

## Audit Going Concern Opinion: The Effect of Company Growth, Audit Tenure and Audit Delay as Moderating Variable



Amalia Islami<sup>1</sup>, Mukhtaruddin<sup>2\*</sup>, Kencana Dewi<sup>3</sup>, Asfeni Nurullah<sup>4</sup>

<sup>1,2,3,4</sup>Accounting Department, Faculty of Economic, Universitas Sriwijaya Palembang Indonesia

<sup>1</sup>amaliaislami@student.unsri.ac.id, <sup>2</sup>mukhtaruddin67@unsri.ac.id, <sup>3</sup>kencanadewi@unsri.ac.id,

<sup>4</sup>[asfeninurullah@unsri.ac.id](mailto:asfeninurullah@unsri.ac.id)

\*corresponding author

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### ABSTRACT

*Going concern (GC) audit opinion is an opinion given when the auditor has doubts about the going concern of a company. The purpose of this research is to find out the effect of company growth (CG) and audit tenure (AT) with audit delay (AD) as moderating to GC audit opinion. This research used secondary data in the form of a company annual report. Population of this research is companies in property, real estate, and construction building sectors in Indonesia Stock Exchange during three years. The sample selection used purposive sampling and the total samples are 62 samples with 186 observation data. This study used logistic regression analysis. The results show that CG, AT, and AD which moderate AT do not affect GC audit opinion, but AD which moderates CG effects GC audit opinion. Limitation of this research is small sample size, so it is recommended in the future research to add more samples in order to show maximum results.*

## 1. INTRODUCTION

Financial reports are media to provide company financial information to internal and external parties. The financial information is used by stakeholders to see the performance and economic condition of the company as well as the company's survival going forward. Investors are one of the users of financial statements who need the company's financial statements to be considered in making decisions in investing in the company. Investor and the other user of financial statements also need audit opinion on the financial statements

issued by the company to assess the fairness of the financial information and obtain more reliable financial data.

The auditor has the responsibility to evaluate the audited financial statements and then produce an audit opinion regarding the financial statements and the company's ability to continue and maintain its business continuity. Auditors are required to consider all things, both information contained in the financial statements and other conditions or events that can affect and disrupt the company's business continuity.

Going concern (GC) is the basic assumption in preparing financial statements which explains that an entity will not liquidate or reduce its business scale materially (Indonesia Accountant Association, 2012). GC audit opinion is an audit opinion given by an independent auditor about the ability of a company to continue and maintain its business or economic activities in the long term.

GC audit opinion is something that is needed to be known and attached to the independent auditor's report on the company's financial statements, so that management can make the right decisions in maintaining their business and avoiding bankruptcy (Tjahjani & Novianti, 2014). The GC audit opinion given by the auditor to a business entity can give a sign of doubt from the auditor on the financial statements of a business entity for the continuation of its business (Syahputra & Yahya, 2017). Giving a GC audit opinion is a difficult decision for the auditor because this opinion gives a negative signal to the company's business continuity and receive this opinion will also have a negative impact on the company, such as decreasing the level of confidence of investors or shareholders to invest in the company.

The impact of the Covid-19 pandemic may affect the economic conditions of some companies. Giving an audit opinion can be done after the auditor evaluates the company's financial statements and finds out how the economic condition of the client's company is. One way to see how the economic condition of a company is through company growth (CG). CG can be used as an indicator to see the company's ability to continue and maintain its business continuity for the future period (Mukhtaruddin et al., 2018). CG is proxied by the ratio of sales or revenue growth. The increase in sales shows that the company's operational activities are running well and smoothly, so that with an increase in sales it will be an opportunity for the company to increase profits and maintain business continuity.

Companies that have a positive sales growth ratio or continuously increasing have the potential to maintain their business continuity. The increase in income earned by the company can be used to finance operational activities, expand its business, provide dividends to investors, and finance all needs for business continuity. Increased revenues and profits can minimize the possibility of the company going bankrupt, so the company's potential to receive a GC audit opinion is very small. This happens because the company is considered to have the ability to maintain its business continuity.

Companies which have negative sales growth ratio or decline, then the income or profit earned will decline. Companies that also borrow or issue bonds can trigger an increase in the value of liabilities so that the company can potentially get a GC audit opinion. Companies that receive a GC audit opinion are expected to be able to make improvements to their company's economic conditions so that their business continuity can be maintained. Research on GC audit opinion has been conducted by Hasanuddin et al. (2019) which says that CG has a positive effect on GC audit opinion. However, research of Pratiwi & Rahayu (2019) found that CG no positive effect on the audit opinion GC.

