

Managerial Myopia, Corporate Stock Price Volatility, and Accounting Information Transparency

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Abstract:

Based on the data of Chinese listed companies from 2012 to 2023, this paper investigates the influence mechanism of managerial myopia on accounting information transparency. The results show that in the baseline regression, managerial myopia significantly reduces accounting information transparency, and this negative effect is significantly strengthened when stock price volatility is high. Further analysis indicates that managerial myopia not only affects accounting information transparency by weakening internal control effectiveness but also impairs it by increasing real earnings management, revealing multiple transmission paths. The conclusions of this study not only deepen the application of behavioral corporate governance theory in the fields of accounting and auditing but also provide important practical insights for optimizing corporate governance mechanisms and market regulatory policies to curb short-sighted behavior, enhance information transparency, and promote high-quality long-term development of enterprises.

Keywords:

Managerial Myopia, Accounting Information Transparency, Stock Price Volatility, Internal Control, Real Earnings Management

1. Introduction

In modern capital markets characterized by high information asymmetry, high-quality accounting information transparency is the cornerstone for ensuring effective market operation, optimizing resource allocation, and maintaining investor confidence. It directly impacts investors' decisions, the cost of capital, and the efficiency of corporate governance. However, the problem of accounting information opacity remains widespread, with complex and diverse causes. As the core subjects of corporate strategic decision-making and information disclosure, the cognitive characteristics and behavioral tendencies of top managers have a decisive impact on information quality. Among them, "managerial myopia," as a significant cognitive bias, has become a central research topic. Research indicates that myopic managers may hinder long-term corporate investment and transformation due to the avoidance of short-term risks or losses, and may even strategically manipulate information disclosure to embellish short-term performance.

Based on upper echelons theory and information theory, this paper delves into the influence mechanism of managerial myopia on accounting information transparency, with a particular focus on the critical moderating role of stock price volatility in this relationship. Specifically, this study concentrates on the following core questions: Does managerial myopia significantly reduce corporate accounting information transparency? If there is a negative impact, what are the specific transmission paths? More importantly, does the dynamic nature of the capital market environment—specifically reflected in stock price volatility—exacerbate the negative effect of managerial myopia on information transparency?

To answer the above questions, this study systematically examines the effect of managerial myopia on accounting information transparency based on panel data of 2,877 Chinese A-share listed companies from 2012 to 2023, extending related research fields mainly in the following dimensions: First, existing literature has not yet revealed the relationship between managerial myopia and accounting information transparency. From the perspective of managerial cognitive bias theory, this study incorporates myopic tendencies into the research framework of factors influencing accounting information transparency for the first time, expanding the theoretical boundaries of the antecedents of accounting information transparency. Second, by constructing a moderation effect model for stock price volatility, this study reveals the contextual constraint role of the stock market in the process through which managerial myopia affects accounting information transparency, deepening the theoretical construction of the mechanism influencing accounting information transparency. Third, by constructing a scientifically sound variable measurement system, this study employs various robustness tests to ensure the reliability of the conclusions, providing more universal empirical evidence for understanding the relationship between managerial cognitive characteristics and accounting information transparency. Fourth, in further analysis, this study first introduces two mediating variables, real earnings management and internal control, to systematically analyze the multiple transmission paths through which managerial myopia affects accounting information transparency via resource allocation decisions, enhancing the explanatory power of the theoretical model's mechanism. Subsequently, a heterogeneity analysis is conducted, further extending the research from the perspectives of the chairman's shareholding ratio and the level of digitalization.

2. Literature Review

2.1. Research Related to Managerial Myopia

Managerial myopia refers to an excessive focus on short-term goals at the expense of long-term sustainable development. In practice, managers may emphasize short-term performance due to complacency or financial pressures, manifesting as a focus on short-term financial indicators or stock prices while sacrificing long-term decisions. Research on the causes of managerial myopia emphasizes the shaping role of internal and external pressures and the critical influence of managers' personal characteristics. Inhibition mechanisms suggest that common institutional investors curb myopia through monitoring and synergy effects, and managerial power can mitigate fluctuations caused by myopia. Consequence studies reveal its negative correlation with corporate long-term investment, its hindrance of the digitalization process due to the avoidance of transformation risks, and its association with ambidextrous innovation performance.

