Determinants of Abnormal Audit Pricing among Listed Consumer Goods Companies in Nigeria

Johnson Kolawole OLOWOOKERE[1], Olatunji Oludayo OSUNWOLE[2], Ola Adewale ADEYEMI[3], Oyetayo Oyewale FOLAJIN[4]
[1]Department of Accounting, Faculty of Management Sciences, Osun State University, Nigeria
[2]Department of Accountancy, Faculty of Financial Studies, Osun State Polytechnic Iree, Nigeria
[3]Department of Banking and Finance, Faculty of Financial Studies Osun State Polytechnic Iree, Nigeria
[4]Department of Accountancy, Faculty of Financial Studies, Osun State Polytechnic Iree, Nigeria

Abstract. The study examined the determinants of abnormal audit pricing using a sample of selected listed firms from the consumer goods sector in Nigeria within the time period of 2010 and 2019. The population for the study comprises of all the twenty-three (23) consumer goods firms listed on the Nigerian Stock Exchange. Purposive sampling technique was used to select twelve (12) companies as sample for the study. The explanatory variables for the study were divided into firm specific variables such as firm size and profitability and governance structure such as independent directors and audit committee size. The random effect panel regression technique was employed for data analyses in line with the dictate of specification tests carried out. The study found a positive albeit statistically insignificant influence of firm size on abnormal audit fees in the consumer goods sector of listed firms in Nigeria. Firm profitability and audit committee size were found to exhibit insignificant negative influence on abnormal audit fees. However, board independence has a negative and significant influence on abnormal audit fees in the consumer goods sector of listed firms in Nigeria. The study thus concludes that abnormal audit pricing practice will be reduced by incorporation of more independent directors into the board of companies. It is recommended that stakeholders should ensure that more independent directors are included in the board in order to ensure better governance that will reduce the practice of abnormal audit pricing.

Keywords: Abnormal audit fee, audit committee size, board independence, firm profitability, firm size

Introduction

The desire for audit service by every business organization is necessitated by the need to address the agency problem of conflict of interests between the owners and managers of business (Zhang, 2014). Audit service is provided by audit firms often known as external auditors. The Company and Allied Matters Act (CAMA) of 2004 in Nigeria demands that publicly quoted companies should appoint independent external auditors to carry out the audit of their annual reports and accounts to provide reasonable assurance that the audited financial statements are not with any material mis-statements. The importance of audit of financial statements is to mitigate the risk of making decisions by the stakeholders on incorrect financial information or numbers (Franken, 2011). As a compensation for their effort, audit service providers charge their clients a fee. The accounting firms are free to charge whatever they want as audit fees.

The audit fees paid to audit firms can be high or low in comparison to fees charged by other auditors in the same industry. There are two forms of audit fees. The first are normal fees, which represent the cost of conducting the audit, which include labour costs, anticipated

litigation risk losses and normal profit (Asthana & Boone, 2012; Choi, Lui & Simunic, 2005; Simunic, 1980). Normal fees are mostly adjudged by components that are prevalent across different clients such as client size, client complexity, industry and client-specific risk. The second kind is abnormal fees that include abnormal profits from audit engagement (El-Gammal, 2012). These are fees specific to an auditor-client relationship (Blankley, Hurtt & MacGregor, 2012; Choi, Lui & Simunic, 2005). We can assume that audit fee is normal when the audit fee charged to a specific client within the industry is equal to the average of the audit fees charged within the industry. The audit fee, on the other hand, can be higher or lower than the industry average. The normal audit fee in the industry is known as industry average audit fee, while the abnormal fee is known as the audit fee that are higher or lower than the industry average audit fee. The degree to which a specific audit fee charged to a client differs from the industry average audit fee determines the level of economic bonding (if any) between an audit firm and its client. In Nigeria, the director determines the auditor's remuneration in the annual general meeting of the company or in any manner that is decided in the meeting (CAMA, 2004). The cost of an external audit charged by the auditors for their services is very important to different classes of stakeholders. Therefore, how the cost of an external audit are determined and what are the key determinants of external audit fees become very important issues which needs to be investigated.

