



# UNVEILING THE DYNAMICS OF SEGMENT REPORTING: A SYSTEMATIC LITERATURE REVIEW

**Dilipkumar Suthar**

*Senior Research Fellow, School of Commerce, Gujarat University*

## ABSTRACT

DOI No: 10.36713/epra14461

Article DOI: <https://doi.org/10.36713/epra14461>

In today's complex business world, segment reporting holds great importance. It plays a vital role in transparently communicating the performance, risks, and inner workings of different parts of a business. This information is essential for investors, analysts, regulators, and those who ensure companies do things right. They use it to make intelligent choices, decide where to put their money, and check how honest and well-performing a company is. This systematic literature review, employing thematic analysis, comprehensively examines various literature on segment reporting practices. The aim is to gain a deep understanding of this field's key ideas and trends, shedding light on its importance for decision-making, business transparency, and performance evaluation.

**KEYWORDS:** Segment reporting, financial information, Ind As 108, operating segments, AS 17, Firm characteristics, IFRS 8

## 1. INTRODUCTION

Consolidated financial statements are no longer sufficient for users to make educated financial decisions due to the increasing complexity of companies (Aboud & Roberts, 2018). Analyzing previous performance and forecasting future results has become problematic in significant organizations, where complex operations cover numerous products or market segments (Chen et al., 2007). The specific performances of each operating segment, which display significant variances in terms of returns, risks, and profitability, determine how well these organizations operate overall (Troberg et al., 2010). Unfortunately, conventional consolidated financial statements may hide the cash flows, profitability, risks, and returns connected with these unique sectors (Barneto & Ouvrard, 2015). As a result, stakeholders cannot assess the firm's true financial health since they lack a thorough understanding of all of its aspects (Janet et al., 2022). Thus, the urgency arises to furnish comprehensive segment-wise information for an accurate assessment (Street & Shaughnessy, 1998).

Segment reporting refers to the practice of disclosing financial information about an organization's different business segments in its financial statements (Talha, Sallehuddin, et al., 2008). By providing detailed information about each segment, segment reporting enables investors, analysts, and stakeholders to understand the financial performance and risks associated with different parts of the organization (Cereola et al., 2017). The reporting of segments typically includes information such as revenues, expenses, assets, liabilities, and other relevant financial data for each segment (Talha et al., 2008). The segment information is often presented in a tabular format, allowing users to compare and analyze the performance of different segments within the organization (Kajüter & Nienhaus, 2017). Additionally, segment reporting may also involve disclosing non-financial information such as geographical segments, products or services, customer types, or other factors that are important for understanding the nature of the business segments.

Accounting standards governed by several standard-setting authorities, such as the Financial Accounting Standards Board in the United States, the International Accounting Standards Board globally, and national accounting bodies in other countries, control segment reporting. These standards outline how to identify and report segments, as well as the mandatory disclosures and the measurement and aggregation of segment data. The fundamental goal of segment reporting is to give users of financial statements relevant and reliable information about an organization's financial performance and risks connected with various segments. This data assists stakeholders in making informed decisions, analyzing the profitability and feasibility of certain company segments, and measuring the organization's overall financial health and growth prospects.

Segment reporting practices have evolved over time to enhance comparability and transparency. The information utilized by the chief operating decision-maker (CODM) for evaluating performance and allocating resources has been highlighted as standard-setting bodies have updated their standards to comply with market-oriented approaches. Global segment reporting processes have gotten even more uniform as a result of the convergence of accounting standards, such as the adoption of IFRS in many nations. Segment reporting practices have undergone significant evolution over time, with convergence efforts and the adoption of international standards playing a crucial role. In the late 1980s, The FASB released Statement No. 14, "Financial Reporting for Segments of a Business Enterprise." Using the definition of a business segment as a division of an enterprise that engages in certain activities, generates revenues, and incurs expenses, this standard established formal criteria for segment reporting in the United States. It emphasized the use of operating segments and an internal management approach.

In the 1990s, International standard-setting organizations acknowledged the need for uniform segment reporting standards. IAS 14, often known as "Segment Reporting," was published by the International Accounting Standards Committee (IASC, now the International Accounting Standards Board). This standard sought to increase worldwide segment reporting consistency and comparability. It stressed identifying and disclosing primary and secondary segments and providing measurement, aggregation, and reconciliation guidelines. It was consistent with the concepts of FASB Statement No. 14. Both the FASB and the IASB have amended their respective regulations over time to increase the importance and uniformity of segment reporting information. Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information," was altered by FASB for Statement No. 14 in 1997. This revision shifted the focus to a market-oriented approach, aligning segment reporting with the

information used by the CODM for performance evaluation and resource allocation. It emphasized a "management approach" to identify operating segments. Similarly, IAS 14 underwent revisions and was ultimately changed by IFRS 8, "Operating Segments," in 2010. IFRS 8 aimed to achieve convergence with FASB Statement No. 131 by forcing businesses to provide details about their operational segments following the data utilized by the CODM. It introduced the concept of a "chief operating decision-making approach" for identifying operating segments.

