

## Empirical Analysis of Accounting Information Disclosure and Semi-Strong Effectiveness of China's Stock Market

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**Abstract:** Accounting information disclosure system, as an important regulatory measure in the stock market, is one of the three guiding principles of the stock market. Stock market is the main capital market of listed companies and an important place for companies to allocate resources. Effective market hypothesis essentially studies the dynamic price behavior in competition under uncertainty from the zero profit state under the traditional deterministic model. In the semi-strong effective market, stock market information and other disclosures that should be disclosed publicly do not produce a price effect. In a strong and efficient market, all relevant information is known to have no price effect. The modern enterprise system is based on a sound corporate legal person system and is guaranteed by a limited liability system. This paper mainly analyzes the current situation and reasons of accounting information disclosure of listed companies in China's current stock market from the perspective of the effectiveness of stock market information transmission.

### 1. Introduction

The goal of China's economic system reform is to establish a socialist market economic system, and enterprises are the basic economic units and competition subjects in the market [1]. The stock market is the main capital market for listed companies and an important place for companies to allocate resources. The efficient market hypothesis essentially studies the dynamic price behavior in competition under uncertainty from the zero profit state under the traditional certainty mode [2]. This can be seen from the sensitive reflection of the stock market on information. The stock market is the main capital market for listed companies, an important place for companies to allocate resources, and also for investors to invest. Continue to promote the reform and development of state-owned enterprises, and enhance the vitality of state-owned enterprises and the control of state-owned economy in general [3]. The authenticity of accounting information disclosure directly affects the correct decision of investors and the role of the stock market can not be underestimated. In the semi-strong effective market, the above market stock market information and other disclosures that should be disclosed publicly do not produce a price effect. In a strong and efficient market, all relevant information is known to have no price effect [4].

To further deepen the reform of enterprises, we must resolve deep-seated contradictions, and the policy of decentralization and profit-sharing as the main content should be transformed into the innovation of enterprise systems, and further liberate and develop productive forces [5]. The business status of the company is mainly transmitted to the investors in the stock market through the way of accounting information disclosure. The investors then make investment decisions through the analysis of the disclosed accounting information [6]. Disclosure of stock market information such as stock prices and stock trading volume does not produce a price effect. The impact of the microeconomic operation of the enterprise on the stock market is mainly manifested through the accounting information disclosed. The modern enterprise system is based on a perfect enterprise legal person system and guaranteed by a limited liability system. From a worldwide point of view, joint-stock company is undoubtedly the most representative modern enterprise model, and it is also the basic guide for China to build a modern enterprise system [7]. This paper analyzes the current situation and reasons of accounting information disclosure of listed companies in China's stock market from the perspective of the effectiveness of information transmission in the stock market. In order to strengthen the standardization of accounting information disclosure of listed

companies in our country and better promote the development of the stock market.

## 2. Effective Market Hypothesis and Accounting Information Disclosure System

### 2.1. Improving the effectiveness of stock market

External efficiency refers to the efficiency of capital allocation in the stock market, that is, whether the stock price in the market can make timely and sufficient reflection according to relevant information, so that investors can make decisions quickly. Effectiveness of the stock market means that the price of the stock market can fully reflect the characteristics of various information related to the value of the securities at any time. In the weak efficient market, the accounting information disclosed by listed companies has stock price effect, so the importance of accounting information disclosure is self-evident. Intrinsic efficiency refers to the trading operational efficiency of the stock market, that is, whether the stock market can complete a transaction for the trader in the shortest possible time and with the lowest possible transaction cost. Information search causes huge waste of social resources. From a personal point of view, information search is often cost-effective, otherwise it will not be carried out [8]. In this efficient market, investors cannot obtain excess profits by predicting stock prices through technical analysis methods because technical analysis can only use historical data. If the stock price fully reflects the public information that investors can get about the changes in the stock market, the stock market has a semi-strong effect.

### 2.2. Inspection based on the interests of the whole society

The primary function of the stock market is to allocate ownership of capital securities. In general, an idealized market is that its price provides an accurate resource allocation signal. The price of a security fully reflects all public information about the asset. Of course, this information includes, but is not limited to, historical prices and trading conditions. If the stock price does not fully reflect the public information that investors can get about changes in the stock market, the stock market does not have semi-strong effectiveness. If investors respond promptly and adequately, the market will be in a state of zero profit. If we look at it from the perspective of the society as a whole, it is not necessarily a reasonable choice to act in accordance with the principle of individual cost-effectiveness. If investors turn a deaf ear to them and do not respond to them as they should, the market will also be in a state of zero profit [9].

