

Title: “Exploring the Nature of Risk Disclosure in the Annual Report Narratives of Bangladeshi Pharmaceutical Companies: An Impression Management Perspective”

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Abstract

In today's corporate domain, the issue of accountability has become one of the most important topics of discussion. Organizations are not only reporting their financial information (in the form of financial statements) to the stakeholders, they are also reporting on many relevant issues in the form of narratives. Risk reporting is a kind of narrative disclosure that is increasingly drawing attention from the accounting researchers. Drawing on the interpretations from an impression management perspective, this study applies discourse analysis on the risk related corporate narratives in the annual reports of the pharmaceutical companies listed in the Dhaka Stock Exchange, Bangladesh. It was found that the risk disclosures of these companies are mainly generic, rhetorical, selective and in many cases, repetitive in nature. Through an impression management theory lens, we argue that such disclosures are mostly serving as the tools of impression management and may not be useful for the readers.

Keywords: Corporate Risk Disclosure, Corporate Narratives, Impression Management, Discourse Analysis, Pharmaceutical Companies, Bangladesh.

1. Introduction

In today's complex business arena, risk management has become an important issue as companies are beset with diversified nature of risks and uncertainties. The word 'risk' refers to any 'uncertainty', 'threat', 'volatility' or 'opportunity' that the management needs to address and manage (Mazumder & Hossain, 2018, p. 30). Linsley and Shrivs (2006) defined risks as the probable positive and negative outcomes of an event. These days, along with the corporate insiders, external stakeholders are also curious to know about how the corporations are exposed to various risks and how these are being managed. They are demanding for increased disclosure from the part of the corporations on this issue (Epstein & Buhovac, 2006; Mazumder & Hossain, 2018). Such disclosure, commonly known as risk reporting, is important as it aids the stakeholder to make informed decision after assessing the risk profile of the company. Therefore, the onus lies upon the company to make the stakeholders well-versed about the current status and rationale of risk exposures along with management strategies to address such exposures (Mahmud, Philip, & Shradha, 2017). Though many companies around the world are reporting on risk, the status of reporting is still not satisfactory (Abraham & Shrivs, 2014; ACCA, 2014). Most companies think that risk reporting can itself be a source of risk as the word 'risk' has a negative connotation and stakeholders can perceive these reports as negative news. Moreover, both the producers and the users of these reports are still confused about what exactly to present in these reports (ACCA, 2014; Mazumder & Hossain, 2018). Because of such enhancing controversy and confusion, researchers are motivated to look into this issue deeply. In particular, after the infamous financial scandals such as the accounting scandals of the early 2000s and the credit crunch in 2007, the issues such as, risk management and risk reporting started to get

immense importance from the researchers (Amran, Bin, & Hassan, 2008; Mazumder & Hossain, 2018). Along the same line, the objective of the present study is to explore the nature of risk reporting by the listed pharmaceutical companies in Bangladesh, a developing economy.

Over the last two decades, in many studies, the researchers have investigated the status of risk reporting in the corporations around the world (Ali, 2005; Linsley & Shrivies, 2005; Konishi & Ali, 2007; Amran, Bin, & Hassan, 2008; Abraham & Shrivies, 2014; ACCA, 2014; Duffy, 2014; Martikainen, Kinnunen, Miihkinen, & Troberg, 2015; Elshandidy & Shrivies, 2016; Bravo, 2018; Elshandidy, Neri, & Guo, 2018; Elshandidy, Shrivies, Bamber, & Abraham, 2018; Kim & Yasuda, 2018). Interestingly, most of those prior studies are based on developed economies. In sharp contrast, the same issue has received very little attention in the context of alternate (developing and/or under-developed) economy wherein there is a lack of awareness and regulation for risk reporting. Therefore, there is a gap in available literature that demonstrates the status of risk reporting from such economic contexts.

Companies, in general, present their risk related disclosures in a qualitative narrative form rather than quantitative form and do not follow any standard template/format. Over the last few decades, narrative disclosure has become one of the most popular forms of corporate reporting (Jones, 1996; Courtis, 2002; Wills, 2009; Hossain, 2017; Brown, Call, Clement, & Sharp, 2019). Rather than presenting the information with the help of traditional accounting methods (such as numbers and calculations in the financial statements), companies are using language and other types of presentations such as charts, graphs and photographs (Wills, 2009; Hossain, 2017; Asay, Libby, & Rennekamp, 2018a, 2018b). According to Rutherford (2003), these narrative forms of disclosure are helpful and suitable for the non-expert stakeholders. Though some quantitative and financial information are presented in these narratives, these disclosures are predominantly qualitative in nature.

Considering the narrative form of risk disclosures, prior studies (e.g., Ali, 2005; Linsley & Shrivies, 2005; Konishi & Ali, 2007; Amran et al., 2008; Deumes & Knechel, 2008; Elshandidy & Shrivies, 2016; Bravo, 2018; Elshandidy, Neri, & Guo, 2018; Ibrahim & Hussainey, 2019) on risk reporting mainly applied techniques like disclosure index or content analysis (manual or automated) to quantify the amount (words count and/or sentences count) of risk reporting. Mazumder and Hossain (2018), in a recent review of risk disclosure literature, commented that earlier studies are highly quantitative in nature and are mostly focused on to quantify ‘what’ is disclosed in these reports. One of the major limitations of such technique is that it fails to evaluate the substance as well as informativeness of the risk disclosures. Merely counting words/sentences hardly ever gives deeper insight about the quality or rigor of risk disclosures. In recent years, authors such as Jonall and Rimmel (2010), Craig and Brennan (2012), Higgins and Walker (2012), Haji and Hossain (2016), Hossain, Ahmad and Siraj (2017) highlighted that other than just focusing on ‘what’ is reported in the corporate narratives, it is also important to find out ‘how’ these issues are disclosed in these narratives. As risk reports are presented in a ‘narrative’ form that involves the use of language, it would be encouraging for the researchers to conduct more meaning-oriented and language-focused analysis of these narratives. For that reason, in this study, we applied ‘discourse analysis’ [rather than quantitative content analysis which is the most common method used in the studies on corporate risk disclosure], a

method that focuses on meaning oriented analysis (as applied in the studies of Scharf & Fernandes, 2012; Haji & Hossain, 2016; Hossain, 2017).

