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Determinants of going concern audit opinion: An empirical study in Indonesia

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ABSTRACT

This study aims to analyze and provide empirical evidence about the effect of liquidity, leverage, profitability, audit tenure, audit lag, and audit quality on the going concern audit opinion on manufacturing companies listed on the Indonesia Stock Exchange between 2015 and 2019. The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange (IDX) with the total of 176 companies. The determination of the sample uses purposive sampling which leave 20 manufacturing companies that meet the criteria. In this research, the data analysis method used is the logistic regression analysis method because there are dummy variables on the dependent and independent variables. The results of this study indicate that liquidity and profitability have a negative effect, and audit lag has a positive effect on the acceptance of going concern audit opinion. While the variable leverage, audit tenure, and audit quality does not affect the going concern audit opinion.

Introduction

Companies will try to keep going concern of its business, so it keeps operating and producing optimized profit. In order to achieve that goal, shareholder gives the authority to the management to manage all activities in the companies. In return of the authority, the management has the obligation to create financial report (Jensen & Meckling, 1976).

Financial report of a company was compiled by going concern concept where the company is able to continue the business in the future. Explicitly, the management will give assessment based on the entity ability to keep operating, and consideration and disclosure standard related to going concern (ISA 570). As the result of accounting process, financial report can be used to fulfill the general information need for the shareholder, and financial information users. Management performance reviewed from the financial report can be a consideration material in decision making process by the stakeholders (Suwardjono, 2014). Therefore, financial report must be presented transparently without manipulation and preferences while disclosing the information, also in accordance with the applied standard (ISA 570). Before it is reported to the shareholders or financial information users, the financial report must be audited first by independent auditor to strengthen the trust regarding the financial report fairness which is in accordance with the reality and standard used in Indonesia.

An auditor is responsible to make sure that the management has compiled the financial report based on the applied standard and principle and free from material misrepresentation either because of fraud or error, also the aaplication of going concern accounting has been disclosed correctly (ISA 700). The main duty of an independent auditor which explained in the Professional Standards of Public Accountants (SPAP) SA section 10 is giving opinion or suggestion towards the fairness in every element such as any material, financial position, company result, cash flow, and equity change based on Generally Accepted Accounting Principle (GAAP). To conclude whether a company will receive opinion regarding going concern audit or not, an auditor must do critical evaluation towards work program which has been compiled by the management. The complexity problem of going concern always exists causing the needs of exact and appropriate standard factors in determining the status eligibility of going concern for a company. These factors have to be reanalyzed for their consistency, so going concern status could be predicted even in the fluctuative economic condition (Muttaqin & Sudarno, 2011). Various factors either from the financial or non-financial have the implication towards the going concern audit opinion decision. From the financial sector, the factors cover the financial condition of the company which can be seen from the liquidity, leverage, ad profitablitiy. While from the non-financial factors, it can be seen from the suditor side, which are tenure audit, lag audit and audit quality.

One of the efforts done by the company to maintain the going concern in the future is by paying attention to the financial condition which can be seen from several ratio, such as liquidity ration, profitability, and leverage. Liquidity ratio can be interpreted as the company's ability to pay its short-term obligation which is seen from its

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overall financial position. Rudin et al. (2016) explained that the low liquidity value can be a redflag sign of cash flow problem, which can cause company's bankcruptcy in the future. The research done by Byusi and Achyani, (2018) showed that there was a significant impact between liquidity with the given of going concern audit opinion. The low liquidity means the company is incapable in paying its creditor, so it seems the company has cash flow and business failure problem. In this kind of condition, the probability of giving audit opinion withing the going concern paragraph would be higher (Melania et al., 2016).

Rahayu (2011) explained that leverage ratio depicted the company's condition in utilizing liabilities as source of funds as its operation activity. This ratio shows the comparison between company's total assets with total liabilities which owned by the company. From this it is known how much a company gets funds from liabilities in order to get higher profit. A company which has higher total liabilities than its total assets is considered capable to encourage auditor to give their opinion regarding going concern.

