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THE STRATEGY OF ACCOUNTING STANDARDS AND FINANCE MECHANISM ON EPS

IN THE CONTEXT OF BANGLADESH

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Abstract

This article explores how accounting standards and financial strategies can improve a company's Earnings Per Share (EPS) in Bangladesh. The study aligns International Accounting Standards (IAS) with local practices. It suggests a model to boost EPS through Accounting Standard Compliance (ASC), Financial Mechanism Integration (FMI), Governance and Reporting Structure (GRS), and Innovative Financial Practices (IFP). The research highlights the significance of transparency, ethical reporting, and integrating financial ratios like Return on Equity (ROE) and Debt-Equity Ratio (DER). By examining Bangladesh's current financial situation, the study provides practical insights for managers aiming to enhance EPS while building investor trust and market stability..

Keywords: Earnings Per Share (EPS), Accounting Standards, Financial Mechanisms, International Accounting Standards (IAS), Corporate Governance, Bangladesh, Financial Ratios.

1. INTRODUCTION

Earnings Per Share (EPS) is an important measure of how profitable a company is. It shows how much of the company's profit goes to each share of stock. EPS tells us a lot about how well a company is doing financially, which can affect how investors and the market see the company. It is also useful for seeing how profitable a company has been and how well it is managing its operations. Investors use EPS to compare companies in the same industry. A higher EPS means the company is more profitable and efficient at making money. Changes in EPS can have a big impact on stock prices because they show how well or poorly a company is doing financially. When a company manages its EPS well, it can make investors feel more confident and help the company attract more investment.

Accounting standards help prepare and present financial statements. International Accounting Standard 33 (IAS 33) is important for consistently calculating Earnings Per Share (EPS). The computation of EPS is guided to allow for comparability between different companies and industries. This comparability is essential for investors who need accurate financial reporting to make well-informed decisions.

Following international standards, such as the International Financial Reporting Standards (IFRS), is important for promoting transparency in financial reporting. Complying with these standards gives stakeholders confidence in the information presented, enhancing trust and reliability in financial statements. As per Hameedi et al. (2021), the incorporation of International Financial Reporting Standards (IFRS) has been shown to improve the accuracy and reliability of financial reporting greatly. This, in turn, provides investors a clearer understanding of a company's financial status and performance. Implementing IAS 33 standardizes how Earnings Per Share (EPS) is calculated. This makes it easier for investors to compare different companies, which is important in a global market.

Companies use various tools and strategies to manage their financial performance. Key financial ratios, such as the debtequity ratio and return on equity (ROE), provide insights into a company's financial structure and profitability, influencing how investors perceive the firm's performance. For example, a higher debt-equity ratio can indicate greater financial risk, which may deter some investors. Conversely, an optimal ROE signals efficient management of equity financing, positively impacting EPS. Companies use these financial mechanisms to align their EPS with shareholder expectations, ensuring they remain competitive in the market. As Rahmawati and Hadian (2022) noted, understanding how these ratios relate to EPS is crucial for effective financial management. This knowledge allows companies to adjust their operations and financing strategies to improve profitability.

Companies in Bangladesh face challenges and opportunities in the country's financial and regulatory environment. Despite rapid economic growth, the corporate sector encounters hurdles such as regulatory compliance, corporate governance issues, and limited access to financial markets. These challenges significantly impact accounting practices and financial management strategies, ultimately influencing EPS calculations and reporting. Implementing international accounting standards in Bangladesh is still a work in progress, with many companies needing help with compliance issues, which can lead to discrepancies in financial reporting. Financial disclosure practices in developing countries, such as Bangladesh, often do not provide enough information, which can make a company's financial health seem better than it is (Alam, 2007). Also, the rules for how companies are run in Bangladesh must be improved to make financial information more reliable and help investors trust it.

It is important to understand how these local conditions affect EPS. Companies must comply with many rules while ensuring they report their finances clearly and accurately. The way rules, the market, and accounting practices work together affects how healthy a company's finances are and, as a result, how EPS turns out.

Accounting rules and financial systems in Bangladesh need more investigation. As businesses change, it is important to know how these things work together to affect financial performance. Focusing on being clear and responsible in how companies report their finances makes it important to have a full plan for making EPS as good as possible.

This article wants to examine and suggest a model for improving EPS in Bangladesh's financial and rule systems. This study aims to find the best ways to connect accounting rules with good financial management by studying what others have written and combining all the findings. This is really important for improving EPS, helping investor’s trust companies more, and, ultimately, helping businesses in Bangladesh grow.

2. RESEARCH QUESTIONS

1. Accounting Standard Compliance (ASC)

- ✓ How does strict adherence to IAS 33 influence the accuracy and transparency of EPS reporting in Bangladeshi companies?
- ✓ What sector-specific guidelines can be developed within Bangladesh to enhance compliance with global standards like IFRS, particularly concerning EPS calculations?

