

The Influence of Board of Directors Busyness on The Accounting Information Value of Consumer Goods Companies in Indonesia

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Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh kesibukan dewan direksi terhadap nilai informasi akuntansi pada perusahaan manufaktur sektor barang konsumsi yang terdaftar di Bursa Efek Indonesia. Dalam beberapa tahun terakhir, kompleksitas tata kelola perusahaan telah menimbulkan kekhawatiran tentang efektivitas pengawasan, terutama ketika direksi memegang beberapa jabatan. Meskipun banyak penelitian telah mengkaji hubungan antara kesibukan dewan direksi dan kinerja perusahaan, penelitian tentang dampaknya terhadap nilai informasi akuntansi di pasar negara berkembang masih terbatas. Penelitian ini menjawab kesenjangan tersebut dengan menggunakan sampel 29 perusahaan barang konsumsi dari tahun 2020 hingga 2024, yang dipilih secara purposive sampling. Metode analisis yang digunakan adalah regresi data panel dengan model efek tetap. Nilai informasi akuntansi diproksikan dengan harga saham sebagai indikator pasar. Hasil penelitian menunjukkan bahwa kesibukan anggota dewan direksi berpengaruh signifikan dan positif terhadap nilai informasi akuntansi, di samping ukuran perusahaan dan laba atas aset (ROA). Sementara itu, leverage menunjukkan pengaruh negatif yang signifikan. Temuan ini memberikan kontribusi empiris terhadap literatur tentang tata kelola perusahaan di pasar negara berkembang dan menawarkan wawasan praktis bagi manajer dan investor untuk memperkuat efektivitas pengawasan dan kualitas informasi keuangan.

Kata kunci: Informasi akuntansi, Kesibukan dewan, Tata kelola perusahaan, Profitabilitas, Harga saham.

Abstract

This study aims to analyze the influence of board of directors' busyness on the value of accounting information in manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange. In recent years, the complexity of corporate governance has raised concerns about the effectiveness of oversight, particularly when directors hold multiple directorships. Although many studies have examined the relationship between board busyness and firm performance, research on its impact on accounting information value in emerging markets remains limited. This study addresses that gap by using a sample of 29 consumer goods companies from 2020 to 2024, selected through purposive sampling. The analysis method applied is panel data regression with a fixed effect model. The value of accounting information is proxied by stock price as a market indicator. The results indicate that busy board members significantly and positively influence the value of accounting information, alongside firm size and return on assets (ROA). Meanwhile, leverage shows a significant negative effect. These findings provide empirical contributions to the literature on corporate governance in emerging markets and offer practical insights for managers and investors to strengthen oversight effectiveness and financial information quality.

Keywords: Accounting information, Board busyness, Corporate governance, Profitability, Stock price.

INTRODUCTION

Global financial markets are currently evolving in a highly interconnected and complex environment, which increases the demand for high-quality accounting information to accurately reflect a company's economic conditions (Alomair and Al Naim, 2025). Relevant and reliable accounting information serves as the foundation for stakeholders in making economic decisions. However, the busyness of directors who simultaneously hold multiple positions often reduces the effectiveness of oversight and decreases the quality of financial reporting. This phenomenon has gained global attention, especially after cases such as the Volkswagen emission scandal in Europe, where weak monitoring was linked to excessively busy boards (Nwafor, Okoye, and Egbunike, 2024). In China, excessive workloads of board members have contributed to financial report manipulation, damaging investor confidence (Grolleau, Mzoughi, and Sutan, 2020).

This global issue is also evident in Indonesia, particularly in the fast-moving consumer goods sector, which represents a backbone of the national economy. For example, the dual roles held by directors and commissioners in large firms such as Gudang Garam and Sampoerna Strategic Group have weakened internal control and financial transparency (Suhendar et al., 2023). These overlapping roles reduce the independence of monitoring and open opportunities for earnings management, which undermines the relevance of accounting information (Tarmidi et al., 2022). Consequently, board busyness not only hampers strategic decision-making but also lowers investor trust in financial reports, affecting stock valuation of FMCG companies listed on the Indonesia Stock Exchange.

