DE GRUYTER OPEN

Scientific Annals of Economics and Business
65 (2), 2018, 119-138
DOI: 10.2478/saeb-2018-0012

Strong Competition Among Audit Companies and Power to Achieve Higher Audit Fees: Who is at the Forefront?

Vesna Štager*

Abstract

The aim of the research is to determine if the audit fees are statistically significantly different between the audit companies and vary, depending on the size of client and audit company. We find that for large auditees the average audit fees of the Big 4 Group did not statistically significantly deviate from normative audit fees, even surpass them, but not statistically significant. On average, small audit firms when auditing large auditees do not meet the predicted normative audit fees, and this deviation is statistically significant. Also, we confirm that the Big 4 auditing companies (KPMG, E & Y, Deloitte and PwC) were, statistically, significantly more likely to charge higher audit fees than a small auditing company would charge. The paper contributes to the literature to give users a clear indication about what average audit fees are typical of the Slovenian audit companies and which audit company is at the forefront.

Keywords: auditing; audit fee; Slovenia; Big 4 in forefront; small auditing company.

JEL classification: M42; M48; D40.

1. INTRODUCTION

In Slovenia, no auditing company has any dominant influence. Small auditing companies started to decrease audit fees a few years ago, which triggered a spiral of falling audit fees. Ramzy (1988) argued that auditors should not accept very low audit fees due to competition for business. Competing with the audit fee is limited because it can impair auditor independence and reduce the quality of auditing services. We should mention that, in the last ten years, no other scientific research in the field of Audit in Slovenia has been carried out, apart from the research: of the determinants of voluntary audit Committee formation in a two-tier board system of a post-transitional economy by authors Zaman Groff and Valentincic (2011) of the audit market concentration for the segments of listed and non-listed auditees (Salihović and Zaman, 2015); audit fees (Cokelc and Stager, 2016; and the impact of the new EU audit regulation by Duhovnik, 2016). In line with this observation, there are at least three reasons for choosing Slovenia as a relatively new EU country for our

* Faculty of Economics and Business, University of Maribor (PhD student); Zlatarna Celje d.o.o. (Finance and accounting Manager), Slovenia; e-mail: *vesna.stager@student.um.si*.

research. The first reason is that no comprehensive research has been performed to show features of audit fees in Slovenia for the period 2008-2014. The second reason is that, although the audit fees are determined in the EU market, identified audit fees and movements between different audit companies (the Big 4 and other small audit companies), can be useful for other similar economies and EU regulators when preparing European audit legislation. Audits are carried out currently by 189 registered Certified Auditors employed in 51 audit firms (as of May 2017). All of the Big 4 audit firms entered the Slovenian audit market shortly after the adoption of the first Auditing Act in 1993.

In the paper, we research the audit fees in Slovenia for the period 2008-2014, because the new Auditing Act (2008) required mandatory auditing of financial statements of all large and medium-sized companies, dual companies, small listed companies, companies preparing consolidated Financial Statements, as well as banks and insurance companies. The aim of the research is to determine if the audit fees are statistically significantly different between the audit companies and vary, depending on the size of the auditees. Similar to other EU Member States, Slovenia is currently undergoing the process of reconciling the Act on Auditing with the new EU Regulation and Directive. Our research of audit fees for the period 2008-2014 is between the last change of the Auditing Act (2008) and the new, expected in 2018 (is currently in Parliament for the third reading). Research is between different periods, so the future research, after adoption of the new Auditing Act (expected in 2018) will show if there is any impact of the new regulation on audit fees.

Audits in Slovenia are carried out currently by 189 registered Certified Auditors employed in 51 audit firms (as of May 2017). All of the Big 4 audit firms entered the Slovenian audit market shortly after the adoption of the first Auditing Act in 1993. Audit fees in Slovenia are freely formed on the audit market, but they are under the great influence of Big 4 audit companies, which largely audit larger clients. Among small audit companies it is possible to perceive rivalry by lowering audit fees in order to gain a client, which is often also a decrease in the quality of the audit. Due to competition by lowering the audit fees, it is possible that in the future some small audit companies will no longer cover their costs and will cease to operate. As a result, large and medium-sized audit firms will gain greater market share. Not yet adopted European audit legislation also draws attention to this consequence. Slovenia, among other things, has not yet adopted European audit legislation precisely because of the big fears of small audit companies, since the current legislation proposals have been hampered by small auditors and looking for a more favorable solution in order to avoid such consequences. Economic and financial crisis of 2007 have important and significant consequences on the audit profession. Due to the reduction in the number of persons to audit the accounts, the indicators (net sales revenues, labor costs, number of employees and earnings) for all audit companies, except for E & Y, Deloitte (due to one-off operation – special audit of banks) have deteriorated, especially in small audit firms.

The main objective in our research is to investigate the movement of audit fees in relation to the size of the client and the auditing firm. The main research question was: Does the audit fee vary statistically significantly differently between the audit firms according to the recommended normative prices? Under the notion of a normative (usual) price, we consider taking into account the necessary time and cost per hour for the work of the members of the audit group according to the size of the auditee. The research question was based on the following hypotheses:

H1*: Average audit fees in Slovenia differ statistically significantly depending from the normative audit fees according to the size of client.*

***H2**: The Big 4 auditing companies (KPMG, E & Y, Deloitte and PwC) were statistically significantly more likely to charge the normatively recommended audit fees than charged by a small auditing company.*

Comparison of average audit fees with normative ones is the novelty in our research. The collected data was analyzed with SPSS software, a descriptive analysis of the variables and one-way analysis of variance (One-way ANOVA) was used to test the hypotheses. The significance level was set to 0.05 (5 %).

The article is structured as follows. After introduction, we present in Section 2 the literature review and theoretical background and summarize the findings of some recent researches in the area of audit fees. Section 3 represents hypothesis, methodology and database. The Empirical Section 4 is devoted to the presentation of empirical results of our research, separately for each of two selected hypotheses. Section 5 represents results of the analysis and comparative analysis with results of previous researches, and discussion. In Section 6 we represent conclusion remarks and suggested areas for future research.

2. LITERATURE REVIEW AND THEORETICAL BACKGROUND

Previous research suggests that, in terms of prices of audit services, were investigated: the correlation between audit fees and audit quality (Francis *et al.*, 2005; Barragato and Markelevich, 2008; Choi *et al.*, 2010; Asthana and Boone, 2012; Hassan and Naser, 2013); movements of audit fees, depending on the selected factors such as the size of the audit company and the client (Simunic, 1980; Francis and Simon, 1987; Anderson and Zeghal, 1994; Francis *et al.*, 2005; Gonthier-Besacier and Schatt, 2007; Giroux and McLelland, 2008; Naser and Nuseibeh, 2008; Cullinan and Du, 2010; Köhler *et al.*, 2010; Le Vourc'h and Morand, 2011; Hallak and da Silva, 2012; Hassan and Naser, 2013; Picconi and Reynolds, 2013; Accountingweb, 2015); correlation between audit quality and size of audit company (DeAngelo, 1981; Palmrose, 1986); correlation between legislation and audit fee (Brandon *et al.*, 2012); correlation between audit fees and competition between audit companies (Maher *et al.*, 1992; Anderson and Zeghal, 1994); the trend of audit fees and their reasons for the increase (Menon and Williams, 2001); the degree of industry specialization (Francis *et al.*, 2005; Giroux and McLelland, 2008); audit market concentration (Ettredge *et al.*, 2007; European Commision, 2010; Velte and Stiglbauer, 2012; Evans and Schwartz, 2014).

