

LEVEL 7 ASSESSMENT SPECIFICATION

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Research Proposal as homework for the class:

Converting Research into Practice

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Title

Corporate Governance, Corporate Social Responsibility and Sustainability Risk Disclosures as Framework for the Assessment of Performance, Risk, and Fraud Detection - A Quantitative Analysis Based on Selected Key Principles Supported by Qualitative Market Characteristics

Introduction

Corporate Social Responsibility (CSR) has a long-standing history as a research topic but developed significantly further from 1950 onwards (Carroll, 1999). It developed a higher relevance for corporations and their management especially in recent years. This was driven one-way by a new self-awareness of companies, for which role they would like to play within a society, but on the other hand also by an increased attention of political regulation. One of the last significant regulatory changes within this field was at the level of the European Union. As of 05 January 2023, the European Parliament and Council enforced its Directive (EU) 2022/2464, which is amending the Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, commonly referred to as the Corporate Sustainability Reporting Directive (CSRD). Based on this change, companies in scope of the regulation are required to disclose risks and opportunities which they are facing related to social and environmental issues and their potential implications on their business and society (Keegan, 2023). CSRD significantly improves the CSR reporting by adding a specific sustainability factor and demanding a certain format of disclosure as well as pre-defined reporting standards.

Based on this significant regulatory change, it is desired to investigate the implications and learnings, which can be drawn from the change in European regulation regarding CSR based on a detailed assessment of listed European companies and, in this context, their newly implemented disclosure requirements for sustainability risks. Further, it should be considered if there were fraud incidents in these companies and what kind of quality the disclosed information had for cases involving fraud compared to those without. This can help to develop an understanding of potential patterns in the global economy and answer the question: Is a sustainable company also an ethical company? And how do these factors interrelate? Similar questions had already been investigated by Prior et al. (2008) where they were asking whether socially responsible managers are ethical. They had analysed this topic by assessing the relationship between earnings management and CSR. In addition, Kim, Y. et al. (2014). has assessed the relationship between CSR and the risk of a stock price crash. Based on their research approaches and results, ideas for this research can be further developed and enhanced.

It is the right time to perform this research now, since the implementation of the new European regulation is in place for roughly a year and will now trigger all concerned listed companies in the European Union that they must start to issue their first statements about corporate sustainability. This can provide a huge range of new publicly available information and reference points for an analysis.

The main goal of this proposed research is to identify the correlation between the new sustainability risk information available by the updated CSR framework and their impact on classical research criteria such as (1) the corporate governance structures of these companies, (2) their impact on the market performance, (3) profitability, (4) risk management, and (5) financing costs. However, this shall be done by considering the classical financial performance indicators (quantitative factors) listed above, and also by adding other softer indicators, which are of qualitative nature. This information will be gathered through interviews with senior employees of these firms. Communications between senior management within a company will also be analysed and investigated if there are contradictory information disclosed over time. For example, if it was necessary to make significant changes within the statements between the first and second year after the disclosure became mandatory. Previously, Linck et. al. (2007) and Beneish et. al. (2007) had developed similar assessments when more information was publicly available after the introduction of the Sarbanes-Oxley Act (SOX) and its mandatory disclosure requirements regarding internal controls. For example, Linck et. al. (2007) analysed certain changes in Corporate Governance such as that the board's size and composition changed (e.g. more independent directors have been observed on the boards) after the Sarbanes-Oxley Act implementation in 2002. Whilst Beneish et. al. (2007) focused his analyses on impact on the financial implications such as effect on the market capitalisation of companies based on their disclosures under Sections 302 and 404 (SOX) regarding internal control weaknesses. Their models, approaches and results can provide additional ideas for this research since they are also mainly leveraging a significant regulatory change and therefore newly available public information.

