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Going Concern Audit Opinions From the Perspective of Audit Characteristics

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Abstract
This study examines the impact of audit lag, audit quality, prior audit opinion, opinion shopping, and audit client tenure on the going concern audit opinion of Consumer & Cyclical sector companies listed on the Indonesia Stock Exchange (IDX) during 2021–2023. A going concern audit opinion reflects the auditor's concerns about a company's ability to sustain operations in the future. The population consists of 163 companies, with 103 selected through purposive sampling, resulting in 309 data points over three years. This quantitative research relies on secondary data from independent audit reports available on the IDX. Logistic regression analysis, performed using SPSS 23.0, reveals that audit quality significantly and negatively influences the likelihood of a going concern audit opinion and prior audit opinions have a significant positive impact. Conversely, audit lag, opinion shopping, and audit client tenure do not significantly affect going concern audit opinions. These findings provide insights for auditors, regulators, and stakeholders regarding factors that influence auditors' assessments of a company's financial stability in the Consumer & Cyclical sector.
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Keywords: Audit Quality, Audit Lag, Opinion Shopping, Audit Client Tenure, Going Concern Audit Opinion

1. INTRODUCTION

To prevent bankruptcy, businesses must ensure their continuity (going concern). Issues related to business continuity are typically outlined in independent audit reports in the form of a going concern audit opinion. A going concern audit opinion reflects the auditor's doubts about a company's ability to sustain its operations in the future. If a company cannot maintain operational stability, it is likely to receive a going concern opinion from the auditor (Rizky & Triyanto, 2021). In Indonesia, from January to March 2021, the Indonesia Stock Exchange (IDX) issued warnings to 27 listed companies whose stocks were suspended and faced potential delisting (Prima & Rahmawati, 2021). The IDX identifies potential delisting or removal of listed shares partly due to situations or events that threaten the company's ability to continue its operations (going concern).

The COVID-19 pandemic has exacerbated going concern issues due to limited business activities, shifting consumer preferences, heightened uncertainty leading to increased losses, challenges in meeting financial obligations, and other related problems. One of the most affected sectors is the Consumer Cyclical sector. Based on financial reports published by the Indonesia Stock Exchange (IDX), at least 1 in 5 entities within this sector received a going concern opinion from independent auditor reports for the 2021 and 2022 fiscal years (Vito et al., 2024).

A recent phenomenon is the bankruptcy of PT Sri Rejeki Isman Tbk. (SRIL), as ruled

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by the Commercial Court of Semarang and documented in case decision number 2/Pdt.Sus-Homologasi/2024/PN Niaga Smg, dated Monday, October 21, 2024 (sipp.pn-semarangkota.go.id/, 2024). Prior to this, SRIL's shares had been suspended for 30 months as of November 18, 2023, and faced potential delisting from the Indonesia Stock Exchange (IDX). Additionally, SRIL's independent audit reports for three consecutive years, from 2021 to 2023, received a Qualified Opinion with an added going concern audit opinion. This indicates that the company was experiencing significant issues with its sustainability, which was ultimately confirmed when the company was declared bankrupt (idx.co.id, 2024).

In addition to SRIL, many other companies in the same sector have also received going concern opinions from their independent auditors, including PT Mahaka Media Tbk. (ABBA), PT Globe Kita Terang Tbk. (GLOB), PT Langgeng Makmur Industri Tbk. (LMPI), and PT Asia Pacific Investama Tbk. (MYTX). Furthermore, the Indonesia Stock Exchange (IDX) has recorded 53 other issuers in the same sector on its special monitoring board, several of which are listed due to issues related to their business continuity (going concern) (idx.co.id, 2024).

A going concern audit opinion issued by an auditor signals irregularities in a company's financial statements, leading to uncertainty and raising doubts about the company's ability to sustain its operations. The auditor's decision to issue a going concern opinion stems from identifying issues in both the company's financial statements and operations. However, beyond these factors, auditors also consider aspects such as audit characteristics in determining the issuance of a going concern opinion. One audit characteristic that influences going concern opinions is audit lag or audit delay. According to Averio (2021) audit lag refers to the delay in completing or reporting audit results, calculated from the company's fiscal year-end to the issuance date of the audit report. Research by Widhiastuti & Kumalasari (2022) found a positive relationship between audit lag and going concern opinions, suggesting that longer audit delays increase the likelihood of a going concern opinion. Conversely, Simamora & Hendarjatno (2019) reported conflicting results, indicating that audit lag does not significantly influence the issuance of a going concern opinion.

Another characteristic to consider is audit quality, as high-quality audit results accurately reflect the actual conditions within a company. Independent auditors are more likely to issue a going concern opinion when they uncover irregularities during the audit process. Research indicates that the reputation of the auditor's firm (Public Accounting Firm or KAP) serves as a benchmark for audit quality (Averio, 2021). The findings on the relationship between audit quality and going concern opinions are mixed. Widhiastuti & Kumalasari (2022) concluded that audit quality does not significantly affect the issuance of going concern opinions. However, (Averio, 2021) presented contrasting results, stating that going concern opinions can indeed be influenced by audit quality. This divergence highlights the need for further research to clarify the impact of audit quality on auditors' decisions to issue going concern opinions.

