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Twenty Years of Accounting and Finance Research on the Chinese Capital Market

The Chinese capital market has attracted increasing academic attention due to its rising global influence, ongoing regulatory reforms, and distinct institutional background. In this paper, we review scholarly accounting and finance research pertaining to the Chinese capital market in Mainland China published in Tier 1 and Asia-Pacific regional journals during the 1999–2018 period. Our review is based along four dimensions: top-cited articles, main research fields, frequently contributing authors, and emerging research trends. We find that the increasing presence of China in global capital markets, along with its ongoing economic reforms, provides academics with opportunities to investigate distinct institutional environments and utilize natural experiments. This has led to the formulation of novel accounting and finance research questions, greatly advancing our understanding of accounting and finance research.

Key words: Accounting; Chinese capital market; Finance; Research; Review.

Accounting and finance research on the Chinese capital market has attracted the attention of an increasing number of academic researchers. Since the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the two main stock exchanges in China, were established in the 1990s, the Chinese capital market has experienced rapid growth and become one of the most important players in global financial markets. Notably, China now has the second largest stock market and the third largest bond market in the world, significantly increasing its global influence and contribution to global economic development.

The distinct features of the Chinese capital market allow academic researchers to examine unanswered research questions and report new research findings, which contribute to our understanding of capital markets and complement the knowledge of financial systems in other institutional environments. For instance, unlike developed markets, China's financial system is centrally controlled, bank-dominated, and uniquely relationship-driven (Allen *et al.*, 2005). These features offer researchers a unique opportunity to study how a country's institutional

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background fundamentally affects corporate policies and investor behaviours. In this spirit, research on the Chinese capital market enhances our understanding of other emerging or transitional economies.

China's capital market is experiencing dynamic development through a series of structural breaks. Specifically, Chinese regulators have implemented various financial reforms to monitor the capital market, protect market participants, and allocate financial resources. The ongoing financial reforms allow researchers to examine empirically the effects of regulatory policies on corporate decisions or outcomes. Those reforms also supply researchers with a wealth of natural experiment settings to examine accounting and finance research questions, report more plausible casual inferences, and formulate novel research areas and directions. Furthermore, since joining the World Trade Organization (WTO) in 2001, China has expanded the openness of its capital market, attracting both domestic and foreign investors. Thus, the findings of academic research provide academics, practitioners, and investors with insights and knowledge on one of the world's largest capital markets. The increasing importance of the Chinese capital market and the distinctiveness of the Chinese institutional environment provide great opportunities to address important and interesting accounting and finance research questions.

Our objective is to provide an overview of the accounting and finance research on China's capital market for the 1999–2018 period by identifying top-cited articles, summarizing the main research fields, highlighting frequently contributing authors, and discussing emerging research trends and future directions.

We analyze academic papers in both Tier 1 journals and Asia-Pacific regional journals. For the Tier 1 journals, we focus on a list of 24 business journals developed by the Naveen Jindal School of Management at the University of Texas at Dallas.¹ We additionally consider five well-respected international journals. Specifically, the Tier 1 journals we focus on are (in alphabetical order by journal abbreviation): *American Economic Review* (AER), *Academy of Management Journal* (AMJ), *Administrative Science Quarterly* (ASQ), *Contemporary Accounting Research* (CAR), *Journal of Accounting and Economics* (JAE), *Journal of Accounting Research* (JAR), *Journal of Finance* (JF), *Journal of Financial Economics* (JFE), *Journal of Financial and Quantitative Analysis* (JFQA), *Journal of International Business Studies* (JIBS), *Management Science* (MS), *Organization Science* (OS), *Review of Accounting Studies* (RAS), *Review of Finance* (RF), *Review of Financial Studies* (RFS), *Strategic Management Journal* (SMJ), and *The Accounting Review* (TAR).²

¹ In our discussion of accounting and finance research on the Chinese capital market, we exclude the following 11 journals listed by the Naveen Jindal School of Management, namely: *Information Systems Research*, *Journal of Consumer Research*, *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Operations Management*, *Journal on Computing, Manufacturing and Service Operations Management*, *Marketing Science*, *MIS Quarterly*, *Operations Research*, and *Production and Operations Management*. According to our analysis, these journals did not contain accounting or finance publications on the Chinese capital market during our sample period.

² We also examine publications in the top five economics journals (*American Economic Review*, *Econometrica*, *Journal of Political Economy*, *Quarterly Journal of Economics*, and *Review of*

Following Benson *et al.* (2014, 2015) and Linnenluecke *et al.* (2016, 2017), the eleven Asia-Pacific regional journals we focus on are (in alphabetical order by journal abbreviation): *Accounting, Auditing and Accountability Journal* (AAAJ), *Australian Accounting Review* (AAR), *Abacus* (Abacus), *Accounting and Finance* (AF), *Australian Journal of Management* (AJM), *Accounting Research Journal* (ARJ), *International Review of Finance* (IRF), *Journal of Contemporary Accounting and Economics* (JCAE), *Managerial Auditing Journal* (MAJ), *Pacific Accounting Review* (PAR), and the *Pacific-Basin Finance Journal* (PBFJ).

For each journal, we identify papers that contain either ‘China’ or ‘Chinese’ anywhere in the paper. Next, we read the papers to ensure that they indeed address accounting or finance research questions related to the Chinese capital market in Mainland China, the focus of our study. Papers that utilize China as one of two or three countries for research analyses are also included. We delete papers that include China for the purpose of cross-country investigations.

We identify six distinct research fields each for both accounting and finance. The six accounting fields are: auditing (AU), financial accounting (FA), management accounting (MA), regulation and disclosure (RD), social and environmental (SE), and taxation (TA). The six finance research fields are: asset pricing and investments (AI), banking and financial intermediation (BF), corporate finance (CF), derivatives (DE), international finance (IF), and market microstructure (MM).

The dataset contains 436 accounting and finance papers on the Chinese capital market, including 129 papers in Tier 1 journals and 307 papers in Asia-Pacific regional journals. Figure 1 illustrates the rapid growth of papers on China’s capital market across all journals. The growth in the number of papers is evident in both accounting and finance research, increasing from just six in 1999 to 79 in 2017.