Another important characteristic of the previous studies as highlighted by Mazumder and Hossain (2018) is that those studies mainly tried to explain the risk reporting practices using the traditional theories such as proprietary cost theory (Mokhtar & Mellett, 2013), Agency theory (Nahar, Azim, & Jubba, 2016), Institutional theory (Abraham & Shrivs, 2014), Stakeholder theory (Amran et al., 2008) and legitimacy theory (Louhichi & Zerik, 2015). However, few recent studies examined corporate narratives (e.g., social and environmental report, sustainability report) through the lens of impression management theory as it helps to interpret ‘how’ the narratives are being presented (Brennan, Guillamon-Saorin, & Pierce, 2009; Leung, Parker, & Curtis, 2015; Haji & Hossain, 2016; Hossain et al., 2017). Impression management in the field of corporate communication involves managerial discretion in controlling and managing corporate disclosures to strategically manipulate stakeholders’ perceptions and decisions. According to Mahboub, Mostapha and Hegazy (2017), impression management in the corporate narratives is still an under-researched area from the contexts of both developed and developing economies. They highlighted this as a ‘significant area of accounting research’ (Mahboub et al., 2017, p. 259).

To date, there is no study which considers impression management theory in analyzing risk related disclosures. In this study, therefore, we have attempted to address this research gap by examining the nature of risk reporting by the listed pharmaceutical companies in Bangladesh using insights from the impression management perspective.

In order to fulfill this objective, we have conducted discourse analysis on the risk related narratives in the annual reports of eight listed pharmaceutical companies in Bangladesh over seven-year period (2012-2018). The study contributes to the inadequate literature on corporate risk reporting in the developing economies, particularly, in Bangladesh. Moreover, rather than focusing only on ‘what’ is disclosed, our study, through meaning-oriented discourse analysis, investigates ‘how’ risk related information are disclosed. This is another major contribution of the study.

This study focused on a particular sector – pharmaceuticals - which is highly exposed to various risks (Pass & Postle, 2002; KPMG, 2009; ACCA, 2014; Zameer, 2017; Mazumder & Hossain, 2018). Unlike many sectors, Pharmaceutical industry is constantly facing intense challenges from internal and external forces because of extreme threats of lawsuits, incessant regulatory pressure and scrutiny to comply with stringent standards, dearth of skilled manpower, and swirls of disruptive technology to keep up with the latest advancements in R & D. Such challenges pose unbounded legal/ regulatory risk, reputational risk, human capital risk, operational risk, and technological risk to this sector (KPMG, 2009; Zameer, 2017). In addition, this sector is also exposed to risks such as ‘financial fraud, counterfeiting or being targeted by organized crime’ (KPMG, 2009, p. 10).

The pharmaceutical sector of Bangladesh is also exposed to several other risks and challenges such as tariff and trade restrictions, lack of bioequivalent test facilities, absence of raw material production facilities, custom harassment in sending sample products for exporting, poor image of the country in respect of producing quality products, uneven registration expenses and threats of new entrants (Sheel, 2015; Sultana, 2016). So, it can be said that the Bangladeshi

pharmaceutical sector is facing several challenges at this moment and is exposed to various business risks. That is why, for the sake of the stakeholders, better and useful risk reporting is needed.

The rest of the article is organized as follows. A literature review is presented in the next section. Here, at first, an overview of Bangladeshi pharmaceutical industry is presented. Then, a review of the prior research is presented. After that, the theoretical perspective (impression management) of the research is explained. The methodology of the study is described in section 3. This section is followed by the findings and analysis of the study (section 4). Section 5 concludes the paper.

2. Literature Review

2.1. Bangladesh and the Pharmaceutical industry

In December 2005, Goldman Sachs, a global investment management firm, accredited Bangladesh as one of the next 11 countries having the potential of becoming major economies. Over the last decade, Bangladesh is experiencing an impressive and consistent economic performance sealing an average GDP growth rate above six percent. Such a remarkable stride has helped its graduation from the United Nation (UN)'s least-developed country (LDC) group to developing one on March 17, 2018 attaining all three criteria: Per Capita Gross National Income (GNI), Human Assets Index (HAI) and Economic Vulnerability Index (EVI). To many LDCs, struggling hard to get rid of the spiral of underdevelopment, Bangladesh's journey towards success is often proclaimed a role model to pursue. Also, in July 2015, Bangladesh advanced from a lower income country to a lower-middle income country based on the per capita income categories provided by the World Bank. In a round table discussion on "Road to 2030 - Strategic Priorities", the State Minister of Finance and Planning MA Mannan affirmed that the government of Bangladesh is hopeful in attaining full Middle Income Status by 2021 by accelerating the GDP growth around eight percent (Kallol, 2017).

Such a commendable economic prospect is largely attributable to export-oriented industrialization, in particular, the enormous growth and success of Ready Made Garments (RMG) sector in Bangladesh. Like RMG, pharmaceutical industry is also a very promising and rapidly growing industry in Bangladesh. Presently, it is experiencing a growth rate of approximately 15 percent having export markets to more than 125 countries including the US, the UK, the EU and Australia (Rahman, 2017). It is the second largest contributor to government exchequer in Bangladesh with total market size of approx. \$2 billion (1 US\$= 79.85 BDT), whereas the same was only \$20 million in 1982 (Rahman, 2017). As per the statistics of Export Promotion Bureau (EPB), foreign exchange earnings from pharmaceuticals exports were \$89.17 million in the fiscal year 2016-2017. Bangladesh is one of the very few developing countries having nearly self-sufficiency in pharmaceuticals whereby the local pharmaceuticals companies meet 98 percent of the country's demand (Kallol, 2017). Currently, the industry consists of near about 150 pharmaceuticals companies (257 registered companies) including 4 MNCs. Pharmaceutical industry is considered to be the largest white collar labor-intensive employment sector in Bangladesh (BAPI, 2018).

The industry is aspiring to become a global hub for pharmaceuticals to tap the opportunities in the market of global generic drugs items which is expected to reach approx.

\$380.60 billion by 2021, according a report published by Zion Market Research (Milind, 2018). The industry has already been declared as the ‘Thrust Sector’ by Bangladesh Government. In January 2018, Prime Minister Sheikh Hasina declared the Pharmaceuticals products and raw materials as the ‘Product of the Year 2018’.

2.2. Prior Research and Research Gap

Over the last two decades, academic researchers around the world have conducted several studies on corporate risk reporting. These studies focused on different issues such as “significance of risk reporting, the current state (or the extent) of risk reporting in different industries across different economies, the determinants of risk reporting and the relation between risk reporting and corporate governance variables” (Mazumder & Hossain, 2018, p. 32).