The going concern audit opinion received by a company in the previous year is another audit characteristic that is said to influence the going concern audit opinion in the following year. This situation may occur if the company's financial condition has not shown signs of improvement and if management's plans are not feasible or cannot be realized to improve the company's situation (Krissindiastuti & Rasmini, 2016).. Research by Napitupulu (2022) suggests that the prior year's audit opinion can influence the receipt of a going concern opinion in the subsequent year. However, Krissindiastuti & Rasmini (2016) in their study argued that the prior year's audit opinion does not significantly affect the receipt of a going concern opinion in the following year. This discrepancy in findings indicates that the impact of prior opinions on future going concern assessments may vary depending on the context and specific circumstances surrounding each company.

Additionally, opinion shopping, or the management's attempt to "purchase" a favorable opinion, is said to influence the acceptance of a going concern audit opinion within a company. In opinion shopping, auditors who are willing to issue a going concern opinion are typically avoided and replaced by auditors who are more willing to provide an opinion that aligns with management's preferences (Sihombing & Apriliani, 2024). As a result, opinion shopping can weaken the acceptance of a going concern audit opinion within a company. Research by Pertiwi & Nustini (2023) indicates that opinion shopping has a positive impact on the issuance of a going concern audit opinion, suggesting that management's influence can lead auditors to issue such opinions. However, Rani & Helmayunita (2020) in their study found no significant relationship between opinion shopping and the issuance of a going concern audit opinion, highlighting the potential for varied outcomes depending on the specific circumstances of each company.

Furthermore, the going concern audit opinion can also be influenced by audit client tenure, which refers to the length of the auditor's engagement with the audited company. A long audit client tenure may lead to concerns that the auditor's independence could be compromised due to the established relationship with the company, potentially affecting the objectivity of their opinion (Simamora & Hendarjatno, 2019). Previous research by Angkasa et al., (2019) suggests that audit client tenure has a negative impact on the issuance of a going concern opinion, implying that longer auditor-client relationships might reduce the likelihood of a going concern opinion. However, a study by Simamora & Hendarjatno (2019) found no significant relationship between audit client tenure and the issuance of a going concern audit opinion, suggesting that the impact of tenure on going concern assessments may vary depending on other factors within the audit process.

The varying results of previous studies have prompted researchers to conduct further investigations to identify the factors that influence the issuance of a going concern audit opinion for a company. Specifically, this research aims to examine these factors from the perspective of audit characteristics or the characteristics of the audit itself. The research focuses on companies in the Consumer & Cyclicals sector listed on the Indonesia Stock Exchange (IDX) during the period from 2021 to 2023.

2. LITERATURE REVIEW

1) Agency Theory

Agency Theory, introduced by Jensen dan Meckling (1976), explains the relationship between the principal (owner) and the agent (management), who is tasked with managing the company The principal relies on the financial statements prepared by the agent to make investment decisions, while management strives to present attractive reports. Conflicts of interest often arise because management tends to prioritize personal interests, sometimes overlooking the actual condition of the company (Averio, 2021). Therefore, a third party, an independent auditor, is needed to act as a mediator. The auditor oversees the financial statements and provides an opinion on the company's ability to continue as a going concern if there are doubts about its ability to survive (Simamora & Hendarjatno, 2019).

2) Attribution Theory

Attribution Theory, proposed by Fritz Heider (1958), explains how individuals interpret the causes of events or everyday behaviors based on internal factors (such as personality, character, and individual attitudes) and external factors (such as the surrounding environment). This theory is used to examine the reasons behind an auditor's decision to issue a going concern opinion, considering the factors that influence it. In this context, the theory relates to the attitudes and behaviors of an auditor in carrying out their duties, particularly the crucial role of auditor independence. This is especially important when providing opinions and professional judgments on the audit results of financial statements, including the issuance of a going concern audit opinion for a listed company (Azizah, 2021)

3) Going Concern Audit Opinion

A going concern audit opinion is the auditor's assessment regarding the company's ability to continue its operations. According to Agency Theory, the principal uses the financial statements prepared by the agent (management) to make decisions, so the statements must accurately reflect the company's actual condition. In Attribution Theory, the auditor links the decision to issue a going concern opinion to the company’s condition after reviewing the financial statements. A going concern audit opinion reflects the company's financial situation and can be assessed using a dummy variable, where a value of 0 is given if the company does not receive a going concern opinion, and a value of 1 is given if the company receives a going concern opinion (Endiana & Suryandari, 2021).

