Available online at
https://myjms.mohe.gov.my/index.php/SMRJ/index

Social and Management Research Journal 21(2) 2024, 21 – 35

e-ISSN: 0128-1089

Social and Management Research Journal

Traditional corporate reporting in the era of integrated reporting: views of accounting practitioners in Bangladesh

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ARTICLE INFO

Article history:
Received 13 February 2024
Revised 31 March 2024
Accepted 5 August 2024
Online first 12 September 2024
Published 30 September 2024

Keywords:
accounting practitioners
integrated reporting
traditional corporate reporting
stakeholders
decision-making
interviews

DOI:
10.24191/smrj.v21i2.27620

ABSTRACT

This paper explores the accounting practitioners' views on traditional corporate reporting during the integrated reporting (IR) era in Bangladesh. Semi-structured interviews with professional accountants in Bangladesh were conducted to gauge their insights on traditional corporate reporting practices. Using stakeholder theory, the findings of the interviews indicate that traditional corporate reporting in Bangladesh is insufficient and less reliable for stakeholders' decision-making. The reliability of traditional corporate reporting is largely compromised due to the absence of due diligence by the preparers. Yet, this is still practiced due to regulatory compulsions in Bangladesh. Moreover, the preference for financial information by investors also mildly catalyses the current practice. The findings of this study imply the need for better reporting in place of traditional corporate reporting. It thus signifies the worth of IR as a better corporate reporting model.

INTRODUCTION

A corporate report should provide relevant information to stakeholders to assist them in decision-making (Hrasky & Smith, 2008; Zairi & Letza, 1994). Integrated reporting (IR) has optimistically been advanced as the replacement of traditional reporting embedded within a zeitgeist of sustainability (Endenich, Hahn, Reimsbach, & Wickert, 2023). This evolution took its birth in 2010 on the auspices of the King Code of Governance 2010 (Eccles & Saltzman, 2011). Very soon, it observed widespread adoption worldwide on the back of support from practitioners, regulators, and academics. Because, as an accounting initiative, IR accommodates financial information with non-financial information including a company's pursued

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https://doi.org/10.24191/smrj.v21i2.27620

strategy, governance, past performance, and prospects within the external business environment, and communicates how the company is performing in a coordinated manner to create value in the long, medium- or short-terms ensuring sustainability (Al-Htaybat & von Alberti-Alhtaybat, 2018; IIRC, 2013, 2021). Despite these, IR practices are still less than expected level, especially in emerging economies (Gunarathne & Senaratne, 2017; Orobia et al, 2023). However, organizations are also very cautious about its adoption. They have taken a wait-and-see approach in practicing IR which creates a stalemate in the adoption and practice of IR (Endenich et al., 2023). Moreover, IR is still voluntary in almost all jurisdictions. As such, many companies are still publishing sustainability reports along with traditional financial reports (KPMG, 2020) rather than only IR. Whereas traditional financial reports have been severely criticised for various reasons over the years that catalysed the emergence of IR as the panacea.

Traditional corporate reporting has long been under severe criticism as the prevailing accounting standards are incapable of adequately communicating corporate information to investors (Healy & Palepu, 1993; Sun, Xu, Ding, & Cao, 2023). Such criticisms have been validated by the numerous unprecedented corporate scandals caused by fraudulent financial reporting, namely those involving Waste Management, Enron, Tyco, WorldCom, American Insurance, and Lehman Brothers, among others. In addition, scandals at Volkswagen, BP Oil, ExxonMobil, etc. have been related to non-financial matters. The most recent sustainability reporting has also been under criticism for not adequately addressing substantiality, quality, and accountability or providing relevant information to stockholders (Cho, Michelon, Patten, & Roberts, 2015; Stubbs & Higgins, 2018). Some argue that, counterintuitively, this kind of sustainability reporting may lead to greater un-sustainability (Cho, Laine, Roberts, & Rodrigue, 2015; Milne & Gray, 2013). Furthermore, it is argued that existing accounting reports fail to provide the necessary information to the equity market (Ball, 2013).

