

sign. Such a result is consistent with findings of prior related empirical studies (e.g., Simunic, 1980; Chan *et al.*, 1993) suggesting that external audit fees increase as the size of the audit client increases. Contrary to expectation, however, the regression results indicate that the regression coefficient of the other control variables are insignificant. The insignificant results related to these control variables is similar to results reported in prior related research. For example, the lack of significance related to the ROA and QUICK variables can be explained in light of the opposing arguments that corporate financial characteristics such as profitability and liquidity can be viewed both as proxies of firm's risk and firm's ability to pay higher amounts of audit fees at the same time. While the risk manifestation suggests a negative relation to external audit fees, the "deep pocket" representation suggests a positive relation to audit fees.

In sum, the results reported in the current study provide empirical evidence from the Kuwaiti audit market that IA involvement in the external audit fees is associated with a reduction in external audit fees. This result is similar to findings reported in several similar studies (e.g., Felix *et al.*, 2001; Ho and Hutchinson, 2010; Zain *et al.*, 2015) and is consistent with the idea of IA as a substitute for external audits.

IV. SUMMARY AND CONCLUSION

As indicated, the main objective of the current study is to examine whether IA contribution in the external audit work is significantly related to the amount of external audit fees. Competing arguments have been offered in the audit literature about the direction of such a relation. On the one side, some audit researchers argue that IA should be looked at as a complementary function that add to the overall corporate

monitoring and control activities, suggesting a direct relationship between IA contribution to the external audit work and the amount of external audit fees. On the other hand, other audit researcher view IA contribution as a substitute to the external audit function, and therefore, expect this type of engagement to be inversely related to the amount of external audit fees. Empirical research examining the relationship between IA contribution and audit fees has produced mixed results, leaving the door open for further examination about this issue. Moreover, much of the previous empirical research examining the IA-fee relationship stems from well developed countries, with very little research examining this issue in the context of a developing country.

Using data related to a number of audit engagements performed in the Kuwaiti market, the current study performs an examination of the relationship between IA contribution to the external audit work and the amount of audit fees. This research seems to be warranted especially in light of the obvious shortage of empirical research about this issue in the context of developing countries' markets. This study, therefore, fills the gap in the international audit literature by providing empirical evidence about the IA-fees relationship from the Middle East region, namely the Kuwaiti market. The results reported in the current study provide evidence of a significant and negative relationship between IA contribution in the external audit work and the amount of external audit fees.

The current study's empirical findings have some policy implications. For example, the empirical evidence that IA contribution does substitute for some substantial audit procedures may be insightful for audit profession regulators, especially in Kuwait when establishing guidance for the relationship