Segment reporting in India traces its origins back to the implementation of Accounting Standard (AS) 17, aptly named "Segment Reporting," by the ICAI. This milestone was crucial to aligning Indian accounting practices with global standards, particularly IAS 14. However, the evolution of segment reporting practices in India did not stop there. Segment reporting procedures have become more uniform globally as a result of the integration of Indian Accounting Standards (Ind AS) and International Financial Reporting Standards (IFRS). In 2016, the ICAI introduced Ind AS 108, "Operating Segments," which closely mirrors IFRS 8. This standard requires Indian companies to reveal segment data based on the information the CODM reviewed it. It also includes additional disclosure requirements specific to Indian regulations, such as geographical segments. In summary, the evolution of segment reporting standards demonstrates a progression from voluntary disclosures to formal accounting standards. The development of FASB Statement No. 14, IAS 14, FASB Statement No. 131, IFRS 8, and Ind AS 108 has significantly improved the transparency and comparability of segment information. This study aims to identify key themes within the existing literature, shedding light on the evolving landscape of segment reporting practices and their impact on informed decision-making.

## 2. METHOD

The application of systematic reviews has been widely accepted across many academic fields, particularly in the business & management field. These reviews are highly regarded for their ability to enhance research rigor (Dorn et al., 2016) and promote evidence-based research (Tranfield et al., 2003). They serve as invaluable tools for gaining a comprehensive understanding of the current state of research within a specific field. Systematic literature reviews (SLRs) differ from conventional reviews in that they adhere to a set of standards for thoroughly searching and evaluating the body of prior research. The review process is transparent and replicable due to this stringent approach (Chaudhary et al., 2022). SLRs are a useful tool for conducting transparent and repeatable reviews in a variety of domains since they offer a strong approach for locating and analyzing earlier research within a specific subject matter. SLRs are

utilized to identify research gaps, summarize the body of knowledge already available on a subject, and suggest a conceptual framework for more study. (Yaqub & Alsabban, 2023).

The Search, Appraisal, Synthesis, and Analysis (SALSA) framework has been applied to undertake an in-depth and systematic analysis of the available literature. (Gunnarsdottir et al., 2020) used a systematic search and review as a two-fold process, involving an extensive search and a critical evaluation, ultimately leading to a 'best evidence synthesis'. The SALSA framework's steps were employed to facilitate a robust analysis of the existing literature while minimizing the potential for bias. To ensure a comprehensive search, a 'snowballing' method was employed between the Appraisal and Synthesis stages (Gunnarsdottir et al., 2020).

### 2.1 Search

The first step of the SALSA framework is a search for the relevant literature. Two academic databases were searched: Scopus and Google Scholar. Three search keywords were defined: "Segment Reporting," "Operating Segment," and "Disclosure Practices," which resulted in the search string ("Segment Reporting" OR "Operating Segments") AND ("Disclosure practice"). Initially, a large amount of results was found: Scopus (n = 71) and Google Scholar (n = 54). Results were presented in order of relevance. The number of search results scoped was determined by whether search results were still found relevant past a certain number.

### 2.2 Appraisal

The second step of the SALSA framework, appraisal, involved further assessing whether search results fulfilled the above inclusion and exclusion criteria (Gunnarsdottir et al., 2020a). For this purpose, the abstracts of identified papers and reports were read and, subsequently, the entire publication browsed. A total of 125 publications were scoped from the databases. Many results appeared in more than one search engine but were only counted where they first appeared. The resulting publications found appropriate for further analysis were 58 from Scopus, 39 from Google Scholar.

### 2.3 Synthesis

As mentioned above, to identify more relevant indicator sets, a step of 'snowballing' was added to the SALSA framework. The 'snowballing' approach involves using the references and citations of papers to identify more relevant literature. Review papers and background sections of publications found through the initial search served as a basis for snowballing to find more indicator sets. Through this method, 24 additional papers or reports were identified that were snowballed from eight different publications (Gunnarsdottir et al., 2020).

### 2.4 Analysis

After completing the initial three steps of the modified SALSA framework, which involved an extensive search in both national and international journals, successfully identified a total of 82 relevant publications for our study. These carefully chosen publications served as the basis for our study. The study uses a thorough and systematic approach to extract valuable insights from this vast body of literature throughout the SALSA framework's Analysis phase. The study uses NVivo, a capable qualitative data analysis tool, to speed up this procedure. NVivo systematically code the data from these articles, which was an essential part of our process. This meticulous coding procedure is crucial in helping us identify and classify new themes and patterns in the literature. It enable us to efficiently organize the material as well as sort through the abundance of information. The study offers an in-depth understanding of the subject by highlighting recurrent themes and spotting changing trends. This thorough comprehension play a crucial role in laying the groundwork for our review. In summary, our systematic approach and use of NVivo enable us to navigate the large sea of literature, extract meaningful knowledge, and build the foundation for an in-depth and analytical review of the selected topic.

