

FACTORS AFFECTING THE GOING-CONCERN AUDIT OPINION OF MINING COMPANIES LISTED ON IDX IN 2019-2022

Rizka Beauty Tamara¹, Abdul Ghofar^{2*}

^{1,2} *Accounting Department, Faculty of Economics and Business, Universitas Brawijaya, Indonesia*

Abstract. This research aims to determine the effect of company size, liquidity, and company growth on going-concern audit opinion, involving 52 data from the samples of 13 mining companies listed on the Indonesia Stock Exchange in 2019-2022, selected through purposive sampling. The data are analyzed by descriptive statistics and logistic regression processed by SPSS 25 software. Company size, liquidity, and company growth are measured by natural logarithm, current ratio, and sales, respectively. The results of this research exhibit that company size has no effect on going-concern audit opinions, liquidity has an effect on going-concern audit opinions, and company growth has no effect on going-concern audit opinions.

Keywords: Company Size, Liquidity, Company Growth, Going-Concern Audit Opinion

I. INTRODUCTION

Going Concern is a condition that reflects the survival of a business entity and is an assumption in financial statements, if a business entity experiences conditions that are contrary to going concern, then the business entity is in trouble. Going concern itself is something that is closely related to how management manages the company both from financial and non-financial factors in order to survive.

In recent years Indonesia is one of several countries that have been affected by the emergence of Covid-19. Since March 2020, when the first case of Covid-19 was announced, there have been restrictions on community activities carried out in order to reduce the spread of Covid-19. Covid-19 not only has a negative impact on the health sector but also has an unpleasant impact on the economy because it affects business activities during the restriction of community activities, thus affecting shopping and consumption patterns and community behavior (Saputro and Hapsari, 2022).

The going concern phenomenon has occurred at PT Sigmagold Inti Perkasa Tbk, which is engaged in the mining sector on September 11, 2019, which was force delisted by the Indonesia Stock Exchange (cnbcindonesia.com). The company has experienced conditions or events that significantly negatively affect business continuity, either financially or legally and cannot show adequate indications of recovery. PT Bara Jaya Internasional Tbk (ATPK), a general mining, oil and gas, power plant, and coconut plantation company, was delisted by the IDX in 2019 because it had business continuity problems. In 2020, the IDX delisted PT Borneo Lumbung Energi & Metal Tbk (BORN). BORN became the first issuer to be delisted in 2020 because it

experienced problems with its balance sheet, arrears in exchange fees, and problems that were detrimental to business continuity (cnbcindonesia.com).

The purpose of establishing a company is to maintain the continuity of the company's operations (going concern). According to Foroghi (cited by Krissindiastuti and Rasmini, 2016), the survival of the company is important for parties with an interest in the company, especially investors. Conditions and events experienced by a company can provide an indication of the company's business continuity, such as significant and ongoing operating losses that raise doubts about the company's survival. Therefore, when the auditor issues a going concern audit opinion, the auditor has the responsibility to issue this opinion consistently with the actual situation.

This research is a replication of previous research conducted by Kartikasari in 2021 with the addition of independent variables, namely company size, liquidity, and company growth. In this study the observation period is 2019-2022 because the 2019-2022 period shows the conditions before, and after Covid-19, so this study wants to know the condition of the company before and after Covid-19. This study makes mining companies to be studied because it has been explained in the phenomenon above related to several companies engaged in the mining sector being delisted by the IDX for reasons of business continuity and going concern objects are still relevant to research considering that the main consideration for investors when wanting to invest is the auditor's view of a company's going concern.

This study aims to analyze and prove empirical evidence of the effect of company size, liquidity, and company growth on going concern audit opinion acceptance in mining companies listed on the IDX in 2019-2022.

II. LITERATURE REVIEW

A. Agency Theory

According to Jensen and Meckling (cited by Retnosari and Apriwenni, 2021), agency theory explains the existence of a contractual relationship between two or more parties in which one party is called a principal who asks another party called an agent to perform several services on behalf of the owner who delegates authority. In agency theory, what is meant by principals are shareholders or owners, while agents are management who manage the owner's assets.