Studies such as Epstein and Buhovac (2006), Amran et al. (2008), ACCA (2014) and Duffy (2014) emphasized on the importance of disclosure of corporate risks and risk management for different stakeholders. Epstein and Buhovac (2006) highlighted that even the management needs effective risk reporting as it can help them in investment decisions, performance evaluation and compensation decisions. Risk disclosure is also a tool for investor protection (Duffy, 2014). However, most of the researchers found that the current practice of risk reporting is not satisfactory regardless of the country/economy (Lajili & Zeghal, 2005; Linsley & Shrides, 2005; Linsley & Lawrence, 2007; ACCA, 2014; Elshandidy, Shrides, Bamber, & Abraham, 2018). They concluded that risk disclosures are mostly generic, verbose, qualitative, vague and biased.

Studies were also conducted to investigate the determinants of corporate risk reporting. In fact, this remained as one of the most popular trends in risk reporting research. These studies include that of Ali (2005) [on Japan], Linsley and Shrides (2005; 2006) [on the UK], Konishi and Ali (2007) [on Japan], Amran et al. (2008) [on Malaysia], Deumes and Knechel (2008) [the Netherlands], Elshandidy, Fraser and Hussainey (2013) [on the UK], Probohudono, Tower and Rusmin (2013) [a cross country study on Indonesia, Malaysia, Singapore and Australia], Martikainen et al. (2015) [on Finland], Allini, Rossi and Hussainey (2016) [on Italy], Elshandidy and Shrides (2016) [on Germany], Nahar et al. (2016) [on Bangladesh], Bravo (2018) [on companies listed in the Standard & Poor’s 500 Index in 2009], and Elshandidy, Neri and Guo (2018) [on China]. Most of these studies applied technique like disclosure index or content analysis (manual or automated) to quantify the amount (words count and/or sentences count) of risk reporting and applied regression analysis. As for example, Beretta and Bozzolan (2004) developed an index to measure the risk disclosure quality of the non-financial companies listed in the Italian Stock Exchange. Cabedo and Tirado (2004) also developed a quantification model in analyzing both financial and non-financial risks. Miihkinen (2012) applied manual content analysis based on both the number of words and sentences to investigate the impact of the implementation of a detailed Finnish risk-reporting standard on firms’ overall risk disclosure.

There are few studies focusing on the regulations and risk disclosure frameworks. Combes-Thuelin et al. (2006), by analyzing corporate risk related regulations applicable for the French companies, concluded that the lack of consensus among different regulations is liable for the deficiencies in corporate risk reporting.

Notably, most of the prior studies focused on the developed economies. Very few studies (such as, Amran et al., 2008; Probohudono et al., 2013; Nahar et al., 2016) investigated the trends of developing and underdeveloped countries. Therefore, little is known about the risk reporting practices of companies from those economies. This present study extends the literature on developing economies by focusing on the risk related disclosure of the pharmaceutical companies in Bangladesh [the previous studies on Bangladesh, for example Nahar et al. (2016), focused mainly on banking companies¹]. Though Corporate Governance Guideline (revised)-2012² issued by Bangladesh Securities and Exchange Commission (BSEC) has required for the listed companies to disclose information on ‘Risks and Concerns’ in the ‘Directors’ Report to Shareholders’, it has failed in providing any specific framework on ‘what’ and ‘how’ to report such information. Such flexibility is allowing the listed companies to enjoy absolute discretion in deciding the contents of such disclosures. Mazumder and Hossain (2018) argued that risk reporting in Bangladesh is quasi-voluntary because of minimum regulation as well as weak enforcement. Therefore, it would be quite interesting to explore this reporting practice in the context of Bangladesh.

Moreover, most of the studies discussed above, by applying content analysis, focused on ‘whether’ the companies disclosed on risk related issues and if disclosed, ‘what’ is the quantity of such disclosure. However, none of these studies focused on ‘how’ the companies disclosed these issues. The recent studies like Jonall and Rimmel (2010), Craig & Brennan (2012), Higgins and Walker (2012), Haji and Hossain (2016), Hossain et al. (2017) highlighted that other than just focusing on ‘what’ is reported in the corporate narratives, it is also important to find out ‘how’ these issues are disclosed in these narratives. Thus, the present study, by applying discourse analysis, explores ‘how’ the Bangladeshi listed pharmaceutical companies disclosed risk related matters in their annual reports. The study, rather than taking a positivist viewpoint (which remained popular in the prior studies), takes an interpretivist perspective and conducted qualitative analysis of the data. Another novelty of this present study is that the interpretation of the findings was drawn from the impression management theory.

2.3. Theoretical Perspective: Impression Management

The prior studies on risk reporting focused on the traditional theories such as agency theory, stakeholder theory, legitimacy theory, signaling theory, proprietary cost theory and institutional theory (Mazumder & Hossain, 2018). All these theories are broadly divided into two major propositions. First, management is willing to provide useful incremental information to the shareholders/stakeholders through risk disclosures which reduce information asymmetry, increase decisional usefulness, legitimate corporate actions, and signal positive corporate image. Alternatively, management is reluctant to provide risk information as it may result in proprietary costs in the form of losing sensitive/competitive information or conveying negative image in the minds of the stakeholders. However, there might be a third proposition wherein management may provide risk information for the sake of merely controlling or manipulating readers’

¹ Elshandidy, Shrikes, Bamber and Abraham (2018, p.75) noted that the ‘risk management processes, practices, and strategies’ of financial firms are quite different from those of non-financial firms.

² In the year 2018 (June), SEC issued Bangladesh Corporate Governance Code-2018 which repealed the existing Corporate Governance Guidelines (revised)-2012. However, the requirements for risk disclosure are qualitatively similar in the recent governance code.

perception about company's performance and prospects, popularly known as 'impression management perspective'. The perspective was originated in social psychology literature (Wang, 2016). It mainly focuses on the behavior of individuals (Hooghiemstra, 2000; Sandberg & Holmlund, 2015). According to Wang (2016, p. 726): "the individuals have the objective to achieve congruence between their image and the image that is necessary for the desired goals". Wills (2008, p. 8) defines impression management as "... attempts to assert control over one's image". Therefore, the theory mainly focuses on self-presentation (Jaworska & Bucior, 2017). The concept of impression management highlights "... how words and actions are used by individuals to control their image as a means of personal influence" (Wills, 2008, p. 8).

