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DETERMINANTS OF ABNORMAL AUDIT FEES IN NIGERIAN QUOTED COMPANIES

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Abstract

The aim of the study is to investigate the determinants of abnormal audit fees in Nigerian quoted companies, with specific emphasis on how the firm size, Big4, profitability, joint audit, and leverage impact on abnormal audit fee. The study involved about eighty four (84) manufacturing companies quoted on the Nigerian Stock Exchange as at 31st December 2014. A sample of 56 companies representing 67% was finally selected for the study. Panel regression estimation technique was used in the analysis of the variables. The choice of the panel regression technique is premised on its quality of unbiasedness, increased data point, and control for individual heterogeneity. To test the accuracy of the model, we employed the classical regression assumption tests of normality, heteroskedasticity, serial correlation and multi co-linearity. The study found a positive and statistically significant relationship between the interaction of Big 4 audit firms and firm size and the dependent variable of abnormal audit fees which implies that large firms using Big 4 audit firms tend to pay abnormal audit fees. We, therefore, recommend that large firms should patronise reputable indigenous audit firms.

Keywords: Abnormal audit fee, firm size, profitability, joint audit, leverage

1. INTRODUCTION

In the developed countries of Europe and America, empirical consideration on issues of abnormal audit fees is sparse, except for Choi, Kim and Zang (2006) on abnormal audit fees and audit quality; Xie, Cai, and Ye (2010) on abnormal audit fees and audit opinion. However, the same cannot be said of developing countries with emphasis on Nigeria. In general, whether in the developed or developing countries, issues of determinants of abnormal audit fees have not received much empirical attention, safe for Ilaboya and Campbell (2015). This paucity of empirical literature creates a knowledge gap which forms the basis of this current contribution. Therefore, the fundamental objective of this study is to investigate the determinants of abnormal audit fees.

From casual empiricism, if normal and abnormal audit fees are borne out of the services of the auditor, it is therefore expected that the determinants of normal audit fees should be the same as the determinants of abnormal audit fees. However, the truism of this assertion lacks empirical justification, hence the motivation for the study.

This study contributes to the small but burgeoning body of knowledge on the dynamics of the determinants of abnormal audit fees by bridging the gap occasioned by sparse empiric in this regard. In Nigeria, while this may not be the first attempt on the issue, we also made a methodological advancement having focused on 56 manufacturing companies compared to the narrow Nigerian banking sector which was the focus of the earlier study.

In a preview of the regression result, we find a positive and significant relationship between firm size, the interaction between firm size and Big 4 and the dependent variable of abnormal audit fees. On the other hand, the relationship between the variable of Big 4 and abnormal audit fees is both negative and statistically significant at the 5% level.

The remainder of the paper proceeds as follows: section two focuses on an empirical review of the literature, section three addresses methodology of the study with an emphasis on analytical framework and modelling, section four focuses on estimation results and discussion of findings, while section five concludes the study.

2. REVIEW OF EMPIRICAL LITERATURE

2.1. Abnormal Audit Fees

Audit fees are of two types. The first are normal fees, which reflect the cost to perform the audit, including labour costs, expected litigation risk losses and normal profit (Simunic, 1980; Choi, Lui&Sumunic, 2005, Asthana & Boone 2012). Normal fees are usually determined by factors that are common across different clients such as client size, client complexity, and client-specific risk.The

second kind is abnormal fees that include abnormal profits from audit engagement (Asthana & Asthana, 2012). These are fees specific to an auditor-client relationship (Higgs &Stantz, 2006; Choi, Kim & Zang, 2006). Extant empirical literature is replete with studies on the determinants of audit (normal) fees. (Antle, Gordon, Naraymoorthy& Zhou, 2006; Asthana & Asthana, 2012; Choi, et al., 2005; Simunic, 1980; Whisenant, Sankaraguruswamy & Raghynandan, 2003). But the same cannot be said of abnormal audit fees.

