

**Project Report**  
**On**  
**“Preparing for Sustainability Disclosure: IFRS S1**  
**and Bangladesh's Corporate Sector”**



**Md. Samihan Hasan Nabil**

This report is submitted to the School of Business and Economics, United International University, as a partial requirement for the degree fulfilment of Bachelor of Business Administration.

**“Preparing for Sustainability Disclosure: IFRS S1  
and Bangladesh's Corporate Sector”**

# **Preparing for Sustainability Disclosure: IFRS S1 and Bangladesh's Corporate Sector**

## **Submitted to:**

Dr. James Bakul Sarkar  
Professor & Coordinator, BBA in AIS  
School of Business and Economics  
**United International University**

## **Submitted by:**

Md. Samihan Hasan Nabil  
ID: 114 221 023  
BBA in AIS  
Registration Trimester: Fall 2025



**School of Business and Economics**  
**United International University**

**Date of submission: March 11, 2026**

## Letter of Transmittal

March 11, 2026

Dr. James Bakul Sarkar

Professor, SoBE & Coordinator (BBA in AIS),

**United International University**

**Subject:** Submission of Project Report "Preparing for Sustainability Disclosure: IFRS S1 and Bangladesh's Corporate Sector."

Dear Sir,

I am pleased to submit my project report titled "Preparing for Sustainability Disclosure: IFRS S1 and Bangladesh's Corporate Sector," prepared in fulfilment of the Bachelor of Business Administration program at United International University.

Based on documentary analysis of 45 listed companies across seven sectors, the study assesses Bangladesh's corporate readiness for IFRS S1 adoption by examining current disclosure practices against its requirements across governance, strategy, risk management, metrics and targets dimensions, identifying key gaps and challenges.

I sincerely appreciate your invaluable guidance throughout this research. I hope the report meets your expectations and welcome your feedback.

Sincerely yours,



Md. Samihan Hasan Nabil

Student ID: 114 221 023

BBA in AIS (SoBE)

**United International University**

## Certification of Similarity Index

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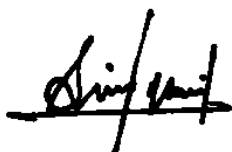
#### PRIMARY SOURCES

<b>1</b>	<a href="http://www.ifrs.org/sustainability/ifrs-s1">www.ifrs.org/sustainability/ifrs-s1</a> IFRS Foundation (Official IFRS S1 text)	<b>3%</b>
<b>2</b>	<a href="http://www.sec.gov.bd/laws/corporate-governance">www.sec.gov.bd/laws/corporate-governance</a> Bangladesh SEC (BSEC) CG Code	<b>2%</b>
<b>3</b>	<a href="http://www.icab.org.bd/ifrs-bangladesh-standards">www.icab.org.bd/ifrs-bangladesh-standards</a> ICAB (IFRS adoption details)	<b>1%</b>
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<b>8</b>	<a href="http://www.dse.com.bd/listing/corporate-governance">www.dse.com.bd/listing/corporate-governance</a> Dhaka Stock Exchange (listing requirement)	<b>0.5%</b>

## Declaration of the Student

I, Md. Samihan Hasan Nabil (ID: 114 221 023), a student of the Bachelor of Business Administration program, majoring in Accounting and Information Systems at United International University, hereby declare that the project report titled "Preparing for Sustainability Disclosure: IFRS S1 and Bangladesh's Corporate Sector" has been prepared and submitted by me under the supervision of Prof. Dr. James Bakul Sarkar, in partial fulfillment of the requirements for the Bachelor of Business Administration degree at United International University.

I further declare that this report has not been submitted, either wholly or partially, to any other university, institution, or examining body for any academic or professional degree, diploma, or certificate. Unless otherwise acknowledged, all analyses, interpretations, and conclusions presented herein are my own work.



Md. Samihan Hasan Nabil

Student ID: 114 221 023

BBA in AIS (SoBE)

**United International University**

## Acknowledgement

All praise is due to the Almighty, whose blessings enabled me to successfully complete this project report.

I wish to express my deepest gratitude to my supervisor, Prof. Dr. James Bakul Sarkar, for his invaluable guidance, insightful feedback, and constant encouragement throughout this endeavor. His scholarly mentorship has been instrumental in shaping this work, and I feel privileged to have learned from his expertise—both through this project and the courses I undertook under his supervision during my undergraduate studies. His unwavering support has truly enriched my academic journey, and I look forward to continuing to benefit from his wisdom in the future.

I also extend my sincere appreciation to the faculty members and administrative staff of the School of Business and Economics for their consistent support and cooperation throughout my time at United International University.

## Abstract

This study assesses the readiness of Bangladesh's corporate sector to implement IFRS S1 sustainability disclosure requirements. Analysing annual reports and sustainability disclosures of 45 listed companies across seven sectors from 2022-2024, the study finds that while sustainability reporting has become universal (100% in 2024 vs. 84% in 2022), disclosure quality remains substantially below IFRS S1 requirements. Current practices achieve only 34.5% of full compliance, with a 65.5% preparedness gap. Critical deficiencies include weak enterprise value linkage (0.47), near-absence of scenario analysis (0.16), limited target-setting (0.48), and minimal external assurance (0.16). Banking firms show the highest readiness due to regulatory pressure, while cement and ceramics lag behind. Large-cap companies outperform mid-cap firms, whereas export orientation does not significantly improve preparedness. Only 7% of companies referenced IFRS S1 in 2024, indicating low awareness.

The study highlights regulatory support and organizational capacity as key drivers of readiness and recommends phased adoption, enhanced regulatory guidance, and sector-specific capacity building to improve compliance.

*Keywords: IFRS S1, sustainability disclosure, Bangladesh, listed companies, corporate preparedness, regulatory pressure*

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## List of Abbreviations

IFRS – International Financial Reporting Standards

IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2 – Climate-related Disclosures Standard

ISSB – International Sustainability Standards Board

ESG – Environmental, Social and Governance

CSR – Corporate Social Responsibility

GRI – Global Reporting Initiative

SASB – Sustainability Accounting Standards Board

TCFD – Task Force on Climate-related Financial Disclosures

ERM – Enterprise Risk Management

BSEC – Bangladesh Securities and Exchange Commission

DSE – Dhaka Stock Exchange

ICAB – Institute of Chartered Accountants of Bangladesh

ICMAB – Institute of Cost and Management Accountants of Bangladesh

RMG – Ready-Made Garments

SME – Small and Medium Enterprises

SoBE – School of Business and Economics

BBA – Bachelor of Business Administration

AIS – Accounting Information Systems

GDP – Gross Domestic Product

# CHAPTER I: INTRODUCTION

## 1.1 Background of the Study

In recent years, sustainability has become a vital aspect of corporate reporting due to rising concerns about climate change, social responsibility, governance practices, and long-term economic stability. Stakeholders now expect companies to disclose not only financial results but also sustainability-related risks and opportunities that may impact enterprise value.

To address the need for consistent and comparable sustainability information, the International Sustainability Standards Board (ISSB) introduced IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information. This standard requires companies to disclose material sustainability-related risks and opportunities that could affect cash flows, access to finance, or cost of capital, thereby improving transparency and investor decision-making.

In Bangladesh, the corporate sector is gradually adopting sustainability practices due to regulatory developments, foreign investment pressures, and alignment with international reporting standards. However, challenges such as limited awareness, lack of expertise, data constraints, and weak governance structures hinder effective implementation. At the same time, adopting IFRS S1 creates opportunities to enhance corporate credibility, attract responsible investment, and support sustainable economic growth.

Therefore, this study examines the readiness of Bangladesh's corporate sector to implement IFRS S1, identifying key challenges and opportunities to support effective sustainability disclosure practices.

## 1.2 Statement of the Problem

The introduction of IFRS S1 requires entities to disclose material sustainability-related risks and opportunities in a consistent manner. However, implementation poses considerable challenges for emerging economies like Bangladesh, where sustainability reporting remains voluntary, fragmented, and largely narrative-driven.

Bangladeshi companies face limited preparedness to comply with IFRS S1 requirements. Many lack formal sustainability governance frameworks, reliable non-

financial data collection systems, and adequately trained professionals. The absence of mandatory reporting regulations and limited regulatory guidance has resulted in inconsistent disclosure practices across industries.

Furthermore, awareness and understanding of IFRS S1 among corporate management, accounting professionals, and regulators remain relatively low. This knowledge gap increases the risk of incomplete or non-comparable disclosures, potentially undermining investor confidence and restricting access to global capital markets.

The central problem addressed is the gap between IFRS S1 requirements and current sustainability reporting practices in Bangladesh's corporate sector. Without adequate preparedness and capacity building, Bangladeshi companies may struggle to meet international disclosure expectations, affecting their competitiveness and long-term sustainability.

### **1.3 Objectives of the Study**

The primary objective is to examine the readiness of Bangladesh's corporate sector to adopt and implement IFRS S1. Specifically, the study aims to:

1. Analyze the key requirements of IFRS S1 and their implications for corporate sustainability reporting.
2. Assess current sustainability disclosure practices of companies operating in Bangladesh.
3. Identify gaps between existing practices and IFRS S1 requirements.
4. Examine awareness and preparedness levels of corporate management and accounting professionals regarding IFRS S1.
5. Identify major challenges and constraints in implementing IFRS S1.
6. Explore potential benefits and opportunities of IFRS S1 adoption for Bangladesh's corporate sector.