Though the top management is responsible for the adoption and practice of any corporate reporting mechanism, it is the accountants who prepare the reports. Accountants assimilate the information, present it, and communicate the information through reports. The role of an accountant is so important because they produce the information. Moreover, provided information is audited and assured by an independent auditor who is always a professional accountant. This is legislated in every jurisdiction. Here lies the importance of an accountant in adopting, practising, or producing a corporate communication tool. Recognizing the importance of accountants, much research has been conducted on them in various contexts. Weaver and Woods (2015) explored the views of professionals of Big-4 firms in implementing International Financial Reporting Standards (IFRSs). O'Dwyer (2001) conceptualized the accountants' involvement with social, and ethical accounting, auditing, and reporting. Burns and Baldvinsdottir (2005) further amplified the role of accountants considering their organizational embeddedness and transformational agency. Combs, Samy, and Myachina (2013) revealed the cultural impact of harmonizing local or regional standards with international reporting standards from the perspective of professional accountants. Davenport and Dellaportas (2009) document how professional accountants view the notion of 'public interest' in performing their professional duties and responsibilities. The role of a professional accountant is important because "The accounting profession, like all professions, commits to advance the interests of the general community, as well as those they are contractually bound to serve" (Davenport & Dellaportas, 2009, p.11). This role casts far-reaching significance in a developing country. This is due to many unique and differential features of a developing country in contrast to a developed country (Chamisa, 2000). Moreover, the accounting system of a developing country differs of a developed country. In addition, the accounting system varies from even country to country (Chamisa, 2000). As such, developing country deserves more conscious reporting (Reed, 2002). This is also true for Bangladesh as an emerging economy. Indeed, the adoption of IR has widely been advocated by the two professional accounting bodies of Bangladesh: The Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB). Despite their tremendous efforts, IR remains voluntary in Bangladesh. Accordingly, like other countries, companies in Bangladesh disclose their information

https://doi.org/10.24191/smrj.v21i2.27620

mainly through traditional financial reports. This is the legal requirement of the country. Albeit it is worth noting that IR adoption is growing globally, with many companies issuing IR voluntarily (Dey, 2020).

This backdrop motivates us to raise the question: How do professional accountants in Bangladesh view traditional corporate reports in the age of IR? Accordingly, this study intends to understand the views of professional accountants about traditional corporate reporting where there is a momentum of voluntary adoption and practice of IR in Bangladesh. Stakeholder theory was used to guide this study. Stakeholder theory is relevant in this context since it focuses on identifying the stakeholders, their stakes, and the strategies that management undertakes to prioritize them (Alam, 2006). Accounting practitioners were chosen as respondents because they are part of the top management team. They are also responsible for preparing corporate reports. The findings suggest that accounting practitioners view the state of traditional corporate reports as less than enough for decision usefulness, formats, and contents are outdated, provided information is less than credible, and are prepared with a very low level of professional diligence. However, regulatory bindings bar the companies from replacing the current practice. The results thus imply the need for a new type of reporting, such as IR, that will provide better information. However, the institutional directions are a prerequisite in doing so. This study contributes to the existing literature on corporate reporting by documenting the viewpoints of professional accountants on traditional corporate reporting in an emerging market.

The remainder of this paper is organized as follows. The next section provides the theoretical background before discussing the synergy between a professional accountant and corporate reporting, and the current corporate reporting in Bangladesh. After that, the methodology of the study is presented. The interview findings are then discussed and followed by the conclusion.

