

Research on the Impact of the Degree of Strategic Differences of Listed Companies on the Relevance of Accounting Information

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Abstract: Based on the empirical sample of A-share listed companies in Shanghai and Shenzhen from 2007 to 2016, this paper investigates the effect and mechanism of corporate strategic differences on accounting information relevance from the perspective of accounting earnings persistence. The research finds that: there is a significant negative correlation between corporate strategic differences and accounting information relevance; high-quality internal control and high-quality audit can effectively alleviate the negative impact of corporate strategic differences on accounting information relevance.

Keywords: strategic difference degree; accounting information relevance; internal control; quality audit

1. Introduction

Companies with different degrees of strategic differences have large differences in information asymmetry, agency conflicts and business risks. The greater the difference in company strategy, the higher the degree of information asymmetry between management and investors, the more serious the agency conflict, and the greater the operating risk. Based on these differences, scholars examined the impact of corporate strategic differences on operating performance, cost of equity capital, earnings management, accounting conservatism, financial fraud, analyst behavior and auditor behavior and other aspects, but few scholars have examined the relationship between corporate strategic differences and the relevance of accounting information from the perspective of earnings sustainability [1-4]. In view of this, this article selects my country's Shanghai and Shenzhen A-share listed companies from 2007 to 2016 as empirical samples, and uses the linear first-order autoregressive model to measure earnings persistence as a proxy indicator of accounting information relevance to examine the relevance of corporate strategic differences to accounting information the effect and mechanism of sexual influence. The study found that:

(1) The degree of corporate strategic differences is significantly negatively correlated with the relevance of accounting information;

(2) High-quality internal control and high-quality auditing can effectively alleviate the negative impact of

corporate strategic differences on the relevance of accounting information [5, 6].

2. Theoretical Analysis and Research Hypothesis

Operational risk can directly affect the relevance of accounting information. Strategic factors that have an overall and guiding role for the company's long-term development can directly affect the company's business risks. The more the company strategy deviates from the industry's conventional strategy model (the greater the degree of corporate strategy difference), the higher the business risk, the greater the performance fluctuation range. Therefore, from the perspective of operating risk, compared with companies with small strategic differences, in companies with large strategic differences, higher operating risks and performance fluctuation risks will increase the risk of accounting earnings fluctuations and reduce the level of profitability. The continuity of accounting earnings and its forecast value are weakened, and the relevance of accounting information is correspondingly weakened [7-9].

First of all, the operating risks and performance fluctuation risks arising from the company's strategic differences will reduce the company's future profitability and increase the volatility of accounting earnings, which will increase the difficulty for investors to predict the next period's earnings based on the current period's accounting earnings and make investment decisions. Efficiency is directly affected, making it more difficult to reflect the usefulness and relevance of accounting information in decision-making. Secondly, accrued earnings management will weaken the continuity of accrued earnings, business risks and performance fluctuation risks arising from company strategic differences may cause greater management performance and salary volatility. At this time, in order to avoid the adverse effects of operating risks on performance compensation, the management's motivation to manipulate performance through earnings management has been enhanced, which significantly improves the degree of accrued earnings management, which will inevitably weaken the continuity of earnings [10]. As a result, the content of accounting earnings information decreases, and it is more difficult for investors to predict the company's future profitability based on earnings information, that is, the relevance of accounting

information is correspondingly weakened. Finally, in the process of generating accounting information, the choice of accounting policies and the deviation of accounting estimates are important factors influencing the continuity of accounting earnings [11, 12]. The operating risks and performance fluctuation risks arising from the company's strategic differences make it more difficult for the management to estimate the company's future profitability, and may also prompt the management to use the discretionary discretion of accounting policies to make false estimates and adopt earnings management in accounting confirmation and measurement. Performance manipulations such as opportunistic behaviors will inevitably increase accounting policy choices and accounting estimation deviations, weaken the continuity of accounting earnings, and weaken the relevance of accounting information [13].

