

The Impact of Financial Shared Services on Stock Price Synchronicity

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Abstract

With the deep integration of digital economy and financial transformation, the construction of enterprise Financial Shared Service Center has entered a period of rapid development. This study selects the Shanghai-Shenzhen A-share listed companies in China from 2021-2025 as a sample, analyzes the impact of financial shared services on the synchronization of enterprise stock prices, and further examines the transmission mechanism of accounting information comparability between financial shared services and stock price synchronization. The results show that the establishment of financial shared services centers by enterprises has significantly reduced the synchronization of stock prices; Accounting information comparability exhibits a weak masking effect on stock price synchronicity, but the role of financial shared services in directly reducing the synchronization of stock prices still dominates; In non-state-owned enterprises and large-scale enterprises, the inhibition of stock price synchronization by financial shared services is more obvious. The research of this study will help enterprises understand the specific impact on pricing efficiency when promoting financial shared services, and also provide reference for investors' rational decision-making and regulatory departments to improve capital market information governance.

Keywords

financial shared services, stock price synchronicity, accounting information comparability

1. Introduction

At present, digital technology is gradually penetrating the capital market, and the overall operating environment has undergone major changes. Market pricing efficiency and enterprise information quality are also gradually being paid attention to. Stock price synchronization is an important indicator to measure the degree of information entering stock prices and judge the quality of pricing, which directly reflects the relationship between individual stock prices and the overall market trend. Previous studies show that excessive synchronization of stock prices means that it is difficult to reflect the characteristic information of the enterprise in the stock price. Investors can only judge the real operation of the enterprise by public information. This situation makes it difficult for investors to make decisions and may lead to a decline in the efficiency of resource allocation in the capital market [1]. Looking back on past research, when discussing the influencing factors of stock price synchronization, scholars mostly pay attention to the macro institutional environment

and the internal governance mechanism of enterprises, and few studies explore the profound impact of financial system adjustment on the pricing efficiency of capital markets from the transformation of the internal financial model of enterprises.

In recent years, in the process of enterprises gradually promoting digital transformation, the shortcomings of the traditional decentralized financial management model have gradually emerged, and the financial shared services model has begun to be widely implemented in listed companies. The financial shared services model relies on unified processes and centralized data to change the way enterprises generate and disclose accounting information in the past. The financial shared services model not only improves the internal management efficiency of the enterprise, but also transmits business information to the market through disclosure channels, which indirectly affects the performance of the stock price in the secondary market. Previous studies have shown that the improvement of the financial governance mechanism of enterprises can improve the quality of financial information disclosure and effectively alleviate the bias in stock pricing in the capital market [2]. On the whole, the existing literature mostly analyzes the role of financial shared services in internal management, and a limited number of studies merely examine its correlation with stock price fluctuations, but few studies identify the masking mechanism of the comparability of accounting information, and distinguish the differences in the heterogeneity of enterprise property rights and scale.

As the key to the quality of accounting information, the comparability of accounting information can effectively link the financial transformation of the enterprise and the information environment of the capital market, and is likely to play a certain mediating role between the two. In response to this research gap, this study takes China's Shanghai-Shenzhen A-share listed companies from 2021-2025 as a sample, uses web crawlers and text mining technology to obtain FSSC indicators, and analyzes the impact of financial shared services on stock price synchronization and the mechanism behind it.

2. Literature Review

Financial Shared Service Center (FSSC) is a new financial management model under the digital transformation. Through process standardization and data centralization, the group's distributed financial resources can be integrated, which can effectively compress management costs and improve operational efficiency [3]. Prior research suggests that at the enterprise level, scale expansion, diversified business layout and digital transformation needs are the key driving factors for promoting the construction of financial shared services systems [4]. In terms of governance effect, financial shared services can optimize the financial process of enterprises, strengthen internal control, standardize information disclosure, and improve the transparency and credibility of accounting information [5]. However, the existing research focuses more on the internal governance effect of enterprises and pays less attention to its impact on the pricing efficiency of the capital market, especially the lack of research on the mechanism of stock price synchronization.

The research on factors affecting the synchronization of current stock prices has been relatively rich, covering many dimensions such as macro-institutional environment, enterprise internal governance and external information mediation, but research on the digital transformation of enterprise microfinance is still relatively scarce [6,7]. At the same time, the academic community has not yet reached a unified conclusion on the relationship between the comparability of accounting information and the synchronization of stock prices. Some studies believe that the improvement of comparability can reduce the cost of investor information, help integrate the characteristic information of individual stocks into the stock price, and inhibit the synchronization of the stock price [8]. Some studies have also pointed out that in emerging markets, excessive accounting comparability may strengthen investors' dependence on common information in the industry, weaken private information mining, and increase the synchronization of stock prices. The controversy between the two provides research space for the mechanism research in this study [9].

