

## The Effect of Company Size, Company Growth, Financial Conditions, Debt Default and Audit Opinion 2016-2019 on Going Concern Audit Opinions (Empire Study of Trading Companies Listed on the Indonesia Stock Exchange)



Charles<sup>1</sup>, Ayu Kartika Kinata<sup>2</sup>

<sup>1,2</sup>Prima University of Indonesia, Medan

**ABSTRACT:** The purpose of this study is to see the effect of company size, company growth, financial condition and debt default on going concern audit opinions in 2016-2019 on trading companies listed on the Indonesia Stock Exchange, both partially and simultaneously. Every company has financial statements that aim to provide information regarding the financial position of a company that is useful for a large number of users of financial statements in making economic decisions which are prepared periodically for interested parties. The population in this study has all trading companies listed on the IDX for the 2016-2019 period, which are 47 companies and the sample is 100 units of analysis. The research method applies multiple logistic regression analysis techniques. The results of the study show that the company size variable partially influences the going concern audit opinion on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period. Variables of company growth, financial condition and debt default partially do not affect going concern audit opinion on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period. Variables Company Size, Company Growth, Financial Condition and Debt Default together affect the going concern audit opinion on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period.

**KEYWORDS-** Company Size, Company Growth, Financial Condition, Debt Default, Audit Opinion Going Concern

### I. INTRODUCTION

A company's principal purpose is to increase profits, but it also strives to preserve business continuity (Utama and Verdiana, 2013). Financial statements are issued for interested parties regularly to offer information about a company's financial situation. Financial statements not only reveal economic choices but also indicate management's performance or accountability for the resources entrusted to it.

PT Hero Supermarket Tbk, a big retail network, includes Giant as a retailer. In 2018, 26 Giant shops were closed. These stores were closed to ensure future company continuity. In 2017, PT Hero Supermarket Tbk's revenue fell by Rp. 13.03 trillion to Rp. 12.97 trillion. Losses rose from Rp 249.32 in 2017 to Rp 1.25 trillion in 2018. The public and investors are concerned about HERO's ability to generate large returns for its investors.

A healthy corporation will win public and investor confidence, particularly if an independent audit backs it up. The independent auditor will provide an opinion on the outcomes of the financial statement evaluation based on the company's real situation. The auditor must also determine if there is substantial doubt about the company's capacity to continue as a going concern for one year after the audit report (SPAP article 341, 2011). If the auditor has reservations about the entity's capacity to continue as a going concern, the auditor must inform investors and other consumers of financial statements.

Auditors commonly offer going concern audit findings to small businesses because they feel big businesses can handle financial challenges better than small businesses. Large organizations have greater access to capital, both from creditors and investors, as well as other external financing sources. This ease is due to the confidence huge corporations have gained from prospective funders. The bureaucratic order, the company, the managerial internal control system, etc. are all better managed by huge corporations than small ones.

Along with firm size, company growth may be used to predict if a company will survive the following time. Profit growth may be used to analyze a company's growth. Positive profit growth companies are likely to be able to stay in business. Profits will be

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utilized to finance the company's survival. Such as funding operations, paying dividends to investors, funding or expanding business lines, and so on.

According to PSA 30, auditors often utilize non-payment of debt obligations as a going concern factor when forming an opinion. Due to excessive debt levels, a company's cash flow is diverted to pay off obligations, disrupting operations. With this premise, the auditor's default status should improve the likelihood of providing a going concern opinion. According to Dwiyanti (2014), debt default occurs when a company's financial situation deteriorates to the point that bankruptcy is expected. Insolvency occurs when a firm can no longer meet its commitments

Based on the description above, the researcher is interested in conducting a study entitled The Effect of Company Size, Company Growth, Financial Condition, Debt Default and Audit Opinion in 2016-2019 Against Going Concern Audit Opinions on Trading Companies Listed on the Indonesia Stock Exchange.

## **BASE THEORY**

### **Audit Opinion**

According to Mulyadi (2013: 19) stated that the audit opinion is the opinion issued by the auditor regarding the fairness of the audited financial statements, in all material respects, which is based on the preparation of financial statements in accordance with accounting principles. Audit Opinion In the financial statements there are five audit opinions issued by the auditor on the auditee's financial statements, namely: unqualified opinion, qualified opinion, unqualified opinion, disclaimer opinion and unqualified opinion with an explanatory paragraph.

