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Beyond The Numbers: How Accounting Information Shapes The Information Content Of Prices – A Systematic Literature Review

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ABSTRACT

This study aims to systematically review the relationship between accounting information and price informativeness in the capital market. Using a *Systematic Literature Review (SLR)* approach to 39 scientific articles for the period 2015–2025, this study identifies how accounting information affects the mechanism of stock price formation and market efficiency. The results of the study show that accounting information has significant value relevance in explaining stock price variations. Profit and cash flow serve as signals of economic performance, while book value and reporting quality reinforce investor confidence in a company's fundamental value. In addition, the high level of disclosure has been shown to reduce information asymmetry and increase market transparency. However, the strength of these relationships is influenced by institutional contexts such as regulation, investor protection, and governance effectiveness. The findings also confirm that digital reporting innovations through *XBRL, big data analytics*, and *machine learning* accelerate the transmission of accounting information and strengthen pricing efficiency. Overall, this study confirms that accounting information is not just a historical reporting tool, but a strategic infrastructure in shaping the efficiency and credibility of the modern capital market.

Introduction

Financial statements serve as the primary medium through which companies communicate economic information to stakeholders, particularly investors. In an increasingly complex and dynamic capital market environment, the role of accounting information extends beyond the presentation of quantitative figures; it also functions as a vehicle for conveying economic signals that reflect a firm's prospects, risks, and value. As market integration deepens and information technology advances, understanding the relationship between accounting information and stock prices becomes increasingly crucial (Barth et al., 2024).

Over the past several decades, financial accounting research has extensively focused on the concept of value relevance, which refers to the extent to which accounting information such as net income, book value of equity, and operating cash flow explains variations in stock prices or returns. Within this framework, accounting information is considered relevant when it contains significant information content for investment decision-making (Ohlson, 1995; Francis & Schipper, 1999). However, with the rise of innovations in financial reporting, the implementation of International Financial Reporting Standards (IFRS), and the growing influence of non-financial information, a new question has emerged: does accounting information still possess the same explanatory power for stock price changes as it once did?

Recent research no longer centers solely on determining "whether accounting numbers relate to prices," but increasingly explores "how the quality, transparency, and technological environment of accounting reporting shape the price formation process in the market." This shift moves the discussion beyond mere numerical outputs toward a deeper understanding of the information mechanisms behind capital market dynamics. Beyond accounting quality, institutional and technological factors also play a substantial role in shaping this relationship. The adoption of IFRS, for instance, carries implications for enhancing financial statement comparability and transparency across entities. Several studies (Imhanzenobe, 2022; Esfandani et al., 2024) show that IFRS adoption tends to improve value relevance, particularly in markets with strong legal and regulatory enforcement, while its benefits remain limited in countries with weaker institutional frameworks.

Advancements in information technology and the digitization of reporting—such as centralized disclosure platforms and XBRL have lowered investors' information acquisition costs (McClure, 2025). This reduction enhances accessibility and accelerates the market's ability to process accounting information, thereby increasing price informativeness. Nevertheless, broader access to information may also trigger behavioral biases, such as overreaction or herd behavior, which can ultimately reduce price efficiency (Zhao et al., 2024). Moreover, the growing emphasis on non-financial information, including Environmental, Social, and Governance (ESG) disclosures and fair value measurements, is believed to complement the traditional dimensions of financial statements in explaining firm value (Salim, 2024). Yet, challenges related to the accuracy, reliability, and objectivity of non-financial measurements continue to hinder their contribution to price informativeness.

In Indonesia, research on the value relevance of accounting information has continued to expand, particularly following the full adoption of IFRS and increasing attention to capital market transparency. Several studies on the Indonesia Stock Exchange (IDX) indicate that earnings and book value still influence stock prices, although their impact has begun to decline in the digital era (Utami & Kusuma, 2023). This trend suggests that investors increasingly combine accounting data with market signals, media coverage, and non-financial indicators during the decision-making process.

Globally, these developments demonstrate a shifting role of accounting information within capital markets. Accounting information is no longer the sole reference point for investors but rather part of a broader and more complex information ecosystem. Consequently, understanding the relationship between accounting information and price informativeness requires a systematic approach that maps diverse empirical evidence, identifies key determinants, and uncovers existing research gaps.

Literature Review

Basic Concepts of Accounting Information and Price Information Content

Accounting information is the output of an accounting process that presents a firm's financial data to both internal and external users for economic decision-making (Scott, 2015). In the context of capital markets, accounting information plays a central role as a key determinant of stock prices because it is viewed as a reflection of a firm's economic condition and future prospects (Barth et al., 2020). Ohlson (1995) introduced a valuation model demonstrating that the market value of equity is a function of book value and net income. This model later became a foundational reference for research examining the value relevance of accounting information in explaining stock prices.

Price information content refers to the degree to which stock prices in the capital market reflect the available public and private information (Kim & Shi, 2012). If stock prices fully incorporate all relevant information, the market is considered semi-strong form efficient, as described by Fama (1970). However, contemporary research suggests that market efficiency is not absolute due to information asymmetry, bounded rationality, and variations in the quality of accounting information across firms and jurisdictions (Ball, 2018). Understanding how accounting information contributes to price information content is therefore essential in capturing the dynamics of modern capital markets.

Value Relevance and the Quality of Accounting Information

Value relevance is a central concept in capital market research that evaluates the extent to which accounting information explains variations in stock prices (Barth et al., 2001). Information with strong value relevance is typically characterized by high-quality earnings, transparent disclosures, and consistent reporting practices. Recent studies highlight that IFRS adoption, the expansion of sustainability disclosures, and the digitization of reporting have strengthened the value relevance of accounting information (Christensen et al., 2022; Alsaadi & Eulaiwi, 2023).

