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ABSTRACT

An economic entity is projected to be used continually for an undetermined duration that extends beyond an accounting period . This study aims to determine whether the previous audit opinion, leverage, and company size affect the going concern audit opinion. The population of this research are manufacturing companies in the basic & chemical industry sector which are listed on the IDX in 2016-2018. The sample was determined using purposive sampling, the final sample was 35 companies. Testing this hypothesis using logistic regression analysis using the SPSS 21 program. The results of this study state that previous audit opinions, leverage and company size have no effect on going concern audit opinions.

Keywords: Audit Opinion, Leverage, Company Size, Audit Opinion Going Concern

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INTRODUCTION

An economic entity will be expected to continue to be used continuously for an uncertain period that exceeds an accounting period (going concern) (Sari, 2012). Business entities must always be associated with the expectation that the entity can operate in the long term or going concern . One way that can be done by the management is to try hard and convince new investors to be able to invest, as well as to keep old investors investing in the companies they manage. Therefore, it takes a party who acts as a mediator who has the task of connecting the information line between the management and the company from the investor side. The independent auditor is a party who plays an important role in linking the information.

A going concern opinion is a declaration made by an auditor to determine whether or not a firm can continue to be viable (SPAP, 2011), SPAP is a codification of various technical standard statements which are guidelines in providing services for Public Accountants in Indonesia. Audit opinion on financial statements is one of the considerations for investors in making decisions to invest. The essence of going concern lies in the company's balance sheet which must reflect the company's value to determine its existence in the future. Going concern is a condition where a company can continue to operate in the future, where this is influenced by financial and non-financial conditions (Mulawarman, 2009). For this reason, the auditor must be responsible for the going concern opinion

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issued, because the opinion will influence the decisions of users of financial statements (Kartika, 2012). The auditor must know that his opinion is relevant and consistent with the actual state of the company, and it is the auditor's responsibility to evaluate whether a company can maintain its viability within the specified period. Going concern opinion is an assumption in the financial statements of an entity so that if an entity experiences conditions that are contrary to the going concern assumption, it is possible for the entity to experience problems to survive. Even if the purpose of the audit is not to evaluate the financial health of the company, the auditor has a responsibility under the SAS (AU 341),

General assignment, the auditor is given the task to give an opinion on the financial statements of a business unit. The statement of fairness in all material aspects, including financial status, operating results, and cash flows, according to generally accepted accounting standards, is the view provided (SPAP, 2004). Based on this statement, in carrying out the audit process, the auditor is required not only to look at what is in the financial statements, but also to look at other things such as existence and continuity issues, as well as activities or transactions that have occurred and are a reflection of all the elements involved. contained in the financial statements. Therefore, the auditor must carefully consider the existence of problems with the going concern of an entity (going concern) for a period, so that the resulting opinion becomes qualified as the main product of public accountants. The auditor's consideration in issuing a going concern audit opinion in this study is seen from several factors, namely company growth, company size, and previous year's audit opinion.

Total assets are one of the benchmarks in determining the size of a company, large companies allow small companies to receive a going concern opinion, but if a large company gets a going concern opinion, it indicates that the company is experiencing a higher level of stress. (Kemuning and Juliarsa, 2016). This is possible because the auditor believes that large companies can solve the financial difficulties they face than smaller companies. Krissindiastuti and Rasmini (2016), stated that the going concern audit opinion received by the auditee in the previous year was a factor of consideration for the auditor in issuing a going concern audit opinion for the current year. Because if the previous year the auditor has issued a going concern audit opinion,

Research conducted by Kristiana (2012) concluded that company growth has an influence on going concern opinions as well as research by Krissindiastuti and Rasmini (2016). The size of the company can be seen from the company's financial condition, for example the amount of total assets. Santosa and Wedari (2007) found that firm size had an effect on going-concern audit opinion. Kinanta (2015) argues that company size is the size of a company which can usually be seen from the size of the capital used, the total assets owned and the total sales obtained. Assets are all that is owned or owned by a company that can be expressed in terms of monetary value and can be used to pay trade payables. In this study, the size of the company is proxied by the total assets of the company. Total assets were chosen as a proxy for company size by considering that the asset value is relatively more stable than the market capitalized value and sales (Wuryatiningsih, 2002; Maulidina, Paramita, & Taufiq, 2021).

