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Earnings Management and ESG Greenwashing — Repercussions of Financial Costs of Integrated Reporting

Maliha Baig[1], **Samreen Babar**[2], **Osman Bin Saif**[3]

[1](Corresponding author) *PhD Scholar, Bahria University, Islamabad Campus, Islamabad.* malihaazure@hotmail.com
[2]*Associate Professor, Bahria University, Islamabad Campus, Islamabad.* samreen.buic@bahria.edu.pk
[3]*Assistant Professor, Bahria University, Islamabad Campus, Islamabad.* osmansaif@hotmail.com

ABSTRACT

The surmounting necessity of integrating Environmental Social and Governance (ESG) disclosures with financial ones in annual reports of business entities, raised by the task force of International Financial Reporting Standards Foundation (IFRS Foundation), has forced preparers to reevaluate disclosure practices. The extended sustainability disclosures along with those for derivative investment instruments and financial performance have an important bearing on companies' investment strategies and priorities tailing-back those of financial stakeholders, capital investors and other market players. The research is conducted to gauge attitudes, perceptions and future intentions of companies' management and institutional participants concerning disclosures of financial and non-financial performance, for ascertaining possibilities of earnings management and greenwashing. The responses findings of above sought information were tallied with incentives to mismanage and misreport to evade financial costs. Financial auditors from Big Four, representatives of regulators, banking analysts, chief risk and financial officers from financial sector, were engaged in in-depth interviews for the purpose of qualitative research. The views offered perspective of heavy financial and capital costs (Independent variable) impacting sustainability reporting quality (dependent variable) andopening avenues for earnings management (dependent variable) while diminishing earnings quality.

Keywords: Earnings management, ESG, Greenwash, IFRS, Financial Costs, Integrated Reporting.

1. INTRODUCTION

Financial reporting has been under the fiery scope of critical lens for much long. Financial reporting includes derivative financial instruments, statements of financial position, operating activity and profitability of companies.Disclosure requirements in regards to financial performance have been in place since the establishment of International Accounting Standards Committee in 1973, reorganized asInternational Accounting Standards Board, (2001) responsible for setting International Financial Reporting Standards (IFRS) under the oversight and supervision of the IFRS Foundation.

American Institute of Chartered Public Accountant (AICPA) released a Jenkins report formulated by a special committee on accounting, to ascertain quality of information to merit audience by capital market users and stakeholders. The second objective was to analyze extent of auditors' involvement in information reportage to public. The main criticism issued against it was on complete

abstinence of stakeholders from inclusion in the purpose of financial assessment processes to quell inconsistencies and inefficiencies, (AICPA, 1994).

Companies have found it excruciatingly painful to deliver information basing on risk evaluation or replete with financial jargon begging for over familiarization with accounting frameworks distinctive in every country yet internationally aligned. This is because reporting parlance, practice and manner have changed over the years to cater to scandalous frivolities brimming with illegal practices, misrepresentation, fraud, and earnings management activities arising out of creative accounting, defined as "distorted information devised at preparers end through macro and micro manipulation to distort communication between the shareholders and the business entity", (Gowthorpe & Amat, 2005), also referred as earnings management. Although historical references interrelate the terms earnings management with accruals due to the modelsused to calculate earnings management, for instance; the Jones Model, (Jones, 1991), the Modified Jones Model (Dechow, Sloan & Sweeney, 1995) etcetera, earnings management is closely related to any deliberate act of misinformation and financial figures repositioning with the intent to mislead. Now since the aim of creative accounting, which is more analogous to fraudulent reporting, may or may not have arisen out of an attempt to mislead,nevertheless leads the management to circumventfinancial information deemed undesirable to stakeholders, as an aftermath of illegal practices.In this respect both creative accounting and earnings management root for the same cause andwould be referred to as one and the same for the purpose of this research.

Recently sustainability disclosure requirements were surfaced by IFRS Foundation in its consultative paper (IFRS Foundation, 2020). Green reporting initiatives comprising of scored appraisals referred to as Environmental, Social and Governance (ESG) dimensions, are to precede Corporate Social Responsibility practices, with liability of extended disclosures. Though the purpose maybe to eradicate and shelve any inconsistencies and malpractices, the step has further added to the dilemma of business entities that have to cater to nonfinancial reporting along with financial.

Financial reporting is the year-end performance measurement pertaining to net investments in derivative or investment instruments, assets, liabilities, equities and other elements declaring value of the firm. It is sensitive to intelligibility, lucidity and succinctness of presentation. The IFRS Foundation is the oversight body of International Accounting Standards Board (IASB), that was historically relevant since 2001, and presently a dominant successor of the defunct structure, the International Accounting Standards Committee (IASC). The Foundation has been compiling estimates from ineffective financial disclosures and poor sustainability ones, since the past two decades. The onset of undermining informational value and relevant investment risk takes its first steps from historical research priorities, (Ryan, 2012).

