

Taking stock and moving forward: a systematic literature review on accounting professionalisation in China, 1980–2021

Wenjun Wen

Department of Business Administration, Lund University, Lund, Sweden

Abstract

Purpose – This paper aims to review the research on accounting professionalisation in China to develop insights into how the research is developing, offer a critique of the research to date and outline future research directions and opportunities.

Design/methodology/approach – This paper adopts a methodological approach of systematic literature review, as suggested by Tranfield *et al.* (2003) and Denyer and Tranfield (2009), to identify, select and analyse the extant literature on the Chinese public accounting profession. In total, 68 academic works were included in the review process.

Findings – This paper finds that the extant literature has produced fruitful insights into the processes and underlying motivation of accounting professionalisation in China, demonstrating that the Chinese experience has differed, to a large extent, from the hitherto mainly Anglo-American-dominated understandings of accounting professionalisation. However, due to the lack of common theoretical vernacular and an agreed upon focus, the extant literature illustrates a fragmented and contradictory picture, making attempts to accumulate prior knowledge in the field increasingly difficult.

Research limitations/implications – This paper focusses only on research published in English. Consequently, the scope of review has been limited as some works published in languages other than English may be excluded.

Originality/value – This paper provides one of the pioneering exercises to systematically review the research on accounting professionalisation in China. It explores significant issues arising from the analysis and provides several suggestions for furthering the research effort in this field.

Keywords Accounting professionalisation, Public accounting profession, China

Paper type Literature review

1. Introduction

Since China adopted the “Reform and Opening-up” policy in 1978, Chinese accounting has been undergoing a rapid transformation, with the re-emergence of the public accounting occupation in 1980 marking the start of a new chapter in the Chinese accounting history. In the past four decades, the Chinese public accounting occupation not only re-emerged but also evolved into a profession [1], legitimised by a supporting legal and regulatory framework and its own national professional association – the Chinese Institute of Certified Public Accountants (CICPA). The CICPA is poised to become one of the world’s largest professional associations, with statistics at the end of 2019 showing that the CICPA had an individual membership [2] of nearly 256,000 CPAs and a group membership of over 9,000 accounting



firms (CICPA, 2019). The potential consequences of the growth of the Chinese public accounting profession are significant. Given the sheer size of accounting firms in China (which is still rapidly expanding), it seems “inevitable that this will alter the balance of the structure, management and culture of the current leading firms worldwide (e.g. the Big Four) and may also alter the structure and processes of international regulation and standard setting” (Macve, 2020, p. 643). Such phenomenal growth and development – achieved over a relatively short period of time, especially when compared with some 150 years of professional accounting development in Anglo-American countries – draws attention to the uniqueness of the Chinese experience. Examination of this experience offers to provide not only a better understanding of the social meaning of professionalisation but also further illumination of the interplay between accounting and society.

There has thus far been a proliferation of English-language studies [3], *inter alia*, introducing and analysing accounting professionalisation in China (e.g. Huang, 1987; Zhao, 1988; Tang *et al.*, 1995; Tang, 1997a; Hao, 1999; Yapa and Hao, 2007; Yee, 2008, 2009, 2012, 2020; Gillis, 2011, 2014a; Macve, 2020, 2021; Wen *et al.*, 2021; Zhu *et al.*, 2021). These studies employ different theoretical perspectives to explain the phenomena and the many struggles experienced by the Chinese practitioners in the process of acquiring professional status, offering varied insights into the underlying motivation of accounting professionalisation in China. These studies usefully demonstrate that the outcomes of professionalisation processes are contingent upon the particular cultural, political and socio-economic context within which an occupation is constituted (Yee, 2001; Yee and West, 2010). One distinctive feature in the Chinese experience is that the state has been found to be much more expansive, playing a significant role in the re-emergence and development of the Chinese public accounting profession. The status and social functions of the Chinese profession are inextricably linked to the broader needs of nation-state construction (Zhu *et al.*, 2021). The trajectory of accounting professionalisation in China appears to have differed, to a large extent, from that in Anglo-American countries [4], wherein professionalisation is critically regarded as a strategy of accounting occupations’ collective social advancement that helps them to secure market monopoly power (Macdonald, 1995; Richardson, 2017).

However, despite these insights into the processes and underlying motivation of accounting professionalisation in China, there seems to be a lack of common theoretical vernacular and an agreed upon focus, which bind researchers together in a common and distinguishing intellectual project. The actors involved and the level of analysis vary amongst researchers. As a result, the current state of research is visibly fragmented, making it ambivalent for scholars, policymakers and practitioners to fully grasp. Such ambivalence implies a number of theoretical and methodological challenges. Given the variations surrounding the understandings of accounting professionalisation in China, attempts to accumulate earlier research in the field have become increasingly difficult. At this stage of the development of the research, there is a considerable need for ordering and systemisation of the literature as well as a viable disciplinary brand and a distinct position to contribute towards its further advancement. This is particularly important as China represents a terrain that is not only economically material but a diverse empirical place that enables theoretical innovation that redresses the hitherto mainly Anglo-American-dominated understandings of accounting professionalisation (Chua *et al.*, 2019).

For this reason, this paper aims to analyse and synthesise the extant literature on accounting professionalisation in China since the “Reform and Opening-up”. Here, the primary focus is not on the development of specific accounting and auditing techniques [5] but the way in which the Chinese public accounting profession is formed and transformed. To achieve this aim, this paper has conducted a systematic literature review following the method proposed by Tranfield *et al.* (2003) and Denyer and Tranfield (2009). The literature review process has been guided throughout by the research question: What is known about

accounting professionalisation in China? The contribution of this paper is twofold. First, by summarising the extant literature of accounting professionalisation in China from 1980 to 2021, this paper clearly delineates for international readers the current state of research on Chinese professional accounting development. Second, by discussing the major developments in the extant literature, this paper uncovers issues that are significant and highlights future research opportunities and directions.

The remainder of this paper is structured as follows. [Section 2](#) outlines the systematic review method used in the paper to select relevant academic works and describes the procedures applied in the analysis of these works. [Section 3](#) reviews the major characteristics of the reviewed publications. [Section 4](#) illustrates the key findings of the literature review, followed by a discussion regarding the principal challenges of the current research in [Section 5](#). [Section 6](#) provides some potential avenues for future research and the final section proceeds to conclude the paper.

2. The systematic review method

This paper adopts a methodological approach of systematic literature review, as suggested by [Tranfield *et al.* \(2003\)](#) and [Denyer and Tranfield \(2009\)](#), to identify, select and analyse the extant studies on the Chinese public accounting profession. Systematic literature review strengthens the knowledge base by extracting insights from a variety of studies in a replicable, transparent and inclusive process. It differs from traditional narrative reviews through the articulation of a clear set of protocols to allow for systematically generated evidence ([Tranfield *et al.*, 2003](#); [Denyer and Tranfield, 2009](#)). In the field of accounting research, scholars have recently adopted this methodological approach for its ability to enhance rigour, thoroughness and validity of the specific review process (see, e.g. [Dumay *et al.*, 2016](#); [Wolf *et al.*, 2020](#)).

The present systematic literature review begins with identification and selection of the extant literature to construct a database of relevant academic works. Search boundaries were set to electronic databases with a focus on internationally refereed, English-language, journal articles. In line with [Wolf *et al.* \(2020\)](#), this study did not limit the selection of journals based on their rankings, publication time or publication house. To be considered as a candidate, only a review process within the journal was needed. Following the terms that were frequently used in the extant literature, a series of keywords were carefully developed, including “audit profession”, “auditing profession”, “accounting profession”, “accountancy profession”, “CPA profession”, “public accounting profession” and “public accountancy profession”. These keywords, combined with “China”, were respectively searched within title, abstract and keywords of journal articles in seven electronic databases (EBSCO, Web of Science, Scopus, ScienceDirect, SpringerLink, Taylor and Francis e-journals and Wiley Online Library) to identify all matching academic works.

The literature search was finalised in May 2021 and led to an initial identification of 863 publications. This set of results was imported into the reference managing software Mendeley (including full texts whenever available) for further screening procedure after removing duplicates (389). In the next step, titles, abstracts and keywords of the identified publications were examined with respect to the primary focus of this paper to determine whether to keep or remove each of them in the final database. Only publications that contributed to understandings of the formation and transformation of the Chinese public accounting profession were included. Publications that contained either of the search terms in their titles, abstracts or keywords but that lacked any relevance to the primary focus of this paper were excluded (393). For the remaining 81 publications, full texts were carefully scrutinised, whereby 48 publications remained for the present literature review. Exclusions in this category included publications on the Chinese public accounting profession under the

Nationalist Government in the early 20th century (e.g. Xu and Xu, 2003). Additionally, publications concerning more technique-related issues such as Chinese audit ethics (e.g. Shafer, 2008; Fleming *et al.*, 2010; Liu and Ren, 2011; Fan *et al.*, 2013; Xu and Dellaportas, 2021), auditing standards (e.g. Lin and Chan, 2000; Xiao *et al.*, 2000), accounting reforms and standards (e.g. Xiang, 1998; Hilmy, 1999; Tang and Lau, 2000), audit quality (e.g. Ke *et al.*, 2015; He *et al.*, 2017; Deng *et al.*, 2020; Li *et al.*, 2020; Gong *et al.*, 2021) and auditor responsibility (e.g. Lin, 2004; Firth *et al.*, 2012) were also excluded from the review.

Furthermore, the references of the 48 publications were manually reviewed to identify additional publications. A final literature search was conducted via Google Scholar to select these additional publications. In total, 20 additional publications were identified, resulting in a final set of 68 academic works (Figure 1 summarises the literature search process).

All identified academic works were then thoroughly analysed and systematically documented using a coding structure. The coding structure was designed as organising framework to facilitate the standardisation of information about the authors, types of publications, research focusses, theoretical frameworks, research approaches and so on. The standardised information initially served as a basis for conducting a descriptive analysis of the full set of publications.

A configurative methodology (Gough *et al.*, 2012) was followed, as existing research is heterogeneous in terms of theory, methods and key findings. This approach involved inductive organisation and arrangement of patterns emerging from the data. The application of configurative analysis in this study helped to extract inductively theoretical debates and empirical evidences and group them into different themes and clusters in a manner that provides an evidence-based overview of research on the organisation of the Chinese public accounting profession. Observations and patterns emerging from the data analysis were then transformed into figures and tables.