Based on the above analysis, this article proposes the following hypotheses:

H1: Restricting other conditions, the greater the degree of corporate strategic difference, the weaker the continuity of accounting earnings, and thus the weaker the relevance of accounting information, that is, the degree of corporate strategic difference is significantly negatively correlated with the relevance of accounting information [14].

3. Research and Design

3.1. Sample and Data

Select the 2007~2016 my country Shanghai and Shenzhen A-share listed companies as the empirical

$$EN_t / EO_t = \alpha_0 + \alpha_1(EN_{t-1} / EO_{t-1}) + \alpha_2 SD_{t-1} + \alpha_3(EN_{t-1} / EO_{t-1}) \times SD_{t-1} + \sum CONTROLS_{t-1} + \sum (EN_{t-1} / EO_{t-1}) \times CONTROLS_{t-1} + \sum YEAR + \sum IND + \delta \quad (1)$$

3.2.1. Accounting information

Regarding the measurement of the continuity of earnings, we draw on the research of Richardson et al. (2005) and construct a linear first-order autoregressive model for measurement. According to the company's t-1 accounting surplus, it is obtained by regressing the t-1 period's accounting surplus the regression coefficient measures the sustainability of earnings. In model (1), both EN and EO are used to measure accounting earnings. EN is equal to the net profit divided by the average balance of assets, and EO is equal to the Operating profit divided by the average balance of assets.

3.2.2. Strategic difference

SD in model (1) represents the degree of corporate strategic difference. Drawing lessons from the research of Tang et al. (2011), Ye Kangtao et al. (2014), six strategic dimension indicators are selected to comprehensively calculate the company's strategic difference. Among them, the six strategic dimension indicators include: (1) advertising expenditures, equal to sales expenses divided by operating income; (2) R&D expenditures, equal to net intangible assets divided by operating income; (3) capital

sample, and screen the samples as follows: (1) Exclude ST and *ST listed companies; (2) Exclude financial and insurance listed companies; (3) Eliminate the sample of companies with missing data on related variables in the empirical regression analysis. After the above screening and processing, 17061 sample observations were finally obtained. Relevant financial data comes from the Cathay Pacific database (CSMAR). In order to avoid the influence of outliers, all continuous variables are processed with winsorize up and down 1%. Use Stata/MP13.1 software for data processing and empirical testing [15].

3.2. Model Construction and Variable Definition

This paper draws on the related research of Richardson et al. (2005), based on the linear first-order autoregressive model to construct the following model (1), and pay attention to the sign of the coefficient α_3 in the model (1). The coefficient α_3 can explain the accounting surplus Continuity. If the coefficient α_3 is significantly negative, the accounting earnings persistence is low, indicating that the greater the company's strategic difference, the weaker the accounting earnings persistence, and thus the weaker the accounting information relevance, that is, the significant relevance of the company's strategic difference and accounting information Negative correlation, the hypothesis is verified. The definition and description of the main variables in the linear first-order autoregressive model (1) are shown in Table 1 for the definition of variables.

intensity, equal to fixed Assets divided by the number of employees; (4) The degree of renewal of fixed assets is equal to the net value of fixed assets divided by the original value of fixed assets; (5) Management expense investment is equal to management expenses divided by operating income; (6) Financial leverage is equal to short-term borrowing, The sum of long-term loans, bonds payable, and non-current liabilities due within one year is divided by the book value of equity. At present, my country's listed companies rarely disclose advertising expenses and R&D expenses separately. Advertising expenses are usually included in sales expenses, and part of R&D expenses are included in intangible assets. Therefore, according to the research of Ye Kangtao et al. (2014), sales expenses are used, the net value of intangible assets approximates the calculation of advertising expenses and research and development expenses.

The method of using six strategic dimension indicators to comprehensively calculate the company's strategic difference is as follows: First, calculate the annual indicator value of each company's six strategic dimension indicators; secondly, calculate the six strategic dimension indicator values of each company according to the year and industry. Standardization is carried out, that is, each

company's six strategic dimensions index values are subtracted from their respective annual industry averages and divided by their respective annual industry standard deviations, and then the absolute values are taken to obtain each company's six strategic dimensions. Strategic difference index; finally, according to the standardization of the six strategic dimension index values, sum and calculate the average value, thereby obtaining the strategic difference index SD. The greater the value of this indicator, the greater the difference in the company's strategy.