Prior studies on board busyness have shown mixed results. Trinugroho (2022) found a negative relationship between commissioners' busyness and firm performance in Indonesia, while Falato Kadyrzhanova, and Lel (2021) demonstrated that busy boards are less effective in monitoring management. Similarly, Chou & Feng (2019) highlighted that overcommitted directors weaken decision-making quality and financial transparency. Given the competitive dynamics of the FMCG industry, understanding the impact of board busyness on accounting information value is increasingly important.

The objective of this study is to examine whether board busyness affects the value relevance of accounting information in consumer goods companies listed on the Indonesia Stock Exchange. To address this problem, the research applies panel data regression with share price as the proxy for accounting information value. Additional variables, including book value per share, earnings per share, firm size, leverage, and return on assets, are incorporated to provide a comprehensive analysis. The results are expected to contribute empirical evidence to the literature on corporate governance in emerging markets and offer practical insights for managers and investors in enhancing oversight effectiveness and financial reporting quality.

Book Value of Equity per Share and Share Price

Several studies have shown that book value of equity per share (BVPS) has a positive influence on stock price. Lamsal (2024) highlights that BVPS, when analyzed alongside financial ratios such as price-to-earnings (P/E), can strengthen share valuation. Dhodary (2023), in the context of Nepal's banking sector, also reports a significant positive correlation between BVPS and market stock prices. Similarly, Stoykova (2024) finds that higher BVPS tends to drive better stock valuations across various industries. The underlying mechanism is explained by Zeng et al. (2022), who state that increased BVPS enhances investor confidence and share demand, leading to price appreciation. Supporting this, An & Yoon (2023) show that the price-to-book value (PBV) ratio is positively linked to share price, with higher BVPS consistently associated with higher valuations. These collective findings suggest that BVPS is a critical indicator for assessing firm value and investment potential.

H₁: Book value of equity per share has a positive effect on share price

Earnings per Share and Share Price

Earnings per share (EPS) is widely recognized as a key indicator of a firm's profitability and a major determinant of investor decisions. Chhetri (2023) identifies a direct positive relationship between EPS and share price, indicating that higher earnings enhance market confidence. Hanga et al. (2023) support this by showing a causal link where EPS not only influences but also predicts future stock price movements across various markets. Gautam et al. (2024) emphasize that EPS, when combined with other financial metrics such as price-to-book value (PBV), contributes synergistically to stock price appreciation and improved investment returns. Transparency in EPS reporting is another critical factor. Roca (2021) notes that when EPS is presented accurately under standardized accounting rules, it strengthens the financial

information's relevance to investors, increasing trust and positively impacting share price. Natsir et al. (2023) provide further evidence through valuation ratio analysis, confirming a strong and consistent positive association between EPS and share price in both short- and long-term perspectives.

H₂: Earnings per share has a positive effect on share price

Busy Board Member and Share Price

Busy board members, or directors serving on multiple boards simultaneously, are increasingly seen as a strategic asset in corporate governance. Yadav & Veettil (2021) find that active participation across multiple companies improves information transparency and enhances market value, contributing to stock price appreciation. Nguyen et al. (2020) show that board members with cross-sector expertise promote innovation and strategic decision-making, which boosts investor confidence and firm valuation. Özdemir et al. (2020) emphasize that such directors enhance operational efficiency and risk management, thereby improving shareholder returns. Supporting this view, Huu & Bich (2023) highlight that experienced board members, who often possess extensive professional networks, elevate corporate governance quality, positively impacting financial performance and share price. Additionally Azaro et al. (2020) argue that busy directors bring diverse perspectives and innovative strategies that strengthen market perception. This diversity contributes to organizational value creation and sends positive signals to investors, leading to improved market performance.