3. Characteristics of the reviewed publications

The first English-language academic work introducing the Chinese public accounting profession appears as a book chapter in 1987 (Huang, 1987), which is the result of a joint research project carried out by Shanghai University of Finance and Economics and the

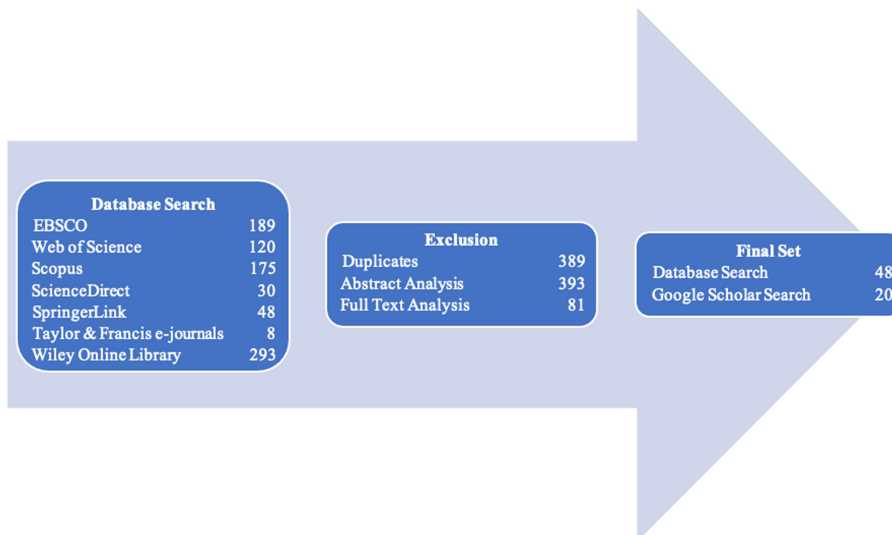


Figure 1.
Literature search
process

Center for International Accounting Development of the University of Texas at Dallas. An overview across the database shows that an approximate mean of two academic works is published annually within the period of this literature review. However, there is a considerable degree of variability in the actual number of academic works published per annum. Figure 2 shows a graphical depiction of the publication dates for the 68 academic works identified. The superimposed linear regression trend line on the graph indicates a steady growth in the number of academic works over time, which may indicate an increasing scholarly interest in this topic within the research field. Such a trend presumably correlates with the rapid growth of China’s economy and international influence since the “Reform and Opening-up”.

3.1 Publication outlets

Table 1 summarises the number of academic works in each publication outlet. It shows that the extant literature is mainly comprised of journal articles (44), book chapters (nine), books (eight), conference proceedings (four) and PhD dissertations (three). As the most significant channel of research output, journal articles are spread over 25 different journals. In light of their publication aims and scope, the vast majority of the journals are accounting journals (20). The rest of the journals (five) are in the research fields of business, management, economy and finance. Amongst all the journals, *Accounting, Organizations and Society* (five) and *International Journal of Accounting* (five) feature the greatest number of articles, followed by *Accounting, Auditing and Accountability Journal* (three), *Accounting and Business Research* (three) and *Managerial Finance* (three). The oldest journal article is by Zhou (1988) and is one of the three academic works (see also Huang, 1987; Zhao, 1988) published in the late 1980s that seek to introduce the Chinese public accounting profession to the world.

3.2 Authorship

Analysis of the authorship in the extant literature shows that 24 of the 68 academic works were sole-authored. Amongst those 44 co-authored academic works, 25 (around 57%) are the products of collaborative efforts of researchers in the same geographic locations, primarily in Australia (nine), the UK (eight) and China (including Hong Kong) (four). The remaining 19 (around 43%) resulted from cross-border collaborations, primarily between the USA and China (including Hong Kong) (seven), and Australia and China (including Hong Kong) (seven). In examining the range of authors, it is apparent that a relatively limited set of researchers are actively engaged in studying Chinese professional accounting development. Combining sole- and co-authored academic works, the most prolific researchers within the extant literature are detailed in Table 2.

3.3 Research approach

In total, the extant literature involves three conceptual theoretical publications, 58 empirical-qualitative and three empirical-quantitative studies (see Table 3). The remaining four

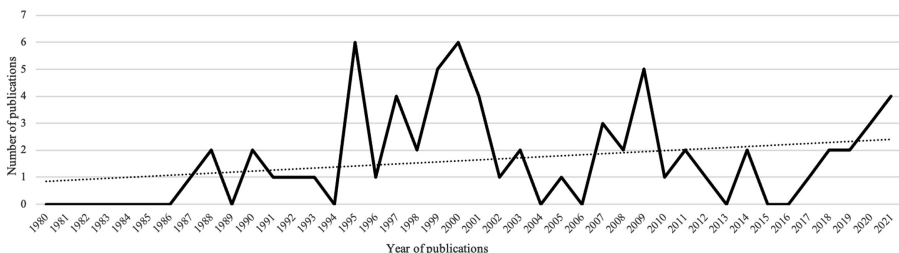


Figure 2.
Publications by year

Publication outlets	Number of publications	Percentage of publications
<i>1. Journals</i>	44	65%
Accounting, Auditing and Accountability Journal	3	
Accounting, Business and Financial History	1	
Accounting and Business Research	3	
Accounting Horizons	1	
Accounting, Organizations and Society	5	
Asian Review of Accounting	1	
Asian Business Management	1	
Auditing: A Journal of Practice and Theory	1	
Australian Accounting Review	1	
British Accounting Review	1	
China Accounting and Finance Review	2	
Chinese Economy	1	
China Journal of Accounting Research	1	
Critical Perspectives on Accounting	2	
Critical Perspectives on International Business	1	
International Journal of Accounting	5	
International Studies of Management Organization	1	
Issues in Accounting Education	1	
Journal of Accounting and Finance Research	1	
Journal of Accounting in Emerging Economies	2	
Journal of Corporate Accounting and Finance	2	
Journal of International Accounting, Auditing and Taxation	1	
Managerial Auditing Journal	2	
Managerial Finance	3	
Research in Accounting Regulation	1	
<i>2. Book chapters</i>	9	13%
Accounting and Auditing in the People's Republic of China: A Review of Its Practices, Systems, Education and Developments (1987)	1	
Recent Accounting and Economic Developments in the Far East (1988)	1	
Research in Third World Accounting (1990)	1	
Perspectives on Accounting and Finance in China (1995)	3	
Studies in Accounting History (1995)	1	
The Accounting Profession's Engagement with Asia (2014)	1	
The Routledge Companion to Accounting in China (2018)	1	
<i>3. Books</i>	8	12%
Accounting and Finance in China: A Review of Current Practice (1992)	1	
Accounting and Auditing in China (1998)	1	
The Handbook of Chinese Accounting (1999)	1	
Financial Management and Governance Issues in China (2000)	1	
Accounting in China 1949–2000 (2001)	1	
Development of Accounting and Auditing Systems in China (2001)	1	
History of Audit in China Vol. III (B) (2007)	1	
The Big Four and the Development of the Accounting Profession in China (2014)	1	
<i>4. Conference proceedings</i>	4	6%
The 2nd Accounting History International Conference (Osaka, Japan, 2001)	1	

(continued)

Table 1.
Publication outlets

Table 1.

Publication outlets	Number of publications	Percentage of publications
The 6th Asian Pacific Interdisciplinary Research in Accounting Conference (APIRA) (Sydney, Australia, 2010)	1	
The 12th Interdisciplinary Perspective on Accounting Conference (IPA) (Edinburgh, UK, 2018)	1	
The 41st European Accounting Association (EAA) Annual Congress (Milan, Italy, 2018)	1	
5. <i>PhD dissertations</i>	3	4%
Deakin University, Melbourne, Australia	1	
Macquarie University, Sydney, Australia	1	
University of Nottingham, Nottingham, UK	1	
Total	68	100%

publications are literature reviews. Authors primarily collect data through capital market databases (three), interviews (19), documentary evidence (58) and participant observation (one). Regarding the time frame of the extant literature, a significant number of them (59) carry out longitudinal studies where the Chinese public accounting profession is examined over a meaningful span of time that lasts anywhere from years to decades.

As the most common source of data, documentary evidence is usually in the form of public and non-public archive materials such as government regulations, speeches of officials, news reports, published histories, personal memoirs and minutes of meetings. For example, [Wen et al. \(2021\)](#) draw upon previously unaccessed archive of CICPA materials within their study. Interviews, although frequently used to clarify and supplement documentary evidence, are also relied upon as the sole source of data in several studies (see, e.g. [Graham, 1996](#); [Yapa and Hao, 2007](#); [Macve, 2020](#); [Wen, 2020](#)). It is noteworthy that, within the extant literature, [Macve \(2020\)](#) and [Wen et al. \(2021\)](#) report constraints on data collection in China, indicating a varied degree of success in gaining access to senior representatives in Chinese government agencies, and archive materials from the CICPA. In the case of [Macve \(2020\)](#), the author gained access to a former Chief Accountant of the China Securities Regulatory Commission (CSRC) but was unable to gain access to anyone senior in the Ministry of Finance (MOF). The author's request for supporting data from the CICPA was also withheld on the grounds that it would breach Chinese law to show it to a foreigner. In the case of [Wen et al. \(2021\)](#), the authors were unable to gain access to anyone senior in the MOF or the CSRC. However, the authors did gain access to the CICPA's archive centre in Beijing and managed to collect a rich corpus of archive materials that had not been used in previously published studies. Despite the barriers to gaining access within China, [Macve \(2020\)](#) and [Wen et al. \(2021\)](#) implemented measures [6] to effectively mitigate any resulting empirical limitation. To a certain extent, the existence of such barriers reflects the sensitivity and the inherent political nature of accounting professionalisation in China – particularly when it relates to the work of the state. Whilst such barriers can be overcome at least partially by, for example, triangulating with other data sources, it remains one of the limitations inherent in studies of this kind.

3.4 Theoretical approach

The extant literature is also analysed in terms of how far a theoretical framework is used to understand and explain the empirical findings (see [Table 3](#)). The vast majority of academic works (46) do not have an explicit theoretical framework, which indicates that the phenomena in relation to Chinese professional accounting development are not supported by a sufficient level of theorisation and conceptual substantiation. Indeed, earlier academic works primarily

Author	Institutional affiliation	Journal articles	Book chapters	Books	Conference proceedings	PhD dissertations	Number of publications
Tang Yun-Wei	Shanghai University of Finance and Economics, China	6	1	1			8
Helen Yee	University of Sydney, Australia	4			2	1	7
Ji Xu-Dong	Xi'an Jiaotong-Liverpool University, China	3		1	1		5
Yang Ji-Liang	Hong Kong University of Science and Technology, HK SAR	2	1	1			4
Lin Zhi-Jun	Macau University of Science and Technology, Macau SAR	3		1			4
Lu Wei	Monash University, Australia	2			1		3
Richard Macve	London School of Economics, UK	3					3
Wen Wen-Jun	Lund University, Sweden	2			1		3
Paul Gillis	Peking University, China		1	1		1	3
Amanda Sonnerfeldt	Lund University, Sweden	1			1		2
Amy Lau	Oklahoma State University, US	2					2
Alan Kilgore	Macquarie University, Australia	2					2
Barry J. Cooper	RMIT University, Australia	1	1				2
Crawford Spence	King's College London, UK	2					2

(continued)

Table 2.
Prolific authors

Author	Institutional affiliation	Journal articles	Book chapters	Books	Conference proceedings	PhD dissertations	Number of publications
Dai Xin-Min	Shanghai Academy of Social Sciences, China	1	1				2
Hao Zhen-Ping	Tsinghua University, China	2					2
Lloyd Yang	Chinese University of Hong Kong, HK SAR	2					2
Max Aiken	RMIT University, Australia	2					2
Mahmoud Ezzamel	IE University, Spain	2					2
Tang Qing-Liang	University of Western Sydney, Australia	2					2
Zhu Jing-Qi	University of Liverpool, UK	2					2

Table 2.

chronicle the status of the Chinese public accounting profession. These publications are mostly descriptive, with the apparent purpose being to introduce the Chinese profession to the international accounting community (Gillis, 2011, 2014a.). However, most of the younger publications in well-respected, mainstream accounting journals refer to theoretical frameworks. Applied theoretical frameworks constitute a broad range, including, for example, Puxty *et al.*'s (1987) principles of professional organisation (the “market”, the “state” and the “community”) (Hao, 1999), sociology of professions (Yee, 2001; Yapa and Hao, 2007; Yee and West, 2010), Gramsci's (1971) concept of hegemony (Yee, 2008, 2009, 2012; Gillis, 2011, 2014a) [7], Bourdieu's (2014) theory of the state (the roles of “material” and “symbolic” power) (Zhu *et al.*, 2021), Suddaby and Muzio's (2015) work on “ecological-institutional theory” (Macve, 2020, 2021), Pearson's (1994, 1997) works on socialist corporatism (Wen *et al.*, 2021) and Bévort and Suddaby's (2016) work on identity scripts (Wen, 2020).

