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Full Length Research

Empirical Analysis of Foreign Ownership, Institutional Ownership and Modified Going Concern Audit Opinion of Listed Firms in Nigeria

Okeke, Mary Uzezi Ph.D

Department of Accounting, Delta State Polytechnic Oghara, Delta State Nigeria. Email, Mary.uzezi@yahoo.com and Phone number: +2348076721261; +2348023216404.

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We investigate foreign ownership, institutional ownership, and audit opinion in Nigeria by drawing samples from listed non-finance firms in Nigeria from 2012 to 2021. This study employed analytical software of Stata version 16 and Microsoft excel for the analysis. The secondary data collected from 71 listed non-finance firms in Nigeria was analyzed using descriptive statistics, correlation, and regression analysis. To examine the cause-effect relationships between the dependent variables and independent variables of the study, we employ the binary logit regression since the dependent variable is dichotomous. We find that a 1% increase in the foreign shareholding of non-finance firms will lead to about 4% significant decrease in the issuance of a modified going concern audit opinion during the period under investigation. However, we conclude that a 1% increase in the institutional shareholding of non-finance firms will lead to about 1% insignificant increase in the issuance of a modified going concern audit opinion during the period under investigation. The study recommends that there should be upward review of foreign ownership. It will encourage these group of owners to put in their best to effectively monitor the financial reporting quality thereby giving assurance and confidence to other forms of ownership as it will result to issuance of unqualified audit opinion instead of modified or qualified audit opinion.

Key words: Going Concern Audit Opinion, Foreign ownership, Institutional ownership, Binary Logistic Regression

Introduction

A well-established business must strive to maintain its operational continuity. A company is an independent economic entity distinct from its owner in accounting. For investors, the survival of the company in which they invest is a critical focus in relation to their investment to fund the company's operations. When investing in a company, investors must understand its activities and financial performance through financial statements in order to determine the company's going concern status (Kesumojati, Widyastuti, & Darmansyah 2017). However, the company's financial statements frequently contain misstatements that are purposefully controlled by the executives to be decided by investors and other users of financial statements. Users of financial statements, on the other hand, can be assured that companies experiencing financial difficulties will be able to survive for no more than one year from the date the financial statements were audited. The auditor's going concern audit opinion is an opinion.

Since going concern audit opinion is an opinion issued by the auditor, it therefore implies that audit opinion on financial statements is one of the considerations for investors when making an investment decision. Going concern audit opinion is always expressed on the company's financial position, which must reflect the company's value to determine its existence and future. However, clashes of interest concerning the management and shareholders of firms arise because managers control company resources but usually do not have a substantial equity stake in the firms (Jensen & Meckling, 1976). Because of these clashes, major firms, globally, have collapsed. These clashes cannot be fixed entirely through agreements for the fact that they are outrageous. Therefore, in a situation of uncertainty, ownership structure can moderate these clashes and support the firms to safeguard their investments and guarantee the firm's going concern (Alzoubi, 2016); (Jensen & Meckling, 1976).

Hence, Ownership structure as a critical corporate governance mechanism diverges in relation to its costs and benefits (Jensen & Meckling, 1976). Company ownership is one of the factors that also influences going concern audit opinion. Going concern audit opinion, besides being influenced by financial information and auditor quality, also needs to consider non-financial information such as the characteristics of company ownership (institutional and foreign). Thus, the company will avoid potential financial difficulties since the greater the institutional and managerial ownership, the more efficient the use of company finances will be. Many researchers had previously analyzed the factors behind a company receiving a going concern opinion. Some of the most-frequently used variables are corporate governance mechanism, auditor factors and financial ratios.

Particularly, most of the studies on audit opinion were conducted in advance economies such as USA, Italy, UK, China but only few studies have been conducted using samples from Africa. Regarding corporate governance factors, Ballesta and García-Meca (2005) found that managerial ownership and family members on the board are the most significant factors of going concern qualifications. In addition, Heyman, Sjöholm, and Tingvall (2007) also found managerial ownership to be significant, followed by foreign ownership, board meeting, board size, audit fees and audit firm size. In terms of ratio, Gallizo and Saladrigues (2016) analyze profitability, liquidity, and solvency as the determinant. Furthermore, in terms of samples, most of the going concern studies use finance company (Sherlita & Puspita, 2012) and manufacturing company (Alkilani, Hussin, & Salim 2019). It is on the bases of the foregoing that this study examines the foreign ownership, institutional ownership and the going concern audit opinion of listed non-finance firms in Nigeria.

