Chapter 7

Suggestions and Conclusions

7.1. Introduction

Disclosure requirements for financial reporting in India have been elaborated in Chapter 2. Then we have sketched major international developments in financial reporting including segment reporting (Chapter 3). In chapter 4, we have dealt with justification of segment disclosure and its impact on stock markets, cost of segment disclosures and comparison of Indian accounting standard on segment reporting with accounting standards on segment reporting in some developed countries. Segment reporting practices among the selected public limited companies in India and a case study of the users of accounts have been done in Chapters 5 and 6 respectively. We have analysed the segment reporting practices of selected public limited companies before the adoption of the accounting standard on segment reporting, namely, AS 17, and after the adoption of AS 17 and compared the segment reporting practices between these two periods. In the case study portion concerning the analysis of the perceptions of the users of accounts with regard to segment reporting, a large number of interesting issues have been found out. In the above-mentioned backdrop, this chapter deals with the suggestions and recommendations on various issues for bringing about an improvement in segment reporting in India. In this connection it may be mentioned that, based on our findings, some comments have already been made earlier. Nevertheless, this chapter presents some constructive suggestions. It also sketches the limitations of the study and suggests areas for further research.

7.2. Suggestions and recommendations

In view of the findings of our study mentioned in earlier chapters, we venture to give some suggestions for improvement of segment in India.

Needless to mention, segment reporting is a part of financial reporting. Accordingly, although our study aims at reviewing segment reporting practices of listed public limited companies in India, as a natural consequence, some issues concerning the broad aspect of financial reporting have also been covered. It is felt that overall improvement in the financial reporting would have a positive bearing on segment reporting as well. Therefore, our suggestions and recommendations have been given in two parts – the first part dealing with the financial reporting in general, and the second part specially relating to the segment reporting in India.

Some of this suggestions, if implemented, would lead to structural changes arising out of policy changes at different levels, viz., changes in the provisions of the Companies Act, 1956, SEBI Act, etc. and changes in the structure and composition of standard-setting body, to give a few instances. Others can be implemented with a change in management attitude and practice. Once the general framework of reporting is improved, specific changes in the segment reporting will be more fruitful and effective. Being guided by this approach, we now give our suggestions respectively in sections A and B that follow.

A. Improving the overall Financial Reporting

(i) Changes in the Companies Act

The following changes in the Companies Act may be suggested keeping in mind the existing international disclosure practices.

1. The format of the profit or loss account

At present, there is no prescribed format for the preparation of the profit and loss account under the Companies Act – the law requires the disclosure of certain items only. In the US, the income statement is divided into several parts to give information on gross margin, income before interest, taxes, gains & losses, income from continuing operations before extraordinary items, etc. and net income. Information on income per share and average shares outstanding are also given in the income statement. The UK Companies Act 1989 suggested two formats (horizontal and vertical) of profit and loss account. The profit and loss account can be prepared under any one of the two formats but items of expenses are to be classified under functions (e.g. production, administration, distribution, etc.) or under nature (e.g. staffing costs, depreciation etc.).

Keeping in view the present reporting practices, existing provisions in the Companies Bill and also the international practices, we suggest the following format for profit and loss account (Banerjee, 2002) in the vertical form.

Table7.1

Format of Profit and Loss Account

Particulars	Amount	Amount
Sales		**
Less: Cost of Sales		**
Gross Margin		**
Less: Selling, General and Administrative expenses	**	
Other Operating expenses including depreciation	**	
Operating Profit before Interest, Taxes, Gains and Losses		**
Less: Non-operating Gains	**	**
Non-operating Losses	**	
Profit before Taxes from Continuing Operations		**
Less: Income-tax		**
Profit from Continuing Operations before Extra-ordinary Items & effect of change in Accounting Policies		** **
Less: Extra-ordinary Items	**	
Effect of changes in Accounting Policies	**	
Net Profit		** **
Net Profit per Share		**
Average Shares Outstanding (in numbers)		**

There is, however, no objection if the horizontal or t-form is also used giving all the information as suggested under the vertical form. In the profit or loss account, information on segment of operation should be given as per AS 17.

