Research Paper
Impact Factor: 5.494
Peer Reviewed & Indexed Journal
www.iibarr.com

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

DETERMINANTS OF AUDIT FEE IN ETHIOPIAN MANUFACTURING SHARE COMPANIES-LARGE TAX OFFICE

Mr. Getahun Shiferaw* Dr. Padakanti Laxmikantham **

**Lecturer, Department of Accounting & Finance, CPU Business & Information Technology College, Addis Ababa, Ethiopia.*

***Assistant Professor, Department of Accounting & Finance, College of Business & Economics, Addis Ababa University, Addis Ababa, Ethiopia*

Abstract

The purpose of this article is to provide evidence on the determinants of audit fee in Ethiopian manufacturing share companies categorized under large tax payer. The study applied explanatory research design and panel data regression analysis. Inline with research purpose, secondary data was collected from the sample of fifteen large tax payers manufacturing share companies covering seven years period (2013-2017). In the present study, the researchers able to examine the determinants of audit fee in manufacturing share companies - large tax office. In this study audit fee is the dependent variable where as asset, complexity, debt ratio and return on asset are included as independent variables. An E-Views version 9 software packages was used to make regression analysis. The finding indicates that the variables: asset and debt ratio have a significant positive and negative effect on audit fee respectively. However complexity and return on asset has no significant effect on audit fee of Ethiopian manufacturing share companies. Finally, the researchers make recommends: First, the concern authorities have to put in place measures that encourages disclosure of key information. Secondly, it was also noted that some companies failed to comply with rules and regulations and audit professional ethics which requires the filing of annual reports to the authority annually, based on this fact the researchers recommend to follow up those companies that fail to comply with the requirements of the rules and regulation of the audit work. Thirdly, it was also noted that there are some companies which disclose audit fees provisionally. Related authorities should formulate requirements to ensure audit fees to be disclosed by external auditors and also need to formulate requirements to ensure not only audit fees but also non-audit fees as well. Non-audit fee poses a serious threat on the professional independence of an auditor especially if an auditor becomes over dependent on such fees.

Introduction

The level of audit fees and how they are determined are significant matters to indicate the basis on which audit fees should be determined, the costs which should be covered by an audit fee, and the factors which should be taken into account when determining the audit fee. In addition, these statements were also designed to restrict auditors from charging their fees on a basis which might be incompatible with the ethical values associated with the audit profession. Consequently, they seek to protect the auditors from losing their objectivity and effectiveness as independent auditors (Hassan, 2014).In general, this study focused on the investigation of the determinants of audit fees among manufacturing share companies of large tax payers -(LTO) in Addis Ababa, Ethiopia.

Objective

The main objective of the study is to investigate the determinants of audit fees among manufacturing share companies in Addis Ababa, Ethiopia

Significance of the Study

The study is useful to acquire knowledge about the determinants of audit fees for both audit firms and manufacturing share companies in Addis Ababa, Ethiopia. The determinants of audit fees related to the attributes of companies and audit firms can provide knowledge to auditors and companies on the basis for audit pricing. By understanding the determinants of audit fees, companies can estimate the amount of audit fees that they are required to bear for the audit services in future so that managerial arrangements can be carried out to reduce the costs of audit. The knowledge of audit fees determinants can assist auditors in making audit pricing decisions and help auditors for pricing the audit services appropriately. Finally, this study enhance users or readers to obtain

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

better understanding on the factors influencing audit fees among manufacturing share companies in Ethiopia currently. The research may also serve as a springboard for further research.

Research Design

Based on the objective of the research, the researchers used a quantitative research because it allows summarize large amount of data quickly and consistently and thus results in greater accuracy (Fabozzi, Focardi & Ma, 2005). A deductive approach was also adopted in this study by using annual reports of 15 listed manufacturing share companies in Addis Ababa, Ethiopia which are specified as high tax payers share companies from year 2011 to year 2017.

Data Sources and Collection Methods

In order to identify and examining determinants of audit fees with reference to listed MSCs of Addis Ababa, Ethiopia, secondary data was used in this research. Data source is audited financial statements submitted to Ministry of Revenue, LTO Branch Office in Addis Ababa city for tax purpose. The period of study is 7 years, 2011-2017.