Audit tenure (AT) is one of the factors that can also influence the GC audit opinion. AT is the length of the working period or the engagement relationship between the Public Accounting Firm (PAF) and the same client company from year to year. Rules regarding AT in Indonesia have been regulated in Indonesia Government Regulation chapter 11 which states that the provision of general audit services on financial statements of an entity is carried out by PAF maximum of 5 consecutive financial years. The auditor may re-approve the audit assignment for the client after 2 financial years of not providing general audit services on the client's financial statements.

An auditor may experience doubts in giving a GC audit opinion because of the fear of losing a big fee from the client company. The long relationship between the auditor and the client company is believed to create a strong relationship and influence the auditor in giving his opinion. Auditors are required to always maintain their independence as auditors so that the long-standing relationship between the auditor and the client company does not interfere with the auditor, and the auditor can still issue a GC audit opinion based on his evaluation of the financial statements regardless of the loss of payments due to the lost client company. Research of Hasanuddin et al. (2019) found that AT had a positive effect on

GC audit opinion. Azlina et al. (2012) found an inconsistent one, that AT did not have a positive effect on the GC audit opinion.

Companies are required to report their annual financial statements within the timeframe in accordance with the completion of the audit opinion, especially for companies listed on the Indonesia Stock Exchange. According to Indonesia Regulation number no. KEP-346/BL/2011 said that annual financial reports must be submitted to Indonesia Exchange Commission and announced to the public no later than the end of the third month after the date of the annual financial statements. The regulation requires that financial reporting must be completed on time and companies must have a policy regarding timely completion of financial statements without compromising the quality of financial reports (Soebyakto et al., 2013). A long audit delay (AD) can also provide a long time for the auditor to complete his audit work, which can indicate that there is a high probability of GC problems in the client company (Syahputra & Yahya, 2017).

The occurrence of audit delay is caused by the company's internal factors and internal factors. Internal factors, for example, lack of management support in providing the data needed by the auditor in carrying out his audit duties. This happens because of the possibility of information being hidden by management related to the condition of the company. This causes the implementation of the audit process to take a long time. This condition raises the auditor's suspicion of the company's financial difficulties which directs the audit to provide a going concern audit opinion.

The completion of the auditor's work that is getting longer can be influenced by several things, such as the auditor doing more testing due to an increase or decrease in sales and company revenues every year, and there is a possibility for managers to negotiate with auditors. A long AD can strengthen the influence of CG and AD on GC audit opinion.

The researcher uses a sample of companies in the property, real estate, and building construction sectors listed on the Indonesia Stock Exchange because companies in this sector get quite a lot of GC audit opinions. The eighteen companies were delisted on the Indonesia Stock Exchange in the period 2017-2019 (Sahamok, 2016). Companies that dominate delisting from the Indonesia Stock Exchange in 2017 – 2019 are companies from the service industry sector, with a total of 11 companies. Companies that are delisted from the Indonesia Stock Exchange may have problems with their company's going concern. The Director of Corporate Assessment of the IDX said that the company would be delisted from

the stock exchange trading board if the public company/issuer was distracted from its business focus or corporate GC and did not want to follow the rules of the exchange (Tribunnews, 2017).

In 2017, PT. Citra Nusantara Maharlika Corpora Tbk (CPGT) forced delisting due to events or conditions that have a negative impact on the company's sustainability recorded significantly both financially and legally, as well as the continuity of the company's status as a listed public company, and does not show indications of adequate recovery in accordance with the provisions (Investasiku, 2017). In 2018, TrubaAlamManunggal Engineering Tbk (TRUB) was delisted from the IDX because it considered the company's sustainability side and was deemed unable to fulfil its obligations, namely having a future business plan (IDXChannel.okezone, 2018). Also in 2019, the Sekawan IntipratamaTbk (SIAP) company was delisted from the IDX due to events and conditions that had a significant negative impact on the company's business continuity. When viewed from financial performance, the last SIAP financial report released on the IDX was the 2018 financial report, which recorded a loss of Rp 15.3 billion. The value of the loss is greater than 2017 which recorded a loss of Rp. 10.58 billion (Market.Bisnis, 2019).