4) Audit Lag and Going Concern Audit Opinion

Audit lag is defined as the period or total days from the company’s fiscal year-end to the date the external audit report is issued. Audit lag can serve as an indicator of going concern issues, as the time required for auditors to complete the audit process may suggest serious conditions, particularly related to the company’s financial problems and its ability to continue operations (Anggraini et al., 2021). In this context, audit lag can be measured by calculating the amount of time the auditor spends on the audit process, starting from the end date of the financial report to the issuance date of the audit report (Averio, 2021).

According to Attribution Theory, the delay in the auditor issuing an opinion may be caused by internal company issues. This leads the auditor to take more time to evaluate and issue an appropriate opinion. The auditor's attribution regarding audit lag may suggest that the company is facing serious problems, which is reflected in the going concern opinion. Audit lag signals irregularities and financial instability, which may alert stakeholders that the company is at risk of a going concern issue Greace & Darsono, (2022). Thus, audit lag can strengthen the likelihood of a going concern audit opinion for a company. Research Pertiwi & Nustini (2023) and Septiani & Yuyetta (2021) supports this, showing a positive relationship between audit lag and going concern audit opinions. Therefore, the first hypothesis is formulated as follows:

H1: There is a positive relationship between audit lag and going concern audit opinion.

5) Audit Quality and Going Concern Audit Opinion

According to DeAngelo (1981), audit quality refers to how the market evaluates the auditor's ability to detect and report violations in the client company's accounting systems and records. Audit quality can be assessed based on the reputation of the auditing firm, where well-known firms such as the Big Four are considered more credible, as their auditors are perceived as more cautious and committed to maintaining public trust and their reputation. In this study, audit quality is measured using a dummy variable, where a value of 1 is assigned if the company is audited by a Big Four-affiliated firm, and 0 if audited by a non-Big Four firm (Widhiastuti & Kumalasari, 2022).

Agency Theory suggests that there is information asymmetry between the agent and the principal, and thus a third party, the auditor, is needed to help reduce conflicts of interest (Averio, 2021). High-quality auditors, such as those from Big Four firms, are deemed more competent in providing an audit opinion that accurately reflects the company's actual condition. Big Four auditors have large-scale operations, stronger legal authority, and high incentives to maintain their reputation, making them more likely to act independently. With this independence, auditors are able to detect and report company issues objectively, thus reducing the likelihood of a going concern audit opinion for a company (Widhiastuti & Kumalasari, 2022). Research by (Averio, 2021) suggests that going concern opinions are more frequently issued by non-Big Four auditors compared to Big Four firms, indicating that audit quality has a significant negative impact on the issuance of a going concern opinion. Findings from Rizky & Triyanto (2021) further support the negative relationship between audit quality and going concern audit opinions. Therefore, the second hypothesis is formulated as follows:

H2: There is a negative relationship between audit quality and going concern audit opinion.

6) Previous Year's Audit Opinion and Going Concern Audit Opinion

A previous year's audit opinion refers to the audit opinion received by an entity in the prior period. This opinion reflects the condition of the audited company. If a company receives a going concern opinion, it indicates that the company is facing issues that threaten its future survival. Companies that have received a going concern audit opinion in the previous year are more likely to receive the same opinion in the following year. The previous year's audit opinion can be measured using a dummy variable, where a value of 1 is assigned if the company received a going concern opinion in the previous year, and a value of 0 if it did not (Widhiastuti & Kumalasari, 2022).

According to Attribution Theory, auditors consider various internal and external factors when determining their opinion, including the previous year's audit opinion. The receipt of a going concern opinion in the past indicates that the company may be facing ongoing viability issues. If these issues remain unresolved, the likelihood of a going concern opinion in the subsequent year increases (Widhiastuti & Kumalasari, 2022). Research by Napitupulu (2022) and Muawanah (2020) shows that the previous year's audit opinion has a positive effect on the likelihood of receiving a going concern opinion in the following year. Therefore, it can be concluded that the higher the acceptance of a going concern opinion in the previous year, the stronger the likelihood of receiving the same opinion in the subsequent year. Thus, the third hypothesis is formulated as follows:

H3: There is a positive relationship between the previous year's audit opinion and the going concern audit opinion

7) Opinion Shopping and Going Concern Audit Opinion

According to the Security Exchange Commission (SEC), opinion shopping refers to the act of seeking another auditor willing to agree to the accounting treatment desired by management, even though this may cause the financial statements to become less accurate or not entirely truthful (Simamora & Hendarjatno, 2019). The purpose of opinion shopping is to make the financial statements appear in a manner that aligns with the company's desires. There are several factors that lead a manager to engage in opinion shopping, one of which is the desire to meet targets and the need to ensure the survival of the business. Opinion shopping can be measured using a dummy variable, where a value of 1 is given if the auditor is changed within 5 years after receiving a going concern opinion, and a value of 0 is assigned if the auditor is not changed after receiving a going concern opinion (Pratiwi & Bustomi, 2023).