3.2.3. Control variables

The CONTROLS in model (1) represents several control variables that affect the continuity of accounting earnings. $(EN/EO) \times CONTROLS$ represents the possible changes in the continuity of control accounting earnings with its control variables. The control variables selected in this article include company size (SIZE), asset-liability ratio (LEV), growth capacity (GROW), intangible asset ratio (IA), and loss (LOSS). At the same time, control the year (YEAR) and industry (IND). Variable definitions are shown in Table 1.

Table 1. Variable definition table

Variable name	Variable code	Variable definition
accounting information relevance	EN	accounting surplus, equal to net profit divided by the average balance of assets
	EO	accounting surplus, operating profit divided by the average balance of assets
	EN	accounting surplus, equal to net profit divided by the average balance of assets
	EO	accounting surplus, equal to operating profit divided by the average balance of assets
strategy difference	SD	the degree of strategic difference, represents the degree to which the strategic positioning deviates from the conventional strategic mode of the industry
company size	SIZE	natural logarithm of total assets
assets and liabilities	LEV	net intangible assets divided by total assets
growth ability	GROW	operating income growth rate
proportion of intangible assets	IA	total liabilities divided by total assets
loss	LOSS	dummy variable, if the net profit is less than zero, then LOSS takes 1, otherwise it takes 0
year	YEAR	dummy variables, set up 8 annual dummy variables based on 2008
industry	IND	dummy variables, set 20 industry dummy variables based on A-type industry companies

4. Analysis of Empirical Results

4.1. Descriptive Statistics

Table 2 reports the descriptive statistical results of the full sample. The mean and median of accounting earnings EN_t , EN_{t-1} , EO_t , and EO_{t-1} are respectively between 0.035~0.043, indicating that the average level of accounting earnings of the sample companies is between 3.5%~4.3%, and the overall profitability is acceptable; The minimum and maximum values are between -0.220~0.259, indicating that there is a significant gap in the level of accounting earnings between the sample

companies. The mean and standard deviation of the company's strategic difference (SD_{t-1}) are 0.488 and 0.343, respectively, indicating that more sample companies have chosen a differentiated strategy that deviates from the industry's conventional strategic model; the minimum and maximum values are 0.111 and 2.206, respectively. The large difference between the values indicates that the strategic differences between sample companies in the industry are relatively large compared to the industry's conventional strategic models. The descriptive statistical results of the control variables are in line with theoretical expectations.

Table 2. Descriptive statistics for the full sample

Variable	Observed Value	Mean	Standard Deviation	Minimum	Maximum	25th Percentile	Median	75th Percentile
EN_t	17061	0.040	0.060	-0.194	0.236	0.012	0.035	0.067
EN_{t-1}	17061	0.042	0.062	-0.207	0.242	0.014	0.038	0.071
EO_t	17061	0.040	0.069	-0.214	0.251	0.009	0.036	0.073
EO_{t-1}	17061	0.043	0.071	-0.220	0.259	0.011	0.039	0.077

SD _{t-1}	17061	0.488	0.343	0.111	2.206	0.275	0.390	0.575
SIZE _{t-1}	17061	22.014	1.291	19.147	25.861	21.112	21.863	22.753
LEV _{t-1}	17061	0.468	0.220	0.054	1.075	0.299	0.466	0.631
GROW _{t-1}	17061	0.210	0.613	-0.612	4.519	-0.038	0.103	0.274
IA _{t-1}	17061	0.050	0.059	0.000	0.368	0.015	0.034	0.061
LOSS _{t-1}	17061	0.101	0.302	0.000	1.000	0.000	0.000	0.000

-0.154, -0.126, -0.214, and they are all at the level of 1% significantly, it means that the greater the company's strategic difference, the weaker the profitability, which may weaken the continuity of accounting earnings and its predicted value, and the relevance of accounting information may be correspondingly weaker.

