https://doi.org/10.61143/umyu-jafr.1(1)2021.003

INSTITUTIONAL SHAREHOLDING AND AUDIT QUALITY REPORTING OF LISTED OIL AND GAS COMPANIES IN NIGERIA

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ABSTRACT

This study examined the effect institutional shareholding as important variables of corporate governance and audit quality of listed oil and gas companies in Nigeria. The study adopted the ex-post facto research design. Secondary data were extracted from the annual reports of 10 oil and gas companies for the period between 2010 and 2019. Institutional shareholding is measured using the proportion of institutional shareholding to non-institutional shareholding on the board while the audit quality measured using Firm Size. The result of the analysis using logistic regression revealed that institutional shareholding is positively and significantly related to audit quality of financial reports of listed oil and gas companies in Nigeria. Based on this assertion and findings from this study, it is recommended that larger institutional shareholding should be on the boards of oil and gas companies in Nigeria as this will improve the audit quality of their financial reports.

Keywords: Institutional Shareholding and Audit Quality,

1.0 INTRODUCTION

The beginning of the pass 2 decade, is full of crisis in the capital markets, this affected large companies worldwide. Incidence among others, Enron, WorldCom, Xerox, Cadbury Nigerian plc, African Petroleum (now Forte Oil) PLC, and Unilever PLC. These scandals led to a loss of public confidence in the quality of published financial reports and the role of the audit function globally, many businesses closing down. High-quality external auditing is an integral component of working capital markets. Companies with a reputation for accurate financial reporting are likely to change auditors when their audit efficiency is called into question to mitigate the effects of poor financial reporting on the capital markets.

An Independent audit is also regarded as a measure of corporate governance's external control effectiveness, which safeguards the interests of all the company's stakeholders by accrediting the financial statements, ensuring transparency and verifying the accuracy of financial information (Seyedeh, Hamid & Hashem 2016, David, Uche

Text ISSN: 2795-3831
E-ISSN: 2795-3823

&Azah 2019, David & Ahmed 2020). Besides, investors, creditors and other stakeholders who assess the profitability of the different business units, and decision-making on the different investment opportunities, rely on the audit results of reputable independent audit firms.

Thus, greater credibility of the auditor improves the interest, reliability, and acceptability of financial statements consumers and thereby decreases the expense of earnings and agency management (Ashbaugh, LaFond& Mayhew, 2003). The Executive Board plays an important role in corporate governance. Regardless of the division of corporate management and ownership, boards function to safeguard shareholder interests. The board's connection with the quality of the audit services performed may be formal or informal. In terms of formal relations, the board of directors usually cooperates with management in the selection of the external auditor, often subject to shareholder ratification (Adeyemi & Temitope, 2010.

In response to the aforementioned corporate scandals, regulators from many countries around the world have embarked on new reforms to reinforce the auditor's independence and also restore public confidence in the quality of published financial reports. In the US for instance, the Sarbanes-Oxley Act was once surpassed in 2002, which installed the Public Company Accounting Oversight Board (PCAOB) to oversee the monetary reporting procedure of public companies. Similar regulatory reforms aimed at bettering audit first-class and the great of annual economic statements produced through public companies were also carried out in the UK, Canada, Malaysia, South Africa, and Nigeria. However, despite these regulatory reforms to mitigate fraudulent monetary reports, improve audit exceptional and utilizing extension the fine of posted accounting reports, accounting scandals and corporate disasters involving especially professional external auditors are still regularly occurring globally. This has attracted the attention of accounting researchers who sought to set up a feasible purpose and impact connection between institutional shareholding and possession awareness on audit quality.