## **2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Agency Theory**

The concept of agency theory is a contract or relationship between an agent and a principal (Scott, 2015). Principal is the party who employs the agent to carry out tasks for the benefit of the principal, while the agent is a party to carry out tasks for the benefit of the principal. Managers must submit their company's financial information through financial reports regarding the company's economic condition. The company must provide audited financial statements to gain the trust of investors and other users of financial statements

The auditor is in charge of evaluating the overall contents of the financial statements to find errors or doubts about the company's ability to maintain and continue its business continuity. The results of the evaluation carried out by the audit are disclosed in the audit report in the form of an audit opinion. The public and investors will get an idea of how the company's economic condition is through audit reports. The fair statement given by the auditor to the company's information data makes investors and other users of financial statements more confident because it can reflect the company's financial condition and the

ability to maintain good business continuity, so that users of financial statements can make the right decisions on the company.

The relationship between agency theory and audit opinion has a very close relationship because the auditor has a duty to evaluate the company's financial statements to monitor and evaluate the performance of the company and if he finds doubt on the sustainability of the company, the auditor is authorized to provide GC audit opinion. In this case, the auditor acts as an agent and the company acts as the principal.

### **Signalling Theory**

Signalling theory is a theory that explains the basis of companies to provide financial statements for external users that asymmetry of information between the company and external parties the company does not happen. Companies are required to provide information about the activities and performance of the company as a whole to all parties, especially for users of financial statements who need this information, one of which is information about the company's business continuity. The information released by the company that can be a signal or race for stakeholders, especially for investors is the annual financial report (Indriani, 2015).

Signalling theory can help reduce information asymmetry between the company and outsiders with the quality and integrity of the resulting financial statement information. Company needs to get the opinion from other independent party to convince the interested parties on the quality and reliability of financial information provided by the company regarding the financial statements that it provides and the ability of companies to maintain business continuity it.

### **Going Concern Audit Opinion**

The audit opinion is an important part of the independent auditor's report on his evaluation of the audited financial statements. Audit opinion is divided into modified opinion and unmodified opinion (Tuanakotta, 2014). GC audit opinion is an independent auditor's opinion regarding his doubts on the ability of a company to maintain its business continuity in the long term.

According to the Accountant Public Professional Standards section 341 regarding the auditor's guidance regarding the impact of the entity's going concern information on the auditor's report, are as follows:

- a) certain period of time, the auditor can give an unqualified opinion.

- b) If the auditor concludes that the company has an effective plan to implement, the auditor should be able to consider the adequacy of disclosure regarding all matters and conditions that originally gave rise to doubts about the going concern of the company and the auditor can provide a modified unqualified opinion.
- c) If the auditor doubts the going concern of the company and the auditor concludes that the company has not made disclosures regarding all matters and conditions that cause the auditor to doubt the going concern of the company, the auditor may provide a qualified opinion.
- d) If the disclosures in the company's plans are inadequate and there are deviations from generally accepted accounting principles, the auditor may give an adverse opinion.
- e) If the auditor considers that the company's plan cannot effectively reduce all matters and conditions related to the going concern of the company, the auditor may give a disclaimer opinion.

The GC audit opinion is a modified audit opinion of the auditor's consideration in assessing the inability of an entity's viability in carrying out its business activities (Wibisono, 2013). From this explanation can be concluded that the audit opinion GC can be seen from the audit opinion other than unqualified opinion.

### **Company Growth**

CG is one of the factors that can show the company's ability to maintain its business continuity. Auditors can see the condition or economic condition of a company through CG (Hasanuddin, et, al, 2019). The company is considered to be able to maintain its business continuity if its sales and income have increased. This happens because with an increase in income, the company can finance operational activities and all related matters in order to maintain its business continuity. Company which has increased revenue could potentially obtain an GC audit opinion are very small (Wibisono, 2013).

### **Audit Tenure**

AT is the length of the engagement period between the client company and the same public accounting firm from year to year (Azlina&Nurul, 2012). The long engagement relationship between the client company and the auditor can make the auditor lose his independence in giving the GC audit opinion because there has been a strong relationship between the two (Syahputra & Yahya, 2017). The long engagement relationship can make

the auditor hesitate to give a GC audit opinion even though the auditor finds doubts about the viability of the company because of the fear of losing a large amount of payment from the client company and even losing the work contract with the client company.

Rules regarding AT in Indonesia are regulated in Indonesia Regulation number No 20/2015 chapters al 11 which explains that the provision of general audit services on financial statements of an entity is carried out by Public Accounting Firm for a maximum of 5 consecutive financial years. The auditor may re-approve the audit assignment for the client after 2 financial years of not providing general audit services on the client's financial statements.