### **Going Concern**

According to the Professional Standards of Public Accountants SA Section 341 paragraph 2 (IAI, 2012), defines going concern as doubt about the ability of a business to continue as a going concern for a reasonable period of time, ie not more than one year from the date of the audited financial statements. Going concern problems are divided into two, namely financial problems which include lack of liquidity, lack of equity, debt arrears. difficulty obtaining funds. Operating problems which include continuous operating losses, dubious earnings prospects, threatened operating capabilities and weak control over operations.

### **Audit Opinion Going Concern**

According to SPAP (2011) states that users of financial statements consider going concern audit opinion a prediction of the survival of a company. Going concern audit opinion is an opinion issued by the auditor because there is great doubt about the entity's ability to continue as a going concern. Going concern audit opinion may include an unqualified opinion with an explanatory paragraph relating to the going concern of the entity, a qualified opinion, an unqualified opinion, and a disclaimer of opinion as long as it relates to the going concern explanation.

### **Company Size**

According to Putu Ayu and Gerianta (2018), company size is a scale that can be classified as measured by total assets, total sales, share value and so on. According to I Gusti and Desy (2015) stated that the greater the total assets, total sales or capital of a company, the larger the size of a company.

### **Company Growth**

Nurhasanah (2016: 17) states that past growth will describe future profitability and future growth. The company's growth can be seen from the growth of a positive profit ratio. Companies that tend to get a positive profit ratio tend to get a bigger good opinion. While companies that get a negative opinion, then the company tends to go bankrupt. Indicators of the growth of a company can be used as how a company can survive.

The growth ratio function is:

- a. To calculate the company's performance such as the percentage increase in sales, increase in net income, increase in assets, increase in debt and increase in stock prices.
- b. To see the historical performance of the company over time.
- c. To compare the performance between companies, which company growth is the best, which is usually compared in one sector.

### **Financial Condition**

According to Fahmi (2012:21) stated that the financial report is a form of report that describes the financial condition of the company, the development of the company and the results of the operations of a company within a certain period of time.

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According to Hongaluan (2014) states that the company's financial condition is a complete picture or state of the company's finances over a certain period of time.

## Debt Default

According to Susanti and Zubaidah (2015) stated that debt default is a debtor who fails to pay principal and interest on debt at maturity. The dummy variable (1 is debt default status, 0 is no debt default) is used to indicate whether the company defaults or not before issuing an audit opinion. The debt default status is seen in the company's financial statements in the independent auditor's report section in the explanatory paragraph.

## Effect Of Company Size On Going Concern Audit Opinion

According to Halim (2015: 125) states that the larger the size of a company, the greater the tendency to use foreign capital. This is because large companies require large funds to support their operations.

## Effect Of Company Growth On Going Concern Audit Opinion

According to Alichia (2013) states that to measure the growth of the company, in this study the researchers used the profit growth ratio. If the profit growth ratio is positive, the auditor tends not to issue a going concern audit opinion.

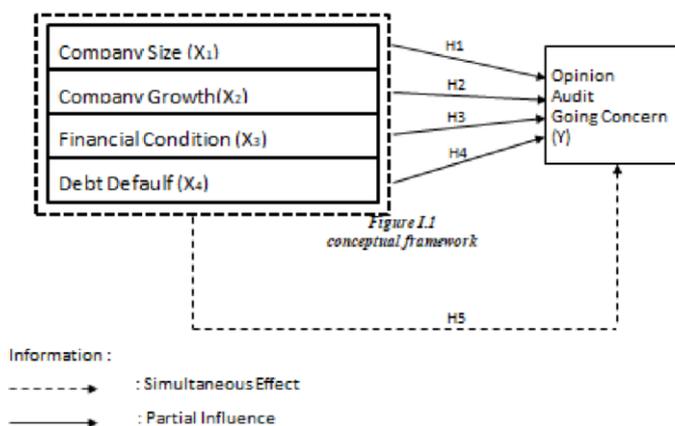
## Effect Of Financial Condition On Going Concern Audit Opinion

According to Imani, Nazar and Budiono (2017) state that an auditor is certainly very concerned about the company's financial condition. Financial condition also reflects the company's performance in the future, because through financial statements, users can see the company's financial condition and predict whether the company will survive.