## 3. THEMATIC ANALYSIS

In our comprehensive analysis of various literature sources, The study embarked on a coding procedure to extract pertinent information and insights. As the study meticulously reviewed the collected data, a structured pattern emerged. This pattern revealed distinct sub-themes that encapsulated the core concepts discussed in the papers. Upon a closer examination of these sub-themes from a bird's-eye perspective, The study discerned the emergence of specific overarching major themes that resonate throughout the corpus of literature. These significant themes are fundamental pillars underpinning the discourse on segment reporting practices.

The identified significant themes are as follows:

1. Factors Influencing Segment Reporting Practices
2. Impact of Accounting Standards on Segment Reporting
3. Segment Reporting Quality and Transparency
4. Diverse perspectives in segment reporting studies

In-depth details of the codes and sub-themes are presented in Figure 1 below. This figure offers a granular breakdown of the specific topics and issues addressed within each theme, allowing for a comprehensive exploration of the nuanced aspects of segment reporting, corporate disclosure practices, and related fields as discussed in the literature.



Figure:1 Major theme identification process

**Theme - I Factors Influencing Segment Reporting Practices**

Factors influencing disclosure practices in segment reporting have been a central theme across these studies. Researchers have delved into a diverse set of organizational and contextual variables within this overarching theme, shedding light on how these factors shape the scope and character of segment disclosures within financial reporting. These factors include firm size, financial leverage, listing status, industry type, profitability, auditor type, corporate governance mechanisms, ownership diffusion, and more. The findings across these studies highlight the complexity of disclosure decisions, with different factors exerting varying degrees of influence on segment reporting practices in different contexts and regions. Researchers have examined various factors that shape how companies disclose information about their segments in their financial reports.

Talha et al. (2010) found that company size significantly affects the choice of primary segments. Nagarajan & Sridhar (1996) suggest that larger firms may aggregate valuable information into segment disclosures to prevent competitors from gaining an advantage. Financial performance is another critical factor that has been explored. Troberg et al. (2010) observed that managerial decisions and reporting incentives linked to profitability can affect diversities in risk and returns among segments. Similarly, Birt et al. (2017) noted that segment earnings data is highly relevant to public and private Indian banks, indicating its importance to investors. Talha et al. (2010) and Nagarajan & Sridhar (1996) found correlations between industry membership and segment disclosure practices, suggesting that industry-specific factors can impact reporting decisions.

Furthermore, regulatory changes, such as adopting IFRS 8, have been scrutinized. Mardini & Tahat (2010) highlighted the value relevance of segmental information following the adoption of IFRS 8 in Qatar and Jordan, emphasizing its importance to investors and stakeholders. Auditor type, corporate governance mechanisms, and ownership diffusion have been identified as additional factors affecting segment disclosure. These factors underscore the importance of governance structures and external oversight in shaping reporting practices (Amado et al., 2018; Mardini et al., 2013; Alfaraih and Alanezi, 2011).

However, not all studies reached the same conclusions. For instance, while some research suggests that profitability positively influences disclosure (Amado et al., 2018), others found mixed results, demonstrating the nuanced nature of these relationships. While some factors, such as firm size and auditor type, appear to positively influence disclosure practices, others, such as profitability or industry-specific factors, may have a less direct relationship with segment disclosure. In addition, the influence of international accounting standards such as IFRS 8 on disclosure practices has been investigated, casting light on how regulatory changes can affect reporting behavior.

In conclusion, the literature on segment reporting practices highlights the multifaceted nature of disclosure decisions, with firm size, financial performance, industry context, regulatory changes, and governance mechanisms all playing significant roles in determining how companies report information about their segments. Collectively, these findings contribute to a deeper comprehension of the

complexities surrounding segment reporting in financial statements. After conducting a literature review on factors influencing segment reporting practices, several prospective research questions and gaps become apparent. These queries provide valuable starting points for pursuing additional research:

**RQ1:** What are the Key Determinants of Segment Reporting Quality Across Different Countries?

**RQ2:** What Are the Managerial and Economic Motivations Behind Segment Disclosure Choices, and How Do They Affect Firm Performance and Investor Decision-Making?

### **Theme – II Impact of Accounting Standards on Segment Reporting**

The literature on the Impact of Accounting Standards on Segment Reporting offers a profound exploration of how different accounting standards have shaped and influenced segment reporting practices within various industries and regions. This extensive body of research has revealed numerous empirical studies to unveil the intricate dynamics at play when accounting standards, including IFRS 8, AS 17, IAS 14, IAS 14(R), SFAS131, and AASB 114, come into effect. These studies have shed light on the influence of these accounting standards on the quality, quantity, and utility of segment information disclosed by companies. Saarioluoma (2013) examined the effects of IFRS 8 on segment disclosures in Finnish-listed companies and concluded that it had minimal impact on Finnish companies' segment reporting practices. (Nichols et al., 2012) investigated the adoption of IFRS 8 in European blue-chip companies and found that it didn't improve the consistency of segment disclosures and led to declines in certain segment information. (Birt & Shailer, 2011) focused on the impact of disaggregated information under AASB 114, revealing that it significantly increased user confidence compared to previous standards. Johari (2017) studied the adoption of IFRS in Malaysian listed firms, showing substantial changes in segment information disclosure practices. (Di Carlo et al., 2016) examined IFRS 8 adoption in Italy, finding no significant differences in segment disclosures compared to IAS 14R. Vlad (2016) studied segment reporting in Romania's banks, concluding that IFRS 8 made financial statements more specific without affecting recognition or measurement. Ibrahim (2015) analyzed segment disclosure during Nigeria's transition to IFRS 8 and found that it was positively associated with factors like industry type and firm size. Li et al. (2013) compared segment reporting in Hong Kong-listed companies before and after IFRS 8 and found that segment revenue significantly influenced stock prices. (Ashfaq et al., 2022) examined segment disclosure practices in South Asian countries, highlighting the influence of industry type and CODM selection on segment disclosure. (Wang, 2020) investigated the impact of geographic segment disclosures on the debt maturity structure of