Institutional shareholding and Director Shareholding have also been a central problem in the empirical discussions on the interplay between monitoring mechanism and audit quality. Perhaps, the predominant view is that institutions have the required resources and economic knowledge to reveal and self-discipline managers and thereby lowering company problems. This impact may also result in wonderful audit quality. On the different hand, discussions on the affiliation between Director Shareholding and audit great have also documented contradictory results. Two conflicting arguments appear to dominate these discussions. Some researchers believe that when owners pay good attention and concentrate fully on their investment it will drastically reduce mis appropriation and enhance audit quality because the value implication of their monitoring is less than the predicted gain from their big investments (Klein, 2002). On the contrary, Chen, Yen, and Chang. (2007) pointed out that audit quality is indeed weak and compromised when an auditor faces an agency of controlled shareholders

Although, some huge amount of research exists on the relationship between company governance mechanisms and audit excellent (such as Abdullah 2008; Sulong, Gardner, Hussin, Sanusi & McGowan 2013; Al-Nawaiseh, 2006, Qasim, (2011; Abolfazl, Amir, Noroozi Mohammad &Sahraneshinb, 2015), few centered on the effect of institutional shareholding and ownership awareness on audit quality. Whereas the few that exist are mentioned in the light of different countries, the outcomes are debatable in the Nigerian perspective given the dissimilarities like monitoring structures. Similarly, the outcomes that are got from samples drawn from several sectors of the economy to learn about phenomena spotlight the feasible implication of such phenomena on unique industries within the sample. Therefore, the decision to focal point on the quoted oil and fuel organizations in Nigeria. In Nigeria, the oil and gas sector are pivotal to economic progress for the reason that the bulk of the revenue is generated from this sector. It is anticipated that this quarter ought to acquire the most interest in phrases of monitoring and supervision given its economic importance. It is towards the backdrop that this finds out about empirically the effect of institutional shareholding and director shareholding on audit quality of listed oil and gas corporations in Nigeria. Therefore, the objective of this study is to observe the impact of institutional shareholding and ownership attention on audit quality of listed oil and gas groups in Nigeria. To acquire this objective, it is hence hypothesized that:

H01: Institutional shareholding has no widespread impact on audit high-quality of listed oil and gas companies in Nigeria

2.0 LITERATURE REVIEW

2.1 Institutional Shareholding

Institutional ownership refers to the stake in a company that is held by large financial organizations such as Banks, Investment companies and Insurance companies. Institutional Shareholders generally purchase large blocksof a company's outstanding shares and can exert considerable influence upon its management. Jensen and Meckling (1976) claimed that Institutional Shareholding has a very extensive function in minimizing agency conflicts between managers and shareholders.

The existence of Institutional Shareholding is considered successful in being a high-quality monitoring device in any choice taken through the manager. The agency

Text ISSN: 2795-3831
E-ISSN: 2795-3823

concept suggests that monitoring via institutional possession can be a vital governance mechanism. Institutional buyers can provide energetic monitoring that is hard for smaller, more passive or less-informed investors (Almazan, Hartzell & Starks 2005, , David & Ahmed 2020). Moreover, institutional traders have the opportunity, resources, and capacity to reveal managers. Therefore, efficient monitoring suggests that institutional possession is related to better monitoring of management activities, lowering the capability of managers to opportunistically manipulate earnings. The environment-friendly monitoring assumption suggests an inverse relationship between a firm's revenue management recreation and its institutional share ownership. In this vein, numerous researches documented that institutional possession prevents managers to opportunistically interact in revenue management (Ebrahim, 2007; Koh, 2003).

Considering the significance of corporate governance in the firm's management, shareholder's lively participation in monitoring administration functions is important to ensure exact corporate governance practices. To date, institutional investors‟ participation has emerged as an important pressure include monitoring to serve as mechanisms to shield minority shareholder's interest. The significant extend in the institutional investors‟ shareholdings have led to the formation of a large and powerful constituency to play a large role in company governance. Earnings information, as part of accounting information, presents traders with relevant information that would help them in making correct asset pricing and funding choices (Yuan & Jaing, 2008).

The active monitoring hypothesis views institutional investors as long-term buyers with raving incentives and motivations to closely display administration motion (Jung & Kown, 2002).

