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FACTORS INFLUENCING GOING CONCERN AUDIT OPINION AMONG BASIC MATERIALS COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) DURING THE PERIOD OF 2019-2021

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ABSTRACT

The purpose of this research is to obtain empirical evidence about the effects of profitability, liquidity, solvency, and firm size on going concern audit opinion in basic materials companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period. This research uses firm age as control variable. This research uses 49 samples and 147 data from basic materials companies selected by the purposive sampling method. Data processing techniques uses logistic regression analysis and processed using SPSS version 26. The result of this research indicate that profitability has a negative and significant effect on going concern audit opinion, solvency has a positive and significant effect on going concern audit opinion, liquidity and firm size have no significant effect on going concern audit opinion.

***Keywords**: Profitability, Liquidity, Solvency, Firm Size, Going Concern Audit Opinion*

1. INTRODUCTION

Both internal and external stakeholders need information related to the company to make decisions. These decisions can be in about investments, granting credit, tax rates, as well as those related to company operations and expansion. One of the tools that can be used by stakeholders in obtaining this information is through financial reports prepared by the company. However, stakeholders naturally want financial reports that are reliable and free from misinformation. Therefore, an audit of financial statements by auditors is needed.

Auditor as an independent third party plays a role in assessing the fairness of the company's financial statements stated in the audit opinion. It is the duty of the auditor to meet the needs of the public and stakeholders in providing reliable financial information. In accordance with Standard on Auditing (SA) 240 regarding Auditor Responsibilities Related to Fraud in an Audit of Financial Statements, the auditor is responsible to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

In carrying out their responsibilities, the auditors do not only assess the fairness of a financial report. The auditors are also responsible for assessing the business continuity of the company or the going concern, as stated in Standard on Auditing (SA) 570 regarding Going Concern. The auditors' responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists even if the financial reporting framework used in the preparation of the financial statements does not include an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern.

Over time, the business world is growing rapidly. This causes an increasing in business competition as well. Businessmen are competing to make various efforts to be able to maintain their business continuity. This is in line with the view that a company must be established with the assumption of going concern. This means the company was established to be able to survive and continue to operate indefinitely and will not go bankrupt in the near future. However, there are several cases where auditors failed to assess the continuity if the company's business, either due to fraud or negligence.

One of the well-known cases is the case that involved Arthur Andersen LLP and their client, Enron Corporation in 2001. This occurred when Enron deliberately manipulate the financial statement by reporting excessively high net income and covering their debts. What worse is that Arthur Andersen LLP also participated in the act of manipulating Enron's financial statement. Arthur Andersen LLP as an independent party should be able to maintain its integrity and report what actually happened regarding Enron's business continuity. As the result of this case, Enron was declared bankrupt in 2001. Likewise, Arthur Andersen LLP was no longer part of the five largest accounting firms in the world (big five).

Similar case also occurred in Indonesia related to the bankruptcy of Batavia Air in 2013. This occurred because the company was unable to pay its debts due on December 13, 2012 even though the company's audited cash flow showed a good financial condition. Batavia Air's 2011 financial report also received an unmodified audit opinion and did not receive a going concern qualification. Again, the auditor failed to assess the going concern of the company's business. Even though the auditor should have been able to see the signs, such as the reduction in flight routes and the merger with Air Asia that was failed to occur.

Auditors must always aware in assessing the going concern assumption of a company. Moreover, there is Covid-19 pandemic which threatens the world of business and also the overall economics, including in Indonesia. Based on the survey conducted by the Indonesian Ministry of Manpower, there are around 88% companies in Indonesia that are affected by the Covid-19 pandemic, where these companies are in a state of loss. Companies' management must be responsive in making plans and minimizing losses incurred due to the Covid-19 pandemic so that the going concern assumption can be maintained.

Auditors should be able to spot signs that cast significant doubt regarding the going concern assumption of the company. For example, auditors may pay attention to the company's liability position, negative operating cash flows, poor financial ratios, inability to obtain investors, and substantial operating losses or significant decreases in the value of assets used to generate cash flows.

Based on the description above, this study attempts to answer (1). Does profitability influence the going concern audit opinion? (2). Does liquidity influence the going concern audit opinion? (3). Does solvability influence the going concern audit opinion? (4). Does company size influence the going concern audit opinion?