Figure 2 shows that while only one paper appeared in Tier 1 journals in 1999, there are 18 papers in 2017. Also, from an initial five papers in regional journals in 1999, there are 61 Chinese market research papers in 2017.

Table 1 presents the frequency distribution of accounting and finance papers we review. Panel A of Table 1 shows that five Tier 1 journals (i.e., CAR, JAE, RAS, RF, and TAR) published more than 1% of their total papers on the Chinese capital market, with TAR publishing 20 papers, accounting for 1.52% of its total papers.

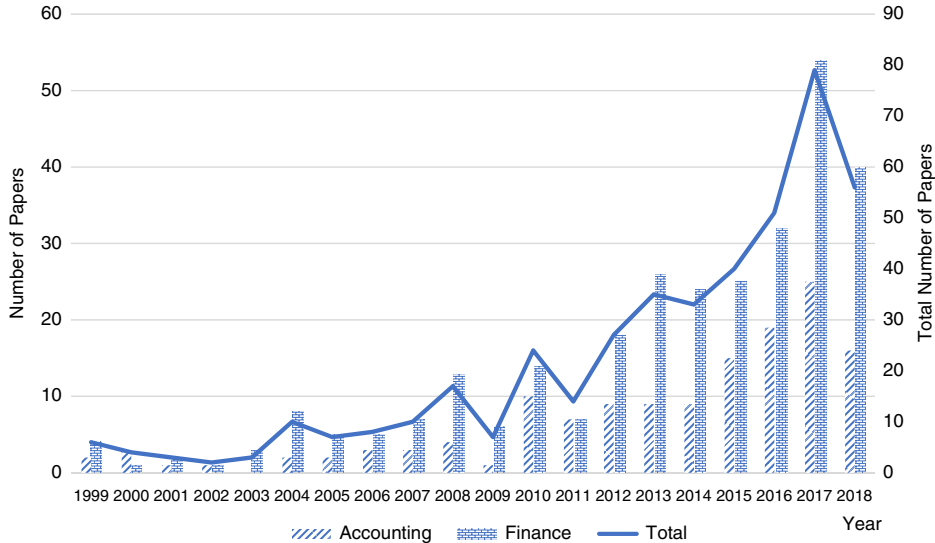
In contrast, Panel B of Table 1 shows that Asia-Pacific regional journals publish far more accounting and finance papers on China’s capital market. For instance, PBFJ published 158 papers on the Chinese capital market, which accounts for 14.89% of its total output over the sample period. The average percentage of accounting and finance papers on the Chinese capital market is 4.22% for Asia-Pacific regional journals, compared to 0.61% for Tier 1 journals.

The growing importance of the Chinese stock market has prompted two Asia-Pacific regional journals to organize special issues on accounting (i.e., *Abacus*) and

Economic Studies). The only publication in these journals on the Chinese capital market is Xiong and Yu (2011), published in the *American Economic Review*.

FIGURE 1

TIME SERIES DISTRIBUTION OF ACCOUNTING AND FINANCE PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN BOTH TIER 1 AND ASIA-PACIFIC REGIONAL JOURNALS IN 1999–2018



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finance (i.e., AF) research in China. In 2016, *Abacus* published a special issue (Accounting in China), with a focus on accounting research fields, including auditing (Chen *et al.*, 2016; Xiao *et al.*, 2016), financial accounting (Banker *et al.*, 2016; Chen *et al.*, 2016; Lin *et al.*, 2016; Mao and Ettredge, 2016), management accounting (Zhou *et al.*, 2016), and regulation and disclosure (Ding *et al.*, 2016).

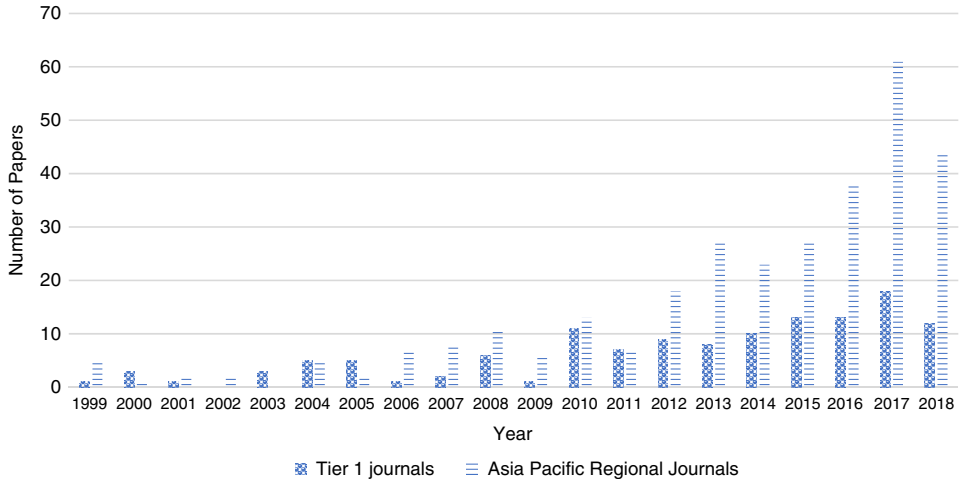
In 2017, AF published a special issue focusing on finance research fields, including asset pricing and investments (Chen *et al.*, 2017; Chen *et al.*, 2017; Liao *et al.*, 2017; Liu *et al.*, 2017), banking and financial intermediation (Li *et al.*, 2017), corporate finance (Cen *et al.*, 2017; Cheng *et al.*, 2017; Luo *et al.*, 2017; Peng *et al.*, 2017; Zhong *et al.*, 2017; Zhu *et al.*, 2017), derivatives (Chen *et al.*, 2017), and market microstructure (Xiong *et al.*, 2017).

TOP-CITED PAPERS

In this section, we examine the top-cited accounting and finance papers on the Chinese capital market in Tier 1 journals and Asia-Pacific regional journals, respectively. The citation counts are drawn from Google Scholar in September 2018 using the software program ‘Publish or Perish’. We use Google Scholar citations to ensure consistency of citation counts, as not all of these journals are covered by other applications (e.g., Web of Science or Scopus) for the entire sample period (Benson *et al.*, 2014).