Conceptual Clarification

Going Concern Audit Opinion

An audit opinion is an auditor's assessment of the reasonableness of a company's financial statements. According to the Professional Standards of Public Accountants Auditing Standard 700 of 2013 concerning the Formulation of an Opinion and Reporting on Financial Statements, the auditor's point of view incorporates the financial report as defined by the relevant financial reporting framework (Kartika, 2012). Going concern audit opinion is an audit opinion that has been adjusted for the auditor's consideration in assessing an organization's ability to sustain its business (Kusumawardhani, 2018). The issuance of a modified going concern audit opinion is unusual for the organization because it will affect stock costs, investor, bank, client, and employee confidence in the company's management, and the organization's difficulty in expanding advance capital. Similarly, the organization's image will be scrutinized, which may hasten the organization's demise.

Foreign Ownership

Foreign ownership refers to the possession or control of a corporation or means in a country by persons who are not citizens of that country, or by corporations whose headquarters are not in that country (Heyman et al., 2007). The proportion of stocks held by foreign investors to the total number of stocks outstanding at the end of the year is known as foreign ownership (Jeon, Lee, & Moffett, 2011). Foreign shareholders play an important role as financial statement users, using the information to plan and manage their investments. Furthermore, as sophisticated shareholders, foreign shareholders are astute in observing the activities of the companies. Foreign ownership is motivated not only by financial objectives, but also by a desire to expand global competitive advantages and competencies by exploring new markets (Douma, George, & Kabir, 2006); (Singla, George, & Veliyath, 2017). Companies whose shares are partially owned by foreigners will generally face data asymmetry issues due to geographic and language barriers. As a result, organizations with large unknown proprietorships will be compelled to report and reveal their data willingly and broadly. Because of the low agency costs, the degree of unfamiliar proprietorship can provide better corporate governance and higher long-term performance. This low agency cost is due to concentrated ownership, which reduces the likelihood of the organization receiving a going concern audit opinion.

Institutional Ownership

Banks, insurance companies, investment firms, mutual funds, and pension funds are examples of institutional shareholders. The primary goal of these shareholders is to create value for their investments (Thomsen & Pedersen, 2000); (Singla et al., 2017), as institutional shareholders' contributions are commonly determined by portfolio valuations. These institutional investors have well-diversified portfolios that allow them to take on more risk (Singla et al., 2017). Endowments, insurance companies, investment firms, mutual or pension funds, private foundations, and other large bodies that manage resources in the best interests of others are examples of institutional ownership. The consistency of institutional ownership is an important aspect of corporate behavior (Jafarinejad, Jory, & Ngo, 2015); (Farooqi, Jory, & Ngo, 2017); and (Sakaki, Jackson, & Jory, 2017).

Hypotheses Development

Foreign Ownership and Going Concern Audit Opinion

Foreign ownership is typically comprised of sophisticated individual or institutional investors with a wealth of experience, resources, skills, and capacity to collect and process relevant and specific firm information for investment decisions (Kim & Yi, 2006). This wealth of experience, material resources, and skills gives firms with foreign investors an advantage over their counterparts (firms with domestic investors), as firms with foreign owners are more productive, prudent, and capital intensive, and can pay higher wages than firms without foreign investors. Due to geographical and linguistic barriers, non-finance firms whose shares are partly owned by foreign entities frequently face information asymmetry issues. As a result, firms with significant foreign ownership will be pressured to report or reveal their data deliberately and broadly. Because of the low agency cost, the organization has the opportunity to receive a small going concern audit opinion (Ngasuko, 2017). Because it is thought to have low agency costs, the degree of foreign ownership can provide better corporate governance and higher long-term performance (Kim & Yi, 2006). Hence, we hypothesized that: HO_1: Foreign ownership is not a significant determinant of modified going concern audit opinion of listed non-finance firms in Nigeria

Institutional Ownership and Going Concern Audit Opinion

Governments, legal entities, and other businesses are examples of institutional owners. In order to avoid agency problems, institutional owners act as managers' supervisors. These supervisions include monitoring management decision-making in order to improve performance and reduce failure risk. As a result, the auditor is not required to provide a statement containing going concern symptoms. Ballesta and García-Meca (2005) discovered that institutional ownership in the company could have a negative impact on the acceptance of a going concern audit opinion. As Katan and Mat Nor, (2015) explain, institutional investors have an incentive to monitor management activity because they have more voting power and influence over management. Fazlzadeh, Hendi, and Mahboubi, (2011) and Fauzi and Locke, (2012) both find that institutional investors have a positive impact on company performance. As long as a company's performance is good, it will be exempt from the going concern issue. As a result, companies with large institutional investors are less likely to have a going concern audit opinion because the possibility of an agency problem is reduced because they have third-party monitoring as shareholders. Hence, we hypothesized that: HO_2: Institutional ownership is not a significant determinant of modified going concern audit opinion of listed non-finance firms in Nigeria

