



Analysis of Financial Reporting Quality in Medical Market

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Abstract. With the rapid development of the medical industry, the transparency and accuracy of financial reports are crucial for the governance structure and market operations of medical institutions. This study aims to evaluate the quality of financial reporting in the medical market and reveal its impact on the operational decisions of medical institutions. The empirical analysis method is used to analyze the financial report data of different types of institutions in the medical industry by constructing an evaluation system incorporating financial indicators. The findings indicate that the quality of financial reporting is significantly influenced by the institutional governance structure and internal control mechanism. High-quality financial reporting plays a positive role in improving the quality of medical services and optimizing resource allocation. The conclusion of this paper emphasizes the necessity to strengthen the financial reporting standards of the medical industry and improve its quality, providing a basis for the formulation of relevant regulatory policies.

Keywords: Medical Market; Financial Reporting Quality; Institutional Governance; Internal Control.

1 Introduction

With the intensification of global economic integration and population aging, the medical industry has ushered in unprecedented development opportunities and challenges. In this context, improving the financial reporting quality of medical institutions to ensure the effective operation of the capital market and the accuracy of investor decision-making is gradually becoming the focus of attention. The financial report of medical institutions not only carries the function of information exchange between investors and managers, but also reflects the quality of medical services, the efficiency of resource allocation and the perfection of institutional governance structure. However, financial reports may mislead users due to manipulation or errors, which may pose potential risks to the quality of medical services and the healthy development of the entire medical industry.

The purpose of this study is to explore the factors that affect the financial reporting quality in the medical market, and to systematically analyze them to evaluate the

practical significance of financial reporting for internal decision-making and external supervision of the medical industry. Through the empirical research method, this paper will construct a financial index evaluation system to quantitatively analyze the financial reporting quality of different types of institutions in the medical industry, reveal its relationship with the quality of medical services, and explore how the internal governance structure and external regulatory environment affect the quality of financial reporting.

This study is of great significance for improving the financial reporting system and the quality of financial reporting in the medical industry. High-quality financial reporting can promote reasonable competition among medical institutions and enhance the overall transparency of the industry, thus helping to optimize the allocation of resources and improve the effectiveness and fairness of medical services. Meanwhile, the conclusion of this study provides a theoretical basis and empirical support for medical institutions to formulate more reasonable financial management strategies and for government departments to improve relevant regulatory policies. It is expected to promote the development of China's medical market towards a more standardized and transparent direction. In the current era of rapid changes in the medical market, timely and accurate financial reports will become the key to linking the internal and external interests of medical institutions, thereby significantly affecting the stability and development potential of the medical market.

2 Overview of the Medical Market and the Role of Financial Reporting

2.1 Characteristics and Development Trend of the Medical Market

The medical market has distinctive characteristics that mainly derive from the nature of the services it provides. Medical service is a special service directly related to human life and health, and its consumption is unpredictable, urgent and professional. In this context, the development trend of the medical industry is increasingly concerned.

On the one hand, the growth of medical market demand is sustained. With the aging of the population, the increase in the number of patients with chronic diseases, and the improvement of public health awareness, the demand for medical services has shown a steady upward trend. According to the World Health Organization, the global elderly population is expected to increase from 900 million in 2015 to 2 billion in 2050. This demographic change will directly drive the growth of demand for medical services.

On the other hand, the rapid progress of medical technology is also one of the key factors to promote the development of the medical market. Innovations in medical technology, such as genetic engineering and telemedicine, not only improve the therapeutic effect of diseases, but also expand the scope of medical services. However, technological progress has also brought about an increase in medical costs. For example, the national health statistics report of the United States shows that in 2018, healthcare spending reached \$3.6 trillion in the United States, accounting for 17.7 percent of gross domestic product (GDP).

At the same time, the internationalization trend of the medical market has been continuously strengthened. With the deepening of globalization, the global allocation of medical resources becomes possible. More and more patients are choosing cross-border medical treatment to obtain high-quality medical services or more cost-effective medical solutions. The rise of international medical tourism not only provides patients with more choices, but also promotes the improvement of medical service levels in various countries and the competition in the medical market.

