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CHAPTER I

INTRODUCTION

1.1 Background

One way management provides financial information to stakeholders as a means of assessing company performance is through financial reports. A company's financial reports must explain the company's operations and assess its future existence and sustainability, a crucial component of business continuity. Investors also assess an entity before deciding to collaborate with it through financial reports. Shareholders **hold the right to access information** regarding a company's finances by observing how the company operates. This information is used to assess management performance and determine whether the company is providing benefits to them. Financial reports demonstrate how management manages the resources allocated to it (Daulay & Serly, 2020). These reports should provide complete and comprehensive information on all **matters related to the company's operations** within a year or a specific period. Investors seek sound investment decisions and high returns by utilizing **the information contained in financial reports.**

The presence of **a** third-party auditor is fundamental for providing an opinion on an entity's financial statements, allowing various parties to use the statements as a basis for decision-making. Companies need to employ independent and experienced third parties in auditing financial statements (Ardani Sarifah, 2017). Public accountants require high levels of independence and expertise to provide



reliable audit opinions for all parties. Auditors must be free from any obligations to their clients and have an interest in their clients, and must not be biased (Dura & Nuryatno, 2015).

An audit's objective is to give enough assurance that information presented in the reports is reliable and accurate (Simamora & Hendarjatno, 2019). Insights from the audit opinion on financial statements assist in determining the company's capacity for sustainable operations. Audited financial statements are an important tool for conveying significant financial information to stakeholders. The audited report plays a role in bridging the interests of financial statement users and financial statement providers (Wulandari et al., 2014). The auditor's primary objective in preparing an audit report is to obtain and evaluate the entity's reports to ensure they are fairly presented in accordance through generally accepted accounting principles.

Investors consider audit opinions on financial statements as a factor in their investment decisions. Through the audit process, auditors gather sufficient evidence to evaluate whether the financial statements are accurate and not misstated due to mistakes or intentional misrepresentation, allowing them to draw conclusions (Gunawijaya, 2015). One of the most influential factors for investors is the auditor's opinion. Investors highly expect a warning of a company's financial failure through the auditor's opinion. If the auditor fails to provide adequate early warning of impending company failure in their audit report, this will result in losses for investors who rely heavily on the information provided by the auditor. Management needs to have the ability to manage the company so



that it can survive, and this is always linked to business continuity. Management can use assumptions going concern in considering further action regarding the uncertainty of the entity's ability to survive.

Auditors play a crucial role in assessing a company's ability to continue operating and conducting business by conducting thorough investigations and assessments of findings that impact the audited company's viability. After assessing the audited company's financial and operational condition, the auditor issues a conclusion, which may include a going concern opinion. This opinion is grounded in the assumption that the business will continue operating and is particularly relevant when the entity experiences events or conditions that could jeopardize its ongoing viability. Should a company face conditions that are contrary to the business continuity estimate, it will experience problems (Januri & Sepa, 2020).

A going concern opinion can signal potential concerns and is often viewed as adverse information by financial statement users. Auditors must be able to determine their beliefs on whether the company is likely to sustain its operations in the future. Nevertheless, the going concern audit opinion remains highly relevant for businesses and for both current and potential investors who need to evaluate the viability of their investments. For companies, the auditor's trust in the information they provide through the going concern opinion can help companies make informed decisions based on their situation. Meanwhile, investors will be assisted in making decisions about their investments, and potential investors will be able to determine whether or not to invest in the company. In reality, this opinion needs to be conveyed as soon as possible so that the company can still sustain its viability (Izazi & Arfianti, 2019).



According to Azizah & Anisykurlillah (2014) an audit opinion that states that certain events and circumstances raise questions about the company's viability or the entity's capacity to endure is known as a "going concern" audit opinion. If there is doubt about the company's ability to survive, the auditor has the right to issue a going concern opinion. This opinion is then included in an explanatory paragraph or opinion paragraph in the audit report.

O'Reilly (2009) stated that a going concern opinion indicates potential risks to the company's survival, while a non-issued going concern opinion conveys a positive indication that the company is financially and operationally sound. When auditors have doubts about the company's business continuity, they must evaluate management's plans related to the situation. Large-scale auditors can provide higher-quality audit reports, including expressing audit opinions that are of concern, compared to small-scale auditors (W. A. Ginting, 2018).

The American Institute of Certified Public Accountants (AICPA) instructs auditors to assess if an entity is able to continue its operations for a minimum of one year following the reporting date. This is due to the many cases of financial statement manipulation, both in Indonesia and abroad. For example, in the famous cases of Enron, Xerox, and Worldcom, which manipulated financial data to avoid appearing bankrupt, when in reality the companies were on the verge of bankruptcy (Suma & Muid, 2019). This resulted in many users of financial statements being harmed, and auditors are also responsible for the misinformation provided. Cases like this have led to the auditing profession receiving criticism from various sides. In connection with this case, the public accounting firm that audited the company was sanctioned



and banned from operating. Similar cases also occur in Indonesia, where companies receive unqualified opinions but do not reflect the company's actual conditions. Such cases have occurred in Indonesia, such as the case of SNP Finance. SNP Finance received an unqualified opinion from the auditor. However, according to the Financial Services Authority audit results, the financial statements did not meet the criteria for an unqualified opinion. Based on past cases in Indonesia and around the world, the public is highly concerned about the opinions issued by auditors.

An auditor's opinion can be shaped by a variety of internal and external considerations. Internal (dispositional attributions) and external (situational attributions) can be a source of motivation for someone to behave in a certain way (Mindarti, 2016). Aspects of individual behavior, such as personal traits, self-perception, abilities, and motivation, tend to be influenced by internal factors. Meanwhile, external factors have a greater impact on a person's environment, including their social circumstances, social principles, and societal perspectives.

This study then examines the internal and external factors of an auditor in providing an opinion, which are then referred to as auditor characteristics. These auditor characteristics influence the auditor's actions and decision-making attitudes when providing an opinion. This study develops auditor characteristics, including auditor reputation, auditor gender, and auditor formal competency.

Going concern audit opinions are closely related to their reputation. Auditors are responsible for ensuring that their opinions are consistent and objective, as their reputations are at stake when they provide opinions about the actual financial situation. The auditor's opinion must include information that



of a company. Public and governmental judgments about auditors and accounting firms are often made by auditors and accounting firms to determine whether the company being audited is bankrupt. If the opinion provided does not reflect the actual situation, the reputation of the accounting firm where the auditor works will be threatened. Therefore, auditors must be brave enough to point out any issues regarding the organization's operational continuity. The reputation of the auditor often reflects the large scale of the organization, which typically hires major public accounting firms to perform financial statement audits, as they trust these firms maintain higher professional standards. In this study, reputable public accounting firms are represented by The Big Four. It is expected that those wishing to invest will be more interested in choosing a well-known public accounting firm. Previous studies have indicated that several investigations found an auditor's reputation influences the issuance of a going concern opinion, while some research suggests it does not have any impact. Research by Nainggolan & Sianturi (2020) found that auditor reputation has a positive influence on going concern audit opinion, while Auladi et al. (2019) found that there was no significant influence between auditor reputation and going concern opinion.

Another auditor characteristic that can influence an auditor's decision-making process is the difference in auditor gender. The cultural concept known as gender differentiates men and women in terms of roles, behaviors, mentality, and emotional characteristics that develop in society (Murtadha, 2018). These differences include differences in nature and characteristics, as well as different perspectives between women and men. These differences can determine the level



of auditor decision-making and the information needed to audit a client company.

This will also impact the speed or slowness of the audit process and results.

According to Ainayah et al., (2017) men are more capable of taking on management responsibilities than women because they are more focused on work, aggressive, and independent. On the other hand, women are considered more passive, gentle, considerate, and more sensitive in carrying out their duties. Men usually do things with rationality or logic, while women do things with feelings. Meanwhile, according to Rizki Humaira et al., (2024) women get information faster than men, they also remember what they have just learned more easily than men, so they can use information more carefully and make better decisions than men.

Public accountants, when conducting financial statement audits, must possess sufficient competence to maintain the trust of clients and other stakeholders in the audited financial statements. Competence is essential for auditors, who should have proper education in auditing and accounting. Expertise is a key factor for an auditor, enabling them to complete audit tasks effectively and achieve optimal results. The skills acquired through formal and informal education must be continuously improved. One source of improving auditor expertise can come from experience in auditing and accounting. This experience can be acquired through a gradual process, such as carrying out audit assignments, training, or other activities related to developing auditor expertise.

