

## **The Effect of Audit Alumni On Audit Fee**

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### **ABSTRACT**

The aim of this research is to find the relationship between audit alumni and audit fee. I will focus on alumni gender and alumni ethnicity as to the best of my knowledge, there is still very limited numbers of researcher study on alumni gender and alumni ethnicity effect. Nowadays, the term of independence is no longer being applied in some of the company. As has been highlighted under MIA By-Laws (2007, p. 28), one of the factors that can reduce the level of independence is audit alumni or former partner which can create familiarity threats when there is a special relationship between audit alumni and external auditor. The main approach used in the present in this study is quantitative because the research questions aim mainly to find the relationships among the variables. The primary findings in this research is the effect of audit alumni in adjusting the level of audit fee but however there is a few limitation in preparing this paper especially during data collection whereby some of the company will not disclose the details of their audit fee information and even worst the company will be too secretive in disclosing the audit alumni background. My paper extends and contributes to prior literature in a number of ways in term of practice and theory. Firstly, in terms of practice. By conducting this research I will address the alumni effect on audit fee. The second contribution of this study derives from the theory development. In this research, Social Exchange Theory will explain the benefit maximization and cost minimization which explains the alumni effect on audit fees.

***Keywords:*** *Audit fee, Audit quality, Audit alumni, Audit committee, Alumni effect*