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TRANSPARENCY, ACCOUNTABILITY, AND INVESTMENT DECISION-MAKING: THE CASE OF ENRON AND ARTHUR ANDERSON

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ABSTRACT

The paper explored the impact of transparency and accountability on investment decisions by financiers. This research adopts a qualitative case study design. The study utilised secondary data from published articles and online publications and data relating to the cases of Enron and Arthur Anderson. From the data considered, the study concludes that a lack of independence and transparency from auditors has a negative impact on investment and investors decisions. Similarly, the financial transparency and accountability of a firm are substantial determinants of investment decisions in recent years. Thus, investors' decisions are linked to the perceived transparency and accountability in financial reporting and not to the assurance provided by an audit firm. It was found that the transparency, accountability, and auditor independence in financial reporting were compromised by Arthur Anderson's provision of dual professional services to Enron Corporation. The study recommends that accounting firms should minimise conflicts of interest, by avoiding the provision of dual professional services to customers, and prioritise auditor independence.

KEYWORDS: *accountability, decision, investment, reporting, transparency,*

1. INTRODUCTION

Amidst the prevailing economic conditions, numerous nations worldwide are confronted with the task of invigorating expansion in vulnerable economies while simultaneously enforcing fiscal prudence. The enduring economic downturn and the gradual convalescence thereof have engendered far-reaching ramifications not only for labour force participation but also for the capacity to compete and commercial establishments in numerous countries (World Bank, 2013). Enterprises of varying sizes are vying for credit and capital as financial institutions, including banks, have become increasingly circumspect in their investment choices (World Bank, 2013). Given the current circumstances, it is imperative for enterprises to exhibit financial transparency, while it is equally crucial for governing bodies to establish a robust regulatory framework for corporate financial reporting.

Given the constraints imposed by limited financial resources, it is imperative that investment decisions be meticulously strategized and grounded in precise data to ensure the anticipated return on investment is realised. The implementation of financial transparency and accountability measures can serve as a catalyst for firms to secure investment, a crucial aspect for publicly traded entities seeking substantial capital for expansion and internationalisation. As per the World Bank (2013), enterprises exhibiting promising potential and proficient financial reporting methodologies, albeit deficient in collateral, are more likely to secure credit facilities. This is because banks possess a greater corpus of information to rely upon while making lending decisions, thereby diminishing their reliance on substantial collateral. The implementation of sound company reporting behaviours is a crucial component in garnering investor interest and fostering a favourable corporate environment.

The primary objective of financial reports has been to furnish stakeholders with top-notch information that can facilitate their investment and allocation of resources decisions, thereby augmenting the efficiency of the financial market (Alardi & Altass, 2021). Corporate governance systems must comply with complex accounting standards and regulatory requirements. Transparent information is therefore crucial for investors' well-being and confidence in financial reports' reliability, reducing information irregularities between management and investors.

Scholarly research has posited that the provision of honest accounting disclosure fosters investors' trust in the dependability of financial reports, a fundamental requirement for the flourishing of financial markets. Additionally, transparent communication serves as a significant mechanism for mitigating the extent of the disparity in information between management and investors (Mishari & Faisal, 2011; Zhiwei et al., 2014).

Alardi and Altass (2021) highlight the shift in investor perception of financial report transparency due to the global financial crisis. They emphasise the importance of transforming information into transparent, investor-friendly information that meets stakeholder needs. They argue that weak regulatory frameworks contribute to financial crises, as weaker market efficiency leads to less information.

Transparency and accountability are essential for sound corporate governance and performance. Financial scandals, such as Toshiba Corporation's overstatement of profits and Enron, WorldCom, and Arthur Anderson's misrepresentation of facts, have led to distrust in the system and unreliable financial statements. These scandals are attributed to a lack of financial transparency, imperfect regulations, and unethical behaviour. Maintaining a level playing field with market participants is crucial.

Consequently, there is a pressing need for enhanced information transparency and the provision of dependable data. Consequently, the matter of information transparency assumes paramount significance for all corporations, as it serves to foster the trust of stakeholders in their investment choices. There exists a widely held belief that the incorporation of transparency and accountability within the process of financial statement preparation would serve to cultivate a sense of trust among users and facilitate the implementation of efficacious decision-making strategies. Klinsukhon and Ussahawanitchakit (2016) posit that transparency serves as a catalyst for the attraction of a greater number of professionals and investors.