According to Januarti (2009), a company has small chance to receive going concern opinion when that company has a high profitability. Profitabilit ratio gives the idea of a company's ability to gain profit based on its owned potential and resources. The higher profitability ratio which owned by a company, the higher the profit will be gained by that company. In the condition which a company has high profitability, auditor will not audit opinion with going concern paragraph, because the company is considered capable to keep gaining profit and give return to the investor.

Mutchler et al. (1997) found a evidence that the decision of going concern opinion before bankcruptcy happened is significantly related to bankcruptcy probability and audit lag report. It was also supported with research done by Utama and Badera (2016) which proved that there was significant impact of audit lag towards the going concern audit opinion. The delay in publishing the audit report becomes an important point in giving the going concern opinion. To prevent the auditor commitment escalation towards the misconduct done by the client, the audit tenure between auditor and client (the company) can be a consideration because the intensive relation among the parties is able to decrease the bjectivity and auditor independency.

Based on the definition of DeAngelo (1981), audit quality is a probability that an auditor will find and report any infringement in the client's accounting system. A qualified audit comes from an independent process and the high professionalism conducted by the expert auditor (Hamdani, Rahimah, et al., 2020). Independency quality from an auditor will give probability for the auditor to report any kind of findings which are found (Tjun et al., 2012). It also includes the disclosure of bankcruptcy signal objectively and give the going concern audit opinion so the investor can be aware. In contrast, the research done by Muhamadiyah (2013) Public Accountant Firm (*KAP*) which conducted affiliation with *KAP* Big Four gave positif impact toward the going concern audit opinion. Rahayu (2011) found an evidence that auditor quality, who has a good reputation and is representing one of the Big Four public accountant firms, gave negative impact towards the going concern audit opinion by the auditor. Rachmawati (2017) gave different empirical evidence which emphazised that there was no impact of audit quality towards the going concern audit opinion. The inconsistency in the previous reseaerches motivated the researchers to reanalyze the factors from the financial and non-financial sectors which have implications towards the going concerns audit opinion.

Literature Review

Agency Theory

Agency theory explains that company has the role as principal which delegates authority to the agent who has the role as managers to manage the activities in the company. Jensen and Meckling (1976) interpreted the agency theory as an agreement which consisted of individual or group (principal) who asked other party (agent) to conduct several tasks on behalf of the principal, in which the principal will delegate some tasks to the acting role agent as manager to make decision. Principal and agent are separated by limitation of ownership and function regarding company management in decision making process.

One of the main assumptions from agency theory is the difference aim between the principal and the agent can create conflict because the manager's tendency to pursue personal profit can cause the manager to focus more on projects and investments for the company with high profit in short term period, rather than to maximize the welfare of shareholders through investments in long term period of profitable projects. This is similar to signalling theory as an effort to gain sympathy from the shareholders. Signalling theory which underlying the management to voluntarily disclose the private information is most likely favoured by inverstors and shareholders, moreover it is good news (Suwardjono, 2014). This causes many agency conflicts, which as effect, auditor as neutral third party is needed to evaluate the fairness of the financial report compiled by the management. Auditor must align the reality and the financial report which compiled by the management according to the applied standard, so agency conflict between principal and agent can be solved.

International Standard on Auditing (ISA) 570 towards Going Concern

The responsibility of auditor which is further explained in SA 570 (about going concern) is to get sufficient and appropriate audit evidence about the accuracy use of going concern assumption by the management in compiling and presenting financial report, and to conclude whether there is a material uncertainty towards the entity ability to keep its going concern. However, because of the potential impact of inherent limitation for auditor's ability to detect mistake in presenting the material becomes paramount for event or condition in the future, which can cause an entity to stop keeping its going concern, auditor cannot predict such event or a condition in the future. Auditor's report cannot give guarantee for company's ability to keep its going concern.

Going Concern Audit Opinion

Audit process is a systematical process to get and evaluate evidence objectively about assertions of economic events to decide the compatilibility of the assertion with the applied criteria and to communicate its result with the stakeholders (Tuanakotta, 2013). Based on the Professional Standards of Public Accountants (SPAP) SA Section 110, audit on financial report which conducted by independent auditor is aimed to convey opinion about the fariness of the company's financial report. Audit report is important because this report gives information for the information users about what the auditor has done and their conclusion. In audit report, the most important part and cannot be separated from the report is the audit opinion.

