

The Effect of Lowballing on Auditor Independence and Audit Opinion (Case Study at the Public Accounting Office for the Special Capital Region of Jakarta)

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Abstract

This study aims to examine the effect of lowballing on auditor independence and audit opinion. This study uses a sample of 200 respondents who work as auditors in the Public Accountant Offices in the DKI Jakarta areas which are listed in the 2017 Public Accountants Office Directory published by the Indonesian Institute of Certified Public Accountants (IAPI). This study uses primary data with a questionnaire. Auditors participating in this study include junior auditors, senior auditors, managers and partners who carry out work in the field of auditing. The analytical method used to test hypotheses is Simple Linear Regression. The final results of this study are that Lowballing has a significant effect on Auditor Independence and Lowballing has a significant effect on Audit Opinion.

Keywords: lowballing, auditor independence, Audit Opinion

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A. INTRODUCTION

Opinion aims to provide conclusions and assessments of the quality of the audited company's financial statements. Giving an audit opinion in the audit report is the final step of the entire series of audit processes. Accordingly, the opinion expressed by the auditor is the result of professional analysis and consideration in accordance with his work standards. An audit report is a form of formal communication used by the auditor to convey matters of concern during the audit process to all interested parties. The audit opinion is stated by the auditor as the auditor's conclusion on the reasonableness of the contents of the financial statements in accordance with the applicable principles and regulations. Thus the audit opinion as a source of information that can be used as a measure of the quality and fairness of a company's financial statements as additional information in the decision making process.

The company involves KAP to conduct audits of financial statements that aims to provide trust to all users of financial statements that the information contained in the company's financial statements is true, accurate, reliable and free from misleading things. Financial statements are the main media for communicating financial information to parties outside the entity. (Sumarwoto, 2007). The existence of information asymmetry and potential conflicts of interest, so that an audit of financial statements by third parties is expected to reduce the acquisition of information that is not balanced by conducting an audit of financial statements by an independent auditor (Varadita, 2010). Financial statements must be viewed as joint reports from audit firms (KAP) and company management. From the audit aspect, the quality of financial statements refers to audit quality. One of the audit quality can be seen through auditor independence (Antle and Nalebuff, 1991 in Johnson, 2002).

Based on PSA No. 04 (SA 220), the auditor must be independent, it means that he is not easily influenced, because the auditor carries out his work in the public interest (Siregar et. Al., 2011). Therefore, this attitude of independence absolutely must exist in the auditor when he conducts an audit. (Wijayani and Indira, 2011). The Government of Indonesia, through Minister of Finance Regulation 17 / KMK.01 / 2008, requires companies to replace KAPs that have received five consecutive year audit assignments (Ni Kadek, 2010) with the aim of improving the oversight structure of KAP (Blouin et al., 2007 and Williams, 1986).

In the process of auditing the company's financial statements requires an external auditor or public accountant in auditing the company's financial statements. Financial reports provide a variety of information needed as a medium for decision making by both internal and external parties of the company. According to the FASB, the two most important characteristics that must be present in a financial statement are relevance and reliable. Both of these characteristics are very difficult to measure, so that information users need the services of a third party, namely an independent auditor to provide assurance that the financial statements are relevant and reliable, so as to increase the confidence of all parties interested in the company (Singgih and Bawono, 2010)

Lowballing has the effect of increasing revenue by the KAP in the next engagement period by the client. KAP in the future certainly has a close relationship with KAP tenure. The long tenure condition has a commitment escalation relationship associated with lowballing actions to generate other income in the future (Moore, Tetlock, Tanlu & Bazerman, 2006). The longer tenure that is owned by an external auditor, means increasing auditor competence because the auditor knows more about the client's business, so the audit process is more efficient. On the other hand audit tenure might damage auditor independence as a long period of fostering closeness between management and auditor (Junaidi, Hartono, suwardi and Muharjo, 2013). Lowballing research on independence