Theoretical Framework

This study is anchored on the agency and entity theory. Particularly, an agency relationship can be defined as an agreement in which at least one person (principal) asks another person (agent) to complete a few tasks for the benefit of the principal, which includes delegating some dynamic power to the agent. There is an equal relationship in agency theory where the principal or investor as the proprietor provides funding to the agent or the board to be overseen through organization activities to expand benefits. The consequences of these activities will be communicated to the organization's principal or investors through financial reports. Where there is information asymmetry in informing the company's financial statements due to various factors, whether intentional or unintentional (Jensen & Meckling, 1976).

Furthermore, entity theory regards the entity as distinct from those who provide capital to the entity. The business unit owns the company's resources and is accountable to both owners and creditors. Entity theory is profit oriented because the business unit is responsible for meeting the equity claims of the owners. Accountability to equity owners is achieved by measuring the company's operating and financial performance. Profit thus represents an increase in shareholder equity following the satisfaction of another equity. Increases in shareholder equity are only considered income if dividends have been declared. Rigid adherence to the entity theory of income taxes, and interest on loans is treated as a profit distribution to shareholders, as are dividends.

Empirical Review

Ardillah and Prawira (2022) investigate the impact of debt default, IFRS implementation, and foreign ownership on the audit opinion of a going concern. Purposive sampling was used in the study. From 2017 to 2019, the research sample was drawn from all listed manufacturing companies on the Indonesia Stock Exchange. The descriptive analysis method was used in the study, and the hypotheses were tested using the logistic regression method. According to the findings of this study, debt default has a positive impact on going concern audit opinion, whereas IFRS implementation and foreign ownership have a negative impact on going concern audit opinion.

Odudu, Okpanachi, and Yahaya (2019) use secondary data extracted from published audited annual reports and accounts of manufacturing firms in Nigeria to investigate the effect of family and foreign ownership on audit quality of listed manufacturing firms in Nigeria. For 12 years, 2005-2016, 384 firm-year observations of 32 of the total 59 listed manufacturing in Nigeria were used. STATA was used to analyze the data and test the hypotheses using the logistic regression technique. The findings show that foreign ownership has a positive significant effect on audit quality, while family ownership has an inverse significant effect on audit quality.

Gaaya, Lakhal, and Lakhal, (2017) investigate the impact of family ownership on audit quality in Tunisia. With 315 firm-year observations, the study sampled 55 companies listed on the Tunisian Stock Exchange from 2008 to 2013. Audit quality was determined by the Big 4 audit firms and audit tenure, with family ownership serving as an independent variable. Data was analyzed using multiple regression. According to the findings, family ownership has a positive and significant effect on audit quality. It means that increasing the number of units owned by a family improves audit quality. This study's findings could be attributed to the use of an ineffective regression tool.

Khasharmeh and Joseph, (2017) investigate the impact of ownership structure on audit quality in Bahrain empirically. For the 2015-2016 fiscal year, the study sampled 138 of the 152 companies listed on the Bahrain Burse Market. Audit quality was measured by the Big Four audit firms, while ownership structure was proxied by foreign ownership, institutional ownership, and block-holder ownership as independent variables. For data analysis, logistic regression is used. The findings show that foreign ownership has a positive and significant impact on audit quality, whereas institutional and block-holder ownership have a positive but non-significant impact.

In Jordan, Alkilani et al., (2019) investigate the role of ownership characteristics in reducing the likelihood of corporates receiving a modified audit opinion. Three types of ownership [family ownership (FAOWN), institutional ownership (INOWN), and foreign ownership (FAOWN)] as well as a modified audit opinion were investigated. The study included 117 corporate samples from the Amman Stock Exchange (ASE). The association between modified audit opinions as a dependent variable and ownership characteristics as independent variables was investigated using logistic regression. Ownership characteristics are expected to be more successful in improving financial statement quality, lowering the likelihood of the firm receiving a modified audit opinion. The analysis of the results of these Jordanian corporations from 2012 to 2016 revealed that FAOWN and FOOWN validated this projection. Surprisingly, the effect of family and FOOWN improves financial statement quality, reducing the cases of a modified audit opinion.