Agency Theory. This theory was first explained by Jensen and Meckling (1976) where this theory involves a contractual relationship between the manager or company's management (agent) and the owner of the company (principal). In this relationship, principal hires agents to perform several services on behalf of the principal which includes delegation of authority. The principal also gives responsibility of decision making to the agent. Agency theory also causes agency problems where there is conflict of interest between managers (agents) and owners (principal) because they have different goals that they both want to achieve. According to [1], managers who are entrusted with using the funds from owner must be accountable for what has been entrusted to them. On the other hand, the owner (principal) will provide incentives to the managers (agents) in the form of various kinds of facilities, both financial and non-financial. Problems arise when the two parties have different perceptions and attitudes in terms of providing information that will be used by principals to provide incentives to agents. Agency problems also arise when principals doubt that the agents will act optimally in the interests of the company.

Signaling Theory. This theory was first explained by Spence (1973) who stated that the sender (owner of the information) gives signal in the form of information that reflects the condition of a company that is beneficial to the recipient (investor). The receiver will adjust their actions according to the signal they receive. According to [2], signaling theory is an action taken by company management that gives instructions to investors about how management views the company's prospects. According to [3], signaling theory is used to describe the behavior between the two parties who have different access to the information. There are two main actors in the signaling theory, the signaler and the receiver. The signaler is the one from within the company who obtains information, both positive and negative. This information can be in the form of specific services or products from the company. The receiver is an external party that does not have complete information about the company but wants to have this information.

Going Concern Audit Opinion. According to Standard on Auditing (SA) 570, the auditor must conclude, based on the audit evidence obtained, whether there is a material uncertainty relating to events or conditions that may cast significant doubt on the going concern assumption used by the company. This assessment of the going concern assumption of a company will certainly have an impact on the auditor's report and the auditor will also determine that impact. Unless management intends to liquidate, discontinue operations, or has no other realistic choice but to do so, the assumption used in preparing the financial statements is that the company will continue as a going concern.

Profitability. According to [4], profitability ratio measures a company's revenue and its operating success over a certain period of time. The company's income statement and statement of financial position are usually used in calculating profitability ratios. The results of a company's operations, as shown in the income statement, reflect the company's ability to generate profits. According to the statement of financial position, the company's ability to generate profits also depends on the assets it owns that can be used for its operations [5].

Liquidity. Liquidity is a company's ability to convert assets into cash [5]. In addition, [4] also stated the similar thing that the liquidity ratio measures a company's ability to meet sudden and unexpected cash needs and pay debts that mature in the short term. Short-term creditors, such as banks and suppliers, pay the most attention to this liquidity ratio. Due to the very high risk that the company cannot fulfil its obligations, creditors will definitely hesitate to provide debt to companies with poor liquidity ratios.

Solvency. [4] stated that a company's solvency ratio measures its long-term viability. Lenders and long-term stockholders are usually very interested in the solvency ratio because it indicates a company's ability to pay interest when it is due and repay principal when due. The similar thing was stated by [6] where solvency shows the long-term viability of a company and also shows the company's ability to pay its long-term obligations. Solvability can depend on the company's long-term profitability and the company's capital structure or financing structure.

Company Size. The value of company assets, sales, and equity are factors that can be used to determine company size, as stated by [7]. Law Number 20 of 2008 regarding Micro, Small and Medium Enterprises explains that there are four types of companies based on their size, such as micro businesses, small businesses, medium businesses, and large businesses.

Company Age. The age of the company in this study is used as the control variable where the age of the company is measured from the date of establishment of the company based on a notarial deed to the date of closing books in each period used in this study, which is in the period 2019-2021. Companies with a longer lifespan prove that companies can survive and continue to exist so that their business continuity can be maintained [8].

Profitability is a ratio related to profits generated by a company. One of the goals of a company is to generate profits. [9] stated that the profitability ratio is very important because it describes the company’s going concern. So, it can be concluded that the company will be more secure if it has a high level of profitability. That way, the possibility of the auditor giving an audit opinion regarding going concern is also low. In agency theory, it is also stated that principals want their company to generate profits by employing agents. Agents will try their best to manage the company in order to generate profits and ensure the continuity of the company's business. As a replacement, the agents will ask to get a reward for their efforts.

