



Corporate Governance

Sustainability reporting and assurance in Portugal

Sónia Ferreira Gomes Teresa Cristina Pereira Eugénio Manuel Castelo Branco

Article information:

To cite this document:

Sónia Ferreira Gomes Teresa Cristina Pereira Eugénio Manuel Castelo Branco , (2015), "Sustainability reporting and assurance in Portugal", Corporate Governance, Vol. 15 Iss 3 pp. 281 - 292

Permanent link to this document:

<http://dx.doi.org/10.1108/CG-07-2013-0097>

Downloaded on: 14 November 2016, At: 22:00 (PT)

References: this document contains references to 50 other documents.

To copy this document: permissions@emeraldinsight.com

The fulltext of this document has been downloaded 779 times since 2015*

Users who downloaded this article also downloaded:

(2015), "Sustainability reporting: external motivators and internal facilitators", Corporate Governance: The international journal of business in society, Vol. 15 Iss 3 pp. 375-390 <http://dx.doi.org/10.1108/CG-01-2014-0003>

(2010), "Sustainability accounting and reporting: fad or trend?", Accounting, Auditing & Accountability Journal, Vol. 23 Iss 7 pp. 829-846 <http://dx.doi.org/10.1108/09513571011080144>

Access to this document was granted through an Emerald subscription provided by emerald-srm:563821 []

For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit www.emeraldinsight.com/authors for more information.

About Emerald www.emeraldinsight.com

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

*Related content and download information correct at time of download.

Sustainability reporting and assurance in Portugal

Sónia Ferreira Gomes, Teresa Cristina Pereira Eugénio and Manuel Castelo Branco

Sónia Ferreira Gomes and Teresa Cristina Pereira Eugénio are both based at the School of Technology and Management – ESTG, Management for Sustainability Research Centre – CIGS, Polytechnic Institute of Leiria – IPL, Leiria, Portugal.

Manuel Castelo Branco is an Assistant Professor at the Faculty of Economics, University of Porto, Porto, Portugal.

Abstract

Purpose – The purpose of this paper is to provide a descriptive comprehensive analysis of sustainability reporting (SR) and assurance in Portugal after the onset of the most recent economic crisis.

Design/methodology/approach – The authors analyze 290 sustainability reports for the years 2008, 2009, 2010 and 2011, and find those that include assurance statements and characterize them.

Findings – The authors present evidence supporting the view that the Portuguese sustainability reporting assurance (SRA) market follows the international trends and suggest that the most recent economic crisis had a negative effect in terms of publication of sustainability reports but not in terms of its quality and assurance.

Research limitations/implications – The authors merely provide descriptive evidence of SR and the assurance thereof in Portugal.

Originality/value – The authors contribute significantly to the literature on SRA in peripheral countries and in the period of crisis.

Keywords Portugal, Sustainability reporting, Corporate sustainability, Sustainability reporting assurance

Paper type Research paper

1. Introduction

Corporate sustainability (CS) – the engagement in activities leading to sustainable development – and the reporting thereof have become major dimensions of large corporations' voluntary practices. A recent survey of the United Nations Global Compact (UNGC) and Accenture to over 1,000 chief executive officers (CEOs) (UNGC and Accenture, 2013) reported that 93 per cent of them view sustainability as an “important” or “very important” factor for its success.

The importance of disclosure of information on companies' activities related to CS, that is sustainability reporting (SR), is widely acknowledged, both as an instrument of corporate accountability and as a means of signaling corporate reputation for sustainability. SR may be defined as the “the preparation and publication of an account about an organisation's social, environmental, employee, community, customer and other stakeholder interactions and activities and, where possible, the consequences of those interactions and activities” (Gray, 2000, p. 250).

The rapid development of SR over the past few decades has been accompanied by a remarkable development in sustainability reporting assurance (SRA) (Gillet, 2012). SRA refers to activities designed to result in published conclusions on the quality of the report and the information it contains (GRI, 2013). The assurance of sustainability reports is a fast-growing area of interest. Academic research on SRA is nowadays a growing strand of literature, and several influential studies have already been produced (Deegan *et al.*,

Received 29 July 2013
Revised 31 March 2014
16 March 2015
Accepted 18 March 2015

2006a, 2006b; Kolk and Perego, 2010; Manetti and Becatti, 2009; O'Dwyer and Owen, 2005; Perego and Kolk, 2012; Simnett *et al.*, 2009).

Studies on SRA analyzing international samples with very few or no companies from peripheral countries, such as Portugal, are legion (Deegan *et al.*, 2006b; Kolk and Perego, 2010; Perego and Kolk, 2012; Simnett *et al.*, 2009). On the other hand, studies analyzing individual countries tend to focus on common law English-speaking countries (Deegan *et al.*, 2006a; O'Dwyer and Owen, 2005, 2007; Marx and van Dyk, 2011; Moroney *et al.*, 2012; Cho *et al.*, 2014; Casey and Grenier, 2015; Peters and Romi, 2015). Studies analyzing other geographical areas are more recent, with the papers of Gillet (2012) on the French case and Romero *et al.* (2010), García-Benau *et al.* (2013), Sierra *et al.* (2013) and Zorio *et al.* (2013) on the Spanish, standing out. Notwithstanding, there is still a noteworthy absence of studies on this topic focusing on peripheral countries such as Portugal.