Based on Agency Theory, agents are said to have more information than principals, and therefore, agents are assumed to act in ways that maximize their own interests, such as through opinion shopping. By engaging in opinion shopping, agents can obtain the benefits of an opinion issued by an auditor that aligns with their preferences. It can be argued that opinion shopping influences the reduction in the acceptance of a going concern audit opinion, as companies receiving a going concern opinion in a prior period may switch auditors to find one willing to issue the opinion they desire in the subsequent period (Hardi et al., 2020). This assumption is supported by research from Azizah (2021) and Saputra & Kustina (2018), both of which show a negative relationship between opinion shopping and going concern audit opinions. Thus, the fourth hypothesis is formulated as follows:

H4: There is a negative relationship between opinion shopping and the going

concern audit opinion.

8) Audit Client Tenure and Going Concern Audit Opinion

According to Herindra & Aprilyanti (2023), audit tenure refers to the accumulation of years in which a company is audited by the same auditor. A long-standing relationship or engagement can weaken the auditor's independence in performing their duties, which in turn may affect the auditor's opinion regarding the company's going concern. On the other hand, a longer audit tenure allows the auditor to become more familiar with the company's management, enabling them to identify issues more easily. Audit client tenure is measured based on the number of years the public accounting firm (KAP) has conducted audits for the same entity (Simamora & Hendarjatno, 2019).

In Attribution Theory, auditors consider various factors when determining a going concern opinion, including the long-standing relationship between the auditor and the auditee (client tenure), which can influence the auditor's independence. In addition to independence, a long auditor-client relationship can affect the auditor's personality, perspective, and objectivity during the financial audit process (Herindra & Aprilyanti, 2023). If this occurs, the opinion given may lack objectivity and accuracy, thus reducing the likelihood of a going concern opinion. This assumption is supported by research from Angkasa et al., (2019) and Saputra & Kustina (2018), which indicates that client tenure may decrease the acceptance of a going concern audit opinion. Thus, the fifth hypothesis is formulated as follows:

H5: There is a negative relationship between audit client tenure and the going concern audit opinion.

3. METHODS

This study is a quantitative research with the object of the research being companies in the Consumer Cyclicals sector from the period of 2021 to 2023. The study uses secondary data sourced from the Independent Audit Reports of each entity, which were accessed through www.idx.co.id. The population in this study consists of 163 companies in the Consumer & Cyclicals sector, and the sampling method used is non-probability sampling with purposive sampling technique, resulting in 103 companies that meet the criteria. Therefore, the available data comprises 309 data points over a 3-year period. The sample selection criteria are based on the following requirements:

Table 1. Sample Selection Criteria

No	Criteria	Number of Companies
1	Companies in the Consumer Cyclicals sector listed on the IDX during 2021-2023	163
2	Companies in the Consumer Cyclicals sector that had an IPO after 2020	(43)
3	Companies with incomplete financial and audit reports	(17)
4	Companies that were delisted during the research period	0
	Final sample after excluding companies based on criteria above (n)	103
	Number of research years (2021-2023) (t)	3
	Total number of samples after criteria filtering (n x t)	309

(Source: Processed Data, 2024)

Analysis Method

This study employs quantitative descriptive analysis and hypothesis testing using logistic regression analysis. Logistic regression is a method used to determine the probability that a dependent variable can be predicted by independent variables. This logistic regression method does not require normality tests or classical assumption tests for the independent variables (Soegiyono, 2011). The regression equation for this study is as follows:

$$Ln = \frac{GCO}{1-GCO} + \alpha + \beta_1 ALG + \beta_2 AUQ + \beta_3 PYA + \beta_4 OPS + \beta_5 ACT + \varepsilon$$

Description:

GCO : Going Concern Audit Opinion

α : Constant

β1-β5 : Regression Coefficients

ALG : Audit Lag

AUQ : Audit Quality

PYA : Prior Year Audit Opinion

OPS : Opinion Shopping

ACT : Audit Client Tenure

ε : Error Term Coefficient

4. RESULTS

1) Descriptive Statistics

Descriptive statistical analysis is used to describe the characteristics of the research objects without further analysis or drawing general conclusions. In this study, the descriptive statistics presented include the maximum value, minimum value, mean, and standard deviation. Below is an overview of the data:.

Table 2. Descriptive Statistics Test

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GCO (Y)	309	0	1	.26	.437
ALG	309	31	174	91.31	20.288
AUQ	309	0	1	.19	.396
PYA	309	0	1	.28	.447
OPS	309	0	1	.06	.241
ACT	309	1	3	1.79	.810
Valid N (listwise)	309				

(Source: Output SPSS 23 Processed Data, 2024)

In the descriptive statistics analysis, a total of 309 data points were presented, indicating that all data was valid and complete, with no missing values. The Going Concern Audit Opinion variable had a minimum value of 0, a maximum value of 1, an average of 0.26, and a standard deviation of 0.437.