The results of their thinking and examination will be documented in an independent audit report, which is included in the audited financial statements. Therefore, expertise in their field is essential. Competence is essential for auditors,



63 requiring formal education in auditing and accounting, adequate practical experience for the work being performed, and ongoing professional education. An auditor's formal education can determine their mastery of their field. The more expert an auditor is in their field, the more credible and accurate their opinion will be regarding a company's condition. Auditors with greater knowledge and experience become more adept at forming audit opinions.

120 Financial companies listed on the Indonesia Stock Exchange represent the largest source of funding. Financial companies can also be a prime choice for short-term and long-term investment. This study focuses on financial companies in the banking sector. This sector, as a provider of development funds and expanding the business environment, plays a crucial role in driving economic growth and increasing employment opportunities. The role of banks in collecting and distributing funds is crucial for the smooth functioning of the real sector of the economy because these activities enable the public to invest, distribute, and consume goods and services. One crucial sector for a country is the banking sector. Banks obtain substantial funds from the wider community. These funds are then used to develop businesses through credit or loans. Therefore, the importance of the banking sector in a country makes banking stocks highly sought after by investors. Banking plays a key role in helping improve the investment climate and supporting the growth of Indonesia's capital market. Banking is one of the first sectors to recover quickly during economic contractions, and stock prices tend to stabilize and recover quickly (Nadya, 2024). Banking stocks listed on the Indonesia Stock Exchange (IDX) account for 33% of Indonesia's capital market capitalization



(IDX.co.id, 2023). One example of a bank that is highly sought after by investors is PT Bank Central Asia Tbk. According to data from *id.investing.com* PT Bank Central Asia TBK shares, code named BBKA, are among the most actively traded in Indonesia, as the bank is a major player in the country's financial sector. BBKA's market capitalization reached IDR 1,000 trillion in March 2022, demonstrating its importance and influence in the market (Winarto, 2022). According to *artikel.bibit.id* BCA shares are relatively stable. Their share price doesn't always rise rapidly or experience drastic declines.

49 Banks are also business entities whose primary objective is to generate profits. Therefore, users of financial reports will pay close attention to the profits stated therein. This is primarily for the benefit of investors, who want to make informed investments and achieve high returns by using these financial reports. These companies' financial reports must be audited with reliable quality so that investors and the public feel secure and confident in them. Furthermore, there is still a lack of research examining going concern in the banking sector in Indonesia is also the reason researchers chose this sector.

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The above phenomenon shows that the going concern audit opinion plays a role in the continuity of a company's business. With this opinion, the company is expected to be able to quickly improve its condition for the future. This opinion also illustrates how the company functions, thereby attracting the attention of financial statement users during their evaluation of the organization. An auditor's going concern assessment influences the continuity of the audited business, which is why auditors must maintain a high level of independence and responsibility when issuing their opinions. In addition to independence and responsibility, auditors have other characteristics, including auditor reputation, auditor gender,

and formal auditor competence.



At present, issuing a going concern assessment is essential, as it reflects how an organization sustains its operational continuity. Some people argue that auditors who provide such an assessment are signaling that the entity's long-term viability may be uncertain. The auditor's responsibility is not to assess the company's viability, but rather to choose the opinion to be rendered, taking the company's viability into account.

From the background description that has been presented and the phenomena that have occurred and supported by the results of previous research which still provide different conclusions, the researcher is interested in re-conducting the research with the title "Characteristics of Auditors and Going Concern Audit Opinion"

1.2 Problem Formulation

Listen to the going concern opinion is an opinion given to a company indicating that there are situations and events that raise auditor concerns about the company's viability or the entity's ability to survive (Azizah & Anisykurlillah, 2014). This opinion is important to help stakeholders understand the auditor's evaluation of an entity's ability to operate. This opinion also influences the company's business continuity, so the auditor must have significant independence and responsibility in providing an audit opinion. In addition to independence and responsibility, auditors are also influenced by other characteristics, which in this



study include the auditor's reputation, auditor gender, and auditor formal competence.

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Thus, the research questions that will be answered in this study include:

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1. Does auditor reputation have a significant effect on going concern audit opinion?
2. Does auditor gender have a significant effect on going concern audit opinion?
3. Does the auditor's formal competence have a significant effect on the going concern audit opinion?

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1.3 Research purposes

Based on several questions that form the problem formulation above, it can be concluded that the objectives to be achieved from this research are as follows:

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1. To analyze the influence of auditor reputation on going concern audit opinion.
2. To analyze the influence of auditor gender on going concern audit opinion.
3. To analyze the influence of auditor formal competence on going concern audit opinion.

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1.4 Benefits of research

Based on the formulation of the problem and research objectives above, it is hoped that it will provide benefits both theoretically and practically as follows:

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1. Theoretical Benefits

This research is then expected to enrich the literature and also be used as reference material as a science for readers and further researchers regarding auditor characteristic variables which in this case include, auditor reputation, auditor gender, and auditor formal competence.



2. Practical Benefits

11 a. Investors are expected to find this research easier to make investment decisions based on the audit opinion received on a company's financial statements. This will help investors feel confident in their decision to invest in a company, particularly banking companies.

44 b. For companies, this study is expected to serve as guidance for business owners in making decisions, by showing that the auditor's reputation, auditor gender, and professional competence can influence assessments regarding a company's potential to sustain itself as a going concern; therefore, careful consideration is necessary when selecting a public accounting firm.

CHAPTER II LITERATURE REVIEW

2.1 Theoretical Foundation

2.1.1 Attribution Theory

Attribution theory holds that a person's performance effectiveness is determined by their behavior (Saefullah et al., 2021). Attribution theory generally examines how an individual understands an event and how that event subsequently affects their thoughts and behavior. This theory can provide insight into human behavior and explain how a person acts. Research by Saefullah et al., (2021) also states that a person's behavior significantly influences their performance. There are two variables in attribution theory: internal variables and external variables. Internal variables include a person's abilities, expertise, and efforts to personally influence their performance and behavior. Meanwhile, external variables are when a person perceives that their behavior is influenced by factors beyond their control or originating from the environment (Pasaribu & Wijaya, 2017).

Attribution theory states that a person's behavior in carrying out an action or decision is influenced by internal forces, which include their abilities, and external forces, which include their environmental conditions. As a result, the more committed an employee is to the company, the less fraud they commit (Pasaribu & Wijaya, 2017). Attribution theory explains behavior in relation to attitudes and personal characteristics, so that simply by observing someone's behavior, one can determine their attitudes or characteristics.



and can also predict their behavior in certain situations. This study uses relevant attribution theory to explain the behaviors that influence an auditor during the audit process and the resulting audit opinion. Attribution theory will enable auditors to determine how well they perform audit tasks, both from internal and external factors (Dayuni et al., 2021). Internal attributions, in this case, are related to the auditor's gender and formal auditor competence, which are among the measures that influence the auditor's independence in carrying out their work objectively. Meanwhile, external attribution in this study is the auditor's reputation. The difference between internal and external attributions in this study also aligns with research conducted by Dayuni et al. (2021).

2.1.2 Going Concern Audit Opinion

According to Haribowo (2013), companies need to ensure whether they can maintain their business continuity in the future with an opinion given by an auditor known as an going concern audit opinion. Audit report with modifications regarding going concern shows that in the auditor's assessment there is doubt that the auditor is doubtful that a company will not be able to maintain its business continuity at least in the future. Business continuity (going concern) can be indicated by the conditions or occurrences that a company experiences, such as large, ongoing operating losses that raise doubts about the company's survival (Melistiari et al., 2021). If the company is deemed unable to operate properly, the auditor is responsible for providing an opinion on the fairness of the company's financial statements and disclosing problems going concern. This opinion is issued



4 as an unqualified opinion with an explanatory paragraph regarding the company's business continuity. In the study by Santoso & Wiyono (2013), several factors are identified that may affect auditors when providing a going concern assessment (IAI, 2001: section 341.3 paragraph 6), including:

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1. Negative trends include recurring operating losses, working capital problems, weak cash flow, and low financial ratios.
 2. Additional clues about possible financial problems for a company include an inability to fulfill debt commitments, delays in distributing dividends, or the sale of substantial assets.
 3. Internal problems include labor strikes, heavy dependence on the success of specific projects, uneconomical long-term commitments, and operational overhauls.
 4. External problems that occur, such as court lawsuits, modifications in regulations, other factors which could negatively affect the company's operations, including losses of suppliers or customers, or losses due to natural disasters.