Over the last decade, impression management theory influenced the corporate literature also. This theory had immense impact on organizational behavior literature (Bolino, Kacmar, Turnley, & Gilstrap, 2008; Sandberg & Holmlund, 2015). According to Leary and Kowalski (1990), management may become involved in opportunistic behavior (maximize return and minimize punishment) and get involved in impression management. Impression management can also help to ensure that management's current and potential 'public image' remains consistent with their expected social role (Leary & Kowalski, 1990; Rahman, 2012).

Recently the issue of impression management is getting popularity in accounting literature (especially in the analysis of corporate disclosure) (see Stanton & Stanton, 2002; Brennan et al., 2009; Sandberg & Holmlund, 2015; Haji & Hossain, 2016; Hossain et al., 2017). Merkl-Davies and Brennan (2007) consider impression management in corporate reporting as a harmless ritual with no capital market consequences. They argued that the need for organizations to appear to conform to rules and norms motivates impression management in corporate reporting. Wills (2008) emphasized that corporate annual reports act as tools for impression management. Impression management helps management to create "a more favorable view of a company's performance than is warranted" (Wills, 2008, p. 7). Merkl-Davies and Brennan (2011) conceptualize impression management as: self-serving bias, symbolic management and accounting rhetoric. According to Jaworska and Bucior (2017, p. 151), "creation of the desired corporate image through financial and non-financial reporting enables the so called *impression management*". Many naïve investors depend on and get influenced by the corporate narratives available in annual reports as these are more understandable in comparison to the numerical presentations in the financial statements (Wills, 2008). However, corporate narratives, in many ways, are manipulative in nature (Wills, 2008). Jones (1996) highlighted that corporate narratives, in many ways, are not impartial and are used to draw a favorable image of the company.

Over last few years, several accounting researchers studied the nature of corporate narratives through the lens of impression management. However, most of these studies focused on social and environmental reporting. For example, Hooghiemstra (2000) studied on the impression management strategies of Shell/Royal Dutch in relation to corporate social reporting. The author found that public pressure and media attention affect the disclosure. Higgins and Walker (2012) examined a particular impression management technique – rhetorical expressions, in the social and environmental reports of three companies in New Zealand. The authors concluded that these companies manage impression with the help of rhetoric. In another study on corporate social reporting, Sandberg and Holmlund (2015) found that companies apply several impression management techniques (such as, description, praise, admission, defense etc.) in their sustainability reports. The study of Hossain et al. (2017) focused on a particular impression

management technique, i.e., rhetorical expressions (such as logos, pathos and ethos). The study was based on the framework of Higgins and Walker (2012) and focused on the poverty related disclosures in the corporate annual reports of Bangladeshi companies. The authors concluded that the use of rhetorical expression is common in such disclosures. Haji and Hossain (2016) focused on the impression management practices in the integrated reports of five award winning South African companies. By applying Brennan et al.'s (2009) framework, the authors concluded that the companies are using several types of impression management tactics in the integrated reports. Hossain's (2017) study also focused on the impression management strategies used by the Bangladeshi companies in their social reports. By analyzing the social inequality related discourses in the annual reports, the author concluded that companies use several impression management techniques such as rhetoric, performance comparison, selectivity, visuals and graphs. Mahboub et al. (2017) studied on the impression management techniques applied in the discretionary narrative disclosures in the annual reports of Middle East and North Africa (MENA) region banks. The authors found that these banks use impression management strategies such as reading ease manipulation, performance comparison and choice of earnings numbers.

In most of the cases, risk related information is presented in the corporate annual reports in a narrative form. For that reason, impression management can be considered as a valid perspective in analyzing risk disclosure. As management thinks that stakeholders can take these disclosures as negative news, they may adopt impression management techniques to strategically control or manipulate the perception and decision of stakeholders in this regard. Also, companies may be reluctant to report specific and detailed risk disclosures and rather adopt adumbrative (minimum and vague) risk reporting in the fear of losing sensitive and strategic information to competitors. Another possibility is that whenever risk disclosure is a regulatory compulsion, companies may adopt impression management techniques to demonstrate superficial or symbolic conformity to the regulators. Thus, this study adopts an impression management perspective to explain the risk reporting disclosures in corporate narratives, while admitting the fact that such a proposition is open to challenge. Brennan et al. (2009), by analyzing prior studies, found that companies use different types of impression management strategies such as syntactical manipulation, rhetorical manipulation, thematic manipulation, selectivity, performance comparison and use of visuals in their disclosures. Leung et al. (2015) and Edgar, Beck and Brennan (2018) also identify that organizations apply impression management strategies using selective disclosures or minimal disclosures, assertive/defensive explanation, rhetorical association/disassociation, self-promotion, repetition and reinforcement, concealment, and external attribution. Therefore, it would be interesting as well as insightful to investigate whether risk disclosures in our sample companies are subject to impression management techniques and thus, self-serving behavior of managers.

3. Research Methods

3.1. Sample

In this study, pharmaceutical companies are taken as sample because this industry faces a broad set of risks to be managed [as highlighted in section 1]. Only one industry is selected because

different industries may have different patterns of risk disclosure (Bravo, 2018). In total, there are 14 (fourteen) pharmaceutical companies listed in Dhaka Stock Exchange (the oldest and the biggest stock exchange in Bangladesh) until 2018. The sample selection process, as explained in table 1, eventually ended up with 8 (eight) pharmaceutical companies. The available annual reports (from 2012 to 2018) for each of the companies are collected from their websites. The risk related data is manually extracted for analysis as manual data collection allows the researchers to better interpret the meaning of specific words and phrases compare to automated one (Deumes, 2008; Bravo, 2018). Abed, Al-Najjar and Roberts (2016) argued that manual approach is convenient when the subject matter is complex (for example, information on risks) and more interpretational skills are required to assess the disclosures. In their recent review paper, Elshandidy, Shrivies, Bamber and Abraham (2018) mentioned that researchers so far have shown relatively greater reliance on manual content analysis over automated one.

Table 1: Sample selection process for the period (2012-2018)

Criteria	No. of company(s)
Total number of listed pharmaceutical companies in Dhaka Stock Exchange (DSE) until December, 2018	14 (Fourteen)
Less: Companies listed in April/October, 2018	3 (Three)
Less: Companies having foreign domicile listed in DSE	1 (One)
Less: Company providing no risk related narrative disclosure	1 (One)
Less: Unavailability (in the official websites) of annual reports for the sample period (2012-2018)	1 (One)
Number of selected sample companies	8 (Eight)

As Corporate Governance Guidelines (revised) requires the listed company to disclose ‘Risks and Concerns’ in the annual report since 2012, we did not consider the annual reports published before that period. In total, we have analyzed 53 annual reports [as one company got listed in 2013 and another company reported consecutive two years’ (2015 & 2016) information together due to fiscal year change]. We consider this sample size sufficient as prior studies (e.g., Potter & Wetherell, 1987; Bondarouk & Ruel, 2004) highlighted that the issue of sample size is not much important in discourse analysis as large sample can make the analysis unmanageable in most of the cases.

