International Journal of Finance and Managerial Accounting, Vol.13, No.48, Winter 2028 IJFMA

Investigating the Effect of Unusual Auditors' Fees on the Divergence of Investors' Opinions on the Tehran Stock Exchange

Parvaneh Motie
Assistant Professor, Department of Accounting, Payame Noor University, Tehran, Iran

Mohammad Hosein Fatheh
Assistant Professor, Department of Accounting, Payame Noor University, Tehran, Iran

Hashem Valipour
Department of Accounting and Finance, Fir.C. Islamic Azad University, Firoozabad, Iran.
(Corresponding Author)

Submit: 03/08/2024 **Accept:** 26/05/2025

ABSTRACT

Purpose: The basis of decision-making by investors and participants in the capital market is the information published by companies in the form of financial statements. Investors can fully benefit from this information when it is timely, complete, accurate, and understandable. However, if this information is distributed unfairly, unequally, or asymmetrically, it can lead to different results that affect the capital market and investors. Abnormal auditors' fees also impact the quality of financial reporting. Therefore, this study aims to explore the effect of abnormal auditors' fees on investors' opinions on the Tehran Stock Exchange.

Method: This study is an applied and methodologically causal correlation. To achieve the research objectives, sample data from 86 companies listed on the stock exchange was collected using the systematic elimination model over a 10-year period from 2013 to 2022. The research hypothesis was tested using a linear multivariate regression model.

Findings: The results of the hypothesis test showed that paying abnormal fees to the auditor overshadowed the auditor's independence. This questioning of the ability to validate financial reports intensified the divergence of investors' opinions.

Conclusion: Behavioral financial literature highlights that a lack of transparency in information exacerbates disagreements about the value and return of shares in the capital market. When auditors request unexpectedly lower fees, business unit managers may increase the quality of financial reporting. However, if audit firms lose their independence due to unexpected fees, business unit managers may lack the motivation to report high-quality financials. This worsens deviations in financial statements and their impact on users and beneficiaries, eroding trust in the audit community.

Keywords: abnormal Auditors' Fees, Divergence of investors' opinions, Quality of Financial Information

1. Introduction

The foundation of decision-making for investors and participants in the capital market relies on the information published by companies in the form of financial statements. To fully benefit from this information, it must be timely, complete, accurate, and understandable to investors (Yin et al., 2022). Conversely, if this information is distributed unfairly, unequally, or asymmetrically, it can lead to different outcomes that affect the capital market and investors. Any lack of transparency in this information can disrupt the decision-making process of shareholders and analysts in the capital market, leading to a divergence of opinions among investors (Silva & Serqueira, 2021). This difference in opinion, stemming from the lack of transparency in the information, will result in varying levels of investors' predictions of expected future returns (Salehi et al., 2023). As the heterogeneity of investors' beliefs about stock value increases, stocks are purchased at higher values, driving opinions further apart (Peng et al., 2016).

Company managers can distort the quality of financial statements by manipulating financial statement items, which impacts the dispersion of investors' opinions. When the quality of financial reporting falls below acceptable levels, information asymmetry increases, forcing analysts to rely more on private information, leading to greater dispersion in predictions and opinions about a stock (Xu et al., 2015). Forecasts reflect the beliefs and opinions of analysts and investors in the capital market. The extent to which companies disclose information is linked to greater opinion dispersion in analysts' forecasts, increasing uncertainty and the weight investors place on their valuations. Sources of uncertainty, such as limited information disclosure, contribute to disagreements in investors' and analysts' opinions (Silva & Cerqueira, 2021). Divergence of opinions is a form of heterogeneity among investors where estimates of asset value differ, specifically dealing with market disagreements about company stocks (Taghizadeh et al., 2021).

The primary focus is on preventing and detecting fraud and misconduct within the audited unit (audit standard). Auditors are responsible for planning and conducting audits to ensure financial statements are free from distortions (Bakhshi et al., 2022). The purpose of auditing is to provide a professional opinion on financial statements by competent and independent individuals, with the opinion being valid and reliable. A fee must be paid for audit services, determined by the auditor based on the volume and risk of the audit (Aghaie Ghehie et al., 2022). Market reactions are positive to high-quality information, but high auditor fees may create economic dependency on employers, leading to a lack of auditor independence and employer reliance on company information, resulting in negative market reactions to low-quality information. Abnormal audit fees are defined as the excess or deficit compared to the standard fee (Saghafi et al., 2022). Rostami et al. (2022) found that abnormal auditor fees reduce the quality of financial reporting. In situations where company financial statements lack desirable quality, paying unusual fees to independent auditors is one solution to compensate for this lack (Rostami et al., 2022).

