p–ISSN: 2723 - 6609 e-ISSN: 2745-5254
Vol. 4, No. 11 November 2023 http://jist.publikasiindonesia.id/

ANALYSIS OF THE INFLUENCE OF SUSTAINABILITY REPORTING, AUDITOR SWITCHING, AND GOOD CORPORATE GOVERNANCE ON GOING CONCERN AUDIT OPINION

Annisa Nurbaiti[1], Emeralda Diva Vania[2]
Telkom University Bandung, Indonesia
Email : annisanurbaiti@telkomuniversity.ac.id[1] , emeraldivania09@gmail.com[2]

*Correspondence

ABSTRACT

Keywords: going concern; sustainability reporting; auditor switching; good corporate governance.

Going concern is a basic assumption of financial statements preparation, where the company must able to maintain its operational survival in the present and also be able to continue the business in the future. The purpose of this study is to test the influence of sustainability reporting, auditor switching, and good corporate governance as measured through variables of managerial share ownership, independent commissioners, board of directors, and audit committees on the provision of audit opinions on the going concern of coal sub-sector companies listed on the Indonesia Stock Exchange in 2016-2020. This research uses a quantitative method research. This research used logistic regression for data analysis using Eviews 12. The research results show that the variables of sustainability reporting, auditor switching, and good corporate governance measured through managerial share ownership, independent commissioners, board of directors, and audit committee simultaneously affect audit opinions. Furthermore, managerial share ownership variables positively influence the provision of audit opinions going concern. In addition, the independent commissioner variable negatively influences the provision of audit opinions. Meanwhile, the variables of sustainability reporting, switching auditors, board of directors, and audit committees have no partial effect on the provision of audit opinions going concern.

Introduction

Financial statements are a way to convey formatted information to be placed in the main components of financial statements, where an item needs to meet the definition of basic elements. They can be assessed through a level of provisions that are sufficiently related and reliable (Kieso, Weygandt, & Warfield, 2016). According to (Vasarhelyi, Alles, & Kogan, 2018), an Audit is a process of accumulating and analyzing evidence related to the information to determine and report the accuracy of the information obtained per established standards. Statement of Auditing Standards (PSA) No. 30 Section 341 on "Auditor's Consideration of an Entity's Ability to Maintain Its Survival" states that an auditor has the responsibility to analyze to determine any doubts in a company's ability to maintain the viability of the company for a reasonable period, which is less than one year from the date of the audited financial statements.

One of the problems faced by the coal sector in Indonesia is the selling price for mineral and coal commodities, experiencing unfavorable conditions. The Net-Zero Emission (NZE) policy that is being launched by several countries is predicted to have an impact on the coal industry globally. Based on this, the coal sub-sector is currently facing major challenges. The condition of coal prices and the threat of decreasing demand with the NZE policy can affect the company's business continuity in these sub-sectors. At the same time, the recorded deficit in the financial statements of some of these companies caused several companies to receive going concern audit opinions and some of them were delisted from the IDX.

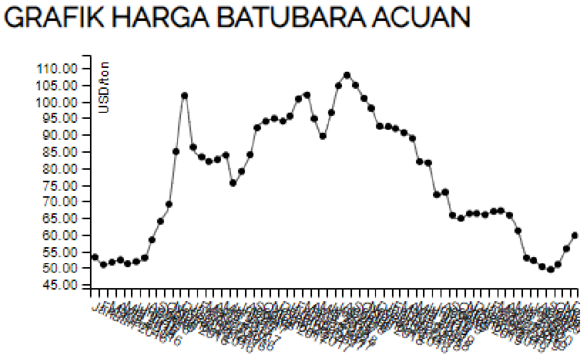

Figure 1. Benchmark Coal Price Chart for 2016-2020
Source: Ministry of Energy and Mineral Resources (accessed 2022)

Companies in the coal sub-sector were the companies most delisted by the IDX during the 2016-2020 period. PT Borneo Lumbung Energi & Metal Tbk in 2020 was delisted because it did not have business continuity. PT Bara Jaya Internasional Tbk was delisted the previous year after being suspended for not having business continuity. In 2017, two companies in the coal sub-sector were delisted: PT Berau Coal Energy Tbk and PT Permata Prima Sakti Tbk.