As a further step, the quality of the sustainability disclosures should be challenged as well. For example, Drempetic et al. (2020) have recently demonstrated that the Environmental, Social, and Governance (ESG) scoring for companies are not always properly interpreted. By analysing the data base ASSET4 provided and maintained by Thomson Reuters, the authors showed how sustainability is defined and measured for the purpose of this database. In general, their conclusion was that research should challenge the data base ratings more often and not leave this task to professional practitioners only. Further, they developed an interesting argument that when such a ESG score does not measure the so called “Corporate Social Profitability” (CSP), investments based on these scores do not direct the available capital into the most sustainable companies. Interestingly, Garcia et al. (2017) showed that companies who can be classified as sensitive tend to have a better ESG performance. These perspectives can also be leveraged and further enhanced as part of the research.

The proposed approach involves a combination of qualitative enquiries of the management or other senior personnel within the concerned listed European companies regarding their views on the importance of their CSR framework as well as their assessment of sustainability risk within the company and the market. This would be combined with quantitative factors, such as the analysis of the financial statements of these companies detailing the accounting methodology used to ensure comparability of figures, the existence of a detailed CSR framework and quality of disclosures on sustainability risks in the context. As shown by Linck et. al. (2007) and Beneish et. al. (2007), this then can be brought into context with traditional financial indicators as profitability, share price development, risk management and financing cost. Moreover, Dorstewitz and Lal (2022) contributed an interesting application approach of principle agent theories using relevant market models from the theory to find solutions for CSR problems of organizations and Bhandari and Javakhadze (2017) provide context of the investment decision making and asset allocation tendencies.

The combination of these topics is specifically significant in the current environmental and economical situations. More countries in Europe have shown signals of an economic slowdown or, even, some of them are already in technical or full recession (Rizvi, 2023). If there is evidence to show that CSR and acting in a sustainable manner will have a positive impact for companies, the intrinsic incentive to act in a sustainable way for corporations in the slowing market would be still given. However, if not, some companies might tend to follow less sustainable pathways again to enhance performance. Therefore, a strong case showing a positive impact on overall performance could have a positive effect on society as well.

Literature Review

The research intensively covers the background of the relationship between corporate governance, occurrence of fraud, and financial performance including sub-topics, such as which role internal audit and managements' own behaviour plays for a company's performance, to steer the operations and to avoid fraud.

Back in 1993, Jensen (1993) built a significant foundation for current research with his analysis of the challenges for internal control systems in the 1990s. This analysis was based on a large population of companies. Hereby, it was differentiated between the "normative approach", which focuses on making the control system effective, whilst the "positive approach" focuses on the interrelation of other factors such as regulatory, legal, and political influence as well as the economic environment in which the corporation is interacting. He demonstrated the

importance to advance theories with the “positive approach” perspective to extract the correlation between the cause of a change and its interrelated impact. Due to their ability to define valuation frameworks and put them into context as well as their deep understanding of the concept of uncertainties, Financial Economics have been identified as being in a favourable position to analyse past organizational performance. At the end of the century, Core et al. (1999) contributed an additional analysis which highlighted that board composition and the structure of ownership have an impact on the level of additional compensation a Chief Executive Officer (CEO) can negotiate. This additional payment is not determined or explainable based on financial key performance indicators or economic circumstances. Further, this has been complemented by Farber (2005), who provided evidence on the link between the functionality of the financial reporting system and the quality of the corporate governance framework in place. For example, firms which have fewer external board members and no independent Chairman’s of the Board bear the risk of having a higher fraudulent activity within a corporation. That work has been further detailed by Mendes-Da-Silva, who shows in the studies of her book published in 2018 that there is a tendency that board members consist of homogeneous pool of people, which are usually well connected with each other.

