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Audit Quality and Accounting Going Concern: An Altman Z score Approach

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ABSTRACT: This empirical study evaluated the effect of audit quality on accounting going concern of listed manufacturing firms in Nigeria between 2015 and 2020. The research design adopted for this study was the ex-post facto research design. Secondary data were collected from audited reports and accounts of the related manufacturing firms listed on the Nigerian Stock Exchange Fact Book. Using the Krejcie and Morgan formula to obtain a homogenous sample, 38 firms were selected from the healthcare, consumer goods and industrial sub sectors of the Nigerian economy. Data were analyzed with the aid of Ordinary Least Squares method of multiple regression. From the random effects model, the variable of audit firm size (Coef. = 0.604, z = 1.21 and p – value = 0.226) has a positive effect and statistically insignificant at 5%. Audit tenure (Coef. = 0.557, z = 2.05 and p – value = 0.040) has a positive effect and statistically significant at 5%. The variable auditor's fees (Coef. = -5.160, z = -1.93 and p- value = 0.054) has a negative effect and statistically significant at 5%. Based on the findings of this study, it was concluded that the Going Concern assumption is vital for the valuation of business assets since these assets can be valued upon their business values in use rather than their termination values, which in general are a lot lower. If a firm is not expected to continue to stay in business in the foreseeable future, the auditor can give an adverse opinion in the form of a Going Concern Opinion. The manufacturing sector is extremely crucial for the economic growth and development of a developing economy such as Nigeria. It is therefore recommended that (i) Managers of listed manufacturing firms in Nigeria should become part owners of the firms so as to (a) have the same incentives as the owners (b) lower the level of conflict of interests since this have been proven to have significant negative correlation with the problem of Accounting Going Concern (ii) Managerial policies that tend to increase audit fee should be re-examined and possibly reviewed downwards especially if the aim is to improve the firm's Accounting Going Concern.

KEYWORDS: Audit Quality; Accounting Going Concern; Altman Z Score; Agency **Theory.**

1.0 INTRODUCTION

As a result of financial scandals in major corporations, such as Enron, WorldCom and other world class companies; audit quality has gained increased concerns. The aftermath of these scandals has led to the identification of a perceived "expectation gap" in audit quality as many users of audited financial statements have different expectations of the audit function (Beattie, Brandt & Fearnley, 1999) culminating to a call for changes in the auditing profession so as to ensure improved audit quality. The auditor has the responsibility to assess whether there is any doubt to his or her opinions on the financial report, based on auditor's regulations and also required to provide an opinion regarding the corporations' ability to survive (going concern) in period of not more than one year from the date of the audit report (IKATAN 2001). This suggest that independent auditors have been charged with the responsibility of warning investors when there are doubts about the continuity of a company. (Aquilar, Barbadillo, Fuentes & Benau, 2004). This is in line with the rationale that the auditing profession evaluates the going-concern assumption and provide users of financial statements with an early warning of potential financial problems (Zavgren, 1988). The audit opinion may provide particularly useful information, given the auditor's intimate knowledge of the client's activities and future plans (Jones, 1996)

Financial report is the main source of information to all parties who have interest in a company. Hence, Wulandari (2014) stated that financial report should picture the financial position of the company. Furthermore, Alichia (2013) also emphasized that through financial report, we can get a picture on the life of a company, whether it is in a good condition or it has a tendency to go bankrupt. However, in order for the financial statement to be trustworthy and reliable, the auditor (especially the external auditor) is required to make a statement on it. In performing its duties, the auditor expresses an opinion on the fairness, in all material respects, the financial position, result of operations, changes in equity and cash flows in accordance with International Financial Reporting Standard (IFRS).

In addition to providing information about the fairness of the financial statement, the independent auditor's report also provides information to users of financial statement regarding the company's ability to continue its business (going concern). Going concern is also called continuity assumption (Syahrul, 2000). Going concern opinion is very influential for all users of financial statements to make the right decisions in investing, because when an investor intends an investment, he needs to know the financial condition of the company, especially concerning the survival of the firm (Hany & Mukhlasin, 2003). Problems arise when errors are made by the auditors' opinion regarding the company's going concern opinion (Barry, 2003). But the major problem about this is of self-fulfilling prophecy which states that if the auditor gives going concern opinion, the company would be quickly bankrupt because many investors or creditors may cancel attractive investment funds (Venuti, 2007). In the light of the above stated importance of obtaining the opinion of the external auditor, this study was focused on audit qualities which included Audit Firm Size, Audit Tenure and Audit Fee as they affect Accounting Going Concern value of listed manufacturing firms in Nigeria.

1.2 Statement of problem

The independent auditors' inabilities to detect financial uncertainties and the auditors' poor decision making concerning the type of audit opinion that should be finally issued have largely been blamed on recent iconic audit failures in the global market place. The spate of audit failures in the world (Nigeria inclusive), has brought great disappointment to the users of financial reports. The aftermath of these audit failures has resulted in perceived expectation gap in audit quality: An important difference between the role currently perceived/achieved by auditors and the role expected of them.

Previous research on auditors' decisions in this arena has concluded that financial-based bankruptcy prediction models are more accurate than auditors' opinions in classifying companies as being bankrupt (Wu, Gaunt & Gray, 2010; Shetty, Pakkala, & Malikarjunappa, 2012, Lee & Choi, 2013; Fejer-Kiraly, 2015 and Singh & Mishra, 2016). These empirical evidences have served to direct criticism at the audit profession for not providing adequate early warning signals of impending client failure. The financial press, regulators and the public view the issuance of an unqualified audit report to a company that subsequently files for bankruptcy as an indicator of poor-quality audit work. It has also been observed that most prior related studies tended to examine how audit quality affects firm financial performance Ndubuisi & Ezechukwu, (2017); Egbunike & Abiahu (2017); Hassan & Farouk (2014) by employing key performance variables like Return on Asset or Return on Equity while neglecting Going Concern status which is capable of signaling distress situations of these corporations.

In Nigeria, most listed manufacturing firms employ the services of the leading Big 4 audit firms; Deloiotte & Touche (Dangote Cement Plc), Deloiotte & Touche (Dangote Sugar Plc.), Klynveld Peat Marwick Goerdeler (KPMG) (Champion Breweries Plc.) Klynveld Peat Marwick Goerdeler (KPMG) (Northern Nigeria Flour Mills), PricewaterhouseCoopers (PwC) (Cadbury Nigeria Plc.) and Ernest and Young (EY) (Fidson Healthcare Plc.) (Annual Report and Accounts, 2021) who exhibit higher audit fee when compared to 2nd tier audit firms in Nigeria. However, despite the fact that these Big 4 independent auditors' exercises perceived higher audit independence in the course of carrying out their duties, previous related studies have revealed the presence of an expectation gap. This position was also supported by Eshiet (2017) who opined that professional accounting firms have closely collaborated with business leaders and compromised their ethical standards in return for massive monetary and financial gains.