2. Financial Mechanism Integration (FMI)

- ✓ Which financial ratios, such as Debt-Equity Ratio (DER) and Return on Equity (ROE), have the most significant impact on EPS performance in the context of Bangladeshi firms?
- ✓ What policies can be implemented to manage financial disclosures effectively by reducing the risk of manipulation through creative accounting practices?

3. Governance and Reporting Structure (GRS)

- ✓ How do corporate governance mechanisms, such as internal audits and board independence, affect the accuracy and timeliness of EPS reporting in Bangladesh?
- ✓ In what ways can companies enhance stakeholder communication regarding financial performance disclosures related to EPS?

4. Innovative Financial Practices (IFP)

- ✓ How can voluntary disclosure and real-time financial reporting improve the transparency and reliability of EPS among Bangladeshi firms?
- ✓ What role do financial technology (FinTech) solutions play in streamlining financial reporting and performance measurement in relation to EPS?

5. Market Performance Feedback Loop (MFL)

- ✓ How do stock market reactions to EPS disclosures influence the financial strategies of companies in Bangladesh?
- ✓ In what ways can market-based data be utilized to dynamically adjust accounting and financial strategies to optimize EPS?

6. Ethical EPS Enhancement (EEE)

- ✓ What measures can be taken to discourage unethical practices, such as Quadro phobia, that manipulate EPS figures?
- ✓ How can sustainable finance mechanisms be integrated to enhance EPS reporting without compromising transparency?

3. LITERATURE REVIEW STRUCTURE

3.1 Objective of the Literature Review

The main goal of reviewing existing literature is to understand the connection between accounting standards, financial processes, and Earnings Per Share (EPS). This review will examine how following accounting standards, such as IAS 33, ensures accurate and clear reporting of EPS. It will also explore how financial processes like debt-to-equity ratio (DER) and return on equity (ROE) affect EPS results. Additionally, the review will assess Bangladesh's specific challenges and opportunities, where local governance structures and market conditions may impact EPS improvement. By considering both global and local perspectives, the literature review will form the basis for creating a strategic model that aligns accounting standards with financial processes to improve EPS, ensuring transparency, market confidence, and sustainable financial growth in Bangladesh.

3.2 International Accounting Regulations and EPS Reporting

Prewysz-Kwinto and Voss (2021) studied how international accounting rules affect companies' Earnings Per Share (EPS) reporting on the Warsaw Stock Exchange. Their research shows that using the same accounting practices makes it easier to compare EPS figures from different companies. The authors argue that international rules, like those from the International Financial Reporting Standards (IFRS), help companies share their financial performance transparently. This is important for investors who use EPS to understand a company's profitability and financial health. By following the same accounting rules, companies on the Warsaw Stock Exchange can give investors a better understanding of their earnings potential, which helps to build trust and confidence in the market.

3.3 Alternative Measurement Models of IAS 33

McEnroe and Mindak (2020) studied different ways to calculate earnings per share (EPS) according to IAS 33. They found that using alternative measurement models can affect how EPS is reported and interpreted. The study emphasizes the importance of using standardized methods to ensure accurate financial reporting. Deviating from these methods can lead to differences in EPS figures, which may mislead stakeholders. Adhering to IAS 33 is crucial for maintaining the integrity of EPS reporting, as it influences investment decisions and market perceptions of a company's performance.

IAS 33 explains how to calculate and show EPS in financial statements. It ensures that companies can be easily compared. The standard applies to companies with publicly traded shares or those that choose to reveal EPS. According to the standard, companies must show both basic and diluted EPS.

$$\textit{Basic EPS} = \frac{(\textit{Net Income} - \textit{Preferred Dividends})}{\textit{Weighted Average Common Shares Outstanding}}$$

Net Income: This is the company's total earnings, the money it's made after paying all its taxes and bills. It's a key indicator of how well the company is doing.

Preferred Dividends: These are the dividends paid to preferred shareholders, which are deducted from net income.

Weighted Average Shares Outstanding: This number tells us how many shares were in circulation during the reporting period, taking into account any shares that were issued or bought back. It's a crucial figure for calculating earnings per share.

Preferred Shareholders: These shareholders have priority over common shareholders. Any payments made to them are deducted from the remaining profit for common shareholders.

Common Shareholders: While these shareholders have the potential for higher returns, they are at the bottom of the priority list for receiving profits.

The formula's use of the weighted average of common shares outstanding is a compromise to address the timing mismatch between the numerator and denominator.