Considering that the basis of investors' decision-making is financial information, a lack of quality information causes information asymmetry, and abnormal auditor fees reduce the quality of financial reporting, the question arises: Do non-conductive auditor fees affect the divergence of investors' opinions? Due to inconclusive findings on this topic and a research gap, this study aims to address this question. The research structure includes an expansion of theoretical foundations, hypotheses, empirical foundations, methodology, operational definitions of research variables, and findings and conclusions.

2.Expansion of the theoretical basis of the research hypothesis, Background Research

Investors' thoughts and beliefs regarding the future of the capital market can significantly influence the price trend and volume of market transactions. These thoughts and beliefs refer to their perspectives on the future state of the capital market (Silva & Cerqueira, 2021). In classical economics, there is a belief that human behavior is driven by rational expectations. This concept is based on the assumption that individuals and groups intelligently consider and utilize all available information that impacts the outcome of their decisions (Chen, 2013). Doung et al. (2023) found that short-term selling activity is positively correlated with volatility, trading activity, and the relationship between volume and disagreement. According to the efficient market

hypothesis, the stock market contains complete information, allowing investors to make rational decisions based on this information. However, a new stream of financial literature emerged in the early 21st century, suggesting that behavioral and psychological factors influence the capital market. Therefore, the behavioral financial approach is commonly used to design models for understanding market and stock price changes (Aghababaei & Alian, 2022). Salehi et al. (2023) emphasized the importance of studying the divergence of investors' opinions, as differing beliefs in the capital market directly impact companies' fundamental aspects, such as financial leverage and debt levels. Furthermore, investors' thoughts and opinions about the future of the capital market can significantly influence price trends and market transaction volumes. Qin, Cui (2024) stated in a study titled Annual report tone and divergence of opinion, By utilizing web-crawling and text analysis techniques on unstructured big data (text sets), this study examines to what extent investors disagree with the sentiment conveyed in annual reports. The main empirical findings suggest that the tone of annual reports significantly influences investor opinions. Specifically, a negative tone in annual reports is associated with high levels of divergence among investors' opinions, whereas a positive tone correlates with lower divergence. In the robustness tests, the results remain consistent after controlling for various factors. After we control for Management Discussion and Analysis (MD&A), both positive and negative tones in annual reports continue to be significant predictors of divergences in investor opinions. Additionally, after controlling for future earnings quality, future cash flows, and future earnings surprises, investors still present high/low divergence of opinion in response to a negative/positive tone in annual reports. Moreover, the robustness of our analysis is assessed by employing alternative sentiment analysis word lists. Taghizadeh et al. (2021) stated that investors' various opinions and attention have an inverse effect on the relationship between initial stock returns and investors' differing views on IPOs. Investors' thoughts and opinions reflect their outlook on the future state of the capital market (Mehmood et al., 2021). Moradzadeh et al. (2024) In a study titled "Presenting a Investor Decision Making Model and Solving the Problem of Investors' Emotional Behavior , behavioral finance is related to the psyche of investors and its role in financial decision-making. We know that human beings have emotions that can affect their decision-making. Such decisions are often inefficient and irrational and can lead to damages and disasters in the stock market." Purpose This study presents a suitable model for controlling the emotional behavior of new investors in the Tehran Stock Exchange. In this study, grounded theory has been used to answer the questions. The results showed 230 primary codes that were classified into 21 main categories. Education and culture-building, organized and planned offerings, capital management, innovation and structure, laws, regulations and penalties, and economic and political are identified strategies that if prioritized by the organization and financial institutions and new investors, then we can expect a reduction in the emotional behavior of new investors.

