



## Major Issues in Corporate Reporting

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**ABSTRACT**

Corporate reporting has become the heart of corporate sector in the current era. It is the basic necessity of every stakeholder and due to ever-changing market environment companies are facing lot of challenges to make it effective. Today every person directly or indirectly related with the company wants to have true and fair picture of the whole corporate process. Moreover companies are fighting using all their tools and weapons to fulfill the needs of various stakeholders. As a result of this companies are under extreme pressure to provide transparent picture of their financial position to the public in every possible way. But there are some major issues faced by the corporate entities to provide true and fair view of their performances to the stakeholders. In this article major issues related to the corporate reporting in India are discussed very briefly. The data is of secondary nature.

### KEYWORDS

Corporate reporting, Corporate reporting issues, Issues to publish reporting.

### INTRODUCTION:

Companies at present have to face many challenges. The most key challenge faced by the companies related to corporate reporting is to always be assured about the true and fair view of their financial statements. Today every stakeholder wants to have first-hand information about the various activities of companies in which they have confidently invested their money. They want to get certain amount of assurance so that they can take timely and appropriate decisions. This can be possible if there is effective and efficient corporate reporting process in the corporate entity. But at present all the companies are having certain critical issues in their reporting process proving a big hurdle in fulfilling the reporting needs of their stakeholders smoothly.

### OBJECTIVE OF THE STUDY

The objective of this study is to identify some major issues to the corporate reporting.

### DISCUSSION

Various major issues related to corporate reporting are discussed in detail as follows:

1. Window Dressing for Image
2. Globalization
3. Narrative Reporting Issue
4. Domination of management
5. Ever Changing technology
6. Errors and Frauds
7. Issue of Assurance
8. Auditing Issues
9. Valuation of Human Resources
10. Challenge to satisfy need of varied Stakeholders.

**All these major issues are discussed in detail as follows:**

#### Window Dressing for Image:

Due to the extreme competition in the market, the companies are having no choice other than winning hearts of their stakeholders through their performances. So if any time the company financial statements shows less performance that can hit the reputation of the company very hard. All this leads to the approach of window dressing of financial statements by the company to maintain their good corporate image in the eyes of the stakeholders. Now this approach misled the market and stakeholders that will surely hurt the company in the long run.

#### Globalization:

Due to globalization many MNC's are able to work around the

world. Now every foreign company has to prepare financial accounts and reports according to accounting standards. These accounting standards are not uniform for every country. This has led to the debate about which standards are to be adopted to maintain reliability and usefulness of corporate reporting process. A need has arisen for international harmonization of accounting standards. So various international bodies have issued various circulars and notifications to achieve this objective. But nevertheless it has looked a difficult task until now.

#### Narrative reporting Issue:

Nowadays much importance is given to narrative reporting in addition to the usual published statements Narrative report is an appraisal report (including director's report, chairman's statements, business review, etc.) written in long and descriptive paragraphs rather than in traditional form of a table or letter. The major challenge faced by the company is to provide narrative reports in an adequate and balanced way. and other narrative reports needs to communicate comprehensive information in clear and balanced way..

#### Domination of management:

One of the big hurdles in the successful corporate reporting is of sheer domination of management. The top officials of the organization are only concerned with that information which is material to them only in their internal matters. They do not give importance to the external reporting which is useful to various other types of stakeholders.

#### Ever Changing Technology:

Due to the ever changing technological advancements more and more stakeholders are using internet and various other smart devices. As a result everyone needs information at the lightning speed covering each and every aspect of the entity. So companies are under huge pressure to fulfill the needs of the new generation stakeholders by providing them real time information at the earliest.

#### Errors and Frauds:

Various examples of intentional and unintentional errors and frauds can be seen in the corporate reporting history. Some big and fat entities and their auditors have destroyed the meaning of "true and fair" and shattered the interest and confidence of stakeholders into pieces. Due to the extreme level of competition many companies resort to intentional errors and frauds to show favorable position of their assets and liabilities. It is a very important issue which is needed to be corrected as early as possible.

**Issue of Assurance:**

Companies are finding new and adequate ways to provide true and fair view of their published statements to the stakeholders. One of the ways is to give full assurance to their stakeholders about the reliability and fairness of their financial statements. The critical issue is that there are various types of firms providing assurance services and selecting best of them is not an easy task. Moreover the thought of winning the confidence of stakeholders solely through assurance looks good only on paper.

**Auditing Issues:**

Auditor is responsible for assuring to the stakeholders the "true and fair view" of the financial statements of the company. But sometimes the auditor is appointed by the company only to misguide the stakeholders. The auditor does not perform his work independently and the only objective for him is to help the company in improving their reputation by manipulating his opinion and judgment in favor of the company. This issue needs to be tackled very strictly.

**Valuation of Human Resources:**

The employees and other staff of the company is one of the major assets of the company. It is due to the loyalty and hard work of the employees that the companies earn thick goodwill and fetch large profits in the market. But still there is no place for them in the financial statements. There is still no best method by which valuation of the human resources can be made and their value can be reported to the users of the information.

**Challenge to satisfy needs of varied stakeholders:**

Various types of stakeholders are interested in corporate reporting and their needs are also different from each other. Companies try every possible way to fulfill the needs of all the stakeholders through corporate reporting process. In spite of this, still there is no fool proof method that companies can use to satisfy each and every need of stakeholders. This is one the critical issue in corporate reporting.

**CONCLUSION**

It is concluded that there are various issues in the process of corporate reporting which need to be curbed so that effective reporting of published statements can be made possible. The companies should take following steps to ensure effective reporting:

1. Appointing Independent Auditors.
2. Providing third party Assurance Services.
3. Avoid Window dressing of published statements.
4. Resort to adequate and effective audit planning to make auditing free from errors and frauds.
5. Proper valuation of intangibles and soft assets.
6. Maintaining true and fair view principle at any cost.

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