Authors Barragato and Markelevich (2008), Choi *et al.* (2010), Asthana and Boone (2012), Hassan and Naser (2013) and Francis *et al.* (2005), with research, confirmed the positive correlation between audit fee and quality of audit services. Asthana and Boone (2012, p. 1), with research, confirmed that the quality of audit services changes when the audit fee deviates from the normal (normative) level; lowering or raising the audit fee affects the quality of auditing, and lowering the audit fee decreases the quality of auditing.

The research by Simunic (1980, pp. 161–190) provides evidence of the following observations: The largest auditing company does not have a monopoly in the market of audit services; there is a strong correlation between the size of the audit company and the audit fee, and even between large audit firms there is strong competition. At the same time, the author confirmed the existence of greater competition in the market of small clients rather than on the market of large clients because of the existence of a large number of audit firms. Francis and Simon (1987, pp. 145-157), with their research, confirmed that the audit group Big 8 (Big 4 today; Price Waterhouse Cooper, KPMG, Deloitte and Ernst & Young) for the

audit of public limited liability companies charge an additional premium, and that the audit fee of the initial auditing is lower than the already-established business (the new audit fee when changing the auditor). Anderson and Zeghal (1994, p. 197), with research, confirmed that the majority of clients use the services of large-sized audit firms (Big 4), which indicates the lack of competitiveness of audit fee; by contrast, in the audit market, there is competition between small audit firms. Francis *et al.* (2005) have researched the correlation between the size of the audit company, the level of industry specialization and the audit fee. The research confirmed that the audit companies that met both conditions (size and specialization) charge an additional premium of 19 %; audit companies who meet only one condition, do not charge an additional premium. So, the quality of auditing, in addition to the size of the audit company, also provides for sector specialization, which affects the audit fee significantly (Francis *et al.*, 2005, p. 135).

Authors Köhler *et al.* (2010) by research that the initial audit fees by replacement auditors are lower, although how much lower will depend on the size, complexity and risk of the client. Hassan and Naser (2013) by research, that the large company audits stand out, so they are more likely than small auditing companies, subject to pressure, to reduce audit fees. They are trying to justify their existence by improving audit quality and specialization for specific areas of auditing. The authors of the research confirmed that the reputation and status of the auditing company, which is typical for large audit companies, has a major impact on the audit fee. According to a research by Financial Executives Research Foundation, it was found for the years 2013 and 2014, that the average audit fee to companies with centralized operations (listed or unlisted) are lower than in companies with decentralized operations. The research showed that companies listed on the Stock Exchange have the same auditing firm on average for 23 years, which is almost three times more than companies that are not listed and non-profit organizations, which have the same auditing firm for eight years on average. 91 % of listed companies are audited by one of the Big 4 audit companies Ernst & Young (13.8 %), PwC (10.5 %), KPMG (9.8 %), Deloitte (9.1 %) (Accountingweb, 2015). Cullinan and Du (2010) confirmed by research that the maximum audit fees are charged by the Big 4 auditing firms and they withdraw more quickly from clients than small audit firms. With the resignation of the Big 4 audit firms, it is more likely that a small audit firm would replace them.

Authors Simunic (1980), Francis and Simon (1987), Anderson and Zeghal (1994), Francis *et al.* (2005), Hassan and Naser (2013), Cullinan and Du (2010) confirmed by researches that the Big 4 audit firms achieve higher audit fees than small audit firms. The research by Le Vourc'h and Morand (2011) provides evidence of low audit fees in Slovenia. The authors investigated and compared audit fees charged to auditees included in Member States' main indices. To tackle the problem of different auditee sizes and enable comparison between countries, the authors introduced variable "audit fees per million turnover". The analysis revealed that, among all EU Member States, audit fees were lowest in Poland (214 EUR per million turnover), followed by Slovenia (267 EUR per million turnover). The highest audit fees for this segment of companies were reported for Belgium (792 EUR per million turnover) and Ireland (739 EUR per million turnover).

DeAngelo (1981) with research, confirmed that the audit quality depends on the ability of an auditing company that discovers irregularities in the awarding entity's accounting system and the auditor's independence, which is reflected in the reporting of detected irregularities. Also, the research confirmed that the audit quality of large audit firms is better due to a higher level of competence of employees and its desire to maintain a high

reputation (DeAngelo, 1981, pp. 197-198). Palmrose (1986) as Simunic (1980), with research, confirmed that there is a positive correlation between the audit fee and size of audit companies, mainly due to the increased market power of the auditing company and the quality of auditing. The research confirmed that the major auditing companies (Big 4) set audit fees that are higher because of charging additional premiums. In addition, the specialization of the audit company for a particular industry or field of auditing, increases their market share in the industry, because the clients choose a specialized auditing company (Palmrose, 1986, pp. 97-110). Maher *et al.* (1992, pp. 199-210), with research of the period 1977-1981, confirmed the correlation between the audit fee and the competition between audit companies. In the observed period there was a slightly increased number of clients which, therefore, excluded the possibility of falling audit fees in order to reduce the number of clients. Despite the large number of clients, they have confirmed a significant fall in audit fees. This is explained by the existence of competition among audit firms which, for obtaining a larger market share in the market, reduce the audit fees.

Menon and Williams (2001) researched the trend of audit fees and the reasons for their increase for the period 1980-1997. In the meantime, there has been a major merger of big auditing firms, which resulted in a reduction in the cost of auditing companies and, consequently, the reduction of audit fees. The authors of the research confirmed the short-term impact of the merger of audit firms on audit fees, as these resulted in lower prices for three years (Menon and Williams, 2001, p. 136). Evans and Schwartz (2014, p. 144) with research, confirmed that, in the case of US Publicly Traded Companies for the period 2000 to 2010, more regulation increases the fixed costs of the audit, while an increase in audit market concentration does not increase the audit fees. Velte and Stiglbauer (2012, p. 146), with research, confirmed that the audit market in most countries is oligopolistic, and dominated by the Big 4 audit companies. Therefore, European countries are concerned that small and medium-sized audit firms will eventually be forced to leave the audit market. This was pointed out in 2011 by the European Commission which, because of its assessment of the market situation, is worrying about audit services. The authors also note that the audit market concentration in the period 1980-2008 increased in most countries; the most prominent are EU Member States, which confirmed the strong oligopoly of large audit firms (the Big 4), especially for companies listed on the Stock Exchange (Velte and Stiglbauer, 2012, p. 158). These are audited mainly by the Big 4 auditing companies to the extent of more than 90 %. Although a number of medium-sized audit firms showed the ability to audit on international markets, they can hardly get a big client. Due to such market concentrations, there can be a buildup of systemic risk and collapse of a systemically important company, or a company that has reached a systemic relevant range, which can cause turbulence in the market as a whole (European Commision, 2010, p. 15). Market concentration is, in some segments of the market, too high, as the clients of audit services prevent greater choice. In this context, the audit of large companies listed on the Stock Exchange, acquired a reputation. The selection of an auditing company is still affected negatively by the fact that the largest companies do not recognize their skills. There are also examples of clauses (e.g. financial institutions) of "Big Four only", which is a condition for the granting of loans (European Commision, 2010, p. 16).

Literature review, related to audit fees, shows that, in Slovenia, there is no comprehensive research for the period 2008-2014, so this issue led us to the goal to research in this field. Scientific research in Slovenia have, until now been prepared by the authors Salihović and Zaman (2015) and Cokelc and Stager (2016). We must not ignore the findings

of previous studies (Skitek, 2009; Komadina, 2014; Pavlič, 2015; Salihović, 2014), which are not scientific in nature but, nevertheless, give important expert input to the selected topic.

