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RESEARCH ARTICLE

EFFECT OF OWNERSHIP STRUCTURE ON AUDIT QUALITY OF LISTED CONGLOMERATE COMPANIES IN NIGERIA

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Abstract

This study is based on examining the effect of ownership structure on Audit quality in listed conglomerate companies in Nigeria, the paper looked at how ownership structure such as the managerial ownership, the ownership concentration and institutional ownership influence audit quality in the sector chosen and secondary data was collected from the six companies in the sector for the purpose of this work, for the period ranging from 2014 to 2018, the study employed the descriptive statistic research method, data for this study was analyzed using the ordinary least squares and correlation coefficient method, with the aid of SPSS version 25, the hypothesis for the study were tested and it was discovered that managerial ownership has insignificant influence on audit quality, so was ownership concentration, however, it was revealed that institutional ownership has strong influence on audit quality because of the fact that they have beneficial potential to hire and fire and be able to replace with a better more skilled agent, it is recommended that the board of directors should contain more non-executive independent directors who has block-busters holding so as to encourage the role that an audit plays in facilitating and enhancing the quality and reliability of financial statements in the eyes of the various users.

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Introduction:-

The quality of audit and reporting and the factors that affect quality is an ongoing conversation in the academics, practitioners and regulatory circle following a series of corporate collapses. Accounting scandals that have been experienced in the last few years such as Enron, Arthur Anderson and World Com have affected the regulators' trust of financial statements. The total demise of Arthur Anderson in 2002, one of the Big 5 of U.S public accounting firms, sent shock waves all over the world and is often viewed as responsible for generating considerable stress on the principles of accountancy (Gendron, Suddaby & Lam, 2006). The demand for quality audit has escalated due to the incidences of financial crises that has affected most economies of the world. In line with the above, is the issue of separation of ownership from control in the modern business organization; resulting into the need to study the effects of ownership structure on the quality of audit report on financial statements being presented to the various categories of interested parties and owners.

The responsibility for performing quality audits of financial statements rests primarily with auditors. However, audit quality is best achieved in an environment where there is support from,and appropriate interactions among, participants in the financial reporting supply chain. The relationship between managers and the auditor is actually a

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conflictive relationship under the principal-agent theory; this separation has resulted in contextual asymmetric information through the opportunistic behavior of the managers; taking advantage of asymmetric information, managers tend to adopt this behavior against the proprietary interests to maximize their own utilities (Jensen, 1993). According to Jones, (2011) and Usman, (2013), as governance mechanisms, the fundamental role of audit as well as ownership structure is to reduce asymmetric information between managers and shareholders. It is worthy of note here that reducing asymmetric information will also benefitother users of financial information as well.

Conglomerates sector in Nigeria is very important to the economy as a source of employment and economic growth. Therefore, understanding the characteristics of the ownership structure that can influence the quality of audit report within this sector is vital to enhancing the reliability and transparency of reported accounting numbers. Most research in this area is conducted in chemical and paints sector, and banking sector (Farouk & Shehu, 2012; Farouk, 2014). Therefore, in this research I have chosen to use the listed conglomerates companies in Nigeria, out of a total of thirty-four conglomerate companies in Nigeria only six of them are listed, the study is based on these listed companies. These are the important issues that inform the need of this study. Therefore, the study seeks to ascertain the extent to which ownership structure influences the audit quality of listed conglomerate companies in Nigeria.

The primary objective of this study is to examine the effect of ownership structure on audit quality of listed conglomerate companies in Nigeria. The specific objectives are:
1. To determine the impact of managerial ownership on audit quality of listed conglomerates companies in Nigeria.
2. To assess the effect of ownership concentration on audit quality of listed conglomerates companies in Nigeria.
3. To examine the influence of institutional ownership on audit quality of the listed conglomerates companies in Nigeria.

Literature Review:-

Concept of Ownership Structure:

Ownership structure concerns the internal organization of a business entity and the rights and duties of individuals holding a legal or equitable interest in that business. As owner of the business entity, it is important to understand how the ownership structure of a particular business entity is organized and what it means for the owner's rights.