## Effect Of Debt Default With Going Concern Audit Opinion

According to Amin (2011) states that to find out the financial health condition of a company can be done by checking the company's debt. When the amount of the company's debt is very large, the company's cash flow will usually be allocated to cover its debts, so that it will disrupt the continuity of the company's operations. If the debt cannot be repaid, the creditor will give default status. The default status can increase the possibility of the auditor to issue a going concern report.

## CONCEPTUAL FRAMEWORK



- H1 : Firm size is positively related to audit opinion going concern in trading sector companies listed on the Indonesia Stock Exchange in 2016-2019.
- H2 : Firm growth is positively related to audit opinion going concern in trading sector companies listed on the Indonesia Stock Exchange in 2016-2019.
- H3 : Financial condition is positively related to audit opinion going concern in trading sector companies listed on the Indonesia Stock Exchange in 2016-2019.
- H4 : Debt default positively related to going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period.
- H5 : There is a significant positive effect simultaneously from the variable company size, company growth, financial condition and debt default on going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period.

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## II. RESEARCH METHODOLOGY

### Types Of Research

This research is a type of comparative causal research. Comparative causal research is research that aims to investigate causal relationships based on observations of the effects that occur and look for the causal factors through the data that has been collected (Yusuf, 2016). This research was conducted on the Indonesia Stock Exchange (IDX) by accessing the website [www.idx.co.id](http://www.idx.co.id). The scope of the research is limited to discussing the effect of company size, company growth, financial condition, debt default and audit opinion on going concern audit opinions on trading companies listed on the Indonesia Stock Exchange for the 2016-2019 period

### Population And Sample

This study used purposive sampling. Purposive sampling selects subjects based on similarities to known demographic features

**TABLE II.1 SAMPLING CRITERIA**

No	Criteria	Number of Companies
	Population Trading companies listed on the IDX	47
1	Trading companies listed on the IDX in the period 2016 to 2019	(15)
2	Trading company that consistently publishes annual reports that have been audited by independent auditors completely and successively expressed in Rupiah in 2016 – 2019	(7)
	Number of samples used	25
	Number of Observations (25 x 4)	100

Source: Processed Data (2021)

### Data Collection Techniques

The data collection technique used by the researcher is the documentation method. The documentation method is used as the basis for analyzing the data. In this case the documentation is in the form of books and financial reports

### Types And Sources Of Research Data

There are many sources of secondary data employed in this study: financial reports, reference journals, books and scientific literature. The data comes from the Indonesia Stock Exchange (IDX) at [www.idx.co.id](http://www.idx.co.id)

### Classical Assumption Test

The classical assumption test in this study used is

#### Normality Test

The residual value is tested for normality. A properly distributed residual is a good regression model. So the normality test is done on the residual value, not each variable. According to Ghazali (2016: 100), the normality test checks whether the dependent and dependent variables are regularly distributed. A decent regression model has a normal or near-normal data distribution.

The normalcy test decision-making criteria are:

- If the value of sig. (significance) < 0.05, then the data is not normally distributed.
- If the value of sig. (significance) > 0.05, then the data is normally distributed

#### Multicollinearity Test

Ghozali (2016:105) states that the multicollinearity test was used to determine if the regression model showed a substantial connection between independent variables (independent variables). Ideally, the independent variables should not be correlated in a regression model. It may utilize the Variance Inflation Factor to determine the presence or absence of multicollinearity symptoms (VIF).

Decisions on the multicollinearity test are based on:

- ☐ If the VIF value is < 10.00, it means that there is no multicollinearity in the regression model
- ☐ If the VIF value is > 10.00, it means that there is multicollinearity in the regression model

#### Heteroscedasticity Test

To test for heteroscedasticity, Ghazali (2016:134) suggests that the residuals of one observation should be compared to those of another. Relative residual variance (RV) refers to the difference between two observations. A suitable regression model is homoscedastic.

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The glejser technique may be used to determine heteroscedasticity. It offers to regress the residual's absolute value on the dependent variable. This means that the probability findings will be significant if they are more than 5%

## Autocorrelation Test

The autocorrelation test checks for a time series connection between confounding error in period t and period t-1 (prior). An autocorrelation issue exists if there is one.