This study refers to research conducted by Successi and Lastanti (2016), namely "The Effect of Previous Year's Audit Opinion, Auditor Reputation, Company Size, Profitability, Liquidity, and Solvency on Giving Going Concern Audit Opinions". This study itself uses the company size variable and the previous year's audit opinion and adds the company growth variable to the independent variable. The object of this research is manufacturing companies listed on the IDX in 2013-2017. Understanding leverage in general is a fixed cost borne by the company. Fixed operating costs are defined as fixed costs for producing such as administration and patent costs. From several theories explained above.

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METHOD

The type of data used in this study is secondary data, namely data obtained from sources related to research. Based on the type, the data used in this study is quantitative data, quantitative data in this study is an annual report in the form of financial statements of manufacturing companies in the basic and chemical industry sectors listed on the Indonesia Stock Exchange (IDX) in 2016-2018. The research sample was selected using the purposive sampling method, namely the sampling method based on considerations. The research sample was 35 companies for 3 years, namely 105. The type of data needed in this study was secondary data. According to the explanation above, The data collection method used in this study is by tracing the annual reports of the manufacturing companies selected as samples. In accordance with secondary data sources, the collection method in this research is to use the method of literature study, observational study, and documentation from the annual reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX).

RESULTS AND DISCUSSION

Table 1. Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
OS	105	0,00	1.00	0,2952	0,45834
DAR	105	10.00	286.00	57.5905	46.55635
SIZE	105	0,00	994.57	186,3603	275,60700
OGC	105	0,00	1.00	,4190	0,49577
Valid N (listwise)	105				

Source: SPSS, Data processed 2020

Based on descriptive statistical tests, in table 1 it is obtained that:

a. The value of N going concern audit opinion is 105 with an average value of .4190 and a standard deviation of .49557. The maximum value of the previous audit opinion is 1.00 and the minimum value is .00.
b. The N value of the previous audit opinion variable was 105 with an average of .2952 and a standard deviation of .45834. The maximum value of the previous opinion is 1.00 and the minimum value is .00.
c. The N value of the DAR variable is 105 with an average value of 57.5905 and a standard deviation of 46.55635. The maximum value of DAR is 286.00 and the minimum value is 10.00.
d. The N value of the Size variable is 105 with an average of 186.3603 and a standard deviation of 275.60700. The maximum value of size is 994.57 and the minimum value is .00.

Simultaneous Test - G

Table 2. Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	2,296	3	0,513
	Block	2,296	3	0,513
	Model	2,296	3	0,513

Source: SPSS, Data processed 2020

Testing the variables of the influence of previous audit opinions, leverage, and company size in going concern audit opinions on basic & chemical industrial sector companies listed on the Indonesia Stock Exchange for the 2016-2018 period using logistic regression obtained a value of 0.513. The significant value is much greater than the significant level (0.05), thus the hypothesis is accepted. Acceptance of this hypothesis indicates that there is no influence of previous audit opinion, leverage, and firm size in going concern audit opinion.

