

A Theoretical Framework on the Relationship between Network Governance and Audit Pricing in Malaysia

*Arina Rus Zahira Rusli, Najihah Marha Yaacob, Mazliza Azuana Abdullah
Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Terengganu, Kampus Dungun,
Terengganu, Malaysia

*arinaruszahira@uitm.edu.my, najihahm@uitm.edu.my, mazlizaazuana@uitm.edu.my
Corresponding Author: Dr Arina Rus Zahira Rusli

Abstract: The appointment of senior civil officials (SCO) to boards of directors of publicly traded firms, which distinguishes Malaysia from other countries, has prompted questions regarding SCO's credibility as the board of directors. The study's goal is to investigate the impact of network governance as depicted by senior civil officials from the audit committee (SCOAC) on audit prices. The theoretical foundation is based on social network theory and network governance. Quantitative methods will be used with data from publicly traded companies' annual reports in Bursa Malaysia. The study's findings are likely to add to the existing literature on network governance, SCOAC, and audit pricing. Furthermore, the study's findings are expected to serve as a useful reference for regulatory authorities as they draft and evaluate related policies. This will be the first study to present empirical evidence on the relationship between SCOAC and audit pricing in Malaysian public listed companies.

Keywords: *Civil officials, audit committee, audit pricing, network governance, social network theory, Malaysia*

1. Introduction

Malaysia has a distinctive feature from other countries due to the appointment of senior civil officials (SCO) to the boards of directors of publicly-traded companies. These ties derived from the introduction of the New Economic Policy (NEP) in 1970 and the expansion of government bureaucracy in corporations or so-called government-linked companies (GLCs) in the 1980s, which were triggered by the inequality in the distribution of capital between different ethnic groups in Malaysia (Tee, 2019). The selection of SCOs as board members of publicly traded companies may be influenced by their close connection with the government and legislators (Wong & Hooy, 2020).

An example of the appointment of SCO as the board of directors includes the nomination of the former Inspector General of Police Malaysia as the board of directors and Vice Chairman of Genting Berhad, an entertainment and gaming company (Hamid, 2011). Another example includes the appointment of the Director of the Centre of Excellence: Pelan Induk Terengganu Sejahtera (Pitas) related to the Terengganu State Government Secretary's Office as the board of directors of Golden Pharos Bhd, an industrial product and services company (Yatim, 2021). Furthermore, a former Chief of Defence of Malaysia's Armed Forces has been appointed as the chairman of the board of directors and a member of the audit committee for Ajinomoto, a food processing company. These appointments of civil officials to the boards of directors of publicly traded companies can be best described through the network governance characteristic.

Network governance is a set of mechanisms that help and preserve liaison among participating organizations to increase the probability of attaining a predefined set of outcomes (Alvarez et al., 2010). Scarlett and McKinney (2016) characterize network governance as a non-formal setting that includes two or more people and/or organizations gathering to exchange thoughts, develop interconnections, recognize mutual concerns, consider alternatives for collaborating effectively, power-sharing, and resolve mutual interest issues. Manit et al. (2019) stated networked governance as a cooperative network involving individuals related to the government and companies, who might be affected by the consequences of any policy implementation.

The existence of network governance was supported by Social Network Theory (Jones et al., 1997; Den Ouden, 2015; Turyahikayo et al., 2017). In this course, Social Network Theory explained the influence of the board establishment and structure on a company (Bjørnåli & Gulbrandsen, 2010). Based on pre-existing relationships, Social Network Theory reflects the expected route to obtaining company resources. For instance, companies need to have multiple social links such as ties to civil officials to stay competitive in the market and

have access to multiple crucial resources, such as knowledge and scarce information (Wu & Chen, 2012). Through social networking, a company can resolve problems in terms of poor entrepreneurial organization resources by forming a network exchange structure for critical resource suppliers.

The current study expected that the presence of network governance by senior civil officials from the audit committee (SCOAC) as a board member would reduce the audit pricing due to the knowledge distribution and information gathered by social networks. Network governance reduces transaction costs through social mechanisms or social networks (Park et al., 2020). Accordingly, monitoring costs are part of transaction costs (Kettunen, 2013). Consequently, audit pricing is categorized as a monitoring cost under transaction cost (Evana et al., 2019). This has triggered the issue of network governance played by SCOAC with multiple crucial resources received through the social network that may help auditors work, thus reducing audit pricing. Nevertheless, it is unknown whether their nomination as board members would help in reducing audit work and lowering audit pricing due to limited studies conducted related to SCOAC. Therefore, the current study via SCOAC will examine the network governance relationship with audit pricing in public listed companies in Malaysia, which to the best of the researcher's knowledge, has not been tested in the audit pricing model.

The study's primary objective is to investigate the influence of network governance on audit pricing in Malaysian public-listed companies. Therefore, the research objectives are listed below:

RO1: To investigate the relationship involving senior civil officials and audit pricing.