Methodology

In this study, the *ex-post facto* research design is employed. This is because data was gotten from a secondary source that cannot be manipulated by the researcher. Furthermore, to answer the research questions, the *ex-post facto* research design allows us to retrieve the needed data from the annual report of non-finance firms from 2012 to 2021. The population of the study consists of all the listed non-finance firms in Nigeria from 2012 to 2021. As of December 2021, we had 109 firms listed on the floor of the Nigerian Exchange Group (NGX) (NGX Factbook, 2021). Specifically, the population of this study is drawn from 10 non-finance sectors on the NGX website; agriculture (5), conglomerate (5), consumer goods (22), construction and real estate (9), healthcare (10), ICT (9), oil and gas (9), industrial goods (17), natural resources (5), and services (24). Hence, the total of 109 non-finance firms from the aforementioned sectors forms the population of this study. The sampling technique employed in this study is the filtering sampling technique since firms were included in the sample on certain selection criteria. These criteria include that the firms are listed on the Nigerian Exchange Group market for the period between 2012-2021; there was access to their annual financial reports within the period and they were not firms operating subsidiaries in Nigeria that are not listed in the Nigerian Exchange Group Market. Furthermore, newly listed firms are also excluded from the study. Summarily, only non-finance firms that had all relevant data due to continuous existence within the study period were included in the sample. Our final sample size consists of 71 listed non-finance firms in Nigeria.

This study employed analytical software of Stata version 16 and Microsoft excel for the analysis. The secondary data collected was analyzed using descriptive statistics, correlation, and regression analysis. The descriptive statistics was used to evaluate the characteristics of the data: mean maximum, minimum, and standard deviation and also check for normality of the data. Logistic regression is employed to test the hypotheses of this study. Particularly, logistic regression is use in this study based on the following reasons. First, logistic regression has the advantage of being less affected than discriminant analysis when the basic assumptions particularly normality of the variables, are not met (Hair et al., 2014). Second, in logistic regression, the estimated coefficients can be interpreted separately as the significance of each of the predictive variables. Third, statistically, logistic regression seems to fit well with the features of the distress prediction problem, where the dependent variable is binary and with the groups being discrete, non-overlapping and identifiable (Ciampi, 2015). Fourth, it has straightforward statistical tests, similar approaches to incorporating metric and non-metric variables and non-linear effects, and a wide range of diagnostics (Hair et al., 2014). Fifth, logistic regression produces reliable results because of its ability to produce a nonlinear transformation of the input data that reduces the effects of outliers**.** Based on the theoretical literature and earlier empirical studies on ownership structure and audit opinion relationships, we specify the model to capture foreign ownership, institutional ownership and audit opinion of listed non-finance firms in Nigeria. Hence, the study adapted the model specified by Alkilani et al. (2019) which was modified for the purpose of establishing the relationship between the dependent variables and the linear combinations of several determining variables captured in the study. Succinctly, the econometric form of our model is expressed as follows:

$$\boldsymbol{In}\left(\frac{\boldsymbol{AUDO}}{\boldsymbol{1-AUDO}}\right)_{it} = \boldsymbol{\beta_0} + \boldsymbol{\beta_1 FORO_{it}} + \boldsymbol{\beta_2 IOWN_{it}} + \boldsymbol{\beta_3 FSIZ_{it}} + \boldsymbol{\mu_{it}}$$

Where:

AUDO	=	Audit Opinion
FORO	=	Foreign Ownership
IOWN	=	Institutional Ownership
FSIZ	=	Firm Size
β_0	=	Constant
β_1- β_3	=	Slope Coefficient
μ	=	Stochastic disturbance
i	=	i^{th} company
t	=	time period

Variable Identification and Measurement

In this study, audit opinion is the dependent variable while foreign and institutional ownership are the independent variables. We control the model using firm size. Particularly, audit Opinion in Dummy (1,0) is computed as "1" for Companies that external auditor uses qualified opinion statement or modified it going concern opinion on the audit report and "0" otherwise. In the case of the independent variables, foreign ownership is computed in dummy is measured as "1" when the shares ownership concentration of all the block foreign institutional shareholders is 5% and above controlling interest and "0" otherwise. Similarly, we measure institutional ownership in percentage is the shares ownership concentration of all the block institutional shareholders with 5% and above controlling interest. We also include firm size as a control variable. We measure firm size as the natural logarithm of total asset.