The imperative for transparency and accountability has assumed greater import within the financial sector, owing to the insistent entreaties of investors. Against this contextual backdrop, this study endeavours to scrutinise the influence of accountability and transparency on choices about investments, drawing on empirical data from Enron and Arthur Anderson.

2.0. LITERATURE REVIEW

2.1. Conceptual Review

2.1.1. Transparency

The term "transparent" may be employed to characterise financial statements of superior calibre. In the context of financial reporting, lexicons that are pertinent include "readily comprehensible," "highly lucid," "forthright," and "unreserved" (McClure, 2021). The concept of transparency pertains to the degree to which investors are afforded expeditious access to the requisite financial data concerning a given enterprise, encompassing factors such as pricing trends, market liquidity, and duly authenticated financial statements (Chen, 2021). Saremi and Mohammadi (2015) posit that transparency is characterised by the unobstructed dissemination of information and its accessibility to all stakeholders involved in the decision-making process. Henceforth, transparency is comprised of heightened disclosure, disclosure of superior calibre, and intelligible data. The implementation of transparency measures has been shown to effectively mitigate agency problems stemming from information asymmetry, as per Zuo's research in 2012.

The concept of transparency is contingent upon the lucidity and accessibility of disclosed information within the market, as posited by Alardi and Altass (2021). Adiloglu, Gungor, and Yucel (2018) similarly contend that transparency is characterised by the comprehensive availability of pertinent and dependable data pertaining to performance, financial standing, investment prospects, realisable worth, and potential hazards. The definitions provided above elucidate that transparency stands in stark contrast to financial corruption (Alardi & Altass, 2021). It is irrefutable that financial corruption served as the vehicle by which numerous companies that ultimately became insolvent obfuscated the true state of affairs and their dismal financial performance, resulting in significant losses for stakeholders including individuals, investors, employees, and the broader community.

The attainment of access to pertinent and dependable information by investors and lenders is a pivotal factor in enhancing the efficacy and dynamism of the financial market. This, in turn, facilitates the judicious allocation of resources, informed investment and credit decisions, and the implementation of remedial measures in the event of unfavourable financial circumstances or performance (Alardi & Altass, 2021). Drawing from the preceding discussion, transparency may be construed as the act of furnishing users with pertinent and dependable data that is not encompassed within the obligatory disclosure. This information ought to be user-friendly, lucid, and comprehensible, thereby facilitating unfettered access to information without any impediments.

As per McClure's (2021) observation, the underlying reason for inadequate transparency is of lesser significance than its impact on a firm's capacity to furnish investors with indispensable data for the purpose of evaluating their investments. In the event that investors do not possess either faith or comprehension in a

company's financial statements, said company's performance and fundamental value are rendered either inconsequential or skewed. The burgeoning employment of derivatives, forward sales, off-balance-sheet financing, intricate contractual agreements, and novel tax instruments may potentially perplex investors.

2.1.2. Accountability

Accountability refers to the acknowledgement and assumption of liability for one's own conduct. The notion suggests a proclivity towards transparency, wherein one permits external parties to observe and assess their conduct. According to Tearfund (2008), the key to financial accountability in both the private and public sectors lies in the people in charge of managing financial resources and their capacity to show that they are effective stewards. According to Kenton (2022), accountability is the acceptance and assumption of responsibility for one's actions, particularly in relation to upholding principles of integrity and morality in interactions with others. The task at hand involves ensuring that individuals who utilise financial data are apprised of the organisation's fiscal standing, financial achievements, service endeavours, and overall performance.

As per Kenton's (2022) assertion, within the realm of corporate affairs, a company's responsibility is not limited to its shareholders but also encompasses its workforce and the broader societal context in which it conducts its operations. This statement suggests that the concept of accountability entails a disposition to accept evaluation based on one's actions and outcomes. The concept in question pertains to adherence to a particular level of superiority. The notion of accountability posits that an individual or collective entity bears the onus of their conduct, and in the event that said conduct is deemed unfavourable, they shall be subject to repercussions. The objective is to cultivate a culture of excellence, foster integrity, incentivize reliability, and engender confidence among constituents in the corporate sphere.