3.5 Research subject and orientation

Analysis of the research subjects within the extant literature shows the fragmented nature of the research field regarding Chinese professional accounting development, with contributions made from different research orientations (see Table 3). The vast majority of the academic works (57) focus on issues at the professional level. At an early stage of research, publications usually give an overview of the re-emergence and development of the Chinese public accounting profession, presenting important progress achieved and providing detailed accounts on accounting and auditing regulations (Huang, 1987; Zhao, 1988; Zhou, 1988; Lau and Yang, 1990; Skousen *et al.*, 1990; Fang and Tang, 1991; Tang *et al.*, 1992; Ge and Lin, 1993). Since the mid-1990s, publications start to examine more specific and fundamental aspects of the Chinese profession, shedding light on, for example, intra-professional conflict (Macve and Liu, 1995; Yee, 2012), influence of the socio-political and economic changes on the

No	Author(s), Year	Research orientation on aspects of accounting professionalisation					Research approach			Data source				
		Research subject	Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/ quantitative	Empirical/ qualitative	Conceptual/ theoretical	Literature review	Capital market statistics	Interview	Documentary material
1	Huang (1987)	Overview of the state of the auditing system in China	x			1980–1987	n.a.		x				x	
2	Zhao (1988)	Overview of the state of the accounting system in China	x			1980–1988	n.a.		x				x	
3	Zhou (1988)	Overview of the state of the accounting system in China	x			1980–1988	n.a.		x				x	
4	Lau and Yang (1990)	Overview of the state of the auditing system in China	x			1980–1990	n.a.		x				x	
5	Skousen <i>et al.</i> (1990)	Overview of the state of the auditing system in China	x			1980–1990	n.a.		x				x	
6	Fang and Tang (1991)	Overview of the development of accounting in China	x			Early 1987–early 1989	n.a.		x				x	
7	Tang <i>et al.</i> (1992)	Overview of the state of the accounting system in China	x			1980–1992	n.a.		x				x	
8	Ge and Lin (1993)	Overview of accounting internationalisation in China	x			Early 1980s–1992	n.a.		x				x	
9	Chong and Vinten (1995)	General comparison of auditing system in China and the UK	x			n.a.	n.a.		x				x	
10	Chow <i>et al.</i> (1995)	Influence of the government on the development of the public accounting profession in China	x			1980–mid 1990s	Hofstede's (1980) and Gray's (1988) cultural models		x			x	x	
11	Maove and Liu (1995)	Intra-professional conflict in the Chinese public accounting profession	x			Early 1990s	n.a.		x				x	

(continued)

Table 3.
Characteristics of the
extant literature

No.	Author(s), Year	Research orientation on aspects of accounting professionalisation				Research approach			Data source					
		Research subject	Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/ quantitative	Empirical/ qualitative	Conceptual/ theoretical	Literature review	Capital market statistics	Interview	Documentary material
12	Ren <i>et al.</i> (1995)	Influence of China's socio-political and economic changes on the public accounting profession	x			1978–1995	n.a.		x				x	
13	Tang <i>et al.</i> (1995)	Overview of the re-emergence and development of the public accounting profession in China	x			1980–1995	n.a.		x				x	
14	Xu (1995)	Historical evolution of the public accounting profession in China	x			1918–1992	n.a.		x				x	
15	Graham (1996)	Research agenda on the issues of the public accounting profession in China	x	x		n.a.	n.a.		x			x		
16	Aiken <i>et al.</i> (1997)	Influence of the government on the development of the public accounting profession in China	x			1980–mid 1990s	n.a.		x				x	
17	Hepp and Chen (1997)	Overview of the transition of the public accounting profession in China	x			Early 1980s–mid 1990s	n.a.		x				x	
18	Tang (1997a)	Overview of the development of the public accounting profession in China	x	x		1980–1997	n.a.		x				x	
19	Tang (1997b)	Overview of accounting development and internationalisation of accounting education in China	x			Late 1970s–1996	n.a.		x				x	

(continued)

No	Author(s), Year	Research orientation on aspects of accounting professionalisation					Research approach			Data source				
		Research subject	Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/ quantitative	Empirical/ qualitative	Conceptual/ theoretical	Literature review	Capital market statistics	Interview	Documentary material
20	Lin (1998)	Overview of the latest progress in the internationalisation of public accounting in China	x			Mid 1990s–late 1990s	n.a.	x					x	
21	Lin <i>et al.</i> (1998)	Overview of the re-emergence and development of the public accounting profession in China	x			1980–late 1990s	n.a.	x					x	
22	Chan and Rotenberg (1999)	Influence of China's economic reforms on the re-emergence and development of the public accounting profession in China	x			Early 1980s–mid 1990s	n.a.	x					x	
23	Hao (1999)	Organisation and regulation of public accountants in China	x	x		1980–late 1990s	Puxty <i>et al.</i> 's (1987) principles of professional organisation: The "market"/the "state"/the "community"	x					x	
24	Tang (1999)	Analysis on challenges facing the public accounting profession in China	x	x		Late 1990s	n.a.		x				x	
25	Yang and Yang (1999)	Overview of the re-emergence and development of the public accounting profession in China	x			1980–late 1990s	n.a.	x					x	
26	Dai <i>et al.</i> (2000)	Analysis on the affiliation of accounting firms with their sponsoring bodies in China		x		1990–late 1990s	n.a.	x					x	

(continued)

Table 3.

Table 3.

No.	Author(s), year	Research subject	Research orientation on aspects of accounting professionalisation			Research approach			Data source							
			Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/quantitative	Empirical/qualitative	Conceptual/theoretical	Literature review	Capital market statistics	Interview	Documentary material	Participant observation	
27	Ji (2000)	Review of the extant studies on accounting issues in China	x			1966–1998	n.a.							x		
28	Lin and Chan (2000)	Overview of the re-emergence and development of the public accounting profession in China	x			late 1990/s	n.a.		x						x	
29	Narayan and Reid (2000)	Overview of the infrastructure of the public accounting profession in China	x			n.a.	n.a.		x						x	
30	Tang (2000)	Analysis on challenges facing the public accounting profession in China	x	x		late 1990/s	n.a.		x						x	
31	Wallace (2000)	Research agenda on the issues of the public accounting profession in China	x			n.a.	n.a.		x						x	
32	Huang and Ma (2001)	Overview of the re-emergence and development of the public accounting profession in China	x			1980–late 1990/s	n.a.		x						x	
33	Ji (2001)	Overview of the re-emergence and development of the public accounting profession in China	x			1980–late 1990/s	n.a.		x						x	
34	Yang et al. (2001)	Investigation of the effects of the disaffiliation of accounting firms with their sponsoring bodies in China	x	x		Mid 1990/s–late 1990/s	n.a.			x					x	

(continued)

No	Author(s), Year	Research orientation on aspects of accounting professionalisation					Research approach			Data source				
		Research subject	Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/ quantitative	Empirical/ qualitative	Conceptual/ theoretical	Literature review	Capital market statistics	Interview	Documentary material
35	Yee (2001)	The definitional problem on the concept of profession.	x			1978–late 1990s	Sociology of professions		x				x	
36	Cooper <i>et al.</i> (2002)	Overview of the re-emergence, development and challenges of the public accounting profession in China	x	x		1980–late 1990s	n.a.		x				x	
37	Bertin and Jausaud (2003)	Overview of regulation of statutory audit in China	x			1980–early 2000s	n.a.		x				x	
38	Yang <i>et al.</i> (2003)	Auditor independence issues in China	x	x		Late 1990s	n.a.		x				x	
39	Lu and Saunders (2005)	Historical evolution of the public accounting profession in China	x			Early 1900s to early 2000s	n.a.		x				x	
40	Li (2007)	Historical evolution of the public accounting profession in China	x			Early 1900s to early 2000s	n.a.		x				x	
41	Ezzamel <i>et al.</i> (2007)	Influence of the political ideology on accounting development in China	x			Late 1970s to early 1980s	Extant literature on ideology/ Bourdieu's (1991) work on discourse of authority	x				x		x
42	Yapa and Hao (2007)	Professionalisation of the public accounting profession in China	x	x		1978–early 2000s	Sociology of professions/Extant literature on interplays between states and accounting associations	x					x	

(continued)

Table 3.

No. year	Author(s)	Research subject	Research orientation on aspects of accounting professionalisation			Time frame	Theoretical framework	Research approach			Data source		
			Professional level	Firm level	Individual level			Empirical/quantitative	Empirical/qualitative	Conceptual/theoretical	Literature review	Capital market statistics	Interview
43	Chong (2008)	Overview of the re-emergence, development and challenges of the public accounting profession in China	x	x		Early 1980s–2007	n.a.	x				x	
44	Yee (2008)	Influence of political ideology on the re-emergence and development of the public accounting profession in China	x			1981–1999	Gramsci's (1971) concept of hegemony	x			x		x
45	Gul et al. (2009)	Investigation of the effects of the disaffiliation of accounting firms with their sponsoring bodies in China	x	x		Mid 1990s–late 1990s	n.a.	x					
46	Lu et al. (2009)	Influence of the government on the development of the public accounting profession in China	x	x		1979–2009	n.a.	x					x
47	Yee (2009)	Influence of political ideology on the re-emergence of the public accounting profession in China	x			1980s	Gramsci's (1971) concept of hegemony/The Confucian notion of "five relationships" or Wu lun	x			x		x
48	Chen and Chan (2009)	Review of the extant studies on accounting issues in China	x			Mid 1990s–2009	n.a.				x		
49	Simunic and Wu (2009)	Review of the extant studies on auditing issues in China	x			1996–2009	n.a.				x		

(continued)

No	Author(s), Year	Research orientation on aspects of accounting professionalisation					Research approach			Data source				
		Research subject	Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/ quantitative	Empirical/ qualitative	Conceptual/ theoretical	Literature review	Capital market statistics	Interview	Documentary material
50	Yee and West (2010)	Contingent nature of accounting professionalisation process	x			1980s	Sociology of professions		x			x	x	
51	Gillis (2011)	Role of the Big Four in the development of the public accounting profession in China		x		Early 1980s–2009	Gramsci's (1971) concept of hegemony	x			x	x	x	
52	Kozmala and Xian (2011)	Identity construction of auditors in Chinese accounting firms		x		n.a.	Mead's (1934) work on symbolic interactionism	x				x	x	x
53	Yee (2012)	Influence of political ideology on the development of the public accounting profession in China	x			1990s	Gramsci's (1971) concept of hegemony/ Schmitter's (1974) corporatist framework	x			x	x	x	
54	Gillis (2014a)	Role of the Big Four in the development of the public accounting profession in China		x		Early 1980s–2012	Gramsci's (1971) concept of hegemony	x			x	x	x	
55	Gillis (2014b)	Analysis on challenges facing the public accounting profession in China		x		n.a.	n.a.	x					x	
56	Zhang <i>et al.</i> (2014)	Analysis on key domestic and external factors shaping university accounting education change in China	x			1949–2014	Institutional theory	x						x
57	Spence <i>et al.</i> (2017)	Comparative study on the operation of the Big Four in China and Japan		x		n.a.	Bourdieu's (1986) work on species of capital	x				x		x
58	Al-Natour (2018)	Development of the accounting industry in China		x		2003–2014	n.a.							x

(continued)

Table 3.

