



Center for Chinese Studies

Spring 2022 Seminars on China

The public is cordially invited to attend. Free admission.

Wednesday February 16, 12 noon – 1:30 pm, via Zoom

Register in advance for this webinar

https://hawaii.zoom.us/webinar/register/WN_HzHQIOYLRq24g8ocDAXIIw

After registering, you will receive a confirmation email containing information about joining the webinar.

Research Presentation

Understanding China Series Event 8:

“Audit Firms in China: The Impact of Government Supervision & Official Visits”



In the US, the audit of public companies is subject to the regulation of the Public Company Accounting Oversight Board. In China, government regulation and officials play an important role in auditing. Using hand-collected data of government official visits of audit firms in China in 2006-2019, this presentation discusses the impact of government official visits on audit fees and audit quality. I find that audit firms charge higher audit fees after government official visits. Audit firms attract more media attention and increase the market share of State-owned Enterprises. There is some evidence that audit quality as proxied by modified audit opinion improves after the visits. When official visits are more often or an official is higher-ranking or from a department in charge of the economy, the impact on audit fee is higher. When the visited office is headquarters instead of the branch office, the impact of an official visit on the audit fee is higher. The impact on audit fee is also higher when the visited audit firm is larger, having industry expertise, or having experienced ownership conversion.

Jian Zhou is the Lloyd Fujie/Deloitte Foundation Distinguished Professor at UH. He has more than 40 publications including in top journals such as *Journal of Accounting and Economics*, *Contemporary Accounting Research*, *Journal of Financial and Quantitative Analysis*, *Management Science*, *Organization Science*. His research has been referenced in the *Wall Street Journal*, *SmartMoney*, a US GAO study, a SEC study and in a joint letter to the US Congress from the Center for Audit Quality, the Council for Institutional Investors, and the CFA Institute. His research has more than 4,890 citations and over 42,800 downloads. He has won research funding such as the PricewaterhouseCoopers INquires Grant, has been on the Editorial Board of *The Accounting Review* and *Auditing: A Journal of Practice and Theory*, and won an Award for Outstanding Service to AJPT. He received the Albert Nelson Marquis Lifetime Achievement Award from Marquis Who's Who and the Shirley M. Lee Research Award twice.

Co-sponsored by the UH Mānoa Shidler College of Business

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