Many of the existing studies on abnormal audit pricing have been in developed countries, such as studies in United States (Blankley, Hurtt & MacGregor, 2012; Eshleman & Guo, 2013; Gupta, Krishnan & Yu, 2010) in China (Xie et al. ,2010) and in Germany (Kraub, Pronobis & Zulch, 2015**).** While, few studies on the impact of abnormal audit fees and audit quality have been carried out in developed and developing economies (Asthana & Boone, 2012; Dabor & Uyagu, 2017; Jung, kim & Chung, 2016; Patrick, Paul & Hennings, 2015; Zauchum, Chun & Jianming, 2010; Zhang, 2014). However, in Nigeria, there are little or no studies conducted on abnormal audit pricing. According to Zhang and Yu (2016) the issues of predictors of abnormal audit fees have not received much empirical attention in the developed and developing countries of the world. Also, the few available prior studies that have been carried out outside the shores of Nigeria only focus on some firm attributes that influence audit pricing (Afesha, 2015; Gonthier-Besacier, & Schatt, 2007; Joakim & Mattias, 2015; Zhang & Yu, 2016). Therefore, looking at it from the casual empiricism perspective, it could be assumed that if normal and abnormal audit fees are as a result of the services of the auditor, it can therefore be expected that the predictors of normal audit fees should be the same as the determinants of abnormal audit fees; this claim is devoid empirical justification. Also, there is a need to examine whether specific traditional determinants of audit fees, as identified by different scholars in other countries are also the determinants of abnormal audit pricing in Nigeria. Attempt will also be made to examine whether good corporate governance practices are determinants of abnormal audit pricing in the Nigerian context. The dearth of empirical literature on determinants of abnormal audit pricing in Nigeria and other factors raised creates a knowledge gap which forms the basis of this current study. This study therefore, seeks to examine the determinants of abnormal audit pricing among consumer goods companies listed on the Nigerian Stock Exchange.

Literature Review

Conceptual Review

Abnormal Audit Fee

Choi, Kim and Zang (2010) define abnormal fees as the variance amid actual audit fees paid to auditors and the anticipated normal level of audit fees. The audit fees chargeable to

audit clients may be high or low relative to what other auditors charge within the industry. We can say that an audit fee is normal when the audit fee charged to a specific client within the industry is equal to the average of audit fees charged within the industry. However, the audit fee can be higher or lower than the industry's average audit fee. The normal audit fee refers to average audit fee in the industry, while the audit fee above or below the average audit fee in the industry is said to be abnormal fee.

Abnormal audit pricing occurs when an auditor charge either below or above the normal or average audit fee that would have been charged in the course of audit engagement. It is a measure of audit effort required in an audit engagement. The difference between actual audit fee and the anticipated, usual amount of audit fee is known as abnormal audit fee (Choi et al., 2010). The residual of the total audit fees using regression technique (Picconi & Reynold, 2013) or finding the difference between the real audit fee and the industry's average audit fee (Kim, Kwok & Hwang, 2005) are both common methods for estimating abnormal audit fee. A positive abnormal audit fee is one that the fee is higher than the average or normal audit fee. It is a negative abnormal audit fee when the audit fee is lower than the normal or average audit fee or what the auditor would have charged in the ordinary course of engagement. The explanation for the abnormal audit fee is that the auditors have access to their clients' private information which might not be readily accessible to other stakeholders. This could cause audit fees to represent the private information, making audit fee higher or lower than it would be if the information were publicly accessible (Picconi & Reynold, 2013). Hence, abnormal audit fee is the difference between actual audit fee and the expected level of audit fee (Choi, Kim & Zang, 2006). It has been argued that the positive and negative abnormal audit fees would possibly have different effects. Ulf, Jan and Ulrike (2013) opined that abnormal audit fees are an indication of additional risk but not signal for a more reliable audit.

Independent Directors and Abnormal Audit Fees

Board characteristics are important determinants of audit fees (Hay, Knechel & Wong, 2006; Moizer, 1997). According to Carcello et al. (2002), a more independent, diligent, and expert board needs higher audit quality in order to preserve its reputational resources and thus attracts higher audit fees. Auditors also take certain board attributes into account in order to escape legal responsibility and foster shareholder interest, which lowers audit risk and as a result audit fees. The inclusion of independent directors on the board ensures that the company is less risky to audit because the prime responsibilities of the independent directors are to monitor and govern the activities of executive directors and top management. According to Brochet and Srinivasan (2014) efficient and quality independent directors in the board reduce the risk of management's manipulative behavior which leads to the low level of external audit expense. According to the study of Zhang and Yu (2016) the audit fee is insignificantly associated with independent directors when the client is operating in a weak information environment. However, the relationship is significant when the information environment is strong. Furthermore, Beatty and Zajac (1994) and Haque, Afroze and Fatema-Tuz-Zohra (2019) argue a positive association between audit fees and board independence which contradicts with the implications of agency theory mentioned by Fama and Jensen (1983) arguing that board independence can mitigate the conflict of interest by ensuring strong internal control. It is evident that there is a mixed conclusion about the relationship between audit fee and board independence.