LITERATURE REVIEW

Professional accountant and corporate reporting

Professional accountants perform the catalysing role in adopting and practising any sort of corporate reporting. Prior research approves this. Without the due competence of an accountant, it is virtually impossible to practice corporate reporting. However, very few studies have been conducted on professional accountants, especially in developing or emerging economies on issues of non-financial reporting. Orobia et al. (2023) revealed that to implement and practice integrated reporting, the competencies of the accountants are highly and significantly associated. These competencies come in the form of knowledge, skills, and abilities (Orobia et al., 2023). It has been argued that accountants in emerging economies are not committed and attached to dealing with non-financial reporting, such as social or environmental due to their lack of awareness, and regulatory reluctance both from public bodies and professional associations (Kuasirikun, 2005; Lodhia, 2003). As such, Islam and Dellaportas (2011) find that in Bangladesh, professional accountants hold positive views about non-financial reporting, like social and environmental reporting. Nevertheless, regulatory intervention is needed for that. This is convincing as the ICAB’s primary role is to provide leadership in the development, enhancement, and coordination of the accounting profession in Bangladesh to provide high-quality services in the public interest (Islam & Dellaportas, 2011).

Professional accountants are among the top management of corporate entities in countries such as Bangladesh, making them highly influential figures in corporate reporting practices (Islam & Dellaportas, 2011). Professional accountants’ perspectives are important since they serve a variety of roles in the corporate reporting chain, including standard setters, preparers, users, audit and assurance providers, financial advisors, and regulators (Asein, Adegbie, & Akintoye, 2020). This role shift is attributed to changes in corporate culture, technological advancement, and global trends (Samanthi & Goonaratne, 2023). As a result, accountants' involvement in the reporting process has become ingrained, particularly in the case of non-financial reporting like IR (Arora, Lodhia, & Stone, 2022). According to Islam and Dellaportas (2011), non-financial reporting research from the perspective of accountants began in the 1990s. Bebbington, Gray, Thomson, and Walters (1994) revealed a homogenous attitude of accountants

https://doi.org/10.24191/smrj.v21i2.27620

toward environmental reporting though they were not highly involved in it. On the contrary, Deegan, Geddes, and Staunton (1996) document a lack of consensus among accountants in their involvement and dealing with social and environmental issues. In the context of Fiji, Lodhia (2003) revealed almost the same findings. However, Kuasirikun (2005) finds a positive attitude though latent. Hazam (2023) argues that to implement and practice high-quality reporting, the participation and assistance of accountants are critical. Considering all these, Bakarich, Hoffmann, Marcy, and O'brien (2023) find that accountants can play a significant role in corporate reporting practice as there is a surge in non-financial reporting though they are mostly unaware of several sustainability frameworks. The professional accountants' views are needed because they are simultaneously the enablers as well as the barriers to sustainability change (Egan & Tweedie, 2018). It is also found that accountants view that non-financial reporting falls well within the area of financial reporting, enhancing the usability of financial statements, and hence requiring assurance (Bakarich et al., 2023).

Current corporate reporting in Bangladesh

Being an emerging market with laudable economic growth, Bangladesh is a nice setting for sublime stakeholder-oriented reporting (Belal & Roberts, 2010). The prevailing reporting framework in Bangladesh, however, is arguably outdated and unable to foster disclosure of the necessary information (Karim, Ahmed, & Islam, 2006). As a vital part of the reporting framework, the Companies Act 1994 requires amendment and updating (The Business Standard, 2023). Currently, the reporting and disclosures by corporate entities in Bangladesh are governed by the Companies Act 1994, the Banking Companies Act 1991; the Income Tax Ordinance and Rules 1984; the Insurance Act 1938; the Securities and Exchange Commission (SEC) Ordinance 1969, and the SEC Rules 1987. Furthermore, statutory regulatory orders are issued regularly, mandating that the relevant elements be inserted into corporate reports. These are the mandatory requirements for companies to follow when preparing corporate reports for external reporting. As a result, all corporations prepare and issue corporate reports following these mandatory criteria. These reporting rules are primarily concerned with financial issues.