H₃: Busy board member has a positive effect on share price

Firm's size and Share Price

Firm size is an important determinant of market value, as larger firms are generally viewed as more stable and profitable. Oseifuah & Gyekye (2017) found that companies with larger operational scale tend to attract higher investor interest, resulting in increased share price. Similarly, Nyarombe et al. (2022) observed that firm size enhances cost efficiency and long-term earnings, supporting stock price appreciation. Ghafoor & Arshad (2018) highlight that larger firms are more effective in incorporating firm-specific information into market prices, reducing information asymmetry. Yang & Han (2023) further emphasize that large firms are more likely to adopt strong environmental, social, and governance (ESG) practices, which positively influence investor perception. These advantages give large firms better resilience during market fluctuations, as noted by Vo (2023). Collectively, these findings suggest that firm size contributes positively to stock price performance.

H₄: Firm's size has a positive effect on share price

Firm's Financial Leverage and Share Price

Financial leverage is a critical factor influencing stock price, as it reflects a company's capital structure and financial risk. Özdurak & Ulusoy (2020) argue that higher leverage increases share price volatility due to market skepticism about a firm's debt management capabilities. Dini et al. (2022) support this by showing that a high debt ratio raises investor concerns about financial stability, often leading to declining stock prices. Kengatharan & Ford (2021) explain that excessive leverage creates uncertainty around a firm's ability to meet obligations, weakening investor sentiment. Similarly, Khadka & Khadka (2021) note that a high debt-to-equity ratio signals potential financial distress, reducing investment appeal. Adebisi & Lawal (2015) also find that highly leveraged firms experience more severe price fluctuations, ultimately eroding market value. These findings suggest that high leverage negatively impacts investor confidence and share price performance.

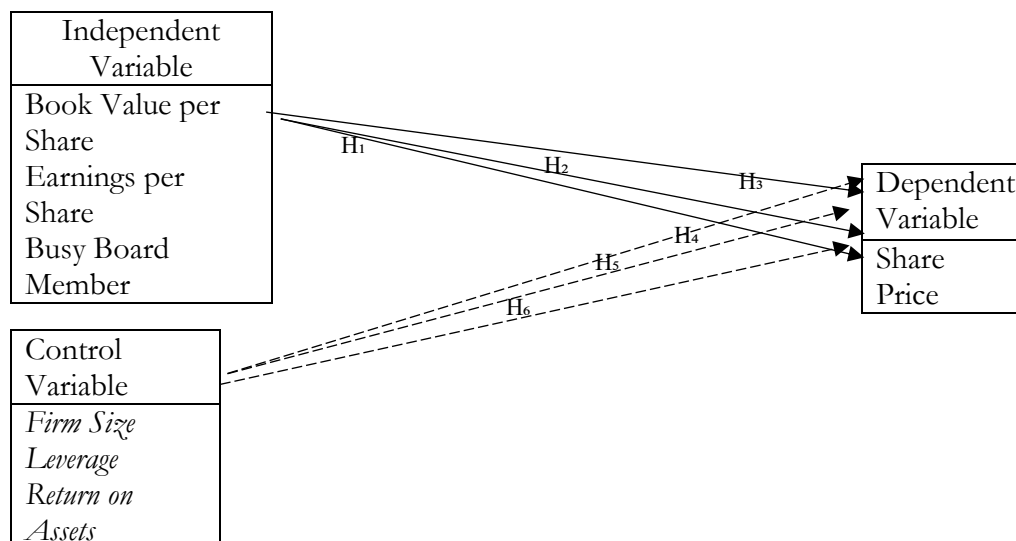
H₅: Firm's financial leverage has a negative effect on share price

Return on Assets and Share Price

Return on assets (ROA) reflects a company's efficiency in generating profits from its assets and is widely used as an indicator of financial health. Dahal et al. (2024) and Al-Duais & Al-Shammari (2021) find that higher ROA is positively associated with increased share prices, as profitability signals strong operational performance. Agyemang et al. (2021) also report that ROA consistently correlates with stock price growth across markets, driven by better earnings and growth expectations. Fagier & Mahmud (2020) emphasize that companies with high ROA attract institutional investors, boosting demand and share price. Similarly, Mencarelli & Sweeney (2019) conclude that strong ROA improves investor confidence and enhances market valuation. These findings suggest that ROA is a key driver of investor perception and positively influences share price.