In the development of the medical market, the quality of financial reporting plays a vital role. Financial reports provide important information for investors, managers and other stakeholders to assess the financial status and operational efficiency of medical institutions. High-quality financial reports can enhance the confidence of market participants and promote the healthy development of the market.

However, the medical market faces unique financial reporting challenges. Due to the complexity and personalization of medical services, the revenue recognition and cost calculation of medical institutions are difficult [1]. In addition, the regulatory environment of the medical industry is becoming increasingly stringent, with increasing requirements for transparency and compliance of financial reports. Medical institutions must follow strict accounting standards and regulatory requirements to ensure the accuracy and reliability of financial reporting.

To cope with these challenges, medical institutions are adopting more advanced accounting information systems and financial management tools. These systems and tools can help medical institutions manage revenues and costs more effectively and improve the quality of financial reporting [2]. At the same time, medical institutions are also strengthening internal control and risk management to prevent financial fraud and protect the interests of investors and other stakeholders.

To sum up, the characteristics and development trend of the medical market put forward higher requirements for the quality of financial reporting. Medical institutions need to continuously improve their level of financial management and reporting to meet the needs of the market and regulatory requirements. Only in this way can the medical market develop in a healthy and sustainable manner, and better serve the public's health needs.

2.2 Role of Financial Reporting in the Medical Industry

In the medical market, financial reports not only provide a snapshot of the company's operating results and financial status, but also serves as an indispensable source of information for regulators, investors, patients and other stakeholders in the decision-making process. Before conducting an in-depth analysis of the medical industry, it is crucial to understand the role of financial reporting in the industry.

First of all, the core position of financial reporting in the medical industry is reflected in its provision of a basis for investment decisions. The complexity of the medical industry lies in the specificity of its services and its dependence on technology. When investors consider whether to invest in a medical institution, they will rely on data in financial reports, such as revenue, expenses, assets, liabilities and cash flow, to assess the profitability, financial health, and capital operation efficiency of the institution.

Through the analysis of these financial indicators, investors can judge whether the medical institutions have the potential for sustainable development, so as to make a wise investment choice [3].

Secondly, financial reporting is of regulatory importance in the medical industry. Unlike other industries, the medical industry is subject to strict regulations and policies, including financial reporting requirements. These reports have become an important tool for regulators to assess whether medical institutions comply with financial regulations, whether there is fraud, and whether public resources are used appropriately. For example, medical institutions must adhere to accounting standards set by the government and report their financial status publicly and transparently, so that regulators can promptly identify and correct potential non-compliance.

Thirdly, the role of financial reporting in the medical industry is also reflected in its impact on patient decision-making. With the marketization of medical services, patients are increasingly involved in the selection of medical services. They not only pay attention to the quality of healthcare and the effectiveness of services, but also begin to care about the economic situation of medical institutions. A healthy financial report often implies that the medical institution can provide high-quality medical services consistently, and has the ability to update its equipment and introduce advanced technology. Therefore, open and transparent financial reports can help patients better understand the operation status of medical institutions and serve as a reference for their choice of medical services.

Finally, financial reporting also has guiding significance for the internal management of medical institutions. The management of medical institutions need to regularly review the financial report as a basis for evaluating their business strategy, cost control and resource allocation efficiency. For example, by longitudinally comparing financial reports over different time periods, management can understand trends in revenue and expenses, and then adjust its business strategy to optimize financial performance. In the face of fierce market competition and changing medical environment, accurate financial information is crucial to ensure the sustainable development of medical institutions.

In summary, financial reporting plays multiple important roles in the medical industry. It is the cornerstone of investment decision-making, the guarantee of regulatory compliance, the reference of patient selection, and the navigation of internal management. The specificity of the medical industry makes high-quality financial reporting particularly important. It is related to the credibility of medical institutions, operational efficiency and the healthy development of the whole industry. Therefore, continuously improving the quality of financial reports in the medical industry not only helps to enhance the confidence of investors and patients, but also is the key to ensuring the long-term stable development of the medical industry.

2.3 Relationship between Financial Reporting and Medical Service Quality

In the medical market, the quality of financial reporting has an important impact on the decision-making process of stakeholders. For medical institutions, transparent and accurate financial information can help management make more reasonable business decisions, as well as demonstrate their operational efficiency and service quality to

investors and patients. In recent years, more and more studies have begun to focus on the potential relationship between the quality of financial reporting and the quality of medical services.