However, some argue that institutional traders do now not play an energetic role in monitoring administration activities (Claessens & Fan, 2002; Porter, 1992). According to Duggal and Millar (1999), 'institutional buyers are passive buyers who are greater likely to promote their holdings in poorly performing companies than to use up their resources in monitoring and improving their performance'. Institutional traders may also be incapable of exerting their monitoring position and vote towards managers because it may also affect their enterprise relationships with the firm. Accordingly, institutional buyers can also collude with administration (Pound, 1988; Sundaramurthy, Rhoades & Rechner, 2005). It is also argued that institutional owners are overly centered on non-permanent monetary results, and as such, they are unable to screen management (Bushee, 1998; Potter, 1992). So, there will be pressure on management to meet short-term profits expectations. These arguments indicate that institutional investors may additionally now not restriction managers' revenue

Text ISSN: 2795-3831
E-ISSN: 2795-3823

management discretion and can also increase managerial incentives to have interaction in salary management.

2.2 Audit Quality

International Auditing and Assurance Standards Board (IAASB, 2010) in its framework for audit quality mentioned that the purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This can be achieved through gathering sufficient appropriate audit evidence to express an opinion on whether the financial statements are prepared, in all material respects, under the applicable financial reporting framework. This indicates that IAASB linked between auditing quality and audit evidence that used to express an opinion about firms' financial statements according to financial reporting standards.

Issa (2008) described audit satisfactory as the capability of audit technique to discover and file necessary falsification of financial statements as well as to minimize asymmetry of data between managers and stakeholders that are relevant to the degree of excellent of the data in monetary statements. Also, Deis and Giroux (2002) argued that auditing high-quality is the auditor's capability to become aware of weaknesses and gaps in the accounting machine for the client and the reporting. However, Copley and Doucet (2013) went in some other course by means of defining the auditing excellent as the utility of expert standards associated to fieldwork and reporting standards. The audit satisfactory is a set of techniques and methods that work to reduce mistakes and fraud, and it is supported thru get admission to to ample and convincing evidence to defend the pastimes of applicable parties (Abu, Ijela & Hamdan, 2010). The probability of detection is a count number of competence, whereas the likelihood of revelation depends on the independence of the auditor, i.e. his/her willingness to face the stress exerted via the producers of economic statements (Piot &Janin, 2005).

There are many tries to define the notion of audit first-rate either on a professional business level, or academic level. On the expert enterprise level: for example, the International Federation of Accountants (IFAC, 2009: 12) pointed to the idea of auditing first-class in the worldwide fashionable on quality control. It noted that "the goal of the audit association is to establish and hold a gadget of fantastic manage to furnish it with the practical assurance that: (a) The association and its personnel comply with professional requirements and relevant legal and regulatory requirements; and (b) Reports issued through the company or engagement companions are fabulous in the circumstances" (IFAC, 2009; 15). This capacity that the idea of fantastic from the viewpoint of (IFAC) lies in compliance with professional requirements and criminal and regulatory requirements.

Furthermore, the Public Company Accounting Oversight Board (PCAOB, 2009) in auditing trendy no. 7 - engagement satisfactory assessment and conforming modification to the board's interim best manipulate requirements mentioned that: (1)the engagement team failed to acquire enough suitable evidence below the standards of the PCAOB; (2) the engagement group reached an inappropriate overall conclusion on the challenging matter of the engagement; (3) the engagement file is now not fantastic in the circumstances; or (4) the firm is not impartial of its consumer (PCAOB, 2009). Based on PCAOB factors, affecting the excellent of the well-performed audit engagement, audit quality can be considered as a method of gathering adequate proof based on professional requirements to gain appropriate standard conclusions about the firm's conformance with applicable reporting standards.

Moreover, the Supreme Audit Institutions of the European Union (2004) proposed the directions and practice about auditing quality, pointing out that the thought of auditing exceptional lies in the audit college attaining the following: excessive tiers of nice ineffectiveness of the planning and execution of auditing and different associated works, clear demonstration of audit reports, objectivity and fairness of the given estimates and opinions basis, the issuance of audit reviews at once to the needs of conceivable users, authenticity and reliability of the views or results, and appropriateness of the pointers and other things blanketed in the audit reports (SAIs of European Union, 2004). ICAEW (2002) suggested a definition for audit satisfaction by pointing out that, at its heart, audit best is about handing over a terrific expert opinion supported by the indispensable evidence and objective judgments. As lengthy as the auditors grant an impartial audit opinion that is supported by adequate audit evidence, the regulator assumes that such auditors have performed a first-class auditing service.

