

# Research on the Role of Accounting Information Disclosure and Corporate Governance Structure in Protecting Shareholders' Rights and Interests

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**Abstract.** The influence of accounting information disclosure and corporate governance structure on the protection of shareholders' rights and interests is a complex and key research topic. This paper discusses how accounting information disclosure and corporate governance structure work together to protect shareholders' rights and interests, aiming at revealing its internal mechanism and influence path. It is found that high-quality accounting information disclosure and optimized corporate governance structure can significantly enhance the protection of shareholders' rights and interests. First of all, transparent disclosure of accounting information helps shareholders to understand the financial situation and operating performance of enterprises, so as to make wise investment decisions. Secondly, an effective corporate governance structure can restrict the self-interest behavior of management, reduce the risk of insider control and further protect the rights and interests of shareholders. Therefore, for enterprises, it is very important to constantly improve the accounting information disclosure system and optimize the governance structure, which not only helps to enhance the overall value of enterprises, but also strengthens the trust and loyalty of shareholders to enterprises.

**Keywords:** Accounting Information Disclosure; Corporate Governance Structure; Protection of Shareholders' Rights and Interests; Transparency; Insider Control.

## 1. Introduction:

In today's business environment, the protection of shareholders' rights and interests has become one of the core issues of corporate governance. As two cornerstones of corporate governance, accounting information disclosure and corporate governance structure play a decisive role in protecting shareholders' rights and interests. The disclosure of accounting information is the main way for shareholders to know the situation of enterprises, and the corporate governance structure determines the distribution and checks and balances of rights within enterprises. Therefore, it is of great practical significance and theoretical value to study the influence of accounting information disclosure and corporate governance structure on the protection of shareholders' rights and interests. This paper will focus on this topic in order to provide beneficial enlightenment and suggestions for enterprises to improve their governance level and protect shareholders' rights and interests.

## 2. Disclosure of Accounting Information and Protection of Shareholders' Rights and Interests: The Value of Transparency

Accounting information disclosure is one of the important means to protect shareholders' rights and interests. The transparent disclosure of accounting information helps shareholders to understand the financial situation and operating performance of enterprises, so as to make wise investment decisions and reduce the risks brought by information asymmetry. This paper will deeply discuss the influence of accounting information disclosure on the protection of shareholders' rights and interests, and analyze how to improve the quality of accounting information.

High-quality accounting information disclosure can provide shareholders with comprehensive enterprise information, so that shareholders can better evaluate the value and risk of enterprises. For example, if an enterprise can disclose important financial information in time, shareholders can better



predict the future development and potential risks of the enterprise and make wise investment decisions. This kind of transparent information disclosure helps to maintain the fairness and justice of the market, reduce insider trading and market manipulation, and further protect the rights and interests of shareholders.

The disclosure of accounting information with high transparency is also helpful to improve the governance level of enterprises. Corporate governance refers to a set of institutional arrangements to ensure the scientific and fair decision-making of enterprises. High-quality accounting information disclosure is one of the important means to achieve corporate governance goals. Through open and transparent information disclosure, shareholders can better supervise the business behavior of enterprises and the performance of management, thus forming effective constraints on management. This will help to reduce the occurrence of insider control and corruption, and reduce the risk of shareholders' rights and interests being infringed [1].

However, in reality, there are often many problems in accounting information disclosure, such as untrue, incomplete and untimely information. These problems not only damage shareholders' right to know, but also may lead shareholders to make wrong investment decisions. Therefore, how to improve the quality of accounting information disclosure is one of the urgent problems.

Enterprises need to strengthen internal control and auditing to ensure the authenticity and accuracy of financial statements. Internal control is an important means to prevent fraud and mistakes, while audit can independently review and supervise the financial statements of enterprises. By strengthening internal control and auditing, enterprises can improve the quality of accounting information disclosure and reduce the occurrence of false information and false reports.

Regulators and government departments also need to play an important role. The government can introduce relevant laws and regulations, clarify the standards and requirements of accounting information disclosure, and increase the punishment for violations. At the same time, regulators can strictly examine and supervise the disclosure of accounting information of enterprises to ensure the authenticity and fairness of information. In addition, regulators can also improve the transparency and convenience of information disclosure by establishing an information sharing platform.

### **3. Corporate Governance Structure and Protection of Shareholders' Rights and Interests: The Importance of Internal Control Mechanism**

Corporate governance structure is one of the important institutional arrangements to protect shareholders' rights and interests. A good corporate governance structure can effectively prevent management from infringing on shareholders' rights and interests through internal control mechanism.

