RC 2021), we obtained 235 responses (19 percent), of which 167 were incomplete. Hence, we obtained 68 usable responses, representing a response rate of only 5.5 percent.

In designing the questionnaire, comments and feedback from colleagues were obtained to ensure that the questions were clear and precise. The first part of the questionnaire concerned some background variables to obtain a profile of the respondents. The second part focused on the auditors' take on non-financial reporting and its assurance in Portugal and a question to determine whether the respondent engaged in non-financial assurance services. If that was the case, the respondent was asked to advance to a third party in which some questions on the practices of non-financial reporting assurance of the respondent were asked.

Table 1 presents the literature on which we based the questions of our questionnaire.

Table 1. Questions of the questionnaire and related literature.

Questionnaire Item	Literature
<i>Non-financial reports</i>	
Responsibility for the preparation of non-financial reports	[55,56]
Mandatory non-financial reporting	[57,58]
Improvements	[59]
<i>Assurance of non-financial reports</i>	
The Institute of Portuguese Statutory Auditors has an active role in this matter	[60]

Table 1. *Cont.*

Questionnaire Item	Literature
The assurance of non-financial reports is important	[30,61,62]
The assurance of non-financial reports should be conducted by a statutory auditor and not by other entities or organizations	[59,63]
There has been sufficient training on non-financial reporting assurance directed at statutory auditors	[60]
This is a topic that is sufficiently developed in Portugal	[11,64]
This topic should be more profoundly treated in higher education curricula	[65]
There should exist a standard model for the assurance statement of a non-financial report	[30,54,66]
The existence of further standards in the area would be useful	[30,54,66]
I have read several documents on the topic	[65]
The majority of my clients question me on the topic	[59,67]
Experience with non-financial reporting assurance	[59]

Based on the analysis of the responses to this questionnaire, we tried to offer some insights into the auditors' perception of non-financial reporting and its assurance. We also examined whether the responses to some questions are associated with sex and work experience. Krasodomska et al. [53] hypothesized that accountants' attitudes towards mandatory non-financial reporting would depend on these two characteristics. They expected that women would be more positive towards this type of reporting than their male counterparts. Regarding work experience, these researchers assumed that "people with shorter work experience, who are still learning and gaining experience, would be more open to new, emerging accounting problems", such as the one under examination (p. 767). We examine the question of whether non-financial reporting should be mandatory, also considered by Krasodomska et al. [53]. We also extend these researchers' expectations to the assurance of non-financial reports. Given that our study focuses on statutory auditors, we also consider the question of the importance of the assurance of non-financial reports. Based on the above, we put forward the following hypotheses:

H1a. *Respondents with shorter work experience are more likely to consider that non-financial reporting should be mandatory compared to their male counterparts.*

H1b. *Respondents with shorter work experience attribute greater importance to the assurance of non-financial reports compared to their counterparts.*

H2a. *Female respondents are more likely to consider that non-financial reporting should be mandatory compared to their male counterparts.*

H2b. *Female respondents attribute greater importance to the assurance of non-financial reports compared to their male counterparts.*

Regarding the respondents' demographic characteristics used to test these hypotheses, in the wake of Krasodomska et al. [53] we considered the following variables:

- sex: a binary variable assuming the values 0 for men and 1 for women;
- age: a binary variable assuming the value 0 for respondents with little work experience (less than 5 years), and the value 1 for respondents with longer work experience.

To test hypotheses H1a and H2a we have used the chi-square contingency analysis. To test hypotheses H1b and H2b, like Krasodomska et al. [53], we used the Mann–Whitney U test.

4. Results and Discussion

4.1. Personal Background of Respondents

The majority of respondents are male (82.35%). The experience of respondents ranges from 1 to 5 years to more than 35 years. Of the participants, 64.71% are graduates of 5-year faculty (*Licenciatura*). Most of the respondents have academic training in the areas of accounting, management, and economics, with few of them having specific training in auditing. At this point, we must explain that to be a member of the Portuguese Statutory Auditors one is required to have academic training in the areas of business. Only fifteen respondents (22.6%) are employees of international firms. Other details regarding the respondents are reported in Table 2.