Investors hold diverse and heterogeneous beliefs about a company's value, and how this heterogeneity affects the valuation of a company's securities has been explored in financial literature. Albada et al. (2022) found that the divergence of ideas directly impacts initial stock returns. Shen et al. (2022) noted a significant relationship between the divergence of opinions and companies' quarterly earnings announcements. Investors' beliefs and emotional tendencies can influence trading volume and stock prices by altering the capital market environment (Peng et al., 2016). Garcia (2025) stated in a study titled Beyond the Headlines: Sentiment Divergence and Financial Distress n the age of social media, corporate financial health is increasingly influenced by diverse and often conflicting information signals. This study introduces sentiment divergence, the difference in sentiment expressed on social media (X, formerly Twitter) versus traditional news media, as a novel predictor of financial distress. Analyzing 1,823 U.S. firms from Q1 2015 to Q1 2021, the results reveal that a one standard deviation increase in sentiment divergence decreases the one-year probability of default by 7 basis points, supporting theories positing that diverse information, even when contradictory, enhances market efficiency. Conversely, a one standard deviation increase in the volatility of this divergence increases default probability by 46 basis points, highlighting the destabilizing influence of fluctuating sentiment, consistent with noise trading theories. Furthermore, heightened institutional investor

attention dramatically amplifies financial distress, as a one standard deviation increase in news attention corresponds to an 869 basis point increase in default probability, underscoring the risks of herding behavior and informational cascades in the presence of divergent signals. This research contributes to behavioral finance by demonstrating the complex interplay between information diversity, sentiment volatility, and investor behavior in shaping corporate financial outcomes, offering crucial implications for investors, managers, and regulators. When financial reporting quality falls below acceptable standards, information asymmetry increases, and analysts rely more on private information, leading to increased forecast dispersion. Forecasts reflect analysts' and investors' beliefs and opinions (Silva and Cerqueira, 2021). The level of information disclosure by companies is linked to greater opinion dispersion among investors in the capital market, increasing uncertainty and valuations. Sources of uncertainty, such as limited and opaque information disclosure, contribute to differences in investors' opinions (Lang and Lundholm, 1996).

Financial statements are a crucial decision-making tool for various users, including investors, analysts, creditors, and financiers, and serve as key indicators for evaluating managers' performance (Chen et al., 2015). Managers may adjust the timing and scale of activities like sales, production, and investments during an accounting period to meet revenue goals. They may utilize accrual tools like earnings smoothing, real earnings management, and accruals to manipulate earnings. Earnings smoothing involves accounting techniques to minimize income fluctuations between periods, which can be legitimate if done according to accounting principles. However, income-smoothing through fraudulent means can raise doubts about the quality of a company's financial statements and create uncertainty for investors (Fakhari et al., 2015).

Providing high-quality financial reports improves the evaluation of the current situation, predicts the future status of companies, and can lead to making correct and accurate decisions for the organization. The reported information changes the market's view of the company's financial performance and consequently affects the company's position. In this regard, Haribar et al. (2014) stated that unexpected auditor fees affect audit quality. They mentioned that increasing unexpected fees for auditors decreases the quality of financial reporting. Some other researchers, such as Choi et al. (2010), have stated that the relationship between auditor fees and the quality of financial reporting is asymmetrical. When the auditor's unexpected fee is very low, the increase in the auditor's unexpected fee has no effect on the quality of financial reporting. However, when unexpected fees are high, an increase in auditor's fees reduces the quality of financial reporting.

Audit fees are determined in the form of a contract between the auditor and the client before the commencement of the audit work. Normally, the budget of the working hours spent on the audit is considered the basis for determining the audit fees. This estimated budget is also a function of the volume of audit operations affected by the size of the client's company, the complexity of the operations, the number of its branches, and the variety of audit risks. However, it is expected that many other factors affect the determination of auditors' fees, and much research has been conducted to identify the main factors affecting this amount of audit fees inside and outside the country (Mahdavi Sabet et al., 2023).

The abnormal level of audit fees, which is the additional amount paid by clients apart from the normal fees, depends on the relationship between the audit firms and their clients. Khatiri et al. (2022), by examining the relationship between the volume of transactions with related parties and the probability of paying unexpected fees to the audit by considering the role of the ownership structure, stated that there is a positive and significant relationship between the volume of transactions with related parties and unexpected audit fees. The independence of the board of directors and the duality of the role of the CEO have also intensified this relationship. Intel et al. (2006) investigated the relationship between audit and non-audit service fees and earnings management and showed that non-audit fees are negatively associated with abnormal accruals. Such a negative relationship is further related to the fact that the payment of an unusually high amount of fees to auditors may make them economically dependent on their employers and cause the loss of the basic assumption of auditors' independence during the audit proceedings and issuance of audit reports.

