

RESEARCH ARTICLE

Factors that Determine Going Concern Opinions on Manufacturing Companies in Indonesia

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A going concern opinion is issued if the auditor doubts a company's financial condition. Giving a going concern opinion can worsen the company in terms of gaining public trust and may even indicate bankruptcy. This study aims to provide empirical evidence of the effects of liquidity, leverage, profitability, audit quality, audit lag, and opinion shopping on the acceptance of going concern opinions in manufacturing companies listed on the Indonesia Stock Exchange from 2018 to 2020. The results showed that leverage and audit lag have a positive effect. This shows that companies with high debt ratios will likely experience financial distress and continuity. This is what the auditor considers in providing a going concern opinion. Companies that receive very long audit reports also indicate that the auditor needs time before issuing an audit opinion. The longer the time required for the auditor, the greater the possibility of receiving a going concern opinion. This shows that auditors tend to give a going concern opinion to companies with high leverage and take a long time to complete an audit report. Meanwhile, liquidity, profitability, audit quality, and opinion shopping do not affect the acceptance of going concern opinion.

Keywords: Going concern opinion, Liquidity, Leverage, Profitability, Audit quality, Audit lag, Opinion shopping

JEL Classifications: M41, M42

General-purpose financial reporting aims to provide financial information about the reporting entity applicable to existing and potential investors, lenders, and other creditors in making decisions relating to providing resources to the entity (International Accounting Standards Board, 2018). In preparing

financial statements, the assumption that the company will be able to maintain its activities in the future plays an important role. The going concern accounting principle is the basis for most of the valuation and recognition criteria used in accounting, and therefore, financial information is prepared based on this hypothesis. It is

customary for users of financial statements to trust the auditor to assess the extent to which this principle has been complied with, to consider a going concern audit opinion very important because it can give rise to warnings of significant uncertainties, such as, for example, the possibility of bankruptcy.

Financial statements must have good readability to make them easier to read, including by auditors (Salehi et al., 2022b). The company's published financial statements must be audited by an external auditor so that it will produce an audit opinion. The information generated must be material to be effective in making economic decisions for users. The purpose of the auditor is to increase the level of confidence of users of financial statements (Azad & Dashtbayaz, 2021). Going concern is one of the basic assumptions used in preparing financial statements, and the auditor must explicitly state whether the client company will be able to maintain its viability until a year after reporting (Institut Akuntan Publik Indonesia, 2013). The auditor's consideration of the uncertainty regarding the company's ability to continue as a going concern is the possibility that the client may not be able to continue its operations or fulfill its obligations during a reasonable period (Arens et al., 2017).

Firms with a going concern opinion qualification in the auditor's report have higher indebtedness, lower liquidity and efficiency, and worse profitability than firms without a going concern qualification. These characteristics were expected because going concern opinions are usually linked to firms' threatened ability to continue operating (Zdolšek et al., 2022) the auditor assesses whether there is material uncertainty about the firm's ability to continue as a going concern. If the existence of material uncertainty is confirmed, the auditor considers the adequacy of the firm's disclosures regarding its going concern in the firm's annual report. Most commonly, if the firm's disclosures are adequate, the auditor issues a going-concern opinion in the auditor's report. The auditor modifies his opinion on firm's financial statements because of auditor's going-concern doubt on the firm's ability to continue as a going-concern rarely in specific circumstances. In the present paper we provide an auditor's going-concern prediction model using various combinations of a firm's economic predictors. A sample data of 14,761 firm-year observations from Slovenia during the period 2005–2013 has been used for the model. The results reveal that firms with a going-concern qualification

have a worse financial structure (i.e., lower equity financing rates. Problems of going concern are also used by investors and potential investors in considering a company's future prospects. When economic conditions are uncertain, investors expect auditors to warn when the company is close to failure (Chen & Church, 1996). The issuance of audit opinion going concern is very useful for users of financial statements to make the right decisions in investing because when an investor is going to invest, it is necessary to know the company's financial condition, especially regarding the company's survival.

Opinion of going concern is an opinion issued by the auditor to determine whether the company can maintain its viability (Institut Akuntan Publik Indonesia, 2013). The going concern opinion published is very important information for the company as a basis for maintaining its survival and avoiding the possibility of bankruptcy. According to Rosner (2003) most recently provided by allegations relative to Enron, Global Crossing, and WorldCom, suggest that failing firms (defined here as prebankruptcy firms, auditors have proven that including opinions of going concern in their report usually coincides with a sudden decline in corporate financial performance. Acceptance of the opinion of going concern results from doubts by the auditors on the viability of the company going concern. Alexeyeva and Sundgren (2022) stated that there is a positive relationship between going concern opinion and bankruptcy. This means that the auditor's opinion report has informational value in terms of thinking about bankruptcy.