Liquidity is also one of the main ratios that must be considered in assessing the of a company's assumption of going concern. Companies with a high level of liquidity will have greater opportunities to obtain support or loans from various parties, for example from financial institutions and suppliers. Liquidity is a ratio that shows a company's ability to pay its short-term debt, which can also determine whether investors want to invest or not. This investment is very important in order to maintain the company's going concern. As mentioned by [10], consumer trust is the main thing that companies must maintain in order to achieve the desired targets. A low level of liquidity can disrupt the relationship between the company and external parties, such as creditors or suppliers. In the long run, this will also result in a loss of consumer trust in the company. Therefore, in maintaining company liquidity, company owners (agents) employ competent managers (agents) as stated in agency theory. When the company's liquidity is maintained, the company's going concern will be maintained better and the auditor will be more careful in giving an audit opinion with a going concern modification.

One way to finance assets owned by a company is to obtain loan. But it is not good if the debt owned by the company is far greater than the assets owned. Under such circumstances, the company will be at risk of not being able to pay all of its debts and it is feared that it will go bankrupt if this continues. This matter can be seen from the solvency of the company. If the company's solvency level is too high, the auditor has doubts about the company's going concern and will issue an audit opinion regarding going concern. According to signaling theory, a company's poor solvency ratio can be a signal for the auditor because this is a bad thing for the company. Auditors must be more vigilant in assessing business continuity in companies that have high solvency ratios. The auditor must further assess the long-term debt owned by the company so that the continuity of the company's business can be ensured.

Company size in this study is measured by the number of assets owned by the company. The greater the number of assets owned by the company, the greater the size of the company. As revealed by [11], large companies tend to have better management in managing their companies. By having good management, the company's finances will be maintained and financial ratios can show a good value. That way, the assumption of the company's going concern can also be maintained and the auditor will not issue an audit opinion regarding going concern. This is in line with the agency theory where owners will employ agents in running their businesses. In return, the agent will receive a fee from the owner. If the size of the company is large, the owner will be more selective in hiring agents to ensure that these agents can carry out their duties and authorities properly. So that the company's performance is also good and can run in an unlimited time.

One of many indicators of the success of a business can be seen from the profits generated. This can be seen from the profitability ratios generated by the company. If the level of profitability of a company is high, then it can be said that the company has good financial performance. The higher the profit that can be generated by the company from its operational activities, the more it shows that the company is in good condition. This also indicates that the company can continue to operate for a long time so that the assumption of company's going concern can be maintained. That way, the auditor's doubts about the assumption of company's going concern will be lower in a company with a high level of profitability. Conversely, the possibility of the auditor giving an audit opinion related to going concern will be greater in companies with low levels of profitability. This is also consistent with research conducted by [12] which states that companies that receive audit opinions with modifications related to going concern have lower profitability than companies that do not receive audit opinions with modifications related to going concern. Research conducted by [12] and [13] also states that profitability has a negative effect on audit opinion related to going concern. Based on the explanation above, the hypothesis in this study is:
H_1: Profitability has a negative and significant effect on going concern audit opinion.

Liquidity ratio shows the company's ability to convert its assets into cash. So, this ratio also shows the company's ability to pay off its short-term debt by using its current assets. Companies with high liquidity do not need to worry about paying their short-term debt when its due. With that, the going concern of the company is guaranteed. In relation to giving an audit opinion regarding going concern, the auditor will be more doubtful about the business continuity of a company that has a low level of liquidity. Then the auditor will provide an audit opinion regarding going concern. This is in accordance with research conducted by [13] which states that liquidity has a negative effect on audit opinion regarding going concerns. Based on the explanation above, the hypothesis in this study is:
H_2: Liquidity has a negative and significant effect on going concern audit opinion.

Solvency ratio shows the company's ability to fulfil its obligations, especially related to long-term debt. A high level of solvency means that the debt owned by the company is also high. Thus, the risk of companies failing and being unable to pay their debts also increases [14]. If the company is unable to pay its long-term debt, the company's business continuity is also questionable. This means that a high level of solvency makes a higher possibility for the auditor to state an audit opinion related to going concern. Conversely, if a company has a low level of solvency, the auditor will have no doubts about the going concern assumption of the company and the possibility of giving an audit opinion regarding going concern is also lower. This is in accordance with research conducted by [11] and [15] which states that solvency has a positive effect on audit opinion regarding going concern. Based on the explanation above, the hypothesis in this study is:
H_3: Solvability has a positive and significant effect on going concern audit opinion.

