



The Influence of Audit Quality, Public Accountant Firm Reputation, Audit Committee and Return On Assets Against Going Concern Audit Opinions in Consumer Goods Sector Companies Listed on the Indonesia Stock Exchange in 2015 - 2019

Arie Pratania, Darwin, Elvina, Felicia

^{1,2,3}Fakultas Ekonomi, Universitas Prima Indonesia, Jl. Sekip, Petisah Tengah, Kec. Medan Petisah, Kota Medan, Sumatera Utara 20111

E-mail: arieprataniaputri@gmail.com, darwinaccadm06@gmail.com, elvina22agustus@gmail.com, feliciatan1612@gmail.com

ARTICLE INFO

ABSTRACT

Article history:

Received: 01/05/2021

Revised: 10/05/2021

Accepted: 20/04/2021

Keywords: Going Concern Audit Opinion, Audit Quality, Audit Firm Reputation, Audit Committee, Return On Asset

The purpose of this research is to determine the effect of audit quality, reputation of public accounting firms, audit committee and return on assets on going concern audit opinion in consumer goods sector companies. This research uses associative research methods and this research approach uses quantitative methods. The sample of this research is consumer goods sector companies listed on the Indonesian stock exchange in 2015 - 2019. Data collection is used by collecting literature reviews and documentation. This analysis uses a multivariate analysis technique using logistic regression where the independent variable is a combination of metric and non-metric. The results of this study indicate that the quality of the audit, the reputation of the public accounting firm, and the audit committee have no effect on going concern audit opinion on consumer goods sector companies listed on the Indonesian stock exchange in 2015 - 2019.

Copyright © 2021 Jurnal Mantik.
All rights reserved.

1. Introduction

Since the beginning of 2019, it shows the consumer goods industry stock index has decreased by 12.68%. The decline in this sector index was due to the decline in cigarette issuers' stocks due to negative sentiment in the form of a 23% increase in excise rates in 2020.

In line with the provisions of the Financial Services Authority (OJK), each issuer is required to issue audited financial reports (LK), at least 90 days after the completion of the annual financial reporting period. As of March 31, all ethnics are required to publish financial statements for the previous year. Apart from using media publishing, issuers are also required to present audit reports to the OJK or the Indonesia Stock Exchange (IDX).

The auditor issues a going concern audit opinion to confirm whether the company can maintain its sustainability or not. The auditor will provide an opinion on the results of the evaluation of the company's financial statements. The audit opinion on financial statements is very important for investors when making a decision. One of the considerations for the auditor is when submitting an opinion based on financial statements that show capabilityitas auditee in order to maintain the sustainability of the company's life with a non going concern audit opinion. An independent auditor will present an opinion based on the actual background of the company. If during the identification stage, the information regarding the condition of the company, the auditor does not detect a lot of doubt over the entity's capability to fortify its survival, then the auditor will submit a non-going concern audit opinion along with a going concern audit opinion that will be submitted to the company for which the auditor is suspected of having his capability in maintaining continuity. corporate ventures.

Large-scale auditors are able to prepare audit skills that are more efficient than small scale auditors, which include manifesting going concern problems. If the scale of sem auditorsthe bigger the meal, the greater the opportunity for the auditor to spark a going concern audit opinion. The level of public confidence



in the auditor's career will weaken. Auditors are required to transform audit opinion reports for ambiguity that might affect the client's capacity to continue in business. The auditor is obliged to disclose such ambiguity in the explanatory clusters shadowing the opinion clusters. The management of the company is in dire need of an audit opinion that is able to explain the viability of the company.

Responding to financial reports forwarded by issuers, the IDX has been able to reveal that it will trigger warning letters for a number of issuers. A reprimand must be allocated because there are issuers whose financial statements have won a normal opinion with specialization, and some have received the nickname disclaimer from the Public Accounting Firm (KAP). Crucial information like this should be of concern to the public, especially for the layers of the investor who before triggering a decision to invest. If it is not observed carefully, an investor may be mistaken in making an investment decision. This is because a group of issuers who have received a warning note from KAP are considered very risky for investment purposes. Therefore, very vital in digesting what are the KAP rating labels for the issuer's financial performance reports. Based on the KAP assessment reference related to the issuer's financial capacity, there are a number of opinions that are usually issued by the auditor, namely unqualified (*unqualified opinion*), qualified, no opinion from the auditor (disclaimer), or adverse conditions.