2.2. Research Related to Accounting Information Transparency

Accounting information transparency is defined as “the range of information available to information users outside the listed company,” encompassing financial, governance, and information dissemination dimensions. Influencing factors include: higher transparency in countries with better investor protection and more developed capital markets; a stronger motivation for companies, especially those with strong financing needs, to enhance transparency during economic downturns; the complex impact of internal governance factors such as equity structure and board operations; and a significant positive correlation between institutional investor shareholding clustering and transparency. Economic consequence studies confirm its positive association with capital allocation efficiency as a core path for market resource allocation, its promotion of team task performance in social network contexts, and its improvement of total factor productivity by reducing information asymmetry costs and optimizing resource allocation.

2.3. Review of Research on Managerial Myopia and Accounting Information Transparency

Managerial cognitive bias significantly influences information disclosure. The higher the degree of myopia, the more likely a company is to conceal major internal control deficiencies. The mechanism lies in the fact that myopic managers, pursuing short-term goals, harm long-term value, increase corporate control risk, and raise the probability of financial statement misstatements. To cope with intensified audit rigor, management tends to strategically “adjust” accounting information. Existing literature has laid an important foundation for exploring the association between managerial myopia and accounting information transparency, but some key research gaps need to be filled. First, there is a lack of a mechanism framework for how myopia systematically affects the core dimensions of transparency. Second, the depth of mediating paths is insufficient, failing to fully reveal whether transmission occurs through risk preference, internal control, or earnings management, and lacking rigorous mediation tests. Third, the research perspective overly focuses on the external environment and corporate governance, neglecting the role of managers as subjects of information supply decisions, particularly the need to refine the influence mechanism of personal background characteristics on myopic tendencies and the accounting information generation process. Finally, the need for long-term resource investment in transparency and the resource allocation conflicts induced by managerial myopia reveal a new type of agency problem based on time preference heterogeneity, providing a theoretical entry point for constructing governance mechanisms to curb myopia and ensure transparency. Filling these gaps is of great significance for integrating cognitive bias and information quality theories.

3. Theoretical Analysis and Research Hypotheses

3.1. Managerial Myopia and Accounting Information Transparency

Based on upper echelons theory, the social characteristics of managers shape their cognition and behavior. Managerial myopia leads to a preference for short-term benefits, potentially resulting in selective information disclosure and creating structural imbalances in information transparency. Myopic managers use earnings management to embellish short-term performance, increasing the risk of financial statement misstatements and affecting the generation and disclosure of accounting

information. Simultaneously, their tendency to cut long-term investments like R&D prevents information from reflecting true value-creation capabilities. Under operational pressure, myopic behavior systematically inhibits the depth, breadth, and timeliness of information disclosure. Therefore, this theory reveals the transmission chain of managerial myopia from strategic decision-making and operational implementation to risk generation and ultimately accounting information disclosure, profoundly affecting corporate behavior and its mode of information presentation. Based on the above, the following hypothesis is proposed:

H1: Managerial myopia has a negative impact on accounting information transparency.

3.2. Managerial Myopia, Stock Price Volatility, and Accounting Information Transparency

According to information theory, intense stock price volatility not only transmits market signals but also profoundly affects corporate strategic decisions, particularly R&D investment, by reshaping the investor base. High volatility significantly increases a firm's "visibility," attracting retail investors with short holding periods who focus more on short-term returns. When the proportion of such short-term oriented investors rises, they pressure management to focus on short-term financial indicators through channels like shareholder voting and market opinion. Although R&D investment is key to long-term competitiveness, its accounting treatment typically involves immediate expensing, directly reducing current period profits. To cater to short-term shareholders' performance demands, management may be forced to cut or delay R&D investment. This managerial myopia, while briefly beautifying reports and boosting stock prices, comes at the cost of weakening technological innovation and long-term competitiveness. This decision results from a dual mechanism: on one hand, management may proactively choose strategies that quickly enhance short-term performance to cope with financing environments; on the other hand, they often passively adjust strategic focus under continuous pressure from short-term shareholders to meet earnings expectations, stabilize stock prices, and manage investor sentiment. Meanwhile, stock price volatility itself is viewed as a "barometer" of the company's condition and management trustworthiness. During periods of high volatility, to quickly rebuild market confidence, stabilize stock prices, and maintain financing capabilities, management tends to adopt proactive "impression management" strategies: intensively releasing positive news, optimizing information presentation, and strategically reducing or delaying the disclosure of negative sensitive information to create a positive short-term market image and address the crisis of confidence. Therefore, stock price volatility imposes short-term performance pressure by altering investor composition and directly triggers myopic strategic adjustments and selective information disclosure behaviors by management, collectively influencing the firm's long-term development and information transparency. Based on the above, the following hypothesis is proposed:

H2: Stock price volatility reinforces the negative impact of managerial myopia on accounting information transparency. In other words, higher stock price volatility strengthens the negative effect of managerial myopia on accounting information transparency.