has been done by DeAngelo (1981). In his research entitled Auditor independence, Low Balling and Disclosure Regulation, it concluded that lowballing had no effect on auditor independence. Fatemi (2013) also conducted the same research and the results of lowballing affected auditor independence. Similar to the research conducted by Elitzur and Falk (1966) his research proved that Lowballing influences auditor independence but with the dependent variable in the form of audit services. Lowballing research on giving audit opinion is the development of Dye's (1991) argument that lowballing encourages auditors to make opinions that benefit clients at the beginning of the period and this condition is used by auditors to earn revenue with the expectation that clients will engage in the following period. Audit Tenure research on audit opinion has been conducted including Krissindiastuti and Rasmini (2016) which proves that audit tenure influences the giving of going-concern audit opinion. This research is in line with what was done by Shafie et.al (2009) which states that the company has never changed auditors since it was listed on the Bursa Malaysia, there is a tendency to receive higher unqualified opinion even though the company is experiencing financial problems.

The purpose of this study is to determine and analyze empirically as follows:

1. Effect of lowballing on Auditor Independence
2. The effect of lowballing on audit opinions

The contribution of this research is expected to provide benefits to the writer, namely as a medium to apply the theoretical knowledge that the author has in real or real conditions. Can be used as reference material for other researchers relating to issues regarding the effect of lowballing on auditor independence and audit opinion. This research can be taken into consideration in providing an audit opinion on the performance of the Public Accounting Firm (KAP) as a whole with a level of professionalism in the implementation of the auditing process of financial statements. This research is expected to state the auditor about the important role of the auditor in carrying out his duties in addition to adhering to audit standards and professional code of ethics in order to provide the right opinion so as to increase trust in the users of auditor services.

B. LIBRARY STUDIES

1. Independence of auditors

The Code of Ethics for Public Accountants states that independence is the attitude expected of a public accountant to have no personal interest in carrying out his duties, which is contrary to the principles of integrity and objectivity. Arens et. al. (2013: 111) defines independence in auditing means taking an unbiased perspective. According to Boynton, Johnson, and Kell (2008: 112) detailing aspects of independence into two, namely: 1) Independence in fact (independence in fact), if at in fact the auditor is able to maintain an impartial attitude throughout the conduct of the audit. And 2) Independence in appearance (independence in appearance) is another party's view of the auditor in relation to the audit. There are six factors that influence auditor independence, which are financial decision ties and business relations with clients, competition among public accounting firms, services other than audit services, length of audit assignments, large accounting firms and the amount of audit fees (Wati and Subroto, 2003). Auditor independence can be guaranteed if there are other factors such as KAP size, auditor experience, specialization, reputation and reputation of the KAP can also be taken into consideration (Onwuchekwa et. Al., 2012). Independence is a mental attitude that is free from influence, not controlled by other parties, not dependent on others. Independence also means that there is honesty in an auditor in considering facts and there are objective considerations that are not impartial in the auditor's self in formulating and expressing their opinions. Public accountants are not justified in favor of anyone's interests. Public accountants are obliged to be honest not only to the management and owners of the company, but also to creditors and other parties who place their trust in the work of public accountants (Christiawan, 2002).

2. Opinion

According to the SA Public Accountants Professional Standards Section 110 paragraph 01 (SPAP, 2011), the auditor's objective for financial statements by independent auditors in general is to express opinions about the fairness, in all material respects, financial position, results of operations, changes in equity, and flows cash in accordance with financial accounting standards in Indonesia.

According to Tuanakotta (2014) Auditor's opinion depends on or based on the audit findings. There are several important decisions that must be made by the auditor, before signing a report that contains his opinion. The auditor's report must contain a section entitled "Opinion" (ISA: 700.34). According to Tuanakotta (2014) the auditor's opinion form consists of 2, namely: (1) Opinion without Modification, According to Tuanakotta (2014) Audit must evaluate whether the financial statements refer to or explain adequately, the applicable financial reporting framework (ISA: 700.15), auditor must provide an unmodified audit opinion (WTP) when the auditor concludes that the financial statements are made, in all material respects, in accordance with the applicable financial reporting framework (ISA: 700.16) and (2) Modified Opinion, According to Tuanakkota (2014) if financial statements are made in accordance with a reasonable presentation framework, do not achieve a reasonable presentation, the auditor must discuss this with management depending on the requirements of the applicable financial reporting framework and how the problem is resolved, the auditor must determine whether it is necessary

to modify the audit opinion in accordance with (ISA : 705). According to Tuanakotta (2014) Modified opinion consists of 3 types namely: Fair Opinion with Exceptions (ISA: 705.7), Unjust Opinion (ISA: 705.8), and Opinion Not Expressing Opinion (ISA: 705.10).