Table 2. Background characteristics of respondents.

	Frequency	Percent
Age		
Below 30	1	1.47
Between 31 and 40	18	26.47
Between 41 and 50	15	22.06
Between 51 and 60	17	25.00
Between 61 and 70	11	16.18
Above 70	6	8.82
Total	68	100.00
Sex		
Female	12	17.65
Male	56	82.35
Total	68	100.00
Formal qualifications		
Bachelor	5	7.35
Licenciatura	44	64.71
MBA	10	14.71
Master degree	8	11.76
PhD	1	1.47
Total	68	100.00
Academic training		
Accounting	14	20.59
Management	27	39.71
Auditing	5	7.35
Law	1	1.47
Economics	18	26.47
Other	3	4.41
Total	68	100.00
Experience		
Below 5 years	14	20.59
Between 6 and 10 years	11	16.18
Between 11 and 15 years	9	13.24
Between 16 and 20 year	11	16.18
Between 21 and 25 years	12	17.65
Between 26 and 30 years	5	7.35
Between 31 and 35 years	3	4.41
Over 35 years	3	4.41
Total	68	100.00
Exercising profession		
Not exercising	7	10.29
In an international firm	15	22.06
In a national firm	26	38.24
In a unipersonal firm	6	8.82
Individually	14	20.59
Total	68	100.00

4.2. Auditors' Perceptions of Non-Financial Reporting in Portugal

We wanted to know the respondents' perceptions regarding who should be responsible for the preparation of non-financial reports. As reported in Table 3, there is clear agreement on who should be responsible: the vast majority of the statutory auditors (75 percent) consider that it should be the company management/board of directors. There is also some agreement on the importance of the participation of the sustainability department and the need for a multidisciplinary team.

Table 3. Responsibility for the preparation of non-financial reports.

Those Responsible for the Preparation of the Non-Financial Report Should be:		
	Frequency	Percentage
Company management/board of directors	51	75.00
Financial department/chartered accountant	2	2.94
Environment department	4	5.88
Legal department	1	1.47
Sustainability department	21	30.88
Multidisciplinary team	21	30.88
External entities	2	2.94

The question "Should the preparation and publication of a non-financial report be mandatory" was also asked. Table 4 shows that most of the respondents (65%) consider that it should not. When questioned regarding which type of companies they think should be obliged to prepare and publish non-financial reports, the majority of the statutory auditors (56%) responded with listed companies.

Table 4. Mandatory non-financial reporting.

Should the Preparation and Publication of a Non-Financial Report be Mandatory?		
	Frequency	Percentage
Yes	24	35.00
No	44	65.00
Total	68	100.00
For which type of companies should non-financial reporting be mandatory?		
	Frequency	Percentage
Listed companies	38	56.00
Stock corporations	12	18.00
Limited liability companies	1	1.00
None	3	4.00
Other	11	16.00

The survey participants were questioned about what should be done to improve non-financial reporting assurance (Figure 1). There is strong agreement that more training on the subject is required and that incentives for the preparation and publication of non-financial reports are required.

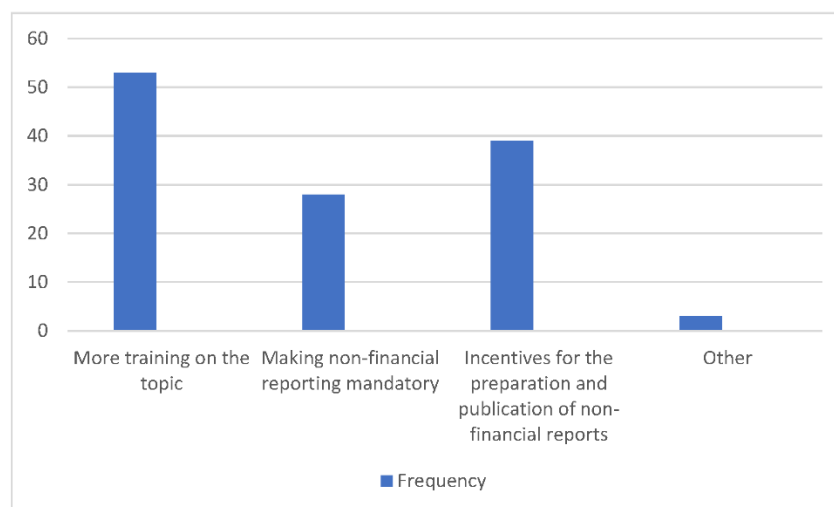


Figure 1. Suggested improvements.