3.2. Research Method: Discourse Analysis

Discourse analysis is a text analysis method (Hossain, 2017). According to Lemke (1995), discourse refers to the social activity that creates meaning through language. In this meaning-creation process, texts are produced. Merkl-Davies and Koller (2012) mentioned that with the help of discourse, people communicate their own ideology in a systematic manner. Howitt and

Cramer (2011, p. 360) defines discourse analysis as follows: “Discourse is how language operates in real-life communication events. Discourse analysis involves the analysis of speech, text and conversation so its concerns are with analyses beyond the level of the sentence”. The main difference between content analysis (which remained as the most popular method for corporate risk reporting research) and discourse analysis is that “content analysis takes the texts as the representation of truth and reality, whereas, discourse analysis is conducted with the idea that language can construct reality” (Hossain, 2017, p. 147). That means, in discourse analysis, the analyst has to go beyond the text and analyze it by taking the context in which the text was produced. That is why, while conducting a corporate narrative research, the discourse analyst should mainly focus on ‘how’ the information was disclosed.

Tonkiss (2012) mentioned that there is no specific rule/strategy for discourse analysis. The analysts should collect the related texts and prepare a ‘corpus’. A corpus is the collection of the related texts (Wodak & Krzyzanowski, 2008). In this study, the method suggested by Hossain et al. (2017) was followed. First, two authors independently read the texts and prepared two sets of corpus. Second, they individually identified the key features of the risk related disclosures. Finally, on the basis of discussion and consensus, the main characteristics that are to be emphasized in the research were identified. It needs to be mentioned here that for analysis, the authors did not follow any particular impression management pattern/tactics/framework suggested by any previous study. As this is an exploratory study and as none of the previous studies on corporate risk disclosure has conducted a meaning oriented analysis, it was thought that looking for any particular pattern might involve the risk of missing some interesting texts. Previous studies (e.g., Brennan et al, 2009; Higgins & Walker, 2012; Sandberg & Holmlund, 2015) on different types of corporate narratives have identified several patterns of impression management. The authors, after reviewing those studies, attempted to identify the impression management strategies used in the risk related disclosures in the annual reports of Bangladeshi pharmaceutical companies. The next section of the article describes and analyses the findings of the study.

4. Findings and Analysis

In Bangladesh, the Corporate Governance Guideline (revised)-2012 has required the listed companies to disclose on ‘risks and concerns’ information in the Directors’ Report to the Shareholders. In this study, we found that the sample pharmaceutical companies have provided risk information in the narrative sections such as ‘Director’s Report to the Shareholders’, ‘Managing Director’s Statement’, ‘Statement of Corporate Governance’ and ‘Chairman’s Statement’. As there is no compulsion on providing internal and external assurance on disclosed information in these sections, the same is highly susceptible to impression management. Brennan et al. (2009) and Deegan (2002) argued that impression management strategies are applied by management mostly in the less regulated or discretionary section of narrative disclosures. Also, we found that the volume of risk disclosures in the narrative section of annual report is very minimal. The main features of the risk disclosures by Bangladeshi listed pharmaceuticals companies are as follows.

4.1. Use of Qualitative, Generic and Non-specific information:

In most of the cases, risk disclosures in the sample companies are qualitative and very ‘generic’ in nature. The following is an example of risk disclosure:

Example (1):

*Like any other business, the Pharmaceuticals Industry is exposed to **political, social, technological, environmental and legal risks** embedded in any business transactions. **The Board of Directors are fully concern of the risks and take necessary steps for the appropriate management of the risk.** Considering the nature of the risk, the management takes **strategic decisions to avoid or reduce or transfer or accommodating** the risks arising in the business management process.[Source: Ambee Pharmaceuticals Ltd., Directors’ Report to Shareholders, Annual Report, 2017-18, p.11][Authors’ Emphasis]*

In this statement, the company has identified the types of risks they are exposed to. They have also mentioned that they are aware of the risks and are taking measure to ‘avoid’, ‘reduce’, ‘transfer’ and ‘accommodate’ the risks. However, they did not provide any specific information. Rather, these statements are ‘qualitative’, ‘generic’ and ‘non-specific’ in nature. As this kind of reporting does not go for any detailing, this can be considered ‘insufficient’. The finding is consistent with the argument that minimal disclosure behavior is a deliberate impression management strategy of the management to conceal explanation about weakness or negative news and distract users’ attention about company’s performance and prospects (Leung et al., 2015). Though the company made an attempt to impress the stakeholders, the language is rather ‘formulaic’ and ‘hackneyed’ in nature. This finding is similar to that of ACCA (2014) and Abraham and Shrives (2014). The following is another statement like this:

Example (2):

*Our **challenge** in the year 2012 was to **meet the revenue target successfully** and subsequently to achieve realistic profit. However, even though we have been succeeded to increase sales volume from last year, we could have been able to sale much more than we actually sold if our production was **not hampered for numerous reasons**. The main reasons are **insufficient power support and political unrest** throughout the year. We are indeed **committed to do much better** in next year. [Source: Orion Pharmaceuticals Ltd., Message from the Chairman, Annual Report 2012, p.41] [Authors’ Emphasis]*

This statement is slightly more specific than Example (1). Initially, the company highlighted that their progress was hampered by ‘numerous’ reasons. Then they mentioned two reasons for this problem: insufficient power support and political unrest. Though they mentioned that there are ‘numerous’ reasons for this failure, they highlighted only two ‘external’ factors as ‘reasons’. The reader will be confused whether there were some ‘internal’ factors that were responsible for this failure. Moreover, though they wanted to go for ‘future-oriented’ reporting by saying ‘committed to do much better’, this statement is not ‘specific’ in nature. Thus, though the companies followed the corporate governance guidelines by incorporating risk related disclosures in the Directors’ Report (and in some other narrative sections), these adumbrative disclosures, in many ways, are confusing, mundane and incomplete to distract the readers. This disclosure is rather ‘ceremonial’ and ‘symbolic’ than ‘substantive’ (Larrinaga-Gonzalez, 2007).

