

Yale University

From the Selected Works of Shyam Sunder

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Better Financial Reporting

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Available at: <https://works.bepress.com/shyam-sunder/27/>

Better Financial Reporting

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An Overview

- What is good (or better) financial reporting?
Three approaches
- How do we improve financial reporting?
- Where are we?
- Speculations about meritorious
process/institutions

What is good (or better) financial reporting? Three approaches

- Attributes:
 - Truth
 - Judgmental attributes
 - Statistical and disclosure attributes
- Goals/Objective
 - Of society
 - Of individuals or groups
 - Of financial reporting itself
- Social practice/ritual
 - Positive theory; Panglossian perspective

How do we improve financial reporting?

- Rules
 - Statutes, regulations
- Social norms
 - Evolution, emergence, direction? Nudging?
- Choose institutions or process,
 - not outcomes

Where are we?

- Can improve?
- Already over reporting
- Just right
- How do we find out where we are?

Speculations about meritorious process/institutions

- Community consensus
- Soft power of reason, explanation, dialog, education, disclosure
- Reduced use of enforcement power
- Value of diversity in practice: signaling and feedstock for innovation
- Evolution/emergence of accounting as a natural language
- Field testing
- Back stopped by courts, case law, true-and-fair judgments
- What is the risk?