

Accounting Research Workshop (ARW) - SS2016

- Referentin:** Mary E. Barth
- Universität:** Professor of Accounting, Graduate School of Business (GSB), Stanford University
- Forschung:** Financial accounting and reporting issues, particularly topics of interest to accounting standard setters
- Datum:** 09. Mai 2016
- Thema:** „The Economic Consequences Associated with Integrated Report Quality: Early Evidence from a Mandatory Setting“
- Abstract:** “We examine whether integrated report quality (IRQ) is associated with stock liquidity, firm value, expected future cash flow, and cost of capital. Our study is motivated by the recent focus on sustainable capitalism and the global interest shown by firms, investors, and regulators in the work of the International Integrated Reporting Council (IIRC). We use data from South Africa because it is the only country where integrated reporting is mandated. We use a measure of integrated reporting quality based on proprietary data from EY who rate these reports as part of its Excellence in Integrated Reporting awards. We find that integrated reporting is positively associated with both stock liquidity (measured using bid-ask spreads) and firm value (measured using Tobin’s Q). Our results are consistent whether we analyze levels or changes. When we decompose the firm value into an expected future cash flow effect and cost of capital effect, we find that the positive association between integrated reporting quality and firm value is driven mainly by the cash flow effect, consistent with investors revising their estimates of future cash flows upward as a result of a better understanding of the firm’s capitals and strategy or future cash flows increasing because of improved internal decision making by managers. We provide results from a DuPont analyses which are consistent with the latter conjecture.”



Im Namen aller Teilnehmerinnen und Teilnehmer des Accounting Research Workshops sowie der Fakultät für Betriebswirtschaft danken wir Prof. Mary E. Barth für ihren spannenden Vortrag. Für ihre weitere Forschungsarbeit wünschen wir alles Gute.