Research on SR practices of Portuguese companies offered to an international audience is extraordinarily scarce (Roberts and Koeplin, 2007). As far as we are aware, among the studies using a multi-country sample, only Simnett *et al.* (2009) and Herda *et al.* (2014) include Portuguese companies (the former study with only ten sustainability reports and only one assured; and the latter with only 19, of which 12 assured). Furthermore, only one study on the assurance of Portuguese companies' sustainability reports has been published in an international journal, that is of Branco *et al.* (2014). This study has analyzed the determinants of SRA between 2008 and 2011, which we add to this study and to the emerging literature on SR in period of crisis (García-Benau *et al.*, 2013) by analyzing in a more detailed manner the main characteristics of SR and assurance in Portugal for the period 2008-2011.

The interest of the analysis of the Portuguese case is related to it being one of the European countries in which the said effects have been (and still are) the most severe. One has only to recall that Portugal has been one of the few countries requiring a bailout. Among these countries, Portugal probably offers the most interesting setting, given that it is the country where SR and assurance reporting is most widespread (KPMG, 2011, 2013; García-Benau *et al.*, 2012).

The purpose of this study is to offer a much needed comprehensive analysis of SR and assurance in Portugal, albeit a descriptive one. As Marx and van Dyk (2011) have done for South Africa, we aim at providing both an overview of the development of SR and the assurance thereof, and the evidence on assurance practices in SR in Portugal. Our first research question pertains to whether the Portuguese SRA market follows the international trends or presents a uniqueness similar to that of Australian market (Martinov-Bennie *et al.*, 2012), which mirrors in many aspects that of the UK market (Frost and Martinov-Bennie, 2010). More importantly, we also want to analyze whether the most recent economic crisis has been accompanied by changes in terms of trends in the publication of sustainability reports and its assurance as well as in terms of characteristics of SR and assurance. Our second research question bears upon whether there has been a decrease in the publication of sustainability reports and its assurance and in the quality of said reports.

With these purposes in view, we will first analyze the main trends in the publication of sustainability reports by Portuguese firms and its assurance for the period 2008-2011. For that period, we will analyze, among other things, the publication of sustainability reports, the assurance of these reports and the standards used in it and the auditing or consulting companies used. Our findings support the view that the Portuguese SRA market follows the international trends and that the economic crisis has been accompanied by a decrease in the publication of sustainability reports. Curiously, there has been an increase in the quality of the sustainability reports published as well as in its assurance.

In the following section, A review of the relevant literature on SRA is presented. Thereafter follow sections on methodology, results and discussion. The final section offers some conclusive remarks.

2. Background and relevant literature

SR has evidenced a remarkable development over the past few decades. [Junior *et al.* \(2014\)](#) report a steady increase in the percentage of organizations in the Fortune Global list which have issued a sustainability report. The “KPMG International Survey of Corporate Responsibility Reporting 2011” ([KPMG, 2011](#)) analyzed more than 3,400 of the world’s largest companies and reported that CS reporting has at the time become mainstream among the top 250 from the Global Fortune 500 (G250) companies and is fast moving to find place among the top 100 companies in 34 nations (N100).

The development of the SR has given rise to a more recent trend toward providing assurance on sustainability reports. [Junior *et al.* \(2014\)](#) report a slight increase in organizations in the Fortune Global list, issuing assured sustainability reports in the past decade. The KPMG study referred above reports that 46 per cent of the G250 and 38 per cent of N100 companies currently conduct assurance on their sustainability reports ([KPMG, 2011](#)). Of these, more than 70 per cent of the G250 and about 65 per cent of the N100 engage major accountancy organizations ([KPMG, 2011](#)). KPMG’s most recent international survey on corporate responsibility reporting shows that the percentage of G250 companies opting for having their sustainability report assured increased to 59 per cent in 2013 ([KPMG, 2013](#)). The percentage of N100 companies having their sustainability report assured has remained 38 per cent, but the number of countries analyzed increased from 34 to 41.

In the majority of countries, information on CS policies, practices and performance is disclosed by companies mainly on a voluntary basis, with a view of informing and/or influencing their stakeholders. As managers are often likely to focus on good news and change voluntary disclosure topics to suit their needs, voluntary information is deemed less reliable than its mandatory counterpart ([Neu *et al.*, 1998](#)). Before the advent of SRA, one of the strengths of disclosing CS information in the annual reports pertained to the proximity of such information to the audited financial statements in these documents ([Neu *et al.*, 1998](#)). Said proximity and the fact that the auditors must read such material offered sustainability information disclosed in the annual report a degree of credibility that other media difficultly could be claimed to have ([Neu *et al.*, 1998](#)).

The recent emergence of SRA changed somewhat this reality. Extant literature on this topic suggests that assurance of sustainability reports is necessary to enhance the credibility of the information included in these reports ([Ackers, 2009](#); [Adams and Evans, 2004](#); [Beets and Souther, 1999](#); [Cohen and Simnett, 2015](#); [Deegan *et al.*, 2006b](#); [Kolk and Perego, 2010](#); [O’Dwyer and Owen, 2005, 2007](#); [Perego and Kolk, 2012](#); [Simnett *et al.*, 2009](#)). Studies reporting empirical evidence of a positive effect of voluntary assurance of sustainability reports on their credibility and reliability have been published recently ([Hodge *et al.*, 2009](#); [Pflugrath *et al.*, 2011](#)). Analyzing the top 500 public companies listed on the Australian Securities Exchange, [Moroney *et al.* \(2012\)](#) found evidence suggesting that the quality of voluntary environmental disclosures is enhanced when assured.