### **Audit Delay**

AD is the length of time for the completion of the audit carried out by the independent auditor in completing his work (Syahputra & Yahya, 2017). AD can be calculated by the number of days it takes the auditor to complete his work starting from the closing date of the company's books to the date of the audit report being completed.

Indonesia Exchange Commissions issued number No. Kep-346/BL/2011 which explains that financial statements are to be submitted to Indonesia Exchange Institutions and the public no later than the end of the third month after the date of the company's financial statements. A long AD can indicate that there is a high probability of GC problems in the client company (Hasanuddin, et, al, 2019). The longer auditor takes to complete his work can be influenced by several things, such as the auditor doing more testing and there is a possibility for the manager to negotiate with the auditor.

### **Theoretical Framework**

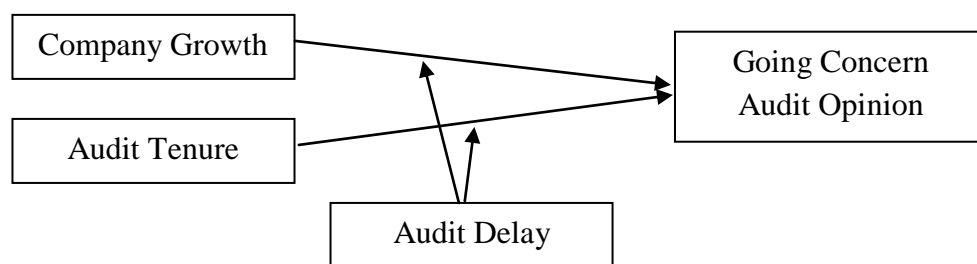
Based on agency theory, the auditor as an agent is in charge of evaluating the overall contents of the company's financial statements to assess the company's performance and find doubts about the company's ability to maintain its business continuity, where the evaluation results are disclosed in the audit report in the form of an audit opinion. Signalling theory also states that companies can convince interested parties of the reliability of financial statements and the company's ability to maintain business continuity by obtaining opinions from independent parties regarding the financial statements provided.

Giving a GC audit opinion is a difficult decision for the auditor to make. This happens because this opinion can have a negative impact on the company, such as



decreasing the level of confidence of investors and company shareholders. Giving this GC audit opinion can show a negative signal to the company's business continuity.

Before giving his opinion, the auditor evaluates the company's financial statements and consider a variety of things that can influence the auditor in the provision of audit opinion GC. This can be seen through how CG conducts its business, reviews the engagement relationship between the auditor and the company (AT), also the length of delay in audit work which may indicate the influence of CG and AT in providing GC audit opinions. The flow of thought in this study can be seen in the picture.



**Picture 1. Flow of Mind**

### **Research Hypothesis**

Financial information contained in the company's financial statements can be used by users of financial statements to see a description of the company's performance and economic conditions as well as the company's ability to maintain the company's future sustainability. Companies need auditors as independent parties to audit the company's financial statements in order to convince users of financial statements on the quality of the financial statements, and can evaluate the sustainability of the company.

The GC audit opinion given by the auditor to a company can indicate the auditor's doubts and uncertainty about the financial statements of the company for the continuation of its business. The auditor considers various possibilities that may influence the auditor in giving the GC audit opinion before issuing the opinion, such as CG and AT.

CG can be used as an indicator in assessing the company's ability to continue and maintain its business continuity for the future period. Companies that have sales/profit growth that have increased continuously have the potential to maintain their business continuity because the income can meet the obligations and needs of the company, so the possibility of the company getting a GC audit opinion is very small. Company that

experienced a decrease in sales, a decrease in profit, so the company will have difficulty in meeting obligations and the needs of the company and can potentially earn an audit opinion GC. Research on CG on GC audit opinion was previously conducted by Hasanuddin et al. (2019) which says that CG has a positive effect on GC audit opinion. Pratiwi & Rahayu (2019) found different results that CG no positive effect on the audit opinion GC. From this explanation, the hypothesis is formulated as follows.