4. Research Design

4.1. Model Construction

To test the impact of managerial myopia on accounting information transparency, Model (1) is constructed. In the model, Tran is the dependent variable, Myopia is the core independent variable, and Controls represent the relevant control variables. i and t denote firm and year, respectively. Year fixed effects (Year) and industry fixed effects (Industry) are controlled for in the model, and ε is the random disturbance term. If the coefficient β_1 is significantly less than 0, it supports the hypothesis of this paper, indicating that managerial myopia leads to a decrease in accounting information transparency.

$$\text{Tran}_{i,t} = \beta_0 + \beta_1 \text{Myopia}_{i,t} + \sum \beta_n \text{Controls}_{i,t} + \text{Year}_t + \text{Industry}_i + \varepsilon_{i,t} \quad (1)$$

To further verify the moderating role in the relationship between managerial myopia and accounting information transparency, this paper adds the moderating variable *VAR_ADJ* (stock price volatility) and the interaction term VAR_ADJ×Myopia to Model (1), establishing the moderation effect Model (2). The specific model is as follows:

$$\text{Tran}_{i,t} = \beta_0 + \beta_1 \text{Myopia}_{i,t} + \beta_2 \text{VAR_ADJ}_{i,t} + \beta_3 \text{Myopia}_{i,t} \times \text{VAR_ADJ}_{i,t} + \sum \beta_n \text{Controls}_{i,t} + \text{Year}_t + \text{Industry}_i + \varepsilon_{i,t} \quad (2)$$

4.2. Variable Measurement

4.2.1. Independent Variable: Measurement of Managerial Myopia (Myopia)

This study uses a textual analysis method to construct a measurement indicator for managerial myopia. Specifically, based on the “Short-term Vision” dictionary developed by Hu Nan et al., a textual analysis is conducted on the “Management Discussion and Analysis” (MD&A) section of annual reports of listed companies. The ratio of the frequency of short-term vision words to the total word frequency of the MD&A text is calculated, and then multiplied by 100 to obtain a quantitative indicator. This method establishes a mapping between textual features and managerial psychological traits, enabling a more precise capture of short-term oriented cognitive characteristics in managers’ strategic decisions.

4.2.2. Dependent Variable: Accounting Information Transparency (Tran)

According to the definition by Bushman et al., transparency refers to the extent to which external information users can effectively access specific information of publicly traded companies, such as annual reports, information disclosure announcements, analyst reports, and voluntarily disclosed information. This study adopts the methodology of Xin Qingquan to construct a comprehensive transparency indicator (Tran) from five dimensions: earnings quality, information disclosure evaluation score, number of analyst followers, analyst earnings forecast accuracy, and whether the firm engages one of the Big Four international accounting firms for annual report auditing. The Tran indicator is calculated as follows: First, the percentile ranks of the sample for the above five transparency variables are calculated, and then their average is taken. If a company has missing data for one or more variables, Tran is calculated as the average of the percentile ranks of the remaining variables. Therefore, a larger Tran value indicates higher firm transparency. Due to

space limitations, the specific measurement methods for each sub-indicator are not elaborated here.

4.2.3. Moderating Variable: Stock Price Volatility (VAR_ADJ)

Drawing on previous research, this study introduces the moderating variable VAR_ADJ to measure stock price volatility for firm i in year t . Its calculation process is as follows: First, for each month within fiscal year t (from May of year t to April of year $t+1$), calculate the variance of the market-adjusted daily individual stock return and multiply it by the number of trading days in that month to obtain the monthly stock return variance. Second, calculate the average of the 12 monthly variances within the year. Finally, multiply this average by 100 to obtain VAR_ADJ. A larger VAR_ADJ value indicates higher stock price volatility for the firm.

4.2.4. Control Variables

Drawing on variable settings in previous research, this study includes the following control variables in the model: For basic firm characteristics, these include firm size (Size), leverage ratio (Lev), firm age (FirmAge), revenue growth rate (Growth), corporate performance (TobinQ), book-to-market ratio (BM), and investment level (Invest). For corporate governance structure, these include institutional investor shareholding ratio (INST), shareholding ratio of the top ten shareholders (Top10), and proportion of independent directors (Indep). Variable definitions are shown in Table 1.

