AUDITOR REMUNERATION: EVIDENCE FROM MALAYSIA AND SELECTED COMMONWEALTH ECONOMIES


ABSTRACT

The purpose of this study is to examine the level of audit fees paid in Malaysia and other selected Commonwealth countries namely Australia, Hong Kong, Singapore, and the United Kingdom. It also documents the magnitude of difference between Malaysia and these nations after controlling for company, audit firm and country specific characteristics. Additionally, the paper investigates the relationship between audit and non-audit fees and its impact on auditor independence.

Using the regression analysis and subsequent conversion of the parameter estimates, we found auditors in the UK, Australia, Hong Kong and Singapore charge or are paid significantly higher audit fees than the Malaysian auditors after adjusting for the Purchasing Power Parity (PPP) by 62.51%, 26.66%, 19.10% and 21.73% respectively. In addition, companies in these countries that purchase non-audit services also paid higher statutory audit fees. The regression results show that audit fee is positively related to non-audit fee and this might not affect auditor independence as speculated by many commentators.

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