3. Lowballing

Lowballing audit is the determination of a lower audit fee (discount) than the determination of the fee that should be given by the Public Accounting Firm (KAP) to its clients with the aim of getting clients faster and more (DeAngelo, 1981). Lowballing is a practice in which KAP offers audit fees that are lower than the existing market price (De Angelo, 1981). This lowballing practice is generally carried out by small and medium-sized KAPs, because one of these practices is done with the aim of attracting clients. In addition, not all clients are sufficiently capable in terms of their cash inflows to use large KAP services in terms of the fairness of financial statements. So that this lowballing practice can benefit all parties, both KAP and the company. De Angelo (1981) states that the practice of lowballing audit does not damage auditor independence. However, it is different from what Lee and Gu (1998) stated that lowballing can increase auditor independence and can also jeopardize auditor independence.

Ghosh and Lustgarten (2006) found that there was a discounted price on the Big 4 KAP for the first year of engagement in 2001, but not in 2003. The Big 4 KAP had become a more conservative KAP in the post SOX period (Huang et. Al., 2009) . According to Lee and Gu (1998) Lowballing is a lower fee offer by a new auditor without expecting much benefit in the first year of the audit assignment, however, the auditor expects a higher fee the following year. This opinion is the same as that found by Patel and Prasad (2013) Auditors will only give a low price in their first year and will normalize in the next period, this is done to retain their audit clients in the next period and the auditor will cross subsidized profits from non-audit work. DeAngelo (1981) states lowbaling is an audit fee arrangement below the current total cost estimated at the initial audit period, the authorized auditor can estimate future benefits from the utilization of transaction costs and the use of technology by setting audit fees for the service fees they provide to the future. Audit fees have received more attention when the lowballing pattern was met. When lowballing occurs, the client will hire the services of an auditor who offers a low initial cost, where in the next period the auditor must provide a more expensive rate and must focus on the client to recognize the profit that is in the auditor's relationship with the client.

According to Decree KEP.024 / IAPI / VII / 2008 dated July 2, 2008 concerning the Policy for determining audit fees in Attachment 1 to the Decree of the Chairman of the IAPI Article 2, it asserted Members in setting reasonable fees according to the dignity of the public accountant profession and in an amount that is appropriate to be able to provide services in accordance with the demands of the prevailing professional standards of public accountants. Fees that are too low or significantly lower than those worn by other auditors / accountants, will raise doubts about the ability and competence of members in applying applicable technical and professional standards (Tuanakotta, 2011). The IAPI Chairperson's Decree reflects the profession's concern regarding the KAP which imposes a low fee (lowballing). IAPI seeks to provide an understanding of how to calculate fees and a negative effect on the dignity of the profession if the audit fee is deliberately set low. However, the professional and regulator's perspective on audit fees is not always the same. The audit profession regulator in the world generally believes that auditor independence is sacrificed through reliance on non-audit services and excessive audit fees ("excessive" audit fees). Conversely, academics argue that regulators "forget" that the non-audit services provided by the incumbent auditor can actually improve audit quality, the regulators also do not consider losses for auditors who want to sacrifice their independence.

4. Previous Research

The preliminary study of the lowballing of auditors' independence and audit opinion is as follows:

1. M. Zaki Yusuf (2019) The results showed that audit rotation and KAP size significantly influence the existence of lowballing audit practices. Audit Rotation has a significant effect on auditor independence and KAP size has no significant effect on auditor independence. Audit rotation has a significant effect on audit quality and KAP size does not significantly influence audit quality. Lowballing Audit has a significant effect on auditor independence and auditor independence has no significant effect on audit quality. Audit rotation and KAP size together have a significant effect on audit lowballing practices and have an impact on auditor independence. Audit rotation and KAP size together have a significant effect on auditor independence and have an impact on audit quality.
2. Research on lowballing and Audit Tenure on Audit opinions (2017) conducted by Firda states that the results indicate that lowballing influences audit opinion, whereas audit tenure has no influence on audit opinion.
3. Research on lowballing, audit tenure by Amilin, et al (2014) conducted on 61 respondents at KAP in Jakarta stated that Lowballing was proven to have a significant effect on audit opinion. Lowballing occurs for competition in terms of getting clients.
4. Research on audit tenure conducted by Krissindiastuti and Rasmini (2016) about the factors that influence going concern audit opinion, states that Audit tenure has a positive effect on going concern