### **1.4 Theoretical Framework and Research Hypotheses**

This study is grounded in three established theories. **Stakeholder Theory** suggests corporations have responsibility to disclose information relevant to various

stakeholders, including investors and regulators. **Legitimacy Theory** explains sustainability disclosure as a mechanism to align organizational practices with societal expectations. **Institutional Theory** emphasizes the role of regulatory pressure, professional norms, and international influences in shaping corporate behavior.

Based on this framework, the following hypotheses are formulated:

- **H1:** Greater awareness and understanding of IFRS S1 positively influences preparedness for sustainability disclosure.
- **H2:** Stronger regulatory and institutional support positively impacts adoption of IFRS S1-aligned disclosures.
- **H3:** Organizational capacity positively affects a company's ability to comply with IFRS S1 requirements.
- **H4:** Increased stakeholder pressure is positively associated with the quality of sustainability disclosures.

## **1.5 Motivation of the Study**

This study is motivated by the growing global emphasis on sustainability reporting and the introduction of IFRS S1. For an emerging economy like Bangladesh, understanding preparedness for such standards is timely and necessary given the corporate sector's role in economic development. Sustainability disclosure practices in Bangladesh remain at a developing stage with limited standardization. Additionally, limited academic research focuses on IFRS S1 within the Bangladeshi context, creating a research gap this study addresses. The findings will provide practical insights for policymakers, regulators, and corporate management to facilitate effective implementation.

## **1.6 Scope and Limitations of the Study**

This study focuses on examining the preparedness of Bangladesh's corporate sector for sustainability disclosure under IFRS S1. The scope covers listed and large corporate entities in Bangladesh, as they face immediate pressure to adopt international standards. The study evaluates existing reporting practices, awareness levels, organizational readiness, and the regulatory environment.

The study is limited to IFRS S1 requirements and relies on secondary data from annual reports, regulatory publications, and academic literature. Limitations include limited availability of comprehensive sustainability data, exclusion of SMEs, the early stage of IFRS S1 adoption, and potential reporting bias in secondary sources.

## **1.7 Definition of Key Terms**

**IFRS S1:** International Financial Reporting Standard issued by the ISSB requiring disclosure of sustainability-related risks and opportunities affecting enterprise value.

**Sustainability Disclosure:** Public reporting of environmental, social, and governance information including risks, impacts, and performance metrics.

**Corporate Sector:** Profit-oriented companies and business entities including listed firms, financial institutions, and manufacturing concerns.

**Preparedness:** Organizational readiness to comply with IFRS S1 requirements encompassing awareness, governance, data systems, and technical capacity.

**Governance Disclosures:** Information about oversight bodies and processes for managing sustainability-related matters.

**Strategy Disclosures:** Information on how sustainability matters affect business model, strategy, and financial planning.

**Risk Management Disclosures:** Information about processes for identifying, assessing, and monitoring sustainability-related risks.

**Metrics and Targets:** Quantitative and qualitative measurements used to track sustainability performance and progress toward goals.

**Stakeholder Theory:** Theory suggesting corporations must disclose information relevant to various stakeholder groups.

**Legitimacy Theory:** Theory explaining sustainability disclosure as a mechanism to align with societal expectations.

**Institutional Theory:** Theory emphasizing regulatory pressure, professional norms, and international influences on corporate behavior.

# CHAPTER II: REVIEW OF THE LITERATURE

## 2.1 Introduction

The evolution of corporate reporting over the last three decades reflects a fundamental shift in the understanding of value creation. Traditionally focused on historical financial performance and shareholder returns, financial reporting has expanded due to environmental crises, social inequality concerns, and corporate governance failures. Consequently, sustainability reporting has emerged as an essential component of corporate disclosure systems worldwide.

Initially, sustainability disclosures were voluntary and narrative-driven, with corporations publishing Corporate Social Responsibility (CSR) reports to enhance legitimacy and maintain stakeholder trust. While these reports demonstrated growing awareness of environmental and social responsibilities, they lacked consistency, comparability, and financial integration. The late 1990s and early 2000s witnessed the introduction of structured sustainability frameworks, particularly the Global Reporting Initiative (GRI), followed by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). Despite advancements, the coexistence of multiple frameworks created fragmentation, leading to "reporting fatigue" and reduced decision-usefulness.

In response, the IFRS Foundation established the International Sustainability Standards Board (ISSB), introducing IFRS S1 and IFRS S2 to create a consistent, comparable, and investor-focused global baseline for sustainability-related financial disclosures. IFRS S1 sets general requirements for disclosing risks and opportunities affecting enterprise value, while IFRS S2 addresses climate-specific disclosures. Recent literature examines readiness across Indonesia, Brazil, Palestine, Morocco, Malawi, and European jurisdictions, providing insight into institutional adaptation, sectoral preparedness, and implementation barriers. In Bangladesh, sustainability reporting is significant due to climate vulnerability and global market integration, yet comprehensive assessment of corporate readiness remains limited.

## **2.2 Industry Analysis**

### **2.2.1 Specification of the Industry**

The sustainability disclosure industry comprises regulatory authorities, accounting standard-setters, corporate entities, assurance providers, ESG consultants, financial analysts, and investors. Three chronological stages mark its evolution. The first stage involved voluntary CSR-oriented reporting characterized by unregulated narratives driven by legitimacy concerns. The second stage witnessed framework institutionalization through GRI, SASB, and TCFD, introducing structured but fragmented guidelines. The third stage involves global harmonization under ISSB, marking a structural shift toward mandatory, financially material sustainability reporting integrated with general-purpose financial reporting.

### **2.2.2 Size, Trend, and Maturity of the Industry**

The sustainability reporting industry has expanded significantly, with most large multinational corporations now publishing sustainability reports. The industry is in a transitional maturity phase, with developed economies moving toward mandatory regimes while emerging economies remain at varying preparedness stages. Major trends include transition from voluntary to mandatory reporting, emphasis on financial materiality, increased integration with financial statements, growing demand for assurance, and sector-specific guidance. Indonesian studies reveal uneven sectoral readiness, Brazilian research highlights moderate preparedness in insurance companies with weaker climate scenario analysis, and African studies reveal enforcement gaps. In Bangladesh, sustainability reporting remains emerging, with the banking sector showing higher engagement due to regulatory initiatives while non-financial sectors exhibit limited integration.

### **2.2.3 External Economic Factors**

External economic forces significantly influence IFRS S1 adoption. Bangladesh's geographical vulnerability to floods, cyclones, and sea-level rise intensifies the importance of climate-related disclosure. Integration into global markets increases investor demand for ESG transparency. Strong enforcement mechanisms enhance effective adoption, while weak enforcement results in symbolic compliance. Emerging economies face resource limitations affecting implementation capacity. Bangladesh's

export-oriented economy creates adoption incentives, but institutional and financial constraints may slow progress.

#### **2.2.4 Technological Factors**

Technological readiness is decisive for IFRS S1 implementation. The standard requires sophisticated data architecture, predictive modeling capability, and cross-departmental integration systems. Many emerging economy firms rely on fragmented, manual ESG data, increasing error risk. Literature consistently identifies lack of centralized ESG databases as a major barrier. IFRS S2 introduces complex technological demands including scenario analysis, physical and transition risk assessment, resilience evaluation, and financial impact quantification. In Bangladesh, digital infrastructure varies widely, with many manufacturing and export-oriented firms lacking enterprise-level ESG data integration. External assurance remains underdeveloped outside banking, making technological upgrading a resource-intensive transition requirement.

#### **2.2.5 Barriers to Entry**

Adoption creates multidimensional barriers. Technical complexity requires interdisciplinary expertise spanning accounting, finance, environmental science, and risk management. Financial costs include system upgrades, staff training, external consultancy, climate modeling services, and assurance fees, disproportionately affecting small and medium enterprises. Professional capacity constraints stem from shortages of trained sustainability accountants and auditors. Organizational resistance emerges from cultural factors, with executives perceiving standards as regulatory burdens rather than strategic opportunities, leading to superficial compliance strategies in weak enforcement contexts.

#### **2.2.6 Supplier Power**

Suppliers include standard-setting institutions, professional accounting firms, ESG consultants, software providers, and assurance services. The ISSB holds dominant supplier power as global standard-setter. Large accounting firms and ESG consultants interpret standards, increasing dependence, especially in emerging economies. In Bangladesh, limited domestic ESG expertise enhances supplier bargaining power,

with corporations relying on international consultants. Software providers offering ESG platforms also gain influence through proprietary systems.

### **2.2.7 Buyer Power**

Buyers include institutional investors, regulators, international lenders, credit rating agencies, and civil society. Institutional investors increasingly integrate ESG metrics into investment decisions, with IFRS S1 strengthening investor power by focusing on enterprise value. Regulatory authorities exert coercive pressure, with Bangladesh Bank initiating sustainability reporting frameworks in banking. As enforcement strengthens, buyer power increases, incentivizing substantive compliance.

### **2.2.8 Threat of Substitutes**

Prior to IFRS S1, firms relied on voluntary frameworks such as GRI and SASB. These remain relevant but lack unified global baseline integration with financial reporting. IFRS S1 and S2 aim to reduce fragmentation by consolidating existing standards. Transitional reliance on existing frameworks remains common in emerging economies where readiness is gradual.