Issuance of audit going concern opinion was very useful for users of financial statements to make the right decisions based on the interests of each party. For example, investors need information about corporate financial conditions, especially business continuity information. Junaidi and Jogiyanto (2010) showed that audit tenure, auditor reputation, and disclosure significantly affect going concern opinions, whereas the firm size does not affect going concern opinions. Gallizo and Saladríguez (2016) stated that companies that experience losses and are audited by small-scale auditors (Non-Big Four) will increase the possibility of receiving a going concern audit opinion. Foster and Shastri (2016) also said that the size of a public accounting firm does not affect the decision to modify business continuity, but the Big Four auditors charge much higher fees than other auditors. Thus, managers

and company owners must weigh the benefits of using the services of the Big Four on their financial statements against the higher fees charged by public accounting firms.

Going concern audit opinion is also related to the financial situation of a company, in this case, the liquidity ratio and leverage level. The liquidity ratio aims to assess the company's ability to meet short-term obligations (Subramanyam, 2019). The smaller the company's liquidity, the more it struggles to pay its obligations. Therefore, an auditor will likely provide an audit opinion with a going concern (Januarti & Fitrianasari, 2008). A low level of liquidity indicates that, in the short term, the company cannot ensure the payment of debt, which is its financial obligation, and this shows that the company is in bad financial condition. Financial conditions with low levels of liquidity raise doubts about the company's ability to maintain its viability, so the auditor, in carrying out his duties, tends to issue a going concern audit opinion (Averio, 2020). Meanwhile, Haribowo (2013), in his research on Islamic Banks in South Asia and Southeast Asia, found that audit quality, liquidity, solvency, and profitability did not affect going concern audit opinions, but in South Asian countries, liquidity had an impact on going concern audit opinions.

Meanwhile, the leverage ratio can also be an indicator that determines the company's ability to meet financial obligations, both short-term and long-term. The leverage ratio aims to assess the company's ability to meet its long-term obligations (Subramanyam, 2019). The high level of leverage indicates that the company's finances are dominated by loans, so the company has more obligations to manage debt payments and loan interest that can affect cash flow, as well as the company's profit and loss. Therefore, the level of leverage is one of the auditor's concerns in carrying out the audit. Aryantika and Rasmini (2015) and Simamora and Hendarjatno (2019) found that companies with high leverage levels have a high potential to receive going concern audit opinions. Suppose the company is not supported by good financial performance. In that case, the company will likely fail to pay its debts, which can raise doubts about its ability to maintain its viability. Thus, the auditor will tend to issue an unqualified opinion modified for the company's going concern (Averio, 2020). This opinion is also supported by Salean and Zaroni (2013), Angrijani and Zakaria (2017) and Zurachman (2021).

The company's performance in generating profits is measured by using the level of profitability, which indicates whether a company is in good or bad financial condition. The more profitable a company is, the lower the probability of receiving a going concern audit opinion because profitable companies do not show losses and, therefore, do not have continuity problems (Gallizo & Saladrigues, 2016; Mareque et al., 2019). Averio (2020) stated that a low level of profitability indicates a company has a disappointing performance, which can raise doubts about its ability to maintain its viability. Thus, in carrying out their duties, the auditor tends to issue a modified, unqualified audit opinion regarding the company's viability. Companies with going concern opinions will subsequently report losses more timely than companies that do not receive going concern opinions (Kim, 2021).

Audit quality is also one of the factors that cause companies to accept a modified going concern audit opinion. Audit quality is the possibility of the auditor finding and reporting an irregularity, financial condition, or fraud in the client's accounting system. Audit quality is inseparable from the size of the audit firm; the larger the auditor as measured by the number of clients, the less incentive the auditor has to behave opportunistically and the higher the perception of audit quality (DeAngelo, 1981). In other words, large-scale accounting firms will try to provide better-quality audit reports than small-scale firms. Accounting firms, large and small, are based on affiliations between local accounting firms and four of the world's largest accounting firms, namely Ernst and Young (E&Y), Deloitte Touche Tohmatsu, KPMG, and PricewaterhouseCoopers (PwC). Audit quality is also decisive in the competition in the audit market (Mohammadi et al., 2021).

Meanwhile, Averio (2020) showed that non-Big Four accounting firms tend to issue going concern audit opinions more often to auditees than Big Four accounting firms. Companies that are willing to be audited by Big Four accounting firms are more confident in accepting unqualified and unmodified opinions regarding going concern, so only a few going concern audit opinions are issued by Big Four accounting firms. On the other hand, lower-middle companies tend to use the services of non-Big Four accounting firms. The study of Brunelli et al. (2021) found that investors in Italy have less trust in Big Four audit firms, thus encouraging the "courage to

choose” small and medium-sized audit firms. Salehi & Arianpoor (2022a) revealed that companies belonging to large business groups are more likely to choose their auditors from large audit offices.