internationally diversified companies, showing that SFAS 131 mitigated the relationship between diversification and short-maturity debt. (Aboud et al., 2018) studied the effect of segment information quality and quantity on analysts' forecasts following IFRS 8 implementation and emphasized the importance of enforcement. (Kobbi-Fakhfakh, 2017) assessed the quality of geographical disclosure under IFRS 8, finding a negative impact on disclosure quality. Lastly, (Kajüter & Nienhaus, 2017) examined the investor-friendliness of segment reports and highlighted the positive impact of IFRS 8 on their utility. These studies collectively contribute to our understanding of the complexities and effects of segment reporting standards on financial disclosure practices worldwide. After conducting a literature review about impact of accounting standards on segment reporting , a number of prospective research questions and research gaps become apparent. These queries provide valuable starting points for pursuing additional research:

**RQ1:** What is the long-term impact of accounting standards, such as IFRS 8, on investor decision-making, market efficiency, and the valuation of companies, and how do these effects evolve over time?

**RQ2:** What are the information needs and preferences of different user groups (e.g., investors, analysts, regulators, and internal management) regarding segment reporting, and how can accounting standards be tailored to address these diverse informational requirements better?

### **Theme – III Segment Reporting Quality and Transparency**

Within the Segment Reporting Quality and Transparency theme, a series of studies collectively scrutinize critical aspects of segment reporting, focusing on the quality and transparency of disclosures, factors impacting reporting decisions, and their repercussions for various stakeholders. (Troberg et al., 2010) scrutinized cross-segment diversities in risk and returns, underscoring the roles of managerial choices, reporting incentives, and country-specific factors in shaping reporting quality. (Leung & Verriest, 2019) delved into the motivations behind multinational corporations' decisions to disclose or withhold segments, elucidating how strategic considerations and proprietary costs influence disclosure choices. Meanwhile, (Tendeloo & Vanstraelen, 2013) explored the interplay between Big 4 audit firms and earnings management in private companies, emphasizing the significance of auditors, particularly in high-tax alignment countries. (Herrmann & Thomas, 1996) assessed the quality of segment reporting in European Union corporations, revealing the impacts of variables like nation, company size, and exchange listing. (Aboud et al., 2019) investigate the sway of IFRS 8 on segmental information quality and probe the efficacy of various proxies for measurement. Furthermore, (Sameh et al.,

2016) introduced a segment reporting quality index and examine the determinants of reporting quality in EU companies, considering factors such as company size, auditor choice, concentration, debt leverage, and profitability. (André et al., 2016) delved into managers' decisions regarding the quantity and quality of segment reporting within the management method, uncovering potential deviations from recommendations and their ramifications for financial analysts. (Daske & Gebhardt, 2006) evaluated the quality of financial statements in Austrian, German, and Swiss enterprises under IFRS or GAAP, showcasing a significant improvement in disclosure quality upon the adoption of IFRS. In Belgium, (Deceuninck et al. 2009) scrutinized the quality and quantity of reported segments in listed companies, with key factors including size, ownership diffusion, auditor selection, and internal reporting consistency. Investigating investors' perceptions, (Hope et al., 2006) explored the impact of geographical segment disclosures on the pricing of foreign earnings, underscoring the significance of higher-quality geographic segment disclosures. (Obi and Ogbekor 2017) analyzed segment reporting quality in Nigeria post-IFRS 8 adoption, discovering that company size and sector membership positively influence reporting, yet highlighting areas for enhancement. Lastly, (Liu, 2013) investigated the correlation between segment disclosure quality and EPS forecast accuracy following IFRS 8 implementation in multiple countries, finding improvements in disclosure quality, albeit not in forecast accuracy. These studies collectively enrich our comprehension of segment reporting quality and transparency, elucidating the influences on reporting choices and the ramifications for stakeholders, including investors, auditors, and regulators, thereby providing a foundation for future research to explore emerging challenges and trends in segment reporting within the context of evolving accounting standards and reporting practices. Here are some proposed research gap questions within the theme of Segment Reporting Quality and Transparency.

**RQ1:** To what extent do cultural and institutional factors influence the quality and comparability of segment reporting across countries, and how can accounting standards be adapted to address these cross-border variations?