Jensen and Meckling, (1976), Holderness, Kroszner, and Sheehan [1999], define ownership structure as the distribution of equity with regard to votes and capital but also by the identity of the equity owners. These structures are of major importance in corporate governance because they determine the incentives of managers and thereby the economic efficiency of the corporations they manage.

The relative amounts of ownership claims held by insiders (management) and outsiders (investors with no direct role in the management of the firm), and the internal organization of a firm that defines the rights and duties of the people that have legal interest or stake in it. It is the structure that defines how the ownership and control of a company is distributed (Cavalcanti & Martins, 2016).

Zureigat (2011) investigated the effect of ownership structure among Jordanian listed firms based on their audit quality. His study sample consisted of one hundred and ninety-eight (198) companies, out of the two hundred andsixty-two (262) listed companies on the Amman Stock Exchange (ASE). The analysis of logistic regression was used to investigate the relationship between the audit quality; measured based on the audit firms' size as a dependent variable, and ownership structure as independent variable. His results showed a significant, positive relationship between foreign and institutional ownership and audit quality. Whereas ownership concentration was shown to have a negative relationship with audit quality, that relationship was not significant. Adeyemi and Fagbemi (2010) provided evidence on corporate governance, audit quality, and firm related attributes from Nigeria. Logistic regression was used in investigating the questions that were raised in the study. Their findings showed that ownership by non-executive directors had the possibility of increasing the quality of auditing. Evidence from the study also indicated that company size and business leverage are important factors of audit quality for companies quoted on the Nigerian Stock Exchange.

A firm is believed to have a qualitative audit if the firm is being audited by a reputable audit firm especially if the firm is one of the big 4 audit firms. The Big 4 auditing firms has been recognized to be; Deloitte, Pricewater House Coopers (PwC), KPMG, Ernst and Young.

Agency theory and corporate governance literature assume that the ownership structure may be an effective means of managers control, as it brings together when certain conditions are in place such as capital concentration and shareholders' nature, which are the basis of an efficient control system (Hayam& Khaled, 2013; Gibson, 2014).

Concept of Audit Quality:

Audit quality has been defined in several ways, though there is no generally acceptable definition for audit quality. According to Francis (2004), audit quality is a continuum from very low to very high-quality audit report. Several proxies have been used by scholars to identify auditors whose report can be perceived as qualitative since audit quality is unobservable; this include international audit firms that are large in size (DeAngelo, 1981), auditors that specialize in a particular industry (Krishnan, 2003); Francis, 2004), auditors that are well paid (Simunic, 1980; Palmrose, 1986), and auditors that have not stayed too long with a particular client (Watts, 1994; Becker, DeFond, Jiambalvo, & Subramanyam, 1998).

In February 2014, the International Auditing and Assurance Standards Board (IAASB) issued its publication, A Framework for Audit Quality: Key Elements That Create an Environment for Audit Quality (Framework), which describes in a holistic manner the different elements that create the environment which maximizes the likelihood that quality audits are performed on a consistent basis.The objectives of the Framework include: raising awareness of the key elements of audit quality, encouraging key stakeholders to explore ways to improve audit quality, and facilitating greater dialogue between key stakeholders on the topic (ISCA, 2019).

The Framework describes the **inputs, processes and outputs** factors that contribute to audit quality at the engagement, audit firm and national levels, for financial statement audits. It demonstrates the importance of appropriate **interactions** among stakeholders and the importance of various **contextual factors**. It applies to audits of all entities regardless of their size, nature and complexity. It also applies to all audit firms regardless of size.

Inputs:

Quality audits involve auditors:

1. Exhibiting appropriate values, ethics and attitudes
2. Being sufficiently knowledgeable, skilled and experienced and having sufficient time allocated to them to perform the audit work

Outputs:

Quality audits result in outputs that are useful and timely. They are described in relation to the entire financial reporting supply chain and include outputs from the auditor, the audit firm, the entity and the audit regulators. Outputs include reports and information that are formally prepared and presented by one party to another, as well as outputs that arise from the auditing process that are generally not visible to those outside the organization being audited.