Based on the Law on Limited Liability Companies No. 40 of 2007 in article 1, paragraph 1 explains that Corporate Social Responsibility (CSR) is a commitment from the company that has participated in sustainable economic development that aims to advance the quality of life as well as the environment that has benefits for the company and the surrounding community. This commitment is one form of the company's strategy to add value to its company by showing that it pays attention to the surrounding social environment. Research (Amba, 2021) shows that Corporate Social Responsibility positively influences the company's going concern. This activity will have an impact on the profitability and survival of the company.

Auditor switching is a form of changing the Public Accounting Firm (KAP) or public accountant by the company (Laksmiati & Atiningsih, 2018). A regulation regulates the rotation of auditor duties in Indonesia; this regulation aims to protect the independence of auditors (Adli & Suryani, 2019). This is because if an auditor or KAP has a strong bond with the client, it will affect independence in conducting the audit. This is supported by research (2020), which states that switching auditors positively and significantly influences the acceptance of going-concern audit opinions. Thus, switching auditors can potentially affect auditor independence and significantly affect the provision of going-concern audit opinions.

Good Corporate Governance (GCG) is a system to manage and supervise business control activities that run continuously to increase the value of shares, where this will increase the value of the company and become a form of accountability to shareholders without neglecting the interests of stakeholders consisting of employees, creditors, and the community. Implementing good corporate governance itself consists of several elements, namely Managerial Share Ownership, Independent Commissioners, Board of Directors, and Audit Committee.

Managerial share ownership is a form of implementing good corporate governance that can equalize the interests of principals and agents (Rhomyah, 2020). With this, it is expected that the managers can be a liaison of the interests of each manager and shareholder and also a form of supervision of policies taken by management. Based on research, managerial ownership has a positive effect on going-concern audit opinions. Thus, managerial shareholding can potentially influence going concern audit opinions.

The Board of Independent Commissioners must be a balancer in decision-making to protect minority investors and other related parties (Febriani et al., 2019). The existence of an Independent Board of Commissioners will show that there is an independent party in the company's management. This will increase the company's value and will make investors confident in the survival of the company. According to research (Rosalinda et al., 2019), the Independent Board of Commissioners influences the provision of going concern audit opinions.

Based on Law No. 40 of 2007, the part of the company that has the authority as well as responsibility for the management of the company for the needs of the company by the company's vision and mission and becomes a representative for the company rises in or out of court by the provisions of the articles of association called the Board of Directors. A company's greater number of Board of Directors will make it more expert in business management. This shows the effectiveness of company decision-making in maximizing company performance. According to research (Rhomyah, 2020), the Board of Directors significantly influences the acceptance of going concern audit opinions.

One of the principles that exist in the implementation of good corporate governance is independence. The Audit Committee is expected to control and monitor decisions made by management by not taking sides with a party but binding all parties involved in the company. Supervision will increase the company's value as a form of good corporate governance implementation. According to research conducted (Febriyanti & Mujiyati, 2021), the Audit Committee significantly influences the acceptance of going concern audit opinions.

Not a few factors can cause the company to obtain a going concern audit opinion. However, some of the factors above, such as the implementation of corporate sustainability reporting manifested in the form of sustainability reporting, auditor switching, and the application of good corporate governance reflected in managerial share ownership, independent commissioners, board of directors, and audit committees from previous studies show inconsistencies in the results of research by previous researchers.

Based on this, the author wants to examine the relationship between the factors influencing the provision of going concern audit opinions. This study aims to determine the influence of sustainability reporting, auditor switching, and good corporate governance on the receipt of going concern audit opinions of coal sub-sector companies listed on the Indonesia Stock Exchange in 2016-2020.

Research Methods

The research method is quantitative. The sampling technique is a purposive sampling technique, which obtained a total of 13 research samples with a research period during 2016-2020 so that 65 research sample units were obtained.