Skitek (2009), for the period 2002-2005, studied the level of competition in the audit market, based on the market power of the company. The survey confirmed the following situation on the Slovenian market of audit services: Audit fees are falling, which increases dependence of audit firms on existing clients; audit companies assume operations to other audit firms by lowering the audit fees; audit fees fluctuate largely independently of the required audit scope and are dependent on the other, the harder measurable market factors; there is weak medium audit market concentration, whereby the concentration indicators in the studied period fall. When auditing medium-sized companies whose securities are not listed on the Stock Market, there is intense competition; in large companies whose securities are listed on the Stock Exchange, there is very strong competition. With this research, the author confirmed that, with the companies whose securities are listed on the Stock Exchange, we can speak of an oligopoly and the weak competitive market of audit services. Among the key findings of the research the author confirmed: The audit fee is a key criterion for the selection of an auditing company; the audit fees in Slovenia do not reflect the extent of the work specified by the value of items in the audited Financial Statements; audit companies acquire business by lowering audit fees; audit fees are falling; financial dependence of audit firms on their clients is large (Skitek, 2009, pp. 94-95). The author confirmed by the research that the audit companies in the year 2005, in most cases, took up clients with lower audit fees, which was proved especially when the client was previously audited by the Big 4 and, after that, the audit of the client was taken over by a smaller auditing firm. Acquisitions of entities operating in the opposite direction usually go for a higher audit fee than the previous auditing company (Skitek, 2009, p. 94).

Komadina (2014, pp. 55-56), with his survey, found that the size of the client affects the audit fee to companies listed on the Stock Exchange because, by increasing the size of client, the audit fees are increasing. The complexity of the client affects the audit fees, as, the more complex a client is, higher the audit fees are. The risks of a client have no effect on the audit fee. The audit fee has an impact on the audit company's status, as an auditing company with high status charges higher audit fees. Slovenian economic activity does not affect the audit fee, so we cannot say that the audit fee falling during the economic and financial crisis. Even the first relationship between the client and the audit firm does not affect the audit fee, because the audit fees in the first year of the audit were not different.

Pavlič (2015), with his research of audit fees in the Slovenian traded companies, found that the audit fee from the previous period has strong influence on the audit fee in the current period, while other variables remain unchanged. The author explains that the reason for the negative correlation is in the fact that clients with a high profit rate have lower audit risk than clients that show a loss, since the loss of the client is usually also correlated with aggressive tax planning and poorer quality of internal controls.

Salihović and Zaman (2015), with their research, found that the ten largest audit companies controlled almost the entire market (86.1 %). Coefficients of concentrations in the observed period grew constantly, except in 2010, when they declined because of the falling revenues of KPMG, which had, among all market participants, the highest market share. The largest four auditing companies employ more than half of the employees in the audit market. Audit companies from the Big 4 audited 43.6 % of clients. The ten largest audit firms, on average, audited 90.7 % of clients (Salihović and Zaman, 2015, pp. 48-50). Cokelc and Stager (2016) have researched on a sample the movements of audit fees,

depending on the size of the client, the size of the audit company and influence of changing the auditor to audit fee. The research found that the average fees in Slovenia are statistically significantly different from the normative audit fee, depending on the size of the client.

Abidin *et al.* (2010), studied the concentration of audit companies in correlation with the audit fees in the United Kingdom and found that the audit fees for listed companies rose after the collapse of Arthur Andersen. The reason is the additionally charged premium to assess the increased financial risk. Brandon *et al.* (2012) researched the frequency and causes of the replacement of auditors and found that auditees have replaced large audit companies with smaller ones due to additional benefits from individual audit services; research shows the motivation of auditees to reduce the cost of audit services with selection of an audit company with lower audit fee. The same findings came from the authors Gonthier-Besacier and Schatt (2007), with their research, and they confirmed the correlation between the size of the client and the audit fee. Hallak and da Silva (2012) also confirmed the positive correlation between the audit fees and the size of the client, which also indicates more complex transactions and, consequently, a greater scope for the work of the auditor. Authors Giroux and McLelland (2008), confirmed that the audit fee is mostly influenced by the size of the client, the complexity of the client, the client's financial risk, the client's net income and the size of the audit company. Picconi and Reynolds (2013) confirmed that the size of the auditees has no significant impact on the determination of the audit fees.

A literature review (Skitek, 2009; Le Vourc'h and Morand, 2011; Komadina, 2014; Pavlič, 2015; Salihović and Zaman, 2015; Cokelc and Stager, 2016) indicates that, for Slovenia, a comprehensive research of audit fee movements for 2008-2014 has not yet been carried out, so we carried out such a research and compared it with the findings of previous research in the world.

Previous research by Palmrose (1986) and Simunic (1980) confirm that there is a positive correlation between the audit fee and size of audit companies. Previous research by Maher *et al.* (1992), Skitek (2009), Cokelc and Stager (2016) confirms the fall in audit fees; this is explained by the existence of competition among audit companies which, for obtaining a larger market share in the market, reduce the audit fees. Velte and Stiglbauer (2012), find that companies listed on the Stock Exchange are audited by the Big 4 auditing companies to the extent of more than 90 %. In line with this observation, we have hypothesized Hypothesis 1.

Literature review shows that, in the last ten years, no scientific research in the field of normative prices in Slovenia or event in the World has been carried out. Hypothesis 1 and 2 are partly related to the notion of normative prices that are not known in the world under this term. Regardless of this fact, we are studying audit fees according to the size of the client. In line with this observation, there are at least three reasons for choosing Slovenia as a relatively new EU country for our research. The first reason is that there is no article in which are represented comprehensive audit fees for the total audit market in Slovenia. The second reason is that no comprehensive research has been performed to show features of audit fees in Slovenia for the period 2009-2014. The third reason is that, although the audit fees are determined in the EU market, identified audit fees and movements between different audit companies (the Big 4 and other small audit companies), can be useful for other similar economies and EU regulators when preparing European audit legislation.

3. HYPOTHESIS, METHODOLOGY AND DATABASE

3.1 Hypothesis

In our research, we investigated the movement of audit fees in relation to the size of the client and the auditing firm. The main research question was: Does the audit fee vary statistically significantly differently between the audit firms according to the recommended normative prices? The research question was based on the following hypotheses:

***H1**: Average audit fees in Slovenia differ statistically significantly depending from the normative audit fees according to the size of client.*

***H2**: The Big 4 auditing companies (KPMG, E & Y, Deloitte and PwC) were statistically significantly more likely to charge the normatively recommended audit fees than charged by a small auditing company.*

Recommended normative price represents calculation of the necessary time and cost per hour for the work of the members of the audit group according to the size of the client. The necessary time for auditing the financial statements was in Slovenia prescribed by the Public Audit Agency in the Recommendation 1 (Assurance of the quality of the auditing of the financial statements, 14 June 2010), and in March 1994 the values of the hourly rates from the Guidelines for the Creation of Prices for Auditing Services were defined by the Council of the Slovenian Institute of audit on the basis of Article 6 of the Auditing Act. The value of the hourly rates was last changed in 2003. The guidelines for setting prices for audit services have taken into account and follow the Austrian audit practice in the main components. Such established normative prices of audit services provide material security for audit service providers and enable the maintenance and development of a high professional level of services, which require the auditors to observe the rules of the profession. Slovenian Institute of audit recommends that for the calculation of the audit price of: Large companies should be used 300 hours; for medium-sized companies 150 hours; or at least 150 hours peer client. It also proposes the value of hourly items ranging: 34.92-43.65 EUR for assistant; 56.74-69.84 EUR for auditor; 78.57-104.76 EUR for the audit manager; 104.76-126.58 EUR for the head of the audit field; 135.31-161.50 EUR for the partner of the audit company.