The efficient market hypothesis is essentially expanded from the zero profit state under the traditional certainty model to the dynamic price behavior in competition under uncertainty. In the stock market, how to make the stock market more reasonable and effective has always been a problem that people actively explore. Resources form positioning barriers to enterprises, i.e. the status of resources owned by enterprises determines the type and market position of enterprises. In quite a few empirical studies, market structure variables have become proxy variables of market forces. Figure 1 shows China's stock market condition index and export volume index.

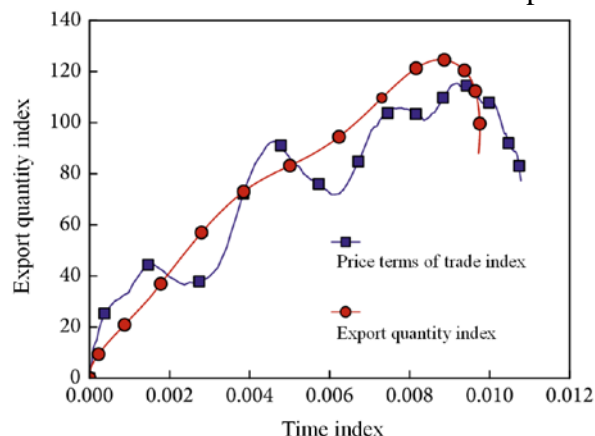


Fig.1. China's stock market condition index and export volume index

### 3. Requirements for Accounting Information Disclosure in Securities Market

Under the modern enterprise system, accounting information is recorded, classified and summarized by enterprise accountants using specific standards and methods. Disclosure of accounting information must be reliable, not to mislead the user's judgment, not to make false misleading statements, and not to have major omissions. From the theoretical point of view, the efficiency of China's stock market, especially the semi-strong efficiency hypothesis involving disclosure of public information. This theoretical research subject, which is usually carried out only in a fairly mature market environment, has been put on the research agenda of Chinese academia ahead of time. If investors search for their own income, they will have to work hard, the cost is high, and the service target is quite limited, which may cause different investors to repeatedly search for the same information. Constancy constancy means that individual beliefs are not affected by the disclosure of an information. For this particular information, this is a sufficient condition for the market to be effective.

Information is relevant when information can help users evaluate past, present, and future issues that affect their economic decisions. If the investor's utility function is not logarithmic, the calculation of the relevant results is a problem to be solved. According to the analysis, it is almost impossible to obtain an analytical solution. The actual change in the price level of the market factor over the past period is calculated based on the price time series of the market factor in the past period. The above calculations are implemented by language programming, and the calculation results are shown in Table 1.

Table 1 Analysis and related parameter estimation results

	Constant term	Coefficient term	Fractional dimension	Correlation scale
Daily rate of return	0.635	0.637	2.548	0.651
Weekly rate of return	0.782	0.675	2.555	0.534
Monthly rate of return	0.645	0.766	3.337	0.393

Real accounting information should be neutral. Neutrality means that the process and results of accounting personnel forming accounting information cannot have specific bias. If investors hold and use relevant public information to make investment decisions at the same time, once the information is released, it is impossible for any investor to obtain extraordinary returns by analyzing the publicly disclosed information. In the stock market, because the information transfer between enterprise managers and external information users is mostly in the form of accounting statements and other forms, and the interests of the two are fundamentally different, there is a problem of information asymmetry in the information transfer [10]. At present, many problems in corporate information disclosure have a lot to do with the fact that companies are too biased towards current interests and cannot maintain their neutrality. Once the relevant information is published, the market will respond promptly and fully, so that investors can not obtain extraordinary compensation accordingly. In an effective market environment, the content disclosed in the accounting information disclosure system can transmit a lot of new useful information to the market, thus helping investors to make rational economic decisions.

### 4. Conclusions

Enterprises are the main body of the stock market. Every move of production and management will have an important impact on the operation of the stock market through the reflection of accounting information. The disclosure of information of many listed companies is in the form of consciously not providing or providing some important information, and the true constitutionality and integrity of the information is insufficient. Compared with the timely disclosure of corporate

accounting information, information search has obviously caused huge waste of social resources. Because if the accounting information is disclosed by the company, it is a simple matter, low cost, and a wide range of services. In the formulation process of accounting information disclosure content regulations, information users often have an expanding demand for information based on the need to improve the rationality of their economic decision-making. As the main supplier of information, in the process of meeting the above-mentioned information needs, the management should bear the disclosure costs of information processing, litigation costs, competitive disadvantage, behavior constraint costs and so on. Although the current situation of financial information disclosure of Listed Companies in China is worrying, with the continuous improvement of accounting system, supervision, legal system and other systems, this situation will be fundamentally improved. So that the interests of investors can be protected and the healthy and standardized development of the market can be promoted.

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