Ineffective disclosures give rise to earnings management where there may not necessarily be creative accounting. The problem with poor quality financial and sustainability disclosures is that information is scanty, incomplete or open to misinterpretation leading to cumbersome details that maybe irrelevant but leading to various conclusions that point in all directions are lengthy and have time spillover effects. Past research expands on other features of reporting while undermining the value relevance of it and the investment risk sprouting from it, (Ryan, 2012). Within the expanse of the current decade there has been a steady transformation witnessed in the way sustainability reporting has evolved from

just social issues to embarking on environmental ones alongside, (Fifka & Drabble, 2012). IFRS Foundation in 2020 published a consultative paper through its "Board of Trustees", (IFRS Foundation, 2020) raising the awareness to disclose non-financial information comprising primarily of sustainability issues measured by Environmental, Social and Governance (ESG) dimensions. The board solicited feedback from external users and stakeholders (Auditors, creditors, capital market investors, industry experts, financial analysts and other stockholders), regarding review of strategy for way forward on whether to form a separate Sustainability Standards Board (SSB) or introduce sustainability reporting standards as an extension to IFRS.

Reporting is bifurcated into financial and non-financial, quality of which depends upon certain influencing factors overseeing extent and scope of adoption. A number of themes underscoring stakeholders' (implying automatic inclusivity of auditors) purview, reporting quality, corporate governance and social aspects, were exposed to have limited research devoted to them, (Hahn & Kühnen, 2013). Omitted theoretical associations that were faint in past research, owed to such themes inclusively; Stakeholder, Legitimacy, Institutional, Agency, Actor Network Theory, and Signaling theories.

Although in literature Agency theory has received criticism merely because it assumes stakeholders as principals of the corporates or public companies whichin reality is an unrealistic assumption, but it features the standpoint of the investor whose wealth is to be protected by the management. Actor Network Theory delineates and distinguishes the interactive social roles played by actors in a society by impacting decisions that reign over good corporate governance and systematized social structure with appropriate application of accounting regulations,(Bærenholdt & Jóhannesson, 2009) moving onto subfields of economic geographical spheres and erasing dualism between human and nonhuman elements bypassing macro and micro factors, (Bærenholdt & Jóhannesson, 2020). Its relevant as the research explores accounting engagements beyond local and global divides reaching outperhaps to human experience with political, economic and social impacts of reporting on portfolios. It unravels the preexisting social contexts in favour of discursive and material modes of relating, with newer laws, rules replacing old ones with abandonment of scalar approaches of measuring dialectical concepts of structures and agencies (Callon & Latour, 1981; Muniesa, 2019).

The financial reporting culture, extends strength to the shareholders, being oriented towards their interest. Mingled with newly wedded requirements of environmental sustainability reporting, the integrated reportage demand is off-base from economic and financial issues plaguing disclosure practices in the industry. It implies that there is somewhat mutual exclusivity to both the socio-economic paradigms and related Environmental, Social and Governance (ESG) standards, however the extent of sustainability disclosures or their quality depends on excessive environmental concerns and related reporting requirements, which might impact economic issues. At the moment neither depends on each other owing to voluntary Global Reporting Initiatives, (Fifka & Drabble, 2012).

Certain findings originating from qualitative analysis have brought to the fore the conclusivity of debate on policy implications having far reaching impact on International Accounting Standards Board, the European policymakers and standard setters world over. What it spells for accounting community is the reshaping of assessment criteria for sustainability reporting, alongside mandatory financial reporting under IFRS, and whether the objectives pertaining to quality reporting have been met or not. This basis

on the business entities expressing performance concerns over excessive environmental, social and governance (ESG) disclosure requirements. While relevance of accounting standards cannot be entirely dismissed, it indicates merger of other factors behind stubborn business tendencies towards earnings management behaviour.

There is a crowding of regulatory frameworks, reporting standards and regulatory initiatives which on one hand might succeed in enforcing accounting disclosures however the same is not the case with non-financial ones. All concurrent legislative pursuits would spin cobwebs of misinformation rendering ineffective the attempts to curtail earnings management and the more elusive ESG greenwashing pathways, that for the time being may appear to recover financial market returns and regulation, but could be causative for enhanced creative accounting strategies. Lastly, this concerns the integrated reporting regulatory bodies that are responsible for; situating in-process sustainability reforms, at the disposal of voluntary reporting by companies momentarily, and implementation of mandatory IFRS.