2) Assessing the Overall Model

The overall model test involves comparing the values between the initial -2 Log Likelihood (-2LL) of Block Number 0 and the final -2 Log Likelihood (-2LL) of Block Number 1. This result can be observed in the Iteration History table. If the value of -2LL for Block Number 1 is smaller than that of -2LL for Block Number 0, it indicates that the regression model fits the data. The test data can be found in the following table:

Table 3. *Overall Model Fit*

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	351.813	-.977
	2	351.316	-1.067
	3	351.316	-1.069
	4	351.316	-1.069

a. *Constant is included in the model.*
b. *Initial -2 Log Likelihood: 351.316*
c. *Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.*

(Source: Output SPSS 23 Processed Data, 2024)

Based on the table above, the initial -2 Log Likelihood (LL) value at step 0 is 351.813. Meanwhile, the -2 Log Likelihood (LL) value at step 1 of the feasibility test shows a decrease of 163.134, resulting in a value of 188.679. This outcome indicates that the regression model used is a good fit. The -2 Log Likelihood (LL) value for Step 1 is shown in the table below:

Table 4. *Overall Model Fit-2*

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients					
			Constant	ALG	AUQ	PYA	OPS	ACT
Step 1	1	210.705	-2.065	.004	-.360	2.726	-.072	.014
	2	192.186	-2.982	.008	-.931	3.437	-.140	.018
	3	189.086	-3.219	.009	-1.649	3.660	-.202	-.008
	4	188.694	-3.177	.009	-2.121	3.707	-.233	-.030
	5	188.679	-3.165	.009	-2.242	3.713	-.238	-.034
	6	188.679	-3.164	.009	-2.249	3.713	-.239	-.034
	7	188.679	-3.164	.009	-2.249	3.713	-.239	-.034

a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihood: 351.316
d. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

(Source: Output SPSS 23 Processed Data, 2024)

The evidence that the decrease in the -2 Log Likelihood value indicates a good fit for the model can be seen from the chi-square value in the Omnibus Test of Model Coefficients, as presented in the table below:

Table 5. *Omnibus Test Of Model Coefficient*

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	162.636	5	.000
	Block	162.636	5	.000
	Model	162.636	5	.000

(Source: Output SPSS 23 Processed Data, 2024)

Based on the table above, it can be seen that the chi-square value is 162.636 with a significance value of 0.00. Since this significance value is less than 0.05, it can be concluded that factors such as audit lag, audit quality, prior year audit opinion, opinion shopping, and audit client tenure are able to predict the presence of a going concern audit opinion.

3) The Adequacy Of The Regression Model

To assess the adequacy of the regression model, the Hosmer and Lemeshow's Goodness of Fit Test can be used, which is measured by the Chi-Square value in the Hosmer and Lemeshow test section.

Table 6. The Adequacy Of The Regression Model

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.086	8	.259

(Source: Output SPSS 23 Processed Data, 2024)

Based on the data above, the significance probability value is 0.259, which is higher than 0.05. Therefore, it can be concluded that H0 is accepted. This result indicates that the model is able to predict its observed values effectively.

Coefficient of Determination Test (Nagelkerke R)

This coefficient is used to show how well the variability of the independent variables can explain the variability of the dependent variable. If the Nagelkerke R Square value is close to 1, the model is considered a good fit. However, if the value is close to 0, the model is considered to not meet the goodness of fit criteria. For a clearer view, please refer to the table below:

Table 7. Coefficient of Determination Test (Nagelkerke R)

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	188.679[a]	.409	.603

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

(Source: Output SPSS 23 Processed Data, 2024)

Based on the table, it can be seen that the Nagelkerke R Square value is 0.603, which means that 60.3% of the variability in the dependent variable can be explained by the independent variables. The remaining 39.7% is explained by other variables that were not included in this study.

4) Classification Matrix

Classification matrix is a table that shows the ability of the regression model in predicting the likelihood of an entity receiving a going concern audit opinion. The classification matrix is presented in the following Table 8:

Table 8. Classification Matrix

Classification Table[a]

	Observed		Predicted		
			GCO (Y)		Percentage Correct
			0	1	
Step 1	GCO (Y)	0	212	18	92.2
		1	14	65	82.3
	Overall Percentage				89.6

a. The cut value is .500

(Source: Output SPSS 23 Processed Data, 2024)

The classification table shows that the total sample data consists of 309 companies over a three-year period. Of these, 212 companies were predicted not to receive a going concern audit opinion, with a classification accuracy of 92.2%. Meanwhile, out of the 14 companies predicted to receive a going concern audit opinion, 65 companies actually received the going concern opinion, resulting in a classification accuracy of 82.3%. Overall, the classification accuracy was 89.6%, indicating that the model in this study successfully explained the opinions received by the companies

5) Logistic Regression Model

The results of hypothesis testing are used to analyze the effect of independent variables, including audit lag, audit quality, prior year audit opinion, opinion shopping, and audit client tenure, on the going concern audit opinion for companies in the Consumer & Cyclical sector listed on the IDX during the period of 2021-2023. The test is conducted by comparing the significance values. If the significance value (sig) is less than 0.05, it can be concluded that the independent variables have a significant effect on the dependent variable. The details of the hypothesis testing results are presented in the table below:

Table 9. Hypothesis Testing Results

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	AUDIT LAG	.009	.010	.773	1	.379	1.009
	AUDIT QUALITY	-2.249	1.095	4.220	1	.040	.106
	PRIOR YEAR AUDIT OPINION	3.713	.404	84.302	1	.000	40.966
	OPINION SHOPPING	-.239	.660	.131	1	.718	.788
	AUDIT CLIENT TENURE	-.034	.267	.016	1	.899	.967
	Constant	-3.164	1.186	7.114	1	.008	.042

a. Variable(s) entered on step 1: ALG, AUQ, PYA, OPS, ACT.