Sample Design

Sampling is the process or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population (Adams et al., 2007). The population of the study is the MSCs listed in Ethiopian Ministry of Revenue registered as a large tax payers (LTO) throughout the period of 2011 to 2017.In this research analysis seven consecutive years (2011 to 2017) financial statements were used that serves the calculating the representative data from each company. Accordingly 15 listed manufacturing share companies are included in this study after excluded 2 companies with insufficient data within the periods of 7 years.

Variables Description

Dependent Variable - audit fees, and Independent Variables - Auditee Size, Auditee Complexity, Auditee Risk, Auditee Profitability.

Table 1: Summary of independent variables used in this Study

Variables	Formulas	Expected Sign
Size	Log of Total Asset	+
Complexity	Total receivable/Total asset	+
Risk	Long term debt/Total asset	+
Profitability	Net income/Total asset	+

Data Analysis, and Results

Test Results for the Classical Linear Regression Model Assumptions

As it is mentioned earlier, tests of diagnostic were carried out to prove that the data fits the basic assumptions of classical linear regression model.

Descriptive Statistics

In order to achieve the study objective, the researchers adopted various statistical tools to analyze the collected data. It presents descriptive statistics which focuses on the distribution of the data; the mean, standard deviation, maximum and minimum values for dependent and independent variables for the selected sample of Ethiopian manufacturing share companies of (LTO) for the year 2011-2017. AUFEE is natural log of audit fee paid to auditor, ASST is natural log of assets, COMP is Complexity and measured by receivables to total asset ratio, DR is debt ratio measured by long term debt to total asset ratio, ROA is return on asset. The cross-section data is

based on fifteen MSCs of (LTO) for seven years covered 105 observations for four independent variables incorporated in the analysis of AUFEE. The results show positive means for all variables.

As it is shown table below, Audit Fee of manufacturing share companies (LTO) in Ethiopia measured in terms of Natural Logarithm of Audit Fee (LnAUFEE) for the total 105 observations showed up averagely value of Br 4.784145 and with standard deviation of Br. 0.530639 during the study period (2011-2017), with a maximum value of Br 863,773 and a minimum of Br 10,000. This variation is a reflection of the size and complexity of the audited share companies. There is a big difference among share companies with respect to asset owned by them. The amount of audit fee paid in Ethiopian share companies is very low compared to other countries level of audit fee. This may affect the quality of audit badly.

Table 2: Summary of Descriptive Statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev.
AUFEE	4.784145	4.623249	5.978590	3.079181	0.530639
ASSET	8.380063	8.364598	9.603585	7.415256	0.504331
COMP	0.484770	0.517773	1.601919	0.003246	0.280616
DR	0.614023	0.520913	3.787475	0.059733	0.464467
ROA	0.053448	0.050496	0.742008	-0.397994	0.148870

Source: Eviews 9 Output

As it is presented in table 2, the mean value of audit fee was measured by natural log of assets. However, for this discussion the researcher used the real Birr value of total assets and to clearly understand the figures. There is also a big difference among firms in auditee size reflected through total assets. Based on the information, MSCs of (LTO) have an average size of Birr 4.75E+08 (8.380063) with a maximum of Birr 4.01E+09 (9.603585) and a minimum of Birr 26016944 (0.003246) which shows a greater variation between companies reaching to Birr 4.75E+08 and a standard deviation of 0.50 also indicates this variations. The maximum asset size is from manufacturing company on 2017 and the minimum one is from manufacturing company on 2013. The maximum and the minimum value from these result from the model indicates that there is a variation in term of size between sampled firms.

Complexity has the minimum value of 0.003246 (this means that is 0.3% of assets are receivables) and maximum value of 1.601919 (this means that is 160% of assets are receivables). These are measured in receivable ratio and on average each company in sample has a sum of equals to 0.484770 (this means that 48% of assets are receivables). The deviation of each MSC Company's complexity i.e. standard deviation is equal to 0.28. This implies that receivables are significant portion of total asset.

Debt ratio (DR) shows the proportion of a company's assets that are financed by debt. A ratio of 0.614023 implies that MSCs financed their total assets through long term debt. It has a maximum debt ratio of 3.787475 and minimum value 0.059733 with standard deviation of 1.923592. The standard deviation of the leverage ratio together with the minimum and maximum amounts pointed to major variations in the level of leverage in the sampled companies.