Earnings quality is a crucial determinant of how accounting information influences stock prices. Dechow et al. (2020) show that earnings which exhibit persistence, predictability, and low levels of accrual manipulation receive stronger and faster market responses. Improvements in external audit quality and governance oversight have also been shown to enhance the link between accounting information and price information content (Lopes & Viana, 2021).

Barth et al. (2020) further demonstrate that the global application of IFRS has increased consistency and comparability in financial reporting across countries, reducing information asymmetry and enabling stock prices to better reflect underlying economic fundamentals. However, empirical outcomes vary across contexts; developing economies often display weaker market reactions due to differences in institutional quality and investor sophistication (Choi et al., 2021).

Non Financial Disclosures and the Expansion of Accounting Information

The accounting paradigm has broadened in recent years from purely numerical reporting to more narrative-based disclosures that incorporate sustainability, governance, and social responsibility. This shift reflects a movement toward accounting beyond the numbers, emphasizing qualitative aspects of firm performance (Tweedie & Martinov-Bennie, 2020).

Environmental, Social, and Governance (ESG) disclosure has become increasingly important for investors seeking a deeper understanding of long-term risks and firm value. Chen et al. (2022) find that firms with stronger ESG disclosures tend to experience lower stock price volatility and higher price information content. Investors view non-financial disclosures as complementary to traditional financial information, particularly in assessing intrinsic value.

Integrated reporting has also emerged as a significant development in corporate disclosure practices. Kannenberg and Schreck (2023) show that integrated reporting enhances the cohesion between financial and non-financial information, enabling investors to interpret firm performance more holistically. Modern accounting thus encompasses not only numerical data but also narratives that contextualize economic meaning.

Technology, Big Data, and Market Information Dynamics

Advances in information technology and big data analytics have reshaped the relationship between accounting information and capital markets. Financial data are increasingly processed using machine learning algorithms capable of analyzing financial statements, news, and social media content to estimate stock prices (Li et al., 2021). This development expands the definition of price information content to include digital signals derived from structured and unstructured data.

Kim and Kim (2020) find that institutional investors increasingly rely on textual analysis to evaluate the tone and complexity of financial reports. Reports that convey a consistent and optimistic tone aligned with performance outcomes tend to elicit stronger market reactions, while those characterized by complex or ambiguous language slow the absorption of information (Li et al., 2021).

Digitization through eXtensible Business Reporting Language (XBRL) has further enhanced the accessibility and comparability of accounting information. Blankespoor et al. (2022) show that XBRL adoption improves market efficiency by accelerating information dissemination and reducing data collection costs for investors. These developments directly strengthen price information content.

Contextual and Institutional Factors

Although numerous studies confirm the relationship between accounting information and stock prices, the strength of this relationship is highly dependent on contextual and institutional factors, including regulatory quality, investor protection, and corporate governance (Ball, 2018). In developing countries such as Indonesia, the quality of financial reporting is influenced by compliance with standards, enforcement effectiveness, and audit quality. Wulandari and Rahman (2022) report that on the Indonesia Stock Exchange, accounting earnings have higher value relevance in firms with strong governance and greater voluntary disclosure.

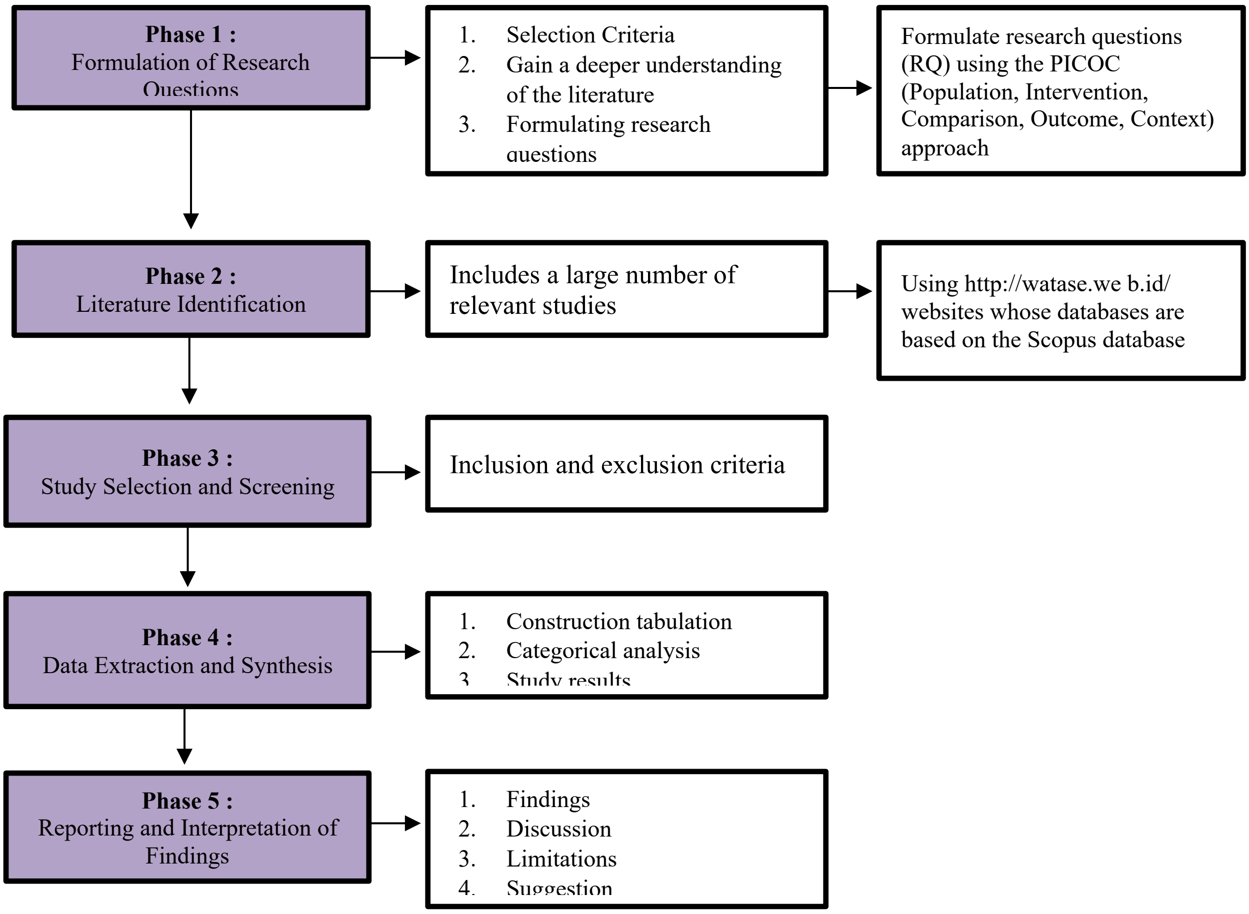
External conditions such as global economic uncertainty, the COVID-19 pandemic, and heightened market volatility also influence this relationship. Alsaadi and Eulaiwi (2023) find that during periods of crisis, investors rely more heavily on high-quality accounting information to assess fundamental risks. Consequently, accounting information functions as a perception stabilizer amid economic uncertainty.