In addition, Farber (2005) shows a connection between the level of quality of corporate governance structure of a company and how credible the financial reporting of the entity is. Therefore, a sample of companies with financial statement fraud, which was raised by the Securities and Exchange Commission (SEC), have been analysed after the fraud cases occurred and based on the changes in corporate governance after the fraud was detected, Faber draw several conclusions. Specifically, companies with a financial statement fraud case had a smaller number of independent Board members, a lower frequency of audit committee meetings and the CEO often also was the Chairman of the Board. Moreover, he observed that the audit committees of these companies also had a smaller number of financial experts. Furthermore, the probability that a firm with a fraud case has been audited by a non-Big Four accounting firm is higher than for companies without a fraud case. Nevertheless, the study showed that three years after a fraud incident had been detected, these companies had improved their corporate governance set-up to have a similar one than the “non-fraudulent firms” in the aspects described above. However, the study further showed that these improvements in corporate governance did not help to re-establish the trust of institutional investors within a 3-years period. Nevertheless, a positive impact of the stock price can be identified after the corporate governance improvements. Therefore, this study provided an interesting aspect of a potential post fraud recovery approach. Bolton and Hand (2002) performed a literature review for the

topic “Statistical Fraud Detection” a few years early. This showed that already about 20 years ago, there was a high volume of literature working on the possibilities to use of bigger sets of data and statistical methods to help to identify fraud trends. Coram and Ferguson (2006) concluded that firms with an internal audit have a higher probability to detect and report fraud cases. Hence, it has also shown that an insourced internal audit function is more effective in doing so than a fully outsourced internal audit service. A significant learning from the research developed over the last decades is that the more data are available, the better the overall contribution to the understanding of the market and often the best points to research these topics is when a significant regulatory change occurs.

As briefly mentioned in the introduction, these theories have been further developed especially when more relevant information was publicly available after the enforcement of the Sarbanes-Oxley Act and its mandatory disclosure requirements regarding internal controls. Linck et. al. (2007) showed that the boards of businesses became first smaller in the 1990s and got bigger again and more independent after the Sarbanes-Oxley Act implemented in 2002. However, this was not equally applicable to all firms. Smaller firms increased the independence of their boards more significantly than larger firms, whilst larger firms decreased the size of their boards more notably before the new regulation reversed the effect. Buerter (2020) compliments on this by showing that board size has a positive impact on CSR. In addition, Beneish et. al. (2007) analysed the effect on the market capitalisation of companies based on their disclosures under Sections 302 and 404 (SOX). As a result, they identified notable negative effects for unaudited disclosures under Section 302, but no significant effect caused by disclosures under sections 404. Additionally, this is complemented with an analysis of the impact on the cost on capital related to the disclosure. This cost of capital analysis confirmed the trend seen in the market value. Section 302 disclosures increase the cost of capital, while no impact can be seen for Section 404 disclosures. Hogan and Wilkins (2008) demonstrated that firms with internal control deficiencies must pay significant higher fees to their external auditors. The more substantial these deficiencies are, the higher the additional fee premium. Moreover, their analysis showed that there is positive correlation between the inherent risk and substantial internal control problems. Based on these findings on increased fees due to higher risk, they concluded that the effort the auditors invest is higher in a higher risk environment. This can be deemed appropriate to keep the overall audit risk level in an acceptable range. This had been shown before Sarbanes-Oxley and after. Nevertheless, the authors also discussed the possibility that the increased audit fee might be caused by a classical financial risk premium instead of an enhancement in effort and testing. Zhang, Y et al. (2007) suggested an interrelation between

audit committee quality, level of independence of the auditor, and the disclosure of existing internal control weaknesses. They showed that the probability of having internal control weaknesses increases when the level of financial expertise of the audit committee is lower. What's more, they also identified that a change in external auditor usually signals that the company might have an internal control weakness.