2.3 Empirical Review

2.3.1 Institutional Shareholding and Audit Quality

Zuriegat (2011) investigated the effect of possession shape and audit pleasant among Jordanian listed firms. Usings pattern dimension consisted of one hundred and ninety-eighty (198) businesses out of the two hundred and sixty-two (262) listed companies on the Amman Stock Exchange. The evaluation result using logistic regression in different to investigate the relationship between the audit characteristics measured primarily based on the audit company size as a dependent variable, and possession shape as unbiased variables. The outcomes exhibit a giant wonderful relationship between the audit first-class and that of the company's institutional possession and concluded that institutional traders tend to hire fantastic auditors. This study measured audit pleasant the use of firm dimension as the study proposes to, however, the used

Text ISSN: 2795-3831
E-ISSN: 2795-3823

logit regression why this contemporary find out about will observe a couple of regression and there is the hassle of exterior validity since the previous find out about was carried out Amman Stock Exchange whilst the study will be on the Nigerian Stock change specifically in oil and gasoline sector.

Khasharmeh and Joseph (2017) ascertain the impact of possession structure on audit high-quality in a growing country, the case of Bahrain. Specifically, the study regarded ownership awareness and Institutional Shareholding as person explanatory variables for possession structure. The annual reports of listed businesses in Bahrain for 2015 and unlisted businesses registered by using the Central financial institution of Bahrain in September 2016 have been used in the analysis. Logistic regression was used to check the hypotheses. The results indicated that Institutional Shareholding has a wonderful but insignificant impact on audit firm size. This learn about was achieved in every other economic system different from the Nigerian financial system so, a repetition of the usage of Nigerian statistics is imperative. Also, this modern-day learn about took a one-of-a-kind dimension, through interacting with the effect of a high-quality audit committee, not just a direct relationship which makes for tons distinction between the studies.

Alzeaideen and Al-Rawash (2018) investigated the effect of extraordinary ownership constructions - (concentration, foreign, and Institutional Shareholding) on audit nice of listed agencies in the Amman inventory exchange. To take a look at each hypothesis; a model used to be described based on dependent variables employed to measure audit quality. The sample study consists of 132 corporations from 2005 to 2016. The evaluation of logistic regression was once used to inspect the relationship between the audit first-rate measured based totally on the audit firms' size as a dependent variable and possession structure as independent variables. The outcomes supplied proof of an effective statistically giant relationship between the audit first-class and that of agencies each with foreign and Institutional Shareholding. Also, these outcomes indicate that overseas and institutional investors tend to rent super auditors. This study affords a hassle or gap in exterior validity and did not reflect on consideration on the audit committee as a thing that may want to affect the relationship between institutional possession and audit quality.

Akhidime (2015) examined the influence of the board structure of Nigeria banks on their audit quality. The find out about is based totally on the posted audited bills of 19 banks that have been chosen through an easy random sampling technique from the populace of the 25 Nigerian banks over the banks' post-consolidation/reform over 5 years. The variables of the learn about had been analysed using binary logistic regression analysis. The hypotheses of the learn about had been examined using F-

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E-ISSN: 2795-3823

ratios. From the outcomes of the pooled binary regression of the pooled facts at a 5% degree of significance. The outcomes of the find out about verify that non-executive administrator positively impact the banks' audit quality. This study is on Nigerian banks and used logit regression as a statistical technique for data evaluation whilst this cutting-edge find out about will be on oil and fuel organizations and will rent the use of multiple regression analysis as techniques for facts evaluation given us the problem of sectorial peculiarity and differences in statistical technique for analysis.

