UNIVERSITI TEKNOLOGI MARA

THE EFFECT OF AUDITOR'S CHARACTERISTICS, FIRM FINANCIAL PERFORMANCE AND FIRM LEVERAGE AND FRAUDULENT FINANCIAL REPORTING (FFR) : EVIDENCE FROM MALAYSIA

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of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

This study investigates the relationship between auditors' characteristic, firm losses, firm leverage and Fraudulent Financial Reporting (FFR) among non-financial public listed firms on the Main Market of Bursa Malaysia. Using a sample comprising of 44 fraudulent firms and 44 matching non-fraudulent firms, the study explores the relationship between auditors' characteristics consisting of auditor reputation, non-audit services (NAS) fee and audit firm tenure with FFR. The study also examines the relationship between firm performance and firm leverage to FFR. Using multiple regression analysis, the findings show that performance and firm leverage were positively associated to FFR. The positive relationship is consistent with agency theory. The results for auditors' characteristics, however, shows no relationship between FFR and auditor reputation, audit firm tenure and NAS fee.

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