B. Signal Theory

According to Spence (cited by Retnosari and Apriwenni, 2021), signal theory involves two parties, namely the sender (information owner) who provides a signal or signal in the form of information that describes the condition of a company that is beneficial to the recipient (investor).

C. Going Concern

According to Hany et. al (cited by Santosa and Wedari, 2007), this going concern causes business entities to be able to keep their business activities running for a long period of time and in a short period of time not to experience liquidation.

D. Going Concern Audit Opinion

Going concern audit opinion is an opinion issued by the auditor by adding an explanatory paragraph regarding the auditor's consideration that there is an inability or significant uncertainty about the company's survival in carrying out its operations in the future (Muttaqin, 2012). According to SA 570, states that the events and conditions that cause the auditor to express a going concern audit opinion, namely:

1. Management's inability to manage the company's operations is related to the company's financial condition, which has lost significantly, affecting the company's working capital.
2. The inability of the company to pay its obligations on the due date and short-term debt on an ongoing basis.
3. Loss of a major customer that causes a decrease in sales turnover, a disaster that is not covered by insurance, such as an earthquake or flood, or unusual labor problems.
4. Courts, legislation, or other similar matters that have occurred and may jeopardize the entity's ability to operate.

E. Company Size

Based on research conducted by Pertiwi and Suhardianto (2015), company size describes the size of a company which is seen through its total assets.

F. Liquidity

According to Fahmi (cited by Defa, 2022), the liquidity ratio is the ability of a company to meet its short-term obligations in a timely manner. The liquidity ratio refers to the company's ability to pay or fulfill its obligations seen from the overall financial position.

G. Company Growth

Company growth is a scale to measure how well a company maintains its economic position, both in its industry and in overall economic activity (Alichia, 2013).

Research Framework

The following is a research framework that outlines the logical flow of this research.

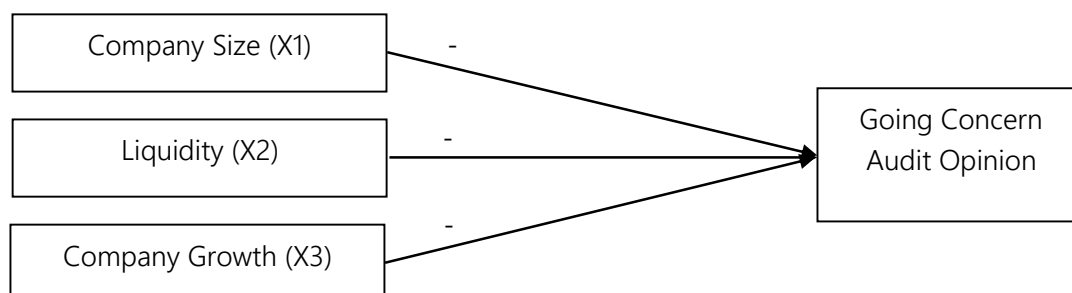


Figure 1. Research Framework

Hypothesis Development

Company Size

Agency theory states that the principal authorizes the agent to manage the company on behalf of the principal. The principal hopes that the agent can increase the effectiveness of management in managing the company which has an impact on the development of the company which is getting better until it can become a large company. In research conducted by Nugroho (2018) revealed that the company size factor has a negative influence on going concern audit opinion acceptance because the higher the total assets owned by the company, the company is considered to have the ability to maintain its business continuity so that there is a great opportunity not to receive going concern audit opinion and vice versa. Thus, the research hypothesis is as follows.

H1: Company size has a negative effect on receiving going concern audit opinions.

Liquidity

Signal theory states that the sender (owner of information) provides a signal or signal in the form of information that describes the condition of a company that is beneficial to the recipient. When a company has a high level of liquidity, it means that the company is able to pay / pay off its short-term obligations, then this will provide a good signal for the recipient of the information, namely the auditor and the possibility of the company receiving a going concern audit opinion is smaller and vice versa. Thus, the research hypothesis is as follows.

H2: Liquidity has a negative effect on acceptance of going concern audit opinion.