Based on SPAP, Going Concern is a condition where a company can keep its business in long term period, and it cannot go bankcrupt in short period of time. Auditor's role in evaluating process to a company in which going concern is conducted, is considering going concern from the company's operation result, company's ability to perform its obligation, and its economic condition. Auditor is responsible to conduct the audit procedure with the aim to identify the condition related to going concern at least 12 months from the financial date, which is in accordance with the statement (ISA 570). Information that related to the management plan must be received by the auditor if there is skepticism about the business activity. The information will be evaluated by the auditor if the management plan does not decrease the impact or the skepticism.

Going concern is an important concept which underlying financial reporting (Gray & Manson, 2011). Altman and McGough (1974) explained that going concern issue is divided into two, financial problem which covered liquidity deficiency, equity deficiency, defisiensi ekuitas, liabilities arrears, difficulty in fund raising, and operation problem which includes operasional loss continuity, doubtful income plan, threaten operational ability, and operational poor control. Audit report with modified going concern opinion indicated through the auditor evaluation that there is a risk in the company in continuing its business. Therefore, auditor must consider the result of the operation, economic condition which influence the company, ability to pay liabilities, and liquidity ability in the future (Lenard et al., 2000).

Liquidity and Going Concern Audit

The company's ability in paying off its short-term obligations can be seen from the financial posision as a whole, which known as liquidity ratio. The high liquidity value in the company, it means that the company's ability in fulfilling its short-term obligation is getting better. However, the low liquidity value means the company's ability in fulfilling its obligation is also low. The company is considered to have cashflow problem and business failure, which cause the rise of going concern audit opinion probability by the auditor (Melania et al., 2016). Research done by Byusi and Achyani (2018) was in accordance with statement by Melania et al. (2016). Byusi and Achyani (2018)succeded in giving empirical evidence that there was a significant impact of liquidity towards going concern audit opinion. The inability of a company to solve its short-term obligations whill definitely affect the company's credibility which can elevate the chance of receiving going concern audit opinion. Haryanto & Sudarno (2019) in their research also found evidence that there was negative impact from liquidity towards going concern audit opinion. If the liquidity value owned by the company is low, it means the company is having problems regarding financial which can disturb other activities because it is being burdened by paying off the obligations. Therefore, the lower the liquiditiy value, then the hight going concern audit opinion will be given by the auditor.
$H_{1:}$ Liquidity gave negative impact towards going concern audit opinion.

Leverage and Going Concern Audit

Leverage ratio depicts the company's condition in utilizing liabilities as the fund source for the operational activities (Rahayu, 2011). Company is estimated to receive going concern audit opinion from the auditor if the total of its liabilities is more than its assests. This statement is aligned with the research being done by Santoso and Wiyono (2003), Muhamadiyah (2013), Tyas and Ismawati (2018), and Nugroho et al. (2018) which showed a significant impact from leverage towards going concern audit opinion. The more debt which owned by a company the bigger failure risk for the company to pay the obligations (Nugroho et al., 2018). This caused bigger chance for a company

to receive going concern audit opinion. When the leverage value of a company is high, then that company has bigger chance to receive going concern audit opinion from auditor.
H_2: Leverage gave positive impact towards going concern audit opinion.

Profitability and Going Concern Audit

Profitability is the company's ability in gaining profit. A company which has a high profitability shows that the company is able to gain a high profit, so it is less likely for that company to receive going concern audit opinion. According to Haryanto and Sudarno (2019) a high profitability indicated that the company's ability in gaining high profit. This profit is able to be used as paying dividend to the investors and to develop the company, so the company will be sustainable. In the research done by Haryanto and Sudarno (2019) , they gave empirical evidence that there are negative impact from profitability towards going concern audit opinion by auditor. The higher the profitability which the company gets is, the lower the chance for the company to get going concern audit opinion.
H_3: Profitability gave negative impact towards going concern audit opinion.