Table no. 1 – An overview of the calculation of audit prices for a large client in accordance with the Guidelines of the Slovenian Institute of Auditors

Audit group	Share of hours	Number of minimal hours	Hour rate	Total in EUR
Certified auditor	15 %	45	150	6,750
Auditor with more than 2 year experience	60 %	180	60	10,800
Auditor with less than 2 year experience	25 %	75	40	3,000
Total	**100 %**	**300**	**-**	**20,550**

Source: authors' calculations.

According to the guidelines of the Slovenian Institute of Auditors, the audit price for a large client would be 20,550 EUR (Table no. 1), for a medium-sized client 10,275 EUR and for small clients 6,165 EUR. Four our research, we used these proposed audit prices.

The research was performed on sample of 851 (Table no. 3) companies that submitted Audited Financial Statements to the Statistical Office of Slovenia and revealed the audit price in the Annual Report (Table no. 2). In selecting the sample, we took into account the number of companies that are audited by size and territorial affiliation, and companies are selected in such a way that each audit company is covered at least in the volume of 25 audited companies. Financial Institutions (banks, insurance companies, state public institutions) were excluded from our research. A second limitation is that, in our research, were included 941 companies with Annual Report and consolidated Annual Report audited by the auditing company. In addition, the researcher has no assurance as to whether the audit fees revealed in Annual Report are accurate. Additional research will be needed to determine if the findings hold for Financial Institutions audited by the Big 4.

Table no. 2 – An overview of companies that submitted Audited Financial Statements to Statistical Office

	2008	2009	2010	2011	2012	2013	2014
Micro Companies	137	115	125	108	98	113	93
Small Companies	222	221	204	197	174	153	136
Medium-sized Companies	740	751	732	717	713	713	701
Large Companies	767	744	710	688	672	643	619
Total	**1,866**	**1,831**	**1,771**	**1,710**	**1,657**	**1,622**	**1,549**

Source: AJPES (2016)

Table no. 3 – Review of market coverage with audit companies

Audit Company	Number of Auditees*	In %	Number of Auditees in the Sample	In %
Deloitte	173	11.29	49	28.32
E & Y	129	8.41	58	44.96
KPMG	251	17.37	86	34.26
PwC	65	4.24	36	55.38
Small Accounting Companies	915	59.69	622	67.98
Total	**1,533**	**100**	**851**	**55.51**

Source: AJPES (2016) and authors' calculations, extracted from SPSS

3.2 Methodology and database

For the purpose of the research, we collected information of the audit prices for 2008-2014 with insight to Annual Reports submitted to Statistical Office of Slovenia AJPES. Based on these data, we included in our research 941 Annual Reports which were submitted in the period 2008-2014 to Statistical Office of Slovenia AJPES and had disclosed the audit price. Audited Annual Reports are sorted by the audit company, namely: 251 (17.37 %), KPMG; 129 (8.41 %) E & Y; 173 (11.29 %) Deloitte; 65 (4.24 %) PWC; 915 (59.69 %) Small AC. The research covers 951 (66.69 %) of the audited Annual Reports. Financial Institutions and other agreed-upon procedures were excluded from the research. Audit clients are divided into small, medium and large. The research included: 209 (22.2 %) large;

540 (57.4 %) medium; 192 (20.4 %) small audit clients, for each researched year. The survey covered all auditing companies in Slovenia, which we divided in two groups: The Big 4 (KPMG, E & Y, Deloitte, PwC) and all the small auditing companies (Small AC).

We provided a specific survey homogeneous population that submitted Financial Statements to the Statistical Office of Slovenia. The collected data was analyzed with SPSS software, a descriptive analysis of the variables and one-way analysis of variance (One-way ANOVA) was used to test the hypotheses. The significance level was set to 0.05 (5 %). As the first step of our analysis, we examined the descriptive statistics of the analyzed variables. Then we carried out our verification of the hypothesis, separately for small, middle and big sized companies, and also with regard to the auditing company. To test if the variables are featured by normal distribution in the analyzed period we used Kolmogorov-Smirnov tests; audit fee (D= .422, p = .000).

4. RESULTS AND DISCUSSION

4.1 Results for verifying Hypothesis 1

To verify Hypothesis 1, are the average audit fees in Slovenia differ statistically significantly depending from the normative audit fees according to the size of client, we used descriptive statistics and a parametric T-test. We compared the audit prices to audit company: Big 4 (KPMG, E & Y, Deloitte, PwC) and groups of small auditing companies (Small AC). Researched data were classified according to the size of the client (Table no. 4). We examined whether there are statistically significant differences in the audit fees to audit companies groups (Table no. 5).

Table no. 4 – Average audit fees of the Big 4 audit companies and Small AC

Audit Company	N	Arithmetic Mean	Std. Deviation	Std. Error Mean
Large Auditees				
KPMG	43	21,817	21,068	3,213
E & Y	30	23,407	22,594	4,125
Deloitte	25	21,274	14,830	2,966
PwC	21	27,594	23,230	5,069
Small AC	86	12,918	7,007	755
Middle-sized Auditees				
KPMG	43	8,477	4,970	758
E & Y	28	11,947	4,299	813
Deloitte	24	9,716	4,313	880
PwC	15	17,496	7,414	1,914
Small AC	383	6,865	3,087	158
Small Auditees				
Small AC	153	5,462	6,921	560

Source: authors' calculations, extracted from SPSS

To check that the distribution of audit fees is approximately normal, we need to look at the values of skewness and kurtosis. Positive values of skewness indicate too many low scores in the distribution. The values of skewness in our research are more than zero, so the data are distributed asymmetrically right. Positive values of kurtosis indicate a pointy and

heavy-tailed distribution. The values of kurtosis in our research are more than zero, so the data are distributed pointed.

Table no. 5 – T-test – comparison of the audit fees of the audit companies with the value of the normative audit fees

Audit Company	t	df	Sig.	Std. Error Difference
	Test value of the audit fees for Large Auditees = 20,550 EUR			
KPMG	.392	42	.695	1,267
E & Y	.693	29	.494	2,857
Deloitte	.244	24	.809	724
PwC	1.390	20	.180	7,044
Small AC	–10.101	85	.000	–7,632
	Test value of the audit fees for Midlle-sized Auditees = 10,275 EUR			
KPMG	–2.373	42	.022	1,798
E & Y	2.058	27	.049	1,672
Deloitte	–.635	23	.532	–559
PwC	3.772	14	.002	7,221
Small AC	–21.619	382	.000	–3,410
	Test value of the audit fees for Small-sized Auditees = 6,165 EUR			
Small AC	–1.257	152	.211	–703

Source: authors' calculations, extracted from SPSS

The T-test for large auditees showed that the average audit fees of the Big 4 Group did not statistically significantly deviate from normative audit fees; even surpass them, but not statistically significant. On average, small audit firms when auditing large auditees do not meet the predicted normative audit fees and this deviation is statistically significant (t = –10,101; df = 85; $p < 0.05$). According to the T-test for middle-sized auditees, three major audit companies (E & Y, Deloitte and PwC) do not statistically significantly deviate from the normative audit fees or statistically significantly exceed the normative audit fees. KPMG (t = –2,373; df = 42; $p = 0.022$) and, on average, small audit firms (t = –21,619; df = 382; $p = 0.000$) achieve statistically significantly lower average audit fees when auditing middle-sized companies than normative audit fees. The audit companies of the Big 4 group did not have enough small auditees in our sample, so the test was not carried out.