The Durbin-Watson test is often used in quantitative research to assess autocorrelation:

- ☐ If d (Durbin-Watson) is smaller than dL or greater than (4-dL) then H0 is rejected, which means there is an autocorrelation.
- ☐ If d (durbin-watson) lies between dU and (4-dU), then H0 is accepted, which means there is no autocorrelation.
- ☐ If d (Durbin-Watson) lies between dL and dU or between (4-dU) and (4-dL), it does not produce a conclusion

## Research Data Analysis Model

The regression model used is multiple logistic regression analysis with the formula:

$$Y = a + b1X1 + b2X2+ b3X3+ b4X4+ e$$

Information:

- Y = Going Concern Audit Opinion
- a = Constant
- b1,....,b4 = Regression coefficient
- X1 = Company Size
- X2 = Company Growth
- X3 = Financial Condition
- X4 = Debt Default
- e = Confounding variable ( $\alpha = 5\%$ )

## COEFFICIENT OF DETERMINATION

According to Ghozali (2016: 97) explains that the coefficient of determination ( $R^2$ ) aims to determine the extent of the strength of the model in describing the variation of the dependent variable. The value of the coefficient of determination is between 0 and 1. The small value of R2 means that the power of the independent variable in describing the variation of the dependent variable is very limited

## F Uji Test

According to Ghozali (2016: 98) revealed that the F test basically proves whether all the independent variables included in the model have a simultaneous effect on the dependent variable.

The test is taken through a comparison of tcount with ttable whose criteria are:

- Accept H0 if Fcount < Ftable with significance level = 5%
- Accept Ha if Fcount > Ftable with significance level = 5%

## T Test

According to Ghozali (2016: 98-99) explains that the t statistical test basically proves the extent to which the influence of an independent variable independently in describes the variance of the dependent variable.

This test is carried out through a comparison of tcount with ttable whose criteria are:

- Accept H0 if  $-ttable < tcount < ttable$  (for significance level = 5%)
- Accept Ha if  $tcount < -ttable$  and  $tcount > ttable$  (for significance level = 5%)

## III. RESEARCH RESULTS AND DISCUSSION

### Research Results

#### Descriptive Statistics

The descriptive statistics of the minimum, maximum, average and standard deviation answers are:

Table III.1 Descriptive statistics

	N	Minimum	Maximum	mean	Std. Deviation
Company Size	100	23.44	32.39	27.3922	2.11326
Company Growth	100	-1.00	27.93	,3809	2.85062

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Financial Condition	100	-22.11	128.53	7.1414	19.57975
Debt Default	100	-17.62	22.02	1.3341	3.88091
Going Concern Audit Opinion	100	,00	1.00	,3400	,47610
Valid N (listwise)	100				

Source: Processed Data (2021)

Table III.1. shows that the minimum value of the firm size variable (X1) is 23.44 and the maximum is 32.29. The mean value is 27.3922 and the standard deviation is 2.11326. The minimum value of the sales growth variable (X2) is -1.00 and the maximum is 27.93. The mean value is 0.3809 and the standard deviation is 2.85062. The minimum value of the financial condition variable (X3) is -22.11 and the maximum is 128.53, the average value is 7.1414 and the standard deviation is 19.57975. The minimum value of the debt default variable (X4) is -17.62 and the maximum is 22.02, the mean value is 1.3341 and the standard deviation is 3.88091. The minimum value of the going concern audit opinion variable (Y) is 0.00 and the maximum is 1, the average value is 0.3400 and the standard deviation is 0.47610.