Establishing a sound board system is the key to protect shareholders' rights and interests. As the decision-making body of the enterprise, the board of directors shoulders the important responsibility of formulating the development strategy of the enterprise and supervising the management. An effective board of directors can ensure the scientific and fair decision-making of enterprises and prevent the management from abusing their powers. In order to better protect shareholders' rights and interests, members of the board of directors should have rich professional knowledge and experience, be independent of the management, and be able to objectively evaluate the operating conditions and risks of enterprises.

As an internal supervision organization, the Board of Supervisors is responsible for supervising the behavior of the board of directors and management. An active board of supervisors can find and correct the improper behavior of enterprises in time and prevent the occurrence of internal corruption. In order to ensure the independence and effectiveness of the board of supervisors, we should clarify the responsibilities and powers of the board of supervisors, strengthen the professional training and education of board members, and improve their supervisory ability and sense of responsibility.

In addition to the board of directors and the board of supervisors, the internal control mechanism of enterprises also includes other important components. For example, internal audit institutions are

responsible for independently reviewing the financial status of enterprises to ensure the authenticity and accuracy of financial statements. Effective internal audit can find out the problems existing in enterprises in time and provide valuable reference opinions for management and board of directors. At the same time, the incentive and restraint mechanism can stimulate the enthusiasm and creativity of employees, promote the development of enterprises and enhance the value of shareholders [2].

In order to better protect shareholders' rights and interests, enterprises need to constantly optimize their governance structure and strengthen the construction of internal control mechanisms. The following are some specific measures:

Improve the board system: ensure that board members have professional knowledge and independence, and establish sound rules of procedure and decision-making procedures. At the same time, the independent director system can be introduced to further improve the objectivity and impartiality of the board of directors.

Strengthen the functions of the board of supervisors: clarify the responsibilities and powers of the board of supervisors, strengthen the training and education of the members of the board of supervisors, and improve their supervisory ability and sense of responsibility. Establish a sound reporting system to ensure that the board of supervisors can disclose important information to shareholders in a timely manner.

Establish an internal audit institution: the internal audit institution is responsible for independently reviewing the financial status of the enterprise to ensure the authenticity and accuracy of the financial statements. Enterprises should establish a sound internal audit system to improve the independence and effectiveness of internal audit.

Optimize the incentive and restraint mechanism: establish a sound incentive and restraint mechanism to stimulate the enthusiasm and creativity of employees. Promote the consistency of interests between employees and shareholders through reasonable salary system and equity incentive plan. Promote transparency of information disclosure: strengthen information disclosure and improve its transparency and accuracy. Establish and improve the information disclosure system, standardize the contents and procedures of information disclosure, and ensure that shareholders can obtain real information of enterprises in time.

#### **4. Accounting Information Disclosure and Corporate Governance Structure: Working Together to Protect Shareholders' Rights and Interests**

Accounting information disclosure and corporate governance structure are two interrelated and influential aspects. The quality and transparency of accounting information disclosure are of great significance to the protection of shareholders' rights and interests, and the quality of corporate governance structure also directly affects the degree of protection of shareholders' rights and interests.

Accounting information disclosure is one of the important means to protect shareholders' rights and interests. True, accurate and timely accounting information can help shareholders understand the financial situation and operating performance of enterprises, so as to make wise investment decisions. High-quality accounting information disclosure can reduce information asymmetry, improve market fairness and transparency, and reduce the risk of insider trading and market manipulation. For example, if an enterprise can disclose important financial information in time, shareholders can better predict the future development and potential risks of the enterprise and make wise investment decisions. This kind of transparent information disclosure helps to maintain the fairness and justice of the market, reduce insider trading and market manipulation, and further protect the rights and interests of shareholders.

However, in reality, there are often many problems in accounting information disclosure, such as untrue, incomplete and untimely information. These problems not only damage shareholders' right to know, but also may lead shareholders to make wrong investment decisions. Therefore, how to improve the quality of accounting information disclosure is one of the urgent problems. Enterprises

need to strengthen internal control and auditing to ensure the authenticity and accuracy of financial statements. At the same time, regulators and government departments also need to play an important role. The government can introduce relevant laws and regulations, clarify the standards and requirements of accounting information disclosure, and increase the punishment for violations. Regulators can strictly examine and supervise the accounting information disclosure of enterprises to ensure the authenticity and fairness of information [3].