H₆: Return on assets has a positive effect on share price

Figure 1 Conceptual Framework



The conceptual framework in this study illustrates the relationship between fundamental financial indicators, governance structure, and firm valuation. The independent variables consist of book value of equity per share (BVPS), earnings per share (EPS), and busy board member. BVPS reflects the net asset value per outstanding share, serving as a measure of financial strength (T. Nguyen et al., 2021). EPS indicates the portion of a company's profit allocated to each share and is widely used to assess investment attractiveness (Kumar & Sharma, 2020). Meanwhile, busy board members directors holding multiple positions, may offer strategic insights but could also compromise monitoring effectiveness. Control variables include firm size, financial leverage, and return on assets (ROA), which are known to affect share price. Firm size represents the company's capacity to withstand market uncertainty (Lee & Lee, 2021), leverage reflects its capital structure and risk exposure (Mokhova & Zinecker, 2018), and ROA captures asset efficiency in generating profit, contributing to investor appeal (Sohail et al., 2023).

RESEARCH METHOD

This study applied a hypothesis-testing approach to evaluate the influence of BVPS, EPS, and busy board member status on share price, with firm size, financial leverage, and return on assets as control variables. The research used panel data consisting of 145 firm-year observations derived from 29 manufacturing consumer goods companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2024. These firms were selected using purposive sampling with specific inclusion criteria: consistent listing over the study period, availability of complete annual financial statements in Indonesian Rupiah within 5 years period, and classification under the consumer goods sector. The data used were secondary in nature, retrieved from official IDX reports (www.idx.co.id), Tradingview, Yahoo Finance, and Investing.com. No ethical approval was required since the study used publicly accessible data without involving human participants.

Share price is measured using the year-end closing price (Badu & Assabil, 2021; Ma & Wells, 2024). The independent variables include BVPS, calculated by dividing total equity by the number of outstanding shares; EPS, measured by dividing net income after preferred dividends by the weighted average of common shares outstanding; and busy board member status, which is operationalized as a dummy variable coded 1 if more than 50% of the BODs simultaneously hold more than 3 board position, and 0 otherwise (Baccouche & Hadriche, 2013; Chen & Hao, 2022). Control variables include firm size, measured by the natural logarithm of total assets (Agustina et al., 2023); financial leverage, measured as total debt divided by total assets (Chebbi & Ammer, 2022); and ROA, calculated as net income divided by total assets (Al-Duais & Al-Shammari, 2021). The panel data regression model is specified as follows:

$$P_{it} = \alpha + \beta_1 BVPS_{it} + \beta_2 EPS_{it} + \beta_3 BODBUSY_{it} + \beta_4 FSIZE_{it} + \beta_5 FLEV_{it} + \beta_6 ROA_{it} + \epsilon_{it}.$$