No. year	Author(s)	Research orientation on aspects of accounting professionalisation					Research approach				Data source				
		Research subject	Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/ quantitative	Empirical/ qualitative	Conceptual/ theoretical	Literature review	Capital market statistics	Interview	Documentary material	Participant observation
59	Lu <i>et al.</i> (2018)	Legitimacy of the Big Four in the Chinese audit market		x		Early 1980s–2014	Institutional theory		x					x	
60	Chen and Liu (2019)	Historical evolution of independent auditing in China	x			1911–2016	n.a.		x						x
61	Chua <i>et al.</i> (2019)	Review of extant studies on accounting professionalisation process in Asia	x	x		1999–2018	n.a.			x					
62	Macve (2020)	Exploratory study on the prospect of developing Chinese domestic accounting firms that can compete internationally	x	x		1980–2015	Suddaby and Muzio's (2015) work on "ecological-institutional theory"		x				x		
63	Wen (2020)	Identity construction of auditors in a Chinese audit firm		x		n.a.	Bérvort and Suddaby's (2016) work on identity scripts		x					x	
64	Yee (2020)	Disaffiliation process of accounting firms with their sponsoring bodies in China in the 1990s	x	x		Late 1990s	Lawrence <i>et al.</i> 's (2011) work on institutional logics/ Lawrence and Suddaby's (2006) work on institutional work		x						x
65	Macve (2021)	Alternative theoretical approaches in studying the development of the audit profession in China	x			n.a.	Suddaby and Muzio's (2015) work on "ecological-institutional theory"			x					x

(continued)

No	Author(s), Year	Research orientation on aspects of accounting professionalisation					Research approach			Data source				
		Research subject	Professional level	Firm level	Individual level	Time frame	Theoretical framework	Empirical/ quantitative	Empirical/ qualitative	Conceptual/ theoretical	Literature review	Capital market statistics	Interview	Documentary material
66	Wen and Sommerfeldt (2021)	Establishment of the Big Four in China over time	x	x		1978– 2007	Faulconbridge and Murio's (2015) work on the expansion of professional service firms in new markets	x	x			x	x	
67	Wen <i>et al.</i> (2021)	Strategic significance of the CCPA in developing the Chinese public accounting profession	x			Late 1980s– 2015	Pearson's (1994, 1997) works on socialist corporatism		x				x	
68	Zhu <i>et al.</i> (2021)	Influence of the state on the development of the Chinese public accounting profession	x	x		Early 1980s– 2015	Bourdieu's (2014) work on the symbolic power of the state	x				x	x	

Note(s): n.a., not applicable

Table 3.

profession (Ren *et al.*, 1995; Tang, 1997a, b; Chan and Rotenberg, 1999), role of the state and its political ideologies (Chow *et al.*, 1995; Aiken *et al.*, 1997; Hao, 1999; Ezzamel *et al.*, 2007; Lu *et al.*, 2009; Yee, 2008, 2009, 2012; Macve, 2020; Zhu *et al.*, 2021) and strategic significance of the CICPA (Wen *et al.*, 2021).

A large number of the academic works (25) focus on issues at the accounting firm level. Most of these publications study the independence issues related to the institutional arrangement of affiliation between Chinese accounting firms and their sponsoring government bodies (Graham, 1996; Tang, 1999, 2000; Dai *et al.*, 2000). Some other publications further delve into the process of the institutional change that disaffiliates accounting firms from their sponsoring government bodies (Yee, 2020) and investigate the effects of such disaffiliation on audit independence (Yang *et al.*, 2001; Gul *et al.*, 2009). Another important body of publications examine the agency of the Big Four international accounting firms in the development of the Chinese public accounting profession (Gillis, 2011, 2014a) and the interplay of these firms with the surrounding Chinese institutional environment during their expansion in China (Wen and Sonnerfeldt, 2021). This focus on the Big Four is now being further broadened by exploring in greater depth the role of indigenous Chinese accounting firms (including both those that have joined the 2nd-tier international networks and those stand-alone firms) in developing their reputations and markets, and their interrelationships with the state's continuing proactive strategies nationally and internationally, and by looking beyond mainland China to comprehend international perceptions of the developments there and their possible implications (Macve, 2020).

An emerging body of the academic works (four) focus on issues at the individual practitioner level. Three of these publications pay valuable scholarly attention to the micro process underpinning auditors' construction of "professional identity" and their understanding of the notion of "professionalism" in the organisational setting of accounting firms in China (Kosmala and Xian, 2011; Spence *et al.*, 2017; Wen, 2020).

4. Findings of the reviewed publications

This section further elaborates on the research subjects examined within the extant literature on Chinese professional accounting development. As mentioned before, the extant literature lacks straightforward and single research orientation. However, the systematic analysis shows that the research subjects can be broadly categorised into three research orientations that concentrate on issues at the professional, organisational and individual levels of the Chinese public accounting profession. In order to contextualise the research subjects, several publications have started by providing an informative account of the early history of the Chinese public accounting profession. It is generally said that the Chinese public accounting profession first appeared in 1918 to meet the then demands of private business and increasing foreign investment (Ge and Lin, 1993; Xu, 1995; Tang, 1997a; Hao, 1999; Yapa and Hao, 2007). This early development [8] of the Chinese public accounting profession was curtailed when the Chinese Communist Party took power and established the People's Republic of China (PRC) in 1949. From 1953, the new government took measures to implement the socialist transformation of capitalism and centralise the control of all economic resources. Private ownership was rebuilt into state or collective ownership (Zhao, 1988; Zhou, 1988; Ge and Lin, 1993). In the long period after that, China adopted a unique planned economy system. Accounting firms and CPAs, which are closely related to the market economy, lost ground and gradually disappeared in China (Xu, 1995; Tang, 1997a).

Under the planned economy system, the state-owned enterprises (SOEs) were designed as the basic units of production; their financing, spending and profits allocation were subject to the strict administration of the state's finance departments (Ge and Lin, 1993). The SOEs only

needed the basic services of bookkeepers to collect production data for relevant authorities. The main role of accounting in China was to assist the macro-economic control of the state. In addition, as restrained by the prevailing Maoist ideology of class-struggle, accounting was further labelled with a distinct attribute of “class” (Ge and Lin, 1993). Western accounting theories and practices were deemed as bourgeois and rejected entirely. Since the early 1960s, a new accounting bookkeeping method, i.e. the Increase–Decrease method [9], had been developed and implemented in China to replace the Western Debit–Credit method (Zhao, 1988). During the 10 years of *Cultural Revolution* (1966–1976), accounting work was largely suspended, and Chinese accountants were denounced by political propaganda (Yapa and Hao, 2007). They were targeted for persecution as they were considered as belonging to the bourgeois that perpetuated evils associated with money. The tumultuous period of *Cultural Revolution* not only resulted in public prejudice against accounting work but also led to the ruin of Chinese accountants both physically and mentally (Yapa and Hao, 2007). The *Cultural Revolution* eventually ended in 1976 when Mao Zedong died. Deng Xiaoping took over the political power in 1978 and initiated a new era in Chinese history.

4.1 Research subjects at the professional level

4.1.1 *The re-emergence and development of the Chinese public accounting profession.* A recurring theme in the extant literature evolves around the underlying forces that lead to the re-emergence and development of the Chinese public accounting profession. The economic reforms launched as part of Deng Xiaoping’s “Reform and Opening-up” policy in 1978 are widely regarded as the direct force in re-building the Chinese profession (Huang, 1987; Zhao, 1988; Zhou, 1988; Lau and Yang, 1990; Skousen *et al.*, 1990; Fang and Tang, 1991; Tang *et al.*, 1992, 1995; Ge and Lin, 1993; Ren *et al.*, 1995; Xu, 1995; Lin *et al.*, 1998). For example, Huang (1987) provides a succinct description on the need of auditing services due to China’s economic reforms:

There has been more and more international economic exchange, as well as projects using foreign capital since the adoption of the policy of opening to the outside world. Auditing supervision and verification are badly needed: (1) to close loopholes caused by lack of experience and imperfection of economic legislation, (2) to safeguard the interests and reputation of the PRC, and (3) to protect legitimate rights and interests of foreign investors. In short, auditing has become a necessity under the economic structure reform currently enforced in the PRC (Huang, 1987, p. 54).

However, researchers appear to have rather diverse use of terms when describing statutory audit services provided by public accountants. This is not surprising as the Chinese CPA system was not revived until 1980 (Huang, 1987; Zhao, 1988; Xu, 1995). Many of the early publications are explorative and introductory in nature. Within the extant literature, most popular terms constitute *financial auditing*, *social auditing*, *public auditing* and *public accounting*. These terms are often used to compare with and differentiate from other forms of auditing such as internal auditing and government auditing. For example, Lau and Yang (1990) and Skousen *et al.* (1990) emphasise that the word “social” in Chinese usually refers to things that do not pertain to state-run organisations. Social auditing represents auditing activities carried out by accounting firms. Huang (1987) refers to financial auditing performed by Chinese CPAs in accounting firms as an independent review of the revenue and expenditure and final accounts of enterprises. Financial auditing is generally concerned with “accuracy, compliance, completeness, authenticity and legitimacy of revenue and expenditure” (Huang, 1987, p. 54).

Another force that is deemed as significant in driving the development of the Chinese public accounting profession is the influence of the state. Many publications highlight the importance of the state in promulgating regulations that consolidate the foundation for Chinese professional accounting development. For example, the state (in particular the MOF)

prescribed specified rules on the scope of services provided by public accountants, the qualifications needed to become public accountants as well as the establishment of accounting firms in China (Tang *et al.*, 1992, 1995; Chow *et al.*, 1995; Xu, 1995; Tang, 1997a). Moreover, the state also directed the reform of accounting curriculum in China, resulting in a notable shift of the country's accounting education system from political orientation to internationalisation [10] (Tang *et al.*, 1992; Tang, 1997b; Chan and Rotenberg, 1999; Zhang *et al.*, 2014). This phenomenon related to the expansive influence of the Chinese state has become the focal point of and been systematically studied by a growing body of publications that seek to shed light on the state-accounting profession relationship in China.

4.1.2 The state-accounting profession relationship. Analysing the central role of the state, it is recognisable that the state has exerted strong control over the Chinese public accounting profession since its re-emergence (Lu *et al.*, 2009). The prevailing themes to have emerged in the extant literature have evolved through consideration of two forms of state control, namely coercive control and ideological control. For coercive control, Aiken *et al.* (1997) examine the specific intervention of the state in the development of the Chinese public accounting profession, stating that the direct state control has characterised the Chinese model of CPAs as lack of independence. Hao (1999) further points out that the Chinese CPAs did not proactively organise themselves to become a self-regulated profession. Any step forward was directed by state regulations. Both the community and market forces had and would continue to remain under the umbrella of the state. The incremental construction of the Chinese public accounting profession is dominated by the state as part of its larger programme improving a “socialist market economy” over time.