The above format displays item-wise activities of a company such as selling product (revenues), including cost directly related to those sales (cost of sales), and expenses that generally support the business (selling, general and administrative expenses). All these are contained in the upper portion of the profit and loss account to give operating profit. The next portion gives information on incidental activities extra-ordinary items, etc. Distinguishing between the financial effects of a company's major and central operations and those of other activities or events will help users to analyse trends affecting the business without the potential distorting effects of incidental activities. Similarly, distinguishing between the financial effects of a company's usual and recurring activities and those of other activities will improve the analysis of underlying trends and relationships in a country's ongoing business. Information on shares will also be extremely useful to the investors, as disclosure of such information has now become mandatory as per AS 20, Earnings per Share, for certain classes of companies from 1.4.2001.

2. *The Balance Sheet*

The present format of the balance sheet seems to be adequate (Banerjee, 2002). However, disclosure of non-performing assets or at least non-performing advances would enhance the appropriateness of the figures disclosed. This will promote reliability and transparency.

3. *Disclosure of Accounting Policies*

Presently, accounting policies are disclosed, in many cases, in a haphazard way. But accounting policies are very basics of financial statement and so disclosure of significant accounting policy in a systematic way would no doubt be beneficial for comprehensibility and comparability of the financial statements. Section 166 of the Companies Bill, 1997 proposed to mandate the disclosure of significant accounting policy. The said Bill required the auditor in the auditor's report in addition to usual items to be covered under Section 227 of the Companies Act, 1956 to state:

Whether in his or her opinion:

(a) accounting policies of the company are in conformity with accounting standards;

(b) there have been any deviation from the company's accounting policies and if so, the quantum of financial implications such deviations have caused;

(c) the accounting treatment in the balance sheet and profit and loss account in respect of any item is inappropriate.

Because of the above there will be direct responsibility on the part of management to disclose accounting policies and comply with the accounting standards in default of which the responsibility lies with the auditor to qualify the audit report. Thus, if the auditor discharges his/her responsibility properly, such disclosure, or the effect of non-disclosure, will enhance understanding, comparability and responsibility of financial statements. It is proposed that the above features of the Companies Bill, 1997, be retained by an amendment of the Companies Act.

The Companies (Amendment) Bill, 2003 which was tabled in the Rajya Sabha on the 7th of May, 2003, provides that each public company having paid up capital of Rs.30 millions or more is to appoint a *whole time qualified Accounts Officer known as Chief Accounts Officer (CAO).* The CAO shall be a qualified chartered accountant or cost accountant. He will be responsible for the preparation of annual accounts and compliance with provisions of Act relating to accounts [Section 215A inserted]. In addition, he will also sign the annual accounts. This provision is expected to improve the position in respect of disclosure of accounting policies and compliance of accounting standards as the CAO will be held responsible for non-compliance.

However, in spite of the above, several key questions remain unanswered, viz.—

(a) What actions can be taken against the company, i.e., the board of directors, for non-disclosure of accounting policies and/or for non-compliance of accounting standards?

(b) What actions can be taken against the auditor if he / she fails to discharge his/her responsibility?

(c) Is there any independent agency / body for monitoring the compliance?

We have, however, attempted to deal with these issues in section (iii) later.

4. *Disclosure of segment information*

Companies Act does not require any significant segmental disclosure about the companies, which do not fall under the purview of AS 17 (i.e. listed companies and the companies with an annual turnover of Rs.500 millions or more). However, elaborate disclosure of segment information regarding segment revenue, segment profit, segment assets etc. if made mandatory for all the companies with multiple segments will be of much benefit for the investors and other users of the financial statements. The Companies (Amendment) Bill, 2003 provides that the segment reporting is to be made in Directors' Report in respect of each business segment or division, which accounts for 10 per cent or more of turnover of company [Section 217 (2C) inserted]. If the Bill is enacted, then this step will no doubt enhance the value and importance of the Director's Report to the users of the financial statements.

(ii) Reorganising accounting standard setting process

Accounting standards form part of financial reporting framework in India as outlined in section (c) of Chapter 2. But a good standard is the product of an objective and rigourous standard setting process. So, for improvement of the overall reporting framework, the standard-setting process in India also needs to be re-examined.

A review of the standard setting process in India brings about the following *weaknesses*:

1. There is lack of structural independence in the standard-setting process.
2. The standard-setting process should ensure greater participation of the users of accounts.
3. There exists no effective machinery to monitor and enforce compliance of standards.