**H1: Company growth has a negative effect on going concern audit opinion**

The auditor is required to always maintain his independence as an auditor so that the long-standing relationship between the auditor and the client company cannot interfere with the auditor, and the auditor will still be able to issue a GC audit opinion based on his evaluation of the financial statements if he indeed gets doubts on the financial statements he evaluates. However, the auditor may hesitate to give a GC audit opinion due to the fear factor for the loss of a sizeable fee from the client company. Research on the effect of AT on GC audit opinion was previously conducted by Hasanuddin et al. (2019) which says that AT has a positive effect on GC audit opinion. Azlina et al. (2012) found conflicting results that AT has no positive effect on GC audit opinion. Based on this explanation, the hypothesis that can be made is as follows.

**H2: Audit tenure has a negative effect on going concern audit opinion**

A long AD can indicate that the company is likely to have a going concern problem. Completion of the long auditor's work can be influenced by several things, such as the auditor doing more testing due to the increase or decrease in sales and company revenues every year, and there is a possibility that the manager negotiates with the auditor. The AD has significant on the relationship between company growth and audit tenor to audit going concern opinion (Hasanuddin, et, al, 2019). Based on this explanation, a hypothesis can be formulated:

**H3: Company growth moderated by audit delay has a negative effect on going concern audit opinion**

**H4: Audit tenure moderated by audit delay has a negative effect on going concern audit opinion**

### 3. RESEARCH METHOD

#### Population and Sample

The population in this study is all companies that are included in the property, real estate, and building construction sector that have been listed on the Indonesia Stock Exchange in 2017 – 2019. The research sample was obtained using purposive sampling, which is the selection of samples using certain criteria.

The property, real estate, and building construction sector companies that will be selected as samples must meet the requirements, which are included in the property, real estate, and building construction sector companies listed on the Indonesia Stock Exchange and publish their complete financial statements, not delisting during the observation period, and have the necessary financial data related to the complete research variables. Based on these criteria were obtained 62 companies as sample with 3 years of observation.

#### Operational Definition and Measurement of Variables

##### Independent Variable

- a. Company Growth. CG shows the company's ability to maintain its economic position in an industry and continue its business continuity. Companies that have increased revenues and profits can minimize the possibility of the company going bankrupt, so the potential for companies to receive GC audit opinions will be very small. Companies that have negative sales growth or have decreased, then the income or profits obtained have decreased, thus triggering the company to potentially get a GC audit opinion.

In this study, CG can be measured through sales growth. A larger sales growth ratio will provide doubts for auditors to provide a GC audit opinion (Untari & Santosa, 2017).

Calculation of sales growth can be done with the following formula:

$$\text{Company Growth Ratio} = \frac{\text{Current Year's Net Sale} - \text{Previous Year's Net Sale}}{\text{Previous Year's Net Sale}}$$

- b. Audit Tenure. AT is the length of work period or the engagement relationship between auditee and the same public accounting firm from year to year. Auditors may hesitate to give a GC audit opinion due to the fear of losing a large amount of payment from the client company. Auditors are required to always maintain their independence as an auditor regardless of the loss of payments due to the missing client company, and can issue a GC audit opinion if there are doubts in the evaluated financial statements. AT is

measured by counting the number of years the same public accounting firm has conducted audit engagements with client companies. The first year of engagement begins with the number 1 and add another 1 for subsequent years which have the same public accounting firm engagement.

### **Dependent Variable**

The dependent variable used in this study is a GC audit opinion, namely the audit opinion given by an independent auditor related to the ability of a company to continue and maintain its business or economic activities in the future. The GC audit opinion issued by the auditor to a company can indicate that there is doubt by the auditor on the financial statements of the company in the continuation of its business. GC audit opinion can be seen from the audit opinion other than unqualified opinion. GC audit opinion can be measured using a dummy variable, where a value of 1 is given to companies that obtain a GC audit opinion and a value of 0 is given to companies that do not obtain a GC audit opinion.

### **Intensi Melakukan Whistleblowing**

Ajzen (1975) mengemukakan intensi sebagai disposisi tingkah laku yang terdapat waktu dan kesempatan yang akan diwujudkan dalam bentuk perilaku. Pengukuran variabel ini peneliti menggunakan kuesioner penelitian Bagustianto (2014).