Table 1. Main Variables and Definitions.

Variable Type	Variable Name	Symbol	Variable Definition
Dependent Variable	Accounting Information Transparency	Tran	Comprehensive indicator constructed from five dimensions: earnings quality, information disclosure evaluation score, number of analyst followers, analyst earnings forecast accuracy, and Big Four auditor.
Independent Variable	Managerial Myopia	Myopia	(Total frequency of "short-term vision" words / Total word frequency of MD&A) $\times$ 100
Moderating Variable	Stock Price Volatility	VAR_ADJ	(Annual average of monthly variances of market-adjusted daily stock returns) $\times$ 100
Control Variables	Firm Size	Size	$\ln(\text{Total assets})$
	Leverage Ratio	Lev	Total liabilities / Total assets
	Firm Age	FirmAge	$\ln(\text{Current year} - \text{Year of firm founding} + 1)$
	Revenue Growth	Growth	(Current year's operating revenue / Prior year's operating revenue) - 1
	Corporate Performance	TobinQ	(Market value of tradable shares + Number of non-tradable shares $\times$ Net assets per share + Book value of liabilities) / Total assets
	Book-to-Market Ratio	BM	Book value / Total market value
	Investment Level	Invest	Cash paid for purchase of fixed assets, intangible assets, and other long-term assets / Total assets at the beginning of the period
	Institutional	INST	Total shares held by institutional

	Shareholding		investors / Total number of shares outstanding
	Top 10 Shareholding	Top10	Shares held by top ten shareholders / Total number of shares
	Independent Director Ratio	Indep	Number of independent directors / Total number of board directors

4.3. Sample Selection and Data Sources

This study takes Shanghai and Shenzhen A-share listed companies from 2012 to 2023 as the initial sample. Companies in the financial industry, ST companies, firms with non-consecutive years of observation, and those missing core financial data are excluded. All continuous variables are winsorized at the 1st and 99th percentiles. The annual financial report documents of listed companies are sourced from the CNINFO website, and other data are collected from the CSMAR economic and financial database and the official information platform of the Chinese Institute of Certified Public Accountants (CICPA). The final valid sample comprises 26,313 observations from 2,877 listed companies.

5. Empirical Results and Analysis

5.1. Descriptive Statistics and Correlation

The descriptive statistics results show that the mean accounting information transparency (Tran) of sample companies is 0.337, indicating a moderately low level. The 25th percentile is 0.196, suggesting some companies have transparency below this value and potential insufficient information disclosure. This distribution is consistent with existing research conclusions. The mean of the managerial myopia (Myopia) indicator is 0.041, the median is 0.032, and the standard deviation is 0.036, indicating significant individual differences in myopic tendencies among sample firm management. The quartile distribution shows that 75% of sample firms have a myopia indicator exceeding 0.016, confirming the view that managerial myopia is relatively common. The mean of stock price volatility (VAR_ADJ) is 1.220, significantly higher than the median of 1.045, showing a right-skewed distribution, indicating that high volatility in a few firms raises the average, which may affect managerial decisions. Therefore, before analysis, some extreme high-volatility values were excluded to retain observations within a reasonable range to better reflect reality. The statistical characteristics of relevant control variables are highly consistent with existing literature, supporting the comparability of the research design and the rationality of the data foundation. The descriptive statistics of main variables are shown in Table 2.

Table 2. Descriptive Statistics of Main Variables.

Variable	Obs	Mean	P25	P50	P75	SD	Min	Max
<i>Tran</i>	26313	0.337	0.196	0.333	0.466	0.192	0.005	0.997
<i>Myopia</i>	26313	0.041	0.016	0.032	0.057	0.036	0.000	0.197
<i>VAR_ADJ</i>	26313	1.220	0.671	1.045	1.569	0.769	0.168	8.679
<i>Size</i>	26313	22.379	21.473	22.202	23.122	1.274	19.676	26.086
<i>Lev</i>	26313	0.433	0.276	0.427	0.580	0.199	0.052	0.894
<i>FirmAge</i>	26313	2.987	2.833	3.045	3.219	0.309	1.386	3.526
<i>Growth</i>	26313	0.144	-0.039	0.088	0.239	0.367	-0.573	2.213
<i>TobinQ</i>	26313	2.026	1.230	1.623	2.338	1.254	0.855	7.780
<i>BM</i>	26313	1.106	0.425	0.725	1.288	1.158	0.098	6.504
<i>Invest</i>	26313	0.126	0.036	0.085	0.169	0.134	0.001	0.817

