PRELIMINARY STUDY OF NON-AUDIT SERVICES

DETERMINANTS IN MALAYSIA

by

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Universiti Utara Malaysia  

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ABSTRAK


ABSTRACT

This research is being conducted in order to look into factors that influence the purchase of non-audit fees of the companies in Malaysia. The research investigates the effects of chief executive officer duality, board independence and audit committee independence on purchase non-audit services. This study is a pioneer studies that reviewed this effects on non-audit services. The finding indicates that the chief executive officer duality, board independence and audit committee independence are negative towards non-audit services. However, company size was showed a positive effect on non-audit services while audit fees and leverage were showed a negative effect on non-audit services. This study contributes to the growing of literature by demonstrating the significant factors that will give effect to the purchase of non-audit services. The findings are also relevant to the policy makers and practitioners about the exposure factors that affect non-audit services.

*Key words: non-audit services, chief executive officer duality, board independence, audit committee independence*
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<tr>
<td>BMB</td>
<td>Bursa Malaysia Berhad</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>ICAEW</td>
<td>Institute of Chartered Accountants in England and Wales</td>
</tr>
<tr>
<td>IFAC</td>
<td>International Federation of Accountants</td>
</tr>
<tr>
<td>KLSE</td>
<td>Kuala Lumpur Stock Exchange</td>
</tr>
<tr>
<td>MCCG</td>
<td>Malaysian Code of Corporate Governance</td>
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<tr>
<td>MIA</td>
<td>Malaysian Institute of Accountants</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission, United States</td>
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CHAPTER 1

INTRODUCTION

1.1 Overview of the chapter

This chapter will be focusing on the topic, which includes the background of the study by indicating the problem statement, research question and research objective, and the significance of conducting this research together with the organization of the study.

1.2 Background of the study

The Asian financial crisis in the late 1990s highlights the importance of good corporate governance practices to help restore investors’ confidence in the East Asian market (Hashim & Devi, 2004). Furthermore, it had also stated that the financial crisis along with the highly publicized scandals in the United States had firmly determined the critical needs for companies in both developed and developing countries to improve corporate governance practices and to gain back investor's confidence towards the integrity of accounting profession.
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