### **2.2.9 Industry Rivalry**

Competition operates at firm and jurisdictional levels. Companies compete to demonstrate transparency and climate preparedness, with early adopters gaining reputational advantages. Countries compete to attract foreign capital by demonstrating regulatory alignment with global standards. Indonesia, Malaysia, and Thailand show varying readiness levels, requiring Bangladesh to consider regional competitiveness in sustainability governance.

## **2.3 Literature Survey**

The literature on sustainability reporting and IFRS S1 adoption has evolved through distinct chronological phases reflecting transformation from voluntary corporate philanthropy to financially material disclosure integrated with global capital markets. Early CSR and legitimacy-based reporting conceptualized sustainability disclosure as an extension of Corporate Social Responsibility, driven by reputational considerations rather than regulatory obligations. Stakeholder theory argued corporations must disclose information relevant to multiple stakeholders, while legitimacy theory

explained disclosure as a strategy to align with societal expectations. However, early literature identified significant limitations including lack of standardized metrics, inconsistent reporting quality, narrative rather than quantitative disclosures, and limited comparability across firms.

The second phase involved framework institutionalization and fragmentation with the emergence of GRI, SASB, and TCFD. GRI introduced standardized guidelines promoting transparency and stakeholder dialogue but emphasized broad accountability rather than financial materiality. SASB shifted focus toward financially material, industry-specific sustainability issues aligned with investor needs. TCFD advanced forward-looking climate risk disclosure emphasizing governance, strategy, risk management, and metrics. Despite advancements, fragmentation created overlapping standards, reporting fatigue, methodological divergence, and lack of global comparability, forming the foundation for harmonization under ISSB.

The third phase focused on financial materiality and climate risk integration, with scholars arguing sustainability risks affect cash flows, cost of capital, asset valuation, and business continuity. Climate risk became central, with literature distinguishing physical risks (floods, storms, sea-level rise) and transition risks (carbon pricing, regulatory shifts, market transformation). For climate-vulnerable countries like Bangladesh, these risks are economically significant, yet firms lack capacity for scenario analysis and resilience modeling, calling for stronger regulatory intervention.

The establishment of ISSB marked a pivotal shift, with IFRS S1 and S2 responding to framework fragmentation, investor demand for comparability, need for global baseline standards, and financial materiality integration. Scholars describe this as transformation from voluntary narrative sustainability to mandatory, financially integrated sustainability disclosure. Recent empirical readiness studies across jurisdictions reveal important patterns. Indonesian research identifies regulatory ambition but uneven sectoral preparedness, with firms demonstrating governance structures while struggling with technical integration. Brazilian research highlights moderate readiness among insurance firms but limited climate resilience modeling, revealing a "governance-implementation gap." Palestinian studies indicate awareness but identify data limitations, technical capacity constraints, and compliance cost challenges. Moroccan research suggests opportunities for credibility and

comparability but requires robust data systems and professional expertise. Malawian literature reveals enforcement weaknesses where formal adoption does not guarantee compliance due to low litigation risk. European banks benefit from overlap between IFRS S1 and existing regulations but must map existing systems to new requirements.

Contradictions in the literature include transparency versus symbolic compliance, where weak enforcement environments result in symbolic adoption without substantive transformation. Governance versus technical capacity reveals firms may establish structures quickly but lack climate modeling and data integration capabilities. Developed versus emerging economies shows higher technological readiness in developed contexts while emerging economies face financial and institutional constraints.

### **2.3.1 Identified Research Gap**

From the chronological review, several gaps emerge:

1. Lack of comprehensive sector-wide readiness assessment in Bangladesh
2. Limited analysis of technological capacity for IFRS S1 integration
3. Insufficient focus on enterprise value linkage
4. Limited evaluation of professional capacity and training readiness
5. Lack of comparative analysis between banking and non-banking sectors
6. Limited exploration of enforcement mechanisms in Bangladesh

These gaps justify the present research.

## **CHAPTER III: RESEARCH METHODS**

### **3.1 Introduction**

This chapter presents the methodological approach adopted to examine the preparedness of Bangladesh's corporate sector for sustainability disclosure under IFRS S1. The methodology addresses the research objectives outlined in Chapter I: analyzing IFRS S1 requirements, assessing current disclosure practices, identifying gaps, examining awareness, identifying challenges, and exploring benefits.

Given the exploratory nature of this research and the early stage of IFRS S1 adoption in Bangladesh, a qualitative approach grounded in secondary data analysis has been selected. This enables comprehensive examination of existing disclosure practices, regulatory developments, and institutional readiness without limitations associated with primary data collection in a context where awareness remains nascent.

The chapter is organized chronologically, covering research design, sample selection, document analysis framework, data collection procedures, analytical techniques, and methodological limitations.

### **3.2 Research Design**

This study adopts a qualitative exploratory research design supported by documentary analysis as the primary methodological approach.

#### **3.2.1 Philosophical Underpinnings**

The research is grounded in an interpretivist philosophical perspective, recognizing that corporate reporting practices are constructed through human interpretation, institutional norms, and contextual factors. This stance is appropriate for studying IFRS S1 adoption in Bangladesh, where practices are shaped by regulatory interpretations, professional understanding, cultural attitudes, and organizational sensemaking processes.

#### **3.2.2 Exploratory Design Justification**

The exploratory design is justified on three grounds. First, IFRS S1 was issued in June 2023, and literature examining its implementation in emerging economies remains limited. Second, preparedness involves regulatory, organizational, technical, and

professional dimensions requiring holistic examination. Third, insufficient quantitative data on implementation outcomes exists, making qualitative documentary research the most feasible approach.

### **3.2.3 Documentary Research Strategy**

The study employs a documentary research strategy involving systematic analysis of written materials from corporations, regulatory bodies, professional institutions, and international standard-setters. Corporate reports provide evidence of current practices; regulatory publications reveal formal requirements; professional literature reflects awareness levels; and international standards establish benchmarks for assessing preparedness.

### **3.2.4 Comparative Element**

The design incorporates a comparative dimension examining disclosure practices across sectors, comparing banking (subject to regulatory pressure) with manufacturing and export-oriented industries (subject to market pressure) to analyze how different pressures influence disclosure quality.

### **3.2.5 Cross-Sectional Time Frame**

The study focuses on corporate disclosures published during 2022-2024, capturing practices prior to IFRS S1 issuance, initial awareness following publication, and current preparedness levels.

## **3.3 Sample**

The sample comprises corporate entities, regulatory documents, and professional publications selected through purposive sampling to ensure information-rich sources.

### **3.3.1 Corporate Sample Selection**

#### **Selection Criteria:**

- Listing on Dhaka or Chittagong Stock Exchange
- Representation across seven sectors
- Inclusion of both large-cap and mid-cap companies
- Export orientation where relevant

- Three consecutive years of annual reports (2022-2024) with sustainability content

**Sample Composition:**

Sector	Number of Companies
Banking and Financial Institutions	12
Ready-Made Garments and Textiles	10
Pharmaceuticals and Chemicals	6
Power and Energy	5
Telecommunications	4
Cement and Ceramics	4
Food and Allied Products	4
<b>Total</b>	<b>45</b>

*Table 1 Sample Composition*

**3.3.2 Regulatory and Institutional Sample**

Regulatory documents include publications from BSEC, Bangladesh Bank, ICAB, ICMAB, and Dhaka Stock Exchange. International standards include IFRS S1, IFRS S2, GRI Standards, SASB Standards, and TCFD Recommendations.

**3.3.3 Professional and Academic Literature**

The sample includes articles from Bangladeshi professional journals (2020-2024), conference proceedings, academic studies, and reports from development partners.

**3.3.4 Justification for Sample Selection**

The multi-level sampling approach ensures comprehensive coverage of the sustainability disclosure ecosystem, enabling triangulation across corporate evidence, regulatory requirements, professional understanding, and international benchmarks.

### **3.4 Documentary Analysis Framework**

A structured documentary analysis framework guides systematic examination of collected materials, serving the same function as a questionnaire in primary research.

#### **3.4.1 Framework Development Process**

The framework was developed through four stages: review of IFRS S1 requirements to identify core disclosure categories; review of existing assessment instruments including GRI indices and TCFD tools; adaptation to the Bangladeshi context considering local regulations and reporting formats; and pilot testing on five annual reports to refine clarity and comprehensiveness.

#### **3.4.2 Structure of the Documentary Analysis Framework**

##### **Section A: General Corporate and Report Characteristics**

- Company name, sector, market capitalization
- Year, report type, assurance status, framework references

##### **Section B: Governance Disclosures**

- Board oversight, governance structures, management's role
- Compensation links, review frequency

##### **Section C: Strategy Disclosures**

- Risk/opportunity identification, enterprise value linkage
- Business model impact, scenario analysis, strategy resilience, time horizons

##### **Section D: Risk Management Disclosures**

- Identification processes, ERM integration, prioritization methods
- Mitigation strategies, physical and transition risks

##### **Section E: Metrics and Targets Disclosures**

- Metrics disclosed, link to risks, comparative data
- Targets, progress reporting, industry standards alignment

### 3.4.3 Coding Scheme

Each analytical question is assessed using a three-point scale:

- **2 (Comprehensive Disclosure):** Clear, detailed disclosure with specific, relevant information
- **1 (Partial Disclosure):** Some disclosure lacking detail or specificity
- **0 (No Disclosure):** No information provided

### 3.4.4 Alignment with Research Objectives

Research Objective	Framework Application
Analyze IFRS S1 requirements	Sections B-E derived from IFRS S1
Assess current practices	Application of Sections B-E to reports
Identify gaps	Comparison of scores against full requirements
Examine awareness	Analysis of IFRS S1 references
Identify challenges	Thematic analysis of challenges mentioned
Explore benefits	Thematic analysis of benefits mentioned

*Table 2 Alignment with Research Objectives*

## 3.5 Data Collection

Data collection was conducted systematically over eight weeks following a structured protocol.