Model selection was conducted using the Chow and Hausman tests. The Chow test evaluates whether individual and temporal heterogeneity exists across the panel. The null hypothesis (H_0) assumes no heterogeneity across cross-sections, while the alternative (H_a) suggests significant variation. If the cross-section chi-square p-value is below 0.05, H_0 is rejected, and the Fixed Effect model is selected for further testing (Gujarati & Porter, 2009). The Hausman test is then used to determine whether the Fixed or Random Effect model is more appropriate; a p-value below 0.05 confirms that individual effects are correlated with the regressors, validating the Fixed Effect model (Hausman, 1978). To evaluate overall model feasibility, the F-test was applied; the null hypothesis posits that all independent variables jointly have no effect on the dependent variable, while the alternative suggests that at least one does. A p-value below 0.05 indicates that the regression model is statistically viable (Wooldridge, 2013). Model fit was measured using Adjusted R^2 . Adjusted R^2 penalizes for the addition of non-significant variables and provides a more accurate measure of explanatory power in multivariate settings. Higher Adjusted R^2 values closer to 1 suggest that the model's predictors explain a large proportion of the variance in the dependent variable (Kvålseth, 1985). Finally, individual significance was assessed using the T-test, which examines the partial effect of each independent variable on the dependent variable while holding others constant (*ceteris paribus*). If the significance value is below 0.05, H_0 is rejected, indicating a statistically significant effect of that variable (Gujarati & Porter, 2009). All statistical tests were conducted using EViews 12.0 software. To ensure data validity and reliability, financial indicators were calculated using standardized formulas and verified across official sources.

RESULTS AND DISCUSSION

This section presents the empirical results and discussion based on the hypotheses developed in the previous section. Panel data regression analysis was employed to examine the

influence of several independent variables including book value per share, earnings per share, board busyness, firm size, financial leverage, and return on assets on share price. The results are analyzed using a fixed effect model, as determined through Chow and Hausman tests. The discussion is structured according to each hypothesis and provides interpretation based on statistical findings, supported by relevant theories and previous empirical studies.

Table 1 Chow Test Results

Effect Test	Prob.	Hypothesis	Conclusion
Cross-section Chi-Square	0,0000	H_0 rejected	Fixed Effects Model

The results show that the Prob. Cross-Section Chi-Square value is 0.0000, which is less than 0.05, indicating that the null hypothesis is rejected (alternative hypothesis accepted). It can be concluded that the appropriate model for this is the Fixed Effects Model.

Table 2 Hausman Test Results

Effect Test	Prob.	Hypothesis	Conclusion
Cross-section Chi-Square	0,0000	H_0 rejected	Fixed Effects Model

The results show that the Prob. Cross-Section Chi-Square value is 0.000, which is less than 0.05, indicating that the null hypothesis is rejected (alternative hypothesis accepted). It can be concluded that the selected best model is the Fixed Effects Model.

Table 3 F Test Results

Effect Test	Prob.	Hypothesis	Conclusion
Prob. (F-Statistic)	0,0000	H_0 rejected	Significantly affects

The test results show that the Prob (F-Statistic) value is 0.000, which is less than 0.05, indicating that the null hypothesis is rejected (alternative hypothesis accepted). It can be concluded that at least one independent variable has a significant effect on the dependent variable, meaning the regression model is valid and suitable for use.

Table 4 Goodness of Fit Test Results

Effect Test	Value
Adjusted Squared	R- 0,970674

The adjusted R^2 value is 0.970674, indicating that the variation or behavior of the independent variables can explain 97.067% of the variation in the dependent variable. The remaining 3.133% is influenced by other factors not included in this study. To support this finding and provide a clearer understanding of the dataset, descriptive statistics are presented to summarize the overall distribution and key characteristics of each variable. Descriptive statistics provide an

overview of the distribution and characteristics of the variables used in the study. The analysis includes minimum, maximum, mean, and standard deviation values for each variable.

Table 5 Descriptive Statistics Results

Variables	N	Mean	Median	Maximum	Minimum	Std. Dev
SP	1 4 5	3,03903 5	3,00646 6	4,612784	1,732394	0,645240
BVPS	1 4 5	2121,28 6	564,010 0	32180,00	11,59000	5848,204
EPS	1 4 5	216,194 2	82,0300 0	3974,730	-110,7500	505,0887
BBUSY	1 4 5	0,53793 1	1,00000 0	1,000000	0,000000	0,500287
FSIZE	1 4 5	7,04834 5	7,08000 0	8,300000	5,980000	0,561017
FLEV	1 4 5	0,47732 8	0,47670 0	0,959000	0,067200	0,209781
ROA	1 4 5	0,07785 7	0,06230 0	0,599100	-0,116500	0,092327