FIGURE 2

NUMBER OF ACCOUNTING AND FINANCE PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN TIER 1 AND ASIA-PACIFIC REGIONAL JOURNALS IN 1999–2018



[Colour figure can be viewed at wileyonlinelibrary.com]

Using Google Scholar citations, in Panel A of Table 2 we list the top 30³ cited accounting and finance papers on the Chinese capital market published in Tier 1 journals during our sample period. The top-cited paper based on total citation count is the JFE paper by Allen *et al.* (2005) on law, finance, and China’s economic growth, with 3,301 citations. It is followed by another JFE paper by Fan *et al.* (2007), which examines politically-connected CEOs and initial public offering (IPO) performance in China, with 1,937 citations. Both papers are in the corporate finance field. The top-cited accounting paper on the Chinese capital market across Tier 1 journals is the JAR paper by Aharony *et al.* (2000) on the role of earnings management in Chinese firms’ IPO process, with 779 citations.⁴

In Table 3, we list the top-cited accounting and finance papers on the Chinese capital market published in Asia-Pacific regional journals during our sample period. The paper with the greatest total citation count is the PBFJ paper by Qi *et al.* (2000) on the relation of shareholding structure and corporate performance, with

³ Actually, we have included 31 papers, as Tan and Peng (2003), *Strategic Management Journal*, and Cull and Xu (2005), *Journal of Financial Economics*, are both ranked 5th.

⁴ We also rank the articles by citations per year to account for the fact that total citations increase with an article’s publication history. Park and Luo (2001), *Strategic Management Journal*, Allen *et al.* (2005), *Journal of Financial Economics*, Fan *et al.* (2007), *Journal of Financial Economics*, continue to be the three most widely cited papers, with citations per year of 109.06, 253.92, and 176.09, respectively. The majority of the articles remain on the list, with five new articles entering into the top 30 articles by citations per year, namely: Liao *et al.* (2014), *Journal of Financial Economics*, Cumming *et al.* (2015), *Academy of Management Journal*, Giannetti *et al.* (2015), *Journal of Finance*, Piotroski *et al.* (2015), *Journal of Accounting Research*, Luo *et al.* (2017), *Academy of Management Journal*.

CHINESE CAPITAL MARKET RESEARCH

TABLE 1

FREQUENCY DISTRIBUTION OF ACCOUNTING AND FINANCE PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN 1999–2018

Journal	Accounting Papers (1)	Finance Papers (2)	Accounting and Finance Papers (1) + (2)	Total Papers (3)	Percentage (1 + 2)/(3)
Panel A: Tier 1 journals					
AMJ	2	3	5	1,461	0.34%
ASQ	–	1	1	983	0.10%
CAR	12	–	12	1,006	1.19%
JAE	10	–	10	686	1.46%
JAR	5	–	5	729	0.69%
JF	–	6	6	1,576	0.38%
JFE	–	11	11	1,919	0.57%
JFQA	–	10	10	948	1.05%
JIBS	–	3	3	1,204	0.25%
MS	–	6	6	3,076	0.20%
OS	1	4	5	1,329	0.45%
RAS	6	–	6	598	1.00%
RF	–	8	8	571	1.40%
RFS	–	12	12	1,476	0.81%
SMJ	–	9	9	1,768	0.51%
TAR	20	–	20	1,315	1.52%
Total	56	73	129	20,645	0.61%
Panel B: Asia-Pacific regional journals					
AAAJ	11	–	11	1,204	0.91%
AAR	12	–	12	695	1.87%
Abacus	11	–	11	520	2.12%
AF	2	35	37	895	4.13%
AJM	–	5	5	474	1.05%
ARJ	4	–	4	277	1.44%
IRF	–	24	24	367	6.54%
JCAE	11	–	11	205	5.37%
MAJ	21	–	21	1,225	1.71%
PAR	13	–	13	358	3.63%
PBFJ	–	158	158	1,061	14.89%
Total	85	222	307	7,281	4.22%

The Tier 1 journals are: *Academy of Management Journal* (AMJ), *Administrative Science Quarterly* (ASQ), *Contemporary Accounting Research* (CAR), *Journal of Accounting and Economics* (JAE), *Journal of Accounting Research* (JAR), *Journal of Finance* (JF), *Journal of Financial Economics* (JFE), *Journal of Financial and Quantitative Analysis* (JFQA), *Journal of International Business Studies* (JIBS), *Management Science* (MS), *Organization Science* (OS), *Review of Accounting Studies* (RAS), *Review of Finance* (RF), *Review of Financial Studies* (RFS), *Strategic Management Journal* (SMJ), and *The Accounting Review* (TAR). The Asia-Pacific regional journals are: *Accounting, Auditing and Accountability Journal* (AAAJ), *Australian Accounting Review* (AAR), *Abacus* (Abacus), *Accounting and Finance* (AF), *Australian Journal of Management* (AJM), *Accounting Research Journal* (ARJ), *International Review of Finance* (IRF), *Journal of Contemporary Accounting and Economics* (JCAE), *Managerial Auditing Journal* (MAJ), *Pacific Accounting Review* (PAR), and the *Pacific-Basin Finance Journal* (PBFJ). This table presents the total number of papers published in each journal over the period 1999–2018, and the number and percentage of these papers identified as accounting or finance papers on the Chinese capital market.