Audit Tenure and Going Concern Audit

According to Hartadi (2012), auditor tenure is the engagement period between the auditor with the company client which being audited or auditee. Long engagement period will cause intensive relationship between auditor and auditee. A close relationship between auditor and auditee which can cause problems such as decreasing auditor's work independency and professionalism. This opens the chance of low audit findings, so it would be susceptible to detect and not be able to report the problem findings, especially regarding the going concern audit opinion.

Ardiani et al. (2012), Krissindiastuti and Rasmini (2016), and Syahputra and Yahya (2017) in their research were succeded to show empirical evidence that there was begative impat between audit tenure and going concern audit opinion. Audit engagement within long period would decrease the independency of auditor, so the auditor would be be difficult to give audit opinion with the going concern paragraph. The duration of cooperation between auditor and auditee would determined the going concern audit opinion process (Syahputra & Yahya, 2017).
H_4: Audit tenure gave negative impact towards going concern audit opinion.

Audit Lag and Going Concern Audit

Audit lag means the total of days between the end of accounting period until the audit report is issued. If the audit report is delayed longer than expected, auditor will most likely issue audit opinion in the going concern paragraph (McKeown et al., 1991). Auditor who delayed the release of the audit report is wishing that the company can solve its own problem, especially the financial problem to avoid going concern opinion. This statement is similar to the research result from Utama and Badera (2016) who gave empirical evidence that audit lag significantly gave positive impact towards going concern audit opinion. The lateness of auditor report showed that there was a problem of going concern with the auditee. This lateness can also be a sign that there is a negotiation between the manager and the auditor so that going concern audit opinion is not issued (Januarti, 2009).
H_5: Audit lag gave positive impact towards going concern audit opinion.

Audit Quality and Going Concern Audit

Audit quality is an auditor's probability to disclose violation signal which occurred in the auditee accunting system and report it in the audit report result, and also in conducting its audit, auditor has always been guided by the audit standard and ethic code of relevant public accountant (Arisinta, 2013). Audit which conducted by auditor is qualified when it fulfilled the applied regulation or standard. DeAngelo (1981) stated that auditor in Big Four have the tendency to be more intensive in detecting and reporting the finding in the going concern proble compared to other small scale auditor. The reason is because Big Four auditor has its credibility to be maintain. Big Foour auditor is more powerful in terms of facing risks in the court room process.

Research done by Muhamadiyah (2013) which affiliated Big Four and Non-Big Four PAF, gave evidence that there was an impact towards going concern audit opinion, because Big Four PAF has higher competence and independence so it can enhance findings and disclosure the problem in the auditee financial report which can affect the going concern audit opinion. In the research done by Krissindiastuti and Rasmini (2016) , they also gave empirical evidence about the positive impact between audit quality and going concern audit opinion. This possibility occurred because PAF which affiliated with Big Four, such as EY, KPMG, Deloitte, and PwC has the guaranteed audit quality by global audit experience. Because the length of the auditor's work experience affects the fraud risk assessment for companies with different cultural characteristics (Hamdani, Pamungkas, et al., 2020).
H_6: Audit quality gave positive impact towards going concern audit opinion.