- audit opinion. The results of the study prove that auditor independence is not disturbed by the length of the engagement that occurs between the client and the auditor.
5. Research on the Analysis of the Effects of Audit Rotation and Cap Size on Audit Lowballing and Its Impact on Auditor Independence conducted by Amanah (2016) The results of the study show that the direct effect of audit rotation and KAP size on auditor independence shows significant results. However, the indirect effect for each independent variable is different. Audit rotation shows there is an indirect effect through lowballing audit while for KAP size there is no indirect effect through lowballing audit.
 6. Research Totok Dewayanto (2011) auditor client tenure has no effect on the acceptance of going concern audit opinion. The results of this study indicate that the client tenure auditor does not affect the auditor in providing going concern audit opinion. Even though a KAP conducts an audit engagement with the same auditee for a sufficiently long period of time, it does not affect the auditor in giving an audit opinion.
 7. Research on lowballing which was stated by Fatemi (2012) stated that observing this research resulted in the view that auditors who carry out low balling pricing strategies must maintain their independence, and understand that management has incentives to maximize the value of the companies they manage.
 8. Patel and Prasad's (2013) research on lowballing suggests that auditors provide non-audit services to recover low-balled audit fees. Then the auditors must maintain their relationship with the clients they handle, this means that the auditor must follow requests from their clients to maintain the low-balled audit fee structure.

5. Framework for Thinking and Hypotheses

Based on the literature review and previous research, this study explains the Auditor's independence and audit opinion influenced by lowballing.

a. *Lowballing Terhadap Independensi Auditor*

Penelitian *lowballing* terhadap independensi sudah di lakukan oleh DeAngelo (1981). Dalam penelitiannya yang berjudul *Auditor independence, Low Balling and Disclosure Regulation*, menghasilkan kesimpulan bahwa *lowballing* tidak berpengaruh terhadap independensi auditor. Fatemi (2013) juga melakukan penelitian yang sama dan hasilnya *lowballing* berpengaruh terhadap independensi auditor. Serupa dengan penelitian yang dilakukan oleh Elitzur and Falk (1966) penelitiannya membuktikan bahwa Lowballing berpengaruh terhadap independensi auditor tetapi dengan variabel dependen berupa jasa audit. M.Zaki Yusuf (2019) Hasil penelitian menunjukkan bahwa rotasi audit dan ukuran KAP berpengaruh signifikan terhadap keberadaan praktik lowballing audit. Rotasi Audit berpengaruh signifikan terhadap independensi auditor dan ukuran KAP tidak berpengaruh signifikan terhadap independensi auditor. Rotasi audit berpengaruh signifikan terhadap kualitas audit dan ukuran KAP tidak berpengaruh signifikan terhadap kualitas audit. Lowballing Audit berpengaruh signifikan terhadap independensi auditor dan independensi auditor tidak berpengaruh signifikan terhadap kualitas audit. Rotasi Audit dan ukuran KAP bersama-sama berpengaruh signifikan terhadap praktik lowballing audit serta berdampak pada independensi auditor. Rotasi Audit dan ukuran KAP bersama-sama berpengaruh signifikan terhadap independensi auditor serta berdampak pada kualitas audit.