Small AC for small-sized auditees, on average, achieve lower audit fees than normative ones, but the deviation is not statistically significant (t = –1,257; df = 152; $p = 0.211$). For small auditees, 15 small audit companies exceed the normative audit fees and three audit companies exceed the average audit fees of the Big 4 audit group. For other audit companies, the index for the achievement of the normative audit fees varies from 33.86 % to 94.62 %. The index of the achievement of the average audit fees of the Big 4 audit group ranged from 20.14 % to 87.03 %. For medium-sized auditees, three small audit companies exceed the normative audit fees and only two average audit fees of the Big 4 audit group. For other audit companies, the index for the achievement of normative audit fees ranges from 40.06 % to 97.48 %. The Big 4 Audit Group's average audit fees index ranges from 37.90 % to 98.72 %. For large auditees, only two small audit companies exceed the normative audit fees and average audit fees of the Big 4 audit group. For others, the index of the achievement of normative audit fees ranges from 26.28 % to 97.32 %. The Big 4 Audit Group's average audit fees index ranges from 22.64 % to 83.87 %.

We can conclude that there is a large deviation from the normative audit fees in small audit companies, as well as from the average audit fees of the Big 4 audit group. Thus, the audit fees of the Big 4 audit group confirm that the normative audit fees are determined properly and appropriately. It follows that there is no problem in the amount of normative audit fees, but in the determination of the audit fees of small audit companies. The more their audit fees deviate from normative audit fees, the greater the risk of failing to meet the quality of auditing, if measured by economic independence and the use of time to obtain evidence of the management's claims of audited companies in the Financial Statements.

Hypothesis 1 that the average audit fees in Slovenia statistically significantly differ from the normative audit fees according to the size of the client of audit services can be confirmed if: medium-sized auditees shall be audited by the audit company KPMG or by small audit companies; large auditees are audited by small audit companies. The research did not show statistically significant differences in: large auditees, if audited by an audit company of the Big 4 Group; medium-sized auditees if audited by E & Y, PwC or Deloitte; small auditees if audited by small audit company.

4.2 Results for verifying Hypothesis 2

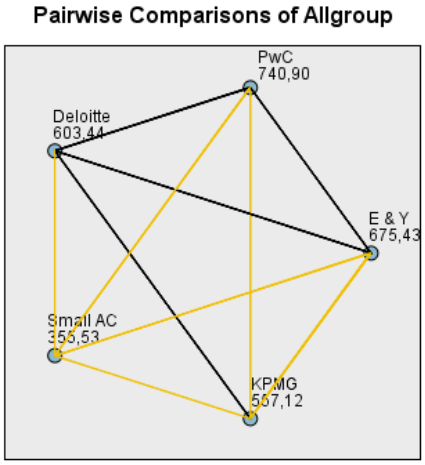
To verify Hypothesis 2, that the Big 4 auditing companies (KPMG, E & Y, Deloitte and PwC) were statistically significantly more likely to charge the normatively recommended audit fees than charged by a small auditing company, we used descriptive statistics and a parametric T-test. The audit companies were divided into two groups: Four major audit companies (KMPG, PwC, E & Y and Deloitte) were grouped into the Big 4 Group, and all other small audit companies were included in the second group (Small AC). Clients of audit services are divided according to size into three categories (small, medium, large) and compared to the normatively recommended audit fees of audit companies of the Big 4 Group and Small AC (Table no. 5 and Table no. 6). Hypothesis 2 has already been partially confirmed by statistical tests in Hypothesis 1, where we found that there are no statistically significant deviations from the normative prices in the Big 4 audit group, while small audit companies do not, on average, reach the normative audit fees (this applies to auditees of all sizes, but it is statistically significant for middle and large auditees). We also used the Kruskall-Wallis test (Figure no. 1) and Mann-Whitney U-test (Figure no. 2).

Table no. 6 – Comparison of normative audit fees with the arithmetic mean of calculated audit fees for 2014

Normative audit fees*	KPMG	E & Y	Deloitte	PwC	Small AC
Small Auditees (90 hour) or audit fees = 6,165.00 EUR	7,500	14,801	8,000	-	5,462
Middle-sized Auditees (150 hour) or audit fees = 10,275,00 EUR	8,477	11,950	9,716	17,496	6,865
Large Auditees (300 hour) or audit fees = 20,550.00 EUR	21,817	23,407	21,274	27,594	12,918

Note: *In accordance with the Guidelines of the Slovenian Institute of Auditors.

Source: authors' calculations, extracted from SPSS



Each node shows the sample average rank of Allgroup.

Sample1-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj.Sig.
Small AC-KPMG	201,598	28,118	7,170	,000	,000
Small AC-Deloitte	247,915	36,138	6,860	,000	,000
Small AC-E & Y	319,901	33,288	9,610	,000	,000
Small AC-PwC	385,377	42,531	9,061	,000	,000
KPMG-Deloitte	-46,318	43,574	-1,063	,288	1,000
KPMG-E & Y	-118,303	41,241	-2,869	,004	,041
KPMG-PwC	-183,779	49,006	-3,750	,000	,002
Deloitte-E & Y	71,985	47,076	1,529	,126	1,000
Deloitte-PwC	-137,462	54,009	-2,545	,011	,109
E & Y-PwC	-65,477	52,145	-1,256	,209	1,000

Figure no. 1 – Non-parametric Kruskall-Wallis test for the audit fees between five groups of audit companies

Source: authors' calculations, extracted from SPSS

The diagram (Figure no. 1) shows the average range of the value of the audit fees within each group of audit companies: The average rating for KPMG audit services is 557.12. The diagram shows the differences between the audit companies that are colored differently; There are no statistically significant differences between the Big 4 audit group that are related to the black line; statistically significant differences exist between the Big 4 audit group and small audit companies, which are illustrated by yellow links that show the distance between audit fees` ranges. In any case, the test statistics vary among the ranking groups (for example: between PwC and KPMG = 740.90 - 557.12 = 183.78). The Table next to the chart shows statistically significant differences in the audit fees ($p < 0.05$) between the groups: KPMG and small audit companies, PwC and small audit companies, Deloitte and small audit companies, E & Y and small audit companies, and between KPMG and PwC.

Table no. 7 – Comparison of normative audit fees with the arithmetic mean of calculated audit fees between Big 4 and Small AC

Normative audit fees*	**Arithmetical audit fees of Big 4**			**Arithmetical audit fees of Small AC**		
Year	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
Small Auditees (6,165.00 EUR)	10,363	9,786	10,973	5,462	5,169	5,644
N	8	8	8	153	147	135
Middle-sized Auditees (10,275.00 EUR)	10,860	11,304	11,170	6,865	7,121	7,302
N	110	109	107	383	349	328
Large Auditees (20,550.00 EUR)	23,123	24,046	24,510	12,918	13,071	13,505
N	119	117	117	86	84	84

Note: *In accordance with the Guidelines of the Slovenian Institute of Auditors.