Table 1.
Research Sample Criteria

No	Sample Criteria	Sum
1	Coal sub-sector companies listed on the IDX during the period 2016-2020.	29
2	Inconsistent coal sub-sector companies listed on IDX during the 2016-2020 period.	(15)
3	Coal sub-sector companies that did not publish annual reports during the 2016-2020 period.	(1)
4	Coal sub-sector companies that did not publish *sustainability reporting* during the 2016-2020 period.	0
Total Sample		13
Number of Samples for 5 Years		65

The data analysis method in this study is to use panel data regression analysis using E-Views 12. The form of the panel data regression analysis equation used is as follows:

$$\boldsymbol{BoldGC = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e}$$

Information:

GC	=	Opini Audit *Going Concern*
α	=	Konstantin
β1,2,3,4,5,6	=	Regression Coefficient
X1	=	*Sustainability Reporting*
X2	=	*Auditor Switching*
X3	=	Managerial Share Ownership
X4	=	Independent Board of Commissioners
X5	=	Board of Directors
X6	=	Komite Audit
and	=	*Error Term*

Results and Discussion

Before carrying out the panel data regression process, the data obtained is an outlier to eliminate distorted data. In the end, the data used in this study were 45 sample units from 9 companies. In the panel data regression process, three regression models can be used, namely, Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To determine the most appropriate model, it is necessary to conduct testing in advance. The tests performed are the Chow, Hausman, and Lagrange Multiplier tests.

Based on the results of the Chow test, the best model is the fixed effect model. Furthermore, in testing, Hausman obtained the best model results from random effect models. The best random effect model results are obtained for the Lagrange multiplier test results. So, in this study, the most appropriate regression model used is the random effect model. The following are the test results with a random effect model.

Table 2.
Logistic Regression Test Results

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
C	0,770598	0,370928	2,077486	0,0446
X1	0,186776	0,475453	0,392838	0,6966
X2	0,051709	0,045560	1,134969	0,2635
X3	3,543540	1,278340	2,771985	0,0086
X4	-0,901984	0,379511	-2,376704	0,0226
X5	-0,035528	0,037449	-0,948692	0,3488
X6	-0,595612	0,495532	-1,201966	0,2368

The results of the partial hypothesis test can be seen through the significance level contained in the probability value. Meanwhile, this study uses the coefficient value to form a logistic regression equation. Based on the test results, a logistic regression equation can be made as follows:

$$Y=0,770598+0,186776X_1+0,051709X_2+3,543540X_3-0.901984X_4-0,035528X_5-0,595612X_6$$

Where:

Y = Opini Audit Going Concern
X1 = Sustainability Reporting
X2 = Auditor Switching
X3 = Managerial Share Ownership
X4 = Managerial Share Ownership
X5 = Board of Commissioners
X6 = Komite Audit

Table 3.
Test Results of Coefficient of Determination (R2)

R-squared	0,356934
Adjusted R-Squared	0,255398

Based on the logistic regression test results, the adjusted r-squared value is 0.255398. This shows that independent variables, namely sustainability reporting, auditor switching, managerial shareholding, independent commissioner, board of directors, and audit committee, simultaneously influence the receipt of going concern audit opinions. The independent variable in this study can explain the dependent variable, which is 25.53%. The remaining 74.47% explained other factors that were not in the study.

Table 4.
Partial Hypothesis Test Results (T-Test)

Variable	*Coefficient*	*Prob.*
C	0,770598	0,0446
X1	0,186776	0,6966
X2	0,051709	0,2635
X3	3,543540	0,0086
X4	-0,901984	0,0226
X5	-0,035528	0,3488
X6	-0,595612	0,2368

Based on the logistic regression test results, we can see that this study's value of obtaining prob (f-statistic) is 0.007275 or 0.07%. The value is less than the value of 0.05 (5%). Based on this, independent variables, namely sustainability reporting, switching auditors, managerial share ownership, independent commissioners, board of commissioners, and audit committees, simultaneously influence the dependent variable, namely the provision of going concern audit opinions.

The sustainability reporting variable has a coefficient value of 0.186776 with a probability value of 0.6966, where the value is greater than 0.05. This shows that sustainability reporting does not affect receiving going concern audit opinions. Sustainability reporting in this study is a form of corporate responsibility that does not directly affect the sustainability of a company's business. The results of this research are from (Amalia & Nazar, 2015) and (2014), which state that corporate social responsibility does not influence audit concern opinions. In research conducted (2014), the author stated that auditors, in assessing a company's business sustainability not only look at the company's responsibility to the environment and society but also pay attention to the company's overall identity.