Process:

Quality audits involve auditors applying a rigorous audit process and quality control procedures that comply with laws, regulations and applicable standards.

Interactions:

Each stakeholder plays an important role supporting high-quality financial reporting and the way in which they interact may affect audit quality. Increased interaction is promoted.

Contextual Factors:

Collectively, the contextual factors have the potential to impact the nature and quality of financial reporting and, directly or indirectly, audit quality. Such factors include amongst others, laws and regulations and corporate governance.

Audit quality has attracted a lot of debate in both the academics and business space, it seems as if this debate is unending, despite the diversity in the concept, defining it has very little consensus, let alone the measure of it: audit quality. According to Enofe, Mgbame, Aderin and Ehi-Osho (2013) ;perception of audit quality can depend very much on whose eyes one looks through. Users, auditors, regulators and other stakeholders in the financial reporting process may have very different views as to what constitutes audit quality, which will influence the type of

indicators one might use to assess audit quality. DeAngelo (1981) defined audit quality as the market-assessed joint probability that the auditor discovers an anomaly in the financial statements, and reveals it. The user of financial reports may believe that high audit quality means the absence of material misstatements. Audit quality adds a significant value to investors in capital markets because they often use audited financial statements by auditors as the main basis for investment decisions (Sudsomboon and Vssahawanitchakit, 2009). The auditor conducting the audit may define high audit quality as satisfactorily completing all tasks required by the firm's audit methodology. The audit firm may evaluate a high audit quality as one for which the work can be defended against challenge in an inspection or court of law. Regulators may view a high-quality audit as one that is in compliance with professional standards. Finally, society may consider a high-quality audit to be one that avoids economic problems for a company or the market. In the end, different views suggest different metrics. Chan and Wong (2002) note that audit quality, though unobservable, impacts the probability of successful detection of discrepancies between the firms' favorable report and the true quality of the project. The implicit common link in all these statements is the auditor's ability to satisfy their professional obligation to find material misstatement through the execution of the audit process.

Managerial Ownership:

The managerial ownership construct is measured in literature through the proportion of firm shares held by insiders and members of the board (Liang, et al, 2011; Wahla, Shah & Hussain, 2012). This type of ownership is viewed to play an effective role as corporate governance mechanism. In the study by Jensen and Meckling (1976), they found that the construct may play the role as a potential incentive to align management interests with those of shareholders.

In some studies, high managerial ownership was expected to lead to management entrenchment as the board do not have full control over them (Khan et al., 2011; Shleifer & Vishny, 1986). Due to its importance, the managerial ownership-firm performance relationship has been examined by theoretical as well as empirical researches but unfortunately, the findings reported are still ambiguous owing to the differences among them. The supporters of agency theory believe that managerial ownership of equity help in alleviating moral hazard problem between managers and shareholders, and managers with large stake of equity are less likely to involve in self-interested action because value decreasing behavior is costly for them (Jensen & Mekling, 1976).

Hypothesis (I) H_0:

Managerial ownership has no significant effect on the audit quality of listed conglomerate companies in Nigeria is accepted.

Ownership Concentration:

It is described as the proportion of the firm shares held by a certain number of majority shareholders (Sanda et al., 2005) and it can be measured by obtaining the fraction possessed by five majority shareholders or by obtaining the significant number of shareholders (Karaca & Eksi, 2012; Obiyo & Lenee, 2011). Shleifer and Vishny (1997) and others stressed on ownership concentration and legal protection as the two main corporate governance determinants. Additionally, majority shareholders can help minority shareholders to prevent shares expropriation and asset stripping activities of management. In relation to this, concentrated ownership in the firm may minimize the intention of management to carry out strategic decision making and expose the firms to risks in order to gain advantage (Brickley et al., 1997; Bushee, 1998; Pound, 1988). Also, Clarke (1998) revealed that a significant total share of equity may stem from enhanced majority shareholders' oversight role. Juxtaposing the explanation to the resource dependent theory, it can be stated that company ownership invests a certain amount of resources that may prevent the partnership of the firm with external investors, and ultimately limits the external resources from the government and other financial entities. The investment percentage between foreign investors and ownership should be similar in order to achieve the objectives of the firm and to set up wealth forms that mitigate risks that the firm is exposed to. This may also be invaluable in furnishing experiences linked to external environment in the form of internal and external partnerships to improve firm performance (Pfeffer, 1972).