RO2: To investigate the relationship involving senior civil officials of the audit committee and audit pricing.

Significance of the Study

The study findings will have both theoretical and practical (policy) ramifications.

Theoretical Contribution: The study's findings will add to the theoretical contribution by providing more literature on network governance, senior civil officials of the audit committee (SCOAC), and audit pricing. Furthermore, the study will discuss the implications of senior officials serving on audit committees by explaining the variation in audit pricing charged by companies.

Practical Contribution: The study's findings can be used by regulatory authorities to establish and evaluate applicable regulations. This is due to the lack of a specification for the characteristics and numbers of senior officials required to follow the Malaysian Board of Public listed firms' regulations. Finally, the study will shed light on the profession of accounting in Malaysia by giving factual evidence on the structure of audit service prices from an outside perspective.

The following section shall be presented as follows. Section 2 sets out a review of the literature. Section 3 discusses the research design. Section 4 provides the theoretical framework and variables definitions, and the final section discusses the conclusion and recommendations.

2. Literature Review

Generally, network governance is related to governance because governance occurs within networks of complex relationships between public and non-public entities (Wang & Ran, 2023; Sørensen & Torfing, 2018; Klijn & Koppenjan, 2016). The term "governance" covers a broad concept that includes network governance (Kapucu & Hu, 2020). A complete overview of network governance comprises terms such as "persistent", "select", "structured", "implicit and open-ended contracts" (Jones et al., 1997; Scarlett & McKinney, 2016). The term "select" refers to network members who exchange information with one another but rarely with strangers. Thus, network members do not represent the entire industry. Meanwhile, the "persistent" explained that the network members collaborated over time. As a result, network governance functions as an active process unit rather than a static one. Furthermore, the term "structured" refers to exchanges between network members that have been developed instead of accidental or regular. Finally, the term "implicit and open-ended contract" refers to adapting, organizing, and safeguarding transactions that are not based on authorities or legally binding agreements. However, legally binding agreements may exist with a few members but do not apply to all members. Table 1 presents the terminologies and definitions of network governance proposed by previous scholars.

Table 1: Terminologies and Network Governance Description

Network Governance Description	Terms	Scholars
Networks	In the long-term recurring interactions that build interdependence rely on combinations of responsibilities, requirements, public image, and mutual interest.	Dubini & Alrich (1991)
Social networks	An organized group of people who trade solely via common standards of integrity.	Liebeskind et al. (1996)
Network Governance	Select, persistent, and organized set of independent companies and non-profit entities involved in creating products or services based on tacit and unrestricted contracts for unpredictable environmental adaptability and secure exchanges.	Jones et al. (1997)
Network organizational forms	In the long term, recurring interactions that develop reliance rely on various combinations of responsibilities, standards, public image, and mutual interest.	Larson (1992)
Network-based organizational structures	Mutual communication channels, independent resource flow	Powell (1990)

Source: *A General Theory of Network Governance: Exchange Conditions and Social Mechanism (Jones et al., 1997)*

The development of network governance is crucial because it incorporates social network theory and transaction cost economics (TCE) (Jones et al., 1997; Turyahikayo et al., 2017). The transaction cost postulates that the existence of network governance thrives on four exchange conditions consisting of 1) environmental uncertainty, 2) task complexity, 3) frequency and 4) asset specification (Turyahikayo et al., 2017). Three exchange conditions under the TCE perspective consisted of uncertainty, asset specification and frequency, identifying which governing structure is effective.

For example, environmental uncertainty occurs due to the environment being unusually stable and unpredictable. Adaptation has arisen because of environmental uncertainty, which is the "central problem of economic organization" (Williamson, 1991). Miles et al. (1978) stated that this uncertainty was caused by competitors, suppliers, customers, financial markets, and regulatory agencies. In addition, tax complexity means a variety of specialized inputs must be accomplished for a product or service such as expanding the scope of activities, the number of business functions required, the number of products produced, or the number of different markets supplied resulting in various specialists and input (Killing, 1988). Next, frequency is important for numerous reasons (Williamson, 1985). First, it helps the transmission of implicit information via specialized exchanges, especially for tasks or knowledge. Second, frequent encounters under defined conditions for relational and influenced structure efficiently laid the groundwork for a social mechanism to adapt, govern, and preserve exchanges. Third, utilizing a specialist network governance structure resulted in cost savings through frequent interaction. However, complications of adaptation, managing, and safeguarding need to be highlighted effectively for a governance system to occur and develop (Williamson, 1991). Therefore, Jones et al. (1997) moved beyond TCE by adding complex task conditions that triggered the emergence of network governance.