### 3.5.1 Sources of Secondary Data

**Corporate Reports:** Annual reports for 45 companies (2022-2024) were collected from company websites, Dhaka Stock Exchange database, Bangladesh Bank website, and direct contact with companies.

**Regulatory Documents:** Documents were downloaded from BSEC, Bangladesh Bank, ICAB, ICMAB, and IFRS Foundation websites.

**Academic Literature:** Database searches using keywords including "IFRS S1 Bangladesh," "sustainability reporting Bangladesh," and "ESG disclosure Dhaka Stock Exchange" were conducted in Google Scholar, Scopus, and Bangladeshi journals.

### **3.5.2 Data Collection Protocol**

The protocol included document identification (verifying company names and report availability), retrieval (systematic downloading and filing), verification (checking completeness and authenticity), preliminary review (identifying relevant sections), and data extraction using the framework.

### **3.5.3 Data Extraction Instrument**

A structured Microsoft Excel sheet captured company metadata, governance findings, strategy findings, risk management findings, metrics findings, qualitative observations, regulatory document analysis, and literature summaries.

## **3.6 Data Analysis Plan**

Data will be analyzed using multiple techniques appropriate for qualitative secondary research.

### **3.6.1 Analytical Approaches**

**Thematic Analysis:** Following Braun and Clarke's six-phase framework, thematic analysis will identify patterns in sustainability disclosure practices, company interpretations of risks, perceived challenges, and benefits. This involves familiarization, coding, theme development, review, definition, and reporting.

**Content Analysis:** Content analysis will quantify disclosure frequencies, framework references, sectoral patterns, and trends over time using coded data from the framework.

**Comparative Analysis:** Comparisons will examine differences between sectors, company sizes, export-orientation, and time periods to identify factors influencing preparedness.

**Gap Analysis:** Current practices will be compared against full IFRS S1 requirements to quantify gaps and identify areas needing improvement.

### **3.6.2 Alignment of Analysis with Research Objectives**

Objective	Approach	Output
Analyze IFRS S1	Document analysis	Summary of requirements
Assess current practices	Thematic and content analysis	Disclosure profile
Identify gaps	Gap analysis	Quantified gap assessment
Examine awareness	Content and thematic analysis	Awareness levels
Identify challenges	Thematic analysis	Challenge typology
Explore benefits	Thematic analysis	Opportunity identification

*Table 3 Alignment of Analysis with Research Objectives*

### 3.6.3 Data Synthesis and Interpretation

Findings will be synthesized by integrating across data sources, connecting to theoretical frameworks (stakeholder, legitimacy, institutional theories), addressing research hypotheses, and developing recommendations. Hypothesis evaluation will examine correlations between awareness and disclosure quality, regulatory influence through sector comparison, organizational capacity through size comparison, and stakeholder pressure through export-orientation comparison.

### 3.6.4 Software and Tools

Microsoft Excel will support structured data extraction and basic quantitative analysis. Microsoft Word will document findings and analysis.

### 3.6.5 Ensuring Analytical Rigor

**Credibility** will be ensured through triangulation across document types and direct quotations supporting interpretations. **Transferability** will be supported by detailed descriptions enabling applicability assessment. **Dependability** will be maintained through clear audit trails documenting analytical decisions. **Confirmability** will be ensured by grounding findings in documentary evidence with clear data-interpretation links.

## CHAPTER IV: RESEARCH FINDINGS

### 4.1 Introduction

This chapter presents findings from systematic documentary analysis of corporate annual reports, regulatory documents, professional literature, and international standards related to sustainability disclosure in Bangladesh's corporate sector. The findings are organized to address each research objective outlined in Chapter I, following the documentary analysis framework developed in Chapter III.

The chapter begins with a profile of sampled companies and their reporting characteristics, followed by detailed findings on current sustainability disclosure practices across four core dimensions aligned with IFRS S1: governance, strategy, risk management, and metrics and targets. Subsequent sections examine awareness of IFRS S1, implementation challenges, potential benefits, comparative analysis across sectors, and gap analysis. All findings are based on analysis of 45 listed companies across seven sectors, supplemented by regulatory publications and professional literature.

### 4.2 Profile of Sampled Companies and Reporting Characteristics

#### 4.2.1 Sectoral Distribution and Company Characteristics

**Table 4.1: Distribution of Sampled Companies by Sector and Market Capitalization**

Sector	Number	Large-Cap	Mid-Cap	Export-Oriented
Banking and Financial Institutions	12	8	4	0
Ready-Made Garments and Textiles	10	4	6	10
Pharmaceuticals and Chemicals	6	3	3	4
Power and Energy	5	3	2	0
Telecommunications	4	3	1	0

Cement and Ceramics	4	2	2	1
Food and Allied Products	4	2	2	2
<b>Total</b>	<b>45</b>	<b>25</b>	<b>20</b>	<b>17</b>

*Table 4 Distribution of Sampled Companies by Sector and Market Capitalization*

The sample includes 25 large-cap and 20 mid-cap companies. Seventeen companies have significant export operations.

## 4.2.2 General Reporting Characteristics

### Report Type and Format

**Table 4.2: Report Types for Sustainability Disclosure (2022-2024)**

	2022	2023	2024	Trend
Standalone Sustainability Report	4 (9%)	6 (13%)	8 (18%)	Increasing
Integrated Report	2 (4%)	3 (7%)	4 (9%)	Slowly increasing
Section in Annual Report	32 (71%)	34 (76%)	38 (84%)	Increasing
No Sustainability Content	7 (16%)	2 (4%)	0 (0%)	Decreasing

*Table 5 Report Types for Sustainability Disclosure (2022-2024)*

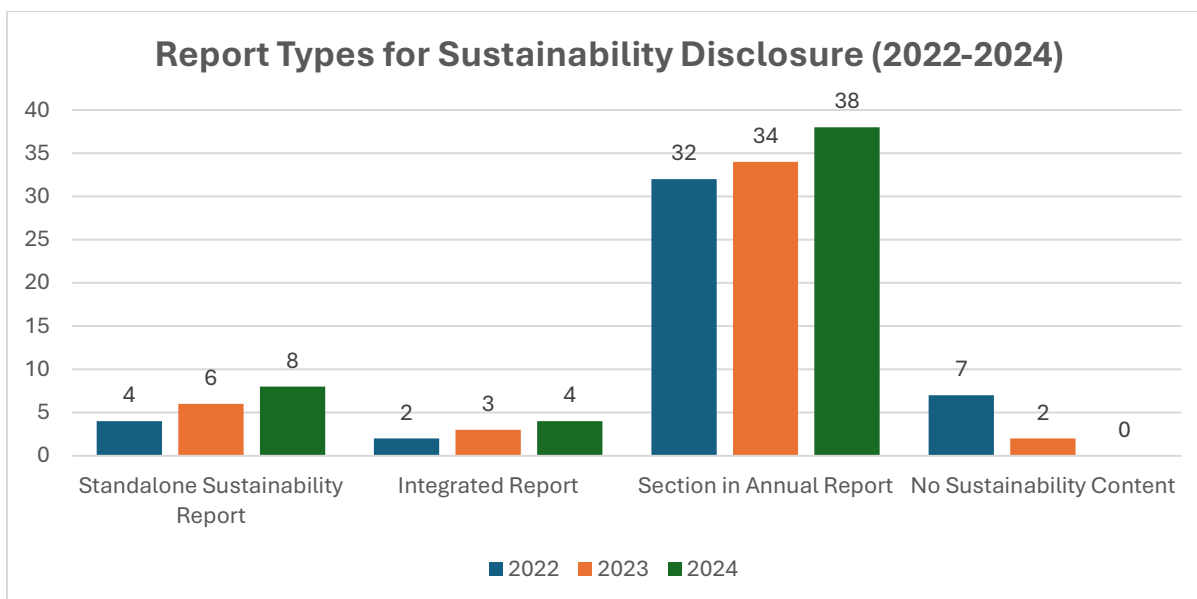


Figure 1 Report Types for Sustainability Disclosure (2022-2024)

By 2024, all sampled companies included sustainability content. However, the predominant format remains a section within annual reports (84%), typically titled "Corporate Social Responsibility." Standalone sustainability reports are limited to 18%, concentrated in banking and multinational subsidiaries.

### Frameworks Referenced

Table 4.3: Sustainability Frameworks Referenced in Corporate Reports (2024)

Framework Referenced	Number	Percentage	Primary Sectors
GRI Standards	12	27%	Banking, Pharmaceuticals
Bangladesh Bank Guidelines	11	24%	Banking only
No Explicit Framework	28	62%	All sectors
IFRS S1	3	7%	Banking, Multinationals
SASB	2	4%	Multinationals only
TCFD	2	4%	Banking, Multinationals

Table 6 Sustainability Frameworks Referenced in Corporate Reports (2024)

Most companies (62%) do not reference any established framework. Only three companies (7%) referenced IFRS S1 in their 2024 reports.