2.2. Firm Size and Abnormal Audit Fees

Simunic (1980) pioneered the publication in this subject area and firm size seems to be the core explanatory variable in the study of abnormal audit fees. This appears intuitive because, audit fees are paid according to the time spent in completing a given job. Bigger companies are usually involved in a greater number of transactions that necessarily require longer hours for an auditor to inspect. Whisenant et al., (2003); Davis, Ricchiute, and Trompeter (1993); and Ashbaugh, Lafond, and Mayhew (2003) found a positive relationship between firm size and audit fees. Different measures of company size exists: total assets (Taylor & Baker, 1981) ; total sales and number of employees (Haskim&Williams, 1988). According to Sandra and Patrick (1996), the relationship between the size of the clients firm and abnormal audit fees is unlikely to be linear. Pong (1999) observed that it is possible that both assets and turnover feature in a model of the determination of abnormal audit fee. According to Karim and Moizer (1996), the internal control procedures are likely to be more sophisticated in larger companies than smaller ones. The internal control system reduces the risk of errors, and due to this, the total time of the audit will be decreased.

2.3. Big 4 and Abnormal Audit Fees

According to Francis (1984) larger audit firm will charge higher fees to deliver high-quality services in a competitive market in which there is a demand for service differentiation. Thus, audit fees can be used to analyse audit quality and whether there is a demand for differentiation in auditing market. There is still uncertainty as to whether being one of the large audit firms (KPMG, Deloitte, Ernst & Young, and Price Water House Coopers) increases the fees charged for auditing and consulting services. Palmrose (1986) hypothesised three scenario in explaining Big4 and audit fees: the monopolistic nature of the market require high fees; fee premium is charged due to the expected quality of audit and the proposition of lower prices as a result of economies of scale.

DeAngelo (1981b) takes the same perspective and emphasised that large firms will lose more regarding reputation when they make a mistake and, therefore, have an added incentive to do quality work. Other authors also note the existence of the price premium charged by the Big4 auditors (Whisenant et al.,

2003; Zaman, Hudaib, and Haniffa, 2011).Ashbaughet al., (2003) and Defond, Raghunanda, and Subramanyam (2002) show that companies that hire Big Four firms pay higher consulting fees, but Antle et al. (2006) did not find any significant result.

2.4. Profitability and Abnormal Audit Fees

Profitability is the level of profit in relation to the volume of activity. The profitability of the client can be determined by either the income or loss figure disclosed in the income statement (Firth, 1997; Francis & Simon 1987; Low, Tan, & Koh, 1990; and Karim & Moizer, 1996). Different measures of profit have featured in different accounting researches such as: return on asset (ROA), return on equity (ROE), return on capital employed (ROCE), return on investment (ROI). Clients disclosing high-level of profit may lead to higher audit fees (Pong et al. 1994). It has been established in extant literature that the amount of audit fees is a function of the profitability of the audit client (Sandra & Patrick, 1996) even though some other researches have established a negative relationship between profitability and audit fees (Sankaraguruswam & Whisenant, 2005).

2.5. Joint Audit and Abnormal Audit Fees

Joint audit occurs in a situation where two or more auditors are involved with the audit of business entity resulting in one audit report. The auditors in a joint audit assignment perform both audit planning and field work together. In addition to improving the quality of audit, joint audit provides a reasonable check on the auditors' diligence and ensures the independence of the auditors (Piot &Janin, 2007). The effect of joint audit on abnormal audit fees is a function of the interaction between the auditors. That is, companies with joint audit pay significantly less for their audit than companies without joint audit, hence, there is a negative relationship (Gonthier-Besacier & Schatt, 2007). The relationship tends to be vague if the joint audit involves a Big4 and a smaller audit firm (Lesage, Ratzinger-Sakel & Kettune, 2012). Against the above backdrop, the relationship between joint audit and abnormal audit fees is ambiguous. This ambiguity creates a gap that this research will fill.

2.6. Leverage and Abnormal Audit Fees

Lu and Sapra (2009) observe that companies with higher business risk are associated with auditor conservatism and that increased customer pressure improves auditing quality in this situation. Zaman et al. (2011) opine that leverage is positively related to abnormal audit and consulting fees because, companies that are highly levered require more careful monitoring to shelter them from financial and market risks. Bedard and Johnstone (2004) and Defond et

al.,(2002) find a positive relationship between leverage and abnormal audit fees. While Chaney, , and Shivakumar (2004) report a positive relationship between short-term financial risk and auditing expenses concerning consulting, Ashbaugh et al., (2003) identify a positive relationship between leverage and consulting fee.