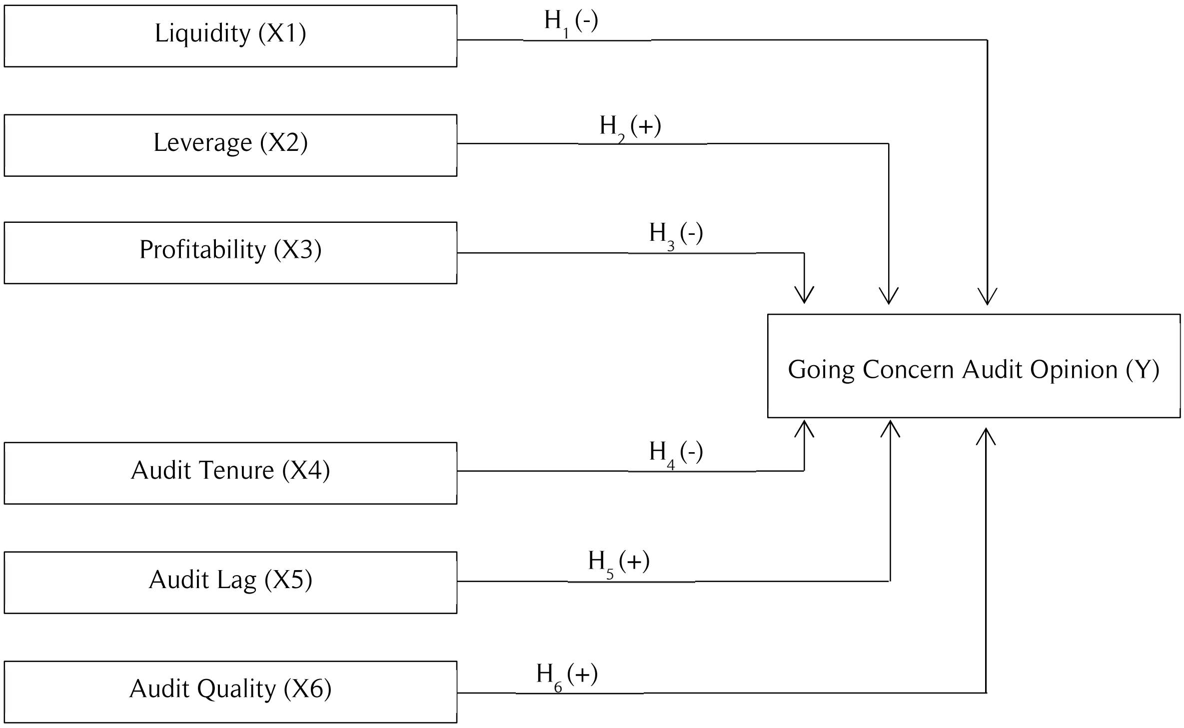

Figure 1. Research Model

Research Method

The population of this research was all manufacture companies listed in Indonesian Stock Exchange (IDX) from year 2015-2019. The sample of manufacture companies listed in IDX from year 2015-2019 was decided through some criteria: 1.) Listed in IDX from 2015-2019; 2.) Has been listed before 1 January 2015; 3.) Annual report data is complere and enclose the audit result from the independent auditor on the period of 2015-2019, and 4.) use Rupiah as its currency. Sampling was conducted using purposive sampling method. Data used were the annual report which published by IDX or the company itself (through the company's official website) since 2015 – 2019. The data source was obtained from the official IDX website (www.idx.co.id).

Research variable was categorized by two, independent variable and dependent variable. Going Concern Audit Opinion was dependent variable, whicle the independent variables were six items, liquidity, leverage, profitability, audit tenure, audit lag, and audit quality.

Going concern opinion is measured by dummy variable. Company with going concern opinion will get score one (1), while company without going concern opinion will get score zero (0) (Byusi & Achyani, 2018). Liquidity ratio is the company's ability to pay its short-term obligations. Leverage ratio meant the company's condition in using its liabilities as funds source for its operational activities (Rahayu, 2011). Leverage is measured by using ratio scale of Debt to Asset Ratio (DAR). Profitability ratio meant the companys ability to gain profit based on the ability and sources that the company own. Profitability is proxied using the formula of Return on Asset (ROA).

Audit tenure meant the time span (total of years) of auditor and auditee engagement period (Hartadi, 2012). The engagement period is maximum 3 years book for a public accountant which is set in Financial Service Authority Regulation (*POJK*). Audit tenure is measure based on the total years of engagement between auditor and auditee. First year will be given score 1 and will be added with 1 for the next years (Ardiani et al., 2012). Audit lag is the auditor's delay in presenting the audit result report. Audit lag is measuresd based on the auditor's delay in presenting the audit result report which counted from total of days since the accounting period has finished until the audit result report is issued (Januarti, 2009).