Audit Committee Size and Abnormal Audit Fees

The audit committee is a significant technique for the proper establishment of internal control. The team is responsible for governing and monitoring the establishment and functioning efficiency of internal control. The company with strong internal control is likely to

want quality external audit which leads to higher audit fees. Afesha (2015) argued that an effective audit committee can positively influence the audit fees by urging a quality external audit. Arshad et al. (2012) argued that there is a positive association between the audit committee and audit fees which implies the argument of the higher audit fees for validating the management assertion about firm performance (Joshi & Al-Bastaki, 2000). Furthermore, Azmi, Samat and Zakaria (2013) found a positive and significant association between the size of the audit committee and audit fees. Furthermore, empirical researches have also shown that audit fees are higher for firms with audit committees having at least one member with financial expertise (Abbott et al., 2003). Abbott et al. (2003) argued that audit committees with financial experts as members seek higher quality audit assurance and greater audit coverage, resulting in higher audit fees.

Firm Size and Abnormal Audit Fees

The size of the client is one of the key factors for determining the volume of audit work that has to be performed by the external auditors. As a result, it is expected that the size of the client's business should have a positive impact on the level of external audit fees.

According to Simunic (1980) firm size is believed to be the core explanatory variable in the study of abnormal audit fees. This is naturally right 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.

Previous studies (Cullen et al.2012 cited in Afesha, 2015; El-Gammal, 2012; Kraub et. al., 2015; Simunic, 1980; Zhang, 2017) have identified a positive relationship between the firm size and the fees paid by the client to its external auditor. Sandra and Patrick (1996) cited in Jung et. al., (2016), opined that the relationship between firm size and abnormal audit fees is unlikely to be linear.

Firm Profitability and Abnormal Audit Fees

Profitability is one of the mostly used factors to measure the financial performance of a company. There are several techniques to measure the profitability of the company including return on assets, return on equity, and return on capital etcetera. The high profitable organization tends to inform their achievement to their stakeholders in order to reduce the agency costs (Watts & Zimmerman, 1986 cited in Zhang, 2017) and this may lead to higher audit fees (Pong et al., 1994 cited in Zhang, 2014). It has also been established in extant literature that the amount of audit fees is a function of the profitability of the audit client (Md-Noor & Raihan, 2019). The auditors tend to perform rigorous audit work in order to validate the management assertions on their profitability which leads to a higher level of external audit fees (Oladipupo & Monye-Emina, 2016). However, some other researches have established a negative relationship between profitability and audit fees (Sankaraguruswam & Whisenant, 2005).

Theoretical Framework

Agency theory was introduced by Stephen Ross (1973) and Barry Mitnick (1973) concurrently. While Ross is responsible for the origin of economic theory of agency, Mitnick was responsible for the institutional theory of agency.

The theoretical framework of the study is hinged on the principal-agent theory of audit pricing. The agency theory deals with the contractual relationship between the agent (manager) and the principal (shareholders) under which shareholders delegate responsibilities to the manager to run their business. This theory argues that when both parties are expected to maximise their utility, there is a good reason to believe that the agent may engage in opportunistic behaviour at the expense of the principal's interest. Jensen and Meckling (1976)

modelled this condition as an agency relationship where the inability of the principal to directly observe the agent's action could lead to moral hazard, thus increasing agency cost. The level of cordiality between the agent and the principal has influence on the price of audit.

According to Jensen and Meckling (1976), a component of the agency costs is represented by the monitoring costs supported by shareholders for the monitoring of the managers actions. The audit fees are important component of these costs, as long as auditors have to make sure that managers act according to the shareholders' interests, while also auditors have the required task to inspect the accounts of the company.

