

The Effect of Firm Size on Audit Fee: An Empirical Study on State-Owned Corporations (SOCs) in Indonesia (2011 – 2016)

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Abstract

State-Owned Enterprises (SOEs) are the backbone of Indonesia's economy. SOEs are considered large companies that conduct business with huge number of complex transactions. Auditing these large companies need large audit staff, more working hours, and audit techniques to finish the audit before its deadline. Audit fee is affected by the size of the company. A high audit fee is charged to the clients whose company is large. This study explored the effect of firm size on audit fee. A purposive sampling technique was used in determining the sample. There were 20 companies as the object of this research, of which 11 companies were chosen as the final sample. Data were analyzed by regression analysis. The findings of the study showed that firm size has significant and positive effect on audit fee.

Keywords: *backbone, complex, large companies, audit techniques*