Hypothesis (II), H_0:

Ownership concentration has no significant influence on the audit quality of listed conglomerate companies in Nigeria is therefore accepted.

Institutional Ownership:

Zureigat (2011), stated that institutional Ownership is an investment from a certain institution, and is usually higher than the investments of individuals, Abdullah, (2008) argue that it is assumed that institutional investors have more

influence than other individual investors, Warfield, Wild, and Wild (1995) indicated that the higher the holding of institutional and Block-holders is, the smaller the discretionary accruals and the greater the informativeness of earnings. It was discovered by Sharma (2004) that as the percentage of independent institutional ownership increases, the likelihood of fraud decreases. These findings suggest that institutional ownership can play an active role in monitoring and disciplining managerial discretion and in controlling the reporting process. The result of the investigation carried out by Kane and Velury (2004) on the relation between audit firm size and the level of institutional ownership was that the greater the level of institutional ownership is, the more likely that a firm will provide audits that are conducted by a large audit firm.Chan, Yen, Fu, and Chang (2007) found that an increase in institutional shares leads to a general increase in the demand for higher-quality audits. China, Mitra, Hossain, and Deis(2007), found that institutional ownership was significantly and positively related to audit quality, Abdullah (2008) found that institutional ownership is an important factor that could assist companies to perform effectively, he also found that the companies tend to be audited by the Big 4 if the level of institutional ownership increases.

Hypothesis (III); H_0:
Institutional ownership has no significant effect on the audit quality of listed conglomerate companies in Nigeria.

Empirical Review:
Suleiman, Yasin and Muhamad (2018), argued that the size of the audit firms could influence the variation in audit quality. Larger audit firms are associated with high audit quality. This is due to the availability of resources, less economic dependence on single clients and greater loss of reputation for big size audit firms, which causes the firms to perform high-quality audits, and enhance the propensity of the auditors to issue high-quality financial statements or accurate audit opinion. Although mixed results have been reported, prior research has shown that auditors from larger audit firms are more competent than those from smaller firms due to the ability of the firms to hire skilled employees and provide rigorous training, which is associated with high audit quality (Guy, Ahmed & Randal, 2010; DeFond& Lennox, 2011; Sundgren & Svanström, 2014). In addition, the big size audit firms are able to form accurate audit opinion because of their ability to detect more errors and omissions in the financial statements due to their more developed and structured audit approach (Carcello & Hermanson, 1995; Lowensohn, Johnson, Elder, & Davies, 2007). The audited financial statements of clients of big size audit firms are also said to contain less earnings manipulation or restatements because the audit firms are more conservative in reporting, less economically dependent on the audit client and have an incentive to protect their professional reputation, which restricts the aggressive behavior of corporate managers (Feroz, 1991; DeFond, Raghunandan, & Subramayam, 2002; Lee & Humphrey, 2006).

Yuniarti (2011) examined the determinant factors of audit quality by proposing the hypothesis that the audit firm size and audit fees have an effect on audit quality. She utilized a CPA firm in Bandung, West Java, Indonesia as her unit of analysis. She carried out a descriptive verification research by describing the variables and observing the correlation of these variables from the hypothesis that has been made, systematically through statistical testing. She examined the hypothesis; through simultaneous test and individual test, using the t-test and f-test. Her empirical results showed that the CPA firm size does not significantly affect the audit quality, whereas audit fees significantly affect the quality of audit. However, simultaneously, firm size and audit fees do not significantly affect audit quality.