There are, however, some suspicions and also some evidence of managerial and professional capture of SR assurance practices ([Ball *et al.*, 2000](#); [Edgley *et al.*, 2010](#); [Fonseca, 2010](#); [Manetti and Toccafondi, 2012](#); [O’Dwyer and Owen 2005](#); [Smith *et al.*, 2011](#)). Previous studies have raised concerns about things such as the ambiguity and diversity in criteria and scope ([Ball *et al.*, 2000](#); [O’Dwyer and Owen, 2005, 2007](#); [Deegan *et al.*, 2006b](#); [Mock *et al.*, 2007](#)), assured independence ([Ball *et al.*, 2000](#); [Deegan *et al.*, 2006b](#)), the absence of stakeholder participation during the assurance process and the tendency to minimize expectations through extensive scope limitations ([O’Dwyer and Owen, 2005, 2007](#)).

Nowadays, the Global Reporting Initiative (GRI) is arguably the most relevant organization in the promotion of SR. Its most important achievement is the SR guidelines, a reporting framework offering guidance on how to report about an organization’s sustainability

commitment and performance. In total, 82 per cent of the top 250 companies from the Global Fortune 500 and 78 per cent of the top 100 companies in 41 nations use these guidelines (KPMG, 2013). Kolk and Perego (2010) and Perego and Kolk (2012) refer to the GRI guidelines as an important driver in improving the quality of sustainability reports and note the inclusion of recommendations for reporting companies in their approach to the external assurance of sustainability reports in the 2006 version of said guidelines (G3 guidelines), which have been maintained in the 2011 update and completion of the G3 (G3.1 guidelines).

There are several standards providing guidance for SRA. Among said standards, two are paramount: the International Standard on Assurance Engagement (ISAE) 3000 and the AccountAbility (AA)1000 Assurance Standard (AA1000AS) (De Beelde and Tuybens, 2015; Manetti and Becatti, 2009; Manetti and Toccafondi, 2012; Martinov-Bennie *et al.*, 2012; Simnett, 2012). Whereas the latter is most commonly used by assurers from outside the accounting profession, the former is predominantly used by members of the accounting profession (Simnett, 2012). The ISAE 3000 has been proposed by the International Auditing and Assurance Standards Board (IAASB) as a standard for non-financial assurance engagements. The AA1000AS was created by AccountAbility.

KPMG (2008) note the increase of the use of the ISAE 3000 between 2005 and 2008 in consequence of its obligatory nature for accounting firms doing SRA. In 2008, among the G250 companies, 62 per cent use this standard and among the N100, the percentage is 54 per cent (against 24 per cent and 14 per cent, respectively, in 2005).

Studies on countries where the audit profession is found to predominate in the provision of SRA (Ackers, 2009; Manetti and Becatti, 2009; Marx and van Dyk, 2011) report evidence that the ISAE3000 is the dominant standard used. Studies on countries, where other types of assurers, such as environmental consultants, are the main assurance providers (Deegan *et al.*, 2006b; Frost and Martinov-Bennie, 2010; O'Dwyer and Owen, 2005), present evidence of a relative higher use of the AA1000AS. According to Martinov-Bennie *et al.* (2012, p. 269), the use of both the AA1000AS and the ISAE 3000, detected in many studies (Ackers, 2009; Manetti and Becatti, 2009; Marx and van Dyk, 2011; Perego and Kolk, 2012), is not surprising, as they are complementary rather than substitutes. They consider reasonable to argue that whereas ISAE 3000 focuses on the assurance procedures, AA1000AS emphasizes the quality of the reporting process, which leads to the potential to deliver an enhanced product by using both standards (Perego and Kolk, 2012).

Notwithstanding, many authors argue that in consequence of the absence of an agreed-upon set of standards offering guidance on SRA, the comparability of assurance statements is reduced, and significant variation across countries and among companies in the type of assurance provided, as well as with regard to definitions, methodology and content of assurance engagements, exists (Deegan *et al.*, 2006b; Kolk and Perego, 2010; Perego, 2009; Perego and Kolk, 2012).

In addition to its voluntary nature and the existence of the different standards providing guidance for SRA, the presence of different assurance providers in the SRA market is a peculiarity that deserves attention (Perego and Kolk, 2012). Besides the traditional "Big Four" accounting firms, they include certification bodies, specialist consultants and non-governmental organizations (NGOs), which vary in degree of technical expertise and credibility (Perego and Kolk, 2012). Moroney *et al.* (2012) found no significant difference in the quality of voluntary environmental disclosure between companies that use accountant assurers and companies that use consultant assurers. This is corroborated by the findings of Perego and Kolk (2012), who, nonetheless, present some evidence that accounting firms and certification bodies tend to present higher quality on aspects related to reporting format and procedures followed in the assurance process, whereas specialists and certification bodies assurers seem to present higher quality for aspects associated to formulating a recommendation and providing positive assurance.