Audit report lag (ARL) is the period between the end of the company’s fiscal year and the date of the audit report (Lee & Jahng, 2008). Audit lag is also defined as the number of days between the end date of the financial statements and the date of issuance of the audit report (Ryu & Roh, 2007). Audit lag is measured by calculating the length of time that Public Accounting Firm audits from the end of the financial statements until the audit report’s issuance date. Auditors often provide a going concern opinion when the audit report is delayed (Lennox, 2000). So, it can be concluded that audit lag affects going concern audit opinion because auditors tend to spend more time auditing problematic companies. This opinion is also supported by the research of Januarti and Fitrianasari (2008) and Salean and Zaroni (2013).

The next factor influencing the provision of going concern audit opinions is the change of auditors or opinion shopping. The Securities and Exchange Commission defines opinion shopping as seeking auditors willing to support proposed accounting treatments that help companies achieve their reporting objectives, even though doing so may lead to less reliable reporting (Archambeault & DeZoort, 2001). Opinion shopping affects going concern audit opinion, which means the company is likely to receive a going concern audit opinion if there is frequent change of auditors after the company receives a going concern audit opinion. That is, opinion shopping affects going concern audit opinion (Lennox, 2000; Rahim, 2016; Simamora & Hendarjatno, 2019). Meanwhile, Gomez et al. (2020) stated that the quality of audit opinion could be improved through auditor rotation.

This research was conducted to improve previous studies to re-examine the effect of liquidity, leverage, profitability, audit quality, audit lag, and opinion shopping on a company’s going concern audit opinion. This study uses the research population of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2020. The results showed that the leverage and audit lag variables positively affected going concern audit opinion. In contrast, the variables of liquidity, profitability, audit quality, and opinion shopping did not affect going concern audit opinion.

Literature Review and Hypotheses

Agency Theory

In agency theory, Jensen and Meckling (1976) stated that agency theory is concerned with the mismatch between the interests of principals and their agents. This theory includes the relationship between company personnel, namely principals and agents. Principals are those who assign tasks to agents, and they also act to make decisions. In this study, managers who act as agents will certainly try to optimize the company’s financial performance by presenting attractive financial reports to the principal. Both the principal and the agent are assumed to be economically rational and motivated solely by their self-interest. This can trigger agency conflicts. For that, there needs to be an independent third party to mediate the relationship between the principal and the agent.

Auditors are parties who are considered capable of bridging the interests of principals and agents in managing the company’s finances so that the auditor has a supervisory function on the work carried out by managers through financial reports and considers the company’s business continuity in carrying out its business activities. Auditor accountability includes providing service assurance in the form of an assessment of the financial statements made by agents regarding the fairness of the financial statements. This evaluation ultimately results in an audit opinion. The audit opinion given by the auditor can be a measure for the principal to assess the performance of the agent in managing the company’s business activities.

Going Concern Audit Opinion

Auditing Standard (SA) 570 states that, based on the going concern assumption, an entity is seen as staying in business for a predictable future (Institut Akuntan Publik Indonesia, 2013). A going concern opinion is a modified audit opinion in which the auditor judges that there is incompetence or significant uncertainty regarding the continuity of the company’s operations. The auditor can provide a going concern audit opinion if they find a condition or event during the audit process that raises the auditor’s doubts about a company’s sustainability.

When considered as a whole, the auditor may identify information about certain conditions or events that give rise to uncertainty about the entity’s ability to continue as a going concern in the long term. The type

of audit opinion (going concern) can be used to detect fraud (Khaksar et al., 2022). According to Arens et al. (2017), conditions or events that can cause uncertainty include:

1. Negative trends. For example, large recurring business losses, lack of working capital, and negative cash flow.
2. Other clues about possible financial difficulties. For example, the company's inability to pay its maturing obligations and arrears in dividend payments.
3. Internal problems such as the loss of a major customer, uninsured disasters such as an earthquake or flood, or labor issues are not uncommon.
4. External issues, such as litigation, lawsuits, or similar issues that have occurred, which could jeopardize the company's ability to operate.

In formulating an audit opinion regarding going concern, the auditor needs to assess whether there are adequate disclosures. SA 570 explains that disclosure is said to be adequate if the financial statements provide information about whether the company is able to realize its assets or whether the company is able to pay off its obligations. If there are adequate disclosures in the financial statements, the auditor shall express an unmodified opinion and include an emphasis paragraph regarding:

1. The existence of a material uncertainty relating to events or conditions that may cast doubt on the entity's ability to continue as a going concern and management's plans.
2. Directs attention to the notes to the financial statements that disclose the matters referred to.

Hypothesis Model

Testing the hypothesis is necessary to test the relationship between the independent variables (liquidity, profitability, leverage, audit quality, audit lag, and opinion shopping) and the dependent variable (going concern opinion). The hypotheses proposed in this study are as follows:

- H1. Liquidity has a negative effect on going concern audit opinion.
- H2. Leverage has a positive effect on the going concern audit opinion.
- H3. Profitability has a negative effect on going concern audit opinion.
- H4. Audit quality has a negative effect on the going concerns audit opinion.
- H5. Audit lag has a positive effect on the going concerns audit opinion.
- H6. Opinion shopping has a negative effect on the going concern audit opinion.