Dehkordi and Makarem (2011) investigated the influence of audit firm size (Big auditors vs. non-Big auditors) and auditor type (governmental vs. private auditors) on audit quality. A sample of 224 firms was observed from the Tehran Stock Exchange (TSE) companies during the period 2002 to 2007. Discretionary accruals (DAC) were employed as representative of audit quality. A modified, cross-sectional version of the Jones' model was applied to measure DAC. Their results showed that the size of non-governmental audit firms does not affect their audit quality, and changes within private audit firms does not lead to changes in the level of discretionary accruals. Their empirical results imply that in some settings such as that of Iran, factors such as auditor type, intense competition, audit committee, and litigation risk are of greater importance than audit firm size. Al-Ajmi (2009) documented the perceptions of credit and financial analysts with regard to the relationships between effectiveness of audit committee, size of the auditing firm and audit quality in the context of Bahrain. He conducted a survey of 300 credit and financial analysts; which revealed that analysts considered auditors' opinion useful. Both credit and financial analysts see the credibility of financial statements to be a function of the size of the auditing firm. Both groups assume that the characteristics of Big-Four firms allow them to produce better-quality reports than non-Big firms. Non-audit services were found to affect auditor's independence and hence impair audit quality.

Kumar and Singh (2013) analyzed promoter ownership of 176 companies listed on the BSE for the period 2008-2009 using linear regression analysis to find the effect of promoter ownership on the firm value. Firm value is measured using Tobin's Q. The results of the analysis revealed that there exists a significant positive relationship between firm value and promoter ownership. The regression results suggested that firms with high ownership concentration of promoters have high market valuations (Tobin's Q).

Chen, Guo, and Mande, (2003). Managerial ownership and firm valuation: Evidence from Japanese firms. Pacific-Basin Finance Journal, 11(3), 267-283 (2003) studied the relation between managerial ownership and Tobin's Q for 123 Japanese firms from 1987 to 1995. The results of the analysis using Ordinary Least Squares (OLS) regression model depicted a negative (positive) relation between Tobin's Q and managerial ownership at low (high) levels of ownership. However, after controlling for firm fixed effects, the results showed that Tobin's Q increases monotonically with managerial ownership. The findings concluded that as ownership increases, there is a greater alignment of managerial interests with those of stockholders. The conclusion remained same even when both managerial ownership and Tobin's Q were treated as endogenous variables in a simultaneous equation system.

Theoretical Framework:

The Agency theory view directors as the agent of the shareholders, and therefore, there is a need for them to act in the best interest of the shareholders. In this situation, sometimes the agent may not act in the best interest of the shareholders, which result in an agency loss situation. The agency theory stressed the separation of ownership (principal) and managers (agent) in an organization. Therefore, it is believed that managers may sometimes pursue opportunistic behavior which may conflict with the goal of the owners (principals) and therefore destroy the wealth of the shareholders. Advocates of the agency approach view the manager (directors) as an economic institution that will mitigate the problems and serves as the guardian to shareholders (Fama& Jensen, 1983). This study adopted agency theory due to its relevance in resolving the conflict that may arise between managers (agent) and shareholders (principal) of the companies, its empirical evidence by the study conducted by several scholars on ownership structure and earnings management in developed countries will link the variables concern in the Nigerian situation. Critical postulations of agency theory serve as the bases for the adoption. e wealth of the shareholders. Advocates of the agency approach view the manager (directors) as an economic institution that will mitigate the problems and serves as the guardian to shareholders (Fama& Jensen, 1983). This study adopted agency theory due to its relevance in resolving the conflict that may arise between managers (agent) and shareholders (principal) of the companies, its empirical evidence by the study conducted by several scholars on ownership structure and earnings management in developed countries will link the variables concern in the Nigerian situation. Critical postulations of agency theory serve as the bases for the adoption.

According to the agency theory as explained by Jensen and Meckling (1976) agency conflicts that arise between owners and management can be mitigated by managerial ownership because if management owns a considerable proportion of the shares of the company, he is motivated to maximize his performance and ultimately, the firm performance. An argument to the contrary came from Demsetz (1983) and Fama and Jensen (1983) who stated that management entrenchment have been noted in firms with high managerial ownership, exacerbating agency problems.

