

INFLUENCE OF THE CHARACTERISTICS OF THE AUDITOR AND THE DEBT TO EQUITY RATIO AGAINST THE GOING CONCERN OPINION

(Empirical Study of Manufactured Company Miscellaneous Sector Listed in Indonesia Stock Exchange Year 2013-2016)

Roby Adi Prasetyo¹, Riana R Dewi², Yuli Chomsatu³

Islam Batik University Of Surakarta, JL. h. Agus Salim No. 10, Surakarta, Indonesia

e-mail: robvadyprasetyo@gmail.com

Abstract: This research aims to examine and analyze the influence of the characteristics of the auditor and the debt to equity ratio against the going concern opinion on a manufactured company miscellaneous sector listed on the Indonesia stock exchange years 2013-2016. Characteristics of auditors are represented by the auditor switching, auditor specialization, auditor remuneration. The population in this research is the whole industrial sector of the various manufacturing companies registered in BEI 2013-2016 year. Sampling techniques in the study using the method of purposive sampling retrieved samples as much as 76 companies during four periods. Methods of analysis used are logistic regression analysis with application of SPSS version 17.0. The results of this study indicate that the variable debt to equity ratio significantly positive effect against the opinion of going concern, whereas the variable auditor switching, auditor specialization, and auditor remuneration have no effect against the opinion of going concern.

Keywords: auditor characteristics; auditor switching; auditor specialization; auditor remuneration; debt to equity ratio; going concern opinion

1 INTRODUCTION

Going concern opinion is very important for the company, investors or potential investors who will invest in the company. For companies, the certainty of the information provided through the granting of auditor audit opinion going concern can help companies to appropriate decision making in accordance with the circumstances of the case. Meanwhile, investors would be it helpful in decision-making for investment, whether it is passed or not. So too with potential investors, whether to invest in the company or not.

In Indonesia, the manufacturing industry in the year 2015, nearly all industry sectors experiencing growth, only three industry sectors that are experiencing

negative growth, namely industrial sectors textile and apparel declined by 4.79%; the industrial sector of wood, articles of Cork and wood and woven from bamboo, rattan and declined by 1.84%; as well as the paper industry and articles of paper, printing, and reproduction of the recording media declined by 0.11%. While the metal goods industry; computers, electronics, optics; and electrical equipment into industry sectors with the highest growth, namely of 7.83 percent, followed by food and beverage industry of 7.54%; Industrial machinery and equipment amounted to 7.49%; The chemical industry, pharmaceuticals and traditional medicines of 8.52%; and basic metal industry amounted to 6.48% (Arif Darmawan, 2015).

2 RESEARCH METHODS

This type of research is quantitative research with logistic regression analysis. Hypothesis testing using logistic regression the dependent variable, because this research is a dummy variable. Thus, it is not necessarily a classic assumes and tests testing normality as on multiple linear regression. Research data is secondary data obtained from Indonesia stock exchange, the company manufactures a variety of industry, sector, in 2013-2016.

3 RESEARCH RESULTS AND DISCUSSION

3.1 Research Result

3.1.1 Logistic Regression

Table 1 Results of Logistic Regression Tests

Variables	B	Sig
(Constant)	9.510	0.311
Switching	0.495	0.448
Specialization	-0.110	0.944
Remuneration	0.215	0.469
Debt to Equity Ratio	0.627	0.047

Source: of Results Data, 2017

The results show that the Auditor switching, auditor remuneration, and the debt to equity ratio of positive effect. This means when the variable goes up, then the opinion of going concern is also rising. Otherwise, if the variable decreases, then the opinion of going concern will also go down. While the negative effect of Auditor specialization. This means when the variable goes up, then going concern opinion will go down. Otherwise, if the variable decreases, then the opinion of going concern will go up.

3.1.2 Feasibility Test of Regression Models

Table 2 Feasibility Test of Regression Models (Hosmer and Lemeshow Test)

Step	Sig.	Standard	Results
1	0,097	0,05	Accepted

Source: of Results Data, 2017

Table 2 above shows the value significance of 0.097. The value of more than 0.05 so that the zero hypothesis is accepted. This is in accordance with statement Ghozali (2006) that there is no significant difference between the model used in this study to the value of his observation. Thus, the model is good to use because it can predict the value of his observation.

3.1.3 Overall Model Fit

Table 3 Overall Model Fit

Iteration	-2 Log likelihood
Block 0	103,456
Block 1	81,826

Source: of Results Data, 2017

In table 3 it looks that the value-2 Log likelihood Block 0 of 103.456 while the value-2 Log likelihood Block 1 of 81.826. The model showed a decrease of 21.63 from value-2 Log likelihood Block 0 and a value of-2 Log likelihood 1. The decline in the value of the overall regression model shows that were used in this research is a good model.

3.1.4 Hypothesis Test Results 1

Table 4 results of Test Hypothesis 1

Variable	B	Sig.	Standard	Results
Auditor Switching	0.495	0.448	0.05	Rejected

Source: of Results Data, 2017

Based on table 4 above shows that significant value 0.448 greater than 0.05. That is to say, the auditor switching has no effect on the opinion of going concern. So, hypothesis 1 resist.

3.1.5 Hypothesis Test Results 2

Table 5 results of test Hypothesis 2

Variable	B	Sig.	Standar	Results
Auditor Speciali- zation	-0,110	0.944	0.05	Rejected

Source: of Results Data, 2017

Based on the above table 5 shows that significant value 0.944 greater than 0.05. This means that the auditor specialization has no effect on the opinion of going concern. So, hypothesis 2 resist.