However, there is a tendency among the concerned authorities to go beyond traditional reporting by focusing more on non-financial corporate matters. The formation of the Financial Reporting Council (FRC) in 2015 corroborates such a tendency. As a result, it has become an effective corporate reporting watchdog, aiming to place a greater emphasis on non-financial reporting. The Bangladesh Securities and Exchange Commission (2028) issued Corporate Governance Guidelines in 2006 and 2013. According to the amended version, all publicly held companies are now required to comply with the new Governance Code of 2018, which promotes sustainability. To ensure sustainability, the Dhaka Stock Exchange (2019) has also issued instructions to listed companies to issue sustainability reports following GRI guidelines. Against this backdrop, many listed companies have been reporting their corporate information through IR since 2015, albeit voluntarily (Nakib & Dey, 2018). Professional accounting bodies like the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB) are strongly advocating the adoption of IR. As a result, the issuance of IR is increasing as more corporations voluntarily issue IR (Dey, 2020).

Theoretical background

"The notion of a social contract imposes on organizations a variety of socially desirable actions in return for the right to operate unhindered and receive the rewards of their activities" (Islam & Dellaportas, 2011, p.650). Stakeholder theory holds that a company comprises various groups of stakeholders who possess or claim, ownership, rights, and interests in a corporation and its activities; thus, anybody who can affect or be affected by the corporation is treated as a stakeholder (Freeman, 1984). Accordingly, an organization tries to satisfy the stakeholders surrounding it. Otherwise, its failure will become a threat to its very existence (Islam & Dellaportas, 2011). Indeed, the functioning of an organization is driven or

https://doi.org/10.24191/smrj.v21i2.27620

restricted by pressures from various groups, both internal and external. As a result, organizations become responsive to stakeholders' demands.

In the Bangladesh context, Islam and Deegan (2008) revealed that an organization's initiatives and policy disclosures are the result of external pressures from the stakeholders on responsibility initiatives or policies that were implemented to satisfy external stakeholders. Mir and Rahaman (2005) also documented that Bangladeshi companies adopt international accounting standards due to external pressures from donors, lending agencies, regulators, and professional accounting bodies. As such, stakeholder theory is relevant in explaining why an entity goes for a particular kind of reporting tool. Indeed, IR practice is only conceivable if the accountant can identify and convince stakeholders of their needs (Orobia et al., 2023). It is common for company executives to produce and present corporate reports that benefit key stakeholders such as creditors, the SEC, and stock exchange officials (Uddin & Choudhury, 2008).

METHODOLOGY

Sample Representation

This research aims to explore professional accountants' views about traditional financial reporting in the era of integrated reporting. As such, representatives from two professional accounting bodies of Bangladesh, namely the ICAB and the ICMAB are interviewed using a semi-structured format. Semi-structured interviews offer a substantial understanding of participant views with appropriate richness of data (Marshall & Rossman, 2011; Slack & Tsalavoutas, 2018; Tracy, 2013). The interviewees were selected based on two criteria. Firstly, all of them hold a professional qualification (Chartered Accountant or CA, and Cost and Management Accountant or CMA), and fellow members of the ICAB and ICMAB. Secondly, they are aware of corporate reporting and IR. This criterion is needed because IR is relatively a new phenomenon in the corporate reporting realm and corporate reporting is an evolutionary process.

The demographics of the seven interviewees include five males and two females. All of them are in the age category of 40-55. Their designations include Academic, Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Head of Investment. One of them is the regulatory head. They all work for DSE-listed companies in the A or B categories, and their working experience ranges from ten to thirty years. In the interview findings, the following pseudonyms are used: FCA which stands for Fellow Chartered Accountant, and FCMA for Fellow Cost and Management Accountants. When applicable, detailed interview findings are reported using the respondent's pseudonyms rather than their actual names. Table 1 provides some background information on the interviewees.