Studies on international SR assurance trends (Herda *et al.*, 2014; Junior *et al.*, 2014; Kolk and Perego, 2010; Perego and Kolk, 2012; Simnett *et al.*, 2009) provide evidence of an increasing trend toward companies having their SR assured. Using a sample of multinational corporations included in the Fortune Global 250 list, Kolk and Perego (2010) analyzed the adoption of SRA in reports published in the years 1999, 2002 and 2005. They found that approximately, one-third of the reports were accompanied by a third-party assurance statement. They have also detected a slightly declining role of accounting firms in this area, because of the increased number of engagements through alternative assurance providers. Using a similar sample, Perego and Kolk (2012) adduced data for 2008, revealing a declining market share for accounting firms. However, they underline that the traditional choice of European-based firms is accounting firms.

Both Kolk and Perego (2010) and Simnett *et al.* (2009) found that companies operating in countries that are more stakeholder-oriented are more likely to have their sustainability reports assured. However, whereas Kolk and Perego (2010) provide some evidence that companies domiciled in countries that are shareholder-oriented and have lower level of litigation are more likely to choose the auditing profession as assurance provider, Simnett *et al.* (2009) found that companies from stakeholder-orientated countries are more likely to choose a member of the auditing profession as their assurance provider. Simnett *et al.* (2009) used a larger sample, both in terms of number of companies and number of countries, than that of Kolk and Perego (2010), who analyzed 212 Fortune Global 250 companies.

Herda *et al.* (2014), on the other hand, do not corroborate the influence of stakeholder orientation on SRA. They have found that firms from countries with weaker investor protection are more likely to have their sustainability report assured. They also found higher quality assurance to be more likely in the case of firms from countries with weaker investor protection.

Regarding the choice of assurance provider, whereas Ackers (2009), Manetti and Becatti (2009) and Marx and van Dyk (2011) present clear evidence of the audit profession (in most cases, as represented by the "Big 4") in the provision of SR assurance (over 70 per cent of the assurance reports), Ball *et al.* (2000), Deegan *et al.* (2006a, 2006b), Frost and Martinov-Bennie (2010), O'Dwyer and Owen (2005) and Simnett *et al.* (2009) found that other types of assurers predominate.

Analyzing European samples, Ball *et al.* (2000), Deegan *et al.* (2006b) and O'Dwyer and Owen (2005) found that consultant assurers have a dominant position. Analyzing a sample of 100 assurance statements from the UK (48) and nine other European countries (52), Deegan *et al.* (2006b) detected a predominance of environmental consultants and environmental and engineering consultants in the assurance provider type in the case of the UK. However, in the case of the other European countries, in 31 cases (well above half of the statements), the assurance provider was an accounting firm. Deegan *et al.* (2006a) analyzed 33 Australian assurance statements and detected a similar pattern to that of the UK (an accounting firm was the assurance provider in only five cases). Frost and Martinov-Bennie (2010) corroborated these findings for a sample of assurance statements of the ASX 100 companies. Using a sample of 2,113 companies (from 31 countries) that produced sustainability reports between 2002-2004, Simnett *et al.* (2009) found that of the 655 sustainability reports that were assured only in the case of about 42 per cent the assurance provider was a member of the auditing profession.

Using a sample of 130 firms worldwide issuing a sustainability report between 2002 and 2004, Mock *et al.* (2007) examined relationships between assurance statement characteristics and Big 4 assurance providers. Their analysis suggested that the type of assurance statement (positive or negative), the reporting categories assured, the restriction of the usage of assurance statements and the application of assurance frameworks are significant predictors of a Big 4 assurance provider.

Mock *et al.* (2013) examined a 2006-2007 sample of assured sustainability reports and compared it to a 2002-2004 sample analyzed by Mock *et al.* (2007). They detected an increase in assurance statements provided by Big 4 auditors from 35.4 per cent in 2002-2004 to 51.35 per cent in 2006-2007. In addition, they found that the proportion of assurance providers using the AA1000 increased slightly from about 25 per cent in 2002-2004 to around 37 per cent in 2006-2007. In both cases, the non-Big 4 auditors formed the majority of the users of the AA1000.

Extending the findings of Mock *et al.* (2007) about the choice and effects of an assurance provider for SR, Perego (2009) analyzed an international sample of 136 companies to document that companies domiciled in countries with a weaker governance system are more likely to choose a Big 4 accounting firm as assurance provider. In addition, he provided evidence that Big 4 accounting firms positively affect assurance quality in terms of reporting format and assurance procedures. In contrast, the quality of the recommendations and opinions in a sustainability assurance statement is positively associated with non-accounting assurance providers.

Both Deegan *et al.* (2006a) and Frost and Martinov-Bennie (2010) detected a great deal of variation in the titles of the Australian assurance statements. However, whereas Deegan *et al.* (2006a) found that the most commonly used term was “verification”, Frost and Martinov-Bennie (2010) reported the term “assurance” as the most commonly used. Deegan *et al.* (2006b) detected significant international variation in the titles of the assurance statement. Within the UK sample, the most commonly used terminology was “verification statement” (19 of the 48 statements), whereas within the European sample, the most commonly used titles were “auditor’s opinion” (6 out of 52) and “verification statement” (5 out of 52) (Deegan *et al.*, 2006b).

3. Methodology

3.1 Sample

The sample comprises the sustainability reports published by Portuguese firms for the years 2008, 2009, 2010 and 2011, both the autonomous reports and those included in integrated annual reports. The majority of the reports were obtained from three different data sources: BCSD Portugal (a non-profit association affiliated with the World Business Council for Sustainable Development, which maintains in its Web site an archive of sustainability reports (as available on May 2011); the Centre for Research in Management for Sustainability (CIGS) of the Polytechnic Institute of Leiria; and the database of the GRI. We included in the sample all the reports thus obtained. In addition, in an attempt to use the largest possible number of reports and the reports of the most relevant companies operating in Portugal, if reports from the 100 largest Portuguese firms plus the PSI20 (the index representing the major firms in the Portuguese stock market) were not available from these three sources, corporate Web pages were used to obtain them.