a. *Lowballing Against Auditor Independence*

Lowballing research on independence has been done by DeAngelo (1981). In his research entitled Auditor independence, Low Balling and Disclosure Regulation, it concluded that lowballing had no effect on auditor independence. Fatemi (2013) also conducted the same research and the results of lowballing affected auditor independence. Similar to the research conducted by Elitzur and Falk (1966) his research proved that Lowballing influences auditor independence but with the dependent variable in the form of audit services. M. Zaki Yusuf (2019) The results showed that audit rotation and KAP size significantly influence the existence of lowballing audit practices. Audit Rotation has a significant effect on auditor independence and KAP size has no significant effect on auditor independence. Audit rotation has a significant effect on audit quality and KAP size does not significantly influence audit quality. Lowballing Audit has a significant effect on auditor independence and auditor independence has no significant effect on audit quality. Audit rotation and KAP size together have a significant effect on audit lowballing practices and have an impact on auditor independence. Audit rotation and KAP size together have a significant effect on auditor independence and have an impact on audit quality.

b. *Lowballing on Audit Opinions*

Lowballing is the offer of a lower fee by the new auditor without expecting much benefit in the first year of the audit assignment, however, the auditor expects a high fee the following year. Lowballing refers to the discount given at the time of the first assignment by an external auditor when it has the potential to make a long-term engagement with a client company (Lee and Gu, 1998). Competition among KAPs is getting bigger because KAPs are increasing a lot, while the growth of the company is not proportional to the growth of KAPs. One of the ways by KAP is to face competition by reducing fees. These conditions give an indication that the

determination of the audit fee is done subjectively, meaning that it is determined by one or on the basis of the bargaining power between the auditor and the client (Suharli and Nurlaelah, 2008). Lowballing is characterized by an initial price structure less than the total cost and can be increased according to the tenure audit. Thus the client will survive after the situation changes with the assumption that the client will pay more in the next period (Cialdinit, R. B., Capcioppo, J. T., Basset, R. & Miller, 1978 in Jonasson and Tungal, 2012). Fatemi (2013) observed that when there is lowballing, managers will accept an engagement with the KAP in the hope that the auditor will disclose a higher asset value so that it is trusted by investors. Lowballing encourages the auditor to make an opinion that benefits the client at the beginning of the period and this condition is used by the auditor to obtain income in the hope that the client will carry out an audit engagement in the next period (Dye, 1991).

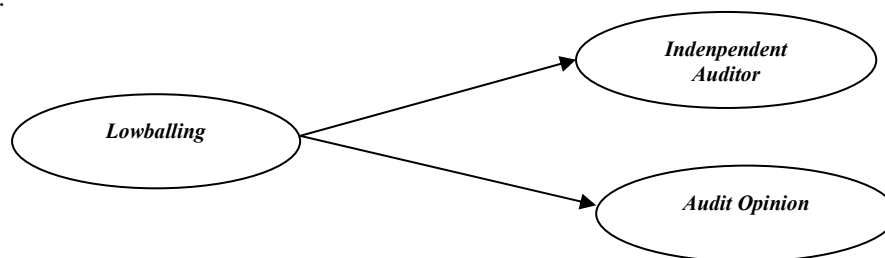


Figure 2.1
Thinking Framework

6. Hypothesis

Based on the theoretical basis and previous research, the hypothesis proposed by this research is as follows:

- H1: lowballing affects the Auditor Independence
- H2: lowballing influences audit opinion

C. RESEARCH METHODOLOGY

This research was conducted on public accountants (auditors) who work in public accounting firms (KAP) in the DKI Jakarta area. Auditors participate in this study include, partners, senior auditors and junior auditors who carry out work in the field of auditing. Data collection is done through the distribution of research questionnaires directly by visiting respondents and indirectly through intermediaries to respondents working in public accounting firms in the DKI Jakarta area that have been registered in the 2017 Public Accounting Firm Directory published by the Indonesian Institute of Certified Public Accountants (IAPI). The study took samples from KAP in the DKI Jakarta area. The distribution and collection of questionnaires were carried out in May - October 2019. Researchers took samples of 15 KAP from all KAPs in the DKI Jakarta area.