The audit committee contributes to support the Board of Commissioners in implementing its duties. This committee also contributes to growing the quality of financial reports along with the role of internal and external audits. Companies that have an audit committee usually have more transparent and accountable company management, so that's *true good corporate governance* workable. The presence of independent commissioners and audit committees has a positive impact on the company by presenting weighty financial reports so that the company will allow normal and non-going concern opinions from auditors.

Company profits are always a concern for shareholders and investors who invest their capital. The company must maintain its profitability by minimizing borrowing. Companies that have a negative ROA level in a series of times will cause a going concern problem because a negative ROA shows that the company is experiencing losses which will hamper the sustainability of the company's life. Profitability has a significant effect on going concern modification opinion.

2. Literature review

2.1 Audit Quality on Going Concern Audit Opinions

Kristiana (2012: 30-31) argues that auditors are obliged to present information that carries quality weight so that it is useful for determining the decisions of users of financial statements.

2.2 Reputation of the Public Accounting Firm on the Going Concern Audit Opinion

Zulfikar and Syafruddin (2013: 4) state that KAP with better prestige will tend to offer a going concern audit opinion if the company has problems related to its business continuity.

2.3 Audit Committee on Going Concern Audit Opinion

The opinion of Tandungan and Mertha (2016: 53-54) explains that if the auditor predicts that there is legal pressure from shareholders, he will consider this as an aspect of suspicion about the company's survival, which later he will share a going concern opinion in the company.

2.4 Return On Asset to Going Concern Audit Opinion

Lie, Wardani and Pikir (2016: 93) argue that if the company has a low profit, it is even more so in the loss category so that it is increasingly possible for the company to get going concern audit opinion.

2.5 conceptual framework

Based on the discussion above, a framework of thought can be described as follows:

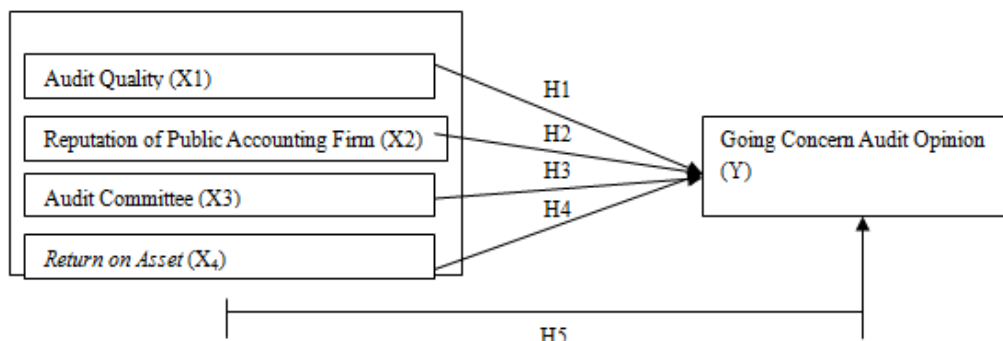


Fig 1. Conceptual framework

3. Research methodology

The associative research method used in this study. The research approach uses a quantitative approach. Collecting data using literature review and documentation. The data used are the financial statements of companies in the Consumer Goods Sector that are listed on the Indonesia Stock Exchange in 2015-2019 as many as 80 samples.