TABLE 2

TOP CITED ACCOUNTING AND FINANCE PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN TIER 1 JOURNALS IN 1999–2018

#	Author(s) and Year	Journal	Citation	Citation p.a.
1	Allen <i>et al.</i> (2005)	JFE	3,301	253.92
2	Fan <i>et al.</i> (2007)	JFE	1,937	176.09
3	Park and Luo (2001)	SMJ	1,854	109.06
4	Sun and Tong (2003)	JFE	1,153	76.87
5	Tan and Peng (2003)	SMJ	871	58.07
5	Cull and Xu (2005)	JFE	871	67.00
6	Aharony <i>et al.</i> (2000)	JAR	779	43.28
7	Wang <i>et al.</i> (2008)	JAE	767	76.70
8	Li and Zhang (2007)	SMJ	753	68.45
9	Chen and Yuan (2004)	TAR	739	52.79
10	Jiang <i>et al.</i> (2010)	JFE	733	91.63
11	Peng (2004)	SMJ	726	51.86
12	Ayyagari <i>et al.</i> (2010)	RFS	709	88.63
13	DeFond <i>et al.</i> (1999)	JAE	679	35.74
14	Feng and Seasholes (2005)	RF	617	47.46
15	Jian and Wong (2010)	RAS	538	67.25
16	Gul <i>et al.</i> (2010)	JFE	530	66.25
17	Wei <i>et al.</i> (2005)	JFQA	518	39.85
18	Batjargal and Liu (2004)	OS	479	34.21
19	Wang and Qian (2011)	AMJ	384	54.86
20	Chen <i>et al.</i> (2010)	TAR	323	40.38
21	Chan <i>et al.</i> (2008)	JF	310	31.00
22	Chen <i>et al.</i> (2011)	CAR	307	43.86
23	Marquis and Qian (2014)	OS	304	60.80
24	Brockman and Chung (2003)	JF	291	19.40
25	Feng and Seasholes (2004)	JF	282	21.69
26	Li <i>et al.</i> (2011)	RFS	272	38.86
27	Haw <i>et al.</i> (2005)	CAR	255	19.62
28	Berkman <i>et al.</i> (2010)	JFQA	243	30.38
29	Gul <i>et al.</i> (2013)	TAR	241	48.20
30	Chan <i>et al.</i> (2006)	RAS	237	19.75

This table presents the total citation counts and citation counts per year, drawn from Google Scholar in September 2018 using the software program ‘Publish or Perish’. Papers with the same number of Google Scholar total citation counts are listed chronologically in the table.

483 citations. This is followed by Kang *et al.* (2002), a PBFJ paper with 379 citations, which analyzes contrarian and momentum strategies in the Chinese stock market. In contrast, the top-cited accounting paper is the MAJ paper by Xiao and Yuan (2007), which looks at the effects of ownership structure and board composition on corporate voluntary disclosure in China, with a citation count of 330.⁵

The total citations of papers in Asia-Pacific regional journals are significantly lower than those in Tier 1 journals. It is not surprising that, in general, the papers

⁵ Ranking the papers by citations per year, seven new articles enter into the top cited paper list, including Sharif *et al.* (2014), *Accounting and Finance*, Wang *et al.* (2014), *Pacific-Basin Finance Journal*, Xu *et al.* (2015), *Australian Journal of Management*, Chen *et al.* (2017), *Accounting and Finance*, Guo *et al.* (2017), *Pacific-Basin Finance Journal*, Huang *et al.* (2017), *Pacific-Basin Finance Journal*, Li *et al.* (2017), *Pacific-Basin Finance Journal*.

TABLE 3

TOP CITED ACCOUNTING AND FINANCE PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN ASIA-PACIFIC REGIONAL JOURNALS IN 1999–2018

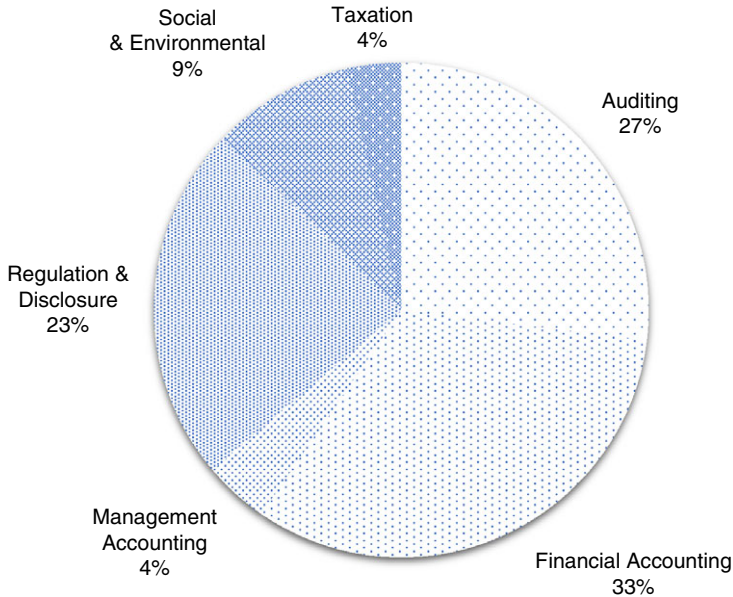
#	Author(s) and Year	Journal	Citation	Citation p.a.
1	Qi <i>et al.</i> (2000)	PBFJ	483	26.83
2	Kang <i>et al.</i> (2002)	PBFJ	379	23.69
3	Tan <i>et al.</i> (2008)	PBFJ	376	37.60
4	Su and Fleisher (1999)	PBFJ	370	19.47
5	Xiao and Yuan (2007)	MAJ	330	30.00
6	Cheung <i>et al.</i> (2009)	PBFJ	221	24.56
7	Eun and Huang (2007)	PBFJ	167	15.18
8	Chen <i>et al.</i> (2009)	PBFJ	162	18.00
9	Gao and Kling (2008)	PBFJ	156	15.60
10	Gul (1999)	PBFJ	143	7.53
11	Zhou <i>et al.</i> (2012)	PBFJ	127	21.17
12	Su and Fleisher (1999)	PBFJ	115	6.05
13	Xu and Chen (2012)	PBFJ	114	19.00
14	Qu and Leung (2006)	MAJ	112	9.33
15	Naughton <i>et al.</i> (2008)	PBFJ	109	10.90
16	Wang and Chin (2004)	PBFJ	107	7.64
16	Ng <i>et al.</i> (2009)	PBFJ	107	11.89
17	Hwang <i>et al.</i> (2008)	MAJ	100	10.00
17	Huang <i>et al.</i> (2011)	PBFJ	100	14.29
18	Su and Chong (2007)	PBFJ	98	8.91
19	Xiao <i>et al.</i> (2004)	Abacus	94	6.71
20	Chen <i>et al.</i> (2010)	PBFJ	90	11.25
21	Cai <i>et al.</i> (2008)	PBFJ	89	8.90
21	Feng and Seasholes (2008)	PBFJ	89	8.90
22	Wang (2004)	PBFJ	87	6.21
22	Peng and Bewley (2010)	AAAJ	87	10.88
23	Shafer (2009)	AAAJ	85	9.44
24	Hao (1999)	AAAJ	84	4.42
25	Gao (2010)	PBFJ	76	9.50
26	Ang and Ma (1999)	PBFJ	70	3.68
26	Lam <i>et al.</i> (2013)	PBFJ	70	14.00
27	Fan <i>et al.</i> (2007)	PBFJ	69	6.27
27	Wang and Wang (2011)	PBFJ	69	9.86
28	Brown and Mitchell (2008)	PBFJ	62	6.20
28	Wang <i>et al.</i> (2014)	PBFJ	62	15.50
29	Ng and Wu (2006)	PBFJ	61	5.08
30	Lin <i>et al.</i> (2008)	AAAJ	58	5.80
30	Ma <i>et al.</i> (2010)	AF	58	7.25
30	Chang <i>et al.</i> (2014)	PBFJ	58	14.50