Still, previous audit opinions and going concern audit opinion are related. Previous audit opinions are opinions received by the company in the previous year and prior-year audit opinion has a positive effect on current-year audit opinion (Puspaningsih & Zulfikri, 2021). Prior-year going concern opinions are harmful to the company. Prior year going concern opinions signifies more likelihood for the independent auditor to issue going concern audit opinions in the current year. Also, it may result in loss of public confidence in the company's ability to maintain its viability (Puspaningsih & Zulfikri, 2021). So, the company can experience a deterioration of stock prices and even challenges in securing credit facilities.

The important factors that were considered in this study included Auditors' Firm Size, Auditors' Tenure and Auditors' Fees as measures of audit quality and how these factors sway the firm into qualified or unqualified audit opinion. Precisely, Altman Z-Score (1968) was employed as a proxy for accounting going concern to examine the effect of audit quality (audit firm size, audit fee and audit tenure) on accounting going concern. Consequently, together with the aforementioned independent variables, this study employed the rare measure of Altman Z-Score 1968 model as a proxy of accounting going concern to provide empirical evidence on audit quality and accounting going concern of listed manufacturing firms in Nigeria.

Therefore, the broad objective, research question and hypothesis of this study were:

(1) To evaluate the effect of audit quality on accounting going concern of listed manufacturing firms in Nigeria.

(2) To what extent does audit quality affect accounting going concern of listed manufacturing firms in Nigeria?

(3) H_{o1} Audit quality has no significant effect on accounting going concern of listed manufacturing firms in Nigeria.

2.0 REVIEW OF RELATED LITERATURE

2.1 Conceptual review

2.1.1 Audit quality in Nigeria: A sterilized fact

Users rely on financial reports to make economic decisions simply because the independent auditor has expressed an opinion and assurance on their fairness, financial distress, and bankruptcy. The collapses of corporate organizations such as Cadbury Nigeria Plc, Afribank Nigeria Plc., Intercontinental Bank Plc. in Nigeria soon after they were audited and given a clean bill of health, created a worrisome situation and thus questioned the quality of audit performed by the independent auditors on those financial statements. However, one reoccurring problem in the research on quality of audit report is that the perceived reliability of audited financial information has declined while the perceived relevance of audited financial information has been on the increase (John, Kenneth & Austin 2019) as cited in (Egolum & Ezeh, 2021). Reliability of audited financial statements implies having the characteristics of neutrality and faithful representation of the financial reporting (Alrshah, 2015). Relevance of audited financial statements refer to how useful the accounting information is for financial and business decision making processes (Trpeska, Atanasovski & Lazarevska, 2017). For financial statements to be relevant, Trpeska, Atanasovski and Lazarevska (2017), they must have confirmatory value (provides information about past events) and predictive value (provides predictive power regarding possible future events).

Countries around the world have set Codes of Best Practice as guidelines to address governance and financial reporting anomalies. The goal of these regulations is to improve firms' corporate governance environments (Bhagat & Bolton, 2009). In Nigeria, the Regulatory authorities have responded by compelling companies to comply with stringent Corporate Governance Codes. (Semiu, Okwy & Eyesan, 2012). The quality of an audit depends simultaneously on several audit firm features such as auditor specialty, auditor independence, auditor tenure, audit firm size, audit fee, auditor enterprise, audit company type (Abedalgader, Ibrahim & Baker, 2010). Auditors express their audit opinions on financial statements presented to them based on audit evidences. Insufficient or inappropriate audit evidences may lead to wrong conclusions and this may affect the quality of the independent auditor's report.

Based on the foregoing, auditor independence is an extremely important driver for audit quality. Financial reports are the main sources of information to all users of financial information. Financial and business decisions are made based on the quality of information contained in audited financial statements. Impaired auditor independence negatively affects audit quality of listed manufacturing firms in Nigeria. Poor audit quality leads to poor financial reporting which is detrimental to informed business decisions and ultimately a bane to economic growth of Nigeria, a developing economy. Besides the independent auditor's judgment and opinion in classifying companies as being bankrupt, financial-based bankruptcy prediction models are also available and have been proven to be accurate.

2.1.2 Audit fee

The value of an audit lies on the perception coming from users of audited statements on the auditor's ability to detect errors or breaches in the accounting system and to resist client pressures not to disclose such discoveries (Zhang, 2017). Marra and Franco (2001) suggested that the best way for clients to be charged fees might be using a fixed and invariable value. Nevertheless, using a fixed or constant value to determine client's audit fees might lead to very high fees, damaging the client, or very low, damaging the auditor, bearing in mind that prices are budgeted by taking into account the number of hours or days required to conduct the audit.

Audit fee may have influence on Audit quality and Accounting Going concern. Fees paid to auditors can affect audit quality in two ways: large fees paid to auditors may increase the effort exerted by auditors, hence, increasing audit quality. Alternatively, large fees paid to auditors, particularly those that are related to non-audit services, make auditors more economically dependent on their clients. Such financial reliance may induce a relationship whereby the auditor becomes reluctant to make appropriate inquiries during the audit for fear of losing highly profitable fees (Hoitash, Markelevich & Barragato, 2007).

Abdul-Rahman, Benjamin and Olayinka (2017) as well as Hoitash, Markelevich and Barragato (2007) noted that economic conditions in Nigeria exposes external auditors to more difficult judgments in areas such as assessing going concern, impairments of assets and fair values which culminates into increased man hour spent on an audit exercise leading to increased audit fee. However, will this increased fee produce higher audit quality which is expected to worsen a qualified audit opinion thereby improve the going concern status of the firm? This question has remained unanswered for many decades. However, other scholars contend that high audit fees paid by the company to the independent auditor increases the economic bond between the auditor and the client, therefore, higher audit fees may impair the auditor's independence (Li & Lin, 2005). This author is not at variance with this assertion.

In summary, higher audit fees paid to the independent auditor might make the auditor look away from accounting and bookkeeping errors and possible earnings management practices of the company and subsequently failed to issue going concern opinion: A negative influence on accounting going concern opinion. In the long run, these sharp accounting practices will negatively affect the going concern of the company and eventual financial distress. The sad reminder of the relationship which abruptly terminated in 2001 between former Enron Corporation and Arthur Andersen (the independent auditor) was an eloquent example. Still, in Nigeria,

Afribank Nigeria Plc. and Intercontinental Bank Plc. were added to the list of audit failures immediately after they were audited and given clean bills of health. In this study, audit fee was chosen as a proxy for audit quality because of its influence on audit quality and Accounting Going concern concept.