A review of the international scenario regarding the standard-setting process points out that there are basically *three approaches* to set accounting standards:

(a) The accounting standards formulated by the government agencies: This approach is followed in Japan and Germany.

(b) The accounting standards formulated by the professional bodies: As bureaucrats do not always possess the technical skill required in formulation of accounting standards, so in some countries it is felt that professional bodies should be entrusted with the responsibility of the standard setting. The US, prior to 1973, used this approach. The UK and the other British Commonwealth countries have been following a mixture of the first and the second approach as the professional bodies within the general framework develop certain accounting standards provided by the Companies Act of their respective countries.

(c) Accounting Standards developed by the independent bodies: The US currently follows this approach as the accounting standard setting process is carried out by an independent body, the Financial Accounting Standard Board (FASB). The independent body consists of accounting professionals, accounting academics, the users of financial statements and other interested parties. In the U. K. too, a shift from no. (b) to no. (c) is gradually discernible.

In the light of the above international practices, we also feel that in India too, the standard setting process should be entrusted to an independent body. This body may be called Accounting Standard Board (ASB). We suggest that ASB be a 13-member Board comprising the following persons covering a wide spectrum of experts:

1. A chairperson shall be a person of eminence in the field of accounting and finance and to be nominated by the Department of Public Enterprises.

2. Two members nominated by the Institute of Chartered Accountants of India (ICAI).

3. One member each nominated by the Institute of Cost and Works Accountants of India (ICWAI), the Institute of Company Secretaries of India (ICSI), Securities and Exchange Board of India (SEBI) and the Department of Company Affairs.

4. The Chairman of the Central Board of Direct Taxes.

5. Two members to represent Chambers and Commerce and Industry to be nominated by the Government of India.

6. One member each nominated by the Indian Commerce Association, Indian Accounting Association and the Indian Accounting Association Research Foundation.

In order to retain the independence of the ASB, the government alone should not do the funding. The three professional bodies (ICAI, ICWAI & ICSI), the SEBI, Reserve Bank of India and Chambers of Commerce and Industry should come forward to finance the activities of the ASB. Donations from the companies and individuals are also to be accepted and encouraged. The donation to ASB should also qualify for tax benefit under section 80G of the Income Tax Act, 1961, which would act as an incentive to donate to the Board.

On the issue of how the standard is to be formulated, we may again look to the international scenario. In the US, the Emerging Issues Task Force (EITF), is a committee with members from the large accountancy firms and corporations examines the emerging issues, which require rapid guidance on what is to be "generally accepted". Then the EITF made its recommendation public. The role of AICPA and the SEC here, is to act as observers. A public hearing is conducted to get public viewpoints and then it is presented to the FASB. FASB issues an exposure draft after analyzing and evaluating public response. After taking into consideration the comments on the exposure draft, a standard is issued. In the light of the feed back, if necessary, the standard is amended or replaced by another standard on a particular accounting or reporting issue.

In the UK almost similar procedure is followed relating to standard setting procedure. The Accounting Standard Board (ASB) formulates the standard on its own authority (Parker and Nobes, 2002). The Urgent Issues Task Force (UITF) also assists the ASB in areas where the accounting standard or provision of Companies Act exists but where unsatisfactory conflicting interpretations have developed or seem likely to develop. In such cases, UITF will consider the issues placed before it and will try to arrive at a solution. The Financial Reporting Council (FRRP) will oversee the compliance of the standards. The Financial Reporting Council (FRC) oversees the work of its two subsidiaries, ASB and FRRP. The ASB identifies the issue and after research and debate submits the discussion draft to the FRS. The FRS then issues exposure draft and after considering the opinion of the different interested parties in the financial reporting, the FRS refines the exposure draft and issues the standard.

Taking a leaf from the developed countries like the US and the UK, we suggest that the following procedures should be followed in setting the accounting standard on a particular issue.

1. Appoint a task force of technical experts to identify an issue which requires attention and review the existing literature on the subject and, if necessary, conduct research on that issue
2. Publish a discussion memorandum outlining the issue and the possible solutions for public comment.
3. Conduct public hearing.
4. Publish the exposure draft of a proposed statement for public comment.
5. Review and analyse the public comment and modify the exposure draft and finally issue the standard.

(iii) Enforcement of disclosure regulations

In many developing countries, one of the major problems relates to poor enforcement of legal provisions and compliance with accounting standards in spite of several checks and balances. So, this is another area where we have to give our suggestions either to streamline the existing machinery or to go for new machinery for effective enforcement.

