GOING CONCERN AUDIT OPINION AND CORPORATE GOVERNANCE IN MANUFACTURING COMPANIES LISTED ON BEI

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ABSTRACT

Going concern audit opinion is the opinion of the auditor regarding whether an audited company can maintain going concern or its survival for at least one year. The auditor has the responsibility to evaluate whether the company has the possibility of going concern or keep going forward, even though the purpose of the audit is not to evaluate the financial health of the company. This study aims to determine whether there may be an influence between profitability, leverage, company growth, acceptance of going concern audit opinion and whether corporate governance is able to moderate profitability, leverage, and company growth on going concern audit opinion. The population in this study were all manufacturing companies listed on the Indonesia Stock Exchange in 2014 to 2018. While the study sample used a purposive sampling method to obtain a sample of 13 companies. The type of data used in this study is secondary data. This research uses logistic regression analysis method. The results of this study indicate that profitability has a negative effect on the acceptance of going concern audit opinion, leverage has a positive effect on going concern audit opinion and company growth does not affect the going concern audit opinion. While corporate governance as a moderating variable is able to moderate the profitability and leverage of going concern audit opinion and in addition corporate governance is not able to moderate the company's growth towards going concern audit opinion.

Keywords: going concern audit opinion, profitability, leverage, company growth, and corporate governance.

I. INTRODUCTION

Going concern opinion received by a company shows the existence of conditions and events that raise auditor doubt about the survival of the company. One of the considerations that need to be considered by the auditor in giving a going concern opinion is to predict whether the auditee will go bankrupt or not. Ross et al. (2002) stated the indication of bankruptcy can be seen from whether the company experienced financial distress, which is a condition where the company's operating cash flow is not sufficient to meet its current liabilities. Financial distress will cause companies to experience negative cash flow, bad financial ratios, and failure to pay obligations. In the end, this financial distress will lead to bankruptcy of the company so that the continuity of the company's business is in doubt. The risk of financial difficulties experienced by the company can be reduced if the company has the awareness to implement good corporate governance in carrying out its business activities. Good corporate governance is a series consisting of processes, habits, policies, rules and institutions that affect the direction, management, and supervision conducted by the company (Pertiwi and Pratama, 2012: 120). The application of good corporate governance in this study was proxied by the proportion of independent boards of commissioners. In addition, several researchers including Mutchnler et al. (1997), Louwers (1998), Geiger and Raghunandan (2002), Geiger and Rama (2006), Januarti
(2009) show that factors such as audit quality, audit lag, previous year's audit opinion, and client tenure auditor also influence going concern audit opinion reception. Therefore, a study of going concern audit opinion can be conducted by looking at factors such as profitability, leverage, company growth and Corporate Governance as moderating variables. Where moderating variables are independent variables that will strengthen or weaken the relationship between other independent variables to the dependent variable (Ghozali, 2006: 199)

Profitability is the ability of a company to make a profit in relation to sales, total assets and own capital (Sartono, 2001: 122). Profitability can be measured by the ratio of net income before tax divided by net sales (NIBTS). The greater this ratio shows the better performance of the company to generate profits so as not to cause auditors doubts about the company's ability to continue its business and can reduce the possibility of receiving going concern opinion. Research by Mutchler (1985), Panji Putranto (2018), Handhayani and Budiarta (2015), Widyantari (2011), Chen and Church (1992), and Behn et al. (2001) found that this ratio had a negative effect on the acceptance of going concern audit opinion. But the research of Hani et al. (2003), Kuntara (2014), Sari and Soetikno (2012), and Rahayu (2007) found that profitability ratios had no significant effect on the issuance of going concern audit opinion.

Large business losses repeatedly or lack of working capital, as well as the company's inability to meet its obligations when due, reflect the company's financial condition is problematic. The leverage ratio can be used to determine the company's capacity to meet both short-term and long-term obligations. The leverage ratio is generally measured using a debt ratio that compares total liabilities with total assets. The amount of debt that exceeds the total assets causes the company to experience capital deficiency or a negative equity balance. The higher leverage ratio shows the company's financial performance is getting worse and can cause uncertainty about the company's survival. Companies that have assets that are smaller than their obligations will face the danger of bankruptcy (Chen and Church, 1992). Research by Aryantika and Rasmini (2015), Wardana (2011), and Widyantari (2011), found evidence that leverage has a positive effect on going concern audit opinion. While research Rudyawan and Badera (2008) states that the leverage ratio has no significant effect on the likelihood of acceptance of going concern audit opinion.