Audit quality is the auditor's ability in conducting their work according to the standard, and in finding and disclosing the result which violated the regulation in the audit result report (Arisinta, 2013). Referring to research by Muhamadiyah (2013), audit quality is proxied in auditor scale. By using dummy variable, the Big Four auditors will be given score 1, while non-Big Four auditor will get score 0.

Data analysis technique used in this research was logistic regression. In logistic regression, resarchers predicted the dependent variable with dichotomy scale (Ghozali & Latan, 2015), so it is unnecessary for the assumption of linear relation between independent and dependent variables, also unnecessary to have assumption of multivariate normality and homocedasticity assumption (Hadjar, 2017).

$$\text{OAGC} = \beta_0 + \beta_1\text{LK} + \beta_2\text{LV} + \beta_3\text{PB} + \beta_4\text{AT} + \beta_5\text{AL} + \beta_6\text{KA}$$

Symbol information:
OAGC= Going Concern Audit Opinion
α = Constanta
β1-β6 = Regression Coefficient
LK = Liquidity
LV = Leverage
PB = Profitability
AT = Audit Tenure
AL = Audit *Lag*
KA = Audit Quality
ε = *Error Term*

Result and Discussion

Data Analysis Result

Sampling result by using purposive sampling method can be seen from Table 1.

Table 1. Research Sample Selection Process Based on Criteria

No	Criteria	Total does not meet Criteria	Accumulation
1	Manufactures companies which listed in Indonesian Stock Exchange for 2015-2019 period.		176
2	Companies which listedn in IDX before 1 January 2015.	41	135
3	Companies have complete annual report data and enclose audit result from independent auditor from 2015-2019 period.	113	22
4	Companies which publish their financial report by using Rupiah as its currency from 2015-2019.	2	20
Total final sample		20	
Research year		5	
Total		100	

The general variable description of liquidity, leverage, profitability, audit tenure, audit lag, audit quality, and going concern audit opinion can be seen through Table 2.

Table 2. Testing Result of Descriptive Statistic Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
LK	100	.03	9.28	2.6426	2.29065
LV	100	.07	2.24	.5191	.39964
PB	100	-.76	.30	.0183	.16637
AT	100	1.00	4,00	1.6600	.78135
AL	100	32.00	191.00	73.1600	25.69075
KA	100	.00	1.00	.4600	.50091
OAGC	100	.00	1.00	.1800	.38612
Valid N (listwise)	100				

Overall Model Fit Test

Table 3. Testing Result of Overall Model Fit

-2 Log Likelihood Block Number : 0	-2 *Log Likelihood Block Number* = 1
94.279	28.897

From the model of overall model fit in -2 *Log Likelihood Block Number* = 0 showed a decrease in -2 *Log Likelihood Block Number* =1. This likelihood decrease showed a better regression model or in other words a model which hypothesized fit with the data.

Goodness of Fit Test

In Table 4, it can be seen the the statistic value of Hosmer and Lemeshow's Goodness of Fit Test is 5.856 dengan significant probability of 0.663 which is higher than 0.05. Based on the analysis, it can be concluded that regression model is fit to be used for the next analysis, because there was no significant different between predicted classification and analyzed classification.

Table 4. Hosmer and Lemeshow's Goodness Fit Test

Step	Chi-square	df	Sig.
1	5.856	8	.663

Nagelkerke R Square Test

Table 5. Testing of Nagelkerke R Square

Step	-2 Log likelihood	Cox & Snell R. Square	Nagelkerke R. Square
1	28.897[a]	.480	.786

Table 5 shows the value of Nagelkerke R Square is 0.786 which meant that the impact of the six independent variables which consisted of Liquidity, Leverage, Profitability, Audit Tenure, Audit Lag, Audit Quality for Going Concern Audit Opinion towards the manufacture companies which listed in IDX from 2015-2019 was 78.6%. While the rest, which was 21.4% was explained by the otherariables which affected going concern auit opinion, but those variables were not included in this research.

Classification Matrix

The prediction of model accuracy also can use classification matrix which counted the estimation value correct and incorrect to the dependent variable. Classification Matrix would show the prediction power of regression model to predict the possibility of fraud.