Although the Department of Company Affairs and Securities and Exchange Board of India (SEBI) enjoy some powers to bring the errant companies to book, at present there is no *effective* formal enforcing authority in India. This is one of the serious drawbacks of our regulatory system. Some suggestions in this context are imperative. As, at present, SEBI is playing a useful role for good governance in respect of listed companies so they will be entrusted with the administrative and/or quasijudicial power to ensure compliance with the requirement of the Companies Act as well as with the accounting standards. The Department of Company Affairs (DCA) be given more power to enforce the compliance of regulation in respect of non-listed public limited companies. The SEBI may also be given the responsibility of overall supervision in the matter of monitoring compliance. Another alternative may be to create a separate regulatory agency for monitoring compliance but that will involve a huge additional burden on the existing scarce resources. The regulatory bodies should be given the power to enforce revision of financial statements by the defaulting companies. Efforts should also be made to develop required expertise. The cost of such revision should be borne by the directors for willful violation. The power should also be given to the enforcing authority to disqualify an auditor for reappointment for the lapse of not qualifying the audit report for non-compliance and to recommend to the ICAI for suitable action in accordance with the code of professional misconduct. The provisions for deterrent action in case of non-compliance should also be incorporated in the Companies Act. This will help in bringing about proper disclosures in the financial statements.

After making a few suggestions for improvement of the overall reporting environment, we now come to the key issue as to how to improve the existing segment reporting scenario in India.

(B) Improving Segment Reporting

The analysis of segment reporting practices in India as reflected by the case study in Chapter 5 reveals that after implementation of AS 17, the segment disclosure practices have improved vastly. In a sense, it has opened up a new window in the sphere of financial reporting which had long been closed for the Indian companies. In spite of that, it cannot be denied that segment information as revealed in the annual reports of the sample companies suffers from some limitations. In view of this, we venture to give a few suggestions for the improvement of the scenario.

(i) Description of the segment in the Directors' Report

The existing provisions of the Companies Act 1956 regarding disclosure of segment information are not adequate. The Companies Act should make provisions so that Director's Report contains an analysis of the main operations of the segments of the company. It should also mention the future plans and strategies regarding the segments.

(ii) Segment-wise cash flow statement

From the analysis of the respondents' perception in Chapter 6, (see Table 6.9C) it has been found that the risk and return of a particular segment could best be assessed if cash-flow statement of the segment is being made available to the users of financial statements. It is, therefore, felt that preparation and publication of segmental cash flow statement would certainly enhance the utility of the segment reporting from the viewpoint of the users of accounts. For a listed company, a cash flow statement now forms part and parcel of audited financial statements. So nothing should stand against implementation of this suggestion.

(iii) Human resource of the segment

Human resource plays an important role in the success of a company. It is all the more important in a highly populated country like India. A segment's employment generating potentials is crucial from the social viewpoint. The UN proposal issued in 1977 regarding segment disclosures recommended, among other things, that in respect of each segment the number of employees employed is disclosed (details about UN proposal has been mentioned under section 3.6, in Chapter 3, pages 134 -135). Indian standard should take a leaf out of the UN and should make provision of disclosures about human resources for each reportable segment.

(iv) Segment-wise disclosure of Intangible asset

At present the intangible assets play a very important role in increasing revenues in case of most of the companies. In the "new economy", the major value driver is the intangible asset (Blair and Wallman, 2000; Leadbeater, 2000). At present the total assets relating to a particular segment is disclosed, but the composition of assets is rarely reported. At least, a break up of total assets into tangible and intangible will provide more useful information in the field of segment reporting. Therefore, a separate disclosure of intangible assets for a segment is suggested.

(v) Segment research and development costs

The research and development is now being continuously pursued by the companies to stay ahead in a competitive market. We have pointed out in the case study portion (Chapter 5) that many companies are gradually increasing the amount of R&D but are not making suitable disclosures segment-wise. Therefore, it is felt that research and development activities carried out in respect of a segment during the year along with the amount of expenses should be disclosed separately.

(vi) Dominance of 'single segment'

Several companies in the sample bypassed the spirit of the segment reporting regulation, claiming that they operated in a single reportable segment. Based on the differing risk profile, end-customers and product categories, reporting under different heads may offer greater clarity on financial performance. But companies have avoided making any such move. (Section 5.3 in Chapter 5).