As it is presented in table 2, the mean value of external audit fees was measured by return on asset which is measured by dividing EBIT to total asset of the companies. ROA indicates that how the manager utilize the available assets to generate profits by utilizing the available assets of the firm (Naser at al. 2013). The descriptive statistics in this study shows a mean value of 0.053448 and median of 0.050496. This result indicates that on average, for every one birr of an asset of manufacturing share companies there was approximately 0.05 cents

return and also shows that the sample MSCs on average earned a net profit of 0,05 of total asset. ROA also has a maximum of 0.742008 and the minimum of -0.397994. This indicates the most profitable manufacturing share companies (MSCs) earns on average 0.742008 cents income and the least profitable MSCs earns on average -0.397994 cents income (loss) for a single birr for every one Birr in the firm's asset.

Table 3 Average Audit Fee and Profit Over Time

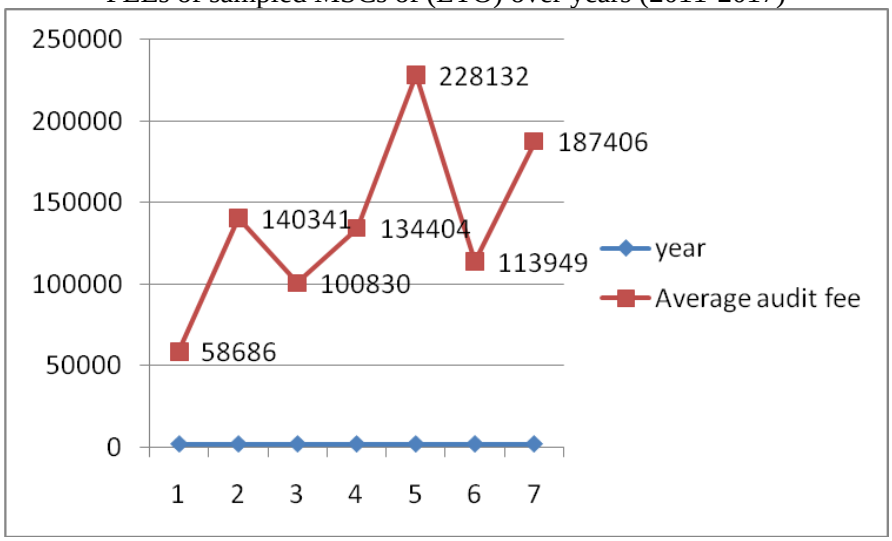
Year	Average audit fee	Average profit
2011	58686	58229970
2012	140341	44136909
2013	100830	42584148
2014	134404	5757599
2015	228132	10977591
2016	113949	19072322
2017	187406	70952284

Source: Developed for the research.

Though the literature indicate the existence of positive relationship between audit fees and profitability (Ebrahm 2010) in this study there is no consistent relationship between profitability and audit fees variables. For instance the lowest average profit registered in 2012 amount Br 10,977,591 and in contrast to this the highest amount of audit fees was registered in this year which is Br 228,132.

Figure 1 Average audit fee trends

FEEs of sampled MSCs of (LTO) over years (2011-2017)



Source: Computation from sampled MSCs through Eviews 9

As indicated in the above figure 1, the minimum audit fees was reported on 2011 which was Br 58,686.On the other hand the maximum audit fee was charged on 2015 amounting Birr 228,132.There was a steep increase in audit fee in 2015 relative to 2014 by Birr 93,728 (by 69%).As indicated in prior parts the literature shows an increasing pattern of audit fees following the rise in profitability and asset size (growth) of firms (Alhassan, 2017; Hassan Yahia, 2014; Wahab and Zain, 2013; Yaacob (2013); Naser, Al-Mutairi, and Nuseibeh (2013), but this studies result did not reveal such consistent pattern.