Another significant contribution in this context is from Alam (2009). He assessed bankruptcy prediction models and suggested that these kinds of models might also be able to detect fraud. His analysis showed that when a fraud detection variable is added to a traditional bankruptcy model, the performance of the original model will be improved. Their specific fraud variable can also be used to further enhance classical fraud detection models by adding qualitative factors onto the quantitative basis. Nevertheless, the implicit factors for the qualitative variable must be kept up to date to reflect the correct red flags. In the contrary, Feng, and McVay (2009) found that the accuracy of SOX 404 disclosures has an impact on the profits reported by a company. In addition to the monetary component, it also showed that the internal control effectivity has a positive influence on internal management reporting and guidance. Further, Law (2011) showed that factors such as the effectiveness of the internal audit function, the role model of managers and the provision of guidance for ethical behaviour influence the robustness of an organization to prevent fraud. This study had been specifically created for the Hong Kong market. Cheng, M. et al. (2013) found evidence for their hypothesis that firms with internal control weaknesses have a significant lower investment efficiency. Also, their research provided evidence for a correlation between financial reporting quality and investment efficiency. Again, this study was based on the disclosure requirements implemented through the Sarbanes-Oxley Act.

Carroll and Shabana (2010) suggested considering the long-term view on CSR, which they named the broad view while the short-term perspective was named the narrow view. They argued that a long-term view should be considered to best account for the overall benefits which can be achieved by having a strong CSR framework. These benefits are categorized by them in four areas: "(1) reducing cost and risk, (2) strengthening legitimacy and reputation, (3) building competitive advantage, and (4) creating win-win situations through synergetic value creation." Later, Freeman and Hasnaoui (2011) showed that the term CSR is inconsistently used. This is not only the case internationally, but also locally. The term can be used very differently even within the same country depending on the view of the user. Therefore, the authors were leveraging their work as a first basis to further finetune the international understanding on a way to build a meaningful basic concept.

Friede et al. (2015) performed a secondary review of 60 studies with the goal to find trends in the environmental, social and governance and corporate financial performance (ESG-CFP) performance relation. This review provided a positive case of ESG investing in comparison to some investor's perspectives. They identified that ESG investing has the potential to especially outperform traditional investing in the geographical area, North America, the immature markets, the emerging markets and the asset classes which are nonequity asset classes. Nonetheless, no consistent learning effect was identified for capital markets. Their key conclusion is that, in the long-term perspective, an alignment between the society's objectives and the investors objectives will be beneficial for the investor. However, to achieve that a better understanding of the correlation and connection between different ESG criteria will be fundamental for further success. In addition, Latapí Agudelo et al. (2019) concluded that CSR has gained importance over the last decades and that the factors management needs to consider in their actions have to be much broader than just simply profit maximisation.

This research would fit well into the historical context and contribute a significant new piece to the existing literature by analysing the most recent regulatory change in the European Union. As shown in the literature review with the similar example of Sarbanes Oxley, such a regulatory change can significantly contribute to a better understanding of the market environment and the single components influencing a company's success or failure.

Research aims and objectives

Research Aims

- 1. To investigate the relationship between disclosed sustainability risks and profitability, share price performance, and financing costs.**

In the literature review, it is shown that historically there is a strong connection between regulatory requirements and the possibility to develop research further with this new information. The correct implementation of the regulation in the form of relevant sustainable risk, disclosures can be used to analyse financial profitability, share price performance, operational risk structures as well as financing capabilities. This provides an important insight on the competitiveness of a single business and the overall market. Therefore, the impact of the regulatory change in the European market shall be assessed to provide a better understanding on how the trend of having a stronger focus on sustainability in the context of CSRD, ESG and CSR impacts these factors. Particularly, the new disclosure requirements of sustainability risk shall be assessed and therefore the new publicly available information in the market can help

to better understand the impact on single businesses as well as the overall economy. This was already the case after the implementation of the Sarbanes-Oxley Act, which provided a great opportunity to better understand internal control systems and their impact on enterprises and the economy as a whole, because of the new data available. More publicly available data can bring in the opportunity to develop new concepts and gain a better understanding of the underlying market conditions. Therefore, the research objective is to develop a model to measure the impact of meaningful CSR and ESG frameworks on the financial, operational and risk management performance of a firm. Please also consider the following questions:

- How are CSR and ESG frameworks defined within the European Union and did the new sustainability regulation also support a standardization of the terminology used?
- Does the ESG scoring of financial institutions show a consistent picture of the market or do the criteria vary significantly?
- Can models developed and applied after the implementation of Sarbanes-Oxley be transferred or modified to help analyse the new risk information available through the new CDSR regulation?
- Do negative mandatory risk disclosures have a negative impact on performance or financing cost of the firm?