3.1 Data analysis technique

Hypothesis testing is carried out by multivariate analysis using logistic regression, in which the independent variables describe a combination of metric and non-metric (nominal). The logistic regression model is essentially similar to discriminant analysis, which is to check whether the probability of the occurrence of the dependent variable can be predicted with the independent variable, where the dependent variable is stated with values of 0 and 1. Consideration of using a logistic regression model because in this study you want to check whether or not the influence of independent variables to the dependent variable where the dependent variable represents the dummy variable and the independent variable is a combination of metric and non-metric. Regression model estimation was performed using the SPSS program.

a. Assessing the Feasibility of a Regression Model

The appropriateness of the regression model was assessed using the Hosmer and Lemeshow's Goodness of Fit Test. If the Hosmer and Lemeshow Goodness of fit statistical number is greater than 0.05 then the null hypothesis cannot be rejected and it means that the model is able to predict the value of its observations or it can be said that the model is acceptable because it is in accordance with the observation data.

b. Assessing Model Fit

The reduction in the value between - 2LL initial (initial - 2LL function) and the value - 2LL in the next phase shows that the hypothesized model is fit with the data. Log Likelihood in logistic regression is similar to the understanding of "Sum of Square Error" in the regression model, so that the decrease in Log Likelihood shows that the regression model is getting better.

c. Estimated parameters and their interpretation

The parameter estimate is seen through the regression coefficient. The regression coefficients of each of the variables tested reveal the framework for the connection between the variables. Hypothesis testing is carried out through a comparison between the probability value (sig) and the significance level (5%).

4. Research Results and Discussion

4.1 Descriptive Statistics Testing

The descriptive statistical details are:

Table 1
Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Quality	80	.00	1.00	.9500	.21932
Reputation of KAP	80	.00	1.00	.5875	.49539

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Committee	80	2.00	4.00	3,000	.22502
ROA	80	.01	.30	.1111	.07326
Opinion	80	.00	1.00	.0500	.21932
GoingConcern					
Valid N (listwise)	80				

- a. Audit quality, min 0.00, max 1.00, mean 0.9500 and std. dev 0.21932.
- b. Reputation of public accounting firm with minimum value of 0.00, max 1.00, mean 0.5875 and std dev 0.49539.
- c. The Audit Committee has a minimum value of 2.00, max 4.00, mean 3.0000 and std dev 0.22502.
- d. Return on Asset value min 0.01, max 0.30, mean 0.1111 and 0.07326 std dev.
- e. Going Concern Audit Opinion min value 0.00, max 1.00, mean 0.0500 and std dev 0.21032.

4.2 Hypothesis testing

The research variable is dummy so that the logistic regression testing is to test the feasibility of the regression model.

a. Testing the Appropriateness of the Regression Model (Goodness of Fit Test)

In order to calculate the appropriateness of the regression model used, it can be observed from the Hosmer and Lemeshow test values, as presented in the following table:

Table 2
Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	.683	8	1,000

The chi-square value is 0.683 with sig 1,000 above 0.05, so this model is said to be fit.

b. Testing the Overall Model Fit Test

This fit model can be seen based on the likelihood benefits. This examination is carried out by checking the value of -2 LL first with -2 LL second from the iteration history table on the research results. The table below will show the results of the first -2 log likelihood at block number = 0 and the results of the second -2 log likelihood at block number = 1 as follows:

Table 3
-2 log likelihood value (-2 LL Block number = 0)

		Iteration History, b, c	
Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	38,876	-1,800
	2	32,413	-2,555
	3	31,776	-2,885
	4	31,762	-2,943
	5	31,762	-2,944
	6	31,762	-2,944

- a. Constant is included in the model.
- b. Initial -2 Log Likelihood: 31,762
- c. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Table 4
-2 log likelihood value (-2 LL Block number = 1)

Iteration History, b, c, d					
Coefficients					
Constant	Audit Quality	Reputation of KAP	Audit Committee	ROA	
-1,341	-.481	-.546	.034	1959	
-2,077	-.678	-1,462	.105	5,368	
-3,284	-.527	-2,872	.283	10,577	
-5,045	-.328	-4,481	.650	15,483	
-7,068	-.215	-6,001	1,194	18,244	
-9,099	-.177	-7,372	1,835	18,987	