According to Casad and Luebering, (2023), confirmation bias exists when actions depend on preconceived outcomes according to consistent and biased beliefs which maybe unintentionally built on ignoring information irrelevant to intended results. Hence a certain biasness of judgmental decision-making is reverberating with reaction from industry specialists voicing concerns over extended policy disclosures and performance pressures.

In the current study following two questions are to be answered;

1. What impact does a firm's financial performance exert on earnings management behaviour in presence of ESG related nonfinancial reporting?
2. What impact does a firm's financial performance exert on earnings management behaviour in presence of IFRS guided financial reporting?

2 LITERATURE REVIEW

There is growing concern for involvement of stakeholders in designing and implementing policies that drive corporate social responsibility to success through better communication objectives. The reason of it being the intense scrutiny of the communication process between the stakeholders and the organizations providing information. The present literature is more focused on thematic basis of research that focuses on the view point of both the organizations as well as the users of financial statements. The typological streams arising from themes relating to opportunities and challenges in corporate social responsibility (CSR) implementation, create avenues for theory development with heuristic perspectives enabling future research, (Crane & Glozer, 2016).

2.1 Financial Disclosures through IFRS

The International Accounting Standard (IAS) 39, introduced in 1988 and subsequently revised several times beginning 2005, was replaced by International Financial Reporting Standard (IFRS) 9, (Bischof & Daske, 2016). IFRS 9 was proposed by European Commission (EC, 2002), after the issuance of European Union's Official Gazette, by the European Parliament and Council. The relevant regulation supporting IFRS 9 was REG-EC-1606/2002 and its related article 9 for transitional provisions. For the sake of stakeholders and users of financial statements and relevant information, a true and fair assessment of financial and non-financial performance and information quality of financial statements is imperative. IFRS 9 lays out purview of examination, review or agreed upon procedures for timely recognition of financial assets, liabilities, credit losses, contracts to buy or sell

securities, derivatives and non-financial assets or liabilities, as outlined by the European Commission (EC, 2002).

Nonfinancial reporting means the sustainability disclosures required by IFRS Foundation importance of which rose with the financial crises of 2008 when public firms lost 80% worth of market capitalization, (Reinhart & Rogoff, 2009). The IFRS Foundation task force in 2020 prepared a consultation paper to address the issue of sustainability reporting and whether nonfinancial disclosures were required under global sustainability standard either through establishment of a separate board or through extension of IFRS as IFRS S_i. Environmental sustainability reporting is slowly beingintroduced into the existing stream of financial information for steady familiarization of firms and business entities, and would eventually be mandated for all businesses around the world, (Amin-Chaudhry, 2016). The presence of international financial reporting requirements (IFRS) by the IASB impose external pressure on companies compelling to go expand the turf to nonfinancial reporting by not just disclosing information about contributions but by integrating it with environmental, social and governance dimensions for the users of information and stakeholders, (Newcomb, Sellar & Williams, 2015). There is rising awareness to focus on companies' sustainability and environmental contributions with research evidence piling up on the long-term advantages for corporations integrating financial andnonfinancial information in reports, (Atkins & Maroun, 2015).

Schipper, (1989) defined earnings management as judgment in financial reporting by structuring transactions for altering financial reports to mislead financial statement users and about performance of the company and influence contractual transactions outcome of which depends on reported accounting figures. To simply phrase it, it's an action that harms others. The role of auditors, regulators comes into play that seek to erase that wrongdoing. Investors and researchers alongside other users of financial statements aid in seeking out these wrongdoers in mystery solving of a possible fraud, (Lo, 2008).

2.2 Impact of Financial Performance on ESG

Corporate performance is the marker of effective reportage and stakeholders' need for performance in corporate social responsibility domain (Dhaliwal, Li, Tsang & Yang, 2014). Secondly one has to be careful while evaluating capital costs of the firm in the face of mandatory IFRS or ESG disclosures since these depend on reporting incentive and broad range corporate strategies, (Daske, Hail Leuz & Verdi, 2013).

2.3 Impact of Financial Performance on Earnings Management

Financial performance is the company's standing in assessment categories; Assets, Liabilities, Expense, Revenue and Equity Past pioneering research advocated controlling for financial performance factors when determining earnings management as they seemed to be correlated to the nondiscretionary accruals and the proxy specifying discretionary accruals, (Dechow, Sloan & Sweeny, 1995). Hence its pertinent to not mis-specify the actual results by considering mediation of financial performance in qualitative data analysis. The very nature of earnings management is such that discretion has to be exercised on financial variables such as revenues, costs and liabilities, which is the very basis for Modified Jones Model, (1991) to eliminate erroneous judgments befalling tendency to measure discretionary accruals when discretion is exercised, (Dechow, Sloan & Sweeny, 1995).