The traditional decentralized financial management model has problems such as accounting caliber confusion and lagging and distortion of information transmission, which restricts external investors from obtaining firm-specific information. Relying on unified accounting standards and centralized data platforms, financial shared services simplifies the information transmission link, reduces the noise of financial data, and improves information transparency. It can help investors accurately identify the private information of enterprises, promote individual stock prices to reflect the characteristics of enterprises more, and effectively reduce the synchronization of stock prices. Based on this, this study puts forward the hypothesis:

H1: Holding other conditions constant, the construction of the Financial Shared Service Center can significantly reduce the synchronization of the enterprise's stock price, and the two have a significant negative correlation.

At the same time, financial shared services can unify the group's accounting policy and disclosure caliber, and significantly improve the comparability of accounting information. Combined with the characteristics of the capital market dominated by China's retail investors and weak information interpretation ability, the improvement of the comparability of accounting information may further strengthen investors' dependence on common information in the industry, weaken the differentiated information transactions of individual stocks, and ultimately push up the synchronization of stock prices, and form a suppression effect on the effect of reducing the synchronization of financial shared services. Based on this, this study puts forward the hypothesis:

H2: Accounting information comparability exerts a suppression effect on the relationship between Financial Shared Services and stock price synchronicity.

3. Research Design

3.1 SAMPLE Selection and Data Sources

This study takes Shanghai-Shenzhen A-share listed companies from 2021 to 2025 as the initial sample, and processes them as follows: Eliminate samples of ST and *ST companies; eliminate samples of financial insurance industry; Eliminate samples with missing variables; in order to calculate the synchronization of stock prices, exclude samples with less than 30 weeks of annual trading weeks. After the above screening, 11,676 observations were finally obtained. In order to eliminate the impact of extreme values, all continuous variables are winsorized at the 1% and 99% levels. FSSC-related data is manually collected and sorted out from the annual report, official website and public disclosure information of listed companies through Python crawlers; Stock price synchronization, accounting information comparability data and other financial data and control variables all come from the CSMAR database.

3.2 Variable Definitions

The dependent variable in this study is stock price synchronicity (SYN_Mdeq), which is measured following Durnev et al. The larger the indicator, the stronger the linkage between the individual stock price and the market as a whole, that is, the higher the stock price synchronization [10].

The independent variable of this study is financial shared services (FSSC). This study is measured using a dummy variable. The annual report, official website and public disclosure information of the listed company are retrieved through crawler technology. If the enterprise has built and operated a Financial Shared Service Center in the same year, the value will be 1, otherwise it will be 0.

The mediator is accounting information comparability (AverageCOMP). Referring to De Franco's classic comparability measurement method, if the expected surplus gap under the same stock income of two enterprises is smaller, the higher the comparable accounting information of the two [11].

Referring to existing research, this study selects company size (Size), asset-liability ratio (Lev), profitability (ROA), Listing age (ListAge), property rights nature (SOE) and growth (Growth) as control variables.

3.3 Model Specification

In order to test H1, this study constructs the following benchmark regression model 1:

$$SYN_Mdeq_{i,t} = \alpha_0 + \alpha_1 FSSC_{i,t} + \sum Controls_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t} \quad (1)$$

Here, $Controls_{i,t}$ represents the set of control variables. If α_1 is significantly negative in this regression, it indicates that financial shared services reduce stock price synchronicity, thereby confirming the hypothesis.

In order to further test the role of accounting information comparability in the process of financial shared services affecting stock price synchronization H2, this study constructs the following mediation model 2:

$$SYN_Mdeq_{i,t} = \beta_0 + \beta_1 FSSC_{i,t} + \sum Controls_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t} \quad (2)$$

$$AverageCOMP_{i,t} = \gamma_0 + \gamma_1 FSSC_{i,t} + \sum Controls_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t} \quad (3)$$

$$SYN_Mdeq_{i,t} = \delta_0 + \delta_1 FSSC_{i,t} + \delta_2 AverageCOMP_{i,t} + \sum Controls_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t} \quad (4)$$

4. Empirical Results and Analysis

4.1 Descriptive Statistics

Table 1: Descriptive Statistics

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
SYN_Mdeq	11676	0.402	0.202	0.028	0.818
FSSC	11676	0.271	0.445	0.000	1.000
Size	11676	22.854	1.377	20.140	27.017
Lev	11676	0.465	0.198	0.076	0.936
ROA	11676	0.026	0.062	-0.192	0.203
ListAge	11676	16.398	8.340	4.000	32.000
SOE	11676	0.275	0.447	0.000	1.000
Growth	11676	0.001	0.003	-0.006	0.014

Table 1 reports the descriptive statistical results of the main variables. In the table, it can be seen that the average value of the stock price synchronization (SYN_Mdeq) of the dependent variable is 0.402, which is at a medium level, and the standard deviation is 0.202, indicating that there is a certain difference in the stock price synchronization between the sample enterprises. As a dummy variable, the core independent variable financial shared services (FSSC) has an average value of 0.271 and a standard deviation of 0.445, indicating that about 27.1% of the companies in the sample have implemented the financial shared services model, indicating that the application of financial shared services in listed companies is still in the promotion stage and has not been fully popularized. Other control variables are within a reasonable range, and the overall distribution is in line with the sample characteristics of listed companies.