3. METHODOLOGY

3.1. Analytical Framework and Model Specification

The framework for the analysis of the determinants of abnormal audit fees in Nigeria quoted companies is the Jensen and Meckling (1976) agency theory. The theory addresses the relationship between resource owners and resource managers which often results in conflict of interest. Alchaian and Demsetz (1972) were the first to argue that monitoring the performance of individual work effort is always at a cost to any firm and those organizational inefficiencies are created when the flow of information on individual performance is decreased or blocked. The agency theory advanced two main conflict: How to align the conflicting goals of the principal and the agent and how to ensure that the performance of the agent is in tandem with the expectations of the manager.The solution to either of these agency problems is to ensure that executives or managers act in best interest of the owners by increasing the amount and quality of information available to the principals and making senior executives part owners of the firm through their compensations packages (Watts & Zimmerman, 1983).

Against the above backdrop, we expect that abnormal audit fees will be related to the size of the firm. Consistent with Antle et al., 2006; Choi et al., 2005; Simunic, 1980; &Whisenant et al., 2003) a functional relationship is expected between the size of the firm and abnormal audit fee in the form:

ABNFEE= f (firm size) - - - - - - - (i)

In the same vein, we expect the interaction between firm size and Big 4 auditors to be related to abnormal audit fees. This is because; the size of the firm or company will mean complex activities that may require the services of the Big 4 firms.

From extant literature, profitability is related to normal audit fees (Pong & Whittington,1994; Sandra et al., 1996;). It is also expected that more profitable firms will pay abnormal audit fees. Hence, a significant relationship exists between firm profitability and abnormal audit fees (Chan, Ezzammel, Gwilliam 1993; Hay, Knechel, and Wong, 2006). Therefore

ABNFEE = f (Profitability) - - - - - (ii)

Joint audit is also expected to relate to abnormal audit fees.Gontheir-Besacier et al., (2007) observed a negative relationship between joint audit and audit fee. Therefore;

ABNFEE = f (Joint Aud) - - - - - - (iii)

Consistent with Lu et al. (2009), leverage is related to normal audit fees. Consistent with Bedard et al. (2002); Chaney et al. (2004);Defond, Francis and Wong (2002) and Zaman et al. (2011), there exist a positive relationship between leverage and abnormal audit fees. Hence,

ABNFEE = f (Leverage) - -- - - - - (iv)

Collecting equations 1,2,…, 4 in a functional form, we have;

ABNFEE = f(firm size, big 4, profitability, joint audit, leverage) - (v)

Equation (vii) is expressed in econometric form as;

ABNFEEit = β1 + β2Fsizeit + β3 Big4it + β4Fsize*Big4 + β5 Joint audit + β6 Profit–Marginit

+ β7Levit + □it - - -- - - - - (vi)

Where; ABNFEE = Abnormal audit fee;F size = Firm size,Big 4 = Big Four ;Profit -- margin Profitability; Joint aud = Joint audit ;Lev = leverage

It is presumptively expected that,

β2,β3,β4,β5, β6, β7>0 from theory and extant literature.

The table below explains the dependent (regressand) variables, independent variables (regressors), how these variables are measured, the sources of information and the co-efficient sign expected.

Table 1

Measurement of Variables

Variable definition	**Variable Name**	**Variable Measurement**	**Source**	**Co-efficient Sign expected**
Regressand: Abnormal Audit Fees	ABNFEE	Measured as 5 years industry median deviations of audit fees		
Regressors: Firm Size	Fsize	Firm size was measured using total assets	Simunic (1980)	+
Big Four	Big 4	Dummy variables, "I" for Big 4, 'O' for None Big 4	Francis (1986)	+
Profitability	Profit _ Margin	Profit after tax to revenue	Sandra et al. (1986)	+
Joint audit engagement	Joint Aud	Joint audit engagement was measured as dummy; where "1" is joint audit and "O" otherwise	Hay (2006)	+
Leverage	Lev	Total dcbt/Total asset	Zeman (2011)	+

Source: Researcher's compilation (2015).