For instance, Tata Engineering has, over the past year and a half (six quarters), claimed that it is exclusively engaged in the business of automotive products consisting of all types of commercial and passenger vehicles. No doubt, the company is operating predominantly into automotive products. But to assert that commercial vehicles (heavy and light) and passenger cars belong to the same risk profile is, indeed, an idea that is very difficult to be sold.

The same can be said for a host of other companies that provide segment-wise break-ups but without adding any value for shareholders. Companies such as Tata Steel (maker of flat and long steel products), Nestle India (confectionery, culinary products and semi-processed foods and beverages) Ranbaxy (Pharmaceuticals) and Reliance Industries (petrochemicals, refining), to name a few, fall in this category. Owing to the dominance of the single segment classification or variance in segment-wise break-up by companies, comparability of segment performance across different industries is almost impossible. For example, the two pharmaceutical companies in the limelight are Ranbaxy Laboratories and Dr. Reddy's Labs. Both are involved in more or less the same business categories — bulk drugs, formulations, generics and drug discovery (or research and development). While Dr. Reddy's has provided segment information across these categories, Ranbaxy has classified its business into 'pharmaceuticals' and 'others'. Hence, the possibility of drawing up any meaningful benchmarks for PBIT margin for the industry is practically non-existent.

Accordingly, we suggest that to ensure comparability between similar segments of two or more companies, the SEBI should initiate discussion among companies within the same industry group to ensure an improved disclosure of segment information so that data of similar segments within a particular industry group become comparable. For instance, there is a need to classify steel on the basis of flat and long products, to draw a distinction between commercial vehicles and passenger cars, or upstream and downstream non-ferrous metals, such as aluminum or copper. This will improve the cause of the small investors in line with the objectives of segment reporting.

(vii) Transfer pricing in inter-segment transfer

We have seen from the empirical study (see Tables 5.12 and 5.13 in Chapter 5) that the sample companies in our study have refrained themselves from disclosing the transfer pricing policy followed by them as regards inter-segment transfer of products.

In interpreting segment reporting data, if the users are not provided with the basis of transfer pricing then the high percentage of inter-segment revenue to total segment revenue raises questions on whether these transfers took place at market prices or if they were based on some other formula. Otherwise, segment PBT figure as shown in the accounts would appear to be less reliable. It is, therefore, important to mandate companies with high inter-segment revenues to make disclosures of accounting for inter-segment transfers. Similarly, investors need to ensure that unallocable expenditure and unallocable capital employed (segment assets less segment liabilities not allocated to any specific segment) may lead to inflation or overstatement of returns in a specific segment.

(viii) Forward-looking information

The case study of users' perceptions on segment reporting in Chapter 6 reveals that users would be immensely benefited if forward-looking information regarding a segment is made available to them. The recent studies on the information need in a "new economy" also emphasise the need of forward-looking information on the part of the investors (see page 90). None of the sample companies has given any forward-looking information about their reportable segments. Only ITC very briefly mentioned about their future plans and strategies regarding their primary segments (see Tables 5.12 and 5.13 in Chapter 5). We, therefore, suggest that prospective disclosures about the key items like future plans and strategies, expected sales during the coming year, expected income for the coming year, expected capital expenditure for the coming year and so on in respect of each of the primary segments would certainly enrich the quality of segment reporting. These prospective disclosures may be made in the form of 'safe harbour' disclosure as is made by some of the companies in the US.

(ix) Secondary segment information

The disclosure of secondary segment information is quite vague and clumsy. All the companies in our sample have identified the geographic segments as secondary segments and in most cases have identified domestic and foreign operations as the two secondary segments (see Table 5.17 in Chapter 5). This is absurd in the sense that, for a company which has its operation in the United States and in the Middle East countries, it hardly makes any sense to club these operations under one head, because the risk and return perception of these two regions are admittedly entirely different.

Some of the above suggestions may either be implemented through changes in the provisions of the Companies Act, 1956 or they be made part of disclosure for a Listing Agreement via SEBI; others may be introduced through professional guidelines/standards. Pending that, there is nothing wrong in implementing them as part of voluntary disclosures. But the key question is: why should companies disclose these information voluntarily?