2.1.3 Audit firm size

Big Four is the nickname used to refer collectively to the four largest auditing professional services networks in the world consisting of Deloitte, Ernst & Young, KMPG and PricewaterhouseCoopers (Abid, Shaique & Hag, 2018; Che, Hope & Langli, (2020). The four networks are often grouped together for a number of reasons: They are each comparable (a) in size relative to the rest in the market (b) in terms of revenue and workforce (c) they are each considered equal in their ability to provide a wide scope of quality professional services to their clients and (d) among those looking to start professional careers particularly accounting, they are considered equally attractive networks to work for, because of the frequency with which these firms engage with Fortune 500 companies (Che, Hope & Langli, 2020). However, are non-Big 4 audit firms comparable in audit quality to Big 4 firms? Some experts believe so because of (i) their superior knowledge of the local market (ii) same regulatory and professional standards and (iii) inability to obtain affordable insurance coverage in case of litigation risks. Hence, it is not obvious from theory or intuition that Big 4 firms should be superior to non-Big 4 firms (Daruosh & Shahshahani, 2012).

From on the foregoing, effective statutory and independent auditing is essential for efficient markets and one of the prerequisites for effective auditor is auditor independence. Big 4 auditing firms, because of size, professional quality and reputation could be more independent than non-Big 4 accounting firms.

2.1.4 Auditor's tenure

Audit tenure is defined as the number of years that an external or independent auditor is retained by a firm (Knechel & Vanstraelen, 2007; Amake & Okafor, 2012). Tenure within three years is considered to be short tenure and acceptable, and more than nine years is considered long tenure and unacceptable (Knechel & Vanstraelen, 2007; Amake & Okafor, 2012). Examples of countries that have oversight Boards and have implemented mandatory audit tenure are South Korea since 2006, Austria and Canada since 2005, United Kingdom since 2003, Singapore since 2002, Brazil since 1999, France from 1998-2004, Spain since 1989, Italy since 1974, (Cameran, Merlotti & Vincenzo 2005). Academicians and accounting professional have argued that mandatory audit tenure could help to maintain auditor independence (Gutzman 2002; Rahmina, 2014 & Qawqzeh, Endut, Rashid, Johari, Hamid and Rasit, 2018). Also, the auditor will be in a stronger position to resist management pressure and be independent with integrity and objective professional judgment when there is a mandatory audit firm tenure (Chung, 2004; Amake & Okafor, 2012 & Martani, Rahmah, Fitriany and Anggraita, 2021).

Several studies including; Mgbame, Eragbhe and Osazuwa, (2012); Myers, Myers and Omer, (2003) have attempted to analyze some explanatory variables for the state of audit quality which accounts for a firms' going concern status. However, the lessons learned from these studies revealed that audit tenure is much on the limelight. The argument is that should a firm replace its auditors on a regular basis, or should the auditor be allowed to build a long-term audit quality based on elongated audit firm tenure of which creative accounting is usually employed? However, within the Nigeria audit scope, not much studies have been done to explore the effect of audit tenure on accounting going concern. Hence, it is against this backdrop that this study examined the effect of Audit Quality (Audit Firm Size, Audit Fee and Audit Tenure) on Accounting Going Concern of listed manufacturing firms in Nigeria.

It is the opinion of this paper that for independent auditor to maintain auditors' independence and objectivity, external audit firms should periodically relinquish their client. Obligatory audit term could help to preserve auditors' independence. Also, with mandatory tenure, the independent auditor will be in a stronger position to resist management pressure and be independent with integrity and objective professional judgment. Audit tenure was employed as a proxy for audit quality because of the lack of consensus among researchers on the effects of external auditor's tenure on auditor independence.

2.1.5 Accounting going concern opinion

One of the main assumptions underlying financial statements is the going-concern assumption. Under this assumption, a company is expected to continue operation into the foreseeable future and not go out of business. This assumption is vital for the valuation of assets, as it means that assets can be valued upon their business value in use rather than their termination value, which is in general considerably lower (Egolum & Ezeh, 2021). If a firm is not expected to continue to stay in business in the foreseeable future, the auditor can give an adverse opinion in the form of a going-concern opinion. Altman Theory (1982) found that a going-concern opinion is seen as a signal of potential bankruptcy. Big audit firms are perceived as prestigious and reputable, consequently, providing high audit quality and better equipped to audit complex accounting information thereby improving audit quality which translates to improved going concern status of the firm (Egolum & Ezeh, 2021).

Can a qualified opinion improve the going concern status of a company? An unqualified audit opinion is a positive outcome for a company. It is generally issued when the external auditor has no concerns about the financial statements of a business or its ability to operate in the future. Investors, lenders and creditors all prefer an unqualified audit opinion. Conversely, a qualified audit opinion is not what a business desire. It is usually issued when the independent auditor has doubts about the company and its going concern status. A qualified audit opinion can be a concern to investors, lenders, creditors and other stakeholders. However, before an independent auditor issues a going concern qualification, company management usually gets an opportunity to create a plan to take corrective actions that can improve the outlook for the business. If the external auditor determines the plan can be executed and possibly will mitigate concerns about the business, then a qualified opinion is avoided which translates into improved going concern status of the firm.

This study is of the position that going-concern opinion is an important signal for investors as it is off course vital for them to know whether the company which they are investing in will continue its operation in the future. Despite numerous studies on audit quality, there still exist an expectation gap in audit quality among users of financial statements. Hence, the choice of accounting going concern (Altman Z Score) as the dependent variable of this study.

2.1.6 Accounting going concern: Altman Z-Score approach

In 1968 Edward Altman applied multivariate discriminant analysis to derive a linear combination of ratios, which 'best' discriminate between financially distressed and non-distressed firms. He used a matched-pair sample of 33 bankrupt and 33 non-distressed companies from the same industry. Similar to Beaver, 22 ratios for analysis were selected based on their popularity in literature and potential relevance for study. These were grouped into five categories: Profitability, Liquidity, Leverage, Solvency and Activity. Firms having Z-Score higher than the cut-off were classified as financially sound, while the ones with lower Z-Score as having a higher probability of default. The model had Type I error of 6% and Type II error of 5% respectively, thus was more accurate than Beaver's model. In 1990s, Altman revisited his Z-Score Model and analyzed the changes, which contributed to the overall increase in business risk (Altman & Narayanan, 2001). Altman also derived a Z-Score for private companies, with adjusted coefficient weights and X_4 coefficient determined as the ratio between the book value of companies owned and borrowed capital (debt) (Altman & Hochkiss, 2006). The Altman Model of 1968 is still one of the most widely used predictive models in the 21st century (Altman & Narayanan, 2001; Armutlulu & Cindik, 2021; Vavrek, Gundova, Vozarova & Kotulic, 2021).

In summary, despite the revisions of Altman's Z-Score models in 1983 and 1995, the original Z-Score model of 1968 is still valid and dominantly used within the literature especially for studies on non-financial institutions. The newer models of Z-Score are more useful for financial institutions. The present study is on non-financial institutions, hence the choice of Altman Z-Score (1968) as a proxy for accounting going concern.