Compared with the state's coercive control, its ideological control is found to have worked at a deeper and more fundamental level (Lin *et al.*, 1998; Ezzamel *et al.*, 2007). Yee (2008, 2009, 2012) discusses the political and ideological influence of the state upon the process of accounting professionalisation in China during the 1980 and 1990s. Through effectively exercising its political and ideological hegemony, the state has successfully built up consensus within the Chinese accounting community and mobilised the Chinese public accountants to implement its economic-related agenda. Building upon Yee's insights on the state, Zhu *et al.* (2021, p. 1) contend that the authority and dominance of the state is essentially a form of cultural phenomenon deeply rooted in “the cognitive structures of key actors in the accounting field in China”. Indeed, the notion of state control has always remained as a distinctive characteristic of the Chinese society. Correspondingly, the nature of Chinese accounting regulation is primarily characterised by a “command and control” type of state regulation (Macve, 2020, p. 662). This top-down regulatory mentality is largely underpinned by China's more autocratic political system and culture (Macve, 2020). The state is said to have “a vision and a strategic plan” for the role it expects the Chinese public accounting profession to play domestically and internationally (Macve, 2020, p. 682). As a result, steady growth in the Chinese public accounting profession has been underpinned by the support of various institutions of the state, especially the MOF (Macve, 2020; Zhu *et al.*, 2021). In the extant literature, one vivid manifestation of this is the more recent “Larger and More Competitive” [11] strategy launched by the CICPA in 2007 with the critical support of the MOF and endorsed by the State Council (the highest executive organ of state power) in 2009 in the form of a national policy document entitled the *Notice Regarding Several Opinions on Accelerating the Development of the CPA Profession*, which is typically referred to by its issuance number – “Document 56” [12] (see, e.g. Gillis, 2011, 2014a; Al Natour, 2018; Macve, 2020; Wen *et al.*, 2021; Zhu *et al.*, 2021).

4.1.3 The role of the professional accounting association. A notable aspect of the state's control over the Chinese public accounting profession is its interaction with the national professional accounting association – the CICPA [13]. The state laid down the initial legislative foundation for the establishment of the CICPA and further placed the CICPA under

its auspices. In light of such institutional arrangement, the extant literature with a clear state-centric emphasis has typically represented the CICPA as principally implementing state policy and serving state interests (Lin *et al.*, 1998; Hao, 1999; Yapa and Hao, 2007; Yee, 2008, 2009, 2012; Macve, 2020; Zhu *et al.*, 2021). The CICPA is often treated as an arm of the state and has the specific “function of assisting the state in steering its memberships into aligning their functions with the prevailing ideology of the state, as well as with the economic reform agenda” (Yee, 2012, p. 434). However, this typical representation of the CICPA has been recently revisited by Wen *et al.* (2021). In their study, Wen *et al.* (2021) examine the process in which the CICPA handles the political constraints presented by its relationship with related state actors and, for the first time, shed important light on the CICPA’s relationship with the Chinese Communist Party. Wen *et al.* (2021) demonstrate that the CICPA, although still having to operate within state-imposed political constraints, is able to exercise a greater degree of agency in terms of pursuing its own strategic intentions on building a Chinese home-grown public accounting profession. The CICPA has had to function in a way that was sensitive to, but not totally dominated by, the state. The CICPA’s overall position *vis-à-vis* the state is delicate and fragile, requiring interpretations and adaptations to the changing socio-political conditions over time (Wen *et al.*, 2021). The interaction between the CICPA and the state, in particular the Chinese Communist Party, is producing a type of professionalism that emphasises political standing and a commitment to “nation-state building”. In this respect, the Chinese public accounting profession looks to be now diverging from current Anglo-American-based audit systems and connecting more closely with particular Communist Party doctrines, with important implications for what audit may come to represent in a modernising China (Wen *et al.*, 2021).

4.1.4 The intra-professional conflict. During the early 1990s, the CICPA confronted an intense intra-professional conflict with the newly established Chinese Association of Certified Public Auditors (CACPA), resulting in a particular episode in professional accounting development in China. Macve and Liu (1995) shed the initial light on such intra-professional conflict. A key observation of Macve and Liu (1995) is that in China, unlike those intra-professional conflicts documented in Anglo-American countries (see, e.g. Richardson, 1987), the intra-professional conflict is essentially the power-conflict between those government agencies (i.e. the Ministry and Finance and the China National Audit Office), which have respectively sponsored the CICPA and the CACPA. In this sense, the related Chinese government departments are the real “power behind the throne” (Macve and Liu, 1995, p. 54, cf. Aiken *et al.*, 1997, p. 47). The fundamental issue is therefore not about how many professional accounting associations should exist in China but rather a question of which government agencies should have the power to control the macro-economic management and financial supervisory matters of the country (Ji, 2001). To resolve such conflicts would require the intervention of a higher authority in the state hierarchy, which in this case was the State Council (and its leaders such as Zhu Rongji) (Yee, 2012). In June 1995, the State Council ordered the CACPA to merge with the CICPA, effectively giving the new CICPA a *de facto* monopoly status in the Chinese public accounting profession.

4.1.5 Concluding remarks. The analysed literature shows that the influence of the Chinese state is omnipresent in issues pertaining to the overall structuring of the Chinese public accounting profession. Such deep as well as broad involvement of the Chinese state has clearly distinguished the process of accounting professionalisation in China to those of the Anglo-American countries where the state is said to have been characterised by self-limiting, liberal ideology and captured by dominant interests (Zhu *et al.*, 2021). This notable difference demonstrates that the concept of a profession is essentially a historical construct and has to be understood through the particular socio-political and economic setting within which the profession is embedded.

4.2 Research subjects at the accounting firm level

4.2.1 *The independence of Chinese accounting firms.* The prevailing influence of the state, as discussed in the previous section, can also be found in the operations of Chinese accounting firms. According to [Tang \(1997a, 1999\)](#), Chinese accounting firms were initially established under the sponsorship of various government agencies or government-affiliated institutions (e.g. public universities) – an arrangement known in China as *guà kào* (挂靠). It was then believed Chinese accounting firms should be state owned with their role focussing on serving the economic agenda of the state ([Yee, 2020](#)). The presence of this institutional arrangement has provided much needed support and backing for Chinese accounting firms, especially at the early stage of professional accounting development in China. For example, [Tang \(1999, p. 22\)](#) explains the underlying rationale:

At that time, CPAs did not have sufficient personal assets to bear the full responsibilities and legal liabilities that go with an accounting and auditing practice. Under these circumstances, the sponsoring government agencies served as a shield for the fledging firms and allowed for the rapid development of the profession.

Furthermore, with the government sponsorship, Chinese accounting firms can recruit qualified accountants, obtain financial support and reduce the risk of being unemployed ([Dai et al., 2000](#)). However, in light of China's rapidly developing market-oriented economy, such an institutional arrangement is found to have seriously undermined the independence of Chinese accounting firms ([Graham, 1996](#)). In practice, the affiliation between accounting firms and their sponsoring government agencies means that the sponsors control the firms and can influence their decision-making process, resulting in a loss of objectivity and integrity ([Tang, 1999](#); [Dai et al., 2000](#); [Li, 2007](#); [Hua and Zhou, 2018](#); [Yee, 2020](#)). The situation was made even worse when sponsoring government agencies misused their power to monopolise CPA work in areas under their control ([Yee, 2020](#)). The lack of independence has led to a number of high-profile audit scandals involving affiliated accounting firms in China during the 1990s, prompting the CICPA to launch the "disaffiliation programme" to make the firms both financially and operationally independent from the intervention of their sponsoring government agencies ([Yee, 2020](#); [Wen et al., 2021](#)). The process of disaffiliation is essentially a process of radical institutional change. As a result of disaffiliation, Chinese accounting firms no longer have any affiliations, in terms of personnel, finance, business and name, with any government agencies ([Yee, 2020](#); [Wen et al., 2021](#)). More importantly, Chinese accounting firms are required to take the form of either a limited liability company or a partnership ([Yang et al., 2001](#); [Gul et al., 2009](#)). They have to face the risk of litigation subsequent to becoming independent legal entities. The disaffiliation programme of the CICPA has proved to be significant in enhancing the level of independence of Chinese accounting firms ([Yang et al., 2001](#); [Gul et al., 2009](#)), laying the essential foundation for the healthy functioning of China's market-oriented economy.

4.2.2 *The role of the Big Four.* The presence of large international accounting firms (e.g. the Big Four) [14] in China has been documented by different publications over time ([Huang, 1987](#); [Zhao, 1988](#); [Tang et al., 1992, 1995](#); [Tang, 1997a](#); [Hao, 1999](#); [Ji, 2001](#); [Yapa and Hao, 2007](#); [Gillis, 2011, 2014a](#); [Lu et al., 2018](#); [Wen and Sonnerfeldt, 2021](#)). Interestingly, within this body of literature, there has been inconsistent knowledge on the role of the Big Four in the development of the Chinese public accounting profession. For example, [Tang et al. \(1995, p. 33\)](#) summarise the development of the Big Four in China, highlighting the significance of the firms in local professional accounting development:

Foreign CPA firms have established close links with the (government) ministries. They provide extensive consultancy services for the Chinese government in the drafting of tax laws, training CPAs, and sponsoring university professors to be trained abroad. Foreign CPA firms in China also adopt a localization policy, so that they can gradually train local people to achieve international

standards [...] moreover, foreign CPA firms have also participated in the accounting reform process in the form of tendering to the Ministry of Finance for the design of accounting standards for industries and financial institutions.

Such significance of the Big Four in local professional accounting development is reiterated by [Tang \(1997a, p. 312\)](#):

The participation of international accounting firms in public accounting service has created a condition favorable to the development of the Chinese accounting profession. Their experience is shared by domestic firms. They are making a contribution to the development of China's accounting and auditing standards. Their well-organized training programs are provided not only to joint venture firms but also to Chinese firms.

By contrast, [Hao \(1999\)](#) considers the impact of the presence of the Big Four in China as limited, stating that they cannot be expected to play a significant role in the formation of the Chinese accounting community. [Yapa and Hao \(2007\)](#), whilst updating [Hao's \(1999\)](#) work, reach the same conclusion that the Big Four are insignificant players in the Chinese audit market. [Gillis \(2011, 2014a\)](#) seeks to challenge the conception regarding the insignificance of the Big Four, arguing that the previous literature has ignored "the elephant in the room" due to the nationalistically driven resentment of the Big Four in China by Chinese academics. Here, the claim on the existence of nationalistic bias amongst Chinese academics is dubious especially when considering the fact that some Chinese academics have already highlighted the significance of the Big Four in China (e.g. [Tang et al., 1995](#)). In spite of such dubious claim, [Gillis \(2011, 2014a\)](#) provides a careful analysis on the agency of the Big Four in achieving "hegemony" ([Gramsci, 1971](#)) in the Chinese audit market. He divides the Chinese public accounting profession into two distinct classes, namely the Big Four and indigenous accounting firms, and further examines the "class struggle" between them, concluding that the Big Four have successfully established their ideology of how accounting and auditing should be organised and conducted as superior to alternatives based on Chinese ideologies. Significant to the Big Four's such efforts is, for example, the strong need of the large Chinese companies listed in New York of the Big Four as they are more experienced with the US accounting and auditing standards; the continuing preference of the CSRC for the giant Chinese financial institutions to have the Big Four to strengthen those institutions' own international credibility; the incidence of the "Big Four clauses" when loans are granted and the pressures where companies are cross-listed for them to have the Big Four as part of the network of "top" Western international lawyers, banks, etc., that act as advisors on these deals and are looked for by transnational agencies such as the World Bank ([Gillis, 2011, 2014a; Macve, 2020](#)). The ideological superiority of the Big Four has eventually enabled them to obtain dominant positions in the Chinese audit market ([Gillis, 2011, 2014a](#)).