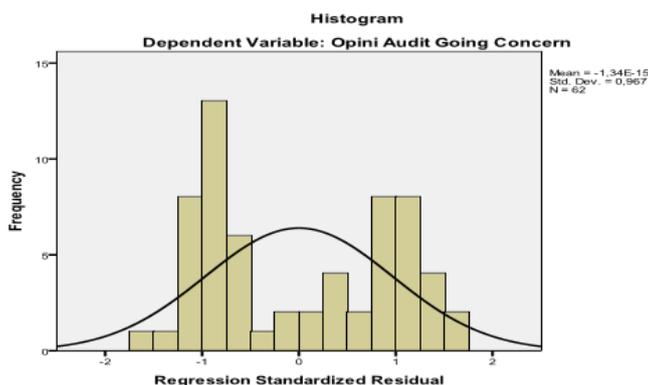
**Classical Assumption Test**

**Normality Test**

There are 2 ways to test whether the residuals are normally distributed or not, namely:

**Graph Test.**

The easiest way to understand the normality of the residuals is to look at the histogram graph that compares the observed data with a distribution that is close to a normal distribution. The results of the normality test observed on the histogram graph are:

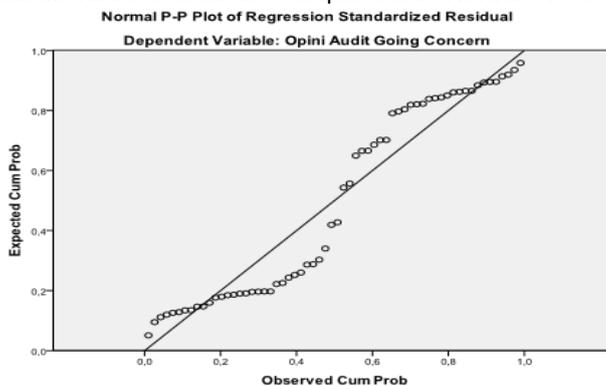


**FIGURE III.1**

**Transformation Histogram**

Source: Processed Data (2021)

The figure proves that the histogram diagram shows high beams based on the pattern of curved lines making mounds, so the histogram diagram gives a normal distribution of data. Graphic result Normal PP Plot is :



**Figure Iii.2 Normal Pp Plot Transformation**

Source: Processed Data (2021)

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The figure proves that the distribution of points around the diagonal line and the distribution is close to the diagonal line so that it can be concluded that the distribution is normal.

**Statistic Test**

Statistical normality test can use non-parametric statistical test KS, the test criteria are:

1. if sig < 0.05, then the data does not give a normal distribution
2. if sig > 0.05, then the data gives a normal distribution

The results of the normality test using the Kolmogorov-Smirnov model are:

**TABLE III.2 Transformation Normality Test Results One-Sample Kolmogorov-Smirnov Test**

	Unstandardized Residual
N	62
Normal Parameters ab	mean
	Std. Deviation
Most Extreme Absolute Differences	,171
	Positive
	negative
Kolmogorov-Smimov Z	1.345
asymp. Sig. (2-tailed)	0.054

a) Test distribution is Normal.

b) Calculated from data.

**Source:** Processed Data (2021)

Table III.2 shows the results of the normalization test which states that the significance value is 0.054. This means that it is normally distributed, because statistically sig > 0.05.

**Multicollinearity Test**

This test can be known t from the number of tolerances and VIF. If a low tolerance score = a high VIF score (because VIF = 1/tolerance) is used to prove the occurrence of multicollinearity, namely a tolerance score > 0.10 or equal to a VIF score < 10. The results of this test on the independent variables in this study are:

**Table Iii.3 Multicollinearity Test Results Coefficientsa**

Model		Collinearity	
		Tolerance	Statistics
1	LN Company Size	,898	1,113
	Sales Growth	,959	1.042
	LN Financial Condition	,484	2.064
	Debt Default	,462	2,116

Dependent Variable : Audit Opinion Going Concern

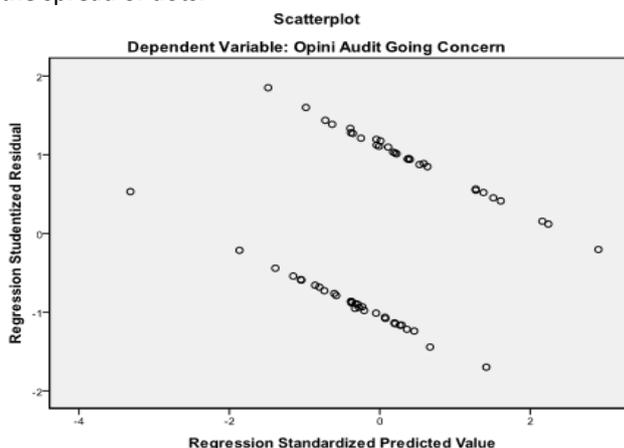
**Source:** Processed Data (2021)

Table III.3 states that the results of this multicollinearity test indicate that the value of firm size is 0.898 > 0.1 or 1.113 < 10. The value for company growth is 0.959 > 0.1 or 1.042 < 10. The value for financial condition is 0.484 > 0, 1 or 2.064 < 10. The debt default value is 0.462 > 0.1 or 2.166 < 10. The conclusion from the multicollinearity test is that not all independent variables occur in the multicollinearity test.