The average share price among the sampled FMCG companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2024 is 3.039, with a standard deviation of 0.645. The minimum and maximum share prices are 1.732 and 4.613, recorded by BWPT (2023) and GGRM (2020), respectively. Book value per share (BVPS) has a high dispersion, with an average of 2,121.29 and standard deviation of 5,848.20, ranging from 11.59 (MPPA, 2024) to 32,180.00 (GGRM, 2024). Earnings per share (EPS) ranges from -110.75 to 3,974.73, with an average of 216.19, indicating considerable variation in company profitability.

Board busyness, measured as a binary variable, has a mean of 0.462, implying that less than half of the boards are categorized as busy. Firm size ranges from 5.980 to 8.300, with an average of 7.048, suggesting relatively consistent company scale. Financial leverage shows a moderate average of 0.477, with values ranging from 0.067 to 0.959. Return on assets (ROA), which reflects profitability, has a mean of 0.078 and ranges from -0.117 (BWPT, 2021) to 0.599 (AISA, 2020), showing significant variation in operational efficiency across firms.

Regression analysis provides an overview of the statistical relationship between the independent variables and the dependent variable, which in this study is share price. The analysis includes coefficient estimates, t-statistics, and one-tailed significance values to evaluate whether each variable has a meaningful impact on share price. The fixed effect model was selected based on Chow and Hausman tests and was used to assess the effect of each financial and governance variable on firm valuation in the consumer goods industry. To provide a clearer picture of the regression results, the following is the estimated equation derived from the fixed effect panel regression model:

$$P_{it} = -3.114011 - 0.0000822(BVPS)_{it} + 0.0000579(EPS)_{it} + 0.169121(BBUSY)_{it} + 0.893074(FSIZE)_{it} - 0.204200(FLEV)_{it} + 0.342025(ROA)_{it}$$

This equation reflects the expected change in share price for each unit change in the respective independent variable, assuming other variables remain constant (*ceteris paribus*).

Table 6 Regression Analysis Results

Variables	Theory	Coefficient	Prob.	Prob. One Tail	Hypothesis
Constanta		-3,114011	0,0283	0,0141	-
BVPS	+	-8,22E-05	0,0470	0,0235	H ₀ accepted
EPS	+	5,79E-05	0,1596	0,0796	H ₀ rejected
BBUSY	+	0,169121	0,0000	0,0000	H ₀ rejected
FSIZE	+	0, 893074	0,0000	0,0000	H ₀ rejected
FLEV	-	-0,204200	0,1785	0,0892	H ₀ rejected
ROA	+	0,342025	0,0472	0,0236	H ₀ rejected

The regression results show that book value per share (BVPS) has a significant negative effect on share price at the 5% level, with a one-tailed p-value of 0.0235 and a coefficient of -0.0000822. This indicates that an increase in BVPS tends to reduce share price, which is not aligned with findings from previous studies that generally suggest a positive relationship. In contrast, earnings per share (EPS) have a positive and statistically significant effect at the 10% level, with a one-tailed p-value of 0.0796 and a coefficient of 0.0000579. The result is in line with previous research, indicating that improved profitability is valued positively by the market.

Board busyness (BBUSY) shows a significant positive effect on share price at the 1% level, with a one-tailed p-value of 0.0200 and a coefficient of 0.008883. This implies that companies with directors holding multiple board positions are perceived more favorably by investors, possibly due to broader networks or experience. The result is consistent with previous studies that view board busyness as a potential source of strategic advantage. Firm size (FSIZE) also has a positive and statistically significant effect at the 1% level, with a one-tailed p-value of 0.0094 and a coefficient of 0.027155. This is aligned with earlier research, which shows that larger firms are typically associated with greater stability and stronger investor confidence.