The higher the number of assets owned by a company, the larger the size of the company. Large companies tend to have better management structures than small companies. By having a good management structure, the better the company is in managing company finances so that the company's financial ratios can be maintained properly [11]. In other words, small companies tend to have an incomplete management structure so that the company's operational performance will not be as good as compared to large companies. This means, the larger the size of a company, the better the financial ratios it has so that the auditor will have no doubts about the company's assumption of going concern. Therefore, the auditor will not issue an audit opinion regarding going concern. Conversely, the smaller the size of a company, the auditor must be more vigilant and careful about the company's ability to maintain its business continuity. This is consistent with research conducted by [8] which states that company size has a negative and significant effect on audit opinion regarding going concern. Based on the explanation above, the hypothesis in this study is:

H_4: Company size has a negative and significant effect on going concern audit opinion.

Based on the description of the development of the hypothesis above, the research framework is described as follows:

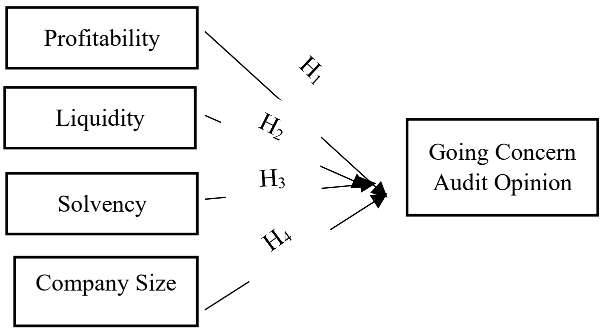

Figure 1. Research model

The purpose of this research is to obtain empirical evidence about the effects of profitability, liquidity, solvency, and firm size on going concern audit opinion in basic materials companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period. This research uses firm age as control variable. This research uses 49 samples and 147 data from basic materials companies selected by the purposive sampling method. Data processing techniques uses logistic regression analysis and processed using SPSS version 26. The result of this research indicate that profitability has a negative and significant effect on going concern audit opinion, solvency has a positive and significant effect on going concern audit opinion, liquidity and firm size have no significant effect on going concern audit opinion.

The research design used in this study is descriptive in nature with quantitative method approach. This study uses secondary from the financial statements of basic materials companies listed on the Indonesia Stock Exchange (IDX). This secondary data can be accessed through the official IDX website, www.idx.co.id. The type of data used in this study is panel data which is a combination of time series data and cross section data. The total population in this study consisted of 95 companies in the raw material sector. This study uses purposive sampling method.

Some criteria used in this study to determine the samples are:

1. Basic materials companies listed on the Indonesia Stock Exchange period 2019-2021.

2. Basic materials companies that do not go Initial Public Offering (IPO), delisted, suspended or sector displacement during 2019-2021.
3. Basic materials companies that consistently publish financial reports that end in 31st December and have been audited during 2019-2021.
4. Basic materials companies with financial reports with Rupiah (IDR) during 2019-2021.

2. METHODS

This study uses descriptive analysis, autocorrelation test, multicollinearity test, fit model test, Hosmer and Lemeshow Test, F-test, t-test, and coefficient determination test. Table 1 shows the operational variables and measurements in this study.

Table 1. Operational Variables and Measurements

No.	Variables	Measurements	Scale
1.	Going Concern Audit Opinion	Category 1 for companies that receive going concern audit opinion and category 0 for companies that do not receive going concern audit opinion.	Dummy
2.	Profitability	$\frac{Net\ Profit}{Total\ Assets}$	Ratio
3.	Liquidity	$\frac{Current\ Assets}{Current\ Liabilities}$	Ratio
4.	Solvency	$\frac{Total\ Liabilities}{Total\ Assets}$	Ratio
5.	Company Size	SIZE = Ln (Total Asset)	Ratio
6.	Company Age	AGE = Ln (Close Book Date – Date of Establishment)	Ratio

3. RESULTS AND DISCUSSIONS

Table 2. Descriptive Statistics
Source: Data processed with SPSS version 26

Do Not Receive Going Concern Audit Opinion		ROA	CR	DAR	SIZE	AGE
N	Valid	123	123	123	123	123
	Missing	0	0	0	0	0
Mean		.031827	4.944.726	.453269	28.195.568	3.594.328
Median		.031391	1.556.500	.466363	28.019.321	3.656.300
Std. Deviation		.0576114	191.850.778	.2431791	14.934.856	.3766323
Minimum		-.1522	.0593	.0813	244.629	16.555
Maximum		.1822	2.084.446	14.403	320.106	42.627