<i>INST</i>	26313	0.423	0.222	0.439	0.618	0.243	0.001	0.916
<i>Top10</i>	26313	0.559	0.451	0.560	0.669	0.149	0.230	0.905
<i>Indep</i>	26313	0.376	0.333	0.364	0.429	0.054	0.167	0.571

5.2. Baseline Regression and Moderation Effects

This study validates the theoretical hypotheses through regression analysis. The empirical results in Table 3 show that managerial myopia (Myopia) has a significant negative impact on accounting information transparency (Tran). In the basic model (1), controlling only for year and industry fixed effects, the coefficient of Myopia is -0.383, highly significant at the 1% level. In the extended model (2) including all control variables, although the absolute value of the coefficient of Myopia decreases to -0.197, its negative impact remains statistically significant at the 1% level. This result strongly confirms that managerial myopia significantly reduces accounting information transparency, supporting Hypothesis H1.

To further explore the moderating role of stock market volatility in this relationship, models (3) and (4) introduce stock price volatility (VAR_ADJ) and its interaction term (Myopia×VAR_ADJ). The regression results show that, controlling for fixed effects and other variables, the core negative effect of managerial myopia (Myopia) remains significant. More importantly, the main effect coefficient of stock price volatility (VAR_ADJ) is also significantly negative at the 1% level, indicating it has a direct inhibiting effect on accounting information transparency (Tran). Crucially, the coefficient of the interaction term (Myopia×VAR_ADJ) is also significantly negative at the 1% level. These findings reveal a dual mechanism of stock price volatility (VAR_ADJ): it not only directly damages accounting information transparency (Tran) but also exerts a positive moderating effect by significantly strengthening the negative association between managerial myopia (Myopia) and accounting information transparency (Tran). Specifically, a higher stock price volatility environment intensifies the damage of managerial myopia to accounting information transparency. These results not only deepen the understanding of Hypothesis H1 but also provide ample empirical support for the expected moderating effect of stock price volatility in Hypothesis H2.

Table 3. Baseline Regression and Moderation Effects.

	(1)	(2)	(3)	(4)
	<i>Tran</i>	<i>Tran</i>	<i>Tran</i>	<i>Tran</i>
<i>Myopia</i>	-0.383***	-0.197***	-0.401***	-0.204***
	(-6.639)	(-4.898)	(-7.300)	(-5.168)
<i>VAR_ADJ</i>			-0.045***	-0.021***
			(-19.084)	(-12.339)
<i>Myopia</i> × <i>VAR_ADJ</i>			-0.171***	-0.091***
			(-3.765)	(-2.718)
<i>Size</i>		0.116***		0.114***
		(48.179)		(47.286)
<i>Lev</i>		-0.187***		-0.169***
		(-17.413)		(-15.508)
<i>FirmAge</i>		-0.014*		-0.015*
		(-1.770)		(-1.841)
<i>Growth</i>		0.031***		0.033***
		(10.613)		(11.407)

<i>TobinQ</i>		0.032***		0.035***
		(19.374)		(20.351)
<i>BM</i>		-0.033***		-0.035***
		(-12.123)		(-12.819)
<i>Invest</i>		0.122***		0.120***
		(10.758)		(10.690)
<i>INST</i>		0.047***		0.044***
		(4.680)		(4.421)
<i>Top10</i>		0.032**		0.036**
		(2.095)		(2.365)
<i>Indep</i>		-0.017		-0.016
		(-0.512)		(-0.492)
<i>Constant</i>	0.352***	-2.218***	0.408***	-2.153***
	(96.202)	(-36.711)	(81.366)	(-35.683)
<i>Year</i>	Yes	Yes	Yes	Yes
<i>Industry</i>	Yes	Yes	Yes	Yes
<i>N</i>	26313	26313	26313	26313
<i>R²</i>	0.052	0.416	0.076	0.421

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively, with *t*-values in parentheses. The same below.