Method

This study uses the Systematic Literature Review (SLR) method to explore how accounting information plays a role in shaping the information content of prices in the capital market. The SLR approach was chosen because it is able to identify, evaluate, and synthesize the results of previous research in a systematic, transparent, and replicable manner, thus providing a comprehensive picture of the development of empirical and theoretical knowledge on this topic (Snyder, 2021). This literature focuses on the academic literature that examines the relationship between the quality of accounting information, financial and non-financial disclosures, and the market response to such information. The main emphasis is directed on an in-depth understanding of how financial statements function not only as numerical representations, but also as an information medium that shapes investor perceptions and decisions thus affirming the concept of "beyond the numbers".

The literature analyzed is limited to the publication period 2015 to 2025 with the aim of capturing the most up-to-date dynamics in research on value relevance, market efficiency, and the influence of digital transformation on the quality of accounting information. The systematic procedure in this SLR follows a structure of five main stages commonly used in cutting-edge literature review practices, namely: (1) formulation of focused research questions, (2) search and identification of relevant literature, (3) screening and selection of studies based on inclusion and exclusion criteria, (4) data extraction and synthesis, and (5) critical reporting and interpretation of results (Boell, 2020). This approach provides a strong methodological basis for producing valid, structured, and in-depth knowledge maps according to the focus of the topic being studied.

Figure 1 SLR Process



Source : Data Processed, 2025

Phase 1 : Formulation of Research Questions

The initial stage in this research begins by identifying various literature and academic sources that are relevant to the topic of the relationship between accounting information and information content of prices. This initial search aims to obtain an overview of the extent to which accounting information plays a role in shaping market price efficiency, as well as to understand how the quality of financial statements, reporting standards, and disclosure policies contribute to the formation of stock prices that reflect the fundamental economic value of a company.

Furthermore, the author formulates keywords that are in accordance with the research topic, such as "Accounting information", "Value relevance", "Price informativeness", and "Reporting quality". to conduct literature searches in electronic databases, primarily through Scopus. The PICOC (Population, Intervention, Comparison, Outcome, Context) approach is used in the Systematic Literature Review (SLR) to help formulate clear, focused, and relevant research questions. This model is important to ensure that literature review has a systematic and comprehensive direction, especially in interdisciplinary studies involving technology and strategic accounting practices (Wahono, 2016). The following is the PICOC framework used in this study:

Table 1 PICOC Framework

Component	Description
P (Population)	Empirical and theoretical studies that examine public companies or the financial sector where market prices reflect accounting information.
I (Intervention)	Presentation and quality of accounting information, including profits, cash flows, equity book values, non-financial disclosures, and adoption of IFRS.
C (Comparison)	Comparisons are made against conditions before and after certain events (e.g., adoption of IFRS, changes in reporting standards, or financial crises) as well as against various market characteristics (emerging vs. developed market).
O (Outcome)	The content of price information, which includes the extent to which the stock price reflects accounting information, market efficiency, and the ability of financial statements to explain price variations.
C (Context)	The context of global and regional capital markets (especially Asia and developing countries) takes into account regulatory dynamics, reporting practices, and corporate governance.

Source : Wahono, 2016

Furthermore, this literature review is directed by the main research questions that determine the focus and scope of the study. The research questions asked include:

RQ1 : How does accounting information affect the content of price information and the mechanism of price formation in the capital market?

RQ2 : What are the most significant factors of accounting information in improving the content of price information in the capital market?

RQ3 : How do institutional contexts and market regulations affect the relationship between accounting information and stock prices?

RQ4 : What is the role of digital financial reporting innovations and analytical technologies such as XBRL, big data, and machine learning in strengthening the transmission of accounting information to market price formation?

