Unveiling the Fog of Law: Judicial Transparency and Entrepreneurship

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Abstract

We study how transparency in the judicial system influences entrepreneurship. Exploiting plausibly exogenous variation in court judgment disclosure generated by China's publication mandate in 2014, we find that enhanced judicial transparency encourages entry of incorporated businesses. The effect is stronger in plaintiff-prone industries but weaker in defendant-prone industries, suggesting that transparency may have heterogeneous implications on opposite sides of litigation. We document three key channels through which transparency promotes entry: improving access to credit, reshaping perceptions of institutional quality, and fostering technology-driven legal services. Enhanced judicial transparency also appears to screen for higher-quality entrants, as evidenced by larger initial employment, and improves post-entry firm performance across financial, operational, and innovation outcomes. Survey evidence confirms that entrepreneurs value a more transparent judicial system. Overall, our findings highlight the pivotal role of judicial transparency in shaping entrepreneurial ecosystems via its nuanced effects on uncertainty reduction.

Keywords: legal uncertainty, transparency, institutions, entrepreneurship, information disclosure, data accessibility

JEL Classification: K40, L26, L86, O33, P48

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"No other state can compete with the decades of case law that provide precedent on nearly every business issue ... That helps companies identify and manage risk, giving Delaware a massive edge when firms need to find a legal home."

— Fortune, February 12, 2025[1]

" ... The AO (Administrative Office of the U.S. Courts) continues to engage in a multi-year effort to overhaul its electronic case filing system and to expand free access to, and correct problems with, the PACER system. Most recently, on September 17, 2019, the Judicial Conference of the United States adopted policy doubling the quarterly fee waiver for users of the PACER system from $15 to $30."

— American Bar Association, The ABA Washington Letter, September 22, 2019[2]

1 Introduction

A well-functioning legal institution is crucial for financial development and long-run economic growth (North, 1990; Beck and Levine, 2005; Levine et al., 2023). Yet even advanced legal systems face ambiguous laws and judicial discretion, which can lead to uneven judgments and legal uncertainty (Dworkin, 1963; Hart, 2013; Lee, Schoenherr and Starmans, 2024). These frictions are compounded when judicial information is insufficiently disclosed, making legal outcomes harder to predict, weakening trust in courts, and raising uncertainty for market participants. Promoting transparency in the judicial system has therefore become an important policy focus worldwide, from efforts to expand free access to U.S. federal court filings through PACER to reforms across diverse institutional contexts (Liebman et al., 2023; Chen, Chen and Yang, 2025). Despite these developments, we know little about whether and how judicial transparency affects real economic activity.

This paper provides the first empirical evidence on how judicial transparency affects entrepreneurial activity. Small entrepreneurial firms account for a substantial share of employment and output (Adelino, Ma and Robinson, 2017; Kobe and Schwinn, 2018), yet entrepreneurship is highly risky and risk-adjusted returns are often remarkably low (Hall and Woodward, 2010). Legal frictions pervade the entrepreneurial process—contracting, intellectual property, financing, labor, operations, and exits—and litigation risk can deter entry, expansion, and innovation (Appel, Farre-Mensa and Simintzi, 2019). Smaller entrepreneurial firms are particularly exposed: litigation is costly, demands resources they often lack, and can disrupt operations (Cumming, Haslem and Knill, 2017). In our survey of 215 MBA and EMBA students in China, 69.3% of respondents rated legal protection as the most important or tied for most important

[1] See this Fortune article, accessed April 8, 2025.

[2] See this ABA article, accessed January 3, 2025. According to the AO, this policy will result in more than 75% of PACER's users paying no fee in a given quarter.

institutional factor affecting their decision to start a business.[3] The high value placed on legal factors motivates our focus on how judicial transparency can reduce legal uncertainty. From a transaction-cost perspective, greater judicial transparency helps assess expected costs of litigation and enforcement. From an information-disclosure perspective, early-stage firms face limited reporting requirements, making judicial records one of the few observable sources of legal-risk information. For would-be entrepreneurs, transparency in court decisions therefore provides critical signals about the likelihood, cost, and nature of potential legal disputes. Delaware's appeal to corporations illustrates the point: abundant and accessible judicial information helps firms identify and manage legal risks and make more informed decisions. This further motivates our focus on how enhanced judicial transparency affects entrepreneurs who often lack the resources to navigate opaque legal environments, particularly how it shapes their entry decisions.

A priori, the effect of judicial transparency on entrepreneurship is ambiguous. On one hand, transparency improves access to judicial information and constrains judges' discretionary power, which can reduce legal uncertainty and alleviate information asymmetries in firm entry and financing (Robb and Robinson, 2014), thereby encouraging entrepreneurial activity. On the other hand, transparency may increase the perceived cost of legal risk: the reputational consequences of being involved in litigation, for example, could hinder entrepreneurs' future access to external finance (Cumming, Haslem and Knill, 2017) and deter entry. These opposing mechanisms suggest that the net effect of judicial transparency on entrepreneurial entry is ultimately an empirical question.

To examine how enhanced judicial transparency affects entrepreneurial activity, we exploit a major policy change in China that mandated the online disclosure of a vast volume of court judgment documents. Over the past two decades, the Chinese authority has been committed to promoting court judgment disclosure, with the goal of enhancing judicial transparency and ensuring procedural justice. Prior to 2014, disclosure was largely voluntary and localized. A key milestone occurred in July 2013, when the Supreme People's Court (SPC) launched a nationwide mandatory disclosure policy for court judgment documents. Effective from January 1, 2014, all levels of courts become obligated to publish their judgments on a centralized website, China Judgments Online (CJO), within seven days of trial conclusions. Since then, the number of publicly available court judgments has surged dramatically, making the CJO website one of the world's largest collections of court judgments.

This setting offers a unique laboratory to examine the effect of enhanced judicial transparency on entrepreneurship. First, court judgment disclosure is central to judicial transparency, as judgment documents contain rich information on case details, trial outcomes, and judicial opinions. Full disclosure of court judgments allows the broader public to better understand and monitor the functioning of the judicial system. Although China follows a statutory law system rather than a case law system, the SPC has promoted the *Stare Decisis* principle over the past two decades, encouraging courts to reference

[3]The five institutional factors are legal protection, business environment, market access, industry guidance, and supportive policy. See Section 8 for details.

case precedents when adjudicating cases. As more judgments are published online, judges' discretion becomes more constrained by past rulings and exposed to public scrutiny. Moreover, for individuals without legal expertise who need to make decisions under uncertainty, such as potential entrepreneurs, access to historical judgments and judicial reasoning can improve the predictability of litigation outcomes. This highlights the important role of accessible case information in improving judicial transparency, even within a civil law system where precedents are not fully binding.

Second, the regulatory change provides plausibly exogenous variation for identifying the causal effect of enhanced judicial transparency on entrepreneurship. A key empirical challenge is that the level of judicial transparency is likely endogenous to local market and institutional conditions, so a simple correlation between judicial transparency and entrepreneurship tells us little about causality. The regime shift in court judgment publication around 2014 generates plausibly exogenous variation in regional transparency levels. Although the SPC encouraged voluntary court judgment disclosure beginning since the early 2000s, enforcement before 2014 varied widely across regions. The nationwide publication mandate introduced in 2014 applies uniformly to all courts, allowing us to leverage regional differences in pre-2014 disclosure levels. This design also circumscribes concerns about non-randomness that could arise from the staggered roll-out of reforms in different regions or policy experimentation (Karpoff and Wittry, 2018; Wang and Yang, 2025).

Our empirical strategy leverages the unique institutional setting that some local courts had weaker enforcement of judgment publication than others under voluntary disclosure prior to 2014. Following a difference-in-differences (DID) design, our baseline specification compares entrepreneurial activity between cities with low versus high levels of ex-ante judgment disclosure, before and after the mandate. The challenge here is to construct a city-level measure of ex-ante judgment disclosure when there were no mandates, hence no centralized data infrastructure. We rely on the third-party commercial law database *Wolters Kluwer China Law & Reference* (WKCLR), which compiled judgment documents from local court websites and other sources prior to 2014, leveraging its strong incentives to achieve as comprehensive coverage as possible. Our main measure of ex-ante judgment disclosure is the city-level number of judicial documents collected by the database scaled by local population size, i.e., per capita publication of court judgment documents.

Our baseline results show that enhanced judicial transparency promotes entry of new firms in China. Specifically, cities with low ex-ante per capita publication (bottom tercile) experience an 8.1% larger increase in firm entries compared with cities with high ex-ante per capita publication, after the mandated online publication of judgment documents. We do not observe a similar effect on unincorporated self-employment, suggesting that the positive effect is exclusive to the formation of incorporated businesses, where legal concerns are higher and enhanced judicial transparency can offer greater benefits. Given that incorporated firm registration is generally regarded as a higher-quality form of entrepreneurship

(Guzman and Stern, 2020), our findings indicate that the policy improves both the quantity and the quality of entrepreneurial entry.

We conduct a range of tests to address potential identification concerns. First, we examine whether local judgment disclosure practices before 2014 were driven by contemporaneous economic and legal conditions. We predict treatment status by observable covariates and find that most of them have no significant predictive power. This suggests that pre-2014 judgment disclosure practices were more likely driven by local courts' discretionary decisions, reducing concerns about selection into treatment. Second, we assess the parallel trends assumption and find no significant pre-trends in entrepreneurial activity. Third, additional tests suggest that the effect on incorporated firm entry is less likely to be driven by potential confounding events, and is not affected by the post-2014 incomplete disclosure issue documented by Liebman et al. (2023). Fourth, our baseline results are consistent across alternative measures of ex-ante judgment disclosure. These collectively support a robust and likely causal link between judicial transparency and entrepreneurial activity.

Since pre-2014 judgment disclosure was largely driven by voluntary provincial policies, our baseline estimates should resemble a comparison between provinces with and without prior *de facto* disclosure enforcement. To validate this, we manually collect information on provincial disclosure practices from court websites and news reports. We show that the effect is concentrated in regions without any ex-ante enforcement, consistent with our baseline findings. We further examine whether voluntary disclosure itself promoted entrepreneurship. Using the pre-2014 sample, we implement a staggered DID design based on the timing of voluntary disclosure. We find a positive and significant effect only in provinces with *de facto* enforcement of judgment disclosure, but no effect in provinces where disclosure was merely claimed but not enforced. This reinforces the importance of actual enforcement of court judgment publication for enhancing judicial transparency and, consequently, promoting entrepreneurship.

In the second part of this paper, we explore the heterogeneous effects of the publication mandate across industries with different degrees and types of litigation exposure. Legal risks are not uniformly distributed among all entrepreneurs. A potential entrant would be more concerned about the legal environment if it is more likely to face legal issues. While measuring legal risk exposure for entrepreneurial firms is technically challenging, it is worth noting that some industries are naturally more prone to litigation than others (Francis, Philbrick and Schipper, 1994). If court judgment publication does reduce legal uncertainty for entrepreneurs, we should expect the effect of the mandate to be more pronounced in industries that are more susceptible to litigation. We construct industry-level measures of litigation exposures based on realized litigation data, and break our baseline effect across industries. We find that the effect of enhanced judicial transparency on entrepreneurship is more pronounced in industries with higher levels of litigation exposure, which further strengthens the causal link between judicial transparency and entrepreneurship.

The litigation context provides a unique setting in which judicial transparency could have very different

implications for plaintiffs and defendants, allowing us to distinguish effects that may coexist but operate in different directions. We find that the positive effect of judicial transparency on firm entry is stronger in industries with higher exposure as plaintiffs in litigation, where potential entrants can leverage disclosed judicial information to better anticipate enforcement costs and reduce legal uncertainty. In contrast, the effect is weaker in industries that more often serve as defendants. This pattern suggests that for entrepreneurial firms more likely to face lawsuits, the potential reputational costs made more visible by transparency may offset the benefits, discouraging entry. Such a deterrent channel points to a potential screening role of judicial transparency, which helps explain the improved quality of entry.

We further examine effect heterogeneity across different types of litigation risk exposure. We first present how litigation risk varies across firm lifecycles using historical judgment documents. Young firms primarily encounter disputes over informal finance, organizational issues, and intellectual property, while mature firms are more exposed to market and transaction-related legal challenges. After categorizing published litigation cases by the production factors associated with the cited legal basis, we show that the effect of the mandate is more (less) pronounced in industries that are more prone to finance-related (labor-related) litigations at early ages. Overall, these industry-level heterogeneity results illustrate how judicial transparency shapes entrepreneurial entry through perceived legal risks, with effects varying by the level and type of litigation exposure.

In the third part of this paper, we examine three plausible mechanisms through which enhanced judicial transparency promotes entrepreneurship. All center on how transparency reshapes the behavior of different market participants by reducing information asymmetry and legal uncertainty. The first is increased access to credit. Entrepreneurial firms rely heavily on external financing, but information asymmetry deters creditors from lending to young firms (Kerr and Nanda, 2009; Robb and Robinson, 2014). The mandated publication of court judgments enables creditors to check borrowers' litigation histories, increasing the costs for firms involved in legal disputes and reducing information asymmetry. Using a sample of newly registered firms, we find that new entrants in treated cities obtain more long-term loans at lower financing costs. This suggests that creditors tend to increase credit supply to entrepreneurial firms in a more transparent judicial environment, highlighting judicial transparency as an important yet overlooked factor in the functioning of entrepreneurial finance.

The second channel we examine is the reshaping of entrepreneurs' beliefs about institutional quality via improved judicial justice. This aligns with the primary goal in mandating the online publication of court judgments: to curb judicial discretion and enhance legal impartiality. Anticipating higher-quality justice, potential entrepreneurs have higher incentive for entry, as their legal rights are better protected and legal uncertainty is reduced. We find that the effect of enhanced judicial transparency on new firm entry is concentrated in regions with ex-ante (1) lower adjudicatory quality, (2) more corrupt government-business relations, (3) worse business environments, and (4) lower levels of trust in institutions (e.g., in judges and

government officials). These results suggest that anticipated improvements in the quality of justice have stronger effects where the need for an impartial judiciary is greater, supporting improved judicial justice as another plausible channel through which judicial transparency promotes entrepreneurship.

The third plausible channel is the rise of technology-driven legal services following the mandated publication of court judgments. The legal services industry—an important yet often overlooked intermediary in the entrepreneurship ecosystem—assists entrepreneurs in resolving legal issues and reducing legal uncertainty, and is one of the primary beneficiaries of mass publication of judicial information. We explore how the vast availability of judicial data nurtures technology-driven legal services and, in turn, fosters entrepreneurship. We first document a post-2014 surge in the establishment of LegalTech firms, venture capital deals in the LegalTech sector, and judgment document-related research and patents. These developments stem from the availability of judicial data (i.e., more legal precedents), which powers legal analytic tools that predict case outcomes and support legal professionals, thereby improving the accessibility and quality of legal services for entrepreneurs. Leveraging the staggered entry of the first LegalTech firm across cities, we find that the inception of a LegalTech firm in a city after 2014 is associated with a 3% increase in new firm registrations. This highlights technology-driven legal services, catalyzed by court judgment publication, as an important driver of entrepreneurial activity.

In the fourth part of the paper, we examine whether a more transparent legal system ultimately enhances entrepreneurial performance. Using granular firm-level data, we find that the mandated publication of court judgments significantly improves the performance of new firms in terms of financial, operating, and innovation outcomes in subsequent years. When we compare firms' initial characteristics in their founding year, new firms in treated cities are larger in terms of employment. These findings suggest that the overall improvement in entrepreneurial quality associated with enhanced judicial transparency may operate through both pre-entry screening and post-entry growth.

To supplement our empirical analysis, we conduct a survey to understand entrepreneurs' attitudes toward legal risks and the publication of court judgments. We target primarily MBA and EMBA students at the PBC School of Finance, Tsinghua University and collect 215 valid responses for analysis. Respondents rate legal protection among the most important institutional factors in their decision to start a business and report facing various legal risks and hurdles in accessing legal services. About 40% consider court judgment publication "Very Important," mainly because it helps them better assess entrepreneurial risks. Entrepreneurs with both litigation experience and prior use of the CJO website assign greater importance to court judgment publication, consistent with our finding that judicial transparency has stronger effects for those perceiving higher legal risks. Together, the survey evidence confirms the importance of judicial transparency in shaping the entrepreneurial process.

This paper contributes to several strands of literature. The first is institutional determinants of

entrepreneurship. Previous work has examined how entrepreneurship is affected by entry regulations (Djankov et al., 2002; Klapper, Laeven and Rajan, 2006; Barwick et al., 2025), tax policy (Gentry and Hubbard, 2000; Denes et al., 2023), banking system (Bertrand, Schoar and Thesmar, 2007; Kerr and Nanda, 2009), and information disclosure (Cahn, Girotti and Landier, 2021). A number of studies explore the role of legal institutions in entrepreneurial activity from different aspects, including access to justice (Lichand and Soares, 2014), judicial efficiency (Chemin, 2009), and judicial independence (Conti and Valentini, 2018). We add to this literature by focusing on information disclosure within the judicial system—judicial transparency—a crucial yet understudied dimension of legal institutions. Our findings imply that legal frictions constitute implicit but important entry costs for entrepreneurs, and that transparency can help mitigate these costs, deepening our understanding of institutional drivers of entrepreneurship.

Second, we contribute to the literature on the role of legal institutions in economic and financial development. Regarding the economic consequences of the institutional architecture of the legal system, prior work has examined particular aspects such as labor protection (Acharya, Baghai and Subramanian, 2014), strengthened creditor rights (Qian and Strahan, 2007; Acharya and Subramanian, 2009; Bae and Goyal, 2009; Vig, 2013), stronger investor protections (McLean, Zhang and Zhao, 2012; Brown, Martinsson and Petersen, 2013), protections of property rights (Claessens and Laeven, 2003; Berkowitz, Lin and Ma, 2015), the quality of court enforcement (Djankov et al., 2003, 2008; Ponticelli, 2013; Gopalan, Mukherjee and Singh, 2016; Brown, Cookson and Heimer, 2017), and legal origins (Donges, Meier and Silva, 2023; Levine et al., 2023). Our paper differs in its focus on transparency within the legal system.[4] We exploit variation in exposure to the judgment-publication mandate to identify how regional disparities in judicial transparency reshape entrepreneurial activity through their nuanced effects in reducing legal uncertainties.[5] Moreover, we uncover how institutional reforms that supply judicial information to the public can nurture the private legal services industry, an important but understudied market. Therefore, our findings are likely to be of interest to policymakers who are concerned about the broader informational role of the judicial system in the economy, beyond its role in enforcing contracts to facilitate transactions (North, 1990).

The third strand of literature we contribute to is the economics of data. In particular, we enhance the understanding of how access to public data shapes market entry and firm performance in the private

[4]Given that judicial data originates from the public sector, our paper is also related to the literature on institutional transparency. Previous research has examined the role of institutional transparency in government quality (Mattozzi and Merlo, 2007; Djankov et al., 2010; Cordis and Warren, 2014; Mas, 2017), court decision-making (Chen, Chen and Yang, 2025; Cai et al., 2025), fiscal policy (Gavazza and Lizzeri, 2007, 2009), financial crises (Faria-e Castro, Martinez and Philippon, 2017), and investment (Angeletos and Pavan, 2004; Gelos and Wei, 2005). The types of information include macroeconomic data, live broadcasting of trials, fiscal spending, banks, and governmental activities.

[5]Emphasizing the perceived uncertainty view, Lee, Schoenherr and Starmans (2024) theoretically and empirically examine the effect of legal uncertainty on economic activity. As one of the policy implications, they discuss that reforms of the judicial or legal systems, such as increasing transparency and utilizing information technology to enhance the predictability of legal outcomes, help to reduce both idiosyncratic and systematic legal uncertainty. We focus on entrepreneurship as an outcome and provide empirical evidence on the effectiveness of such policy interventions.

sector. Prior work emphasizes opportunity-enhancing public data, such as geographic, administrative, or scientific, that informs demand, business prospects, or scientific discovery (Williams, 2013; Furman, Nagler and Watzinger, 2021; Nagaraj, 2022; Beraja, Yang and Yuchtman, 2023; Babina et al., 2025). Court judgments data mainly encompasses risk-related information in business operations, particularly litigation risks. We show that mandated publication of judgment documents fosters entry into entrepreneurship in China, with the underlying mechanisms depending on how judicial data is used. Data is also a production input; we demonstrate that such risk-related data acts as a catalyst for technological innovation in the legal services industry, further enhancing an intermediary market for entrepreneurship. Among the various ways policies intervene to foster innovation (Bloom, Van Reenen and Williams, 2019; Howell, 2024), we highlight public data infrastructure, although not always motivated by overcoming major market failures such as positive externalities (e.g., knowledge spillovers) and financial frictions, may indirectly stimulate entrepreneurship.

Finally, our paper contributes to the literature on corporate litigation. See, for example, early works by Karpoff and Lott Jr (1993), Bhagat, Brickley and Coles (1994), and Bizjak and Coles (1995), and recent works by Appel, Farre-Mensa and Simintzi (2019), Cohen, Gurun and Kominers (2019), Lin, Liu and Manso (2021), and Mezzanotti (2021), among others. We contribute by showing how litigation information disclosure within the judicial system affects the entry of small private firms, who are typically resource-constrained and face poorer information environment. Our setting points to the effects of litigation information about incumbent firms on potential entrants. When facing uncertainty about a project's payoff, potential entrants could interpret litigation records of incumbent firms as signals directly related to cash-flow volatility. Moreover, our results speak to the dual effects of enhanced disclosure of litigation information, uncertainty reduction and deterrence, depending on industries' differing exposure to plaintiff versus defendant roles.

The rest of the paper is organized as follows. Section 2 provides the institutional background. Section 3 describes the data, variable construction, and summary statistics. Section 4 presents the empirical strategy, baseline results and robustness tests. Section 5 examines industry-level heterogeneity. Section 6 discusses three plausible underlying mechanisms. Section 7 examines the effects on firm-level performance. Section 8 introduces findings from a survey, and Section 9 concludes.

2 Institutional Background

2.1 Judicial Transparency: Global Trends

The 21st century has seen a global trend toward embracing judicial transparency. With the rise of the internet, courts worldwide have adopted various measures, such as court websites, public hearings, financial disclosures for courts and judges, and online access to judicial information. Many countries have

enacted laws and regulations to enhance transparency within their legal system.[6] In the U.S., Section 205 of the *E-Government Act* of 2002 mandates federal courts maintain public websites and provide access to key judicial information.

Among the various measures to enhance judicial transparency, assess to court judgments has drawn significant public attention. Court judgment documents typically disclose case details, trial outcomes, and judicial opinions.[7] These documents are not only crucial for litigants but also serve as valuable resources for a broader audience, including legal professionals such as judges, lawyers, advocates, and attorneys, as well as individuals handling legal matters and making decisions on their own. Many countries have established systems for publishing court judgments, although the degree of transparency varies. Under Section 205 of the *E-Government Act*, U.S. federal courts are required to "make any document that is filed electronically publicly available online". The public can access most court judgment filings through the Public Access to Court Electronic Records (PACER) system. In the U.K., while there is no universal mandate for publishing all court judgments, key judgments are accessible on the *Judiciary* website, and legally significant rulings are published on the non-profit British and Irish Legal Information Institute (BAILII) platform. Developing countries have also adopted similar practices. For example, starting in July 2017, Vietnam mandates that judgments and decisions of the People's Courts be published on the courts' online portal.

2.2 China's Judicial System

In parallel with the administrative system, China has a four-level court system. From top to bottom they are: the Supreme People's Court (SPC) at the central level, High People's Courts at the provincial level, Intermediate People's Courts at the prefectural (city) level, and Basic People's Courts at the county/district level. Although China's judiciary is not as independent from the government as that in Western countries, it is the upper-level courts, rather than the local governments, that are responsible for guiding and supervising the trial affairs of lower-level courts. In particular, court-related policies are primarily promoted by the SPC or provincial-level courts, and implemented by subordinate courts. The disclosure policy of court judgments in China follows a similar spirit: it is introduced by the SPC and enforced by local-level courts without much interference from local governments.

It is important to note that China's civil law system is primarily based on statutory law rather than case law, i.e., courts are generally not bound by judicial precedents. Nonetheless, over the past two decades, the SPC has promoted the *Stare Decisis* principle to bridge potential gaps between codified laws and judicial practice. The SPC emphasizes the importance of case precedents in bridging potential gaps between

[6] For example, in 2007, Finland enacted the *Act on the Publicity of Court Proceedings in General Courts*, enshrining the principle that "court proceedings and trial documents are public unless otherwise specified by this or another Act". In 2008, Indonesia adopted the *Law on Public Information Disclosure* for regulating the transparency of judicial proceedings. In Slovenia, access to information on court proceedings is regulated by the *Act on Access to Information of Public Character*.

[7] An example of a Chinese judgment document is provided in Appendix Figure A.1.

codified laws and judicial practice, emphasizing the importance of case precedents and encouraging their use in adjudication.[8] As a result, in practice, historical cases serve as important references for judges when dealing with similar matters. This highlights the crucial role of publicly available case information in maintaining judicial justice, enabling public oversight to ensure consistent adjudication of similar cases.

2.3 Court Judgment Publication in China

As the world's largest developing economy, China has established standardized protocols for court judgment disclosure, and maintains one of the largest online centralized collections and publications of court judgments in the world (Liebman et al., 2023). During the 2010s, China transforms its judgment disclosure system from a decentralized, voluntary approach to a centralized, mandatory one, presenting a compelling case for in-depth investigation.

2.3.1 Early Attempts of Court Judgment Disclosure before 2014

The earliest attempt to promote court judgment disclosure in China dates back to the early 2000s. In June 2000, the SPC for the first time proposed a general recommendation for selective publication of court judgments.[9] The call for judicial transparency has become increasingly emphatic since June 2007, following the SPC's formal recommendation that all provincial level courts should formulate specific rules and establish websites for the publication of judgment documents.[10] In 2009, the SPC set judicial transparency as a goal in its third five-year plan for judicial reform and encouraged local courts to enhance the online availability of their judgments.

According to the SPC, the overarching goal of publishing court judgments online is to enhance judicial democracy and justice, More specifically, it aims to "enhance the responsibility, capability, and professionalization of judges, and ensure the people's right to be informed, participate, express, and supervise the judicial work".[11] Recent scholarly work in law, such as Liebman et al. (2020), views these early attempts of judicial disclosure as moves to respond to calls from legal academics, combat corruption, and restore public trust in the courts.

However, while the SPC has encouraged local courts to experiment with the publication of judgments, the actual implementation of court judgment disclosure varied across regions. Based on our backtracking (see Section 4.5), prior to 2014, 24 provincial courts have either formally or informally advocated for

[8] In 2010, the SPC issued the *Provisions of the Supreme People's Court on Case Guidance*, which clarified the role of similar cases in guiding judgments. The SPC's annual work reports from 2014 to 2016 consistently emphasized the importance of "promoting similar judgments in similar cases".

[9] See: *Administrative Measures for the Proclamation of Document of Judgment by the Supreme People's Court* (No.4 [2000] issued by the Legal Office).

[10] See: *Notice of the Supreme People's Court on Issuing the Opinions on Strengthening the Work on Judicial Openness in the People's Courts* (No.20 [2007] of the Supreme People's Court).

[11] Source: https://www.chinacourt.org/article/detail/2013/11/id/1151559.shtml.

online disclosure of court judgments, yet only eight of them have imposed *de facto* requirements on lower-level courts. One notable exemplar is Henan Province, where, since 2009, courts at all levels are mandated to publish every effective court judgment online.[12] In contrast, Yunnan Province, despite being one of the first to announce its policy for online judgment disclosure in March 2008, exhibited a notably weak implementation of the policy until 2014.[13] As shown in the snapshots of provincial court websites in Appendix Figure A.2, judgment documents in Henan were uploaded in a timely manner, whereas those in Yunnan were limited and outdated. Such variation in the enforcement of judgment disclosure led to wide differences in per capita publication both between provinces and within provinces prior to 2014. It is worth noting that there is no clear evidence suggesting these local initiatives were directed by the SPC in a top-down approach as pilot programs. Rather, these efforts in judgment disclosure are more aptly characterized as voluntary experiments by local courts.

2.3.2 Mandatory Disclosure of Court Judgments since 2014

In March 2013, Zhou Qiang took office as the President of the SPC and carried out judicial reforms forcefully. A keystone of these reforms was the establishment of a comprehensive, centralized online platform for the publication of court judgments, a project described by Zhou as "unprecedented in scale." The initiative for nationwide court judgment disclosure was initially announced in July 2013, and was subsequently codified with the issuance of the "*Provisions of the Supreme People's Court on the Issuance of Judgments on the Internet by the People's Courts*" in November 2013. According to these Provisions, all levels of courts in China become obligated to publish their judgments on the centralized platform within seven days of trial conclusion, effective from January 1, 2014.

The launch of the centralized website, *China Judgments Online* (CJO), marks the important shift from localized and voluntary disclosure to centralized and mandatory publication regime of judicial opinions by local courts.[14] The mandatory nature of the publication requirement is evident in the following aspects. First, despite several exceptions, all judgment documents are required to be published online. Local courts are required to disclose the IDs of any non-disclosure cases and provide justifications for their decision.[15] Second, judgments should be published with the real names of the parties involved.[16] Finally, once posted,

[12]Under the leadership of the High People's Court President Zhang Liyong, Henan Province carried out an exemplary experiment on judgment document disclosure and was widely recognized as a provincial model for judicial transparency (Liebman et al., 2020). As stated by the SPC President Zhou Qiang in 2013, the collective publication of judgments in Henan has served as a "gem" for legal scholars to study Chinese judicial system. See: http://cpc.people.com.cn/n/2013/1128/c64094-23680586.html.

[13]According to a news report in 2013, the timeliness of judicial documents published on the websites of local courts in Yunnan Province was extremely poor. The majority of the judgments uploaded online were outdated by over six months, with a notable scarcity of recent judicial documents. See: https://www.chinanews.com.cn/sh/2013/12-27/5671901.shtml.

[14]Appendix Figure A.3 provides screenshots of the CJO website and search interface.

[15]For online judgment publication, exceptions include cases involving state secrets, juvenile delinquencies, settlements reached through mediation, and "certain other cases that are not suitable for online release". See: http://www.xinhuanet.com/politics/2016-08/30/c_129262849.htm.

[16]Exceptions include cases that could violate personal privacy, i.e., cases involving the names of parties in marriage and family law cases and inheritance disputes; the names of victims, witnesses, and expert witnesses in criminal cases; and the names of defendants in criminal

judgments are intended to remain accessible, with amendments, replacements, or retractions permitted only under specific technical or legal justifications.[17] Such stringent disclosure requirements contrast significantly with the more lenient disclosure standards prior to 2014.

In compliance with directives from the SPC, provincial-level courts established provisions in 2014 to govern the online disclosure of court judgments by lower-level courts within their jurisdictions. By June 2015, all 31 provinces (including four municipalities and five autonomous regions) in China have fulfilled the requirement of mandatory online publication of court judgments. In subsequent years, the trend of mass publicity escalates. Figure 1 shows the overall temporal progression of online court judgment disclosure in China. By the end of 2020, over 100 million court judgments have been posted on the CJO website, with a peak of 23.37 million court judgments published online in a single year, which is 12.5 times of the number in 2013, the year preceding the enforcement of the mandatory disclosure policy.

2.3.3 Public Influence of Court Judgment Publication: Anecdotal Evidence

The mass publication of judgment documents in China has attracted an unprecedented level of public attention on judicial information. Since its launch, the CJO has become an important source for journalists to conduct in-depth news reports. As shown in Figure 2, the number of news articles mentioning "judgment document" has surged dramatically post-2014.[18] The Baidu search index of the term "judgment document", which reflects online public attention to key terms, has also experienced a significant upsurge since 2014.[19] According to the SPC, the number of total visits on the CJO website reaches 48 billion in August 2020, with 1.5 billion from overseas, making it the largest and most influential online judgment disclosure platform in the world.