Our assertion for voluntary disclosures is based on the findings of various research studies which have shown that various factors motivate the management of a company to disclose information voluntarily without waiting for the mandatory requirements (Chandra, 2002; Banerjee, 2002). The Jenkins Committee in the US has suggested the need for continuous accounting research for exploring the avenues of voluntary disclosures. FASB (Improving Business Reporting: Insights into Enhancing Voluntary Disclosures, 2001) summarises the principal benefits of voluntary disclosures as follows:

(1) lower cost of capital;

(2) access to newer and bigger capital markets;

(3) enhance investors' capability of making better decisions;

(4) decrease in litigation from lack of information;

(5) increase investor confidence in company management;

(6) more active and liquid capital markets, and

(7) more effective capital allocation leading to higher productivity.

A number of research scholars have identified the justification for voluntary disclosures from a variety of considerations. They are:

(1) stock market consideration (Belkaoui, 1976), (Anderson and Frankle, 1980) (Jaggi and Freedman, 1982);

(2) political cost consideration (Watts and Zimmerman, 1986);

(3) user needs consideration (Guthrie and Parker, 1990); and

(4) ideological goal consideration (Guthrie and Parker, 1990).

Therefore, the disclosure of additional information on voluntary basis cannot be dismissed as purposeless and something yielding no benefit to the company.

However, segment reporting in India is still in its embryonic stage. The accounting standard AS 17 has come into effect only from the 1st of April, 2001. Thus, with passage of time, as a natural consequence, the segment reporting practice is expected to improve to make it more focussed to users' needs. In addition, our suggestions, if implemented, will ensure further improvement in the segment reporting scenario. India's accounting profession is one of the oldest and largest in this sub-continent. Reforms have been taking place not only in certain sectors of the economy but also in accounting education and corporate governance. Results of these reforms have gradually started coming that are increasing competitive edge of the country. At this juncture, we need a concerted and combined effort on the part of the companies, the ICAI, the

SEBI, the government and at large the users of accounts to make financial reporting in general and segment reporting in particular more fruitful, effective and relevant.

7.3. Limitations of the Study

The present study suffers from a number of *limitations.* Some of them are given below:

(i) The sample consists of the large and established companies considered for computation of BSE Sensex only. Thus, if the sample size is increased to include relatively smaller and the less renowned companies, the findings are likely to be different.

(ii) As stated earlier, the accounting standard on segment reporting, AS 17, came into effect only recently (on and from April 1, 2001). Accordingly, the case study of corporate segment reporting practices cover a period of 2 years only, 2000-2001 and 2001-2002. As a result, most of the users of financial statements are yet to comprehend and realise the ways and means of utilising the segment information in the best possible way. After expiry of a few years when the users will be well-acquainted with the segment information, they are expected to be in a relatively better position to detect the loopholes in segment reporting and suggest how to plug those loopholes and how to bring about an improvement in segment reporting.

Nevertheless, the present study is expected to serve as a pointer to the segment reporting practices among the listed Indian companies in particular and in the Indian corporate sector in general. This study throws some light on the present segment reporting practices in India and how to make segment reporting more focussed to the growing needs of the users. Therefore, it has its own significance.

7.4. Suggestions for Further Research

In view of time and resource constraints, it is not possible to deal extensively with all aspects of segment reporting. There are many peripheral areas too. Thus, it is possible to extend the present work to certain areas. We, therefore, suggest a few gray areas where research work could be undertaken in the future.

(i) The effectiveness of segment information for forecasting the corporate income of Indian companies and comparison of the results of segment based income forecasting with that of consolidated statement based income-forecasting measure the accuracy or otherwise of segment based forecasting. We suggest this area for study.

(ii) Stock market effect of segment information to find out the response of stock market to the release of segment information is an important issue that deserves attention for a separate study.

(iii) Is cost of capital of a company affected by the segment disclosures? This needs to be empirically tested in Indian context. A study in this area is possible.

(iv) The present study deals with the segment reporting of Indian companies. A comparative study may be done to highlight the similarities and dissimilarities in the area of segment reporting among the South Asian countries and also among the SAARC countries separately.

(v) In the instant study, corporate segment reporting practices as reflected by 30 BSE-Sensex companies have been attempted. Industry-specific separate studies may better point out industry specific need of segment reporting. We, therefore, suggest a separate industry-specific study of segment reporting.