4.2 Baseline Regression Results

Table 2: Baseline Regression Results

	(1)	(2)
	SYN_Mdeq	SYN_Mdeq
FSSC	-0.2950*** (0.0058)	-0.3107*** (0.0059)
Size		0.0126*** (0.0022)
Lev		-0.0506*** (0.0138)
ROA		-0.2696*** (0.0422)
ListAge		0.0008** (0.0003)
SOE		0.0448*** (0.0060)
Growth		-2.3735*** (0.6485)
_cons	0.4006*** (0.0028)	0.1239*** (0.0475)
code	yes	yes
year	yes	yes
N	11676.0000	11676.0000
R ²	0.4041	0.4236
F	2619.3034	432.6542

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 2 reports the results of the benchmark regression of financial shared services on the synchronization of stock prices. Among them, column (1) only controls the fixed effect of the company and the fixed effect of the year, and column (2) further adds control variables such as company size, asset-liability ratio, profitability, listing period, property rights nature and growth on this basis.

It can be seen from column (1) that the regression coefficient of financial shared services (FSSC) is -0.2950, which is significant at the level of 1%, indicating that there is a significant negative correlation between financial shared services and stock price synchronization when the control variable is not added. Column (2) After further controlling the characteristic variables at the company level, the regression coefficient of FSSC is -0.3107, which is still significant at the level of 1%, indicating that the negative impact of financial shared services on stock price synchronization is still valid and verifies the H1 hypothesis.

4.3 Mechanism Analysis

Table 3: Mediation Analysis Results

	(1)	(2)	(3)
	SYN_Mdeq	AverageCOMP	SYN_Mdeq
FSSC	-0.3181*** (0.0085)	0.0018*** (0.0006)	-0.3188*** (0.0086)
Size	0.0131*** (0.0022)	-0.0018*** (0.0002)	0.0138*** (0.0022)
Lev	-0.0504*** (0.0138)	-0.0139*** (0.0011)	-0.0451*** (0.0141)
ROA	-0.2707*** (0.0423)	0.0432*** (0.0036)	-0.2872*** (0.0428)
ListAge	0.0008** (0.0003)	-0.0001*** (0.0000)	0.0008*** (0.0003)
SOE	0.0435*** (0.0061)	-0.0017*** (0.0005)	0.0441*** (0.0061)
Growth	-2.3969*** (0.6493)	0.0399 (0.0499)	-2.4122*** (0.6494)
AverageCOMP			0.3824* (0.2142)
_cons	0.1128** (0.0475)	0.0292*** (0.0046)	0.1016** (0.0475)
code	yes	yes	yes
year	yes	yes	yes
N	11676.0000	11676.0000	11676.0000
r2	0.3357	0.2426	0.3360
F	238.4400	92.8947	208.9921

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

This study refers to Baron & Kenny's three-step method of mediation effect, and selects AverageCOMP as the mediating variable to test the intrinsic mechanism of financial shared services affecting the synchronization of stock prices [12]. As shown in Table 3, the benchmark regression results in column (1) show that the coefficient of financial shared services (FSSC) on stock price synchronization (SYN_Mdeq) is -0.3181, which is significantly negative at the 1% level. Column (2) takes the comparability of accounting information as the dependent variable. The results show that the FSSC coefficient is 0.0018, and the financial shared services coefficient is significantly positive. The unified accounting rules narrow the accounting differences in the industry, improve the comparability index, and make it easier for investors to horizontally benchmark the industry financial reports and strengthen the synchronous trading of the industry. Column (3) After incorporating the key independent variable and the mediating variable into the model at the same time, the AverageCOMP coefficient is 0.3824, which is significant at the level of 10%; the FSSC coefficient is -0.3188, which is still significant at the 1% level, and is slightly lower than the benchmark model coefficient.

According to the criteria for determining the mediation effect, the results show that the comparability of accounting information plays a weaker masking effect in this path [13]. Financial shared services may indirectly increase the synchronization of stock prices by improving the comparability of accounting

information, which is the opposite of the direct effect of financial shared services to inhibit the synchronization of stock prices. The reason is that financial shared services unifies the financial process of enterprises and integrates financial data centrally, which effectively improves the industry comparability of accounting information, facilitates investors to benchmark industry and market information, and exacerbates the linkage between individual stock prices and the market situation. From the perspective of the overall effect, the direct effect of financial shared services to reduce the synchronization of stock prices dominates, and the overall effect is still significantly negative in the end.