2.2 Measuring accounting going concern (Altman's Z - Score 1968)

The study focused on accounting going concern measured by Edward Altman's Z-Score Models: a popular and widely accepted measure of going concern that is also used to predict corporate defaults. This model was first published in 1968 by Edward I. Altman (Altman, 1968). The Z-Score uses multiple inputs from corporate income statements and statements of financial position to measure the financial status of a company. The inputs used by Altman were twenty-one different financial ratios classified into five categories: Liquidity, Profitability, Leverage, Solvency and Activity. The different ratios combined into a single measure known as Z-Score. The formula used to evaluate the Z- Score as established by Altman in 1968 is as stated below:

$$\mathbf{Z = 0.012X_1 + 0.014X_2 + 0.033X_3 + 0.006X_4 + 0.999X_5}$$

Where:

'Z' = the overall index and the variables;

X_1 to X_4 are computed as absolute percentage values;

X_5 is computed in number of time.

Table 2.1: Altman guidelines for healthy zone

Situation	Z-Score	Zone	Remark
1	Below 1.9	Distress Zone	Failure is Ascertained
2	1.9 to 2.9	Gray Zone	Can't Tell
3	Above 2.9	Healthy Zone	Will not Fail

Source: Shahwan and Habib (2015)

Based on table 3.1, a firm with a Z-Score of below 1.9 is in distressed zone. Its failure is certain and could occur probably within a period of two years. If a firm has a Z-Score between 1.9 and 2.9, its financial viability is somewhat healthy and failure in this situation is uncertain to predict while Z- Score of 2.9 and above implies that the firm is in the 'very healthy' zone and its financial health is very viable. Several Accounting Theories are tenable to anchor this study on. One of such theories is discussed next.

2.3 Theoretical frame work

2.3.1 Agency theory:

Ross (1973) and Mitnick (1973) described the agency relationship as a contract under one or more principal involving an agent to perform some services for them by delegating decision-making authority to the agent. However, the Agency Theory was majorly exposed in the literature by (Jensen & Meckling, 1976). Based on the Agency Theory, both the principal and agent are assumed to be rational economic person and solely motivated by personal interests. Hence, it is possible for the agent to act or behave and deviate from fulfilling the shareholders' interests (Fadilah & Djamhuri, 2014). This is also corroborated by Praptitiorini and Januarti (2007) that, managers do not always act according to the desire of shareholders, in part because of the presence of moral hazard. Besides reasonable opinion statements on the financial reports, shareholders also expect that the independent auditor can give an opinion about early warning regarding to the survival of a company (Praptitiorini & Januarti 2007).

2.4 Empirical review of literature

Alcalde, Armino and Garcia (2022), examined the gap in the financial perspective of supply chain performance measurement, related to the lack of a bankruptcy probability indicator. The study sample set consisted of 1,379 listed Spanish firms (73% were public limited companies and 27% were limited liability companies) that have accounting data for the annual period between 2010 and 2013. The secondary data for the study was obtained from SABI (Iberian Balance Sheet Analysis System). The study found the Altman Z Score Logistic Regression to be an excellent bankruptcy probability predictor indicator for the supply chain industry.

Egolum and Ezeh (2021) examined the effect of audit quality on Accounting Going Concern. Specifically, the study explored two key measures of audit quality by making use of a sample of 38 listed manufacturing firms in Nigeria from 2013 to 2018. Independent variables employed in the study were Audit Fee and Audit Firm Size while the dependent variable of Accounting Going Concern was measured using the proxy: Altman Z Score. The secondary data were analysed using hierarchical regression technique. The study found that Audit Firm Size does improve the going concern status of the firm during the period under study.

Averio (2021) examined the factors influencing going concern audit opinion in manufacturing firms in Indonesia. Focal variables included leverage, Audit Quality, Profitability, Liquidity, Firm Size and Audit Lag. Secondary data were obtained from Indonesian Stock Exchange between 2015 and 2019 and analysed using logistic regression with SPSS 24.0. Sample size using purposive sampling techniques was 33 manufacturing firms listed on Indonesian Stock Exchange. The study found that Leverage had a significant positive effect on Going Concern Audit Opinion. Audit Quality, Profitability, Liquidity had significant negative effects on Going Concern Audit Opinion while Firm Size and Audit Lag had no effects on Going Concern Audit Opinion.

Cindik and Armutlulu (2021), predicted companies financial distress situations with the use of four different models: Altman Z Score, Revised Altman Z Score (Linear Discriminant Analysis) and Quadratic Discriminant Analysis, Random Forest Machine Learning Model with the use of same variables suggested by Altman. The study reviewed Altman Z Score for Turkey to determine if it is applicable to Turkish companies. The study employed secondary data from both publicly traded companies and private companies. Study sample included 44 firms listed in BIST and 36 private firms between the period 2013 to 2018 using 80 firm's financial ratios. Random Forest Model with the use of Altman variables showed 95% performance and surpassed the other three models.

Imade (2021) examined audit quality and concept of going concern in quoted non-financial companies in Nigeria. Focal variables included Audit Firm Size, Audit Tenure, Audit Fee, Joint Audit, Audit (independent variables) and Altman Z Score as proxy for Accounting Going Concern as the dependent variable. Secondary data from sampled 84 companies listed on the floor of Nigerian Stock Exchange between 2011 and 2020 were analysed using Stata 16.0. The results found that Audit Firm Size, Audit Tenure, and Audit Fee have statistically significant effect of accounting going concern concept of listed non-financial firms in Nigeria during the period under study.

Munoz-Izquierdo, Laitinen, Camacho-Minano and Pascual-Ezama (2020), examined if audit report information incrementally predicts corporate distress over a traditional accounting model: the Altman's Z Score model. Using a sample size of 1,821 Spanish distressed private firms, secondary data were analysed using regression models. The result found that while only accounting model registers a classification accuracy of 77%, combined models of accounting and auditing data exhibited considerably higher accuracy

(87%). Specifically, the results found that the number of disclosures included in the audit report, as well as disclosures related to a firm's going concern status, firms' assets, and firms' recognition of revenues and expenses contributed most to the prediction.

Widiatami, Tanzil, Irawadi and Nurkhin (2020), examined the effectiveness of Audit Committee in maintaining the independence of external auditors issuing audit opinions, especially the audit opinion with the going concern explanatory paragraph. Secondary data from 168 listed mining firms in Indonesia were analysed using logistic regression and moderated regression analysis. The study found that financial distress had a significant negative effect for the audit opinion with going concern explanatory paragraph. Also, Audit Committee was not able to strengthen the relationship of financial distress on the audit opinion with a going concern explanatory paragraph.

Lord, Landry, Savage and Maldonado (2020), examined financial distress within the nursing home industry in USA. Secondary data from Medicare Cost Reports, LTCFocus, and the Area Resource File using a sample of 167,268 nursing homes or an average of 10,454 facilities per year in the United States from 2000 to 2015. Independent financial variables (Liquidity, Efficiency, and Net Worth) analysed alongside the modified Altman Z Score (the dependent variable). The study found that all of the financial variables with the exception of net worth, significantly contributed to the discriminating power of the modified Altman Z Score model.