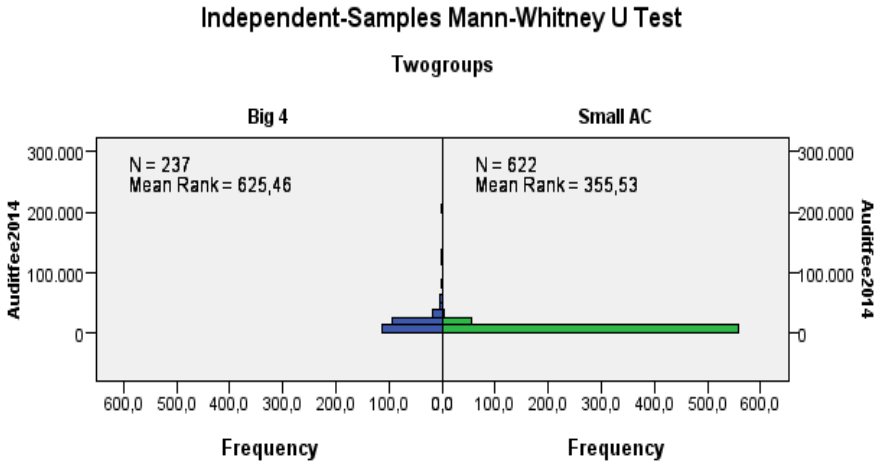
Source: authors' calculations, extracted from SPSS

According to the T-test, three major audit companies (E & Y, Deloitte and PwC) do not deviate statistically significantly from the predicted normative audit fees in relation to average audit fees for medium-sized auditees, or statistically significantly exceed this norm.

KPMG and, on average, small audit companies, achieve statistically significantly lower audit fees than normative ones. In the case of large auditees, the Big 4 audit Group do not deviate significantly from the normative audit fees in terms of average normative audit fees; they all go beyond, but not statistically significant. On average, small audit companies do not achieve normative audit fees and the deviation is statistically significant ($p < 0.05$).

In the case of small auditees, the highest arithmetic value of the audit fees was achieved by the audit company E & Y, followed by Deloitte and KPMG (there are no small auditees in the sample audited by PwC). Small audit companies reached only 36.90 % of the audit fee of the E & Y, which reached the highest audit fee among the Big 4 audit group or 72.81 % of the audit fee of the KPMG, which reached the lowest audit fee among the Big 4 audit group. In middle-sized auditees, PwC's reached the highest audit fees, followed by E & Y, Deloitte and KPMG. Small audit companies achieved only 41.18 % of the audit fees of PwC, which reached the highest audit fees among the Big 4 audit group and 85.00 % of the audit fees of KPMG, which reached the lowest audit fees among the Big 4 audit group. PwC, which reached the highest audit fees among the Big 4 audit group, reached the highest audit fees in major auditees, followed by KPMG, E & Y and Deloitte, which reached the lowest audit fees among the Big 4 audit group. Small Audit companies reached only 46.81 % of the audit fees PwC, which reached the highest audit fees among the Big 4 audit group, and 60.72 % of the audit fees of Deloitte, which reached the lowest audit fees among the Big 4 audit group.

In the following, we also examined the differences in normative audit fees between the Big 4 audit group and compared them to small audit companies. Levene's Test for Equality of Variances show that, with less than 5% of the risk, it can be assumed that there were no statistically significant differences in audit fees, if they are audited by KPMG and Deloitte ($F = 0.351$; $p > 0.05$); E & Y and PwC ($F = 0.581$; $p > 0.05$); KPMG and PwC ($F = 0.378$; $p > 0.05$). This confirms the value of the t-test for an arithmetic mean of audit fees, if they are audited by KPMG and Deloitte ($t = – 161$; $df = 138$; $p = 0.872$); E & Y and PwC ($t = –1{,}524$; $df = 95$; $p = 0.131$); KPMG and PwC ($t = –2{,}509$; $df = 123$; $p = 0.013$). Levene's Test for Equality of Variances show that, with less than 5% of the risk, it can be assumed that there were statistically significant differences in audit fees, if they are audited by KPMG and small AC ($F = 63{,}823$; $p = 0{,}000$). This confirms the value of the t-test for an arithmetic mean of audit fees, if they are audited by KPMG and small AC ($t = 4{,}296$; $df = 90{,}788$; $p = 0{,}000$).



Total N	859
Mann-Whitney U	27.384,000
Wilcoxon W	221.137,000
Test Statistic	27.384,000

Standard Error	3.250,235
Standardized Test Statistic	-14,252
Asymptotic Sig. (2-sided test)	,000

Figure no. 2 – Mann-Whitney U-test to determine statistically significant differences in the audit fees between the Big 4 audit group and small AC
Source: authors' calculations, extracted from SPSS

Using the Mann-Whitney U-test, we find that the audit fees between the Big 4 (Me = 17,001) and small audit companies (Me = 7,357) statistically significantly differ (U = 27,364, z = –14.252, p = 0.000, r = – 0.488). The Big 4 audit group (KPMG, E & Y, Deloitte and PwC) statistically significantly charged the normative audit fees as charged by small audit companies, so we confirm Hypothesis 2. The results of our research are comparable with previous researches (Simunic, 1980; Francis and Simon, 1987; Anderson and Zeghal, 1994; Francis *et al.*, 2005; Cullinan and Du, 2010; Hassan and Naser, 2013) which confirmed that the Big 4 audit companies achieve higher audit fees than small audit companies; this is confirmed on the basis of calculation of median of the audit fees through years and audit companies.

5. RESULTS AND DISCUSSION

The results of our research reveal that: a large number of auditees are audited by a large number of small audit companies, each of them holding a small market share. In Slovenia no auditing company has dominant influence; also, the Big 4 auditing companies do not have a dominant market share. Considering the period of 2008-2014, we recognize the trend of continued falling of audit fees (32 % E & Y; 30 % Deloitte; 25 % PwC; 13 % KPMG; 10 % small auditing companies). The low fluctuating of audit fees through the period 2008-2014 is recognized only for small auditing companies.

We confirm that there is a positive correlation between the audit fee and size of audit companies, as was confirmed with previous research by Palmrose (1986) and Simunic (1980). Despite the number of clients, we confirm the fall in audit fees, like Maher *et al.* (1992); this is explained by the existence of competition among audit companies which, for obtaining a larger market share in the market, reduce the audit fees. Velte and Stiglbauer (2012), find that companies listed on the Stock Exchange are audited by the Big 4 auditing companies to the extent of more than 90 %. From our research were excluded companies listed on the Stock Exchange but, by reviewing the Annual Reports of these companies, we find out that these are audited 100 % by the Big 4 audit companies; like Velte and Stiglbauer (2012), we confirm that the medium-sized audit companies can hardly get a big auditee. Due to such market concentrations, there can be a buildup of systemic risk and collapse of a systemically important company, or a company that has reached a systemic relevant range, which can cause turbulence in the Slovenian audit market as a whole, as recalls the European Commision (2010).

The findings of our research are consistent with previous research of the Slovenian market: Audit fees are falling (Skitek, 2009; Cokelc and Stager, 2016); audit companies

acquire business by lowering audit fees (Skitek, 2009; Cokelc and Stager, 2016); companies listed on the Stock Exchange are audited by the Big 4 auditing companies (Skitek, 2009; Cokelc and Stager, 2016; Komadina, 2014); the Big 4 audit companies audited 38.4 % of clients (Salihović and Zaman (2015) found out 43.6 %).