This Marxist perspective of "hegemony", however, has recently been questioned by [Macve \(2021\)](#) as inappropriate in the context of understanding the development of the Chinese public accounting profession. It tends to overstate the Big Four's capacity for agency *vis-à-vis* the Chinese state, as the Communist Party of China itself, as part of its strategy to attract foreign investors, initially encouraged the entry of the Big Four in China ([Lu et al., 2018; Macve, 2021](#)). Accordingly, the development of the Big Four in China "needs to be understood as a conscious decision by the state" ([Spence et al., 2017, p. 94](#)). Moreover, the conflicts between the Big Four and indigenous accounting firms do not represent "class-struggle" in the classic sense of overcoming working-class resistance, as Chinese CPAs do not feature any ruthless exploitation that seems to be central to the Marxist class definitions ([Macve, 2021](#)). Although Western commentators do increasingly comment on how new "exploited" groups have emerged – particularly the evicted landless poor and migrant urban workers – within China's increasingly unequal society, nevertheless Chinese CPAs hardly fit in that mould ([Macve, 2021](#)).

In light of these contested understandings on the significance of the Big Four in China, [Wen and Sonnerfeldt \(2021\)](#) provide a more nuanced analysis, showing that the Big Four's development in China has been deeply intertwined with and eventually made possible by the country's socio-political and economic transition under the "Reform and Opening-up" policy. It highlights specific conjunctural moments in history that have provided the Big Four with important windows of opportunity to advance their own strategic agendas. According to [Wen and Sonnerfeldt \(2021\)](#), outside of these specific conjunctural moments, the Big Four would not have been able to overcome initial barriers, to shape local institutional change in the selective ways they did and to eventually establish a leading presence in the Chinese audit market.

4.2.3 The making of the Chinese "Big N". As a strategy to challenge the market position of the Big Four, a particular episode that has emerged from the extant literature focusses on China's making of its own "Big N" accounting firms. [Wen et al. \(2021\)](#) provide a useful analysis on the (failed) attempts made by the CICPA during the 1990s in making a China-originated accounting firm on a scale that would allow it, as the new "Big One", to compete directly with the then Big Six. Additionally, [Macve \(2020\)](#) looks into the future prospect of making the Chinese "Big N". In doing so, Macve draws scholarly attention to the various aspects of changes that have occurred in the Chinese public accounting profession, and their likely unfolding consequences, in particular in relation to the various government initiatives. One recent government initiative – Document 56 (see [Section 4.1.2](#) for details) – is recognised to be laying the essential foundation for the making of the Chinese "Big N". Document 56 prescribes, *inter alia*, the internationalisation of indigenous accounting firms as a priority and aims to expand the audit market or opportunities for Chinese CPAs. Indigenous accounting firms are provided with two routes of going abroad: (1) to join the 2nd-tier international networks and (2) to remain stand-alone by developing their own international networks. According to Macve, within the policy framework of Document 56, the award of H-share licences [15] by the state to firms beyond the Big Four is a vital step towards China's home-grown accounting firms becoming "international" in the sense of providing statutory audit services to companies listed on international exchanges. This is further complemented by the state, very significantly, accelerating the process of localisation [16] of the Big Four in China. Such enforced localisation of the Big Four, albeit controversial to some extent, ensures that both indigenous and international accounting firms compete fairly within the legal framework and rules of the unified market. The challenge for indigenous accounting firms (including both those that have joined the 2nd-tier international networks and those stand-alone firms) would be ready to level the competitive field in the next round of audit rotation [17] of SOEs in China in 2020. In general, [Macve \(2020\)](#) visibly broadens [Gillis's \(2011, 2014a\)](#) work in his evaluation of the current audit environment in China and his prediction as to the global possibility of having a Chinese "Big N" accounting firm capable of reshaping the power balance in the current transnational accountancy arena.

4.2.4 Concluding remarks. The analysed literature shows that both indigenous accounting firms and the Big Four have been considered as important actors in the development of the Chinese public accounting profession. At the initial stage of professional accounting development, whilst the state sponsorship provided much needed support and backing for indigenous accounting firms, it seriously undermined the professional independence of both CPAs and CPA firms ([Yee, 2020](#)). This lack of independence led to high profile audit scandals of indigenous accounting firms, prompting the need for radical structural reform of accounting firms. In parallel to the growth of indigenous accounting firms, the Big Four have also established a leading presence in China through acting as an agent of change within important conjunctural moments in history. However, if indigenous accounting firms, through joining the 2nd-tier international networks or remaining stand-alone by developing

their own international networks, successfully raise their status to challenge the position of the Big Four, there would be significant implications for both domestic and global audit markets (Macve, 2020).

4.3 Research subjects at the individual practitioner level

4.3.1 *The construction of professional identity.* An important aspect in the process of accounting professionalisation evolves around how auditors construct a particular identity of “ideal professional” (Chua *et al.*, 2019). This particular identity entails a shared understanding of what being an “ideal professional” means that can influence auditors’ behaviours and alter their sense of the self at work (Kosmala and Xian, 2011; Spence *et al.*, 2017; Wen, 2020). The construction of professional identity is always in motion, driven by the repressive power of organisational imperatives as well as the positive power of individual agency.

For example, Kosmala and Xian (2011) examine the process in which the organisational cultures of two Chinese accounting firms, especially the cultural specificity of *guanxi* dynamics, target, guide and mould auditors’ professional identity. Kosmala and Xian (2011) highlight that the local notions of *guanxi* play a dominant role in managing client interactions in these accounting firms, although the Western notions of professionalism are publicly espoused and reinforced in performance measures. Accordingly, auditors’ enactment of professional values appears more service-oriented and embedded in *guanxi* dynamics rather than in the West-driven norms of “independence, objectivity and integrity” discourse. Moreover, in a comparative empirical study of partners in the Big Four in China and Japan, Spence *et al.* (2017) note that firms in each context demand quite different forms of capital and dispositions from firm members. Japanese partners embody a set of dispositions that privilege duty and obligation. In contrast, Chinese partners embody a very much commercially focussed set of dispositions that privilege business development, constituting what Spence *et al.* (2017) denote an entrepreneurial habitus. Such difference in values can be attributed to the way in which the Big Four expanded in either country. In Japan, the Big Four built up their business through a series of mergers with already well-established Japanese firms and, as such, have maintained a Japanese identity throughout; whereas in China, the Big Four developed their business in China from a more or less *terra nullis* situation, driven by the strategies of expatriate partners flown in from Hong Kong and various Anglo-American countries. The entrepreneurial habitus encountered amongst senior members of the Big Four in China is hence more consistent with the habitus of the Big Four partners in Anglo-American countries (Spence *et al.*, 2017).

Wen (2020) provides an analysis on the process in which Chinese auditors actively construct a commercialised professional identity through individual interpretation and subjectivity in a Big Four accounting firm in China. Three recurring identity scripts – *client relationship (guanxi)*, *adding value* and *career* – are found to be critical to the self-formation and self-definition of auditors. According to Wen (2020, p. 202), these identity scripts are “powerful together because they are not externally imposed on auditors but are enacted by the self, exercised on the self and rationalised as key to the self’s emerging identity”. The prevalence of these identity scripts mediates explanations of events and legitimises demanding practices, rendering alternative accounts of life and work within the audit teams problematic or at least muted. Auditors actively learn to regulate the self in ways that legitimise their claims to a commercialised professional identity.

Furthermore, Wen *et al.* (2021) attend to the impact of China’s communist legacy on auditors’ construction of professional identity. In recent years, the Chinese Communist Party, through its party-building work, has established a greater presence in Chinese accounting firms. The party branches have become closely integrated with Chinese accounting firms’ internal governance and business activities. The line between audit techniques and the party-

building work is getting increasingly blurred. As a result, Chinese auditors not only need to know accounting and auditing standards but also need to acquire another set of political acts (e.g. wear the party badge when practicing). The party membership appears to have provided Chinese auditors with a sense of recognition and belonging to a “community” that dedicates to the service of the state modernisation through professionalism.

4.3.2 Concluding remarks. The analysed literature displays how discourses and actions in organisational settings inform Chinese auditors’ construction of professional identity. It is evident that, with traces of China’s cultural and political heritage, hybridised understandings of professionalism-related concepts emerge in the Chinese public accounting profession, which evolves, more in line with the country’s evolving institutional context, and therefore, need to be recognised and managed as such.

5. Discussion

This section discusses the principal issues observed from the extant research on the organisation of the Chinese public accounting profession. Based on the systematic analysis of literature, this study shows that the current state of research is characterised by its (1) explorative and descriptive nature, (2) strong state-centric focus and (3) lack of consistent and holistic understanding on accounting professionalisation in China. As these issues have potential implications for future research opportunities and directions, each of them is discussed below.

5.1 Nature of the research approach

The first issue from the systematic analysis of literature relates to the explorative and descriptive nature of research. Most researchers have thus far focussed on empirical descriptions, seeking to outline the trajectory of Chinese professional accounting development over time. They tend to treat this trajectory as a whole, despite China is geographically and demographically diverse. The findings are rather central and do not bring out local and regional circumstances and variations [18]. Moreover, the academic works in this stream of research simply report key events and do not provide much meaningful analysis or interpretation (e.g. Huang, 1987; Fang and Tang, 1991; Ge and Lin, 1993; Xu, 1995; Yang and Yang, 1999; Huang and Ma, 2001; Lu and Saunders, 2005; Chen and Liu, 2019). According to Tang (2000), researchers, particularly those from mainland China, often use their own wisdom and logic to reach conclusions. The lack of theorisation within the Chinese context and the casualness of research methodology inexorably result in achievements that are far from excellent.

Despite the prevalence of academic works being descriptive in nature, there has existed a growing body of literature that, through rigorous research design and carefully articulated theoretical framework, provides nuanced understanding of Chinese professional accounting development (e.g. Hao, 1999; Yapa and Hao, 2007; Yee, 2008, 2009; 2012, 2020; Gillis, 2011, 2014a; Macve, 2020; Wen *et al.*, 2021; Zhu *et al.*, 2021). It may however be too early to conclude that the extant literature has shown a systematic shift in its research approach [19]. For the field to develop deeper levels of academic knowledge and insights requires both methodological advancement and theoretical sophistication.