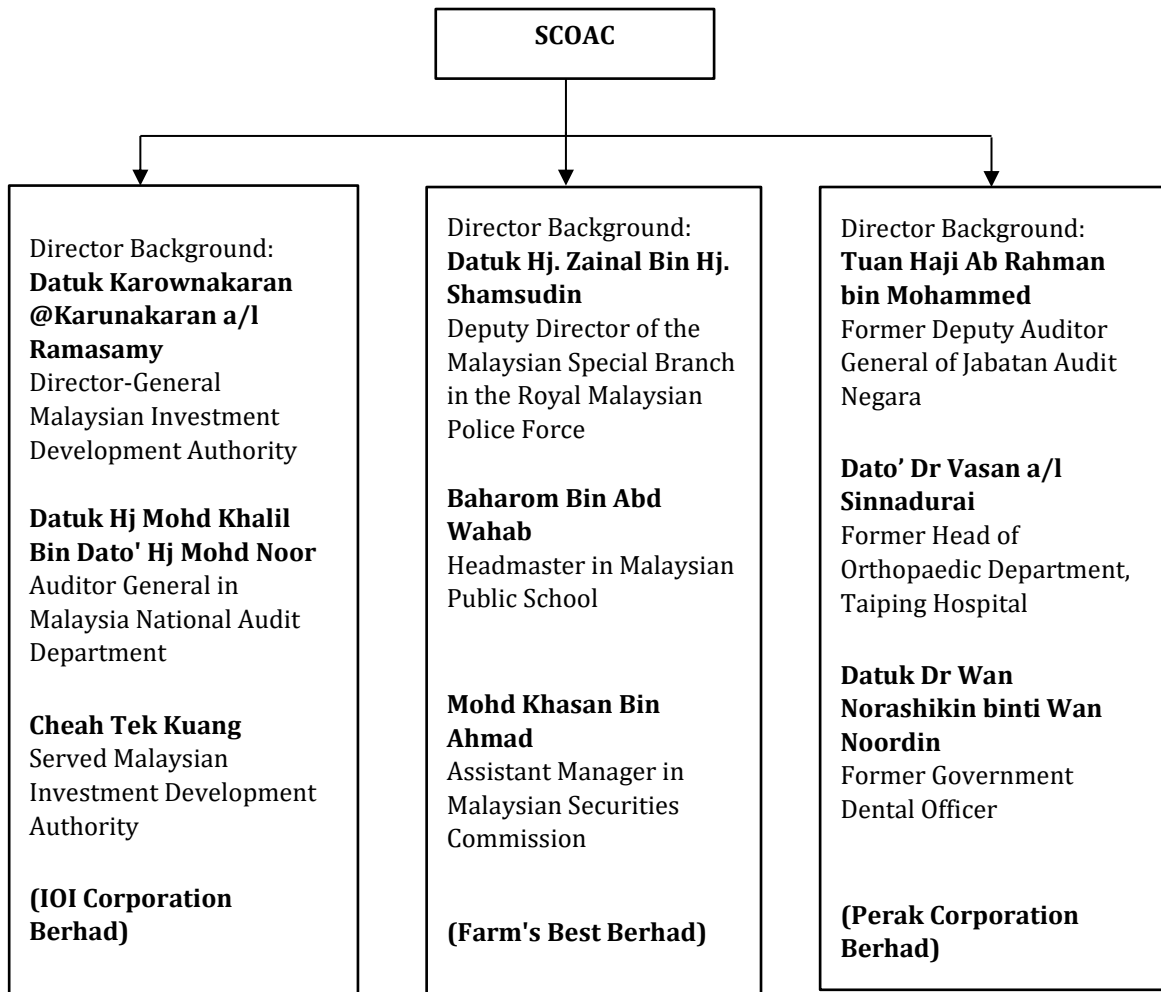
The unique social environment and volatility of the Bumiputra corporate agenda resulted in the implementation of the NEP in 1971, the Industrial Coordination Act (ICA) in 1975, followed by the formation of GLCs reflected in Malaysia (Hamid, 2011). The implementation of NEP, ICA, and GLCs to support Bumiputra in business prompted the establishment of network governance in Malaysia. Besides, the enactment of Treasury Circular No. 3, Guidelines on Appointment and Roles of the Government as Chairman, Chief Executives and Board of Directors of Public Companies, Government Companies and Government-Owned Companies (Public Service Department, 1985) provides a declaration from the government.

Moreover, the Securities Commission Malaysia (2021) released the Malaysian Code on Corporate Governance, which stated that all board of directors, including civil officials, should be appointed based on qualifications and have equivalent authorized responsibilities, as is the foundation of network governance in Malaysia. The study identifies SCO following Article 132 (1) of the Federal Constitution that states “public services are (a) the armed forces; (b) judicial and legal services; (c) the general public service of the Federation; (d) the police force; (e) (Repealed); (f) the common public service referred to in Article 133; (g) the public service of each State; and (h) educational services”.

Article 133 specified (1) A joint service, for the joint use of the Federation and one or more States or, at the request of the States concerned, for two or more States, may be established by federal law. (2) If a member of any public service is employed: (a) partly for federal purposes and partly for State purposes; or (b) for two or more States, then the proportion of its remuneration, if any, payable by the Federation and the State or States concerned or, as the case may be, by each State concerned, shall, subject to federal law, be determined by consent or, if there is no consent, by the Commission whose jurisdiction extends to the member (Federal Constitution of Malaysia, 1963).