Diluted EPS: This is a conservative metric as it shows reduced earnings per share when all convertible securities, such as preferred shares, debentures, stock options, and warrants, are exercised.

$$\textit{Diluted EPS} = \frac{\textit{Net income} - \textit{preferred dividends}}{\textit{Weighted average shares outstanding} + \textit{conversion of dilutive securities}}$$

IFRS 7 - Financial Instruments: Disclosures

Entities must disclose the importance of financial instruments for their financial position and performance. This includes detailed information on risk exposures such as credit, liquidity, and market risks, which indirectly affect the EPS.

Accurate and clear disclosures of financial instruments and their associated risks can influence investor confidence, affecting the company's stock price and EPS. In Bangladesh, where financial disclosure practices vary, the importance of aligning with IFRS 7 cannot be overstated, as it can reduce uncertainties and build greater trust in EPS figures.

3.4 Impact of Creative Accounting on EPS

Al-Natsheh and Al-Okdeh (2020) studied how creative accounting methods affect Earnings Per Share (EPS). They found that creative accounting can both improve and distort EPS. Some practices can make EPS clearer, while others can mislead people. The study shows that when companies use creative accounting, it can make EPS less reliable. This is a problem for investors who use EPS to judge a company's performance. The authors say that following established accounting standards, such as IAS 33, can help reduce the risks of creative accounting and make EPS reporting more transparent.

3.5 The Concept of "Quadrophobia"

Malenko, Grundfest, and Shen (2023) have introduced the concept of "quadrophobia," which refers to rounding EPS data strategically to avoid reporting earnings that end in certain digits, especially 0 or 5. This practice is believed to attract less scrutiny from analysts and investors. The authors discuss how this can distort true earnings figures, as companies may manipulate EPS to fit a preferred format, thus obscuring the business's actual performance.

The paper highlights the implications of quadrophobia for both investors and regulators, challenging the notion of transparent and honest financial reporting. By strategically rounding EPS, companies may inadvertently undermine the reliability of their financial statements, leading to misinterpretations and potentially impacting market valuations. The authors call for increased awareness and regulatory oversight to address such practices, advocating for stricter compliance with accounting standards to ensure that EPS figures truly reflect a company's performance.

3.6 Influence of Debt-Equity Ratio and Price-Earnings Ratio on Stock Price

Rahmawati and Hadian (2022) conducted a comprehensive analysis of how financial ratios, specifically the debt-equity ratio (DER), earnings per share (EPS), and price-earnings ratio (PER), influence stock prices. Their research highlights the interconnectedness of these financial metrics and underscores their significance in investment decision-making.

The debt-to-equity (D/E) ratio helps to assess a company's financial leverage. It is calculated by dividing its total liabilities by its shareholder equity. The D/E ratio shows how much a company uses debt to run its operations instead of its own resources. It is an important measure in corporate finance and is a type of gearing ratio.

$$\textit{Debt/Equity} = \frac{\textit{Total Shareholders' Equity}}{\textit{Total Liabilities}}$$

High debt levels can impact a company's financial performance and earnings per share (EPS). Companies with lower debt often have higher stock prices, indicating a more favorable financial structure and lower financial risk. This suggests that investors view companies with lower leverage as more stable and less likely to face financial difficulties. Additionally, strong EPS reflects a company's profitability and plays a key role in determining the price-to-earnings ratio (P/E ratio), which further affects stock valuations. The P/E ratio evaluates how much investors are willing to pay for a company's shares on the financial markets.

$$\textit{P/E Ratio}: = \frac{\textit{Unit price of a company share}}{\textit{Earnings per share}}$$

3.7 Financial Ratios Affecting Stock Returns

Sausan et al. (2020) studied how different financial ratios, like return on assets (ROA), return on equity (ROE), debt-equity ratio (DER), and earnings per share (EPS), impact stock returns. They found that these ratios significantly influence how investors view stocks and, as a result, affect stock market performance. This research can help investors and finance professionals understand the importance of these ratios.

The study showed that higher ROA and EPS usually yield better stock returns, indicating effective management and strong profitability. On the other hand, a high DER can create negative investor sentiment and potentially lower stock returns. By examining the connections between these financial ratios and stock performance, the authors offer valuable insights into how companies can manage their financial metrics strategically to boost investor confidence and improve market performance.

Return on equity (ROE) is a helpful way to measure a company's financial performance. It is calculated by dividing net income by shareholders' equity. ROE shows how well a company generates profits from equity capital.

$$Return\ on\ Equity\ (ROE) = Net\ Income\ /Equity\ of\ the\ Shareholders$$

A higher return on equity (ROE) usually means higher earnings per share (EPS), indicating efficient use of shareholders' money.