92 According to Januri & Sepa (2020) there are two different ways to interpret the term going concern. Firstly, as a concept, it refers to the company's ability to maintain its business in the long term. Secondly, as an audit opinion, it refers to the auditor's concern about the company's ability to maintain its business in the future. In reality, companies are very reluctant to have a going concern opinion. This audit opinion has a negative impact on the company, such as a decline in the company's stock price, difficulty in raising loan capital, and a loss of trust in the company's

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management from investors, creditors, customers, and employees (Senjaya & Budiarta, 2022). Auditors not only look at the financial statements **in carrying out the audit process;** they must also consider the company's existence and viability because all past and future transactions are contained in the financial statements. Therefore, auditors must thoroughly consider whether the company has problems with its viability **over a certain period of time,** so that **the** resulting opinion is **of** higher quality and more accurate (Haribowo, 2013).

2.1.3 Auditor Reputation

An auditor's reputation reflects an auditor's positive image and demonstrates their achievements and public trust in their audit firm (Januri & Sepa, 2020). Auditors with a good reputation typically maintain audit quality to maintain their reputation and reduce the risk of losing clients. According to Verdiana & Utama (2013), auditors have a responsibility to maintain public trust and safeguard their own reputation and the reputation of their public accounting firm by issuing opinions that reflect the actual circumstances of a company. This is because an **auditor's reputation is demonstrated through public trust in the auditor's performance.**

Nainggolan & Sianturi (2020) explain the reasons for The Big Four being more trusted because in the eyes of the public they have greater resources and a better reputation compared to accountant firms non-Big Four. Well-known auditors can deliver better audit quality, including disclosing issues of public concern. Therefore, they tend to conduct audits more efficiently and effectively and maintain timely audit schedules to maintain their good public reputation. This is supported



by Januri & Sepa (2020) who found that large-scale public accounting firms tend to have more human resources, resulting in more competent employees. Furthermore, auditors affiliated with international accounting firms are generally perceived by clients as having higher quality due to quality-related characteristics, including professional training, global recognition, and evaluations by fellow auditors. Companies which opt for reputable accounting firms are expected to attract investment interest from those interested in them. Therefore, companies that already use accounting firms, typically Big Four, they tend not to change public accountant firm for a specified number of years (Pawitri & Yadnyana, 2015).

Krissindiastuti & Rasmini (2016) assume that KAP*Big Four* be more careful in providing audit opinion because the KAP wants to provide the best results for clients. On the other hand, providing an going concern opinion. It's also not easy. Auditors' opinions are often vulnerable to public scrutiny. An auditor who incorrectly issues an opinion that doesn't reflect the company's actual situation will negatively impact the auditor's reputation and that of the public accounting firm where the auditor works. The audit opinion serves as a way for users of financial statements to provide information to judge towards a company, so auditors must be careful. A KAP's reputation is the image built by a KAP over time (Aronmwan et al., 2013). The higher the quality of the auditor, the more likely the company is to receive a going concern opinion will be greater because auditors will be more thorough in examining all events in financial and non-financial reports. This is also supported by S. Ginting & Suryana (2014) who said that the better a public

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accounting firm is, the more likely the accountant is to provide an opinion regarding going concern company.

2.1.4 Gender Auditor

Gender is a collection of traits related to masculinity and femininity that produce biological sex where masculine is male and feminine is female. Gender includes a person's leadership style, communication skills, risk level, and decision-making level (Peni & Vähämaa, 2010). Gender in sociology includes social identity and roles as well as gender (Putra et al., 2020). Gender is also a cultural concept that can create differences in behavior, emotional characteristics, materialism, and roles between men and women. Auditors have different thoughts and psychological makeup, particularly differences between men and women in terms of behavior and emotions. These differences then result in several different assessments in managing and communicating information by women and men.

Gender is one of the individual factors that influences a person's work attitude. Gender defined as a socio-cultural aspect seen in their behavior and values (Faizah, 2017). There are several different ways to handle and communicate information due to different genders. Men are known to use more rationality or logic in doing things, while women use more of their feelings in doing things. Women's decision-making tends to be longer and full of complex considerations, while men's decision-making tends to be faster and uses rationality and logic (Pratama & Chaniago, 2018). Women tend to be more adept at managing information carefully and evaluating it further. In addition, women have better memories than men (Yendrawati & Mukti, 2015). Gender It is also a cultural concept



that can cause differences between men and women in behavior, emotional traits, materialistic traits, and roles. *Genderis* considered as one of the non-technical components that can influence the results of the auditor's opinion (Ainayah et al., 2017).

2.1.5 Formal Auditor Competence

According to Agoes & Ardana (2013), an auditor's formal competence can be defined as the skills and abilities required to perform a job or profession. An auditor's level of education and experience influences the results and decisions the auditor makes regarding the company based on his or her testimony. An auditor's professional competence is the auditor's ability to apply his or her knowledge and experience in conducting an audit, enabling the auditor to conduct the audit carefully, accurately, and objectively. The professional expertise an auditor possesses is the result of formal education, professional examinations, and participation in training.

An auditor's formal education is the level of education and experience they possess. Auditors conducting audits in financial companies must understand financial accounting standards in the auditing field, related Statements on Auditing Standards and the Professional Standards of Public Accountants for fieldwork and reporting. Auditors must also possess sufficient competence in applying these standards to perform their assigned tasks and duties (Junaidi et al., 2016).

Financial statement auditors must have an accounting education background. The higher the auditor's education level, the more accounting knowledge they

possess. Formal and non-formal education levels are the most common ways to demonstrate a person's competence (Mujiyati et al., 2020). Minimizing the possibility of errors when deciding on status of going concern, it is suggested that the decisions made must have a high level of professionalism. Thus, the going concern opinion must be provided by someone with a high level of education and experience. Auditors must be highly educated and proficient in auditing and accounting, and have extensive experience. Therefore, a high level of professionalism is required to make decisions about the company's survival (going concern).

Currently, some companies still receive going concern opinions, which must be issued by auditors with knowledge and experience in their field. Therefore, knowledge and experience will improve the auditor's skills in issuing a going concern opinion (Suma & Muid, 2019).

2.2 Previous Research

A summary of several studies that have been conducted by previous researchers can be seen in table 2.1.

Table 2.1 Previous Research

No.	Researcher Name & Year	Research Variables	Research result
1.	Osman et al., (2016)	Auditor Characteristics	Auditor remuneration has a significant influence on the issuance of a going concern opinion. While the auditor specialization and auditor switching has no effect on going concern opinion.
2.	Adolpino Nainggolan &	Audit Tenure, Auditor Reputation and Company Size	Audit tenure has no effect on going concern opinion, while auditor reputation and company size influence audit going concern opinion.



	Heriston Sianturi (2020)		
3.	Januri and Rani Arlina Sepa (2020)	Auditor Reputation, Debt Default, and the Audit Opinion of the Previous Year	Auditor reputation and previous year's audit opinion have a significant influence on going concern audit opinion. Debt default does not significantly influence the going concern audit opinion.
4.	Briella Oviana Putri Dwyani and Bambang Suryono (2022)	Financial Ratios, Company Size, and Auditor Reputation	Solvency, auditor reputation significantly influences going concern audit opinion, liquidity ratio, profitability, company growth, company size do not have a significant influence on going concern audit opinion.
5.	Nabella Aprilia Suma and Dul Muid (2019)	Influence Formal Competence, Audit Fee, Audit Firm Size and Financial Distress	Formal competence, audit firm, and financial distress does not affect the going concern audit opinion, whereas audit fee has a significant influence on going concern audit opinion.
6.	Elza Devi Laksmiati and Suci Atiningsih (2018)	Auditor Switching, KAP Reputation and Financial Distress	Variable auditor switching, KAP reputation, and financial distress has an effect on the acceptance of the going concern audit opinion.
7.	Nisrina Nugeraheny and Imam Ghozali (2019)	Auditor Professional Competence, Audit Charges, and Size of the Audit Firm	Formal competence together with audit fees is positively related to the likelihood of the auditor issuing a warning going concern, while the size of the public accounting firm has a negative relationship with the likelihood of the auditor issuing a warning going concern.
8.	Nisrina Nugeraheny and Imam Ghozali (2019)	Auditor Formal Competence, Audit Fees, and Audit Firm Size	Formal auditor competence, audit fees have a positive effect on the likelihood of issuance going concern warning, while company size has not been proven to have a relationship with issuance going concern warning.
9.	Famelya Ayuni and Dian Fitria Handayani (2023)	Audit Fee, Audit Rotation, Auditor Reputation, and Auditor Specialization	Audit fee has a significant and positive effect on audit quality, while audit rotation, auditor reputation and auditor specialization do not have an effect on audit quality.
10.	Yolanda Siregar, Duma Megaria Elissabeth (2018)	Audit Tenure, Auditor Reputation, Audit Specialization, and Size Company	Auditor tenure, auditor reputation, audit specialization, and company size have a significant influence on going concern audit opinion.