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## Heteroscedasticity Test

This test is carried out to see the difference in residual variance from one observation period to another. There are various ways to determine the presence or absence of heteroscedasticity. Scatterplot image to check whether there is heteroscedasticity or homoscedasticity by looking at the spread of dots.



**FIGURE III.3.**  
Scatterplot  
Source: Processed Data (2021)

Figure III.3 shows that the scatterplot graph shows that the distribution of points p randomly creates a certain pattern and the spread is above and below 0 on the Y axis.

Whether or not heteroscedasticity occurs can be seen from the probability of its significance, if the significance number is more than the 5% confidence level, it can be concluded that there is no heteroscedasticity. The results of heteroscedasticity testing using the glejser method are:

**Table Iii.4 Results Of The Glejser Method Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,773	,898		,861	,393
	LN Company Size	-.050	,273	-,025	-,182	,856
	Sales Growth	-,001	,130	-,001	-,011	,991
	LN Financial Condition	-,073	0.045	-,300	-	,110
	Debt Default	-,112	,063	-,336	-	,081
					1,779	

Dependent Variable : ABS\_RES

Source: Processed Data (2021)

Table III.4. Explain that the value of the company size glejser test with a significant value of 0.856. The value of the company's growth glejser test with a significance value of 0.991. Glasjer test value of financial condition with a significant value of 0.110. The glejser debt default test value with a significant value of 0.081. This does not occur heteroscedasticity in the regression model so that the regression model is feasible to use in this study, because the significance of firm size, sales growth, financial condition and debt default > 0.05.

## Autocorrelation Test

The autocorrelation test aims to see whether in the linear regression model there is a correlation between confounding error in period t and error in period t-1 (previous).

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**Table III.5 Autocorrelation Test Results Model Summaryb**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,412	,169	,111	,47498	,911

- a) Predictors : (Constat), Debt Default, Sales Growth, LN Company Size, LN Financial Condition  
 b) Dependent Variable : Audit Opinion Going Concern

**Source:** Processed Data (2021)

Table III.5. shows that the results of data processing obtained Durbin-Watson of 0.911 with n = 100 and k = 3, then the DL value is 1.5922 and DU is 1.7582. Because the DW value is 0.911 below 1.5922 (0.911 < 1.5922) so it can be concluded that there is a positive autocorrelation.

**RESULTS OF RESEARCH DATA ANALYSIS**

**Research Model**

Multiple logistic regression analysis of the effect of company size, company growth, financial condition and debt default on going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period are:

**Table III.6 Multiple Logistics Regression Analysis Results Variables In The Equation**

		B	SE	Wald	df	Sig.	Exp(B)
Step 1	Size	9.511	3,373	7,952	1	,005	13505,312
	Growth	-,070	,162	,185	1	,667	,933
	Condition	,128	,219	,339	1	,560	1.136
	Debt	-,014	0.058	0.058	1	,809	,986
	Constant	-	11,300	8.177	1	,004	,000

Variable(s) entered on step 1 : Size, Growth, Condition, Debt.

**Source:** Processed Data (2021)

From these data, the regression equation for the effect of firm size, firm growth, financial condition and debt default on going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period are:

$$Y = -32.314 + 9.511 \text{ Firm Size} - 0.070 \text{ Firm Growth} + 0.128 \text{ Financial Condition} - 0.014 \text{ Debt Default}$$

The coefficients in the multiple logistic regression equation are:

- Constant value (a) of -32,314 units means company size, company growth, financial condition and debt default on going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period of 32,314 units
- The regression coefficient for the firm size variable (b1) is 9.511 units. This proves that an increase in one unit of company size will cause an increase in going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period of 9.511 units.
- The regression coefficient of the company's growth variable (b2) is -0.070 units. This proves that an increase in one unit of company growth will cause a decrease in going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period by 0.070 units.
- The regression coefficient for the financial condition variable (b3) is 0.128 units. This proves that an increase in one unit of financial condition will cause an increase in going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period by 0.128 units.
- Debt Default variable regression coefficient (b4) is -0.014 units. This proves that an increase in one unit of debt default will cause a decrease in going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period by 0.014 units.