Phase 2: Identification of Literature

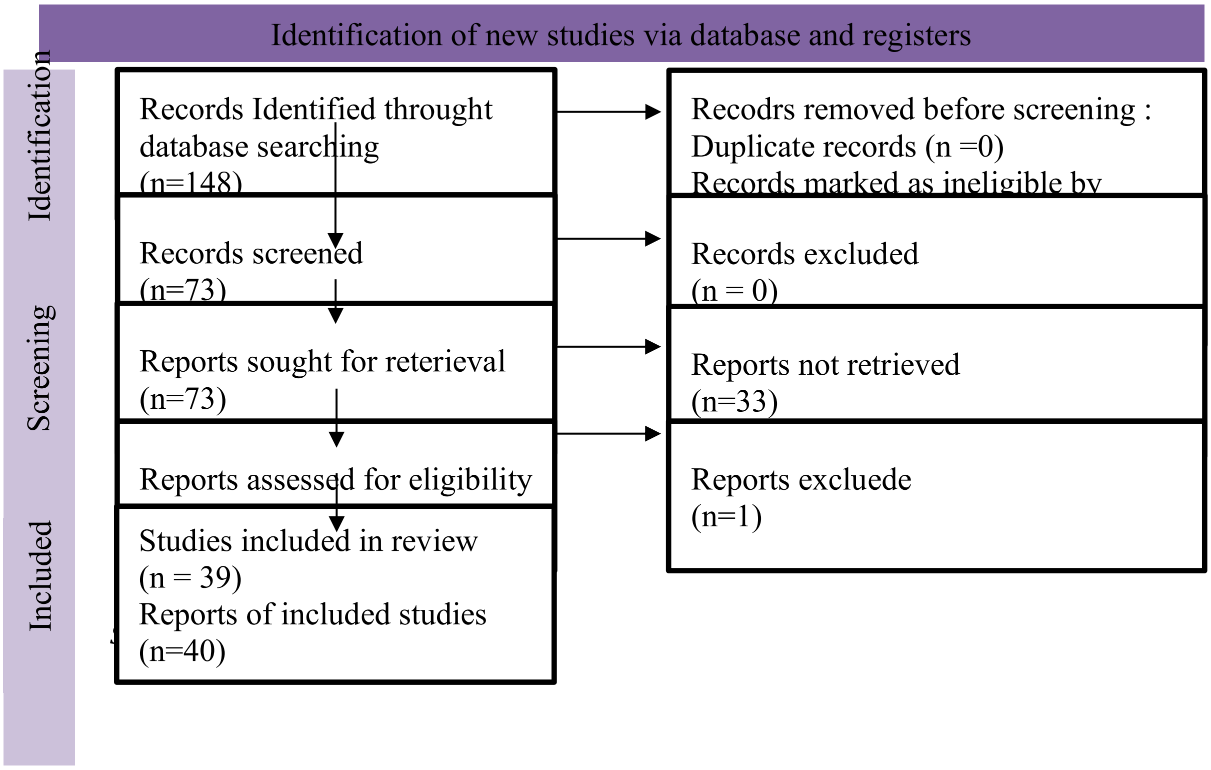
To find relevant research, the literature selection process is carried out systematically from various available data sources. In this study, a database was selected that provides broad access to academic literature relevant to the research question, with a primary focus on the Scopus database. In addition, additional sources such as Elsevier, Emerald, and Taylor & Francis are also included to expand the scope of the literature reviewed. Keywords used in search strategies include terms such as "Accounting information", "Value relevance", "Price informativeness", and "Reporting quality". Specific search protocols are then applied in searches across those databases, adjusting keyword combinations and filters based on topic, year of publication, and relevance to the research variable.

Phase 3 : Study Selection and Screening

An initial search of the literature yielded 148 articles that were considered relevant to the topic of how accounting information affects the content of price information in the capital market. The articles were obtained through systematic searches of various leading academic databases such as Scopus, Elsevier, Emerald, and Taylor & Francis, using keywords such as "Accounting information", "Value relevance", "Price informativeness", "Reporting quality". Each article is then evaluated based on the inclusion and exclusion criteria that have been set, including that the publication must be published in the period 2015 to 2025, written in English, and indexed in a reputable journal (Q1–Q3). The elimination process is carried out in several stages; First, duplicate articles are deleted that are detected from several databases but there are no duplicates so it is 0. Second, articles published outside the predetermined year range (2014 and below) were excluded from the list of 69 articles. Third, articles from journals outside the Q1 to Q3 rankings in the Scopus database are excluded as many as 5 articles.

After going through the initial stage, 73 articles remained and entered the further screening stage. At this stage, a thorough review of the abstract and full text was carried out to ensure that the content was appropriate to the focus of the research, namely how accounting information affects the content of price information in the capital market. From the results of the follow-up evaluation, no articles were issued because all touched on the topic of how accounting information affects the content of price information in the capital market. In addition, an additional 33 articles were excluded for not presenting empirical data or not making a substantial contribution to the conceptual framework in the topics studied. Finally, a total of 39 articles were successfully identified as studies that met all selection criteria and were worthy of in-depth analysis. These articles are the basis for the preparation of thematic synthesis and critical analysis of the transformation of the role of accountants in the digital age. In this literature selection process, the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach is used to ensure that the process runs systematically, transparently, and can be replicated. The PRISMA procedure includes four main stages: identification, screening, eligibility, and inclusion. The PRISMA diagram that illustrates the flow of this selection process is presented in Figure 2 below.