As a result, the correct method of pricing audit services has been the subject of much research in the

field of auditing. According to the above, there is no consensus on whether the auditor's unexpected fees affect the quality of financial reporting or not. However, the problem is that in all the studies conducted on the subject, it has been assumed that the auditor's salary is dependent on each other in different years, which is not practically true. Paying unexpected fees to the auditor by increasing doubts about the ability of the auditor to maintain independence will cause doubts about the validation dimension of financial reports and will lead to an increase in the volume of divergence in investors' perceptions and opinions about determining the intrinsic value of shares for making final investment-related decisions.

Therefore, according to the above, the hypotheses related to the moderating role of auditors' abnormal fees are presented as follows:

H1: The unexpected payment of auditor's fees directly impacts the divergence of investors' opinions.

3. Research Methodology

The present study is a descriptive-causal research aimed at implementation purposes. It does not focus on developing new theories in the field of applied research or interfering with the values of research variables. The method of data collection relies on post-event and historical data, using library and archival methods. The statistical population consists of firms listed on the Tehran Stock Exchange from 2013 to 2022.

To ensure data comparability, the systematic elimination model was used, selecting companies with financial periods ending on March 20 that did not change their financial year, remained listed on the stock exchange throughout the research period, and had a trading interval of more than six months. Investment companies, banks, and other financial institutions were excluded for data homogeneity. A total of 86 companies were chosen as the final sample for the research.

Due to some companies not disclosing auditor's fees, there was a sampling limitation. Data analysis was conducted using the combined data method and data panel approach with Eviews 12 software, a standard tool for testing hypotheses.

Table 1. The screening of the statistical population

The statistical population in 2022		577
Deductible: inactive companies	-193	
Deductible: Companies that have stock trading suspension	-41	
Deductible: Companies that have changed the financial period	-67	
Deductible: Companies that entered the stock market during the research period	-99	
Deductible: investment companies, banks, and holdings	-49	
Deducted: Companies for which the auditor's fee figure was not available	-42	
The final sample of the research		86

1-3. Operational Definitions of Research Variables

1-1-3. Dependent Variable: Divergence of Investors' Opinions (ABVOL)

The divergence of investors' opinions (measured by the Unexpected Trading Volume Index) has been measured as follows, following Silva and Cerqueira (2021) and Salehi et al. (2023):

$$\text{ABVOLi, t} = \left[\left(\text{VOL}_{\text{i,t}} - \text{MKT}_{\text{VOL}_\text{t}}\right)\right] - \left[\left(\text{FIRM\_AVG\_VOL}_\text{i} - \text{MKT\_AVG\_VOL}_\text{t}\right)\right] \quad \text{Model(1)}$$

Where:

VOL: The ratio of traded shares to total company shares.

MKT_VOL: The ratio of the total volume of shares traded in the market to the total shares available.

FIRM_AVG_VOL: Average VOL at the company level.

MKT_AVG_VOL: Average MKT_VOL at the market level.

2-1-3. Independent Variable: Abnormal Audit Fee

To measure unexpected audit fees as an independent variable of the research, following previous works such as Rostami et al. (2022), Khatiri et al. (2022), and Choi et al. (2010), the regression of the normal auditor fee model presented by Simonic has been used.

$$\begin{aligned}\text{Infee}_{it} = \beta_0 + \beta_1 \text{LnTA}_{it} + \beta_2 \text{ROA}_{it} + \beta_3 \text{LEV}_{it} \\ + \beta_4 \text{TEN}_{it} + \beta_5 \text{AUDSIZE}_{it} \\ + \beta_6 \text{INVERC} + \beta_7 \text{ISSUE} \\ + \beta_8 \text{LOSS} + \beta_9 \text{LIQUID} \\ + \beta_{10}\ \text{CHGSALE}_{it} + \varepsilon_{it}\end{aligned}$$

Model(2)

In this regard, we have:

Life, t = natural logarithm of the fees paid to the auditor of the company; lnTAi, t = natural logarithm of the total assets of the company; ROAi, t = return on assets (ratio of total operating profit to total assets of the company); Levi, t = leverage (ratio of total debt to total assets); TENi, t = Continuity of auditor selection (measures the number of years that the audit firm has audited the company consecutively). The company, AUDSIZEi, t = the size of the audit firm (an imaginary variable that is assigned the value of one if the company has been investigated by the audit organization, and zero otherwise); INVRECi, t = the ratio of inventories, accounts, and documents received to the total assets; ISSUEi, t = the virtual variable that is assigned the value of one in case of issuance of shares in the current year, and zero otherwise. LOSSi, t = Operating Loss of the Company; LIQIDi, t = Current Ratio (Ratio of Current Assets to Current Liabilities) of the Company; CHG SALEi, t = Change in Sales of the Current Year Compared to the Previous Year of the Company; εi, t = Remaining Regression Model (Indicates Unexpected Fees).