Ibrahim and Jehu (2018) Using statistics on 576 Nigerian companies between 2011 and 2016 to look at the relationship between board composition and economic reporting quality, we underscored that the independence issue of board composition is twofold: director shareholding, and independent director shareholding. Our multivariate regression results recommend that the proportions of the director shareholding, as well as that of the impartial director shareholding, have a poor and tremendous relation with odd accruals, which in flip improves the great of financial reporting. But the coefficient of board dimension did now not exhibit any significance. This is consistent with the prognosis of the employer theory. This study, therefore, contributes to present know-how with the aid of expanding the independence of the board of directors into two variable measures and mainly detecting the significant components. The learn about is restrained to our proxy of FRQ (abnormal accruals) and did not reflect on consideration on the sensitivity of contemporaneous IFRS adoption within the period. The present-day find out about offers a wider scenario than this current find out about in that it considers several different monitoring attributes which makes the study greater sturdy than the preceding study.

2.3.2 Measures of Audit Quality

Although a number of studies have sought to measure “actual” audit quality, what has prevailed in the literature, considering that DeAngelo’s study (1981), are the metrics that try to capture “perceived” audit quality, such as: (i) the auditor’s size, specifically big-4, as in DeAngelo (1981), , David & Ahmed (2020), Ilaboya and Ohiokha (2013), Dang (2004), Gu, Lee and Rosett (2005), Behn, Choi and Kang (2008), Kanagaretnam, Krishnan and Lobo (2010), and Zagonov (2011); (ii) auditor specialization, as in Behn et al. (2008), Chambers and Payne (2008), Romanus, Maher and Fleming (2008) and Kanagaretnam, Krishnan et al. (2009, 2010); (iii) auditor issuing going subject opinion as in Teoh and Wong (1993) and Ghosh and Moon (2005); and (iv) accrual fashions as in Dang (2004) and Behn et al. (2008). For the reason of this study, audit firm measurement is used as a measure of audit quality.

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2.3.3 Agency Theory

Agency theory connection is defined as a contract underneath which one or greater individuals (the principal) engage every other man or woman (the agent) to operate some provider on their behalf that entails delegating some decision-making authority. Jensen and Meckling (1976) truly describe the relationship between two parties: the owner as a principal and administration as an agent. The concept states that the separation of ownership from control of the modern commercial enterprise has become the relationship between the proprietors (shareholders) and controllers (managers) to that of an agent and a principal. As such the managers are supposed to treat this fiduciary link with the last sense of transparency and accountability. This capability that they are predicted to act in such a manner that benefits the shareholders as a substitute than pursuing their selfish interests. However, in practice, the existence of statistics asymmetry that gives the managers a piece of privilege facts may additionally lead to the breach of the corporation association as the managers are tempted to use their positions for self-enhancement, subsequently the agency problem.

Similarly, Fama and Jensen (1983) suggest that agency troubles that occur from the separation of ownership and control may want to be decreased if the residual claimants (shareholders) and the choice marketers (managers) in a firm are the same. This is because the interests of shareholders and managers are carefully aligned. Ownership structure involves a variety of each endogenous and exogenous company governance mechanisms that are put in place to mitigate this organization problem with the aid of tremendous monitoring of managers and hence minimize the employer cost. For instance, the inside governance mechanism presumed that, when the managers of a corporation also shape part of the fairness investors, it makes the managers act in the first-class hobby of the shareholders. While for external governance device, the existence of large shareholders is excellent for governance, because large shareholders play a more active role in monitoring and disciplining managers than small shareholders. In the identical vein, Institutional Shareholding is top for governance, for the reason that institutional investors have superior incentives and extra assets to self-discipline managers than small character investors.

The enterprise issues concerning managers and investors may want to be lower in family firms. This is because, in family firms, the household usually owns a considerable element of the firm's fairness and often continues to manipulate over the management. To Habib (2005), in an association with diffuse possession shape and low degree of managerial shareholding, the managers may try to present the working result of the association in the most beneficial manner possible to keep away from shareholder unrest or to lessen the probability of takeover attempts. In contrast, in a

Text ISSN: 2795-3831
E-ISSN: 2795-3823

firm with more targeted ownership, the managers do not need income manipulation as a job-preserving strategy, due to the fact the owners possess manage of the firm.

3.0 METHODOLOGY

The research made use of the research method ex-post facto. The research population comprises the ten (10) oil and gas companies listed as of 31 December 2019 on the Nigerian Stock Exchange (NSE).