The publication of court judgments has also significantly affected the litigation behavior of individuals and firms. For example, *Focus Report* (*Jiaodian Fangtan*), one of the most well-known television news commentary programs in China, reported in 2016 on a case in which a Zhengzhou company won a trademark lawsuit by searching for and utilizing similar case precedents.[20] The coverage of the case by an official media program reflects the authority's support for protecting intellectual property of small entrepreneurial firms by promoting judicial transparency. Courts have also adapted. For example, according to a 2016 report, the Beijing Intellectual Property Court has frequently used the CJO to find similar precedents for hundreds of cases, with over two-thirds of the final rulings based on these

cases who are sentenced to three years or less and are not habitual offenders.

[17] Recent literature has documented that the CJO website suffers from the issue of incomplete disclosure (Wu et al., 2025; Liu et al., 2022; Liebman et al., 2023). We discuss this concern further in Appendix D.

[18] The data is collected from the WiseNews platform, an online news archive of Chinese newspapers and websites, accessed on May 20, 2025.

[19] Baidu, China's premier search engine analogous to Google, offers a search index that reflects the search volume for specific key terms over a defined period.

[20] See: https://tv.cctv.com/2016/11/03/VIDEtHsSKpPPQWs1wGJ6q06c161103.shtml

precedents.[21] These anecdotes illustrate how judicial transparency helps improve judicial justice and efficiency, hence reducing legal uncertainty in the entrepreneurial ecosystem.

3 Data, Variables and Descriptive Statistics

3.1 Court Judgment Disclosure

Our empirical strategy relies on accessing historical court judgment disclosures prior to 2014, when there were no mandates. As outlined in Section 2, before 2014, local courts voluntarily uploaded their judgment documents to provincial court websites. Following the launch of the CJO, the SPC encouraged local courts to retroactively upload pre-2014 judgment documents to this centralized platform. However, reuploads remain limited, since courts are only obligated to upload judgment documents that become effective from 2014 onward to meet the mandatory disclosure requirement. As provincial court websites no longer archive judgment documents, accessing the extent of pre-2014 judgment disclosure from official sources is challenging.

To overcome this challenge, we resort to the *Wolters Kluwer China Law & Reference* (WKCLR) platform, which maintains one of the most comprehensive databases of China's legal materials, to construct a city-level dataset on court judgment disclosure.[22] This approach leverages the greater incentives inherent to commercial data platforms to collect judicial data as extensively as possible in the absence of a regulatory mandate. Wolters Kluwer established its Beijing headquarters in 2010. Since then, WKCLR has compiled a comprehensive archive of court judgments that were published on local court websites prior to 2014, making it a well-suited source for tracing court judgment disclosure before the mandated policy. Appendix Table A.1 compares the number of judgment documents collected by both the WKCLR and the CJO websites from 2000 to 2021. The volume of judgment documents collected by the WKCLR platform before 2014 is two to ten folds that of the CJO website.

We obtain the total number of published court judgments at the city-year level from manual searches on the WKCLR platform.[23] To verify whether these figures accurately capture the historical disclosure practices of court judgments before 2014, we cross-reference them with official statistics reported by annual work reports of provincial and city-level courts, and find that most align closely (see Appendix B for details).[24] This suggests that the number of published judgment documents obtained from WKCLR is a reliable measure to gauge the actual volume of voluntary judgment disclosures before 2014.

[21] Source: https://ip.jcu.edu.cn/info/1050/1099.htm

[22] Wolters Kluwer is a global leader in information, software solutions and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. See: https://www.wolterskluwer.com/en.

[23] Appendix Figure A.4 provides screenshots of the platform's website and search interface. We accessed WKCLR via the Tsinghua Library and obtained the numbers on February 9, 2024.

[24] Some provincial and city-level courts reported the number of uploaded judgment documents in their annual work reports before 2014 to highlight their efforts in promoting judicial transparency. However, since only a small fraction of local courts disclosed these figures, we are unable to utilize this information to assemble a city-level dataset on court judgment disclosure before 2014.

We scale the number of published court judgment documents by population as our baseline measure of regional judgment disclosure. Therefore, our measure captures the per capita publication of judgment documents within a city for a specific year. Ideally, the disclosure rate of judgment documents—measured as the ratio of disclosed cases to all cases accepted (or closed) by local courts—would serve as the key metric (Wu et al., 2025). However, due to weak enforcement of court information disclosure in China prior to 2014, compiling a comprehensive dataset of annual case volumes at the city level is technically difficult. Despite this, we manually collect province-level annual case volumes from provincial court work reports for robustness checks. As exhibited in Appendix Figure A.5, the number of cases accepted or closed by courts in a province is highly correlated with the province's population. This indicates that the per capita number of published judgment documents is a plausible proxy for the disclosure rate, and thus for assessing the level of ex-ante judgment disclosure.

Figure 3 illustrates per capita judgment disclosure at the city-level from 2012 to 2014 using WKCLR data. It reveals significant regional disparities in judgment disclosure before the mandated policy, as well as a sharp increase in nearly all cities following the mandate.[25] Table 1 Panel A presents summary statistics for judgment disclosure in 2012 and 2014. The average city-level publication in 2012 was only 5.3 judgments per 10,000 people, with approximately one-third of cities below 0.3. By 2014 (the first year of the mandate), the average surged to 42.6 per 10,000 people, with most cities exceeding one per thousand people.

3.2 Measuring Entrepreneurship

Entrepreneurial Activity. The main dataset we use to capture entrepreneurial activity in China is the business registration data, maintained by the State Administration for Industry and Commerce (SAIC). The data records all legal entities, including firms (i.e., business incorporations) and self-employed individuals, that registered in China since 1985, making it the most widely used dataset for researches on Chinese entrepreneurship.[26] Information provided by the dataset includes the entity's registration date, location, industry classification code, amount of registered capital and paid-in capital, ownership type, and detailed business scope, etc.

Our study focuses on the sample of new business entries from 2010 to 2018, comprising a total of 37.2 million newly registered firms. Following existing literature (e.g., Black and Strahan, 2002; Kerr and Nanda, 2009; Tian and Xu, 2022), we compile the data at the city-year level and use the logarithm of the total number of new firm registrations as the main measure of a city's entrepreneurial activity.[27] redWe also compile the city-year level data on the number of newly registered self-employed individuals. *New*

[25] Appendix Figures A.6 also show the expansion and temporal trends of court judgment disclosures aggregated at the provincial level.

[26] See, for example, Tian and Xu (2022), Bai et al. (2025), Fang et al. (2024), and Barwick et al. (2025), among others.

[27] There are municipality-level, prefectural-level, and county-level cities in China. County-level cities are under the administration of prefecture-level cities. In this paper, we refer cities to the four directly-administered municipality-level cities (Beijing, Tianjin, Shanghai, and Chongqing) and the 333 prefectural-level cities.

Firm Ratio is the ratio of the number of newly registered firms to the number of all legal entities (firms and self-employment) registered in a city-year.

Performance of Entrepreneurship. To capture entrepreneurial performance in China, we employ the National Tax Survey Database (NTSD), an administrative dataset that includes a large and representative sample of firms and contains rich information on firms' financial and operational performance.[28] We extract a subset of the NTSD, focusing on firms registered between 2010 and 2016.[29] Our final sample contains 645,817 firm-year observations of 280,374 entrepreneurial firms. Among which, 64,523 firms have observations in the founding year.[30] We use variables such as total sales, number of employees, return on assets (ROA), total factor productivity (TFP, estimated following Olley and Pakes (1996)), and investment to measure the performances of these entrepreneurial firms.

To track innovation performance of entrepreneurial firms, we employ the patent database maintained by the China National Intellectual Property Administration (CNIPA), which is analogous to the U.S. patent data provided by the United States Patent and Trademark Office (USPTO). The CNIPA database provides detailed information on patent applications (e.g., applicants, application dates, and application address), and the content of patents (e.g., titles, abstracts, and full texts).[31] We match the NTSD with the patent data and use the number of applied and granted patents, along with the number of forward citations, to measure innovation outputs at the firm level. We also use R&D expenditure from the NTSD to measure innovation input.

Summary Statistics. Table 1 Panel B reports the summary statistics of the entrepreneurship metrics at the city-year level. On average, a city in our sample has 12,256 newly registered firms per year, representing approximately 23.4% of all registered legal entities. Panel C reports the summary statistics of provincial court characteristics. We winsorize all city- and province-year level variables at the 1% and 99% levels.

Panel D provides the summary statistics of the NTSD sample at the firm-year level. An average firm-year observation has total sales of 50 million CNY, 41 employees, and investment of 1.02 million CNY.[32] These firms have an average of R&D expenditure amounting to 0.019 million CNY, 0.12 patent

[28]The advantages of the NTSD are two folds. First, the NTSD is jointly collected by the State Administration of Taxation (SAT) and the Ministry of Finance (MoF) of China, ensuring the data's authenticity and accuracy. Second, the database includes a substantial number of firms that are continuously surveyed, complemented by a stratified random sample, which enhances its representativeness of the entrepreneurial sector. The NTSD has been widely used in numerous recent studies focusing on Chinese entrepreneurial firms (e.g., Liu and Mao, 2019; Giannetti et al., 2021; Fang et al., 2024; Barwick et al., 2025).

[29]Due to limitations in data availability, our NTSD sample is restricted to the period up to 2016. Following common procedures, we exclude firms from the finance and real estate sectors.

[30]Only about a quarter of firms in our NTSD subset have data available for their founding years, because not all firms in the NTSD were surveyed in its founding year.

[31]The CNIPA database records three categories of patent applications: invention patents (IPs), utility model patents (UMPs), and design patents (DPs). We only focus on IPs since they are granted for novel technical solutions pertaining to products, processes, or their improvements, and they undergo the "substantive examination" process (Tian and Xu, 2022).

[32]Firms in the tax records data are substantially larger than those in the registration data. This is because the NTSD is surveyed by stratifying firms across all sizes, hence the majority of which are medium and large ones, while the business registration data contains the universe of registered firms, most of which are small ones (Fang et al., 2024). However, this difference does not compromise the representativeness of the entrepreneurial firm sample of the NTSD.

applications, and 0.43 forward citations on their applied patents.[33] Since the distribution of the raw values for non-ratio variables is right-skewed, we apply logarithm transformations to all firm-year outcome variables.[34]

3.3 Age Profiles of Legal Risks

What do judgment documents reveal about legal risks, particularly for entrepreneurial firms? In Appendix C, we analyze the litigation risks faced by firms across their lifecycle using judgment documents from 2010 to 2018 on the CJO website. First, we categorize cases based on their legal bases and find that Contract Law is the most frequently cited legal basis across all firm ages, highlighting the prevalence of contractual frictions and the essence of firms as a nexus of contracts. Second, young firms often face disputes over informal finance, organizational issues, and intellectual property, while mature firms more often deal with sales and tangible asset issues. Third, when we categorize cases based on four firm production factors—capital, labor, technology, and market & transaction, we find that the proportion of legal bases related to market & transaction increases with firm age, contrasting with capital and technology-related bases, which are more frequently cited in cases involving younger firms.[35] The proportion of labor-related legal bases is high during both the early and later stages of a firm's lifecycle. We find similar patterns when categorizing cases based on their causes of action. Fourth, loan contract disputes, prevalent in startups, shift from private loans to financial loans as firms mature, reflecting evolving financing strategies and risk profiles.

Overall, our findings indicate that young entrepreneurial firms typically face substantially different types of legal risks than mature firms. They also suggest that judgment documents can reflect the legal risks that firms are prone to encounter at different stages, providing valuable information for potential entrepreneurs to evaluate the risks associated with starting a business and to make entry decisions. Our analysis of the origins of legal risk in young firms and its evolution as firms mature also offers a perspective for understanding the theories of the firm.

4 Judicial Transparency and Entrepreneurship

4.1 Empirical Strategy

To examine the effects of enhanced judicial transparency on entrepreneurship, we exploit the mandated publication of court judgments as a policy shock and employ the difference-in-differences (DID) methodology. While the publication mandate is a nationwide policy applied to all courts, the effect of the

[33] Less than 1% of the firm-years have positive R&D expenditure or patent applications or grants. Therefore, we do not winsorize these innovation-related variables, but winsorize the remaining variables at the 1st and 99th percentiles.

[34] We add one to the value of investment and all innovation-related measures when calculating the logarithm of these variables.

[35] Here, capital refers to monetary or financial capital, rather than physical capital.

mandate may not be uniform across all courts. On average, cities that previously have weaker enforcement of court judgment disclosure would be more affected by the mandate than cities with stronger pre-existing enforcement. Such variation in the treatment intensity across regions provides us a natural experiment to identify the effect of the mandated court judgment disclosure policy.

We exploit pre-2014 cross-sectional variation in per capita publication of judgment documents to classify cities into treatment and control groups. Specifically, we divide cities into terciles based on their per capita publication in 2012, and define the bottom tercile as the treated group and the rest as the control group. We use the regional judgment disclosure level in 2012 rather than that in 2013 to mitigate the potential noise introduced by local courts' proactive uploading from late 2013, as shown in Panel (b) of Figure 3.[36] As detailed in Section 2.3.2, the mandatory disclosure requirement is enforced on court judgments that became effective after January 1, 2014. Hence, we set 2014 as the event year in the baseline specification. Our sample period runs from 2010 to 2018 (i.e., 4 years before and after the policy). We estimate our baseline DID model using Equation 1:

$$Entrepreneurship_{c,t} = \alpha + \beta Treat_c \times Post_t + \gamma X_{c,t} + \mu_c + \delta_t + \varepsilon_{c,t}, \tag{1}$$

Here, c indexes city, t indexes year; $Treat_c$ is an indicator variable that takes the value of one if per capita publication of a city court in 2012 is in the bottom tercile among all city courts, and zero otherwise.[37] $Post_t$ is one in and after 2014, and zero otherwise. The variable of interest is β, which captures the DID effect. We include a set of time-varying controls $X_{c,t}$ (detailed in Section 4.2) as well as city (μ_c) and year (δ_t) fixed effects. Standard errors are clustered at the city level. The coefficient estimate for the interaction term $Treat_c \times Post_t$ captures the effect of the policy on entrepreneurial activity. Essentially, our specification compares the effect of the mandatory disclosure policy between regions with ex-ante lower levels of judgment disclosure (i.e., higher marginal treatment intensity) and those with higher levels.

As our DID methodology relies on the assumption that entrepreneurial activities in the treatment and control cities did not exhibit unparallel trends before the mandated disclosure policy, we also employ the following event study design to examine the satisfaction of this parallel trends assumption:

$$Entrepreneurship_{c,t} = \alpha + \sum_{k=-3}^{4} \beta_k Treat_c \times Year_t^k + \gamma X_{c,t} + \mu_c + \delta_t + \varepsilon_{c,t}, \tag{2}$$

The model includes coefficients for each year dummy relative to 2014, and otherwise is the same as in

[36] This noise might stem from the anticipation of local courts regarding the mandated judgment disclosure, leading to preactive uploads of judgment documents following the SPC's announcement of the nationwide initiative in July 2013. Nevertheless, we conduct a robustness test in Appendix Table A.8 by reassigning treatment and control groups based on the judgment disclosure levels in 2013, and the results remain robust.

[37] In Appendix Table A.8, we test robustness by re-estimating the baseline specification using median and quartile cutoffs for ex-ante level of judgment disclosure, and the results remain robust.

Equation 1. We omit $Year_t^{-4}$ so that 2010 serves as the reference year.

4.2 Discussion of Potential Selection Issues

Before estimating the baseline model, we first assess whether our assignment of treatment and control cities may be subject to selection bias. One concern is that the spatial distribution of the pre-2014 level of judgment disclosure could be shaped by local economic and legal conditions (Wang and Yang, 2025). To examine this, we predict $Treat_c$ by a set of city-level variables measured in 2012, including the key dependent variable *Log(# New Firms)*, and macroeconomic factors such as GDP, GDP growth rate, population, population growth rate, the share of GDP from manufacturing and service sectors, fiscal spending, total investment, and employment population.[38] Considering the possibility that characteristics of court leaders influenced the enforcement of local judgment disclosure prior to 2014, we hand-collect the resumes of provincial-level court presidents and construct several variables capturing their personal characteristics. First, we identify whether a court president has law degrees, as an indicator of professional qualification. Second, we identify whether a court president has prior experience working at central departments (e.g., the SPC, Ministry of Justice, etc.) to gauge his/her ties to the central government.[39] Third, we indicate whether a provincial court president is serving in his/her birth province, as a measure of local connections. Fourth, we construct an indicator for whether a court president is older than 55 to capture promotion incentives.[40] Finally, to examine whether a court's caseload affects its ability to disclose judgment documents, we collect province-level data on the number of closed cases across all court levels from provincial courts' annual work reports. We include all these provincial court characteristics in 2012 in the regression predicting $Treat_c$.

Table 2 presents the results from estimating an ordinary least squares (OLS) model and a probit model. First, the ex-ante number of newly registered firms in a city is not significantly associated with treatment assignment, alleviating the concern that judgment disclosure prior to 2014 was driven by local entrepreneurial activity. Second, most macroeconomic factors do not significantly predict treatment status.[41] Third, provincial court characteristics show no predictive power, suggesting that local judgment publication practices before 2014 were more likely driven by court-level discretion rather than systematic, observable factors. Nevertheless, to mitigate the concern that potential unobservables correlated with the above observable characteristics might lead to endogeneity issues, we control for the aforementioned

[38] We take logarithm of GDP, population, fiscal spending, total investment, and employment population. Summary statistics of these variables are reported in Table 1.

[39] Chen, Liu and Tang (2022) note that local ties to the central government could lead to more effective implementation of centralized disclosure policies after 2014.

[40] In China, due to retirement age restrictions for officials, it is generally assumed that promotion incentives decline substantially after age 55 (Fang and Zhang, 2025).

[41] The coefficient estimates for fiscal spending in the OLS model and GDP growth rate in the probit model are significant at the 10% level. This suggests the possibility that more economically developed cities were more likely to voluntarily enhance judgment disclosure before the policy intervention. However, this concern is potentially limited given the inconsistency across models and the inclusion of these controls in all regressions.

time-varying macroeconomic factors and provincial court characteristics in all city-level regressions throughout the paper.

4.3 Baseline Results

Table 3 Column (1) presents estimates of Equation 1, where the dependent variable is the logarithm of the number of new firm registrations. The coefficient for the interaction term $Treat_c \times Post_t$ is positive and statistically significant at the 1% level. On average, entry of new firms in cities with initially lower level of judgment disclosure increases by 8.1% more than that in cities with higher level of ex-ante judgment disclosure.[42] Therefore, our baseline result indicates that the mandated disclosure of court judgments promotes overall entrepreneurial entry in China. Figure 4 Panel (a) plots event-study coefficients from Equation 2 (red dots). We show that treated cities were not on track to experience the effects that we see post-mandate, confirming the parallel-trends assumption and lending support to a causal interpretation.

We conduct a series of robustness tests to further consolidate the causal relationship between judicial transparency and entrepreneurship. We show that our baseline result is less likely to be driven by potential confounding events, is not influenced by the incomplete disclosure issue after 2014 documented by Liebman et al. (2023), is robust to the presence of non-local plaintiffs, and remains consistent for alternative definitions of treatment and control groups. A number of falsification tests further support the causal interpretation. In the interests of space, we discuss these in Appendix D.

4.4 Incorporated Business vs. Self-employment

Our baseline analysis focuses on incorporated business registrations, which are more closely associated with Schumpeterian growth and more likely to involve transformational innovation (Schoar, 2010; Hurst and Pugsley, 2011). Meanwhile, business formation entails higher costs and risks, such as incorporation, recruitment, and organizational structuring, making legal considerations an important factor in entry decisions. In contrast, another common form of entrepreneurship is self-employment, which is typically unincorporated, associated with subsistence- oriented activities, and often motivated by non-pecuniary benefits (Hurst and Pugsley, 2011; Levine and Rubinstein, 2017). As such, it is generally viewed as less growth-oriented. Economically distinct activities likely respond differently to the same policies (Bellon et al., 2021). Since unincorporated self-employment involves fewer legal risks and lower exposure to litigation, we expect the effect of enhanced judicial transparency to be less pronounced for self-employment than incorporated business formation.

In Table 3 Column (2), we estimate Equation 1 using the number of self-employed individuals as the

[42] In an unreported regression, we employ a fixed-effects Poisson model to the baseline specification and use the raw count of new firms as the dependent variable, to alleviate potential biases associated with log transformation (Cohn, Liu and Wardlaw, 2022; Chen and Roth, 2024). The result remains consistent.

dependent variable. The coefficient estimate is negative and statistically significant. This suggests that enhanced judicial transparency reduces self-employment. As shown in Figure 4 Panel (a), the coefficient estimates for incorporation and self-employment track closely before 2014 but diverge sharply after the mandate. Such contrasts across different types of entrepreneurial activity are not uncommon in the literature (e.g., Burtch, Carnahan and Greenwood, 2018; Bellon et al., 2021; Barrios, Hochberg and Yi, 2022).[43] In our setting, a plausible explanation is that individuals who might otherwise enter as self-employed are more willing to choose to incorporate once judicial transparency improves and the perceived legal risks of incorporation decline.

When using *New Firm Ratio* as the dependent variable (Column (3)), the coefficient estimate is positive and statistically significant at the 1% level. In treated cities, the proportion of newly registered firms among all legal entities increased by 1.9 percentage points relative to control cities, which is 8.1% of the sample mean (23.4%). Figure 4 Panel (b) plots the dynamic effect, showing an immediate increase in entrepreneurs' preference for incorporation as their form of entry. Viewing results from Columns (1) to (3) together, it is clear that the positive effects of the mandated judgment publication on entrepreneurship are exclusive to the formation of incorporated businesses, in which legal risks are particularly pertinent and disclosure of judicial information can benefit more. As incorporated business registration is generally regarded as a higher-quality form of entrepreneurship (Guzman and Stern, 2020), these results appear to suggest that judicial transparency enhances the quality of new business formation.

4.5 Mandatory Disclosure vs. Voluntary Disclosure

Our baseline DID model compares entrepreneurial activities between cities with ex-ante lower level of judgment disclosure with those with higher levels, before and after the mandated disclosure policy. Since the ex-ante level of judgment disclosure were mainly determined by the heterogeneous disclosure policies voluntarily enacted by different provinces, our baseline results should be similar to that of comparing the effect of the mandated disclosure policy between provinces without prior voluntary enforcement of court judgment disclosure and those with *de facto* enforcement in place before the mandate.

To test this, we first manually search for pre-2014 provincial documents or court presidents' speeches related to court judgment disclosure policies from three sources: (1) the annual work reports of provincial-level courts, (2) the government document database compiled by the *PKULaw* platform, and (3) Baidu search. We then carefully read these materials to identify the year in which each province first adopts weak enforcement and later transitions to stronger enforcement, thereby categorizing pre-2014 provincial court judgment disclosure policies based on their increasing stringency over time. Specifically,

Weak Enforcement: The provincial court or court president publicly advocates for court judgment

[43] For example, Bellon et al. (2021) find that large cash windfalls boost incorporated business formation but not self-employment, while Burtch, Carnahan and Greenwood (2018) and Barrios, Hochberg and Yi (2022) show that Uber's entry spurs incorporation yet reduces self-employment.

disclosure in annual work reports, official documents, or public speeches featured in news reports. A court enters the weak enforcement phase as long as it mentions any terms related to promoting disclosure, without a specific timetable or binding procedure.

Strong Enforcement: The provincial court or the court president publicly mandates court judgment disclosure in any of the three sources above, with per capita publication exceeding one per thousand people from the mandated year until 2014.[44] This phase marks a shift to formal enforcement, requiring not only the mandate but also actual implementation with tangible, sustained publication efforts.[45]

Among the 31 provinces, 24 claimed to have court judgment disclosure initiatives before 2014.[46] However, not all of these claims translated into actual enforcement. As detailed in Section 2.3.1, in some provinces, the commitment to online court judgment publication was more of a symbolic gesture than a concrete enactment. In fact, only eight provinces had implemented *de facto* court judgment disclosure, with Henan being the first to mandate publication in 2009.

Based on this categorization, we reestimate the baseline Equation 1. We classify provinces with *de facto* disclosure enforcement before 2014 (strong enforcement) as the control group, and those without such enforcement (weak or none) as the treatment group. As reported in Column (1) of Table 4, the estimated coefficient is 0.074 and statistically significant at the 5% level, consistent with the baseline results in Section 4.3. This suggests that our baseline findings are largely driven by the variation in treatment intensity between regions without ex-ante enforcement of court judgment disclosure and those with *de facto* enforcement prior to the mandate.

Given the regional disclosure policies voluntarily enacted by provincial courts, it is also meaningful to examine whether voluntary disclosure can promote entrepreneurship. Since regional disclosure before 2014 was not as forceful as the centralized mandate, we would expect weak or even no effects on local entrepreneurship, especially in provinces without *de facto* disclosure enforcement. In Columns (2) and (3) of Table 4, we estimate a staggered DID model using the pre-mandate sample from 2008 to 2013, where *Post Weak Policy* equals one for provinces with at least weak enforcement, and *Post Strong Policy* equals one for provinces with strong enforcement. We find that the estimated coefficient on *Post Weak Policy* is statistically insignificant, indicating that verbal commitments alone for judgment publication are not sufficient for promoting entrepreneurship. However, the estimated coefficient on *Post Strong Policy* is 0.089, statistically significant at the 5% level, suggesting that *de facto* enforcement of judgment

[44]The mandatory requirement is defined by the following three types of statements: (1) a full disclosure (e.g., Beijing, Henan, Hainan); (2) a requirement that all legally effective judgment documents be disclosed, except those on a negative list (e.g., Shanghai, Zhejiang, Hunan, Shaanxi); and (3) an explicit requirement linking judgment disclosure to court performance evaluations (e.g., Guangxi).

[45]The latter criterion excludes cases where some provinces claimed mandatory disclosure but made little effort to enforce it. For example, the Yunnan High People's Court claimed that all effective court judgment documents were required to be published online starting in April 2008. However, as noted in Section 2.3.1, "most of the published judgment documents are from cases that were concluded more than six months ago, while newly published judgments are rare. Some court websites have not updated their published judgment documents for over a year." See: https://www.chinanews.com.cn/sh/2013/12-27/5671901.shtml

[46]Since most provinces responded to the SPC's announcement of mandatory judgment disclosure in 2013, if a province first meets the criteria in 2013, we do not classify it as having pre-2014 enforcement.

publication in some provinces before 2014 has a positive effect. These results, taken together, provide strong evidence that only court judgment publication with real enforcement is effective in fostering entrepreneurial activities, reinforcing the validity of the causal relationship between enhanced judicial transparency and entrepreneurship.

5 Effect Heterogeneity: The Role of Legal Risks

Our evidence so far suggests a positive, causal relationship between judicial transparency and entrepreneurial activity. In this section, we disaggregate entrepreneurial activity into the city-industry level to examine the heterogeneous effects of enhanced judicial transparency across industries with different levels, roles, and types of legal risk exposure.

5.1 Industry-Level Legal Risk Exposure

Firms encounter legal risks to different degrees, which are often driven by the nature of their business activities and the propensity to become entangled in legal disputes. While measuring legal risk exposure for individual firms is technically difficult, industrial observations could provide a reasonable perspective. This is because, first, certain industries face a higher likelihood of lawsuits compared to others, as noted by Francis, Philbrick and Schipper (1994). Second, there is a general persistence in the perception of litigation risk for firms and industries over time, albeit to varying degrees (Lin, Liu and Manso, 2021).

We begin by investigating effect heterogeneity across industries with different levels of overall legal risk exposure. A potential entrant places greater importance on the judicial environment when starting a business in an industry more likely to face legal issues. We therefore expect the effect of enhanced judicial transparency to be more pronounced in industries with a higher predisposition towards litigation. To examine this, we construct industry-level litigation risk measures based on each industry's ex-ante litigation exposures. Given the scarcity of litigation data on entrepreneurial firms prior to 2012, we resort to leveraging the litigation information of publicly listed firms in the China Stock Market & Accounting Research (CSMAR) database.[47] Specifically, we measure an industry's litigation exposure by the average number of annual litigations per listed firm within a 2-digit industry. We use litigation data in and before 2012, ensuring that our industry-level assessments capture ex-ante litigation risks. [48] The specification is as follows:

[47]The China Securities Regulatory Commission (CSRC) mandates that listed firms disclose significant litigation information in a timely manner. Specifically, firms must disclose litigation if the amount at stake exceeds CNY 10 million and accounts for more than 10% of their latest audited net assets. Disclosure is also required for cases that, regardless of monetary value, could significantly impact firm valuation (Liu et al., 2022). This requirement was in place before 2014, allowing us to measure pre-2014 litigation exposure at the industry level.

[48]In our data, industries with highest litigation exposure are Accommodation & Catering and Culture, Sports & Entertainment; the industry with lowest litigation exposure is Water, Environment & Utilities Management.

$$Entrepreneurship_{c,j,t} = \alpha + \beta_1 Treat_c \times Post_t + \beta_2 Treat_c \times Litigation_j + \beta_3 Treat_c \times Post_t \times Litigation_j + \gamma X_{c,t} + \theta_c + \delta_{j,t} + \varepsilon_{c,j,t}, \quad (3)$$

where $Entrepreneurship_{c,j,t}$ refers to the logarithm of the number of newly registered firms, *Log(# New Firms)*, in 2-digit industry j of city c in year t. $Litigation_j$ denotes litigation exposure in industry j. $Treat_c$, $Post_t$, and time-varying city-level controls $X_{c,t}$ are same as in Equation 1. We control for city fixed effects, θ_c, and industry-year fixed effects, $\delta_{j,t}$. As hypothesized, we expect a positive coefficient estimate β_3 in Equation 3.

Table 5 Column (1) presents the estimation results. The estimated coefficient on the triple interaction term $Treat_c \times Post_t \times Litigation_j$ is positive and significant. This suggests that the effect of the publication mandate on firm entry is more pronounced in industries with higher potential legal risks, reinforcing the causal link between judicial transparency and entrepreneurship.

5.2 Exposure to Litigation Roles: Plaintiffs vs. Defendants

Our earlier results suggest that enhanced judicial transparency promotes overall entrepreneurial activity, consistent with the hypothesis that transparency reduces information asymmetry and legal uncertainty, thereby encouraging entry. However, enhanced judicial transparency may simultaneously deter entry by raising reputational costs for certain entrepreneurs, increasing their perceived risks. Leveraging our unique setting, which allows us to distinguish firms' differing levels of exposure to litigation as plaintiffs or defendants, we can empirically disentangle these opposing forces and identify heterogeneous effects on entrepreneurial entry.

While existing literature primarily focuses on litigation risks faced by defendants (e.g., Lowry and Shu, 2002; Houston et al., 2019; Huang, Hui and Li, 2019), Cumming, Haslem and Knill (2017) point out that the costs of becoming a plaintiff are particularly burdensome for smaller entrepreneurial firms. This is largely because litigation demands considerable financial and resource commitments from these firms. Thus, when examining entrepreneurial litigation risks, it's crucial to consider firms in both roles: as plaintiffs and as defendants. The extent to which different industries appear as plaintiffs or defendants in litigation can also vary. Industries with higher exposure to initiating lawsuits (i.e., as plaintiffs) could better leverage the publication of judgment documents to gain a clear advantage in harnessing legal information. Enhanced judicial transparency enables aspiring entrepreneurs to better understand the expected costs of enforcement, thereby reducing legal uncertainty. However, for industries more often on the receiving end of legal actions (i.e., as defendants), the implications could be quite different. Being a defendant in litigation is generally an adverse event for a firm, especially when the details of judgment documents are made publicly accessible (Liu et al., 2022).[49] Therefore, for defendants, the potential

[49] Using data from 550 corporate litigation cases filed by publicly traded firms from 1981 to 1983, Bhagat, Brickley and Coles (1994)

reputation costs of judgment disclosures might offset the legal and informational benefits brought by enhanced judicial transparency, resulting in a potential deterrent effect on entry.[50] Accordingly, we hypothesize that the policy's effect on entrepreneurship would be more pronounced in industries with greater exposure to initiating lawsuits (plaintiff-prone), relative to those with greater exposure to face lawsuits (defendant-prone).

