Audit Fees and Agency Costs: An Empirical Examination of
Companies Listed on the Amman Stock Exchange

أثمان التدقيق وتكاليف الوكالة: دراسة ميدانية على الشركات المدرجة في بورصة عمان

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ABSTRACT

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This study aims at investigating the impact of agency costs of FCF on audit fees, and examines the impact of growth level on the FCF and audit fees association. To achieve these goals the data is collected from the financial statements of sample which consists of manufacturing and services companies that listed on the Amman stock Exchange (ASE) for the year 2011. The multiple regression model is conducted to analyze the data. The results show that there is no significant relationship between audit fees and agency costs of FCF. Moreover, there is a significant positive relationship between audit fees and both of the corporate size and the type of auditing firm. In addition to, no significant relationship between audit fees and the following variables: the total debt to asset ratio, dividends yields, quick ratio, return on investment, the type of sector, the corporate subsidiaries, and the corporate branches. Finally the results indicate that there is no effect for the growth level on the audit fees and FCF relationship because there is no significant relationship between audit fees and FCF for both high and low a growth firm.

Key words: Audit Fees, FCF, Agency Cost, Growth Opportunities and ASE.