4.2. Correlation Analysis

Table 3 reports the Pearson correlation coefficient test results of the main variables. The correlation coefficients between the company's strategic difference (SD_{t-1}) and accounting earnings EN_t, EN_{t-1}, EO_t, EO_{t-1} are -0.075,

Table 3. Pearson correlation coefficient of main variables

Variable	EN _t	EN _{t-1}	EO _t	EO _{t-1}	SD _{t-1}
EN _t	1				
EN _{t-1}	0.527***	1			
EO _t	0.902***	0.576***	1		
EO _{t-1}	0.547***	0.896***	0.655***	1	
SD _{t-1}	-0.075***	-0.154***	-0.126***	-0.214***	1

Note: ***, **, * indicate significant at the level of 1%, 5%, and 10% (two-tailed).

4.3. Main Regression Analysis

Table 4 reports the test results of the impact of the company's strategic differences on the relevance of accounting information. Among them, the standard errors of the regression coefficients in columns (3) and (4) are clustered at the company level.

According to the regression results reported in Table 4: the regression results of columns (1) and (2) show that the two proxy variables of accounting earnings EN_{t-1}, EO_{t-1} and the company's strategic difference degree (SD_{t-1}) interaction term coefficients of EN_{t-1}×SD_{t-1} and EO_{t-1}×SD_{t-1} are -0.207 and -0.146 respectively, and both

are significant at the 1% level; the regression results of column (3) and column (4) show that when the regression coefficients of all variables are after the standard error is adjusted at the company level (cluster), the two proxy variables of accounting earnings EN_{t-1}, EO_{t-1} and the company's strategic difference degree (SD_{t-1}) interaction term coefficients of EN_{t-1}×SD_{t-1}, EO_{t-1}×SD_{t-1} is still significantly negative at the 1% level. This shows that the degree of corporate strategic difference is significantly negatively correlated with the relevance of accounting information, and the hypothesis in this article has been verified.

Table 4. The effect of strategy difference on the relevance of accounting information

Variable	EN _t	EO _t	EN _t	EO _t
	(1)	(2)	(3)	(4)
EN _{t-1} /EO _{t-1}	-1.192*** (-13.56)	0.178** (2.15)	-1.192*** (-7.99)	0.178 (1.10)
SD _{t-1}	0.005*** (4.69)	-0.001 (-0.50)	0.005*** (2.66)	-0.001 (-0.31)
EN _{t-1} ×SD _{t-1} /EO _{t-1} ×SD _{t-1}	-0.207*** (-13.73)	-0.146*** (-11.00)	-0.207*** (-7.28)	-0.146*** (-5.32)
SIZE _{t-1}	-0.001** (-2.46)	0.004*** (10.94)	-0.001 (-1.51)	0.004*** (6.80)
LEV _{t-1}	-0.026*** (-14.94)	-0.049*** (-25.94)	-0.026*** (-7.61)	-0.049*** (-15.47)
GROW _{t-1}	0.013*** (25.91)	0.022*** (41.75)	0.013*** (11.44)	0.022*** (18.14)
IA _{t-1}	-0.031***	-0.033***	-0.031***	-0.033***