To test these hypotheses, we compute the same litigation risk metrics as in Section 5.1, but separately for cases where firms act as plaintiffs or as defendants. We then estimate the following specification:

$$\begin{aligned} Entrepreneurship_{c,j,t} = \alpha &+ \beta_1 Treat_c \times Post_t + \beta_2 Treat_c \times Plaintiff_j + \beta_3 Treat_c \times Defendant_j \\ &+ \beta_p Treat_c \times Post_t \times Plaintiff_j + \beta_d Treat_c \times Post_t \times Defendant_j \\ &+ \gamma X_{c,t} + \theta_c + \delta_{j,t} + \varepsilon_{c,j,t}, \end{aligned} \tag{4}$$

where $Plaintiff_j$ and $Defendant_j$ denote an industry's litigation exposure as plaintiffs and defendants, respectively, measured as the number of cases in which firms in the industry appear as plaintiffs (or defendants) divided by the total number of firms in that industry. $Treat_c$, $Post_t$, time-varying controls, and fixed effects are the same as in Equation 3. β_p and β_d are the coefficients of interest, indicating how the policy's effect on entrepreneurship varies with industry-level plaintiff- and defendant-case exposure, respectively.

We report the regression results in Table 5 Column (2). The estimated coefficient on the triple interaction term with $Plaintiff_j$ is positive and significant at the 1% level, while that with $Defendant_j$ is negative and insignificant. This suggests that the policy's effect is primarily driven by industries with higher exposure to initiating lawsuits, consistent with our hypothesis.

We further explore the dynamic effects by replacing the indicator $Post_t$ with a set of year dummies $Year_t^k$, same as in Equation 2. Figure 5 plots the estimation results corresponding to Column (2) of Table 5. The estimated coefficients on the triple interaction term with plaintiff-case exposure turn positive and significant after the mandate, whereas those with defendant-case exposure remain insignificant or even become negative. These results highlight substantial heterogeneity in the effect of judicial transparency on entrepreneurship, depending on firms' differing levels of exposure to litigation as plaintiffs or defendants. Importantly, the negative effect on entry in defendant-prone industries suggests that judicial transparency deters or screens out certain types of entrants, potentially affecting the overall quality of entrepreneurship. We discuss this further in Section 7.

document a negative stock market reaction to defendant firms upon the filing of a suit, whereas plaintiffs experience no significant gains. This can be partly explained by the increased financial distress costs imposed on the defendant.

[50] Indeed, the public availability of judicial documents enables credit reporting agencies (e.g., Qichacha and Tianyancha) to access information about individuals or firms involved in legal disputes. Such data can be used in bank lending, credit ratings, and personal background checks. A firm with publicly disclosed judicial documents, particularly as a defendant, may struggle to secure loans or form business partnerships.

5.3 Exposure to Different Types of Litigation

In Section 3.3, we show that the prevailing types of litigation shift substantially as firms reach different stages. Specifically, when categorizing litigation cases based on the production factors associated with the cited legal bases, we find that young firms are relatively more prone to litigation related to capital and technology issues (e.g., informal finance, intellectual property, etc.). This motivates us to examine the heterogeneous effects of enhanced judicial transparency across different types of litigation exposure.

Using judgment documents from historical cases between 2010 and 2018 available on the CJO website, we first match litigant firms with their Unified Social Credit Code (USCC) to the business registration dataset, obtaining their industry classification codes and the ages of the firms as of the trial date. Next, we categorize the litigation cases into four types—capital, labor, technology, and market & transaction—based on the legal basis involved in the case.[51] Finally, we calculate the proportions of different litigation types within each industry for the sample of matched firms aged 0 to 3, to capture litigation exposure among young entrepreneurial firms. We then classify industries as having high or low exposure to different litigation types, based on the median cutoff.

We estimate Equation 3 by replacing $Litigation_j$ with an indicator of high exposure to each of the four types of litigation for industry j, separately. Appendix Figure A.7 plots the estimated coefficients and confidence intervals. We find that the effect of the publication mandate is more pronounced in industries that are more prone to capital-related litigations in younger ages. A plausible explanation is that access to historical litigation data helps entrepreneurs better identify potential risks and assess project feasibility, thereby facilitating more effective risk management in financing. For instance, by understanding the legal risks of different financing strategies, entrepreneurs can select the most appropriate financing options.

In contrast, for industries that are more prone to labor-related litigations, the effect is less pronounced. We offer several plausible explanations for this pattern. First, entrepreneurs in these industries must invest resources and effort to ensure compliance with labor laws and regulations when entering the market, which increases entry costs. Second, labor-related legal risks are more susceptible to social scrutiny and public attention, and reputation concerns make entrepreneurs more conservative in their decision-making.[52] Third, in labor disputes, firms often appear as defendants, providing a concrete example of how enhanced judicial transparency can impose higher potential costs on entrepreneurs in industries where firms are more likely to be defendants, consistent with our findings in Section 5.2. We find no significant heterogeneity across industries in exposure to technology- or market & transaction-related litigations at younger firm ages. One possible explanation, for example, is that litigation exposure related to market & transaction issues typically materializes only as firms mature and expand their business activities.

[51] Appendix C provides details of the matching procedures and legal basis categorization.

[52] This result is consistent with Bernstein, Korteweg and Laws (2017), who show that information about human assets is causally important for early-stage financing and entrepreneurial success.

Overall, these insights highlight the role of heterogeneous legal risk exposures on entrepreneurial entry decisions. While enhanced judicial transparency lowers the barriers to entry into entrepreneurship on average, its effect is not uniform, potentially deterring a subset of industries.

6 Mechanisms

In this section, we explore three plausible mechanisms through which judicial transparency promotes entrepreneurship: (1) increased access to credit finance, (2) reshaped beliefs about the quality of institutions by improving anticipated judicial justice, and (3) enhanced technology-driven legal services. These mechanisms highlight how enhanced judicial transparency influences the behavior of various market participants by reducing information asymmetry and legal uncertainty, ultimately encouraging entrepreneurial activity.

6.1 Increased Access to Credit Finance

We begin by examining how judicial transparency affects entrepreneurial firms' access to credit. External debt (e.g., bank loans) is a critical source of capital for young firms (Robb and Robinson, 2014), and access to credit plays a central role in fostering entrepreneurship (Kerr and Nanda, 2009). However, creditors often face severe information asymmetry when evaluating young firms, as reliable hard information is typically scarce. A more transparent judicial system, with publicly disclosed litigation records, can help mitigate this asymmetry in two main ways. First, the publication of court judgments enables creditors to search borrowers' litigation histories (e.g., loan defaults, covenant violations), allowing for more accurate credit risk assessment.[53] As a result, loans are more likely to be allocated to higher-quality entrepreneurial firms with lower default risk. Second, as discussed in Section 5, the reputational cost of being listed as a defendant may deter entry by entrepreneurs more prone to contractual nonperformance or legal disputes. Because such frictions often correlate with default or covenant-violation risk, transparency raises their expected cost of entry, thereby reducing ex-ante adverse selection and ex-post moral hazard. Consequently, creditors may be more willing to extend credit, as entry in a more transparent judicial environment signals higher firm quality and lower default risk. Moreover, greater judicial transparency enhances the predictability and credibility of legal outcomes, reducing enforcement risk and lowering creditors' expected debt-recovery costs, thereby encouraging lending.

We test the effect of enhanced judicial transparency on entrepreneurial credit finance using the NTSD, which provides firm-level data on long-term loan amounts and interest expenses.[54] For each firm, we

[53]Using latent Dirichlet allocation (LDA) to extract topics from judgment-related patents, we identify a a group of patents related to corporate credit risk evaluation (see Topic 1 of Figure A.15). This suggests that access to judicial documents has facilitated the use of historical litigation information in credit assessments.

[54]The NTSD provides data on long-term loan amounts, but not on short-term loans. Given this data limitation, we approximate short-term borrowing by subtracting accounts payable from current liabilities. We conduct an analysis similar to that of long-term loans and find that the

retain only the observation from its founding year (age zero), ensuring a focus on newly established entrepreneurial firms. We estimate the following specification:

$$Y_{i,j,c,k} = \alpha + \beta Treat_c \times Post_k + \gamma X_{c,k} + \mu_c + \theta_j + \phi_k + \varepsilon_{i,j,c,k}, \tag{5}$$

where i denotes an individual firm, j denotes the 2-digit industry, c denotes the city where the firm is located, and k denotes the establishment year of the firm. $Treat_c$ indicates whether a city is assigned into the treatment group, as in Equation 1. $Post_k$ equals one for firms established in and after 2014, and zero otherwise. $X_{c,k}$ denotes time-varying city-level controls for city c in year k, in parallel with those in Equation 1. We include city, industry, and establishment year fixed effects, denoted by μ_c, θ_j, and ϕ_k, respectively. Standard errors are clustered at the city-industry level.

As shown in Table 6 Column (1), using the amount of long-term loans as the dependent variable, the estimated coefficient is positive and statistically significant at the 1% level. On average, newly established firms in treatment cities obtained 39.2% more long-term loans than those in control cities. In Column (3), we examine the extensive margin using an indicator for whether a firm obtains long-term loans as the dependent variable. The coefficient is also positive and statistically significant: after the mandate, 2.6% more entrepreneurial firms in treatment cities obtain long-term loans compared to control cities, which represents a 90% increase relative to the pre-2014 sample mean (0.029). Together, these results suggest that entrepreneurial firms are more likely to secure long-term loans and in larger amounts under a more transparent judicial system.

An alternative explanation is that the results may reflect improved quality of firm entry rather than reduced information asymmetry, as creditors naturally extend more loans to higher-quality entrants. If this were the case, controlling for firm-level observables at the time of establishment should weaken the effects. In Columns (2) and (4), we include controls such as total assets, ROA, number of employees, and investment in the firm's founding year. The positive effects remain robust, suggesting that even conditional on initial observed firm characteristics, creditors are more willing to lend to new firms. These findings support increased credit supply as a plausible mechanism through reduced information asymmetry between creditors and entrepreneurial firms.

We further examine the effect of enhanced judicial transparency on the cost of credit financing, proxied by interest expenses over total liabilities. As shown in Table 6 Column (5), enhanced judicial transparency is associated with lower financing costs. When controlling for firm-level observables in Column (6), the coefficient remains largely unchanged. On average, interest costs for entrepreneurial firms in treatment cities decrease by 0.6 percentage points relative to control cities after the mandate, representing a 17% decline from the pre-2014 sample mean (0.036). These results point to the presence of a supply-side effect: judicial transparency increases creditors' willingness to lend to new firms. Nevertheless, we do

effect on short-term loans is positive yet statistically insignificant.

not rule out the possibility that demand-side factors, such as an increase in the number or quality of entrepreneurial firms seeking long-term loans, may also contribute to the observed patterns.

Overall, our findings suggest that greater judicial transparency increases access to credit for entrepreneurial firms, offering a plausible mechanism through which it promotes entrepreneurship.

6.2 Reshaped Beliefs about the Quality of Institutions

According to the SPC, the primary goal of publishing judgment documents is to improve the quality of justice (see Section 2). To unify adjudication standards and curb the abuse of discretion, judges in China are implicitly required to retrieve and refer to similar cases during adjudication. With judgments made publicly available online, judges face greater scrutiny and are less likely to misuse their discretionary power, resulting in a more impartial judicial environment. This, in turn, helps entrepreneurs reduce legal uncertainty and strengthen their confidence in institutional quality, thereby serving as a potential mechanism through which judicial transparency promotes firm entry. We posit that in regions with lower institutional quality, anticipated improvements in judicial justice are more likely to have a stronger effect.[55] To test this channel, we examine heterogeneity across three local institutional dimensions: (1) adjudicatory quality, (2) business environment, and (3) institutional trust.

We first examine whether the effect of judicial transparency is more pronounced in regions with lower ex-ante adjudicatory quality. A lower litigation appeal rate is generally interpreted as indicative of higher-quality court rulings (Baye and Wright, 2011; Liu et al., 2023). We collect province-level appeal rate data from annual work reports of provincial courts and use the average rate from 2010 to 2012 as a proxy for ex-ante adjudicatory quality. Based on this measure, we divide provinces into high and low adjudicatory quality groups and estimate Equation 1 by subsample. As shown in Table 7 Panel A, the estimated coefficient for the high appeal rate group is 0.134 and statistically significant at the 1% level, while the coefficient for the low appeal rate group is 0.083 and only statistically significant at the 10% level. This suggests that enhanced judicial transparency has a stronger effect on promoting entrepreneurship in regions with lower ex-ante court ruling quality, consistent with perceived improvements in judicial justice as a plausible mechanism. In Appendix Table A.2, we provide additional evidence on how judicial transparency affects adjudicatory quality at the province level.[56] We find that enhanced judicial transparency is associated with lower appeal rates, further suggesting a realized (rather than merely anticipated) improvement in the quality of justice.

Next, we explore the heterogeneous effects by local business environment. NTSD contains detailed financial and operational information for a large and representative sample of firms, enabling us to

[55] Grimmelikhuijsen and Klijn (2015), for example, conduct a field experiment to investigate the effect of a Dutch television series on trust, and find that judicial transparency has a positive effect on trust in judges.

[56] Since only a small number of provincial courts disclose appeal rates after 2014, we follow Liu et al. (2023) and supplement post-2014 data with estimated appeal rates calculated from the universe of judgment documents on the CJO website.

capture business environment at the regional level. Specifically, we use the variable of perk spendings (i.e., entertainment expenses), to proxy for the costs of corruption (Cai, Fang and Xu, 2011; Giannetti et al., 2021); and the variable of administrative fees to capture the extent of regulatory discretion of the local government (e.g., imposing penalties). We calculate the average perk spending relative to total revenue and administrative fees relative to total revenue across firms at the city level in 2012.[57] These variables capture the average costs incurred by firms in a city to navigate administrative processes. We divide our sample into high and low groups based on these measures of ex-ante business environment. Columns (3) and (4) of Table 7 Panel B present the results of subsample analysis by perk spending. The estimated coefficients for the two groups are 0.138 and 0.025, respectively. Columns (5) and (6) report the results of subsample analysis by administrative fees. The estimated coefficient is 0.135 for the high–administrative-fee group and 0.018 for the low–administrative-fee group. These results suggest that the effect of mandated disclosure of court judgments on spurring entrepreneurship is more pronounced in regions with ex-ante poorer business environment.

Finally, we examine whether the effect of judicial transparency is more pronounced in regions with lower level of trust in institutions. Our measure of trust at the regional level is derived from the Chinese General Social Survey (CGSS), conducted by the Renmin University of China. We use the 2010 and 2012 survey waves, which provide 23,539 complete individual responses from 29 provinces, to capture ex-ante levels of trust across provinces. We use three questions related to trust. One is about overall trust: "In general, do you agree that most people can be trusted in this society?". The other two are more specific: "How much do you trust in local government officials/judges". For each question, we calculate the average score of respondents' answers for each province and divide provinces into high-trust and low-trust groups.[58] In Columns (7) and (8) of Table 7 Panel C, we first compare the estimated coefficients between low and high groups of trust in judges. The estimated coefficient is 0.095, statistically significant in low trust group; and is 0.019, statistically insignificant in high trust group. This suggests that the effect of the mandated judgment disclosure on entrepreneurship is more pronounced in regions with lower levels of trust in the judicial system. In Columns (9) - (10) and (11) - (12), we compare the estimated coefficients from subsample analysis based on trust in local government officials and overall trust, respectively. The results show that the effect is most pronounced in regions with lower trust in these groups.

Taken together, the heterogeneous effects across institutional factors support anticipated improvements in judicial justice as a plausible mechanism through which enhanced judicial transparency promotes entrepreneurship.

[57] We employ the full sample of the 2012 NTSD, which contains 333,352 firm observations, to calculate the above measures.

[58] Because the 2010 and 2012 surveys use different response scales, we first calculate the average trust score for each province within each survey year. We then rank provinces by their average scores in each year and classify those with an average rank above (below) the median as high- (low-) trust provinces.

6.3 Enhanced Technology-driven Legal Services

The centralized publication of court judgments supplies a vast repository of judicial data to society. Among the various sectors that stand to capitalize on this data, the legal services industry is particularly prominent to harness potential benefits. Data is the fuel of tech-driven information services. By leveraging judicial data and automation technologies, legal analytics tools predict case outcomes, helping lawyers and clients make more informed decisions. For entrepreneurs, accessing higher-quality legal services may lead to higher predictability of litigation outcomes, which helps to reduce legal uncertainty and incentivize entry.[59] In this subsection, we try to uncover how enhanced judicial transparency transforms an important but understudied intermediary market in the entrepreneurial ecosystem—the legal services industry—and examine the role of tech-driven legal services in fostering entrepreneurship.

In Figure 6, we provide four pieces of evidence showing that mandated publication of court judgments fuels legal technologies and tech-driven legal services. First, we look at the establishment of LegalTech firms. We search the business registration database using the business description and business scope fields with the keywords *legal tech*, *law tech*, *legal data*, *law data*, and *law big data*. Based on the search results, we employ ChatGPT to classify whether a firm provides LegalTech services.[60] We then manually review every single model output to verify and, where necessary, correct the classifications. We finally identify 667 LegalTech firms established in China between 2006 and 2020. Panel (a) shows that the number of newly registered LegalTech firms (blue bars) surges after 2014. This suggests that the mandated publication of court judgments stimulates the establishment of LegalTech firms. In addition, we plot the number of cities having the first LegalTech firms in a given year (red bars). The emergence of LegalTech firms in cities previously devoid of such entities post-2014 indicates that the policy has broadened the geographical reach of legal technology services, making them more accessible to entrepreneurs.

Second, we obtain data of venture capital (VC) deals on LegalTech start-ups in China from PitchBook.[61] Panel (b) of Figure 6 shows that out of the total 66 VC deals, 51 occurs after 2014, with 7 deals in 2014 and 14 in 2015. In Appendix Table A.3, we further examine whether enhanced judicial

[59] Ibrahim (2012) survey a sample of U.S. VC-backed start-ups to understand how they obtain legal services. 72% of the respondents rely on outside counsel and do not have in-house counsel. When asked to indicate all reasons for preferring outside counsel, respondents rank the reasons as follows: in-house counsel is not cost-justified (83%); outside counsel offers more coverage and depth of specialization (60%); outside counsel is more independent/objective (13%); outside counsel enhances their reputations with third parties (8.7%); outside counsel could connect them to angel investors and venture capitalists (4%). These findings highlight the importance of external legal services to small firms and entrepreneurs, who are often resource-constrained. In contrast, large firms may afford internal legal teams or rely on their own connections with law firms (Lanjouw and Schankerman, 2004).

[60] Specifically, we use the gpt-5-mini-2025-08-07 model, assign GPT the role of a LegalTech expert, and provide it with detailed definitions of LegalTech firms: "technology firms that leverage advanced internet technologies (e.g., big data, computing power, blockchain, AI) to support the legal sector, including legislation, law enforcement, judicial systems, and legal services, with the goal of improving the quality and efficiency of legal professional work." We then prompt the model to evaluate each firm's business description to determine whether it offers LegalTech services, based on this definition and its own domain knowledge. Specifically, we prompt that "in general, if a firm's business description contains keywords indicating both legal industry relevance (e.g., *legal services*, *legal consulting*, *judiciary*, *arbitration*, etc.) and technological attributes (e.g., *big data*, *AI*, *blockchain*, *internet platform*, *information systems*, etc.), then it should be classified as a LegalTech firm." We also prompt the model to output both a confidence score (0-10) and a brief rationale for each classification.

[61] We identify these deals by requiring that the "Verticals" field includes *Legal Tech* or that the "Keywords" field contains any of the following terms: *legal technology*, *legal tech*, *legaltech*, *law technology*, *law tech*, or *lawtech*. These labels are defined by PitchBook.

transparency spurs LegalTech VC deals in a cross-country analysis.[62] The results show that the online publication of court judgments has a significantly positive effect on the volume of LegalTech VC deals across the globe, with a notably stronger effect in China, where publication is mandated and implemented at scale.

Third, we collect a time series of the number of research papers mentioned "judgment document" (in Chinese) by manually searching the China National Knowledge Infrastructure (CNKI) database. As shown in Panel (c) of Figure 6, the number of papers mentioned "judgment document" increases dramatically after 2014. Notably, within the field of Computer Science, the number of papers mentioned "judgment document" surges since 2019.[63] This indicates that the mandated judgment disclosure significantly bolsters academic research focused on judgment documents. Science production constitutes an important source of business formation in the legal space.

Fourth, we construct a time series of the number of judgment document-related patent applications from the CNIPA patent data, specifically those that include the term "judgment document" in the full text of the patent document. As shown in Panel (d) of Figure 6, the number of judgment document-related patents increases substantially after 2014. To further reveal how the mass publication of judgment documents fuels technology-driven legal services, we conduct textual analysis on these patents to identify key topics and trends in the legal technology ecosystem (see Appendix E for details). By categorizing innovations into targeted service sectors and procedural tasks in the legal information workflow, we observe a significant increase in AI-related technologies since 2014, particularly those serving the legal services industry and judicial systems. The rise in technologies for precedent search, case retrieval, and predictive analytics reinforces our core mechanism: the mandated publication of judicial documents could reduce legal uncertainty potentially by enhancing the predictability of litigation outcomes and improving perceived judicial justice. Moreover, the emergence of technologies related to corporate risk assessment and management based on judgment documents, especially in evaluating corporate credit risk, suggests that litigation history is increasingly considered a risk factor in evaluating opportunities such as financing for entrepreneurs. For potential entrants, these findings highlight how litigation information could reduce legal uncertainty, helping them better understand their entrepreneurial type and assess the risks of entry more broadly.

To formally test whether access to technology-driven legal services promotes entrepreneurship, we identify the timing of the first LegalTech firm's establishment in each city (Panel (a) of Figure 6). Exploiting regional variation in these timings, we estimate the effect of LegalTech firm entry on entrepreneurship. Because LegalTech firms are more likely to locate and operate in regions with stronger

[62] We hand-collect information on online judgment publication in different countries/regions and find that, to the best of our knowledge, 15 countries/regions have promoted online publication of court judgments from 1990 to 2018. We compile a country-year dataset covering 80 countries/regions with recorded LegalTech VC deals by PitchBook and estimate a staggered DID model.

[63] This lag may reflect the possibility that the development of certain applied fields in science and engineering is built upon the availability of data in social sciences.

entrepreneurial activity, their entry is not exogenous. To mitigate this concern, we control for the lagged number of new firm registrations and the three-year average growth rate of new firms, so that we estimate the effect of LegalTech entry conditional on existing levels and trends of local entrepreneurship.

We report the results in Table 8, where *LegalTech* equals one after a city has its first LegalTech firm, and zero elsewise. The coefficient estimate in Column (1) is positive, yet statistically insignificant. However, when we interact *LegalTech* with the post-2014 indicator, the coefficient on the interaction term is significant at the 5% level. On average, the inception of a LegalTech firm in a city is associated with a 3% increase in the number of newly registered firms after 2014. These results suggest that LegalTech entry spurs new business formation only when court judgment documents are extensively disclosed, highlighting that the effectiveness of LegalTech crucially hinges on the accessibility and richness of judicial big data. Taken together, the rise of LegalTech services following the mandated publication of court judgments represents another important mechanism through which judicial transparency fosters entrepreneurship.

7 Performance

So far, we have shown that enhanced judicial transparency not only spurs the number of newly registered firms, but also leads to higher-quality entries, as reflected in entrepreneurship type composition and capital injection. Our mechanism analyses suggest that judicial transparency promotes entrepreneurship by raising potential entrepreneurs' incentives for entering into a more impartial and information-rich environment, expanding credit access at both extensive and intensive margins, and catalyzing the development of technology-driven legal services. A natural next question is whether these newly established firms perform better after entering the market. If so, is this due to improved selection, i.e., screening better firms at entry, or stronger post-entry growth enabled by a more transparent judicial environment? In what follows, we explore how judicial transparency shapes entrepreneurial firm outcomes over time.

To this end, we use granular firm-level data from the NTSD. We restrict the sample to firms established since 2010 and examine whether enhanced judicial transparency improves the performance of new firms in treatment cities. For financial and operational outcomes, we consider total sales, number of employees, ROA, TFP, and total investment. For innovation outcomes, we examine R&D spending, the number of patent applications, and forward citations of these patents. We estimate the following specification:

$$Performance_{i,j,c,k,t} = \alpha + \beta Treat_c \times Post_k + \gamma X_{c,t} + \mu_c + \theta_j + \phi_k + \delta_t + \varepsilon_{i,j,c,k,t}, \tag{6}$$

where i denotes an individual firm, j denotes the 2-digit industry, c denotes the inception city of the firm, k denotes the establishment year of the firm, and t denotes the year of the observation. $Treat_c$ indicates whether a city is assigned into the treatment group, same as that in Equation 1. $Post_k$ is one for firms establish in and after 2014, and zero otherwise. $X_{c,t}$ denotes time-varying city-level controls for

city c in year t, in parallel with those in Equation 1. We include city, industry, establishment year and observation year fixed effects, denoted by μ_c, θ_j, ϕ_k, and δ_t, respectively. Standard errors are clustered at the city-industry level.

Panel A of Table 9 reports the regression results, where all coefficient estimates are positive and statistically significant. Compared to newly registered firms in control cities, those in treatment cities on average have 27.9% higher sales, 14.9% more employees, 3.6 percentage point higher ROA, 16.6% higher TFP, 36.8% more investment, 8.2% more R&D spending, 0.4% more patent applications, and 0.7% more forward citations. These findings suggest that enhanced judicial transparency is positively associated with better financial, operational, and innovation performance among entrepreneurial firms, reinforcing its effect on the quality of entry.

We then re-estimate Equation 6 using only firm observations from their inception year (i.e., 0-year-old performance). In this setup, the coefficient estimates capture the differences in initial firm characteristics between the treatment and control cities, before and after the mandate. If the estimates are positive and statistically significant, this would indicate that judicial transparency helps screen out low-quality entrants and encourages the entry of higher-quality firms. As reported in Table 9 Panel B, the coefficients for sales, productivity, and innovation are statistically insignificant. However, the effect on employment is positive and statistically significant. This suggests that the screening channel may play a role, as whether and how many workers a new firm hires is a meaningful indicator of whether the entry is aimed at building a scalable business or merely subsistence-based (Hurst and Pugsley, 2011).

That said, the statistically insignificant effects on sales, productivity, and innovation in the founding year do not necessarily imply that the positive over-time effects observed in Panel A are driven by post-entry growth. These performance outcomes often take time to materialize and may not fully capture a firm's underlying potential at the time of entry. As such, the absence of early observable differences does not rule out the possibility that judicial transparency helps screen in entries with stronger long-term growth potential. Taken together, the findings from both Panels A and B, along with our results in Section 4.4, jointly suggest that some level of screening is indeed at work.

While a clean separation between screening and post-entry growth is challenging, both channels consistently imply that judicial transparency promotes high-growth entrepreneurial entry. Moreover, by suggesting the presence of a selection effect, the performance analyses in this section provide complementary support for the core mechanisms identified earlier to explain the observed increase in entry quantity and quality.

8 Survey Evidence

Our empirical analyses reveal the importance of judicial transparency for entrepreneurship. To complement these results, we survey entrepreneurs and potential entrepreneurs in China to directly capture their perceptions of legal institutions, their understanding of legal risks, and their views on the publication of court judgments. Our survey primarily targets MBA and EMBA students at the PBC School of Finance, Tsinghua University.[64] We contacted 3,150 individuals and received 249 responses, yielding a response rate of 7.9%. After filtering out invalid responses, 215 responses are included in our final analysis.[65] Appendix Table A.9 presents summary statistics: 57.7% of respondents have entrepreneurial experience, while 19.1% have not yet started a business but express clear intentions to do so (potential entrepreneurs).[66]

The survey includes four sets of questions (see Appendix F): (1) basic personal information; (2) attitudes toward various institutional factors affecting entrepreneurship; (3) approaches and challenges in dealing with legal issues, accessing legal services, and attitudes toward legal risks; and (4) views on the publication of court judgments.

Several patterns emerge from the survey results. First, survey respondents consider legal protection the most important institutional factor influencing their decision to start a business. Respondents are asked to rate the importance of five institutional factors—business environment, legal protection, market access, industry guidance, and supportive policy—on a scale from 0 (very unimportant) to 10 (very important). As shown in Figure 7 Panel (a), legal protection receives the highest average score of 8.91, slightly above business environment.[67] Interestingly, industry guidance and supportive policy are rated lower, suggesting that entrepreneurs in China prefer a favorable legal and business environment over extensive government intervention. We next ask respondents to evaluate the importance of specific legal components, including legislation, law enforcement, judicial system, and legal services. As shown in Panel (b), law enforcement and judicial system receive the two highest average scores. These findings indicate that legal protection, particularly through the judicial system and law enforcement, is among the institutional factors entrepreneurs in China value most.

Second, entrepreneurs face various legal risks and significant hurdles in accessing legal services. As shown in Appendix Figure A.19, while most respondents obtain legal services from legal professionals (e.g., law firms), only 38.6% are able to independently search for relevant legal information. When asked about the primary obstacles to obtaining legal services, the most common responses are high costs, a poor

[64] We obtained IRB approval from Tsinghua University to conduct this survey.

[65] Specifically, we exclude the following responses: (1) those in which all scoring items (including five institutional factors, four legal factors, and the perceived importance of CJO for entrepreneurship) are rated with the highest score (10); and (2) those complete in less than two minutes.

[66] Among the remaining respondents, who have neither entrepreneurial experience nor intentions, most are senior professionals in the finance sector (e.g., banks, VC/PEs). Given their frequent interactions with entrepreneurs, we believe they have a general understanding of entrepreneurship and therefore include their responses in our analysis.

[67] Across all institutional factors, 69.3% of respondents rate legal protection as the most important or tied for most important.

match between services and actual needs, and a lack of transparency in identifying service providers; only 9.8% report "No difficulties". The most common types of legal risks faced by respondents include dispute resolution, tax compliance and planning, contracting, and financing. When asked why understanding and preventing legal risks is important in entrepreneurship, the most frequent response is "to protect legal rights and interests, and reduce losses from disputes," followed by "to enhance the stability and sustainability of business operations" and "to improve the ability to handle contracts, financing, and employment matters" as the next most common answers. Together, these results highlight entrepreneurs' need for effective legal risk management and their unmet demand for legal and judicial information, suggesting the potential role of court judgment publication in bridging this gap.

Third, most respondents view court judgment publication as an important institutional foundation for entrepreneurship. As shown in Figure 7 Panel (c), when asked, "How important do you think the publication of court judgments is for entrepreneurship?", 38.6% of respondents rate it as very important (10), with an average score of 8.33. We then ask those who rate it above 5, "In what ways do you think public access to court judgments helps entrepreneurship?" As shown in Panel (d), the majority (72.6%) agree that court judgment publication can help them better understand potential risks and uncertainties in the entrepreneurial process. In an open-ended question asking respondents to provide examples of how the CJO helps with starting or operating a business, one respondent explains that "it can help understand how the judiciary exercises discretion in areas where the law remains underdeveloped." 70.2% of respondents believe that the CJO can promote fairness and justice in court decisions and the judicial system. As another respondent noted, "It can help promote social fairness at the lowest possible cost." 61.5% agree that the CJO can improve access to information and reduce the costs of legal services, with one respondent stating, "By reading cases published on the CJO, I have learned many examples and gained more legal solutions to similar issues I encounter myself, and I am also able to offer informed advice to friends and family." 25.5% believe that it can reduce information asymmetry in lending and optimize credit allocation, as reflected by one respondent's answer: "Financial institutions review the CJO before distributing funds."[68] These insights reinforce the key mechanisms discussed in Section 6.