3.2. Research Design

The population of the study is the 84 manufacturing companies listed on the Nigerian Stock Exchange as at December 2014. A total of 56 (fifty-six) firms were purposively (based on the availability of annual reports) selected to form the sample size of the study. The sample constitutes about 67% of the population which can be said to be representative of the population of study.

3.3. Data Estimation Techniques

Data was estimated using the Panel regression technique. The justification for using panel regression is that it gives a large number of data points, increases the degrees of freedom and reduces the co-linearity among explanatory variables. The research design adopted in this study is a combination of the time series and cross-sectional analysis because it will enable us to have an in-depth understanding of the determinants of abnormal audit fees in Nigerian companies.

3.4. Regression Diagnostics

To test the accuracy of the model, we carried out the usual diagnostic tests. We tested for the standard normal distribution of the regression variables using the standard Jarque-Bera test.

$$JB = \frac{N-K}{6}\left(S^2 + \frac{1}{4}(k-3)^2\right) \quad \text{(vii)}$$

Where S = Skewness, K = Kurtosis,K =Estimated coefficient used to create the series

We tested for serial correlation using the Durbin-Watson statistic given as:

$$d = \sum_{t=2}^{t=n} \frac{(\hat{\mu}_t - \hat{\mu}_{t-1})^2}{\sum_{t=1}^{t=n} \hat{\mu}_{t^2}} \quad \text{(viii)}$$

To avoid some of the pitfalls of the Durbin-Waston statistics, we applied the Breusch-Godfrey test of the form:

$$u_t = XB + P_1 u_{t-1} + P_2 u_{t-2} + \ldots P_p u_{t-p} \quad \text{(ix)}$$

With the chi-square test of $nR^2 \approx X^2$ (df = p)

We tested for the non-constant variance of the error term (heteroskedasticity) using the Breusch-pagan test of the form:

$$bp = \frac{1}{V}(u - \bar{u}\dot{I})^1 Z(Z^1Z)^{-1}Z^1(u - \bar{u}\dot{I}) \quad - \quad - \quad - \quad - \quad \text{(x)}$$

Where u = ($e1^2$, $e2^2$,…eu^2)

$\dot{I}$ = nx1 vector of ones

$$V = \frac{1}{n}\sum_{i=1}^{n}(ei^2 - \frac{e^1e}{n})^2 \quad - \quad - \quad - \quad - \quad - \quad - \quad - \quad \text{(xi)}$$

In testing for specification error, we adopted the Ramsey RESET test which assumes that:

$$Yi = \lambda_1 + \lambda_2 Xi + V_{3i} \quad - \quad - \quad - \quad -- \quad - \quad - \quad \text{(xii)}$$

$$Yi = \beta_1 + \beta_2 X_i + \beta_3 \hat{Y}_i^2 + \beta_4 Y_i^3 + u_i \quad - \quad - \quad - \quad - \quad \text{(xiii)}$$

Therefore,

$$F = \frac{(R_N^2 - R_0^2)\ /\text{Number of new regressors}}{(1 - R_N^2)\ /(\text{n-number of parameters in new model.}} \quad - \quad - \quad \text{(xiv)}$$

With high f value, it means the model is not mis-specified

4. ESTIMATION RESULTS AND DISCUSSION OF FINDINGS

4.1. Descriptive Statistics

The table below reveals the mean deviation of the variables in the study, the standard deviation and their degree of normality.

Table 2

Results of the Descriptive Statistics

	ABNFEE	JOINTAUD	BIG4	FSIZE	PAT_MAGIN	TL_TA
Mean	9129.043	0.028133	0.800512	7.003785	0.013632	0.581253
Median	0.000000	0.000000	1.000000	6.950000	0.060000	0.560000
Maximum	209468.0	1.000000	1.000000	8.540000	0.710000	1.680000
Minimum	-11000.00	0.000000	0.000000	4.940000	-11.23000	-0.410000
Std. Dev.	29304.00	0.165565	0.400128	0.769052	0.592283	0.226403
Skewness	3.806106	5.707399	-1.504002	-0.064582	-17.61437	0.566928
Kurtosis	20.65591	33.57440	3.262022	2.090932	333.9509	5.721890
Jarque-Bera	6022.654	17352.12	148.5269	13.73532	1804621.	141.6448
Probability	0.000000	0.000000	0.000000	0.001041	0.000000	0.000000
Sum	3569456.	11.00000	313.0000	2738.480	5.330000	227.2700
Sum Sq. Dev.	3.35E+11	10.69054	62.43990	230.6618	136.8114	19.99069
Observations	391	391	391	391	391	391