Empirical Result and Discussion

The study investigates foreign ownership, institutional ownership, and audit opinion in Nigeria by drawing samples from listed non-finance firms in Nigeria from 2012 to 2021. Particularly, this section shows the descriptive statistics, correlation analysis, regression analysis, test of hypotheses, and the discussion of findings.

Descriptive Statistics Analysis

In this section, we examine the descriptive statistics for both the explanatory and dependent variables of interest. Each variable is examined based on the mean, standard deviation, maximum and minimum. Table 1 below displays the descriptive statistics for the study.

The table above shows the descriptive statistics of the study. The table shows that the mean of the dependent variable of going concern audit opinion (AUDO) is 0.05 with a standard deviation of 0.23. This indicates that about 5% of the firms under study were issued a modified going concern audit opinion during the period under study. In the case of the independent variables, the study shows that the mean of foreign ownership (FORO) is 0.50 with a standard deviation of 0.50. This indicates that on the average, about 50% of the firms under study had foreign shareholding during the period under investigation. We also find that the mean of institutional ownership (IOWN) is 49.09 and a standard deviation of 26.10. This indicates that on the average, institutional ownership was 49.06 for the firms under study. In the case of the control variable, we find that the mean of firm size (FSIZ) was 7.13 and a standard deviation of 0.82.

Correlation Analysis

In examining the association among the variables, the researcher employed the Spearman Rank Correlation Coefficient (correlation matrix), and the results are presented in the table 2 below.

The table above shows the results of the correlation matrix for this study. Particularly, the table shows that all the explanatory variables and the control variable in this study appears to have a negative association with the dependent variable of going concern audit opinion during the period under study. In specific terms, we find that foreign ownership (-0.1041), institutional ownership (-0.0493) and the control variable of firm size (-0.1955) all have negative association with the dependent variable of going concern audit opinion during the period under investigation. However, all association are seen to be weak, hence there is no need to suspect the presence of multicollinearity in the model. Furthermore, to test the hypotheses a regression results will be needed since correlation test does not capture cause-effect relationship.

Binary Logit Regression Analyses

Specifically, to examine the cause-effect relationships between the dependent variables and independent variables of the study, we employ the binary logit regression since the dependent variable is dichotomous. The result obtain is presented table 3 below.

In the table above, we observed from the Logistic regression of the going concern audit opinion model that the Pseudo R-squared value of 0.1382 shows that about

Table 1: Summary of Descriptive Statistics

VARIABLES	MEAN	SD	MIN	MAX	NO OBS
AUDO	0.05	0.23	0	1	642
FORO	0.50	0.50	0	1	643
IOWN	49.09	26.10	0	98	643
FSIZ	7.14	0.82	5.24	9.38	710

Source: Author (2022)

Table 2: Correlation analysis

	AUDO	FORO	IOWN	FSIZ
AUDO	1.0000			
FORO	-0.1041	1.0000		
IOWN	-0.0493	0.2946	1.0000	
FSIZ	-0.1955	0.1900	0.3455	1.0000

Author's computation (2022)

14% of the systematic variations in going concern audit opinion of the pooled non-finance firms over the period of interest was jointly explained by the independent and control variables in the model. The unexplained part of going concern audit opinion can be attributed to the exclusion of other independent variables that can impact on going concern audit opinion but were captured in the error term. The LR Statistics of the logistic regression [37.53 {0.0000}] shows that the model on the overall is statistically significant at 1% level, this means that the Logistic regression model is valid and can be used for statistical inference. Furthermore, the results of the LR Statistics are confirm by the Pearson goodness of fit test [544.74 {0.7920}] indicating that the model on the overall is fit. From the foregoing, we subject the model into further diagnostic test to validate the reliability of the estimates. Specifically, as indicated in the table above, a mean VIF value of 1.15 shows that VIF is within the benchmark value of 10, this indicates the absence of multicollinearity, and this means no independent variable should be dropped from the model. Particularly, the classification table shows that out of 641 cases that fell into the group of modified going concern audit opinion, 35 cases were predicted correctly with 100% specificity accuracy while 0 of 0 cases that fell into the group of unmodified going concern audit opinion samples were predicted correctly and with 0% sensitivity accuracy. However, we find that the overall accuracy rate is seen to be roughly 94.54% which suggest that the model is free from any significant bias hence can be employed for interpretation and policy recommendation.