2. To assess the potential correlation between sustainability frameworks (CSR and ESG) and the development of Corporate Governance within the firms

These frameworks can be compared and controlled for an adequate corporate governance set-up. The impact of the CSR and ESG frameworks on the corporate governance itself shall be analysed to answer the following question:

- Is a strong CSR and ESG framework also an indicator of a strong corporate governance set-up?
- Do companies with a higher quality (and more detailed) CSR framework show a stronger corporate governance framework as well?

3. To explore the role of improved sustainability frameworks on prevention and detection of fraud

The impact of the CSR and ESG frameworks on corporate culture shall be investigated, including the questions:

- Can a social and ethical environment within a company positively contribute to the prevent and/or detection of fraud?
- Is a sustainable company also an ethical company? And how do these factors interrelate? Does an advanced CSR framework support the prevention and detection of fraud?
- Does the requirement to publish a CSR, ESG or CSRD statement in the financial statements show an effect on ability to prevent and detect fraud?

Research Objectives

- 1. To collect quantitative data on sustainability risks disclosed by firms in their annual reports.**

The financial statement disclosures of listed European companies in the years 2024 and 2025 shall be examined by considering different risk categories.

- 2. To analyse the details and accuracy of the sustainability risk disclosures and assess the level of quality of the disclosures.**

A representative sample will be selected from various financial statements and the content will be studied based on qualitative factors.

- 3. To investigate potential gaps between the written disclosures and other risk which might be not mentioned through qualitative interviews.**

Conduct interviews with senior employees in the firms and investigate their views on the sustainability risks applicable for their firms and compare the statements to the information disclosed in the financial statements.

My research hypothesis is that the high-quality disclosure of low sustainability risks would show a positive impact on the company's financial performance and vice versa. Similarly, it would be expected that companies with the higher quality disclosures also have a better corporate governance set-up as well as a stronger capability to detect fraud and vice versa.

Proposed Methods

A mixed method will be used in this research. A qualitative part with interviews will be used to identify aspects of the company structure and the specific views of management on key accounting matters, corporate governance, ESG, CRS and CSRD topics. Interviews should be conducted with professionals of a certain seniority within the listed companies. Furthermore, a

quantitative analysis will be conducted to correctly integrate these qualitative criteria within the big picture of other factors observed in the market. For the quantitative method, the following criteria could be used:

1. Principle or rule-based approach as underlying model of the accounting methodology used.
2. Audited or unaudited financial statements or other reporting.
3. Voluntary ESG or CSR report in the financial statements
4. What quality (level of granularity) do these voluntary disclosures have?
5. Are the mandatory CSRD disclosures included in the financial statements?
6. If not, is there a specific reason?
7. Of what quality (level of granularity) are the CSRD disclosures?
8. Does an internal audit function exist within the company?
9. If there is an internal audit function, is it an internalised one, co-sourced or fully outsourced?
10. What legal set-up does the company have, e.g., limited liability or full personal liability of the owner?
11. Are the companies listed or unlisted?
12. Report on corporate governance included in the financial statements.
13. The criteria and explanations used to define good corporate governance and corporate social responsibility within the financial statements.
14. The ESG evaluation based on the Sustainable Finance Disclosure Regulation (SFDR)

As basis of the quantitative analysis, the publicly available financial statements can be used. Especially, for companies listed on a stock market within the European Union, the disclosure requirements are at a high level. Although the audited annual financial report will be the main source of information, the requirement as a listed company to publish ad-hoc information for market relevant changes can be used and analysed in addition to the yearly reports. In addition, many stock exchanges require their listings to publish quarterly unaudited numbers, which can also be used to complement the annual report. Due to the new CSRD requirements, these financial statements now also include a statement regarding the risks and opportunities driven by socioeconomical and environmental issues and their potential implications on the business and society as whole. This information can be examined as shown in Linck et. al. (2007) and Beneish et. al. (2007) regarding the SOX disclosures with focus on internal control weaknesses. The newly gained information about sustainability risk can be set in relation to traditional financial performance indicators such as profit & loss, cost of capital and market capitalisation (share price).