Table 3. Descriptive Statistics
Source: Data processed with SPSS version 26

Receive Going Concern Audit Opinion		ROA	CR	DAR	SIZE	AGE
N	Valid	24	24	24	24	24
	Missing	0	0	0	0	0
Mean		-.128982	1.308.624	1.220.581	27.983.304	3.426.796
Median		-.026742	1.164.733	.720498	27.630.023	3.668.431
Std. Deviation		.2493063	.7931954	11.629.878	17.092.630	.6361885
Minimum		-10.498	.2691	.3396	258.484	18.280
Maximum		.0550	29.391	39.544	310.883	39.586

Based on the descriptive analysis table above, the mean of Return on Assets (ROA) from companies that receive going concern audit opinion is -0.1289 with a median value of -0.0267, a standard deviation value of 0.2493, minimum value of -1.0498 owned by the company Tirta Mahakam Resources Tbk. in 2020, and a maximum value of 0.0550 which is owned by the company Indo Acidatama Tbk. in 2019. Meanwhile, the mean of Return on Assets (ROA) from companies that do not receive going concern audit opinion is 0.0318 with a median value of 0.0313, a standard deviation value of 0.0576, a minimum value of -0.1522 which is owned by the company Central Omega Resources Tbk. in 2021, and a maximum value of 0.1822 which is owned by the company Bintang Mitra Semestaraya Tbk. in 2021. From the data above, it can be seen that the average value of Return on Assets (ROA) of companies that receive going concern audit opinion is smaller than companies that do not receive going concern audit opinion. This shows that companies that do not receive going concern audit opinion have better business efficiency to generate higher profitability compared to companies that receive going concern audit opinion.

The average value (mean) of Current Ratio (CR) from companies that receive going concern audit opinion is 1.3086 with a median value of 1.1647, a standard deviation value of 0.7931, a minimum value of 0.2691 owned by the company Tirta Mahakam Resources Tbk. in 2021, and a maximum value of 2.9391 owned by the company Jakarta Kyoei Steel Works Tbk. in 2020. Meanwhile, the mean of Current Ratio (CR) from companies that do not receive going concern audit opinion is 4.9447 with a median value of 1.5565, a standard deviation value of 19.1850, a minimum value of 0.0593. by the company Wilton Makmur Indonesia Tbk. in 2020, and a maximum value of 208.4446 which is owned by the company Duta Pertiwi Nusantara Tbk. in 2020. From the data above, it can be seen that the average Current Ratio (CR) value of companies that going concern audit opinion is smaller than companies that do not receive going concern audit opinion. This shows that companies that do not receive going concern audit opinion have a better ability to meet their short-term debt compared to companies that receive going concern audit opinion.

The average value (mean) of Debt to Asset Ratio (DAR) from companies that receive going concern audit opinion is 1.2205 with a median value of 0.7204, a standard deviation value of 1.1629, a minimum value of 0.3396 owned by Indo companies Acidatama Tbk. in 2019, and a maximum value of 3.9544 owned by the company Jakarta Kyoei Steel Works Tbk. in 2021. While the average value (mean) of Debt to Asset Ratio (DAR) from companies that do not receive going concern audit opinion is 0.4532 with a median value of 0.4663, a standard deviation value of 0.2431, a minimum value of 0.0813 which is owned by the company Emdeki Utama Tbk. in 2021, and a maximum value of 1.4403 which is owned by the company Wilton Makmur Indonesia Tbk. in 2020. From the data above, it can be seen that the average Debt to Asset Ratio (DAR) value of companies that receive going concern audit opinion is greater than that of companies that do not receive going concern audit opinion. This shows that most of the company's assets that receive going concern audit opinion are financed by the company's debt and are feared to be unable to fulfill their debts compared to companies that do not receive going concern audit opinion.

The average value (mean) of company size (Size) from companies that receive going concern audit opinion is 27.9833 with a median value of 27.6300, a standard deviation value of 1.7092, a minimum value of 25.8484 owned by the company Jakarta Kyoei Steel Works Tbk. in 2021, and a maximum value of 31.0883 which is owned by the company Aneka Tambang Tbk. in 2020. Meanwhile, the average value (mean) of company size (Size) from companies that do not receive audit opinions regarding going concern going concern audit opinion is 28.1955 with a median value of 28.0193, a standard deviation value of 1.4934, a minimum value of 24.4629 owned by the company Inter Delta Tbk. in 2020, and a maximum value of 32,0106 owned by the company

Semen Indonesia (Persero) Tbk. in 2019. From the data above, it can be seen that the average value of company size (Size) of companies that receive going concern audit opinion is smaller than companies that do not receive going concern audit opinion. This shows that companies with smaller size are more likely to receive going concern audit opinion and have smaller total assets compared to companies that do not receive going concern audit opinion.