The company's growth indicates the company's ability to maintain business continuity. Growth companies show that their operational activities are running properly so that the company can maintain its economic position and survival, while companies with negative growth indicate a greater tendency towards bankruptcy (Altman, 1968). Research Kristiana, Ira. (2012), Ratna Sari and Sri Wahyuni (2014), and Krisssindiasutti and Rasmini (2016) found evidence that company growth negatively affected the going concern audit opinion. Whereas research Ardika and Ekayani (2012) found evidence that company growth has a positive effect

Based on the description above, the authors are interested in conducting research with the title "Effect of Profitability, Leverage and Company Growth on Going Concern Audit Opinions with Corporate Governance as Moderation Variables in Manufacturing Companies Registered on the Stock Exchange"

II. LITERATURE REVIEW

Going concern audit opinion is the opinion of the auditor regarding whether a company being audited can maintain going concern or survival for at least one year in the future. The factors that influence the auditor to provide a going concern audit opinion are profitability, leverage, company growth and corporate governance as a moderating variable that is proportional to the independent commissioner.

in the Corporate Governance Structure there is a change in the leadership structure of the company that can affect the company's performance, ownership of shares by internal and external parties, where with the intervention of these parties, it can influence and urge the auditor to provide going concern audit opinion. Corporate governance is positioned as a moderating variable that is to strengthen or weaken the variable x to the variable y. Corporate governance itself is proportional to the independent commissioner.

Profitability ratio is one tool to measure the company's financial condition. Profitability is the company's ability to make a profit and its relationship with sales, total assets, and own capital. Leverage is a policy carried out by a company in terms of investing funds or obtaining sources of funds accompanied by a fixed cost that must be borne by the company. While company growth is measured by the sales growth ratio or sales growth ratio. Sales growth ratio (sales growth ratio) is
a ratio that measures the company's ability to increase sales compared to the previous year. The data analysis technique in this study is the logistic regression model because the dependent variable used is a dummy variable.

III. RESEARCH METHOD
This research was conducted at the Indonesia Stock Exchange which provides audited financial statement data by accessing and downloading the official website of the Indonesia Stock Exchange through the website www.idx.co.id. Manufacturing companies were selected as samples in this study because (1) manufacturing companies are the types of companies that are most listed on the IDX, so that variations of data for existing samples will be more and more; and (2) to avoid the existence of industrial effects, namely industrial risks that differ from one industrial sector to another (Behn et al, 2001; Blay and Geiger, 2001). Data analysis in this study was carried out using logistic regression.

IV. RESEARCH RESULT

Result
Assessing the Feasibility of the Regression Model
Due Diligence (Hosmer And Lemeshow Goodness Of Fit Model)
According to Ghozali (2016: 95), the goodness of fit test can be done by paying attention to the output of the Hosmer and Lemeshow's Goodness of Fit test. Where if the statistical value of Hosmer and Lemeshow is equal to or less than 0.05 then the null hypothesis is rejected because the model cannot predict its observation value. If the statistical value of Hosmer and Lemeshow is greater than 0.05 then the null hypothesis is not rejected because the model is able to predict the value of its observations. The following are the results of the Hosmer and Lemeshow test that have been tested with SPSS.

Table 1
Uji Hosmer And Lemeshow

<table>
<thead>
<tr>
<th>Step</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8.510</td>
<td>7</td>
<td>.290</td>
</tr>
</tbody>
</table>

The feasibility of the regression model was assessed using the Hosmer and Lemeshow's Goodness of Fit Test. Hosmer and Lemeshow's Goodness of Fit Test tests the null hypothesis that empirical data matches or matches the model (there is no difference between the model and the data so the model can be said to be fit). The statistical value of Hosmer and Lemeshow's Goodness of Fit Test is 8,510 with a significance probability of 0.290 whose value is above 0.05. Thus it can be concluded that the model is able to predict the value of its observations or the model can be said to be acceptable because it matches the observational data.