Iteration History, b, c, d					
Coefficients					
Constant	Audit Quality	Reputation of KAP	Audit Committee	ROA	
-11,248	-168	-8,790	2,547	19,088	
-13,632	-164	-10,369	3,340	19,112	
-16,265	-.163	-12,119	4,217	19,120	
-19,084	-.163	-13,996	5,157	19,123	
-22,007	-162	-15,944	6,132	19,123	
-24,977	-162	-17,923	7,122	19,124	
-27,966	-162	-19,916	8,118	19,124	
-30,962	-162	-21,913	9,116	19,124	
-33,960	-162	-23,912	10,116	19,124	
-36,960	-162	-25,911	11,116	19,124	
-39,960	-162	-27,911	12,116	19,124	
-42,960	-162	-29,911	13,116	19,124	
-45,959	-162	-31,911	14,116	19,124	
-48,959	-162	-33,911	15,116	19,124	

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 31,762

d. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

From table 3, it can be seen that the first block number (Block Number = 0) is 38.876 and from table 4, it appears that the value of the second block (Block Number = 1) is 36.242. This model shows that there is a reduction in the Overall Model Fit at -2 log likelihood block number = 0 to -2 log likelihood block number = 1 of 2,634. Likelihood reduction shows that the overall logistic regression model used is a good model.

c. Determination Coefficient Test (Nagelkerke R Square)

The coefficient of determination is used to determine how much the dependent variable is influenced by the dependent variable. The magnitude of this influence is indicated by the value of Nagelkerke R Square.

Table 5
Determination Coefficient Test (Nagelkerke R Square)

Step	-2 Log likelihood	Model Summary	
		Cox & Snell R Square	Nagelkerke R Square
1	20.237a	.134	.409

a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

The value -2 log likelihood of 20.237 with nagelkerke R square 0.409 explains that the going concern audit opinion is influenced independently by 40.9% and the remaining 59.1% is explained other factors are not examined.

d. Omnibus Test of Model Coefficient (Simultaneous Test)

This test aims to test the effect of all independent variables simultaneously on the dependent variable. Testing can be done by comparing the results of significance (p-value) based on the results of the Omnibus Tests of Model Coefficients with an α value of 0.05.

Table 6
Simultaneous Test

Omnibus Tests of Model Coefficients				
Step 1		Chi-square	df	Sig.
	Step	11,526	4	.021
	Block	11,526	4	.021
	Model	11,526	4	.021



Chi-square of 11.526 with a degree of freedom of 4 and a significance of 0.021, less than 0.05, it can be concluded that audit quality, reputation of public accounting firms, audit committees and return on assets have an impact on going concern audit opinion on Consumer Goods Sector companies listed on the Stock Exchange. Indonesian Securities in 2015-2019.

e. Individual Testing / Regression Coefficient Testing (Partial Test)

In order to decide the final decision from the research and fulfill the predetermined hypothesis, a table of variables in the equation that is contained in the output of working data can be presented such as:

Table 7
Partial Test - Wald and Logistic Hypothesis Test

		Variables in the Equation					
		B	SE	Wald	df	Sig.	Exp (B)
Step 1 ^a	Audit Quality	-162	1,452	.013	1	.911	.850
	Reputation of KAP	-33,911	6277,987	.000	1	.996	.000
	Audit Committee	15,116	4418,846	.000	1	.997	3669410,674
	ROA	19,124	11,142	2,946	1	.086	201963300,221
	Constant	-48,959	13256,537	.000	1	.997	.000
	a. Variable (s) entered on step 1: MutuAudit, ReputututKAP, CommitteeAudit, ROA.						

Logistic regression equation:

$$Ln = -48,959 - 0.162 \text{ Audit Quality} - 33,911 \text{ Reputation of KAP} + 15,116 \text{ Audit Committee} + 19,124 \text{ ROA}$$

- 1) The constant -48,959 means that the audit quality, reputation of KAP and the audit committee are considered zero, so the going concern audit opinion is -48,959.
- 2) Audit quality -0.162 means that every one-unit increase in audit quality, going concern audit opinion decreases by 0.162. Audit quality has a sig of 0.911 above 0.05, so the Audit Quality has no impact on Going Concern Audit Opinions for Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.
- 3) Reputation of KAP -33,911 means that for each increase in KAP reputation every one-unit, the going concern audit opinion decreases by 33,911. The reputation of KAP has sig 0.996 above 0.05, so the reputation of the Public Accounting Firm does not have an impact on the Going Concern Audit Opinion on Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.
- 4) Audit committee 15,116 means that for each increase in the audit committee every single unit, the going concern audit opinion increases by 15,116. The audit committee has sig 0.997 above 0.05, so the Audit Committee has no effect on the Going Concern Audit Opinion on Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.
- 5) ROA 19,124 means that each one-unit increase in ROA, the going concern audit opinion increases by 19,124. ROA has sig 0.086 above 0.05, so Return on Assets has no impact on Going Concern Audit Opinions for Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.