Corporate governance structure is also of great significance to the protection of shareholders' rights and interests. Corporate governance refers to a set of institutional arrangements to ensure the scientific and fair decision-making of enterprises. A good corporate governance structure can effectively prevent management from infringing on shareholders' rights and interests through internal control mechanism. As the decision-making body of the enterprise, the board of directors shoulders the important responsibility of formulating the development strategy of the enterprise and supervising the management. An effective board of directors can ensure the scientific and fair decision-making of enterprises and prevent the management from abusing their powers. In order to better protect shareholders' rights and interests, members of the board of directors should have rich professional knowledge and experience, be independent of the management, and be able to objectively evaluate the operating conditions and risks of enterprises. At the same time, the Board of Supervisors, as an internal supervision organization, is responsible for supervising the behavior of the board of directors and management. An active board of supervisors can find and correct the improper behavior of enterprises in time and prevent the occurrence of internal corruption. In order to ensure the independence and effectiveness of the board of supervisors, we should clarify the responsibilities and powers of the board of supervisors, strengthen the professional training and education of board members, and improve their supervisory ability and sense of responsibility.

Meanwhile, corporate governance structure and accounting information disclosure are interrelated. On the one hand, high-quality accounting information disclosure is the basis of optimizing corporate governance structure. The highly transparent disclosure of accounting information can promote the supervisory role of the board of directors and the board of supervisors and help shareholders better understand the operating conditions and risks of enterprises. This transparent information disclosure is helpful for shareholders to effectively supervise and evaluate the management, and further promote the optimization and improvement of corporate governance structure. On the other hand, the optimized corporate governance structure can improve the quality of accounting information disclosure. A good corporate governance structure can establish a sound internal control and auditing system to ensure the authenticity and accuracy of financial statements. At the same time, the supervisory role of the board of directors and the board of supervisors can also urge the management to pay more attention to the authenticity and fairness of accounting information and prevent the generation and disclosure of false information.

## **5. Improving the Quality of Accounting Information Disclosure: An Effective Way to Protect Shareholders' Rights and Interests**

Improving the quality of accounting information disclosure is one of the important ways to protect shareholders' rights and interests. By ensuring the truthfulness, accuracy and timeliness of accounting information, information asymmetry and investment risk can be reduced, thus protecting the legitimate rights and interests of shareholders.

Establishing and perfecting the internal control system is one of the key measures to improve the quality of accounting information disclosure. The internal control system can ensure the authenticity and accuracy of accounting information by standardizing and supervising various business processes of enterprises. Enterprises should formulate strict internal control system, clarify post responsibilities and examination and approval authority, strengthen internal audit and supervision, and timely discover and correct all kinds of financial fraud. At the same time, the internal control system should

be evaluated and updated regularly to ensure that it can always reflect the business environment and risk status of the enterprise.

Strengthening the independence and authority of external audit is also an important means to improve the quality of accounting information disclosure. External audit institutions should independently examine and supervise the financial statements of enterprises in an objective and fair manner to ensure that they truly and accurately reflect the financial situation and operating performance of enterprises. In order to improve the independence and authority of external audit, audit institutions with good reputation and qualifications should be selected and strict audit standards and procedures should be established. At the same time, the supervision and management of external audit institutions should be strengthened to ensure that they can perform their duties well [4].

In addition, improving the professional quality and moral level of accountants is also very important for improving the quality of accounting information disclosure. Accountants should have rich professional knowledge and practical experience, be familiar with accounting standards and laws and regulations, and be able to accurately conduct accounting and prepare financial statements. At the same time, accountants should have good moral quality, follow the principle of good faith, and not participate in financial fraud and false statements. Enterprises should strengthen the training and education of accounting personnel and improve their professional quality and moral level.

In addition to the above measures, the government and regulatory agencies should also play an important role. The government should formulate stricter accounting information disclosure laws and regulations, clarify the content, format and time requirements of accounting information disclosure, and increase the punishment for violations. Regulators should strengthen the supervision and inspection of enterprise accounting information disclosure, and urge enterprises to improve the quality of accounting information disclosure. At the same time, regulators should establish an information sharing platform to facilitate shareholders and other stakeholders to obtain accounting information of enterprises.

A listed company has been active in the capital market in recent years, and its business scale has been expanding. However, investors found that their accounting information disclosure was untrue and incomplete. After in-depth investigation, it was found that the company had financial fraud, inflated income and profits, and led to inflated stock price. This case reveals the importance of the quality of accounting information disclosure to shareholders' rights and interests. If the company establishes and improves the internal control system, strengthens the independence and authority of external audit and improves the professional quality and moral level of accountants, it can improve the quality of accounting information disclosure, reduce the occurrence of financial fraud, and thus better protect the rights and interests of shareholders.