The selection of SCO as director exemplifies the characteristics of network governance built on their close ties to the authorities or lawmakers. Several studies have been conducted on SCO. Ang et al. (2013) found that companies with former civil officials on their board of directors have higher company values because of better governance practices in Singapore. Meanwhile, Wu and Dong (2021) stated that China's civil servant independent directors improve company performance due to attainable public resources. In Malaysia, board of directors among former civil servants are considered a stable connection and associated with higher companies' performance as they are not linked to a particular politician, are more professional and have better governance (Wong & Hooy, 2018). Further, no significant results were found in the market reaction to the former civil servant board of directors during the general election and the change of leadership in Malaysia for similar reasons (Wong & Hooy, 2020). Hamid (2011) investigated the relationships between SCO and performance, where the results showed that SCO contribution enhances performance more in non-GLCs than in GLCs. The study will go more deeply by looking into SCO, which is also a member of the audit committee in companies, particularly its links with audit prices. Figure 1 below shows further instances of SCOAC appointments to boards of directors.

Figure 1: Companies with senior civil officials as the audit committee board information



Similarly, an audit committee, according to Sultana et al. (2015), is a subcommittee of the board of directors that handles audit, internal control, and financial reporting responsibilities. Audit pricing is better understood from both the supply and demand viewpoints. The participation of corporate governance in improving operational controls contributes to the lower level of potential risk observed by auditors (Urhoghide & Emeni, 2014). This represents a supply-side viewpoint, in which audit pricing is viewed as a component of an auditor's evaluation of general audit risk. A strong corporate governance process leads to high-quality accounting information. If good corporate governance can become a substitute for external auditing, a negative relationship between audit pricing and governance mechanisms is expected to reduce audit pricing (Saputra & Yusuf, 2019). A supply-side perspective or the lack of demand-side effects implies a negative relationship between corporate governance and audit pricing (Urhoghide & Emeni, 2014).

Conversely, the demand-side viewpoint of audit pricing suggests a positive relationship resulted from corporate governance and audit pricing (Johl et al., 2012). In this case, the presence of corporate governance contributes to higher audit pricing. For instance, further monitoring by institutional investors encompasses an increasing request for audit efforts of auditors to enhance the quality of financial reporting (Tee et al., 2017). Companies with outstanding corporate governance procedures, which include independent, quality, and competent boards, tend to have greater audit pricing as a result of a high-quality audit. Previous scholars have undertaken considerable research on audit prices. However, there are fewer studies on network governance and no previously published research on SCOAC and its relationship with audit pricing. The study explains the emergence and importance of network governance (SCOAC) that will reduce transaction costs (audit pricing).

3. Research Design

The data for the study will primarily come from Malaysian publicly traded companies' annual reports. The years 2014, 2019 and 2023 will be selected because it was the year after the Malaysian General Election, which provided the stability of the information for SCO. The study's data is mainly derived from annual reports of companies. Following previous studies, banking and financial industry companies will be left out of the total sample, as the regulation and scope of these companies differ substantially from those of non-financial companies (Johl et al., 2012; Kikhia, 2015).

Also, companies with insufficient financial information data and inadequate annual reports will be excluded from the study. As an alternative source, the DataStream database will be used for the missing data. A regression model will be used to investigate the link between senior civil officials on the audit committee and audit pricing. In addition, the study will extend and imitate the well-established audit pricing model (see Simunic, 1980; Che-Ahmad et al., 2006; Abdul-Wahab et al., 2015; Tee et al., 2017; Harymawan et al., 2020). For the purpose to analyze the data, the study will use the ordinary least square (OLS) due to it being extensively used in audit pricing literature (see Simunic, 1984; Abdul-Wahab et al., 2013; Truong et al., 2018; Tee, 2019). Furthermore, additional studies will be undertaken to investigate the sensitivity of the results using various measurements such as senior civil officials from the audit committee in the Big 4 auditor sample and non-GLCs with the audit pricing.

4. Theoretical Framework

This study proposes a theoretical framework using Social Network Theory in network governance. SCO preferred to be selected as corporate managers and directors because of their involvement and connection to the government. SCO's close ties with the government are regarded as an important tool for the company's development, as their connections and reputation encompass the resources necessary for their businesses. The SCO could supply the corporation with lucrative contracts, potential customers, expertise, and information. Using network governance, the study discusses the link between SCOAC and audit prices.

According to Ziggers et al. (2010), Social Network Theory in network governance discusses social structures and claims that companies within a network intermingle as a result of dissociation, subletting, and constant repositioning of professionals between companies. This situation binds the corporations together and establishes a network that accepts information, guidelines, and mutual understanding. In other words, network governance encompasses public and private institutions working together in a network of organizations to manage resource distribution (Kapucu & Hu, 2020). Effective network governance or functioning co-administration is capable of lowering transaction costs through efforts in a group of social networks, such as the organization of information movement, legal matters, resource exchange, and so forth (Scarlett & McKinney, 2016). As an outcome, such a network may provide an opportunity for the organization to enhance its performance and, as a result, decrease the transaction costs, which the study recognizes as lowering the audit pricing.