Empirical Review

Gonthier-Besacier and Schatt (2007) investigated the determinants of audit fees for French quoted firms. The French case is specific because the law requires a joint auditing process involving two separate auditors for firms that publish consolidated financial statements. From the research, it was found out amongst others that audit fees depend on firm size, firm risk, and the presence of two of the big four firms. When two big four firms audit company accounts, the fees charged (adjusted for company size) are significantly lower in comparison with those paid in the other cases.

Stanley (2011**)** investigated the link between observed auditor remuneration and profitability employing data collected from US public company engagements for seven year. The result shows an inverse relationship between clients' operating performance and abnormal audit fee, while audit quality is compromised in the long run. Also, Chen and Elder (2001) using ROI as proxy for profitability to ascertain the effect of profitability on audit quality and abnormal audit fee relationship. The results reveal that profitability has significant moderating influence on audit quality and abnormal audit fee relationship.

Joakim and Mattias (2013) investigated audit fee determinants in different ownership structures in companies listed on Nasdaq OMX Stockholm Stock Exchange and examined whether the audit fee determinants diverge for ownership structures. The results indicated that audit fees are explained to a large extent by accounting complexities such as (proportion of financial assets, impairment of intangible assets, provisions and free cash flow), business complexities (visibility, mergers and acquisition, firm size, ownership structure and firm complexity) and assurance (members of audit firms, non-audit fees and audit fee premium).

In a study to examine the relationship between managerial overconfidence and abnormal audit fees in sample of Chinese listed firms between 2014 and 2018, He et al. (2020) reported a positive but insignificant impact of board independence on abnormal audit fee. It however reported significant negative impact of firm size on abnormal audit fee while the study found significant positive impact of profitability on abnormal audit fee. The data used in the study were analyzed using pooled OLS regression technique.

Kikhia (2014) investigated the determinants of audit fees using evidences from Non-financial listed companies on Amman Stock Exchange in Jordan during 2010-2012. The study employed OLS regression analysis to find the relationship between audit fees and variables such as client size, client profitability, client risk, auditor size and auditor tenure. Findings from the study showed that client size is the key determinant factor of audit fees in Jordan. Besides, leverage was positively and significantly associated with audit fees.

Dabor and Uyagu (2017) investigated the moderating effects of client characteristics on the association between abnormal audit fee and audit quality in Nigeria. Fifty-two quoted companies were randomly selected for study and the periodical scope of the study is fifteen years (2001-2015). Ordinary least regression technique was employed to analyze the data collected. The results revealed that abnormal audit fee has no significant relationship with audit quality. The result also showed that client complexity and client profitability have negative moderating influence on the relationship between abnormal audit fee and audit quality. The

study further revealed that client risk has no significant moderating influence on the audit quality and abnormal audit fee relationship. The study recommended that statutory bodies should further securitize the audited financial reports of firms that declare huge profit.

Musah (2017) researched on the determinants of audit fees in a developing economy using 24 listed companies of Ghana during the period between 2010-2014. Using the ex-post facto approach and testing the collected data through OLS regression analysis, the findings showed that client size, auditor size, and the profitability of the clients are the key determinants of the audit fees in Ghana. The study thus recommended that organizations should plan towards achieving a moderate sized firm.

Ilaboya, Ohiokha and Izevbekhai (2017) investigated 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. Panel regression estimation technique was used in the analysis of the variables. The study found a positive and statistically significant relationship between the interaction of Big 4 audit firms and firm size and abnormal audit fees which implies that large firms using Big 4 audit firms tend to pay abnormal audit fees. The study recommends that large firms should patronize reputable indigenous audit firms.

Md-Noor and Raihan (2019) investigated the determinants of audit fees using evidences from Pharmaceutical and chemical industry of Bangladesh. The objective is to find out the factors that determine the audit fees in the listed pharmaceuticals and chemicals companies of Bangladesh. The study is conducted on 21 listed companies in the pharmaceuticals and chemicals industry during the period of 2015 to 2018. Client characteristics (client size, leverage and return on assets), client's governance structure (independent directors and audit committee) and firm ranking are taken as the proxy variables of the determinants of audit fees. Findings revealed that client size, leverage and firm ranking have positive and significant impact on audit fees of the sample firm. On the other hand the proportion of independent directors in the board has a negative and significant impact on audit fees. However, the study did not find any significant association between audit fees and return on assets. It is suggested that companies should include more independent directors in their board for ensuring better governance to reduce the external audit fees.