Financial performance is highly significant for performance in capital markets and stock exchanges because these depict a picture of financial viability to prospective stakeholders,

(Du & Shen 2018). The reason for this was further explained by the relationship of firm's reputation and financial performance through subduing risk costs and increasing return on sales which in turn impact a firm's reputation and give impetus to earnings management incentives, (Hammond & Slocum, 1996). Earlier studies confirm to the existence of relationship between financial performance and earnings management such as; The relationships between financial performance between securities of peer firms and discretionary accruals, a proxy for earnings management, was robust for latter's alternative measures, (Du & Shen, 2018). Earnings quality is a consequence of company's reputation and a determinant of profit driving it upwards, either forging an intervening link between reputation and performance as a mediator, (Huynh, 2018) or sole actor binding to performance, consequently, when studied independently. It therefore can be inferred from above that earnings quality effect profit or financial performance which can impact corporate reputation leading to incentives for earnings management.

2.4 Hypotheses Development

Current literature conclusively underscores the role of national institutional characteristics and norms as pre-deciders of financial reporting quality besides accounting standards that alone can't be its determinant, (Ball, Robin & Wu, 2003; Ball, 2006, Leuz, Wysoki & Nanda; Leuz, 2003; Leuz & Verrecchia, 2000), whereas, reporting incentives as a measure of economic performance lead to earnings management, (Burgstahler & Dichev,1997: Burgstahler, Hail & Leuz,2006). Previous research is insufficient to identify the extent of earnings management practices by companies to manage their earnings. Previous research found that financial crises of 2008 was at the helm of earnings management, incentives being investor expectations, wealth maximization, retiring debt covenants, (Lisboa, 2016). Its therefore required to test and assess the impact of influencing factors leading asincentives to such malpractices. These factorsmight include a firm's profitability, leverage, firm characteristics, level of control over management and industry type. Little research has been done on whether profitable or non- profitable companies practice earning management negatively or positively.

H1: Financial performance impacts earnings management in financial reporting under IFRS.

H2: Financial performance impacts Greenwashing activities in Non-financial reporting under ESG.

3. RESEARCH DESIGN

In this theoretical tradition of phenomenology rather than to have informants at the mercy of researcher's preferential focus, there is a sense of co-authorship with participants distinctive from other forms of interviewing. It comes with the acknowledgment that researcher is the prime constituent, by the keen observation built through in-depth, dialogic, and reflective interviewing, (Munhall & Boyd, 1993) which a superficial observatory of quantitative survey research cannot impart.

3.1 Interviews

For the purpose of descriptive and phenomenological research descriptive interviewing techniques involved heavy transcription of data bordering on reflexive and systematic reporting methods. These were unstructured interviews involving literal or "verbatim" transcription, in the words of Loubere, (2017).

3.2 Sample Size

Sample size for qualitative studies is lesser to that in quantitative ones simply due to the diminishing returns with frequency of words not required for coding and laboriousness associated with analyzing large data sets that is impractical,

(Mason, 2010). According to Creswell, (1998) and Morse, (1994; 1995) sample data required for phenomenological research should be between 5 to 25, avoiding saturation. Without premeditative assumptions sample of 10 can be richer provided collected data quality is inherently preserved, (Mason, 2010). This qualitative study relies on content analysis. Originally Interviews were taken from 12 participants later reduced to 10, owing to overlapping of responses. Upon analysis certain queries were found to be traversed in groups marring originality of judgment.

3.3 Interviewees

These were auditors and senior analysts working in various capacities such as; Consultant, Chief Financial Officer, Chief Executive Officer, Senior or Junior Financial Analyst, Chief Risk Officer, Credit Risk Officer and Credit Officer. These were qualified Chartered Accountants who besides serving in above designations had non-concurrently acted as; External auditors from;Big 4 Auditing firms or those representing regulatory bodies such as; Security ExchangeCommission of Pakistan, The Auditor General of Pakistan and The State Bank of Pakistan or as Internal auditors serving in; Muslim Commercial Bank, Allied Bank, Standard Chartered, Askari Bank Limited and National Bank of Pakistan.

According to Interviewee J economic downturns effected the financial reporting landscape in general. His words were:

"I have been on the forefront of financial decision making … the international best practices stayed with me amidst chaotic downturns faced in the economic landscape."

When asked about financial reporting constituents he replied: "A Financial Disclosure Statement is a documented report of income, assets, debts and expenses. Whereas, derivatives, according to Financial Derivatives Business Regulations (FDBR, 2004), are a type of financial contract." He further expounded, "Accounting or financial disclosures identify the financial policies of a firm or business, stating expenses and profits over an accounting period."