Beyond the above responses, some participants also emphasize that the CJO helps them "learn about a partner/client/employee's background to reduce legal risks", "handle employee dismissals properly and lawfully", and "clarify disputed software IP rights and accelerate commercialization." Although these mechanisms are outside the scope of our empirical analysis, they highlight potentially important channels that merit future research. Collectively, these insights point to the importance of judicial transparency in shaping the entrepreneurial ecosystem by enabling entrepreneurs to better assess legal risks when managing relationships with key stakeholders.

[68]The relatively small proportion of respondents selecting this option may reflect the fact that many entrepreneurs are unfamiliar with lenders' decision-making processes. In contrast, 42.9% of respondents without entrepreneurial experience or intentions (mostly senior professionals in the finance sector) agree with this statement.

Finally, entrepreneurs with both litigation experience and prior use of the CJO website place greater importance to court judgment publication for entrepreneurship. As shown in Appendix Table A.9, 43.7% of respondents have been involved in a lawsuit or legal dispute, with a higher proportion among entrepreneurs (54.8%). Moreover, 67.4% of respondents are aware of the CJO, and 42.3% have ever used it, reflecting the website's significant public reach. We then examine which of the above factors predict respondents' ratings of the importance of court judgment publication for entrepreneurship. As shown in Appendix Table A.10 Column (1), while litigation experience, CJO awareness, and CJO usage alone do not significantly predict the respondents' score on judgment publication, the coefficient estimate for the interaction term between litigation experience and CJO usage is positive and statistically significant at the 5% level. In Column (2), when we focus on the subsample of entrepreneurs, the coefficient estimate on this interaction term is larger and remains significant. These results suggest that court judgment publication is perceived as more essential for entrepreneurship by entrepreneurs who have both experienced litigation and understand the practical value of published judgments. This aligns with our findings in Section 5, which show that judicial transparency has stronger effects for entrepreneurs facing higher potential legal risks. From a policy perspective, this highlights the importance of expanding CJO's outreach and helping individuals better recognize its practical value.

To sum up, our survey results underscore the pivotal role of legal protection in facilitating the entrepreneurial process, as well as entrepreneurs' generally favorable attitude toward a more transparent judicial system. Notably, entrepreneurs with litigation experience and prior use of the CJO are more likely to recognize the importance of court judgment publication in promoting entrepreneurship. Although not fully representative of all Chinese entrepreneurs, these findings provide meaningful evidence on how judicial transparency can foster entrepreneurship.

9 Concluding Remarks

Transparency is essential for governance, and the rule of law weakens when the judicial system operates without public oversight. Despite widespread global consensus on the importance of judicial transparency, its real effects on economic and financial activities remains underexplored.

This paper provides the first comprehensive empirical analysis on the effect of enhanced judicial transparency on entrepreneurship. Exploiting China's unique, centralized mandate for court judgment publication, we establish a plausibly causal relationship between judicial transparency and entrepreneurial activity. We find that enhanced judicial transparency fosters entrepreneurial entry, particularly in incorporated business formation, and improves the financial, operating, and innovation performance of entrepreneurial firms. Notably, the effect on entrepreneurial entry is not uniform across industries. Industries historically more often serve as plaintiffs drive the positive effect, whereas those more exposed to being sued seem to experience a deterrence effect. These findings indicate both an overall effect on the

quantity of entry and a "screening" effect regarding the quality of entrepreneurship, highlighting the critical role of a transparent legal system in shaping entrepreneurial ecosystems.

Our mechanism analyses show that judicial transparency promotes entrepreneurship by reducing information asymmetry, lowering legal uncertainty, and reshaping different market participants' behavior. First, creditors increase lending to entrepreneurial firms, as judicial transparency reduces information asymmetry between financial institutions and entrepreneurs, even when the information is not directly about the entrepreneurs themselves. Second, transparency enhances judicial impartiality by curbing judges' discretion, increasing entrepreneurs' confidence in the quality of institutions and incentives for entry. Finally, judicial transparency catalyzes the growth of technology-driven legal services, which help entrepreneurs navigate legal risks more effectively, further encouraging business formation.

Our findings have important implications for developing countries with weaker legal institutions, lower public trust, and less favorable business environments. We highlight the superior effectiveness of mandatory information disclosure policies over voluntary transparency in enhancing judicial impartiality and fostering entrepreneurship. We also point to an often-overlooked benefit of information transparency: the creation of big-data infrastructure. In the digital era, government-led transparency initiatives are pivotal in promoting information accessibility, start-up financing and data-related innovation.

While our paper sheds light on the economic benefits of judicial transparency, there remains an ongoing debate over the extent to which judgment documents should be publicized. Recent declines in the volume of published judgment documents on the CJO website have sparked discussions about China's ongoing commitment to transparency. This seems to imply potential drawbacks to mandated judgment disclosure, such as privacy infringements, damage to business interests, and increased workload for local courts—issues beyond the scope of this study. The overall economic and welfare implications of mandated judgment disclosure remain to be answered. We view this as an important direction for future research.

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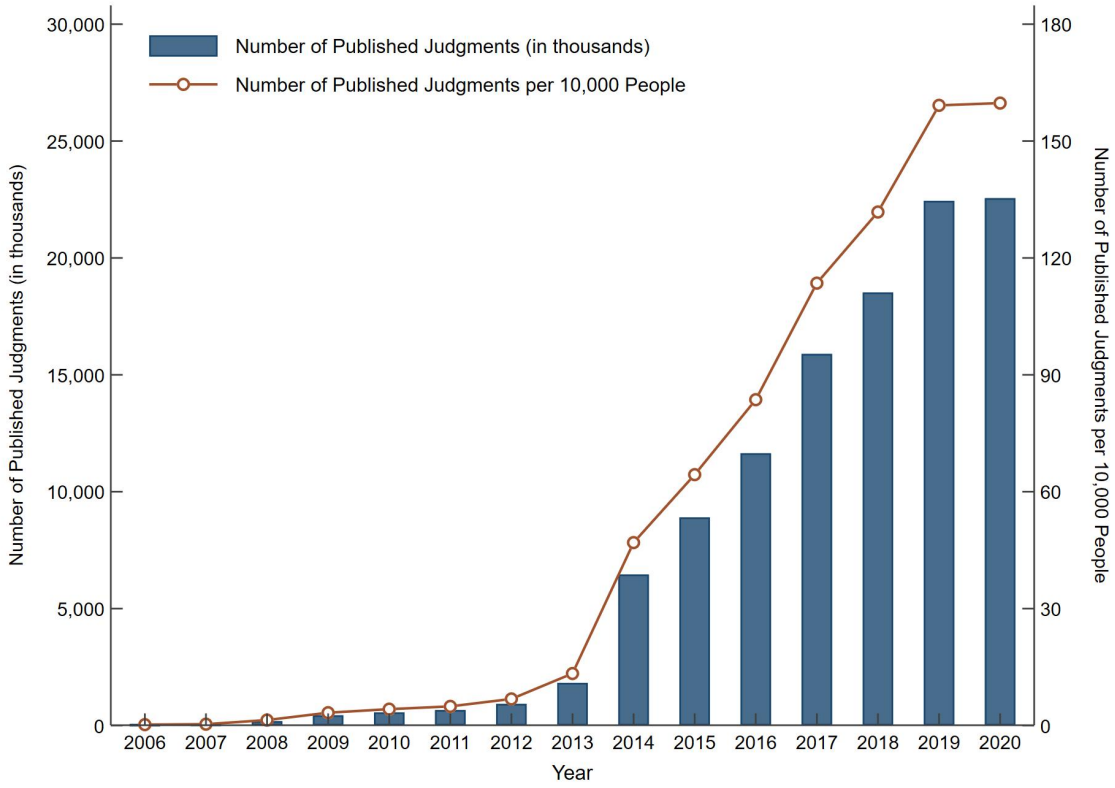
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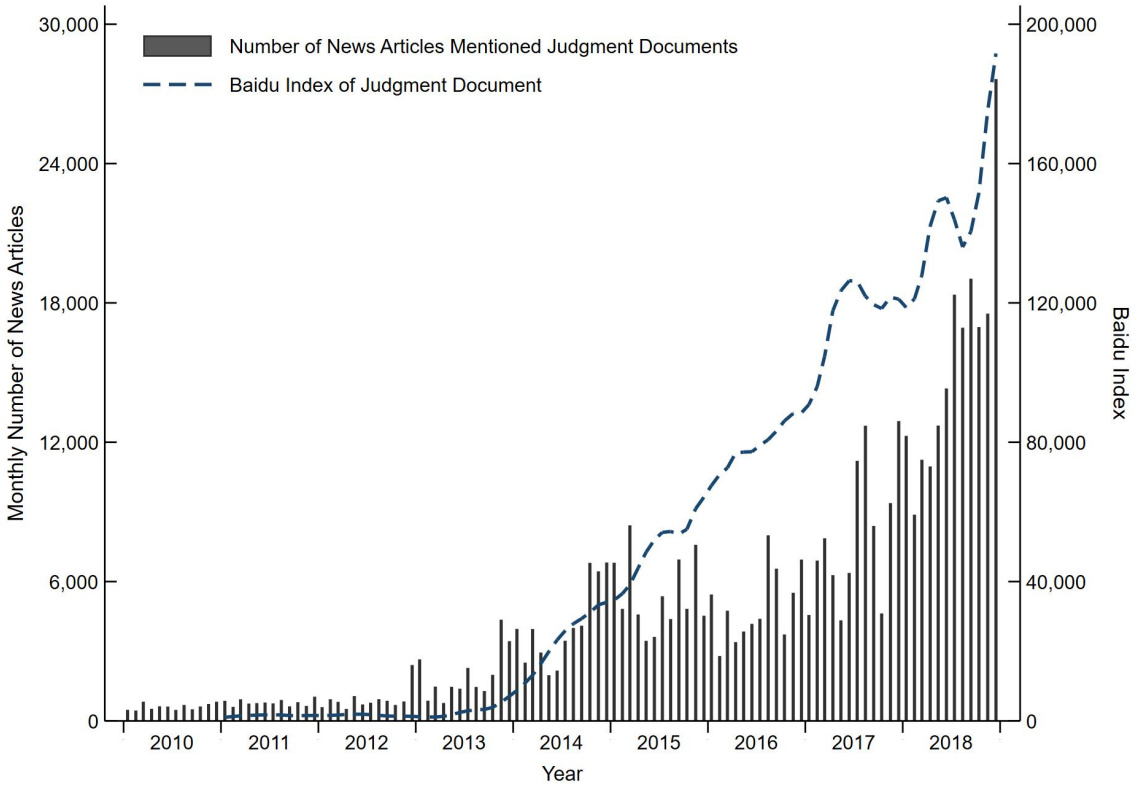
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Figure 1: **Court Judgment Disclosure in China Over Time**



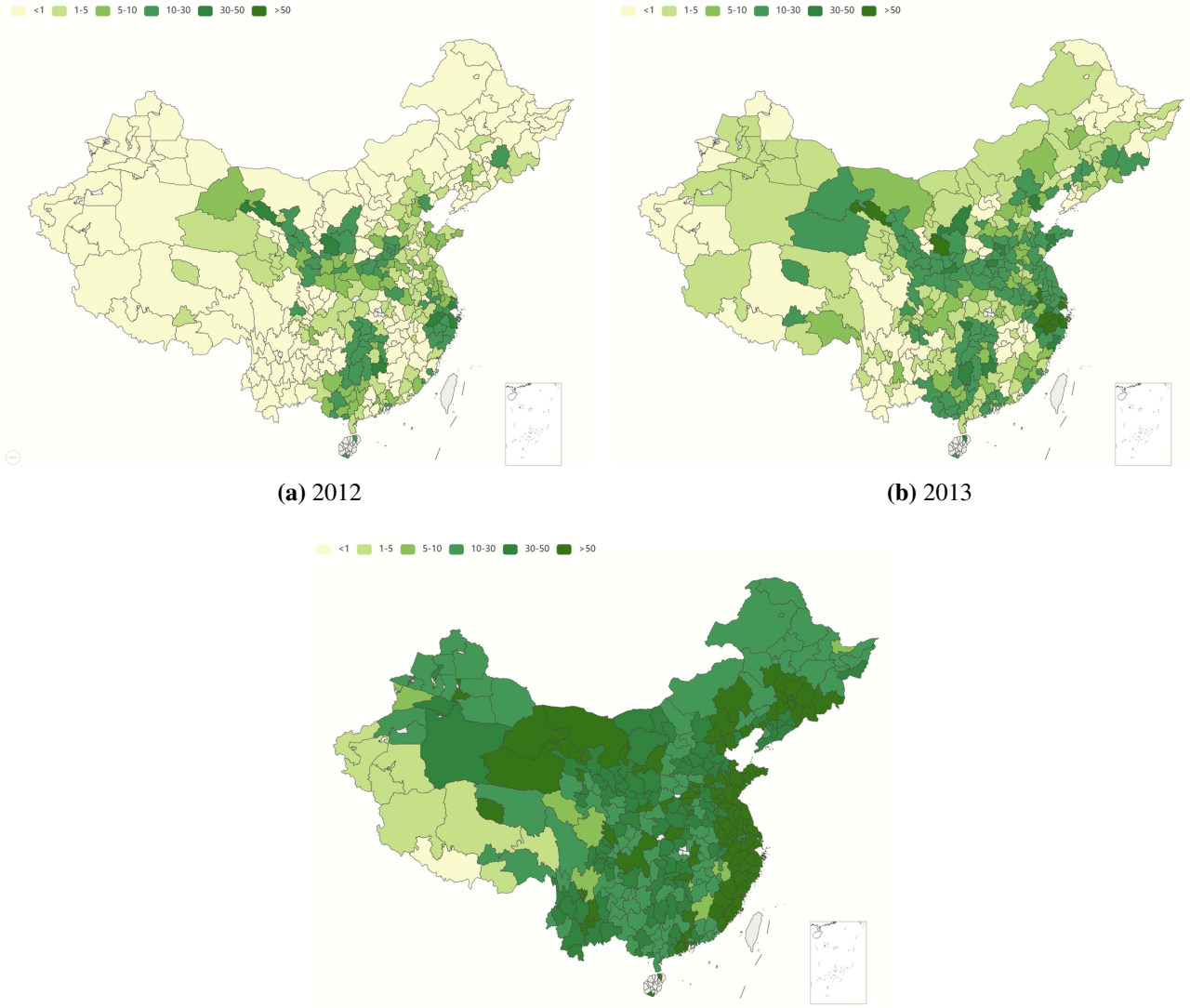
Note: This figure shows the temporal progression of court judgment disclosure in China. The blue bar represents the number of published judgment documents in a given year (in thousands). The brown line represents the number of published judgment documents per 10,000 people in a given year. Numbers of published judgment documents are collected from the *Wolters Kluwer China Law & Reference* (WKCLR) platform. Data of national population is from the National Bureau of Statistics (NBS) of China.

Figure 2: **Public Attention to Court Judgment Disclosure**



Note: This figure shows public attention to court judgment disclosure in China over time. The black bar represents the number of newspaper articles mentioning "judgment document" in a corresponding year-month. The data is collected from the WiseNews platform. The blue dash line represents the Baidu search index of the term "judgment document".

Figure 3: **Expansion of Court Judgment Disclosure**



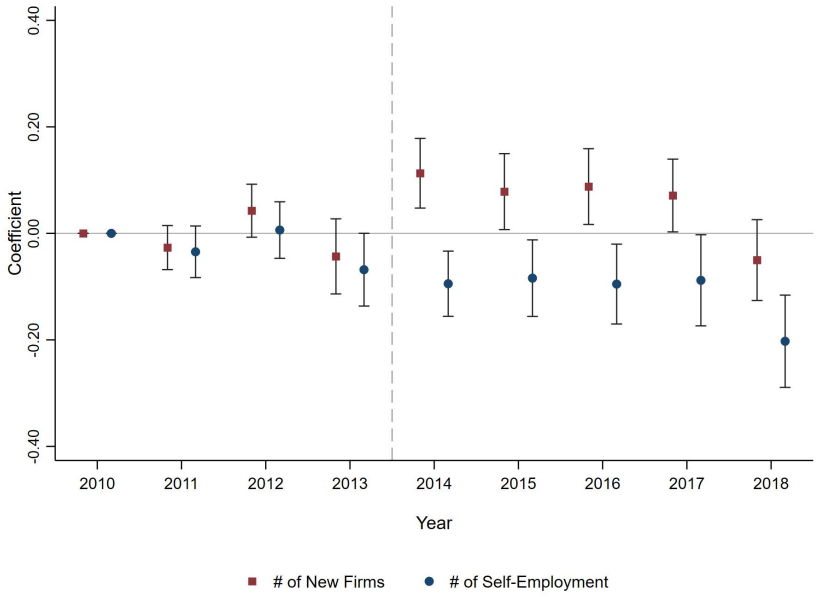
(a) 2012

(b) 2013

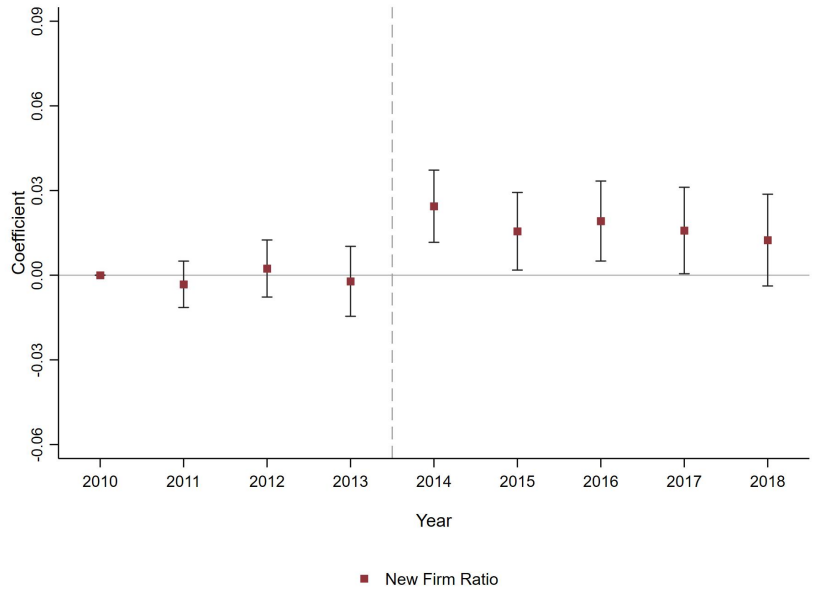
(c) 2014

Note: This figure illustrates the expansion of court judgment disclosure at the city-level across the country. Panels (a), (b), and (c) present the city-level number of published judgment documents per 10,000 people in 2012, 2013, and 2014, respectively. The data of the number of published judgment documents is collected from the *Wolters Kluwer China Law & Reference* (WKCLR) platform. Population data is from the *China City Statistical Yearbooks*.

Figure 4: **Dynamics of Entrepreneurial Activities**



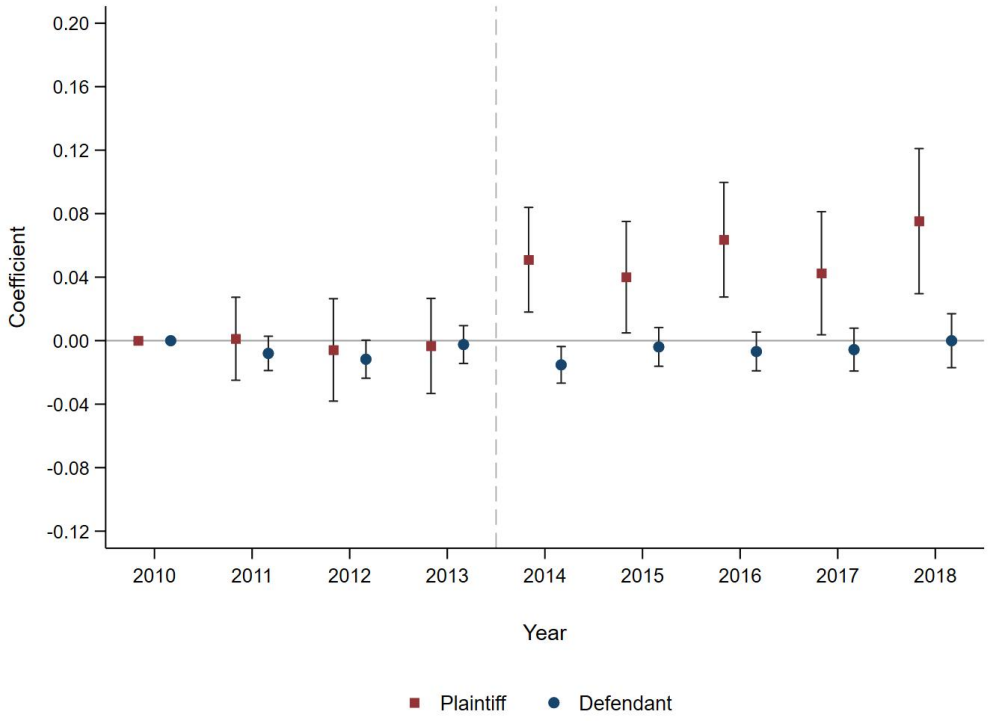
(a) Incorporation vs. Self-employment



(b) New Firm Ratio

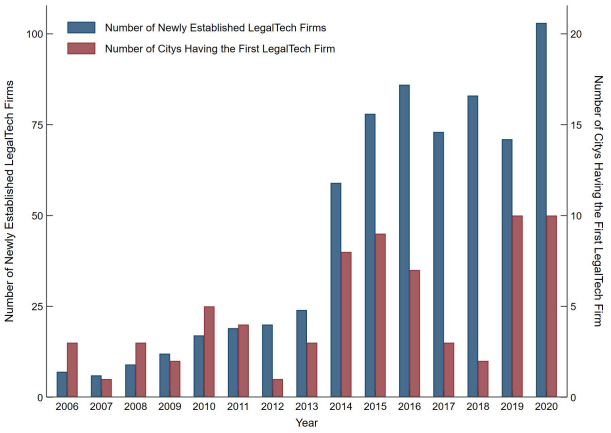
Note: This figure plots the estimated coefficients and 90 percent confidence intervals of the event studies using Equation 2. The observations are at the city-year level. The sample period is from 2010 to 2018. In Panel (a), the dependent variables are the number of newly registered firms (in logarithm) and the number of newly registered self-employed individuals, respectively. In Panel (b), the dependent variable is the ratio of the number of newly registered firms to the number of all newly registered entities. The year dummy of 2010 is omitted and hence serves as the reference year of the specification. City-year controls as well as year and city fixed effects are included in the regressions. Standard errors are clustered at the city level.

Figure 5: **Dynamics of Entrepreneurial Activities: Industry Heterogeneity**

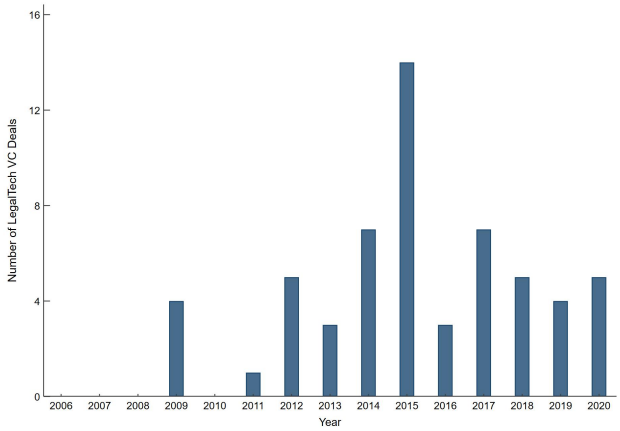


Note: This figure plots the estimated coefficients and 90 percent confidence intervals of the event studies using Equation 4, by replacing the indicator *Post* with a set of year dummies. The unit of observation is at the city-2 digit industry-year level. The sample period is from 2010 to 2018. Plaintiff and Defendant denote an industry's litigation exposure as plaintiffs and defendants, respectively, measured as the number of cases in which firms in the industry appear as plaintiffs (or defendants) divided by the total number of firms in that industry. The year dummy of 2010 is omitted and hence serves as the reference year of the specification. City-year controls, city fixed effects, and industry-year fixed effects are included in the regressions. Standard errors are clustered at the city level.

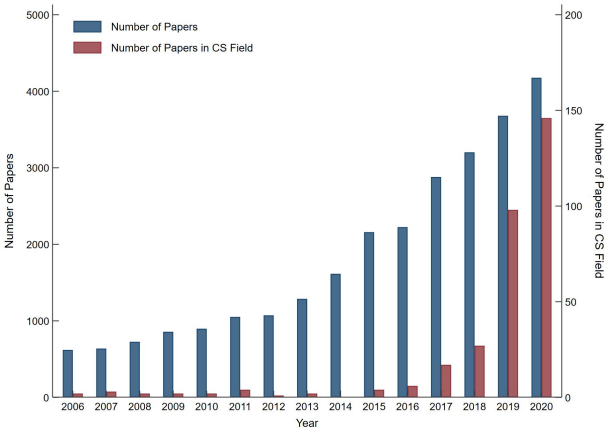
Figure 6: **Stylized Facts: The Surge of Technology-driven Legal Services**



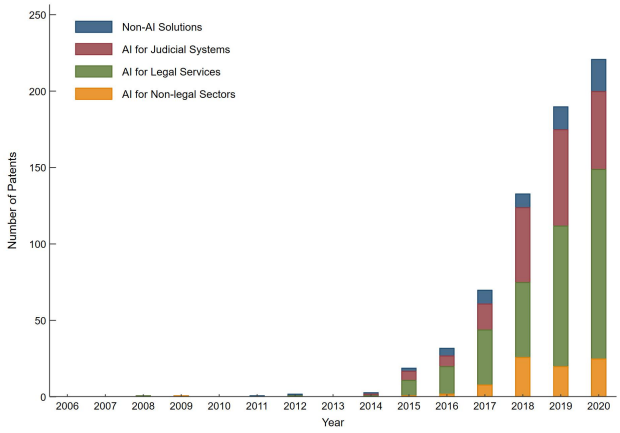
(a) Newly Registered LegalTech Firms



(b) LegalTech VC Deals



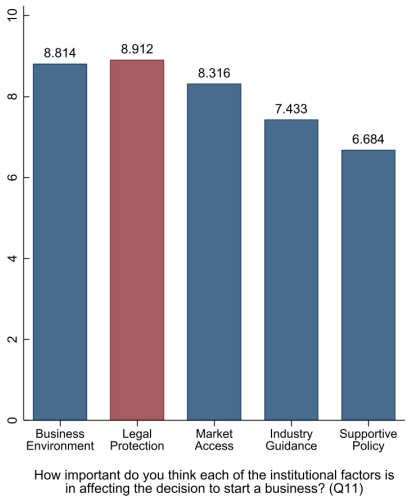
(c) Research Papers



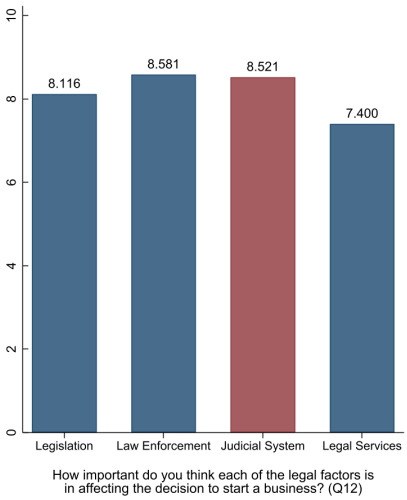
(d) Patents

Note: In Panel (a), the blue bar represents the number of newly registered LegalTech firms in a given year; the red bar represents the number of cities having their first LegalTech firms in a given year. Panel (b) presents the number of VC deals on LegalTech start-ups in a given year. In Panel (c), the blue bar represents the number of all academic papers mentioning "judgment document" in a given year, and the red bar represents the number of academic papers in CS field mentioning "judgment document" in a given year. Panel (d) presents the number of judgment document-related patent applications across four categories: non-AI solutions, AI for judicial systems, AI for legal services, and AI for non-legal sectors in a given year. Appendix E provides details on the patent topic categorization.

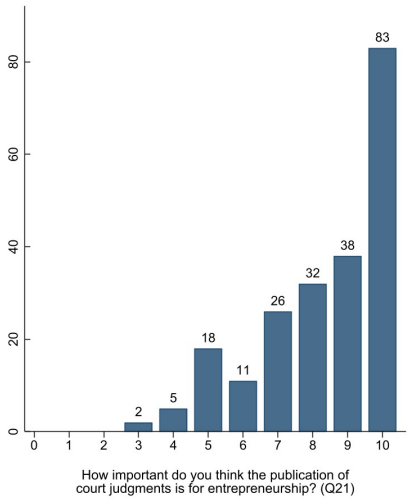
Figure 7: **Survey Results: Importance of Institutional Factors and Court Judgment Publication for Entrepreneurship**



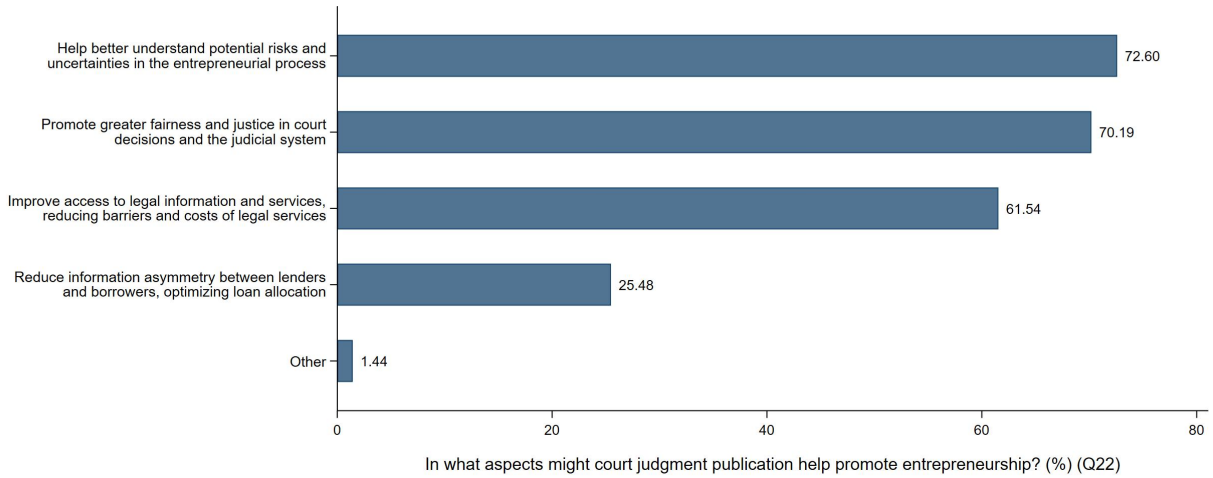
(a) Institutional Factors



(b) Legal Factors



(c) Judgment Publication



(d) How Publication Helps Entrepreneurship

Note: In Panels (a) and (b), we present the average scores of respondents' attitude toward different institutional and legal factors (Question 11 and 12 of the survey). Respondents are asked to rate the importance of each factor in their decision to start a business, using a scale from 0 (very unimportant) to 10 (very important). In Panel (c), we present the distribution of scores reflecting respondents' views on the importance of court judgment publication for entrepreneurship (Question 21). In Panel (d), we present the distribution of responses for the multiple-choice Question 22, in which respondents are asked to select 1 to 3 aspects they believe court judgment publication could help promote entrepreneurship. The complete survey is provided in Appendix F.