This table presents the total citation counts and citation counts per year, drawn from Google Scholar in September 2018 using the software program 'Publish or Perish'. Papers with the same number of Google Scholar total citation counts are listed chronologically in the table.

in Tier 1 journals attract more citations, given that they typically address broader and more ground-breaking research questions, and have a wider range of readers. On the other hand, Asia-Pacific regional journals have a much larger and rapidly growing number of papers on China's capital market. Additionally, papers published in regional journals pay more attention to research questions on specific aspects of the institutional environment in China.

FIGURE 3

DISTRIBUTION BY RESEARCH FIELD FOR ACCOUNTING PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN 1999–2018



[Colour figure can be viewed at wileyonlinelibrary.com]

ACCOUNTING RESEARCH AREAS

In this section, we summarize the six main accounting research fields we identify from publications on the Chinese capital market in Tier 1 and Asia-Pacific regional journals. The six accounting fields are: auditing (AU), financial accounting (FA), management accounting (MA), regulation and disclosure (RD), social and environmental (SE), and taxation (TA).

Auditing and financial accounting appear to be the most popular accounting research streams (see Figure 3). For Tier 1 journals, Panel A of Table 4 clearly shows that auditing is the most popular accounting research stream, represented by 23 of 56 accounting papers (41.07%) on the Chinese capital market. This is likely due to the distinctive institutional features of the Chinese auditing market, which gives rise to a wealth of research opportunities. As summarized by Fu and Lu (2014), the auditing market is much less concentrated in China than in the United States; there is a series of structural changes in the market and the Chinese auditing profession is regulated and administered by government agencies.

The most widely cited paper in the auditing area is the JAE paper by Wang *et al.* (2008), which examines state ownership and auditor choice, with 767 citations (see Table 2). Other top-cited auditing papers include another JAE paper by DeFond *et al.* (1999), which considers the effect of enhancing auditor

TABLE 4

FREQUENCY DISTRIBUTION BY JOURNAL AND RESEARCH FIELD FOR ACCOUNTING PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN 1999–2018

Journal	AU	FA	MA	RD	SE	TA	Total
Panel A: Tier 1 journals							
AMJ	–	–	–	1	1	–	2
CAR	8	2	–	2	–	–	12
JAE	4	3	–	1	1	1	10
JAR	1	4	–	–	–	–	5
OS	–	–	–	–	1	–	1
RAS	1	5	–	–	–	–	6
TAR	9	5	2	2	–	2	20
Total	23	19	2	6	3	3	56
Percentage	41.07%	33.93%	3.57%	10.71%	5.36%	5.36%	
Panel B: Asia-Pacific regional journals							
AAAJ	2	–	–	7	1	1	11
AAR	–	4	1	3	4	–	12
Abacus	2	5	2	2	–	–	11
AF	1	–	–	1	–	–	2
ARJ	–	2	–	1	1	–	4
JCAE	1	4	–	4	1	1	11
MAJ	7	4	1	8	1	–	21
PAR	2	8	–	1	2	–	13
Total	15	27	4	27	10	2	85
Percentage	17.65%	31.76%	4.71%	31.76%	11.76%	2.35%	

The Tier 1 journals are: *Academy of Management Journal* (AMJ), *Contemporary Accounting Research* (CAR), *Journal of Accounting and Economics* (JAE), *Journal of Accounting Research* (JAR), *Organization Science* (OS), *Review of Accounting Studies* (RAS), and *The Accounting Review* (TAR). The accounting research fields are: auditing (AU), financial accounting (FA), management accounting (MA), regulation and disclosure (RD), social and environmental (SE), and taxation (TA). The Asia-Pacific regional journals are: *Accounting, Auditing and Accountability Journal* (AAAJ), *Australian Accounting Review* (AAR), *Abacus* (Abacus), *Accounting and Finance* (AF), *Accounting Research Journal* (ARJ), *Journal of Contemporary Accounting and Economics* (JCAE), *Managerial Auditing Journal* (MAJ), and the *Pacific Accounting Review* (PAR). The accounting research fields are: auditing (AU), financial accounting (FA), management accounting (MA), regulation and disclosure (RD), social and environmental (SE), and taxation (TA). This table presents the number of accounting papers on the Chinese capital market published in each journal over the 1999–2018 period by research field, and the percentage of total accounting papers on the Chinese capital market by research field.

independence, and a TAR paper by Chen *et al.* (2010) on client economic importance and audit quality in China. In contrast, the auditing field in the Asia-Pacific regional journals is ranked third in terms of number of papers, with 17.65% of accounting papers published in this area. The top-cited auditing paper in Asia-Pacific regional journals with the highest total citation count is the AAAJ paper by Shafer (2009) on the impact of ethical climate on the conflict between organizational value and professional value.

Financial accounting is the second most popular accounting stream of research on the Chinese capital market in Tier 1 journals, represented by 33.93% of the total accounting papers. The top-cited financial accounting paper on the Chinese

capital market is the JAR paper by Aharony *et al.* (2000), which studies earnings management and IPO firms in China, with 779 citations. However, in the Asia-Pacific regional journals, financial accounting appears to be the most attractive research field and is represented by 27 of 85 accounting papers (31.76%).