4.3 Discussion

a. The Effect of Audit Quality on Going Concern Audit Opinions

The results of the researcher's study show that Audit Quality has no impact on Going Concern Audit Opinions in Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019. This study is not in line with the opinion of Kristiana (2012: 30-31) where she argues that the auditor is obliged to present weighty information that will play a role in citing decisions of users of financial statements. Auditors with skills that are likely to be inclined will trigger a going-conventional audit opinion if the client is found with a going concern problem. Auditor prestige is often used as a proxy for audit quality, it's just that those who face bankruptcy by utilizing bankruptcy prediction models. Usually these studies find that a number of the sample companies being examined are facing bankruptcy, which are companies that have a going concern opinion.



b. The Effect of Public Accountant Firm's Reputation on Going Concern Audit Opinions

The results of the research showed that the reputation of the public accounting firm had no effect on the Going Concern Audit Opinion in the Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.

This study is not in accordance with Zulfikar and Syafruddin (2013: 4) who argue that KAPs with better prestige tend to present a going concern audit opinion if the company has problems related to its business continuity. Non big four KAPs have lower prestige than big four KAPs which result in lower audit quality.

c. The Effect of the Audit Committee on the Going Concern Audit Opinion

The results of this research show that the Audit Committee has no effect on the Going Concern Audit Opinion in the Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.

The results of this study are inconsistent with Tandungan and Mertha (2016: 53-54), the auditor who predicts that the shareholder's lawsuit will consider the event as an aspect of uncertainty about the sustainability of the company's life, which in the end will submit a going concern opinion to the company. .

d. The Effect of Return on Assets on Going Concern Audit Opinions

The results of the research showed that ROA has sig 0.086 above 0.05, so Return on Assets has no effect on Going Concern Audit Opinions in Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.

The results of this study are inconsistent with Lie, Wardani and Pikir (2016: 93), companies with low profits, even losses, so the greater the chance for the company to pocket a going conventional audit opinion. The auditor as the independent side will try to investigate management performance. The lower the management performance in the form of profitability, the higher the acceptance of going concern audit opinion.

5. Conclusion

Based on the results of research and discussion, it can be concluded:

- a. Audit Quality has no impact on Going Concern Audit Opinion in Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.
- b. The reputation of the Public Accounting Firm has no effect on the Going Concern Audit Opinion in the Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.
- c. The Audit Committee has no effect on the Going Concern Audit Opinion in the Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.
- d. ROA has sig 0.086 above 0.05, so Return on Assets has no effect on Going Concern Audit Opinions in Consumer Goods Sector companies listed on the Indonesia Stock Exchange in 2015-2019.
- e. Audit quality, reputation of public accounting firm, audit committee and return on assets affect going concern audit opinion on consumer goods sector companies listed on the Indonesia Stock Exchange in 2015-2019.

6. Reference

- [1] Djunaidi dan Soepriyanto. 2013. Pengaruh Pergantian Auditor Dan Kualitas Audit Terhadap Opini Audit Going Concern: Studi Empiris Perusahaan Manufaktur di Bursa Efek Indonesia. *Binus Bisnis Review*. Vol. 4 No. 1 Mei 2013 : 514-530. Jakarta : BINUSUniversity.
- [2] Fahmi, Irham. 2014. *Pengantar Manajemen Keuangan*. Bandung : Penerbit Alfabeta.
- [3] Junaidi dan Jogiyanto Hartono. 2010. Faktor Non Keuangan Pada Opini *Going Concern*. *Simposium Nasional Akuntansi XIII*. Universitas Gadjah Mada Yogyakarta.
- [4] Izzati, Sharlita Sara dan Lana Sularto. 2014. Faktor-faktor yang Mempengaruhi Penerimaan Opini Audit Going Concern pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. *Politeknik Negeri Jakarta*. Universitas Gunadarma.
- [5] Kesumojati, Widyastuti, Dan Darmansyah. 2017. Pengaruh Kualitas Audit, *Financial Distress, Debt Default* Terhadap Penerimaan Opini Audit *Going Concern*. *JIAFE (Jurnal Ilmiah Akuntansi Fakultas Ekonomi)*. Volume 3 No. 1 Tahun 2017, Hal. 62-76. Universitas Pancasila.