4.2. Use of Rhetorical Expressions and Qualifiers

It was found that most of these disclosures are full of rhetorical expressions and qualifiers. Rhetoric can be defined as “the art of persuasive discourse undertaken by a *rhetor* (an orator or speaker)” (Martin, 2014, p.2). On the other hand, ‘qualifier’ represents strong words that ‘qualify’ or ‘emphasize’ certain other concepts (Merkl-Davies & Brennan, 2007; Brennan et al., 2009; Hossain, 2017). Brennan et al. (2009) and Mahboub et al. (2017) highlighted rhetorical expressions and qualifiers as impression management tools. Following is an example that contains rhetorical expressions and qualifiers:

Example (3):

*The company has a **strong** base to address **the risk of future uncertainties** with the change of industry and global economy. The company is always **keen** to identify the key business risks and ensures the mitigation plans are in place. It has reviewed and adopted **best practices** of the industry that are articulated to enable the company to achieve its **objectives effectively**. (Source: BEACON, Directors’ Report to Shareholders, Annual Report, 2014, p.25) [Authors’ Emphasis]*

Though the statement lacks detailing of what kind of ‘strong’ base they have for facing ‘future uncertainties’, overall, the statement is persuasive as it contains words that have positive connotations. The company made an attempt to impress the readers by using qualifiers such as ‘strong’ and ‘best’. The statement is targeted to generate ‘good’ feelings in the mind of the investors. It tries to assure the investors that their investments are in safe hands. However, this statement also lacks detailing. The readers do not get any information on what kind of ‘best practices’ the company is following to fulfill its ‘objectives effectively’. The company tried to manage impression by sounding convincing with the exercise of linguistic choices (Llewellyn, 1999; Brennan et al., 2009). The following is another example that is persuasive but ‘empty’ in many ways:

Example (4):

*The company is **always aware** of that business is subject to variety of risks and uncertainties e.g. Regulatory Risks, Market Risk, Operational Risk, Legal Risk, Interest Rate Risk, Exchange Rate Risk, and potential changes in Global and National policies etc. In this Respect, OPL has **well defined it’s risk management policies** and introduced periodic monitoring system that act as an **effective tool** in mitigating various risks to which our businesses are exposed to in the course of its day-to-day operations as well as its strategic actions.(Source: Orion Pharmaceuticals Limited, Directors’ Report to Shareholders, Annual Report,2013, p.61) [Authors’ Emphasis]*

In this statement also, the company tried to manage impression by injecting good feelings into the minds of the readers by using words with positive connotations. The readers get the idea that the company is aware of its risks and they are having ‘well defined’ risk management policies. However, these risk management policies are not described in detail. This statement is persuasive but, in many ways, can be considered as a ‘pointless communication’ or ‘mere rhetoric’ (Higgins & Walker, 2012).

4.3. Mostly Focusing on Positive News/Prospects/Achievements

As authors such as Solomon, Solomon, Norton and Joseph (2000), Linsley and Shrivs (2006) and Abraham and Cox (2007) included uncertainties related to both gains and losses as ‘risk’, we considered disclosures on prospects and achievements as risk reporting. We found that every company in the sample reported relatively more on their prospects based on opportunities than adversities based on threats. Aerts (2001, 2005) identified self-serving behavior in the selection of narrative disclosures to positively shape investors’ perceptions of the firm. According to Mahboub et al. (2017, p. 260), in order to manage impression, companies mainly highlight ‘the positive aspects of their performances’. Demir and Min (2019, p.333) argued that companies (in particular, pharmaceutical) are very selective to disclose ‘their achievements in areas where they feel more confident while leaving out others that can have potential negative consequences on the company’. Asay et al. (2018a) found that the choice of language in narrative disclosures is driven by the tendency of the manager to portray the firm as favorably as possible which leads to intentional obfuscation of negative or bad news. The following is an example where the company has highlighted its growth prospects:

Example (5):

*Bangladesh has established a **strong base for manufacturing pharmaceutical products** and the industry has earned reputation as manufacturer of quality medicine. Thus there is **opportunity for the companies to achieve accelerated growth through exports**. [Source: Beximco Pharmaceuticals Limited, Directors’ Report to the Shareholders, 2014, p.46] [Authors’ Emphasis]*

Though this is a persuasive statement (as here the company is trying to manage impression of the readers) that highlighted the ‘prospects’ of the company, it lacks detailing. The company is saying that Bangladesh has a ‘strong base’ for pharmaceutical companies and companies can grow availing this opportunity. But the readers will not understand ‘what’ kind of strong base is there and ‘how’ the companies can avail those opportunities. The information is too generic, insufficient and not much forward looking (Mazumder & Hossain, 2018). However, by highlighting the future prospects, the company made an attempt to put itself in favorable light. The following is another similar kind of statement:

Example (6):

*As we recount the performance of the Company and the growth of the sector, I feel free to forecast a **great future for expansion both at home and abroad**. The **increasing export opportunities** enkindles a **hope** to become another “RMG” giant in a quarter of a century or even exceed. The world demand and our advantages in cost-quality management may let us materialize that hypothesis. (Source: Square Pharmaceuticals Limited, Message from the Chairman, Annual Report, 2012-13, p.19) [Authors’ Emphasis]*

This statement is containing ‘mere rhetoric’ (Higgins & Walker, 2012; Hossain, 2017; Hossain et al., 2017) as it only generates a good feeling in the minds of the readers without highlighting any specific information. The company did not substantiate the hope of ‘great future for expansion’

with enough information. However, some companies, in some cases, highlighted the prospects with slightly more information and facts. Some examples are presented here:

Example (7):

*We are keen to enter into regulated countries like Singapore, Malaysia, and Australia. In view of this, we have started the proceedings for PICs certification. **Globally renowned regulatory firm, Seer Pharma (Australia) is conducting the training session of our plant staff.** In addition, we have a plan to go for UK MHRA certification after completion of PICs. A number of local and international organizations **have shown interest for contract manufacturing of Hi-Tech products** at our plants. (Source: BEACON, Statement of Managing Director, Annual Report, 2013, p.22) [Authors' Emphasis]*

Example (8):

*In the last few years we have carried out **considerable preparatory work** for entering regulated markets through niche molecules. **We expect to make our first European filings in 2015.** In addition, we have laid a strong foundation in semi-regulated markets through regular dossier filings. For example, **in 2014 we made 60 filings, including 28 Asian Common Technical Documents (ACTD) filings.** Finally, **we now export to 16 countries** and our participation in global tenders is growing. (Source: Renata, The Chairman's Statement, Annual Report, 2014, p.6-7). [Authors' Emphasis]*

In both examples, while highlighting their prospects and achievements, the companies tried to present some 'facts' and 'data'. In Example 7, the company highlighted the training program that will help them to get the certification. In Example 8, the companies mentioned the number of filings they made. According to Higgins and Walker (2012), this kind of presentation of facts enhances the clarity, integrity and justification of the statement. However, very few companies used this kind of facts and quantitative information in their risk related reports. The information about prospects is mostly presented through rhetorical expressions and in qualitative form.