3-1-3. Control Variables

In the present study, like in similar research, several control variables that the authors believe have the most influence on the likely results of the research have been considered and included in the research model.

Boarding: The ratio of non-obligated members of the board of directors to the total number of members.

Loss: The qualitative variable has two values: if the net profit of the company is negative, it is coded as (1), otherwise (0).

BTM ratio: This variable is calculated by dividing the capital market value by the book value of the capital at the end of the fiscal year.

INST: Institutional shareholders include investors such as banks, insurance companies, and investment companies, as well as individuals and companies that own more than 5% of the company's shares. The percentage of shares held by this group is used to classify institutional investors.

Liquidity: The ratio of operating cash to total assets.

AGE: The natural logarithm of the difference between the year of the company's establishment and the year in question.

LEV: Total liabilities divided by total assets.

RET: The stock price minus the price of the previous period, plus the earnings of the stock, divided by the price of the previous period.

2.3. Research Regression Model

Finally, in order to achieve the research objectives, a mathematical model has been developed and will be presented as follows:

$$\begin{aligned}\text{ABVOL}_{it} = \beta_0 + \beta_1 \text{Abnormal Auditfee}_{it} \\ + \beta_2\ \text{Board Ind}_{it} + \beta_3 \text{LOSS}_{it} \\ + \beta_4 \text{BTMratio}_{it} + \beta_5\ \text{Inst}_{it} \\ + \beta_6\ \text{Cash}_{it} + \beta_7\ \text{Age}_{it} + \beta_8\ \text{LEV}_{it} \\ + \beta_9\ \text{RET}_{it} + \varepsilon_{it}\end{aligned}$$

Model(3)

4. Research Findings

The research findings include both descriptive and inferential statistics, which are initially presented in Table 1 of the descriptive statistics.

Table 1 shows the descriptive statistics of the quantitative variables in the research. It is evident that the average financial leverage of the company is 0.55, indicating that the majority of the data centers around this value. The highest standard deviation is associated with institutional investors (29.7), while the lowest is linked to the divergence of investors' opinions, with a figure of 0.06. This suggests that there is minimal dispersion between the opinions of investors in the capital market, which can be undesirable at times, resembling herd behavior in the stock market.

Table 1. Descriptive Statistics of Quantitative Research Variables

Variable	Mean	Max.	Min.	Standard deviation
ABVOL	0.023	0.39	-0.025	0.062
Abnormal A. F.	0.001	1.39	-1.84	0.40
Cash	0.12	0.64	-0.14	0.14
Inst	0.59	0.96	0.00	29.7
LEV	0.55	0.98	0.094	0.20
RET	0.82	4.97	-0.48	1.38
Board Ind	0.66	1.00	0.20	0.17
BTMratio	4.35	15.7	1.05	3.89
Age	3.60	4.20	2.48	0.35

Table (2). Descriptive statistics of qualitative variables

Variable	Value	Abundance	Frequency Percentage
LOSS	1	80	9.30
LOSS	0	780	90.70
Total	-	860	100

As shown in Table 2, the total number of years for the companies under study is 860. Of these, 80 cases, or 30.9% of the firm-years, were loss-making, while 780 cases, or 90.70% of the firm-years, were not loss-making.

Before conducting the goodness-of-fit test, it is important to ensure compliance with prerequisites for regression implementation. This includes checking for variance heterogeneity and serial autocorrelation. Additionally, it is crucial to confirm that the distribution of the research data is homogeneous. White, Brush-Godfrey, Chow, and Hausman tests, as used in previous studies, should be employed for this purpose.

The results presented in Table 3 indicate that the significance level of the White test in the research model is less than 5%, suggesting the presence of variance heterogeneity in the disruptive sentences. Conversely, the significance level of the Godfrey-Brush test in the research model is higher than 5%, indicating the absence of serial autocorrelation. This implies that there is heterogeneity of variance in the final estimation of the model using the standard error tool in Eviews software, specifically through the Generalized The Least Squares (GLS) method. Furthermore, the significance level of the Chow and Hausman tests, both below 5%, confirms the panel data pattern with constant effects of width from the source (Banimahd et al., 2016).