Results of the Regression Analysis

This section presents the regression result of Cross-section random an effect that was made to examine the determinants of Audit Fees in manufacturing share Companies in Ethiopia. Accordingly, the regression result was made and coefficients of the variables were estimated via E-views 9 software package. As stated above, Cross-section random effects is an appropriate model used in this study. Thus, the model used to examine the determinants of Audit Fee in MSCs in Ethiopia was:

$$\text{Ln (ADFEE)} = \beta 0 + \beta 1 \text{ (LNASSET))} + \beta 2 \text{ (COMP)} + \beta 3 \text{ (DR} + \beta 4 \text{ (ROA)} + \varepsilon$$

Table 4: Relationship Between Expected Sign and Actual Sign of Hypothesis Decision And Discussion of Results

H	Statement of Hypothesis	Independent Variables Expected Sign	Independent Variables Actual Sign
1	Relation between auditee size and audit fees	+Significant	+Significant
2	Relation between complexity and audit fees	+Significant	-Insignificant
3	Relation between auditee risk and audit fees	+Significant	-Significant
4	Relation between auditee profitability and audit fees	+Significant	-Insignificant

Source: Developed for the research

Figure 2, below shows that the result of multiple regression analysis based on random effect model that R-squared is 34.7% and adjusted R-squared value of 32.0% for the model. The value of adjusted R-squared shows that there is a relationship between AUFEE and the listed independent variables, because all independent variables can explain return on asset about 32% in the t model. While the remaining 68% explained by other factors which are not included in the regression.

Figure 2: Relationship between audit fee and determinants of audit fee

Dependent Variable: F0EE				
Method: Panel Lea000st Squares				
Date: 05/27/19 Time: 13:58				
Sample: 1 105				
Periods included: 7				
Cross-sections included: 15				
Total panel (balanced) observations: 105				
0Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.112528	0.733874	0.153335	0.8784
ASSET	0.581701	0.086177	6.750072	0.0000
COMP	-0.127923	0.163287	-0.783424	0.4352
DR	-0.196299	0.095893	-2.047054	0.0433
ROA	-0.384143	0.308601	-1.244787	0.2161
R-squared	0.346537	Mean dependent var		4.784145
Adjusted R-squared	0.320398	S.D. dependent var		0.530639
S.E. of regression	0.437448	Akaike info criterion		1.230730
Sum squared resid	19.13607	Schwarz criterion		1.357109
Log likelihood	-59.61333	Hannan-Quinn criter.		1.281941
F-statistic	13.25771	Durbin-Watson stat		0.719618
Prob(F-statistic)	0.000000			

Source: Eviews 9 Output

In the figure 2, the researchers tried to show the relationship between different determinant factors variables and audit fee.

To do all classical regression assumptions are meet and to improve the fitness of the model audit fee and asset are transformed to log. The regression result in the model by using random effect regression model shows coefficient intercept / C / is approximately 0.112528. This means, when all explanatory variables took a value of zero, the average value of AUFEE would be taking a value of 0.112528 and statistically significant at 5% level of significance.

Based on the regression result, the R^2value is 0.346537 (34.7 %) which implies that approximately 35% of fitness can be observed in the sample regression line. This can be further explained as, 35% of the total variation in Audit Fee is explained by the independent variables (Size, Complexity, debt ratio and Profitability) jointly. The remaining 65% of change is explained by other factors which are not included in the model. Although the R^2 (35%) seems to be relatively small; a large R^2 does not necessarily mean high predictability, nor does alow R^2 necessarily mean a poorpredictability.The Prob (F-statistic) value is 0.000 which indicates strong statistical significance, which enhanced the reliability and validity of the model. Each variable is described in detail as follows:

Auditee Size

According to the finding from data analysis, auditee size was proved to have significant relationship with audit fees. Null hypothesis (H0) of this variable is rejected due to Multiple Linear Regression analysis generated the results of p-value with 0.0000 which is less than 0.05.

These findings of the study consistent with the results of previous studies conducted by (e.g. Yaacob, 2013; Naser et al., 2013; and Causholli et al. 2011; Gonthier-Besacier and Schatt, 2007; Ahmed and Goyal, 2005;and Joshi and Bastaki, 2000) which revealed that auditee size and audit fees were significantly associated. Wahab and Zain (2013) stated that larger auditee size demand more time to design audit procedures and to conduct more test of detail due to the scope and complexity of an audit which consequently result in a higher audit fees charged by the auditors. The results are in line with the hypotheses developed where client size is significant to the level of audit fees charged.