Regarding the control variables, the mean value of company age (Age) from companies that receive going concern audit opinion is 3.4267 with a median value of 3.6684, a standard deviation value of 0.6361, a minimum value of 1.8280 owned by company Waskita Beton Precast Tbk. in 2020, and a maximum value of 3.9586 which is owned by the company Aneka Tambang Tbk. in 2020. Meanwhile, the average value (mean) of company age (Age) from companies that do not receive going concern audit opinion is 3.5943 with a median value of 3.6563, a standard deviation value of 0.3766, a minimum value of 1.6555 owned by the company Waskita Beton Precast Tbk. in 2019, and the maximum value is 4.2627 which is owned by the company Lautan Luas Tbk. in 2021. From the data above, it can be seen that the average age of companies that receive going concern audit opinion is smaller than companies that do not receive going concern audit opinion. This indicates that companies with a longer lifespan can better maintain their business continuity compared to companies with a shorter lifespan.

Table 4. Autocorrelation Test
Souce: Data processed with SPSS version 26

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.579[a]	.335	.312	.30766	1.240

Table 4 summarizes the result of autocorrelation test. It shows the value of Durbin Watson (DW) is 1.240. This value is between one and three so it can be concluded that the regression in this study is free from autocorrelation [16].

Table 5. Multicollinearity Test
Source: Data processed with SPSS version 26

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-.172	.521		-.329	.743		
ROA	-.935	.225	-.320	-4.160	.000	.795	1.257
CR	.000	.001	-.012	-.163	.871	.941	1.063
DAR	.232	.048	.367	4.819	.000	.814	1.229
SIZE	.014	.017	.058	.811	.419	.917	1.091
AGE	-.054	.061	-.062	-.874	.383	.929	1.077

Table 5 summarizes the result of multicollinearity test. It shows the value of tolerance from every variable in this study is bigger than 0.10. The value of variance inflation factor (VIF) from every variable in this study is smaller than 10. So, it can be concluded that regression in this study is free from multicollinearity [17].

The result based on Table 6 shows that the initial -2LogL value beginning is 130.843, which only include the constant. The result based on Table 7 shows the ending -2LogL value is 83.175, which this model already includes constant and independent variables. The decrease in likelihood value indicates that the regression model in this study is fit [17]. In other words, a regression model that includes constant and variable independents is a better regression model. So, it can be concluded that the hypothesized regression model is fit with the data.

Table 6. Fit Model Test -2LogL Beginning
Source: Data processed with SPSS version 26

Iteration		**-2 Log likelihood**	**Coefficients Constant**
Step 0	1	132.608	-1.347
	2	130.855	-1.610
	3	130.843	-1.634
	4	130.843	-1.634

a. Constant is included in the model.
b. Initial -2 Log Likelihood: 130.843
c. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Table 7. Fit Model Test -2LogL Ending
Source: Data processed with SPSS version 26

Step	**-2 Log likelihood**	**Cox & Snell R Square**	**Nagelkerke R Square**
1	83.175[a]	.277	.470

a. Estimation terminated at iteration number 9 because parameter estimates changed by less than .001.

According to [17], Cox and Snell's R Square is a measure that mimics the R Square size in multiple regression analysis. The Cox and Snell R Square value is based on a likelihood estimation technique with a maximum value of less than one making it difficult to interpret. Nagelkerke R Square is a modification of the Cox and Snell R Square coefficients which is used to ensure that the value varies from 0 to 1. Thus, the Nagelkerke R Square value can be interpreted like the value of the coefficient of determination or R Square in multiple linear analysis. Based on the test results of the coefficient determination test in Table 7 above, the Nagelkerke R Square value is 0.470 or equivalent to 47%. Therefore, it can be concluded that the dependent variable, which is going concern audit opinion, can be explained by independent variables and control variables, such as profitability proxied by return on assets (ROA), liquidity proxied by current ratio (CR), solvency proxied by debt to asset ratio (DAR), company size (SIZE), and company age (AGE) of 47%. For the remaining percentage of 53% explained by other variables outside of those used in this study.