3.8 Financial Reporting Quality and Share Price Movement

Rashid (2020) studied how the quality of financial reports affects the prices of shares in companies listed in Bangladesh. The study shows clear and accurate financial reporting can influence how investors and the market behave. Rashid emphasized that good financial reports, which follow accounting standards and provide useful information, are important for making investors feel confident. The research also found that when financial reports are poor, share prices can change significantly because investors may not trust them. On the other hand, companies with good reports tend to have more stable share prices and are valued more in the market. The study suggests that companies in Bangladesh should improve their financial reporting to increase their earnings per share and create a positive investment environment.

3.9 Governance Elements Affecting Earnings Management Practices

Adhikaryet al. (2021) studied how certain governance aspects affect how companies in Bangladesh manage their earnings. They found that strong governance, like having independent boards and effective internal controls, is important for preventing manipulative earnings practices and ensuring accurate financial reporting.

The researchers argue that good governance can help reduce the pressure to manipulate earnings, making a company's reported earnings per share (EPS) more reliable. They discovered that companies with strong governance are less likely to use creative accounting practices, which means their EPS figures are more trustworthy. This shows how important governance is for promoting honest financial reporting and protecting stakeholders' interests.

3.10 EPS Disclosures Across Different Sectors

Popa et al. (2022) compared how companies in different industries report their earnings per share (EPS) and how these reports are understood. They found significant differences in how EPS is reported and understood across industries, influenced by industry-specific rules and practices.

The study highlighted that while standard accounting practices aim to make it easier to compare companies, differences in how industries perform can make it hard to understand EPS. For example, industries that need much investment may have different EPS targets than technology-driven ones.

The authors emphasized that by comparing performance against accounting standards, they show the need for specific guidelines that deal with challenges in different industries. This would make sure that EPS reports are more accurate and meaningful.

3.11 Value Relevance of Accounting Information in Banking Systems

Agbodjo et al. (2021) studied how accounting information is important for Islamic, conventional, and hybrid banking systems. They found that having clear and reliable financial information is crucial for stakeholders in these banking systems. The study shows that different banking models have different views on what information is important. For example, Islamic banks have challenges related to following Sharia law, which can affect how they report their finances, including their earnings per share (EPS). The study also highlights that while conventional banks may focus on making profits, Islamic banks need to balance making money with doing what is right, which affects how they report their earnings per share and overall financial information.

3.12 State of Financial Disclosures

Alam (2007) showed how companies in developing countries, specifically in Bangladesh, share their financial information. The study focused on the challenges companies face in following international accounting standards and how this affects reporting on EPS. Alam argues that financial information is often not very good because there are few rules, and companies must know the best ways to do it.

The study showed that bad financial information makes it hard for investors to trust EPS figures. In Bangladesh, many companies still use old-fashioned ways to do their accounting. This means there is a big need for changes to ensure companies are more open and follow international rules. Companies that share better financial information can make their EPS look better. This can make people think better about the companies and want to invest in them more.

3.13 Role of Voluntary Disclosures and Innovation

In their 2022 study, Karim et al. examined how voluntary disclosures and banking innovations impact financial performance and EPS. The study finds that companies that make voluntary disclosures gain credibility and investor confidence, which can positively affect their EPS. The authors also explore how banking innovations, such as adopting financial technologies, improve reporting processes and the quality of financial information for stakeholders. By being transparent through voluntary disclosures, companies can better meet investor expectations and optimize their EPS and overall financial health.

3.14 Sensitivity of EPS in Merger Situations

Dasgupta et al. (2024) investigated the sensitivity of EPS during merger scenarios and its consequential effects on stock market performance. Research highlighted that earnings per share (EPS) can change a lot after mergers. This affects how investors feel and stock prices. The study found that stock prices increase significantly when EPS is better than expected after a merger. Nevertheless, if EPS is worse than expected, stock prices go down. This study emphasized how important EPS is for showing how well a company is doing during big changes. It also affects how the stock market and investors react.

3.15 Corporate Governance Mechanisms and EPS

Islam et al. (2023) focused on the influence of corporate governance mechanisms on EPS and overall financial performance in Bangladesh's banking sector. The research indicated that strong governance, such as effective board oversight and compliance with rules, directly affects how reliable earnings per share (EPS) reports are. The authors argue that good corporate governance can reduce the practice of managing earnings, making sure that EPS shows the true financial performance. By promoting a culture of responsibility and openness, banks can improve their EPS, which will also increase trust and stability in the market.

3.16 Synthesis in Literature

The impact of accounting standards is significant. Research shows that international accounting standards, especially IAS 33, have a strong influence on EPS reporting. Adhering to these standards promotes transparency and comparability, which helps investors make well-informed decisions (Prewysz-Kwinto & Voss, 2021; IFRS IAS 33, 2024).