Methodology

Data and Technique of Analysis

This study was carried out based on historical panel data analysis. The data were analyzed with a view to establishing relationship between the study variables. This makes the ex-post facto research design suitable for the study where the variables of the study were not restricted as the event of the study has already happened.

The population of the study comprises all the twenty-three (23) consumer goods firms that are listed in the Nigerian Stock Exchange. Purposive sampling technique using a two-point filter was used in arriving at the sample size of the study. For a company to qualify as a sample, it must satisfy the following: 1) it must be listed for the entire period of the study, and 2) it must have the required data for the study. The application of the above criteria results in the emergence of twelve (12) companies as the sample of the study.

This study is based on secondary sources of data. Data for this study were collected from the annual reports and accounts of listed consumer goods companies in Nigerian for the periods of 2010-2019 giving a total of 120 firm year observations. The consumer goods industry was selected for its growing contribution and importance to the economy, society, and the well being of the country. Data was estimated using the Panel regression analysis technique. The

data were analyzed using an econometric software STATA version 14.0 which was used to carry out descriptive statistics, correlation and regression analyses respectively. The justification for using panel regression is that the data has both units and time dimensions.

In this study, four independent variables were categorized into two categories, which include firm specific attributes and corporate governance structure. Firm's characteristics include firm total assets and return on asset of the company while, the firm's governance structure includes the number of the non-executive directors on the board and number of members in audit committee.

Model Specification

The model specification of this study is largely based on lessons learned from the reviewed theoretical and empirical literature. The review literature reveal that abnormal audit pricing is influenced by a group of four factors including the board independence, audit committee size, firm size and firm profitability. Accordingly, the model for this study is expressed as:

ABFEE = f (CGS, FC) (1)

Where

ABFEE = Abnormal Audit Fee

FC = Firm Characteristics and

CGS = Corporate Governance Structure

Corporate governance structure consists of board independence (BI) and audit committee size (ACS), while firm characteristics encompasses firm size (FS) and firm profitability (FPR). Then (1) could be expressed as

ABFEE = f (BI, ACS, FS, FPR) (2)

The relation in (2) is then expressed in linear regression form as:

$$ABFEEit = \alpha_0 + \alpha_1 BI_{it} + \alpha_2 AACS_{it} + \alpha_3 FS_{it} + \alpha_4 FPR_{it} + \mu_{it} \quad (3)$$

Where:

$$\mu_{it} = \rho_i + \varepsilon_{it} \quad (4)$$

and

α_0 = Intercept

α_1 to α_4 = Estimated parameters

μit = the error term

ρ_i = the time invariant firm specific effect

ε_{it} = the white noise error term

i = listed consumer goods companies from 1 - 12.

t = time period which is 2010 - 2019

The apriori expectations are as follows:

$\alpha_1>0$, $\alpha_2>0$, $\alpha_3<0$, $\alpha_4<0$

Variable Measurement and Apriori Expectation

The summary description of how each of the variables used in this study are measured is presented in Table 1. The apriori expectation corresponding to each of the explanatory variables are also presented.

Table 1. Definition of variables

Variable Name	Symbol	Type	Explanation	Expectation
Abnormal Audit Fee	ABFEE	Dependent	Measured as the difference between	

			industrial average and actual audit fee	
Firm Characteristics				
Firm size	FMS	Independent	Natural logarithm of Total Assets of a firm in a year	Positive
Firm profitability	FMP	Independent	Return on Assets i.e. Profit after Tax divided by Total Asset	Positive
Firm's Governance Structure				
Independent Directors	IND	Independent	Percentage of non-executive directors on the firm's board	Negative
Audit committee size	ACS	Independent	Natural logarithm of number of members in audit committee	Negative

Source: Author's Compilation, (2020)

Results and Discussion

Preliminary Analysis

Table 2 presents the result of the descriptive statistics. The standard deviations are relatively small except the abnormal audit fee with a standard deviation of 31878.37. The result of the standard deviation shows that the variables are clustered round the mean. The mean abnormal audit fee is ₦20009.72 million with maximum and minimum values of ₦278000 million and ₦169.31 million respectively. The estimated standard deviation of 31878.37 for ABAFEE which is greater than the estimated mean indicates that there is wide variation in the audit fees paid by the firm sampled in this study. Board independence records an average of 0.56 which indicate that the level of independence of board in the sector is slightly above average and the corresponding standard deviation of 0.146 indicates the mean is a good representative of all the companies' board independence. The minimum board independence level recorded is 0.333 while the maximum value is 0.909.