### **Moderating Variables**

The moderating variable used in this study is AD, which is the length of time it takes the auditor to complete the audit work. Financial information must be disclosed as early as possible to be used as a basis for decision making and avoid delays in decision making (Mukhtaruddin et al., 2015). The longer the auditor takes to complete his work can be influenced by several things, such as the auditor doing more testing because the company's prospects are increasing or decreasing in profits every year, and there is a possibility for managers to negotiate with auditors. AD can be measured by calculating the distance between the closing of the financial year and the signing of the audit report.

$$\text{Audit Delay} = \text{Audit Report Date} - \text{Financial Report Date}$$

### **Data Analysis Technique**

#### **Hypothesis testing**

This study uses regression analysis test logistic for hypothesis testing. Regression logistic regression was used to test the effect of independent variable of dependent variable

nature dichotomous/binary. This study uses regression analysis logistic for dependent variable used in the form dummy variable. This test is intended to examine the effect of the variables CG, AT, and AD on GCAudit opinion. The test was carried out at a significance level of 0.05. The logistic regression model used in this study is as follows:

$$\text{Ln} \frac{KW}{1-KW} = \alpha + \beta_1 \text{GROWTH} + \beta_2 \text{TENURE} + \beta_3 \text{DELAY} + e$$

Information :

$\text{Ln} \frac{KW}{1-KW}$  = going concern audit opinion,  $\alpha$  = constant,  $\beta$  (1,2,3,4,5,6,7) = regression coefficient, GROWTH = Company growth, TENURE = Audit tenure, DELAY = Audit delay, and  $e$  = residual error

According Ghozali (2016), steps to do testing using logistic regression are :

1. Regression Model Feasibility Test. To assess the feasibility of the logistic regression model, can be performed using Hosmer and Lemeshow Test measured by the value of C hi-square at the bottom of the test Hosmer and Lemeshow with attention to the output of the Hosmer and Lemeshow with the hypothesis:  
H0: The hypothesized model fits the data  
H1: The hypothesized model does not fit the data  
The basis for decision making is if the probability  $> 0.05$  then H0 is accepted and if the probability is  $< 0.05$  then H0 is rejected.
2. Overall Model Fit Test. To assess overall models is to compare values between -2 Log Likelihood (-2LL) at the start (Block number = 0) to the value at the end -2LL (Block number = 1). With a decrease in the value from the initial -2LL to the final -2LL, it shows that the hypothesized model fits the data.
3. Coefficient of Determination Test. Cox and Snell's R Square is a measure that tried to imitate the size of R<sup>2</sup> on a multiple regression based on testimation Likelihood technique with a maximum value of less than 1 so it is difficult to interpret. Nagelkerke R Square is a modification of the coefficient Cox and Snell's R Square to ensure that the value varies from 0 to 1.
4. Partial Hypothesis Testing (t Test). The t-test was conducted to test the significant level of influence independent variables partial in explaining dependent variable (Ghozali, 2016).. The decision making criteria for the t test is if the probability value is  $< 0.05$  significant level, then the hypothesis is accepted and if the probability value is  $> 0.05$  significance level, the hypothesis is rejected.

### Variable Moderating Test

In the test moderating, in the equation an element of interaction (multiplication between moderator variable with other independent variable) which is used to test whether AD has an effect on CG and AT on *going concern* audit opinion. The regression equation model can be formulated as follows.

$$\text{Ln} \frac{KW}{1-KW} = \alpha + \beta_1 CG + \beta_2 AT + \beta_3 AD + \beta_4 CG * AD + \beta_5 AT * AD + e$$

Information:

$\text{Ln} \frac{KW}{1-KW}$  = Audit opinion *going concern*,  $\alpha$  = constant,  $\beta$  (1,2,3,4,5,6,7) = regression coefficient, CG = *Company growth*, AT = *Audit tenure*, AD = *Audit delay*, CG \* AD = interactions between *company growth* and *audit delay*, AT \* AD = interaction between *audit tenure* and *audit delay* and  $e$  = Standard error.

## 4. ANALYSIS AND DISCUSSION

### Data Analysis

#### Hypothesis Testing (Logistic Regression Analysis)

##### 1. Regression Model Feasibility Test

**Table 1. Hosmer and Lemeshow Test**

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	9.715	8	.286

Source: (Data processed, 2020)

The Hosmer and Lemeshow Test table shows the feasibility of the model, where the test results show that the Sig value is 0.286. This value is greater than 0.05 so it can be said that the hypothesized model is fit with the data. In other words, the hypotheses made in this study are accepted.

##### 2. Overall Model Test

**Table 2. Block 0 : Beginning Block**

Iteration History <sup>a,b,c</sup>			
Iteration		-2 Logs likelihood Log	Coefficients
			Constant
Step 0	1	203.991	-1.054
	2	203.515	-1.168
	3	203.514	-1.172
	4	203.514	-1.172
a. Constant is included in the model.			
b. Initial -2 Likelihood Log: 203.514			
c. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.			