Based on the research hypothesis that has been proposed above, a framework of thought in this study was created, as shown in Figure 1.

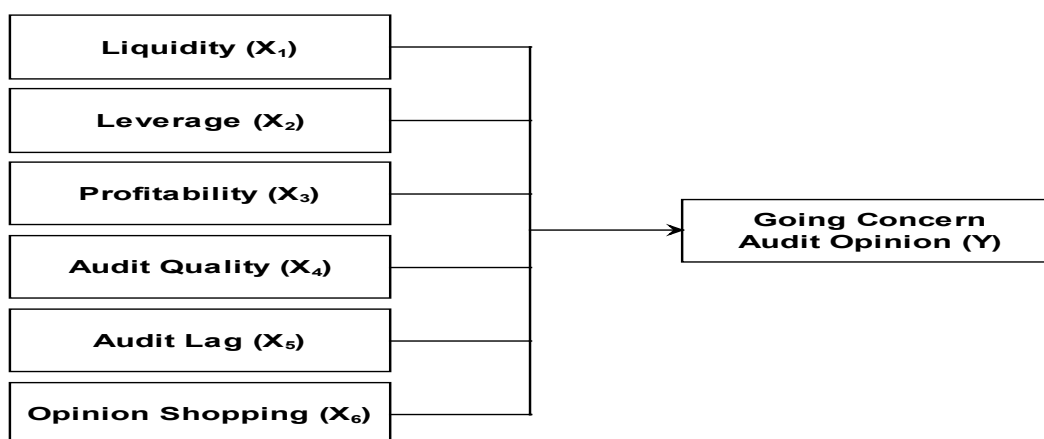


Figure 1

Conceptual Framework

Research Methodology

Research Approach and Data Source

This study is causal research with a quantitative approach, namely collecting numerical data and conducting analysis using SPSS statistical analysis software. The data source of this research uses secondary data obtained from the Indonesia Stock Exchange (IDX) for the 2018–2020 period, which includes annual financial reports and independent audit reports.

Population and Sample

The population of this research is all manufacturing companies listed on the Indonesia Stock Exchange during the 2018–2020 period, totaling 186 companies, and using purposive sampling techniques to select research samples. The criteria considered in the sampling of this research include manufacturing companies that were listed consecutively during 2018–2020, companies that were not delisted during the 2018–2020 research period, companies that experienced net losses at least twice during the 2018–2020 observation period, have an annual report, and complete independent audit reports available on the IDX.

Variables Description

The dependent variable in this study is going concerns audit opinion. This going concern audit opinion is issued if there is doubt about the entity's ability to maintain business continuity. This variable is measured using a dummy variable where the going concern audit opinion is coded 1. In contrast, for things not included in the going concern audit opinion (unqualified opinion), it is coded 0. These measurements were used by Foster (2016), Swanson & Theis (2019), Mareque et al. (2019), and Kim (2021).

The independent variables in this study include:

1. Liquidity ratio. Liquidity is the company's ability to meet its current obligations or analyze and interpret its current financial position (Munawir, 2014; Subramanyam, 2019). This variable is measured by the current ratio, which is formulated as:

$$\text{Current ratio} = \text{Current assets} / \text{Current liabilities}$$

2. Leverage ratio. Leverage can be an indicator to determine the company's ability to meet both short-term and long-term debt. Companies with a high level of leverage indicate that the funding source is mainly from loans, so the company has a greater responsibility to manage debt payments and loan interest, which can impact the company's cash flow and profit and loss. The leverage ratio is assessed through the debt-to-asset ratio (DAR), which is total liabilities divided by total assets (Munawir, 2014; Subramanyam, 2019).

$$\text{DAR} = \text{Total Debt} / \text{Total Asset}$$

3. Profitability ratio. Profitability is the company's ability to generate a return on investment based on the available resources compared to alternative investments. Profitability is used to measure the level of business efficiency and profitability achieved by the bank concerned (Munawir, 2014; Subramanyam, 2019). Profitability ratio used is Return on Total Assets (ROA).

$$\text{ROA} = \text{Net Profit After Tax} / \text{Total Asset}$$

4. Audit quality. The audit quality produced by the auditor affects investors' decisions (Khaddafi, 2015). An auditor with a good reputation will tend to maintain the quality of their audit so that their reputation is maintained and does not lose clients. The auditor has to keep their independence and constantly improve their competence to maintain their integrity as an independent auditor (Putri et al., 2017). DeAngelo (1981) concluded that larger public accountant firms (PAFs) can produce better audit quality than small PAFs. In addition, large-scale PAFs have a greater incentive to avoid damaging the reputation of critics than small-scale PAFs. This argument suggests that large accounting firms have more incentive to detect and report client business continuity problems. PAFs affiliated with the Big Four can be relied on to provide better audit quality than small-scale PAFs. Audit quality is measured using a dummy variable, where code 1 is given if the PAFs are part of the Big Four group, whereas code 0 is shown if the PAFs are not.