Table 2. Descriptive statistics of the variables

Variable	Obs	Mean	Std.Dev.	Min	Max
ABAFEE	120	20009.72	31878.37	169.31	278000
BI	120	0.56	.146	.333	.909
ACS	120	1.75	.163	1.099	2.303
FS	120	17.809	1.216	14.846	19.778
FMP	120	.098	.17	-.442	1.292

Source: Author's Computation, (2020)

In addition, the results indicate that the average log of audit committee size is 1.75 with a standard deviation of 0.163 implying that the firms have relatively close number of audit committee members. For firm size, the estimated average firm size is 17.809 with a minimum and maximum of 14.846 and 19.778 respectively. The corresponding standard deviation of 1.216 reveals that the firms are relatively close to the mean in size. The results also reveal average firm profitability of 0.098 with a standard deviation of 0.17 indicating wide variation in the profitability level recorded by the firm under consideration.

Table 3. Correlations matrix

Variables	(1)	(2)	(3)	(4)	(5)
(1) ABAFEE	1.000				
(2) BI	-0.312	1.000			
(3) ACS	0.003	-0.229	1.000		
(4) FS	0.229	-0.437	0.379	1.000	
(5) FPR	-0.104	-0.141	-0.077	0.044	1.000

Source: Author's Computation, (2020)

The results of the simple linear correlation among the variables are presented in Table 3. From the results in the table, board independence and firm profitability have weak negative relationship with abnormal audit fee given their respective estimated correlation coefficient of -0.312 and -0.104. The estimated coefficient of 0.003 and 0.229 indicate that audit committee size and firm size respectively have weak positive relationship with abnormal audit fee. In addition, the relatively low correlation among the explanatory variables indicates that the problem of multicolinearity may not be encountered in this study. The study further tested for the presence of multicolinearity using variance inflation factor (VIF).

Diagnostic and Specification Test Results

The study conducted diagnostic tests for multicolinearity, serial correlation and heteroskesdaticity as well as the specification test for the presence of firm effect and systematic difference in coefficient. The results are presented in Table 4 and 5.

Table 4. Variance inflation factor

	VIF	1/VIF
FS	1.376	0.727
BI	1.27	0.788
ACS	1.19	0.84
FPR	1.034	0.967
Mean VIF	1.217	.

Source: Author's Computation, (2020)

The results of the VIF in Table 5 reveal that none of the explanatory variables has a VIF that is close to the threshold of 10 for the issue of multicolinearity to arise. By implication, the model is free of multicolinearity problem.

Table 5. Post-estimation test results

Test	P-value	Remarks
F-test	0.000	Firm effect is present
Hausman test for systematic difference in coefficient	0.3873	Random effect is preferred
Wooldridge test for	0.0008	There is presence of serial correlation
Breusch–pagan heteroscedasticity test	0.0000	There is heteroscedasticity

Source: Author's Computation, (2020)

The results in Table 5 indicate that the null hypothesis of no firm effect is rejected since it recorded a p-value of 0.000. By implication, pooled OLS (POLS) will not produce consistent results and it therefore not appropriate for this study. The result of the Hausman test with p-value of 0.3873 implies that the null hypothesis that difference in coefficient is not systematic

cannot be rejected. Thus, random effect model produces more consistent results out of the three alternative panel methods.

Table 5 further shows that the null hypothesis of no serial correlation is rejected since the estimated p-value of Wooldridge test is 0.0008. Thus, there is presence of serial correlation. Also, the null hypothesis of homeskedasticity is rejected. Indicating the existence of hereskedasticity. The two problems are corrected in this study by using robust standard error.