To achieve the best outcome, a pilot study will be conducted for the qualitative part and the quantitative part.

The pilot study for the qualitative analysis has the following characteristics. The objective is to determine the feasibility and effectiveness of conducting interviews with senior company officials and to obtain a first understanding of the granularity of answers they provide and to which extent they might or might not be more detailed than the disclosures in the company's financial statements. For this purpose, a sample size of five interviewees within my own network will be selected. The interviewees shall be working in the field of ESG and corporate social responsibility for European listed companies. For these pilot cases, a basic questionnaire will be used, which can be further improved based on the experience during the interviews and the feedback of the pilot group regarding understandability. The interviews will be transcribed, and a first analysis will be conducted to identify potential patterns or bias caused by the type of questions. The questions should be structured as open question to keep the answers as natural as possible and avoid any potential bias caused by the interviewer and how the questions are phrased. If the pilot study shows problems regarding the interview structure or effectiveness of questions, these parameters will be adapted for the final group of interviewees.

The pilot study for the quantitative analysis has the following characteristics. The objective is to determine the feasibility and effectiveness of obtaining relevant information from the companies' financial statements. A sample of five recent annual financial reports for listed companies, which are required under new European legislation to disclose their sustainability risk and ESG framework, will be selected. Ideally, the five financial statements selected could correspond to the companies for which the five interviewees of the qualitative pilot study work, so that there can be conclusion drawn on to which extent the interviews can contribute additional insights to the disclosures in the annual report. Further, it will be assessed which tendencies and trends can be seen in the disclosures regarding the risks and if the companies follow similar accounting standards that make standard financial KPIs such as profit, cost of financing and share price comparable for the analysis. In addition, it needs to be assessed whether the disclosures are standardized enough between companies, industries, and disclosure format, so that the best comparable factors can be identified and leveraged for the further detailed and main analysis. This quantitative part should be conducted in the beginning of the second year, with a duration of three months, running in parallel to the interviews to provide sufficient time for building the final testing approach.

Based on the findings from the pilot study as well as the feedback received from interviewed senior employees, the questionnaire and qualitative analysis factors can be refined and further developed.

The main limitations of this approach could be that interviews with senior personnel of the organisations are difficult to be approached and employees might be reluctant or prohibited to share information which could be considered as critical. Furthermore, where a fraud case occurs, the communication might be even more restricted because there might be legal implications for the firm or person. Thus, the data are not easily accessible. Moreover, although the companies are now required to disclose sustainability risk, it might be that the quality of the information varies significantly based on the field the company is working in. There could be a tendency that companies with a good sustainability approach have an incentive to disclose better information than ones with questionable practices. Therefore, the real risk may not be included in the financial statement or are not disclosed in useful format.

Even though many companies, indeed, have a CSR framework, the standards applied may differ significantly because no standardized global/universal rules for a CSR framework have yet been agreed on. Due to the lack of common standards and the successful measurement of corporate social responsibility criteria, the reports displayed in the financial statements are mostly unaudited by the financial auditors of the company. These limitations could be tackled by controlling the available quantitative variables with the result from the qualitative analysis performed. Subsequently, an existing fraud model could be leveraged by adding key social responsibility criteria to the model and also restricting the scope of the fraud model to corporate governance factors.