The study identifies SCOAC as an individual, who has previously or currently held the position of a senior officer in the government sector as well as positioned as a company's audit committee. The study proposes that SCOAC uses its government ties to reduce transaction costs (audit pricing). As mentioned earlier, some of the SCOs were selected for their appointment as board members based on their good merit and seniority reputation previously in the government department (Hamid, 2011). Boards with SCO were argued to incorporate better governance practices and regulations based on the close ties and compliance of the government and top officials (Ang et al., 2013). SCO may entail providing companies with guaranteed investment prospects and resources linked to the government (Jamaludin et al., 2015). As a result, it is reasonable to infer that SCOAC represents the government through effective monitoring governance and solid ties with important elected officials. The study implies that the presence of SCOAC gives knowledge and insights to the auditor and assures that adherence to the company's regulations will help contribute to the decrease in audit inspection, therefore reducing audit costs. The research framework and summary variables are illustrated in Figure 2 and Table 2 below:

Figure 2: Theoretical Framework

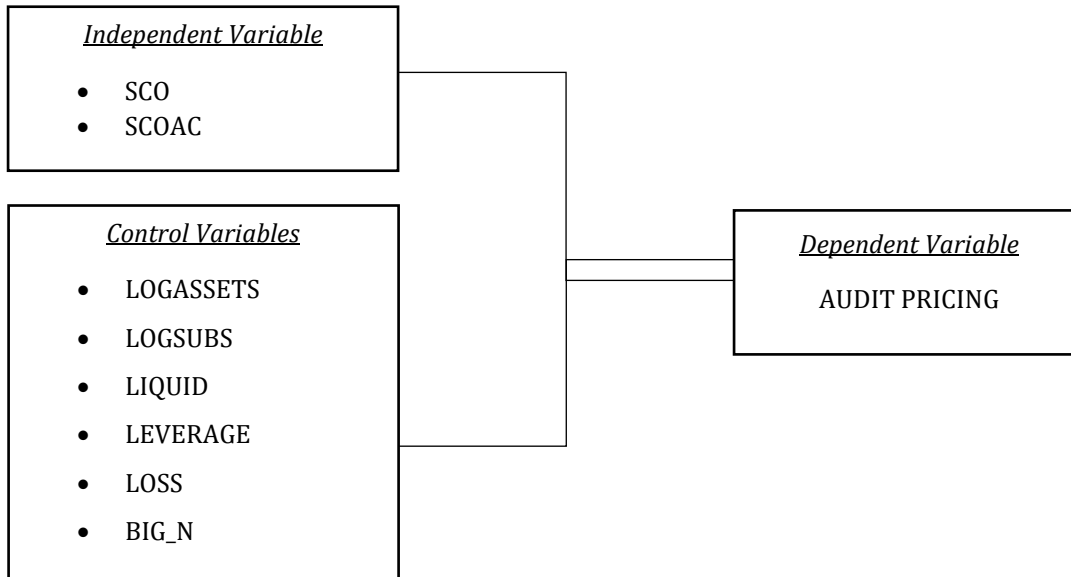


Table 2: Summary Variables

No	Variables Name	Variable Type	Data Assessment	Data Required
1	Audit Pricing	Dependent	Logarithmic change in Ringgit Malaysia's audit prices paid out to the auditor	Income Statement, Notes to the Financial statement
2	Senior Civil Officials of the Audit Committee	Independent	The ratio of total senior civil officials as audit committee over total audit committee	Total number of senior civil officials serving in audit committees
3	Auditee Size	Control	The natural logarithmic of total assets	Balance sheet
4	Auditee Complexity	Control	The natural logarithm of the overall number of consolidated subsidiaries	Notes to the Financial statement
5	Liquidity	Control	The ratio of total current assets over total current liabilities	Balance sheet
6	Leverage	Control	The ratio of total debt over total assets	Balance sheet
7	Profitability	Control	The ratio of earnings before interest and tax over total assets, Dummy variable, 1 for loss in the previous year and 0 otherwise.	Balance sheet, Net income
8	Auditor	Control	Dummy variable, 1 for Big Four auditors and 0 otherwise	Corporate information
9	Busy season	Control	Dummy variable, 1 for fiscal year end in December and 0 otherwise	Balance sheet

5. Conclusion and Recommendations

The study's main purpose is to investigate the relationship involving senior civil officials on audit committees and audit prices in Malaysian publicly traded companies. The study's sample includes Malaysian companies

that were publicly traded in 2014, 2019, and 2023. Senior civil officials on the audit committee analyzed in the study are expected to have a detrimental impact on audit prices. The study also anticipates that additional analyses using senior civil officials in the sample of publicly traded companies, senior civil officials of the audit committee in the Big 4 auditor sample, and non-GLCs will yield detrimental outcomes. The reason is that senior civil servants on the audit committee utilized their close bond with the government to help minimize audit work, resulting in lower audit prices. According to the Public Service Department (1985), an appointed government officer needs to ensure that general government policy, NEP and corporate objectives are achieved by the companies.