Table 1. Demographics of Interviewees

Respondent's Professional affiliation	Designation	Gender	Age	Years of experience
ICAB	Partner of CA Firm	Male	40	10
ICAB	CFO	Male	40	12
ICAB	CEO	Male	50	23
ICAB	Academic cum Practitioner	Female	42	15
ICMAB	Head of Investment	Female	41	14
ICMAB	Managing Director	Male	55	30
ICMAB	Head of Investment	Male	44	18

Note: ICAB= Institute of Chartered Accountants of Bangladesh; ICMAB= Institute of Cost and Management Accountants of Bangladesh

https://doi.org/10.24191/smrj.v21i2.27620

Data collection and analysis

The interviews were conducted between July and November 2020. Interview lengths are between 45-70 minutes. With due permission, all the face-to-face interviews were audio recorded. The questions for semi-structured interviews have been designed by reviewing the extant literature of a relevant nature, like Bakarich et al. (2023); Endenich et al., (2023); Islam and Dellaportas (2011). A total of seven interviews were conducted. The number of interviews might seem to be smaller. However, considering the nature and sample characteristics of the study, the number is sufficient (Creswell, 1998; Kuzel, 1992; Morse, 2000). Indeed, in qualitative research, saturation is the guiding principle in determining the sample size (Mason, 2010). Creswell and Clark (2007, p.148) opined that qualitative data analysis is "preparing and organizing the data for analysis, then reducing the data into themes through coding and condensing the codes, and finally representing the data in figures, tables, or a discussion". Accordingly, collected data were prepared after each interview by transcribing it verbatim.

After collecting and preparing data from all interviews, the data was coded. The coding process was driven by the sentences as the unit of analysis. The transcribed data for each informant was reread several times. The theme development process started after the coding. To develop the themes from each of the interviews, the researchers went through the transcripts for each participant separately and grouped the codes into similar groups. Then, the researchers meet to match their respective findings. After matching their respective findings, quotes that seemed to be irrelevant were filtered out. Finally, all related and relevant themes were divided into distinct sections, as reported in the findings section. Indeed, this process is guided by earlier research, such as Miles and Huberman (1994). This study analysed the qualitative data manually, considering the nature and size of the study (Basit, 2003; Saldana, 2009).

FINDINGS AND DISCUSSION

Insufficient for decision-making

It is widely known that the main purpose of issuing corporate reports is to convey information to stakeholders to assist them in decision-making. However, the accountants are of the view that the current reporting pattern and trend are insufficient for making any decisions by the stakeholders. They specifically emphasise the information needed in capital market transactions. As cited by one accountant:

"*You know, the long-term investors, in my understanding look for the fundamentals, the strength of the company, the long-term sustainability of the company, the reputation, past performance, all of these. Long-term investors do a lot of research. But unfortunately, they often show their grievances to us asking why we don't do much to provide better and succinct information*." (FCA#1)

Some interviewees pointed out the limitations of relevant information by comparing them with the developed country reporting scenario. It is believed that Bangladeshi companies provide much lower or skip very relevant information. In the words of another chartered accountant:

"*But, if you compare with the developed countries like the USA, and the UK, the communication is not robust enough. Let's say, that if the company launches some products, and the products are going to contribute to long-term sustainability and profitability, you will rarely find any communication in this regard. My point is, that to make investment decisions, you need more information than just historical financial information. The communication mechanism is not robust enough, it's still primitive.*" (FCA#2).

When it comes to using information to make decisions, the accountants believe that Bangladesh's capital market is mostly geared towards retail investors. They are traders and not investors. This short-termism entices them to follow the herd, ignoring the importance of company fundamentals. Institutional investors, who typically invest for the long term, rely on corporate fundamentals. They use information that has been reported. However, many are dissatisfied with the information currently offered by the annual report, and many demands additional non-financial information.

https://doi.org/10.24191/smrj.v21i2.27620

"*People invest mostly following the 'bandwagon theory' in making any investment decision. Fundamentals are rarely taken into consideration. However institutional investors use fundamentals as well as other qualitative information due to their greater ability to analyse and collect information. The information used is mostly collected from the annual report, along with newspaper and other relevant sources. Private or insider information is also sought, like a piece of information about the probable resignation of a member of the board. Of course, published information is value-relevant, but they are not that much valued by the investors*." (FCMA#1).