The significance size coefficient can be interpreted as a 1% change in the total asset accompanied by 58% increase in audit fee. Results of the study show that size of auditee's business has significant positive relationship with audit fees. The fact that labour usages and efforts of auditor increase with auditee's size of business holds true in manufacturing share companies of Ethiopia and results are in accordance with the meta-analysis of (Hay, 2010). Generally, the positive and significant relationship between size and audit fees in the result leads to fail to reject the first hypothesis.

B. Auditee Complexity

The second variable appeared to be insignificant predictor of audit fees of the MSCsof (LTO) in Ethiopia is auditee's complexity as measured by Receivable ratio. The coefficient of Complexity (COMP) is negative (-0.127) and statistically insignificant at 5% level of significance (P-value of 0.435). This finding is not in line with some prior studies (De Deorge et al. (2012); Yaacob and Che-Ahmad (2012); Kim et al. (2012); Gonthier-Besacier and Schatt (2007) and Joshi & Al-Bastaki, 2000). The strong association observed between audit fees and auditee's complexity is justified on grounds that a more complex company (measured by the ratio of receivable to total asset) requires more audit work to examine individual company financial statements and consolidated financial statements. Moreover, the auditor needs to perform more complicated audit procedures when the company has foreign subsidiaries for making sure of the client's compliance with the rules and regulations imposed by home country and, therefore, the company will be subject to higher audit fees.

Based on the finding from data analysis, COMP was not found to have a strong impact on dependent variable, audit fees. Null hypothesis (H0) of this variable is rejected due to Multiple Linear Regression analysis generated the results of p-value with 0.435 which is more than 0.05. It means when defining audit fees, auditors do not pay

attention to the ratio of receivables and inventory to the total assets. Beside nature of assets, number of subsidiaries was used as a proxy of auditee complexity by earlier authors and proven to have explanation power for audit fee changes (e.g. Joshi and Bastaki, 2000; Thinggaard and Kiertzner, 2008). However, the researcher could not collect data of number subsidiaries to test this relationship. Therefore, according of the results of this study, it is difficult to develop a new theory or to support the existing theory.

C**. Auditee Risk**

The multiple regression test results show that a measure of audit risk with a proxy of debt ratio has a negative relation with audit fees (P=0.043 and correlation coefficient = -0.196).From the model, long term debt ratio has a negative significant effect on the audit fee of MSCs. This means as long term debt ratio increase, the audit fee of MSCs would decrease.

As it is observed from the finding of the data analysis, auditee risk was proved to have a strong negative impact on dependent variable, audit fees. Null hypotheses (H0) of this variable isnot rejected due to Multiple Linear Regression analysis generated the results of p - value with 0.043 which is more than 0.05. This result was not consistent with past studies of (Koh and Tong, 2012; Calderon et al. 2012; and Stanley, 2011) which provided that auditee risk has positive relationship with audit fees. Hence, the auditee risk results in auditor decreasing audit fees. The result is not in line with the hypotheses developed where audit fees increases with the auditee risk. So it implies that, most MSCs were those maintaining a high proportion of long term debt. This may because of due to the possibility of getting high long term debt for MSCs in Ethiopia. Although, the increase in the level of long term debt also increases the riskiness of companies, auditors may not care for risk factors rather they charge for by looking mainly at an asset of their auditee as evidenced by (Alhassan, 2017).

Debt ratio is a measure of firm's leverage and is found by dividing total long term liabilities by total assets. Return on asset measures a firm's profitability and is found by dividing net income by total assets. Both variables are found to be negatively related with audit fees which means that auditors charge fewer fees for a companies which are highly leverage and highly profitable. Therefore, the researcher may say audit fee is lower because the higher these ratios, the lower the level of risk in business.

D. Auditee Profitability

In this study, Profitability is measured in terms of Return on Asset (ROA). The analysis result shows that, the coefficient of ROA is (-0.3843) and a p- value of 0.216 indicates a negative sign and no significant relation between audit fees and auditee profitability. Previous research pointed to possible association between audit fees and client profitability (Joshi & Al-Bastaki, 2000).