- [6] Kristiana, Ira. 2012. Pengaruh Ukuran Perusahaan, Profitabilitas, Likuiditas, Pertumbuhan perusahaan Terhadap Opini Audit *Going Concern* Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (BEI). *Jurnal Berkala Ilmiah Mahasiswa Akuntansi*. VOL 1, NO. 1, Januari 2012.
- [7] Lie, Christian, Puruwita Wardani, Toto Warsoko Pikir. 2016. Pengaruh Likuiditas, Solvabilitas, Profitabilitas, dan Rencana Manajemen terhadap Opini Audit *Going Concern* (Studi Empiris Perusahaan Manufaktur di BEI). *Jurnal.Lie et al. / Berkala Akuntansi dan Keuangan Indonesia, Vol. 1, No. 2 (2016): 84-105*.
- [8] Melania, Andini dan Arifati. 2016. Analisis Pengaruh Kualitas Auditor, Likuiditas, Profitabilitas, Solvabilitas Dan Ukuran Perusahaan Terhadap Opini Audit *Going Concern* Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Journal Of Accounting, Volume 2 No. 2 Maret 2016*. Fakultas Ekonomika dan Bisnis Unpad.
- [9] Saifudin, Arisdan Rina Trisnawati. 2016. Pengaruh Ukuran Perusahaan, Profitabilitas, Likuiditas, Solvabilitas Dan Pertumbuhan Perusahaan Terhadap Opini Audit *Going Concern* (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2011-2014). *Seminar Nasional dan The 3rd Call for Syariah Paper*. ISSN 2460-0784. Universitas Muhammadiyah Surakarta.
- [10] Sari, Putri Cartika. 2020. Pengaruh Audit Lag, Profitabilitas Dan Likuiditas Terhadap Opini Audit *Going Concern* Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Riset Akuntansi Warmadewa*. Bali : Universitas Warmadewa.
- [11] Siti dan Rabiah. 2015. *Pengaruh Dewan Direksi, Dewan Komisaris, Komite Audit Dan Kepemilikan Institusional Terhadap Opini Audit Asumsi Going Concern*. *JomFEKON* Vol. 2 No.2 Oktober 2015. Pekanbaru : Riau University.
- [12] Tandungan, Debby dan I Made Mertha. 2016. Pengaruh Komite Audit, Ukuran Perusahaan, *Audit Tenure*, Dan Reputasi KAP Terhadap Opini Audit *Going Concern*. *E-Jurnal Akuntansi* Universitas Udayana. Vol.16.1. Juli (2016): 45-71. ISSN: 2302-8556. Universitas Udayana (Unud), Bali, Indonesia.
- [13] Wijaya, Silvia; Kristina Dewi; Monica, Claresta Tendatio, Wilsa Road Betterment Sitepu dan Rika Dinarianti. 2019. Pengaruh *Audit Committee, Audit Quality, Solvability*, dan *Sales Growth* Terhadap *Going Concern Audit Opinion* Pada Perusahaan Industri Dasar dan Kimia yang Terdaftar di Bursa Efek Indonesia Periode 2014-2017. *Jurnal Ekonomi & Ekonomi Syariah*. Vol 2 No 2, Juni 2019. E-ISSN: 2599-3410 P-ISSN: 2614-3259. Universitas Prima Indonesia
- [14] Zulfikar dan Muchamad Syafruddin. 2013. Pengaruh Faktor Non Keuangan Terhadap Penerimaan Opini Audit *Going Concern*. *Diponegoro Journal Of Accounting*. Volume 2, Nomor 3, Tahun 2013, Halaman 1-13. ISSN (Online): 2337-3806.