The respondents also express concerns about the quality of the annual report being released. They opined that much material financial information remains absent. However, they attribute this hesitation to weak regulatory measures.

"*Of course, the information that is provided by a company is not enough for any decision-making. The annual report is not sufficient. From my point of view, below standard. We face it whenever we do an account review. For example, related party transactions are hardly disclosed. Most of the mid-level companies are to be blamed in this regard. The reason for this is regulatory ineffectiveness. Have you seen any company fined by any regulator? In our country, you can even justify any non-compliance!"* (FCA#4).

Outdated format and lack of contents

The findings revealed that information provided through the current reporting mechanisms is not user-friendly considering the attributes of the stakeholders. It also bars the stakeholders from using the reported information.

"Generally, information that is provided, is not in fashion considering the investors' perspectives. Accounting information should be from that perspective. Frankly speaking, if I say about the banking sector, 2/3 banks might provide relevant information in a user-friendly manner. You will find it hard to find out risk-related disclosure." (FCA#4).

The reports are likewise difficult to comprehend. There are some missing contents. The technical aspects of the reports, in particular, appear to be neglected.

"Apart from good companies, you will not find sufficient information. Traditional reports are not sufficient for making investment decisions. Because you not only rely on the fundamental aspect but on other aspects, for example, the technical aspect. Even the historical information for the past years is not available all the time. Let's say, you will not find any information beyond 3 years." (FCA #3).

Some interviewees brought up the issue of lack of uniformity. The rules and regulations only prescribe the general content of the financial statements that must be issued. Companies have the discretion to make their own decisions.

"Annual report varies from sector to sector. For example, banks normally provide better annual reports. Still, that is not sufficient. For example, we are not concerned about published information if it is pharmaceutical sector. We just see market share, whereas, in the case of the banking sector, we look for information about non-performing loans." (FCMA #3).

Apart from the financial statements, other contents of the annual report also witness a poor level of content and formats.

"*Not a single company provides quality disclosure as expected. If you talk about the top 15-20 companies, their quality is okay. Still management discussion part is very bad. Even notes to the financial statements are not provided duly. No segmental information is provided. There is no breakdown of sales. No breakdown or segregation of cost structure whereas this type of information is sought after."* (FCA#4).

Frequent changes in reporting format are also noticed. Even, if it is done for a good reason, still some relevant information is not duly adapted and disclosed.

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"At times, reporting patterns get changed. And, there is a perspective of creative accounting. For example, revaluation reserve. We take it as a red mark. We prima facie disbelieve it. What I want to mean, better notes and better disclosure can heal these loopholes. I mean a bit of detailed analysis is expected." (FCA#02).

Unnecessary voluminous reports are also less expected. It is further argued that in the absence of a uniform report format, information provided will be lost in translation.

"*A bank that can provide disclosed information within a 50-page report issues a 400-page report. It simply destroys shareholders' value. One of the reasons is there is no specific report structure that might dictate what can be disclosed and what cannot be."* (FCMA# 02)

Less reliable

In an emerging economy context, there remains a suspicion about transparency due to its weak governance. Bangladesh is not an exception. This has also been revealed from the views of professional accountants about corporate reporting. One chartered accountant commended without any subterfuge.

"Most of the companies disclose information in a compromised manner." (FCA#01)

Another accountant opined that due to lack of reliability, they sought after other available sources of information.

"…and we cannot rely on the financial statements that much. Due to this reason, in making investment decisions, we collect information from other sources. For instance, we want to know whether the target company is duly paying off the instalments of the borrowed money." (FCMA#3).

Lack of reliability is also evident from the opinion of another chartered accountant. It is blamed on the grounds of non-compliance with International Financial Reporting Standards (IFRS). It is thus observed that traditional financial statements even are not prepared by fully complying with the applicable international standards.