Table 8. Hosmer and Lemeshow Test
Source: Data processed with SPSS version 26

Step	Chi-square	df	Sig.
1	4.665	8	.793

Hosmer and Lemeshow's Goodness of Fit Test is used to test if the data is fit with the model [17]. Table 8 shows that the significant value from Hosmer and Lemeshow Test is 0.793 which is bigger than 0.05. So, it can be concluded that the regression model hypothesized in this study is able to predict the observed value or it can be said that the regression model is acceptable because it matches the data observation.

Table 9. Logistic Regression Analysis
Source: Data processed with SPSS version 26

	B	S.E.	Wald	df	Sig.	Exp (B)
ROA	-15.056	4.903	9.429	1	.002	.000
CR	-.134	.200	.452	1	.501	.874
DAR	1.488	.666	4.994	1	.025	4.428
SIZE	.146	.223	.425	1	.514	1.157
AGE	.533	.856	.389	1	.533	1.705
Constant	-8.567	6.455	1.762	1	.184	.000

Table 9 shows the result of logistic regression analysis. With a confidence level of 5%, the logistic regression equation used in this study is as follows:

$$\text{Ln}\,\frac{GCO}{1-GCO} = -8.567 - 15.056\text{ROA} - 0.134\text{ CR} + 1.488\text{DAR} + 0.146\text{SIZE} + 0.533\text{AGE} + e$$

Constant value is -8.567. This means that if the independent variables and control variable equal 0, the value of the dependent variable will be -8.567. The equation shows that return on asset as the proxy of profitability has negative influence on going concern audit opinion. This means that if there is an increase of one unit of return of asset, going concern audit opinion will decrease by 15.056 units, assuming that other variables are constant or fixed. Current ratio as the proxy of liquidity also has negative influence on going concern audit opinion. This means that if there is an increase of one unit of current ratio, going concern audit opinion will decrease by 0.134 units, assuming that other variables are constant or fixed.

Meanwhile, this equation shows that debt to asset ratio as the proxy of solvency has positive influence in going concern audit opinion. This means that if there is an increase of one unit of debt to asset ratio, going concern audit opinion will increase by 1.488 units, assuming that other variables are constant or fixed. This equation also shows that company size has positive influence in going concern audit opinion. This means that if there is an increase of one unit of company size, going concern audit opinion will increase by 0.146 units, assuming that other variables are constant or fixed. Finally, regarding the control variable, company age has positive influence on going concern audit opinion. This means that if there is an increase of one unit of company age, going concern audit opinion will increase by 0.533 units, assuming that other variables are constant or fixed.

Table 9 above also gives an overview (1). Profitability has a significant influence on going concern audit opinion with a confidence level of 5%, (2). Liquidity has no significant influence on going concern audit opinion with a confidence level of 5%, (3). Solvency has a significant influence on going concern audit opinion with a confidence level of 5%, (4). Company age has no significant influence on going concern audit opinion with a confidence level of 5%, (5). Company age has no significant influence on going concern audit opinion with a confidence level of 5%

Table 10. F-test
Source: Data processed with SPSS version 26.

		Chi-square	df	Sig.
Step 1	Step	47.668	5	.000
	Block	47.668	5	.000
	Model	47.668	5	.000

Based on the result of the F-Test in Table 10 above, it shows that the significance value is 0.000. This means that the significance value of the F-Test is smaller than the confidence level used in this study which is 0.05. So, it can be concluded that return on asset as the proxy of profitability, current ratio as the proxy of liquidity, debt to asset ratio as the proxy of solvency, company size, and company age simultaneously have a significant influence on going concern audit opinion.

This study found that profitability has a negative and significant effect on the going concern audit opinion. Return on asset which is used as the proxy of profitability in this study is the ratio that indicates the company's ability to generate profit from its assets. This study shows that the lower the return on asset owned by the company, the higher the auditors' doubts about the going concern assumption used by the company. So, it is more likely for auditors to give going concern audit opinion to the company. This study also shows that in assessing the going concern assumption of the company, auditors can assess based on the return on asset owned by the company. In accordance with signaling theory, a low return on asset in a company can be a signal to the auditor that the company has poor financial performance. So that the auditor's doubt will arise about the company's ability to maintain its business continuity and issue an audit opinion related to going concern. This result is in line with the findings of [12], [13], [18] but contrary to findings from [19], [20].