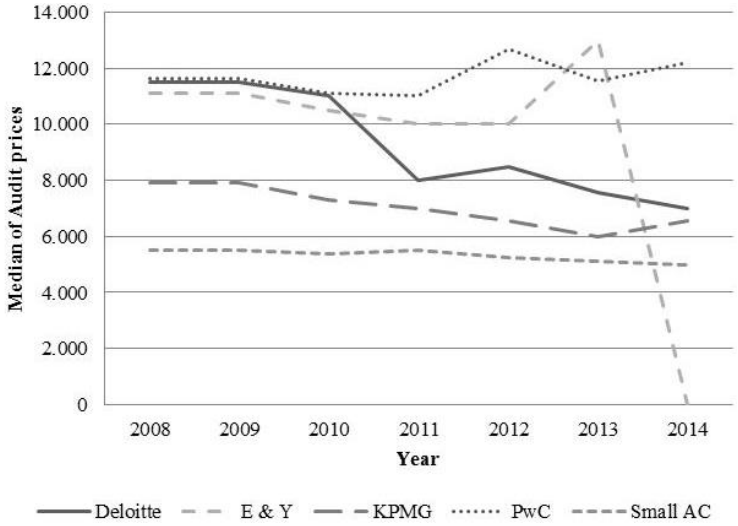


Figure no. 3 – Movement of Median of Audit fees for the period 2008-2014
Source: authors' calculations.

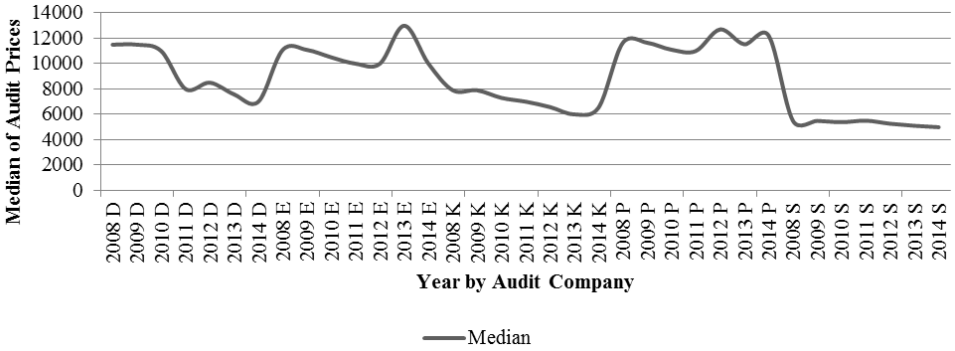


Figure no. 4 – Trend of Median of Audit prices for the period 2008-2014 by Audit Company
Note: D – Deloitte, E – E & Y, K – KPMG, P – PwC, S – Small AC.
Source: authors' calculations

Figures no. 3 and no. 4 shows that the median of audit fee of Deloitte, KPMG and small auditing company (Small AC) are falling. We find, like Simunic (1980), that the largest auditing companies do not have a monopoly in the market of audit services; there is a strong correlation between the size of the audit company and the audit fee, and even between large audit companies there is strong competition. Our findings are not consistent with those of the authors Anderson and Zeghal (1994) that the majority of clients use

services of large-sized audit companies (Big 4), which indicates the lack of competitiveness of audit fees; Slovenia is characterized by the following proportions: 251 (17.37 %) KPMG; 129 (8.41 %) E & Y; 173 (11.29 %) Deloitte; 65 (4.24 %) PWC; 915 (59.69 %) Small AC. We confirm, like Anderson and Zeghal (1994), that, in the audit market, there is competition between small audit firms.

In the period from 2008 to 2014, the prices of audit services decreased only in small audit firms. For them to increase the range of achieving the normative price and ranges from 26 % to 98 % of the normative price or the average price of audit services group audit companies Big 4. Prices of audit services of the Big 4 are consistent with the normative prices, which confirms that they are correct and an appropriate size for the normal functioning and quality assurance auditing. It follows that there is no problem of normative prices, but in non-compliance with the normative price of audit services for small audit firms. More when their prices deviate from the norms, the greater is the risk of failure to achieve audit quality, which is measured by economic independence and time-consuming to obtain evidence of management's assertions in the financial statements. Still, it is not clear where the upper limit of professional conduct to which they may be male audit companies reduce the price of audit services without compromising the quality of auditing.

The results of our research are comparable with previous researches (Simunic, 1980; Francis and Simon, 1987; Anderson and Zeghal, 1994; Francis *et al.*, 2005; Cullinan and Du, 2010; Hassan and Naser, 2013) which confirmed that the Big 4 audit companies achieve higher audit fees than small audit firms; this is confirmed on the basis of calculation of median of the audit fees (Figure no. 3) through years and audit companies, and also confirmed from within the trend of median of audit fees for the period 2008-2014 by audit company (Figure no. 4).

6. CONCLUSIONS

The results of our research show, that the average audit fees in Slovenia differ statistically significantly from the normative audit fees according to the size of the client of audit services if medium-sized auditees shall be audited by the audit company KPMG or by small audit companies, and if large auditees are audited by small audit companies. The research did not show statistically significant differences in: large auditees if audited by an audit company of the Big 4 Group; medium-sized auditees if audited by E & Y, PwC or Deloitte; small auditees if audited by a small audit company. The average audit fees in Slovenia vary significantly depending on the size of the client. Three major audit companies (E & Y, Deloitte and PwC) do not deviate statistically significantly from the predicted normative audit fees in relation to average audit fees for medium-sized auditees, or statistically significantly exceed this norm. KPMG and, on average, small audit companies, achieve statistically significantly lower audit fees than normative ones. In the case of large auditees the Big 4 audit Group do not deviate significantly from the normative audit fees in terms of average normative audit fees; they all go beyond, but not statistically significantly. On average, small audit companies do not achieve normative audit fees and the deviation is statistically significant. Our research showed that at the forefront of the Slovenian audit market is PwC when auditing large and medium-sized auditees, and E & Y if it audits small auditees; so, at the forefront are the Big 4 audit companies. Small audit companies have strong competition and reach lower audit fees. Research show that the audit fees of Deloitte, KPMG and small auditing company (Small AC) are falling.

Based on a careful examination of the issues addressed, we find that, until now, a comprehensive research of audit fees has not been carried out in Slovenia, so this represents a significant contribution to science. Research is between different periods, so the future research, after adoption of the new Auditing Act (expected in 2017) will show if there is any impact of the new regulation on audit fees. Beyond the audit fees, related evidence provided by our research, regulators and policymakers should also consider the available empirical evidence dealing with the effects of the new Auditing Act on audit fees and, consequently, audit quality, to address these highly relevant topics properly in the national legislation. Future research should examine the determinants of audit quality in correlation with audit fees carefully. Based on our empirical research, it is possible to carry out extensive quantitative research, therefore, a contribution to science seen in the quantitative research, which also includes other variables of audit quality for all auditees and correlation to the expected requirements of the new Auditing Act. The proposed research is unique, since a similar research in Slovenia has not yet been carried out and our findings are original.

Acknowledgements

The authors declare no conflict of interest. The work was supported by the Ministry of Education, Science and Sport, Republic of Slovenia. Program MARTINA, OP20.00369 and Zlatarna Celje d.o.o. Slovenia.