The improvement of medical service quality is often accompanied by increased costs, including higher-level medical staff, advanced medical equipment and refined management systems. In the long run, these investments can bring higher patient satisfaction and lower readmission rates, thereby improving the overall reputation and market share of medical institutions [4]. In this process, the financial report of medical institutions carries the responsibility of disclosing the key information. Taking Table 1 as an example, Youde Medical's financial report showcases the status of the company in terms of profitability, solvency and growth potential. A high-quality financial report can not only show the financial position and profitability of medical institutions, but also reflect their commitment to improving the quality of medical services.

Table 1. Excerpts from Youde Medical Financial Statements (CNY)

	2014	2015	2016	2017
Operating revenue (Million)	84.03	111.16	154.44	184.01
Net profit (Million)	1.42	15.26	33.34	52.95
Earnings per share	0.14	0.51	0.32	0.44
Total assets (Million)	98.55	175.34	390.77	382.18
Average total assets (Million)	98.55	136.95	283.06	386.48
Equity (Million)	38.05	93.31	234.94	287.90
Net asset value per share	1.27	1.33	1.96	2.40
Return on equity	8.16%	33.40%	18.36%	20.26%
Debt ratio	61.38%	46.78%	39.88%	24.67%
Total asset turnover	0.85	0.81	0.55	0.48
Current ratio	1.56	1.24	0.86	1.24
Liquid assets (Million)	79.85	74.65	104.52	79.43

A series of studies have shown that medical institutions with higher financial reporting transparency tend to attract more patients and higher levels of medical staff. For instance, through the analysis of multiple hospitals in the United States, Baldwin et al. found that hospitals that provide detailed financial reports generally perform better on medical quality evaluation indicators. These metrics include medical error rate, infection rate and patient satisfaction [5]. The study also noted that this association was more pronounced in non-profit hospitals than in for-profit hospitals. This may be due to the fact that non-profit hospitals pay more attention to their social responsibilities and are striving to earn public trust through high-standard financial reporting.

Furthermore, the financial health of medical institutions directly affects their ability to sustain investment in medical technology and personnel training. A sound financial report can give investors and donors confidence in the future development of the medical institution, thus increasing the inflow of external funds. Such funds are essential for medical institutions to improve service quality, as they are often used to update medical equipment, improve the medical environment, provide continuing education and so on. Lee and Tan pointed out in their research that hospitals with good financial

status are more likely to become pioneers in medical technology innovation and then attract more patients seeking high-quality medical services.

It is worth noting that the improvement of medical service quality can not only be achieved by directly providing better medical services, but also indirectly by increasing patient trust in medical institutions. High-quality financial reports can enhance patients' trust in medical institutions because they can increase the transparency and reliability of medical operations. When patients believe that the medical institution can use funds rationally and provide high-standard medical services, they are more likely to choose it when needed and recommend it to others. The establishment of this sense of trust is crucial for the long-term development of medical institutions, as it can build a good reputation and a loyal patient base.

There is a close relationship between the quality of medical services and financial reporting. High-quality financial reports can help medical institutions attract investment and build patient trust, thereby improving the quality of medical services. Therefore, medical institutions should attach vital importance to financial reporting and invest necessary resources to improve the quality of their financial reporting, which will contribute to the long-term development of the institution and ultimately benefit the entire medical industry.

3 Measurement Standards of Financial Reporting Quality

3.1 Authenticity and Reliability of Financial Reporting

In the medical market, the quality of financial reporting is crucial, and the authenticity and reliability of financial reporting are the core criteria to evaluate its quality. As a carrier to reflect the operating results and financial status of medical institutions, they serve as the basis for investors, management, creditors and other stakeholders to make decisions. Therefore, the authenticity and reliability of financial reports are directly related to the healthy and stable development of the medical market.

The authenticity of financial reports requires medical institutions to accurately record and reflect all financial matters in the preparation of reports, without omissions, false or misleading information. In practice, this means that medical institutions need to conduct accounting treatment and report preparation in accordance with generally accepted accounting principles (GAAP) or international financial reporting standards (IFRS). For example, medical institutions should objectively record financial information such as revenue, expenses, assets and liabilities to ensure that all financial activities can be truly and completely reflected.