Table 1: **Summary Statistics**

	Judgment Publication per 10,000 People					
Panel A: City Level	2012			2014		
Distribution:	# of City	Perc.	Cum.	# of City	Perc.	Cum.
Below 0.3	108	32.24	32.24	0	0	0
0.3-1	51	15.22	47.46	1	0.30	0.30
1-5	68	20.30	67.76	7	2.09	2.39
5-10	45	13.43	81.19	8	2.39	4.78
10-30	56	16.72	97.91	105	31.34	36.12
30-50	7	2.10	100.00	105	31.34	67.46
Above 50	0	0.00	100.00	109	32.54	100.00
		Mean	Std. Dev.		Mean	Std. Dev.
	335	5.281	8.306	335	42.611	26.340

(Continued on next page)

Variable	Obs.	Mean	Std. Dev.	p5	Median	p95
Panel B: City Level Variables						
Log(# New Firms)	2,454	8.696	1.125	7.061	8.554	10.769
Log(# Self-Employed)	2,454	9.954	0.810	8.637	9.934	11.363
New Firm Ratio	2,454	0.234	0.098	0.099	0.219	0.419
Log(GDP)	2,454	25.575	0.968	24.019	25.523	27.318
Log(Population)	2,454	15.024	0.736	13.689	15.111	16.043
GDP Growth Rate	2,454	9.745	3.647	3.900	9.453	15.500
Population Growth Rate	2,454	0.431	1.522	-1.479	0.446	2.320
GDP_Manuracturing & Service%	2,454	0.868	0.083	0.723	0.876	0.983
Log(Fiscal Spending)	2,454	23.910	0.734	22.805	23.863	25.196
Log(Total Investment)	2,454	25.311	0.932	23.772	25.308	26.937
Log(Employment)	2,454	12.847	0.878	11.552	12.749	14.490
Panel C: Provincial Court Characteristics						
Law Degree	254	0.413	0.493	0.000	0.000	1.000
Central Experience	254	0.244	0.430	0.000	0.000	1.000
Hometown Province	254	0.283	0.452	0.000	0.000	1.000
Age55	254	0.724	0.448	0.000	1.000	1.000
Log(# Case Closed)	254	12.826	0.918	10.853	12.950	14.190
Panel D: Firm Level Variables						
Log(Sales)	634,118	14.790	2.862	9.547	15.005	19.202
Log(Employees)	642,974	2.313	1.506	0.000	2.079	5.247
ROA	637,514	-0.079	0.768	-0.598	0.000	0.288
Log(TFP)	568,353	10.502	2.300	6.450	10.604	14.154
Log(Investment)	645,817	4.936	5.796	0.000	0.000	14.947
Log(R&D)	645,741	0.304	2.022	0.000	0.000	0.000
Log(Patent_Appl)	645,817	0.018	0.188	0.000	0.000	0.000
Log(Patent_Cite)	645,817	0.024	0.262	0.000	0.000	0.000

Note: This table presents summary statistics of the main variables used in this paper. Panel A reports summary statistics for per capita publication of court judgments in 2012 and 2014. The number of published judgment documents is collected from the *Wolters Kluwer China Law & Reference* (WKCLR) platform. Panel B reports summary statistics for the city-year sample. Panel C reports summary statistics for provincial court characteristics. Panel D reports summary statistics for the firm-year sample, which is a subset from the NTSD by exacting observations of firms registered between 2010 and 2016. We winsorize all variables at the 1% and 99% levels. Appendix A provides detailed variable definitions.

Table 2: **Ex-ante Judgment Disclosure and Local Economic and Legal Characteristics**

	Dependent Variable: 𝟙(Treat)	
	OLS	Probit
	(1)	(2)
Local Economic Conditions		
Log(# New Firms)	-0.101	-0.363
	(0.105)	(0.333)
Log(GDP)	-0.065	-0.189
	(0.172)	(0.501)
Log(Population)	-0.110	-0.262
	(0.106)	(0.333)
GDP Growth Rate	0.029*	0.091*
	(0.014)	(0.048)
Population Growth Rate	-0.015	-0.055
	(0.030)	(0.082)
GDP_Manuracturing & Service%	-0.490	-1.072
	(0.768)	(2.292)
Log(Fiscal Spending)	0.218	0.581
	(0.153)	(0.483)
Log(Total Investment)	-0.032	-0.053
	(0.104)	(0.302)
Log(Employment)	0.079	0.247
	(0.080)	(0.244)
Provincial Court Characteristics		
Law Degree	0.002	-0.051
	(0.120)	(0.380)
Central Experience	0.068	0.149
	(0.227)	(0.654)
Hometown Province	-0.070	-0.275
	(0.108)	(0.352)
Age55	-0.003	0.015
	(0.183)	(0.500)
Log(# Case Closed)	-0.026	-0.105
	(0.080)	(0.254)
Observations	295	295
R-squared/Pseudo R-squared	0.163	0.133

Note: This table examines whether local economic and legal conditions could predict the level of ex-ante judgment disclosure. The observations are at the city level. The sample year is 2012. Column (1) report regression results of an OLS model. Column (2) report regression results of a probit model. The dependent variable is a dummy indicating whether a city is assigned into the treatment group. Local economic conditions include city-level number of newly registered firms (in log), GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log). Provincial court characteristics include the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Standard errors are clustered at the province level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table 3: **Effects of Judicial Transparency on Entrepreneurship**

	Log(# New Firms)	Log(# Self-Employed)	New Firm Ratio
	(1)	(2)	(3)
Treat × Post	0.081***	-0.077***	0.019***
	(0.028)	(0.028)	(0.005)
Mean of Dep. Var.	8.696	9.954	0.234
Observations	2,454	2,454	2,454
R-squared	0.972	0.944	0.855
Year FE	Yes	Yes	Yes
City FE	Yes	Yes	Yes

Note: This table reports the regression results of Equation 1. The observations are at the city-year level. The sample period is from 2010 to 2018. In Column (1), the dependent variable is the number of newly registered firms (in logarithm). In Column (2), the dependent variable is the number of newly registered self-employment. In Column (3), the dependent variable is the ratio of the number of newly registered firms to the number of all newly registered entities. Treat is a dummy that indicates whether a city is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom tercile across cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table 4: **Mandatory Disclosure vs. Voluntary Disclosure**

	Dependent Variable: Log(# New Firms)		
	Year: 2010-2018	Year: 2008-2013	
	No *De Facto* Enforcement Before 2014 as Treatment	Staggered Setting: Voluntary Disclosure	
	(1)	(2)	(3)
Treat × Post	0.074**		
	(0.036)		
After Weak Policy		0.023	
		(0.022)	
After Strong Policy			0.089**
			(0.039)
Observations	2,454	1,533	1,533
R-squared	0.972	0.971	0.971
Controls	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
City FE	Yes	Yes	Yes

Note: This table compares the treatment effects of the nationwide mandatory disclosure in 2014 with the provincial voluntary disclosure prior to 2014. The observations are at the city-year level. The sample period is from 2010 to 2018 in Column (1), and from 2008 to 2013 in Columns (2) - (3). The dependent variable is the number of newly registered firms (in logarithm). Treat is a dummy that indicates whether the city is assigned into the treatment group. In Column (1), we assign provinces without *de facto* disclosure enforcement before 2014 into the treatment group. In Columns (2) - (3), After Weak Policy and After Strong Policy equal one if the province of a city had weak and strong court judgment disclosure enforcements, respectively. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table 5: **Triple Differences: Industry Litigation Risk Exposure**

	Dependent Variable: Log(# New Firms)	
	(1)	(2)
Treat × Post	0.008	-0.004
	(0.025)	(0.026)
Treat × Litigation	0.017***	
	(0.005)	
Treat × Post × Litigation	0.010***	
	(0.004)	
Treat × Plaintiff		-0.040*
		(0.021)
Treat × Post × Plaintiff		0.055***
		(0.015)
Treat × Defendant		0.033***
		(0.007)
Treat × Post × Defendant		-0.001
		(0.005)
Observations	152,768	152,768
R-squared	0.813	0.813
Controls	Yes	Yes
City FE	Yes	Yes
Industry-Year FE	Yes	Yes

Note: This table presents the estimation results of Equations 3 and 4. The unit of observation is at the city-2 digit industry-year level. The sample period is from 2010 to 2018. In Column (1), Litigation is defined as the average number of annual litigations per listed firm in an industry in and before 2012. In Column (2), Plaintiff and Defendant denote an industry's litigation exposure as plaintiffs and defendants, respectively, measured as the number of cases in which firms in the industry appear as plaintiffs (or defendants) divided by the total number of firms in that industry. Treat is a dummy that indicates whether a city is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom tercile across all cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. City-year controls, city fixed effects, and industry-year fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table 6: **Effects of Judicial Transparency on Credit Financing**

	Log(Long-term Loans)		$\mathbb{1}$(Long-term Loans)		Interest Expenses/Total Debt	
	(1)	(2)	(3)	(4)	(5)	(6)
Treat × Post	0.392***	0.371***	0.026***	0.025***	-0.006*	-0.006*
	(0.117)	(0.113)	(0.009)	(0.008)	(0.003)	(0.003)
Observations	46,326	45,423	46,354	45,451	15,395	15,341
R-squared	0.092	0.120	0.077	0.097	0.046	0.093
City-level Controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm-level Controls		Yes		Yes		Yes
City FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Establishment Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table examines the effects of judicial transparency on the credit financing of entrepreneurial firms using founding-year observations from the NTSD from 2010 to 2016. In Columns (1) - (2), the dependent variable is the amount of long-term loans. In Columns (3) - (4), the dependent variable is a dummy indicating whether the firm has received long-term loans. In Columns (5) - (6), the dependent variable is the ratio of interest expenses to liabilities. Treat is a dummy that indicates whether the city in which the firm is located is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom tercile across all cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. We control for city(county)-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55 in all regressions. In Columns (2), (4) and (6), we control for total assets, ROA, number of employees, and investment at the firm's establishment year. City, establishment year, and 2-digit industry fixed effects are included in regressions. Standard errors are clustered at the city-industry level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table 7: **Heterogeneous Effects: By Institutional Quality**

	Dependent Variable: Log(# New Firms)					
	Panel A: Adjudicatory Quality		*Panel B: Business Environment*			
	Litigation Appealing Rate		Perk Spending/Revenue		Fees/Revenue	
	Low	High	Low	High	Low	High
	(1)	(2)	(3)	(4)	(5)	(6)
Treat × Post	0.083*	0.134***	0.025	0.138***	0.018	0.135***
	(0.043)	(0.050)	(0.034)	(0.043)	(0.040)	(0.041)
Observations	1,115	992	1,241	1,175	1,237	1,179
R-squared	0.972	0.972	0.971	0.976	0.975	0.970
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes	Yes	Yes
	Panel C: Institutional Trust					
	Trust in Judges		Trust in Local Government		Overall Trust	
	Low	High	Low	High	Low	High
	(7)	(8)	(9)	(10)	(11)	(12)
Treat × Post	0.095**	0.019	0.080**	0.032	0.111**	0.035
	(0.037)	(0.035)	(0.039)	(0.034)	(0.048)	(0.034)
Observations	1,270	1,184	1,162	1,292	1,164	1,290
R-squared	0.979	0.970	0.980	0.969	0.977	0.971
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table compares the estimation results of the baseline Equation 1 between subsamples of cities with better and poorer (than the median) institutional quality. The observations are at the city-year level. The sample period is from 2010 to 2018. In Panel A Columns (1) - (2), adjudicatory quality is defined as ex-ante provincial litigation appealing rate. In Panel B Columns (3) - (4) and (5) - (6), business environment is respectively defined as the ex-ante city average of perk spending rate and administrative fee rate (i.e., the amount of corresponding spendings to total revenue) of individual firms, derived from the NTSD. In Panel C, we first calculate the average trust score for each province within 2010 and 2012. We then rank provinces by their average scores in each year and classify those with an average rank above (below) the median as high- (low-) trust provinces. Columns (7) - (8), (9) - (10), and (11) - (12) present effect heterogeneity by ex-ante trust in judges, trust in local government, and overall trust, respectively. The dependent variable is the city-year numbers of newly registered firms (in logarithm). Treat is a dummy that indicates whether a city is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom terciles of all cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table 8: **Effect of LegalTech Firm Entry on Entrepreneurship**

	Dependent Variable: Log(# New Firms)	
	(1)	(2)
LegalTech	0.020	-0.034
	(0.024)	(0.035)
LegalTech × Post		0.065**
		(0.032)
Observations	2,454	2,454
R-squared	0.980	0.980
Controls	Yes	Yes
Year FE	Yes	Yes
City FE	Yes	Yes

Note: This table examines the effect of LegalTech firm entry on a city's entrepreneurship. The observations are at the city-year level. The sample period is from 2010 to 2018. The dependent variable is the city-year numbers of newly registered firms (in logarithm). LegalTech is a dummy indicating whether a city has had its first LegalTech firm. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55.We further control for the lagged number of newly registered firms and the three-year average annual growth rate of new firms. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table 9: **Performance of Entrepreneurship: Firm-Level Evidence**

	Log(Sales)	Log(Employees)	ROA	Log(TFP)	Log(Investment)	Log(R&D)	Log(Patent_Appl)	Log(Patent_Cite)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A: All Sample Years								
Treat × Post	0.279***	0.149***	0.036***	0.166***	0.368***	0.082***	0.004***	0.007***
	(0.053)	(0.028)	(0.013)	(0.054)	(0.087)	(0.021)	(0.001)	(0.002)
Observations	634,118	642,974	637,514	568,353	645,817	645,741	645,817	645,817
R-squared	0.235	0.310	0.019	0.206	0.142	0.053	0.036	0.031
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Establishment Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Establishment Year Only								
Treat × Post	-0.102	0.082*	0.031	-0.164	0.124	-0.024	-0.001	-0.001
	(0.139)	(0.048)	(0.026)	(0.110)	(0.210)	(0.049)	(0.003)	(0.004)
Observations	62,305	64,204	63,103	53,606	64,523	64,519	64,523	64,523
R-squared	0.292	0.340	0.036	0.255	0.152	0.028	0.020	0.018
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Establishment Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table examines the effects of judicial transparency on financial, operational and innovation outcomes of entrepreneurial firms by estimating Equation 5. Financial and operational performance data are from the NTSD, and innovation outcomes are from the CNIPA. The observations are at the firm-year level. The sample period is from 2010 to 2016. Dependent variables are total sales (in log), employees (in log), return on assets (ROA), total factor productivity (TFP, in log), total investment (in log), R&D investment (in log), number of patent applications (in log), and forward citations of applied patents (in log). Treat is a dummy that indicates whether the city in which the firm is located is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom tercile across all cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. In Panel A, we estimate using all sample years. In Panel B, we use only the founding-year observations of the firms. City, establishment year, and 2-digit industry fixed effects are included in regressions in both panels. Observation year fixed effects are further included in Panel A. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Standard errors are clustered at the city-industry level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Appendix A Variable Definitions

Variable	Definition	Source
City Level Variables		
Treat	An indicator variable that takes the value of one if per capita publication of a city court in 2012 lies in the bottom tercile among all city courts, and zero otherwise.	WKCLR
Post	An indicator variable that takes the value of one if the year is in and after 2014, and zero otherwise.	
After Weak Policy	An indicator variable that takes the value of one if the province of a city has had weak court judgment disclosure enforcements, and zero otherwise.	Provincial government documents, court presidents' statements, and news searches
After Strong Policy	An indicator variable that takes the value of one if the province of a city has had strong court judgment disclosure enforcements, and zero otherwise.	Provincial government documents, court presidents' statements, and news searches
Log(# New Firms)	Natural logarithm of the number of newly registered firms in a year.	Business registration data
Log(# Self-Employed)	Natural logarithm of the number of newly registered self-employment in a year.	Business registration data
New Firm Ratio	The ratio of the number of newly registered firms to the number of all newly registered entities in a year.	Business registration data
LegalTech	An indicator variable that takes the value of one if a city has had its first LegalTech firm, and zero otherwise.	Business registration data; GPT-5-mini; Manual check
Log(GDP)	Natural logarithm of gross domestic product.	China City Statistical Yearbooks
Log(Population)	Natural logarithm of population.	China City Statistical Yearbooks
GDP Growth Rate	Annual percentage change in GDP.	China City Statistical Yearbooks
Population Growth Rate	Annual percentage change in population.	China City Statistical Yearbooks
GDP_Manufacturing & Service%	Percentage of GDP from manufacturing and service sectors.	China City Statistical Yearbooks

Log(Fiscal Spending)	Natural logarithm of the amount of government fiscal expenditure.	China City Statistical Yearbooks
Log(Total Investment)	Natural logarithm of the amount of total fixed-asset investment.	China City Statistical Yearbooks
Log(Employment)	Natural logarithm of the number of working-age population with jobs.	China City Statistical Yearbooks
Firm Level Variables		
Log(Sales)	Natural logarithm of total sales.	NTSD
Log(Employees)	Natural logarithm of annual average number of employed workers.	NTSD
ROA	Return on assets	NTSD
Log(Investment)	Natural logarithm of total investment.	NTSD
Log(R&D)	Natural logarithm of research and development expenditure.	NTSD
Log(TFP)	Natural logarithm of total factor productivity, estimated following Olley & Pakes (1996).	NTSD
Log(Patent_Appl)	Natural logarithm of the number of patent applications.	CNIPA
Log(Patent_Cite)	Natural logarithm of the number of forward citations of applied patents.	CNIPA
Log(Long-term Loans)	Natural logarithm of the amount of long-term loans.	NTSD
$\mathbb{1}$*(Long-term Loans)*	An indicator variable that takes the value of one if the firm has obtained any long-term loans.	NTSD
Interest Expenses/Total Debt	The ratio of total interest expenses to total liabilities.	NTSD
Provincial Court Characteristics		
Law Degree	An indicator variable that takes the value of one if the provincial court president has any law degrees, and zero otherwise.	Resumes of provincial court presidents
Central Experience	An indicator variable that takes the value of one if the provincial court president has worked in the SPC, and zero otherwise.	Resumes of provincial court presidents
Hometown Province	An indicator variable that takes the value of one if the provincial court president is serving in his/her birth province, and zero otherwise.	Resumes of provincial court presidents

Age55	An indicator variable that takes the value of one if the provincial court president is older than 55, and zero otherwise.	Resumes of provincial court presidents
Log(# Case Closed)	Natural logarithm of the number of total closed cases across all levels of courts in the province.	Provincial courts' annual work reports
Industry-level Litigation Exposure Variables		
Litigation	Overall litigation exposure of a 2-digit industry, measured by the the average number of annual litigations per listed firm in an industry in and before 2012.	CSMAR
Plaintiff	Exposure of being plaintiffs in litigations of a 2-digit industry, measured by the number of cases in which firms in the industry appear as plaintiffs divided by the total number of firms in that industry in and before 2012.	CSMAR
Defendant	Exposure of being defendants in litigations of a 2-digit industry, measured by the number of cases in which firms in the industry appear as defendants divided by the total number of firms in that industry in and before 2012.	CSMAR

Appendix B Data Collection and Validation of Pre-2014 Court Judgement Disclosure

Our empirical design, which builds on regional-level ex-ante court judgment disclosure, relies on an important prerequisite that data collected from the WKCLR platform captures the reality of regional court judgment disclosure before 2014 as accurately as possible. In this online appendix, we detail our process for collecting pre-2014 court judgment publication data from the WKCLR platform and validating it against official figures from court annual work reports.

There are two main sources for collecting court judgment documents that became effective before 2014. Prior to the launch of the CJO website, these documents were published on local court websites. After 2014, courts at all levels began uploading court judgment documents to the CJO website. In an effort to centralize publication, the SPC encouraged courts to upload pre-2014 cases to the platform. As a result, the CJO contains both: (1) judgment documents that were originally published on local websites and later reuploaded to the CJO, and (2) judgment documents that had never been published locally and were uploaded directly to the CJO for the first time. However, as shown in Appendix Table A.1, the number of pre-2014 cases published on the CJO website is substantially lower than that on the WKCLR platform, suggesting that local courts have made little effort to upload pre-2014 cases to the CJO. To the best of our knowledge, WKCLR holds the largest collection of pre-2014 judgment documents, compared to both the CJO and other commercial legal service platforms (e.g., *PKULaw*). This strongly suggests that WKCLR collected most of its pre-2014 court judgment documents from local court websites.

We assemble the city-year level data on the number of court judgment documents through manual searches on WKCLR. Specifically, we search for all judgment documents within the trial date range for each year. From the result pages, we obtain the number of judgment documents for each city-level court and its subordinate courts based on the "trial court" column.[69] Since a large portion of WKCLR's pre-2014 documents originated from local court websites—which ceased publishing court judgments after 2014—it is reasonable to infer that these documents, particularly those from 2012-2013, were mostly uploaded before 2014. Thus, these figures serve as a reliable proxy for assessing ex-ante levels of judgment disclosure across regions.

We collect official figures on local court judgment publication from court annual work reports. Since court judgment publication was not mandatory before 2014, most courts did not disclose the number of judgments published. However, to show their efforts in promoting court judgment publication, some local courts (particularly provincial-level courts) reported annual or five-year totals of published judgment documents within their jurisdiction. As shown by the cases below, we cross-reference the figures gathered from WKCLR with these official counts, and find that they are largely consistent. This indicates that the figures of published court judgment documents obtained from WKCLR are reliable for gauging the actual volume of local judgment disclosure before 2014.

Shanghai. According to the 2013 annual work report of the Shanghai High People's Court, more than 504,000 effective judgment documents were uploaded over the five-year period from 2008 to 2012. The

[69] It is important to note that WKCLR provides information on the trial date of a document but not its publication date. Therefore, the figures we collect are the number of documents that became effective in a given year rather than those published in that year.

2014 annual work report stated that approximately 122,900 effective judgment documents were uploaded to the court website in 2013. In the data collected from WKCLR, the number of effective judgment documents from 2008 to 2012 is 503,996, closely matching the official figure; the count for 2013 is 131,284, slightly exceeding the reported number. In contrast, the corresponding figures from the CJO are only 296 and 16,047, respectively. This suggests that WKCLR has collected nearly all judgment documents in Shanghai published before 2014.

Hunan. According to the 2013 annual work report of the Hunan High People's Court, approximately 254,400 judgment documents were published online between 2008 and 2012. The 2014 annual work report stated that 132,300 documents were published in 2013. In the WKCLR data, the number of judgment documents from 2008 to 2012 is 251,525, and the count for 2013 is 136,394, both closely aligning with the official figures. This suggests that WKCLR has collected nearly all of Hunan's judgment documents published before 2014. In contrast, the CJO contains only 1,396 documents for 2008-2012 and 33,848 for 2013, significantly fewer than both the official figures and the WKCLR data.

Guangxi. The 2014 annual work report of the Guangxi High People's Court disclosed that by the end of 2013, more than 128,000 judgment documents had been published online. According to WKCLR, the number of judgment documents from 2000 to 2013 in Guangxi is 142,700, slightly higher than the official figure. In contrast, the corresponding number in the CJO is 75,162, significantly lower than the official count. This suggests that WKCLR has collected as many documents as possible from Guangxi's prior local disclosures and may have also gathered some pre-2014 effective documents that were later uploaded to the CJO after 2014.

Liaoning. According to the 2014 annual work report of the Liaoning High People's Court, over 30,000 judgment documents were published online in 2013. WKCLR recorded 27,216 documents for the same year, slightly fewer than the official figure. In contrast, the CJO contains only 6,766 documents, significantly lower than the official count. This suggests that WKCLR provides a more comprehensive collection of Liaoning's online judgment documents before 2014.

Qingyang. Qingyang is a prefectural level city of Gansu Province. According to the 2013 work report of the Qingyang Intermediate People's Court, over 9,600 judgment documents were published online in 2012, ranking first in the province in terms of online disclosure rate. The WKCLR contains 9,173 documents for Qingyang in 2012, indicating that it has covered the vast majority of the local disclosures. In contrast, the CJO contains only 224 judgment documents from Qingyang in 2012, significantly fewer than both the official figure and the WKCLR data.

Appendix C Age Profiles of Legal Risks: Insights from Judgment Documents

This Appendix details Section 3.3. We analyze how different types of litigation encountered by firms evolve over their lifecycle by examining judgment documents from historical cases between 2010 and 2018 on the CJO website.[70] We only focus on civil litigation cases because they are more closely related to firms' daily operations and more frequently affect their financial conditions, and they offers more direct and comprehensive information for analyzing the litigation risks firms may face.

We first identify the Unified Social Credit Code (USCC) of all individual firms involved in litigation from the full text of the judgment documents. We use these USCCs to match the firms in the business registration dataset, obtaining their registration dates and industry classification codes. This yields a total of 1.58 million judgment documents for cases sentenced between 2010 to 2018, involving 0.4 million unique firms. Next, we calculate the age of each firm based on the difference between the trial date of the litigation and the firm's registration date. We exclude cases involving firms in the following industries: utilities, finance, and real estate. These industries are predominantly composed of SOEs and include a large number of cases unrelated to common business activities (e.g., insurance disputes, credit card disputes, etc.). Finally, to categorize litigation cases, we leverage two variables directly provided by the judgment document dataset: the legal basis involved in the case and the causes of action of the case.

By Legal Basis. Legal bases are commonly cited in a judgment document to validate the court's judgments. Typically, each case involves more than one legal basis. These legal bases generally fall into three main categories: laws, administrative regulations, and judicial interpretations.[71] A legal basis is typically specified at the level of individual clauses. To cover a broader range of legal fields involved in firm-related litigation, we focus on the level of legal names. We are finally able to extract 496 distinct legal bases related to firms, 123 of which are laws.

Appendix Figure A.8 shows the top 20 most frequently cited legal bases for cases involving 0-year-old firms (i.e., firms whose trial dates are less than 365 days from their registration dates). As shown, Contract Law is the most frequently cited legal basis across all age groups, highlighting the importance of contracting in firms' daily operations and throughout their life cycle, as well as the prevalence of contractual frictions. For 0-year-old firms, the provisions related to private lending cases is the second most frequently cited legal basis.[72] However, as firms age, citations of this legal basis drop dramatically. Among the remaining legal bases, Labor Contract Law, Company Law, Copyright Law, and Patent Law are more prevalent in litigations involving young firms. In contrast, Property Law, Guarantee Law, judicial interpretations related to sales contract disputes, and judicial interpretations related to construction contract disputes are more frequently cited in litigations involving mature firms. These patterns suggest that entrepreneurial firms are more likely to be involved in disputes related to informal

[70] The majority of these cases were heard by different levels of courts between 2014 and 2018. A small fraction (less than 0.1%) of cases were heard before 2014, and were made public after the CJO website was established.

[71] For our analysis, we exclude legal bases related to legal protection and supervision (e.g., Civil Procedure Law, Civil Code, etc.), as these are primarily cited to illustrate procedural matters rather than substantive legal issues. We also exclude the Electronic Signature Law, as it is frequently referenced in contract-related disputes, and the SPC provisions on cases involving the asset management of state-owned bank non-performing loans, as such cases often involve financial asset management companies establishing new subsidiaries specifically to manage non-performing assets, which falls outside our focus on new business formation.

[72] *Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases.*

finance, organizational issues, and intellectual property. For older firms, however, sales and tangible asset-related disputes emerge as more prevailing sources of litigation risk.

Next, we categorize legal bases by firm production factors: capital, labor, technology, and market & transaction.[73] Appendix Figure A.9 provides examples for each factor. In Appendix Figure A.10, we plot the proportion of legal bases across different firm age groups by their associated production factors. While the proportion of legal bases related to the market & transaction factor increases as firms age, those associated with capital and technology factors are more frequently cited when firms are young. Interestingly, the proportion of legal bases related to the labor factor is high during both the early and later stages of a firm's life cycle. This demonstrates that young entrepreneurial firms face substantially different litigation risks compared to older firms, which constitute the majority of firm-related litigations.

By Causes of Action. According to the SPC's "*Provisions on Cause of Action for Civil Cases*," each litigation case should have a clear cause of action.[74] The classification of causes of action greatly facilitates the archiving of judgment documents and enhances the case search functionality of the CJO website. Appendix Figure A.3 provides a snapshot of the CJO search interface with case search options. There are four classes of causes of action.[75] We aggregate the number of civil cases into 10 primary (Class 1) and 272 tertiary (Class 3) categories and calculate the proportion of cases with causes of action in these categories across different age groups.

Appendix Figure A.11 plots the distribution of cases with causes of action in the 10 primary categories across firm age groups. For all age groups, the most prevalent cause of action is in the category of "Contract, Management Without Cause & Unjust Enrichment," followed by "Labor & Personnel." Notably, for young entrepreneurial firms, the proportion of cases in the "Tort Liability" and "Intellectual Property & Competition" categories is higher than in older age groups, suggesting potential legal vulnerabilities in these areas for immature firms. The proportion of the "Companies, Securities, Insurance, Bills, etc." category increases with firm age. Appendix Figure A.12 plots the distribution of cases with causes of action in the top 20 tertiary categories across firm age groups. While loan contract disputes constitute the majority of cases for 0-year-old firms, their proportion drops substantially as firms grow and expand. In contrast, the proportion of sales contract disputes increases and dominates as firms become older. For young entrepreneurial firms, labor contract and copyright-related disputes are also important causes of action, and they are more prevalent than in mature firms.

Since loan contract disputes are among the most prevalent types of disputes for entrepreneurial firms, we further decompose these disputes into quaternary levels of causes of action. In Appendix Figure A.13, we plot the distribution of different types of loan contract disputes across age groups. For 0-year-old firms, private loan contract disputes account for over 90% of loan disputes. As firms age, financial loan contract

[73] We categorize the top 100 most frequently cited legal bases, which account for 99% of the cases in the analysis sample.

[74] During the case filing review stage, the court may determine the cause of action for each individual case based on the nature of the legal relationship involved in the plaintiff's litigation request. If, after accepting a civil case, the court finds during the trial that the legal relationship claimed by the parties does not align with the actual legal relationship in dispute, the court should adjust the cause of action to reflect the nature of the legal relationship actually existing between the parties when closing the case.

[75] We use the 2011 version of "*Provisions on Cause of Action for Civil Cases* for our analysis. The SPC issued the initial version in 2008, with amendments in 2011 and 2020. The 2011 version covers the most of the causes of action in judgment documents made public between 2014 and 2018.

disputes gradually become more prevalent, eventually constituting nearly half of the loan contract disputes for firms older than 6 years. This pattern not only reflects the evolution of financing sources throughout a firm's lifecycle but also highlights the significant differences in litigation risks between entrepreneurial firms and mature firms.

Appendix D Additional Tests for Addressing Identification Concerns

In this online appendix, we present the results of additional tests following Section 4.3, to address potential identification concerns, rule out alternative explanations, and further consolidate the causal relationship between enhanced judicial transparency and entrepreneurship.

Addressing Possibly Confounding Events. Three other reforms were enacted in parallel with the mandatory disclosure policy for court judgments, which might also have profound effects on China's judicial system and/or entrepreneurship, as documented by existing literature. These include the judicial organizational reform, which removes the financial and personnel oversight of local courts to the provincial level (Liu et al., 2023); the business registration reform, which lowers the regulatory barrier for firm registration by permitting the formation of firms with minimal equity capital (Barwick et al., 2025); and the anti-corruption campaign, which intensifies the scrutiny and punishment of corruption among government officials since late 2012 (Giannetti et al., 2021; Kong and Qin, 2021; Zhang, 2023). Therefore, it is necessary to assess whether these concurrent events might confound our baseline results.

All of these reforms are carried out in a staggered approach across cities or provinces.[76] Thus, we include post-reform indicators of these reforms to the baseline regression. If there are no significant changes in the estimated coefficients of interest, we could infer that these reforms are less likely to confound our baseline results. We add indicators of the three aforementioned reforms both separately and simultaneously in Appendix Table A.4. We show that the estimated coefficients remain almost unchanged. Therefore, our baseline results are less likely to be confounded by these contemporary events.

Addressing the Incomplete Disclosure Issue after 2014. Recent literature has documented the incomplete disclosure issue of the CJO website. For example, local courts sometimes fail to disclose litigation cases that are swayed by local and political interests (Liu et al., 2022); courts could even remove previously published cases from the CJO website (Wu et al., 2025; Liebman et al., 2023). The causal interpretation of our baseline results hinges on the assumption that the extent of incomplete court disclosure across regions post-2014 was uncorrelated to ex-ante level of local judgment disclosure. If this assumption is not satisfied (e.g., cities with ex-ante lower level of judgment disclosure are also those with severer issues of incomplete disclosure ex-post), the observed increase in entrepreneurship between the treatment and control groups might not be solely interpreted as a causal effect of the enhanced judicial transparency.

