

# ***THEORETICAL BACKGROUND OF INTERNAL AND EXTERNAL ENVIRONMENT OF NEGOTIATION***

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## ***Abstract:***

*Corporate failures and financial scandals are a phenomenon that emerged long before the 21st century. Different scandals around the globe spread over the last decades, such as Enron, Parmalat and WorldCom have interested the stakeholders to question the implications and efficiency of both management and auditors. To reply this demand, the authors conduct qualitative research: the exposure of theoretical background in the field of audit-auditee relationship in the context of corporate governance. Auditor-auditee negotiation concerning difficult client accounting issues involves not only the auditor and the client, but also various other parties on both sides. Moreover, the implications of such a situation have various ramifications that surpass the boundaries of many regulations. The results show that the auditor-auditee relationship is of key importance for the auditing process, also based on the macro and microenvironment of this relationship and the negotiations model that can also have an influence on the matter.*

***Keywords:*** *audit, negotiation, auditor, auditee*

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