	(-4.76)	(-5.02)	(-2.80)	(-2.80)
LOSS _{t-1}	-0.097***	-0.081***	-0.097***	-0.081***
	(-95.44)	(-73.50)	(-43.46)	(-41.45)
EN _{t-1} ×SIZE _{t-1} /EO _{t-1} ×SIZE _{t-1}	0.086***	0.021***	0.086***	0.021***
	(21.70)	(5.70)	(12.73)	(2.87)
EN _{t-1} ×LEV _{t-1} /EO _{t-1} ×LEV _{t-1}	-0.590***	-0.245***	-0.590***	-0.245***
	(-27.22)	(-12.29)	(-10.72)	(-5.96)
EN _{t-1} ×GROW _{t-1} /EO _{t-1} ×GROW _{t-1}	0.186***	0.076***	0.186***	0.076***
	(17.09)	(7.43)	(7.34)	(3.51)
EN _{t-1} ×IA _{t-1} /EO _{t-1} ×IA _{t-1}	0.345***	0.528***	0.345	0.528**
	(3.27)	(5.48)	(1.55)	(2.56)
EN _{t-1} ×LOSS _{t-1} /EO _{t-1} ×LOSS _{t-1}	0.285***	-0.038	0.285***	-0.038
	(9.29)	(-1.46)	(4.39)	(-0.81)
Constant	0.049***	-0.048***	0.049***	-0.048***
	(7.41)	(-6.62)	(4.78)	(-4.26)
YEAR&IND	Control	Control	Control	Control
Samples	17061	17061	17061	17061
Adj.R ²	0.6319	0.6637	0.6319	0.6637
F value	715.20	822.09	—	—

Note: The values in parentheses are t-values, ***, **, * indicate significant at the level of 1%, 5%, and 10%.

5. Robustness Test

5.1. Fixed Effects Regression

This paper uses the fixed effects method to re-regress the model (1), and the regression results are shown in Table 5. It can be found that the regression coefficients of the interaction terms EN_{t-1}×SD_{t-1} and EO_{t-1}×SD_{t-1} between

the two proxy variables EN_{t-1} and EO_{t-1} of accounting earnings and the degree of corporate strategic difference (SD_{t-1}) are respectively -0.152, -0.129, and both are significant at the 1% level, indicating that the fixed-effects method is used for regression, and the research conclusions of this article remain unchanged.

Table 5. Fixed effects regression

Variable	EN _t		EO _t	
	(1)	(2)	(3)	(4)
	Coefficient	t value	Coefficient	t value
EN _{t-1} /EO _{t-1}	-0.953***	(-9.19)	0.232**	(2.28)
SD _{t-1}	0.005***	(4.49)	0.003**	(2.28)
EN _{t-1} ×SD _{t-1} /EO _{t-1} ×SD _{t-1}	-0.152***	(-9.15)	-0.129***	(-8.48)
Constant	0.097***	(5.62)	-0.079***	(-4.19)
Control variables	Control		Control	
YEAR&IND	Control		Control	
Samples	17061		17061	
Adj.R ²	0.4212		0.4001	
F value	365.11		339.84	

Note: Due to space limitations, the regression results of the control variables are kept for reference.

5.2. Change the measurement method of the strategic difference

On the one hand, based on the study of Tang et al (2011), the two strategic dimensions of advertising expenditure and R&D expenditure, which are calculated as approximate substitutions of sales expenses and intangible assets, are eliminated, according to the degree of capital intensity and the degree of renewal of fixed assets. The four major strategic dimension indicators of, management expense investment, and financial leverage

recalculate the company's strategic difference and record it as SD4. On the other hand, using the quantile method, the company's strategic difference (SD) is equally divided into 5 groups, the first group takes the value 1, the second group takes the value 2, and so on, the fifth group takes the value 5. Reconstruct the discrete variable of the company's strategic difference and record it as SD5. Then, replace SD_{t-1} in model (1) with SD4_{t-1} and SD5_{t-1} of the company's strategic differences in period t-1, and then re-regress. The regression results are shown in Table 6. It is found that the interaction term coefficients of

$EN_{t-1} \times SD_{4,t-1}$, $EO_{t-1} \times SD_{4,t-1}$, $EN_{t-1} \times SD_{5,t-1}$, $EO_{t-1} \times SD_{5,t-1}$, $EN_{t-1} \times SD_{10,t-1}$ and $EO_{t-1} \times SD_{10,t}$ are all significantly

negative at the 1% level, and the research conclusions remain unchanged.