Reliability requires that the information in financial reports must be verifiable. This requires that the financial information of medical institutions should not only be true, but also be able to withstand the test of external audit. In the preparation of financial reports, medical institutions need to ensure that every income and expense they reflect are supported by corresponding vouchers, and any estimation and judgment should be based on reasonable assumptions and sufficient evidence.

In the medical market, the authenticity and reliability of financial reporting are affected by many factors. First of all, the effectiveness of internal control is a key factor.

A strong internal control system can reduce the occurrence of errors and fraud, and ensure the accuracy of financial information [6]. For example, medical institutions should establish a strict financial approval process, regular internal audit mechanisms, and effective risk management strategies to improve the authenticity and reliability of the report.

Secondly, the integrity and professionalism of the management is also an important factor in determining the quality of financial reporting. Management should adhere to high standards of professional ethics and avoid any behavior that may compromise the authenticity and reliability of reports. Medical institutions should also focus on improving the professional competence of financial personnel to ensure that they can correctly understand and apply accounting standards, and effectively handle complex financial affairs.

Finally, the strictness of external supervision will also affect the quality of financial reporting. The government and industry regulators should formulate corresponding regulations, put forward clear requirements for the financial reports of medical institutions, and carry out regular inspections. Through such external supervision, medical institutions can be prompted to pay attention to the authenticity and reliability of financial reports, and prevent improper financial behavior.

Even under strict internal control and external supervision, the authenticity and reliability of financial reporting in the medical market still face certain challenges. Financial reports in the medical industry often involve complex accounting estimates and judgments, such as revenue recognition, allowance for bad debts and inventory valuation, which will bring additional difficulties to the preparation of financial reports. Consequently, medical institutions need to constantly explore and optimize their financial reporting process to ensure its authenticity and reliability.

In practice, in order to improve the authenticity and reliability of financial reports of medical institutions, the following measures can also be taken: using modern information technology, such as electronic accounting system and big data analysis, to improve the efficiency and accuracy of financial data processing; enhancing the financial awareness and professional ethics of medical staff through continuous education and training; strengthening the cooperation between medical institutions and accounting firms, and conducting regular external audits to ensure the authenticity of financial data.

The quality of financial reporting in the medical market is the cornerstone of maintaining market order and safeguarding the interests of all parties. It is the duty of medical institutions to ensure the authenticity and reliability of financial reports. This not only requires the continuous improvement of the internal management of medical institutions, but also depends on the professionalism of industry practitioners and the effective implementation of the external supervision system. Through the joint efforts of all parties, the quality of financial reporting in the medical market can be continuously improved, providing solid support for the healthy development of the entire medical market.

3.2 Timeliness and Transparency of Financial Reporting

When exploring the quality of financial reporting in the medical market, the timeliness and transparency of financial reporting are the key dimensions of evaluation. The timeliness of financial reporting implies the timeliness of information disclosure, that is, how quickly a company can release its financial information to the outside world after the end of a financial cycle. Transparency involves the clarity of the report content, including the comprehensiveness of financial data, the clarity of accounting policies, and the management's explanation of the financial situation.

In the medical market, due to the high risk and high investment characteristics of the industry, the timeliness of financial reporting is particularly important for investors, patients, regulators and other stakeholders. For example, the liquidity of medical service providers often needs to be judged by the latest financial data. And the research and development progress of new medical technology or drugs will directly affect the future cash flow and profitability of companies. Therefore, delays in the issuance of financial reports may lead stakeholders to make decisions based on outdated or incomplete information, thus increasing market uncertainty and operational risks.

Transparency is directly related to the quality and reliability of financial reporting information. In the medical field, lack of transparency may lead to misunderstanding of the health status of companies. For example, if the medical institution lacks sufficient disclosure of long-term accounts receivable on the balance sheet in its financial report, it may hide the actual difficulty of accounts receivable recovery and then mislead investors' judgement on its cash flow position. Similarly, failure to fully reveal potential risks such as lawsuits or regulatory review may also cause investors to be overly optimistic about the future profitability of the company, thus affecting the rationality of investment decisions [7].