5. Audit lag. Audit lag is the number of days between the end date of the financial statements and the issuance date of the audit report (Ryu & Roh, 2007). In addition, according to Lee and Jahng (2008), audit report lag is the period between the end of the company's financial year and the date of the audit report. The longer the audit lag indicates that the company has serious problems regarding its financial condition and sustainability, which can cause the company to receive opinions on a going concern audit (Rakatenda & Putra, 2016). Audit lag is measured using the number of days from the financial statements' end date to the audit report's issuance date (Simamora & Hendarjatno, 2019; Averio, 2020).
6. Opinion shopping. The Security Exchange Commission defines opinion shopping as an activity to find auditors who want to support the accounting treatment carried out by management to achieve the company's reporting objectives (Archambeault & DeZoort, 2001). Companies usually change auditors to avoid receiving going concern opinions. Gomez et al. (2020) stated that the quality of audit opinion can be improved through auditor rotation. Opinion shopping allows the company's management to change its auditor to another auditor if the company is highly likely to receive an opinion concerning an audit from the auditor on duty (Praptitorini & Januarti, 2011). This variable is measured by replacing it using a dummy variable, where code 1 is if the company does opinion shopping, and code 0 is if the company does not do opinion shopping.

Data Analysis and Method

The analysis method used in this study used logistic regression equations, goodness of fit test, overall model fit test, determinant coefficient test, model classification test, and hypothesis testing. The significance level used for hypothesis testing is 5%.

The following equation logistic regression model in this study:

$$\text{Ln} = \alpha + \beta_1 \text{Liq} + \beta_2 \text{Lev} + \beta_3 \text{Prof} + \beta_4 \text{Aud} + \beta_5 \text{Lag} + \beta_6 \text{Shop} + \varepsilon$$

where Ln (Y) = Going Concern Opinion, Liq (X₁) = Liquidity, Lev (X₂) = Leverage, Prof (X₃) = Profitability, Aud (X₄) = Audit Quality, Lag (X₅) = Audit Lag, Shop (X₆) = Opinion Shopping.

Results and Discussion

Data and Sample

Table 1 presents the results of purposive sampling on manufacturing companies listed on the IDX from 2018–2020 and consists of a total sample of 48 companies.

Table 1. Sample Criteria

No	Sample criteria	Total
1	Manufacturing companies registered in IDX during 2018–2020	156
2	The company experienced losses for at least two years during 2018–2020	(84)
3	Incomplete, inaccessible financial reports, etc.	(24)
4	Total samples per year	48
5	Total sample during the 2018–2020 observation period (48 x 3)	144

Descriptive Statistical Analysis

Table 2 presents the results of descriptive statistics on 48 manufacturing companies listed on the IDX from 2018 to 2020. The description of the research results explains the minimum value, maximum value, mean, and standard deviation of each research variable.

Liquidity

The descriptive statistics in Table 2 show that the average level of corporate liquidity as measured by the current ratio is 1.56, with a standard deviation of 1.58, and the minimum and maximum liquidity levels are 0.02 and 9.86, respectively. The average value of 1.56 indicates that the average sample has 1 rupiah of current debt, guaranteed by 1.56 rupiah of current assets. The average sample has the ability to pay off its current debt, although it is quite small.

Leverage

The descriptive statistics in Table 2 show that the average corporate leverage as measured by debt to total assets is 0.69, with a standard deviation of 0.57, and the minimum and maximum corporate care are 0.05 and

Table 2. *Descriptive Statistics*

	N	Minimum	Maximum	Mean	Std. Deviation
LIQUIDITY	144	.02	9.86	1.5692	1.58838
LEVERAGE	144	.05	3.93	.6985	.57767
PROFITABILITY	144	-105.00	61.00	-4.1806	15.27128
AUDIT_QUALITY	144	.00	1.00	.29	.456
AUDIT_LAG	144	36.00	326.00	115.5000	44.57037
OPINION_SHOPPING	144	.00	1.00	.24	.426
GOING_CONCERN	144	.00	1.00	.62	.488
Valid N (listwise)	144				

3.93, respectively. The average value of 0.69 indicates that 69% of assets are financed by debt. This shows that the average sample uses more debt to finance its assets.

Profitability

The descriptive statistics in Table 2 show that the average company profitability as measured by return to total assets is -4.18 with a standard deviation of 15.27, and the minimum and maximum values are -105 and 61, respectively. The average value is -4.18 (minus), indicating that the sample in this study has experienced losses over the years.