As of late, the notion of accountability has emerged as a crucial mechanism in the realm of corporate finance and the evaluation of performance. The accounting practises that a company employs in the preparation of its financial reports, which are mandated by regulatory bodies and presented to shareholders, hold significant relevance. The OECD (2015) posited that the absence of mechanisms for oversight, equilibrium, and repercussions for malfeasance would preclude a company from upholding the trust of its clientele, regulatory bodies, shareholders, and the financial sphere. In recent times, the scope of corporate accountability has expanded to encompass the impact of a company's actions on its stakeholders. Consequently, a corporation's ecological footprint, financial allocations, and internal personnel management practises are subject to public scrutiny in accordance with pertinent legislation.

Accountability serves the purpose of ensuring that an auditor provides a precise and equitable representation of a company's financial well-being (Corporate Finance Institute, 2022). Consequently, the auditor bears legal and criminal responsibility for any instances of fraud or contractual violations that may arise as a result of the audited financial statements. The practise of accounting demands a high level of accountability, as even the slightest oversight or misstep can be construed as a display of professional negligence. As such, it is imperative that those engaging in this field possess a deep understanding of the requisite care, knowledge, and skills necessary to execute their duties with precision and accuracy. Conversely, the auditor is assuming the responsibility of ensuring the company's adherence to its reporting obligations (Kenton, 2022). Norris (2014) posited that in the United Kingdom, auditors are tasked with an oversight function whereby they are required to provide commentary on the specific risks that companies encounter and the measures taken to mitigate such risks. This is aimed at providing investors with informed guidance when making investment decisions.

2.1.3. Investment Decisions

The act of making an investment decision pertains to the allocation of financial resources. It involves a carefully thought-out course of action that involves the allocation of financial resources with the ultimate goal of achieving the most optimal return on investment. The determination is predicated upon investment goals, proclivities towards risk, and the investor's classification, namely, whether they are a singular entity or a corporate entity (Vaidya, 2022). Investors make strategic decisions regarding asset allocation and investment opportunities, taking into account their risk tolerance, investment goals, and desired returns. The determination of investment choices is also impacted by the recurrence of returns, correlated hazards, and duration of maturity, fiscal advantages, instability, and inflationary tendencies.

From the point of view of financial accounting, the basis for preparing financial statements is to aid users in making an informed decision. Meaning the investment decisions of an existing and potential investors are dependent on the nature of financial information available. Thus, financial statements are expected to be transparent and represent the stewardship of the management to the users of such information. Regarding this matter, Vaidya (2022) observed that investment determinations are formulated with the aim of attaining optimal returns through the judicious allocation of financial resources to suitable opportunities. The decision-making

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process takes into account two crucial managerial parameters, namely risks and returns. As such, where these financial statements are not transparent and do not represent the true stewardship and accountability of the management to users, they constitute an additional unforeseen risk to the investors that will rely on them.

The capacity to utilise data in order to make judicious, prompt, and fitting decisions that lead to the intended outcome is what characterises effective decision-making, as per Klinsukhon and Ussahawanitchakit's (2016) definition. The significance of accounting systems as vital organisational mechanisms for facilitating efficient decision-making, investment opportunities, management, and control within a business has been widely acknowledged by scholars (O'Donnell & David, 2000; Satiya & Phapruke, 2016). The attainment of organisational objectives or goals is contingent upon the efficacious selection of company choices, which constitutes the hallmark of successful decision-making. The efficacy of a manager's managerial prowess is contingent upon astute decision-making, which entails the judicious selection of the most optimal course of action to attain the intended goal. When a manager is faced with the task of making a decision, it is imperative that they possess pertinent information regarding the various alternative solutions available to them. This information may include, but is not limited to, cost information and quality assessments (Klinsukhon & Ussahawanitchakit, 2016).

2.2. Theoretical Review

2.2.1. Agency Theory

This study is based on the agency theory. The agency theory of corporate governance was first introduced by Alchian and Demsetz in 1972 and subsequently by Jensen and Meckling in 1976, as noted by Yong (2014). The elucidation and resolution of matters pertaining to the association between commercial proprietors and their representatives are facilitated by a fundamental doctrine, as posited by Kopp (2021). Frequently, the association in question pertains to the nexus between shareholders, who function as principals, and corporate executives, who serve as agents. The aforementioned theory delves into the intricacies of concealed attributes and information asymmetry. It scrutinises the circumstances in which diverse incentive mechanisms and surveillance frameworks can be implemented to mitigate the diminution of societal well-being (Stefan & Nicolai, 2015). In actuality, the managers of corporations procure capital from investors who possess the conviction that said managers possess the aptitude to judiciously and efficaciously allocate the funds towards generating profits for the firms. The degree of dependence and assurance is predicated upon the obtainable data from the fiscal documentation of the enterprise (Stefan & Nicolai, 2015).