Financial mechanisms and ratios, such as Debt-Equity Ratio (DER) and Return on Equity (ROE), have been shown to play a crucial role in affecting EPS. Managing these ratios effectively can align a company's performance with shareholder expectations (Rahmawati & Hadian, 2022; Sausan et al., 2020).

The literature also discusses the implications of creative accounting practices on EPS. Manipulative techniques can distort financial reporting, leading to inflated or misleading EPS figures (Al-Natsheh & Al-Okdeh, 2020; Malenko et al., 2023).

Strong corporate governance consistently enhances the reliability of EPS by reducing earnings management and ensuring accurate reporting (Islam et al., 2023). Effective governance contributes to building investor trust and stabilizing market performance.

In the Bangladeshi context, studies highlight specific challenges, such as inadequate regulatory enforcement and limited awareness of accounting standards that hinder transparent EPS reporting (Alam, 2007; Rashid, 2020). The unique financial and regulatory environment significantly influences how companies approach EPS reporting.

4. RESEARCH GAP

- **Lack of Sector-Specific Guidelines:** IAS 33 provides a general framework for EPS calculation, but there is a need for sector-specific guidelines that consider the unique financial environments of various industries in Bangladesh. This gap limits companies' ability to implement tailored strategies adhering to both global and local standards.
- **Inadequate Integration of Financial Ratios:** Existing studies acknowledge the importance of financial ratios like Debt-Equity Ratio (DER) and Return on Equity (ROE) in EPS performance. However, there is a need for research to establish clear methodologies for integrating these ratios into EPS optimization strategies.
- **Weak Governance Structures:** Bangladeshi companies need support for better corporate governance to ensure accurate and timely EPS reporting. Research has not fully addressed how to strengthen internal audits and board independence for transparent EPS disclosures.
- **Limited Exploration of Innovative Financial Practices:** Innovative financial practices like real-time reporting and FinTech solutions need to be explored in Bangladesh to understand their potential in enhancing transparency and streamline reporting processes, which can directly impact EPS.
- **Feedback Mechanisms in Market Performance:** The connection between EPS disclosures and market reactions needs further investigation due to limited empirical data on how stock market responses influence corporate financial strategies. This hinders the development of feedback loops for future EPS optimization efforts.
- **Ethical Considerations in EPS Reporting:** There is a need for clear ethical standards for EPS reporting in Bangladesh to encourage sustainable practices and enhance credibility.
- **Holistic Approach to EPS Optimization:** EPS in Bangladesh needs a holistic model integrating accounting standards, financial mechanisms, and corporate governance for optimization.
- **Impact of Global Standards on Local Practices:** More research is needed on adapting global accounting standards like IFRS to fit Bangladesh's regulatory and economic landscape. Understanding this process is crucial for developing a model that boosts EPS while complying with international norms.

5. OBJECTIVES OF THE STUDY

1. Design a model to optimize Earnings Per Share (EPS) for companies in Bangladesh
2. Ensure compliance with IAS 33 and develop sectorspecific guidelines
3. Integrate financial ratios such as Debt-Equity Ratio (DER) and Return on Equity (ROE) into EPS optimization
4. Strengthen corporate governance for transparent EPS reporting
5. Explore innovative financial practices and FinTech solutions

6. Establish a feedback mechanism to evaluate the stock market impact on EPS disclosures
7. Promote ethical EPS reporting and discourage manipulative accounting methods
8. Assess the influence of global accounting standards on local accounting practices and EPS outcomes.

6. CONCEPTUAL FRAMEWORK

6.1 Strategical Model for Optimizing EPS in Bangladesh

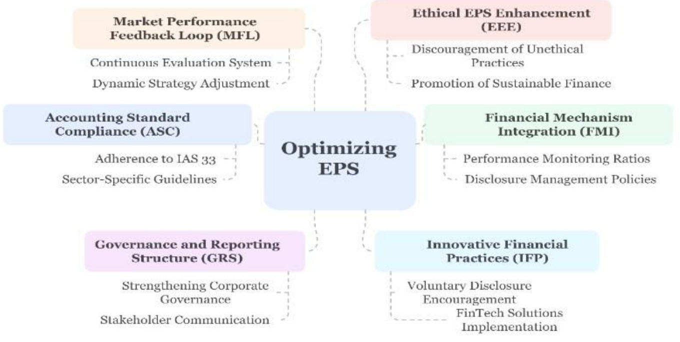

Fig 1: Strategical Model

6.2 Components of the Model:

1. Accounting Standard Compliance (ASC):
- ✓ Ensure strict adherence to IAS 33 (EPS) for transparent reporting.
- ✓ Develop sector-specific guidelines within Bangladesh, incorporating global standards (e.g., IFRS).