Table 6. Change the measurement method of the strategic difference

Variable	EN_t	EO_t	EN_t	EO_t
	(1)	(2)	(3)	(4)
EN_{t-1}/EO_{t-1}	-1.173***	0.171	-1.221***	0.116
	(-7.95)	(1.05)	(-8.25)	(0.72)
$SD_{4,t-1}/SD_{5,t-1}$	0.003**	-0.000	0.002***	0.001***
	(2.07)	(-0.31)	(5.83)	(3.10)
$EN_{t-1} \times SD_{4,t-1}/EO_{t-1} \times SD_{4,t-1}$	-0.155***	-0.121***		
	(-8.15)	(-6.22)		
$EN_{t-1} \times SD_{5,t-1}/EO_{t-1} \times SD_{5,t-1}$			-0.044***	-0.028***
			(-6.92)	(-4.56)
Constant	0.052***	-0.048***	0.049***	-0.047***
	(4.91)	(-4.29)	(4.75)	(-4.18)
Control variables	Control	Control	Control	Control
YEAR&IND	Control	Control	Control	Control
Samples	17061	17061	17061	17061
Adj.R ²	0.6355	0.6651	0.6322	0.6629

Note: The values in parentheses are t-values, ***, **, * indicate significant at the level of 1%, 5%, and 10%. Due to space limitations, the regression results of the control variables are kept for reference.

6. Further Research: Test of Influence Mechanism

Internal control quality (Xiao Hua and Zhang Guoqing, 2013) and high-quality audit (Liao Yigang and Xu Ying, 2013) is conducive to enhancing the continuity of earnings, which may alleviate the relationship between the company's strategic differences and accounting information Negative effects of sex. To this end, this article examines the impact of high-quality internal control and high-quality audit on the relationship between the company's strategic difference and the relevance of accounting information.

6.1. The Impact of High-Quality Internal Control

High-quality internal control may help alleviate the negative impact of the company's strategic differences on the relevance of accounting information. On the one hand, from the perspective of production and operation, operating risks and performance fluctuation risks are the main reasons for weakening the continuity of accounting earnings, and high-quality internal control can effectively supervise the company's production and operation activities, improve the efficiency of management decision-making, and ensure the assessment of operating risks. Quality, so as to promote the company to achieve stable operation and development, reduce operating risks and performance fluctuation risks, and enhance the sustainability of earnings. On the other hand, from the perspective of accounting information generation, accounting policy selection and accounting estimation deviations are the main reasons for weakening the continuity of earnings. High-quality internal control with supervisory and governance functions is conducive to inhibiting the discretion and discretion of management

through accounting policy choices. Accounting estimation implements earnings management and other opportunistic behaviors, reduces accounting policy choices and accounting estimation deviations, and improves earnings quality, which is conducive to enhancing earnings sustainability. Based on this, this article further examines the impact of high-quality internal control on the relationship between the company's strategic difference and the relevance of accounting information. Regarding the measurement method of high-quality internal control, the internal control index (IC) issued by Shenzhen Dibo Enterprise Risk Management Technology Co., Ltd. is used for measurement. If the internal control index is greater than the industry median, IC is set to 1, indicating high-quality internal control; otherwise, IC is set to 0, indicating low-quality internal control.

In order to verify the impact of high-quality internal control on the relationship between the company's strategic difference and the relevance of accounting information, high-quality internal control (IC_{t-1}) and accounting earnings EN_{t-1}/EO_{t-1} and corporate strategy were added to the model (1). The interaction terms $EN_{t-1} \times SD_{t-1} \times IC_{t-1}$, $EO_{t-1} \times SD_{t-1} \times IC_{t-1}$ between the degree of difference (SD_{t-1}) and the high-quality internal control (IC_{t-1}), through the significant of the interaction term coefficient Judging the impact of high-quality internal control on the relationship between the company's strategic difference and the relevance of accounting information.

Table 7 reports the results of the impact of high-quality internal control on the relationship between the company's strategic difference and the relevance of accounting information. It is found that the interaction term coefficients of $EN_{t-1} \times SD_{t-1} \times IC_{t-1}$, $EO_{t-1} \times SD_{t-1} \times IC_{t-1}$

are all significant at the 1% level. This shows that high-quality internal control is conducive to enhancing the continuity of earnings, thereby alleviating the

negative impact of the company's strategic differences on the relevance of accounting information.