This study found that liquidity has a negative and no significant effect on the going concern audit opinion. Current ratio which is used as a proxy for liquidity in this study is the ratio that shows a company's ability to meet its short-term obligations using its current assets. This study shows that the lower the current ratio owned by a company, the higher the auditor's doubts about the continuity of the company's business so that the probability of giving of audit opinion related to going concern will increase. This is because a low current ratio means that the company is unable to pay off its short-term debt. A low current ratio means that the portion of the company's short-term liabilities is greater than its current assets. This can be an early sign that the company is unable to maintain its viability. This study also shows that the auditor in giving an audit opinion regarding going concern is not based on the company's current ratio. This can happen because the current ratio cannot describe the overall financial condition of the company. The auditor not only looks at the company's ability to pay off its short-term debts but also looks at the company's ability to pay off all of its debts. This result is in line with the findings of [15], [19], [21] but contrary to findings from [12], [22].

This study found that solvency has a positive and significant effect on going concern audit opinion. Debt to asset ratio which is used as a proxy for solvency in this study is the ratio that shows how much a company's assets are financed by its liabilities. This study shows that the higher the debt to asset ratio owned by a company, the higher the auditor's doubts about the continuity of the company's business so that the auditor issues an audit opinion regarding going concern. This study shows that the auditor in giving an audit opinion related to going concern can be based on the company's debt to asset ratio. A high debt to asset ratio means that the portion of the company's liabilities is greater than its assets. This means that most of the assets owned by the company in running its business are financed by debt. If this continues, the company's debt will be too high and there will be an inability of the company to pay off its debts. A high debt to asset ratio can be a sign to the auditor that the company's performance is not good in maintaining its business continuity and providing an audit opinion regarding going concern. This result is in line with the findings of [11], [15] but contrary to findings from [12], [20], [23].

This study found that company size has a positive and no significant effect on going concern audit opinion. Company size in this study is measured by the total assets owned by the company. This study shows that the larger the size of a company, the higher the auditor's probability of giving an audit opinion related to going concern. However, this research also shows that in giving an audit opinion regarding going concern, the auditor does not base on the company size. This is because company size cannot be used as a benchmark for the company's ability to maintain its business continuity. Even though a company is included in the small company size category, if the company has reliable management in carrying out its operations and maintains its financial condition well, then the auditor will not give an audit opinion regarding going concern. This result is in line with the findings of [11], [12], [21] but contrary to finding from [8].

This study uses firm age as a control variable according to research conducted by [21]. This decision was also taken because the age of the company consistently influences the going concern audit opinion as in the research conducted by [8], [12]. This study intends to re-test the influence of company age on audit opinion related to going concern. This study concludes that after retesting on basic material companies listed on the Indonesia Stock Exchange (IDX) with the 2019-2021 research period, company age has no significant effect on audit opinion regarding going concern. This can happen due to limited data used by researchers which are only in the basic material companies and the research period is only three years.

4. CONCLUSIONS AND SUGGESTIONS

This study concludes that the best variables for predicting factors influencing going concern audit opinion are profitability and solvency. Those two variables are statistically significant in influencing going concern audit opinion. Profitability and liquidity statistically have a negative effect on going concern audit opinion while solvency and company size have positive effect on going concern audit opinion. Using samples and data from this study, company age has no significant effect on going concern audit opinion.

Company management have to maintain good financial ratios and maintain the continuity of the company's business. In addition, management must be prepared to develop plans in order to reduce doubts about its business going concern. Public Accounting Firm has to evaluate the auditor's performance periodically. In addition, the auditor has to have good knowledge and understanding regarding the assessment of the going concern assumption of a company as stated in Standard on Auditing (SA) 570 so that it is hoped that the auditor will not give wrong assessment of the going concern assumption of a company.

The limitation of this research is that it only uses four independent variables which consists of profitability, liquidity, solvency, and company size as well as one variable control, namely company age so it does not explain other variables that couldis a factor that influences audit opinions regarding going concerns. This research period only limited to three years, namely 2019-2021 so it does not describe the results the whole thing in fact. The sector in this research is only limited to companies raw material sector which is listed on the Indonesian Stock Exchange (BEI) so it doGOes not provide a broad overview of other sectors. Future researchers can increase the number independent variables, such as financial distress, audit quality, previous year's audit opinion, audit tenure, audit lag, and opinion shopping, increasing the time span of the research period, and expanding the population and number of research samples.

For further research, next researcher can add more independent variables, such as financial distress, audit quality, previous year's audit opinion, audit tenure, audit lag, and opinion shopping so that the research results can be more representative, add more period research in order to obtain the overall results required by stakeholders and not be limited to three years, add more population and number of samples so that they are not limited to basic material companies in order to obtain an overview of other companies in other sectors.

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