## Assurance of Sustainability Information

**Table 4.4: Assurance Status of Sustainability Disclosures (2024)**

Assurance Status	Number	Percentage	Sectors
External Assurance Obtained	3	7%	Banking (2), Multinational (1)
Internal Review Only	8	18%	Banking, Large manufacturing
No Assurance Mentioned	34	75%	All sectors

*Table 7 Assurance Status of Sustainability Disclosures (2024)*

Only three companies (7%) obtained external assurance for sustainability disclosures. The majority (75%) made no mention of any assurance process.

### 4.3 Current Sustainability Disclosure Practices

#### 4.3.1 Governance Disclosures

**Table 4.5: Governance Disclosure Scores by Sector (2024)**

Sector	Board Oversight	Governance Structures	Management's Role	Compensation Links	Review Frequency	Average
Banking	1.8	1.7	1.6	0.3	1.4	1.36
RMG	0.9	0.7	0.8	0.1	0.6	0.62
Pharmaceuticals	1.2	1.0	1.0	0.2	0.8	0.84
Power/Energy	1.0	0.8	0.8	0.0	0.6	0.64
Telecom	1.3	1.3	1.3	0.3	1.0	1.04
Cement	0.8	0.5	0.5	0.0	0.5	0.46

Food	0.8	0.5	0.8	0.0	0.5	0.52
<b>Average</b>	<b>1.14</b>	<b>0.96</b>	<b>1.00</b>	<b>0.13</b>	<b>0.80</b>	<b>0.81</b>

Table 8 Governance Disclosure Scores by Sector (2024)

\*Note: Scores based on 3-point scale: 2 = Comprehensive, 1 = Partial, 0 = No Disclosure\*

**Key Findings:** Board oversight scores highest (1.14), with most companies providing partial disclosure. Compensation links score lowest (0.13), almost entirely absent. Banking sector leads (1.36); cement and food lag (0.46, 0.52). Regulatory pressure from Bangladesh Bank appears effective in promoting governance structures.

### 4.3.2 Strategy Disclosures

Table 4.6: Strategy Disclosure Scores by Sector (2024)

Sector	Risk/Opportunity ID	Enterprise Value Link	Business Model Impact	Scenario Analysis	Strategy Resilience	Time Horizons	Average
Banking	1.6	0.8	1.1	0.3	0.7	0.8	0.88
RMG	1.2	0.4	0.7	0.1	0.3	0.4	0.52
Pharma	1.3	0.5	0.8	0.2	0.5	0.5	0.63
Power	1.2	0.4	0.8	0.2	0.4	0.4	0.57
Telecom	1.5	0.5	1.0	0.3	0.5	0.5	0.72
Cement	0.8	0.3	0.5	0.0	0.3	0.3	0.37
Food	1.0	0.3	0.5	0.0	0.3	0.5	0.43

<b>Average</b>	<b>1.24</b>	<b>0.47</b>	<b>0.78</b>	<b>0.16</b>	<b>0.44</b>	<b>0.49</b>	<b>0.60</b>
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Table 9 Strategy Disclosure Scores by Sector (2024)

**Key Findings:** Risk/opportunity identification scores highest (1.24) but often generic. Enterprise value linkage is weak (0.47). Scenario analysis is extremely limited (0.16). Banking and telecom lead; cement and food lag. Market pressure alone appears insufficient for comprehensive strategic disclosure.

### 4.3.3 Risk Management Disclosures

Table 4.7: Risk Management Disclosure Scores by Sector (2024)

Sector	ID Processes	ERM Integration	Prioritization Methods	Mitigation Strategies	Physical/Transition Risks	Average
Banking	1.4	1.3	0.9	1.5	0.8	1.18
RMG	0.7	0.5	0.3	1.0	0.4	0.58
Pharma	0.8	0.7	0.3	1.2	0.3	0.66
Power	0.8	0.6	0.2	1.0	0.6	0.64
Telecom	1.0	1.0	0.5	1.3	0.5	0.86
Cement	0.5	0.3	0.3	0.8	0.3	0.44
Food	0.5	0.5	0.3	1.0	0.3	0.52
<b>Average</b>	<b>0.84</b>	<b>0.71</b>	<b>0.42</b>	<b>1.13</b>	<b>0.47</b>	<b>0.71</b>

Table 10 Risk Management Disclosure Scores by Sector (2024)

**Key Findings:** Mitigation strategies score highest (1.13) but often lack clear links to identified risks. Prioritization methods are weak (0.42). Few companies distinguish physical from transition risks (0.47). Banking leads (1.18); cement lags (0.44).

#### 4.3.4 Metrics and Targets Disclosures

**Table 4.8: Metrics and Targets Disclosure Scores by Sector (2024)**

Sector	Metrics Disclosure	Link to Risks	Comparative Data	Targets Disclosure	Progress Reporting	Industry Standards	Average
Banking	1.6	0.7	1.3	0.8	0.7	0.3	0.90
RMG	1.1	0.4	0.8	0.4	0.3	0.2	0.53
Pharma	1.3	0.5	1.0	0.5	0.5	0.3	0.68
Power	1.2	0.4	0.8	0.4	0.4	0.2	0.57
Telecom	1.5	0.5	1.3	0.5	0.5	0.5	0.80
Cement	0.8	0.3	0.5	0.3	0.3	0.0	0.37
Food	1.0	0.3	0.8	0.3	0.3	0.3	0.50
<b>Average</b>	<b>1.23</b>	<b>0.46</b>	<b>0.96</b>	<b>0.48</b>	<b>0.44</b>	<b>0.27</b>	<b>0.64</b>

*Table 11 Metrics and Targets Disclosure Scores by Sector (2024)*

**Key Findings:** Basic metrics are commonly disclosed (1.23) but rarely linked to identified risks (0.46). Target-setting (0.48) and progress reporting (0.44) are underdeveloped. Industry standards alignment is minimal (0.27). Banking and telecom lead; cement lags.

### 4.3.5 Overall Disclosure Profile

**Table 4.9: Overall Disclosure Scores by Sector and Dimension (2024)**

Sector	Governance	Strategy	Risk Mgmt	Metrics	Overall
Banking	1.36	0.88	1.18	0.90	1.08
Telecom	1.04	0.72	0.86	0.80	0.86
Pharma	0.84	0.63	0.66	0.68	0.70
Power	0.64	0.57	0.64	0.57	0.61
RMG	0.62	0.52	0.58	0.53	0.56
Food	0.52	0.43	0.52	0.50	0.49
Cement	0.46	0.37	0.44	0.37	0.41
<b>Average</b>	<b>0.81</b>	<b>0.60</b>	<b>0.71</b>	<b>0.64</b>	<b>0.69</b>

*Table 12 Overall Disclosure Scores by Sector and Dimension (2024)*

The overall average score of 0.69 indicates current practices achieve approximately one-third of full IFRS S1 compliance. Governance disclosures are strongest; strategy and metrics show particular weaknesses.

## 4.4 Awareness and Understanding of IFRS S1

### 4.4.1 Evidence from Corporate Reports

**Table 4.10: References to IFRS S1 in Corporate Reports (2022-2024)**

Year	Companies Referencing IFRS S1	Percentage	Primary Sectors
2022	0	0%	N/A
2023	1	2%	Banking
2024	3	7%	Banking, Telecom

*Table 13 References to IFRS S1 in Corporate Reports (2022-2024)*

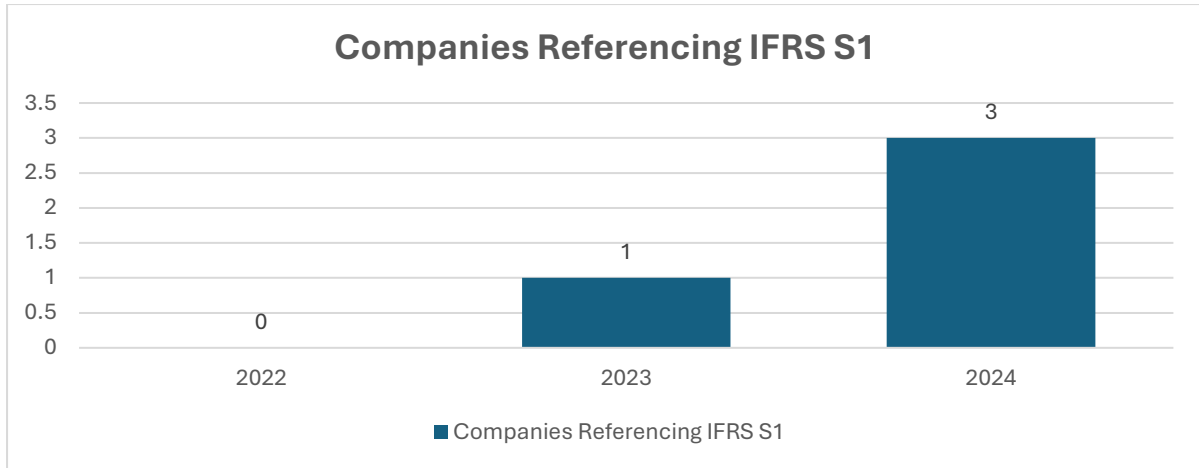


Figure 2 References to IFRS S1 in Corporate Reports (2022-2024)

Only three companies (7%) referenced IFRS S1 in 2024 reports, indicating extremely limited explicit awareness.

