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Financial Management



## Dual CFO-COO role improves financial reporting, study finds

Kelly Gooch

New research shows that a dual CFO-COO role can help companies, according to *The Wall Street Journal*.

A [study](#) in the current *Journal of Management Accounting Research*, published by the **American Accounting Association**, found no evidence that one person holding the CFO and COO jobs at the same time adversely affects operations.

Researchers said they also found some evidence that a dual CFO-COO role improves a company's financial reporting.

"We find some evidence that CFO-COO duality firms have relatively more volatile discretionary accruals; however, these accruals are also relatively more predictive of future cash flows. Collectively, our results suggest that unifying control of operations and reporting can be an effective corporate reconfiguration," they wrote.

The study was written by Steve Buchheit, PhD, Austin Lansing Reitenga and Daniel A. Street of the University of Alabama and George W. Ruch of the University of Oklahoma.

Researchers examined operations and financial reporting based on a sample of 3,538 from 2000 through 2016. A total of 438 companies had a dual CFO-COO role for at least one year during that period.

According to the *Journal*, nearly all of the people in a dual CFO-COO role had a CFO background, and these hybrid roles existed generally in smaller, high-growth companies, but also in larger companies such as PepsiCo, oil giant Occidental Petroleum Corp., insurer Aflac and health information provider WebMD Health Corp.

Overall, the study found that combining the CFO and COO roles helped companies improve communication between their operational division and finance department as well as accounting estimates, the newspaper reported

Dr. Buchheit told the *Journal*: "We lose accounting students to other disciplines all the time because of the perception that people who work in accounting are not good operational people. I was comforted to find that there's no difference."

Read more about the study [here](#).