Source: Researchers computation (e-views 8) 2015

The result of the descriptive statistics shows large JarqueBera values which imply that the regression variables follow the standard normal distribution. This is evident in the bell-shaped histogram in figure 1. The standard deviations are relatively small except the abnormal audit fee with a standard deviation of 29302.4. The result of the standard deviation shows that the variables are clustered round the mean. The mean abnormal audit fee is #9,129M with maximum and minimum values of #209468 and #-11,000 respectively. The positive kurtosis shows the variables are highly peaked near the mean.

The table below shows the histogram normality test of the regression variables and the degree of skewness of variables examined.

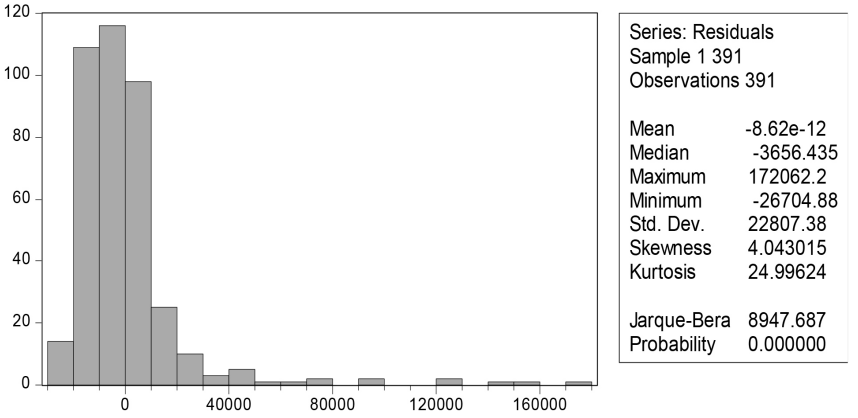

Figure 1 Result of the Histogram Normality Test

The histogram normality test revealed a mean Jarque- Bera value of 8947.687 and an associated probability value of 0.000000 which reveals the normality of the regression variables. The bell-shaped histogram is an evidence of normal distribution. The mean kurtosis value of 24.99624 shows leptokurtic distribution. The positive skewness of 4.043015 shows rightward skew as seen in figure 1.

The table below examines the correlation between the dependent and independent variables with a view to unveiling the degree of correlation between them and also find out if there is any problem of multi co-linearity in the regression variables.

Table 3

Covariance Analysis: Ordinary

Date: 11/08/15 Time: 16:41
Sample (adjusted): 1 391
Included observations: 391 after adjustments
Balanced sample (list wise missing value deletion)

Correlation t-Statistic Probability	ABNFEE	JOINTAUD	BIG4	FSIZE	PAT_MAGIN	TL_TA	**CENTERED VIF**
ABNFEE	1.000000 ----- -----						**NA**
JOINTAUD	-0.030610 -0.604010 0.5462	1.000000 ----- -----					**1.033020**
BIG4	0.261331 5.339815 0.0000	0.084934 1.681228 0.0935	1.000000 ----- -----				**4-976912**
FSIZE	0.609596 15.16704 0.0000	-0.022185 -0.437656 0.6619	0.349597 7.359507 0.0000	1.000000 ----- -----			**7.225929**
PAT_MAGIN	0.076089 1.505071 0.1331	0.012291 0.242433 0.8086	0.114830 2.279892 0.0232	0.101632 2.014938 0.0446	1.000000 ----- -----		**1.041502**
TL_TA	-0.005005 -0.098722 0.9214	-0.052247 -1.031872 0.3028	0.181085 3.631592 0.0003	0.010188 0.200958 0.8408	-0.126786 -2.520946 0.0121	1.000000 ----- -----	**1.119506**

Source: Researchers Computation (E-Views 8).

