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Waikato Management School
Te Raupapa



Interactive Data in Financial Reporting: The Construction of the Non-Professional Investor

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And
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Abstract

The Securities and Exchange Commission (SEC) in the United States and in particular its immediately past chairman, Christopher Cox, has been actively promoting an upgrade of the EDGAR system of disseminating filings. The new generation of information provision has been dubbed by Chairman Cox, "Interactive Data" (SEC, 2006). In October this year the Office of Interactive Disclosure was created(<http://www.sec.gov/news/press/2007/2007-213.htm>).

The focus of this paper is to examine the way in which the non-professional investor has been constructed by various actors. We examine the manner in which Interactive Data has been sold as the panacea for financial market 'irregularities' by the SEC and others. The academic literature shows almost no evidence of researching non-professional investors in any real sense (Young, 2006). Both this literature and the behaviour of representatives of institutions such as the SEC and FSA appears to find it convenient to construct this class of investor in a particular form and to speak for them. We theorise the activities of the SEC and its chairman in particular over a period of about three years, both following and prior to the 'credit crunch'. Our approach is to examine a selection of the policy documents released by the SEC and other interested parties and the statements made by some of the policy makers and regulators central to the programme to advance the socio-technical project that is constituted by Interactive Data. We adopt insights from ANT and more particularly the sociology of translation (Callon, 1986; Latour, 1987, 2005; Law, 1996, 2002; Law & Singleton, 2005) to show how individuals and regulators have acted as spokespersons for this malleable class of investor. We theorise the processes of accountability to investors and others and in so doing reveal the regulatory bodies taking the regulated for granted.

The possible implications of technological developments in digital reporting have been identified also by the CEO's of the six biggest audit firms in a discussion document on the role of accounting information and audit in the future of global capital markets (DiPiazza et al., 2006). The potential for digital reporting enabled through XBRL to "revolutionize the entire company

reporting model" (p.16) is discussed and they conclude that the new model "should be driven by the wants of investors and other users of company information,..." (p.17; emphasis in the original). Here rather than examine the somewhat illusive and vexing question of whether adding interactive functionality to 'traditional' reports can achieve the benefits claimed for non-professional investors we wish to consider the rhetorical and discursive moves in which the SEC and others have engaged to present such developments as providing clearer reporting and accountability standards and serving the interests of this constructed and largely unknown group - the non-professional investor.

Short Bio:

Alan Lowe is Professor of Accounting in the Finance, Accounting and Law Group at Aston Business School. Alan has published a number of articles that adopt a socio-technical perspective in order to explain the impact of accounting and other information technologies such as enterprise resource planning and Casemix systems. Alan's other research interests include the impact on management accounting systems of changes in management philosophies, methods of performance measurement, issues related to the management of intellectual capital and the application of qualitative research methodologies. Recent publications have appeared in: Accounting Organizations and Society, Accounting Auditing and Accountability Journal, British Accounting Review, Critical Perspectives on Accounting, European Accounting Review, Journal of Organizational Change Management, Management Accounting Research, Organization Studies and Organization.

Joanne Locke's current research interests focus on the trend to global standardisation of business information. Specific areas researched include Enterprise Resource Planning systems and eXtensible Business Reporting Language (XBRL). Joanne's work in XBRL has led to her appointment to the International Accounting Standards Committee Foundation's XBRL Advisory Council and involvement in an ICAEW funded research project on XBRL. More broadly, however, Joanne has an interest in standards development processes and the impact of information communication technologies on information exchange. In her Phd Joanne used co-citation analysis to explore the structure of international accounting as a discipline. She subsequently combined her interests in international accounting and financial accounting to research the implications of structural features of accounting in Japan and has used linguistic techniques to analyse accounting standards. She has also maintained a stream of research on the evaluation of journal quality.

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