Assessing the Overall Model
The likelihood (L) of the model is the probability that the hypothesized model describes the input data whether it fits with the data or not. L is transformed into \(-2\) log likelihood results of block number 0 (\(-2\log L1\)) if there is a decrease, then the model shows a good regression model or in other words the model is hypothesized fit with the data (Ghozali, 2006: 233). The following is an assessment of the whole model tested using SPSS.

Table 2
Iteration history

<table>
<thead>
<tr>
<th>Keterangan</th>
<th>Nilai</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2Log Likelihood pada awal (block number = 0)</td>
<td>83.201</td>
</tr>
<tr>
<td>-2Log Likelihood pada akhir (block number = 1)</td>
<td>62.214</td>
</tr>
</tbody>
</table>
Based on the results of testing the whole model obtained the value of -2 Log Likelihood, where in block number 0 for the first model a value of 83,201 was obtained. After the independent variable is entered, the Log Likelihood value has decreased to 62,214, this shows that the logistic regression model used is a good model, or in other words the model hypothesized fit with the data.

Coefficient of Determination (Cox and Snell's R Square and Nagelkereke's R Square)
Cox and Snell's R Square and Nagelkereke's R Square values indicate how much the variability of the dependent variable can be explained by the independent variables. Cox and Snell's R Square is a measure that tries to mimic the size of R square in multiple regression based on likelihood estimation techniques with a maximum value of less than 1 so that it is difficult to interpret. The following are the results of cox and snell's R square and nagelkereke's R square tests which were tested using SPSS.

<table>
<thead>
<tr>
<th>Step</th>
<th>-2 Log likelihood</th>
<th>Cox &amp; Snell R Square</th>
<th>Nagelkerke R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>62.214*</td>
<td>.276</td>
<td>.382</td>
</tr>
</tbody>
</table>

Based on Cox and Snell's R Square value of 0.276 and Nagelkerke R Square value of 0.382 which means the dependent variable used can be explained by the variability of the independent variable by 38.2%, while the remaining 61.8% is explained by other variables outside the study. This shows that together the variation of the independent variables can explain the going concern audit variable variation of 38.2%.

Classification
The 2x2 classification calculates the correct and incorrect estimation values. In the column are two predictive values of the devendent variable in this case going concern opinion (1) and non going concern opinion (0), while the row shows the real observation value of the dependent variable. The following is a 2x2 classification table that is tested with SPSS.

<table>
<thead>
<tr>
<th>Observed</th>
<th>Predicted</th>
<th>Percentage Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opini_Audit_Going_Concern</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>0</td>
<td>41</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Overall Percentage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the SPSS test results in Table 4 shows that 43 companies get a non-going concern audit opinion, only 41 companies predicted, so the percentage correct is 95.3%. While of the 22 companies that received going-concern opinions, it was predicted that 40.9%. For overall results obtained a correct percentage of 76.9% which shows that the model in this study is quite able to explain the opinion received by the company.

Logistics Regression Formed
Estimation of parameters from the model can be seen in the Variable in the Equation output. Output Variable in the Equation shows the value of the regression coefficient and its level of significance. The regression coefficient of each of the variables tested shows the form of the relationship between the variables. Hypothesis testing in this study is a one-sided test carried out
by comparing the significance level (sig) with an error rate (α) = 5%. If sig < α, it can be said that the independent variable has a significant effect on the dependent variable.