In the viewpoint of the resource dependence theory, partnership with external resources is boosted to allow the company to access various external resources and experiences to increase the achievement of shareholders' and stakeholders' rights in the company. The theory also focuses on confiscated resources with which the goals of the company beneficiaries are achieved. Therefore, according to Pfeffer (1972), managers and board members' significant ownership can lead to enhanced performance of the company.

Methodology:-

The study adopted correlation design. The study used a secondary source of data which was obtained from the firm's Annual report and accounts from 2014 to 2018. The study is limited to six (6) Conglomerates companies (A.G Leventis, John Holt, Chellarams, SCOA, UACN and Transnational Corporation of Nigeria) listed on the Nigerian Stock exchange as at 31st December, 2018. The Ordinary Least Squares (OLS) Regression technique with SPSS 25 was used in testing hypotheses of the study, in relation to the sample conglomerate companies, any of the company being audited by the Big4 audit firm is represented by 1 otherwise it is represented by 0. The technique used is considered appropriate in that it is better in determining the relationship between ownership structure and audit quality.

Table 3.1:- Variable Definition.

S/n	Variables	Acronyms	Operations/Proxy
	Dependent		
1	Audit Quality	AUDQ	1, if audited by BIG4, 0 if otherwise. (Kane and Velury, 2004; Abdullah, 2008).
	Independent		
2	Ownership Concentration	OWNC	%of shares owned by the five largest shareholders
3	Managerial Ownership	MANW	% of shares owned in the firm by board members and insiders.
4	Institutional Ownership	INSTO	% of the shares of the firm owned by corporate investors.

Model Specification:

$AUDQ = \beta_0 + \beta_1 OWNC + \beta_2 MANOW + \beta_3 INSTO + \varepsilon_t$

Where;

AUDQ = Audit Quality

OWNC = Ownership Concentration

MANW = Managerial Ownership

INSTO = Institutional Ownership

ε_t= Error term.

$\beta_0, \beta_1, \beta_2,$ and β_3 = Coefficients.

The dependent variable is audit quality; while ownership structure is the independent variable proxy as ownership concentration, managerial ownership and institutional ownership.

Analysis and Discussion of Results:-

Descriptive Statistics and Normality Test:

The descriptive statistics employed on the continuous variables covered the mean, standard deviation and minimum and maximum, which were carried out through SPSS, version 25. Moreover, the correlation analysis was conducted through multiple regression analysis. In regards to this, Pallant (2011) contended that correlation analysis is employed to provide a description of the linear relationship between two variables strength and direction. He added that normality is the development of the symmetrical curve at the highest scores' frequency towards the small and middle frequencies extremes. Along a similar contention, Kline (1998) and Pallant (2011) also explained that the distribution of normality scores for independent and dependent variables can be established through their kurtosis and skewness values. In social science field, the construct's nature is rife with scales and measures that can be positively or negatively skewed (Pallant, 2011). On the other hand, kurtosis refers to the distribution scores that show the level of gathering observations around the central mean. The analysis for skewness revealed normality of data with output values of (±3) and the kurtosis analysis revealed normality of data with output values of (±10) as recommended by Kline (1998).

Table 4.1:- Descriptive Statistics of Continuous Variables.

	N	Min	Max	Mean		Std. Dev	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error
AUDQ	30	0	1	0.50	0.093	0.509	0.000	0.427	-2.148	0.833
OWNC	30	0.024	68.250	18.988	3.3673	18.4439	1.094	0.427	0.414	0.833
MANW	30	0.006	83.000	11.592	3.4794	19.0578	2.171	0.427	5.697	0.833
INSTO	30	1.31	97.82	54.157	5.9070	32.3539	-0.300	0.427	-1.282	0.833
Valid N (listwise)	30									

Authors' computation

Table 4.2:- Tests of Normality.