1. Definition and Operationalization of Variables

In operationalizing the variables, it is shown what is used to measure the research variables, both the dependent variable and the independent variable. In this study, the dependent variable is Auditor Independence (Y1) and Audit Opinion (Y2) while the independent variable is lowballing (X)

a. Auditor Independence (Y1)

Arens et. al. (2013: 111) defines independence in auditing means taking an unbiased perspective. According to Boynton, Johnson, and Kell (2008: 112) detailing aspects of independence into two, namely: 1) Independence in fact (independence in fact), if at in fact the auditor is able to maintain an impartial attitude throughout the conduct of the audit. And 2) Independence in appearance (independence in appearance) is another party's view of the auditor in relation to the audit.

b. Audit Opinion (Y2)

Ardiyos (2016) in the Big Accounting Dictionary writes the notion of auditor's opinion as "a report made by the auditor (auditor) after examining findings regarding a company's financial statements"

c. Lowballing (X)

Lowballing is a lower offer by a new auditor without expecting much benefit in the audit assignment in the first year, lowballing refers to the discount given by the external auditor when making the first assignment when it has the potential to make a long-term engagement with the client company (Lee and Gu, 1988).

Table Variable Operations

Variable	Dimension	Indicator	Scale	Tools
Independence Variable				
(X) <i>Lowballing</i>	Low Fee	Give a discount on the first assignment of an external auditor to make a long-term engagement with the client.	Ordinal	Questionnaire
		Giving a client a lower fee will affect the report the auditor will provide.		
		A small audit fee will encourage the auditor to give less opinion on the client's financial statements.		
		The attitude of the auditor who is not independent will affect the way of thinking and approving the wrong actions of the client.		
Source: This questionnaire refers to the research of Amilin, et al (2014) and Lee and Gu (1998)				
Dependence Variable				
(Y2) Audit opinion	1.Opinion Without Modification	The external auditor decides the audit results must be based on facts found in the audit process- Mampu berkoordinasi dengan bagian atau bidang yang lain.	Ordinal	Questionnaire
		External auditors must obtain complete accounting records needed as supporting evidence of an opinion about the reasonableness of financial statements.		
	2. Modified Opinion	Unqualified opinions can be given based on an accountant's examination if it believes that the financial statements presented are in accordance with generally accepted accounting principles and financial reporting frameworks.		
		An adverse opinion is given at the discretion of the external auditor, the financial statements as a whole are not presented as a whole fair / misstatement in accordance with generally accepted accounting principles.		
		A statement does not give an opinion (disclaimer), if the auditor fails to obtain sufficient and appropriate audit evidence, concludes that the financial statements do not reflect the use of accounting principles. .		
(Y1) <i>Auditor Independence</i>	Programming independence	Free from pressure or managerial intervention or friction that is intended to eliminate (determine), determine (specify) or change (modify) anything in the audit.	Ordinal	Kuisisioner
		Be free from any intervention from the non-cooperative attitude which is pleasing with the application of the chosen audit procedure		
		Free from outside efforts that compel the audit work to be reviewed beyond the reasonable limits of the audit process.		
Source: This questionnaire refers to Mulyadi's book 2013: 26-27)				

2. Data Analysis Method

Before testing the hypothesis, a normal assumption test is performed to determine whether the variable compared to the average has been normally distributed. The normality testing technique used in this study is the One-Sample T Test found on the SPSS 20.0 for Windows computer program. Decision-making is done by comparing the significance of the test results with a significance level of 0.05. The significance value of the normality test must be 0.05, because if the significance value is less than 0.05, the data is not normally distributed. If the data is not

normally distributed, then the trimming method is used. One reason that makes data not normally distributed is because there are some data items that are outliers, that is, those that have values outside the normal limit compared to other data in a sample. For this reason, a trimming method is used, which is to discard the outliers data (Nugroho: 2005). The characteristics of the Independent-Samples T Test statistical test equipment are:

- 1) Data which will be tested is normally distributed or,
- 2) Variants of the data are homogeneous, if one of the two characteristics is fulfilled then the test can be done.

Independent-Samples T Test Based on the results of the Leven's Test, a decision is made. The basis for decision making is that if the probability is greater than 0.05 then H_a is rejected, meaning that there is no significant difference between the sample groups. Conversely, if the probability is smaller than 0.05 then H_a is accepted, meaning that there is a significant difference between the sample groups.

1. Test Validity

Validity is to measure what you want to be measured, validity or validity of the form, predictive, convergent, correlation techniques are used, while the discriminant that distinguishes items used is the t test by distinguishing 50% or 27% lowest score with 50% or 27% highest score. If t arithmetic $t + t$ table, the data collection tool can be declared Valid for that variable.