Company Growth

Agency theory states that the principal authorizes the agent to manage the company on behalf of the principal. For principals, company growth is important to see the company's performance through its sales growth. Companies that have high growth tend to have fair reports, so the potential to get a going concern audit opinion will be smaller. Companies that experience growth indicate that the company's 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. The results of research conducted by Krissindiastuti and Rasmini (2016) and Tryansyah and Khairunnisa (2019) show that company growth has a negative effect on going concern audit opinion acceptance. Thus, the research hypothesis can be formulated as follows.

H3: Company growth has a negative effect on receiving going concern audit opinions.

III. RESEARCH METHODOLOGY

This research is a quantitative type of research. The population in this study were 40 mining sector companies listed on the IDX in 2019-2022 and the sample in this study were 13 mining companies. The sampling technique used purposive sampling with the following criteria.

1. Mining sector companies listed on the IDX consecutively during 2019-2022.
2. Mining sector companies that present financial reports and independent auditor reports for the period 2019-2022.

3. Mining sector companies that experienced negative profits for at least two years in the 2019-2022 period.

The use of negative earnings is to show trends or patterns of problems in the company's finances. The data used in this study are secondary in nature taken from financial statements and independent auditor reports. The data collection method uses the documentation method by collecting, recording, archiving data obtained from the IDX which is then reviewed and processed. The data analysis method uses descriptive statistical analysis, multicollinearity test, and logistic regression test.

IV. RESULTS AND DISCUSSION

Data Analysis Results

Table 4.1 Descriptive Statistics

	N	Min	Max	Mean	S. Dv
X1	52	24,9	32,32	27,81	1,61
X2	52	0,13	146,13	4,31	20,18
X3	52	-1	13,44	1,00	3,17
Y	52	0	1	0,42	0,49

SPSS Processed Data (2024)

1. Company Size (X1)

The minimum value owned by the company size variable is 24.89 and the maximum value is 32.32. The company size variable has a mean value of 27.81 and a standard deviation of 1.61.

2. Liquidity (X2)

The minimum value owned by the liquidity variable is 0.13 and the maximum value is 146.13. The liquidity variable has a mean value of 4.31 and a standard deviation of 20.18.

3. Company Growth

The minimum value owned by the company growth variable is -1 and the maximum value is 13.44. The company growth variable has a mean value of 1.00 and a standard deviation of 3.17.

4. Going Concern Audit Opinion

The minimum value owned by the going concern audit opinion variable is equal to and the maximum value is 1. The going concern audit opinion variable has a mean value of 0.42 and a standard deviation of 0.49.

Table 4.2 Multicollinearity Test

Model	Tolerance	VIF
X1	0,929	1,077
X2	0,929	1,077
X3	1,000	1,000

SPSS Processed Data (2024)

Based on the multicollinearity test results in table 4.2, it can be seen that the tolerance value for each independent variable has a value of more than 0.10. For the company size and liquidity variables, the tolerance value is 0.929 and the company growth variable has a tolerance value of 1.000.

The VIF value for each independent variable has a value less than 10. the company size and liquidity variables have a VIF value of 1,077 and the company growth variable has a VIF value of 1,000, so it can be concluded that each of the independent variables in this study does not occur multicollinearity.

Table 4.3 *Goodness of Fit Test*

Step	Chi-Square	df	sig
1	5,513	8	0,702

SPSS Processed Data (2024)

Based on the feasibility test of the regression model, it shows that the significance value is 0.702, whose value is greater than 0.05, which means that the regression model is able to predict its observation value or it can be said that the model is accepted (model fit) because it is in accordance with the observation data.

Table 4.4 *Overall Model Fit Test*

Initial -2LL (Block Number = 0)	70,852
Final -2LL (Block Number = 1)	52,544

SPSS Processed Data (2024)

Based on tables 4.4 and 4.5 above, it shows the comparison between -2LL (block number = 0) and -2LL (block number = 1). Table 4.4 shows the -2LL (block number = 0) value has a value of 70.852, while table 4.5 shows the -2LL (block number = 1) value has a value of 52.544. This shows that there is a decrease from -2LL (block number = 0) to -2LL (block number = 1), which means that the regression model of this study is feasible to use because the hypothesized model is in accordance with the data.