Table 7. The impact of high-quality internal control

Variable	EN _t	EO _t
	(1)	(2)
EN _{t-1} /EO _{t-1}	-0.950*** (-10.72)	0.319*** (3.79)
SD _{t-1}	0.003*** (2.69)	-0.002** (-2.25)
EN _{t-1} ×SD _{t-1} /EO _{t-1} ×SD _{t-1}	-0.314*** (-19.22)	-0.212*** (-14.51)
IC _{t-1} /ANA _{t-1}	0.002*** (3.26)	0.007*** (9.47)
EN _{t-1} ×SD _{t-1} ×IC _{t-1}	0.262*** (16.04)	
EO _{t-1} ×SD _{t-1} ×IC _{t-1}		0.163*** (10.33)
Constant	0.053*** (7.87)	-0.045*** (-6.27)
Control variables	Control	Control
YEAR&IND	Control	Control
Samples	17061	17061
Adj.R ²	0.6395	0.6692
F value	704.80	803.55

Note: The values in parentheses are t-values, ***, **, * indicate significant at the level of 1%, 5%, and 10%. Due to space limitations, the regression results of the control variables are kept for reference.

6.2. The Impact of High-Quality Auditing

Hiring high-quality auditors to conduct annual report audits may enhance the continuity of earnings in two ways, thereby alleviating the negative impact of the company's strategic differences on the relevance of accounting information: on the one hand, the information assurance function of high-quality audits is conducive to reviewing and revealing financial annual reports The under-reporting, misreporting, and fraudulent behaviors in the process provide investors with high-quality accounting information for decision-making, so that investors can more accurately predict future earnings based on current accounting earnings, and make use of the decision-making relevance of accounting information, thereby alleviating corporate strategic differences The degree of negative impact on the relevance of accounting information. On the other hand, the supervision and governance function of high-quality auditing is conducive to supervising and restricting the management's opportunistic behaviors such as earnings manipulation and accounting fraud, and reducing accrued earnings management (Ye Kangtao et al., 2015), which is conducive to enhancing the sustainability of earnings, thereby alleviating the negative impact of the company's strategic differences on the relevance of accounting information. Based on this, this article further examines

the impact of high-quality auditing on the relationship between the company's strategic difference and the relevance of accounting information.

Regarding the measurement method of high-quality auditing, on the one hand, the industry expertise auditor is used to measure, the "industry market share method" is used to calculate the auditor's industry expertise, and the model (2) is used to calculate the amount of auditor i in the k industry each year. Market share (MSAIE), and the auditor's industry expertise dummy variable (AIE) is set according to the standard of whether the industry market share (MSAIE) is greater than 10%. If the industry market share (MSAIE) is greater than 10%, AIE takes 1, which means high-quality audit; otherwise, AIE takes 0, which means low-quality audit. In model (1), REV represents the operating income of the client company, the numerator represents the square root of the operating income of the client company audited by the auditor i in the k industry in a certain year, and the denominator represents the client company audited by all the auditors in the k industry in a certain year The square root of operating income. On the other hand, the international "big four" accounting firm audit (BIG4) is used for measurement. If the company's annual report is audited by the international "big four" accounting firm, then BIG4 will be 1, which means high-quality audit; otherwise, BIG4 will be 0, which means Low quality audit.

$$MSAIE_{ik} = \frac{\sum_{j=1}^{Jik} \sqrt{REV_{ijk}}}{\sum_{i=1}^I \sum_{j=1}^{Jik} \sqrt{REV_{ijk}}} \tag{2}$$

In order to verify the impact of high-quality audits on the relationship between the company's strategic differences and the relevance of accounting information, this paper adds high-quality audits $AIE_{t-1}/BIG4_{t-1}$ and accounting earnings EN_{t-1}/EO_{t-1} , company Interaction items of strategic difference (SD_{t-1}) and high-quality audit $AIE_{t-1}/BIG4_{t-1}$, $EN_{t-1} \times SD_{t-1} \times AIE_{t-1}$, $EO_{t-1} \times SD_{t-1} \times AIE_{t-1}$, $EN_{t-1} \times SD_{t-1} \times BIG4_{t-1}$, $EO_{t-1} \times SD_{t-1} \times BIG4_{t-1}$, through the significance of the interaction term coefficients, judge the impact of high-quality audit on the relationship between the company's strategic difference and the relevance of accounting information.