In Tier 1 journals, regulation and disclosure is the third most popular field for Chinese market research and is represented by six of 56 accounting papers (10.71%). The top-cited paper is a TAR paper, at 739 total citations, by Chen and Yuan (2004). The authors examine the relation between earnings management and capital resource allocations in China by exploiting an accounting-based regulation of rights issuance. This is followed by a CAR paper by Haw *et al.* (2005), which examines the market consequences of earnings management in the context of security regulations in China. In contrast, in the Asia-Pacific regional journals, the field of regulation and disclosure appears to be more attractive, represented by 31.76% of papers. Across these regional journals, the top-cited regulation and disclosure paper with the highest total citation count at 330, is the MAJ paper by Xiao and Yuan (2007) on corporate voluntary disclosure.

Table 4 and Figure 3 also reveal that management accounting, and taxation are the least studied fields in accounting for both Tier 1 (8.93% of papers) and Asia-Pacific regional journals (7.06% of papers).

FINANCE RESEARCH AREAS

In this section, we summarize the six main finance research fields identified from publications on the Chinese capital market in Tier 1 and Asia-Pacific regional journals. The six finance research fields are: asset pricing and investments (AI), banking and financial intermediation (BF), corporate finance (CF), derivatives (DE), international finance (IF), and market microstructure (MM).

Table 5 and Figure 4 show that corporate finance and asset pricing and investments together account for more than 80% of research interest across all finance research fields. Corporate finance is the most popular finance research stream, accounting for 64.38% and 45.50% of all finance papers on the Chinese capital market in Tier 1 journals and Asia-Pacific regional journals, respectively. This is mainly due to the distinct institutional environment features encountered by Chinese listed firms. For instance, the 2006 share structure reform in China affects corporate policies, while the political connections of executives have a significant impact on both corporate values and managerial behaviour. Moreover, other regulation changes on property rights, accounting standards, and governance mechanisms provide research opportunities in the area of corporate governance.

With 47 corporate finance papers (out of 73 Tier 1 finance papers), the top-cited corporate finance paper with the greatest citation count is a JFE paper by Allen *et al.* (2005) on law, finance, and China's economic growth. Other top-cited corporate finance papers include another JFE paper by Fan *et al.* (2007) on the political connections of CEOs and post-IPO performance and the SMJ paper by Park and Luo (2001) on the utilization of *guanxi* and its impact on firm performance in China.

TABLE 5

FREQUENCY DISTRIBUTION BY JOURNAL AND RESEARCH FIELD FOR FINANCE
PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN 1999–2018

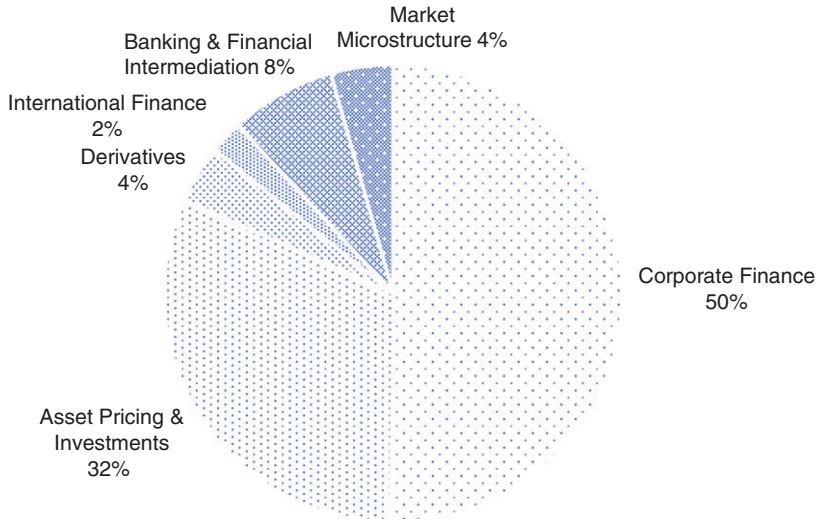
Journal	AI	BF	CF	DE	IF	MM	Total
Panel A: Tier 1 journals							
AMJ	–	–	3	–	–	–	3
ASQ	–	–	1	–	–	–	1
JF	2	2	1	–	–	1	6
JFE	2	–	9	–	–	–	11
JFQA	2	1	7	–	–	–	10
JIBS	1	–	2	–	–	–	3
MS	2	–	3	1	–	–	6
OS	–	–	4	–	–	–	4
RF	4	–	1	1	1	1	8
RFS	4	–	7	1	–	–	12
SMJ	–	–	9	–	–	–	9
Total	17	3	47	3	1	2	73
Percentage	23.29%	4.11%	64.38%	4.11%	1.37%	2.74%	
Panel B: Asia-Pacific regional journals							
AF	7	3	21	1	–	3	35
AJM	1	–	4	–	–	–	5
IRF	10	1	10	–	1	2	24
PBFJ	58	15	66	8	5	6	158
Total	76	19	101	9	6	11	222
Percentage	34.23%	8.56%	45.50%	4.05%	2.70%	4.95%	

The Tier 1 journals are: *Academy of Management Journal* (AMJ), *Contemporary Accounting Research* (CAR), *Journal of Accounting and Economics* (JAE), *Journal of Accounting Research* (JAR), *Organization Science* (OS), *Review of Accounting Studies* (RAS), and *The Accounting Review* (TAR). The accounting research fields are: auditing (AU), financial accounting (FA), management accounting (MA), regulation and disclosure (RD), social and environmental (SE), and taxation (TA). The Asia-Pacific regional journals are: *Accounting, Auditing and Accountability Journal* (AAAJ), *Australian Accounting Review* (AAR), *Abacus* (Abacus), *Accounting and Finance* (AF), *Accounting Research Journal* (ARJ), *Journal of Contemporary Accounting and Economics* (JCAE), *Managerial Auditing Journal* (MAJ), and the *Pacific Accounting Review* (PAR). The finance research fields are: asset pricing and investments (AI), banking and financial intermediation (BF), corporate finance (CF), derivatives (DE), international finance (IF), and market microstructure (MM). This table presents the number of finance papers on the Chinese capital market published in each journal over the period 1999–2018 by research field, and the percentage of total finance papers on the Chinese capital market by research field.

