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# Financial Reporting



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## CALL FOR PAPERS BEYOND FINANCIAL REPORTING DISCLOSURES A SPECIAL ISSUE OF FINANCIAL REPORTING

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### *Guest Editors*

Bruce K. Behn, University of Tennessee  
Francesca Rossignoli, University of Verona  
Silvano Corbella, University of Verona

Financial disclosures, as a corporate communication mechanism, are being challenged for their relevance and adequacy in providing information able to satisfy the changing stakeholders' calls (Brennan and Merkl-Davies, 2018; Lev, 2018). The growing attention to social and environmental issues stimulates companies to increase these type of information narratives to the traditional financial performance disclosures. For years companies' financial communication has been often enriched by non-GAAP disclosures, such as non-GAAP measures (Loudder and Behn, 1995), financial highlights and key performance indicators (Behn and Riley, 1999), aimed at providing valuable information for stakeholders in addition to mandatory financial reporting.

As a consequence, the boundaries of the disclosure have been extended to include topics that in the past were merely tangential in nature, while the disclosure reports have taken on different forms to be more meaningful and appealing. So what used to be separated and isolated pieces of communication in addition to mandatory financial disclosures regulated by accounting standards, have now morphed into joint and concurrent forms of disclosure that are capable of drawing a more meaningful picture of the firms overall

performance. Notwithstanding, gaps regarding the ability of such disclosure patterns to properly represent how the business model generates value still remain (Lassini et al., 2016; Bini et al., 2016).

For these reasons, new disclosure forms and narratives are superseding traditional financial reporting are capturing academics' and practitioners' attention, enhancing their appeal for companies, managers, consultants, investors, analysts and the social communities (de Villiers et al., 2017; Black et al., 2018; Stolowy and Paugam, 2018).

Even policy makers are increasing their interest in these new forms of reporting. For example, recent regulations issued by standard setters and legislators are moving towards requirements aimed at providing new disclosures that require companies to provide information about value creation activities, at the same time, not misrepresenting these phenomena (SEC, 2001a, 2001b, 2018; Heflin and Hsu, 2008; Barth et al., 2012; Doyle et al., 2013; Golden, 2017; Humphrey et al., 2017).

While providing such disclosures are not effortless, an increasing number of companies are investing significant resources recognizing, or perhaps expecting, future benefits potentially rising from these new forms of disclosure. Recent literature provides empirical evidence of the variety of these benefits. For example, these disclosures demonstrate the usefulness of: *a*) an integrated reporting system both which improves the allocation of capital and enhances dialogue with investors and other financial stakeholders (Barth et al., 2017; Lai et al., 2018) and *b*) street earnings in predicting future performance (Leung and Veenman, 2018).

Given the preliminary nature of these studies and their findings, the extant empirical researches are open to critique, and there are several calls for further research (de Villiers et al., 2017; Rinaldi et al., 2018; Black et al., 2018). These gaps in the extant academic literature, regarding the value of non-financial reporting and non-GAAP measures that enhance traditional financial reporting, need to be filled to help improvements in accounting policy and practice.

This Special Issue aims to investigate new venues of corporate disclosure, such as non-financial reporting and non-GAAP measures, focusing on their contents, their relevance for capital markets and their impact on organizations and users' behaviors. Empirical research papers are welcome, both

using quantitative and qualitative method, focusing on the empirics of practice, cases, and experiences. Covered topics include, but are not limited to, the following:

- Financial reporting beyond accounting standards (i.e. non-GAAP measures and street earnings);
- Non-financial communication to stakeholders (i.e. integrated reporting, corporate and social reporting, and ESG measures);
- Accounting regulation: regulators' role in avoiding misrepresentation while satisfying stakeholders' call for information;
- Monitoring duties and audit impacts on corporate reporting beyond accounting standards;
- Managerial and cost accounting enhancing non-financial and non-GAAP reporting.

### **Submission Procedure:**

The Special Issue will welcome the papers presented at the Sidrea Conference 2018 devoted to “New frontiers of the reporting” (University of Verona, Italy, 13-14 September 2018).

### **Submission Deadline:**

February 15th 2019

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