Partial Test (t)

Table 3. Variables in the Equation

		B	SE	Wald	df	Sig.	Exp(B)	95% CIfor EXP(B)	
								Lower	Upper
Step 1a	XI	-1.059	0,875	1,465	1	0,226	0,347	0,062	1,927
	X2	-0,004	0,005	0,656	1	0,418	0,996	0,985	1.006
	X3	0,000	0,001	0,126	1	0,722	1,000	0,997	1.002
	Constant	0,114	0,832	0.019	1	,891	1,120		

Source: SPSS, Data processed 2020

To determine the final results of the study and answer the hypotheses that were prepared previously, a table of variables in the equation that exists in the output of data processing can be seen in table 3. The table shows the results of the logistic regression hypothesis testing at a significant level of 5% or 0.05. From the test results in column B, the logistic regression equation model is obtained as follows:

$$\text{Ln}\ \frac{GC}{1-GC} = 1.14 - 1.059\ OS - 0.04 DAR + 0.00\ SIZE$$

The interpretation of the logistic regression equation above is as follows:

a. With an intercept value of 1.14, it means the probability of the company to conduct a going-concern audit opinion

b. The first independent variable, namely the previous audit opinion, showed a value of 0.226 above with a significant value of 0.05, meaning that it can be concluded that H0 is accepted. This means that increasing or decreasing the value of the previous audit opinion does not affect the going concern audit opinion on basic & chemical industrial companies listed on the Indonesia Stock Exchange for the 2016-2018 period.

c. The second independent variable, namely leverage, shows a negative coefficient value of -0.04 with a probability of 0.418 above the significant value of 0.05 and it can be concluded that H0 is accepted. This means that increasing or decreasing leverage does not affect the going concern audit opinion on basic & chemical industrial companies listed on the Indonesia Stock Exchange for the 2016-2018 period.

d. The third independent variable is the previous audit opinion of 0.00 with a probability of 0.722 above the significant value of 0.05 and it can be concluded that H0 is accepted. This means that the increase or decrease in the previous audit opinion does not affect the going concern audit opinion on basic & chemical industrial companies listed on the Indonesia Stock Exchange for the 2016-2018 period.

Feasibility Test of Regression Model

Table 4. Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	5.017	8	,756

Source: Secondary data processed, 2020

The null hypothesis is rejected if the Hosmer and Lemeshow Goodness of Fit Test result is equal to or less than 0.05. This indicates that there is a significant discrepancy between the predicted value and the observed value, making the goodness of fit model unreliable because it is unable to forecast the observed value. The null hypothesis is accepted and the model is deemed to be able to predict the value of its observations if the Hosmer and Goodness of Fit Test value is greater than 0.05. (empirical data is suitable or in accordance with the model, there is no difference between the model and the data so that the model can be said to be fit). Based on the results obtained, the statistical value of Hosmer and Lemeshow Goodness of Fit Test is 5.017 with a significant probability of 0.756 > 0.05.

Model Fit Test (Overall Model Fit)

-2Log Likelihood (Block Number = 0)

Table 5. Iteration Historya,b,c

Iteration		-2 Logs likelihood	Coefficients
			Constant
Step 0	1	54,750	-,571
	2	54.748	-,588
	3	54.748	-,588

-2Log Likelihood (Block Number = 1)

Table 6. Iteration Historya,b,c,d

Iteration		-2 Logs likelihood	Coefficients			
			Constant	XI	X2	X3
Step 1	1	52.526	,094	-,879	-,004	,000
	2	52.451	,113	-1.049	-,004	,000
	3	52.451	,114	-1.059	-,004	,000
	4	52.451	,114	-1.059	-,004	,000

Source: SPSS data processing, 2020

Based on the results of table 6, the value of -2Log Likelihood (-2LL) Block Number = 0 is 54,478, while the value of -2Log Likelihood (-2LL) Block Number = 1 becomes 52.451. A decrease in the value of -2LL indicates that the null hypothesis is accepted (the hypothesized model is fit with the data), and the regression data is a good model.

Coefficient of Determination Test

Model Summary

Step	-2 Logs likelihood	Cox & Snell R Square	Nagelkerke R Square
1	52.451a	0.053	,073

Source: SPSS data processed, 2020

Based on the test results, the value of Nagelkerke R Square is 0.73 which means the ability of the previous audit opinion variable, leverage, and company size is 73%, while the remaining 27% is explained by other variables outside the research model or not researched.