Source: (Data processed, 2020)

**Table 2. Block 1: Method Enter**

Iteration History <sup>a,b,c,d</sup>					
Iteration		-2 Logs likelihood Log	Coefficients		
			Constant	CG	AT
Step 1	1	191.833	-2.107	-.072	.576
	2	189,742	-2,686	-.106	.784
	3	189,716	-2,762	-.113	.811
	4	189,716	-2,763	-.113	.812
	5	189,716	-2,763	-.113	.812
a. Method: Enter					
b. Constant is included in the model.					
c. Initial -2 Likelihood Log: 203.514					
d. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.					

Source: (Data processed, 2020)

**Table 3. Omnibus Tests of Model Coefficients**

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	13,798	2	.001
	Block	13,798	2	.001
	Model	13,798	2	.001

Source: (Data processed, 2020)

In the Block 0 table it is said that the value of -2 Log Likelihood is 203.514, where in this table the independent variables have not been included in this model. Then in the Block 1 table it is said that the value of -2 Log Likelihood changes with a final value of 189,716, where the independent variable has been entered into the model. The difference obtained between -2 Log Likelihood at the beginning (Block number = 0) with a value of -2 Log Likelihood at the end (Block number = 1) is 13,798 which can be seen from the Omnibus Test table. With the decline in value of -2 Log Likelihood beginning to -2 Log Likelihood end, it showed that the hypothesized model fit to the data.

### 3. Coefficient of Determination Test

**Table 4. Model Summary**

Model Summary			
Step	-2 Logs likelihood Log	Cox & Snell R Square	Nagelkerke R Square
1	189,716 <sup>a</sup>	.071	.107
a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.			

Source: (Data processed, 2020)

In the model summary table, there is a Nagelkerke R Square value which shows the value of the coefficient of determination. This value shows the number 0.107, which means that all independent variables have an effect of 10.7% on the dependent variable. CG, AT, and AD variables together affect GC audit opinion as much as 10.7%. From this value, it can be seen that there are 89.3% of the influence of factors outside of the independent variables in this study that can affect the GC audit opinion.

### Partial Hypothesis Test Results

**Table 5. Variables in the Equation**

		Variables in the Equation						95% CI for EXP(B)	
		B	SE	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1 <sup>a</sup>	CG	-.113	.257	.193	1	.660	.893	.540	1,477
	AT	.812	.227	12.794	1	.000	2.252	1,443	3,513
	Constant	-2,763	.508	29,529	1	.000	.063		

a. Variable(s) entered on step 1: Company Growth, Audit Tenure.

Source: (Data processed, 2020)

The Sig column shows the significant effect of the independent variable on the dependent variable, where a significant effect occurs if the sig value  $< 0.05$ . CG variable has a significant value of 0.660 where this variable has no effect on GC audit opinion. The AT variable has a significant value of 0.000 where this variable has a significant effect on GC audit opinion.

Column Exp(B) shows the type of influence on the variable that has a significant effect, where a value above 1 indicates that the variable has a significant effect on GC audit opinion. The value of Exp (B) on the CG variable is 0.893, which means that the variable is at risk of 0.893 times affecting the GC audit opinion given by the auditor. The value of Exp (B) on the AT variable is 2.252, which means that the variable is at risk of 2.252 times affecting the GC audit opinion given by the auditor.

The effect of the independent variable partially on the dependent variable can be known through the Wald value. The effect of CG partially on GC audit opinion is 0.193. AT partially affects the GC audit opinion of 12,794.

The value of the regression coefficient (B) obtained from CG is -0.113 and is negative, so it can be said that CG has a negative effect on GC audit opinion. The B value in AT is 0.812 and is positive, so it can be said that AT has a positive effect on GC audit opinion. The value of B at constant is -2.794.



From this explanation, it can be concluded that CG has no effect on GC audit opinion so that the first hypothesis is rejected. AT has a positive effect on GC audit opinion so that the second hypothesis is also rejected. From the value of the regression coefficient, the regression equation model can be made as follows:

$$\ln \frac{KW}{1-KW} = -2,794 - 0,113CG + 0,812AT + e$$

### Moderating Test Results

**Table 6. Variables in the Equation**

Variables in the Equation									
		B	SE	Wald	df	Sig.	Exp(B)	95% CI for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	CG	1.186	.603	3,874	1	.049	3.275	1.005	10,675
	AT	-.975	.461	4.475	1	.034	.377	.153	.931
	CG*AD	-.018	.009	4.272	1	.039	.982	.965	.999
	AT*AD	.017	.004	19,068	1	.000	1.018	1.010	1.026
	Constant	-2.532	.548	21,390	1	.000	.079		

a. Variable(s) entered on step 1: CG, AT, CG\*AD, AT\*AD .