The result of the coefficient of correlation shows mixed coefficient. The dependent variable is negatively correlated with joint audit and leverage. The correlation coefficients are relatively small which implies weak correlation. The highest correlation coefficient is 0.609596 between abnormal audit fee and firm size. Consistent with Bryman and Cramer (1997), the result of the coefficient of correlation is not indicative of any problem of multi co-linearity in the regression variables. The result is further strengthened by the outcome of the test of variance inflation factor. The result of the variance inflation factor further confirmed the absence of multi co-linearity in the regression variables. The centred vif values are all below the benchmark of 10 which means there is no problem of multi co-linearity. The highest centred VIF value is firm size, with a value of 7.225929.

The regression analysis is preceded by the classical regression assumption tests of heteroskerodasticity (using the Breusch – Pagan – Godfrey Test) and test of model misspecification (using the Ramsey RESET test)

Table 4

Regression Diagnostics

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	5.584965	Prob. F(5,385)	0.0801
Obs*R-squared	26.44212	Prob. Chi-Square(5)	0.0701
Scaled explained SS	306.8457	Prob. Chi-Square(5)	0.0600

Ramsey RESET Test
Equation: UNTITLED
Specification: ABNFEE C JOINTAUD BIG4 FSIZE PAT_MAGIN TL_TA
Omitted Variables: Squares of fitted values

	Value	Df	Probability
t-statistic	9.423849	384	0.100
F-statistic	88.80893	(1, 384)	0.200
Likelihood ratio	81.34708	1	0.0100

F-test summary:

The result of the diagnostics could not sustain the null hypothesis of heteroskedastic residuals and model misspecification as indicated in Table 4. The alternative hypotheses of homoskedasticity and well-specified models were accepted given the probability values of .0801 and 0.100 > 0.05.

The table below (Panel least square), shows the relationship between the dependent and explanatory variables and the interaction between firm size and Big 4.

Table 5

Dependent Variable: ABNFEE

Method: Panel Least Squares
Date: 11/08/15 Time: 16:50
Sample: 2008 2014
Periods included: 7
Cross-sections included: 56
Total panel (unbalanced) observations: 391

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-69114.18	26118.16	-2.646212	0.0085
JOINTAUD	-3280.229	7094.205	-0.462381	0.6441
FSIZE	9667.025	4068.463	2.376088	0.0180
BIG4	-96396.43	29794.26	-3.235403	0.0013
PAT_MAGIN	152.0319	2006.264	0.075779	0.9396
TL_TA	871.0707	5425.501	0.160551	0.8725
FSIZE*BIG4	15276.36	4485.010	3.406094	0.0007

R-squared	0.393647	Mean dependent var	9129.043
Adjusted R-squared	0.384173	S.D. dependent var	29304.00
S.E. of regression	22996.21	Akaike info criterion	22.94179
Sum squared resid	2.03E+11	Schwarz criterion	23.01284
Log likelihood	-4478.119	Hannan-Quinn criter.	22.96995
F-statistic	41.54905	Durbin-Watson stat	0.604628
Prob(F-statistic)	0.000000		

Source: Researchers Computation (E-Views 8) 2015.

The result of the panel least square regression shows that about 38% of the cross-sectional variation in the dependent variable of abnormal audit fee is accounted for by the explanatory variables of firm size, Big 4, profit margin, leverage, joint audit and the interaction between firm size and Big 4. The F-statistic of 41.54905 and the associated probability value of 0.000000 is indicative of a linear relationship between the dependent and the explanatory variables.

There exist a positive and significant positive relationship between the variable of firm size and abnormal audit fee. The implication of this finding is that larger firms attract abnormal audit fee. This is consistent with Carson, (2009); Davis et al.(1993); Whisenant et al.(2003) who also found a positive relationship between firm size and abnormal audit fee.

The negative relationship between the Bigfour audit firm and abnormal audit fee is beyond the likelihood of chance. The variable reported a t-value of -3.235403 and a probability value of 0.0013, which is negative and statistically significant. Even though the finding is not consistent with the extant empirical literature on abnormal audit fees. Most studies on the relationship between Big 4 and abnormal audit fees, tend to be positive and significant (Carson (2009); Francis (1984); Palmrose (1986); Whisenant et al., (2003); Zaman et al., (2011). However, Antle, et al., (2006), did not find a significant relationship. The reason for the absence of the fee premium may be ascribed to the technological and professional competence of the Big 4 audit firms even though this position lacks empirical justification.