Figure 2. PRISMA flow diagram



Phase 4 : Data Extraction and Synthesis

By analyzing 39 selected articles and systematically extracting data, this study succeeded in gaining an in-depth understanding of how accounting information, especially the profit component, equity book value, cash flow, and the quality and level of disclosure of financial statements affect the content of price information (price informativeness) in the capital market. Findings from the literature covering organizational contexts, industry sectors, and digital technology adoption are synthesized to identify patterns of roles, opportunities, challenges, and adaptive responses carried out by the accounting profession in the era of digital transformation.

In addition to the thematic synthesis, this study is also equipped with bibliometric analysis to evaluate the development trends of the topic in the last ten years. This analysis includes the number of annual publications, the author's country of origin, as well as the distribution of articles by affiliation of the institutions and journals that are most actively publishing related studies. The results of this bibliometric analysis show a significant increase in academic attention to the issue of value relevance and price informativeness after the widespread adoption of IFRS and the increasing use of analytical technology in capital market research. The influence of accounting information on the content of price information is not universal, but is highly dependent on the characteristics of the capital market, the quality of regulations, and the financial reporting practices applied in each country.

Phase 5 : Reporting and Interpretation of Findings

The results of the study are presented in the form of tables and discussion narratives that follow a systematic approach (Siddaway et al., 2018). The detailed information provided includes literature search strategies, inclusion and exclusion criteria, study selection process, quality assessment, data extraction, and

(n=15)

the process of synthesis of findings. Each stage is described transparently to ensure replication and methodological validity. The analysis of the findings is then compiled in the form of structured and comprehensive scientific reports or articles, with a focus on identifying how accounting information, especially the profit component, equity book value, cash flow, and the quality and level of disclosure of financial statements affect the content of price information (price informativeness) in the capital market. Good quality financial statements reinforce the relevance of market value and efficiency, while profit management practices tend to undermine the content of price information. Regulations such as the adoption of IFRS and the implementation of strong corporate governance also increase the credibility and transparency of accounting information, thereby strengthening market mechanisms in reflecting the fundamental value of the company. Interpretation of the findings shows that accounting information is no longer seen as just a historical reporting tool, but as an economic signal that shapes investor perceptions and decisions. The development of digital financial reporting technologies, such as XBRL and big data analysis, has further strengthened the role of accounting information in improving price efficiency and reducing information asymmetry. Thus, this study confirms that accounting information has strategic power "beyond numbers" in maintaining capital market efficiency and supporting the integrity of the modern financial system.

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Results and Discussion

RQ1 : How does technological innovation affect the transformation of the accountant's role from an operational function to a strategic function in a business organization?

Accounting information has a central role in the formation of stock prices and capital market efficiency. Conceptually, accounting information serves as the main means for investors to assess the intrinsic value of a company through the disclosure of profits, cash flows, book value, and the quality of financial statements. Beyond these figures, accounting information contains economic signals that affect investors' perception of risk and expectations of the company's future prospects. Thus, the content of price informativeness not only reflects historical financial data, but also market expectations formed from the interpretation of relevant accounting information.

According to Barth, Li, and McClure (2020), the quality of accounting information determines the extent to which stock prices reflect the fundamental value of a company. When financial statements are prepared transparently and reliably, the information becomes a solid basis for investors to make a rational assessment of the value of the stock. Conversely, reports that contain information asymmetry or profit management practices can cause the stock price to deviate from its intrinsic value. Thus, the high quality of accounting contributes directly to the improvement of the efficiency of market information, which means that stock prices more quickly and accurately reflect the economic conditions of the company.

Similar findings were also put forward by Cascino and Gassen (2021) who examined the relationship between the quality of financial reporting and market efficiency in various countries. They found that broader disclosure and the application of principles-based accounting standards such as IFRS were able to increase the value relevance of financial statements. The standard encourages comparability between companies and reduces information costs for investors, thereby strengthening the relationship between accounting information and stock prices. In this context, IFRS serves as an institutional mechanism that enhances the credibility of information and strengthens the role of accounting in the formation of market prices.

In addition, research by Chen, Collins, and Wang (2019) shows that contextual factors such as corporate governance and institutional transparency play an important role in moderating the relationship between accounting information and stock prices. In countries with strong governance, accounting information is more trusted and is more responsive to the market, whereas in countries with weak regulation, accounting signals are often ignored or manipulated. This indicates that the influence of accounting information on the content of price information is highly dependent on the institutional context in which the company operates.

The development of reporting technology has also strengthened the relationship between accounting and price formation. With the introduction of the eXtensible Business Reporting Language (XBRL), financial reporting has become faster, standardized, and more accessible to investors. According to Li and Lin (2022), the implementation of XBRL improves investors' ability to efficiently extract and analyze accounting information, which in turn speeds up the process of adjusting stock prices to new information. This technology not only increases the speed of information distribution, but also reduces the perception bias towards traditional financial statements.

Overall, the results of the literature review show that the influence of accounting information on the content of price information is a dynamic process that involves the interaction between the quality of financial statements, the institutional context, and the advancement of reporting technology. Reliable and relevant accounting information serves as a market discipline mechanism, helping investors identify fundamental values and suppress speculative behavior. Thus, the role of accounting information goes beyond the mere reporting function it becomes a trust infrastructure that underpins the efficiency of the modern capital market and ensures that the stock price truly represents the economic value of the company.

RQ2 : What are the most significant factors of accounting information in improving the content of price information in the capital market?