5.3. Endogeneity and Robustness Tests

To mitigate endogeneity issues and ensure the reliability of the conclusions, the following tests were conducted (regression results are shown in Table 4): (1) Propensity Score Matching (PSM): Grouping was based on the annual-industry mean of managerial myopia, using one-to-one nearest neighbor matching. As shown in Figure 1, the kernel density plots after matching overlapped highly, balance tests were passed, and the absolute standardized bias for all covariates fell below 3.2%, indicating insignificant differences between groups. Regression on the matched sample still showed a significantly negative coefficient for Myopia. (2) Lagged Independent Variable: The independent variable was lagged by one period (*t*-1) to mitigate reverse causality. The coefficient of the lagged term was significantly negative at the 1% level. (3) Firm Fixed Effects: After controlling for firm fixed effects, the coefficient of the independent variable remained significantly negative. (4) Excluding Special Period Samples: After excluding data from the COVID-19 period (2020-2022), the Myopia coefficient (-0.192) remained significantly negative. All the above tests confirm the robustness of the core conclusions.

Table 4. Robustness Tests.

	(1)	(2)	(3)	(4)
	<i>Tran</i>	<i>Tran</i>	<i>Tran</i>	<i>Tran</i>
<i>Myopia</i>	-0.009***	-0.169***	-0.177***	-0.192***
	(-2.882)	(-3.985)	(-5.749)	(-4.513)
<i>Size</i>	0.116***	0.118***	0.099***	0.113***
	(42.894)	(46.374)	(28.573)	(41.508)
<i>Lev</i>	-0.188***	-0.187***	-0.124***	-0.181***
	(-14.996)	(-16.489)	(-10.782)	(-15.463)
<i>FirmAge</i>	-0.013	-0.013	0.028	-0.012

	(-1.458)	(-1.528)	(1.223)	(-1.463)
<i>Growth</i>	0.037***	0.036***	0.035***	0.033***
	(8.793)	(11.101)	(14.342)	(9.576)
<i>TobinQ</i>	0.032***	0.034***	0.024***	0.030***
	(15.981)	(19.231)	(18.360)	(15.881)
<i>BM</i>	-0.034***	-0.033***	-0.034***	-0.034***
	(-10.916)	(-11.712)	(-14.953)	(-11.631)
<i>Invest</i>	0.135***	0.120***	0.069***	0.125***
	(9.932)	(9.433)	(7.462)	(10.268)
<i>INST</i>	0.047***	0.052***	0.129***	0.044***
	(4.234)	(4.844)	(8.305)	(4.239)
<i>Top10</i>	0.019	0.022	-0.039*	0.022
	(1.118)	(1.367)	(-1.941)	(1.358)
<i>Indep</i>	0.008	-0.016	0.010	-0.020
	(0.216)	(-0.478)	(0.374)	(-0.565)
<i>Constant</i>	-2.224***	-2.268***	-1.961***	-2.134***
	(-33.147)	(-35.215)	(-20.052)	(-31.732)
<i>Year</i>	Yes	Yes	Yes	Yes
<i>Industry</i>	Yes	Yes	No	Yes
<i>Company</i>	No	No	Yes	No
N	13887	22050	26313	18494
R ²	0.404	0.426	0.702	0.383

6. Further Analysis

6.1. Mediation Test Based on Internal Control

A sound and complete internal control system, as one of the core mechanisms of corporate governance, is widely recognized as an effective means to alleviate the principal-agent problem arising from the separation of ownership and control. Its core function is to enhance the transparency of information generated internally and disclosed externally, thereby significantly mitigating adverse selection and moral hazard problems exacerbated by information asymmetry. However, managerial decisions are not always fully rational and long-term oriented. Some managers, in pursuit of rapid career advancement, immediate enhancement of market reputation, or consolidation of personal prestige, may focus excessively on short-term performance or personal influence. This tendency easily leads to a narrow decision-making horizon, causing management's behavior to deviate from the goal of long-term value maximization. In this context, effective internal self-monitoring mechanisms may be weakened, the countervailing forces from the board of directors, supervisory board, or other stakeholders may be disrupted, ultimately leading to a decline in the overall corporate governance level [4]. Based on the above theoretical logic, this paper proposes the core view that managerial myopia constitutes a negative driving force, interfering with or even undermining the establishment and effective operation of a high-quality internal control system, thereby becoming a key factor damaging corporate accounting information transparency.