## **6. Optimizing Corporate Governance Structure: A Key Measure to Strengthen the Protection of Shareholders' Rights and Interests**

Corporate governance structure is one of the important institutional arrangements to protect shareholders' rights and interests. A good corporate governance structure can effectively prevent management from infringing on shareholders' rights and interests through internal control mechanism.

Establishing a sound board system is the core of optimizing corporate governance structure. As the decision-making body of the enterprise, the board of directors shoulders the important responsibility of formulating the development strategy of the enterprise and supervising the management. In order to better protect shareholders' rights and interests, members of the board of directors should have rich professional knowledge and experience, be independent of the management, and be able to objectively evaluate the operating conditions and risks of enterprises. To establish a sound board system, we should clarify the responsibilities and powers of directors and improve the rules of procedure and decision-making procedures of the board. At the same time, the independent director system can be introduced to further improve the objectivity and impartiality of the board of directors.

Independent directors can stand in a neutral position, represent the interests of shareholders, supervise and evaluate the board of directors and management [5].

Strengthening the function of the board of supervisors is also an important aspect of optimizing the corporate governance structure. As an internal supervision organization, the Board of Supervisors is responsible for supervising the behavior of the board of directors and management. In order to give full play to the functions of the board of supervisors, we should clarify the responsibilities and powers of the board of supervisors, strengthen the professional training and education of the members of the board of supervisors, and improve their supervisory ability and sense of responsibility. The board of supervisors shall disclose important information to shareholders in a timely manner to ensure the authenticity and accuracy of the information. At the same time, the board of supervisors should actively perform their duties and conduct comprehensive and independent supervision and inspection of the financial situation and operating performance of the enterprise.

In addition to the board of directors and the board of supervisors, other internal institutions are also an important part of the corporate governance structure. For example, internal audit institutions are responsible for independently reviewing the financial status of enterprises to ensure the authenticity and accuracy of financial statements. Effective internal audit can find out the problems existing in enterprises in time and provide valuable reference opinions for management and board of directors. At the same time, the incentive and restraint mechanism can stimulate the enthusiasm and creativity of employees, promote the development of enterprises and enhance the value of shareholders.

In addition to the optimization of internal institutions, the external environment of corporate governance structure is also very important. The government and society should strengthen the supervision and management of corporate governance structure and promote the optimization and improvement of corporate governance structure. For example, the government can introduce relevant laws and regulations to clarify the standards and requirements of corporate governance structure; Regulators can strictly review and supervise the corporate governance structure to ensure that it meets the requirements of laws and regulations; The public and the media can also play the role of public opinion supervision and pay attention to and evaluate the corporate governance structure.

**Table 1.** Optimization measures of corporate governance structure

Name of measure	describe	Specific content
Board system	Establish a sound board system	Clarify the responsibilities and powers of directors, improve the rules of procedure and decision-making procedures of the board of directors, and introduce the independent director system.
Functions of supervisory board	Strengthen the function of the board of supervisors	Clarify the responsibilities and powers of the board of supervisors, strengthen the professional training and education of the members of the board of supervisors, and disclose important information to shareholders in a timely manner.
Internal audit institution	Establish an internal audit institution	Independent review of the financial status of the enterprise to ensure the authenticity and accuracy of the financial statements.
Incentive and restraint mechanism	Optimize the incentive and restraint mechanism	Stimulate the enthusiasm and creativity of employees, promote the development of enterprises and enhance the value of shareholders.

In practice, many enterprises have taken the above measures to optimize the governance structure and strengthen the protection of shareholders' rights and interests. For example, some enterprises have introduced independent directors with rich experience and professional knowledge, and established corresponding board system and decision-making procedures; Some enterprises have strengthened the functions of the board of supervisors and defined their responsibilities and powers; Some enterprises have established internal audit institutions to conduct comprehensive and independent

supervision and inspection of the financial situation of enterprises; Some enterprises have optimized the incentive and restraint mechanism, which has stimulated the enthusiasm and creativity of employees. The implementation of these measures effectively protects the rights and interests of shareholders and promotes the development of enterprises.

## **7. Conclusion**

By optimizing the corporate governance structure and improving the quality of accounting information disclosure, shareholders' rights and interests can be better protected. Enterprises should establish and improve internal control and auditing systems to ensure the authenticity and accuracy of financial statements. At the same time, we should optimize the corporate governance structure, establish a sound board system and supervisory board functions, and introduce an independent director system to improve the objectivity and impartiality of the board of directors and supervisory board. The government and society should also strengthen the supervision and management of corporate governance structure to promote the healthy development and operation of the market economy.

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