

# Effect of Audit Tenure, Financial Condition, Audit Quality, and Leverage on Going Concern Audit Opinions in the Hospitality, Restaurant, and Tourism Sector Listed on the Indonesia Stock Exchange in 2017-2019

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## ABSTRACT

The purpose of this study is to determine and examine the effect of audit tenure, financial condition, audit quality, and leverage on going concern audit opinions in the hospitality, restaurant, and tourism sector listed on the Indonesia Stock Exchange in 2017-2019. This research is a quantitative descriptive research. The data used comes from the IDX website [www.idx.co.id](http://www.idx.co.id) and meets the requirements. Purposive sampling was used to collect a sample of 11 companies from a population of 35. Data were analyzed using logistic regression analysis. The results show that audit tenure has no significant effect on going concern audit opinions. Financial condition has no significant effect on going concern audit opinions. Audit quality has no significant effect on going concern audit opinions. Leverage has no significant effect on going concern audit opinions.

**Keywords:** Audit Tenure, Financial Condition, Audit Quality, Leverage, Going Concern Audit Opinions

## INTRODUCTION

Auditors are involved in many bankruptcies. Because financial records demonstrate the viability of the company, financial accounts can be impacted by the company's Going Concern Audit Opinion (Fernando and Hadiprajitno, 2015).

The auditor provides a going concern opinion based on the company's Going Concern Audit Opinion. The auditor's assessment of the company's Going Concern Audit Opinion is a going concern opinion. This perspective is detrimental to users of financial statements (Astuti and Darsono, 2012). PT Hanson Internasional Tbk is a well-known example (MYRX). The Financial Services Authority (OJK) punished Ernst and Young for not presenting the financial statements of PT Hanson Internasional Tbk (MYRX). So the STTD registered certificate is valid for 1 year. OJK considers this KAP to be in violation due to the incomplete audit of the financial accounts of PT Hanson Internasional Tbk. OJK attributed Rp613 billion to the company's mistakes so that revenue recognition uses the full accrual method so that transactions are worth Rp732 billion. PT HANSON is a vendor for ready-to-build plots (KAIBA), and financial records do not include PPJB. Many factors have an impact on going concern audit perspective, but the results are inconsistent.

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tourism sector listed on the Indonesia Stock Exchange in 2017-2019.

## **LITERATURE REVIEW**

### **Going Concern Audit Opinions**

Auditors will provide opinions with paragraphs expressing their doubts or concerns about their survival (Muttaqin and Sudarno, 2012). A negative audit opinion from the auditor is bad news for the company, Sourced from Elmawati and Yuyetta (2014). Nonetheless, the auditor expects the company to resolve the issue and continue normal operations.

### **Audit Tenure**

Audit tenure is a term of cooperation between KAP and its customers. Long participation reduces auditor independence, so the evaluation is less than optimal (Ulya, 2012). Article 11 of the Indonesian Tenure Audit Regulation stipulates that general audit services on financial statements can only be provided for a maximum of 5 years. However, the auditor may re-audit the client's financial statements after two years.

### **Financial Condition**

Dewayanto (2011) claims that the company's financial situation reflects the overall financial health. A going concern audit opinion is not possible in both cases. Putrady and Haryanto found that the company was unable to pay expenses due to financial constraints. If this happens, there are more opportunities for a going concern audit opinion.

### **Audit Quality**

Audit quality as the following audit criteria in order to reveal auditor violations. Auditors must provide excellent audit reports because decision makers depend on them. Competent auditors prefer going concern audit findings when audit service clients experience going concern problems.

### **Leverage**

Rahayu and Pratiwi (2011) say that the leverage ratio variable shows the

company's ability to utilize commitments to obtain financing. They experienced a decrease in their ability to express a going concern audit opinion due to an increase in the leverage ratio.

## **RESEARCH METHODS**

This research is a quantitative descriptive research. Descriptive research is a type of research that aims to make a systematic, factual and accurate description of the facts and characteristics of the population of a particular area (Pandiangan et al., 2021). Quantitative research is empirical research where the data is in the form of something that can be calculated. Quantitative research pays attention to the collection and analysis of data in numerical form (Pandiangan, 2015).

According to Sugiyono (2016), population is a region generalization consisting of objects or subjects that have certain qualities and characteristics defined by researchers to studied and then draw conclusions. According Pandiangan et al. (2018) in Sugiyono, purposive sampling is the selection of samples based on certain characteristics that are considered to have relevance to the characteristics of the population that have been known previously. Purposive sampling was used to collect a sample of 11 companies from a population of 35.

Library research of reference sources is a form of research that uses library facilities by examining theoretical discussions from various books, articles, and scientific works related to writing (Pandiangan, 2018). The data used comes from the IDX website [www.idx.co.id](http://www.idx.co.id) and meets the requirements.

Data were analyzed using logistic regression analysis. The research used multiple linear regression methods with ordinary least square (OLS) to find out how far the influence of independent variables on dependent variable (Tobing et al., 2018).

## RESULT

### Coefficient of Determination (R Square)

Table 1. Coefficient of Determination (R Square)

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	20,541*	,110	,210

From Table 1 it can be seen that the nagelkerke R square value is 0.210. Thus, the variability of the dependent variable can be explained by as much as 21% by the independent variable, while other variables outside the research can explain the remaining 79%.

### Hypothesis Test

Table 2. Logistics Regression Test Results

Variable	B	Sig.
Audit Tenure	0.270	0.649
Financial Condition	-19.915	0.999
Audit Quality	2.990	0.714
Leverage	0.843	0.599
Going Concern Audit Opinions	3.381	0.174

The constant variable has a coefficient of -3.381 in the regression equation. Going concern audit opinions will depreciate 3.381.

Audit tenure has a coefficient of 0.270. The audit tenure reduces the company's going concern audit opinioned by 27%. This illustrates the negative orientation of the model. The results show that audit tenure has no significant effect on going concern audit opinions. These results are supported by research by Fahmi (2014) with Kurnia and Mella (2018).

A 100% increase in the financial condition reduces the company's going concern audit opinions by 19.915%. This illustrates the negative orientation of the model. Financial condition has no significant effect on going concern audit opinions. This result is supported by research by Astuti and Darsono (2012).

The coefficient on the audit quality is 2.990, which means that for every 100% increase in the audit quality, the company will receive a 299 percent increase in going concern audit opinions. Audit quality has no

significant effect on going concern audit opinions. This result is supported by research by Astuti and Darsono (2012).

Leverage has no significant effect on going concern audit opinions. This result contradicts the research of Altman and McGough (1974).

## CONCLUSION AND SUGGESTION

The results show that audit tenure has no significant effect on going concern audit opinions. Financial condition has no significant effect on going concern audit opinions. Audit quality has no significant effect on going concern audit opinions. Leverage has no significant effect on going concern audit opinions.

Suggestions in this study are as follows:

1. Other factors such as audit delay, opinion shopping, and financial difficulties can have an effect on going concern audit opinions.
2. Apart from hospitality, restaurant, and tourism, further studies are expected.

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