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## Hypothesis Determination Coefficient

The results of this test are:

**Table III.7 Hypothesis Determination Coefficient Results Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,310a	,096	0.058	,46211

- a. Predictors : (Constant), Debt Default, LN Size
- b. Company, Sales Growth, Foreign Financial Condition

**Source:** Processed Data (2021)

The table proves that the results of the coefficient of determination test are Adjusted R Square of 0.058, so that the effect of company size, company growth, financial condition and debt default on going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange The exchange rate for the 2016-2019 period is 5.8% while the remaining 94.80% is influenced by factors others that were not examined in this study such as leverage.

## Simultaneous Hypothesis Testing (F-Test)

The results of this test are:

**Table Iii.8 Simultaneous Hypothesis Testing Results**

**ANOVA<sup>B</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,153	4	,538	2,521	,046a
	Residual	20,287	95	,214		
	Total	22,440	99			

- a. Predictors : (Constant), Debt Default, LN Company Size, Sales Growth, LN Financial Condition
- b. Dependent Variable : Audit Opinion Going Concern

**Source:** Processed Data (2021)

In table III.8 it can be understood that the value of  $F_{count}$  is 2.521 with a significance level of 0.046. While the  $F_{table}$  at the 95% confidence level ( $\alpha = 0.05$ ) is 2.47, because  $F_{count} > F_{table}$  or  $2.521 > 2.47$  with a significance of  $0.046 < 0.05$ . This proves that company size, company growth, financial condition and debt default together affect going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period. **Partial Hypothesis Testing (t-test)**

The results of this test in table III.9 are:

**Table III.9 Partial Hypothesis Testing Results Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6.030	2.109		-2.859	,005
	LN Company Size	1,919	,632	,315	3.038	,003
	Sales Growth	-,008	0.017	-,047	-,472	,638
	LN Financial Condition	0.025	,044	,063	,580	,563
	Debt Default	-,003	0.012	-,025	-,244	,807

Dependent Variable : Audit Opinion Going Concern

**Source:** Processed Data (2021)

## **The Effect of Company Size, Company Growth, Financial Conditions, Debt Default and Audit Opinion 2016-2019 on Going Concern Audit Opinions(Empire Study of Trading Companies Listed on the Indonesia Stock Exchange)**

**Table III.9 proves that the independent variable has a partial effect on the dependent variable, namely:**

- The company size variable with a significant value of  $0.003 < 0.05$  or a value of  $3.038 > 1.98397$ , the company size partially influences the going concern audit opinion on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period.
- The company's growth variable with a significant value of  $0.638 > 0.05$  or a value of  $-0.472 < 1.98397$ , the company's growth partially does not affect the going concern audit opinion on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period.
- The financial condition variable with a value of  $0.563 > 0.05$  or a value of  $0.580 < 1.98397$  means that the financial condition partially does not affect the going concern audit opinion on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period.
- The debt default variable with a significant value of  $0.807 > 0.05$  or  $-0.244 < 1.98397$ , the debt default partially does not affect the effect of going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange for the 2016-2019 period.

### **DISCUSSION OF RESEARCH RESULTS**

#### **Effect Of Company Size On Going Concern Audit Opinion**

The findings show that going concern audit views on trading sector businesses listed on the Indonesian Stock Exchange for 2016-2019 are influenced by company size. The significance value of  $0.003 < 0.05$  or  $3.038 > 1.98397$  shows this.

The findings of this research support Putu Ayu and Gerianta's (2018) argument that firm size is determined by total assets, revenue, and share value.

Its findings coincide with Halim's (2015: 125) research showing bigger companies are more likely to utilise foreign capital. Because enormous enterprises need large sums to operate.

The research concludes that going concern audit views on trading sector businesses listed on the Indonesia Stock Exchange for 2016-2019 are influenced by company size.