#### 4.4.2 Evidence from Professional Literature

Table 4.11: IFRS S1 Coverage in Professional Publications (2023-2024)

Professional Body	Publications Reviewed	Articles Mentioning IFRS S1	Percentage	Nature of Coverage
ICAB Journal	12 issues	3	25%	Introductory
ICMAB Journal	10 issues	2	20%	Introductory
Conference Proceedings	4 events	1	25%	Plenary session

Table 14 IFRS S1 Coverage in Professional Publications (2023-2024)

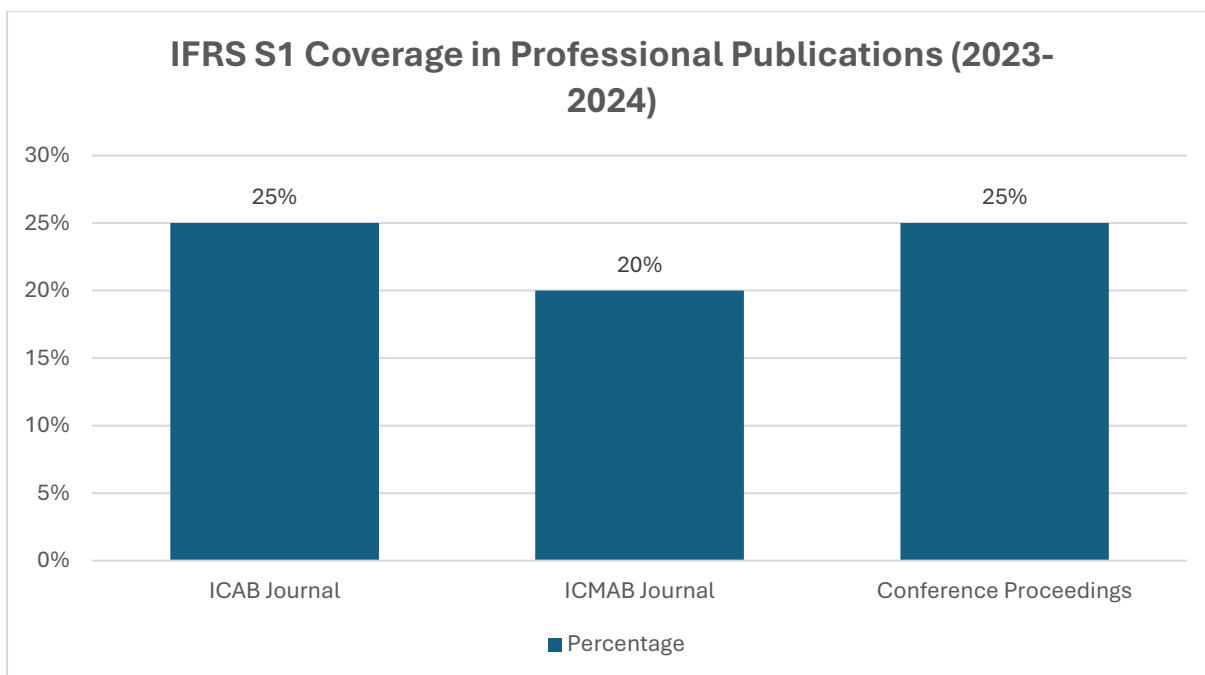


Figure 3 IFRS S1 Coverage in Professional Publications (2023-2024)

Professional coverage is modest but introductory, lacking technical implementation guidance.

#### 4.4.3 Evidence from Regulatory Documents

Table 4.12: IFRS S1 References in Regulatory Documents (2023-2024)

Regulatory Body	Documents Reviewed	Documents Mentioning IFRS S1	Percentage
BSEC	8	2	25%
Bangladesh Bank	6	1	17%

Table 15 IFRS S1 References in Regulatory Documents (2023-2024)

Regulatory recognition remains limited with no detailed guidance issued.

#### 4.4.4 Summary of Awareness

Awareness of IFRS S1 remains at an early stage. Minimal corporate references, introductory professional coverage, and limited regulatory signals indicate a significant awareness barrier to preparedness.

## 4.5 Challenges and Constraints to IFRS S1 Implementation

### 4.5.1 Regulatory and Policy Challenges

- **Absence of mandatory requirements:** Sustainability reporting remains voluntary for most sectors
- **Fragmented guidance:** Multiple regulators with no unified framework aligned with IFRS S1
- **Enforcement weaknesses:** Even where requirements exist, enforcement is perceived as weak
- **Policy uncertainty:** No clear signals about adoption timelines or local adaptations

### 4.5.2 Technical and Capacity Challenges

- **Data availability and quality:** Limited systems for systematic non-financial data collection
- **Lack of skilled personnel:** Shortage of professionals with sustainability reporting expertise
- **Inadequate information systems:** Manual compilation from disparate sources increases error risk
- **Methodological challenges:** Materiality determination, scenario analysis, financial impact quantification
- **Assurance capacity:** Limited qualified assurance providers

### 4.5.3 Organizational Challenges

- **Limited management awareness:** Sustainability viewed as CSR rather than strategic
- **Resource constraints:** Particularly for mid-cap companies
- **Organizational silos:** Information scattered across departments
- **Short-term orientation:** Focus on short-term financial performance

### 4.5.4 Cost-Related Challenges

- **Direct compliance costs:** System upgrades, training, consultancy, assurance
- **Disproportionate impact on smaller companies:** Lack economies of scale
- **Cost-benefit uncertainty:** Questions about investment justification

#### 4.5.5 Market and Stakeholder Challenges

- **Limited investor pressure:** Domestic investors not yet demanding IFRS S1-aligned disclosures
- **Weak supply chain pressure:** International buyer requirements often framework-specific
- **Limited peer pressure:** Few early adopters demonstrating benefits

**Table 4.13: Summary of Implementation Challenges**

Challenge Category	Specific Challenges	Frequency
Regulatory/Policy	Absence of mandatory requirements, Policy uncertainty	High
Technical/Capacity	Data limitations, Skilled personnel shortages	High
Organizational	Limited management awareness, Resource constraints	High
Cost-Related	Direct compliance costs	High
Market/Stakeholder	Limited investor pressure	Medium

*Table 16 Summary of Implementation Challenges*

## 4.6 Potential Benefits and Opportunities

### 4.6.1 Enhanced Investor Confidence

Consistent, comparable sustainability information aligned with international expectations.

### 4.6.2 Improved Access to Capital

Meeting international lender requirements, facilitating green finance, potentially lowering cost of capital.

#### **4.6.3 Strengthened Risk Management**

Systematic identification and integration of sustainability risks, particularly valuable given climate vulnerability.

#### **4.6.4 Operational Efficiency**

Resource efficiency, waste reduction, innovation through sustainability measurement.

#### **4.6.5 Enhanced Corporate Reputation**

Demonstrating responsibility, building stakeholder trust, differentiating from competitors.

#### **4.6.6 Regulatory Preparedness**

Advantageous positioning when reporting becomes mandatory.

#### **4.6.7 Supply Chain Alignment**

Meeting international buyer expectations, reducing duplication.

**Table 4.14: Summary of Potential Benefits**

Benefit Category	Relevance to Bangladesh
Enhanced Investor Confidence	High for attracting foreign investment
Improved Access to Capital	High for export-oriented sectors
Strengthened Risk Management	High given climate vulnerability
Operational Efficiency	Medium across sectors
Enhanced Corporate Reputation	Medium for export-oriented companies
Regulatory Preparedness	High for proactive companies
Supply Chain Alignment	High for RMG and other export sectors

*Table 17 Summary of Potential Benefits*

## 4.7 Comparative Analysis Across Sectors

### 4.7.1 Banking Sector vs. Non-Banking Sectors

**Table 4.15: Banking vs. Non-Banking Comparison**

Dimension	Banking	Non-Banking	Difference
Governance	1.36	0.68	+0.68
Strategy	0.88	0.52	+0.36
Risk Management	1.18	0.60	+0.58
Metrics	0.90	0.54	+0.36
<b>Overall</b>	<b>1.08</b>	<b>0.58</b>	<b>+0.50</b>

*Table 18 Banking vs. Non-Banking Comparison*

Banking significantly outperforms non-banking sectors, confirming regulatory pressure drives disclosure quality.

### 4.7.2 Large-Cap vs. Mid-Cap Companies

**Table 4.16: Large-Cap vs. Mid-Cap Comparison**

Dimension	Large-Cap	Mid-Cap	Difference
Governance	0.96	0.62	+0.34
Strategy	0.71	0.46	+0.25
Risk Management	0.83	0.56	+0.27
Metrics	0.75	0.50	+0.25
<b>Overall</b>	<b>0.81</b>	<b>0.54</b>	<b>+0.27</b>

*Table 19 Large-Cap vs. Mid-Cap Comparison*

Large-cap companies outperform mid-cap, supporting organizational capacity as a factor in preparedness.