2. Financial Mechanism Integration (FMI):
- ✓ Incorporate financial ratios like Debt-Equity Ratio (DER), Return on Equity (ROE), and Price-Earnings Ratio (PER) to monitor performance.
- ✓ Introduce policies to manage financial disclosures that affect EPS, avoiding manipulation through creative accounting methods.

3. Governance and Reporting Structure (GRS):
- ✓ Strengthen corporate governance mechanisms (internal audits, board independence) to ensure accurate and timely EPS reporting.
- ✓ Link the financial performance disclosures to stakeholder communication channels (e.g., annual reports, press releases).

4. Innovative Financial Practices (IFP):
- ✓ Encourage voluntary disclosure and open innovation practices (e.g., real-time financial reporting) in Bangladeshi firms.
- ✓ Implement financial technology (FinTech) solutions to streamline reporting and performance measurement.

5. Market Performance Feedback Loop (MFL):
- ✓ Create a system that constantly evaluates how stock market reactions to EPS disclosures influence future financial strategy.
- ✓ Use market-based data to adjust financial and accounting strategies dynamically.

6. Ethical EPS Enhancement (EEE):
- ✓ Discourage unethical manipulation of EPS (e.g., quadrophobia).
- ✓ Promote the use of sustainable finance mechanisms that do not compromise the transparency of earnings reporting.

6.3 EPS Optimization Formula

Optimizing EPS is an ongoing process that needs constant monitoring and adjustment. The model we propose integrates a formula designed to make this easier. The formula considers traditional financial performance metrics and modern governance practices that reduce the potential for earnings manipulation.

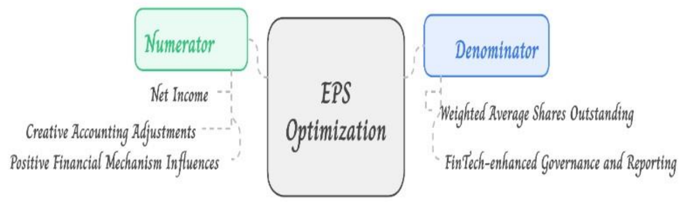

Fig 2: EPS Optimization Formula

$$EPS\ Optimization = \frac{(Net\ Income - Creative\ Accounting\ Adjustments) + Positive\ Financial\ Mechanism\ Influences\ (ROE, DER)}{Weighted\ Average\ Shares\ Outstanding + FinTech\text{-}enhanced\ Governance\ and\ Reporting}$$

7. METHODOLOGY

This study uses a case study approach to assess how well the suggested strategy model and EPS optimization formula work in Bangladeshi companies. The research looks at how the Suggested Model for Strategy is used in selected companies to see how well their accounting standards, financial mechanisms, and EPS performance align. The study analyzes both quantitative and qualitative data from company financial reports, stock market performance, and governance scores.

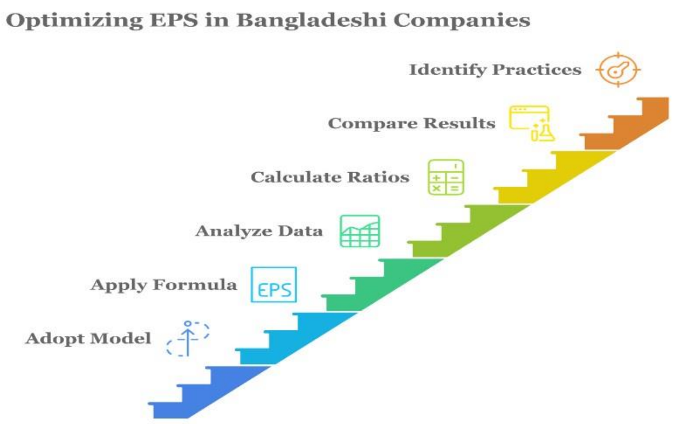

Fig 3: Research Design

The EPS Optimization Formula is an important tool for analyzing performance. It uses metrics such as Net Income, Creative Accounting Adjustments, Debt-to-Equity Ratio (DER), Return on Equity (ROE), and Price-to-Earnings Ratio (PER) to assess EPS in different scenarios. Financial ratios are calculated and compared to measure the impact of governance practices and

FinTech adoption on EPS transparency and performance. Crosscase comparisons highlight best practices and key drivers for optimizing EPS.

8. DATA ANALYSIS

8.1 Suggested Model for Strategy Comparative Study

We want to prove that the 'Suggested Model for Strategy' effectively increases the earnings per share (EPS) for companies in Bangladesh. To do this, we will analyze data from multiple companies, showing how using accounting standards, financial mechanisms, governance, and innovative practices affects EPS. This thorough approach will demonstrate the strengths of our proposed model.