2. Reliability Test

Reliability or reliability tests using "Cronbach Alpha" (α) can be used to test the reliability of Likert scale instruments (1 to 5) or instruments whose items are in essay form. The reliability test for the Likert scale uses item analysis, i.e. for each particular item score is corrected by its total score, if r is less than 0.80 or $r(\alpha) < t$ count is declared unreliable.

3. Hypothesis Testing

Hypothesis Testing in this thesis, using the Influence Test which uses two or more variables that are distinguished between the dependent variables and independent variables. Influence Testing here uses multivariate techniques because it uses two independent variables. Influence testing is done by testing the effect of the independent variable to the dependent variable. In this study the Regression model used; then the influence test wants to test statistically the effect of the variable X (Independent) into the Y variable (Dependent). Tests carried out to see the effect of X to Y are tests-Simple Regression.

D. RESEARCH RESULTS AND DISCUSSION

This research was conducted on public accountants (auditors) who work in public accounting firms (KAP) located in the DKI Jakarta area. Auditors participating in this study include, partners, senior auditors and junior auditors who carry out work in the field of auditing. This study took a sample of 15 KAP from the total KAP in the DKI Jakarta area.

Descriptive statistics are the recording of data accompanied by sentences, words and images to provide an overview of the variables studied but are not used to make conclusions descriptive statistical tests include the mean (minimum) value, minimum value, maximum value and standard deviation value of the research data. The descriptive statistical analysis display is used to make it easier to find out the responses of the respondents to the variables studied through sample or population data. The following are the results of a descriptive analysis using the SPSS version 20 program.

Table
Descriptive Statistics of Overall Variable Test Results
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
LB (<i>Lowballing</i>)	200	16	40	32,77	4,322
OA (<i>Opini Audit</i>)	200	30	50	54,42	3,655
IA (<i>Independensi Auditor</i>)	200	32	58	62,12	3,722
Valid N (<i>listwise</i>)	200				

Source: SPSS output version 20 is processed in 2019

The purpose of this descriptive statistical test results is to overview the quality of research data intended to the criteria if the mean value is greater than the standard deviation then the data quality is good. Based on the data obtained shows that all variables have good quality data t Statistical test is used to see the significance of the independent influence individually on the dependent variable by comparing between t arithmetic and t table at a significance of 0.05. The t statistic test basically shows how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable. Based on the t table with a significant level of $0.05 / 2 = 0.025$ (two-sided testing), the t table obtained is 0.675. The results of the statistical t test are as follows:

Table
Lowballing T Test Results against Auditor Independence
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	32.221	1.247		21.027	.000
Lowballing	.373	.236	.390	3.721	.001

a. Dependent Variable: Independensi Auditor

Source: SPSS output version 20 is processed in 2019

Based on the table above, it can be explained that the results of the partial test are the Lowballing Variable (X). From the results of the statistical test t, the t value is 3.721 with a significant level of 0.001. This means $t_{arithmetic} > t_{table}$ ($3,721 > 0,675$) and a significant level < 0.05 ($0.001 < 0.05$ means Lowballing has a significant effect on Auditor Independence (Y1).

Table
Lowballing T Test Results Against Audit Opinion
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	29.678	1.219		13.876	.000
Lowballing	.214	.187	.269	3.123	.002

a. Dependent Variable: Independensi Auditor

Source: SPSS output version 20 is processed in 2019

Based on the table above, it can be explained that the results of the partial test are the Lowballing Variable (X). From the results of the statistical test t, the value of t is 3.123 with a significant level of 0.002. This means $t_{arithmetic} > t_{table}$ ($3.123 > 0.675$) and a significant level < 0.05 ($0.002 < 0.05$ means Lowballing has a significant effect on Audit Opinion (Y2). The simple linear regression equation is as follows:

$$1. \text{ Auditor Independence} = 32,221 + 0,373 \text{ Lowballing}$$

$$2. \text{ Audit Opinion} = 29,214 + 0,187 \text{ Lowballing}$$

From the regression equation above, it can be seen that the regression coefficient of Lowballing is positive which means that if the level of Lowballing increases, the Auditor Independence in the DKI Jakarta Public Accounting Firm will also increase. A constant value of 32,221 means that if there is no lowballing, the Auditor Independence in the DKI Jakarta Public Accounting Firm is 32.22%. And for the second regression equation, it can be seen that the regression coefficient of Lowballing is positive, which means that if the level of Lowballing increases, the Audit Opinion in the DKI Jakarta Public Accounting Firm will also increase. A constant value of 29,214 means that if there is no Lowballing, the Audit Opinion in the KAP area of DKI Jakarta is 29.21%.