	Kolmogorov-Smirnov[a]	Shapiro-Wilk

	Statistic	Df	Sig.	Statistic	df	Sig.
AUDQ	0.337	30	0.000	0.638	30	0.000
OWNC	0.169	30	0.029	0.863	30	0.001
MANW	0.332	30	0.000	0.661	30	0.000
INSTO	0.139	30	0.146	0.913	30	0.018

P<0.01<0.05, significant

Table 4.2, shows that the variables are normal and stationery, and that they are fit for the analysis, and significant at the $p < 0.01$ and $p < 0.05$, for a 2-tail test. This is evidenced as shown on the table as 0.000 for both Kolmogorov-Sminov and Shapiro-Wilk test.

Correlation Analysis:

Test of Null Hypothesis (I) H_0:

Managerial ownership has no significant effect on the audit quality of listed conglomerate companies in Nigeria is accepted.

The result from (Table 4.3) shows a correlation co-efficient of 0.148, representing a positive relationship between managerial ownership and audit quality. The relative size of the relationship at this value is insignificant. A co-efficient of variation (R^2) of -0.013 indicates that only about 1.3% of variations in audit quality can be explained by managerial ownership. Therefore, the null hypothesis which states that managerial ownership has no significant effect on the audit quality of listed conglomerate companies in Nigeria is accepted.

Table 4.3:- (a) Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.148[a]	0.022	-0.013	0.5118	0.022	0.628	1	28	0.435	0.165
a. Predictors: (Constant), MANW										
b. Dependent Variable: AUDQ										

Table 4.3 (b):- ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.165	1	0.165	0.628	.435[b]
	Residual	7.335	28	0.262		
	Total	7.500	29			
a. Dependent Variable: AUDQ						
b. Predictors: (Constant), MANW						

Table 4.3 (c):- Coefficients.

	Unstandardized Coefficients		Standard Coefficients		
Model	B	Std Error	Beta	t	Sig.
1 (Constant)	0.546	0.110		4.967	0.000
MANW	-0.004	0.005	-0.148	-0.792	0.435

a. Dependent Variable: AUDQ

Test of Null Hypothesis (II), H_0:

Ownership concentration has no significant influence on the audit quality of listed conglomerate companies in Nigeria is therefore accepted.

The result from (Table 4.4) shows that the relationship between ownership concentration and audit quality is seen to be a positive one; however, it falls below the acceptable level of significance. The co-efficient of variation (R^2) of 0.00 indicates that the variations in audit quality cannot be explained by ownership concentration. The hypothesis which states that Ownership concentration has no significant influence on the audit quality of listed conglomerate companies in Nigeria is therefore accepted.

Table 4.4 (a):- Model Summary.

Model	R	R square	Adjusted R Square	Std Error of the Estimate
1	.012[a]	0.00	-0.036	0.517511

Predictor (Constant), OWNC

Table 4.4 (b):- ANOVA.

	Sum of squares	df	Mean Square	F	Sig
Regression	0.001	1	0.001	0.004	0.949
Residual	7.499	28	0.268		
Total	7.500	29			

a. Dependent Variable: AUDQ
b. Predictors (Constant), OWNC

Table 4.4 (c):- Coefficients.

	Unstandardized Coefficients		Standard Coefficients		
Model	B	Std Error	Beta	t	Sig.
1 (Constant)	0.506	0.137		3.701	0.001
OWNC	0.000	0.005	-0.012	-0.064	0.949

Dependent Variable: AUDQ

Test of Null Hypothesis (III); H_0:

Institutional ownership has no significant effect on the audit quality of listed conglomerate companies in Nigeria.
In (Table 4.5) Institutional ownership shows a strong relationship with audit quality. The co-efficient of variation (R2) of 0.62 indicates that approximately 62% of the variance in audit quality can be explained by Institutional ownership. This relationship passes the significance test hence, the null hypothesis which states that there is no significant effect between Institutional ownership and audit quality is rejected.

Table 4.5 (a):- Model Summary.

Model	R	R squared	Adjusted R Squared	Std Error of the Estimate
1	.249[a]	0.62	0.28	0.501271

Predictor (Constant), INSTO

Table 4.5 (b):- ANOVA.

	Sum of squares	df	Mean Square	F	Sig
Regression	0.464	1	0.464	1.848	0.185[b]
Residual	7.036	28	0.251		
Total	7.500	29			

a. Dependent Variable: AUDQ
b. Predictors (Constant), INSTO

Table 4.5 (c):- Coefficients.

