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From Private to Public Accountability: Designing Pre-IPO ESG Reporting and Governance under Stakeholder and Institutional Pressure

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Abstract. This teaching case examines Environmental, Social, and Governance (ESG) governance in the context of a pre-IPO institutional transition within an emerging market economy. It follows Green Valley, a privately held agritech company in the United Arab Emirates (UAE), preparing for a potential Initial Public Offering (IPO) within twelve months. As the listing approaches, the firm must determine how to strengthen its ESG control and reporting systems in anticipation of increased oversight from investors, regulators, and rating agencies. Although Green Valley has implemented several environmental and social initiatives, its internal data governance systems and ESG assurance practices remain underdeveloped. The case explores the strategic and ethical tension between proactive ESG alignment prior to listing and delayed institutionalization after market entry. Drawing on stakeholder salience theory, institutional theory, signaling theory, and bounded rationality, the case enables students to analyze how exposure to capital markets reshapes accountability structures and governance priorities. The case is suitable for MBA/EMBA and senior undergraduate students.

Keywords: sustainability reporting, sustainable finance, ESG assurance, emerging markets.

1. Introduction: Preparing for Public ESG Accountability

ESG performance has become an increasingly important consideration for investors and capital markets worldwide. In early 2025, Green Valley, a privately held agritech and food manufacturing company operating in the UAE, entered a period of strategic transformation. After years of regional growth and operational consolidation, the firm was preparing for a potential IPO within the next twelve months. The listing was expected to provide capital for expansion, increase market visibility, and strengthen competitive positioning in a rapidly evolving industry shaped by sustainability demands. However, the move toward public ownership implied a fundamental shift in accountability exposure.

Green Valley had implemented several environmental and social initiatives, such as water-efficient irrigation systems, biodegradable packaging, local supplier engagement, and community development programs. Nevertheless, its sustainability systems remained internally oriented and operationally flexible. The anticipated IPO reframed sustainability from a strategic initiative to a core element of corporate accountability. Public listing was expected to expose Green Valley to institutional investors, rating agencies, regulators, and analysts who increasingly relied on standardized ESG metrics to assess corporate risk and long-term resilience.

In this case, ESG governance referred to the structures, processes, and oversight mechanisms through which firms measure, manage, report, and verify their environmental, social, and governance performance. Sustainability disclosures were expected to become market signals influencing valuation and capital access. As the IPO timeline narrowed, the issue confronting Green Valley extended beyond technical sequencing. The firm had to determine how to strengthen its sustainability oversight framework in a manner that was credible, feasible, and aligned with its evolving public obligations. Accelerating ESG formalization prior to listing could signal preparedness and strengthen investor confidence. However, doing so without fully developed internal controls risked superficial compliance and potential overstatement. Conversely, delaying substantial system upgrades until after listing might preserve short-term flexibility but could expose future shareholders to avoidable transparency risks and reactive compliance pressures.

The dilemma confronting Green Valley therefore concerned whether it should prioritize credible, substantive sustainability oversight before entering public markets or adopt a minimal preparatory posture that satisfied formal expectations without fully embedding robust internal controls. The decision confronting Green Valley reflected a broader challenge faced by many private firms transitioning to public markets, where expectations regarding ESG governance and disclosure were evolving faster than internal organizational systems. The executive team had to decide how Green Valley should prepare its sustainability reporting and oversight systems prior to listing. Should the firm pursue accelerated formalization before the IPO, adopt a phased approach, or defer substantial upgrades until after listing? As Green Valley approaches its IPO, its decision-making environment is shaped by multiple conceptual perspectives. Stakeholder expectations from investors and regulators increase the urgency for credible ESG disclosure, while institutional pressures encourage alignment with