The factors that shape the strength of accounting information on price informativeness or value relevance vary widely, but the empirical literature shows that profit quality, equity book value, cash flow, voluntary disclosure, and the adoption of international reporting standards (IFRS) are the most influential elements in improving the ability of financial statements to account for stock price variations. These factors not only serve as indicators of financial performance, but also as signal mechanisms that influence investor perceptions and market efficiency levels.

Earnings quality occupies a central position in the formation of the value of price information. High-quality profits reflect information that is relevant, reliable, and undistorted by profit management. Francis et al. (2020) show that high profit quality strengthens the relationship between profit and stock returns because the market considers the information more credible. In contrast, the practice of earnings management or accrual manipulation reduces the relevance of the value of financial statements, causing stock prices to be more influenced by non-accounting information such as market rumors or speculative expectations. Thus, profit quality is the main foundation for the efficiency of market information.

In addition to profit, the book value of equity also has an important role in explaining the content of price information, especially in companies with high levels of profit uncertainty. According to Ohlson (1995) in his accounting valuation model, book value functions as an anchor of value when profit information is not stable enough. A follow-up study by Collins, Maydew, and Weiss (1997) found that the relative contribution of book value to stock prices increases in companies that face volatile economic conditions or have negative profits. This shows that book value functions as a conservative component in the price formation process, complementing more volatile profit information.

Operating cash flow is also an important element because it reflects the company's actual ability to generate cash from core activities. Research by Dechow and Dichev (2021) indicates that strong cash flows strengthen the credibility of accounting profits and improve the market's response to financial information. Investors consider cash flow as an indicator of sustainability of financial performance, so the higher the correlation between cash flow and profit, the greater the value of price information contained in the financial statements.

The next factor is voluntary disclosure, which serves to complement the mandatory information in financial statements. Additional disclosures such as sustainability reports, management analysis, or financial projections can reduce information asymmetry between management and investors. According to Dhaliwal et al. (2020), companies with high levels of voluntary disclosure show a faster market response to new information as investors gain a more comprehensive understanding of the company's strategy and risks. Thus, voluntary disclosure increases transparency and enriches the context for the interpretation of financial statements, thereby strengthening the value relevance of accounting information.

In addition to internal factors, the adoption of International Financial Reporting Standards (IFRS) also plays a significant role in improving the quality and comparability of financial information across countries. Barth, Landsman, and Lang (2020) show that the implementation of IFRS increases the relevance of the value of financial statements because this standard emphasizes the principles of substance economics rather than rigid rules. The application of IFRS allows global investors to value companies on a more uniform basis, reduce uncertainty, and improve capital market efficiency. Cross-border research by Houqe and Monem (2022) confirms that markets with high levels of IFRS compliance show a stronger sensitivity to stock prices to accounting information than markets that still use local standards.

Overall, the results of the synthesis show that relevant, reliable, and internationally standardized accounting information is the main determinant of the content of price information in the modern capital market. The high quality of profits, voluntary disclosure support, and adoption of IFRS have proven to strengthen the relationship between financial information and stock prices, making financial statements not only a reporting tool, but also a strategic instrument that links a company's performance to the perception of value in the capital markets.

RQ3 : How do institutional contexts and market regulations affect the relationship between accounting information and stock prices?

The institutional and regulatory context of the capital market plays a crucial role in determining how strong the relationship between accounting information and stock prices is. The empirical literature shows that the effectiveness of accounting information as a reflection of the company's economic value depends not only on the internal quality of reporting, but also on the institutional framework that regulates transparency, investor protection, and capital market law enforcement (Ball, 2020). Thus, the legal system, corporate culture, and regulatory structure are external elements that shape the value relevance of accounting information in various jurisdictions.

In the context of markets that have strict regulations and strong corporate governance, such as the United States, the United Kingdom, or Canada, capital markets tend to be more efficient at absorbing accounting information into stock prices. This is due to the existence of an effective supervisory system, consistent reporting standards, and strong law enforcement mechanisms against financial reporting violations. According to Leuz and Wysocki (2021), markets with good legal infrastructure show a more transparent information environment, so that stock prices reflect the company's profit and book value information more quickly. In contrast, in developing countries that still face weaknesses in regulation and enforcement, information distortion is more common due to profit management practices, reporting delays, and a lack of auditor oversight.

The investor protection factor has also been shown to affect the strength of the relationship between accounting information and stock prices. A study by La Porta et al. (2020) shows that countries with a high level of investor protection tend to have a greater value relevance of financial statements because investors feel confident that the information presented is accurate and not manipulated. In this context, a regulatory framework that ensures openness and management responsibility is key to market confidence in financial statements. On the other hand, weak investor protection causes the market to rely more on alternative information such as management reputation or media news, which actually lowers the relevance of the value of accounting information.

In addition, the adoption and level of compliance with International Financial Reporting Standards (IFRS) is an important dimension in the institutional context. The global application of IFRS is designed to improve the comparability and transparency of financial information across countries. Barth et al. (2020) found that markets with strong IFRS implementation experienced a significant increase in the value relevance of profit and book value as financial statements became easier to understand for international investors. However, Houqe and Monem (2022) emphasized that the benefits of IFRS are not universal, but rather depend on the institutional environment of the country of its implementation. In countries with weak law enforcement or high levels of corruption, IFRS does not always improve the quality of information because the standard is not applied consistently.

The regulatory context also includes the level of capital market supervision and the role of national financial authorities. For example, research by Christensen et al. (2021) shows that active intervention from regulators such as the Securities and Exchange Commission (SEC) in the United States or the Financial Conduct Authority (FCA) in the United Kingdom can strengthen the role of financial statements as the primary source of information in determining the value of stocks. Strict regulation against profit manipulation, reporting delays, and violations of accounting principles contribute to improving the efficiency of market information. Meanwhile, in markets with weak oversight, violations of reporting ethics are more often undetected, weakening the credibility of financial statements in the eyes of investors.