To test the transmission mechanism of whether managerial myopia affects accounting information transparency through the mediating channel of internal control quality, this paper adopts the mediation effect testing method of Wen Zhonglin. Specifically, we use the authoritative internal control index of listed companies published by DIB as the core proxy variable for measuring corporate internal control quality. To improve the rationality of data distribution and facilitate subsequent

analysis, we add 1 to the original index value and then take the natural logarithm, finally obtaining the internal control indicator (IC) used in this paper. The following models are constructed:

$$IC_{i,t} = \beta_0 + \beta_1 Myopia_{i,t} + \sum \beta_n Controls_{i,t} + Year_t + Industry_i + \varepsilon_{i,t} \quad (3)$$

$$Tran_{i,t} = \beta_0 + \beta_1 Myopia_{i,t} + \beta_2 IC_{i,t} + \sum \beta_n Controls_{i,t} + Year_t + Industry_i + \varepsilon_{i,t} \quad (4)$$

According to the mechanism test results presented in columns (1)-(2) of Table 5, first, managerial myopia (Myopia) has a significant negative relationship with internal control quality (IC) at the 1% level, with a regression coefficient of -1.166, indicating that myopic tendencies significantly inhibit internal control quality. Further analysis shows that the coefficient of internal control (IC) is 0.019 and significant, indicating that corporate internal control (IC) has a significant positive promoting effect on accounting information transparency (Tran), while the negative impact of managerial myopia on accounting information transparency remains significant. This mediation effect indicates that managerial myopia partially exerts a negative impact on accounting information transparency through the transmission path of hindering corporate internal control construction.

6.2. Mediation Test Based on Real Earnings Management

Corporate earnings can be clearly divided into two parts: accruals and net cash flow from operating activities. Accordingly, management earnings management is classified into two types: manipulating accruals through accounting policy changes (without affecting cash flow) and altering profits through constructing real transactions (directly affecting cash flow). With the improvement of capital market regulations and the strengthening of supervision, the legal risks and operational costs of accrual earnings management have significantly increased, leading management to shift towards more concealed real earnings management methods. Such operations are embedded in daily operating decisions, making them harder to detect by audit supervision, but they may cause substantial distortion to corporate operations. Myopic managers place greater value on personal self-interest, and achieving performance targets can bring higher compensation. Real earnings management becomes a "shortcut" to meet short-term earnings targets, yet it cannot enhance the firm's long-term financial performance. To conceal the behavior of seeking short-term benefits through inefficient transactions, managers have a strong motivation to manipulate accounting information by adopting vague disclosures, selective statements, or omitting key details, thereby reducing external users' ability to identify real earnings management, ultimately significantly reducing accounting information transparency and exacerbating information asymmetry.

The core of real earnings management lies in identifying "abnormal" fluctuations beyond the normal operating cash flows, expenses, and product costs of a firm's business activities; these anomalies are more likely to stem from managerial manipulation. Drawing on the method of Xie Deren, this study calculates abnormal operating cash flow (ACFO), abnormal discretionary expenses (ADISEXP), and abnormal production costs (APROD), and constructs a comprehensive indicator $TRM = APROD - ACFO - ADISEXP$. A larger TRM value indicates a higher degree of upward earnings manipulation through real activities by the firm. To test whether managerial myopia affects accounting information transparency through real earnings management, the following models are constructed:

$$TRM_{i,t} = \beta_0 + \beta_1 Myopia_{i,t} + \sum \beta_n Controls_{i,t} + Year_t + Industry_i + \varepsilon_{i,t} \quad (5)$$

$$Tran_{i,t} = \beta_0 + \beta_1 Myopia_{i,t} + \beta_2 TRM_{i,t} + \sum \beta_n Controls_{i,t} + Year_t + Industry_i + \varepsilon_{i,t} \quad (6)$$

According to the mechanism test results presented in columns (3)-(4) of Table 5, first, managerial myopia (Myopia) has a significant positive relationship with corporate real earnings management (TRM) at the 1% level, with a regression coefficient of 0.140, indicating that myopic tendencies significantly increase corporate real earnings management. Further analysis shows that the coefficient of corporate real earnings management (TRM) is -0.137 and significant, indicating that corporate real earnings management (TRM) has a significant negative inhibitory effect on accounting information transparency (Tran), while the negative impact of managerial myopia on accounting information transparency remains significant. This mediation effect indicates that managerial myopia partially exerts a negative impact on accounting information transparency through the transmission path of increasing corporate real earnings management.

Table 5. Mechanism Tests.

