

Determinants of greenhouse gas assurance provider choice: Evidence from organisations purchasing GHG assurance in Australia

ABSTRACT

This study investigates the determinants of greenhouse gas (GHG) assurance provider choice in Australia. The unique contribution of this study is that it is the first to address this question from the perspective of the purchaser of this service. Through the use of a questionnaire, the study reveals a rich data set of the factors that these organisations consider influential during the GHG assurance provider selection process. Results indicate that when making their GHG assurance provider decisions these organisations consider factors related to the assurance provider to be more influential than factors related to the nature of the GHG emissions. Differences in the factors considered important in this decision were noted between organisations purchasing their assurance from accounting firms and those selecting an environmental consulting firm. Specifically, team assurance knowledge was a significant factor influencing GHG assurance provider choice for organisations selecting an accounting firm, while organisations selecting an environmental consulting firm indicated that team engineering and science skills significantly influenced their decision. Our analyses also suggest that industry sensitivity and Audit Committee influence may be two characteristics driving the assurance provider decision. These findings suggest that assurance of GHG disclosures is evolving into a sophisticated, specialised and competitive area.