The results of testing the hypothesis (H1) of the previous audit opinion, based on the results of logistic regression testing, obtained a coefficient of 1.059 with a significant value of 0.226. The prior audit opinion does not affect the going concern audit opinion because the significant level of this variable is more than 0.05 (0.226 > 0.05). The study's findings demonstrate that the auditor need not take into account the prior audit opinion when deciding whether to give a new going concern audit opinion the following year. In reality, the reissue of the going concern audit opinion is based not only on the going concern audit opinion received the previous year, but also on the effects caused by the going concern audit opinion, such as the decline in stock prices and the loss of public confidence in the company's business continuity, including from investors, creditors, and customers, making it harder for management to recover from difficult circumstances. The results of this study are in line with what Krissdiantuti and Rasmini (2016) said the same thing, namely that previous audit opinions had no effect on going concern audit opinions.

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The results of testing the leverage hypothesis (H2), the results of logistic regression testing obtained a coefficient of 0.04 with a significant value of 0.418. The significant level of this variable is greater than 0.05 (0.418 > 0.05 so it can be concluded that leverage has no effect on going concern audit opinion. This is due to the factor giving going concern audit opinion by the auditor not only considering leverage, but considering other factors). . Debt policy at a certain level is a practice to maximize the utility and market value of the company, which is also part of the practice of earnings management. The results of this study are in line with the research of Rudywan and Badera (2008) which found that the leverage ratio has no effect on going-concern audit opinion, because in deciding the going-concern status, the company's auditors not only consider the leverage ratio but also look at other factors.

The results of hypothesis testing (H3) of firm size, research on logistic regression testing concluded that firm size has no effect on going concern audit opinion. The use of the logarithm of total assets can affect the size of the company because it can describe the company's ability to settle its obligations and the company's ability to generate profits with the assets owned by the company. This matter means, the size of the company does not determine the provision of a going concern audit opinion, and can provide evidence that the auditor in providing a going concern audit opinion does not look at the size of the company being audited. Junaidi and Hartono (2010) said that KAP in carrying out auditing is not affected by the size of the company which may provide a larger fee than small companies. The auditor in deciding the opinion given uses financial measures more than the size of the company, so the size of the company does not affect the possibility of receiving a going concern audit opinion (Setyowati, 2009). This study supports the research of Januarti and Fitrianasari (2008), and Junaidi and Hartanto (2010).

CONCLUSION

The prior audit opinion has no bearing on the going concern audit opinion, according to research on data processing results and testing assumptions about its impact on leverage, firm size, and the going concern audit opinion that were previously provided. This is because the auditor is more concerned with the circumstances that prompt the auditor to issue a going concern audit opinion, such as declining stock prices and a decline in public trust, than it is with the going concern audit opinion from the previous year when deciding whether to issue a going concern audit opinion to the company. The continuity of the business, including from investors, making it challenging for the organization to recover from challenging circumstances. Leverage has no impact on the ongoing business audit conclusion. The results of this study find that the leverage ratio does not affect the going concern audit opinion, because in deciding the going concern status, the auditor company does not only consider the leverage ratio but also looks at other factors. The size of the company has no bearing on the audit opinion of the going concern. The auditor uses more financial measures to determine the opinion given than the size of the company, so the size of the company has no bearing on the possibility of receiving a going concern audit opinion. Because the auditor company considers more than just the leverage ratio when determining the going concern status. The size of the company has no bearing on the audit opinion of the going concern. The auditor uses more financial measures to determine the opinion given than the size of the company, so the size of the company has no bearing on the possibility of receiving a going concern audit opinion. because the auditor company considers more than just the leverage ratio when determining the going concern status The size of the company has no bearing on the audit opinion of the going concern. The auditor uses more financial measures in determining the opinion given than the size of the company, so the size of the company has no bearing on the possibility of receiving a going concern audit opinion.

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