5.2 Strong state-centric focus

The second issue from the systematic analysis of literature is the strong state-centric focus. The vast majority of researchers have concentrated on the significance of the state (and its political ideologies) in the development of the Chinese public accounting profession. The state has been broadly recognised as playing an authoritative, all-encompassing role of field-

maker, regulator and consumer of accounting services in China (Zhu *et al.*, 2021). Although fruitful, such heightened attention to the state has arguably been accompanied by the relative lack of studies in accounting research examining the strategic agendas and position of other national and transnational actors in Chinese professional accounting development, such as local and foreign elite practitioners, the CICPA, the Big Four, the World Trade Organization (WTO) and the International Federation of Accountants (IFAC). In order to empower an interpretation of these actors beyond the remit of the state's dominance, it becomes necessary to break away (at least partially) from a state-centric view and contemplate the constellation of actors that does not reproduce what is perceived to be a singular understanding on the state, but that permits the works of these other actors to be made salient and understood. The value of redirecting the centrality of analytical attention to the interactions of actors is also recognised in Macve's (2020, 2021) "linked ecologies" theoretical approach.

Moreover, the other related issue concerns with the use of certain West-based theoretical lenses by the extant research to explain and interpret the significance of the Chinese state. For example, within the extant literature, there has been a routine reliance on Gramsci's (1971) "hegemony" analysis (Yee, 2008, 2009, 2012). As Yee (2009, p. 71) puts it: "Through effectively exercising its political and ideological leadership, the state successfully mobilised the Chinese accountants in the implementation of its economic-related agenda. The paper demonstrates that the state has clearly achieved hegemony within the accounting community, and further suggests that the state-accounting profession relationship could be likened to the father-son relationship as encompassed within the Confucian notion of *wu lun*". Additionally, Zhu *et al.* (2021) seek to apply Bourdieu's (2014) theory of the state and the roles of "material" and "symbolic" power to explore the habitus of Chinese public accountants. Nevertheless, the appropriateness of these theoretical lenses in the context of understanding Chinese professional accounting development has been challenged. According to Macve (2021, p. 53), it is anomalous to apply Gramscian or Bordieuan analysis of the underlying forces at work within Western "democratic" states to what remains, ideologically if not always in practice, an authoritarian Marxist-Leninist state where both action and ways of thinking have long been affected at all social and political levels by the Chinese Communist Party. Further theoretical development that is more relevant to the Chinese context is therefore needed.

5.3 Lack of consistent and holistic understanding on accounting professionalisation in China

The third issue from the systematic analysis of literature points to the conflicting insights over accounting professionalisation in China. The extant literature tends to define the research domain on the basis of the primary and focussed actors and thus lacks scholarly attempt to integrate and present a holistic understanding on the professionalisation process. This is most evident in the efforts of academic works seeking to eradicate the bias, due to the state-centric focus, towards the role of the Big Four in Chinese professional accounting development. For example, Gillis (2011, 2014a) argues that the Big Four have formed part of a "transnational capitalist class [20]", being ideologically reinforced by a discourse of international accounting and auditing standards seen as needed for freely functioning capital markets. In this vein, the Big Four are understood as "hegemony" that is capable of achieving and retaining dominance over the indigenous public accounting profession. This insight on the Big Four directly contrasts to those under the state-centric focus claiming that the state has and would continue to dominate the evolutionary process of accounting issues even though there has been increasing Western influence in China (Lu *et al.*, 2009). All these studies have assumed that multiple actors are somewhat isolated or act within their specific arenas. Very little research has thus far aimed to reveal the pattern and mechanism of interactions and exchanges amongst different actors. Within the notable exceptions, Wen *et al.* (2021) provide an illuminating investigation of how the CICPA has interacted with relevant state actors (particularly the Chinese Communist Party) and international institutions such as the

Big Four in the past and how it is currently doing so. Furthermore, [Wen and Sonnerfeldt \(2021\)](#) demonstrate the complex interplays between the Big Four and the Chinese local institutional context wherein the state exerts significant influence. They show that the establishment of the Big Four in China is not fully realised by the firms themselves as they are affected by the actions of important endogenous actors such as the state and the CICPA.

The need of a consistent and holistic approach has also been acknowledged by [Macve \(2020, 2021\)](#) who explicitly draws our attention to the perspective of “linked ecologies” within which local professional accounting development is regarded as being driven nationally and internationally and recognises the contradictions therein ([Suddaby and Muzio, 2015](#)). The argument here is that there is a need to strictly define “What is the domain of accounting professionalisation in China?” This question moves the discussion in the next section with possible responses to such inquiry.

6. The path for future development

Based on the findings from the systematic review, this paper endeavours to demarcate the domain of accounting professionalisation in China and outline some thoughts in the hope of moving the extant research towards its next stages of development.

6.1 *The domain of accounting professionalisation in China*

Delineating the domain of accounting professionalisation in China primarily requires a coherent definition of professionalisation. Drawing upon the work of [Burrage et al. \(1990\)](#) [21], this paper proposes to conceptualise professionalisation as the process whereby aspirant groups negotiate “occupational settlements” with other actors in the broader economic and social arena over time. These are intricate, fluid and historically contingent negotiations where different actors mobilise their resources, tactics and alliances in pursuit of their own strategic agendas. The result of such negotiations leads to a multiplicity of perceptions of the profession’s content and functionality. The work of [Burrage et al. \(1990\)](#) is relevant for studying accounting professionalisation in China as it provides an open-ended conceptual tool that helps to map out various actors and their interactions involved in the formation and transformation of the Chinese public accounting profession. This is particularly significant as accounting professionalisation in China has unfolded against the backdrop of a globalised world reflected by the rapid expansion of operations and interactions across and beyond national boundaries. The integration into the global economy has exposed China to increasing transnational forces to converge areas such as accounting and auditing with internationally acceptable practices in order to legitimate China’s participation in the global arena ([Wu and Patel, 2015](#)). The work of [Burrage et al. \(1990\)](#) can be rescaled to account for impacts of globalisation on the process of accounting professionalisation. It shows that interactions between national and transnational actors, rather than national or transnational actors operating in isolation, need to be at the centre of analytical attention. Understanding accounting professionalisation in this particular way also helps to build on the already extant literature.

6.2 *Future research directions*

Conceptualisation of accounting professionalisation in China needs to emerge from a more thorough understanding of what actors constitute the profession. For research on actors at the national level, the Chinese state has undoubtedly attracted the most scholarly attention. However, the extant literature tends to represent the Chinese state as the various “agencies of the government, with authority to decree the practices that accountants must follow and to maintain an enforcement mechanism” (e.g. [Hao, 1999](#), p. 288). It is surprising that there is a

paucity of studies focussing on the particular significance of the Chinese Communist Party in the professionalisation process. As an additional layer of governance, the Chinese Communist Party operates in parallel with and controls the government at all levels of the national hierarchy (Zhang *et al.*, 2014). As Zheng (2004) notes, the Chinese government or, more precisely, the Chinese Communist Party has conceived of globalisation not as a wholesale process of “Westernisation” but as a strategic tool to selectively import and absorb Western state products such as advanced technologies and skills to develop the country and achieve regime legitimacy. At the moment, the Chinese Communist Party has established a significant presence in the Chinese public accounting profession through the form of Party branches. Wen *et al.* (2021) make initial efforts in opening up the relationship of the CICPA with the Chinese Communist Party. Future research needs to acknowledge the impact of the Chinese Communist Party on Chinese professional accounting development in a broader sense. Although apparently typical for China, the details of the day-to-day impact remain largely opaque to our eyes. This is the area most in need of understanding but equally it is probably the hardest to gain in-depth “lived experience” of how it operates that outsiders would understand.

For research on actors at the transnational level: little has been done in relation to illuminating the significance of transnational accounting agencies such as IFAC in the process of accounting professionalisation in China. In seeking to enter the world stage and advance its global presence, the CICPA became a member of the Confederation of Asian and Pacific Accountants (CAPA) in 1996 and subsequently became a member of IFAC in 1997. However, little has been asked as to the implications of such a strategy for the state as well as for the local public accounting profession (Poullaos and Uche, 2012; Chua *et al.*, 2019). In particular, the CICPA’s admission into IFAC was a complex political process characterised by a decade-long negotiation between IFAC and the CICPA. With the growing importance of transnational accounting governance, research that provides an understanding of the strategic agendas and activities of the CICPA and how it relates to transnational accounting agencies can be a welcome addition to the professionalisation literature on China. Part of this relationship can be explored through, for example, examining the role played by the CICPA representatives in these agencies as they have nowadays made increasing contributions to international accounting and auditing institutions such as International Accounting Standards Board (IASB) and International Auditing and Assurance Standards Board (IAASB) (see, e.g. Macve, 2020).

Yet another research possibility relates to the development of accounting firms in China. It is clear that the entanglement of local norms and values (e.g. *guanxi*, paternalistic leadership style) in China means a Big Four firm in China cannot function in a way similar to that in the Western societies (Gillis, 2014b). Today, with the global expansion of Chinese companies, many indigenous accounting firms need to follow their clients and expand overseas either through establishing own international networks or joining existing 2nd-tier international networks (Macve, 2020). There is still much to be learnt about the operation of these indigenous accounting firms, their expansion strategies and tactics, the interpenetration of local and global values and practices and their influence within and connection to international networks. Given the dominant size that their Chinese member firms may gain within their international structures, this has opened up significant questions about how large international professional service firms, which hitherto have been Anglo-American dominated and part of the neo-liberal world order, may change, which will provide a key field for future research of wide interest (Macve, 2020).

For research on individual practitioners: at the moment, although as important aspects of accounting professionalisation in China, issues in relation to individual practitioners represent a nascent research field that has not been thoroughly studied and warrants more scholarly attention in the future. It is especially important to understand how macro-level constructs

trickle down and diffuse to the micro level and become relevant for the identities and practices of individual practitioners. In other words, future research needs to link the different levels of analysis to gain an understanding of how the interactions between transnational forces and national forces have worked on the formation and transformation of identities and practices at the individual level. Indeed, it is individual practitioners to fulfil the institutional requirements which are “subject to interpretation, manipulation, revision, and elaboration by those subject to them” (Scott, 2008, p. 430). In light of the rapid changes in the Chinese public accounting profession over the last four decades, the ever-changing mindsets of new generations of CPAs exposed to university education (in China and abroad) and to overseas experience, an examination of the dynamics at the individual level is especially needed in generating an understanding of how notions of professionalism are constructed (Macve, 2020).

7. Conclusion

As shown by this review, the extant literature on accounting professionalisation in China is both large and varied. Issues raised in early research agendas and frameworks (e.g. Graham, 1996; Wallace, 2000) regarding the Chinese public accounting profession have been addressed by subsequent studies, and many unique Chinese institutional factors (e.g. cultural values and political ideologies) have also been incorporated into extant studies. Given the wide range of research themes, the analysis shows that the current body of knowledge has laid the foundation for future empirical and theoretical works.

Results of the analysis, however, demonstrate that certain factors characterise the nature of research on accounting professionalisation in China. First, a significant part of literature has focussed on empirical descriptions, seeking to outline major events in Chinese professional accounting development rather than to explicate the dynamism underlying such development. Thus, in order to gain deeper understandings, the field needs both methodological advancement and theoretical sophistication. Second, the field has an overly strong state-centric focus, leading to the relative lack of scholarly attention to other national and transnational actors. Besides, much of the scholarly contributions regarding the Chinese state are underpinned by, arguably, inappropriate theoretical frameworks with underlying forces at work deeply rooted within Western “democratic” states. Third, the extant literature has assumed that the multiple actors involved in the process of accounting professionalisation in China are somewhat isolated or act within their specific arenas. In this sense, the field lacks common criterion to univocally define its domain and overcome the incongruity arising from conflicting analysis and insights on accounting professionalisation in China. Indeed, very few attempts have been made to integrate and present a consistent and holistic framework to conceptualise the phenomenon.