The agency theory reduces the complexity of a firm by delineating its constituents into two distinct cohorts: the managerial cadre and the shareholder cohort. According to Yong's (2014) observations, it is imperative for a company to take into account the effects of its actions on various stakeholders when conducting its operations. From one perspective, a company's ability to secure and maintain equity investment is contingent upon its adherence to transparency and accountability standards vis-à-vis its shareholders. However, it is equally imperative that the interests of other stakeholder groups are duly taken into account. In light of this matter, in order to mitigate agency loss, individuals serving as agents for a corporation and its stakeholders are required to demonstrate indications of stewardship and fiscal clarity in their disclosures (Stefan & Nicolai, 2015).

2.3. Empirical Review

The study conducted by Alfarizi and Juniarti (2020) explores into the impact of financial accountability, transparency, supervision, and financial report presentation on the management of regional finances within the Bekasi city government during the period of 2015–2018. The participants of the research were individuals who were employed at the Regional Financial and Asset Management Agency of Bekasi City. The present study's sample size comprised 100 respondents, encompassing both civil and non-civil servants. The predominant modality employed for gathering data is the questionnaire methodology. The present study employs the method of multiple regression analysis as its primary data analysis technique. The research has revealed that the variable of financial accountability exerts a partial influence on regional financial management, whereas the variable of transparency partially lacks an impact on regional financial management.

The study conducted by Wanjau, Muturi, and Ngumi (2018) aimed to investigate the impact of financial transparency on the financial performance of firms that are listed in the East African region. The study was conducted with the aim of determining the impact of financial policy, investment policy, and liquidity disclosures on financial performance. The study employed a correlational research design and purposive sampling technique to carefully select 73 entries that were listed within the period of 2006 to 2015. The secondary data was subjected to a battery of analytical techniques, including descriptive, correlational, and regression analyses. The findings of the investigation unveiled a noteworthy and constructive correlation amid fiscal policy, investment policy, monetary fluidity, and monetary efficacy.

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Musyoka (2017) conducted a study that looked into the effects of voluntary disclosure on the financial performance of businesses listed on the Nairobi Securities Exchange. The act of voluntary disclosure has been classified into distinct categories, namely financial, investment, growth and development, and research and development disclosures. The study employed a correlational research design and purposive sampling to select 43 companies that were actively engaged in trading between 2006 and 2015. The data was subjected to regression analysis for analytical purposes. The findings of the investigation have unveiled a noteworthy and affirmative correlation among financial performance, investment, sales growth, research and development, and financial performance.

The impact of accounting information transparency on decision-making effectiveness was the subject of a study by Satiya and Phapruke (2016). The study also explored the mediating factors that come into play, such as financial report quality and information advantage. They enhance novel constituents of accounting information transparency, namely, divulgence, precision, and lucidity. Information was gathered from a sample of 238 Thai enterprises, which were classified into two distinct groups: financial institutions and insurance companies. The statistical methods employed for the purpose of analysing multiple regression analyses. The findings suggest that the transparency of accounting information exerts a noteworthy positive impact on the quality of financial reports. Additionally, it was observed that two out of the three dimensions of accounting information transparency exhibit a significant positive influence on the attainment of information advantage. In addition, it has been observed that the calibre of financial reportage and the possession of informational superiority exert a markedly favourable impact on the efficacy of decision-making.

3.1. RESEARCH METHODS

The present investigation employs a qualitative approach using a case study design. As posited by Rashid et al. (2019), the use of a qualitative case study as a research methodology facilitates the comprehensive investigation of a phenomenon within a specific context, drawing upon diverse data sources and employing various analytical perspectives to unveil its multifaceted nature. The methodology of a case study is frequently employed to explore a real-time phenomenon within its naturally occurring context, with due consideration given to the contextual factors that may influence the phenomenon under investigation (Kaarbo & Beasley, 1999; Yazan, 2015). Thus, the use of this methodology facilitates scholars undertaking a comprehensive examination of complex phenomena within a particular setting, as per the findings of Rashid et al. (2019).

The study utilised secondary data from published articles and online publications and data relating to the cases of Enron and Arthur Anderson. The present inquiry endeavours to scrutinise the instances of Enron and Arthur Anderson in order to evaluate the influence of financial transparency and accountability on investment determinations.