The sustainability reports included in the sample have been published by a set 87 companies. This set includes companies which have produced at least one report during the period considered. Table I shows the industrial sector of these companies according to the Industry Classification Benchmark (ICB). It also shows the number of companies in each sector and the number of reports by sector in each of the three years considered. Industrials is the sector which presents the largest number of reports (114). Consumer services and financials are the sectors which follow in terms degree of importance (with 55 and 34 reports, respectively). Utilities is also a noteworthy sector, with 28 reports.

3.2 Data capture

Rudimentary content analysis has been used to identify the differences in the sustainability reports and in the assurance statements. The following information was collected for all sustainability reports:

Table I Sustainability reports by industrial sector

Industrial sectors	2008				2009			2010			2011			2008-2011		
	No.	No.	No. assured	(%)	No.	assured	(%)	No.	assured	(%)	No.	assured	(%)	No.	assured	(%)
Basic materials	2	2	2	100	2	2	100	2	2	100	2	1	50	8	7	88
Consumer goods	4	4	1	25	4	2	50	3	2	67	4	2	50	15	7	47
Consumer services	16	14	2	14	16	3	19	15	3	20	10	4	40	55	12	22
Financials	9	8	6	75	8	6	75	9	7	78	9	6	67	34	25	74
Industrials	36	30	5	17	33	7	21	29	5	17	22	5	23	114	22	19
Oil and gas	5	4	2	50	5	2	40	5	2	40	2	2	100	16	8	50
Technology	1	1	1	100	1	1	100	1	1	100	1	1	100	4	4	100
Telecommunications	5	3	2	67	4	3	75	4	3	75	5	3	60	16	11	69
Utilities	9	9	8	89	7	7	100	7	4	57	5	2	40	28	23	82
Total	87	75	29	39	80	33	41	75	29	39	60	26	43	290	119	41

- format of sustainability reporting (autonomous or integrated report);
- standard used in the preparation of the SR; and
- engagement in external verification.

For sustainability reports that were assured, information on the following aspects was obtained:

- level of application of the standard used in the preparation of the SR;
- assurance provider;
- assurance standard; and
- level of assurance

4. Findings

For the entire period, the main sectors in terms of the percentage of companies having their reports assured are technology (100 per cent), basic materials (88 per cent), utilities (82 per cent) and financials (74 per cent) (Table I). The sectors with lower percentages of companies with assured reports are oil and gas (50 per cent), consumer goods (47 per cent), consumer services (22 per cent) and industrials (19 per cent).

Data presented in Table II show an increase in the publication of sustainability reports from 2008 to 2009, followed by a decrease between 2009 and 2011. A possible explanation for this pertains to the effects of the global economic crisis which have been particularly severe in Portugal. There is a clear predominance of autonomous reports. However, Table II also shows a steady increase in the relative importance of integrated reports. It is also noteworthy that 2008 had 23 first-time sustainability reports (31 per cent), with a rapid decline of the percentage of first-time reports in the following three years. This suggests that the diffusion of SR in Portugal is a relatively recent phenomenon.

Table II Sustainability reports and the assurance thereof

Year	No.	Autonomous reports		Sustainability reports Integrated reports		First reports		Assured reports	
		No.	(%)	No.	(%)	No.	(%)	No.	(%)
2008	75	70	93	5	7	23	31	29	39
2009	80	73	91	7	9	9	11	33	41
2010	75	62	83	13	17	2	3	29	39
2011	60	45	75	15	25	1	2	26	43
Total	290	250	86	40	14	35	12	117	40

The GRI guidelines are the dominant standard orienting the production of sustainability reports in Portugal. Its relative weight has increased from 87 per cent in 2008 to 90 per cent in 2010 and decreased to 87 per cent in 2011 (Table III). In this respect, Portugal is well-integrated within international SR practices (KPMG, 2011, 2013).

The second stage of our work involved using only sustainability reports with assurance statements. Table IV shows an increase in the quality of the reports, as evidenced by the GRI application level. There is a substantial growth of the part of sustainability reports claiming to have an A+ level (from 55 per cent in 2008 to 73 per cent in 2011). This is an additional sign of a steady increase in the quality of SR by Portuguese companies.

Auditing firms are clearly the dominant assurance provider, presenting a growth in their market share in the period considered (Table V). Among these firms, PricewaterhouseCoopers (PWC) has the larger market share, albeit a declining one (from 45 per cent in 2008 to 35 per cent in 2011). This is consistent with the findings of KPMG (2011, 2013) that both the markets of SRA in the G250 and in the N100 are dominated by major accountancy organizations. Our results corroborate the findings of Simnett *et al.* (2009), who provide evidence that companies from stakeholder-orientated countries, such as the case of Portugal, are more likely to choose the auditing profession as an assurer.

This is also in line with the findings of Perego (2009), who reported that companies domiciled in countries with a weaker governance system, such as the case of Portugal, are more likely to choose a Big 4 accounting firm as assurance provider. According to him, in contexts, such as the Portuguese, in which legal protection of investors and other stakeholders is weak in ensuring control over the credibility and quality of SR, SRA may play the role of good corporate governance substitute (Perego, 2009).