Importantly, this paper suggests potential avenues in the hope of overcoming some of the limitations and moving the field towards its next stages of development. First, the domain of accounting professionalisation in China needs to be clearly delineated. To this end, this paper draws explicit attention to the work of Burrage *et al.* (1990) that conceptualises professionalisation as an institutionalisation process in which various actors over time create common perceptions of the profession’s content and functionality. It provides a theory-based tool for researchers to clarify and reflect on the interactions between different actors. Second, in light of Burrage *et al.*’s (1990) multi-actor model of professional formation, future research can examine a diverse array of national and transnational actors, their strategies and power relations involved in accounting professionalisation in China. For example, as one of the noticeably understudied actors, the important work of the Chinese Communist Party, its interactions with other actors and the impact of such interactions on the structuring of the profession as well as day-to-day life of individual practitioners warrant considerable scholarly attention. In this way, the research field on accounting professionalisation in China would be further extended and become more valuable and informative.

Notes

1. This paper uses the term “public accounting profession” to represent the certified public accountants (CPAs) working in accounting firms to provide statutory audit services in China.
2. As a comparison, at the end of 2019, the Institute of Chartered Accountants in England and Wales (ICAEW) (formed in 1880) had a total individual membership of 154,531 (ICAEW, 2019); the American Institute of CPAs (AICPA) (formed in 1887) had a total individual membership of 431,000 (AICPA, 2019).
3. The present literature review focusses on the extant studies published in English. This is mainly because, compared with other research topics such as financial/managerial accounting, accounting professionalisation has attracted relatively limited scholarly attention within China (see, e.g. Wang *et al.* (2018) for a review of accounting literature on China topics published in international and Chinese journals between 1978 and 2018). For those studies published in Chinese that do dedicate to accounting professionalisation, they have tended to provide a descriptive analysis of important events in the development of the Chinese public accounting profession (see, e.g. Liu and Wang, 2008; Wang *et al.*, 2019), overlapping to a large extent with the insights of those English-language studies. By excluding studies published in languages other than English, the present literature review is hence limited in terms of its scope (see, e.g. Chua *et al.* (2019) for a similar limitation in their review of accounting professionalisation in Asia). Moreover, further limitation may also arise from researchers having to confine themselves to what English-language journals are interested in.
4. Over the last 30 years, a number of key papers have explored the relationship between the state and accounting professions in Western and particularly Anglo-American countries. They have pointed towards the importance of the state in professionalisation projects. For example, in a comparative analysis of accounting regulation in the UK, the USA, Germany and Sweden, Puxty *et al.* (1987, p. 279) note that an “organised profession depends upon the presence of other organising principles”. Accounting is not a truly autonomous field, but is subject to heteronomous influences, specifically from the state. Chua and Poullaos (1993, p. 691) similarly emphasise that “professions are the dynamic outcome of the mutual interaction of ‘state’ and ‘profession’”. According to Zhu *et al.* (2021, p. 4), however, the “occidental literature still tends to emphasise a state that is not fully comfortable or successful in taking a more muscular approach to professionalization”. This literature largely privileges the notion of a state characterised by self-limiting, liberal ideology and that is captured by dominant interests. Even in circumstances where Western states (e.g. France) take on less liberal or more centralised forms, the parallels with the Chinese experience (wherein the state is unencumbered by the self-imposed limitations of neo-liberal orders) appear to only go so far (Zhu *et al.*, 2021, p. 5).
5. See, e.g. Chen and Chan (2009), Simunic and Wu (2009), and Wang *et al.* (2018) for literature reviews on topics related to specific accounting and auditing techniques in China.
6. Macve (2020) conducted interviews with a wide range of representatives from both within and outside China to reach “saturation”, i.e. there was a sufficient representation of the variety of relevant perspectives as views were increasingly repeated by new interviewees. Wen *et al.* (2021) carefully analysed the CICPA’s archive materials, finding that they contained very detailed accounts of interactions between the CICPA and the MOF and CSRC across a variety of issues. The archive materials regularly documented situations in which the CICPA and the state apparatuses took different positions and standpoints, suggesting that they had not been extensively sanitised.
7. It is worth noting that Macve (2021) criticises the theoretical approach of using Gramsci’s (1971) concept of hegemony adopted by Yee (2008, 2009, 2012) and Gillis (2011, 2014a). Moreover, Macve also questions the theoretical approach of using Bourdieu’s (2014) theory of the state adopted by Zhu *et al.* (2021). See Section 5.2 for more details of such critique.
8. In the early 20th century, Chinese public accountants were allowed to establish accounting firms and perform a wide range of services (e.g. reviewing, investigating and appraising accounting books; company registration and bankruptcy settlement; accounting consultancy and system design) (Xu, 1995; Tang, 1997a). They developed a strong sense of professional community and became proactive in organising themselves into professional associations (e.g. the Institute of

Chartered Accountants of Shanghai) (Xu and Xu, 2003). A number of foreign accounting firms also came to China and established their presence in Shanghai (Xu, 1995; Tang, 1997a).

9. Chen (1998) and Lin (2003) review the rise and popularisation of the Increase–Decrease method since the early 1960s. The bookkeeping method adopted the same principle as the double-entry system. The major differences were that the Increase–Decrease method classified accounts into “Application of Funds” and “Source of Funds”, and the words “increase” and “decrease” were used as bookkeeping labels. It was designed as much simplified rules for accounting and reporting practices, enabling the average peasants and workers to understand all aspects of an organisation’s activities. Despite such advantages of the Increase–Decrease method, China’s economic reforms emerged in 1978 led to its being gradually replaced by the Debit–Credit method (Lin, 2003).
10. According to Tang (1997b), since China’s reform of accounting curriculum in the late 1980s, improved text materials have come from three sources: (1) direct use of Western textbooks (e.g. English-language textbooks from the USA and the UK); (2) new Chinese-authored textbooks and (3) training materials for international accounting certification.
11. In essence, the CICPA’s “Larger and More Competitive” strategy aims to facilitate the development of the Chinese public accounting profession by creating 10 large, internationalised indigenous accounting firms with the capability to provide integrated services to Chinese companies going abroad (Zhu *et al.*, 2021). To help to achieve this strategy, the CICPA offers monetary awards and subsidies to qualified indigenous accounting firms to improve their competitiveness, increase their size, and strengthen their internal governance mechanisms (Zhu *et al.*, 2021).
12. According to Macve (2020), Document 56 has become the most ambitious master plan for the development of the Chinese public accounting profession. It incorporates much of the CICPA’s “Larger and More Competitive” strategy, aiming to further establish a tiered market structure of “10-200-7,000” firms, of which the largest 10 would be in a super league of indigenous accounting firms with cross-border operations that can service Chinese companies going abroad and rival the worldwide international accounting firms (e.g. the Big Four). Moreover, Document 56 prescribes the need of development in several areas of the Chinese public accounting profession, including, for example, extending the service range of accounting firms to include various non-audit services (NAS), improving the professional ethics and professional competence of CPAs, promoting the use of “special general partnership” (SGP) for accounting firms and accelerating the process of localisation of the Big Four in China (Macve, 2020).
13. The full name *Chinese Institute of Certified Public Accountants* was deliberately chosen as “it was in line with the common naming method for professional accounting associations in many other countries, which will make it easier for foreigners to understand the nature of the CICPA” (CICPA, 1988, p. 8).
14. The extant organisational research on professional service firms suggests that whilst the Big Four may present themselves as “international” organisations, the reality is more along the lines of a conflictual federal form (Boussebaa and Morgan, 2015). It shows – implicitly at least – how such an organisational form tends to operate mostly in the interests of, and is broadly led and shaped by, the most powerful national offices, which are generally those based in the UK and the USA (Boussebaa and Morgan, 2015). The ideology and practices of the Big Four were developed within such national contexts and offices based in other nations, whilst enjoying a degree of autonomy in relation to certain business matters, are required to adhere to the work methodology laid down by the UK and US offices. Boussebaa (2015) describes such processes in terms of “neo-imperialism” in that a few “core” offices based in the most powerful economies in the Anglo-American world dominate and seek greater control over other (especially smaller and peripheral) offices based in the rest of the world. However, with the rapid expansion in size of their member firms in China, the current work methodology of the Big Four is likely to be further shaped by distinct “Chinese characteristics” (Macve, 2020).
15. In November 2009, the MOF (along with the CSRC) commenced a pilot programme to allow large indigenous accounting firms to conduct statutory audits on mainland-incorporated companies listed in Hong Kong (H-share) (Macve, 2020; Wen *et al.*, 2021).

16. In May 2012, the MOF issued the specific plan for the localisation of the Big Four. The MOF plan stipulates that, when a five-year transition period ends (December 31, 2017), the Big Four can have up to 20% foreign partners (i.e. partners with overseas qualifications but no CICPA qualification) in the management committee. As a core criterion in the localisation process, by the end of 2015, only Chinese nationals with the CICPA qualification are to be allowed to take the role of managing partners in the Big Four (Macve, 2020; Wen *et al.*, 2021).
17. In December 2011, the MOF issued the *Notice on Issues Related to Accounting Firms Undertaking Audits of Financial Statements of Central Enterprises*, further prescribing the compulsory audit rotation of SOEs controlled by central government – whereby audits must now rotate every five years (eight years if the auditor is ranked in the top 15) (Macve, 2020; Wen *et al.*, 2021). However, in the first round in 2012, any rotation that finally took place was only between the Big Four (Macve, 2020).
18. This can be partially explained by the fact that the CICPA is the sole professional accounting association in China. Through effectively coordinating and directing the work of its provincial branches, the CICPA is responsible for (1) formulating auditing standards; (2) registering public accountants; (3) organising nation-wide CPA qualification exams and continuing education and (4) maintaining internal discipline (e.g. reviewing levels of audit quality in accounting firms and qualifications of public accountants) (Wen *et al.*, 2021). This unitary model of organising the Chinese public accounting profession largely narrows local and regional variations. Nonetheless, the socio-economic circumstances on the ground may still result in varied status of professional development across China.
19. Arguably, this shift in research approach may also be driven (at least partially) by journal editors insisting authors to incorporate a theory for theory's sake.
20. According to Robinson and Harris (2000), transnational capitalist class is a global ruling class because it controls the levers of an emergent transnational state apparatus and of global decision-making. In the context of accounting regulation, such transnational capitalist class is composed of the Big Four together with a diverse array of other transnational organisations such as the World Bank, the WTO, IFAC, etc. (Suddaby *et al.*, 2007).
21. In their study of professionalisation patterns in different societies, Burrage *et al.* (1990) contend that any satisfactory analysis of the professions requires a clear identification of the groups and organisations whose actions can shape the form and the success or failure of professionalisation. Burrage *et al.* (1990) clearly avoid the structural reductionism that simply sees professions as the product of macro-processes such as “modernisation” and redirect the centrality of studying professionalisation towards the sustained analysis of the ongoing negotiations between different actors involved, leaving open the question of how the interests, resources and strategies of different actors have collectively shaped the professionalisation process. See, e.g. Faulconbridge and Muzio (2011) and Muzio *et al.* (2011) for detailed discussions regarding the work of Burrage *et al.* (1990) and its use in studying professionalisation processes.

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Corresponding author

Wenjun Wen can be contacted at: wenjun.wen@fek.lu.se

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