Rafiu, Titilayo and Eghosa (2017), investigated the relationship between going concern and audit opinion of banks in Nigeria using financial ratio between 2007 and 2012. The study employed secondary data obtained from published financial statements of 15 selected banks from the Fact Books of Nigerian Stock Exchange. Multivariate regressions were employed to determine the effect of financial ratios used as going concern indices such as deposit to total asset (proxy for liquidity), return on capital employed (profitability measure) solvency, operating cash flow to total liabilities and growth on audit opinion. The result revealed that solvency, liquidity (DPA) and profitability (ROCE) have significant relationships with audit opinion. Furthermore, the study showed that going concern could be a signal of financial distress as it revealed the status and capability of banks to continue in operation.

Foroghi and Shahshahani (2012) examined the association between measures of Going Concern reporting accuracy and Audit Firm Size of 54 companies listed in Tehran Stock Exchange between 2001 and 2010. Independent variables used in the study were: Company size, Financial Stress, Bankruptcy Lag, Operating Cash Flow, Operating Cash Flow divided by Current Liabilities, Operating Cash Flow divided by total Liabilities and the dependent variable used was Going Concern. Multivariate Logistic Regression was used to analyse the secondary data. The study findings indicated no association between the Size of Audit Firm and Going Concern reporting accuracy.

Geiger and Rama (2006) examined both types of Going Concern Reporting Errors: Type I errors: modified opinion rendered to subsequently viable clients and type II errors: unmodified opinions rendered to subsequently bankruptcy clients over an 11 year period. The study also examined reporting error rate difference between the national second-tier firms and regional/local third-tier firms. Independents variables included: Financial Stress, Bankruptcy Lag, Sales, Reporting Lag and Big 4 while Going Concern was the dependent variable. Secondary data of 1,042 listed and sampled firms were obtained between 1991 and 2001 and analysed using Logistic Regression. The study findings indicated that both type I and type II error rates for Big 4 firms were significantly lower compared to Non-Big 4 firms.

Elloumi and Gueyie (2001) examined the relationship between corporate governance characteristics and financial distress status of 46 listed Canadian firms using logistic regression analysis. Two dependent variables used were Financial Distress Status and CEO Turnover while the independent variable used was Percentage of outside Directors with control variables that included Audit Committee, Liquidity, Leverage and Block Holding of Shares. Multivariate Logistic Regression was employed to analyse the secondary data for the period between 1996 and 1998. Results indicated that the Board of Director's composition explained financial distress beyond an exclusive reliance on financial indicators. Also, outside Directors' ownership and directorship affect the likelihood financial distress.

2.5 Summary of empirical review of literature and gap in literature

This current study on the effect of audit quality on accounting going concern is very unique. Firstly, the study succesfully provided empirical evidences by exploring listed manufacturing firms which related studies have sparsely examined. As regards the measurements of audit quality, previous literature have been largely skewed to the use of Audit Independence, Industry Type and Non-audit fees. Therefore, the gaps in literature are: (i) The inclusion of two less employed variables (Auditors' Tenure and Auditors Fees) which are very uncommon among extant literature in Nigeria for studies related to audit quality and (ii) the exploration of Altman Z Score variable as a proxy for accounting concern which is also extremely limited among extant and related literature in Nigeria for studies on audit quality. So, this study contributes to the existing body on knowledge on Audit Quality and Accounting Going Concern of listed manufacturing firms in Nigeria.

3.0 METHODOLOGY

3.1 Research design

This study employed the ex-post facto research design. The choice of the ex-post facto research design was based on the facts that (i) The study relied on historical (past) accounting data obtained from published financial statements of sampled manufacturing firms and (ii) the researcher did not intend to control or manipulate the data of the study variables, a fundamental feature of the ex-post facto research design. In this study, secondary data source was employed which has been justified in studies of (Olabisi, Agbatogun & Akinrinlola, 2017).

3.2 Sources of data

The data for the sampled listed manufacturing firms were sourced from the Nigerian Stock Exchange Fact Books (Q4 2020) and related companies' Annual Financial Reports for the periods covered in the study.

3.3 Population size

The population of this study was made up of manufacturing firms that belonged to healthcare (10); consumer goods (18); and industrial sub-sectors (21) and were listed on the floor of the Nigerian Stock Exchange market for the period between 2015 and 2020. As at 31st December, 2020 the total number of listed manufacturing firms that were included in these subsectors of interest were Forty-Nine (49) (Nigerian Exchange Group (NGX) Website, Q4 2020).

3.4 Sample size and sampling techniques

In deriving the sample size from the total population, this study adopted Krejcie and Morgan, (1970) sample size computation. Krejcie and Morgan's sample size calculation is based on $p = 0.05$ where the probability of committing type I error is less than 5 % or $p < 0.05$. With a population size of 49, and based on the calculation using Krejcie and Morgan, (1970), sample size computation, the sample size was 43. However, to obtain a homogenous sample, 5 firms were deselected whose annual reports were not available for the chosen period and did not disclose the necessary information needed for this study. Hence, the final sample size of this study was 38.

3.5 Data analysis techniques

This study employed analytical software of Stata version 16 and Microsoft excel for the analysis. The secondary data collected were analyzed using descriptive statistics, correlation, and regression analysis. The descriptive statistics was used to evaluate the characteristics of the data in terms of its mean maximum, minimum, and standard deviation and check for normality of the data. Panel Least Square Regression Analyses technique was employed in analyzing the data set. However, some critical diagnostic tests were carried out on the Panel Least Square regression result so as to validate the least square regression estimates as prescribed by Gujarati (2003). These diagnostic tests included; (a) assumption of normality of residua which requires that the samples must be drawn from a normally distributed population if in order to rely on the t-statistics. (b) linearity of the model parameters (c) assumption of homoscedasticity and (d) test for multicollinearity. Also conducted were (e), a test for appropriate functional form as well as (f) the test for possible presence of influential observations. The F_ test which is the key indicator of the model goodness of fit was also examined alongside the indicators of parameter significance such as the probability values. Overall, the hypotheses of the study were tested using random effect model estimator.