Considering the cases in which it is used alone and in conjunction with other standards, ISAE 3000 is the dominant standard used in SRA (Table VI). This is consistent with findings

Table III Standards orienting sustainability reporting

Standard	Year							
	2008		2009		2010		2011	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)
GRI	65	87	71	89	69	92	52	87
N/A	10	13	9	11	6	8	8	13
Total	75	100	80	100	75	100	60	100

Table IV GRI application levels of sustainability reports

GRI application level	Year							
	2008		2009		2010		2011	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)
B+	13	45	13	39	8	28	7	27
A+	16	55	20	61	21	72	19	73
Total	29	100	33	100	29	100	26	100

Table V Assurance providers

Assurance provider	Year							
	2008		2009		2010		2011	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)
Deloitte	7	24	11	33	10	34	8	31
KPMG	5	17	4	12	5	17	6	23
PWC	13	45	14	42	11	38	9	35
Other	4	14	4	12	3	10	3	12
Total	29	100	33	100	29	100	26	100

Table VI Assurance standards used

Assurance standard	Year							
	2008		2009		2010		2011	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)
AA100APS	3	10	4	12	1	3	2	8
GRI	3	10	4	12	3	10	2	8
ISAE 3000	16	55	16	48	15	52	13	50
AA1000APS, ISAE 3000	5	17	8	24	8	28	7	27
AA1000APS, GRI, ISAE 3000	2	7	1	3	2	7	2	8
Total	29	100	33	100	29	100	26	100

of studies where the audit profession is found to predominate in the provision of SR assurance (Ackers, 2009; Manetti and Becatti, 2009; Marx and van Dyk, 2011), such as the case of Portugal. Martinov-Bennie *et al.* (2012, p. 269) note the recent dominance of the use of ISAE 3000, because of its obligatory nature for accounting firms, and comment that the dominance of the AA1000AS (Frost and Martinov-Bennie, 2010) is most likely a product of the unique Australian market context, where specialist consultants dominate.

5. Concluding remarks

This paper provides a descriptive analysis of current practices in SR and the assurance thereof by Portuguese companies, comparing results with previous studies. Our results are not consistent with those from the majority of other recent studies which analyze resembling periods of time (García-Benau *et al.*, 2013, 2012; Junior *et al.*, 2014; KPMG, 2011; Sierra *et al.*, 2013; Zorio *et al.*, 2013), which report increases in the publication of sustainability reports and increases or stagnation in the assurance of said reports. It is, however, partially consistent with some of the findings of Branco *et al.* (2014), who detected a decrease both in SR and in its assurance.

We find evidence of a decrease of the publication of sustainability reports, which we attribute to the effects of the economic crisis, but not in its assurance. The divergence regarding the study of Branco *et al.* (2014) is most likely due to the larger size of our sample. Differently from the other studies mentioned above, the majority of companies in our sample are not listed. The likelihood of being severely affected by the economic crisis is substantially higher in the case of non-listed companies. The difference between the impact of the economic crisis in SR practices of listed versus non-listed companies is a topic worthy of exploration in further research.

Furthermore, we found signs of a steady increase in the quality of the reports, such as the absolute and relative increase of integrated reports and the increase of reports presenting an A+ level of application of the GRI guidelines. It is possible that in periods of crisis, only companies really committed with sound SR practices continue to publish this type of information and to have their reports assured.

Consistent with worldwide evidence (Junior *et al.*, 2014; KPMG, 2011, 2013), we found that auditing firms are increasingly the dominant assurance provider in Portugal, with PWC dominating the market for SRA. In line with this result, ISAE 3000 has been found to be the dominant standard used in SRA.

We present evidence supporting the view that the Portuguese SRA market follows the international trends. Contrary to countries which pioneered the trends in the publication and assurance of sustainability reports and present SRA markets with unique characteristics, such as the those of Australia and UK (Martinov-Bennie *et al.*, 2012), the embryonic stage of the Portuguese SRA market leads to very similar patterns of evolution to those of the majority of other countries which are not pioneers in SR and the assurance thereof.

We believe that the paper adds to the literature on SRA and will be of interest to an international audience because we are convinced that the analysis of SR and the reporting

thereof in peripheral countries is likely to offer valuable insights to scholars from more developed countries. Relatively few studies on SRA in peripheral countries have been made. There is value added in exploring SR and the reporting thereof in a peripheral country context, and evaluate the extent to which this type of corporate practices has matured in this type of countries in comparison to what happens in developed countries.

In addition, probably the main interest of this paper for an international audience is that of analyzing SR and assurance in one of the European countries more severely affected by the crisis. Studies analyzing with this level of detail how these corporate practices have changed during the period of crisis are yet to be published in international journals. With the deepening of the crisis worldwide, it becomes increasingly important to produce evidence on said change in SR and assurance practices, and scholars interested in producing similar evidence for other countries thus far less affected by the crisis may find our study useful. Hence, comparing how SR and assurance have changed in the period of crisis between countries presenting different levels of impact of the recent economic crisis is an especially interesting theme for further research.