4.0. RESULTS

4.1. The Case of Enron and Arthur Anderson

The genesis of Enron Corporation can be traced back to 1985, when Kenneth Lay, a visionary entrepreneur, orchestrated the merger of Houston Natural Gas and InterNorth, thereby giving birth to a new entity (Segal, 2021). In subsequent years, following the appointment of Jeffrey Skilling, Kenneth Lay assembled a team of executives who leveraged accounting loopholes, special purpose entities, and suboptimal financial reporting practises to obscure a substantial amount of debt stemming from unsuccessful ventures and undertakings (Segal, 2021), as well as the presence of toxic assets from both investors and creditors (Nigam & Vaidya, 2021). The Enron Corporation perpetrated this ignominious deed by deceiving the regulatory authorities, employing non-transparent accounting methodologies, and integrating counterfeit assets (Nigam & Vaidya, 2021).

On the other hand, Arthur Anderson, a prominent accounting entity among the quintet of largest firms in the United States, served as an audit firm for Enron and was renowned for its stringent protocols and exceptional risk mitigation strategies (Segal, 2021). Anderson was tasked with ensuring that the financial records of the organisation accurately represented the underlying reality of its operations.

According to Nigam and Vaidya (2021), the broadband division of the business suffered a significant financial setback in August 2001, which resulted in a staggering loss of $137 million and a subsequent decline in the market value of the company's shares to $39.05 per share. During the month of October, the legal counsel representing the Chief Financial Officer issued a directive to the auditors to dispose of the Enron files while retaining solely the pertinent or indispensable data. It has been reported that Enron's Chief Financial Officer, Andrew Fastow, along with other executives, allegedly engaged in misleading practises with regards to high-risk accounting. Furthermore, it has been suggested that they exerted pressure on Arthur Anderson to overlook these

concerns (Caplinger, 2018). The gravity of the circumstance surfaced in the middle of 2001, when several analysts began scrutinising the intricacies of Enron's publicly disclosed fiscal reports.

According to Nigam and Vaidya's (2021) report, the enterprise was subjected to an investigation by the United States Securities and Exchange Commission on the 22nd of October 2001. Upon reception of this information, the value of Enron's shares experienced a further decline, ultimately settling at a reported price of $20.75. In November of the year 2001, the enterprise, for the first instance, acknowledged and disclosed that it had artificially increased its revenue figures by a sum of $586 million. Furthermore, this phenomenon has persisted since the year 1997. On the 2nd of December in the year 2001, the aforementioned enterprise submitted a petition for bankruptcy, resulting in the stagnation of the stock value at a rate of $0.26 per unit.

According to Caplinger (2018), the legal proceedings against Arthur Anderson revealed that the organisation's personnel had engaged in the destruction of Enron records that could have been utilised in the company's legal prosecution. As per the records, on June 15th, 2002, Arthur Anderson was convicted of obliterating evidence and, consequently, was deprived of his authorization to partake in the realm of public accounting (Bondarenko, 2022).

Enron Corporation which was formerly perceived as a colossal entity prior to its eventual downfall, had achieved a remarkable feat by trading at an impressive market price of $90.75 prior to December 2, 2001 (Nigam & Vaidya, 2021). However, the emergence of the accounting scandal had a devastating impact on the company's stock prices, causing them to plummet to an unprecedented low of $0.26 per share.

4.2. Discussion

Enron employed intricate accounting methodologies to bolster its stock value, generate investment capital based on its own assets and shares, and sustain the facade of a remarkably prosperous corporation. Similarly, the influx of investment capital into Enron through novel partnerships was recorded as earnings, despite its association with particular undertakings that had not yet commenced. It is apparent that Enron employed a multitude of manipulative accounting methodologies, particularly in its dealings with Special Purpose Entities (SPE), with the aim of mitigating losses, augmenting profits, and shielding debt from its financial records, all in an effort to bolster its creditworthiness and safeguard its standing within the market.

According to Kendall's (2016) analysis, Enron's initial emphasis on earnings and stock price expansion, along with the accompanying financial rewards, resulted in a requisite absence of openness and responsibility as the numbers were manipulated. Conversely, it could be argued that Enron harboured a strong sense of responsibility towards its shareholders in terms of providing unwavering and superior expansion in its market capitalization. Notwithstanding, this expansion was attained via subterfuge and duplicity. The aforementioned actions can be attributed to a dearth of transparency and accountability exhibited by the Enron management.