1. Lowballing berpengaruh terhadap Independensi Auditor

Dari hasil uji statistik t diperoleh nilai t hitung sebesar 3,721 dengan tingkat signifikan sebesar 0,001. Ini berarti $t_{hitung} > t_{tabel}$ ($3,721 > 0,675$) dan tingkat signifikan $< 0,05$ ($0,001 < 0,05$ artinya Lowballing berpengaruh secara signifikan terhadap Independensi Auditor (Y1). Penelitian ini sejalan dengan penelitian Fatemi (2013) berdasarkan penelitiannya hasilnya *lowballing* berpengaruh terhadap independensi auditor. Serupa dengan penelitian yang dilakukan oleh Elitzur and Falk (1966) penelitiannya membuktikan bahwa Lowballing berpengaruh terhadap independensi auditor tetapi dengan variabel dependen berupa jasa audit. Berdasarkan hal tersebut, maka hipotesis *dapat diterima* sebagai berikut:

H1: Lowballing berpengaruh terhadap Independensi Auditor di KAP Wilayah DKI Jakarta

2. Lowballing affects Audit Opinion

From the results of the statistical t test the value of t is obtained for 3.123 with a significant level of 0.002. This means $t_{arithmetic} > t_{table}$ ($3,123 > 0,675$) and a significant level < 0.05 ($0.002 < 0.05$ means that Lowballing has a significant effect on Audit Opinion (Y2). This study is in line with Fatemi's (2013) study observing that when there is lowballing then the manager will accept an agreement with the KAP in the hope that the auditor will disclose a higher asset value so that it is trusted by investors. Lowballing encourages the auditor to make an opinion that benefits the client at the beginning of the period and this condition is used by the auditor to obtain revenue in the hope that the client will make the engagement audit in the next period (Dye, 1991) .. Based on this, the hypothesis can be accepted as follows:

H2: Lowballing influences the Audit Opinion in the DKI Jakarta Regional Accounting Firm

E. CONCLUSIONS AND SUGGESTIONS

1. CONCLUSION

Based on the data that has been collected and the testing that has been done, the following conclusions can be drawn:

1. Lowballing has a significant effect on auditor independence, Lowballing is said to have negative consequences (Magee and Tseng 1990 in Fatemi, 2013; Dopuch and King, 1996) because the auditor has a financial attachment to the client, so lowballing practices may damage the auditor's ability to behave independent of managers (Fatemi, 2013). However, when the auditor obtains a higher fee (premium), the auditor will be careful of any threat to the independence of their appearance (Gupta et. Al., 2009).
2. Lowballing has a positive effect on audit opinion Lowballing is characterized by an initial price structure less than the total cost and can increase according to Audit tenure. Thus the client will survive after the situation changes assuming the client will pay more in the next period. One of the ways by KAP is to face competition by reducing fees. These conditions give an indication that the determination of the audit fee is done subjectively, meaning that it is determined by one or on the basis of the bargaining power between the auditor and the client.

2. SUGGESTIONS

The suggestions that can be given by researchers for further studies are:

1. For public accounting firms to follow Government Regulation (PP) article 11 PP.20 2015, explaining that providing audit services on historical financial information as referred to in article 10 paragraph (1) letter a of an entity by a public accountant at most 5 (five) years in a row about the length of the audit period.
2. Future research is expected to be more quality and useful by adding a number of things such as: being able to obtain data through other sources such as interviews from several respondents so that they can better describe the real situation and avoid filling out the questionnaire incorrectly and can expand the survey area other than from the addition of the number of respondents so that the results of the study can illustrate the phenomenon that actually occurs.

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