In view of what has just been asserted, although some may contend that single-country analyses are not relevant, we believe that in depth analyses of practices in individual countries should not be dismissed as irrelevant for an international audience, given that they can be precursors of similar analyses in other countries and give birth to an invaluable collective effort. Although consisting of individual studies, this collective effort would give an accurate image of what is happening, more so than studies which analyze CS in several countries in a more superficial manner. We consider that more detailed within-country studies can complement the results of cross-country investigations. There is a sample selection bias in the databases used in recent cross-country studies on SRA (Kolk and Perego, 2010; Simnett *et al.*, 2009). For example, in Simnett *et al.* (2009), only one assured report from Portugal is covered.

References

- Ackers, B. (2009), "Corporate social responsibility assurance: how do South African publicly listed companies compare?", *Meditari Accountancy Research*, Vol. 17 No. 2, pp. 1-17.
- Adams, C.A. and Evans, R. (2004), "Accountability, completeness, credibility and the audit expectations gap", *The Journal of Corporate Citizenship*, Vol. 14, pp. 97-115.
- Ball, A., Owen, D.L. and Gray, R.H. (2000), "External transparency or internal capture? The role of third party statements in adding value to corporate environmental reports", *Business Strategy and the Environment*, Vol. 9 No. 1, pp. 1-23.
- Beets, S.D. and Souther, C.C. (1999), "Corporate environmental reports: the need for standards and an environmental assurance service", *Accounting Horizons*, Vol. 13 No. 2, pp. 129-145.
- Branco, M.C., Delgado, C., Gomes, S.F. and Eugénio, T. (2014), "Factors influencing the assurance of sustainability reports in the context of economic crisis in Portugal", *Managerial Auditing Journal*, Vol. 29 No. 3, pp. 237-252.
- Casey, R.J. and Grenier, J.H. (2015), "Understanding and contributing to the enigma of corporate social responsibility (CSR) assurance in the United States", *Auditing: A Journal of Practice and Theory*, Vol. 34 No. 1, pp. 97-130.
- Cho, C.H., Michelon, G., Patten, D.M. and Roberts, R.W. (2014), "CSR report assurance in the USA: an empirical investigation of determinants and effects", *Sustainability Accounting, Management and Policy Journal*, Vol. 5 No. 2, pp. 130-148.
- Cohen, J.R. and Simnett, R. (2015), "CSR and assurance services: a research agenda", *Auditing: A Journal of Practice and Theory*, Vol. 34 No. 1, pp. 59-74.
- De Beelde, I. and Tuybens, S. (2015), "Enhancing the credibility of reporting on corporate social responsibility in Europe", *Business Strategy and the Environment*, Vol. 24 No. 3.
- Deegan, C., Cooper, B.J. and Shelly, M. (2006a), "An investigation of TBL report assurance statements: Australian evidence", *Australian Accounting Review*, Vol. 16 No. 39, pp. 2-18.

- Deegan, C., Cooper, B.J. and Shelly, M. (2006b), "An investigation of TBL report assurance statements: UK and European evidence", *Managerial Auditing Journal*, Vol. 21 No. 4, pp. 329-371.
- Edgley, C., Jones, M. and Solomon, J. (2010), "Stakeholder inclusivity in sustainability report assurance", *Accounting Auditing and Accountability Journal*, Vol. 23 No. 4, pp. 532-557.
- Fonseca, A. (2010), "How credible are mining corporations' sustainability reports? A critical analysis of external assurance under the requirements of the international council on mining and metals", *Corporate Social Responsibility and Environmental Management*, Vol. 17 No. 6, pp. 355-370.
- Frost, G. and Martinov-Bennie, N. (2010), *Sustainability Reporting Assurance: Market Trends and Information Content*, CPA Australia.
- García-Benau, M.A., Sierra-Garcia, L. and Zorio-Grima, A. (2012), "La verificación de la memoria de sostenibilidad en un contexto europeo", *GCG Georgetown University – Universia*, Vol. 6 No. 2, pp. 66-80.
- García-Benau, M.A., Sierra-Garcia, L. and Zorio, A. (2013), "Financial crisis impact in sustainability reporting", *Management Decision*, Vol. 51 No. 7, pp. 1528-1542.
- Gillet, C. (2012), "A study of sustainability verification practices: the French case", *Journal of Accounting and Organizational Change*, Vol. 8 No. 1, pp. 62-84.
- Global Reporting Initiative (GRI) (2013), *The External Assurance of Sustainability Reports*, GRI.
- Gray, R.H. (2000), "Current developments and trends in social and environmental auditing, reporting and attestation: a review and comment", *International Journal of Auditing*, Vol. 4 No. 3, pp. 247-268.
- Herda, D.N., Taylor, M.E. and Winterbotham, G. (2014), "The effect of country-level investor protection on the voluntary assurance of sustainability reports", *Journal of International Financial Management and Accounting*, Vol. 25 No. 2, pp. 209-236.
- Hodge, K., Subramaniam, N. and Stewart, J. (2009), "Assurance of sustainability reports: impact on report users' confidence and perceptions of information credibility", *Australian Accounting Review*, Vol. 19 No. 3, pp. 178-194.
- Junior, R.M., Best, P.J. and Cotter, J. (2014), "Sustainability reporting and assurance: a historical analysis on a world-wide phenomenon", *Journal of Business Ethics*, Vol. 120 No. 1, pp. 1-11.
- Kolk, A. and Perego, P. (2010), "Determinants of the adoption of sustainability assurance statements: an international investigation", *Business Strategy and the Environment*, Vol. 19 No. 3, pp. 182-198.
- KPMG (2008), *KPMG International Survey of Corporate Responsibility Reporting 2008*, KPMG.
- KPMG (2011), *KPMG International Survey of Corporate Responsibility Reporting 2011*, KPMG.
- KPMG (2013), *KPMG International Survey of Corporate Responsibility Reporting 2013*, KPMG.
- Manetti, G. and Becatti, L. (2009), "Assurance services for sustainability reports: standards and empirical evidence", *Journal of Business Ethics*, Vol. 87 No. 1, pp. 289-298.
- Manetti, G. and Toccafondi, S. (2012), "The role of stakeholders in sustainability reporting assurance", *Journal of Business Ethics*, Vol. 107 No. 3, pp. 363-377.
- Martinov-Bennie, N., Frost, G. and Soh, D.S.B. (2012), "Assurance on sustainability reporting: state of play and future directions' in contemporary issues", in Jones, S. and Ratnatunga, J. (Eds), *Sustainability Accounting, Assurance and Reporting*, Emerald Publishing, pp. 267-283.
- Marx, B. and van Dyk, V. (2011), "Sustainability reporting and assurance: an analysis of assurance practices in South Africa", *Meditari Accountancy Research*, Vol. 19 Nos 1/2, pp. 39-55.
- Mock, T.J., Strohm, C. and Swartz, K.M. (2007), "An examination of worldwide assured sustainability reporting", *Australian Accounting Review*, Vol. 17 No. 1, pp. 67-77.
- Mock, T.J., Rao, S.S. and Srivastava, R.P. (2013), "The development of worldwide sustainability reporting assurance", *Australian Accounting Review*, Vol. 23 No. 4, pp. 280-294.
- Moroney, R., Windsor, C. and Aw, Y.T. (2012), "Evidence of assurance enhancing the quality of voluntary environmental disclosures: an empirical analysis", *Accounting and Finance*, Vol. 52 No. 3, pp. 903-939.