### Table 5
Logistic Regression Coefficient Test

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
<th>95.0% C.I for EXP(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
</tr>
<tr>
<td>ROA</td>
<td>-3.335</td>
<td>1.50</td>
<td>4.994</td>
<td>1</td>
<td>.025</td>
<td>.715</td>
<td>.533</td>
</tr>
<tr>
<td>DER</td>
<td>.016</td>
<td>.007</td>
<td>5.817</td>
<td>1</td>
<td>.016</td>
<td>1.017</td>
<td>1.003</td>
</tr>
<tr>
<td>SGR</td>
<td>.014</td>
<td>.031</td>
<td>.205</td>
<td>1</td>
<td>.651</td>
<td>1.014</td>
<td>.954</td>
</tr>
<tr>
<td>RDA.CG</td>
<td>.008</td>
<td>.004</td>
<td>5.027</td>
<td>1</td>
<td>.025</td>
<td>1.008</td>
<td>1.001</td>
</tr>
<tr>
<td>DER.CG</td>
<td>.000</td>
<td>.000</td>
<td>4.787</td>
<td>1</td>
<td>.029</td>
<td>1.000</td>
<td>.999</td>
</tr>
<tr>
<td>SGR.CG</td>
<td>.000</td>
<td>.001</td>
<td>.179</td>
<td>1</td>
<td>.672</td>
<td>1.000</td>
<td>.958</td>
</tr>
<tr>
<td>CG</td>
<td>.084</td>
<td>.070</td>
<td>1.442</td>
<td>1</td>
<td>.230</td>
<td>1.087</td>
<td>.948</td>
</tr>
<tr>
<td>Const.</td>
<td>-4.222</td>
<td>2.726</td>
<td>2.399</td>
<td>1</td>
<td>.121</td>
<td>.105</td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 5 the logical regression equations formed in this study are:

Based on the logistic regression equation above then explained as follows:
A constant value of -4.222 means that if the variable profitability, leverage, company growth and corporate governance are zero or constant, the going concern audit opinion will decrease by 4.222.

1. **β1 -0.335** means that if the profitability variable increases, the going concern audit opinion will decrease by 0.335, assuming the independent variable is considered constant.
2. **β2 0.016 + β3 0.014 + β4 0.008 + β5 0.000 + β6 0.000** means that if the variable leverage, company growth, CG on profitability, CG on leverage, CG on company growth increases, it will be followed by an increase in going concern audit opinion, with the assumption of free variables that are considered constant.

Hypothesis testing is done by comparing the level of significance (sig) with an error rate (α) = 5% or 0.05. If sig < α, it can be said that the independent variable has a significant effect on the dependent variable.

1. Testing the First Hypothesis (H1). The first hypothesis states that profitability obtained a regression coefficient of -0.335 with a significance level of 0.025 < 0.05 which means that profitability negatively affects the acceptance of going concern audit opinion. The results of this study support the first hypothesis which states that profitability negative effect on going concern audit opinion.
2. Second Hypothesis Testing (H2). The second hypothesis states that leverage obtained a regression coefficient of 0.016 with a significance level of 0.016 < 0.05 which means that leverage has a positive effect on the going concern audit opinion. The results of this study support the second hypothesis which states that leverage positively influences the acceptance of going concern audit opinion.
3. Third Hypothesis Testing (H3). The third hypothesis states that company growth obtained by a regression coefficient of 0.014 with a significance level of 0.651 > 0.05 which means that company growth does not affect the going concern audit opinion. The results of this study do not support the third hypothesis which states that company growth has a negative effect on the acceptance of going concern audit opinion.
4. Fourth Hypothesis Testing (H4). The fourth hypothesis states that profitability moderated by corporate governance variables obtained a regression coefficient of 0.008 with a significance level of 0.025 < 0.05 which means that corporate governance has a positive effect on the relationship between profitability and going concern audit opinion. The results of this study support the fourth hypothesis which states that corporate governance influences the relationship between profitability and acceptance of going concern audit opinion.
5. Testing the Fifth Hypothesis (H5). The fifth hypothesis states that the leverage moderated by corporate governance variables obtained a regression coefficient of 0.000 with a significance
level of 0.029 < 0.05 which means that corporate governance has a positive effect on the relationship between leverage and going concern audit opinion. The results of this study support the fifth hypothesis which states that corporate governance influences the relationship between leverage and acceptance of going concern audit opinion.

6. Testing of the Sixth Hypothesis (H6). The sixth hypothesis states that corporate growth is moderated by corporate governance variables obtained a regression coefficient of 0.000 with a significance level of 0.672 > 0.05 which means that corporate governance has no effect on the relationship between company growth and acceptance of going concern audit opinion. The results of this study do not support the sixth hypothesis which states that corporate governance affects the relationship between company growth and acceptance of going-concern audit opinion.

Discussion

Profitability ratios have a negative effect on going concern audit opinion. Which shows that the greater the profitability ratio, the smaller the tendency for companies to get a going concern audit opinion. Profit growth or profit income by the company will avoid the company getting going concern audit opinion, because with high profit shows that the company has good performance in various aspects.