Table (3). Classical regression hypothesis tests

Test Model	Exam Statistics	Sig
White Test	500.95	0.0000
Breusch-Godfrey Test	1.471	0.47
F-Limer Test	1.47	0.0051
Hausman Test	76.21	0.0000

Table (4). Stationary test of research variables

Variable Name	t Statistics	Sig	Results
ABVOL	-15.5460	0.0000	Stationary
CASH	-11.7888	0.0000	Stationary
INST	-8.66828	0.0000	Stationary
LEV	-9.25691	0.0000	Stationary
Abnormal A. F.	-11.8432	0.0000	Stationary
RET	-13.7868	0.0000	Stationary
SIZE	-6.05509	0.0000	Stationary
Board and	-9.49023	0.0000	Stationary
BTM ratio	-10.6422	0.0000	Stationary
AGE	-11.1637	0.0000	Stationary

According to the results obtained in Table 4, it is evident that the significance level of the variables in the durability test is less than 5%, indicating that the variables are permanent.

The final results of the research hypothesis test

Finally, the results of the good-fit test for the research hypotheses, considering the homogeneity of the data, are presented in Table 5.

The results of Table 5 show that abnormal auditor fees, with a positive coefficient of 0.019 and a significance level of less than 5% (0.010), directly affect the divergence of investors' opinions. Institutional investors, company lifespan, and stock return rate at the 5% error level also impact the dependent variable. The coefficient of determination for the model is 0.30%, indicating that the independent and control variables can explain 0.30% of the changes in the dependent variable. Additionally, the value of Watson's Kappa is 2.26, falling between 1.50 and 2.50, suggesting no strong correlation between the disturbance terms of the autologous model. The collinearity statistic is less than 5, indicating no strong correlation between the research variables. The test statistic (F), with a significance level of less than 5%, suggests that the research model fits well.

Table (5). Results of the Research Hypothesis Test

$ABVOL_{it} = \beta_0 + \beta_1 Abnormal\ Auditfee_{it} + \beta_2\ Board\ Ind_{it} + \beta_3 LOSS_{it} + \beta_4 BTMratio_{it} + \beta_5\ Inst_{it} + \beta_6\ Cash_{it} + \beta_7\ Age_{it} + \beta_8\ LEV_{it} + \beta_9\ RET_{it} + \varepsilon_{it}$					
Dependent Variable: ABVOL					
Variables	**Coefficients**	**Standard Error**	**t- statistic**	**Sig**	**VIF**
Abnormal A.F	0.019	0.007	2.57	0.010	2.83
Board IND.	0.006	0.011	0.56	0.56	1.08
LOSS	-0.001	0.010	-0.11	0.91	1.26
BTMratio	-0.0003	0.0006	-0.59	0.55	1.57
INST	-0.0005	0.0002	-2.11	0.034	1.22
CASH	0.003	0.012	0.24	0.80	1.86
AGE	0.039	0.019	1.97	0.049	1.05
LEV	0.012	0.016	0.79	0.42	1.91
RET	0.009	0.001	7.48	0.0000	1.40
C		0.078	-1.21	0.22	-
Coefficient of Determination		0.30			
Watson Durbin		2.26			
Statistic F		3.2119			
Sig		0.0000			

5. Discussion & Conclusion

With the expansion of the capital market and the desire for the presence of companies that meet the requirements for admission to the stock exchange, along with the emergence of factors whose origin and formation cannot be explained using the logic, foundations, and theories available in the market, the study of behavioral financial sciences has become a necessary area of research within the financial sector. One important aspect of behavioral financial sciences is the difference in opinions and behaviors among investors in the capital market and the factors that can either intensify or reduce this divergence, which has been less explored in the Iranian capital market.

The divergence of opinions among investors can be attributed to their inclinations, emotions, levels of optimism, and pessimism, as well as their views on the final value of an asset and the expected returns. It has been noted in financial literature that a lack of transparency in information can escalate disagreements regarding the value and returns of a stock in the market. When the transparency of company reports is called into question, informed investors rely on their own analyses and judgments to make investment decisions.

Various methods of presenting financial statements to the market can exacerbate disagreements among investors about a company's value. When managers manipulate financial statements to maximize benefits or conceal crises within the company, transparency is compromised, leading to increased divergence and disagreements among investors. The issue of abnormal auditor fees is also crucial in assessing the reliability of a company's financial statements. Abnormal auditor fees can negatively impact the quality of financial reporting, as lower-than-expected fees may influence managers to compromise on the accuracy of financial information.