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11.	Briliani Laksmita and Sukirman (2020)	Financial Distress Moderating the Influence of KAP Reputation, Auditor Switching, And Leverage	Companies that change auditors will most likely receive a going concern opinion. KAP reputation variables and leverage does not affect the acceptance of going concern opinion and financial distress does not moderate the influence of KAP reputation and auditor switching on the acceptance of going concern audit opinion.
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2.3 Conceptual Framework

The theory used in this research is attribution theory. This theory explains individual behavior. It discusses how individuals explain why they behave in a certain way, or why they behave in a certain way. The causes can stem from internal sources, such as traits, character, attitudes, and so on, or from external sources, such as the pressure of certain situations or conditions that can influence individual behavior.

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Audit opinion regarding the going concern of a company is one of the auditor's findings that is highly scrutinized by the public, especially investors who wish to invest in a company. The opinion provided by an auditor must come from someone who truly understands the field. This auditor's opinion is one of value in the eyes of investors, society or government.

This opinion cannot be issued by an inexperienced and unskilled auditor. Providing this opinion will also impact an auditor's reputation in the public eye if the auditor is inaccurate in providing the opinion. The resulting audit opinion can also be influenced by differences in an auditor's thinking and decision-making characteristics. This is because there are differences in characteristics between female and male auditors, resulting in different results. In addition to differences in

thinking styles, the auditor's opinion must be provided by a trusted auditor. This experience is then gained through education or training undertaken by the auditor.

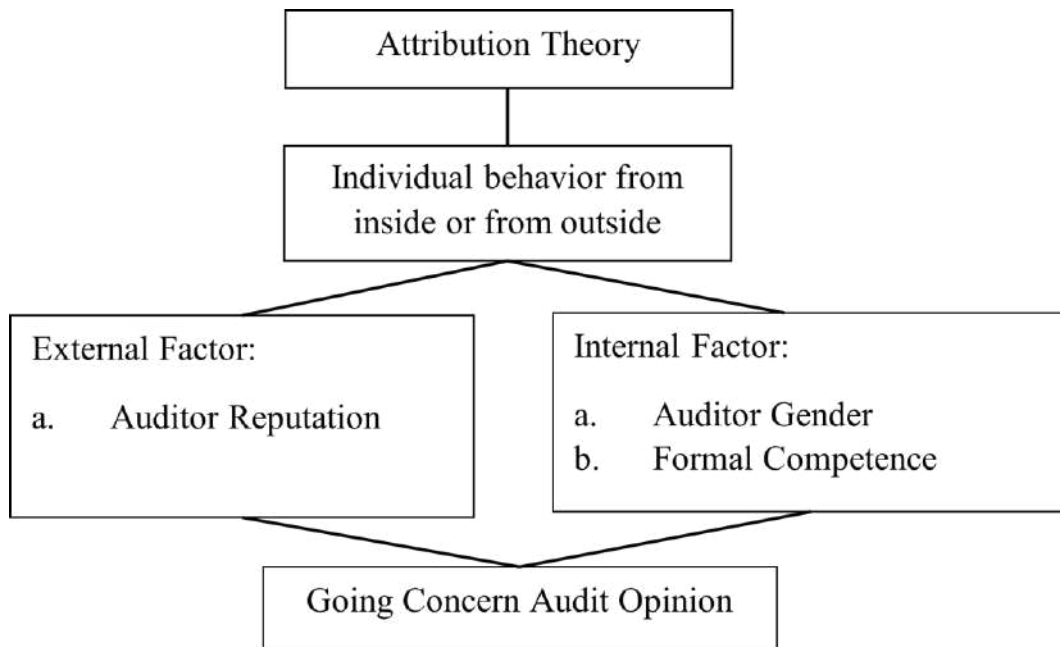


Figure 2.1 Concept Framework

2.4 Hypothesis Development

2.4.1 The Effect of Auditor Reputation on Going Concern Audit Opinion

Based on attribution theory, this theory reflects the existence of a person's behavior that can influence their decision-making. In this case, the auditor receives public assessment, either in the form of a good or bad reputation. Consequently, the behavior of these outsiders will influence the auditor's value, which then impacts how the auditor will act to maintain a good external assessment.

Auditors are responsible for providing high-quality audit services because they will produce information that is very useful for those who use financial reports in decision making. According to Santoso & Wiyono (2013), large-scale auditors



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have a greater capacity to face the risks of the judicial process and are therefore more likely to disclose existing problems. Therefore, large-scale auditors have a greater possibility or incentive to report going concern problems. If the client is proven to be facing problems continuing their business, compared to a small-scale auditor. However, if the opinion provided does not reflect the company's actual situation, the public accountant firm's reputation will be at stake. Therefore, auditors with a better reputation will be more cautious in issuing a going concern opinion so that his reputation is not threatened.

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In reality, a public accountant firm will strive to maintain its reputation through qualified auditor teams. In this study, auditor reputation is indicated by The Big Four companies. The Big Four is a group of four of the largest international accounting and professional services firms, whose task is to handle the majority of audit work for both public and non-public companies. The Big Four can be trusted because they have greater resources and a better reputation compared to Non Big Four (Nainggolan & Sianturi, 2020). Furthermore, an auditor with a good reputation will provide an opinion that is appropriate to the circumstances. This is expected to result in a higher quality auditor's opinion, as evidenced by the increasing reliability and transparency of the company's financial information.

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In research conducted by Nainggolan & Sianturi (2020), it was shown that auditor reputation has an influence on going concern audit opinion. This is also supported by Dwyani & Suryono (2022) and Januri & Sepa (2020) in their research which concluded that there is an influence of auditor reputation and going concern audit opinion. The auditor's reputation has a significant influence on the provision



of going concern audit opinion if the company faces problems related to its business continuity. This is because highly reputable auditors (auditors affiliated with The Big Four) will certainly be more independent and considered more trustworthy, especially in the public eye. Auditors with a better reputation will have a better chance of providing a going concern audit opinion in the auditor's report. Therefore, the hypothesis that can be presented in this study is:

H1: Auditor reputation has a positive influence on going concern audit opinion

2.4.2 The Effect of Auditor Gender on Going Concern Audit Opinion

Based on the auditor gender attribution theory, it is an internal factor that influences an auditor's thinking and behavior. This theory suggests that psychological differences between male and female auditors affect how they think and behave, which in turn impacts the auditor's decision when forming an opinion on an audit report. Differences in gender characteristics between men and women can affect auditor performance, which can be caused by differences in attitudes in carrying out their duties. Providing opinions by female and male auditors is thought to produce different results. This is due to differences in characteristics, emotions, and ways of thinking between men and women, so that the resulting opinions are expected to be different.

The concept of gender, which involves differences in roles, behavior, mentality, and emotional characteristics between men and women, allows for differences in attitudes and decisions in presenting reports. Given these psychological differences, auditors' opinions can differ between men and women. Men typically do not utilize all available information to process information. This



can lead to less comprehensive decisions. On the other hand, women tend to use more complete and thorough data. Compared to men, women are also better able to remember the information they receive (Yendrawati & Mukti, 2015). Murtadha (2018) also stated that women tend to use more complete and thorough information when processing data. Hardies et al. (2016) also stated that female auditors are more likely to issue a going concern audit opinion than with male auditors. Thus, the hypothesis proposed in this study is

H2: Female auditor has a positive influence on going concern audit opinion.