**RQ2:** How do evolving business models, such as those driven by technology and digital transformation, challenge the relevance and adequacy of current accounting standards (e.g., IFRS 8) in effectively capturing and disclosing segment information?

#### **Theme – IV Diverse Perspectives of Segment Reporting Studies**

In the intricate world of financial reporting, a treasure trove of research has revealed fascinating insights into

segment reporting. These studies unlock the secrets behind what drives adequate financial disclosures and how they shape crucial business decisions.

Mui Ching Chan (2003) reveals that smaller firms and those with higher diversification levels are more inclined to engage in voluntary segment disclosure in Australia, while industry membership, minority interest, financial leverage, and ownership diffusion show no substantial impact. As studied by (Berger & Hann, 2007), proprietary and agency costs play a pivotal role in shaping segment reporting practices, with firms frequently aggregating financial information to obscure diversification strategies, highlighting the need for more disaggregated segment data. Garrod (2000) added that the competitive disadvantages resulting from segment information appear minimal, irrespective of a company's size or jurisdiction. Moreover, Leuz(2000) suggested that voluntary cash flow statement disclosure in Germany is strongly influenced by capital market considerations, shedding light on the interplay between capital markets and financial reporting. Meanwhile, Edwards and Smith (1996) found that private companies in European countries face increased scrutiny from tax authorities, particularly in nations with high tax alignment, underscoring the influence of tax considerations on segment reporting.

As for multinational corporations in the United States, Sang et al. (2022) discovered that managerial incentives significantly impact segment earnings reporting, with agency costs outweighing proprietary costs in cross-listed firms. Implementation of IFRS 8, as highlighted by (Lenormand & Touchais, 2021), had varying effects on the quality of segment information, dependent on the specific proxy utilized, emphasizing the need for nuanced assessment methods. Large organizations, those audited by the Big Four accounting firms, and those with a global focus, as demonstrated by (Sameh et al., 2016), exhibited higher segment reporting quality, while higher debt leverage is associated with lower quality. Meanwhile, (Bens et al., 2018) found that managers' decisions on segment aggregation preferences have been found to influence accounting conservatism. According to (Goncharov & Peter, 2014), financial reporting transparency played a crucial role in reducing the duration of cartel-related industry collaboration, with transparent accounting structures facilitating earlier detection of anticompetitive activities. Independent directors enhance the amount of reported information, particularly in high ownership concentration environments, as demonstrated by (Gisbert et al., 2014), underlining the interplay between governance and proprietary expenses in segment reporting.

Furthermore, (You, 2014) highlighted that conglomerates had been observed to manipulate segment results to enhance stock prices, with segments



having relatively high valuations typically reporting abnormally high earnings, in line with this strategic behavior. The relationship between aggregated segment earnings and segment earnings reconciliations, as studied by (Hollie & Yu, 2012), had implications for financial market mispricing, as positive segment earnings reconciliations tend to be underestimated or overestimated collectively by investors. Furthermore, (Bens et al., 2011) found that pseudo-segment aggregation is more likely to occur when firms report on multiple external segments and when agency and proprietary costs are high. Robust segment disclosure, as suggested by (Blanco et al., 2015) had been linked to reduced capital costs, lowering ex-ante estimations of the cost of equity capital and other risk-related variables, ultimately reducing estimation risk. While mandatory public country-by-country reporting has limited impact on geographic segment reporting, as shown by (Brown et al., 2019), it provides valuable insights into identifying tax haven involvement for EU banks. Lastly, the link between Integrated Reporting disclosures and corporate valuation, as investigated by (Lee & Yeo, 2016), has been established, with increased degrees of Integrated Reporting associated with higher firm valuations, underscoring the positive impact of transparency on organizational value. These findings collectively contribute to a nuanced understanding of segment reporting practices, highlighting their intricate relationships with diversification, transparency, taxation, governance, and financial market dynamics. Building upon the insights gleaned from the preceding literature review, the study poses the following future research question:

**RQ1:** How is the quality and reliability of segment disclosures impacted by the strategic manipulation of segment information by multinational corporations, and what are the implications of this manipulation for the perspectives and decisions of investors and financial analysts?

#### 4. DISCUSSION

The comprehensive review of the literature on segment reporting practices has allowed for identifying several prominent themes and research questions that collectively enrich our understanding of this complex area within financial reporting. These themes offer a holistic perspective on the multifaceted nature of segment reporting, its determinants, and its consequences, providing a solid foundation for further research and exploration.

**Theme I:** Factors Influencing Segment Reporting Practices - The first theme revolves around the factors influencing segment disclosure practices. These factors, from firm size and financial performance to industry context and regulatory changes, underscore the multifaceted nature of disclosure decisions. Researchers have illuminated how these factors interact and shape the scope and character of segment disclosures in financial reports. The questions arising

from this theme, such as RQ1 and RQ2, delve into the key determinants and motivations behind segment reporting choices and their implications.