The wide number of companies was once limited to a working population of 9 (9). Afroil Plc used to be exempt from finding out about the population due to the fact that it had been deleted in 2008 and that no monetary results had been released for 2010-2019.The entire working population of nine (9) oil and gas organizations used to learn about the sample by thinking about the reality that the knowledge needed to find out about it is easy to find out from the published economic reports of the companies and the NSE factbook for the years in question.

Two of the documents for this information were collected from a secondary source. Secondary information was derived from the published annual reviews and debts of the organizations and the NSE factbook for the years in force. The two methods to logistic regression have once been introduced. Logistic regression is a methodology for making predictions where the structured variable is a dichotomy and the unbiased variables are non-stop or discreet.

Model Specification and Variables Measurement

$$ADQ = \beta_0 + \beta_1 INSOP + \beta_2 FS + \mu_t$$

Where:

ADQ = Audit Quality-

INSOP=Institutional Shareholding

FS= Firm Size

μ = Error term

B_1, β_2, $\beta_3 > 0$ ……... = Coefficient

Table of Measurement of variables

S/N	Variable	Measurement
1	Audit Quality(ADQ)	This is a binary variable with score 1 if the company is audited by a Big 4 audit firm and 0 otherwise;
2	Institutional Shareholding (INSOP)	This is measured by the proportion of Institutional Shareholding to non-Institutional Shareholding on the board.
3	Firm Size (FS)	This is measured as the natural log of the firm's total assets

4.0 RESULTS AND DISCUSSION

In this section of the study, results are presented and discussed in light of the research findings. First, a set of descriptive statistics are presented, then followed by the logistic regression results.

Table 1: Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ADQ	120	.65	.4789695	0	1
INSOP	120	.6100883	.0962562	.25	.7528
FS	120	. .6777778	.4699457	0	1

Source: Stata output, 2020

Table 1 shows that the sample oil and gas companies have employed the services of large global audit firms (big 4 as a measure of audit firm size) up to 68% of the total period of the study, from the mean of .6777778 with standard deviation of .4699457, and the minimum and maximum value of 0 and 1 respectively. The standard deviation suggests that the data is narrowly dispersed from the mean because the standard deviation is lower compared to the mean.

In addition, the Institutional Shareholding (INSOP) and Audit quality use as predictor variables. Table 1 further reveals that Institutional Shareholding has a mean of .6100883 with a standard deviation of .0962562. This implies that on average institutional investors accounted for 61% in the sampled oil and gas companies in Nigeria. Institutional Shareholding has a minimum value of .25 (25%) and a maximum value of .7528 (75%) respectively. the minimum value indicating that there was a particular firm in a certain year within the observations that have 25% institutional investors and 75% institutional investors respectively

This means that on average of 65% of company composition explains the firms' compliance with the SEC (2011, 2018) revised code of corporate governance best practice for which requires a higher proportion of director shareholding against their executive counterparts for efficient monitoring.

Table 2: Analysis of Logistic Regression

	Coef.	Std. Err.	z	P>|z|
INSOW	-5.548265	3.372138	-1.65	0.100
F- chi2(3)	15.62			
Prob-F > chi2	0.0000			
Pseudo R2	0.4338			

Source: STATA Output, 2020

The table presents the result of the logistic regression model. It shows that the model is capable of explaining 10% variations in audit quality measured by audit firm size by the variation of an Institutional Shareholding and the control variables of firm size. The F-statistics and its probability show that the logistic regression equation is well-formulated explaining that the relationship between the explanatory variables' combination, (that is an Institutional Shareholding) and audit quality reporting of Nigerian listed oil and firms are statistically significant (Fstat = 15.62; F-prob. = 0.0000).

The hypothesis states that an Institutional Shareholding has no significant effect on audit quality of listed oil companies in Nigeria. The result of the logistic regression as presented in Table 2 shows that the Institutional Shareholding is positively (.6100883 and statistically significant at (0.000) 5%. This provides the study with evidence of rejecting the null hypothesis. This implies that an Institutional Shareholding has the likelihood of influencing audit quality of listed oil companies in Nigeria. The findings are compatible with Abdumalik (2015), David, Uche, and Azah (2019), David and Ahmed (2020) who also found a positive significant relationship between Institutional Shareholding and audit quality. The finding is contrary to the finding of Akhidime (2015) who found negative significant association independent and audit quality.