Table 8 reports the results of high-quality audits on the relationship between the company's strategic difference and the relevance of accounting information. It is found that the interaction items $EN_{t-1} \times SD_{t-1} \times AIE_{t-1}$, $EO_{t-1} \times SD_{t-1} \times AIE_{t-1}$, the regression coefficients of $EN_{t-1} \times SD_{t-1} \times BIG4_{t-1}$ and $EO_{t-1} \times SD_{t-1} \times BIG4_{t-1}$ are significantly positive at least at the 5% level. This shows that hiring industry-specialized auditors and audits of the "big four" international firms is conducive to enhancing the continuity of earnings and thereby alleviating the negative impact of the company's strategic differences on the relevance of accounting information.

Table 8. The impact of high-quality auditing

Variable	EN _t	EO _t	EN _t	EO _t
	(1)	(2)	(3)	(4)
EN _{t-1} /EO _{t-1}	-1.168*** (-13.18)	0.245*** (16.88)	-1.09*** (-12.06)	0.281*** (3.25)
SD _{t-1}	0.004*** (4.64)	0.007*** (7.56)	0.004*** (4.50)	-0.001 (-0.77)
EN _{t-1} ×SD _{t-1} /EO _{t-1} ×SD _{t-1}	-0.216*** (-13.83)	-0.216*** (-13.95)	-0.218*** (-14.26)	-0.158*** (-11.66)
AIE _{t-1} /BIG4 _{t-1}	-0.000 (-0.43)	-0.001 (-1.10)	-0.001 (-0.45)	-0.003 (-1.62)
EN _{t-1} ×SD _{t-1} ×AIE _{t-1}	0.038** (2.23)			
EO _{t-1} ×SD _{t-1} ×AIE _{t-1}		0.071*** (4.19)		
EN _{t-1} ×SD _{t-1} ×BIG4 _{t-1}			0.127*** (3.78)	
EO _{t-1} ×SD _{t-1} ×BIG4 _{t-1}				0.141*** (4.41)
Constant	0.049*** (7.32)	0.012* (1.93)	0.050*** (7.20)	-0.050*** (-6.63)
Control variables	Control	Control	Control	Control
YEAR&IND	Control	Control	Control	Control
Samples	17061	17061	17061	17061
Adj.R ²	0.6319	0.6379	0.6322	0.6640
F value	682.19	699.99	682.99	785.15

Note: The values in parentheses are t-values, ***, **, * indicate significant at the level of 1%, 5%, and 10%. Due to space limitations, the regression results of the control variables are kept for reference.

7. Conclusions

This paper selects my country's Shanghai and Shenzhen A-share listed companies from 2007 to 2016 as a sample, and examines the effect and mechanism of corporate strategic differences on the relevance of accounting information. The results show that: the company's strategic difference is significantly negatively correlated with the relevance of accounting information; high-quality internal control and high-quality auditing effectively alleviate the negative impact of the company's strategic difference on the relevance of accounting information.

Previous studies have examined the impact of

corporate strategic variance on the relevance of accounting information from the perspective of stock pricing, but few scholars have investigated the relationship between corporate strategic variance and the relevance of accounting information from the perspective of earnings persistence, and the impact mechanism of the relationship between corporate strategic variance and the relevance of accounting information is still unclear. This article theoretically analyzes and empirically tests the effect of corporate strategic differences on the relevance of accounting information from the perspective of earnings persistence, and verifies the impact of high-quality internal control and high-quality audit on the relationship between the two, and makes up for the

deficiencies of existing research. The research conclusions have enlightenment for companies with large strategic differences to improve the quality of internal control and external auditing.

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