**Theme II:** Impact of Accounting Standards on Segment Reporting - The second theme focuses on the influence of accounting standards on segment reporting practices. Researchers have rigorously examined the effects of various accounting standards, including IFRS 8 and other national standards, on the quality, quantity, and utility of segment information disclosed by companies. The research questions in this theme, particularly RQ1 and RQ2, seek to understand the long-term impacts of accounting standards on investor decision-making and the diverse information needs of various user groups.

**Theme III:** Segment Reporting Quality and Transparency - The third theme delves into the quality and transparency of segment reporting. Studies within this theme scrutinize the determinants of reporting quality, including managerial choices, governance mechanisms, and country-specific factors. These investigations reveal the intricate influences on reporting choices and their repercussions for stakeholders, such as investors and regulators. Research gap questions in this theme, such as RQ1 and RQ2, probe into cross-border variations in reporting quality and the challenges of evolving business models.

**Theme IV:** Diverse Perspectives of Segment Reporting Studies - The fourth theme encompasses diverse perspectives on segment reporting. Researchers have explored the relationships between segment disclosures and factors like diversification, proprietary costs, governance, taxation, and market dynamics. These studies have uncovered the strategic behavior of firms in segment reporting and its implications for financial markets. The proposed research gap questions, notably RQ1, invite further exploration into these intricate dynamics.

In conclusion, synthesizing these themes and research questions presents a comprehensive framework for future research in segment reporting. The literature review underscores the importance of considering a broad spectrum of factors, accounting standards, quality, and diverse perspectives when investigating the intricacies of segment reporting practices. By addressing these research questions, scholars and practitioners can better understand how segment reporting influences financial markets, decision-making, and the broader landscape of corporate disclosure.

#### 5. CONCLUSION

This exhaustive literature review on segment reporting practices has enhanced our comprehension of this complex field of financial reporting by shedding light on key themes and research questions. Each theme has contributed vital knowledge regarding the complexity of segment disclosures, the factors that influence them, and the resulting effects. However, it's crucial to

acknowledge certain limitations, including the possibility of omitting essential research articles not covered in this study. Each theme's proposed research questions offer promising avenues for future research. The opportunity exists for researchers to conduct empirical investigations that address these concerns, thereby advancing our understanding of segment reporting practices.

Furthermore, future research must consider the dynamic landscape of financial reporting, including emergent technologies, evolving global regulations, and shifting business models. These factors are crucial for providing insights that continue to be pertinent to modern corporate disclosure practices. In addition, conducting cross-border research can help us better understand how segment reporting varies across countries and cultures, which could lead to adjustments in accounting standards to accommodate diverse institutional environments better.