3.1.6 Hypothesis Test Results 3

Table 6 results of test Hypothesis 3

Variable	B	Sig.	Standard	Results
Auditor Remuneration	0,215	0.469	0.05	Rejected

Source: of Results Data, 2017

Based on table 6 above shows that significant value 0.469 greater than 0.05. This means that the auditor remuneration has no effect on the opinion of going concern. So, hypothesis 3 was rejected.

3.1.7 Hypothesis Test Results 4

Table 7 results of test Hypothesis 4

Variable	B	Sig.	Standard	Results
Debt to Equity Ratio	0,627	0.047	0.05	Accepted

Source: of Results Data, 2017

Based on table 7 above shows that significant value 0047 less than 0.05. This means that the debt to equity ratio opinion to going concern. So, hypothesis 4 accepted.

3.1.8 Model Summary

Table 8 the results of the determination's (R^2)

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	81,826 ^a	0,248	0,333

Source: of Results Data, 2017

In table 8 it looks that the values of Nagelkerke R^2 of 0.333. It means that the dependent variable is the variability can be explained by the independent variables is 33.3%. Whereas, the rest 66.7% explained by other variables outside of a research model.

3.2 Discussion

3.2.1 Influence of Auditor Switching, Auditor Specialization, Auditor Remuneration, and Debt to Equity Ratio against the Going Concern Opinion.

The results of the eligibility tests the hypothesis suggests that the appropriate model and can predict the value of his observation. Hosmer and Lemeshow visible from the Test that gets the value significance 0097 and overall model fit that showed a decline in the value of the Block 0 is 103,456 became 81,826 on Block 1.

Nagelkerke R Square of results 0333. This shows the variability of the dependent variable can be explained by the independent variable is the variable 33.3%. Meanwhile, the remaining 66.7% explained by another variable outside research model.

3.2.2 Influence of Auditor Switching against the Going Concern Opinion with Company Size and Auditor Size as Control Variable.

Based on the testing that has been done, the results show that the auditor switching has no effect on the opinion of going

concern. Seen from the results of auditor switching 0.448 significance greater than 0.05.

The results of this research line with Osman et al. (2016) stating that the auditor has no effect against the turn of opinion going concern because an auditor who has worked previously on related companies tend to be more acquainted with the actual state of the from the company. So long, the auditor could find flaws less visible by the new auditor

3.2.3 Influence of Auditor Specialization against the Going Concern Opinion with Company Size and Auditor Size as Control Variable.

Based on the testing that has been done, the results show that auditor specialization has no effect on the opinion of going concern. Seen from the results of auditor specialization 0.944 significance greater than 0.05.

The results of this study are in line with the research of Osman et al. (2016) stating that the auditor's influential specialty negative opinion against the going concern because the company felt it was less goodwill choose Auditors of a nonspecialist. This is because when companies choose Auditors, either specialist or nonspecialist, the company will still get the opinion of going concern. So, rather than the company would have to pay more because of the use of specialist Auditors, the better company using a nonspecialist Auditors its smaller costs.

3.2.4 Influence of Auditor Remuneration against the Going Concern Opinion with Company Size and Auditor Size as Control Variable.

Based on the testing that has been done, the results show that the auditor remuneration has no effect on the opinion of going concern. Seen from the results of auditor remuneration 0.469 significance greater than 0.05.

The results of this research line with Osman et al. (2016) stating that the auditor's remuneration of influential positive against the opinion of going concern since the company that received the opinion does not always issue a larger fee from the company others who did not accept the opinion of going concern. This is related to the company's choice of auditor i.e. nonspecialists so that companies can pay is not too large.

3.2.5 Influence of Debt to Equity Ratio against the Going Concern Opinion with Company Size and Auditor Size as Control Variable.

Based on the testing that has been done, the results show that debt to equity ratio has effect on the opinion of going concern. Seen from the results of debt to equity ratio 0.047 significance less than 0.05.

The results of this research in line with the research of Rahman and Siregar (2012) stating that the debt to equity ratio of positive effect against the opinion of going concern.

The company has a debt to equity ratio in high quantities, tends to accept the opinion of going concern. This is because the higher the debt owned by the company, the company's financial performance shows that bad and may give rise to uncertainty or doubt the company sustains her business (Rahmawati and Kumarahadi 2017).

4 CONCLUSIONS

This research aims to know the influence of auditor switching, auditor remuneration, auditor specialization, and the debt to equity ratio against the opinion of going concern. The dependent variable of the research is going concern opinion which is a dummy variable. Independent variable research this is the auditor switching, auditor remuneration, auditor specialization, and the debt to equity ratio. The population in this research is a company manufacturing a variety of industry sectors listed d Indonesia stock exchange years 2013-2016.

Sampling techniques in the study using the method of purposive sampling retrieved samples as much as 76 companies during four periods. Methods of analysis used are logistic regression analysis with application of SPSS version 17.0. The results of this study indicate that the variable debt to equity ratio significantly positive effect against the opinion of going concern, whereas the variable auditor switching, auditor specialization, and auditor remuneration.

Some suggestions can be given based on the research are follows:

Further research is expected to reproduce samples in research so that the data used in the study could be more valid.

For further research on the expected may extend the time of research, not just 4 years just in order to make the results more maximum.

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