(Source: Output SPSS 23 Processed Data, 2024)

The regression equation that can be formulated based on the hypothesis testing results is as follows:

$$Ln = \frac{\mathbf{GCO}}{\mathbf{1-GCO}} = \mathbf{-2.500 + 0,002\ \mathit{ALG} - 2.331\ \mathit{AUQ} + 3.709\ \mathit{PYA} - 0,227\ \mathit{OPS} - 0,079\ \mathit{ACT}} + \varepsilon$$

Here is the interpretation of the regression equation:

1. Constant (-3.164): This value indicates that if the independent variables (audit lag, audit quality, prior year audit opinion, opinion shopping, and audit client tenure) are absent, the going concern audit opinion is predicted to be -3.164.
2. Audit Lag (0.009): This coefficient suggests that for every 1% increase in audit lag, the likelihood of the company receiving a going concern audit opinion increases by 0.9%.

3. Audit Quality (-2.249): A regression coefficient of -2.249 implies that for every 1% increase in audit quality, the likelihood of the company receiving a going concern audit opinion decreases by 224.9%. This suggests that higher audit quality decreases the probability of receiving a going concern opinion.
4. Prior Year Audit Opinion (3.713): This coefficient indicates that for every 1% increase in receiving a going concern audit opinion in the previous year, the likelihood of the company receiving a going concern opinion in the current year increases by 371.3%.
5. Opinion Shopping (-0.239): The coefficient of -0.239 implies that for every 1% increase in opinion shopping, the likelihood of the company receiving a going concern audit opinion decreases by 23.9%. This suggests that the company is more likely to switch auditors to avoid a going concern opinion.
6. Audit Client Tenure (-0.034): A regression coefficient of -0.034 suggests that for every 1% increase in audit client tenure, the likelihood of the company receiving a going concern audit opinion decreases by 3.4%. This indicates that longer auditor-client relationships may reduce the likelihood of receiving a going concern opinion

5. DISCUSSION

1) Results of the Effect of Audit Lag on Going Concern Audit Opinion

From the testing of the first hypothesis (H1), the audit lag variable shows a significance value of 0.379, which is greater than 0.05, with a regression coefficient of 0.009. This indicates that there is no relationship between audit lag and the going concern audit opinion, thus H1 is rejected. The results of this study do not align with the hypothesis, as a prolonged audit process may occur due to technical factors unrelated to the company’s ability to continue as a going concern. There are other factors that contribute to audit lag during the audit process. For instance, the complexity of a company's operations can make the audit process more complicated and time-consuming. Companies with complex operational structures, such as those with many subsidiaries or engaging in cross-border transactions, require more detailed audits. This increases the amount of time auditors need to complete their work, even though the company may not be facing any going concern issues. Additionally, delays in providing the necessary documents to the auditor can also extend the audit timeline. If the required documents or supporting information are not provided on time, the audit process will be delayed, even if there is no indication of going concern problems (Azhar & Hadiprajitno, 2023).

Additionally, the presence of audit lag may also indicate that the auditor maintains their independence and the quality of their work, regardless of the time required to complete the audit. Auditors may need more time to finish the audit to ensure that all relevant information has been thoroughly examined, especially if there is specific complexity within the financial statements. In this case, the duration of the audit process is more related to the auditor's responsible procedures than to the company's financial condition itself. This result is consistent with attribution theory, which explains that auditors form opinions based on more relevant and significant factors, such as the company's financial performance, capital structure, or signs of financial distress. In other words, auditors are more likely to consider what truly impacts the company's condition when determining an opinion, rather than merely focusing on the duration it takes to complete the audit. In this context, audit delays do not always indicate a going concern issue; rather, they are more often caused by technical constraints or external conditions affecting the audit process. This finding is supported by previous research, where Simamora & Hendarjatno (2019) and Averio (2021) concluded that audit lag does not influence the going concern audit opinion. However, this result contrasts with the findings of Pertiwi & Nustini (2023) and Septiani & Yuyetta (2021), who concluded that delays in issuing the audit report could be an indication of a going concern opinion.