According to the finding from data analysis, profitability was proved to have no significant relationship with audit fees. Null hypotheses (H0) of this variable is not rejected due to Multiple Linear Regression analysis generated the results of p value with 0.216 which is more than 0.05. The finding from this study appears to be contradictory to the results of previous study carried out by Al-Harshani (2008) which reported that audit fees are positively and significantly associated with the profitability of the firm. Moradi et al. (2012) suggested that highly profitable audit client will be charged higher audit fees by audit firm as auditor is expected to collect more evidence to test an unusual high earnings as well as expenses of the company. Accordingly, companies will be subject to rigorous audit testing to their revenues and expenses (Joshi & Al-Bastaki, 2000). The inconsistency of the findings with prior studies can be explained by the fact that most of the previous researches did not adopt samples only from manufacturing share companies and the audit services market in Ethiopia may be not at standard as compared to those developed countries stock market.

On the other hand, the findings of the present study is identified to be supported by previous research conducted by Mohammad Hassan and Naser (2013) which concluded that profitability has no significantly relationship with audit fees. Swanson (2008) further claimed that the possibility of inappropriate in audit pricing decision could make if auditors are pricing the audit services related to the net profit of the company. The results are contradicted with the hypotheses developed where profitability is insignificant to the level of audit fees charged. Hence, profitable companies would pay high audit fees. Different variables were employed by previous researchers to

represent profitability. The negative and insignificant relationship between ROA and audit fees in the result leads to fail not reject the 4th hypothesis.

Summary, Conclusions And Recommendations

It provides summary of findings, conclusions and recommendations of the study. In this study, the researcher use audit fees as a dependent variable. Auditee size, auditee complexity, auditee risk and auditee profitability used as an independent variables. The quantitative data were collected from the annual financial statement of fifteen Ethiopian manufacturing share companies categorized under (LTO) for the period covered 2011-2017. The collected data were analyzed by employing panel least square regression analysis model using statistical package Eviews 9.

Summary of Findings

The study sought to find out the determinants of audit fees for MSCs of (LTO) in Ethiopia.
The study employed deductive approach where a study began with developing theory and hypotheses. After that the researcher chooses data and tests the hypotheses. Data was collected on 15 listed manufacturing share companies of (LTO) annual reports covering the period from 2011 to 2017.

The annual reports were obtained from the Ministry of revenue branch of (LTO) of Ethiopia. Multiple linear regression and correlation analysis were used to analyze the data. It was found that the average audit fee was Br 4.784145 in the period of the study. The multiple linear regression model (R^2) is 0.346 and the adjusted (R^2) is 0.320 implying that the variation in audit fees can be explained 35% by the variables in the study, while 65% of the audit fee variance is explained by the error term and other factors. The model is statistically significant as indicated by the F value of 63.354 and significance p- value of 0.000.

The regression results indicate existence of a positive relationship between audit fees and the variable auditee size. Also, a negative relationship was found between audit fee and auditee risk. The results did not support any relationship between audit fees and auditee profitability and auditee complexity.

Conclusions

The study sought to define audit fees determinants of listed MSCs categorized under LTO during the period 2011-2017 in Addis Ababa, Ethiopia. The research uses the deductive approach and has been conducted based on a sample of 15, annual reports of the year 2011-2017. Four factors proxies by four variables are chosen to be tested.

Based On Results of Findings, the Following Are the Conclusions

1. The multiple linear regression test results shows that for listed MSCs categorized under LTO, there are two factors having explanatory power on audit fees, namely auditee size (measured by the log of total assets - positive) and auditee risk (measured by total long term liabilities/Total asset - negative). According to the multiple linear regression result, auditee complexity and auditee profitability were not evident to have associations with audit fees in the multiple linear regression.
2. From the study it is evident that the audit market for listed MSCs in Ethiopia is dominated by the local audit firms.
3. Auditee size and debt ratio are the important factors determining audit fees for Ethiopian listed manufacturing share companies categorized under LTO. The results can be interpreted that to be more competitive, auditors for Ethiopian MSCs might concentrate on only audit workload to define audit fees.
4. It is to be noted that there are results which are different from results of previous studies. For example, while most of previous research studies (Joshi and Bastaki, 2000; Ahmed and Goyal, 2005; Mellett et al, 2007; Gonthier-Besacier and Schatt, 2007; Thinggaard and Kiertzner, 2008 ;) showed relation between audit fees and auditee complexity but in this research result did not indicate such relation.