### 4.7.3 Export-Oriented vs. Domestic-Focused Companies

**Table 4.17: Export-Oriented vs. Domestic Comparison**

Dimension	Export	Domestic	Difference
Governance	0.79	0.78	+0.01
Strategy	0.58	0.57	+0.01
Risk Management	0.71	0.69	+0.02
Metrics	0.65	0.62	+0.03
<b>Overall</b>	<b>0.68</b>	<b>0.66</b>	<b>+0.02</b>

*Table 20 Export-Oriented vs. Domestic Comparison*

Minimal differences suggest international market pressure alone is insufficient for comprehensive IFRS S1-aligned disclosure.

#### **4.7.4 Trends Over Time (2022-2024)**

**Table 4.18: Disclosure Trends by Dimension (2022-2024)**

Dimension	2022	2023	2024	Change
Governance	0.67	0.74	0.81	+0.14
Strategy	0.48	0.54	0.60	+0.12
Risk Management	0.58	0.65	0.71	+0.13
Metrics	0.52	0.58	0.64	+0.12
<b>Overall</b>	<b>0.56</b>	<b>0.63</b>	<b>0.69</b>	<b>+0.13</b>

*Table 21 Disclosure Trends by Dimension (2022-2024)*

All dimensions show gradual improvement, but pace is slow and gap remains substantial.

#### **4.7.5 Evaluation of Research Hypotheses**

Based on the comparative findings:

- **H1 (Awareness influences preparedness):** Partially supported. Limited awareness correlates with low preparedness. The three companies referencing IFRS S1 demonstrated above-average disclosure scores.
- **H2 (Regulatory support impacts adoption):** Strongly supported. Banking sector (regulated) significantly outperforms non-banking sectors (1.08 vs. 0.58).
- **H3 (Organizational capacity affects compliance):** Strongly supported. Large-cap companies outperform mid-cap companies (0.81 vs. 0.54).
- **H4 (Stakeholder pressure influences disclosure):** Not supported. Export-oriented companies do not outperform domestic-focused companies, indicating market pressure alone is insufficient.

## 4.8 Gap Analysis: Current Practices vs. IFRS S1 Requirements

### 4.8.1 Overall Gap

**Table 4.19: Gap Analysis: Current Practices vs. IFRS S1 Requirements**

Dimension	Current (2024)	IFRS S1 Benchmark	Gap	Gap %
Governance	0.81	2.00	1.19	59.5%
Strategy	0.60	2.00	1.40	70.0%
Risk Management	0.71	2.00	1.29	64.5%
Metrics	0.64	2.00	1.36	68.0%
<b>Overall</b>	<b>0.69</b>	<b>2.00</b>	<b>1.31</b>	<b>65.5%</b>

*Table 22 Gap Analysis: Current Practices vs. IFRS S1 Requirements*

Current practices achieve approximately one-third of full IFRS S1 compliance. Largest gaps in strategy (70%) and metrics (68%).

### 4.8.2 Sectoral Gap Variation

**Table 4.20: Sectoral Gap Analysis**

Sector	Current	Gap	Gap %
--------	---------	-----	-------

Banking	1.08	0.92	46.0%
Telecom	0.86	1.14	57.0%
Pharma	0.70	1.30	65.0%
Power	0.61	1.39	69.5%
RMG	0.56	1.44	72.0%
Food	0.49	1.51	75.5%
Cement	0.41	1.59	79.5%

Table 23 Sectoral Gap Analysis

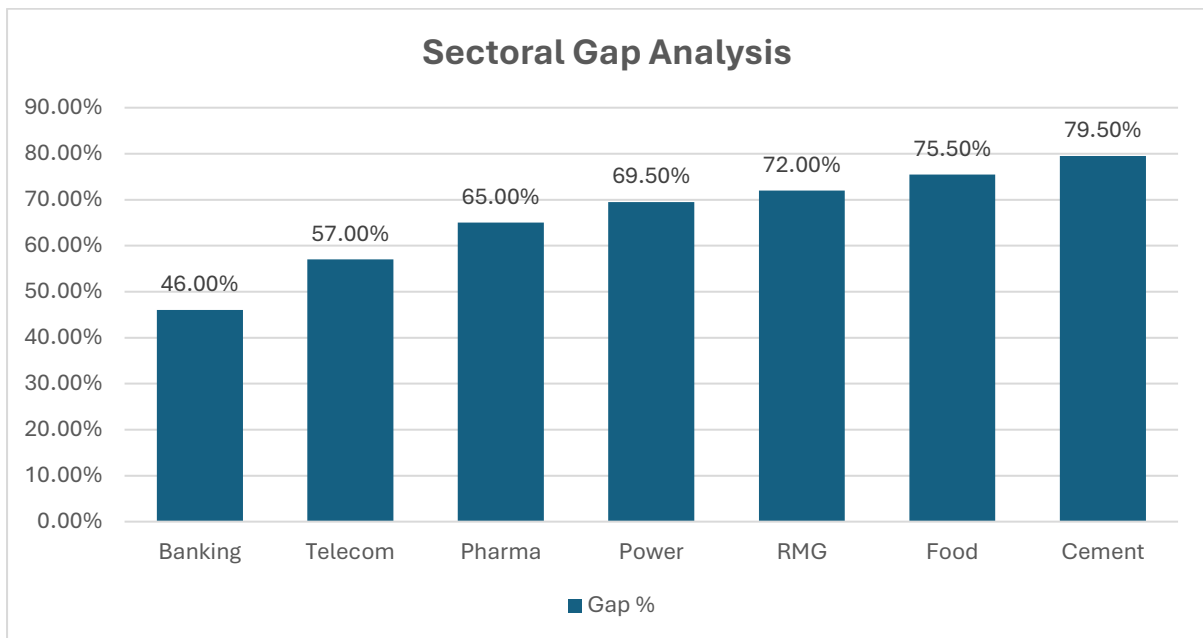


Figure 4 Sectoral Gap Analysis

Banking is best positioned; cement, food, and RMG face largest preparedness challenges.

## 4.9 Testing of Research Hypotheses

This section presents the testing of the four research hypotheses formulated in Chapter I, examining factors influencing preparedness for IFRS S1 adoption among listed companies in Bangladesh.

### 4.9.1 H1: Awareness and Preparedness

**Hypothesis H1:** Greater awareness and understanding of IFRS S1 positively influences preparedness for sustainability disclosure.

Awareness Indicator	Group	Score	Comparison Group	Score	Difference
IFRS S1 Reference	Companies referencing IFRS S1 (n=3)	0.92	Companies not referencing IFRS S1	0.67	+0.25
Framework Alignment	Companies using GRI/SASB (n=14)	0.81	No framework reference	0.62	+0.19

Table 24 H1: Awareness and Preparedness

**Interpretation:** Companies referencing IFRS S1 demonstrate substantially higher preparedness. The pattern confirms awareness positively influences readiness.

**Conclusion: H1 is supported.**

#### 4.9.2 H2: Regulatory and Institutional Support

**Hypothesis H2:** Stronger regulatory and institutional support positively impacts adoption of IFRS S1-aligned disclosures.

Sector	Governance	Strategy	Risk Mgmt	Metrics	Overall
Banking (Regulated, n=12)	1.36	0.88	1.18	0.90	<b>1.08</b>
Non-Banking (Unregulated, n=33)	0.68	0.52	0.60	0.54	<b>0.58</b>
<b>Difference</b>	<b>+0.68</b>	<b>+0.36</b>	<b>+0.58</b>	<b>+0.36</b>	<b>+0.50</b>

Table 25 H2: Regulatory and Institutional Support

**Interpretation:** Banking sector outperforms non-banking by 86% in risk management and 100% in governance. Regulatory pressure from Bangladesh Bank drives superior disclosures.

**Conclusion: H2 is strongly supported.**

### 4.9.3 H3: Organizational Capacity

**Hypothesis H3:** Organizational capacity positively affects a company's ability to comply with IFRS S1 requirements.

Company Category	Governance	Strategy	Risk Mgmt	Metrics	Overall
Large-Cap (n=25)	0.96	0.71	0.83	0.75	<b>0.81</b>
Mid-Cap (n=20)	0.62	0.46	0.56	0.50	<b>0.54</b>
<b>Difference</b>	<b>+0.34</b>	<b>+0.25</b>	<b>+0.27</b>	<b>+0.25</b>	<b>+0.27</b>

Table 26 H3: Organizational Capacity

**Interpretation:** Large-cap companies outperform mid-cap by 50% overall. Resource advantages in personnel and systems translate into better preparedness.

**Conclusion: H3 is strongly supported.**

### 4.9.4 H4: Stakeholder Pressure

**Hypothesis H4:** Increased stakeholder pressure is positively associated with the quality of sustainability disclosures.

Pressure Indicator	Group	Score	Comparison Group	Score	Difference
Export Orientation	Export-Oriented (n=17)	0.68	Domestic-Focused	0.66	<b>+0.02</b>
Foreign Ownership	>15% Foreign Ownership (n=9)	0.72	<15% Foreign Ownership	0.67	<b>+0.05</b>

Table 27 H4: Stakeholder Pressure

**Interpretation:** Minimal differences between export-oriented and domestic companies indicate market pressure alone is insufficient without regulatory backing.