When asked from Interviewee J about sustainability reporting his response was: "Due to negligence, corruption and clout a stream of challenges is at the fore of financial reporting which is embattled with sustainability reporting initiatives further to be sought. Future of financial reporting transparencyon all accounts across the board is uncertain."

Interviewee E stated with some positivity: "If the companies stop greenwashing their products in fluffy high-flown language with ambiguous terminologies that impart no clear sense, success can be had with establishing transparency…especially dangerous products."

Interviewee B expounded on integrated reporting prospects on basis of performance in words:

"Public companies that are government controlled directly or indirectly through armed forces like the real estate sector, banking sector, food and cement sector, geopolitical factors are all intermixed with economic performance… irregularities were found in government's role to ensure availability of essential items ... in nontransparent procurement of equipment. If you study the stock market Pakistan has more or less thousand listed companies, but major business is occurring through imports on all fronts which hits the budget. How are earnings management or greenwashing different? Afore mentioned scenario speaks volume of high intervention … unfortunately the business model in Pakistan is outmoded by way of pros today and cons later. And problems persist."

4. ANALYSIS AND FINDINGS

Table 1 details the credentials of the participants, adapted from Bean and Irvine, (2015). Table 2

depicts Auto Coding performed for generating nodes created after interview transcription. These depict the most notable themes associated to negative positive or neutral sentiments of the auditors in view of either the industry performance or companies' response to extended disclosure requirements. Appendix 1 details the subcategories of composite items as another explanatory table. Accounting information is met with negative sentiment implying aversion to giving information. Similarly, earnings management, creative accounting and ESG Disclosure show negative reaction of the management because there is intrinsic pressure to avoid blame and maintain hegemony over controlled view to the financial performance assessed by capital adequacy ratio. Although sustainability and disclosure or reporting requirements show some degree of positivity it implies innovative reporting mechanisms and flexibility allowed under increasing frameworks, in contrast to extended reporting pressures. Figure 1 shows a tree diagram of the frequently used word sets and sub-sets that could be associated with Reporting Initiative concerns. Figure 2 is a word cloud of significant elements accorded by preference of disclosure quality created in Nvivo. Figure 3 shows items with coding similarity, for instance company losses have been linked to environmental and community contributions. Figure 4 reveals variance in central tendency of performance and disclosures; sustainability, derivative and financial. Figure 5 reaffirms the relationship of Capital adequacy and Disclosure practices. It implies that greenwashing and earnings management are inevitable if there is downward financial performance and contribution pressures on firms. This way performance is mutually exclusive to the extent of initiating malpractices.

Table 1: Demographics of Interviewees

S. N	Name	Job Designation	Experience	Current Role	Sectors Served
1	A	Vice President	7	Internal Auditor	Banking Sector
2	B	External Auditor	8	External Auditor	Multiple sectors
3	C	Chartered Accountant	13	Chief Financial Officer	Multiple sectors/Ferguson
4	D	Executive/ VP	>20	CFO	Multiple sectors
5	E	Credit Officer	5	Officer Compliance	Financial Sector
6	F	Financial Analyst	6	Financial Analyst/ External Auditor	Government & Financial
7	G	Bank Financial Officer	4	Junior Financial Analyst / Trainee	Banking Sector
8	H	CA/Sr. Financial Analyst	20	Chief Risk Officer / Internal Auditor	Financial sector/ SECP

9	I	Chief Executive Officer	11	CEO/ Consultant/External Auditor	Various Sectors
10	J	Managing Partner	>15	Senior Financial Analyst/ External Auditor	Ernst & Young Audit firm/ Various sectors

* Experience totals the years worked in various capacities which may differ from years served in current occupation or grade.