We first examine the relationship between cities' ex-ante level of judgment disclosure and ex-post judgment disclosure rate on the CJO website. Specifically, we obtain the universe of all available documents on the CJO website since 2014, and employ the method proposed by Wu et al. (2025) to estimate the judgment disclosure rate of local courts from 2014 to 2018.[77] In Appendix Table A.5, we show that there is no significant relationship between per capita publication of judgment documents in

[76] Existing studies usually exploit different years when provincial-level officials are investigated as distinct shocks to implement a staggered DID for assessing the effect of anti-corruption campaigns (Kong and Qin, 2021; Zhang, 2023).

[77] Wu et al. (2025) applies the German Tank Model to detect the potential sample selection of the disclosed documents. Specifically, the model offers a statistical method to estimate the maximum number N in the population of a consecutive series 1, 2, ..., N, based on a randomly-drawn sample of k limited observations with the largest number m. As described by Goodman (1952), a minimum-variance unbiased estimator for N is given by: $\hat{N} = m(1+k^{-1})-1$.

2012 and judgment disclosure rate on the CJO website post-2014.

We also show that entrepreneurial activities in cities with less severe incomplete disclosure problem after 2014 are more active. To show this, we average the post-2014 disclosure rate for each city and label cities with above-median average disclosure rate as the *High Disclosure Rate* group. We interact this indicator with $Treat_c \times Post_t$, and report the estimation results in Appendix Table A.6. The coefficient of the triple interaction term is positive and statistically significant, indicating that entrepreneurial activities increase most in cities with lower ex-ante, yet higher ex-post level of judgment disclosure. This reinforces our main finding that enhanced judicial transparency helps foster entrepreneurship.

Considering Non-local Plaintiffs. An important institutional feature of China's litigation system is that civil cases are typically filed in the jurisdiction of the defendant. This raises a potential concern: if a substantial share of cases in a given region involve non-local plaintiffs, our baseline specification might not accurately capture the effects of enhanced judicial transparency on plaintiff-prone entrepreneurs—who, as documented in Section 5.2, account for most of the positive effects. We address this concern using the full set of judgment documents from the CJO. We extract plaintiffs' and defendants' locations and compute the share of cases in which both parties are from the same region. Among the 8.8 million civil cases with identifiable locations, about 80.1% involve plaintiffs and defendants from the same city. For cases with firms as plaintiffs, the share of local plaintiffs is 83.6%; for cases with firms on both sides, it is 75.4%.[78] Therefore, our baseline results are unlikely to be materially affected by the presence of non-local plaintiffs.

We further explore effect heterogeneity based on the share of local plaintiffs. For each city, we calculate the proportion of firm-to-firm litigations involving local plaintiffs during our sample period, and divide cities into high- and low-share groups based on the median. As shown in Appendix Table A.7 Columns (1) and (2), the effect is more pronounced in cities with a higher share of local plaintiffs. Columns (3) and (4) show consistent results when defining local litigations as the share of cases in which both parties are from the same province. These findings suggest that enhanced regional judicial transparency has a more pronounced effect where potential entrepreneurs are more sensitive to the local judicial environment, supporting our proposed mechanisms.

Alternative Definitions of the Treatment and Control Groups. We further examine the robustness of our baseline results with alternative definitions of the treatment and control groups. First, we estimate our baseline specification using alternative cutoffs of ex-ante level of judgment disclosure. In Columns (1) and (2) of Appendix Table A.8, cities with ex-ante judgment disclosure levels in the bottom median and quartile are designated as the treatment group, respectively. In both cases, the estimated coefficients remain positive and statistically significant. Notably, the coefficients under the median and quartile cutoffs are smaller and larger, respectively, than the baseline result using the tercile cutoff. These patterns reinforce that our baseline results are driven by cross-city variations in ex-ante judgment disclosure, rather than by any specific cutoff.

Second, we consider potential measurement errors induced by how we assess ex-ante judgment

[78] These figures align with Fang, Lerner and Wu (2017), who find that 80% of the intellectual property rights cases in China involve parties from the same province.

disclosure. As detailed in Section 3.1, due to the inaccessibility of the annual caseload data at the city level, we use the per capita number of published judgment documents as a proxy for our baseline measure of ex-ante judgment disclosure. However, annual case volume is not solely dependent on the population size. Therefore, we check if our results are robust to three alternative denominators: GDP (in millions) at the city level, the total number of cases accepted, and the total number of cases closed by provincial courts. We reassign treatment and control groups (cities for the first and provinces for the other two) based on these alternative measures. As reported in Columns (3) to (5) of Appendix Table A.8, the estimated coefficients are all positive and statistically significant.[79]

Finally, as elaborated in Section 4.1, we use the regional judgment disclosure level in 2012 rather than that in 2013 to construct the treatment and control groups, in light of concerns that the 2013 figures might contain noise from pre-uploaded documents. Column (6) of Appendix Table A.8 reports the estimation results with the treatment and control groups redefined based on the 2013 judgment disclosure levels, which remain positive and statistically significant. This suggests that our baseline results are unlikely to be driven by the choice of the benchmark year for assessing the ex-ante level of judgment disclosure.

Falsification Tests. We conduct two falsification tests to further support the causal relationship between enhanced judicial transparency and entrepreneurship. First, following existing studies (Liu and Mao, 2019; Barwick et al., 2025), we keep the number of treatment and control cities unchanged but randomly falsify these two groups, then reestimate the baseline specification. If our baseline results are not driven by unobservables, we should expect that the counterfactual results would not deviate significantly from zero. We repeat this falsification process for 1,000 times and plot the density of the estimated coefficients in Appendix Figure A.14. We find that the distribution of these coefficients is centered around zero and closely resembles a normal distribution. Moreover, the baseline estimate of an 8.1% increase in entrepreneurship between treatment and control cities exceeds 99.5% of coefficients estimated from the counterfactual data with random assigned groups. Second, we falsify the construction of the treatment and control groups by using the regional judgment disclosure level in 2014 rather than that in 2012. Since 2014 is the first year of the enforcement of the mandated disclosure policy, the judgment disclosure measure for that year should contain no information on ex-ante judgment disclosure levels. As our identification strategy relies on the regional disparities in ex-ante judgment disclosure, we would expect an insignificant estimation result with a falsified construction of the treatment and control groups based on 2014 data. If not, our baseline results might rather be driven by some unobservables. In Column (7) of Appendix Table A.8, we show that the estimated coefficient is insignificant. Taken together, these falsification tests provide additional evidence for the causality of our baseline results.

[79]The overlap between the baseline population-based assignment of treatment and control cities and these alternative assignments is 92.8% for GDP, 83.1% for the number of cases accepted, and 83.3% for the number of cases closed. The pairwise correlations of city rankings derived from these four measures are all above 0.8. We also estimate three separate regressions, each using a subsample of cities that share common assignments to the treatment and control groups across the following three pairs: Table 3 Column (1) with Appendix Table A.8 Columns (3), (4), and (5). The coefficient estimates are consistently positive and statistically significant at either the 1% or 5% level.

Appendix E The Direction of Judgment Document-Related Innovations

How do technology-driven legal services matter for entrepreneurship? In this online appendix, We further conduct textual analysis to examine the direction of judgment document-related innovations catalyzed by the mass publication of judicial documents.

Identifying Topics by Latent Dirichlet Allocation. We identify 1,242 invention patent applications that include the term "judgment document" in the full text of the patent document.[80] We then employ the latent Dirichlet allocation (LDA) model, pioneered by Blei, Ng and Jordan (2003), to extract topics from the patent documents. We use the titles and abstracts of these patents as the corpus for topic modeling, and take the following two steps for preprocessing. First, we employ *jieba*, a widely used package for part-of-speech tagging in Chinese NLP, to parse Chinese characters into discrete and meaningful tokens. Second, we remove stop words from the corpus using a combination of the Baidu Chinese stop-word dictionary and a custom list tailored to the patent documents. For fitting the LDA model, we combine the text of title and abstract of each patent. We determine the dominant topic of each patent based on its highest topic score. After varying the number of topics specified and carefully inspecting the fitted outcomes, we find that a model with 15 topics perform the best in terms of perplexity and coherence. Appendix Figure A.15 visualizes the most frequent tokens for each topic using word clouds. For each topic, we inspect its word cloud, top words, and the patent titles and abstracts to assign a name.

A few topics worth mentioning. Words in Topic 9 (Case Matching & Recommendation), such as *similarity*, *similar case*, *search*, *match*, and *recommend*, all point to our core mechanism. Precedent search, or the identification/retrieval of similar cases, is a key step in enhancing the predictability of litigation outcomes and advancing judicial justice. The publication of judicial documents facilitates the development of such technologies.

The emergence of the two topics, Corporate Risk Assessment & Management (Topic 1) and Corporate Credit Risk Evaluation (Topic 5), also points to a potentially broader mechanism: the mandated publication and accessibility of judicial document data lead to an increased use of historical litigation information in corporate risk assessment and management, particularly in the evaluation of corporate credit risk. This could have implications for the financing of small firms and potential entrepreneurs.

Categorizing Innovations by Targeted Service Sectors. Who are the potential users of the judgment document-related technologies? Based on the targeted service sectors of these patented technologies, we consolidate the 15 topics derived from the LDA model into four categories:

AI for Legal Services: Legal Knowledge Graph Construction & Application (Topic 2); Legal Document Element Extraction (Topic 6); Case Matching & Recommendation (Topic 9); Legal Text Analysis & Natural Language Processing (Topic 10); Legal Predictive Model Training & Application (Topic 11); Legal Knowledge Graph Extraction & Structuring (Topic 12); Intelligent Legal Consultation

[80] The top four industries filing judgment document-related patents are Scientific Research & Technical Services (50.7%), Information Transmission, Software & Information Technology Services (36.6%), Leasing & Business Services (7.0%), and Finance (2.3%). The emergence of the financial industry in the LegalTech space highlights the potential of litigation and legal dispute data as a crucial factor in corporate and individual risk assessment, especially for financial institutions evaluating credit risk and the incorporation of judicial data into the social credit system.

& User Interaction Systems (Topic 14).[81]

AI for Judicial Systems: Legal Case Information Processing & Evidence Analysis (Topic 7); Judicial Entity Recognition & Behavior Prediction (Topic 8); Automated Judicial Document Generation & Publication (Topic 13); Dispute Focus & Litigation Analysis (Topic 15).

AI for Non-legal Sectors: Corporate Risk Assessment & Management (Topic 1); Corporate Credit Risk Evaluation (Topic 5).

Non-AI Solutions: Electronic Data Management & Intelligent Archiving (Topic 3); Data Storage Optimization & Information Retrieval (Topic 4).

In Figure 6 Panel (d), we present the number of patent applications in each category over time. About 65% of judgment document-related patents after 2014 lies in the "AI for Legal Services" and "AI for Non-legal Sectors" categories. In Panel B, we present the proportional distribution of the four categories relative to the total number of judgment document-related patents over time. The proportion of AI-related patents increases substantially since 2014, rapidly becoming dominant over non-AI patents. The surge in judgment document-related patents since 2014 is primarily driven by AI technologies targeting the legal services industry. This pattern suggests that the mass publication of court judgments since 2014 profoundly reshapes the AI ecosystem within the legal sector, catalyzing technological innovations designed to support legal and business decision makings.

We acknowledge the possibility that some technologies may serve various user groups. For example, technologies for the legal services industry can also be adopted by non-legal sector firms. More importantly, whether the legal services industry employs technologies related to judicial documents or in-house legal departments of firms adopt relevant technologies, both contribute to enhancing the predictability of litigation outcomes and reducing the uncertainty of future litigations. Furthermore, the adoption of technology by the judicial systems may contribute to achieving judicial justice. Therefore, from the perspective of potential entrepreneurs making entry decisions, whether as the direct or indirect users of the technology, the content of these patents and their trends over time support our mechanisms through which enhanced judicial transparency fosters entrepreneurship.

Categorizing Innovations by Procedural Tasks in Legal Information Workflow. How do these judgment document-related technologies specifically assist in the tasks within the legal information processing workflow? We extract the top 30 verbs from the judgment document-related patent corpus, according to their frequency of occurrence.[82] We group these verbs into five categories, each corresponding to a specific procedural stage in legal information processing and production. They are 1) Data Collection & Input; 2) Data Analysis & Processing; 3) Model Construction & Training; 4) Prediction & Decision Making; and 5) Output & Execution. Appendix Figure A.16 presents our categorization of the top 30

[81]Note that we use "AI" to refer to a broad range of technologies, including but not limited to natural language processing, machine learning, deep learning, knowledge graphs, expert systems, and information retrieval. In contrast, non-AI solutions refer to traditional technologies or methods that do not involve artificial intelligence, such as rule-based systems and conventional software tools, which are commonly applied in the context of judicial document management and analysis.

[82]The top 30 verbs obtained from word count largely overlap with the those obtained from term frequency-inverse document frequency (TF-IDF) (29/30). The word *Output* is not present in the TF-IDF list, but *Preprocess* appears instead.

verbs.

Appendix Figure A.17 and Figure A.18 present the proportion of judgment document-related patents that include individual verbs and verb categories in their titles or abstracts, respectively, relative to the total number of judgment document-related patents over time. In the early years around 2014 to 2016, technologies related to information collection and input, involving tasks such as *Retrieve* and *Query*, dominate, suggesting that the initial focus after the publication of judicial documents is on extracting information from the data. Over time, more advanced technologies based on judicial documents, particularly those involving model training and prediction, experience significant development. These findings together suggest that the mass publication of court judgments enables advanced predictive analytics on legal big data. Such advancements are pivotal for enhancing the predictability of litigation outcomes and the effectiveness of business decision-making.

Appendix F Survey

Thank you for participating in this survey.

We are a research team from the PBC School of Finance at Tsinghua University, conducting an academic study on factors related to entrepreneurship. Your responses will remain anonymous and be used only for research purposes.

Estimated completion time: 5 minutes.

We sincerely appreciate your support and cooperation!

Page 1

1. **Your age**: _____
2. **Your gender**: ○ Male ○ Female
3. **Your program** (e.g., MBA, EMBA, EE, etc.): _____
4. **Current employer and position**: _____
5. **Have you ever started your own business?** ○ Yes ○ No
6. **Do you have the intention to start a business?** ○ Yes ○ No *(Displayed if "No" is selected in Q5.)*
7. **In which year did you first start a business?** _____ *(Displayed if "Yes" is selected in Q5.)*
8. **Have you started a business more than once?** ○ Yes ○ No *(Displayed if "No" is selected in Q5.)*
9. **Please briefly describe your entrepreneurial experience** (industry, main products, etc.):
   _____ *(Displayed if "Yes" is selected in Q5.)*
10. **Please briefly describe your business idea** (industry, main products, etc.):
    _____ *(Displayed if "Yes" is selected in Q6.)*
11. **How important do you think each of the following institutional factors is in affecting the decision to start a business?**

	(0 = Very unimportant, 10 = Very important)										
	0	1	2	3	4	5	6	7	8	9	10
Business Environment (e.g., efficiency of government services, ease of business operation, fairness of market competition, etc.)	○	○	○	○	○	○	○	○	○	○	○
Legal Protection (e.g., property rights protection, legal support for contract enforcement, mechanisms for resolving legal disputes during entrepreneurship, etc.)	○	○	○	○	○	○	○	○	○	○	○
Market Access (e.g., entry barriers and approval requirements, ease of obtaining licenses and permits, openness of competition among market participants, etc.)	○	○	○	○	○	○	○	○	○	○	○
Industry Guidance (e.g., government priorities or encouragement for specific industries or sectors, industrial policies guiding entrepreneurial opportunities, etc.)	○	○	○	○	○	○	○	○	○	○	○
Supportive Policy (e.g., start-up subsidies, tax incentives, financing support, entrepreneurship training, and other specific assistance programs, etc.)	○	○	○	○	○	○	○	○	○	○	○

12. **How important do you think each of the following legal factors is in affecting the decision to start a business?**

	(0 = Very unimportant, 10 = Very important)										
	0	1	2	3	4	5	6	7	8	9	10
Legislation (e.g., whether laws and regulations related to entrepreneurship are comprehensive, and whether they provide clear rules of conduct and rights protection for entrepreneurs, etc.)	○	○	○	○	○	○	○	○	○	○	○
Law Enforcement (e.g., whether laws are enforced fairly and strictly in practice, and whether enforcement agencies respond to unlawful behavior in the entrepreneurial process in a timely and effective way, etc.)	○	○	○	○	○	○	○	○	○	○	○
Judicial System (e.g., whether entrepreneurs can obtain fair and timely rulings through the courts when their rights are violated, and whether judicial procedures are convenient and efficient for entrepreneurs, etc.)	○	○	○	○	○	○	○	○	○	○	○
Legal Services (e.g., availability and accessibility of professional legal consulting, legal aid, and services that help entrepreneurs mitigate legal risks, etc.)	○	○	○	○	○	○	○	○	○	○	○

13. **Through which channels do you usually obtain legal services?** [Please select 1 to 5 options.]

- ☐ Law firms
- ☐ Online legal service platforms
- ☐ Hiring in-house or part-time legal professionals
- ☐ Legal services provided by incubators or startup parks
- ☐ Searching for relevant laws and regulations on your own
- ☐ Consulting friends or colleagues in the industry
- ☐ Other: _____

14. **What are the main difficulties you face in obtaining legal services?** [Please select 1 to 4 options.]

- ☐ No difficulties
- ☐ Costs are too high
- ☐ Scarcity or poor accessibility of legal service resources
- ☐ Poor match between expertise/services and actual needs, unable to solve problems effectively
- ☐ Lack of transparency, making it difficult to identify suitable service providers
- ☐ Other: _____

15. **What types of legal risks do you think entrepreneurs mainly face during the process of starting a business?** [Please select 1 to 5 options.]

- ☐ Preparation before business establishment (e.g., choice of organizational form, equity structure, partnership agreement, etc.)
- ☐ Business registration and qualification/licensing procedures
- ☐ Contracts (including negotiation, signing, execution, modification, and termination)
- ☐ Tax compliance and planning

☐ Labor and personnel management

☐ Intellectual property protection and enforcement

☐ Financing (e.g., private lending, bank loans, bond or equity financing, etc.)

☐ Dispute resolution (e.g., shareholder or commercial disputes, etc.)

☐ Other: _____

16. **In your view, in what aspects is it most important to understand and prevent legal risks in entrepreneurship?** [Please select 1 to 4 options.]

☐ Improve the ability to handle contracts, financing, and employment matters

☐ Protect legal rights and interests, and reduce losses from disputes

☐ Maintain company reputation and avoid negative signals to investors/partners

☐ Enhance the stability and sustainability of business operations

☐ Ensure compliance and safety in innovation activities

☐ Other: _____

17. **Have you ever been involved in lawsuits or legal disputes?** ○ Yes ○ No

18. **If yes, please briefly describe your experience with lawsuits or legal disputes**:

_____ *(Displayed if "Yes" is selected in Q17.)*

19. **Are you aware of the *China Judgments Online* website?** ○ Yes ○ No

20. **Have you ever used the *China Judgments Online* website?** ○ Yes ○ No

21. **The publication of court judgments is an important way to promote judicial transparency. How important do you think the publication of court judgments is for entrepreneurship?**

	(0 = Very unimportant, 10 = Very important)										
	0	1	2	3	4	5	6	7	8	9	10
Importance Score	○	○	○	○	○	○	○	○	○	○	○

22. **In your view, in what aspects might the full disclosure of court judgments on the China Judgments Online website help promote entrepreneurship?** [Please select 1 to 3 options.] *(Displayed if Q21 = 6-10.)*

☐ Promote greater fairness and justice in court decisions and the judicial system, thereby providing legal protection for innovation and entrepreneurship

☐ Help entrepreneurs better understand potential risks and uncertainties in the entrepreneurial process and regulate their business conduct

☐ Improve access to legal information and services, reducing barriers and costs of legal services

☐ Reduce information asymmetry between lenders and borrowers, optimizing loan allocation

☐ Other: _____

23. **Please give an example of how court judgments or other legal information have helped you (or someone you know) in the process of starting or operating a business**:

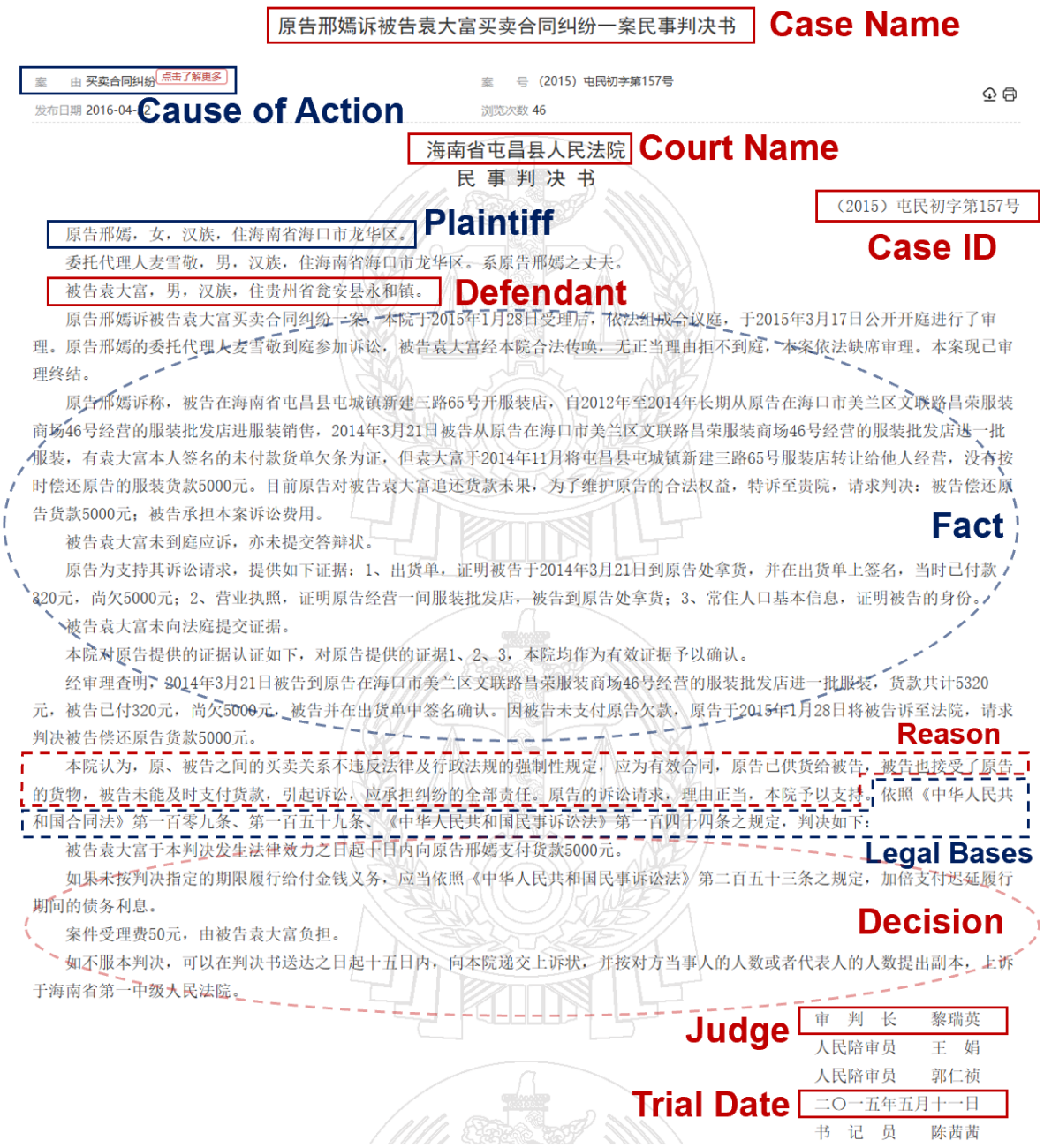
_____ *(Displayed if Q21 = 6–10.)*

24. **Why do you think publication of court judgments does not help promote entrepreneurship?** [Please select 1 to 3 options.] *(Displayed if Q21 = 0-5.)*

- ☐ It does not seem to promote judicial fairness and justice
- ☐ It does not provide useful information needed for entrepreneurship
- ☐ It does not help lower the cost or barriers of accessing legal services
- ☐ Publicly available litigation records may negatively affect entrepreneurs' financing opportunities
- ☐ Other: _____

Appendix G Additional Figures and Tables For Online Publication

Figure A.1: **An Example of a Chinese Court Judgment Document**



Note: This figure shows an example of a court judgment document obtained from the *China Judgments Online* (CJO).

Figure A.2: **Snapshots of Provincial Court Judgment Publication Websites before 2014**



(a) Henan Province (2012.10.11)



(b) Yunnan Province (2012.11.04)

Note: Figure (a) provides a snapshot of the judgment publication website of Henan Province, captured on October 11, 2012. Figure (b) provides a snapshot of the judgment publication website of Henan Province, captured on November 4, 2012. The snapshots are collected using Wayback Machine: *https://web.archive.org/*. The English text in red translates the Chinese text.

Figure A.3: **Frontpage and Search Interface of the the China Judgments Online Website**



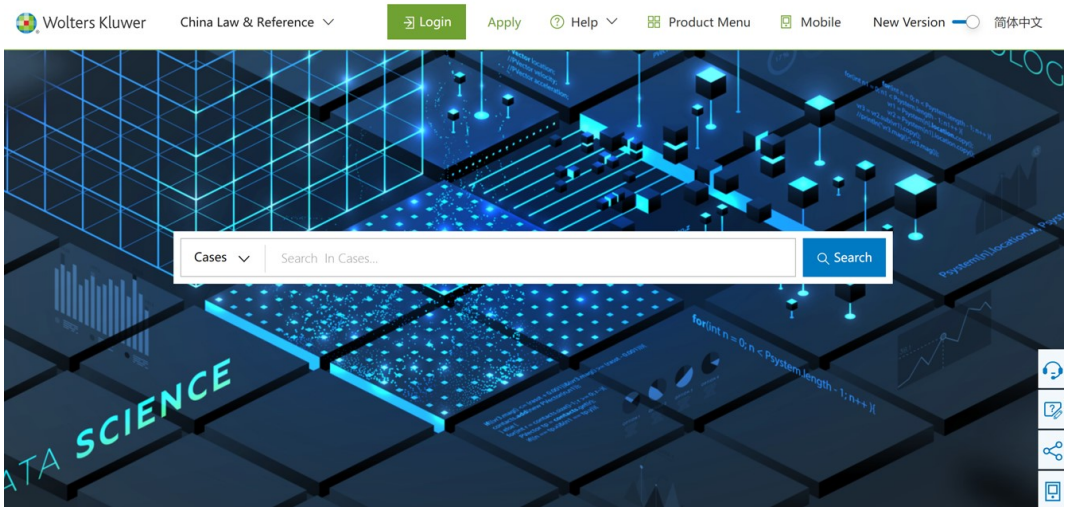
(a) Frontpage



(b) Search Interface

Note: Figure (a) provides the frontpage of the China Judgments Online (CJO) website from *https://wenshu.court.gov.cn*. Figure (b) provides a snapshot of the case search interface. The snapshots are captured on December 28, 2024. The English text in red translates the Chinese text.

Figure A.4: **Frontpage and Search Interface of the Wolters Kluwer China Law & Reference Website**



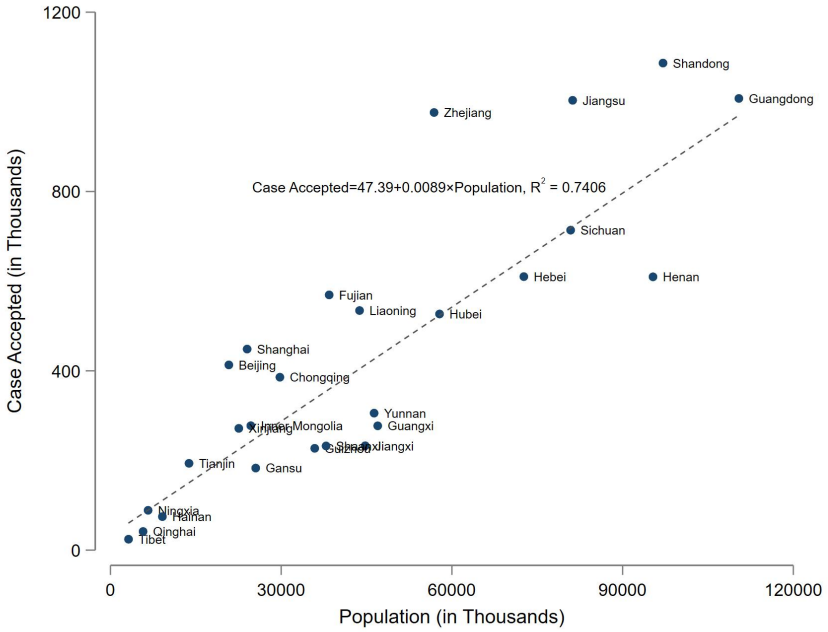
(a) Frontpage



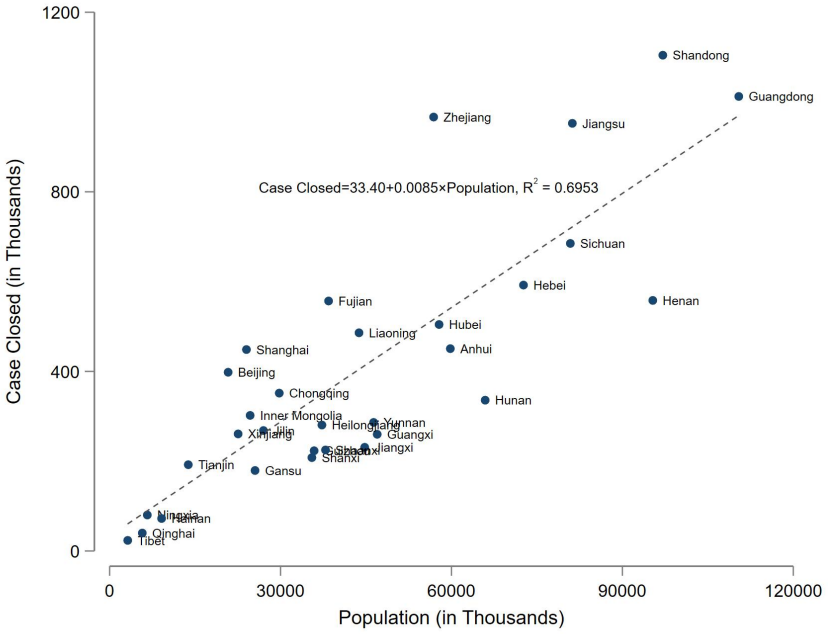
(b) Search Interface

Note: Figure (a) provides the frontpage of the Wolters Kluwer China Law & Reference (WKCLR) website from *https://law.wkinfo.com.cn/en*. Figure (b) provides a snapshot of the case search interface from *https://law.wkinfo.com.cn/judgment-documents/list*. The snapshots are captured on August 18, 2024. The English text in red translates the Chinese text.

