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Diversity of Audit Committee Members and their Influence on Audit Fees

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ABSTRACT

The main purpose of Corporate Governance (GC) Codes is to arrange for sound corporate governance to enhance the regulations of management performance, accountability and transparency for the continuing business achievement. Thus, the independence of the audit committees along with the size of the board has a great influence on the audit fees. In addition, to members, diversity especially women on boards would enhance the quality and reduce the risk of financial reporting manipulations, as women are more inclined with honesty, caution, conservatism (Nehme and Jizi 2018).

Furthermore, studies by (Aldamen, et al., 2018; Miglani and Ahmed, 2019 and Sellami et al., 2020) highlighted that audit fees would have been influenced when women sit on the board of the audit committees. Nevertheless, the audit fees would increase depending on the level of professional expertise the women would be held when the managerial role is been appointed to. These positive associations between the audit fees and the audit committees would be enhanced when the audit partner is women. In conclusion, diversity in the audit committee's members would affect the quality of the auditors' tasks and would have a great impact on the audit fees.

KEYWORDS

Audit committee effectiveness, Audit fees, Board structure, Board gender diversity, External auditors

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