Table 2: Matrix Coding Query

Description	Negative	Moderately negative	Very negative	Positive	Moderately positive	Very positive
Accounting	11	9	2	5	3	2
Creative accounting	5	5	0	0	0	0
Prevailing accounting regulations	2	0	2	0	0	0
Business Earnings	14	3	4	12	9	2
Public Companies' concerns	9	15	4	7	7	0
Environmental Concerns	1	1	0	0	0	0
Contribution	18	2	8	4	2	1
Sustainability Contribution	10	0	2	2	1	1
Derivative Market	5	4	1	2	2	0
Commodity-based Derivatives	0	0	0	1	1	0
Derivative Dealers	0	0	0	1	1	0
Derivative Disclosures	14	10	4	1	1	0
Non-financial disclosures	13	10	3	1	1	0
Real Earnings Management	10	6	4	3	3	0
Business Earnings	2	2	0	0	0	0
Earning Expectations Targ	2	1	1	1	1	0
Reporting issues	3	3	0	3	1	2
Communication Issues	1	1	0	0	0	0
Environmental sustaining Issues	1	1	0	0	0	0
Issue Accounting Standards	0	0	0	3	1	2
Total Earnings Management	24	18	6	4	3	1
Corporate Management	16	13	3	3	2	0
Financial Market Disclosures	12	10	2	12	12	0
Reg oversight/Bodies	11	8	3	5	5	0
Environmental Oversight	0	0	0	0	0	0
Financial Instruments Oversight	2	0	2	0	0	0
Ambitious Policies	5	2	3	2	2	0
Ineffective Policies	14	4	5	8	8	0
Public Companies	14	13	1	19	6	6
Reporting Requirements	21	9	9	17	17	0
Reporting Irregularities	1	0	1	0	0	0
Reporting Quality	0	0	0	4	4	0
Capital Adequacy Requirements	0	0	0	1	1	0
Disclosure Requirements	1	1	0	0	0	0
Excessive Reporting Required	2	1	1	1	1	0
Financial Reporting Standards	8	6	2	6	2	4
Recommending Acc Standards	0	0	0	4	2	2
Sustainability	26	16	10	18	14	4
Insider/ Counter Trading	6	4	2	0	0	0
Waste	62	40	22	25	21	4
ESG for Water	1	1	0	0	0	0
Total Score	347	219	107	175	134	31

5. CONCLUSION

The conclusions from this investigation are real concerns for the investors and regulators who are tugging lines in opposing directions from those of public companies, according to auditors and analysts. Forthose who wish to understand the relevance of sustainability standards board (SSB) regulations in the context of IFRS issued by International Accounting Standards Board (IASB), require to look at contemporary issues, surrounding not the just the reporting problems caused by intertwining boards,but those contrary to the notion of existence of somany regulatory fora. High performance firms are expected to confirm slightly distinguishingly although the objective remains profit making andkeeping the enterprise a "going concern" (it being the underlying assumption of financial statements prepared under IFRS 1), till bankruptcy or persistent losses. If the earnings objective is unmet due to extensive costs covering legal outlets, comeuppance is hidden in profiteering off misleading assertions. Thus, supporting alternate hypothesis of earnings management under excessive reportage flexibility allowed. Future research needs to follow course on financial incentives of highperformance towards fairness and transparency in reporting.

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Figure 1 [It is a tree diagram of the most commonly used phrases and words for concern over Reporting Initiatives].

Figure 2 [Word Cloud of disclosure quality preferences of significant elements in Nvivo.]

Figure 3: [Items clustered by coding similarity Shown in Nvivo]