"Some companies do not follow international standards, like IFRS in preparing their reports. There is a lack of regulatory oversights. Even, most of the listed companies are not audited by the big 4 which further raises the question of credibility." (FCA#4)

The timing of the availability of published reports has always been a concern in ensuring reliability.

"We get an annual report after 3 months or 6 months…and, in most cases when we get AR, information loses its relevance." (FCMA#01)

In contrast to common perception, interviews revealed that printed or hard copies of annual reports are more useful than soft or electronic copies. This might be due to the size of an annual report. Nevertheless, even a voluminous report can be meaningless due to a lack of credibility.

"One problem is that now they send a soft copy of the annual report. But, if a hard copy would be coming, I might turn some pages of the Balance sheet or income statement. But, when it is a soft copy, I don't feel like opening or downloading it." (FCMA # 02).

"No, it is not information overloading. I think it is a lack of reliability of the information in most of the cases. The information that is published within 5/6 pages of financial statements is very poor. And, by reading the information, if you cannot trust it, it does not make any sense to read an annual report…and I don't personally believe the information in an annual report." (FCA#04).

Besides the financial statements, other sections of the annual report are also typically cliché, losing due reliability.

https://doi.org/10.24191/smrj.v21i2.27620

"If you take an annual report of the last five years, you will not get any difference or changes. In the management section, the same people, in discussion, same business, everything is the same." (FCMA#03).

Lack of credibility is also attested from the reflection in the market data which is substantially different from published data.

"In the case of banks, their P/E ratio is very low. But I don't believe their report, their P/E." (FCMA # 2).

One of the major reasons for the preparation and issuance of these less reliable reports was the psychology of the management. As cited by a chartered accountant:

"In Bangladesh, those who are providing financial statements, the underlying premise for them is that they are bound to provide positive things in their annual report. It is true whether they are numbers, discussions, or other notes. They assume that reporting something negative is dangerous. Even, they hide the comparable information that was presented earlier." (FCA#03)

Absence of due diligence

The majority of the prepared reports are not done professionally. It is done solely to comply with regulatory requirements. Albeit very minimal regulatory oversight is present.

"I would say, out of 450 companies, I am satisfied with only 20-25 companies. The reason is, that you will find that every company must submit audited accounts etc. But you will find that price-sensitive information gets leaked before the time they are supposed to be public." (FCMA #3).

In the absence of due diligence, information is sometimes found to be manipulated. Interestingly, the preparer ignores the fact that this will be inferred easily by knowledgeable stakeholders. To quote a cost and management accountant:

"We can understand whether a company is manipulating disclosed information or not. For example, we look at the information of the company that normally provides stock dividends, showing a higher number of receivables or a lower number of payables. Likewise, not all types of income or earnings are treated equally." (FCMA#02).

The nature of the industry or sector is at times not duly acknowledged when preparing the reports. The quality of audit firms might be a reason for sheer negligence in preparing standard reports.

"Disclosure quality varies from organization to organization because it is art, not science. It should be contextualized." (FCA #01).

"Audit firm quality also matters. In our country, the compliance gap of audit firms is much higher. For example, the compliance gap between firm A and firm B ranges from 40% to 60% whether it should have been a maximum of 10-15%." (FCMA # 01).

Produces negative reputation

In general, corporate reporting can help a company establish or retain a good reputation. Unfortunately, in Bangladesh, it works in reverse. Reports are issued solely to meet regulatory requirements. As previously indicated, the information presented is less than reliable. In the words of a cost management accountant:

"To me, there is something in our corporate report, which is factual impression management. It happens, but now always." (FCMA # 02)

Moreover, reports are prepared not for the stockholders, but rather just to get awarded from professional or other bodies. Stockholders, mainly retail, find it toilsome to go through a voluminous report.