In reality, companies in the medical industry face a series of challenges in terms of timeliness and transparency of reporting. On the one hand, due to the intellectual property protection and competitive sensitivity of the medical industry, companies may intentionally reduce the transparency of financial reports to protect trade secrets. On the other hand, medical institutions often need to find a balance between maintaining financial transparency and protecting patient privacy.

In order to improve the timeliness and transparency of financial reporting in the medical market, regulators and industry organizations have taken a number of measures. For example, the U.S. Securities and Exchange Commission (SEC) requires listed companies to submit 10-Q reports within 45 days after the end of each quarter and 10-K reports within 90 days after the end of each fiscal year to ensure that the public has timely access to a company's financial information. In addition, professional accounting standards setters in the medical industry, such as the Financial Accounting Standards Board (FASB) in the United States, are also constantly updating accounting standards to improve the quality and transparency of financial reporting.

In short, the timeliness and transparency of financial reporting plays an important role in the medical market. Although there are still challenges in achieving this goal, only by continuously improving the level of these two aspects can the quality of financial reporting be guaranteed and the public interest be safeguarded.

3.3 Standardization and Consistency of Financial Reporting

When it comes to the quality of financial reporting in the medical market, it is important to focus on the standardization and consistency of financial reporting. Standardization means that financial reports must be prepared in accordance with established accounting standards and regulatory requirements to ensure the legitimacy of information. Consistency requires companies to maintain consistent accounting policies and measurement methods between financial reports in different periods, so as to better conduct comparative analysis.

The standardization of financial reporting is first reflected in the compliance with accounting standards. Internationally, many countries have adopted or accepted the International Financial Reporting Standards (IFRS) as the basis for the preparation of financial reports, while American companies generally follow the U.S. generally accepted accounting principles (US GAAP) [8]. These guidelines specify the recognition, measurement and reporting methods of assets, liabilities, equity, revenue and expenses, ensuring the accuracy and standardization of the report content.

In the unique financial reporting practice of the medical industry, standardization is also specifically reflected in the recognition of medical service revenue. According to the guidelines, medical institutions should recognize revenue while providing services. However, in practice, due to the existence of third-party payments, that is, insurance companies or government agencies paying partial fees for patients, medical institutions often face multiple time differences between revenue recognition and actual collection. In order to deal with this complex problem, medical institutions need to strictly follow the relevant standards and fully disclose in the financial report.

Additionally, consistency is also a key factor to ensure the quality of financial reporting. However, due to the complexity and variability of the medical market, consistency is often difficult to fully achieve in practice. For instance, the rapid development of medical technology has led to the emergence of new charging items and services, and these changes may force medical institutions to adjust their accounting policies, thus affecting the consistency of reporting. This requires medical institutions not only to update accounting policies in a timely manner, but also to make appropriate comparative information disclosures in their financial reports, so that report users can fully understand the impact of these changes.

In addition to the constraints of accounting standards and policies, regulators also play a crucial role in the standardization and consistency of financial reporting. In the United States, the Securities and Exchange Commission (SEC) has strict regulatory requirements on the financial reports of listed companies, while regulators in other countries also have their own regulations. Through review and enforcement activities, these regulatory agencies ensure that companies in the medical market comply with the normative and consistent requirements of financial reporting, thereby maintaining market order.

Financial reporting in the medical market faces many challenges in terms of standardization and consistency. Companies need to constantly adapt to changes in accounting standards and policies, and fully explain their impact. At the same time, under the

supervision and guidance of regulators, the standardization and consistency of financial reporting in the medical market will be continuously concerned and improved.

4 Factors Affecting the Quality of Financial Reporting in the Medical Market

4.1 Internal Management and Governance Structure

The internal management and governance structure plays a vital role in the quality of financial reporting in the medical market. A well-organized and efficient internal management system can ensure the accuracy and transparency of information, thereby enhancing the credibility of financial reports. The governance structure, especially the composition and independence of the board of directors, the effectiveness of internal audit, and the incentive and restraint mechanisms for management, further prevents erroneous or fraudulent financial reporting.