4.3. Auditors' Perceptions of Non-Financial Reporting Assurance in Portugal

The second part of the questionnaire focused on the development and the practice of non-financial reporting assurance in Portugal. Respondents answered the first question using a five-point Likert scale (where 1 indicates disagree and 5 completely agree).

Data in Table 5 reveal that statutory auditors agree that non-financial reporting assurance is an important practice and that it should be conducted by a statutory auditor. This is in line with [63], who show that characteristics such as experience, skills, and knowledge of the auditors, especially from the Big 4, are important determinants of more accurate opinions about sustainability reports.

Table 5. Development of non-financial reporting and assurance in Portugal.

	Disagree	Slightly Agree	Mostly Agree	Strongly Agree	Completely Agree	Total
The Institute of Portuguese Statutory Auditors has an active role in this matter	4	12	37	11	4	68
The assurance of non-financial reports is important	1	2	18	32	15	68
The assurance of non-financial reports should be conducted by a statutory auditor and not by other entities or organizations	5	10	18	22	13	68
There has been sufficient training on non-financial reporting assurance directed at statutory auditors	17	24	23	4	0	68
This is a topic that is sufficiently developed in Portugal	23	37	7	1	0	68
This topic should be more profoundly treated in higher education curricula	2	2	26	27	11	68
There should exist a standard model for the assurance statement of a non-financial report	2	3	14	30	19	68
The existence of further standards in the area would be useful	2	5	11	33	17	68
I have read several documents on the topic	7	16	26	14	5	68
The majority of my clients question me on the topic	36	18	11	3	0	68

The majority of auditors “mostly agree” that the Institute of Portuguese Statutory Auditors has played an active role in this matter. There is also strong agreement regarding the need for more profound treatment of the topic in higher education and the need for a standard model of assurance statements and further standards on the subject. This is consistent with Accountancy Europe’s [60] emphasis on the importance of a public oversight of assurance services together with the need for international professional standards designed to conduct assurance of non-financial information.

Two issues seem to be more problematic in Portugal: whether non-financial reporting and assurance are sufficiently developed in Portugal; and whether statutory auditors are offered sufficient training on this particular type of assurance. We can see that most of the respondents disagree or only slightly agree when questioned on these matters. This is especially problematic in the case of the development of the topic in Portugal. Similar to Bartoszewicz and Tutkowska-Ziarko [67], who conclude that in Poland there is a low demand for assurance of non-financial information, our results reveal that the majority of respondents seem to not have been approached by their clients regarding this topic.

The final part of the questionnaire pertained to the practices of non-financial reporting assurance of the statutory auditors themselves. Only three of the 68 statutory auditors (four percent) reported having experience with this type of assurance. Two of them use ISAE3000 and AA1000, and one uses only ISAE3000.

4.4. Influence of Work Experience and Sex

Results of the statistical testing of the hypotheses developed in the previous section are presented in Tables 6 and 7. Our findings are consistent with those of Krasodomska et al. [53] in that they suggest that, compared to men, women are not more likely to consider that non-financial reporting should be mandatory. Our findings also suggest that there is no statistically significant difference between the importance attributed to the assurance of non-financial reports by women compared to men. We have also not found any statistically significant difference between the responses of more and less experienced respondents regarding these two questions.

Table 6. Mann–Whitney U tests for hypotheses H1b and H2b regarding the importance of non-financial reports’ assurance.

H1b		H2b	
Female respondents		Experience below 5 years	
Median rank	37.13	Median rank	36.36
N	12	N	14
Male respondents		Experience above 5 years	
Mean rank	33.94	Mean rank	34.02
N	56	N	54
Test statistics		Test statistics	
Mann–Whitney U	304.500	Mann–Whitney U	352.000
Asymp sig (two-tailed)	0.586	Asymp sig (two-tailed)	0.672

Table 7. Cross-tabulation tables and chi-square tests regarding hypotheses H1a and H2a about obligatoriness of non-financial reporting.