2.4.3 The Effect of Formal Competence Auditor on Going Concern Audit Opinion

Auditors must also possess sufficient competence in applying standards to carry out assigned tasks and work (Junaidi et al., 2016). Competence reflects an auditor's level of professionalism, indicating that the auditor must possess adequate skills in their field (Junaidi et al., 2016). Auditors are individuals who are expected to be reliable in providing decisions and opinions on a company's performance. This is linked to attribution theory, which views the auditor's competence as originating from within the auditor himself, namely, auditors acquire abilities from various aspects, in this case through education. Every auditor who conducts an audit must possess the competencies required by various applicable standards. An auditor is required to study, understand, and apply new provisions regarding accounting principles and auditing standards. This is obtained through education that auditors



undergo over several years so that an auditor is familiar with the existing accounting system.

Financial statement auditors must have an accounting education background. The higher an auditor's education level, the more accounting knowledge they possess. Formal and informal education levels are the most common ways to demonstrate a person's competence (Mujiyati et al., 2020). More experienced auditors will be more thorough and reliable than less experienced auditors. Therefore, more experienced auditors will also be better at disclosing unusual information than less experienced auditors.

H3: Auditor formal competence has a positive influence on a going concern audit opinion.

2.5 Research Model

Based on the hypothesis explained previously, the research model that can be concluded is:\

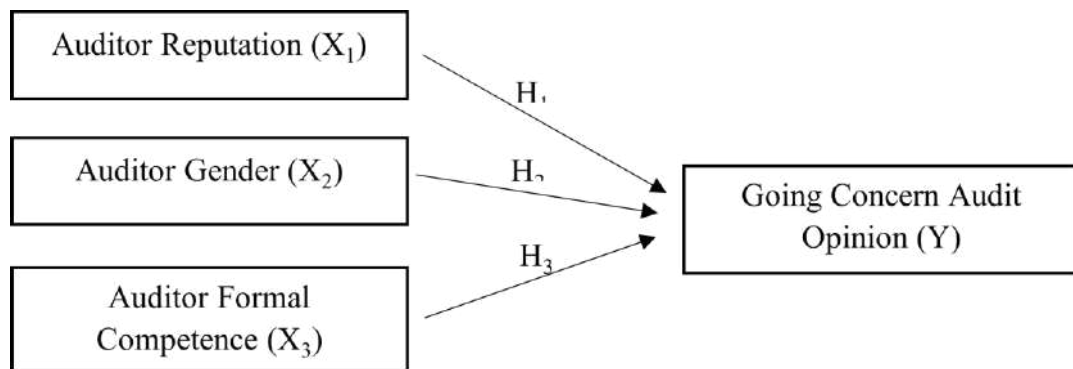


Figure 2.2 Research Model



BAB III

RESEARCH METHODS

3.1 Operational Definition and Measurement of Variables

In this research, **operational definition** refers to the process or steps used to define research variables into something that can be measured.

3.1.1 Dependent Variable

The dependent variable used in this study is **audit opinion.going concern**.

This study defines that **going concern audit opinion**, namely a **modified audit opinion** issued when **the auditor's opinion has significant doubt or uncertainty** about **the going concern of the company** being audited. **Audit opinion variables going concern**. In this study, it was measured **using a dummy variable**, namely by giving **a value of 1 if the company received a going concern opinion and a value of 0 if no opinion was received going concern**.

3.1.2 Independent Variables

This study uses auditor characteristics variables as independent variables, in this case the auditor characteristics used in this study include:

1. Auditor Reputation

The **auditor's reputation** in **this study is** measured by **the public accountant firms affiliated with the The Big Four**, this is in line with the Succession research (2016). A variable **auditor's reputation is measured using a dummy variable**. The **public accountant firm which is included in The Big Four** given **code 1** and firm which **is not included in The Big Four will be** given code **0**.



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a. Ernst & Young (EY) is affiliated with KAP Purwantono, Suherman and Surja.

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b. Deloitte Touche Tohmatsu affiliated with KAP Osman Bing Satrio.

c. Klynveld Peat Mavrick Goerdeler (KPMG) is affiliated with KAP Sidharta and Widjaja.

d. Price Waterhouse Coopers (PWC) is affiliated with KAP Tanudireja, Wibisana and Partners.

2. Auditor Gender

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Rahayu & Suryanawa (2020) stated that gender is not only a biological

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difference between men and women, but also about how people receive, deal with,

and process information to make decisions and perform work. This is one factor

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that can impact the acceptance of a going concern audit opinion. This is due to

differences in thinking and psychological differences between male and female

auditors. Women tend to be more adept at carefully managing information and

evaluating it further. Furthermore, women are more likely to remember

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information than men (Yendrawati & Mukti, 2015). In this study, gender was

measured using a dummy variable. Male auditors were assigned a value of 0 and

female auditors a value of 1.

3. Auditor Formal Competence

Formal auditor education refers to the level of education and experience

possessed by an auditor. Auditors conducting audits in financial companies must

understand financial accounting standards in the field of auditing, related

Statements on Auditing Standards and Public Accountant Professional Standards



147 for fieldwork and reporting. Auditors need to be highly educated and possess skills in auditing and accounting. This is necessary to make decisions regarding the company's viability (going concern) is based on a high level of professionalism

Education will provide a deeper understanding of accounting and increase motivation to improve the quality of audit results. Auditor education helps auditors understand, process, and communicate audit results related to financial statement auditing tasks. Educational background is crucial for financial statement auditors because higher education results in broader accounting knowledge. Therefore, it is expected that the going concern opinion will improve with education and experience (Suma & Muid, 2019).

42 124 Using a dummy variable, a value of 1 indicates that the auditor has an accounting background, with at least a bachelor's degree in accounting. A value of 0 indicates that the auditor has no accounting educational background.

4 13 3.2 Population and Sample

This study uses a population of banking companies listed on the Indonesia Stock Exchange (IDX) in 2018-2024. Purposive sampling is method that used during this study, namely a sampling method with predetermined criteria. The criteria determined in this study are as follows:

- 68 1. Banking companies listed on the Indonesia Stock Exchange during 2018-2024.
2. Banking companies that publish annual reports and complete audited financial reports for the years 2018-2024.

**Table 3.1 Purposive Sampling**

No.	Criteria	Amount
1.	Banking companies listed on the Indonesia Stock Exchange (IDX) during 2018-2024.	47
2.	Banking companies that do not publish annual reports and financial reports audited in full during 2018-2024.	(2)
Total Sample		45
The sample observation period is 7 years (7x45)		315

Sumber: *Proceed Data*, 2025

3.3 Research Data

3.3.1 Types of research

This research is a quantitative study. The data source used is secondary data. Secondary data is data obtained not directly from the researcher but from other, indirect sources, usually in the form of documentation or reports.

3.3.2 Data Collection Techniques

Documentation techniques were used in this study to collect the necessary data. These included company annual reports, news reports, articles, and other related documents. The data used in this study were annual reports of banking companies for the 2018-2024 period, accessed from the Indonesia Stock Exchange website *www.idx.co.id* and also through the official website of each related company.

3.4 Data Analysis Techniques

Data analysis techniques are analytical activities carried out by researchers on all data from the research instruments used. This is done to obtain answers or conclusions about the connection between independent and dependent variables. Data analysis techniques used include:



3.2.1 Descriptive Statistics

Descriptive statistics are used to describe research variables and identify the characteristics of the samples used. Descriptive statistical analysis of data can be seen from the number of samples, minimum value, maximum value, average value (mean), and standard deviation (Ghozali, 2016). The minimum value is the data with the lowest value in the variable used, while the maximum value is the highest. Standard deviation is applied to see the magnitude of the variance of the data values used in relation to the average value in the research variable. This analysis aims to see the distribution of existing data.