The result of the second hypothesis states that indicates an inverse relationship between director shareholding and audit quality of listed oil marketing companies in

Nigeria. From the result, in table 2 it can be seen that the coefficient of 2.625449 and significant level of 0.282. This means that director shareholding has the probability of influencing audit quality of listed oil company's firms in Nigeria negatively. In the same vein, a unit change in the non-executive director decreases the audit quality of listed oil companies in Nigeria. This finding is consistent with Akhidime (2015) and Ibrahim and Jehu (2018) who also found a negative association between a non-executive director and audit quality. The finding contradicts the finding of Abdumalik (2015) who found a significant positive relationship between a non-executive director and audit quality.

5.0 CONCLUSION AND RECOMMENDATIONS

This study analyzed the influence Institutional Shareholding as important features of corporate governance on the quality audit reporting of oil and gas companies in Nigeria. Institutional Shareholding was measured using the proportion of the Institutional Shareholding to the non-Institutional Shareholding of the Board. The study concluded that the variables can be used to clarify the consistency of the audit

However, on the basis of the individual explanatory variables, the study shows that the Institutional Shareholding is positively and substantially linked to the audit quality of the listed oil and gas companies in Nigeria. The study concluded that Institutional Shareholding had a clear effect on the audit quality of the listed oil and gas companies in Nigeria. This means that the higher the institutional shareholding, the higher the audit standard of the financial reports of the oil and gas companies in Nigeria.

The higher proportions of Institutional Shareholding on Boards are expected to result in a more efficient oversight mechanism that will lead to more accurate financial statements of every company in the world. Institutional Shareholding is also a prerequisite for one of the most important duties of the Board of Directors, impartial supervision of management.

Therefore, on the basis of these statements and the findings as well as the conclusions drawn from this review, it is suggested that the boards of oil and gas companies in Nigeria should have a greater institutional shareholding, as this will boost the audit quality of their financial reports.

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Text ISSN: 2795-3831
E-ISSN: 2795-3823

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. summarize adq lev ned ind ins dis ac levac nedac indac insac disac, detail

                            adq
-------------------------------------------------------------
      Percentiles      Smallest
 1%            0              0
 5%            0              0
10%            0              0       Obs                 120
25%            0              0       Sum of Wgt.         120

50%            1                      Mean                .65
                        Largest       Std. Dev.      .4789695
75%            1              1
90%            1              1       Variance       .2294118
95%            1              1       Skewness      -.6289709
99%            1              1       Kurtosis       1.395604

                            ins
-------------------------------------------------------------
      Percentiles      Smallest
 1%        .2501            .25
 5%         .502          .2501
10%        .5209          .2501       Obs                 120
25%        .5436          .3563       Sum of Wgt.         120

50%         .607                      Mean           .6100883
                        Largest       Std. Dev.      .0962562
75%         .683          .7497
90%       .72635          .7528       Variance       .0092653
95%        .7497          .7528       Skewness      -1.197411
99%        .7528          .7528       Kurtosis       6.090203
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Table 2: Analysis of Logistic Regression

	Coef.	Std. Err.	z	P>|z|
INSOW	-5.548265	3.372138	-1.65	0.100
F- chi2(3)	15.62			
Prob-F > chi2	0.0000			
Pseudo R2	0.4338			

Table .1: The list of the ten oil marketing companies

S/N	Name of Company
1	Forte Oil Plc
2	MRS Oil Nigeria Plc
3	Total Nigeria Plc
4	Mobil Oil Nigeria Plc

Text ISSN: 2795-3831
E-ISSN: 2795-3823

5	Conoil Plc
6	Afroil Plc
7	Oando Plc
8	Eterna Oil & Gas Plc
9	Japaul Oil & Maritime Services Plc
10	Beco Petroleum Products Plc

Source: Author’s Compilation, 2019