Recommendations

Based on the above results, it suggests the following recommendations:
For Financial Managers of Manufacturing share Companies of Large Tax Payers.

1. This research examines the relationship between auditee size, auditee complexity, auditee risk and auditee profitability which affects the amount of audit fees among listed manufacturing share companies in Ethiopia. The findings presented in the study indicated that the independent variables (size and risk) have a significant relationship to the dependent variable (audit fees). Based on the results of the study, practitioners such as manufacturing share companies, audit firms as well as regulatory bodies are able to obtain several implications.
2. Manufacturing share companies of large tax payer can be advised to focus on the determinant factors that are deemed to have significant association with audit fees. By understanding how these independent variables affect audit fees among manufacturing companies, companies can gain more insights on what they are paying for and whether the audit fees are priced at an acceptable level.
3. On the other hand, the findings of this research may provide a basis for audit firms to regulate or establish policies relating to audit pricing in Ethiopia. This paper contributes to audit firms by helping auditors to make audit pricing decision and provide an in-depth analysis of audit fees determinants in Ethiopian manufacturing share companies.
4. It was also noted that some companies failed to comply with the audit quality standards which requires the filing of audited annual reports to the concerned authority annually, based on this fact the researcher recommend strict disciplinary action against companies which fail to comply with the requirements of the true practice.

References

1. Adams, J., Khan, H. T., Raeside, R., & White, D. I. (2007).Research methods for graduate business and social science students. Sage publications India.
2. Bedard, C., & Johnstone, M. (2010). Audit Partner Tenure and Audit Planning and Pricing. Auditing: A Journal of Practice &Theory, 29(2): 45–70. http://dx.doi.org/10.2308/aud.2010.29.2.45.
3. Carson, E., Fargher, N., Simon, D. T., & Taylor, M. H. (2004). Audit fees and market segmentation–further evidence on how client size matters within the context of audit fee models. International Journal of Auditing, 8(1), 79-91.
4. Dart, E. 2009.'UK Investors' Perceptions of Auditor Independence' Working Papers in Accounting and FinanceISSN 1750-6638.
5. DeAngelo, L. (1981a). Elizabeth. "Auditor Independence, 'Low Balling' and Disclosure Regulation. Journal of Accounting and Economics (North—Holland Publishing Company), 3(2), 113-117.
6. Ethridge, J. R., Marsh, T., & Revelt, B. (2011). Engagement risk: Perceptions and strategies from audit partners. Journal of Business & Economics Research , 5(4).
7. Fabozzi, F. J., Focardi, S. M., & Ma, C. K. (2005).Implementable quantitative research. The Journal of Alternative Investments, 8(2), 71-79.
8. Gist, E., (1992).Explaining variability in external audit fees. Accounting and Busines Research, 23(89), 79-84. http://dx.doi.org/10.1080/00014788.1992.9729863.
9. Hogan, C. E., & Wilkin0s, M. S. (2008). Evidence on the audit risk model: Do auditors increase audit fees in the presence of internal control deficiencies?.Contemporary Accounting Research, 25(1), 219-242.
10. Jensen, M. C., and Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(4), 305-360.
11. Mellett, H., Peel, M.J., and Karbhari, Y. (2007). Audit fee determinants in the UK University sector. Financial Accountability & Management, 23(2), May 2007, 0267-4424.
12. Mihret, D.G. (2011), 'Reliance of External Auditors on Internal Audit Work: A Corporate Gov00er0nance Perspective', International Business Research, Vol 4.No 2, Pp 67-79.00
13. Sandra, W. M. H., & Patrick, P. H. N. (19096). The determinants of audit fees in Hong Kong: an empirical study. Asian R0eview of Accounting, 4 (2), 32-50.
14. Stanley, J. D. (2011). Is the audit fee disclosure a leading indicator of clients' business risk?.Auditing: A Journal of Practice & Theory, 30(3), 157-179.
15. Van Caneghem, T. (2010). Audit pricing and the Big4 fee premium: Evidence from Belgium. Managerial auditing journal, 25(2), 122-139.