It is expected that the lower audit pricing with the audit committee's association ended up not being from their preference for non-Big 4 auditors who provide lower audit quality, but instead from network governance demonstrated by the audit committee's senior civil officials. This could be attributed to the influence of network governance in reducing audit pricing. Besides, the enactment of Treasury Circular guidelines introduced by the government provided the prospect for those companies to have government officers as board members, which represented network governance that contributed to the reduction in audit pricing.

The study will add to the corpus of knowledge and understanding about the interaction involving network governance (portrayed by SCOAC) and audit pricing. To the best of the researcher's knowledge, studies related to SCOAC have not been tested in the audit pricing model, therefore, this contribution will provide a deeper understanding of how SCOAC will influence the audit pricing. In addition, the study will also provide useful insight that the regulatory bodies might use to develop and evaluate more transparent policies based on the findings since there is no specification on the characters and numbers of SCOAC in the Malaysian Board of public listed companies' regulations. Furthermore, the findings of this study could benefit the Malaysian accounting profession by giving empirical information on the structure of audit service prices from an outside perspective. This detail is useful since reduced audit pricing usually occurs by preferred non-Big 4 auditors, which leads to lower audit information quality.

The study does have certain drawbacks. First, the study's sample of SCOAC is based primarily on the yearly reports available on the Bursa Malaysia web pages. Therefore, future studies can replicate the study through other methods, such as interviews and survey measurement. Future research, for example, may take a perceptual approach by conducting interviews with firm stakeholders about their views on SCOAC's relationship with audit pricing, as the study will only follow a theory-driven method. Furthermore, while the study only used secondary data as its main source, future research may incorporate primary data obtained from auditors and other respondents, such as through questionnaire dissemination. Aside from that, future studies could do the same research in a different corporate setting (or country).

Next, because there is insufficient and limited empirical information on SCO, future research might want to look into the influence of SCO on various elements of committee members and the quality of the audit. In addition, the results, while specific to Malaysia and the 2013, 2018 and 2023 GE, can serve as a reference for other countries and elections. The study recommends further investigation on the influence of SCO at regional ranges, as well as the use of different institutional variables, for instance, politics and culture, to identify the varying influences of SCO throughout countries.

Lastly, future studies could investigate whether SCOs in Malaysia are valued beyond the audit price, such as access to financing and grants. The study thus provides useful information for policymakers looking to develop strong official frameworks that allow for transparent governance procedures for appointing SSC as board members. Finally, the study focuses mostly on SCOs listed on Bursa Malaysia, with recommendations for further research in non-listed government-controlled enterprises and private companies.

Acknowledgment: The authors want to express their heartfelt gratitude to Universiti Teknologi MARA Cawangan Terengganu (UiTMCT) for their steadfast and crucial assistance during the duration of this research. The institution's dedication to creating an atmosphere conducive to research and innovation is critical to the successful completion of this project. The authors are appreciative of the opportunity to benefit from such a helpful and resourceful academic institution.