Expected outcomes and contributions

To date, the research conducted has already developed a strong understanding of the specific relationships between corporate governance structures, traditional financial Key Performance Indicators (KPIs) such as profit, financing cost and share price as well as fraud detection. However, the boarder picture including CSR and Environmental, Social and Governance (ESG) has not been analysed in detail yet, as the publicly available information through mandatory disclosures had been limited. The new CSRD provides a great opportunity to analyse the missing pieces in the overall set-up, because it requires firms to disclose information about their sustainability risk themselves and for the society. This provides the same chance for empirical research as the introduction of Sarbanes-Oxley and models from this period in the early 2000s

can be modified and adapted to conduct similar research in the control, performance, and risk context. It could be expected that similar results can be observed as for Sarbanes-Oxley. For example, higher corporate social responsibility with less sustainability risks will lead to a higher profit, lower capital costs and overall, to a higher share price. This should be displayed in the numbers as follows. A company disclosing no or only insignificant sustainability risk should have lower financing costs, which have a positive impact on the profit. As a result, a higher profit should lead to a higher share price, which automatically reflects a higher market capitalisation. To sum up, the overall performance of the cooperation might be more stable and less volatile due to less uncertainty in the business model and a higher profitability.

The analysis of such relations is highly important to better understand the impact of this CSR and ESG frameworks on the development of corporations. Naturally, it would be expected that a company focusing on CSR and ESG has a higher ethical standard a superior moral compass than a company who does not consider these factors to the same extent. This would also mean that such companies would have an advantage in the prevention and detection of fraudulent activities. Therefore, an increased focus and awareness of these topics within the market would prevent fraud from occurring and strengthen the stability of a market. Fraud cases do not only destroy significant shareholders' value when they occur, but also derogate the trust of market participants in the professional accounting firms which oversee assuring a certain level of credibility for the company's financial statements. A concerning example in the past has been the Wirecard scandal in Germany. The company Wirecard was even part of the German DAX 30 listed companies before it collapsed, and many small shareholders lost up to 100% of their investments (Wischmeyer, 2023). In addition, the audit firm Ernst&Young (EY) responsible for the audit of the financial statement of Wirecard has been heavily criticized for not being able to detect the fraud case early enough (Rasch, 2023). Such serious fraud cases often question the whole purpose of having an external auditor and add uncertainty to otherwise stable market environments.

Research plan of work and timetable

It is foreseen that the DBA programme takes about three years to be completed. I have prepared the following tentative timeline for the work which needs to be performed:

Year One: Course Work, Literature Review and Research Preparations	
Months 1-6	• Course work, including homework. • Start of the literature review. • Explore and review study focus and methods.
Months 7-12	• Course work, including homework. • Develop a preliminary research proposal. • Prepare material needed for fieldwork, including questionnaires and initial contacts. • Conduct a pilot study for a small sample of qualitative and quantitative research. • Finalize the research proposal.
Year Two: Fieldwork and analysis	
Months 13-18	• Conduct a polit study. • Align all research and statistical methods and tools to be used throughout the study with the thesis supervisor. • Start data collection based on the approved plan. • Continuously refine data collection methods. • Begin preliminary data analysis.
Months 19-24	• Obtain quantitative data sets about listed companies and their corporate governance and CSR frameworks. • Conduct interviews and prepare transcription. • Prepare and analyse results from datasets from financial statements. • Analyse results from financial statement data sets and interviews using agreed statistical framework. • Complete data collection and focus on detailed analysis. • Draft the methodology and initial results sections. • Revisit literature review and analyse the trend provided by the data received
Year Three: Fieldwork and analysis	
Months 25-30	• Microanalysis to expand the research study. • Visualize the research with diagrams. • Finalize data analysis and assessments. • Finalize summary and conclusion. • Calibrate the final title of the thesis. • Write up thesis and manuscript. • Request feedback from supervisors.
Months 31-36	• Finish thesis and manuscript. • Finalize format. • Submit thesis for examination. • Preparation for oral examination • Defend the thesis orally. • Address feedback from examiners

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