The board of directors is the core of the internal management of medical institutions, which is responsible for supervising the management and protecting the interests of shareholders. The independence of the board of directors is particularly important for improving the quality of financial reporting. Studies have shown that when there are more independent directors on the board, they tend to be able to assess the performance of management more objectively and impose more stringent requirements on the quality of financial reporting [9]. Additionally, the frequency of board meetings is also an important indicator, as frequent meetings can ensure that board members maintain a high level of understanding of the operation of medical institutions, and timely identify and correct potential financial reporting problems.

The construction of internal control system is the key to improving the quality of financial reporting. Internal control includes the supervision of the financial reporting process to ensure the accuracy and timeliness of financial information. Medical institutions should establish a complete set of internal control processes, including risk assessment, control activities, information and communication, and supervision, so as to reduce the risk of financial reporting errors or fraud. The internal audit department plays a role of supervision and inspection in this process. It evaluates the effectiveness of the internal control system through regular audit activities and puts forward suggestions for improvement [10].

Furthermore, management incentive and restraint mechanisms should not be ignored either. In many cases, management may manipulate financial reporting in order to meet short-term performance targets. On the one hand, the establishment of a fair incentive mechanism that links management compensation to long-term corporate performance and the quality of financial reporting can effectively reduce the motivation of management to engage in financial manipulation. On the other hand, strict laws, regulations and industry standards are also crucial to restricting the behavior of management.

Given the particularity of the medical industry, medical institutions should also strengthen the internal management of medical service expenses and revenues to provide more accurate and transparent cost-benefit analysis. Through the implementation

of detailed cost accounting and management accounting systems, medical institutions can better track and analyze service costs. This not only helps to improve the quality of financial reporting, but also provides support for the pricing and cost control of medical services, thereby improving the overall financial health of the institution.

In the medical market, a highly specialized and strictly regulated field, the quality of financial reporting of medical institutions not only affects the decision-making of external stakeholders, but also relates to public interests and social well-being. Consequently, medical institutions should constantly update and optimize the internal management and governance structure to adapt to the changing market environment and regulatory requirements, and continuously improve the quality of financial reporting.

4.2 External Supervision and Market Environment

External supervision plays an indispensable role in improving the quality of financial reporting in the medical market. Regulators formulate strict financial reporting standards to enhance the transparency of financial information and ensure that the public and investors can obtain true and accurate financial status information of medical institutions. For instance, the U.S. Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB) have developed a series of regulations to guide the financial reporting of listed companies, which are also applicable to the medical industry.

The supervision of regulators not only includes the formal requirements of financial reporting, but also focuses on the quality of its content. Medical institutions must follow general accepted accounting principles (GAAP) for financial reporting. In addition, based on the characteristics of medical services, health departments or professional institutions in various countries may also set special regulations for the financial reports of medical institutions. For example, the recognition of medical service revenue, the depreciation of medical equipment and the management of medical inventory all have their specific accounting treatment.

In addition to the supervision of government agencies, industry self-regulatory organizations are also essential. These organizations are usually comprised of professionals within the medical industry, who provide industry standards to guide and supervise the financial reporting behavior of members. Through self-supervision and management within the industry, the professionalism and credibility of financial reporting can be effectively improved.

The market environment also has a profound impact on the quality of financial reporting in the medical market. In a highly competitive market, medical institutions may adopt strategies to improve the transparency of financial reporting in order to attract investors and patients. Market competition has prompted medical institutions to continuously optimize management and improve service quality, which need to be reflected by high-quality financial reports [11]. At the same time, the demand of investors and creditors for high-quality financial information also drives medical institutions to improve the quality of financial reporting.

On the contrary, the market environment may also lead medical institutions to adopt aggressive strategies in financial reporting in pursuit of short-term interests. Under the

fierce market competition and pressure, some medical institutions may “beautify” financial reports by special means to meet the expectations of external stakeholders. In this case, the role of external supervision is particularly important. Regulators need to curb and correct this trend through audits, inspections, and penalties to protect the interests of investors and the public [12].

In reality, the interaction between external supervision and market environment has multiple dimensions on the quality of financial reporting in the medical market. On the one hand, effective external supervision can inhibit bad incentives in the market environment and guide medical institutions to provide high-quality financial reports. On the other hand, competition and demand in the market environment will also affect the implementation effect of external supervision. For example, when market demand for high-quality financial reporting increases, companies themselves will have more motivation to improve the quality of their reports, and thus regulatory pressure may decrease accordingly.