For Asia-Pacific regional journals, corporate finance is represented by 101 of 222 finance papers. The top-cited corporate finance paper is a PBFJ paper by Qi *et al.* (2000) on the impact of different classes of equity ownership on firm performance, which is also the top-cited paper on the Chinese capital market across regional journals between 1999–2018, with 483 total citations. The top-cited corporate finance paper in AF is Ma *et al.* (2010), which examines ownership, ownership concentration, and firm performance, with 58 citations. The top-cited paper in AJM is Xu *et al.* (2015), which examines the impact of corporate social responsibility (CSR) activities on the cost of equity, with 33 citations. The top-cited paper in IRF

FIGURE 4

DISTRIBUTION BY RESEARCH FIELD FOR FINANCE PAPERS ON THE CHINESE CAPITAL MARKET PUBLISHED IN 1999–2018



[Colour figure can be viewed at wileyonlinelibrary.com]

is Otchere and Zhang (2001), which examines privatization in China, with 19 citations.

Asset pricing and investments is ranked second and is represented by 17 (of 73) top-tier finance papers (23.29%). The top-cited asset pricing and investments paper is an RF paper, at 617 citations, by Feng and Seasholes (2005), which examines the effects of investor sophistication and trading experience on behavioural biases. Asset pricing and investments represents 34.23% of finance papers in the Asia-Pacific regional journals. The top-cited paper is a PBFJ paper by Kang *et al.* (2002) on contrarian and momentum strategies, with 379 citations. This is closely followed by another PBFJ paper by Tan *et al.* (2008) on herding behaviour in China’s stock market, with 376 citations.

There are fewer than three papers in each of the four remaining finance research fields in the Tier 1 journals. A total of 19 and 11 papers appear in the fields of banking and financial intermediation and market microstructure in the Asia-Pacific regional journals, respectively. Both derivatives and international finance have fewer than 10 papers.

FREQUENT CONTRIBUTORS

The Chinese capital market has attracted the attention of academic researchers worldwide. The 1999–2018 period has seen a rapid increase in the number of researchers interested in untangling accounting and finance research questions in

TABLE 6

FREQUENT CONTRIBUTORS ACCORDING TO THE NUMBER OF PUBLISHED PAPERS
ON THE CHINESE CAPITAL MARKET IN TIER 1 JOURNALS IN 1999-2018.

#	Author	Number of Papers	Total Citations	Average Citation per Paper
1	T.J. Wong	9	5,118	568.67
2	Yongxiang Wang	6	323	53.83
2	Donghui Wu	6	1,028	171.33
2	Tianyu Zhang	6	2,493	415.50
3	Phyllis Lai Lan Mo	5	505	101.00
3	K. Hung Chan	5	543	108.60
3	Michael Firth	5	593	118.60
3	Zhifeng Yang	5	415	83.00
4	Bin Ke	4	180	45.00
4	Clive S. Lennox	4	214	53.50
5	Fei Du	3	85	28.33
5	Ferdinand A. Gul	3	781	260.33
5	Hong Zou	3	351	117.00
5	Mingyi Hung	3	162	54.00
5	Nan Jia	3	77	25.67
5	Oliver Zhen Li	3	31	10.33
5	Chen Lin	3	329	109.67
5	Christopher Marquis	3	329	109.67
5	Oliver M. Rui	3	201	67.00
5	Jing Shi	3	77	25.67
5	Xi Wu	3	165	55.00
5	Zhishu Yang	3	514	171.33

China's capital market. Table 6 shows the frequent contributors to the literature on the Chinese capital market. Specifically, we rank contributors according to the number of their published papers on China's capital market in Tier 1 journals during the 1999–2018 period. We list the top 22 contributors who fall within the top five total publication counts.

The most prolific author is T. J. Wong, with nine papers on the Chinese capital market published in Tier 1 journals: eight accounting papers and one finance paper across five well-respected journals. This author's work ranges from DeFond *et al.* (1999) dealing with auditor independence and audit market competition, to Hung *et al.* (2015) examining the value of political ties and market credibility, and Piotroski *et al.* (2015) studying the role of political incentives in corporate disclosures.

In addition, Yongxiang Wang, Donghui Wu, and Tianyu Zhang each have six papers on the Chinese capital market in Tier 1 journals. Yongxiang Wang's earliest paper during the sample period is Calomiris *et al.* (2010) exploring the impact of announcing the sale of government-owned shares in China. More recently, Yongxiang Wang's papers include Chen *et al.* (2018) dealing with mandatory CSR disclosure in China, and Jia *et al.* (2018) examining the relationship between minority shareholders and controlling shareholders. Donghui Wu's papers range from Haw *et al.* (2005) on the consequences of earnings management behaviour in Chinese listed firms, to He *et al.* (2017) on social ties and audit quality. Tianyu Zhang's papers include Piotroski and Zhang (2014),

which deals with politicians and IPO activities in China, and Lennox *et al.* (2016), which examines the relation between audit adjustments and earnings quality.

There are many other leading researchers whose work has further enhanced our understanding of the Chinese capital market. In accounting research, for example, Chan *et al.* (2010) analyze tax-based accounting and tax noncompliance; Firth *et al.* (2012) look at the organizational form of auditors; Gul *et al.* (2013) examine the influence of individual auditors on audit outcomes; Ke *et al.* (2015) explore the effect of institutional environment on audit quality; Guan *et al.* (2016) analyze the impact of school ties on audit outcomes; and Du *et al.* (2018) investigate performance measures and evaluations in Chinese state-owned enterprises (SOEs). In finance research, for instance, Firth *et al.* (2010) study the role of government shareholders and mutual funds in the split share structure reform; Jia *et al.* (2013), using related party transactions, investigate coinsurance within business groups in China; Qian *et al.* (2015) study information production and use in the context of bank lending; Zhang *et al.* (2016) deal with the political connections of privately controlled firms in China; Haveman *et al.* (2017) examine political embeddedness and firm performance in China; and Li *et al.* (2017) analyze the effect of dividend tax reform in China on corporate dividend payout policies.