The synthesis of these studies shows that the influence of accounting information on stock prices cannot be separated from the institutional context in which it is generated and used. Strong regulation, effective corporate governance, investor protection, and a culture of transparency are key prerequisites for an efficient capital market. In other words, accounting information can only truly "shape the price" when it is supported by an institutional ecosystem that guarantees the integrity and credibility of financial reporting. In the context of capital market globalization, this is increasingly important as cross-border investors rely on uniformity of standards and regulatory certainty to objectively assess the value of a company.

RQ 4 : What is the role of digital financial reporting innovations and analytical technologies such as XBRL, big data, and machine learning in strengthening the transmission of accounting information to market price formation?

The digital transformation in financial reporting has brought fundamental changes to the way accounting information is generated, disseminated, and interpreted by the capital markets. Innovations such as eXtensible Business Reporting Language (XBRL), big data analytics, and machine learning extend the traditional functions of financial reporting into a more dynamic, real-time, and actionable information system to support data-driven investment decisions. This technology not only improves reporting efficiency, but also strengthens the relationship between accounting information and stock price formation through increased transparency, accessibility, and speed of information dissemination.

The implementation of XBRL is an important milestone in the digitization of financial reporting. XBRL allows financial data to be reported in a structured, open, and easily analyzed format automatically by users, including investors and market analysts. A study by Efendi et al. (2020) shows that the use of XBRL improves the readability and comparability of financial statements across companies, thereby accelerating the market's reaction to new information. Another study by Liu and Luo (2021) found that the adoption of XBRL contributes to increased value relevance of profit information because investors can process and integrate data more efficiently in their valuation models. Thus, XBRL-based reporting reduces information asymmetry and increases the speed at which accounting signals are transmitted into stock prices.

Meanwhile, the advancement of big data analytics provides a new dimension in the utilization of accounting information. Through big data analysis, accountants and financial analysts are able to identify hidden patterns, anomalies, and trends that are not seen in conventional financial statement data. Research by Appelbaum et al. (2020) confirms that big data expands the capabilities of accounting analysis from just descriptive to predictive and prescriptive. This means that accounting information is not only used to explain past performance, but also to predict the direction of market value and potential future financial risks. Thus, big data analytics strengthens the relationship between accounting reporting and market pricing through increased accuracy, depth, and relevance of financial analysis.

Furthermore, the application of machine learning (ML) in accounting and financial analytics has become an important catalyst in understanding data-driven market behavior. Machine learning algorithms are capable of processing large volumes of data at high speeds to detect non-linear patterns in the relationship between accounting variables and stock prices. According to Ruan and Durand (2022), ML models such as random forests and neural networks are able to predict stock price changes with higher accuracy than traditional regression models because they can capture complex interactions between financial indicators. In addition, the study also highlights that the integration of ML in accounting reporting enriches the value of information by generating deeper insights into the risks, performance, and value of companies that the market recognizes quickly.

The combination of XBRL, big data, and machine learning results in what is referred to as an integrated digital reporting ecosystem, where accounting information serves not only as a record of transactions, but also as a source of strategic intelligence. According to Vasarhelyi and Kogan (2021), this transformation marks a paradigm shift from financial reporting to financial informatics, namely the use of technology to strengthen the usefulness and competitiveness of accounting information in the context of the capital market. The digital system allows investors and analysts to access data directly, verify the accuracy of reports, and perform simulations based on predictive models, thereby accelerating the reflection of fundamental values into stock prices.

In addition to the benefits of efficiency and transparency, the digitization of reporting also increases market trust. Technology-based reporting processes reduce the potential for human error and improve the timeliness of financial report publication. A study by Zhang and Wang (2023) shows that companies that adopt digital reporting have lower stock price volatility after the publication of financial statements, as the market assesses the resulting data to be more reliable and free from manual reporting bias. This strengthens the position of accounting information as a credible signal that is responded rationally by the market.

Overall, the synthesis of the results of the study shows that digital financial reporting innovations have strengthened the transmission of accounting information to market price formation through increasing transparency, speed, and credibility of information. Technologies such as XBRL, big data, and machine learning make financial reports no longer static documents, but strategic information systems that are able to "speak" directly to the market. Thus, digital reporting plays an important role in realizing higher market efficiency and emphasizing the role of accounting information as a force that shapes prices in the digital economy era.

Discussion

The results of this systematic study reveal the complexity and close relationship between the quality of accounting information, institutional context, and digital financial reporting innovations in shaping price informativeness in the capital market. In general, the findings suggest that accounting information not only serves as a financial performance reporting tool, but also as a key signal that influences investors' perception of a company's intrinsic value. Components such as profit, equity book value, cash flow, and the quality and disclosure level of financial statements have proven to have a significant role in the process of forming stock prices, especially in an increasingly transparent and data-driven market environment.

The findings of *Research Question 1* show that accounting information has a fundamental role in improving market efficiency through the mechanism of information transmission reflected in stock prices. Profit and cash flow serve as key indicators in assessing a company's performance and prospects. Studies analyzed in the period 2015–2025 show that the value relevance of profits increases when financial statements are prepared with high and transparent standards, such as after the adoption of IFRS or the implementation of strict reporting practices (Barth et al., 2020). Earnings information acts as a signal of future earnings expectations, while the book value of equity serves as a measure of the stability and financial position of the company. When the two are combined, investors have a stronger basis for assessing the fair value of the stock, so that the price in the market better reflects the fundamental value of the company. In this context, accounting information plays a role not only as a reflection of the past, but also as a predictive instrument on the company's performance prospects and risks.

