ASSURANCE FEE PRICING OFSUSTAINABILITY REPORT AND DETERMINANTS: INITIAL EXPLORATION

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Abstract - Due to concern by the global regulators (e.g., PCAOB, 2020), the reliance of a specialist on the audit procedures, and how this may affect audit fee premiums, have been widely explored by researchers. Prior studies show that industry-specialist auditors with better training and practice experience are more likely to detect and discover financial statement errors, to provide better disclosure quality and to ensure the quality of earnings. Because of their advanced knowledge and concentrated experiences, they are more likely to have fee premiums. However, a few studies suggest that the fees would be potentially discounted or the premiums occur only in specific settings. Since prior literature only focuses on the fee premiums with industry-specialist auditors who provide audit services, whether industry specialist ESG assurance providers still keep such advantages or reduce fee premiums to maintain greater market share in the initial assurance engagements warrants further empirical investigation. In this regard, weinvestigate whether public firms hiring an industry specialized ESG assurance provider are more likely to receive assurance fee premiums. Responding to the call of ISSB (2022) industry-based requirement of ESG reporting and assurance, the findings of this paper provide supporting evidence to show that industry ESG specialist assurance providers may be preferred by the companies' stakeholders and beneficial to the ESG reporting quality internationally.