Figure A.5: **Court Cases and Population in 2012**



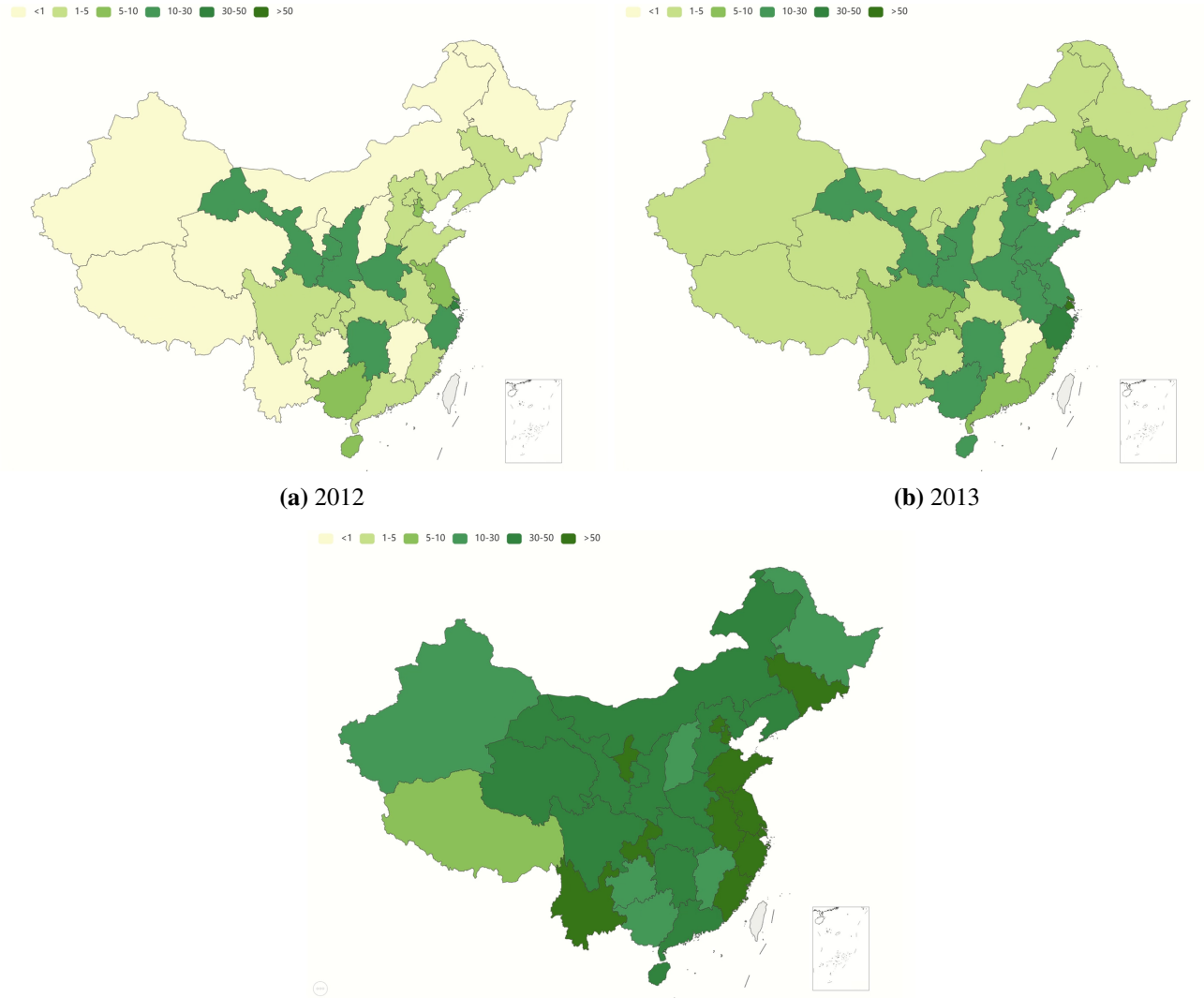
(a) Case Accepted



(b) Case Closed

Note: This figure shows the correlation between provincial number of court cases and population in 2012. The horizontal axis represents provincial population. In Panel (a), the vertical axis represents total cases accepted by courts in a province. In Panel (b), the vertical axis represents total cases closed by courts in a province. Data of provincial number of court cases is collected from annual reports of provincial courts. Provincial population data is collected from the National Bureau of Statistics (NBS) of China.

Figure A.6: **Expansion of Court Judgment Disclosure (Province Level)**



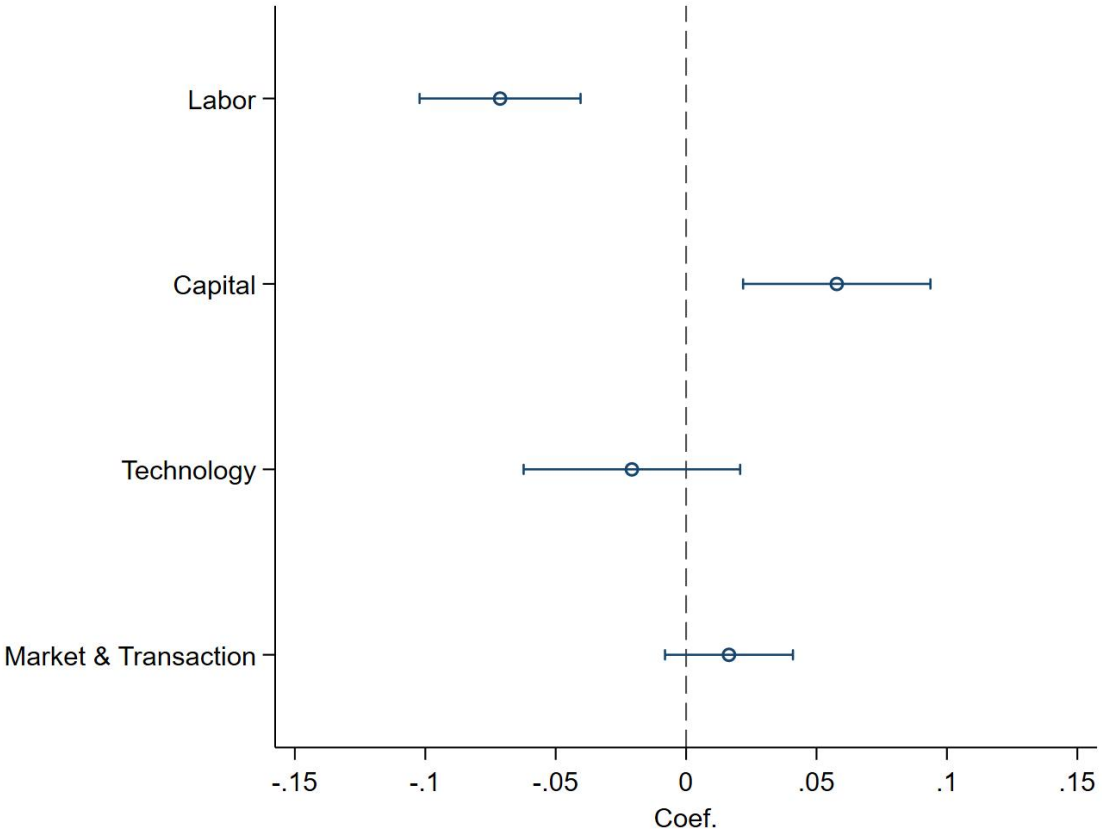
(a) 2012

(b) 2013

(c) 2014

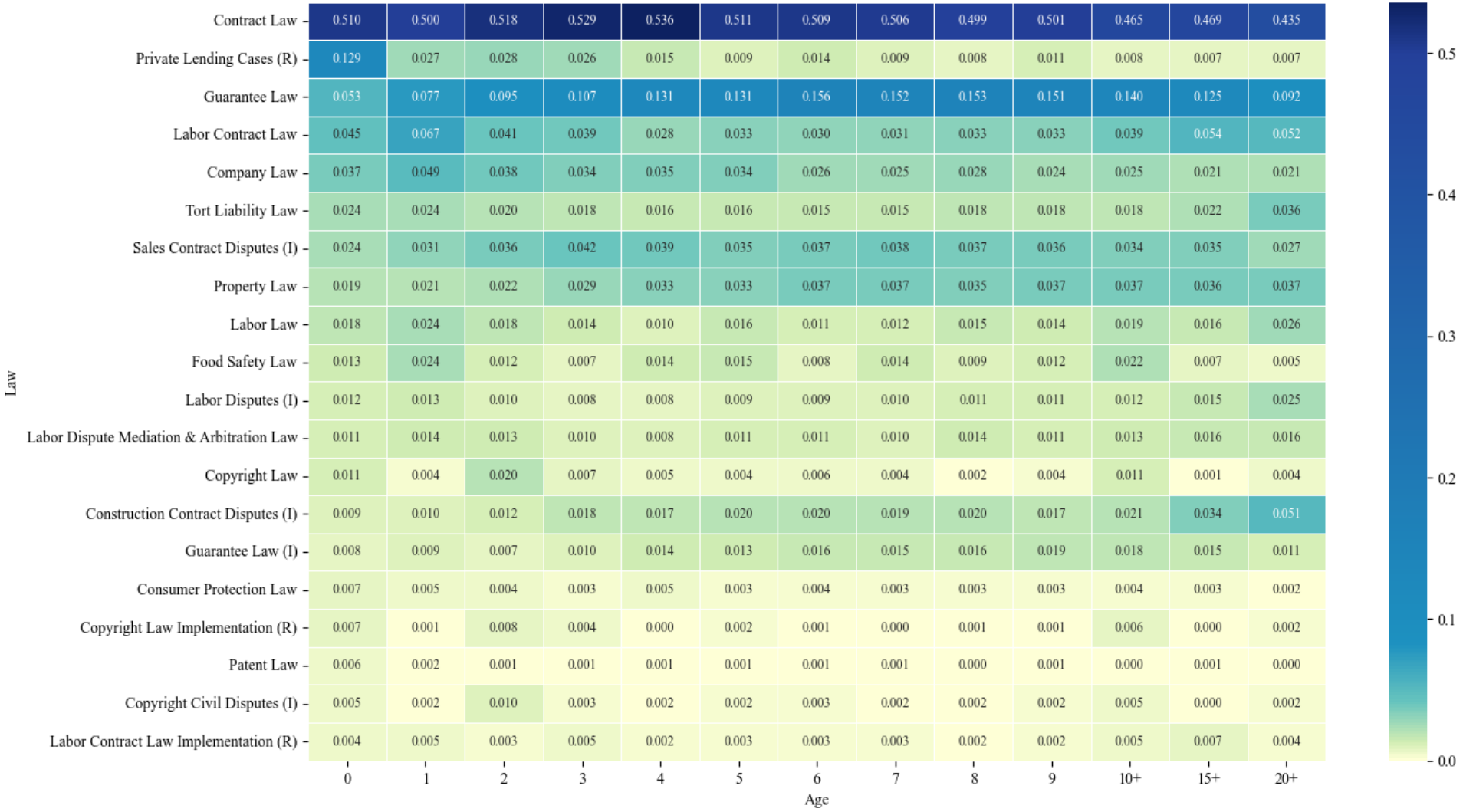
Note: This figure illustrates the expansion of court judgment disclosure at the province-level across the country. Panels (a), (b), and (c) present the provincial number of published judgment documents per 10,000 people in 2012, 2013, and 2014, respectively. The data of the number of published judgment documents is collected from the *Wolters Kluwer China Law & Reference* (WKCLR) platform. Provincial population data is collected from the National Bureau of Statistics (NBS) of China.

Figure A.7: **Triple Differences: Different Types of Industry Litigation Exposure**



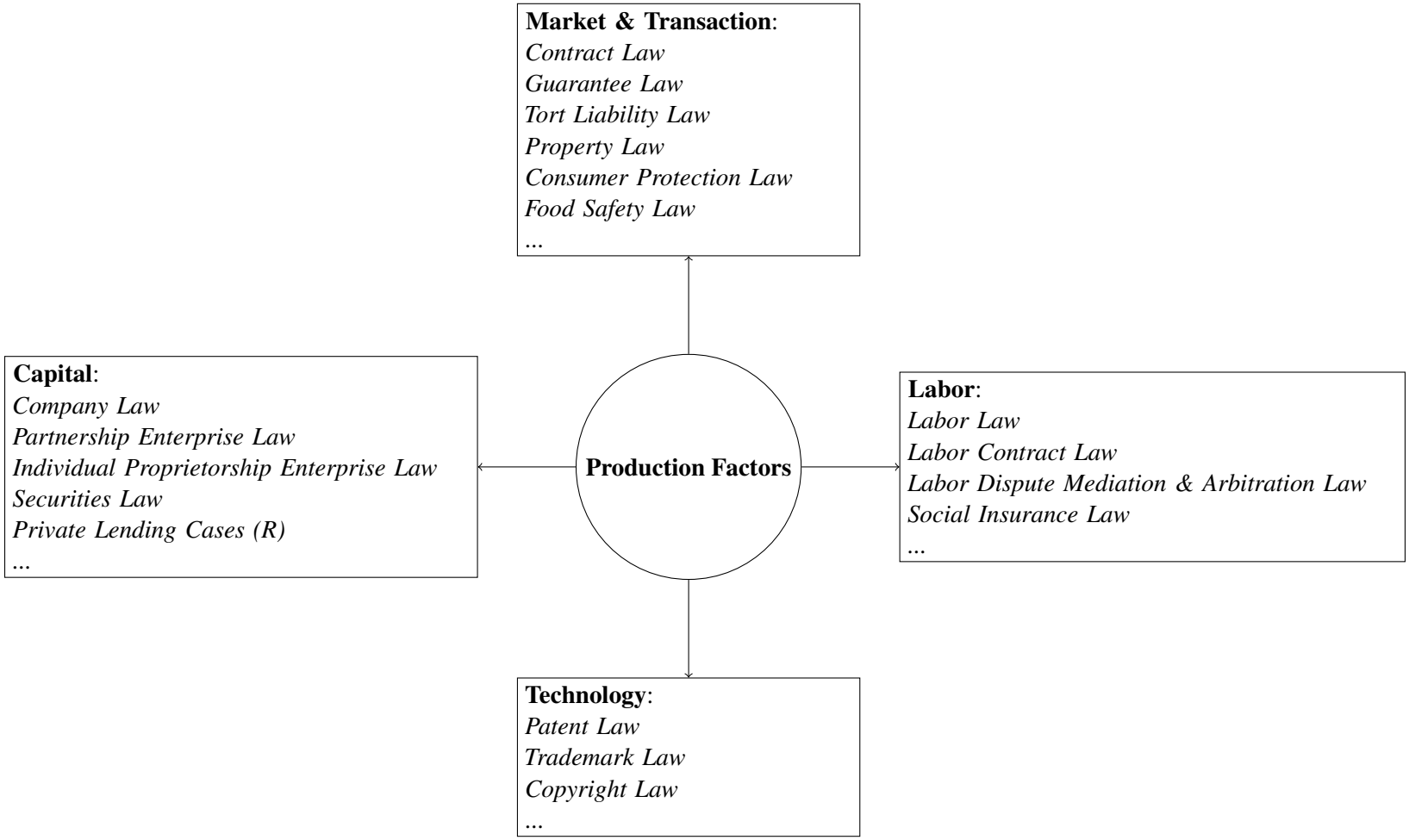
Note: This figure plots the estimated coefficients and 90 percent confidence intervals from estimating Equation 3, where $Litigation_j$ is replaced with an indicator of high exposure to each of the four types of litigation across industries, separately. Using judgment documents from historical cases between 2010 and 2018 available on the CJO website, we first match litigant firms with their Unified Social Credit Code (USCC) to the business registration dataset, obtaining their industry classification codes and the ages of the firms as of the trial date. Next, we categorize the litigation cases into four types—capital, labor, technology, and market & transaction—based on the legal basis involved in the case. Appendix C provides details of the matching procedures and legal basis categorization. Finally, we calculate the proportions of different litigation types within each industry for the sample of matched firms aged 0-3. We then classify industries as having high or low exposure to different litigation types, based on the median cutoff.

Figure A.8: **Distribution of Legal Bases Across Age Groups: By Top 20 Legal Bases**



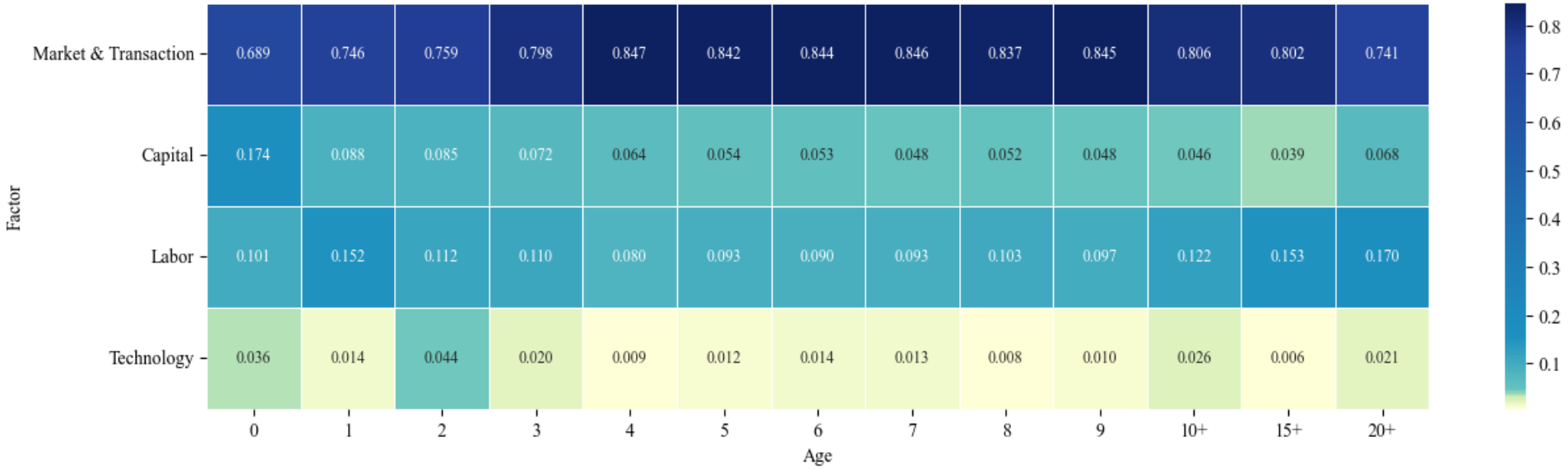
Note: This figure presents the proportion of the top 20 most frequently cited legal bases in cases involving 0-year-old firms relative to the total number of cited legal bases, by firm age. The ages of 10+, 15+, and 20+ denote firms that are 10-14, 15-19, and over 20 years old, respectively. On the y-axis, (R) denotes administrative regulations and (I) denotes judicial interpretations.

Figure A.9: **Categorizing Legal Bases by Firm Production Factors**



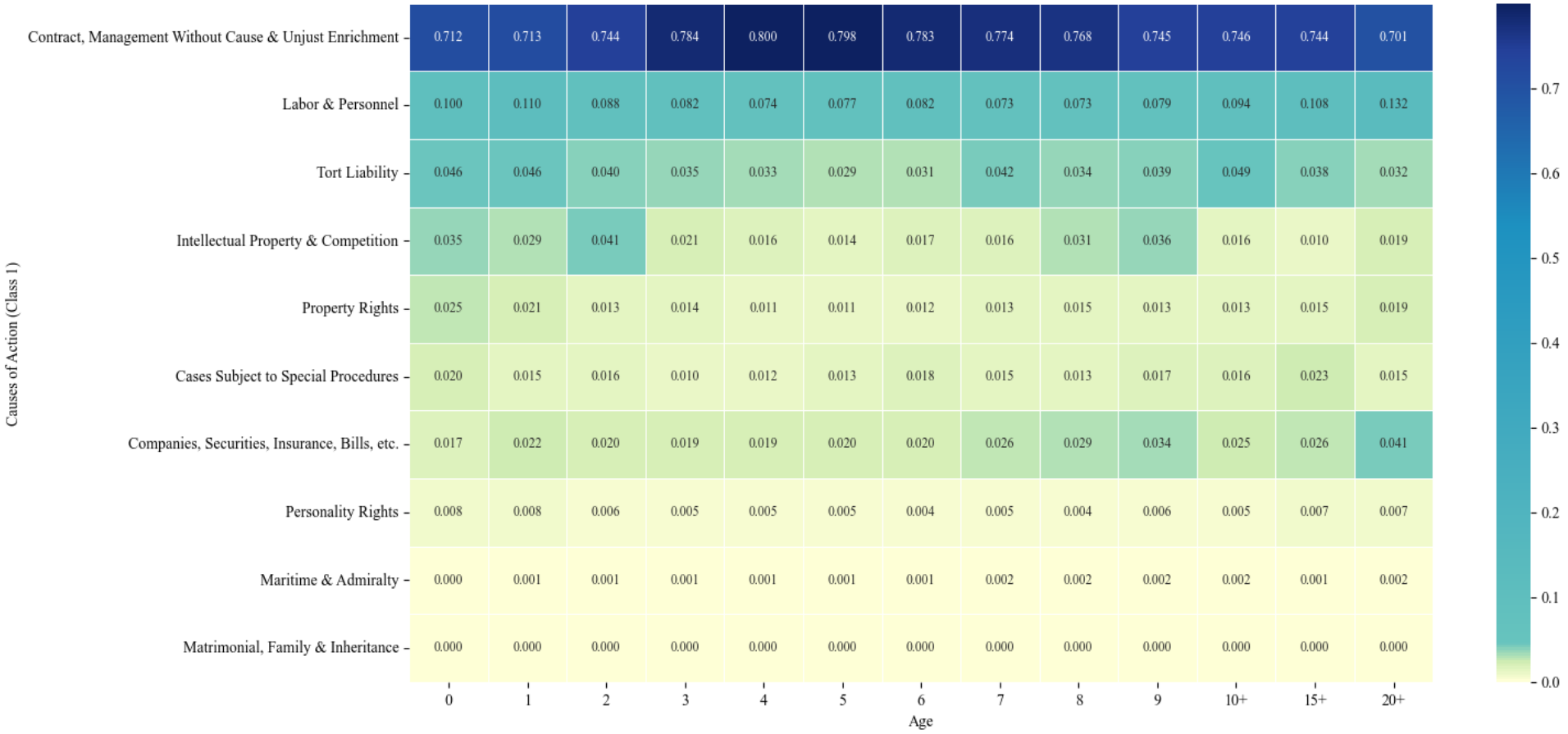
Note: This figure shows examples of how we categorize legal bases cited in judgment documents by firm production factors. Category names are shown in bold and corresponding verbs are shown in italics.

Figure A.10: **Distribution of Legal Bases Across Age Groups: By Firm Production Factors**



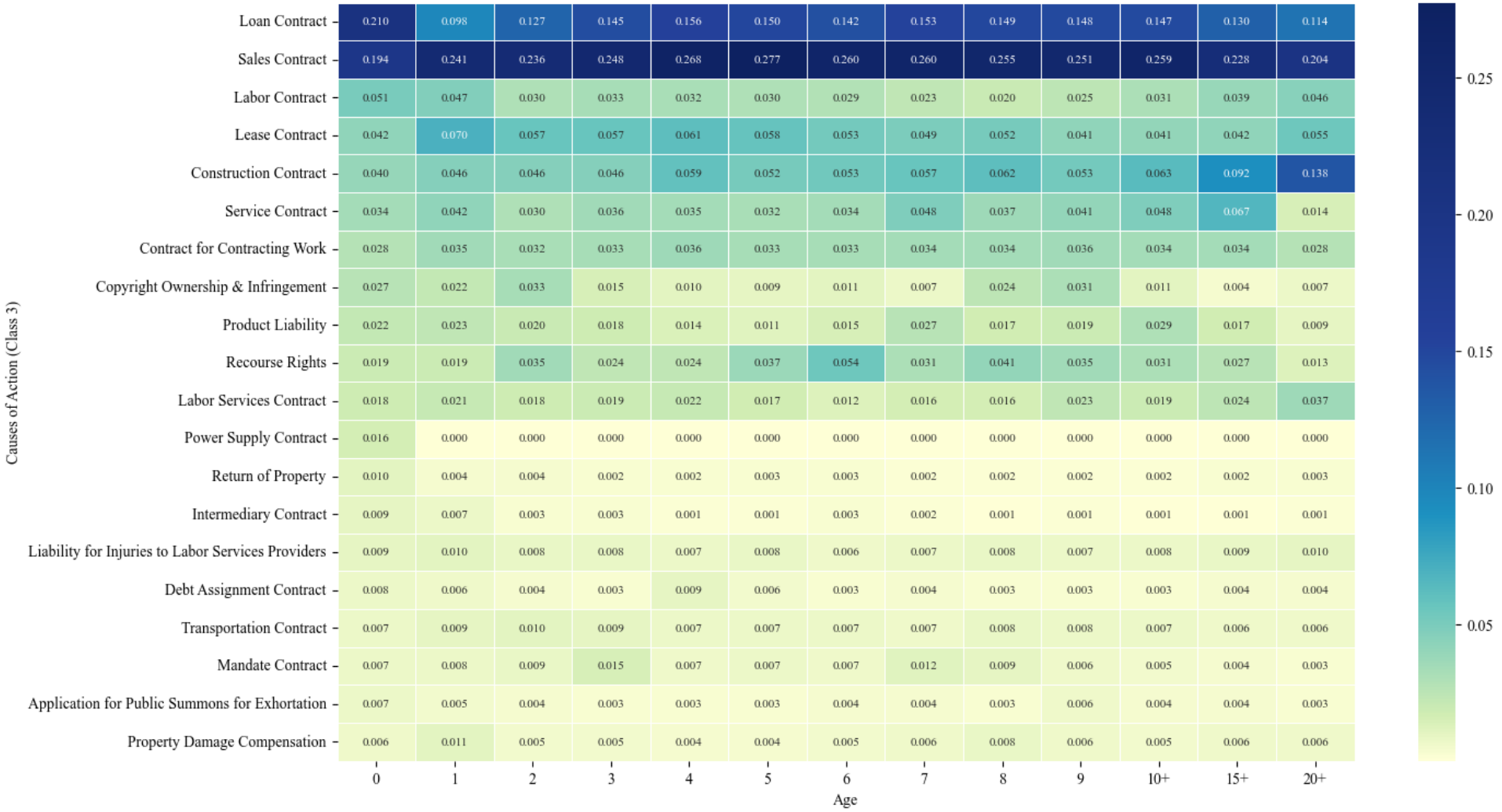
Note: This figure presents the proportion of legal bases by their associated production factors relative to the total number of cited legal bases, by firm age. The ages of 10+, 15+, and 20+ denote firms that are 10-14, 15-19, and over 20 years old, respectively.

Figure A.11: **Distribution of Causes of Action Across Age Groups: By Primary Categories**



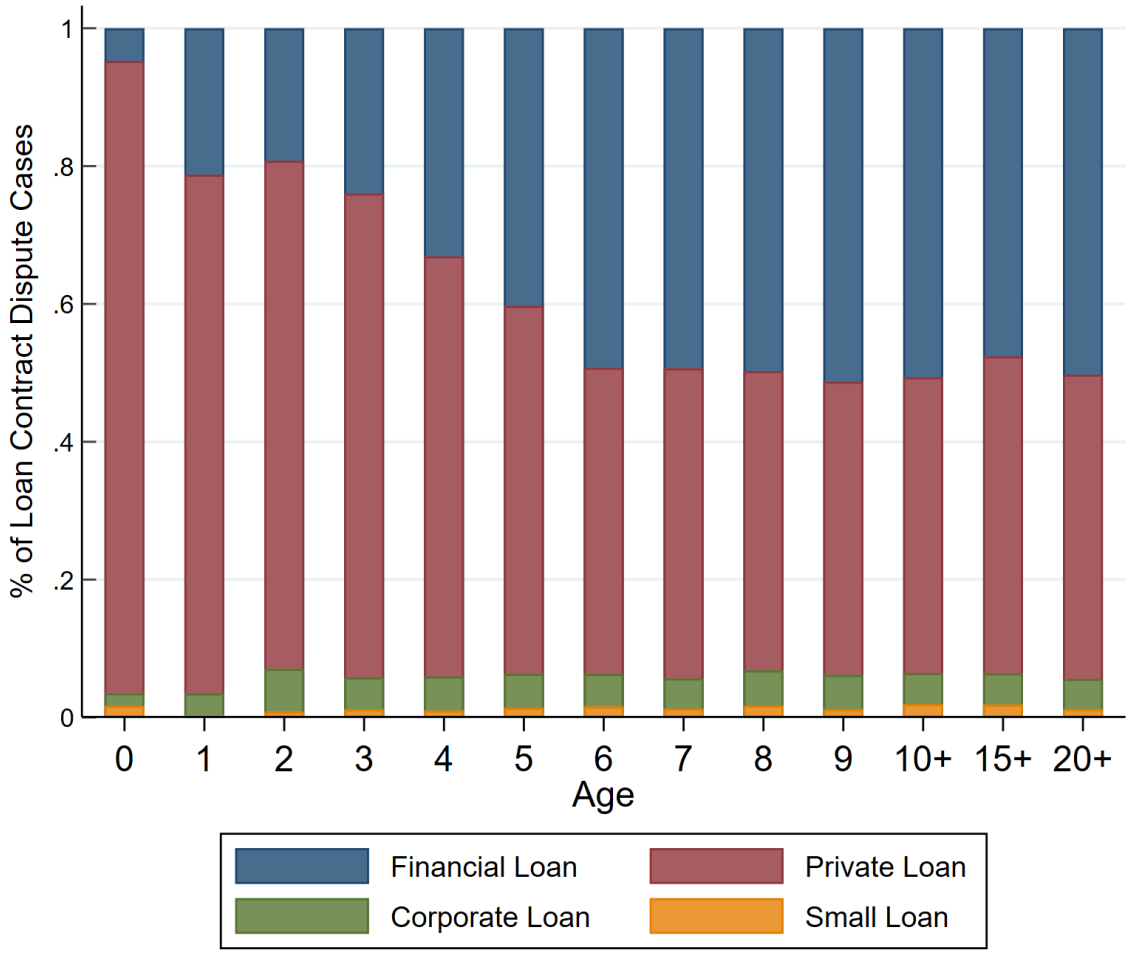
Note: This figure presents the proportion of causes of action in primary categories relative to the total number of cases, by firm age. The ages of 10+, 15+, and 20+ denote firms that are 10-14, 15-19, and over 20 years old, respectively.

Figure A.12: **Distribution of Causes of Action Across Age Groups: By Top 20 Tiertary Categories**



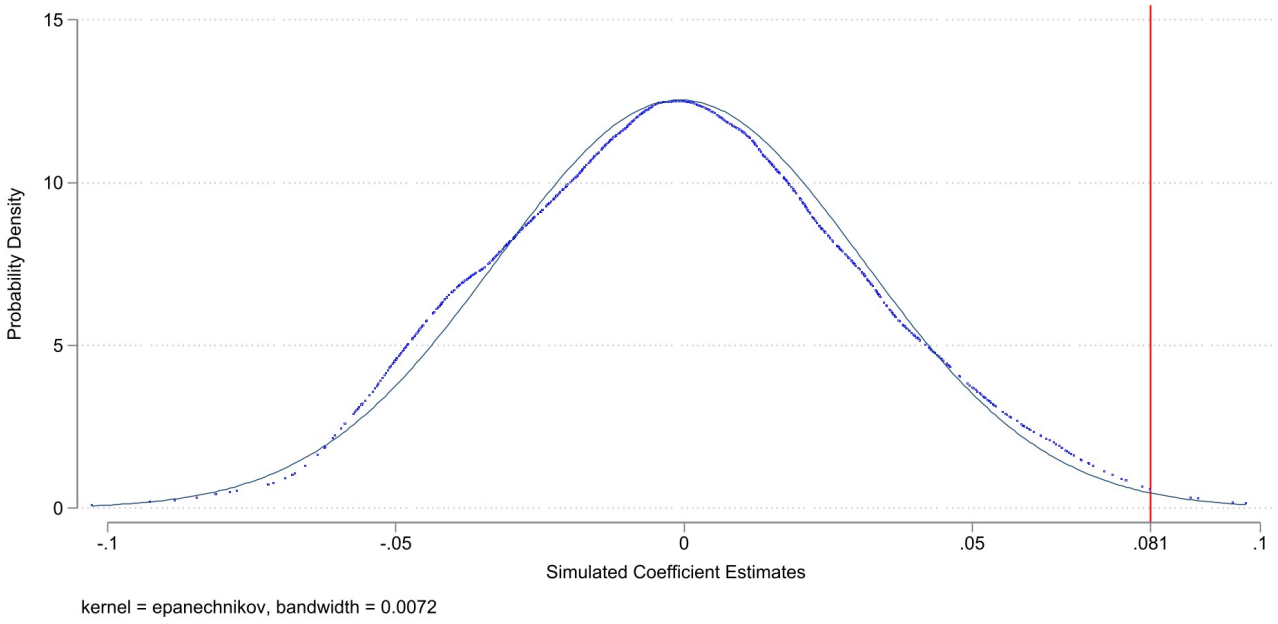
Note: This figure presents the proportion of the top 20 most frequent causes of action in tiertary categories in cases involving 0-year-old firms relative to the total number of cases, by firm age. The ages of 10+, 15+, and 20+ denote firms that are 10-14, 15-19, and over 20 years old, respectively.