2) Results of the Effect of Audit Quality on Going Concern Audit Opinion

Based on the final results of the study, the audit quality variable shows a significance value of 0.040 (< 0.05) and a regression coefficient of -2.249, indicating that audit quality has a significant negative impact on the going concern audit opinion. With this result, H2 is accepted. This finding concludes that high-quality audits conducted by auditors from Big Four accounting firms significantly reduce the likelihood of a going concern opinion. Auditors from Big Four firms have a higher reputation and greater resources, making them more cautious when issuing a going concern opinion. Big Four auditors have more experience and the necessary tools to analyze a company's financial condition comprehensively, allowing them to provide more objective opinions. Additionally, Big Four firms are more focused on maintaining their reputation and are more careful in making decisions that could significantly affect their clients, including decisions regarding the issuance of a going concern opinion. As a result, Big Four auditors are more likely to allow time for the company to improve its financial condition and often provide positive opinions or recommendations for improvement rather than issuing an opinion that reflects doubts about the company's ability to continue as a going concern.

Moreover, the reputation of Big Four accounting firms provides additional incentives for auditors to maintain their independence and ensure that the opinions they issue are truly based on the company’s actual conditions. This negative influence also reflects that auditors from Big Four firms tend to be more cautious when issuing a going concern audit opinion. Such an opinion will only be issued if there is strong evidence that the company is truly facing conditions that threaten its ability to continue as a going concern, such as severe financial difficulties, an inability to pay obligations, or other factors. This approach demonstrates the professionalism of the auditors in ensuring that the opinion issued is not solely based on negative conditions but is also supported by facts and objective analysis Rizky & Triyanto (2021). This finding is further supported by Averio (2021), who also mentions that going concern audit opinions are more often given by non-Big Four firms compared to Big Four firms. In contrast, studies by Widhiastuti & Kumalasari (2022) and Sari & Triyani (2018) found no significant relationship between audit quality and the going concern audit opinion.

3) Results of the Effect of the Previous Year’s Audit Opinion on the Going Concern Audit Opinion

The results of this study indicate that the previous year's audit opinion has a positive and significant impact on the going concern opinion, as shown by a significance value of 0.00 (< 0.05) and a regression coefficient of 3.713. Thus, H3 is accepted. This finding suggests that the audit opinion issued in the previous year reflects the conditions that existed within the company at that time. The issuance of a going concern audit opinion in the previous year increases the likelihood of receiving a going concern audit opinion in the following period, as auditors will consider factors that could explain their opinion, one of which is evaluating the company's performance in the previous year. This positive influence also implies that companies that received a going concern audit opinion in the previous year are more likely to receive a going concern opinion in the subsequent year. This is because auditors tend to focus on trends and the company’s long-term financial condition, rather than solely on the situation at hand during that particular year, when making evaluations and determining the opinion for the following year.

The issuance of a going concern audit opinion in the previous year serves as a strong indicator for auditors to reassess the company's financial condition in the subsequent year. Auditors will evaluate whether there have been significant changes in the company's financial situation and whether management has taken effective steps to address the challenges faced. If there are no significant improvements, the going concern audit opinion will be issued again. This also serves as evidence of the auditor's objectivity and independence in providing an unbiased assessment, ensuring that the opinion reflects the company's reality without being influenced by expectations or pressures from any parties (Widhiastuti & Kumalasari, 2022). This finding is further supported by research from Napitupulu (2022) and Muawanah (2020), who also concluded that the previous year's audit opinion positively influences the acceptance of the going concern audit opinion. However, the findings from Krissindiastuti & Rasmini (2016) indicate that the previous year's audit opinion does not have an impact on the going concern audit opinion in the subsequent year.

4) **Results of the Effect of Opinion Shopping on the Going Concern Audit Opinion**

The final results of the test show that opinion shopping has a significance value of 0.718 (> 0.05) with a regression coefficient of -0.239, indicating that opinion shopping does not influence the acceptance of the going concern audit opinion. With this result, H4 is rejected. This finding suggests that opinion shopping does not affect the acceptance of the going concern audit opinion, because if an auditor supports the application of accounting practices that merely follow management's wishes without considering the applicable accounting principles, it would cause significant harm to stakeholders. Stakeholders such as investors, creditors, regulators, and the general public heavily rely on audit reports to understand the company's financial condition and assess the risks related to its ability to continue as a going concern. If the audit report presented is not objective or is adjusted to meet management's demands, it would mislead stakeholders in making decisions.

The auditing profession requires auditors to act with independence and objectivity in their assessments. They are not only tasked with evaluating the conformity of financial statements with accounting standards but also with providing an honest and unbiased opinion regarding the company's ability to continue as a going concern. Auditors must consider various relevant factors, such as financial analysis, operational conditions, and future projections. Therefore, attempts to manipulate audit results through opinion shopping replacing auditors in order to obtain a more favorable opinion are clearly in conflict with the principles of independence and objectivity.