The switching auditor variable has a coefficient value of 0.051709 with a probability value of 0.051709. The probability value is not less than 0.05. This shows that the switching auditor variable does not affect the acceptance of the going concern audit opinion. Changes in auditors are an obligation that needs to be done by the company within a certain time, where even though it is voluntary, changes in auditors cannot prove their effect in providing going concern audit opinions. The results are by research from (Setiadamayanthi & Wirakusuma, 2016) and (Wardani & Satyawan, 2022), which state that switching auditors does not influence going concern audit opinions.

Managerial shareholding has a coefficient value of 3.543540 and a probability value of 0.0086, where the probability value is not greater than 0.05. This shows that managerial shareholding significantly influences the acceptance of going-concern audit opinions. Managerial share ownership is a form of share ownership from the managerial party, where large managerial share ownership will affect managers in managing the business, which will affect the level of business continuity of a company in the future. The results of this research align with research (Rhomyah, 2020) and (Jayamudita, 2018), which revealed that managerial ownership positively influences going concern audit opinions.

The independent commissioner has a coefficient value of -0.901984 with a probability of 0.0226, less than 0.05. This shows that the independent commissioner variable significantly influences the acceptance of the going concern audit opinion. Independent commissioners are important as independent parties in the company's management. When an independent commissioner can carry out his duties and obligations properly, it will positively affect business continuity. This will make the company's chances of receiving a going concern audit opinion decrease. The study's results align with research (A. et al., 2022), which state that independent commissioners negatively influence the acceptance of going concern audit opinions.

The board of directors has a coefficient value of -0.035528 and a probability value of 0.3488, with a value greater than 0.05 indicating that the board of directors variable does not influence the acceptance of the going concern audit opinion. This may be because the role of the board of directors is only one of the supporters of the company's business continuity and does not significantly impact the sustainability of the company's business. This research aligns with research (Vania & Nurbaiti, 2022) and (Khoirun Nisa, 2020), revealing that the board of directors does not influence the going concern audit opinion.

The audit committee has a coefficient value of -0.595612 with a probability value of 0.2368. A value greater than 0.05 can be interpreted as the audit committee variable does not significantly affect the acceptance of the going concern audit opinion. According to (Ravyanda, Wahyuni, & Zubaidah, 2014), this result may be due to the absence of influence from the audit committee on the performance of independent auditors in evaluating the company's business continuity. The results of this study are by research (Ravyanda et al., 2014) and (Ardiyanti, Putra, & Santosa, 2021), which revealed that the audit committee does not affect the going concern audit opinion.

Conclusion

The results of the research and discussion above conclude that coal sub-sector companies listed on the Indonesia Stock Exchange in 2016-2020 with a total sample of 45, it can be concluded that sustainability reporting, switching auditors, managerial share ownership, independent commissioners, board of directors, and audit committees have a simultaneous influence on the receipt of going concern audit opinions. Partially, managerial shareholding variables have a positive influence, and independent commissioners negatively influence the acceptance of going concern audit opinions. Meanwhile, the variables of sustainability reporting, switching auditors, board of directors, and audit committee do not have a partial effect. Based on the results of managerial share ownership and independent commissioners who influence the provision of going concern audit opinions, it is hoped that this can be an insight for future research related to the provision of going concern audit opinions. In addition, further researchers are expected to be able to use other objects and variables that can be indicated to influence the acceptance of going concern audit opinions.

Bibliography

Adli, Syarifah Nadya, & Suryani, Elly. (2019). Pengaruh leverage, pergantian manajemen, dan audit fee terhadap auditor switching. *Jurnal Aset (Akuntansi Riset)*, *11*(2), 288–300.

Amalia, Pravianti Rizki, & Nazar, Mohamad Rafki. (2015). Pengaruh Financial Distress, Debt Default, Reputasi Auditor Dan Corporate Social Responsibility Terhadap Penerimaan Opini Audit Modifikasi Going Concern (studi Kasus Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2011-2013). *EProceedings of Management*, *2*(2).

Amba, Nurul Saputri. (2021). *Pengaruh Corporate Social Responsibility Terhadap Going Concern Dengan Profitabilitas Sebagai Variabel Moderasi (Studi Pada Perusahaan Sektor Pertambangan Periode 2016-2019 Yang Terdaftar Di Bursa Efek Indonesia)*. Universitas Muhammadiyah Malang.