## 6. REFERENCES

- Alfaraih, M. M., & Alanezi, F. S. (2011), "What Explains Variation In Segment Reporting? Evidence From Kuwait", *International Business & Economics Research Journal*, 31-46.
- Amado, P., Albuquerque, F. & Rodrigues, N. (2018), "The Explanatory Factors of Segment Disclosure in Non-financial Entities Listed in European Markets", *Contaduriya y Administracion*, 63(3), 1-23.
- Andre, P., Filip, A. & Moldovan, R. (2015), "The Interplay Between Segment Disclosure Quantity and Quality", *ESSEC Business School*.
- Aboud, A., & Roberts, C. (2018). *Managers' segment disclosure choices under IFRS 8: EU evidence. Accounting Forum*, 42(4), 293–308.  
<https://doi.org/10.1016/j.accfor.2018.09.004>
- Aboud, A., Roberts, C., & Hussainey, K. (2019). *The impact of IFRS 8 on segment information quality in the European Union: a multi-dimensional analysis. International Journal of Disclosure and Governance*, 16(2–3), 100–115.  
<https://doi.org/10.1057/s41310-019-00059-9>
- Aboud, A., Roberts, C., & Mansour Zalata, A. (2018). *The impact of IFRS 8 on financial analysts' earnings forecast errors: EU evidence. Journal of International Accounting, Auditing and Taxation*, 33, 2–17.  
<https://doi.org/10.1016/j.intaccudtax.2018.08.001>
- André, P., Filip, A., & Moldovan, R. (2016). *Segment Disclosure Quantity and Quality under IFRS 8: Determinants and the Effect on Financial Analysts' Earnings Forecast Errors. International Journal of Accounting*, 51(4), 443–461.  
<https://doi.org/10.1016/j.intacc.2016.10.008>
- Ashfaq, K., Rehman, S. U., Nguyen, N. T., & Riaz, A. (2022). *The effect of IFRS 8 on segments disclosure practices in South East Asia. Journal of Financial Reporting and Accounting*, April.  
<https://doi.org/10.1108/JFRA-02-2021-0058>
- Barneto, P., & Ouvrard, S. (2015). *Is the firm's business model related to segment reporting? Research in International Business and Finance*, 35, 122–137.  
<https://doi.org/10.1016/j.ribaf.2015.06.001>
- Bens, D. A., Berger, P. G., & Monahan, S. J. (2011). *Discretionary Disclosure in Financial Reporting: An Examination Comparing Internal Firm Data to Externally Reported Segment Data. SSRN Electronic Journal*, 09.  
<https://doi.org/10.2139/ssrn.1476488>
- Bens, D. A., Monahan, S. J., & Steele, L. B. (2018). *The Effect of Aggregation of Accounting Information via Segment Reporting on Accounting Conservatism. European Accounting Review*, 27(2), 237–262.  
<https://doi.org/10.1080/09638180.2016.1260488>
- Berger, P. G., & Hann, R. N. (2007). *Segment Profitability and the Proprietary and Agency Costs of Disclosure. The Accounting Review*, 82(4), 869–906  
<https://www.aaajournals.org/doi/pdf/10.2308/accr-2007.82.4.869>
- Birt, J., & Shailer, G. (2011). *Forecasting confidence under segment reporting. Accounting Research Journal*, 24(3), 245–267.  
<https://doi.org/10.1108/10309611111186993>
- Blanco, B., Lara, J. M. G., Carlos, U., Madrid, I. I. De, Jel, M., Barroso, A., Cohen, D., Osmá, B. G., Gassen, J., Gietzmann, M., Bazo, J. G., Giner, B., Healy, P., Mora, A., Olsson, P., Peñalva, F., Rodriguez, R., & Smith, D. (2015). *The University of Melbourne Universidad Carlos III de Madrid I . INTRODUCTION There is an ongoing debate as to whether and how accounting quality decreases the cost of capital . One stream of the literature suggests that accounting quality reduces informa. Journal of Business Finance & Accounting*, 42(3/4), 367–411  
<https://doi.org/10.1111/jbfa.12106>.This
- Brown, R. J., Jorgensen, B. N., & Pope, P. F. (2019). *The interplay between mandatory country-by-country reporting, geographic segment reporting, and tax havens: Evidence from the European Union. Journal of Accounting and Public Policy*, 38(2), 106–129.  
<https://doi.org/10.1016/j.jaccpubpol.2019.02.001>
- Cereola, S. J., Nichols, N. B., & Street, D. L. (2017). *Geographic segment disclosures under IFRS 8: Changes in materiality and fineness by European, Australian and New Zealand blue chip companies. Research in Accounting Regulation*, 29(2), 119–128  
<https://doi.org/10.1016/j.racreg.2017.09.003>
- Chaudhary, S., Dhir, A., Battisti, E., & Kliestik, T. (2022). *Mapping the field of crowdfunding and new ventures: a systematic literature review. European Journal of Innovation Management*.  
<https://doi.org/10.1108/EJIM-05-2022-0241>
- Chen, P. F., Zhang Hong Kong, G., Biddle, G., Cao, H., Dotan, A., Lee, H., Liu, J., Matsunaga, S., & Ohlson, J. (2007). *Segment Profitability, Misvaluation, and Corporate Divestment We appreciate the comments of two anonymous referees. The Accounting Review*, 82(1), 1–26.
- Daske, H., & Gebhardt, G. (2006). *International financial reporting standards and experts'*