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"In general, it is unlikely, that an investor will go through an annual report having 500 pages. Companies prepare good reports to get awards given by professional accounting bodies. Not necessarily, the investors will go through it, though, it might cast a positive perception in the minds of the users." (FCA #01)

Practice emphasized by financial disclosure

Despite its many shortcomings, it is interesting to learn why corporations continue to prepare and issue traditional reporting in age-old formats and contents. The answer is aptly inferred from a respondent:

"As to corporate reporting in Bangladesh, there are lots of restrictions as to what you can do and what you cannot do…and, how the restrictions are perceived. If the bar is 10, the perception is like 100. So apart from the historical financial information, the companies disclose other news infrequently." (FCA #02).

Government limitations are essential in Bangladesh because a nation with weak governance is always secretly rife with laws and regulations. It makes it difficult for the companies to comply with them properly. As a result, people choose the easiest one to follow. Another explanation could be the fragile capital market with abundant retail investors. These investors possess a low level of investment literacy. Consequently, investors value financial information more than a non-financial one. This is evident from the following comments:

"In Bangladesh, financials are more emphasized than non-financials. But still, the report is there, everything is there, but people hardly investigate it." (FCMA#1)

"Both financial and non-financial disclosures are valued, yet the financial one is valued more." (FCA # 02).

"Some banks disclose information about CSR. But we hardly focus on that. Rather, we mostly focus on financial information." (FCA # 3)

Overall, the findings of the interviews suggest the limitations of traditional corporate reporting in assisting investors and users in decision-making such as insufficient information, lack of reliability and accountability which is consistent with the arguments in prior research (e.g. Healy & Palepu, 1993; Ball, 2013; Sun, Xu, Ding, & Cao, 2023). Despite a positive inclination towards IR, the interviews' findings indicate that companies in Bangladesh continue to prepare traditional corporate reporting due to government restrictions, a weak capital market, and unsophisticated investors. The findings also attest to the influence of ongoing reporting trends that call for a new form of reporting, such as IR where an accountant plays diverse roles. This is important from the standpoint of the stakeholders. Because it shows the intrinsic drive of professional accountants to go beyond traditional financial reporting. The controlling professional bodies (ICAB and ICMAB) also push them to do so. Both regulatory bodies and professional bodies in Bangladesh also place a greater emphasis on non-financial information. However, regulatory bodies need to facilitate the process by composing or issuing different reporting guidelines as a code, but not in a discreet manner.

CONCLUSION

This study aims to elucidate the professional accountants' perceptions of traditional financial reporting in the era of IR from an emerging economy context. Overall, the findings of the interviews demonstrate the poor picture of traditional corporate reporting. Still, it must be practiced as required by the law and regulations. The minimal level of investment literacy of retail investors is also mildly responsible for this practice.

The results pose significant implications. It has unearthed the need for better reporting, such as IR. It has also shown how enthusiastic professional accountants are in sailing through a new reporting journey

https://doi.org/10.24191/smrj.v21i2.27620

that keeps pace with the demands of the time. However, it will not be possible without the interventions by the regulatory authorities as well as the due role of the professional accounting bodies. As such, they should come forward and take the necessary initiatives to improve or replace the traditional reporting in the era of IR. IR can be a better alternative. From the theoretical perspective, the study, like many other extant studies, signifies the importance of non-financial reporting along with traditional financial reporting. To remain competitive and sustainable in this digital age, organizations need to communicate the purpose of their reports and deliver relevant information to end users on time.

The findings of this study, however, should be considered with caution as it takes an interpretive approach with a minimum number of interviews with one class of stakeholders (professional accountants). Future studies could involve more respondents and different types of stakeholders. Cross-country research is also encouraged to yield more elaborative insights.

ACKNOWLEDGEMENTS/FUNDING

This paper is part of the PhD research. The authors would like to thank Professor Dr Zakiah Saleh, examiners, and committee members of PhD thesis seminars at Universiti Malaya for their valuable comments and suggestions.

CONFLICT OF INTEREST STATEMENT

The authors declare that there is no conflict of interest.

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