Quality Audits

Table 2 shows that the average company audited by the PAF Big Four is 0.29 or 29%, and non-PAF Big Four audits the rest with a standard deviation of 0.45. The audit quality variable is measured using a dummy variable, with a minimum value of 0 and a maximum of 1, meaning that PAFs audit companies with Big Four coded with 1 and non-PAFs with Big Four coded with 0.

Audit Lag

Table 2 shows that the time required by the auditor to complete the audit report since the end date of the financial statements is an average of 115.50 days, with the minimum duration needed for the auditor to complete the audit report being 36 days. The maximum time is 326 days, with a standard deviation of 44.57.

Online Shopping

The descriptive statistics in Table 2 show that the sample that does auditor change (opinion shopping) averages 0.24 or as many as 24% of companies. The rest do not do opinion shopping. The opinion shopping

variable is measured using a dummy variable, with a minimum value of 0 and a maximum of 1, meaning that companies that change auditors are coded 1, and those that do not change auditors are coded 0.

Going Concern Opinion

Table 2 shows that the average company that received a going concern audit opinion was 0.62 or 62%, and the rest received an opinion of non-going concern from the auditor. The value of 62% indicates that more than half of the sample companies get a going concern audit opinion. Going concern is measured using a dummy variable, a minimum of 0 and a maximum of 1, meaning that companies that receive audit opinions are going concern coded 1, and companies that do not receive audit opinions are going concern coded 0.

Overall Model Fit Test

The estimation of the overall model fit for this research model is based on the likelihood L function. The likelihood L model is the probability that the hypothesized model describes the input data. The overall model fit test results can be seen in Table 3. Based on the SPSS output for the overall model fit test presented in Table 3, the final likelihood value at -2Log likelihood is 167.213. This value decreased by 31.412 from the initial likelihood value of 198.625. The decrease in value indicates that the model fits the data.

Testing Goodness of Fit for the Regression Model

The regression model fit test was performed using Hosmer and Lemeshow's goodness-of-fit test. This model aims to test the hypothesis that the empirical data fit the model (there is no difference between the model and the data means the model fits). If the

Table 3. Overall Model Fit Test

Iteration		-2 Log likelihood	Coefficients						
			Constant	LIQ	LEV	ROA	AUD	LAG	SHOP
Step 1	1	171.478	-1.171	-.072	.636	.003	-.536	.009	.345
	2	168.341	-1.651	-.036	1.127	.006	-.547	.010	.412
	3	167.339	-1.954	.013	1.618	.009	-.508	.009	.452
	4	167.214	-2.092	.036	1.866	.010	-.491	.009	.473
	5	167.213	-2.109	.039	1.895	.010	-.489	.009	.476
	6	167.213	-2.109	.039	1.895	.010	-.489	.009	.476

Notes: (a) Method: Enter; (b) Constant is included in the model; (c) Initial -2 Log likelihood: 198.625; (d) Estimation terminated at iteration number 6 because parameter estimates changed by less than 0.001.

Table 4. Hosmer and Lemeshow Test

Step	Chi-Square	df	Sig.
1	7.380	8	.496

Table 5. Determinant Coefficient (R²)

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	78.857 ^a	.525	.724

Hosmer and Lemeshow value is equal to or less than 0.05, the null hypothesis is rejected, which means that there is a significant difference between the model and the observed value, so the model's goodness fit is not good because the model cannot predict the observed value. However, if the Hosmer and Lemeshow's value is greater than 0.05, the null hypothesis cannot be rejected because the model is able to predict the value of its observations, or it can be said that the model is acceptable because it matches the observation data (Ghozali, 2016).

The Hosmer and Lemeshow's goodness-of-fit regression model results are shown in Table 4, which obtained a Chi-square value of 7.380 with a significance of 0.496. From these results, because the significance value is greater than 0.05 ($0.496 > 0.05$), it can be concluded that the model can predict the observed value or fit the data.

Determinant Coefficient (R Square)

Based on Table 5, the determinant coefficient shows Nagelkerke R² of 0.724. This means that the

independent variables (liquidity, leverage, profitability, audit quality, audit lag, and opinion shopping) can affect the dependent variable (going concern audit opinion) by 72.4%. In comparison, other variables outside of this study explain the remaining 27.6%.

Classification Matrices

Based on the classification matrix in Table 6, the value overall percentage is 90.3, which means the accuracy of this research model is 90.3%. Table 6 shows that of the 50 samples that received audit opinion non-going concern, only 43 samples, or 86.0%, could be predicted accurately by the logistic regression model, and six samples could not be predicted precisely with the model. Meanwhile, of the 94 samples that received audit opinion going concern, 87 samples, or 92.6%, could be predicted accurately by the logistic regression model, and seven samples could not be predicted accurately by the model. Based on these results, the logistic regression model could predict 130 of the 144 samples, or 90.3%, correctly. The value of the classification matrix is presented in Table 6.