References

- Abdul-Wahab, E. A., Mat-Zain, M., & Abdul-Rahman, R. (2013). Political connections, fees paid to auditors and auditor independence in Malaysia: evidence from going concern audit opinions. *International Journal of Accounting, Auditing and Performance Evaluation*, 9(2), 153-183. <https://doi.org/10.1504/IJAAPE.2013.054331>
- Abdul-Wahab, E. A., Mat-Zain, & Abdul Rahman, R. (2015). Political connections: a threat to auditor independence? *Journal of Accounting in Emerging Economies*, 5(2), 222-246. <https://doi.org/10.1108/JAEE-03-2012-0013>
- Alvarez, G., Pilbeam, C., & Wilding, R. (2010). Nestlé Nespresso AAA sustainable quality program: an investigation into the governance dynamics in a multi-stakeholder supply chain network. *Supply Chain Management: An International Journal*, 15(2), 165-182. <https://doi.org/10.1108/13598541011028769>
- Ang, J. S., Ding, D. K., & Thong, T. Y. (2013). Political connection and firm value. *Asian Development Review*, 30(2), 131-166. https://doi.org/10.1162/ADEV_a_00018
- Bjørnåli, E. S., & Gulbrandsen, M. (2010). Exploring board formation and evolution of board composition in academic spin-offs. *The Journal of Technology Transfer*, 35(1), 92-112.
- Che-Ahmad, A., Shafie, R., & Mohamad-Yusof, N. Z. (2006). The provision of non-audit services, audit fees and auditor independence. *Asian Academy of Management Journal of Accounting and Finance*, 2(1), 21-40.
- Den Ouden, T. (2015). *A contribution to the understanding and strengthening of network governance* [Unpublished doctoral dissertation]. Wageningen University and Research Centre, The Netherlands).
- Dellaportas, S., Leung, P., & Cooper, B. J. (2012). Observations on audit committee characteristics. *Managerial Auditing Journal*, 27(4), 1-4.
- Dubini, P., & Aldrich, H. (1991). Personal and extended networks are central to the entrepreneurial process. *Journal of Business Venturing*, 6(5), 305-313.
- Evana, E., Farichah, F., Mirfazli, E., Idris, A. Z., & Tudor, A. T. (2019). An analysis of the effect of corporate characteristics and auditor characteristics on audit fee. *International Journal of Economics, Business and Entrepreneurship*, 2(1), 13-26.
- Federal Constitution of Malaysia. (September, 1963). *Contains the latest amendments - Act 1260/2006*. Law of Malaysia. <https://www.sprm.gov.my/admin/files/sprm/assets/pdf/penguatkuasaan/perlembagaan-persekutuan-bm.pdf>
- Hamid, A. A. (2011). Network governance in government-linked companies (GLCs) and non-government-linked companies (NGLCs) in Malaysia. *Journal of Financial Reporting and Accounting*, 9(1), 54-73. <https://doi.org/10.1108/19852511111139804>
- Harymawan, I., Putra, F. K. G., Ekasari, W. F., & Sucahyati, D. (2020). Are independent commissioners able to mitigate higher audit fees in politically connected firms? Evidence from Indonesia. *International Journal of Innovation, Creativity and Change*, 8(11), 24-43.
- Jamaludin, N. D., Sanusi, Z. M., & Kamaluddin, A. (2015). Board structure and earnings management in Malaysian government-linked companies. *Procedia Economics and Finance*, 28, 235-242. [https://doi.org/10.1016/S2212-5671\(15\)01105-3](https://doi.org/10.1016/S2212-5671(15)01105-3)
- Johl, S., Subramaniam, N., & Zain, M. M. (2012). Audit committee and CEO ethnicity and audit fees: some Malaysian evidence. *The International Journal of Accounting*, 47(3), 302-332. <https://doi.org/10.1016/j.intacc.2012.07.002>
- Jones, C., Hesterly, W. S., & Borgatti, S. P. (1997). A general theory of network governance: Exchange conditions and social mechanisms. *Academy of Management Review*, 22(4), 911-945. <https://doi.org/10.5465/amr.1997.9711022109>
- Kapucu, N., & Hu, Q. (2020). *Network governance: Concepts, theories, and applications*. Routledge.
- Kettunen, O. (2013, May 3-6). *A network-wide transaction cost theory approach in subcontracting industry: An agenda for empirical research* [Conference presentation]. POMS 2013 Conference, University of South Carolina, Denver, Colorado, United States.
- Kikhia, H. Y. (2015). Determinants of audit fees: Evidence from Jordan. *Accounting and Finance Research*, 4(1), 42-53. <http://dx.doi.org/10.5430/afr.v4n1p42>