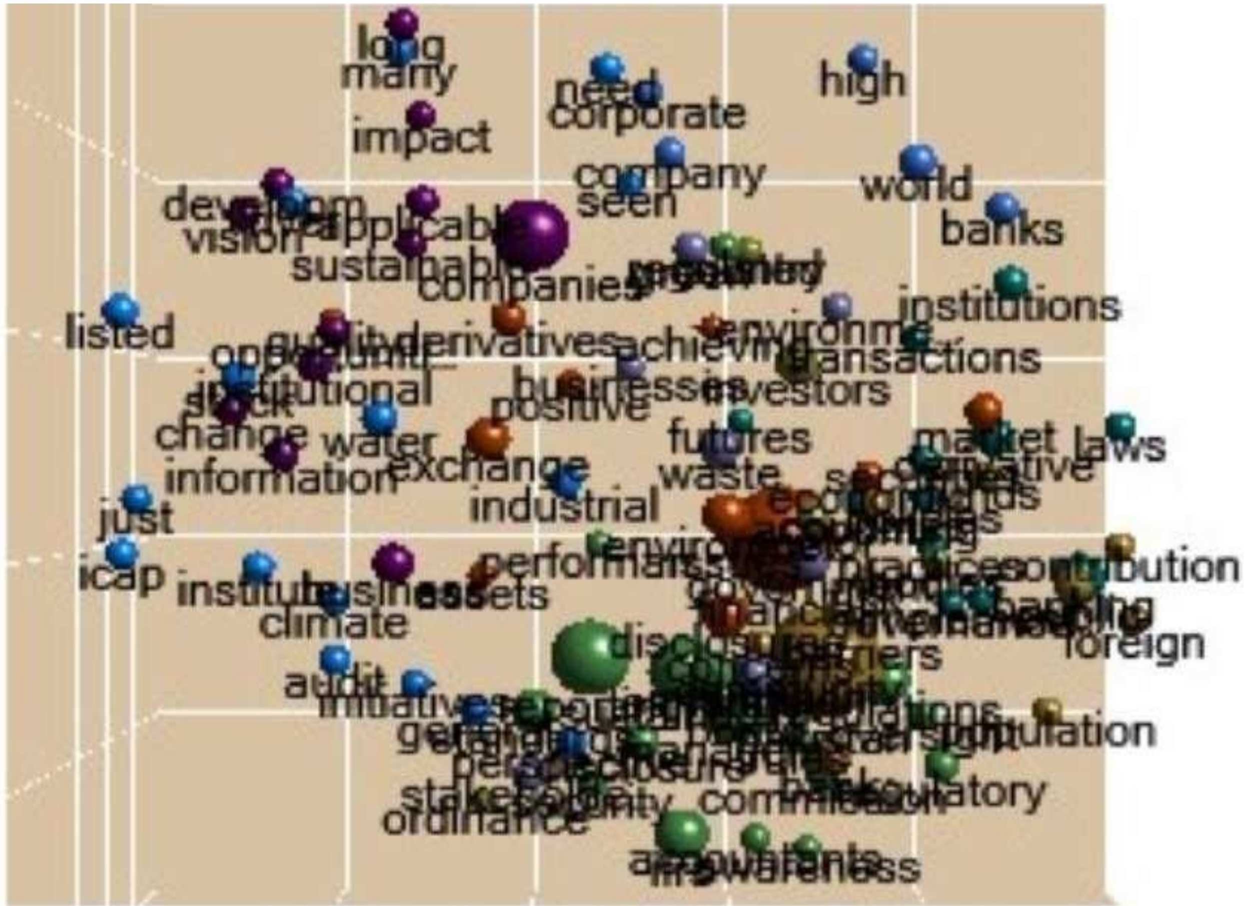

Fig 4: [Variance from central tendency of items in a coding cluster shown in Nvivo]