Figure A.13: **Distribution of Loan Contract Dispute Cases Across Age Groups**



Note: This figure presents the proportional distribution of different types of loan contract disputes across age groups. The ages of 10+, 15+, and 20+ denote firms that are 10-14, 15-19, and over 20 years old, respectively.

Figure A.14: **Randomly Assigned Treatment and Control Cities**



Note: This figure shows the results of the falsification test. We repeat Equation 1 or 1,000 times with randomly falsified treatment and control groups, and plot the empirical density of the estimated coefficients as well as the standard normal distribution. The vertical red line presents the estimate of treatment effect reported in Column (1) of Table 3.

Figure A.15: **Word Clouds for the 15 LDA Topics**



Topic 1: Corporate Risk Assessment & Management



Topic 2: Legal Knowledge Graph Construction & Application



Topic 3: Electronic Data Management & Intelligent Archiving



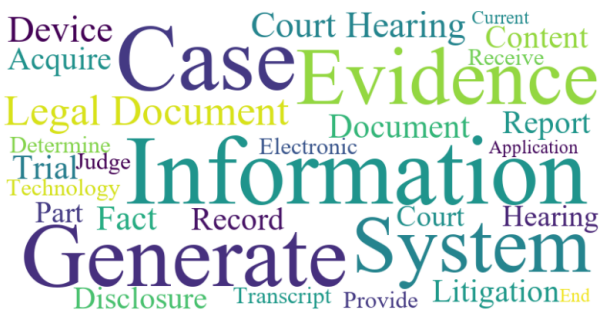
Topic 4: Data Storage Optimization & Information Retrieval



Topic 5: Corporate Credit Risk Evaluation



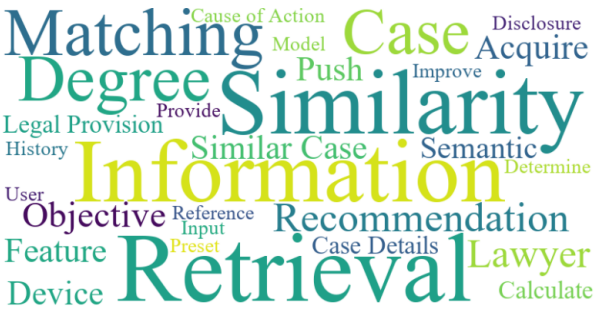
Topic 6: Legal Document Element Extraction



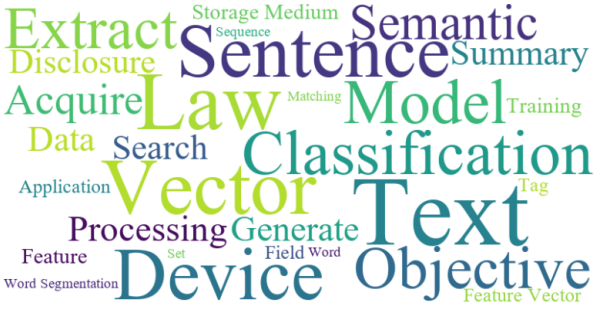
Topic 7: Legal Case Information Processing & Evidence Analysis



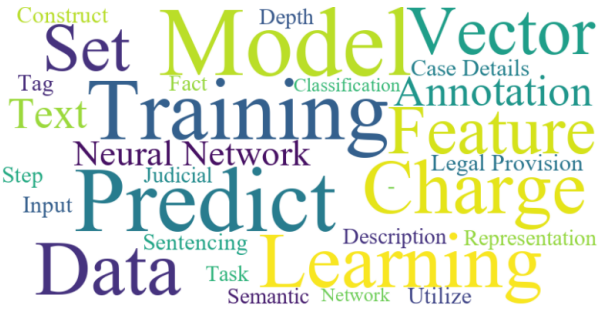
Topic 8: Judicial Entity Recognition & Behavior Prediction



Topic 9: Case Matching & Recommendation



Topic 10: Legal Text Analysis & Natural Language Processing



Topic 11: Legal Predictive Model Training & Application



Topic 12: Legal Knowledge Graph Extraction & Structuring



Topic 13: Automated Judicial Document Generation & Publication



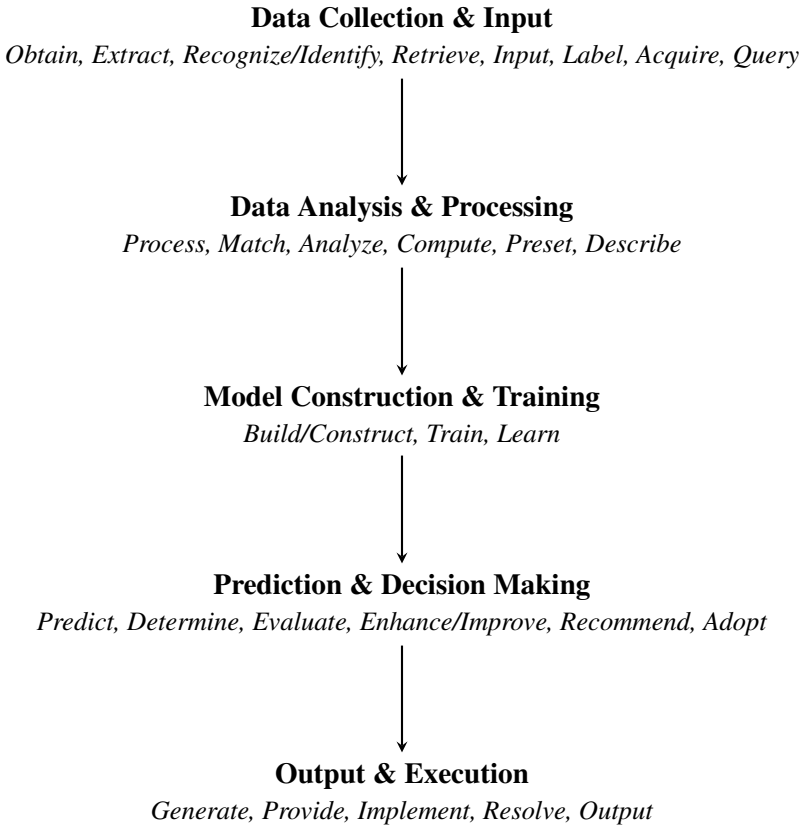
Topic 14: Intelligent Legal Consultation & User Interaction Systems



Topic 15: Dispute Focus & Litigation Analysis

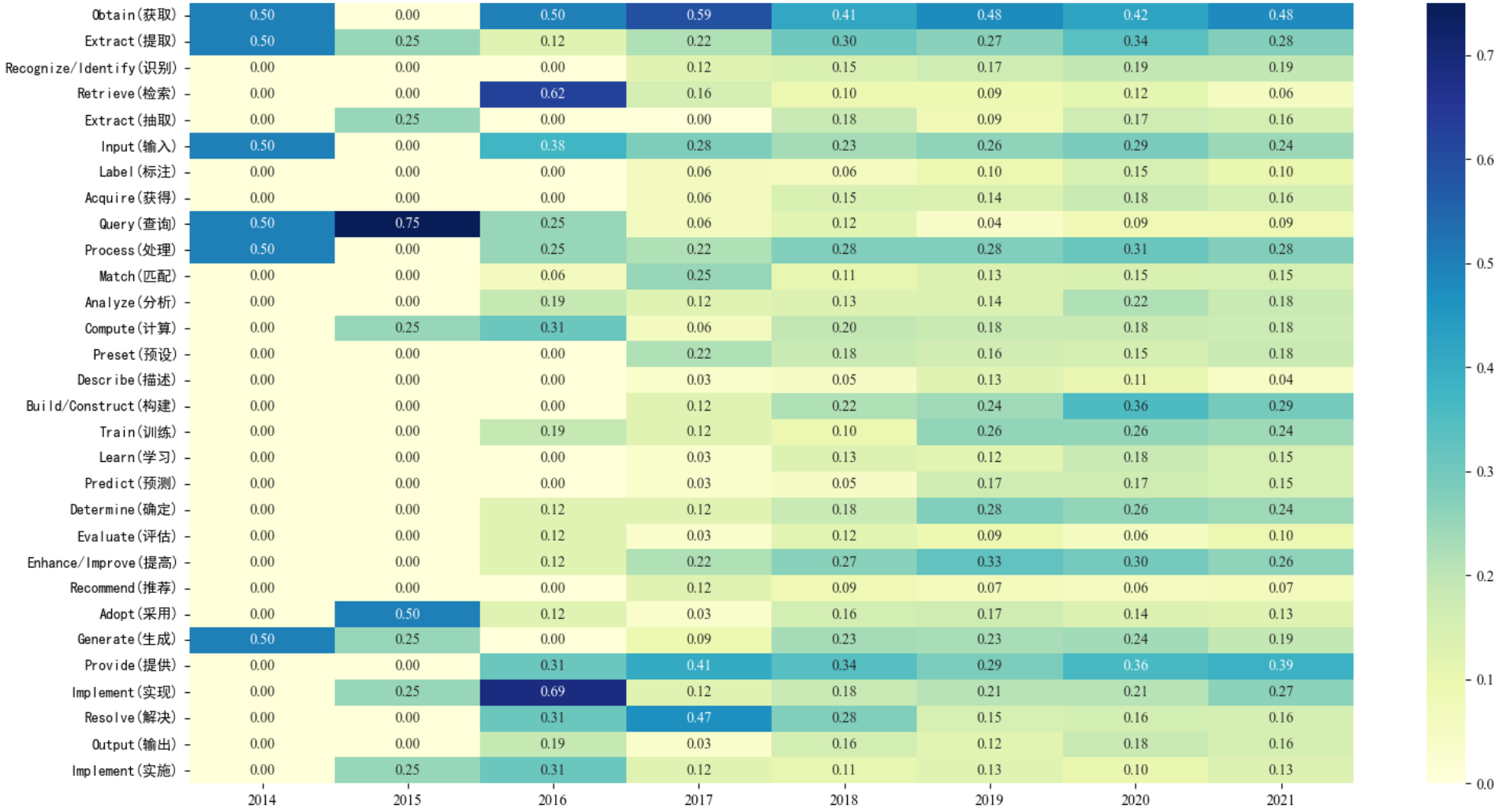
Note: This figure presents the word clouds for the 15 LDA topics in Appendix D. The English text in the word clouds is a translation of the original Chinese text used in training the LDA model.

Figure A.16: **Categorizing Top 30 Verbs by Procedural Tasks in Legal Information Workflow**



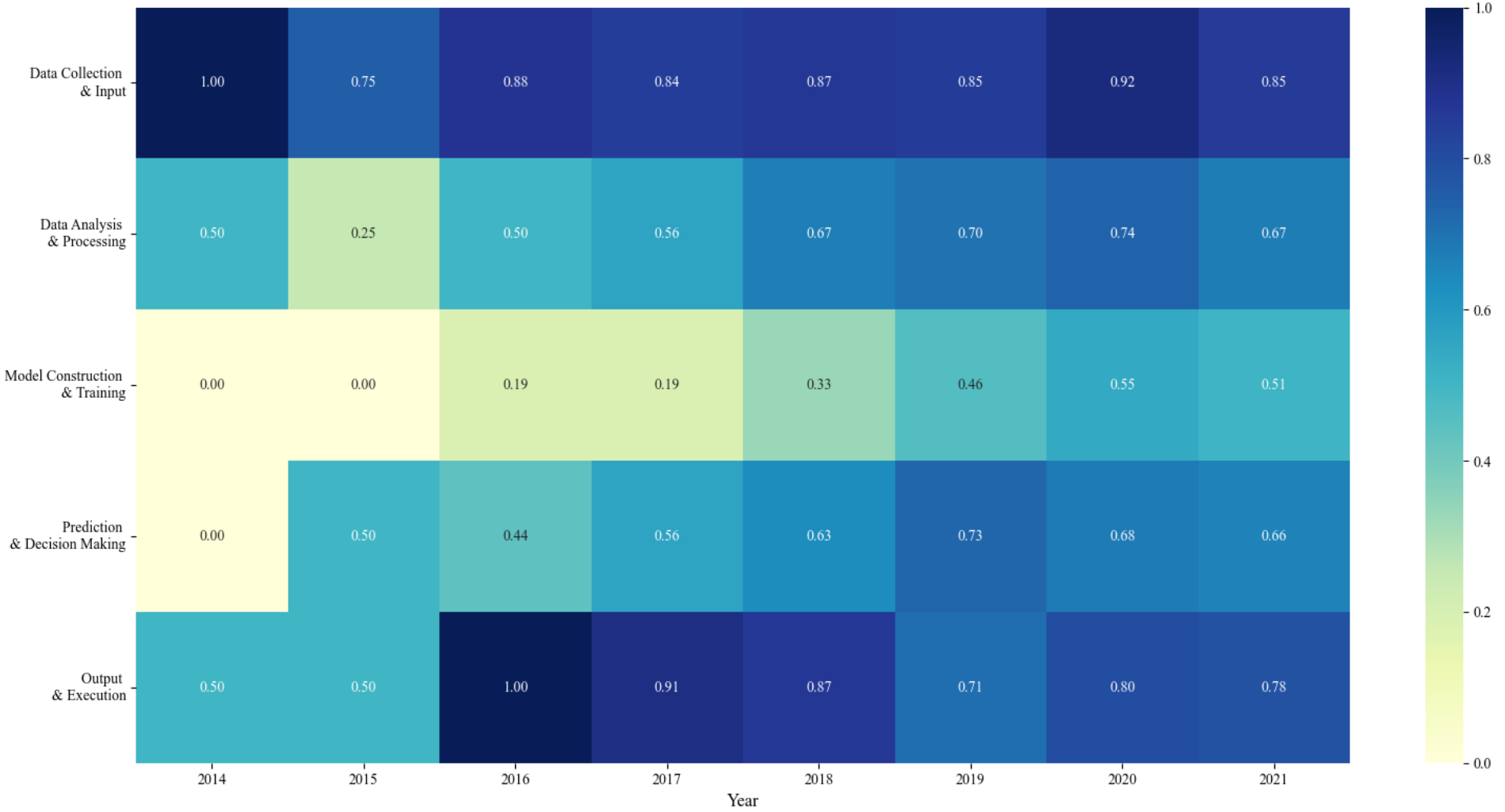
Note: This figure shows how we categorize the top 30 verbs in the text corpus (i.e., titles and abstracts) of judgment document-related patents by procedural tasks in legal information workflow. Category names are shown in bold and corresponding verbs are shown in italics.

Figure A.17: **Distribution of Judgment Document-Related Patents Over Time: By Top 30 Verbs**



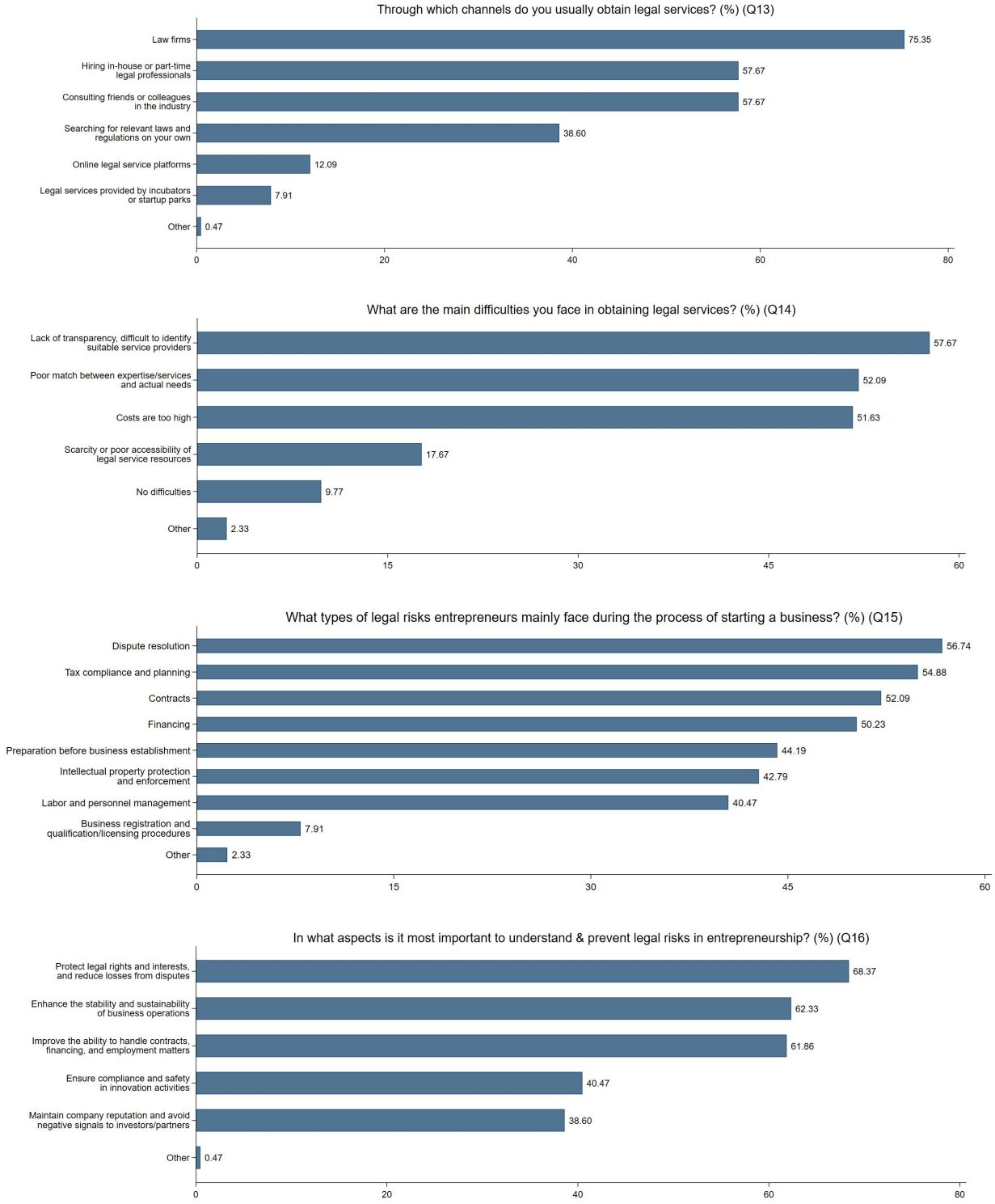
Note: This figure shows the proportion of judgment document-related patents that include individual verbs in their titles or abstracts relative to the total number of judgment document-related patents in a given year. We do not present the distribution before 2014, as the number of judgment document-related patent applications before 2014 is extremely low.

Figure A.18: **Distribution of Judgment Document-Related Patents Over Time: By Procedural Tasks in Legal Information Workflow**



Note: This figure shows the proportion of judgment document-related patents that include words in different verb categories in their titles or abstracts relative to the total number of judgment document-related patents in a given year. We do not present the distribution before 2014, as the number of judgment document-related patent applications before 2014 is extremely low.

Figure A.19: **Survey Results: Legal Services and Legal Risks in Entrepreneurship**



Note: This figure presents the distribution of responses across the multiple-choice options for each question. For Questions 13 and 16, respondents may select 1 to 4 options; for Questions 14 and 15, they may select 1 to 5 options. The complete survey is provided in Appendix F.

Table A.1: **Number of Judgment Documents Collected**

	# of Judgment Documents Collected by		
Year	Wolters Kluwer	China Judgment Online	Wolters Kluwer : CJO
2000	4,162	407	10.226
2001	4,418	1,332	3.317
2002	10,830	3,477	3.115
2003	14,061	2,678	5.251
2004	18,284	4,514	4.051
2005	39,760	5,780	6.879
2006	33,347	7,649	4.360
2007	49,108	14,873	3.302
2008	194,200	27,489	7.065
2009	453,663	97,429	4.656
2010	580,221	197,176	2.943
2011	681,399	219,387	3.106
2012	946,981	412,391	2.296
2013	1,862,232	1,423,669	1.308
2014	6,594,681	6,921,136	0.953
2015	9,110,525	9,728,805	0.936
2016	11,933,587	12,539,707	0.952
2017	16,282,182	16,727,594	0.973
2018	18,962,606	19,342,026	0.980
2019	23,005,489	23,042,985	0.998
2020	23,095,158	23,370,409	0.988
2021	16,629,796	16,739,416	0.993

Note: This table reports annual numbers of judgment documents collected by the *Wolters Kluwer China Law & Reference* (WKCLR) platform and the *China Judgments Online* (CJO) website, as well as the ratio between the two, from 2000 to 2021.

Table A.2: **Effect of Judicial Transparency on Litigation Appealing Rate**

	Dependent Variable: Litigation Appealing Rate
	(1)
Treat × Post	-0.030*
	(0.017)
Observations	201
R-squared	0.566
Controls	Yes
Year FE	Yes
Province FE	Yes

Note: This table examines the effect of judicial transparency on the provincial litigation appealing rate by estimating Equation 1. The observations are at the province-year level. The sample period is from 2010 to 2018. The dependent variable is the province-level litigation appealing rate. Treat is a dummy that indicates whether the province is assigned into the treatment group, based on whether the province's judgment disclosure rate (number of published judgment documents/number of closed cases) in 2012 was in the bottom tercile across all provinces. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. The regression is weighted by the number of closed cases in each province. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and province fixed effects are included in the regressions. Standard errors are clustered at the province level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table A.3: **Judicial Transparency and LegalTech VC Deals: Global Evidence**

	Dependent Variable: Log(# LegalTech VC Deals)			
	(1)	(2)	(3)	(4)
Post_Global	0.540***		0.421***	
	(0.163)		(0.154)	
Post_China		1.420***		1.125***
		(0.081)		(0.320)
Post_Others		0.480***		0.374**
		(0.161)		(0.156)
Observations	1,972	1,972	1,943	1,943
R-squared	0.527	0.533	0.637	0.640
Controls	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes		
Region-Year FE			Yes	Yes
p-value (Post_China = Post_Others)		0.000		0.025

Note: This table examines the effect of online judgment publication on the number of LegalTech VC deals globally. The observations are at the country-year level, covering 80 countries/regions with LegalTech VC deals recorded by PitchBook. The sample period is from 1990 to 2018. The dependent variable is the logarithm of the number of LegalTech VC deals plus one. Post_Global is a dummy indicating whether a country has online judgment disclosure in a given year. Post_China is a dummy indicating whether China has implemented the mandated judgment disclosure policy (equals 1 for China since 2014, and 0 otherwise). Post_Others is a dummy indicating whether a country other than China has online judgment disclosure in a given year. We control for GDP (in log), population (in log), human capital index, imports and exports as a fraction of GDP, and government consumption as a fraction of GDP. In Columns (1) - (2), we include country and year fixed effects. In Columns (3) - (4), we include country and region-year fixed effects (involving 15 subregions defined by PitchBook). The bottom row reports the *p*-values for the *F*-tests for the equality of Post_China and Post_Others coefficients. Standard errors are clustered at the country level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table A.4: **Possibly Confounding Events**

	Dependent Variable: Log(# New Firms)			
	(1)	(2)	(3)	(4)
Treat × Post	0.082***	0.080***	0.083***	0.083***
	(0.028)	(0.028)	(0.028)	(0.028)
Jud. Ind. Reform	-0.019			-0.018
	(0.020)			(0.020)
Bus. Reg. Reform		0.073		0.050
		(0.059)		(0.062)
Anticorruption			0.073***	0.072***
			(0.023)	(0.023)
Observations	2,454	2,454	2,454	2,454
R-squared	0.972	0.972	0.973	0.973
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes

Note: This table estimates Equation 1 with additional controls of possibly confounding events. The observations are at the city-year level. The sample period is from 2010 to 2018. The dependent variable is the number of newly registered firms (in logarithm). Treat is a dummy that indicates whether a city is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom tercile across all cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. Jud. Ind. Reform, Bus. Reg. Reform, and Anti-corruption are indicators of the judicial independence reform, the business registration reform, and the anti-corruption campaign, respectively. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table A.5: **Pre-2014 Judgment Disclosure and Post-2014 Disclosure Rate**

	Judgment Disclosure Rate	
	(1)	(2)
Number of Files/Population (Year=2012)	-0.002	0.014
	(0.010)	(0.009)
Observations	1,666	1,320
R-squared	0.221	0.386
Controls		Yes
Year FE	Yes	Yes

Note: This table examines whether ex-ante level of judgment disclosure can predict ex-post judgment disclosure rate on the CJO website. The observations are at the city-year level. The sample period is from 2014 to 2018. The dependent variable is the annual judgment disclosure rate on the CJO website, calculated based on the method proposed by Wu et al. (2025). The independent variable is the ex-ante level of judgment disclosure (i.e., per capita publication of judgment documents in 2012). We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55 in Column (2). Year fixed effects are included in the regressions. Standard errors are clustered at the province level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table A.6: **Effect Heterogeneity: By Incomplete Disclosure Post-2014**

	Dependent Variable: Log(# New Firms)
	(1)
Treat × Post	-0.009
	(0.036)
Post × High Disc. Rate	-0.086**
	(0.039)
Treat × Post × High Disc. Rate	0.170***
	(0.057)
Observations	2,448
R-squared	0.972
Controls	Yes
Year FE	Yes
City FE	Yes

Note: This table examines the heterogeneous effect of post-2014 judgment disclosure rate. The observations are at the city-year level. The sample period is from 2010 to 2018. The dependent variable is the number of newly registered firms (in logarithm). Treat is a dummy that indicates whether a city is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom tercile across all cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. High Dis. Rate is a dummy indicating whether a city had higher (above-median) average disclosure rate on the CJO website between 2014 and 2018. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table A.7: **Effect Heterogeneity: By Proportion of Local Plaintiffs**

	Dependent Variable: Log(# New Firms)			
	% of Plaintiffs from Same City		% of Plaintiffs from Same Province	
	Low	High	Low	High
	(1)	(2)	(3)	(4)
Treat × Post	0.031	0.129***	0.034	0.147***
	(0.037)	(0.045)	(0.037)	(0.044)
Equality test	$p = 0.080$		$p = 0.050$	
Observations	1,240	1,212	1,266	1,186
R-squared	0.978	0.965	0.977	0.964
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes

Note: This table compares the estimation results of the baseline Equation 1 between subsamples of cities with high and low proportions of local plaintiffs (based on median cutoff). The observations are at the city-year level. Columns (1) - (2) present effect heterogeneity by the percentage of plaintiffs from the same city. Columns (3) - (4) present effect heterogeneity by the percentage of plaintiffs from the same province. The dependent variable is the city-year numbers of newly registered firms (in logarithm). Treat is a dummy that indicates whether a city is assigned into the treatment group, based on whether the city's per capita publication of judgment documents in 2012 was in the bottom terciles of all cities. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table A.8: **Alternative Constructions of the Treatment and Control Groups**

	Dependent Variable: Log(# New Firms)						
	Alternative Cutoffs		# of Judgment Documents Scaled by			Ex-ante Judicial Transparency Based on	
	Median	Quartile	GDP	Case Accepted	Case Closed	2013	2014
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Treat × Post	0.053*	0.106***	0.051*	0.094***	0.076**	0.077***	0.020
	(0.028)	(0.032)	(0.029)	(0.034)	(0.030)	(0.028)	(0.029)
Observations	2,454	2,454	2,454	1,981	2,454	2,454	2,454
R-squared	0.972	0.972	0.972	0.972	0.972	0.972	0.972
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: This table presents estimation results of Equation 1 with alternative constructions of treatment and control groups. The observations are at the city-year level. The sample period is from 2010 to 2018. The dependent variable is the number of newly registered firms (in logarithm). Treat is a dummy that indicates whether a city is assigned into the treatment group. In Columns (1) - (2), we define cities with ex-ante level of judgment disclosure (per capita publication of judgment documents in 2012 in the bottom median and quartile as the treatment group. In Columns (3) - (5), we use the city-level number of published judgment documents per million GDP, the province-level judgment disclosure based on case accepted, and the province-level judgment disclosure based on case closed as measures of ex-ante level of judgment disclosure in 2012 to define the treatment and control groups. In Columns (6) - (7), we use the city-level per capita publication of judgment documents in 2013 and 2014 to assign the treatment and control groups. Post is a dummy that equals one for the years in and after 2014, and zero otherwise. We control for city-level variables of GDP (in log), GDP growth rate, population (in log), population growth rate, percentage of GDP from manufacturing and service sectors, fiscal spending (in log), total investment (in log), and employment population (in log), as well as provincial court characteristics, including the number of closed case (in log) and a set of indicators of whether the court president has a law degree, has prior working experience in central departments, is serving in his/her birth province, and is older than 55. Year and city fixed effects are included in the regressions. Standard errors are clustered at the city level. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.

Table A.9: **Survey: Summary Statistics of Survey Respondents**

	All Respondents		Non-Entrepreneurs		Entrepreneurs	
	Num.	Perc.	Num.	Perc.	Num.	Perc.
Female	84	0.391	44	0.484	39	0.323
Entrepreneurial Experience *(Q5=Yes)*	124	0.577				
Entrepreneurial Intention *(Q6=Yes)*			41	0.451		
Serial Entrepreneur *(Q8=Yes)*					62	0.500
Litigation Experience *(Q17=Yes)*	94	0.437	26	0.286	68	0.548
Know CJO *(Q19=Yes)*	145	0.674	63	0.692	82	0.661
Use CJO *(Q20=Yes)*	91	0.423	42	0.462	49	0.395
Total	215	1.000	91	1.000	124	1.000
Mean Age	39.566		36.516		41.860	

Note: This table presents summary statistics on the characteristics and past experiences of survey respondents with valid responses. We define entrepreneurs as those who answer "Yes" to Question 5: "Have you ever started your own business?", and non-entrepreneurs as those who answer "No". For detailed questions defining the remaining variables, see the complete survey in Appendix F.

Table A.10: **Survey: Predicting Respondents' Ratings of CJO Importance**

	Dependent Variable: CJO_Score	
	All Respondents	Entrepreneurs
	(1)	(2)
LitigationExp × UseCJO	1.225**	1.387*
	(0.571)	(0.781)
LitigationExp × KnowCJO	-0.480	-0.626
	(0.643)	(0.830)
LitigationExp	-0.510	-0.200
	(0.440)	(0.646)
UseCJO	0.082	-0.136
	(0.322)	(0.558)
KnowCJO	0.180	0.103
	(0.333)	(0.490)
Observations	212	121
R-squared	0.220	0.154
Controls	Yes	Yes

Note: This table examines which types of respondents' past experiences predict their answers to Question 21 of the survey: "How important do you think the publication of court judgments is for entrepreneurship?" The unit of observation is the individual. CJO_Score is the respondent's rating for this question, ranging from 0 (very unimportant) to 10 (very important). LitigationExp equals 1 if the respondent answers "Yes" to Question 17 ("Have you ever been involved in lawsuits or legal disputes?"), and 0 otherwise. UseCJO equals 1 if the respondent answers "Yes" to Question 20 ("Have you ever used the China Judgments Online website?"), and 0 otherwise. KnowCJO equals 1 if the respondent answers "Yes" to Question 19 ("Are you aware of the China Judgments Online website?"), and 0 otherwise. Column (1) uses all valid responses. Column (2) focuses on the subsample of entrepreneur respondents, defined as those who answer "Yes" to Question 5 ("Have you ever started your own business?"). We control for gender, age, program, indicators of entrepreneurial experience, multiple entrepreneurial experience, entrepreneurial intention, litigation experience, CJO awareness, CJO usage, and scoring propensity (defined as the respondent's average score across all rating items in Questions 11, 12, and 21). Robust standard errors are reported in parentheses. ***, **, and * indicate significance at the 1%, 5% and 10% levels, respectively.