

Audit Prices, Product Differentiation and Economic Equilibrium

Ferdinand A. Gul, Professor

[+ Author & Article Information](#)

AUDITING: A Journal of Practice & Theory (1999) 18 (1): 90–100.

<https://doi.org/10.2308/aud.1999.18.1.90>

Views 

Share 

Tools 

Cite 

This study tests the hypothesis that Big 6 audit prices are higher than non-Big 6 audit prices for both large and small segments of the auditee market. The hypothesis is based on the assumption that these price differentials should be observed given product differentiation and competition in a stable audit market. The absence of price differentials between Big 6 and non-Big 6 auditors for large auditees due to diseconomies of scale to the non-Big 6 (previously non-Big 8) auditors found in some prior studies is inconsistent with long-run allocational efficiency which suggests that inefficient audit firms should be driven out of the market. Results of OLS regression analyses of Hong Kong market data provide evidence to support the above hypothesis that product differentiation and competition prevails in both segments of the market.

This content is only available via PDF.

American Accounting Association

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Member Login

[Log in](#)

Pay-Per-View Access

\$25.00

AAA Members: Please log in for free access to content. Note, Teaching Notes are a full member benefit and are not available to student members.

 [Buy This Article](#)



[View Metrics](#)

Citing Articles Via

Web Of Science (43)

Google Scholar

CrossRef (63)

Email Alerts

Article Activity Alert

Publish Ahead of Print Alert

New Issue Alert



Print ISSN: 0278-0380 **Online ISSN:** 1558-7991

[Skip to Main Content](#)

[Information for Authors](#)

[Authorship Policy](#)

[Plagiarism Policy](#)

[Data Integrity Policy](#)

[Citing Corrected Articles Policy](#)

[Minimizing Overlapping Decision Rights Policy](#)

[Prior Publication Policy](#)



[Cookie Policy](#) [Accessibility](#) [Terms & Conditions](#) [Get Adobe Acrobat Reader](#)

© Copyright 1998 - 2023 American Accounting Association. All rights reserved.