#### **The Effect Of Company Growth On Going Concern Audit Opinion**

The findings show that going concern audit views on trading sector businesses listed on the Indonesia Stock Exchange for 2016-2019 are unaffected by company expansion. The significant value of  $0.638 > 0.05$  or  $-0.472 < 1.98397$  show this.

The findings of this research contradict Nurhasanah's (2016: 17) notion that previous growth predicts future profitability and growth.

This study's findings contradict Alicia's (2013) research, which claims that when the profit growth ratio is favorable, auditors are less likely to offer a going concern opinion.

The research concluded that growth has no influence on going concern audit views on trading sector businesses listed on the Indonesia Stock Exchange for 2016-2019.

#### **Effect Of Financial Condition On Going Concern Audit Opinion**

Ongoing concern audit views on trading sector businesses listed on the Indonesia Stock Exchange for 2016-2019 are partly unaffected by financial circumstances. The significant values  $0.563 > 0.05$  and  $0.580 > 1.98397$  show this.

The findings of this research contradict Hongaluan's (2014) notion that a company's financial situation represents the state of its finances across time.

The findings of this study contradict Imani, Nazar, and Budiono (2017), who claim that financial records may reveal a company's financial health and forecast its survival.

A going concern audit opinion on trading sector businesses listed on the Indonesia Stock Exchange for 2016-2019 is not affected by financial circumstances.

#### **Effect Of Debt Default On Going Concern Audit Opinion**

The findings show that debt default has no influence on going concern audit views for trading sector businesses listed on the Indonesia Stock Exchange from 2016 to 2019. The significant value of  $0.807 > 0.05$  or  $-0.244 < 1.98397$  show this.

However, according to Werastuti's thesis in Rahmat (2016), debt default is defined as the failure to pay principle and interest on debt at maturity.

The findings of this study contradict Amin's (2011) research, which claims that a company's debt might reveal its financial health. When a company's debt is excessively significant, its cash flow is frequently diverted to pay off its obligations, disrupting

## **The Effect of Company Size, Company Growth, Financial Conditions, Debt Default and Audit Opinion 2016-2019 on Going Concern Audit Opinions(Empire Study of Trading Companies Listed on the Indonesia Stock Exchange)**

its operations. If the loan is not paid, the creditor declares default. An auditor may provide a going concern report if the default status increases.

For the 2016-2019 timeframe, this research concluded that debt default has no influence on going concern audit views on trading sector businesses listed on the Indonesia Stock Exchange.

### **Influence Of Company Size, Company Growth, Company Condition And Debt Default On Going Concern Audit Opinion**

The findings show that going concern audit views on trading sector businesses listed on the Indonesia Stock Exchange from 2016 to 2019 are influenced by company size, growth, financial condition, and debt default. The result of  $2.521 > 2.47$  with a significance of  $0.046 < 0.05$  demonstrates this.

The adjusted R Square of 0.058 indicates that company size, growth, financial condition, and debt default influence going concern audit opinions on trading sector companies listed on the Indonesia Stock Exchange in 2016-2019, while other factors such as leverage influence the remaining 94.80 percent.

### **IV. CONCLUSIONS**

1. A going concern audit opinion on trading sector businesses listed on Indonesia Stock Exchange for 2016-2019 is influenced by the company size. The significant value of  $0.003 < 0.05$  or  $3.038 > 1.98397$  shows this.
2. Going concern audit views on trading sector businesses listed on the Indonesia Stock Exchange for 2016-2019 are not affected by the company's expansion. The significant values of  $0.638 > 0.05$  and  $-0.472 < 1.98397$  show this.
3. The financial position partly affects the going concern audit opinion on trading sector businesses listed on the Indonesia Stock Exchange for 2016-2019. The significant values are  $0.563 > 0.05$  and  $0.580 > 1.98397$ .
4. For the 2016-2019 term, debt default has no impact on going concern audit views for trading sector businesses listed on the Indonesia Stock Exchange.
5. For the 2016-2019 period, going concern audit views on trading sector firms listed on the Indonesian stock market are influenced by company size, growth, financial condition, and debt default. The result of  $2.521 > 2.47$  with a significance of  $0.046 < 0.05$  demonstrates this

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