ABSTRACT

The aim of this study is to examine the corporate governance role of external audits, especially in acceptance of going concern audit opinion. The research about the acceptance of going concern is mostly done by the observation of the companies' internal condition, such as audit quality, firm size, debt default, proir opinion, and financial ratios. Nevertheless, corporate governance characteristics may also influence the role of external auditors and the demand for audit quality.

The study uses quantitative method to annual reports and financial statements of manufacturers listed in Indonesia Stock Exchange during 4 (four) years period 2005-2008 and is analysed using logistic regression. It is replicated from the research of Ballesta and Garcia-Meca (2005), by using independent variables as the elements of corporate governance, concentrated ownership,managerial ownership, family ownership, also the proportion of independent commissioner and the existence of audit committee. The audit opinion is going concern and non going concern opinion.

The results show that the higher managerial ownership, the company is less likely to receive going concern opinion. In the other hand, ownership concentration, family ownership, the proportion of independent commissioner, and the existence of audit committee have no relation with the acceptance of going concern.

Keywords : Going concern, Corporate governance, ownership concentration, independent commissioner, audit committee