	(1)	(2)	(3)	(4)
	<i>IC</i>	<i>Tran</i>	<i>TRM</i>	<i>Tran</i>
<i>Myopia</i>	-1.166*** (-4.719)	-0.174*** (-4.388)	0.140*** (3.039)	-0.177*** (-4.507)
<i>IC</i>		0.019*** (20.367)		
<i>TRM</i>				-0.137*** (-14.326)
<i>Size</i>	0.106*** (11.584)	0.114*** (47.538)	-0.031*** (-10.391)	0.112*** (46.793)
<i>Lev</i>	-0.819*** (-11.281)	-0.172*** (-16.167)	0.180*** (13.709)	-0.163*** (-15.333)
<i>FirmAge</i>	-0.035 (-1.206)	-0.014* (-1.713)	0.016 (1.644)	-0.012 (-1.548)
<i>Growth</i>	0.123*** (5.478)	0.029*** (9.991)	-0.022*** (-4.233)	0.028*** (9.309)
<i>TobinQ</i>	-0.026*** (-3.034)	0.033*** (19.989)	-0.026*** (-9.626)	0.029*** (17.614)
<i>BM</i>	-0.005 (-0.508)	-0.033*** (-12.182)	0.023*** (8.497)	-0.030*** (-11.133)
<i>Invest</i>	0.380*** (7.611)	0.114*** (10.231)	-0.084*** (-5.747)	0.110*** (9.900)
<i>INST</i>	-0.093** (-2.572)	0.048*** (4.915)	0.033** (2.333)	0.051*** (5.314)
<i>Top10</i>	0.246*** (3.950)	0.027* (1.810)	-0.094*** (-4.937)	0.019 (1.281)
<i>Indep</i>	0.223* (1.795)	-0.021 (-0.646)	0.004 (0.095)	-0.017 (-0.509)
<i>Constant</i>	4.254*** (19.855)	-2.299*** (-38.441)	0.645*** (8.825)	-2.130*** (-35.735)
<i>Year</i>	Yes	Yes	Yes	Yes
<i>Industry</i>	Yes	Yes	Yes	Yes
N	26313	26313	26313	26313
R ²	0.043	0.425	0.106	0.431

Note: ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively, with *t*-values in parentheses.

7. Conclusion and Policy Implications

Based on data from Chinese A-share listed companies from 2012 to 2023, this paper systematically explores the influence mechanism and boundary conditions of managerial myopia on accounting information transparency. The study finds that the degree of managerial myopia is significantly negatively correlated with accounting information transparency, indicating that short-term oriented management decisions weaken accounting transparency. This conclusion holds after various robustness tests. Stock price volatility significantly strengthens the negative impact of managerial myopia on accounting information transparency, highlighting the close relationship between stock market volatility and managerial opportunistic behavior. The conclusions of this study have several practical implications. From the perspective of corporate governance: First, optimize executive evaluation systems by increasing the weight of long-term performance dimensions such as ESG indicators and R&D investment intensity, while downplaying short-term financial indicators to curb myopic motives at the source. Second, strengthen the deterrent effect of internal control by establishing an accountability system for internal control deficiencies and linking internal control effectiveness to executive performance evaluation. From the perspective of market regulation: First, implement dynamic monitoring of volatile companies. For companies with abnormal stock price fluctuations, mandatorily increase the frequency of risk disclosure prompts and require management to specifically explain the consistency of business strategies and information. Second, guide long-term capital into the market. Encourage pension funds and insurance funds to increase their holdings of long-term equity through tax incentives, improve investor structure, and dilute the pressure from short-term shareholders on management. From the perspective of institutional design: Continue to improve accounting information disclosure standards. Accelerate guidance for companies to disclose detailed progress on long-term strategic investments such as digital transformation and R&D projects, reduce ambiguity in data asset disclosure, and diminish the feasibility of short-termist behavior.

Although this study extends the research on the influence mechanism of managerial myopia on accounting information transparency and provides important theoretical and practical insights for optimizing accounting information disclosure and executive decision-making, it has the following limitations. First, managerial myopia is an inherent cognitive psychological trait, and existing textual analysis indicators cannot completely avoid interference from strategic language, leaving room for improvement in measurement precision. Second, the conclusions are rooted in the specific institutional context of China; the universality of cross-cultural comparisons and the applicability of theoretical boundaries need further validation. Future research could combine neuro-experiments and situational simulations to develop multi-dimensional dynamic measures of myopic traits. Additionally, introducing cross-country panel data to explore the moderating effects of institutions in emerging markets versus mature economies could help construct a more culturally inclusive theoretical framework.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

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