3.2.2 Logistic Regression

In this study, the independent variables are a combination of metric and non-metric (nominal) variables, so logistic regression is used. Logistic regression analysis is used for hypothesis testing since the dependent variable is categorical with the category of receiving a going concern opinion and does not accept the going concern opinion. The purpose of logistic regression analysis is to determine whether the independent variables can accurately predict the likelihood of a dependent variable occurring. Logistic regression analysis eliminates the need for normality tests and classical assumption tests on the independent variables (Ghozali, 2016). The logistic regression model in this study is as follows.

$$\ln \frac{OAGC}{1 - OAGC} = \alpha + \beta RA + \beta GA + \beta KA + \varepsilon$$

Information:

OAGC: Audit Opinion *Going Concern*

α : Constant

β_{RA} : Auditor Reputation

β_{GA} : Gender Auditor

β_{KF} : Formal Auditor Competence

e: Error

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a. **Model Feasibility Test (Hosmer and Lemeshow's Goodness of Fit Test)**

Hosmer and Lemeshow's Goodness of Fit Test used to test the feasibility of the model based on H_0 . The regression model can be said to be feasible if there is no difference between the model and the regression data. If the test statistic value Hosmer and Lemeshow greater than 0.05, the null hypothesis is accepted, indicating that the model is able to predict the observed values. In other words, if the test statistic is greater than 0.05, the model can be considered suitable because it fits the observed data.

b. **Overall Model Fit Test**

Overall regression model test or also known as overall model fit is to ensure that the overall model fits the information collected. This test is derived from the output of the -2 Log statistic test Likelihood(-2LogL). This test is done by comparing the value of -2 LogLikelihood(-2LogL) at the beginning and the value of -2 Log Likelihood (-2LogL) at the end. If the value Likelihood decreases, it shows that there is a good regression model or in other words, the hypothesized model fits the data.



c. Coefficient of Determination Test (Nagelkerke R Square)

Testing the coefficient of determination or Nagelkerke R Square to ascertain the extent to which the independent variable can impact and explain the dependent one. The square value Nagelkerke R ranges between 1 (one) and 0 (zero). If the value is closer to one, then the model is considered to have a higher level of fit (goodness of fit), while if the value is further from zero then the model is considered to have a lower level of suitability.

d. Classification Matrix

The matrix used for classification can demonstrate the forecasting capability derived from the regression analysis. This forecasting capability from the regression analysis can be applied to estimate the probability of the dependent variable outcomes. This stage is used to predict the dependent variable, namely the likelihood of a going concern audit opinion in a company. The results of this classification matrix can be seen in the classification table in the logistic regression output.

3.5 Hypothesis Test (t-Test)

This test is used to observe how independent variables impact the dependent variable. The test is based on the results of a logistic regression conducted with a 95% confidence level and a 5% significance level. The decision is made by reviewing the sig values in the coefficient table. If the sig value is ≤ 0.05 , the hypothesis is supported, indicating a significant influence between the two variables. When the sig value is > 0.05 , there is



impact between the independent variables on the dependent variable, meaning the hypothesis is not supported.

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Research Result

4.1.1 Description of Research Object

The data used in this study are the audited annual financial reports of banking companies listed on the Indonesia Stock Exchange and received going concern audit opinion during 2018-2024. According to data, there are 47 banking companies listed on the Indonesia Stock Exchange. However, of these 47 companies, two did not publish complete annual reports during the research period, 2018-2024. Therefore, only 45 companies were studied in this study. The number of research samples before the outlier are 315 data. Then after the outlier the data are 205. Outlier Data analysis is carried out to correct residual data that is not normally distributed due to samples that have extreme values.

Table 4.1 Sample Selection

No.	Criteria	Amount
1.	Banking companies listed on the Indonesia Stock Exchange (IDX) during 2018-2024.	47
2.	Banking companies that do not publish annual reports and financial reports audited in full during 2018-2024.	(2)
Total sample		45
The sample observation period is 7 years (7x45)		315
Amount of outlier data		(35)
The amount after outlier data		280

Sumber: Proceed Data, 2025

4.2 Data Analysis

4.2.1 Descriptive Statistical Analysis

Descriptive statistical analysis was conducted to describe and illustrate the data in general through standard deviation, average, minimum, and maximum values. The variables used were auditor reputation, auditor gender, and auditor formal competence with going concern audit opinion as the dependent variable in this study. Table 4.2 below presents the results of descriptive statistics.

Table 4.2 Descriptive Statistics (Case Processing Summary)

	N	Minimum	Maximum	Mean	Std. Deviation
Auditor reputation	280	0	1	.54	.500
Gender auditor	280	0	1	.20	.398
Formal auditor competencies	280	0	1	.62	.486
Opini audit going concern	280	0	1	.09	.280
Valid N (listwise)	280				

Source: Data processed with IBM SPSS (2025)

The results obtained from the descriptive statistical test shown previously can be interpreted as follows:

1. Auditor Reputation (X_1)

Variable X_1 is measured using a dummy variable. This variable has a minimum value of 0, indicating an auditor from a non-Big Four accounting firm, and a maximum value of 1, indicating an auditor from a Big Four accounting firm. This variable obtained an average value of 0.54 and a standard deviation value of 0.500 because the standard deviation value is greater than the average value, thus indicating that the data is unevenly distributed.

2. Auditor Gender (X_2)



6 Variable X₂ is measured using a dummy variable, with a minimum value of 0 indicating a male auditor and a maximum value of 1 indicating a female auditor.

35 This variable obtained an average value of 0.20 and a standard deviation value of 0.398. This indicates that the data is not evenly distributed because the standard deviation value is greater than the average value.

3. Auditor Formal Competence (X₃)

1 Variable X₃ is measured using a dummy variable. This variable has a minimum value of 0, indicating that the auditor does not have an accounting degree. The maximum value is 1, indicating that the auditor has an accounting degree. This variable has an average value of 0.62 and a standard deviation of 0.486. Because the standard deviation is greater than the average, it can be said that the variable is unevenly distributed.

4. Going Concern Audit Opinion (Y)

73 Variable Y uses a dummy measurement where 0 signifies that the company did not obtain a going concern audit opinion, and 1 indicates that it did. The mean of the variable is 0.09, with a standard deviation of 0.280. Given that the standard deviation is lower than the mean, the distribution of the data is uneven.

4.2.2 Logistic Regression Analysis

6 Hosmer and Lemshow's Goodness of Fit Test used to test the feasibility of the model based on H₀. If the test statistic value Hosmer and Lemeshow greater than 0.05 then the null hypothesis is accepted, whereas if it is greater than 0.05, then



the model can be considered suitable because it is in accordance with the observed data.

Table 4.3 Test Results Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	.076	4	.999

Source: Data processed with IBM SPSS (2025)

Based on the table Hosmer and Lemeshow Goodness of Fit test, the chi-square test yielded a chi-square value of 0.076 with a significance value of 0.999. This result indicates that the value is >0.05 , indicating that the research model is acceptable, or in other words, the model can be considered feasible as it corresponds with the observed data.

4.2.3 Overall Model Test (Overall Model Fit Test)

Overall regression model test or also known as model fit. The overall test is to ensure that the overall model fits the collected data. The test is performed by observing the difference between the initial -2 log likelihood value and the final -2 log likelihood value. Results are reduced if the initial -2 log likelihood value is higher than the final -2 log likelihood value. A better regression model is shown by a decline in log likelihood.

Table 4.4 Results of the Overall Model Fit Test: Initial Stage

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	177.278	-1.657
	2	164.367	-2.211
	3	163.807	-2.358
	4	163.805	-2.367
	5	163.805	-2.367

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 163,805

c. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

Source: Data processed with IBM SPSS 25, 2025

After conducting the overall model fit test, the results in the initial stage obtained a -2 LogL value of 163.805. The model that has become a hypothesis can be said to fit the data if it shows a decrease in -2LogL in the final stage results. Meanwhile, the final stage test showed a -2LogL result of 113.131, which is a decrease from the initial stage test. This decrease in value indicates that the logistic regression model that includes the variables of auditor reputation, auditor gender, and auditor formal competence is better at explaining the data compared to the initial model (only constants).

So this shows that the regression model is good or in other words the hypothesized model fits the data.

