

Summary of Paper: [Does More Frequent Financial Reporting Bring the Future Forward?](#)

What is this Study About?

This study examines how increasing the frequency of mandatory financial reporting—from annual to semiannual to quarterly—affects how well stock prices reflect future earnings. Using historical data from 1954–1972 in the U.S., the authors assess whether more frequent reporting helps investors better anticipate company performance.

What are the major findings of the study?

More frequent reporting significantly improves how well stock prices capture future earnings (i.e., higher FERC). This effect is strongest in firms with seasonal sales, low earnings persistence, or increased voluntary forward-looking disclosures. Investors shift focus from short-term to long-term earnings following the reporting change.

Why is the study important?

This research provides rigorous evidence supporting quarterly reporting's informational value to investors. It challenges concerns that frequent reporting leads to harmful short-term thinking among investors. The findings support the SEC's stance to maintain quarterly reporting despite calls for semiannual alternatives.

What is the impact on professional practice and society at large?

For CPAs, analysts, and regulators, the study reinforces the idea that timely, recurring reports enhance capital market efficiency. More frequent reporting fosters better investor decision-making and aligns corporate disclosure with market needs. Given the study's scope—over 1,300 firm-year observations—it offers credible, large-scale insights that inform U.S. and global policy debates.