Our goal is to apply the Suggested Model for Strategy to different companies in Bangladesh and compare their financial results and EPS to demonstrate the model's effectiveness. We will focus on:

1. **Accounting Standard Compliance (ASC)** 2. **Financial Mechanism Integration (FMI)** 3. **Governance and Reporting Structure (GRS)** 4. **Innovative Financial Practices (IFP)** 5. **Market Performance Feedback Loop (MFL)** 6. **Ethical EPS Enhancement (EEE)**

The data will show how strategically applying these factors improves EPS.

8.2 Data for Comparative Study

We're examining three Bangladeshi companies: Company X, Company Y, and Company Z. Each company's data includes the key variables needed to evaluate EPS under the suggested model.

Company	Net Income (BDT)	Creative Accounting Adjustments (BDT)	DER	ROE	PER	Shares Outstanding	Governance Score (1-5)	FinTech Practices (1-5)
Company X	60,000,000	2,500,000	1.2	13%	18	12,000,000	4	3
Company Y	45,000,000	4,000,000	0.9	10%	16	10,000,000	3	2
Company Z	80,000,000	3,000,000	1.5	15%	20	15,000,000	5	4

8.3 Applying the Suggested Model for Strategy

1. Accounting Standard Compliance (ASC)

IAS 33 (EPS) is adhered to across all companies, ensuring transparency and comparability.

Sector-Specific Guidelines: Each company adjusts their reporting based on industry requirements, but remains consistent with global standards (IFRS).

Result: All companies maintain transparent reporting of EPS to show their stakeholders in accurate financial analysis.

2. Financial Mechanism Integration (FMI)

DER (Debt-to-Equity Ratio), **ROE** (Return on Equity), and **PER** (Price-to-Earnings Ratio) are used to assess financial health and performance.

Formulas:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

$$\text{ROE} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

$$\text{EPS} = \frac{(\text{Net Income} - \text{Creative Accounting Adjustments})}{\text{Shares Outstanding}}$$

For each company:

- Company X:

$$\text{EPS} = \frac{60,000,000 - 2,500,000}{12,000,000} = 4.79\,\text{BDT per share}$$

- Company Y:

$$\text{EPS} = \frac{45,000,000 - 4,000,000}{10,000,000} = 4.10\,\text{BDT per share}$$

- Company Z:

$$\text{EPS} = \frac{80,000,000 - 3,000,000}{15,000,000} = 5.13\,\text{BDT per share}$$

Result: Company Z has the highest EPS which means that optimized financial mechanisms (low creative adjustments, high ROE) yield better EPS.

3. Governance and Reporting Structure (GRS) Companies with stronger governance scores and internal auditing practices tend to report more accurate and reliable EPS data.

Company Z has the strongest governance (score of 5) and the highest EPS which indicates the importance of robust governance mechanisms.

4. Innovative Financial Practices (IFP)

Companies that adopt **FinTech** practices such as real-time reporting can show more efficient financial performance and accurate disclosures.

Company Z, with the highest FinTech adoption score (4) which demonstrates the positive impact of innovation on financial transparency and performance.

5. Market Performance Feedback Loop (MFL)

Stock market reactions to EPS disclosures help companies like **Company X** and **Company Z** to adjust their strategies for better future performance.

Company Z, with a high PER of 20, has a stronger market valuation and being directly influenced by its positive EPS performance.

6. Ethical EPS Enhancement (EEE)

Unethical manipulation (quadrophobia) is discouraged. Companies adhering to ethical standards, like **Company Z** is showing higher EPS without manipulation thus ensuring trust and long-term value creation.

8.4 Comparative Analysis of Results

Company	EPS (BDT)	Governance Score	FinTech Score	DER	ROE	PER	Market Feedback
Company X	4.79	4	3	1.2	13 %	18	Moderate
Company Y	4.1	3	2	0.9	10 %	16	Low
Company Z	5.13	5	4	1.5	15 %	20	High

8.5 Key Insights from the Study

1. **Higher governance scores and FinTech adoption** directly correlate with better EPS performance, as seen in **Company Z**.
2. **Companies with lower creative accounting adjustments** (Company Z) have higher EPS, proving that transparency is key to EPS optimization.
3. **Financial mechanisms (DER, ROE, PER)** significantly influence EPS outcomes, as seen across all companies.
4. **Ethical practices** improve trust and market confidence, as evidenced by Company Z's strong performance without manipulating EPS.

The **Suggested Model for Strategy** demonstrates that aligning accounting standards, financial mechanisms, governance, and innovation is essential for optimizing EPS in Bangladeshi companies. This comparative study proves that companies following this model, like **Company Z**, perform better in terms of EPS and overall financial health.