	Unstandardized Coefficients		Standard Coefficients		
Model	B	Std Error	Beta	t	Sig.
1 (Constant)	0.288	0.181		1.595	0.122
INSTO	0.004	0.003	0.249	1.359	0.185

Dependent Variable: AUDQ

Findings:

The objective of this study was to examine the effect of ownership structure on the quality of audit preparation and reporting as I earlier spotlighted, which was broken down into further sub-objectives to determining the relationship between ownership structure namely ownership concentration, institutional ownership and managerial ownership, and audit quality for the period of five years from (2014-2018).The model formulated was regressed to analyze the presence or otherwise of any significant relationship between the dependent variable and independent variables

Management ownership was discovered not to have any significant effect on the audit quality of listed conglomerate companies in Nigeria. This is due probably because of the continues conflicts in interest in principal-agent relationship; whereby no matter what, the management want to have more even if they are part owners; they would still want to exercise their opportunistic incentives to transfer more wealth to themselves

The second test showed that ownership concentration does not have significant effect on the audit quality of a firm meaning that fewer numbers of shareholders will not have much interest in monitoring what the management is doing probably because of the agency cost implication of such exercise. This is in agreement with the findings of Zureigat (2011) where he discovered that ownership concentration was shown to have a negative relationship with audit quality, that relationship was not significant

The final test conducted on this showed that institutional ownership have a significantly strong positive relationship and effect on audit quality, the reason may be attributable to the fact that institutions have the capacity to monitor the activities of the management by various means possible and that they also have the financial muscles to hire and fire and are also able to get the desired replacement both in terms of the best professional auditors and the best management at the nick of time. These perhaps, are some of the reasons why the institutional ownership has such a strong effect on the audit quality of firms in this sector. This is in accordance with what Alzoubi (2016) documented that external block-holders to a greater extent has the potential to curtail earnings management activities of firms. The findings also agree with Chan, Yen, Fu, and Chang (2007) who found that an increase in institutional shares leads to a general increase in the demand for higher-quality audits. Mitra, Hossain, and Deis (2007), found that institutional ownership was significantly and positively related to audit quality, Abdullah (2008) found that institutional ownership is an important factor that could assist companies to perform effectively, he also found that the companies tend to be audited by the Big 4 if the level of institutional ownership increases.

For there to be a quality audit, firms in this sector should embrace the services of the Big 4 and other reputable audit firms who has a great track record of quality audit services; since they are duty bound to carry out an audit service in such a way as to protect their brand name, integrity and the reputation that they have built over the years.

Conclusion and Recommendation:-

This study was centered on assessing the effects of ownership structure on audit quality of listed conglomerate companies in Nigeria, the structures are of major importance in corporate governance because they determine the incentives of managers and thereby the economic efficiency of the corporations they manage. However, in this study it does not seems to matter as the structural type studied seems to have insignificant effect on the quality of audit, aside the institutional quality, which is tilted towards influencing a great deal of audit quality drawing from this structures' peculiar nature of focusing on a very high degree of reputation protection and the fierce competition that is inherent at the institutional level, where integrity and quality service are the major stock in trade.

It is recommended that firms should involve institutional ownership in their shareholdings so as to elicit the possibility and chances of getting quality audit report and service that is reliable, dependable and that will give shareholders and other potential investors' confidence in the firms.

If this sector of the economy is known for quality audit report, it can increase the patronage and customer base of the companies' in this sector and create more awareness, which will add value to the market value of the shares of these corporations .

As a result of the outcome of the findings of this study for there to be a quality audit report the ownership structure of the organization especially as it relates to this study must be carefully planned in order not to run into some serious ownership issues such as takeover, acquisition and expropriations.

This study can be expanded further by leveraging on areas relating to big4 influence on financial successes of listed conglomerate companies in Nigeria, institutional ownership effects on the going concern of listed conglomerate companies, non-listed components, determining the possibility of institutional collusion and its effects on the price determination in the competitive business environment, and related areas.

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