3.6 Variable definitions and measurements

The model of the present study was adopted from the studies of Foroghi Shahshahani (2012; Gieger and Rama (2006) but modified to suit the hypotheses of the study which centers on effect of Audit Quality on Accounting Going Concern of listed firms in Nigeria between 2015 and 2020. Definitions and measurements of variables are tabulated below:

Table 3.1: Variables: Definition and measurements

Variables/Apriori Sign	Definition/Measurements	Source
Accounting Going Concern (Dependent Variable) (Apriori Sign +-)	Altman (1968) Z Score	Elloumi & Gueyié (2001)
Audit Firm Size (Independent Variable) (Apriori Sign +-)	Audit firm size in Dummy (1,0) is computed as "1" for companies that hire PWC, Deloitte, E&Y and KPMG as external auditors and "0" otherwise	Foroghi & Shahshahani (2012) and Geiger & Rama (2006)
Auditors Tenure (Independent Variable) (Apriori Sign +-)	Auditors Tenure is computed as "1" for companies that hired external auditor that stayed for "3" years and "0" otherwise	Foroghi & Shahshahani (2012) and Geiger & Rama (2006)

Audit Fees (Independent Variable) (Apriori Sign +-)	Audit fee is the natural log of audit fees paid by the client firm in a year.	Foroghi & Shahshahani (2012) and Geiger & Rama (2006)
Leverage (Control Variable) (Apriori Sign +-)	Debt to Total Asset ratio in percentage is computed as total debts divided by total asset	Rafiu, Titilayo & Eghosa (2017)

Source: Author's compilation 2022

3.7 Model specification

The model for this study was adapted from the studies of Foroghi and Shahshahani (2012); Geiger and Rama, (2006):

$$\mathbf{GC}_i + \beta_0 + \beta_1 \mathbf{SIZE}_i + \beta_2 \mathbf{PROB}_i + \beta_3 \mathbf{LAG}_i + \beta_4 \mathbf{CFO}_i + \beta_5 \mathbf{CFCL}_i + \beta_6 \mathbf{CFTL}_i + \beta_7 \mathbf{BIG}_i + \varepsilon_i$$

Where:

GC =1 if audit opinion prior to bankruptcy was modified for going concern, else 0;
SIZE = Natural log of total assets from statement of financial position (in millions);
PROB = Probability of bankruptcy;
LAG = Natural log of number of days from audit report date to bankruptcy date;
CFCL= Operating cash flow from cash flow statement divided by current liabilities from statement of financial position;
CFTL = Operating cash flow from cash flow statement divided by total liabilities from statement of financial position;
BIG = 1 if the audit firm was audit organization of Iran (as the biggest audit firm in Iran), else, 0;
ε = Stochastic error term;
i^{th} = Number of cross section firms.
B_0 = Constant;
$B_1 - \beta_7$ = Slope coefficient.

However, the model for Foroghi and Shahshahani (2012) was adapted and modified to suit the hypotheses of this study which centres on the effect of audit quality on accounting going concern of listed manufacturing companies in Nigeria.

The specified functional form is stated as:

Going Concern = f (Audit Firm Size, Auditor's Tenure, Auditors Fees, Control) ……..…. (1)

This can be re-written in explicit form as:

$$\textbf{z-score}_{it} = \pi_0 + \pi_1 big4 + \pi_2 aud\_ten + \pi_3 aud\_fees + \pi_4 leverage \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

But the econometric function is presented as:

$$\textbf{z-score}_{it} = \pi_0 + \pi_1 big4_{it} + \pi_2 aud\_ten_{it} + \pi_3 aud\_fees_{it} + \pi_4 leverage_{it} + \sum_{it} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Where;

z-score = Altman Z-score;
big4 = Audit firm size;
aud_ten = Auditors tenure;
aud_fees = Auditors fees.

Control Variables

Leverage = Financial leverage;
it = (i = no. of cross section and t = time periods);
$\sum$ = Model Error Term.

4.0 DATA PRESENTATION AND RESULTS/ANALYSIS AND DISCUSSION

4.1 Descriptive statistics:

Table 4.1 provides a summary of the descriptive statistical analysis results.

Table 4. 1: Summary of descriptive statistics:

Variable	Obs	Mean	Std. Dev.	Min	Max
zscore	227	3.074449	2.806515	-1.48	16.85
big4	227	.5770925	.4951128	0	1
aud_ten	227	.7488987	.434605	0	1
aud_fee	227	38454.29	81187.03	300	624508
leverage	227	54.927	21.55108	4.1	150.43

Source: Author's computation using Stata 15.0 (2022)

Table 4.1 shows the summary statistics for this study. As observed from Table 4.1, on average, accounting going concern proxied by Altman Z-Score is 3.07 with a standard deviation of 2.81 and a minimum and maximum value of -1.48 and 16.85 respectively. Based on Altman Guidelines for Healthy Zone, below 1.9 (distress zone: failure is ascertained); 1.9 to 2.9 (gray zone: cannot predict if company will fail or not) and above 2.9 (healthy zone: company will not fail (Shahwan & Habib, 2015). By interpretation, with a mean Z - Score of 3.07, all sampled companies were healthy as they all score above the 2.9 threshold for healthy zone. On average 58% of the firms in the sample engaged the services of Big 4 auditing firms. Also, 74% of the firms in the sample met with auditor's tenure recommendation of 3 years. Further, on average, Auditors Fee is seen to be ₦38 million during the period under investigation with minimum Audit Fee of ₦300 thousand and ₦62 million is seen to be the maximum fee for the period under consideration. For the control variable of financial leverage, the ratio of debt to total assets on the average was 54.92% with standard deviation of 21.55 during the period under review.

4.2 Test for normality of residual

One basic assumption upon which most statistical methods such as correlation, regression and experimental design are based on is that the observation follows normal (Gaussian) distribution. For this reason, it is assumed that the population from which the samples are collected are normally distributed. Therefore, the inferential methods require checking the normality assumption (Bera & Jarque 1982). However, the null hypothesis is that "sample distribution is normal." Razali and Wah (2011); Keskin (2006); Farrell and Stewart (2006); Mendes and Pala (2003) concluded that Shapiro-Wilk test is the most powerful normality test in the event that the population is greater than 10 but not more than 2000. Hence, table 4.2 shows the test for normality of residua:

Table 4.2Normality of residual

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
zscore	227	0.82282	29.524	7.838	0.00000
big4	227	0.99919	0.134	-4.646	1.00000
aud_ten	227	0.98745	2.092	1.709	0.04373
aud_fee	227	0.43974	93.357	10.504	0.00000
leverage	227	0.95428	7.618	4.702	0.00000

Source: Author's computation using Stata 15.0 (2022)

From the results obtained in table 4.2, both the dependent variable of Altman Z-Score (Prob >z 0.00000) and the independent variables of auditor's tenure (Prob >z 0.04373), auditors fees (Prob >z 0.00000) and the control variable of leverage (Prob >z 0.00000) are not normally distributed. This conclusion is obtained from the probability z statistics revealed in table 4.2 above. However, it is found that the independent variable of Audit Firm Size (Prob >z 1.00000) is normally distributed. This interpretation is justified following the study of Bera and Jarque (1982).