Table 6. Classificafication Matrix

Observed			Percentage Correct
Step 1	OAGC	.00	98.8
		1.00	77.8
	Overall Percentage		95.0

Overall percentage meant 95.0% of the sample can be predicted accurately by logistic regression model. The high percentage of classificaltion table accuracy supported the fact that there is no significant different between prediction result and observation data which showed a good logistic regression model. After conducting logistic regression analysis, the next step was analyzing the logistic regression coefficient and test each regression coefficient being produced.

Table 7. Logistic Regression Coefficient Testing Result and Hypothesis Testing

			Sig.	Information
Step 1[a]	LK	-1.974	.040	H_1 accepted
	LV	1.470	.283	H_2 rejected
	PB	-7.975	.015	H_3 accepted
	AT	.270	.682	H_4 rejected
	AL	.065	.048	H_5 accepted
	KA	-1.591	.297	H_6 rejected
	Constant	-5.209	.124	

Based on the logistic regression output in Table 7, the regression model which formed based on the parameter estimation value is as followed:

$$OAGC= -5.209 - 1.974LK + 1.470LV - 7.975PB + 0.270AT + 0.065AL - 1.591KA$$

Liquidity Impact towards Going Concern Audit Opinion

It can be concluded that liquidity had negative impact towards going concern audit opinion. This can be seen from regression coefficient value -1.974 with the significancy level of 0.040 which is lower than 0.05. Therefore, the first hypothesis which stated that liquidity gave negative impact towards going concern audit opinion is accepted.

Hypotesis testing result gave empirical evident that company's ability in fulfilling its short-term obligation by contributing in giving going concern audit opinion. Company with low liquidity level showed that its financial condition is having problem, so that its short-term obligation is abandoned. The existence of problem urged auditor to give going concern audit opinion. In the end, financial obligation fulfillment can affect other activities in the company, so it decided the company's credibility, whether or not a company can survive in the next period (Byusi & Achyani, 2018; Haryanto & Sudarno, 2019; Melania et al., 2016).

Leverage impact towards Going Concern Audit Opinion

Leverage did not affect the going concern audit opinion, because the regression coefficient is 1.470 with the significancy of 0.283 which is higher than 0.05. Therefore, the second hypothesis that stated. *Leverage* had positive impact towards going concern audit opinion is rejected.

The result of this research showed the leverage ratio, which reflected the company's condition in utilizing liabilities as fund sources for its operational activities, did not affect significantly towards the auditor's opinion in giving going concern audit opinion. This can happen when a company is able to manage its assest efficiently to get profits so that the company can pay the obligation, although the amount is bigger than the assests own. In giving going concern audit opinion auditor did not look only for *leverage ration*, but there were ratios and other factors which became the consideration for auditor. However, this research supported the research done by Rahayu (2011) and Yuliyani an Erawati (2017) which stated that *leverage* did not give effect towards going concern audit opinion.

Profitability impact towards Going Concern Audit Opinion

Profitability gave negative impact towards going concern audit opinion. This is proven by profitability had regression coefficient value -7.975 with the significancy level of 0.015 which is lower than 0.05. Therefore, the third hypothesis which state that profitability gave negative impact towards going concern audit opinion is accepted.

Profitability is the company's condition in gaining profit in which the higher the profitability value, then the higher the profit gained, so there would a small chance of going concern audit opinion. However, when profitability showed negative impact, it means the company experiences loss, then auditor would give going concern audit opinion. If the company experienced loss or did not gain any profit, it means that the company will face problems in paying the dividend to the investors and managing the activities which threaten its going concern. The research result supported research resilt from Melania et al. (2016) and Haryanto and Sudarno (2019) which gave empirical evident that profitability significantly gave negative impact towards going concern audit opinion.

Audit Tenure Impact towards the Going Concern Audit Opinion

Audit tenure did not give impact towards the going concern audit opinion. Audit tenure had regression coefficient value of 0.270 with the significancy level of 0.682 higher than 0.05, so the third hypothesis which stated that Audit Tenure gave negative impact towards the going concern audit opinion is rejected.

