

A Longitudinal study of GHG reporting quality in the oil and gas industry: An analysis using the typology of “Search”, “Experience” and “Credence” information

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Abstract

There has been much research to date on sustainability reporting practices (Clarkson, Li et al. 2008; Dong and Burritt 2010; Clarkson, Overell et al. 2011). It has been found that sustainability reports are of low quality with larger companies as well as companies in more polluting industry sectors producing better quality reports (Hackston and Milne 1996; Kolk, Walhain et al. 2001; Kolk 2003; Kolk 2004; Brammer and Pavelin 2008). Researchers in the field currently consider sustainability reports in their entirety when determining reporting quality. However, sustainability reports contain a wide variety of different types of information. To consider the variety of information in sustainability reports we distinguish between three types of information using the typology of goods classification. The first type of information is *search* information that can be verified easily and instantly by the report reader such as number of employees or location of operations. The second type of information is *experience* information where the quality will become apparent only with time. This will include visionary statements or performance objectives. The third type of information is *credence* information which is much more difficult if not impossible to verify. This includes quantitative information on performance indicators. We predict that *search* information will be of high quality, that *experience* information will improve over time and that *credence* information will not improve.

In this paper, theoretical predictions on the quality of different types of information in sustainability reports are tested empirically using a content analysis methodology in the specific case of Greenhouse Gas (GHG) emissions reporting. Results will lead to further understanding of sustainability reporting quality by demonstrating whether each of the different types of information have different qualities. This will also have policy implications as different measures may be required to improve quality in each case.

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