Simultance Significance Test

Simultaneous significance testing uses the chi-square value of the difference between -2Log likelihood before the independent variable enters the model and -2Log likelihood after the independent variable enters the model. This test is also known as the test of maximum likelihood. So, the answer to the hypothesis of the simultaneous effect of independent variables on the dependent variable in this study is to accept H_a and reject H_0 . This conclusion means there is a simultaneous significant effect of liquidity, variable leverage, profitability, audit quality, audit lag, and opinion shopping on the possibility of receiving going concern audit opinions because the p-value chi-square value is 0.000, which is smaller than alpha 0.05. (Sig.<0.05) or the value of the chi-square calculated

is greater than the chi-square table ($107.108 > 12.592$). The significance test values are presented in Table 7.

The Logistic Regression Test

We are testing the hypothesis partially or individually on each variable by applying the Wald test. Hypothesis testing was assessed using logistic regression at a significance level (α) of 5%. The hypothesis is accepted if the significance value is less than 5% (Sig.<0.05), but if the significance value is more than 5% (Sig.>0.05), then the hypothesis is rejected. The results of the hypothesis test presented in Table 8 show that the variable liquidity has a significance level of 0.587 (Sig.>0.05), leverage has a significance level of 0.028 (Sig.<0.05), profitability has a significance level of 0.102 (Sig.>0, 05), audit quality has a significance value of 0.733 (Sig.> 0.05), then audit lag has a

Table 6. Classification Matrix

Observed		Predicted The Going Concern Opinion			
		Non Going Concern	Opini Going Concern	percentage Correct	
Step 1	GCO	Non Going Concern	43	7	86.0
		Opini Going Concern	7	87	92.6
Overall percentage					90.3

Table 7. Simultance Significance Test

		Chi-square	df	Sig.
Step 1	Step	107.108	6	.000
	Block	107.108	6	.000
	Model	107.108	6	.000

Table 8. The Logistic Regression Test

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	LIQUIDITY	.112	.207	.296	1	.587	1.119
	LEVERAGE	3.316	1.509	4.832	1	.028	27.561
	PROFITABILITY	.045	.027	2.680	1	.102	1.046
	AUDIT QUALITY	.211	.620	.116	1	.733	1.235
	AUDIT LAG	.107	.026	17.607	1	.000	1.113
	OPINION SHOPPING	1.189	.751	2.505	1	.114	3.284
	Constant	-11.836	2.385	24.623	1	.000	.000

Variable(s) entered on step 1: LIQUIDITY, LEVERAGE, PROFITABILITY, AUDIT QUALITY, AUDIT LAG, OPINION SHOPPING.

significance level of 0.000 (Sig. <0.05), and opinion shopping has a significance level of 0.114 (Sig.> 0.05). Based on the results of hypothesis testing, it can be obtained a logistic regression model as follows:

$$\ln \frac{GC}{1-GC} = -11.836 + 0.112X_1 + 3.316X_2 + 0.045X_3 + 0.211X_4 + 0.197X_5 + 1.189X_6$$

Discussion

The Influence of Liquidity on the Going Concern Audit Opinion

From the research model test results in Table 8, it can be seen that liquidity has a significance value of 0.587 (Sig.> 0.05), which shows that liquidity does not significantly influence the going concern audit opinion, so H1 is rejected. This finding is in accordance with the research of Januarti and Fitrianasari (2008), Masyitoh and Adhariani (2010), Haribowo (2013), Gallizo and Saladrigues (2016), Ramadhani et al. (2016), Angrijani and Zakaria (2017), Simamora and Hendarjatno (2019), Septiana and Diana (2019), and Averio (2020). The results of this study confirm that liquidity does not affect the issuance of going concern audit opinion by the auditor. Furthermore, these results indicate that not all companies that received an opinion on a going concern audit have a low level of liquidity compared to companies that received an audit opinion on a going concern.

The Influence of Leverage on the Going Concern Audit Opinion

From the research model test results in Table 8, it can be seen that the leverage has a significant value of 0.028 (Sig. <0.05), which indicates that the leverage proxied by the ratio of debt to assets significantly influences the going concern audit opinion so that H2 is received. This finding is consistent with research by Salean and Zaroni (2013), Aryantika and Rasmini (2015), Angrijani and Zakaria (2017), Simamora and Hendarjatno (2019), Averio (2020), and Zurachman (2021). The results of this study confirm that leverage affects the acceptance opinions of going concern audits on the sample companies.

Furthermore, these results indicate that all companies that received an opinion audit concern audit have a high leverage level compared to companies that do not receive an opinion audit non-going concern.

A high leverage ratio indicates that the company's financing is mainly sourced from loans, which is risky. When the company is not supported by good financial performance, the company will likely fail to pay its debts, which can raise doubts about its ability to maintain its viability. Thus, the auditor will tend to issue a modified audit opinion for going concern. Companies tend to accept often going concern audit opinions when their level of leverage is high.