Discussion of Findings

The result obtains from the marginal effect of the binary logistic regression presented in table 3 above shows that the independent variable of foreign ownership is a negative and significant determinant of going concern audit opinion {coeff. -0.041; p-value: 0.040}. The result implies that a 1% increase in the foreign shareholding of non-finance firms will lead to about 4% significant decrease in the issuance of a modified going concern audit opinion during the period under investigation. The result further indicates that we should reject the stated null hypotheses that foreign ownership is not a significant determinant of modified going concern audit opinion of listed non-finance firms in Nigeria during the period under investigation. We opined that due to geographical and linguistic barriers, non-finance firms whose shares are partly owned by foreign entities frequently face information asymmetry issues. As a result, firms with significant foreign ownership will be pressured to report or reveal their data deliberately and broadly. Because of the low agency cost, the organization has the opportunity to receive a small going concern audit opinion (Ngasuko, 2017). According to Alkilani et al., (2019), the level of foreign ownership can provide better corporate governance and high long-term performance because it is thought to have low agency costs, so the possibility of receiving a going concern audit opinion is decreasing.

We also find evidence from the result obtain from the marginal effect of the binary logistic regression presented in table 3 above that the independent variable of institutional ownership is a positive and insignificant

Table 3: Binary Logistic Regression Result

	AUDO Model (Logistic Regression)	AUDO Model (Marginal Effect)
CONS.	6.461 {0.000} ***	
FORO	-0.863 {0.036} **	-0.041 {0.040} **
IOWN	0.007 {0.332}	0.003 {0.334}
FSIZ	-1.377 {0.000} ***	-0.066 {0.000} ***
LR(prob>chi2)	37.53 (0.0000) ***	
Pseudo R- Squared	0.1382	
Goodness of Fit Test	544.74 {0.8285}	
VIF/Cond.Num	1.15/22.9171 (0.7920)	
Sensitivity	0.00%	
Specificity	100.00%	
Classification	94.54%	

Note: (1) bracket {} are p-values
(2) **, ***, implies statistical significance at 5% and 1% levels respectively

determinant of going concern audit opinion {coeff. 0.003; p-value: 0.334}. The result implies that a 1% increase in the institutional shareholding of non-finance firms will lead to about 1% insignificant increase in the issuance of a modified going concern audit opinion during the period under investigation. The result further indicates that we should accept the stated null hypotheses that institutional ownership is not a significant determinant of modified going concern audit opinion of listed non-finance firms in Nigeria during the period under investigation. We oppose the studies of (Ballesta and García-Meca, (2005) who discovered that institutional ownership in the company could have a negative impact on the acceptance of a going concern audit opinion. As Katan and Mat Nor, (2015) explain, institutional investors have an incentive to monitor management activity because they have more voting power and influence over management. Fazlzadeh et al., (2011) and Fauzi and Locke, (2012) both find that institutional investors have a positive impact on company performance. As long as a company's performance is good, it will be exempt from the going concern issue. As a result, companies with large institutional investors are less likely to have a going concern audit opinion because the possibility of an agency problem is reduced because they have third-party monitoring as shareholders.

Conclusion and Recommendation

The result of the audit process by an independent auditor will be submitted in the form of an audit opinion. This opinion can be concluded as the condition of the company, whether there is a failure or success in it. When the auditor feels there is significant doubt about the going concern, the auditor has the right to issue an unqualified modified report or disclaimer opinion. In the light of this, we investigate foreign ownership, institutional ownership, and audit opinion in Nigeria by drawing samples from listed non-finance firms in Nigeria from 2012 to 2021. This study employed analytical software of Stata version 16 and Microsoft excel for the analysis. The secondary data collected was analyzed using descriptive statistics, correlation, and regression analysis. To examine the cause-effect relationships between the dependent variables and independent variables of the study, we employ the binary logit regression since the dependent variable is dichotomous. We conclude that a 1% increase in the foreign shareholding of non-finance firms will lead to about 4% significant decrease in the issuance of a modified going concern audit opinion during the period under investigation. However, we also conclude that a 1% increase in the institutional shareholding of non-finance firms will lead to about 1% insignificant increase in the issuance of a modified going concern audit opinion during the period under investigation. The study recommends that there should be upward review of foreign ownership. It will encourage these group of owners to put in their best to effectively monitor the financial reporting quality thereby giving assurance and confidence to other forms of ownership as it will result to issuance of unqualified audit opinion instead of modified or qualified audit opinion.

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