Ardiyanti, Ni Luh Putu Happy Arini, Putra, I. Gede Cahyadi, & Santosa, Made Edy Septian. (2021). Pengaruh kualitas audit, financial distress, rentang waktu penyelesaian audit dan good corporate governance terhadap penerimaan opini audit going concern. *Kumpulan Hasil Riset Mahasiswa Akuntansi (KHARISMA)*, *3*(1).

Febriyanti, Dina, & Mujiyati, Mujiyati. (2021). Pengaruh Opinion Shopping, Pertumbuhan Perusahaan, Likuiditas, Proporsi Komisaris Independen, dan Komite Audit Terhadap Opini Audit Going Concern (Studi Empiris Pada Perusahaan Yang Terdaftar Pada Jakarta Islamic Index Tahun 2016-2019). *E-Prosiding Seminar Nasional Manajemen Dan Akuntansi STIE Semarang (SENMAS)*, *2*(1), 73–92.

Jayamudita, Marvelous Alexander. (2018). *Analisis Pengaruh Mekanisme Good Corporate Governance dan Opini Audit Tahun Sebelumnya Terhadap Penerimaan Opini Going Concern Pada Perusahaan Manufaktur Yang Terdaftar Di BEI Periode 2014-2016/Marvelous Alexander Jayamudita/32140233/Pembimbing: Rizka Indri Arfianti*.

Khoirun Nisa, Siti. (2020). *Pengaruh Good Corporate Governance, Manajemen Laba, Reputasi KAP Terhadap Opini Audit Going Concern (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia Periode Tahun 2016-2018)*. STIE Multi Data Palembang.

Kieso, Donald E., Weygandt, Jerry J., & Warfield, Terry D. (2016). *Intermediate accounting*. John Wiley & Sons.

Laksmiati, Elza Devi, & Atiningsih, Suci. (2018). Pengaruh Auditor Switching, Reputasi

Kap Dan Financial Distress Terhadap Opini Audit Going Concern. *Fokus Ekonomi: Jurnal Ilmiah Ekonomi*, *13*(1), 45–61. https://doi.org/10.34152/fe.13.1.45-61

Ravyanda, Mohammad Gusti, Wahyuni, Endang Dwi, & Zubaidah, Siti. (2014). Pengaruh Komisaris Independen, Komite Audit Dan Kepemilikan Institusional Terhadap Opini Audit Asumsi Going Concern. *Jurnal Reviu Akuntansi Dan Keuangan*, *4*(2).

Rhomyah, Uliyfatul. (2020). *Pengaruh Penerapan Good Corporate Governance (GCG) dan Struktur Kepemilikan Terhadap Penerimaan Opini Audit Going Concern Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia (BEI) Tahun 2011-2018*. Universitas Internasional Semen Indonesia

Setiadamayanthi, Ni Luh Ayu, & Wirakusuma, Md Gd. (2016). Pengaruh auditor switching dan financial distress pada opini audit going concern. *E-Jurnal Akuntansi Universitas Udayana*, *15*(3), 1654–1681.

Vania, Emeralda Diva, & Nurbaiti, Annisa. (2022). Analisis Pengaruh Sustainability Reporting, Auditor Switching, Dan Good Corporate Governance Terhadap Pemberian Opini Audit Going Concern (Studi Pada Perusahaan Sub-Sektor Batubara yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2020). *EProceedings of Management*, *9*(5).

Vasarhelyi, Miklos A., Alles, Michael G., & Kogan, Alexander. (2018). Principles of analytic monitoring for continuous assurance. In *Continuous Auditing: Theory and Application* (pp. 191–217). Emerald Publishing Limited.

Wardani, Asti, & Satyawan, Made Dudy. (2022). Pengaruh Komisaris Independen dan Struktur Kepemilikan Terhadap Penerimaan Opini Audit Going Concern: Keywords: Independent Comissioner; Managerial Ownership; Institusional Ownership; Going Concern Audit Opinion. *Jurnal Akuntansi AKUNESA*, *10*(2), 107–115. https://doi.org/10.26740/akunesa.v10n2.p107-115