Table 4.5 *Test Coefficient of Determination*

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	52,544	0,297	0,399

SPSS Processed Data (2024)

In table 4.6 the R Square value has a value of 0.399 (39.9%). This shows that the going concern audit opinion variable can be explained by the independent variables, namely company size, liquidity, and company growth by 39.9%, while the remaining 60.1% is explained by other variables outside this study.

Hypothesis Testing

Table 4.6 Hypothesis Test (T Test)

	B	S.E.	Wald	df	sig	E
X1	0,08	0.2	0,13	1	0,71	1,08
X2	-1,50	0,588	6,52	1	0.01	0,22
X3	-0,14	0,131	1,30	1	0,25	0,86
Y	1,10	6,38	0,03	1	0,86	0,33

SPSS Processed Data (2024)

From table 4.6 above, the logistic regression model obtained is as follows:

$$Y = 1.101 + 0.085X1 - 1.502X2 - 0.149X3 + e$$

Discussion

Company Size

The company size variable in this study has a positive effect with the regression coefficient having a value of 0.085 with a positive coefficient direction. This means that every time there is an increase of one in company size, the going concern audit opinion will increase by 0.085. The company size variable has a significance value of 0.713 which is greater than 0.05 so that company size does not have a significant effect on going concern audit opinion acceptance. It can be concluded that H1 in this study is not supported. This is not in accordance with agent theory, large companies are considered to have the ability to maintain their business continuity so that there is a great opportunity not to receive a going concern audit opinion.

The results of this study are in line with research conducted by Nugroho et al. (2018), which states that going concern audit opinion is always related to how an entity manages the company in order to survive and optimally utilize its resources. According to Wulandari (2014), the total assets which are a proxy for measurement in the company size variable cannot be used as a benchmark of whether the company is experiencing financial difficulties or not. Asset growth in the company is not necessarily followed by an increase in a company's profit.

Business survival is usually associated with management's ability to manage the company to survive. Therefore, even though a company is classified as a small company, it will survive for a long time because it has good management and performance so that the smaller the potential for the company to get a going concern audit opinion. Likewise, companies classified as large companies may not necessarily be able to maintain their survival if management does not have good performance.

Liquidity

The liquidity variable in this study has a negative effect with the regression coefficient having a value of -1.502 with a negative coefficient direction. This means that every time there is an increase of 1 in liquidity, the going concern audit opinion will decrease by -1.502. The liquidity variable has a significance value of 0.011 which is smaller than 0.05 so that liquidity has a significant effect on going concern audit opinion acceptance. It can be concluded that

H2 in this study is supported, which means that liquidity has a negative effect on going concern audit opinion acceptance. In accordance with signal theory, when the company has a high level of liquidity, the company is considered capable of paying / paying off short-term obligations in a timely manner. This is consistent with previous research conducted by Miraningtyas and Yudowati (2019) which shows that liquidity has a negative effect on going concern audit opinion acceptance. So it can be concluded that companies that have a high level of liquidity are considered capable of meeting their short-term obligations in a timely manner so that the company avoids the auditor's doubt regarding business continuity, thus the company is less likely to get a going concern audit opinion.

Company Growth

The company growth variable in this study has a negative effect with the regression coefficient having a value of -0.149 with a negative coefficient direction. This means that every time there is an increase of 1 in company growth, the going concern audit opinion will decrease by -0.149. The company growth variable has a significance value of 0.254 which is greater than 0.05 so that company growth does not have a significant effect on going concern audit opinion acceptance.

It can be concluded that H3 in this study is not supported, which means that company growth has no influence on going concern audit opinion acceptance. This is not in accordance with agent theory which makes company growth an important thing to see the company's performance through its sales growth. The results of this study are in line with research conducted by Laila (2019) and Abbott (2003) which states that there is no guarantee that companies that experience an increase in net sales will also experience an increase in net income because it could be that the company has not escaped the financial problems it is facing. The high level of sales growth does not guarantee that the company will not get a going concern audit opinion because increased sales are not the only factor that contributes to increased business income. An increase in operating expenses that exceeds the increase in sales will result in a negative increase in net income which results in the issuance of a going concern audit opinion.