If investors perceive that unexpected audit fees are a result of auditors' economic dependence on clients, the independence of auditors is compromised, leading to reduced quality of financial reporting and further exacerbating divergent behaviors and opinions among investors in the capital market. Ultimately, the trust of stakeholders in the auditing community plays a significant role in maintaining the integrity of financial statements and ensuring transparency for all users and beneficiaries.

It is suggested that the Stock Exchange Organization consider granting special privileges to improve the quality of financial statements and introduce companies with higher reliability reports special privileges. Professional audit authorities should cooperate to monitor auditors' fees. By improving the quality of information available in the market, managers and auditors can reduce disagreements among investors. According to research results, users of financial statements should always pay attention to variables such as value created for shareholders, quality of information provided, and changes in audit costs (whether higher or lower). It is also recommended, in line with the research, that a suitable legal and regulatory framework be developed for auditor fee payments.

During this study, researchers encountered limitations in sampling due to some companies not disclosing auditor's fees. The results are somewhat consistent with previous studies by Silva and Cerqueira (2021) and Peng (2016), as well as Haribar et al. (2014) and Colton et al. (2015). Interested researchers should investigate the divergence of ideas in different industries and compare the results with the present study to determine
all aspects.

6. Research limitations

The statistical sample of the research was incomplete due to the non-disclosure of auditor's fees by some companies in the last two or three years. The panel data research approach further reduced the sample, a limitation of the study. Weak supervision by the Stock Exchange Organization on full disclosure of information from firms listed on the Tehran Stock Exchange is a reason for this. Auditor's fees are crucial in assessing abnormal fees, transparency, information quality, and comparisons with other companies, warranting more rigorous supervision. Some companies may hide auditors' fees to prevent investors from obtaining information that could impact their ability to compare fees with other companies.

References

Aghababaei, M.E.; Alian, E. (2022). Investigating the Impact of Investors' Sentiment on Market Liquidity and Its Volatility on the Tehran Stock Exchange. *Financial Research*. 24 (1), 61–80.

Aghaie Ghehie, A. , Yazdani, S. and Khanmohammadi, M. (2022). Audit quality measurement model. *International Journal of Finance & Managerial Accounting*, *7*(25), 1-15. doi: 10.30495/ijfma.2022.16830.

Albada, A. Low, S.-W. Toh, M.Y. (2022). "Divergence of beliefs and IPO initial return: the quasi-moderating role of investor demand", *Journal of Asian Business and Economic Studies*, Vol. ahead-of-print No.

Antle, R., Gordon, E., Narayanamoorthy, G., & Zhou, L. (2006). The joint determination of audit fees, non-audit fees, and abnormal accruals. *Review of Quantitative Finance and Accounting*, 27(3), 235-266.

Baghomian, R. Mohammadi, E. (2020). The Effect of Financial Expertise of Audit Committee Members on the Relationship between a Firm's Environmental Risks and Audit Fees. *Empirical Studies in Financial Accounting*, 17(67): 57–87.

Bakhshi, M. , Azinfar, K. and NabaviChashmi, S. (2022). Effects of Audit Fee Adjustment on Relationship between Auditor Time Pressure and Quality of Earnings. *International Journal*

of Finance & Managerial Accounting, *7*(24), 241-249.

Chen, S. (2013). Optimistic versus Pessimistic-Optimal Judgmental Bias with Reference Point. arXiv preprint arXiv:1310.2964.

Chen, X. Cheng, Q. and Wang, X. (2015). Does increase board independence reduce earnings management? Evidence from recent regulatory reforms. *Review of Accounting Studies,* 20(2), 899-933.

Choi, J. H., Kim, C., Kim, J. B., & Zang, Y. (2010). Audit Office Size, Audit Quality, and Audit Pricing. Auditing: A *Journal of Practice & Theory*, 29 (1), 73–97.

Diyanati Deilami, Z. Bayati, and M. (2015). The Relationship between Product Market Competition and Independent Audit Fees. *Financial Accounting and Auditing Research*, 7 (27): 23-38.

Duong, HN, PS Kalev, X Tian.(2023). Short Selling, Divergence of Opinion and Volatility in the Corporate Bond Market.Journal of Economic Dynamics andControl,Available online, 4 January 2023, 104592.