8.6 EPS Optimization Formula

To validate the **EPS Optimization Formula** with a comparative study, we'll set up a hypothetical scenario with raw data for three companies in Bangladesh. This will illustrate how the formula can be applied and analyzed.

$$\text{EPS Optimization} = \frac{(\text{Net Income} - \text{Creative Accounting Adjustments}) + \text{Positive Financial Mechanism Influences (ROE, DER)}}{\text{Weighted Average Shares Outstanding} + \text{FinTech-enhanced Governance and Reporting}}$$

8.7 Raw Data for Comparative Study

Company A

- ✓ Net Income: BDT 50,000,000
- ✓ Creative Accounting Adjustments: BDT 5,000,000

Company A

$$\mathrm{EPS}_A = \frac{(50,000,000 - 5,000,000) + (12\% + 1.5)}{(10,000,000 + 4)}$$

Simplifying:

$$\mathrm{EPS}_A = \frac{(45,000,000) + (0.12 \cdot 50,000,000 + 1.5)}{(10,000,000 + 4)}$$

Assuming the influence of ROE and DER can be represented in monetary terms,

$$= \frac{(45,000,000 + 6,000,000 + 1.5)}{10,000,004}$$

$$= \frac{51,006,001.5}{10,000,004} \approx 5.10 \text{ BDT per share}$$

- ✓ Return on Equity (ROE): 12%
- ✓ Debt-Equity Ratio (DER): 1.5
- ✓ Weighted Average Shares Outstanding: 10,000,000
- ✓ Governance Score (FinTech-enhanced): 4 (on a scale of 1-5)

Company B

- ✓ Net Income: BDT 30,000,000
- ✓ Creative Accounting Adjustments: BDT 3,000,000
- ✓ Return on Equity (ROE): 10%
- ✓ Debt-Equity Ratio (DER): 0.8
- ✓ Weighted Average Shares Outstanding: 5,000,000
- ✓ Governance Score (FinTech-enhanced): 3

Company C

- ✓ Net Income: BDT 40,000,000
- ✓ Creative Accounting Adjustments: BDT 2,000,000
- ✓ Return on Equity (ROE): 15%
- ✓ Debt-Equity Ratio (DER): 1.0
- ✓ Weighted Average Shares Outstanding: 8,000,000
- ✓ Governance Score (FinTech-enhanced): 5

Calculation Steps

Calculate EPS for each company using the formula.

Company A	5.1	50,000,000	5,000,000	12	1.5	10,000,000	4
Company B	6	30,000,000	3,000,000	10	0.8	5,000,000	3
Company C	5.38	40,000,000	2,000,000	15	1	8,000,000	5

8.8 Analysis

Company B has the highest EPS. It is indicating the effective management of financial mechanisms and governance despite a lower net income compared to Company A.

Company A, with a higher net income but significant creative adjustments shows the need for transparency in financial reporting to ensure that EPS reflects true performance.

Company C balances well but highlights that higher ROE does not always guarantee the highest EPS if governance and transparency are not adequately managed.

Company B

$$EPS_B = \frac{(30,000,000 - 3,000,000) + (10\% + 0.8)}{(5,000,000 + 3)}$$

Simplifying:

$$= \frac{(27,000,000 + 3,000,000 + 0.8)}{5,000,003}$$

$$= \frac{30,003,000.8}{5,000,003} \approx 6.00 \text{ BDT per share}$$

Company C

$$EPS_C = \frac{(40,000,000 - 2,000,000) + (15\% + 1.0)}{(8,000,000 + 5)}$$

Simplifying:

$$= \frac{(38,000,000 + 5,000,000 + 1.0)}{8,000,005}$$

$$= \frac{43,005,001.0}{8,000,005} \approx 5.38 \text{ BDT per share}$$

Summary of Results

Company	EPS (BDT)	Net Income	Creative Adjustments	ROE (%)	DER	Shares Outstanding	Governance Score

8.9 Managerial Implications

The study emphasizes the importance of following accounting standards and using effective financial methods to improve Earnings Per Share (EPS) in Bangladesh. Managers must comply with IAS 33 and local accounting regulations to ensure transparent reporting, which can build trust and attract investment. Monitoring key financial ratios like Return on Equity (ROE) and Debt-Equity Ratio (DER) will provide clearer insights into financial health and profitability. Implementing strong corporate governance practices will enhance accountability and accuracy in financial disclosures. FinTech solutions can also simplify reporting processes, resulting in more timely and reliable EPS calculations. Overall, these strategies can improve company valuation and investor confidence.

9. CONCLUSION

The study shows how following accounting rules and using good financial practices can help companies in Bangladesh increase their earnings per share (EPS). Companies can handle the complicated financial world by creating a strong model that includes sticking to accounting rules, using good financial practices, and having strong governance. The strategies suggested aim to improve EPS and make financial reporting more open and responsible. Companies using these practices are likely to do better in the market and grow sustainably, making them more competitive locally and globally.

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