V. CONCLUSION

The study aims to obtain empirical evidence of the effect of company size, liquidity, and company growth on going concern audit opinion acceptance in mining companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2022. Of the three hypotheses tested using logistic regression analysis, it can be concluded as follows:

1. Company size has no effect on going concern audit opinion.
2. Liquidity has a negative effect on going concern audit opinion.
3. Company growth has no effect on going concern audit opinion.

The author realizes that this research has several limitations so that the author provides several suggestions that can be considered by future researchers. Suggestions that the authors can provide for further research, namely:

1. Can use a case study approach that can provide a deeper understanding of how going concern audit opinion is influenced by company size, liquidity, and company growth.

2. To get a deeper understanding, future research can expand the object of observation, for example using company data from all sectors.

This study has several limitations, namely:

1. This research only focuses on companies engaged in the mining sector.
2. This study only covers a four-year observation period, starting from 2019-2022.
3. This research uses secondary data, so the data obtained is only limited to information that has been published.

ACKNOWLEDGMENT

The author would like to express gratitude to all the people who have helped in the completion of this study.

REFERENCES

- Abbott, L. J., Parker, S., & Peters, G. F. (2003). The Effects of Post- Bankruptcy Financing on Going Concern Reporting. In *Advances in Accounting* (Vol. 20, pp. 1–22). JAI Press. [https://doi.org/10.1016/S0882-6110\(03\)20001-8](https://doi.org/10.1016/S0882-6110(03)20001-8).
- Alichia, Y. P. (2013). Pengaruh Ukuran Perusahaan, Pertumbuhan Perusahaan, dan Opini Audit Tahun Sebelumnya terhadap Opini Audit Going Concern (Studi Empiris Perusahaan Manufaktur yang terdaftar pada Bursa Efek Indonesia). *Jurnal Akuntansi Universitas Negeri Padang*, 1 (1). <https://ejournal.unp.ac.id>.
- Bursa Efek Indonesia. (2024). Laporan Keuangan & Tahunan. Diakses dari <https://www.idnfinancials.com/id/>.
- Defa, G. N. W., Yusi, M. S., & Elisa. (2022). Analisis Rasio Keuangan dalam Menilai Kinerja Keuangan Toko Pesona Bari Songket Palembang. *Jurnal Terapan Ilmu Ekonomi, Manajemen Dan Bisnis*, 2(2). <http://jurnal.polsri.ac.id/index.php/jtiemb>.
- Fortuna, J., Silviana, S., Jerriko, C., & Sipahutar, T. T. U. (2021). Faktor- faktor yang Mempengaruhi Opini Audit Going Concern terhadap Nilai Keuangan Perusahaan Manufaktur Consumer Goods Industry. *Owner Riset & Jurnal Akuntansi*, 5(2), 266–278. <https://doi.org/10.33395/owner.v5i2.477>.
- Ikatan Akuntan Publik Indonesia. (2013). Standar Audit 570 Kelangsungan Usaha.
- Kartikasari, B. A., & Muid, D. (2022). Faktor- Faktor yang Mempengaruhi Opini Audit Going Concern (Studi Empiris pada Perusahaan Industri dasar dan kimia di BEI Tahun 2015-2020). *DIPONEGORO JOURNAL OF ACCOUNTING*, 11(2). <http://ejournal-s1.undip.ac.id/index.php/accounting>.
- Krissindiastuti, M., & Rasmini, N. K. (2016). Faktor-Faktor Yang Mempengaruhi Opini Audit Going Concern. *E-Jurnal Akuntansi Universitas Udayana*, 14(1), 451–481.