In conclusion, external supervision and market environment are two complementary factors in the quality of financial reporting in the medical market. External supervision provides an institutional framework and regulatory requirements, while the market environment affects the behavior of medical institutions through competition and demand. Only the effective combination of the two can cultivate a culture of high-quality financial reporting in the medical market, so as to provide true, accurate and timely financial information for all stakeholders.

4.3 Technological Progress and Informatization Level

The role of technological progress and informatization level in the improvement of financial reporting quality in the medical market is self-evident. With the rapid development of information technology, the medical industry is also gradually undergoing digital transformation. This not only affects the way medical services are provided, but also has a profound impact on the generation, transmission and use of financial reports. Specifically, technological progress has greatly improved the efficiency and accuracy of data processing, while increased levels of informatization have enhanced the transparency and accessibility of financial reports.

Firstly, the application of medical information systems has enabled the effective integration of a large number of medical data and financial data. Through electronic medical record system (EMR), hospital information system (HIS) and clinical decision support system (CDSS), medical service providers can accurately record and store patient information, treatment process, medical expenses and other data. Through data mining technology, these systems not only improve the quality of medical services, but also provide high-quality source data for financial reporting.

Secondly, the application of cloud computing and big data technology makes the financial reporting process more efficient. Cloud computing provides flexible computing resources, allowing medical institutions to quickly adjust the allocation of resources as needed to cope with data processing demands of different time periods. Big data technology can process and analyze a large amount of unstructured data to help

medical institutions reveal potential cost savings and profit opportunities, thereby optimizing the content of financial reports [13].

In addition, the application of mobile Internet makes it easier to obtain medical financial reports. Medical institutions have empowered medical service consumers to access financial information anytime and anywhere through applications (APP) and online service platforms. This not only enhances patients' understanding and control of medical costs, but also improves the timeliness and user experience of financial reporting.

Furthermore, artificial intelligence (AI) has shown great potential in improving the quality of medical financial reporting. Artificial intelligence technology, especially machine learning and natural language processing, can assist in data analysis and forecasting financial trends. Even in some cases, it can automatically prepare some financial report content to support management decision-making.

However, technological progress and the improvement of informatization level have also brought new challenges. Due to the large amount of sensitive data contained in financial reports, how to ensure the security and privacy of medical data has become an urgent problem to be solved. Additionally, the rapid pace of technological innovation requires medical institutions to constantly learn and adapt to new technologies, which puts forward higher demands on human resource management.

The impact of technological progress and informatization level on the quality of financial reporting in the medical market is all-round. From data collection to report preparation, to the transmission and use of information, technology and informatization have become the key factors in improving the quality of financial reporting. Medical institutions need to continuously invest in new technologies and personnel training to ensure that they can take full advantage of the opportunities brought by these technologies and respond to corresponding challenges. At the same time, regulators and industry associations also need to develop corresponding guidelines to promote the healthy development of technology applications and ensure the authenticity, accuracy and consistency of financial reporting.

5 Conclusion

This paper provides an in-depth study on the quality of financial reporting in the medical market through empirical analysis, and explores the impact of financial reporting quality on the business decisions of medical institutions. It is found that the internal management and governance structure of medical institutions, external supervision and market environment, technological progress and informatization level have a direct impact on the quality of financial reporting. High-quality financial reporting can effectively promote the improvement of medical service quality and the rational allocation of medical resources, which further confirms the necessity of strengthening the standardization of financial reporting. The conclusion of this paper provides theoretical support for regulators to formulate relevant policies and for improving the quality of financial reporting in the medical industry.

This study also has some limitations. For example, in the sample selection, due to the limitation of data availability, the failure to cover all types of medical institutions may affect the universality of the results. In the analysis of influencing factors, more dimensions can be considered, such as patient satisfaction and service innovation, so as to comprehensively evaluate the impact of financial reporting quality on medical services. In practice, it is recommended that medical institutions pay attention to the improvement of internal financial management system, and policy makers issue more refined financial reporting guidelines according to the real situation of the medical market. In this way, the overall financial reporting quality of the medical industry can be improved, thereby increasing public trust in medical services and promoting the healthy development of the industry.

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