Neu, D., Warsame, H. and Pedwell, K. (1998), "Managing public impressions: environmental disclosures in annual reports", *Accounting, Organizations and Society*, Vol. 23 No. 3, pp. 265-282.

O'Dwyer, B. and Owen, D.L. (2005), "Assurance statement practice in environmental, social and sustainability reporting: a critical evaluation", *The British Accounting Review*, Vol. 37 No. 2, pp. 205-229.

O'Dwyer, B. and Owen, D. (2007), "Seeking stakeholder-centric sustainability assurance: an examination of recent sustainability practice", *Journal of Corporate Citizenship*, Vol. 25, pp. 77-94.

Perego, P.M. (2009), "Causes and consequences of choosing different assurance providers: an international study of sustainability reporting", *International Journal of Management*, Vol. 26 No. 3, pp. 412-425.

Perego, P. and Kolk, A. (2012), "Multinationals' accountability on sustainability: the evolution of third-party assurance of sustainability reports", *Journal of Business Ethics*, Vol. 110 No. 2, pp. 173-190.

Peters, G.F. and Romi, A.M. (2015), "The association between sustainability governance characteristics and the assurance of corporate sustainability reports", *Auditing: A Journal of Practice and Theory*, Vol. 34 No. 1, pp. 163-198.

Pflugrath, G., Roebuck, P. and Simnett, R. (2011), "Impact of assurance and assurer's professional affiliation on financial analysts' assessment of credibility of corporate social responsibility information", *Auditing: A Journal of Practice & Theory*, Vol. 30 No. 3, pp. 239-254.

Roberts, D.H. and Koeplin, J.P. (2007), "Sustainability reporting practices in Portugal: greenwashing or triple bottom line?", *International Business & Economics Research Journal*, Vol. 6 No. 9, pp. 29-40.

Romero, S., Ruiz, S. and Fernández-Feijóo, B. (2010), "Assurance statement for sustainability reports: the case of Spain", *Proceedings of the Northeast Business & Economics Association, 37th Annual Meeting*, pp. 105-112.

Sierra, L., Zorio, A. and García-Benau, M.A. (2013), "Sustainable development and assurance of corporate social responsibility reports published by ibex-35 companies", *Corporate Social Responsibility and Environmental Management*, Vol. 20 No. 6, pp. 359-370.

Simnett, R. (2012), "Assurance of sustainability reports: revision of ISAE 3000 and associated research opportunities", *Sustainability Accounting, Management and Policy Journal*, Vol. 3 No. 1, pp. 89-98.

Simnett, R., Vanstraelen, A. and Chua, W.F. (2009), "Assurance on sustainability reports: an international comparison", *The Accounting Review*, Vol. 84 No. 3, pp. 937-967.

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.

UNGC and Accenture (2013), *The UN Global Compact-Accenture CEO Study on Sustainability 2013*, Accenture.

Zorio, A., García-Benau, M.A. and Sierra, L. (2013), "Sustainability development and the quality of assurance reports: empirical evidence", *Business Strategy and the Environment*, Vol. 22 No. 7, pp. 484-500.

Further reading

Jones, M.J. and Solomon, J.F. (2010), "Social and environmental report assurance: some interview evidence", *Accounting Forum*, Vol. 34 No. 1, pp. 20-31.

Kolk, A. (2004), "A decade of sustainability reporting: developments and significance", *International Journal of Environment and Sustainable Development*, Vol. 3 No. 1, pp. 51-64.

Corresponding author

Manuel Castelo Branco can be contacted at: mcbranco@fep.up.pt

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgrouppublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com