Table 4.5 Results of the Overall Model Fit Test: Final Stage

Iteration	-2 Log likelihood	Coefficients				
		Constant	Auditor reputation	Gender auditor	Formal auditor competencies	
Step 1	1	159.927	-1.051	-.831	.248	-.338
	2	129.874	-1.046	-1.921	.664	-.735
	3	119.269	-.960	-3.227	1.271	-1.006
	4	115.255	-.972	-4.604	1.890	-1.065
	5	113.855	-.992	-5.896	2.282	-1.061
	6	113.393	-.997	-6.993	2.398	-1.059
	7	113.227	-.997	-8.005	2.410	-1.059
	8	113.167	-.997	-9.006	2.410	-1.059
	9	113.144	-.997	-10.006	2.410	-1.059
	10	113.136	-.997	-11.006	2.410	-1.059
	11	113.133	-.997	-12.006	2.410	-1.059
	12	113.132	-.997	-13.006	2.410	-1.059
	13	113.132	-.997	-14.006	2.410	-1.059
	14	113.132	-.997	-15.006	2.410	-1.059
	15	113.131	-.997	-16.006	2.410	-1.059

	16	113.131	-.997	-17.006	2.410	-1.059
	17	113.131	-.997	-18.006	2.410	-1.059
	18	113.131	-.997	-19.006	2.410	-1.059
	19	113.131	-.997	-20.006	2.410	-1.059
	20	113.131	-.997	-21.006	2.410	-1.059

- a. Method: Enter
 - b. Constant is included in the model.
 - c. Initial -2 Log Likelihood: 163,805
 - d. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.
- Source: Data processed with IBM SPSS 25, 2025

4.2.4 Coefficient of Determination Test (Nagelkerke R Square)

The coefficient of determination indicates the extent to which the independent variable explains the variation in the dependent variable.

Additionally, the Nagelkerke R Square value is used to assess whether the independent variable significantly accounts for changes in the dependent variable.

If the value is closer to 1, the independent variable can explain the dependent variable, but if the value is closer to 0, the independent variable cannot explain the dependent variable.

Based on the results of data processing, the value obtained is Cox & Snell R² of 0.166 and Nagelkerke R² of 0.374. This means that the variables of auditor reputation, auditor gender, and auditor formal competence are able to explain the variation in going concern audit opinions by 37,4%, while the remaining 62,6% is explained by other factors not examined in this study.

Table 4.6 Results of the Determination Coefficient Test (Nagelkerke R Square)

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	113.131 ^a	.166	.374

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

Source: Data processed with IBM SPSS 25, 2025

4.2.5 Classification Matrix

The classification matrix shows the model's ability to predict the dependent variable category. The regression model in this study predicts the likelihood of accepting a going concern audit opinion of 12.5%. In other words, this percentage indicates that the model can predict 3 out of 21 companies that should receive a going concern audit opinion. While the predictive ability for the possibility of not receiving a going concern audit opinion obtained was 99.6%, namely 225 companies were able to predict not to receive a going concern audit opinion. Overall, the prediction accuracy based on the model was 92.1%. This result indicates that the model has a high level of accuracy in predicting the category of not receiving a going concern audit opinion, but still less accurate in predicting the category of receiving going concern audit opinion.

Table 4.7 Result of Classification Matrix Test

Observed			Predicted		Percentage Correct
			Opini audit going concern	Received a going concern audit opinion	
Step 1	Opini audit going concern	Did not accept going concern audit opinion	255	1	99.6
		Received a going concern audit opinion	21	3	12.5
Overall Percentage					92.1

a. The cut value is ,500

Source: Data processed with IBM SPSS 25, 2025

4.2.6 Logistic Regression Analysis

The results of the logistic regression analysis can be seen in the following table:



Table 4.8 Results of Logistic Regression Analysis Test

		B	S.E.	Forest	df	Sig.	Exp(B)
Step 1 ^a	Auditor reputation	-21.006	3039.222	.000	1	.994	.000
	Gender auditor	2.410	1.210	3.966	1	.046	11.133
	Formal auditor competencies	-1.059	.479	4.894	1	.027	.347
	Constant	-.997	.341	8.575	1	.003	.369

a. Variable(s) entered on step 1: Auditor reputation, Auditor gender, Auditor formal competence.

Source: Data processed with IBM SPSS 25, 2025

The regression equation obtained is as follows:

$$\ln \frac{OAGC}{1 - OAGC} = -0.997 - 21.006RA + 2.410GA - 1.059KF + \varepsilon$$

Based on the equation obtained, the regression coefficient has a negative value, namely -21.006 with a value of odds ratio (Exp(B)) approaching zero. This shows that the direction of the relationship between auditor reputation and going concern audit opinion is negative. This implies that the auditor's reputation is not proven to support the possibility of the auditor providing a going concern audit opinion. The regression coefficient with a positive value is 2.410 with odds ratio amounting to 11,133. This means that auditors of a certain gender (especially women) have a greater chance of providing a going concern audit opinion compared to male auditors. The regression coefficient is negative, namely -1.059 with odds ratio of 0.347. This result indicates that the higher the auditor's formal competence, the less likely the company is to receive a going concern audit opinion.

4.3 Hypothesis Test (t-Test)

Hypothesis testing is done using the Wald test in the logistic regression model. The results of this test show the significance of each independent variable on the going concern audit opinion.

Table 4.9 Result of t-Test

		B	S.E.	Forest	df	Sig.	Exp(B)
Step 1 ^a	Auditor reputation	-21.006	3039.222	.000	1	.994	.000
	Gender auditor	2.410	1.210	3.966	1	.046	11.133
	Formal auditor competencies	-1.059	.479	4.894	1	.027	.347
	Constant	-.997	.341	8.575	1	.003	.369

a. Variable(s) entered on step 1: Auditor reputation, Auditor gender, Auditor formal competence.

Source: Data processed with IBM SPSS 25, 2025

After conducting the t-test, the results in table 4.9 can be interpreted as follows:

- Hypothesis 1 (H₁) : going concern audit opinion audit opinion going concern.

The analysis results show that the regression coefficient of auditor reputation is negative, namely -21.006 with a significance value of 0.994. This means that a higher auditor reputation does not increase the probability of issuing an audit opinion going concern, even the direction of the relationship is opposite to expectations. Thus, the hypothesis H₁ rejected because the influence of auditor reputation has not been proven to be positive on going concern opinion.

- Hypothesis 2 (H₂) : Female auditor has a positive effect on a going concern audit opinion.



Auditor gender has been shown to have a positive regression coefficient of 2,410 with a significance value of 0.46. This means that female auditors are approximately 11 times more likely to issue a going concern audit opinion compared to male auditors. However, in Table 4.9, the results of the difference test showed no significant difference between female and male auditors, so the results of the study cannot explain this second hypothesis.

3. Hypothesis 3 (H₃) : Formal auditor competence has a positive effect on going concern audit opinion.

The results show that the regression coefficient of the auditor's formal competence is negative, namely -1.059 with a significance value of 0.347. This means that the higher the auditor's formal competence, the less likely it is to provide a going concern audit opinion. Thus, the hypothesis H₃ rejected because the proven effects are negative.

4.4 Discussion

4.4.1 The Effect of Auditor Reputation on Going Concern Audit Opinions

The results of the study show that auditor reputation has a negative effect on going concern audit opinion. With a negative auditor reputation regression coefficient of -21.006 and a significant value of 0.994. This indicates that a higher auditor reputation does not increase the chance of issuing a going concern audit opinion, even in the opposite direction from initial expectations. Practically speaking, auditors from highly reputable accounting firms are no more likely to



express doubt about the going concern than auditors from less reputable accounting firms.

Conceptually, auditor reputation reflects the quality, independence, and integrity of the auditor, which is trusted by the public (Januri & Sepa, 2020). Highly reputable auditors, such as Big Four public accounting firms, are typically expected to maintain audit quality because their institution's reputation is at stake (Nainggolan & Sianturi, 2020). Attribution theory also supports this idea, stating that external factors, such as reputation, can shape expectations of auditor behavior, whereby the higher the reputation, the greater the auditor's caution is expected in issuing a going-concern opinion.

However, the findings of this study actually point in a negative direction, meaning that auditor reputation is not a factor driving the issuance of a going-concern opinion. This finding aligns with Auladi et al. (2019) and Famelya & Handayani (2023), which found that auditor reputation negatively influences the going concern opinion. One possible reason is the existence of Public Accounting Professional Standards, which apply to all auditors regardless of their reputation. With the same auditing standards, audit quality tends to be uniform, so differences in reputation have no significant impact on the audit opinion.

Furthermore, the context of the banking industry being audited also needs to be considered. The banking industry is under strict supervision by the Financial Services Authority and Bank Indonesia, so its financial reports tend to be more transparent and standardized. This reduces the scope for auditors, even reputable



ones, to subjectively assess business continuity. As a result, auditor reputation becomes less relevant in explaining differences in going concern audit judgments.