The Influence of Profitability on the Going Concern Audit Opinion

From the research model test results in Table 8, it can be seen that profitability has a significance value of 0.102 (Sig.> 0.05), which shows that the profitability is proxied by return on total assets did not significantly influence the going concern audit opinion so that H3 is rejected. This finding is in accordance with the research of Januarti and Fitrianasari (2008), Haribowo (2013), Aryantika and Rasmini (2015), and Rakatenda and Putra (2016). The results of this study confirm that profitability does not affect the acceptance of going concern audit opinions on the sample companies. This finding indicates that a company's profitability level does not significantly affect the opinion of going concern from the auditor. So, the results in this study can be concluded that the auditor in determining the issuance of opinion of going concern on the sample company does not make profitability the primary indicator. Sample companies that have a low level of profitability do not necessarily receive opinions about an audit; vice versa, companies with high profitability can receive a going concern audit opinion.

The Influence of Audit Quality on the Going Concern Audit Opinion

From the research model test results in Table 8, it can be seen that the audit quality has a 0.733 significance value (Sig.> 0.05), which shows that the audit quality has no significant effect on the going concern audit opinion, so H4 is rejected. This finding is in accordance with the research of Januarti and Fitrianasari (2008), Kartika (2012), Haribowo (2013), and Rakatenda and Putra (2016). The audit quality or auditor reputation in this study is proxied by a dummy variable: the sample companies that use the affiliated auditors of the Big Four are coded with 1, and the sample companies that use the unaffiliated auditors of Big Four are coded with 0.

The results of this study indicate that in not all sample companies that received an opinion of a going concern audit, their financial statements were audited by a small public accounting firm compared to companies that did not receive an opinion of a going concern audit. This indicates that the audit quality of a public accounting firm (big four or non-big four) does not affect the probability of the public accounting firm issuing opinions on a going concern audit. Thus, if the auditor considers the situation experienced by the auditee has the potential to doubt its viability, the opinion that will be issued is a going concern audit opinion.

The Influence of Audit Lag on the Going Concern Audit Opinion

The research model test results in Table 8 show that the lag audits had a significance value of 0.000 (Sig. <0.05), indicating that the lag significantly influenced the going concern audit opinion; thus, H5 was accepted. This finding is in line with research by Lennox (2000), Januarti and Fitrianasari (2008), and Salean and Zaroni (2013). These findings provide empirical evidence that the longer the auditor publishes the audit report indicates a problem of going concern in the company. A significant positive coefficient on audit lag suggests auditors are more likely to give going concern audit opinions when it takes a long time to complete the audit report. The delay in the time required to complete the audit of financial statements can be caused by obstacles in the audit process, incomplete reports, or other factors.

The Influence of Opinion Shopping on the Going Concern Audit Opinion

From the research model test results in Table 8, it can be seen that opinion shopping has a significant value of 0.114 (Sig. > 0.05), which shows that the variable did not significantly affect going concern audit opinion, so H6 was rejected. This finding is in line with the research of Januarti and Fitrianasari (2008), Kartika (2012), and Septiana and Diana (2019). This finding indicates that opinion shopping companies do not always accept going concern audit opinions. In other words, the company is likely to still receive a going concern audit opinion even though it does not change auditors after it received a going concern audit opinion in the previous period. Companies that experienced a change of auditors did not increase the acceptance of

going concern audit; on the contrary, companies that did not change their auditors did not further reduce the acceptance of going concern audit opinion.

Conclusions

Summary

This study aims to provide empirical evidence of the effect of liquidity, leverage, profitability, audit quality, audit lag, and opinion shopping on the acceptance of going concern audit opinions. The results of this study show that leverage and audit lag positively affect the acceptance of opinions of going concern audit. This indicates that companies with high debt ratios will likely experience financial difficulties and continuity. The auditor considers this in providing a going concern audit opinion. In addition, companies that receive audit reports for a very long time also indicate that the auditors need a lot of time before issuing their audit opinions. Thus, the longer the time required by the auditor, the greater the possibility of receiving an opinion on a going concern audit. This shows that auditors tend to give opinions concerning audits to companies with a high level of leverage when the auditor takes a long time to complete the audit report. Meanwhile, liquidity, profitability, audit quality, and opinion shopping do not affect the acceptance of going concern audit opinion.

Limitation of Study

This study has limitations that can be considered in future studies. In this case, the amount of data used is still limited to three years of observation (2018–2020), so further study can increase the number of years of observation to get even better results. The variable opinion shopping is only measured by looking at the change in auditors without considering the audit opinion received in the previous year or after the change. Further study can deepen the measurement of auditor turnover (opinion shopping) and predict the opinion that may be received when the company changes auditors. The measure of the variable audit lag in this study only calculates the total days the auditor uses to complete the audit report; further study can develop measurement indicators by making report completion categories, for example, fast, long, or very long. Further analysis can also develop indicators for measuring liquidity, variable leverage, and profitability using different ratio formulas from this study.

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