Audit opinions must be based on sufficient evidence and comprehensive analysis of the company's financial condition. Although a company may change auditors, no professional auditor will alter their opinion solely based on management's desires, especially when evidence points to significant issues affecting the company's ability to continue as a going concern. The audit process must adhere to strict and objective standards, preserving the integrity of financial reporting and public trust in the auditing profession (Azhar & Hadiprajitno, 2023). This finding is supported by research from Angkasa et al., (2019) and Rani & Helmayunita (2020), both of which conclude that opinion shopping does not influence the acceptance of a going concern audit opinion. However, research by Saputra & Kustina (2018) presents a contrasting view, stating that opinion shopping does have an impact on the issuance of a going concern audit opinion.

5) **Results of the Effect of Audit Client Tenure on the Going Concern Audit Opinion**

The results of this study show that audit client tenure has a significance value of 0.899 (> 0.05) and a regression coefficient of -0.034, meaning there is no relationship between audit client tenure and the going concern audit opinion. Therefore, H5 is rejected. This result refutes the assumption that a long-term relationship between an auditor and a company can weaken the auditor's independence. There is often concern that the longer an auditor works with the same company, the more likely they are to lose objectivity due to their closeness or overly familiar relationship with management. However, this study indicates that the length of the auditor-client relationship does not automatically influence the auditor's decision to issue a going concern opinion. Auditors maintain their independence and will only issue an opinion based on sufficient and relevant evidence, without being influenced by the duration of their professional relationship with the company.

In line with attribution theory, auditors determine their opinions based on the underlying causes of a company's condition. Auditors will focus more on relevant internal and external factors, such as financial condition, liquidity, solvency, and operational sustainability, rather than being influenced by the length of the professional relationship with the company. In other words, auditors will only issue a going concern audit opinion if there is strong and objective evidence to support that decision, without considering the duration of their engagement with the client. On the other hand, the length of the auditor-client relationship may offer certain advantages. Auditors who have worked with a company for many years are likely to have a deeper understanding of the company’s operations, financial systems, and potential issues it may face. If there is evidence that the company is indeed facing going concern-related problems, the auditor will still issue a going concern audit opinion, regardless of the length of their relationship with the company. This finding is supported by the research of Simamora & Hendarjatno (2019) and Sari & Triyani (2018), which also concluded that audit client tenure does not influence the going concern audit opinion. However, this finding contrasts with the research of Angkasa et al., (2019) and Krissindiastuti & Rasmini (2016), who found that the length of the auditor-client relationship does have an impact on the going concern audit opinion.

6. CONCLUSION

This study aims to analyze the impact of several audit characteristics, such as audit lag, audit quality, prior audit opinions, opinion shopping, and audit client tenure, on the issuance of a going concern audit opinion for companies in the Consumer & Cyclicals sector listed on the Indonesia Stock Exchange (IDX) during the period from 2021 to 2023. The findings reveal that audit quality and prior audit opinions have a significant impact on the acceptance of a going concern audit opinion. Auditors with high-quality audits tend to be more cautious in making decisions that could have a significant impact on their clients, including the decision to issue a going concern opinion. Additionally, the audit opinion issued in the previous year also affects the likelihood of receiving a going concern opinion in the following year. This suggests that auditors consider the history of audit opinions as an important indicator when evaluating a company's ability to continue as a going concern.

On the other hand, the study also finds that audit lag, opinion shopping, and audit client tenure do not have a significant impact on the issuance of a going concern audit opinion. Delays in issuing audit reports (audit lag), opinion shopping practices, and the length of the relationship between the auditor and the company (audit client tenure) do not appear to influence the auditor's decision in issuing a going concern opinion. These findings suggest that, even though opinion shopping or a long-term auditor-client relationship might exist, auditors still maintain their independence and base their opinions on sufficient evidence and the actual condition of the company. This study provides valuable insights for auditors and stakeholders in understanding the factors that influence the going concern audit opinion, particularly from the perspective of audit characteristics. It also underscores the importance of auditors maintaining their independence and objectivity in their assessments.

7. LIMITATION

The limitations of this study are as follows: the subject of this research is solely focused on companies listed in the Consumer & Cyclicals sector on the Indonesia Stock Exchange (IDX) during the period from 2021 to 2023. This limits the ability to generalize the findings to other sectors, such as the financial sector or other industries, which may have different characteristics, especially in terms of business sustainability and financial risk.

Therefore, the results of this study may not be entirely relevant if applied to other sectors. Additionally, this study only examines the impact of audit characteristics on the going concern audit opinion, while other variables, such as company characteristics (e.g., profitability, liquidity, or solvency) or external factors, such as macroeconomic conditions, were not analyzed. These factors could provide a more comprehensive understanding of the factors that influence the going concern audit opinion. Based on these limitations, future research is recommended to expand the scope of the study to other sectors, such as the financial or technology sectors, to test whether the results found in this study can be generalized to industries with different characteristics. Moreover, adding other variables related to the company's condition, such as profitability, solvency, or liquidity, as well as external factors like macroeconomic conditions, could provide a more comprehensive understanding of how audit characteristics influence the going concern audit opinion.

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