5. Further Analysis

Table 4. Heterogeneity Analysis

	SYN Mdeq		SYN Mdeq	
	(1) State-Owned Enterprises	(2) Non-State-Owned Enterprises	(1) Large Firms	(2) Small Firms
FSSC	-0.0150 (0.0190)	-0.2200*** (0.0092)	-0.2222*** (0.0102)	0.0038 (0.0151)
Size	0.0124*** (0.0046)	0.0127*** (0.0025)	0.0108** (0.0046)	0.0253*** (0.0042)
Lev	-0.0819*** (0.0274)	-0.0336** (0.0157)	-0.0341 (0.0251)	-0.0781*** (0.0161)
ROA	-0.1793* (0.0987)	-0.2880*** (0.0458)	-0.6643*** (0.0902)	-0.1001** (0.0460)
ListAge	0.0004 (0.0006)	0.0009*** (0.0004)	0.0006 (0.0005)	0.0010*** (0.0004)
Growth	-1.3453 (1.2293)	-2.8995*** (0.7549)	-1.3643 (1.0328)	-3.1194*** (0.8401)
SOE			0.0424*** (0.0089)	0.0441*** (0.0079)
_cons	0.1921* (0.0993)	0.1133** (0.0531)	0.1727 (0.1052)	-0.1485 (0.0905)
code	yes	yes	yes	yes
year	yes	yes	yes	yes
N	3215.0000	8461.0000	5191.0000	6485.0000
r2	0.0912	0.2614	0.2798	0.2214
F	2.5376	111.4110	95.1097	19.4776

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

In order to further examine the differences in the impact of financial shared services on the synchronization of stock prices in different types of enterprises, this paper groups regression according to the nature of property rights and the size of the enterprise respectively. Table 4 reports the results of heterogeneity test.

Judging from the nature of property rights grouping, the regression coefficient of financial shared services (FSSC) in the sample of state-owned enterprises is -0.0150, which fails to pass the significance test; In the sample of non-state-owned enterprises, the regression coefficient of FSSC is -0.2200, which is significant at the level of 1%. The result shows that the impact of financial shared services on stock price synchronization mainly exists in non-state-owned enterprises. The possible reason is that state-owned enterprises have budget soft constraints and government implicit guarantees, information transparency is high, and the information optimization effect of financial shared services is limited [14]. Non-state-owned enterprises are under great competitive pressure and have a higher degree of information asymmetry. Financial Shared Services help investors identify firm-specific information by standardizing financial processes and centralizing financial information, thereby reducing stock price synchronicity [15].

Judging from the enterprise scale grouping, the FSSC coefficient of large-scale enterprises is -0.2222, passing the 1% significance test; The coefficient of small-scale enterprises is 0.0038, which has no significant impact, indicating that the governance effect of financial shared services only exists in large enterprises. The organization and business system of large enterprises are complex, and the problem of financial control dispersion is prominent. Financial shared services can realize the standardization and centralized management

of financial data, significantly optimize the information environment, and suppress the synchronization of stock prices. The business structure of small-scale enterprises is simple, and the marginal governance effect of financial shared services is weak, which is difficult to affect the synchronization of stock prices.

In summary, there is obvious heterogeneity in the inhibitory effect of financial shared services on the synchronization of stock prices, which only has a significant effect on non-state-owned enterprises and large-scale enterprises.

6. Conclusion

This study takes Shanghai-Shenzhen A-share listed companies from 2021 to 2025 as the research object, and empirically tests the intrinsic relationship and heterogeneity effect of financial shared services, accounting information comparability and stock price synchronization. The research results show that under the condition that other variables remain unchanged, financial shared services can significantly reduce the synchronization of enterprise stock prices; The synchronization of stock prices will increase positively with the improvement of the comparability of accounting information, forming a masking effect on the governance effect of financial shared services; In non-state-owned enterprises and large-scale enterprises, financial shared services has a more significant effect on the inhibition of stock price synchronization.

Based on the research conclusions, this study draws the following implications. First, at the policy level, relevant departments should improve the norms of financial digital transformation, unify the standards of financial shared services construction and information disclosure, and optimize the information environment of the capital market. Second, at the enterprise level, large non-state-owned enterprises can give priority to comprehensive financial shared services; State-owned and small enterprises can adopt a lightweight implementation strategy, give priority to the standardization of core accounting, and avoid blindly investing large amounts. Third, at the investor level, people can assess information quality according to the financial shared services construction of enterprises, rationally screen the common information of the industry and the characteristic information of individual stocks, and optimize investment decision-making. This study only tests the single concealment of the transmission path of accounting comparability, and the mechanism dimension is limited; in the future, multiple mediating channels such as internal control quality and analyst attention can be expanded to carry out comparative analysis.

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