- perceptions of disclosure quality. *Abacus*, 42(3–4), 461–498. <https://doi.org/10.1111/j.1467-6281.2006.00211.x>
23. Di Carlo, E., Fortuna, F., & Testarmata, S. (2016). Boundaries of the business model within business groups. *Journal of Management and Governance*, 20(2), 321–362. <https://doi.org/10.1007/s10997-015-9338-9>
  24. Gisbert, A., Navallas, B., & Romero, D. (2014). Proprietary costs, governance and the segment disclosure decision. *Journal of Management and Governance*, 18(3), 733–763. <https://doi.org/10.1007/s10997-012-9243-4>
  25. Goncharov, I., & Peter, C. D. (2014). Does Reporting Transparency Affect Industry Coordination? Evidence from the Duration of International Cartels. *SSRN Electronic Journal*, 44(0). <https://doi.org/10.2139/ssrn.2530385>
  26. Gunnarsdottir, I., Davidsdottir, B., Worrell, E., & Sigurgeirsdottir, S. (2020a). Review of indicators for sustainable energy development. *Renewable and Sustainable Energy Reviews*, 133(August), 110294. <https://doi.org/10.1016/j.rser.2020.110294>
  27. Gunnarsdottir, I., Davidsdottir, B., Worrell, E., & Sigurgeirsdottir, S. (2020b). Review of indicators for sustainable energy development. *Renewable and Sustainable Energy Reviews*, 133(November). <https://doi.org/10.1016/j.rser.2020.110294>
  28. Herrmann, D., & Thomas, W. (1996). Segment reporting in the European Union: Analyzing the effects of country, size, industry, and exchange listing. *Journal of International Accounting, Auditing and Taxation*, 5(1), 1–20. [https://doi.org/10.1016/S1061-9518\(96\)90012-9](https://doi.org/10.1016/S1061-9518(96)90012-9)
  29. Hollie, D., & Yu, S. C. (2012). Do reconciliations of segment earnings affect stock prices? *Journal of Applied Business Research*, 28(5), 1085–1105. <https://doi.org/10.19030/jabr.v28i5.7248>
  30. Hope, O. K., Thomas, W. B., & Winterbotham, G. (2006). The impact of nondisclosure of geographic segment earnings on earnings predictability. *Journal of Accounting, Auditing and Finance*, 21(3), 323–346. <https://doi.org/10.1177/0148558X0602100306>
  31. Janet Cereola, S., & Dynowska, J. (2022). The impact of IFRS-8, segment reporting, on the disclosure practices of Polish listed companies. *Journal of International Accounting, Auditing and Taxation*, 47, 100466. <https://doi.org/10.1016/j.intaccudtax.2022.100466>
  32. Kajüter, P., & Nienhaus, M. (2017). The Impact of IFRS 8 Adoption on the Usefulness of Segment Reports. *Abacus*, 53(1), 28–58. <https://doi.org/10.1111/abac.12105>
  33. Kobbi-Fakhfakh, S. (2017). Geographical disclosure quality under IFRS 8: A European Union analysis. *International Journal of Banking, Accounting and Finance*, 8(2), 217–242. <https://doi.org/10.1504/IJBAAF.2017.087084>
  34. Lee, K. W., & Yeo, G. H. H. (2016). The association between integrated reporting and firm valuation. *Review of Quantitative Finance and Accounting*, 47(4), 1221–1250. <https://doi.org/10.1007/s11156-015-0536-y>
  35. Lenormand, G., & Touchais, L. (2021). Does International Financial Reporting Standard 8 improve the firms' information environment? *Journal of Applied Accounting Research*, 22(2), 383–400. <https://doi.org/10.1108/JAAR-05-2020-0088>
  36. Leung, E., & Verriest, A. (2019). Does location matter for disclosure? Evidence from geographic segments. *Journal of Business Finance and Accounting*, 46(5–6), 541–568. <https://doi.org/10.1111/jbfa.12375>
  37. Liu, X. (2013). Full-Text Citation Analysis : A New Method to Enhance. *Journal of the American Society for Information Science and Technology*, 64(July), 1852–1863. <https://doi.org/10.1002/asi>
  38. Nichols, N. B., Street, D. L., & Cereola, S. J. (2012). An analysis of the impact of adopting IFRS 8 on the segment disclosures of European blue chip companies. *Journal of International Accounting, Auditing and Taxation*, 21(2), 79–105. <https://doi.org/10.1016/j.intaccudtax.2012.07.001>
  39. Sameh, K. F., Ridha, S., & Pigé, B. (2016). Article information : Determinants of segment reporting quality : evidence from EU.
  40. Street, D. L., & Shaughnessy, K. A. (1998). The quest for international accounting harmonization: A review of the standard setting agendas of the IASC, US, UK, Canada, and Australia, 1973–1997. *International Journal of Accounting*, 33(2), 179–209. [https://doi.org/10.1016/s0020-7063\(98\)90026-7](https://doi.org/10.1016/s0020-7063(98)90026-7)
  41. Talha, M., Salim, A., & Fallatah, Y. A. (2008). Factors influencing IFRS 14 segmental reporting: evidence from Malaysia. *International Journal of Managerial and Financial Accounting*, 1(2), 184–198. <https://doi.org/10.1504/IJMFA.2008.021241>
  42. Talha, M., Sallehuddin, A., & Mohammad, J. (2008). Competitive disadvantage and segment disclosure: Evidence from Malaysian listed companies. *International Journal of Commerce and Management*, 17(1–2), 105–124. <https://doi.org/10.1108/10569210710776495>
  43. <https://doi.org/10.1108/10569210710776495>
  44. Tendeloo, B. Van, & Vanstraelen, A. (2013). European Accounting Review Earnings Management and Audit Quality in Europe: Evidence from the Private Client Segment Market Earnings Management and Audit Quality in Europe: Evidence from the Private Client Segment Market. *European Accounting Review*, 17(3), 447–469.
  45. Troberg, P., Kinnunen, J., & Seppänen, H. J. (2010). What drives cross-segment diversity in returns and risks? Evidence from Japanese and U.S. firms. *International Journal of Accounting*, 45(1), 44–76. <https://doi.org/10.1016/j.intacc.2010.01.003>
  46. <https://doi.org/10.1016/j.intacc.2010.01.003>
  47. Wang, C. (2020). International Diversification, SFAS 131, and Debt Maturity Structure. *Journal of Accounting, Auditing and Finance*, 35(2), 438–468. <https://doi.org/10.1177/0148558X17739213>
  48. <https://doi.org/10.1177/0148558X17739213>
  49. Yaqub, M. Z., & Alsabban, A. (2023). Industry-4.0-Enabled Digital Transformation: Prospects, Instruments, Challenges, and Implications for

*Business Strategies. Sustainability (Switzerland),*  
*15(11).*

50. <https://doi.org/10.3390/su15118553>

51. You, H. (2014). *Valuation-driven profit transfer among corporate segments. Review of Accounting Studies, 19(2), 805–838.*

<https://doi.org/10.1007/s11142-013-9264-5>