4.4. Connecting Negative News to External Factors

According to Brennan et al. (2009), attributing organizational performance to its cause can be considered as one of the popular strategies of impression management. This strategy is called 'attribution of organizational outcome' (Brennan et al., 2009). Hoogheimstra (2000), Aerts (2005), Brennan et al. (2009) and Mahboub et al. (2017) identified that most of the organizations connect good performance with internal factors and bad performances with the external uncontrollable factors (excuses, causality denials and justifications). This strategy was noticed in some annual reports of the listed pharmaceutical companies in Bangladesh. The following is an example where the company attributed its negative performance to the external factors:

Example (9):

Our exports declined by 21.3% solely due to the fact there was no large-scale international procurement of oral rehydration salt (ORS) by UNICEF, Copenhagen in 2013, as there was in 2012. However, on a positive note, towards the end of the year, we participated and won a significant international tender for Desogestrel+Ethinyl Estradiol in Malaysia. As such, our brand Desolon will be available in 141 clinics and hospitals in Malaysia from 2014. With this

tender, Renata has created a footprint in the large international institutional market for oral contraceptives. (Source: Renata, The Chairman's Statement, AR, 2013, P.6-7) [Authors' Emphasis]

This statement is interesting in the sense that the company applied several impression management strategies here. For example, they attributed the negative performance (decline in the export) to an external uncontrollable factor (less procurement by the UNICEF). Moreover, they tried to offset this negative news with a positive one, i.e., the 'possibility' of export in Malaysia. Thus, by putting good news beside the bad news, they tried to 'neutralize' the effect of the bad news. Hossain (2017) also found this kind of information management strategies in the corporate narratives. In this statement, the company presented some facts with quantitative information. Though presenting facts can enhance the clarity and integrity of the statement, it could also be an impression management strategy (Higgins & Walker, 2012). Another example is presented here:

Example (10):

The political crisis that started by end of 2012 centering the upcoming election poses some degree of uncertainty in the overall economic environment of the country and is seen as an impediment to the growth of business. The first quarter of 2013 has already been affected for such instability in the political environment and continues to remain as a risk factor. [Source: Beximco Pharmaceuticals Ltd., Directors' Report to the Shareholders, Annual Report, 2012, p.50] [Authors' Emphasis]

Here, the company attributed the bad news (first quarter of 2013 has already been affected) with the external factor – political crisis. However, this statement lacks detailing as they did not mention 'how' or 'to what extent' the company got affected by the political unrest.

4.5. Highlighting Stories on Successful Risk Management in Adverse Situations

In some cases, the companies tried to highlight their success stories in adverse situations. The following is an example of that:

Example (11):

The external obtrusive factors had minimum adverse effects on our operations due to installation of detour plans of actions in "Crises Management" situation. This had been possible due to the honest commitment of all the employees, workers & officials at all levels of operation. I feel proud to be their Team Leader. (Source: Square Pharmaceuticals, Statement from the Managing Director, Annual Report, 2013-14, p.21) [Authors' Emphasis]

Here, the company highlighted that though the external factors were not in favor of them, they could survive due to their own capabilities. They tried to portray themselves as 'capable' of handling adverse situation. By using the words such as 'minimum adverse effect' and 'honest commitment', the company highlighted that they are skilled enough and sincere about risk management. The following is another example like this:

Example (12)

The share of antibiotics in the pharmaceutical industry has been falling over the last five years. The weakening of the antibiotic segment also explains to a large extent the weakening of the

*pharmaceutical market in Bangladesh. With national health and hygiene programmes gaining momentum, antibiotic use is likely to erode further continuing this downward trend... In anticipation of this evolution, **Renata has been working for several years to develop our non-antibiotics portfolio.** While inroads into chronic care products have been limited, **we have made considerable progress in over-the-counter (OTC) products.** In 2012, **our OTC portfolio grew by an impressive 35% and now constitutes nearly 25% of our overall product portfolio compared to 14% only five years ago.** (Source: Renata, The Chairman's Statement, Annual Report, 2012, p.6) [Authors' Emphasis]*

Here also, the company described their success story in adverse situation. In the age of falling demand of the antibiotics, the company went for diversification and became successful. They highlighted their 'intelligent move' in an adverse situation. This kind of information may help in creating good impression about the company. Moreover, they highlighted their 'impressive' success story by making a 'performance comparison' (Brennan et al., 2009) over the years. They compared their performance of 2012 to their performance five years ago. Emphasis on this performance growth may help in creating favorable impression about the company in the minds of the investors. According to Brennan et al. (2009), comparing current performance with past low performance is a common impression management strategy. This kind of performance comparison helps to 'portray current firm performance in the best possible light' (Brennan et al., 2009, p. 797). This is an impression management strategy (Brennan et al., 2009; Mahboub et al., 2017). Moreover, by highlighting facts and quantitative data, the company tried to enhance the clarity, credibility and justification of their statements (Higgins & Walker, 2012). However, it needs to be mentioned here that in very few cases, the companies went for this kind of detailing.

4.6. Repetitive Statements

Authors such as Courtis (1996) and Brennan et al. (2009) highlighted 'repetitive information' as an impression management strategy. However, Courtis (1996) and Hassanein and Hussainey (2015) considered this kind of repetitive information as 'uninformative' and 'redundant'. In most cases, sample companies disclosed the same information repetitively within the same report as well as over the years. For example, the following paragraphs were presented in the annual reports consecutively for several years:

Example (13)

Efficient and effective risk management is a part and parcel of today's business. As such, the ACME laboratories Ltd. would be subject to systematic risks of the industry and market as well. The majority of these risks are commercial and business risks in nature that can be mitigated effectively. [Source: ACME Laboratories Ltd., Statement of Corporate Governance, Annual Report, 2014-2015, p. 91/ Annual Report, 2015-2016, p. 113/ Annual Report, 2016-2017, p. 99/ Annual Report, 2017-18, p.43]

Example (14)

Risks are defined as uncertainties resulting in adverse variations of profitability or losses in financial or otherwise. The risk management of the company covers core risk areas of business operation viz., financial risk, operational risk, receivable risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk etc. Besides above risks, the company considers credit management risks, strategic risk. The company has a strong base to address the risk of future uncertainties with the change of industry and global economy. (Source: BEACON,

Directors' Report to Shareholders, Annual Report, 2014, p. 25/ Annual Report, 2015, p. 28/ Annual Report, 2016, p. 32/Annual Report, 2017, p. 28/ Annual Report, 2018, p. 28).