The scholars have extensively documented the repercussions of inadequate transparency and accountability on the investment decisions of stakeholders. According to Nigam and Vaidya's (2021) research, the Enron bankruptcy resulted in the unfortunate loss of various bonuses and pension benefits for the company's employees. Numerous investors found themselves on the brink of a fiscal calamity, resulting in the forfeiture of their investments. It has been asserted that the profound financial scandal was of such magnitude that the stakeholders of the enterprise suffered a staggering loss of approximately $74 billion in their capital investment. Also, a recent investigation conducted by Lubitz (2021) has revealed that in the two decades following the Enron scandal, shareholders and their legal representatives have successfully reached settlements amounting to a staggering $140 billion in the United States pertaining to cases involving investors.

From the Enron financial scandal, it is evident that Arthur Anderson, the financial consultant and auditing firm for Enron, showed a lack of professionalism and independence. First, being a financial consulting firm disqualifies Arthur Anderson from acting as an auditing firm for Enron. This dual role gave room to a lack of independence and, as such, the inability to withstand pressure from his client to destroy essential documents. It is apparent that despite Enron's substandard accounting procedures, Arthur Anderson provided its imprimatur by endorsing the company's financial statements for an extended period (Segal, 2021). Due to Arthur Anderson's perceived deficiency in autonomy and lucidity (Bondarenko, 2022), patrons seeking to guarantee stakeholders of their financial statements' adherence to the most rigorous accounting principles forsook Arthur Anderson in favour of its rivals.

As a result of the Enron financial scandal, Caplinger (2018) recommends exercising prudence by avoiding over-concentration of one's portfolio in a singular equity. Moreover, regardless of the company's narrative's persuasiveness, the prospect of an unforeseeable reversal has the potential to decimate one's entire investment. Analogously, it is of paramount significance to apprehend the modus operandi of a corporation prior to making any investment in it (Caplinger, 2018). The underlying reason for this phenomenon is that the majority of shareholders were unable to comprehend the intricacies of Enron's complex trading operations. However, this

lack of understanding did not seem to be of great concern to them as the stock price continued to ascend. The aforementioned circumstance rendered them entirely susceptible to fluctuations in the underlying viability of Enron's commercial operations.

5.1. CONCLUSION

The assurance of financial statement dependability is of utmost importance for publicly listed corporations to maintain the trust and confidence of investors. The Enron bankruptcy has catalysed discussions regarding the crucial matters of transparency and accountability in financial reporting, along with auditor independence and financial statement reliability, and their consequential influence on investment.

Financial transparency and accountability of a firm have been key indicators of investment decisions in recent years. From the above, the study conclude that a lack of independence and transparency from auditors has a negative impact on investment and investors decisions. Thus, investors' decisions are linked to the perceived transparency and accountability in financial reporting and not to the assurance provided by an audit firm.

It was found that transparency, accountability, and auditor independence in the report were compromised by Arthur Anderson's provision of dual professional services to Enron Corporation. The findings suggest that the Enron financial debacle has engendered a perception among investors that financial statements are endowed with a diminished degree of reliability.

5.2. Recommendations

Drawing upon the erudition and perspicacity gleaned from the accounting malfeasance perpetrated by Enron, the study recommend as follows:

a) Reinforcement of Auditor Independence: For financial statement credibility, accounting firms should minimise conflicts of interest, by avoiding the provision of dual professional services to customers, and prioritise auditor independence.
b) Enhanced Regulatory Oversight: To stop instances of compromised accountability, transparency, and auditor independence, regulatory authorities should fortify their supervision and enforcement measures. Stricter rules prohibiting audit firms from offering non-audit services to a company they audit are part of this.
c) Investor Protection Measures: In order to encourage the reporting of financial irregularities and breaches of transparency and accountability requirements, government authorities and groups representing the financial sector should create and support investor protection mechanisms, such as whistleblower programmes.
d) Enhanced Due Diligence: In addition to examining financial statements, investors and analysts should do more thorough due diligence on organisations, taking into consideration the larger context of accountability, transparency, and auditor independence.
e) Corporate Governance Improvements: Companies should concentrate on fortifying their corporate governance frameworks to guarantee that safeguards are in place to preserve the reliability of financial statements.

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