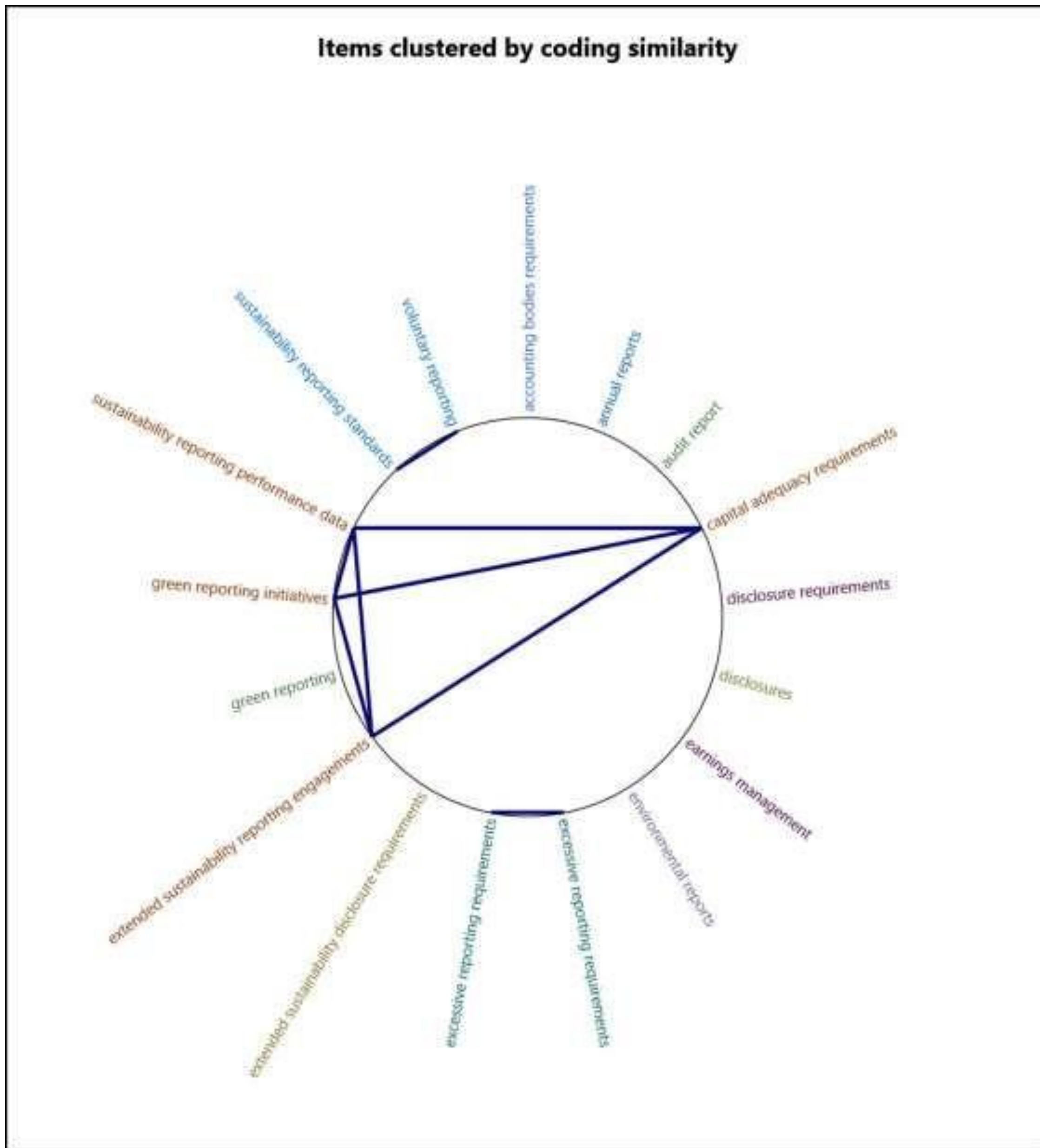

Fig 5: [Items Clustered by Coding Relationship shown in Nvivo]

APPENDIX I

Financial Trade	**Water ESG**	**Waste ESG Violation**	**Accounting Regulations**
Counter trading	Purify Water Resource	Hazardous waste material	Accounting
Derivative trading	Water supply system	Industrial waste	Accounting Bodies
Derivative trading Services	Improving water	Industrial waste discharge permits	Accounting Bodies Requirements
Equity securities trade	Clean drinking water	Landfill waste disposal	Accounting information bodies
Financial trade activity	**Sustainability**	Outsourcing Waste Management	Accounting Period
Futures Trading	Sustainability	Plastic Waste	Accounting Policies
International Trade	Environmental sustainability issues	Radioactive Waste Management	Accounting Practices
Trade Barriers	Improving Sustainability Drive	Reducing Waste Footprint	Accounting Rules
Trade Tariff Reforms	ESG Performance Evaluation	Reusable Waste	Accounting Standards
Financial Market Disclosures	Past Sustainability Laws	Solid Waste	**Corporate Management**
Capital Market	Successful Sustainability Drive	Solid Waste Matter	Environmental Management
Derivative Market	Sustainability Board Formation	Waste Disposal	Improved Risk Management
Derivative World Market	Sustainability Contribution	Waste Disposal Laws	Lacking Disaster Management
Derivatives Market	Sustainability crises	Waste Management	Managing Risk
Emerging Markets Status	Sustainability Disclosures	Waste Mafia/Theft	Outsourcing Waste Management
Financial Market	Sustainability Drive	Waste Treatment Plants	Radioactive Waste Management
Financial Market Infrastructures	Sustainability Engagements	Bottled Water	Unsustainable Land Management
Market discipline	Sustainability Performance Data	Enough Water/Crises	**Contribution**
Market risk	Sustainable Development Process	Ground Water/Flow	Active Government Contributions
Market risk capital rules	**Business Earnings**	Harmful Waters	Community Work Contribution
Over-the-Counter Market	Business Relationships	Polluted Water	Sustainability contribution

Secondary Market	Business Processes	Pumping Water	Financial Contribution
World Market	Business Viability	River Water	-

APPENDIX II

INTERVIEW QUESTIONS

Participants' Credentials

Although questions were gender neutral owing to geodynamics of Pakistan, women hardly gain prominence in dominant or senior roles?

1. State the years in service and years spent in current role?

2. What were/are the prominent duties, sectors and companies for which services have been rendered till date?

3. Detail the peculiar experiences during financial and non-financial disclosure audits, analysis or compilation?

INTERVIEW QUESTIONS

Questions are customized to questions asked in IFRS Foundation' consultative paper on assessment of whether a separate board or extended IFRS would be deterministic steps towards sustainability disclosures, (IFRS, 2020). However, for this purpose it is essential that key feature of financial performance objective notslip the observers' foresight or be left out by usersof information. The aim of any business is to earn profit, if costliness of reporting can impact decision on extent and quality of disclosures rendered by companies, it should be taken into consideration.

1. Do financial derivatives and securities trading, figure significantly in Financial Statement disclosures.
2. Does Financial reporting under IFRS, 7, 9, 13 and 15 significantly measure measurement of company's financial performance.
3. Is the categorization of the financial items accorded correctly with respect to degree of risk?
4. Does Financial reporting facilitate disclosure of performance malpractices such as Earnings management, for stakeholders' risk mitigation.
5. Does standardizing non-financial reportingby means of ESG disclosures have positive effect on financial performance or negative? If negative then, does it encourage greenwashing?
6. Does integrated reporting accrue capital and other financial costs to companies?
7. Does an independent board, with separate sustainability reporting framework, confuse or appeal to users of information as means of reporting mechanism?
8. As cogent cost saving choice for financial and non-financial disclosures, is an independent board better or extension of IFRS?