- Laila, N. U. (2020). Pengaruh Financial Distress, Pertumbuhan Perusahaan, Audit Lag, dan Ukuran Kantor Akuntan Publik terhadap Opini Audit Going Concern (Studi pada Perusahaan Jasa Non Keuangan yang Terdaftar di Bursa Efek Indonesia Tahun 2017-2019). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, 9(2).
- Miraningtyas, A. S. A., & Yudowati, S. P. (2019). Pengaruh Likuiditas, Reputasi Auditor dan Disclosure Terhadap Pemberian Opini Audit Going Concern. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi)*, 3.
- Muttaqin, A. N., & Sudarno. (2012). Analisis Pengaruh Rasio Keuangan dan Faktor Non Keuangan terhadap Penerimaan Opini Audit Going Concern (Studi Empiris Pada Perusahaan Manufaktur di BEI tahun 2008- 2010). *Diponegoro Journal of Accounting*, 1.
- Nugroho, L., Nurrohmah, S., & Anasta, L. (2018). Faktor-Faktor yang Mempengaruhi Opini Audit Going Concern. *SIKAP*, 2(2), 96–111.
<http://jurnal.usbypkp.ac.id/index.php/sikap>.
- Pertiwi, D. B., & Suhardianto, N. (2016). Relevansi Nilai Selisih Loans Book Value dan Loans Fair Value, Book Value Per Share, Earnings Per Share dan Ukuran Perusahaan. *Jurnal Akuntansi Dan Keuangan*, 17(2). <https://doi.org/10.9744/jak.17.2.82-90>.
- Rahmadona, S., Sukartini, & Djefris, D. (2019). Faktor-Faktor Yang Mempengaruhi Opini Audit Going Concern (Studi Empiris pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2015-2017). *Akuntansi Dan Manajemen*, 14(1), 15–42.
- Retnosari, D., & Apriwenni, P. (2021). Opini Audit Going Concern: Faktor- Faktor Yang Memengaruhi. *Jurnal Akuntansi*, 10(1), 28–39. <https://doi.org/10.46806/ja.v10i1.797>
- Rukminingsih, Adnan, G., & Latief, M. A. (2020). Metode Penelitian Pendidikan. www.erhakautama.com.
- Santosa, A. F. (2007). Analisa Faktor- Faktor Yang Mempengaruhi Kecenderungan Penerimaan Opini Audit Going Concern. *JAAI*, 11(2).
- Saputro, D. F. H., & Hapsari, D. I. (2022). Dampak Pandemi Corona terhadap Kinerja Keuangan Perusahaan Pertambangan dan Perkebunan. *Proceeding of National Conference on Accounting & Finance*, 4, 66–72. <https://doi.org/10.20885/ncaf.vol4.art.11>.
- Suharsono, R. S. (2018). Pengaruh Kualitas Audit, Debt Default Dan Pertumbuhan Perusahaan Terhadap Penerimaan Opini Audit Going Concern. *ASSETS: Jurnal Ilmiah Ilmu Akuntansi, Keuangan Dan Pajak*, 2. <http://ejournal.stiewidyagamalumajang.ac.id/index.php/asset>.
- Tryansyah, G. I., & Khairunnisa. (2013). Pengaruh Reputasi Auditor, Profitabilitas, Leverage, dan Pertumbuhan Perusahaan terhadap Penerimaan Opini Audit Going Concern (Studi Pada Perusahaan Sektor Pertambangan yang Terdaftar Dalam Bursa Efek Indonesia di Periode 2013-2017). *E-Proceeding of Management*, 6(2).



- Wareza, M. (2019). CNBC Indonesia. Retrieved from CNBC Indonesia. Diakses dari <https://www.cnbcindonesia.com>.
- Wareza, M. (2019). CNBC Indonesia. Retrieved from CNBC Indonesia. Diakses dari <https://www.cnbcindonesia.com>
- Wulandari, S. (2014). Analisis Faktor- Faktor Yang Mempengaruhi Auditor Dalam Memberikan Opini Audit Going Concern. E-Jurnal Akuntansi Universitas Udayana, 6(3).
- Werastuti, D. N. S. (2013). Pengaruh Auditor Client Tenure, Debt Default, Reputasi Auditor, Ukuran Klien dan Kondisi Keuangan terhadap Kualitas Audit melalui Opini Audit Going Concern. VOKASI Jurnal Riset Akuntansi, 2(1).