References

Abidin, S., Beattie, V., and Goodacre, A., 2010. Audit market structure, fees and choice in a period of structural change: Evidence from the IK - 1998-2003. *The British Accounting Review, 42*(3), 187-206. doi: http://dx.doi.org/10.1016/j.bar.2010.04.002

Accountingweb, 2015. Survey: Public and Private Company Audit Fees Went Up in 2013. from http://www.accountingweb.com/practice/practice-excellence/survey-public-and-private-company-audit-fees-went-up-in-2013

AJPES, 2016. Audited annual reports for companies. from https://www.ajpes.si/Registers/Annual_Reports

Anderson, T., and Zeghal, D., 1994. The pricing of audit services: Further evidence from the Canadian market. *Accounting and Business Research, 24*(95), 195-207. doi: http://dx.doi.org/10.1080/00014788.1994.9729479

Asthana, S. C., and Boone, J. P., 2012. Abnormal Audit Fee and Audit Quality. *Auditing, 31*(3), 1-22. doi: http://dx.doi.org/10.2308/ajpt-10294

Barragato, C. A., and Markelevich, A., 2008. Earnings quality following corporate acquisitions. *Managerial Finance, 34*(5), 304-315. doi: http://dx.doi.org/10.1108/03074350810866180

Brandon, D. M., Carver, B. T., Hollingsworth, C. W., and Stanley, J. D., 2012. Causes and Consequences of Recent Auditor Switching. *The CPA Journal, 82*(2), 36-39.

Choi, J.-H., Kim, C., Kim, J.-B., and Zang, Y., 2010. Audit office size, audit quality and audit pricing. *Auditing, 29*(1), 73-97. doi: http://dx.doi.org/10.2308/aud.2010.29.1.73

Cokelc, S., and Stager, V., 2016. Cene revizijskih storitev. *Sirius, 2*(1), 40-77.

Cullinan, C. P., and Du, H., 2010. Big 4, "Next 4", and Smaller Accounting Firms: Resignations v. Dismissals and the Outcome of the Auditor Change process. *The Journal of American Academy of Business, Cambridge, 16*(1), 58-64.

DeAngelo, L. E., 1981. Auditor size and audit quality. *Journal of Accounting and Economics, 3*(3), 183-199. doi: http://dx.doi.org/10.1016/0165-4101(81)90002-1

Duhovnik, M., 2016. This is not America: The Impact of the New EU Audit Regulation in Slovenia. *Economic and Business Review, 18*(2), 227-246.

Ettredge, M. L., Scholz, S., and Li, C., 2007. Audit Fees and Auditor Dismissals in the Sarbanes-Oxley Era. *Accounting Horizons, 21*(4), 371-386. doi: http://dx.doi.org/10.2308/acch.2007.21.4.371

European Commision, 2010. *Revizijska politika: kaj smo se naučili iz krize. Zelena knjiga*. Bruselj: Evropska komisija.

Evans, L. J., and Schwartz, J., 2014. The effect of concentration and regulation o audit fees: An application of panel data techniques. *Journal of Empirical Finance, 27*(0), 130-144. doi: http://dx.doi.org/10.1016/j.jempfin.2013.10.007

Francis, J. R., Reichelt, K., and Wang, D., 2005. The Pricing of National and City-specific reputations for Industry Expertise in the U.S. Audit Markets. *The Accounting Review, 80*(1), 113-136. doi: http://dx.doi.org/10.2308/accr.2005.80.1.113

Francis, J. R., and Simon, D. T., 1987. A test of audit pricing in the small-client segmentation of the U.S. audit market. *The Accounting Review, LXII*(1), 145-157.

Giroux, G., and McLelland, A., 2008. A Municipal Audit Fee Model Using Structural Equation Modeling. *Journal of Applied Business Research, 24*(3), 135-146.

Gonthier-Besacier, N., and Schatt, A., 2007. Determinants of Audit Fees for French Quoted Firms. *Managerial Auditing Journal, 22*(2), 139-160. doi: http://dx.doi.org/10.1108/02686900710718654

Hallak, R. T. P., and da Silva, A. L. C., 2012. Determinantes das despesas com serviços de auditoria e consultoria prestados pelo auditor independente no Brasil. [Determinants of audit and non-audit fees provided by independent auditors in Brazil]. *Revista Contabilidade & Financas, 23*(60), 223-231. doi: http://dx.doi.org/10.1590/S1519-70772012000300007

Hassan, Y. M., and Naser, K., 2013. Determinants of audit fees: Evidence from an emerging economy. *International Business Research, 6*(8), 13-25.

Köhler, A. G., Marten, K.-U., Ratzinger, N. V., and Wagner, M., 2010. Prűfungshonorare in Deutschland – Determinanten und Implikationen. *Zeitschrift fűr Betriebswirtschaft, 80*(1), 5-29.

Komadina, D., 2014. *Analiza dejavnikov cen revizijskih storitev v Sloveniji*. Ljubljana: Ekonomska fakulteta.

Le Vourc'h, J., and Morand, P., 2011. *Study on the effects of the implementation of the acquis on statutory audits of annual and consolidated accounts including the consequences on the audit market*. Paris: ESCP Europe.

Maher, M. W., Tiessen, P., Colson, R., and Broman, A. J., 1992. Competition and audit fees. *The Accounting Review, 67*(1), 199-210.

Menon, K., and Williams, D. D., 2001. Long-term trend in audit fees. *Auditing, 20*(1), 115-136. doi: http://dx.doi.org/10.2308/aud.2001.20.1.115

Naser, K., and Nuseibeh, R., 2008. Determinants of audit fees: Empirical evidence from an emerging economy. *International Journal of Commerce and Management, 17*(3), 239-254. doi: http://dx.doi.org/10.1108/10569210710833635

Palmrose, Z. V., 1986. Audit fees and auditor size: Further evidence. *Journal of Accounting Research, 24*(1), 97-110. doi: http://dx.doi.org/10.2307/2490806

Pavlič, B., 2015. *Analiza cen revidiranja slovenskih nejavnih delniških družb*. Ljubljana: Ekonomska fakulteta.

Picconi, M., and Reynolds, J. K., 2013. Audit Fee Theory and Estimation: A Consideration of the Logarithmic Audit Fee Model. https://www.researchgate.net/publication/228419938_Audit_fee_theory_and_estimation_A_consideration_of_the_log-log_audit_fee_model.

Ramzy, W. A. M., 1988. *The Determinants of Audit Fees - an Analitical Study*. Edinbrugh: Heriot – Watt University.

Salihović, A., 2014. *Analiza koncentracije na trgu revizijskih storitev v Sloveniji*. Ljubljana: Ekonomska fakulteta.

Salihović, A., and Zaman, G. M., 2015. Analiza koncentracije na trgu revizijskih storitev v Sloveniji. *Sirius, 1*, 38-56.

Simunic, D. A., 1980. The pricing of audit services: Theory and evidence. *Journal of Accounting Research*, *18*(1), 161-190. doi: http://dx.doi.org/10.2307/2490397

Skitek, M., 2009. *Kritična obravnava zagotavljanja finančne neodvisnosti revizijskih družb pri revidiranju računovodskih izkazov*. Ljubljana: Ekonomska fakulteta.

Velte, P., and Stiglbauer, M., 2012. Audit Market Concentration and Its Influence on Audit Quality. *International Business Research*, *5*(11), 146-161. doi: http://dx.doi.org/10.5539/ibr.v5n11p146

Zaman Groff, M., and Valentincic, A., 2011. Determinants of Voluntary Audit Committee Formation in a Two-Tier Board System of a Post-transitional Economy - The Case of Slovenia. *Accounting in Europe*, *8*(2), 235-256. doi: http://dx.doi.org/10.1080/17449480.2011.621674

Copyright