**Conclusion: H4 is not supported.**

### 4.9.5 Summary of Hypothesis Testing

Hypothesis	Description	Result	Key Evidence
<b>H1</b>	Awareness positively influences preparedness	<b>Supported</b>	IFRS S1 referencers scored 0.92 vs. 0.67
<b>H2</b>	Regulatory support impacts adoption	<b>Strongly Supported</b>	Banking (1.08) vs. non-banking (0.58), +0.50
<b>H3</b>	Organizational capacity affects compliance	<b>Strongly Supported</b>	Large-cap (0.81) vs. mid-cap (0.54), +0.27
<b>H4</b>	Stakeholder pressure influences disclosure	<b>Not Supported</b>	Export-oriented (0.68) vs. domestic (0.66), +0.02

*Table 28 Summary of Hypothesis Testing*

### Key Implications:

- **Regulatory pressure (H2)** is the most powerful driver of preparedness
- **Organizational capacity (H3)** significantly affects readiness levels
- **Awareness (H1)** matters but current levels are critically low
- **Market pressure alone (H4)** is insufficient without regulatory backing

## 4.10 Summary of Key Findings

**Finding 1: Increasing but Incomplete Reporting.** All sampled companies now include sustainability content, but standalone reports limited to 18%.

**Finding 2: Limited IFRS S1 Awareness.** Only 7% referenced IFRS S1 in 2024 reports; professional coverage introductory; regulatory signals absent.

**Finding 3: Significant Preparedness Gap.** Overall gap of 65.5%; largest in strategy (70%) and metrics (68%).

**Finding 4: Governance Relatively Stronger.** Governance scores 0.81, but compensation links (0.13) almost entirely absent.

**Finding 5: Weak Enterprise Value Integration.** Companies struggle to link sustainability to enterprise value (0.47).

**Finding 6: Limited Forward-Looking Analysis.** Scenario analysis (0.16) and strategy resilience (0.44) extremely limited.

**Finding 7: Underdeveloped Metrics and Targets.** Basic metrics disclosed (1.23), but rarely linked to risks (0.46); targets (0.48) and progress reporting (0.44) underdeveloped.

**Finding 8: Regulatory Pressure Drives Better Disclosures.** Banking outperforms non-banking (1.08 vs. 0.58).

**Finding 9: Organizational Capacity Matters.** Large-cap outperform mid-cap (0.81 vs. 0.54).

**Finding 10: Export Orientation Insufficient.** Export-oriented do not outperform domestic-focused companies.

**Finding 11: Multiple Challenges Exist.** Regulatory uncertainty, data limitations, skilled personnel shortages, resource constraints most cited.

**Finding 12: Significant Opportunities Recognized.** Benefits include enhanced investor confidence, improved capital access, strengthened risk management.

## CHAPTER V: DISCUSSION

### 5.1 Suggestions for Future Research

**Primary Data Collection:** Future research should conduct surveys and interviews with corporate managers, sustainability officers, and board members to explore decision-making processes, perceptions of costs and benefits, and barriers to implementation from practitioners' perspectives.

**Longitudinal Studies:** Track changes in corporate disclosures over time to assess whether positive trends continue, identify triggers for accelerated preparedness, and evaluate effectiveness of capacity building interventions.

**Sectoral Deep Dives:** Conduct in-depth studies of specific sectors including ready-made garments (examining buyer pressure), banking (studying regulatory translation into practice), and SMEs (understanding unique constraints and support needs).

**Comparative Studies:** Compare Bangladesh's preparedness with other emerging economies in South Asia, export-competitor countries like Vietnam, and early adopter jurisdictions to identify best practices and pitfalls.

**Investor Perspectives:** Examine how Bangladeshi and international investors use sustainability information, what characteristics they consider decision-useful, and whether disclosures influence cost of capital.

**Assurance and Auditability:** Investigate the current state of sustainability assurance, readiness of the audit profession, and factors affecting companies' decisions to obtain external assurance.

**Technology and Data Systems:** Research current ESG data management systems, technology adoption patterns, data quality challenges, and the role of digital solutions in enabling cost-effective compliance.

**Impact Studies:** As adoption progresses, examine whether IFRS S1 leads to improved sustainability performance or merely improved reporting, and assess economic impacts including cost of capital and operational efficiency.

**Export-Orientation Paradox:** Investigate why export-oriented companies do not significantly outperform domestic-focused companies, exploring whether specific

types of buyer requirements are more effective and how supply chain dynamics influence reporting practices.

**Governance-Implementation Gap:** Examine why companies establish governance structures but lack technical capacity, and identify factors enabling transition from symbolic to substantive sustainability reporting.

## 5.2 Recommendations

### For Regulators and Policymakers

1. **Develop a clear roadmap** for IFRS S1 adoption with timelines, phase-in periods, and alignment with existing requirements.
2. **Introduce phased mandatory requirements** beginning with large-cap companies, financial institutions, and export-oriented sectors.
3. **Align existing guidelines** from Bangladesh Bank and BSEC with IFRS S1 to create a unified reporting framework.
4. **Strengthen enforcement mechanisms** through clear sanctions, regular reviews, and public disclosure of compliance assessments.
5. **Provide implementation guidance** addressing materiality determination, sector-specific expectations, and practical examples.

### For Professional Bodies

1. **Integrate sustainability into professional education** curricula and develop specialized certification programs.
2. **Develop technical guidance and training programs** including practical guides, sector-specific workshops, and communities of practice.
3. **Build assurance capacity** through standards development, auditor training, and quality control mechanisms.
4. **Engage with international developments** through participation in IFRS Foundation consultations and monitoring implementation experiences.

### For Corporate Management

1. **Begin preparation now** through awareness building among senior management and board members.
2. **Conduct gap assessments** against IFRS S1 requirements to identify critical gaps and capability needs.
3. **Strengthen governance structures** including board-level responsibility and sustainability committees.
4. **Invest in data systems and capabilities** for ESG data management and verification.
5. **Link sustainability to enterprise value** by identifying financial impacts and integrating sustainability into business planning.
6. **Set meaningful targets** and track progress with quantitative, time-bound goals.

#### **For International Development Partners**

1. **Support regulatory capacity building** through technical assistance and study tours.
2. **Fund capacity building programs** including training, educational materials, and pilot projects.
3. **Support technology and data infrastructure** development including low-cost ESG tools for smaller companies.
4. **Facilitate knowledge sharing** through conferences, exchange programs, and case study documentation.

#### **For Industry Associations and Stock Exchanges**

1. **Develop sectoral guidance** identifying material issues and good practice examples.
2. **Facilitate peer learning** through working groups and recognition programs.
3. **Strengthen listing requirements** for sustainability reporting and develop sustainability indices.

#### **For Investors**

1. **Integrate sustainability into investment decisions** and request sustainability information from investee companies.
2. **Provide feedback** to companies on disclosure quality and expectations.
3. **Support capacity building** through technical assistance and partnership programs.

### 5.3 Conclusions

This study examined the preparedness of Bangladesh's corporate sector for sustainability disclosure under IFRS S1 through documentary analysis of 45 listed companies across seven sectors. The findings reveal that while sustainability reporting is increasingly common, with all sampled companies including some sustainability content by 2024, the depth and quality of disclosures fall significantly short of IFRS S1 requirements. The overall preparedness gap of 65.5 percent indicates that current practices achieve only approximately one-third of the level required for full compliance.

Governance disclosures emerged as the strongest dimension (0.81), reflecting the influence of existing corporate governance regulations. However, critical elements such as linking sustainability performance to executive compensation (0.13) remain almost entirely absent. Strategy disclosures showed the largest gaps (0.60), particularly in enterprise value linkage (0.47) and scenario analysis (0.16). Metrics and targets disclosures (0.64) revealed that while basic metrics are commonly reported, they are rarely linked to identified risks (0.46), and target-setting with progress tracking remains underdeveloped.

Significant variations in preparedness exist across sectors. The banking sector, subject to Bangladesh Bank's sustainability guidelines, demonstrated substantially stronger disclosures (1.08) than non-banking sectors (0.58), confirming the powerful influence of regulatory pressure. Large-cap companies (0.81) outperformed mid-cap companies (0.54), supporting the role of organizational capacity. Notably, export-oriented companies (0.68) did not significantly outperform domestic-focused companies (0.66), suggesting that international market pressure alone is insufficient to drive comprehensive IFRS S1-aligned disclosure.

Awareness of IFRS S1 remains at an early stage. Only seven percent of companies referenced the standard in their 2024 reports, professional coverage is introductory rather than technical, and regulatory signals about adoption remain absent. Multiple challenges constrain preparedness, including regulatory uncertainty, data limitations, skilled personnel shortages, resource constraints, and cost concerns. Despite these challenges, stakeholders recognize significant potential benefits including enhanced investor confidence, improved access to capital, strengthened risk management, and operational efficiencies.

The research hypotheses were largely supported. Regulatory pressure (H2) and organizational capacity (H3) demonstrated strong positive impacts on disclosure quality. Awareness (H1) showed preliminary support, though limited awareness constrained full testing. Stakeholder pressure (H4) received mixed support, with regulatory pressure proving effective but market pressure alone insufficient.

Bangladesh's corporate sector stands at a critical juncture. Without systematic intervention—clear regulatory signals, capacity building programs, professional training, and phased implementation support—companies risk falling behind global sustainability disclosure expectations, affecting competitiveness and access to international capital. Conversely, proactive preparation offers significant opportunities to enhance transparency, strengthen risk management, and attract responsible investment.

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