This research gave empirical evidence that the engagement period of auditee and auditor did not guarantee the auditor would give the going concern opinion. The standard and ethic code as auditor encouraged auditor to be independent and professional, though auditor and auditee have the audit engagement in certain period of time, so auditor can keep being objective in the audit result. However, this research was in line with the research result from Utama and Badera (2016) which proved that there was no impact between audit tenure with the going concern audit opinion.

Audit Lag Impact towards the Going Concern Audit Opinion

Audit lag gave positive impact towards the going concern audit opinion. Based on Tabel 7, the audit lag regression coefficient value was 0.065 with the significancy level of 0.048 lower than 0.05. Therefore, the fourth hypothesis which stated that audit lag gave positive impact towards going concern audit opinion is accepted.

Based on the hypothesis testing, it can be seen that other than the financial condition of a company as a whole in a certain period, auditor also negotiated with auditee (company) regarding the company's ability in keep its going concern in the next period. The duration of testing process plus the duration of negotiation process between the auditee and auditor showed a sign that the company would receive going concern audit opinion.

Auditor gave longer time for the company which will receive going concern audit opinion to solve its own financial problem until it can save its going concern of the business.

The research result in line with the research done by Januarti (2009) and Utama and Badera (2016) which gave empirical evidence that audit lag significantly gave positive impact towards the going concern audit opinion. The existence of audit lag could be assign that there is a negotiation between manager and auditor so that going concern audit opinion would not be issued (Januarti, 2009).

Audit Quality Impact towards the Going Concern Audit Opinion

Audit quality did not impact the going concern audit opinion. Audit quality regression coefficient had value of -1.591 with the significancy level 0.297 higher than 0.05. As s result, the sixth hypothesis which stated that audit quality gave positive impact towards the going concern audit opinion is rejected.

From this research, it added empirical evidence that audit quality which proxied in Big Four Public Accounting Firm and non-Big Four did not give impact towards the audit opinion with going concern paragraph in it. High competence and independence are not only owned by auditor from Big Four Public Accounting Firm

Every Public Accounting Firm had equal portion or chance in giving going concern audit opinion. Auditor in non-Big Four Public Accounting Firmalso run the same applied ethic code and standard and tried to keep their credibility, so they would give the best in the audit proves and gave the opinion in accordance with the reality. Every auditor realized the risk consequence in the court, so they would try their best to process the report any violation and avoid action which would tarnish their reputation. Every Public Accounting Firm is bound to standard and ethic code which used as basis of audit quality, either in Big Four or non-Big Four, so the chance in giving going concern auit opinion would be objective. From the financial side, the financial ability which own by the company with going concern problem was relatively low. As a result, it pushed the company, which had low potential of going concern audit opinion, to choose audit service from non-Big Four Public Accounting Firm, because it had lower cost than Big Four Public Accounting Firm. However, this research supported by the research result from Rachmawati (2017), Utama and Badera (2016) who stated that audit quality did not give impact Public Accounting Firm in giving going concern audit opinion.

Conclusion

Investor in making decision will consider the growth of the company, in this case can be seen from the going concern audit opinion from the auditor. A company also needs investor's trust to manage their responsibility by conducting audit to their financial report by independent auditor. The research result gave the contribution towards agency theory and signalling theory, which were theories that underlying the relation between the company and investor. It proved that there were two ratios, which used as the basis of decision making by the investor, have the impact towards the going concern opinion, which was liquidity ratio and profitability. In this research the liquidity variables and profitability gave negative impact towards going concern opinion, which is also supported by the audit flag which gave positive impact. However, this research failed to prove leverage audit tenure and audit quality gave impact towards going concern opinion.

The limitation of this research was, out of 176 manufactures companies which listed in Indonesian Stock Exchange only 20 companies which fulfilled the sample criteria, and the other 113 companies did not have the complete annual report and did not include the audit result from the independent auditor since 2015 until 2019 period. It is caused by the Covid-19 pandemic which made the access become limited, because it only rellied on e-data. This can be a suggestion for Indonesian Stock Exchange or other parties who create regulation regarding the obligation to report financial report in electronic media should not be easily deleted minimum for 10 year period and should be presented annually.

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