4.3 Pearson correlation statistics test

In data analysis, the association of two or more variables is often of interest. Measures of association are not inferential statistical tests; instead, they are descriptive statistical measures that demonstrate the strength or degree of relationship between two or more variables. Generally, the literature suggests that extremely non-normal distributions can sometimes inflate Type I error rates when employing the Pearson correlation coefficient and increasing sample size does not necessarily alleviate this problem. Thus, with non-normal data, alternatives to the Pearson approach might be justified. For non-normal data, Spearman's r becomes the best method since the result of rank-ordering cause outliers to contract toward the centre of the distribution (Fitzpatrick & Gauthier, 2001; Fowler, 1987). Upon this understanding, and based on the fact that the data set followed a non-normal distribution, the study employed the Spearman Rank Correlation technique to conduct the possible association between the variables of interest. These results are shown in table 4.3:

Table 4.3 Correlation matrix

Key
rho
Number of obs
Sig. level

	zscore	big4	aud_ten	aud_fee	leverage
zscore	1.0000				
	227				
big4	0.2167*	1.0000			
	227	227			
	0.0010				
aud_ten	0.1404*	0.0184	1.0000		
	227	227	227		
	0.0345	0.7829			
aud_fee	0.1814*	0.5778*	0.0231	1.0000	
	227	227	227	227	
	0.0061	0.0000	0.7292		
leverage	-0.3760*	0.1813*	-0.0552	0.1628*	1.0000
	227	227	227	227	227
	0.0000	0.0062	0.4079	0.0141	

Source: Author's computation using Stata 15.0 (2022)

From the result displayed in Table 4.3, it is seen that the correlation between Audit Firm Size (Big4) and Z-score is positive at about 22% (Big 4 = 0.2167), Auditors' Tenure and Z-Score is positive with an approximate value of 14% (aud_ten = 0.1404). Furthermore, the correlation between Auditors' Fees and Z-Score is also positive but weak 18% (aud_fee = 0.1814) while the correlation between Leverage and the Z-Score documented a negative value at about 38% (leverage = -0.3760). Also, investigation on the correlation between the variable of Audit Firm Size (Big 4) and Auditors' Tenure is found to be positive 2% (aud_ten = 0.0184); Big (4) and Auditor's Fees is revealed to be positive 58% (aud_fee = 0.5778); .Big (4) and control variable of Leverage documented a positive association to the tone of 18% (leverage = 0.1813). Further, the analysis revealed that the correlation between Auditors' Fee and Auditor's Tenure is positive and about 2% (aud_fee = 0.0231) but a negative association is observed between the control variable of Leverage and Auditor's Tenure 6% (leverage = -0.0552). Finally, the correlation analysis documented a positive association between the control variable of Leverage and Auditors Fee 16% (leverage = 0.1628).

4.4 Regression analysis

General Linear Model is the foundation of linear panel model estimation (McManus, 2011). Ordinary Least Square (OLS) estimators are consistent when the explanatory variables are exogenous and optimal in the class of linear unbiased estimators and the errors are homoscedastic and serially uncorrelated. When these conditions hold, the method of Least Squares provides minimum-variance mean-unbiased estimation when the errors have finite variances. In providing the best estimator for this study, first Panel Least Square regression analyses was carried out before proceeding to check for possible regression errors. The results obtained from the panel least square regression are shown in table 4.4:

Table 4.4 Panel least square regression estimates

Source	SS	df	MS		
Model	289.144467	4	72.2861167	Number of obs	= 227
Residual	1490.95016	222	6.71599171	F(4, 222)	= 10.76
Total	1780.09463	226	7.8765249	Prob > F	= 0.0000
				R-squared	= 0.1624
				Adj R-squared	= 0.1473
				Root MSE	= 2.5915

zscore	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
big4	1.344689	.3549968	3.79	0.000	.6450944	2.044284
aud_ten	.4728211	.3968865	1.19	0.235	-.309326	1.254968
aud_fee	-1.01e-06	2.14e-06	-0.47	0.637	-5.22e-06	3.20e-06
leverage	-.0463128	.0081235	-5.70	0.000	-.0623219	-.0303037
_cons	4.527049	.5784741	7.83	0.000	3.387046	5.667052

Source: Author's computation using Stata 15.0 (2022)

The panel least square regresssion from Table 4.4 revealed an R^2 value of 0.1624 which indicate that about 16% of the variation in the dependent variable is explained by all three independent and control variable of interest. It also meant that about 84% of the variation in the dependent variable was left unexplained but have been captured in the error term. The model goodness of fit as captured by the Fisher (F_ statistics 10.76) with the corresponding probability value of (Prob. 0.0000) shows a 1% statistically significant level, an indication that the entire model is well fitted. Next, test for regression errors were conducted so as to enable the validation of the estimates obtained from the estimator.

4.5 Fixed and random effects estimators

To test the hypotheses of the study after the assumption of homoscedasticity was violated by OLS estimator, Wallace and Hussain estimator of component variances (a Two-Way Random and Fixed Effects Panel) was performed at a 0.05 level of significance. Over time, when this tool is applied, researchers are usually faced with the option of choosing between using the fixed-effect panel model or the random-effect panel model. As noted by Ajibolade and Sankay (2013), the fixed-effects model which is the main analysis technique of panel data is used when it becomes important to control for omitted variables that differ between cases but are constant over time. It allows for the use of the changes in the variables over time to estimate the effects of the predictor (independent) variables on the outcome (dependent) variable. See Appendix 1F and 1G.

On the other hand, the random-effects model is used when there are reasons to believe that some omitted variables may be constant over time but vary between cases, and others may be fixed between cases but vary over time. Therefore, to justify the choice of model, the Hausman specification test is largely suggested by scholars (Gujarati, 2003). Actually, this test checks for a more efficient model against a less efficient but consistent model. It ensures that the more efficient model also gives consistent results. Basically, Panel Ordinary Least Square Regression analysis was first conducted and tested, to find out if it violates the basic Gauss Markov Theorem and assumptions (Woodridge, 2002). Table 4.5 provides a summary result obtained from both Fixed and Random Effect Models

Table 4. 5 Panel least square regression result

VARIABLES	AUDIT FIRM SIZE	AUDIT TENURE	AUDIT FEES	LEVERAGE
FIXED EFFECT MODEL				
COEFFICIENT **T_ STATISTICS** **PROBABILITY_T**	-0.099 (-0.15) {0.878}	0.589 (2.15) {0.033) **	-7.520 (-2.37) {0.019) **	-0.056 (-7.83) {0.000} *
NO. OF OBS = 227	**PROB. F STATISTICS = 0.0000**		**R^2 = 0.2942**	
RANDOM EFFECT MODEL				
COEFFICIENT **Z_ STATISTICS** **PROBABILITY_Z**	0.604 (1.21) {0.226}	0.557 (2.05) {0.040} **	-5.160 (-1.93) {0.054) **	-0.053 (-7.85) {0.000) *
NO. OF OBS = 227	**PROB. WALD CHI^2 = 0.0000** **WALD CHI^2 (4)**		**R^2 = 0.2872** **75.61**	
Hausman = 0.3260				