The leverage ratio has a positive effect on the going concern audit opinion. Which shows that the higher the debt the company has, the more likely it is to get a going concern audit opinion, a high leverage ratio will cause the company to focus more on using its capital to pay obligations rather than to fund its company's operations. This causes the company's ability to generate profits will be reduced so that it can threaten the company's survival. The high leverage ratio also shows that the smaller the company's assets are funded by the owner so that the company's risk is also greater. This can cause auditors to doubt the company's ability to continue its business.

The ratio of company growth does not affect the going concern audit opinion. which shows that company growth is proxied by sales growth does not always indicate that the profits earned by the company also increased. An increase in operating expenses that is higher than an increase in sales will result in a negative net profit and an impact on the company's retained earnings balance. The results of this study indicate that the auditor does not consider the company's sales growth in providing going concern audit opinion, because the increase in sales is not necessarily followed by an increase in profits.

Corporate governance that strengthens the relationship between profitability and going-concern audit opinion. This research is in line with the fourth hypothesis namely corporate governance influences the relationship between profitability and going concern audit opinion. which shows that the company has the awareness to implement good governance so as to get high profits. With this, corporate governance is able to strengthen the relationship between profitability and going-concern audit opinion. so it can be concluded that corporate governance is able to moderate the profitability of going concern audit opinion. Corporate governance that strengthens the relationship between leverage and going-concern audit opinion. going concern audit opinion. This research is in line with the fifth hypothesis that corporate governance influences the relationship between leverage and going concern audit opinion. Which shows that the company does not have the awareness to implement good governance, so the higher the leverage, the higher the company gets a going concern audit opinion. So it can be concluded that corporate governance is able to moderate the leverage between going concern audit opinion.

Corporate governance cannot strengthen the relationship between company growth and going-concern audit opinion. This research is not in line with the sixth hypothesis that corporate governance influences the relationship between company growth and going concern audit opinion. Which shows that if the company is able to implement good governance, the company can increase sales growth and be able to reduce the increase of expenses / high growth in operational costs so that it can generate positive net profits. Therefore the company does not get a going concern audit opinion. With this concluded that corporate governance is not able to moderate the growth of the company against going concern audit opinion.

V. CONCLUSIONS AND RECOMMENDATIONS

Conclusions
Profitability has a negative effect on going concern audit opinion. This shows that the greater the value of a company's profitability ratio, the greater the company's ability to generate profits so as not to cause auditors doubts about the company's ability to continue its business.

Leverage has a positive effect on going concern audit opinion. which shows that leverage is positively related to giving going-concern audit opinion. A high leverage ratio indicates that the smaller the assets of the company funded by the owner, the greater the risk of the company. This can cause auditors to doubt the company's ability to continue its business.

Company growth has no effect on going concern audit opinion. The results of this study indicate that the growth of a company that is proxied by sales growth does not always indicate that the profits of the company also increase. An increase in operating expenses that is higher than an increase in sales will result in a negative net profit and an impact on the company's retained earnings balance. The results of this study indicate that the auditor does not consider the company's sales growth in providing going concern audit opinion, because the increase in sales is not necessarily followed by an increase in profits.

Corporate governance in this study is able to moderate the relationship between profitability and going-concern audit opinion reception. Shows that the company has the awareness to implement good governance so that it gets high profits. With this, corporate governance is able to strengthen the relationship between profitability and going-concern audit opinion.

Corporate governance in this study is able to moderate the relationship between leverage and acceptance of going concern audit opinion. Indicates that the company does not have the awareness to implement good governance, so the higher the leverage, the higher the company gets a going concern audit opinion.

Corporate governance in this study is not able to moderate the relationship between company growth and acceptance of going concern audit opinion. Showing that if the company is able to implement good governance, the company can increase sales growth and be able to reduce the increase in expenses / high growth in operating costs so that it can generate positive net profits. Therefore the company does not get a going concern audit opinion.

**RECOMMENDATIONS**

For companies, it is recommended to further improve its overall performance in all aspects so that it can make it easier for investors to choose which stocks are in accordance with their perceptions.

For investors and potential investors, it is suggested that those who want to invest should look and analyze in advance in choosing a company by considering Return on Assets (ROA), because in this study the ratio has a significant effect on stock prices.

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