These statements are 'generic' in nature and mainly present the classification of risks. The statements do not contain any information that is time/period specific. The companies used the same statements over the years. The following paragraph is another example of this kind of repetition whereby the same disclosure has been provided in the annual reports throughout the period (2013-2018) since the company got listed in DSE.

Example (15)

Pharmaceutical industry faces many of the challenges like lack of power, labor unrest, political unrest resulting hartal causing disruption of production and cost of fund. Moreover, risks and concern of the industry solely depends on the upcoming government policy as well. (Source: Central Pharmaceuticals Ltd., Directors' Report to the Shareholders, Annual Report, 2017-2018, p.6)

Also, there is a tendency to repeat the same disclosure in several parts of the same annual report, The following paragraph was presented more than once in the same annual report:

Example (16)

The politics of confrontation rather than politics of conciliation and accommodation have created havoc for the common people. We will not able to grasp the advantage that lay before us if this confrontation continues. Economic activities are being hampered, generated a lot of anxieties and sense of insecurities amongst the businessmen and general public. This has affected economic growth, reduced investment and increased unemployment. (Source: BEACON, Message from the Chairman, Annual Report, 2013, p.19).

This statement was presented in the 'Message from the Chairman'. Later, this same statement was repeated in the 'Directors' Report to the Shareholders' in the same annual report (p. 24). The statement contains time-specific information – the political turmoil in a particular year. In the study of Leung et al. (2015), the authors argued that repetition and reinforcement in the corporate narratives can be used to persuade or impress readers and conceal negative performance. Here, in this statement, the company, by writing the same sentence again and again in the same report, tried to draw attention of the readers. However, using the same wordings in two different reports reveals the fact that the company did not want to put 'extra' effort to differentiate these reports.

5. Conclusion

5.1. Key Findings

The main objective of this study was to explore the nature of the risk related disclosures of the corporate annual reports of Bangladeshi pharmaceutical companies using impression management perspective. It was found that as there is no detailed framework for these reports, different companies reported risk information in different ways. The practice is heterogeneous in nature. Thus, for this kind of disclosures, inter-company comparison is not possible. The companies are trying to manage the impression by applying several techniques. These reports are full of 'empty/mere rhetoric'. In many cases, the reports are repetitive both over the years and in

same year (in the same annual report). The companies mostly provide qualitative information. In very few cases quantitative information was presented. The companies try to avoid disclosing 'adverse' news. They mostly highlight positive issues. There are evidences that these companies connected negative/adverse issue to the uncontrollable external factors. It can be said that these 'inconsistent' (over the times) and 'incomparable' reports can create problems for the naïve investors [as Wills (2008) highlighted that naïve investors depend mainly on corporate narratives]. Moreover, they may get confused by the strategic use of impression management techniques. These impression management techniques may work as a 'brainwashing' tool and may not be useful for the readers. As these days, business activities are getting exposed to numerous risks, disclosure on corporate risk management is necessary to ensure transparency and enhance confidence of the investors. The findings of this study suggest that there is a need for risk reporting framework from the regulatory authorities.

The study contributes to the existing literature on corporate risk disclosure. The corporate risk reporting practice of developing/underdeveloped economies is still under-researched. By exploring the risk reporting of the pharmaceutical companies of a developing economy (Bangladesh), this study adds knowledge to this under-researched area. Moreover, rather than focusing only on 'whether' and 'what' questions, the study focuses on the 'how' question. This study also conducted discourse analysis of the risk reporting narratives. Other than these, this study took a novel approach by drawing the interpretations from an impression management perspective.

5.2. Managerial and Policy Implications

The findings of this study have both managerial and policy implications. The mostly qualitative, generic, repetitive and rhetorical disclosures question the 'seriousness' and 'commitment' from the part of the management towards risk reporting. The management of these companies should attempt to go for a more 'meaningful' and 'specific' disclosure. Louhichi and Zreik (2015) found that risk reporting can affect the corporate reputation positively. The authors implied that risk reporting is a kind of social contract. When the companies fulfill the requirements of the contract, they get benefited by enhanced reputation. It was found that though the revised Corporate Governance Guideline (revised)-2012 has required the companies to report on risk related issues, because of the absence of a detailed guidance, the companies are not following a consistent and coherent framework/structure while reporting. For that reason, the authors believe that the findings of this study may have implications for regulatory bodies such as the Bangladesh Securities and Exchange Commission (BSEC) and newly formed Financial Reporting Council (FRC) to evaluate the current status of risk reporting and to streamline the risk disclosure practices of listed companies for the greater interest of the stakeholders. There is also a call for the policy makers to play an important role in formulating risk reporting guideline and encouraging the companies to report in a certain manner. In particular, this is very important for the risky industries like pharmaceuticals.

5.3. Limitations and Future Directions

This study has several limitations. First, our paper is mainly exploratory in nature focusing on the impression management by preparers through narrative risk disclosures. Therefore, we cannot conclude whether or not impression management influences readers. Moreover, the study

is focusing on a particular sector – pharmaceuticals. The findings only highlight some evidences and the results cannot be generalized to other sectors.

The future researchers can conduct research taking bigger sample across different industries to identify homogeneity or heterogeneity in risk reporting behavior. Moreover, considering the recent trend in corporate reporting research (e.g., Lo, Ramos, & Rogo, 2017; Nazari, Hrazdil, & Mahmoudian, 2017; Asay et al., 2018a, 2018b; Lim, Chalmer, & Hanlon, 2018; De Souza, Rissatti, Rover, & Borba, 2019), an attention-grabbing avenue of further research would be to examine the readability of risk related disclosure and its consequences. Research can also be conducted on the risk disclosures provided through other forms of corporate reporting such as the prospectus, website as well as on financial segment (e.g., financial notes) of corporate reports as required by accounting standards (IAS/IFRS).

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