Panel A: Obligatoriness of NFR by Sex					Panel B: Obligatoriness of NFR by Experience					
		NFR_Mandatory		Total			NFR_Mandatory		Total	
		No	Yes				No	Yes		
Sex	Male	Count	36	20	56	Experience	Count	9	5	14
		% within Sex	64.3%	35.7%	100.0%		% within Years_exp	64.3%	35.7%	100.0%
		% within NFR_mandatory	81.8%	83.3%	82.4%		% within NFR_mandatory	20.5%	20.8%	20.6%
		% of Total	52.9%	29.4%	82.4%		% of Total	13.2%	7.4%	20.6%
	Female	Count	8	4	12		Count	35	19	54
		% within Sex	66.7%	33.3%	100.0%		% within Years_exp	64.8%	35.2%	100.0%
		% within NFR_mandatory	18.2%	16.7%	17.6%		% within NFR_mandatory	79.5%	79.2%	79.4%
		% of Total	11.8%	5.9%	17.6%		% of Total	51.5%	27.9%	79.4%
Total	Contagem	44	24	68	Count	44	24	68		
	% within Sex	64.7%	35.3%	100.0%	% within Years_exp	64.7%	35.3%	100.0%		
	% within NFR_mandatory	100.0%	100.0%	100.0%	% within NFR_mandatory	100.0%	100.0%	100.0%		
	% of Total	64.7%	35.3%	100.0%	% of Total	64.7%	35.3%	100.0%		

Person Chi-square: 0.025; Asymp Sig (two-tailed): 0.876

Person Chi-square: 0.001; Asymp Sig (two-tailed): 0.971

Again, regarding the question of the obligatoriness of non-financial reporting, our findings are in line with those of Krasodomska et al. [53].

We should, however, note that median ranks point to women and lower experience respondents attributing more importance to assurance of non-financial reports, as expected, but differences are not large and, based on the Mann–Whitney tests, not statistically significant, which means that we cannot validate these hypotheses.

5. Concluding Remarks

This paper presents an exploratory study examining the perceptions of Portuguese statutory auditors concerning the new demands for non-financial reporting assurance. It contributes to the scarce literature examining the auditing professional’s perceptions of non-financial reporting and its assurance. Findings suggest the existence of a positive attitude towards non-financial reporting and its assurance associated with the acknowledgment of its underdevelopment in Portugal. These findings are consistent with those of Kuasirikun [50], Pratten and Mashat [51], Islam and Dellaportas, and Arayssi et al. [56] in a developing country setting, and those of Collison [47], Nyquist [49], Landau et al. [57], and Bartoszewicz & Rutkowska-Ziarko [59] in a developed country setting.

Portuguese statutory auditors agree that company management should be responsible for the preparation and publication of non-financial reports and consider that assurance of these reports should be conducted by a statutory auditor, in line with Martínez-Ferrero and García-Sánchez [63]. Notwithstanding, very few of the respondents have experience with this type of assurance, which may explain their acknowledgment of the importance of additional training [59]. Similar to Krasodomska et al. [53], work experience and sex do not influence the perceptions of the auditors.

Our study contributes to science by examining auditors’ perceptions of non-financial reporting and its assurance. As previous studies show [63], auditors are important actors in the non-financial reporting field. Knowing their perceptions is relevant for the auditors’ supervisory board because it provides insights about how they can improve the knowledge

of auditors (e.g., training) but also highlights the importance of defining and implementing standards that can help the auditors in the development of their work.

This study presents some limitations. First, the limited response rate represents a major limitation as the statutory auditors that responded to the questionnaire cannot be considered representative. Second, we have analyzed only the perspectives of Portuguese professionals which are unlikely to be similar to those of other countries' professionals. However, these limitations also represent possibilities for further research. One first suggestion pertains to comparative studies concerning the perceptions of accounting professionals regarding non-financial reporting and its assurance. A second suggestion concerns the need to perform interview-based studies. The last suggestion concerns linking the profile of the respondents with their responses, to extend the results.

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