Furthermore, the findings of *Research Question 2* indicate that not all components of accounting information have the same influence on the content of price information. The most significant factors are earnings quality, voluntary disclosure, and consistency in the application of international accounting standards. The quality of profits, which reflect the level of sustainability and accuracy of financial statements, is a key element in explaining stock price variations in the capital market (Francis et al., 2021). Voluntary disclosures, such as sustainability reports or integrated reporting, also enrich investors' understanding of the company's risks and opportunities. This strengthens transparency and reduces information asymmetry, which in turn increases the price reaction to the released accounting information. Recent research has also found that companies with high levels of disclosure and good corporate governance have stronger price informativeness because investors consider the information presented to be more trustworthy and relevant (Cascino & Gassen, 2020).

The *Research Question 3* highlights that the influence of accounting information on stock prices does not stand alone, but is influenced by institutional contexts and market regulations. Factors such as the level of investor protection, legal transparency, and the effectiveness of capital market supervisory institutions have an important role in determining how much accounting information is reflected in stock prices (Bushman & Landsman, 2022). In countries with common law-based legal systems and high levels of IFRS compliance, the content of price information tends to be stronger due to better quality financial reporting and more effective supervisory mechanisms. In contrast, in markets that are weak in terms of regulatory enforcement, accounting information often fails to accurately reflect the fundamental condition of the company, so that the stock price is more influenced by non-fundamental factors such as investor sentiment. Thus, institutional context is an important variable in explaining the heterogeneity of the relationship between accounting information and pricing mechanisms in different jurisdictions.

Meanwhile, the findings of *Research Question 4* emphasize the importance of digital financial reporting innovations and analytical technologies in strengthening the transmission of accounting information to market prices. The implementation of eXtensible Business Reporting Language (XBRL), big data analytics, and machine learning has brought about significant changes in the way financial information is produced, disseminated, and interpreted by the market. XBRL technology improves the comparability and speed of access to financial data, allowing investors and analysts to conduct cross-company evaluations more efficiently (Li & Nwaeze, 2021). In addition, the use of big data and machine learning algorithms helps identify patterns of information hidden in financial statements, improving the market's ability to assess the fair value of stocks and reducing information bias. Thus, digital innovation functions as a catalyst for increasing price informativeness through optimizing the dissemination of accounting information quickly, accurately, and transparently.

However, the results of the study also reveal challenges in the implementation of digital financial reporting innovations. Not all companies have adequate data infrastructure readiness and analytics competencies to implement these technologies effectively. In addition, inequality in regulations and reporting standards between countries can hinder the process of data harmonization and interpretation of accounting information at the global level. Therefore, synergy is needed between technology development, regulatory enforcement, and capacity building of market participants so that the benefits of digital technology in financial reporting can be optimized to strengthen capital market efficiency.

Overall, the results of this discussion confirm that accounting information has a central position in shaping the content of price information in the capital market. Profits, equity book value, cash flows, and the quality and disclosure of financial statements are the main pillars that determine the extent to which the share price reflects the company's fundamental value. Meanwhile, institutional factors and digital reporting innovations are external determinants that strengthen or weaken the relationship. Therefore, improving the quality of financial reporting, adopting advanced reporting technology, and strengthening regulation and market governance are important steps to ensure that the capital market functions efficiently and fairly in reflecting the economic value of a company.

Thus, the transformation of accounting information towards the digital age not only increases transparency and accountability, but also changes the way markets understand, process, and reflect information in stock prices. In the future, the role of accounting will no longer be limited to financial data providers, but as a strategic information system that will be the main foundation for the formation of market value and overall economic stability.

Conclusion

This study concludes that accounting information has a fundamental role in shaping the content of price informativeness in the capital market, with an increasingly complex influence along with technological advances and changes in the institutional context. Based on the results of the Systematic Literature Review of 39 selected articles published between 2015 and 2025, it was found that the quality of accounting information as reflected through profit, equity book value, cash flow, and disclosure transparency are the main determinants in ensuring that the stock price reflects the fundamental value of the company. Credible, consistent, and manipulation-free financial statements not only serve as a reporting tool, but also as a strategic signal that shapes investor perceptions and decisions. In addition to internal factors, institutional contexts such as corporate governance, investor protection levels, and the implementation of international reporting standards (IFRS) also strengthen the relationship between accounting information and market efficiency. Markets with strong regulation and effective supervisory mechanisms show higher price informativeness, while markets with weak institutions often face information distortions. This shows the importance of the integrity of the reporting system and regulatory consistency in maintaining the credibility of accounting information at the global level.

Digital transformation is an external factor that accelerates and expands the role of accounting information in price formation. Innovations such as eXtensible Business Reporting Language (XBRL), big data analytics, and machine learning make financial reporting more efficient, standardized, and accessible to investors. The technology strengthens the transmission of information by improving the speed, accuracy, and transparency of reporting, thereby accelerating the reflection of fundamental values into stock prices. Overall, the study confirms that the role of accounting has now moved "beyond the numbers." Accounting information no longer functions only as a historical record, but rather as an infrastructure of trust and strategic instrument that underpins the efficiency of the modern capital market. Going forward, the success of the capital markets depends on the synergy between reporting quality, technological innovation, and adaptive regulation to ensure that the value of a company can be accurately reflected in market prices.

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