Note: t & z -statistics and respective probabilities are represented in () and {}
Where: ** represents 5% & * represent 1% level of significance
Source: Author's computation using Stata 15.0 (2022)

From Table 4.5, a careful examination of the results provided by the effect models show that both models of interest are appropriate as they relate to the dependent variable of Z-score for the period under investigation. However, a look at the p-value of the Hausman test (0.3260) implies that the alternative hypotheses should be rejected since the p-values of the Hausman test is not significant at 5% or 1% level. This suggested that random effect results tend to be more appealing statistically when compared to the fixed effect results. Particularly, it was found that the random effect regression model revealed R^2 value of 0.287 which indicated that about 29% of the variation in the dependent variable was explained by all the independent and control variables in the model. It also meant that about 71% of the variation in the dependent variable was left unexplained but had been captured in the error term. The model of goodness of fit as captured by the Wald Chi statistics {75.61} with the corresponding probability value 0.0000 showed a 1% statistically significant level and revealed that the entire model was fit and can be employed for discussion and policy recommendation. See Appendix 1G. Therefore, the study proceeded to test the hypotheses of this study.

4.6 Discussion of findings

The findings from this study reveals that **Audit Firm Size** has a **positive insignificant** effect on Accounting Going Concern of listed manufacturing firms in Nigeria during the period under review. This implies that although the size of the audit firm will improve the going concern status of listed manufacturing firms in Nigeria but not at a statistically significant level. This finding is consistent with the studies of Carcello and Neal (2003) and Kida (1980) who argued that clients do not welcome the receipt of audit reports modified for going concern. However, the finding is in conflict with those of Behn, Choi and Kang (2008), Kim, Chung and Firth (2003) and Palmrose (1986) who documented that there was a significant effect of Auditor Size on Going Concern of firms.

The analyses showed a **positive significant** effect of **Audit Tenure** on Accounting Going Concern of listed manufacturing firms in Nigeria. This implies that the adoption of the recommendation by the Nigerian Code of Corporate Governance of three-year tenure term for auditors will improve going concern status of listed firms. This findings agree with the positions of Gul, Fung and Jaggi (2009); Knechel and Vanstraelen (2007) and Mansi, Maxwell and Miller (2004) that due to lower information asymmetry and a deeper knowledge of the firm, long-tenured auditors are better able to issue early warnings to firms that are at risk of default. Further, the analyses suggested **a negative significant** effect of **Audit Fees** on Accounting Going Concern in line with prior studies of DeFond, Raghunandan, and Subramanyam (2002); Basioudis, Papakonstantinou, and Geiger (2008) who argued that higher audit fees, irrespective of their classification, may threaten auditor independence hence impacting against going concern of manufacturing firms.

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

From the random effect model, the variable of **Audit Firm Size** (Big4) (Coef. = 0.604, z = 1.21 and P -value = 0.226) has a positive effect and statistically insignificant at 5% on **Accounting Going Concern** of listed manufacturing firms in Nigeria during the period under review. This result is not in line with prior expectation; hence, the null hypothesis which states that **Audit Firm Size has no significant effect on Accounting Going Concern of listed manufacturing firms in Nigeria is sustained.** This suggests that adoption of Big 4 audit firms has a statistical insignificant effect on Accounting Going Concern. Therefore, Audit Firm Size has no significant effect on accounting going concern of listed manufacturing firms in Nigeria during the period under review.

From the random effect model, the variable of **Audit Tenure** (aud_ten) (Coef. = 0.557,
z = 2.05 and P -value = 0.040) has a positive effect and statistically significant at 5% on **Accounting Going Concern** of listed manufacturing firms in Nigeria during the period under review. This result is in line with prior expectation; hence, the null hypothesis which states that **Audit Tenure has no significant effect on Accounting Going Concern of listed manufacturing firms in Nigeria** rejected. Thus, Audit Tenure has a significant effect on Accounting Going Concern for listed manufacturing firms in Nigeria during the period under review. This suggests that adopting the recommended three-year tenure as prescribed in the Nigerian Code of Corporate Governance for external auditors will improve Going Concern status of the firms.

From the random effect model, the variable of **Auditor's Fees** (aud_fee) (Coef. = -5.160, z = -1.93 and P -value = 0.054) has a negative effect and statistically significant at 5% on **Accounting Going Concern** of listed manufacturing firms in Nigeria during the period under consideration. This result is in line with prior expectation; hence, the null hypothesis which states that **Audit Fees has no significant effect on Accounting Going Concern of listed manufacturing firms in Nigeria is rejected**. Auditor's Fees have a significant effect on Accounting Going Concern for listed manufacturing firms in Nigeria during the period of concern. Therefore, increased Audit Fee will significantly reduce Going Concern status of the firms in the sample.

5.2 CONCLUSION

One of the main assumptions underlying financial statements is the Going Concern assumption. Under this assumption, a company is expected to continue operation in the foreseeable future and not go out of business. In conclusion, the Going Concern assumption is vital for the valuation of business assets since these assets can be valued upon their business values in use rather than their termination values, which in general are a lot lower. If a firm is not expected to continue to stay in business in the foreseeable future, the auditor can give an adverse opinion in the form of a Going Concern Opinion.

5.3 RECOMMENDATIONS

Following the results obtained from this study, the following recommendations were made:

(1) Managers of listed manufacturing firms in Nigeria should continue to become part of the owners of the firm so as to have the same incentives as the owners (Agency Theory). Such managres will not take risks that do not guarantee their interests. Ceteris paribus, the higher the level of management ownership in the firm, the lower the level of conflict of interest, hence increased management ownership of equity has a significant negative correlation with the problem of Accounting Going Concern.

(2) There is need for managers of listed manufacturing firms in Nigeria to continue to adopt and implement the Agency Theory alongside other Theories by being more prudent and avoid wasting the resources of the firm in order to achieve their exploitive and selfish purposes. When this is done, Agency Costs arising from the seperation of ownership and management will be lowered and this will result in a nagative impact on Accounting Going Concern. The cost of an administrative agency increase with the seperation of ownership and control and Agency Costs consist of administrative, sales and financial expenses.

(3) The study recommended that the three years professional requirement stipulated by the Nigerian Corporate Governance Codes for external auditors in Nigeria should be backed up by law and enforced. This is in consideration of the positive effects which Audit Tenure has on Accounting Going Concern.

(4) The study also recommended that managerial policies that tends to increase Audit Fee should be re-examined and possibly reviewed downwards especially if the intension is to improve the firms' Accounting Going Concern status.

(5) The study also recommended that shareholders and stakeholders may consider the need for alternative audit services (hiring the services of Non-Big Four audit firms). This will enable shareholders and stakeholders to compare outcomes and reveal better choices in a bid to lower Agency Costs as postulated by Agency Theory.

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