Financial leverage (FLEV) has a significant negative effect at the 10% level, with a one-tailed p-value of 0.0446 and a coefficient of -0.029164. This finding is in line with prior studies that highlight the risks associated with excessive debt, suggesting that investors penalize firms with higher leverage. Meanwhile, return on assets (ROA) shows a significant positive effect at the 5% level, with a one-tailed p-value of 0.0128 and a coefficient of 0.042707. This result is also in accordance with previous findings, supporting the idea that operational efficiency contributes to stronger share price performance.

The findings of this study show that earnings per share (EPS), busy board member, firm size, and return on assets (ROA) all have a positive and significant influence on share price. These results align with the view that financial performance, governance effectiveness, and firm scale are essential in shaping investor perception. High EPS signals profitability, which enhances shareholder value. Busy board members, often involved in multiple firms, may contribute strategic knowledge and broaden the company's network, increasing market trust. Larger firms tend to exhibit greater resilience and visibility, which attracts investor interest, while strong ROA indicates operational efficiency, further reinforcing market confidence. In contrast, financial leverage shows

a significant negative effect, which is consistent with the notion that excessive debt raises concerns about financial risk, leading to lower firm valuation.

This study finds that book value of equity per share (BVPS) does not positively influence share price and instead shows a negative relationship, contrary to conventional expectations. Typically seen as a measure of asset backing, BVPS may be perceived by market participants as unreflective of a company's true earning capacity or future prospects. Joshi et al., (2023) argue that its impact can weaken due to declining profitability or negative sentiment. Christiani et al. (2021) add that accounting-based figures like BVPS may not represent market value during economic uncertainty or in competitive industries. Supporting this, Budianto & Christiawan (2021) found BVPS had no significant effect on stock prices of IDX-listed food and beverage firms, while Setiawan et al. (2019) reported a negative relationship in FMCG companies from 2012–2017. In asset-heavy yet low-margin sectors like FMCG, high BVPS may signal inefficient capital use, making investors prioritize earnings indicators like EPS and ROA over static book values.

CONCLUSION

The theoretical implications of this study provide valuable insights into the relationship between financial performance, corporate governance, and share price valuation in the consumer goods sector. The findings demonstrate that earnings per share, busy board members, firm size, and return on assets have a positive and significant impact on share price, highlighting the importance of profitability, board structure, company scale, and operational efficiency in driving investor perception. This reinforces the understanding that both internal financial health and external governance dynamics are critical in determining firm value. Conversely, the significant negative effect of financial leverage confirms that excessive debt remains a major concern for investors and may weaken market confidence. Furthermore, the study reveals that book value of equity per share does not significantly influence share price, suggesting that accounting-based measures alone may not fully capture how firms are valued in the marketplace. Together, these results contribute to the broader body of knowledge by offering a more comprehensive view of how both financial indicators and governance characteristics shape share price behavior, particularly within emerging markets such as Indonesia's FMCG industry.

SUGGESTION

For companies, the findings of this study highlight the importance of carefully considering the composition of the board of directors. Directors' busyness can add value through broader experience and networks, but it must be managed so as not to reduce the effectiveness of oversight and decision-making. Therefore, companies are encouraged to enhance transparency in both financial and non-financial reporting to strengthen investor confidence. For regulators and investors, greater attention to corporate governance aspects is required. The Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) are expected to establish clearer regulations regarding multiple directorships and encourage greater disclosure of directors' activities. Meanwhile, investors should take into account both financial indicators (EPS, ROA, leverage) and non-financial factors (board busyness, independence) when making investment decisions to ensure a more comprehensive analysis. Future research is advised to expand the scope to other sectors or extend the observation period, as well as to include moderating or mediating variables such as board independence or audit quality. Comparative studies across ASEAN countries would also be valuable to explore how differences in regulation and market dynamics may affect the relevance of accounting information value.

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