Panel Regression Results

Table 6. Estimated panel regression results

VARIABLES	(1) POLS	(2) FE	(3) RE
BI	-64,872*** (0.00288)	-36,507** (0.0235)	-36,589** (0.0108)
ACS	-5,152* (0.0513)	783.0 (0.643)	-741.3 (0.784)
FS	4,179 (0.139)	13,546 (0.113)	10,193 (0.141)
FPR	-30,697** (0.0176)	-3,887 (0.483)	-9,252 (0.130)
Constant	14,992 (0.642)	-204,965 (0.151)	-135,780 (0.191)
Observations	120	120	120
R-squared	0.146	0.102	
Number of Fid		12	12

Note: Robust pval in parentheses *** p<0.01, ** p<0.05, * p<0.1
Source: Author's Computation, (2020)

Table 6 presents the results obtained from the three alternative panel regression techniques namely POLS, fixed effect and random effect. On the basis of the specification test results earlier explained, the results of the random effect is used in this study.

The results show an estimated coefficient of board independence (BI) to be -36.589 with corresponding p-value of 0.0108 indicating that board independence (BI) has a negative and significant relationship with abnormal audit pricing of consumer goods firms in Nigeria. The negative relationship exhibited by the presence of independent directors in the companies' board with abnormal audit fees is expected because the inclusion of independent directors in the board ensures strong internal control. Hence, auditors tend to use less audit work in auditing those particular companies which could leads to lower the practice of abnormal audit fees charged by auditors compared to companies with high executive directors in the board. Since the p-value is lower than 0.05 level of significance; therefore study rejects the null hypothesis that the independent directors have no significant relationship with abnormal audit pricing among listed consumer goods companies in Nigeria. The results contrast the finding of He et al. (2020) who found insignificant impact of independent directors on abnormal audit fee in sample of Chinese firms.

Also, the estimated coefficient of audit committee size (ACS) is -741.3 with p value of 0.784. This implies that that audit committee size has a negative relationship with abnormal audit fee among listed consumer goods firms in Nigeria. Even though the coefficient of the ACS is correctly signed, the negative impact is not statistically significant since it has a corresponding p-value of 0.784 which is greater than 0.05. By implication, the study could not

reject the null hypothesis that audit committee size has no significant influence on abnormal audit fee among the listed consumer goods firms in Nigeria. The result obtained here questions the effectiveness and efficiency of the audit committee of the listed consumer goods firms in Nigeria.

The results in Table 6 show that the estimated coefficient of firm size (FS) is 10,193 with the p-value of 0.141 indicating that there exist a positive but insignificant influence of firm size on abnormal audit fee. The implication of this finding is that there is no substantial evidence to suggest that larger firms attract abnormal audit fee. This is consistent with Carson (2009); Davis, Ricchiute and Trompeter (1993) and Whisenant, Sankaraguruswamy and Raghynandan (2003) who also found a positive relationship between firm size and abnormal audit fee but non-significant impact on abnormal audit fees. It however contradicts the finding of He et al. (2020) who reported significant negative impact of firm size on abnormal audit fee in China. Since the p-value is greater than the level of significance, this study fails to rejects the null hypothesis that firm size has no relationship with abnormal audit pricing among listed consumer goods companies in Nigeria.

The variable of firm profitability as proxy by ROA is positive and insignificant having reported coefficient of regression of -9,252 and p value of 0.130. This is contrary to Chan, Ezzammel and Gwilliam (1993); He et al. (2020); Pong and Whittington (1994) and Sandra and Patrick (1998) who found positive relationship between firm profitability and abnormal audit fees. The p-value is greater than 0.05 level of significance; therefore the study could not reject the null hypothesis that firm profitability has no significant relationship with abnormal audit pricing among listed consumer goods companies in Nigeria.

Conclusion and Recommendations

The study investigated the determinants of abnormal audit pricing of listed Nigerian consumer goods companies. It is observed that a positive and insignificant relationship exists between the variable of firm size and abnormal audit fees. There is a positive and insignificant relationship between firm profitability and abnormal audit fees. A negative and significant relationship exists between independent directors and abnormal audit fees. Finally, the study found evidence of an insignificant negative influence of audit committee size on abnormal audit fees. By implication, only the board independence significantly explains the variation in abnormal audit fees among listed consumer goods firms in Nigeria. In line with the findings, the study recommends that concerned stakeholders should ensure more independent directors are in the board in order to ensure better governance to reduce the practice of abnormal audit pricing. The study could not find significant impact of audit committee size on abnormal audit pricing though its negative sign aligns with the a priori expectation. Thus, firms should look into the efficiency and effectiveness of the audit committee as that might explain the reason why its impact is not significant.

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