EMERGING TRENDS AND FUTURE DIRECTIONS

In this section, we examine accounting and finance papers on the Chinese capital market over the last five years (2014–2018) to identify emerging research trends and provide research directions. Recent papers in Tier 1 and Asia-Pacific regional journals reveal emerging trends in the following area: media, household finance, corporate social responsibility, and political connections. These areas provide promising avenues for future studies.

Media

An emerging field of research on the Chinese capital market is the media's impact on corporate outcomes. The media, as an information intermediary and a corporate monitor, plays a key role in the capital market. China provides a special setting to examine the effect of the media on corporate decision making and performance, as most of the media is state-controlled. Amongst Tier 1 journals, You *et al.* (2017), for example, study how government control affects the role of the media on the corporate governance of publicly listed firms. Papers in Asia-Pacific regional journals, such as Huang (2018) and Zhu *et al.* (2017) examine how media sentiment impacts stock returns.

Future research in this area could examine the potential role played by government-owned media or private media in corporate governance settings. As summarized by Wong (2016), many research questions warrant further investigation. For instance, does increased news credibility reduce information asymmetry of listed firms or improve stock price efficiency? Do critical reports of

listed firms perform a governance role in monitoring managers? Do newspapers serve as public channels providing policy directives to listed firms?

Household Finance

The field of household finance has grown rapidly in recent years (Badarinza *et al.*, 2016). With rich household-level data, household finance research is increasingly becoming prominent in China. For instance, Liao *et al.* (2017) show that consumers with higher levels of financial literacy are more likely to hold risky financial assets than those with lower levels of financial literacy, while Liu *et al.* (2017) examine Chinese households' decisions to buy or rent a primary residence from a risk-hedging perspective.

As Campbell (2006) argues, one main challenge of household finance research is the difficulty of measuring household behaviours. Given the recent progress on developing survey data at the household level in China,⁶ there are numerous topics for future research. For example, how does household wealth affect capital market participation decisions? Does demography affect households' risk preferences? How diversified are the portfolios held by households? How do households make their mortgage decisions?

Corporate Social Responsibility

Another emerging stream of accounting and finance research in China is concerned with corporate social responsibility. Unlike disclosure requirements in other countries, CSR reporting has been required by the Chinese government since 2008 for a subset of firms (Chen *et al.*, 2018). This change in regulation contributes to the emerging literature in the area of CSR. In Tier 1 journals, Chen *et al.* (2018) examine how mandatory disclosure of CSR impacts firm performance and social externalities in China. Additionally, Marquis and Qian (2014) investigate how and why firms strategically respond to government signals on appropriate corporate activity in China. Furthermore, there are a relatively large number of publications on CSR in China in Asia-Pacific regional journals. For example, Xu *et al.* (2015) examine the market's reaction to CSR disclosure; Carey *et al.* (2017) document that voluntary CSR reporting and audit fees are positively associated in China, while Shafer *et al.* (2016) investigate the relation between social responsibility and tax fraud in China.

The mandatory disclosure of CSR activities in China provides an opportunity to study the impact of mandatory disclosure on the production of private information and market efficiency. Moreover, opportunities exist in this area to investigate the governance role of CSR in Chinese listed firms. It is interesting to understand how different types of investors (e.g., state ownership, institutional investors, and individual investors) react to firms' costly CSR activities; and what is the monitoring mechanism in relation to CSR activities.

⁶ For instance, the Survey and Research Center for Household Finance has generated and provided survey data on Chinese household finance since 2013.

Political Connections

The final emerging research area we examine is concerned with the effects of political connections and how they impact the Chinese market. Specifically, most papers focus on examining the value of political connections in publicly listed firms. For example, in Tier 1 journals, Piotroski *et al.* (2015) examine the proposition that politicians and their affiliated firms temporarily suppress negative information in response to political incentives. Additionally, Piotroski and Zhang (2014) show that the incentives created by the impending turnover of local politicians can accelerate the pace of IPO activity in certain politicized environments. In a paper in an Asia-Pacific regional journal, Han and Zhang (2018) investigate the value of politically connected board members for Chinese listed firms, while Peng *et al.* (2017) explore whether the political connections of the board of directors facilitates credit financing. On the other hand, a growing strand of literature focuses on the risk of being politically connected in Chinese firms. For instance, Liu *et al.* (2017) examine the impact of political uncertainty on the asset prices of politically connected firms.

Most of the papers we examine find that political connections create value for Chinese listed firms. However, there are still many unanswered questions. As argued by Wong (2016), future research can focus on how social ties are used in developing political connections. How do politicians develop political networks with bureaucrats in SOEs, and with entrepreneurs in non-SOEs? Under what conditions do politicians have a positive effect on listed firms? Do political connections enable the government to administer certain policies that withstand macro shocks or reduce the risks and costs incurred by the reform itself? How do political incentives interact with the application of International Financial Reporting Standards (IFRS)?

Taken together, although there are many interesting studies and emerging research questions on the Chinese capital market, it remains unclear as to what extent these research findings provide information on some fundamental global accounting and finance questions (Fu and Lu, 2014). For instance, does the capital market in China stimulate economic growth and improve capital allocation efficiency or it is simply a side show? This remains an open question for both China and developed countries.⁷ This limitation, however, creates an important long-term research opportunity. As argued by Allen *et al.* (2005), China is a significant counter-example to the findings in the literature. Therefore, China's capital market is a fertile setting for researchers to create new accounting and finance theories to address these questions.

CONCLUSION

This paper provides an overview of the accounting and finance literature on the Chinese capital market from 1998–2018. We review academic papers on China's

⁷ Other important questions summarized by Fu and Lu (2014) include, what is the most appropriate measure of accounting qualities? Do accounting numbers and qualities have a first-order effect on firm value, and does it differ between China and the West?

capital market published in Tier 1 journals and Asia-Pacific regional journals. We also present the top-cited accounting and finance papers across Tier 1 journals and Asia-Pacific regional journals, respectively. Moreover, we identify the main accounting and finance research streams on the Chinese capital market, revealing that the financial accounting and corporate finance fields dominate the journals overall. The Chinese capital market has attracted increasing academic attention worldwide, which has led to the formulation of novel accounting and finance research questions, greatly advancing our understanding of accounting and finance research.

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