The interaction between firm size and Big 4 audit firm is both positive and significant. This indicates that if the size of the firm warrants the services of the Big 4 audit firm, there is the tendency for abnormal audit fees. This position is consistent with the positive relationship between Big 4 and abnormal audit fees (DeAngelo (1981b); Zaman et al. (2011) and moreover, the positive relationship between firm size and abnormal audit fees. (Ashbaugh et al. (2003); Davis et al. (1993); Whisenant et al. (2003).

The variables of leverage and profitability are both positive and insignificant having reported t-values of 0.160551 and 0.075779 respectively. This is consistent with Ashbaughet . al., (2003); Bedard et al., (2004); Defond et al., (2002); Zaman et al., (2011) who found apositive relationship between leverage and abnormal audit fees. In the same vein, Chan (1993); Pong et al., (1994); Sandra et al., (1998); found a positive relationship between profitability and abnormal audit fees.

The variable of joint audit was negative and insignificant which means joint audit reduces the tendency for abnormal audit fees. This is consistent with Gonthier-Besacier et al., (2007).

5. CONCLUSION AND POLICY IMPLICATIONS

The broad objective of the study is to investigate the determinants of abnormal audit fees in Nigerian quoted companies. It is observed that a positive and significantly positive relationship exists between the variable of firm size and abnormal audit fees. There is a negative and significant relationship between the Big 4 audit firms and abnormal audit fees. However, the interaction between the Big 4 audit firms and firm size and abnormal audit fees is positive and significant. A positive and insignificant relationship exists between leverage and profitability. Finally, there is a negative and insignificant relationship between joint audit and abnormal audit fees.

Against the backdrop of the empirical findings, the following recommendations were advanced: The positive relationship between firm size and abnormal audit fees means that organizations should strive towards moderate-sized firms. In the same vein, the positive relationship between the interaction of Big 4 audit firms and firm size and abnormal audit fees implies that large firms using Big 4 audit firms tend to pay abnormal audit fees. We therefore recommend that large firms should patronize reputable indigenous audit firms. The negative relationship between joint audit and abnormal audit fees shows that joint audit reduces abnormal audit fees. We therefore recommend that organizations should embrace joint audit.

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ODREDNICE NEUOBIČAJENIH REVIZORSKIH NAKNADA U KOTIRANIM NIGERIJSKIM TVRTKAMA

Sažetak

Cilj ovoga rada je istražiti odrednice neuobičajenih revizorskih naknada u kotiranim nigerijskim tvrtkama s posebnim osvrtom na utjecaj veličine tvrtke, Big4, profitabilnosti, zajedničke revizije i financijske poluge na previsoku revizorsku naknadu. Istraživanje je obuhvatilo 84 proizvodne tvrtke koje kotiraju na nigerijskoj burzi na dan 31. prosinca 2014. Uzorak od 56 tvrtki, koje predstavljaju 67 % ukupno obrađenih tvrtki, odabrano je za ovaj rad. Tehnika procjene panel regresije korištena je za analizu varijabli. Ova tehnika odabrana je zbog nepristranosti i kontrole individualne heterogenosti. Kako bi se testirala preciznost modela, korišten je klasični regresijski test normaliteta, heteroskedastičnosti, serijske korelacije i multiple kolinearnosti. Rezultati istraživanja pokazali su pozitivan i statistički značajan odnos između revizorskih tvrtki Big4 i veličine tvrtke te zavisne varijable neuobičajenih revizorskih naknada, što upućuje na to da velike tvrtke koje koriste usluge Big4 plaćaju neuobičajene revizorske naknade. Zbog toga smatramo da bi velike tvrtke trebale biti pokrovitelji uglednih domaćih revizorskih tvrtki.

Ključne riječi: neuobičajene revizorske naknade, veličina tvrtke, profitabilnost, zajednička revizija, financijska poluga.

JEL klasifikacija: L25, G29, M42