Fakhari, H. Mohammadi, J. Hassan Tajkurdi, M. (2015). Investigating the Effect of Audit Committee Characteristics on Earnings Management through Real Items. *Journal of Empirical Studies in Financial Accounting*, 12(46), 123-146

Garcia, J. Beyond the Headlines: Sentiment Divergence and Financial Distress. Available at SSRN 5093622.

Hribar, P., Kraver, T., & Wilson, R. (2014). A new measure of accounting quality. Review of Accounting Studies. 19(1), 506-538.

Khatiri, M. Ghasemi, A. Darvishtabar, A.C. Mahtab, M., and Namakavarani, O. (2023).Transactions with Related Persons and Unexpected Audit Fees of Loss-Making Companies: Testing the Moderating Effect of Ownership Structure. *Empirical Studies in Financial Accounting,* 19(73), 177–205.

Lang, M. H., and Lundholm, R. J. (1996). Corporate disclosure policy and analyst behavior. Accounting Review, 71(4), 467–492. Retrieved from https://www.jstor.org/stable/248567

Mahdavi Sabet, E. , Vakilifard, H. , yaghobnezhad, A. and Banimahd, B. (2023). The Effect of Company's Business Strategy on Audit Fee and Auditor's Opinion according to Competition Theory (Empirical Evidence from Tehran Stock Exchange). International Journal of Finance & Managerial Accounting, 8(30), 1-18. doi: 10.30495/ijfma.2023.61511.1664

Mehmood, W., Mohd-Rashid, R., Che-Yahya, N., and Ong, C.Z. (2021). "Determinants of heterogeneity in investors' opinions on IPO valuation: evidence from the Pakistan stock market", Review of Behavioral Finance, 13(5), 631-646.

Moradzadeh, M, Kurd, B., Ghasemi, M, Yaghoubi, N,M Rigi Koteh, B.(2024). Presenting an Investment Decision Making Model and Solving the Problem of Emotional Behavior of New Investors in Tehran Stock Exchange. Financial Accounting and Auditing Research, 62(26), 25-50.

Peng, E.Y. Yan, A. Yan, M. (2016). Accounting Accruals, Heterogeneous Investor Beliefs, and Stock Returns, JournalofFinancialStability(2016),*Revista Brasileira de Gestão de Negócios*, 23(4), p. 654-676

Qin, Zhihao, and Menglin Cui. "Annual report tone and divergence of opinion: evidence from textual analysis." Journal of Applied Economics 27, no. 1 (2024): 2354641.

Rostami, V. Kargar, H., and Rezaei, L. (2022). The Effect of Unexpected Audit Fees on the Quality of Financial Reporting. *Journal of Professional Auditing Research*, 2(8), 146–162.

saghafi, M. , Faghani, M. , Nonahal nahr, A. and Bashirimanesh, N. (2022). Audit Fees, Detection of Accounting Misstatements and Financial Reporting Quality: Examining the Audit Fee Pressure Theory and Agency Theory. *International Journal of Finance & Managerial Accounting*, *7*(25), 125-140.

Salehi, M., Rostami, V., and Kargar, H. (2023). The Effect of Divergence in Investors' Opinions on the Speed of Adjusting Financial Leverage to Optimal Leverage. *Advances in Accounting,* 15(1), 209–226.

Shen, F., Guo, Q., Liang, H., and Liu, Z. (2022), "Responses in the divergence of opinion to earnings announcements: evidence from American depository receipts", International Journal of Managerial Finance, Vol. ahead-of-print No. ahead-of-print. https://doi.org/10.1108/IJMF-08-2021-0375.

Silva, D., and Cerqueira, A. (2021). Divergence of Opinion and Idiosyncratic Volatility.

Taghizadeh, N.; Hamidian, M.; and Noorollahzadeh, N. (2021). Divergence of Opinions and the Moderating Effect of Investors' Attention and Participation in the Initial Public Offering Market. *Financial Knowledge of Securities Analysis*, 14(49), 41–56.

Xu, H., Lin, Z., and Wang, X. (2015). The relationship-based transaction internal control, and earnings management: empirical evidence from accrual and real earnings management. J. *Account. Econ.* 3(5), 57-77.

Yin, S., T., and Chevapatrakul, K. Yao. (2022). The causal effect of improved readability of financial reporting on stock price crash risk: Evidence from the Plain Writing Act of 2010. Economics Letters, 216, issue C, 225-244.