- Killing, J. P. (1988). Understanding alliances: The role of task and organizational complexity. In F. Contractor & P. Lorange (Eds.), *Cooperative strategies in international business* (pp. 55-68). Lexington, MA: Lexington Books.
- Klijn, E. H., & Koppenjan, J. (2016). The shift toward network governance: Drivers, characteristics and manifestations. In *Theory and practice of public sector reform* (pp. 158-177). Routledge.
- Larson, A. (1992). Network dyads in entrepreneurial settings: A study of the governance of exchange relationships. *Administrative Science Quarterly*, 76-104. <https://doi.org/10.2307/2393534>
- Liebeskind, J. P., Oliver, A. L., Zucker, L., & Brewer, M. (1996). Social networks, learning, and flexibility: Sourcing scientific knowledge in new biotechnology companies. *Organization Science*, 7(4), 428-443. <https://doi.org/10.1287/orsc.7.4.428>
- Manit, J. M., Kolpakov, A., & Eubank, W. (2019). Analyzing Social Policy from a Network Perspective. *Advances in Social Work*, 19(1), 22-38. <https://doi.org/10.18060/22631>
- Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. *Academy of Management Review*, 3(3), 546-562. <https://doi.org/10.5465/amr.1978.4305755>
- Park, M., Kim, M., & Ryu, S. (2020). The relationship between network governance and unilateral governance in dynamic consumer demand. *Industrial Marketing Management*, 84, 194-201. <https://doi.org/10.1016/j.indmarman.2019.05.008>
- Powell, W. (1990). Neither Market Nor Hierarchy: Network Forms of Organization. Research in Organizational Behaviour, núm. 12. Remmele, B.(2004). *The Moral Framework of Cyberspace. Journal of Information, Communication & Ethics in Society*, (2), 125-131.
- Public Service Department (1985, March). *Treasury Circular No. 3, Guidelines on Appointment and Roles of Government Officer as Chairman, Chief Executives and Board of Directors of Public Corporations, Government Companies and Government-Owned Companies*. <https://docs.jpa.gov.my/docs/pp/1985/pp031985.pdf>
- Saputra, I. G., & Yusuf, A. (2019). The role of internal audit in corporate governance and contribution to determine audit fees for external audits. *Journal of Finance and Accounting*, 7(1), 1-5.
- Scarlett, L., & McKinney, M. (2016). Connecting people and places: the emerging role of network governance in large landscape conservation. *Frontiers in Ecology and the Environment*, 14(3), 116-125. <https://doi.org/10.1002/fee.1247>
- Securities Commission Malaysia (2021, April). *Malaysian Code on Corporate* <https://www.sc.com.my/api/documentms/download.ashx?id=239e5ea1-a258-4db8-a9e2-41c215bdb776>
- Simunic, D. A. (1980). The pricing of audit services: Theory and evidence. *Journal of Accounting Research*, 18(1), 161-190. <https://doi.org/10.2307/2490397>
- Simunic, D. A. (1984). Auditing, consulting, and auditor independence. *Journal of Accounting Research*, 22(2), 679-702. <https://doi.org/10.2307/2490671>
- Sørensen, E., & Torfing, J. (2018). The democratizing impact of governance networks: From pluralization, via democratic anchorage, to interactive political leadership. *Public Administration*, 96(2), 302-317.
- Sultana, N., Singh, H., & Van der Zahn, J. L. M. (2015). Audit committee characteristics and audit report lag. *International Journal of Auditing*, 19(2), 72-87. <https://doi.org/10.1111/ijau.12033>
- Tee, C. M., Gul, F. A., Foo, Y. B., & Teh, C. G. (2017). Institutional monitoring, political connections and audit fees: Evidence from Malaysian firms. *International Journal of Auditing*, 21(2), 164-176.
- Tee, C. M. (2019). CEO power and audit fees: Evidence from Malaysia. *International Journal of Auditing*, 23(3), 365-386. <https://doi.org/10.1111/ijau.12166>
- Truong, C., Garg, M., Adrian, C., Pham, A. V., & Shane, P. (2020). Political alignment and audit pricing. *International Journal of Auditing*, 24(2), 205-231. <https://doi.org/10.1111/ijau.12189>
- Turyahikayo, W., Matsiko, F. B., Okiror, J. J., & Buregyeya, M. (2017). Understanding actor innovation behavior: The application of network governance theory in agricultural innovation platforms. *Journal of Agricultural Extension and Rural Development*, 9(11), 247-254.
- Urhoghide, R. O., & Emeni, F. K. (2014). Corporate governance and audit fee determination in Nigeria. *ESUT Journal of Accountancy*, 5(2), 101-108.
- Wang, H., & Ran, B. (2023). Network governance and collaborative governance: A thematic analysis on their similarities, differences, and entanglements. *Public Management Review*, 25(6), 1187-1211.
- Williamson, O. E. (1991). Oliver E. Williamson. *Administrative Science Quarterly*, 36(2), 269-296.

- Williamson, O. E. (1985). *The economic institutions of capitalism: Companies, markets, relational contracting* (Vol. 866). New York: Free Press.
- Wong, W. Y., & Hooy, C. W. (2018). Do types of political connections affect firm performance differently? *Pacific-Basin Finance Journal*, 51, 297-317. <https://doi.org/10.1016/j.pacfin.2018.08.009>
- Wong, W. Y., & Hooy, C. W. (2021). Market response towards different types of politically connected firms during political events: evidence from Malaysia. *International Journal of Managerial Finance*, 17(1), 49-71. <https://doi.org/10.1108/IJMF-09-2019-0331>
- Wu, J., & Chen, X. (2012). Leaders' social ties, knowledge acquisition capability and firm competitive advantage. *Asia Pacific Journal of Management*, 29, 331-350.
- Wu, Y., & Dong, B. (2021). The value of independent directors: Evidence from China. *Emerging Markets Review*, 49, 100763. <https://doi.org/10.1016/j.ememar.2020.100763>
- Yatim, P., Kent, P., & Clarkson, P. (2006). Governance structures, ethnicity, and audit fees of Malaysian listed firms. *Managerial Auditing Journal*, 21(7), 757-782. <https://doi.org/10.1108/02686900610680530>
- Yatim, N. (2021, September 6). Mohd Zaki was appointed Executive Director of Golden Pharos. *Sinar Harian*. <https://www.sinarharian.com.my/article/159896/BISNES/Mohd-Zaki-dilantik-Pengarah-Eksekutif-Golden-Pharos>
- Ziggers, G. W., Gagalyuk, T., & Hanf, J. (2010). Network governance at the firm and network level: Goals, routines, and social mechanisms. *International Journal on Food System Dynamics*, 1(4), 342-351.