These findings suggest that auditor reputation remains significant for the image of the audited company, as investors tend to trust well-known auditors. However, in the context of issuing a going-concern audit opinion, auditor reputation is not a dominant variable. For academics, these findings reinforce the literature that auditor reputation is not always directly proportional to opinion conservatism. For practitioners, these results emphasize the need to focus on the quality of audit procedures performed, not solely the auditor's reputation.

4.4.2 The Effect of Auditor Gender on Going Concern Audit Opinion

The results of the study show that the variable gender auditor has a positive regression coefficient of 2.410 with a significance value of 0.046. This finding statistically indicates that gender auditor has an effect at a significance level of 5 percent on the possibility of providing a going concern audit opinion. This research also signals that auditors of a certain gender tend to exhibit differences in decision-making patterns when assessing the sustainability of companies that are clients of where the auditor's public accounting firm works.

Based on the perspective of Attribution Theory (*Attribution Theory*) proposed by Heider (1958), that a person's behavior, including in a professional context, for example as an auditor, is influenced by two main factors: internal (dispositional) factors and external (situational) factors. If linked to this research, gender is classified as an internal factor, while the condition of the company being



audited and the audit standards of the Public Accounting Firm which serve as auditor guidelines are included as external factors.

20 Referring to this theory, the auditor's decision in providing a going concern audit opinion is more influenced by internal attributions, namely the auditor's personal characteristics, as demonstrated through gender differences. Female auditors tend to be more cautious, thorough, and sensitive to risk than male auditors. This is in line with the view in social psychology that women generally have higher levels of moral empathy and ethical sensitivity (Verbree et al., 2023). Women auditors typically give more weight to internal managerial factors when examining a firm's capacity to maintain operational continuity, rather than focusing only on external influences, and consequently adopt a more cautious approach in issuing a going concern audit evaluation.

Furthermore, if viewed from the perspective of the Big Five Personality Theory, women generally have a higher level of conscientiousness (caution and responsibility) and neuroticism (sensitivity to pressure) is higher than that of men. These traits contribute to women's tendency to be more conservative and cautious in audit decision-making, particularly in situations of uncertainty related to the entity's sustainability. Thus, gender differences give rise to significant psychological differences in the attribution of audit risk causes.

In addition, within the framework of moral development theory, women are also considered to have a moral orientation based on concern (*care orientation*), which makes them more attentive to the social and ethical implications of their



professional decisions. In audit practice, this is reflected in the attitudes of female auditors who are more considerate of their ethical responsibilities towards users of financial statements and the wider community. Therefore, the decision of female auditors to provide a going concern audit opinion can be understood as a result of stronger moral attributions than male auditors.

These findings reinforce the view that auditor decision-making is not entirely technical and rational, but is also influenced by psychological factors and individual personality. Thus, attribution theory provides a logical basis for the belief that gender, as an internal factor, can influence how auditors interpret audit evidence, assess the risk of company failure, and ultimately determine the going concern audit opinion. The integration between Attribution Theory and Psychological Theory (personality and moral) shows that the auditor's professional decisions are the result of the interaction between the cognitive, emotional, and moral value aspects of the individual.

When compared with previous research references, these findings align with previous studies that found differences based on auditor gender. For comparison, research by Yendrawati & Mukti (2015) found that female auditors were superior in recalling information obtained. Furthermore, research by Murtadha (2018) also revealed that female auditors tend to be more thorough and use information more comprehensively when conducting analysis. Furthermore, Hardies et al. (2016) found that female auditors were more likely to provide going concern audit opinion compared to male auditors due to higher levels of professional caution and skepticism.



82 Thus, the results of the regression analysis indicate the influence of gender on going concern audit opinion, empirically and practically gender can be used as a primary variable in explaining differences in audit opinions. This conclusion supports the view that auditor decisions are more influenced by internal characteristics such as auditor gender.

4 4.4.3 The Effect of Auditor Formal Competence on Going Concern Audit Opinion

2 The results of the study show that the auditor's formal competence has a negative effect on the going concern audit opinion. Negative regression coefficient of -1.059 and a significance value of 0.27, the higher the auditor's formal competence, the lower the likelihood of issuing a going concern audit opinion. This finding contradicts the initial hypothesis which assumed that more competent auditors would be more critical in expressing doubts about the company's going concern.

37 36 Formal auditor competency encompasses knowledge, expertise, and skills acquired through formal education, training, and professional certification (Agoes & Ardana, 2013). Auditors with higher educational backgrounds are expected to have a deeper understanding of accounting and auditing standards, enabling them to detect going concern issues more accurately. Attribution theory positions competency as a crucial internal factor because it determines how auditors assess financial data and decide on follow-up actions based on existing findings.



However, this negative finding shows that auditors with higher competence are more careful before giving a going concern opinion. Competent auditors typically look beyond the numbers, but also consider management plans, business prospects, and the company's external support. In other words, the more competent an auditor is, the more likely they are to be more deliberate in issuing a going concern audit opinion unless there is truly convincing evidence.

Suma & Muid's (2019) research supports these results by stating that auditors' formal competence is not always directly related to the tendency to issue a going concern audit judgment. This is because an auditor's decision depends not only on their competence but also on the context of the company being audited. In the banking sector, companies often have access to capital, strict regulations, and risk mitigation mechanisms that make a highly competent auditor confident that the company can continue operating.

The implications of these results are quite significant. For practitioners, companies should still select auditors with high levels of formal competence, as competence is closely linked to overall audit quality. However, companies should also recognize that auditor competence does not necessarily equate to conservatism in issuing a going-concern opinion. For academics, these results enrich the literature by confirming that auditor competence can act as a balancing factor between prudence and objectivity in decision-making.

CHAPTER V

CLOSING

5.1 Conclusion

Based on the results of logistic regression analysis regarding the influence of auditor reputation, auditor gender, and auditor formal competence ongoing concern audit opinion in banking companies listed on the Indonesian Stock Exchange, several things can be concluded as follows.

1. Auditor reputation has a negative effect on going concern audit opinion.

Negative regression coefficient indicates that auditors with a high reputation are not more likely to issue a going concern opinion compared to auditors with low reputations. This indicates that auditor reputation is not a determining factor in audit decisions, but rather that professional standards and strict regulations in the banking sector have a greater influence on the audit opinion.

2. Auditor gender has a positive effect on going concern audit opinion.

These results show that one of internal factors in the form of auditor gender have a more dominant influence on the auditor's going concern opinion. Gender as an internal factor is able to influence the way auditors interpret audit evidence, assess the risk of failure of the company, and ultimately determine the audit opinion going concern

3. Auditor's formal competence has a negative effect on going concern audit opinion. The higher the auditor's formal competence, the less likely they are to issue a going concern opinion. This finding confirms that competent auditors are



more objective and comprehensive in assessing the company's condition, so they do not rush to express doubts a going concern unless there is strong evidence.

Overall, this study shows that internal factors such as auditor gender and competence, as well as external factors such as auditor reputation, have different influences on going concern audit opinion. These results enrich the literature auditing by confirming that the going concern audit opinion influenced by the interaction between auditor characteristics and the context of the company being audited.

5.2 Suggestion

5.2.1 Theoretical Suggestion

This research contributes to the development of science auditing, particularly concerning the elements affecting going concern audit judgment. However, there are still limitations, such as the use of a sample limited to the banking sector and formal competency indicators that differ from previous research. Therefore, further research is recommended to expand the scope of other industrial sectors with different characteristics, such as manufacturing or services, to achieve more general results. Furthermore, internal and external characteristic variables can be more diverse, such as auditor competency indicators that can be expanded by combining formal and informal competencies to provide a more comprehensive picture.

5.2.2 Practical Advice

1. For Auditors



In this study, reputation, gender, and formal competence were not proven to directly influence the going-concern audit opinion. Auditors still need to improve their professionalism and overall work integrity. Auditors are advised to focus more on other factors that may be more decisive in their assessment going concern, such as financial risk analysis and the company's operational conditions.

2. For Banking Companies

Companies are advised to consistently maintain financial health and transparency in their financial reporting. This allows auditors to more accurately evaluate the bank's capacity to sustain operations, thus providing a more accurate going concern opinion can be given objectively and solutions can be implemented as soon as possible.

3. For Financial Report Users

Parties who rely on financial statements, including investors, creditors, and other stakeholders, need to understand the meaning and implications of the going concern audit evaluation. Parties who rely on financial reports need to utilize this information and consider the fundamental factors and business conditions of the companies reported as considerations in decision-making.