

Split-Share Structure Reform and Statutory Audit Fees in China

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Abstract : The split-share structure reform in China represents one of the most significant milestones in the evolution of the capital market. With the goal of converting non-tradable shares into tradable shares, the reform laid the foundation and supported the development of full-scale privatization. This study explores China's split-share structure reform and its impact on statutory audit fees. This study finds that auditors earn a significant statutory audit fee premium after the split-share structure reform. The Big 4 auditors who provide better audit quality receive higher statutory audit fee premium than non-Big 4 auditors after the share reform, which is attributable to their brand reputation, rather than the relative market dominance.

Keywords : chinese split-share structure reform, statutory audit fees, big-4 auditors, corporate governance

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