Source: (Data processed, 2020)

In this test, it can be seen that the value of Sig on the interaction variables of CG and AD obtains a value of 0.039. This value is smaller than the significant value of 0.05 so it can be said that this interaction variable has a significant effect. On the *Wald* value, it can be seen that the effect of CG on GC audit opinion which was originally only 0.193, but after adding the interaction of AD in the regression model, the effect of CG on GC audit opinion becomes 4.272. From this value, it can be said that the AD variable as a moderator can strengthen the influence of CG on GC audit opinion. The regression coefficient value obtained is -0.018 and is negative. From this explanation, it is concluded that CG moderated by AD can have a significant negative effect on GC audit opinion, so the third hypothesis is accepted.

The value of Sig on the interaction variables of AT and AD obtained a value of 0.000. This value is smaller than the significant value of 0.05 so it can be said that this interaction variable has a significant effect. The regression coefficient value obtained is 0.017 and is positive. The effect of AT on GC audit opinion was originally valued at 12,794, but after adding the interaction of AD in the regression model, the effect of AT on GC audit opinion became 19,068. From this value it can be said that the AD variable as a moderator can

strengthen the influence of AT on GC audit opinions. The regression coefficient value obtained is 0.017 and is positive. From this explanation, it is concluded that AT moderated by AD can have a significant positive effect on GC audit opinion, so the fourth hypothesis is rejected.

The regression coefficient values obtained from the variables of CG, AT, and the interaction between CG and AD as well as the interaction between AT and AD are included in the regression equation model as follows:

$$Ln \frac{KW}{1-KW} = -2,532 + 1,186CG - 0,975AT - 0,018CG*AD + 0,17AT*AD$$

## Discussion of Research Results

### Effect of Company Growth on Going Concern Audit Opinion

The test results found that CG has no effect on GC audit opinion, so the first hypothesis can be rejected. In signalling theory, it is said that the company is obliged to provide information about the state and performance of the company through financial reports to external parties in order to reduce information asymmetry between the company and external parties. This information is useful for parties who need this information, such as in making decisions to start investing or continue investing in the company. In relation to agency theory, in providing reliable information regarding the financial statements and business continuity of the company, an opinion from another independent party is needed, namely the auditor.

Regarding the business continuity of the client company, before the auditor gives his opinion, the auditor will evaluate and consider various things, such as through CG where in this case CG is proxied as sales growth. The results of this study indicate that the growth of sales or company revenues can't affect the auditor in providing a GC audit opinion (Rahmawati, et, al, 2018). Companies that have an increase or decrease in sales or income will not affect the auditor in providing a GC audit opinion (Hasanuddin, et, al, 2019).

The auditor will consider all factors in providing his audit opinion. Auditors will not only see sales or revenue growth in giving their opinion about a company's going concern. Not all companies that have decreased sales or revenues will immediately get a GC audit opinion. The company's growth cannot be assessed only by looking at the sales growth ratio, but can also be seen from various other factors (Rahmawati, et, al, 2018).

The results of this study are in line with Putra et al. (2016). Not all companies that have a negative company growth ratio will immediately get a GC audit opinion. The auditor will consider other things as well to find business continuity problems of the company. This study is different from the results of Kartika (2012) research. Increased CG will have the potential to get a small GC audit opinion because with an increase in sales and income, the company will be able to finance all its operational activities or be able to meet all the company's needs.

### **Effect of Audit Tenure on Going Concern Audit Opinion**

The test results show that AT has a significant positive effect on going-concern audit opinion, so the second hypothesis is rejected. These results indicate that the length of the engagement relationship between the auditor and the client company can influence the auditor in providing a GC audit opinion (Hasanuddin, et, al, 2019)

Based on signalling theory, it is said that companies are required to provide information about economic conditions and business continuity to outside parties, especially parties who need financial information about the company. In agency theory, it is said that in providing reliable company financial information, an opinion from another independent party is needed, namely the auditor. The company acts as the principal employing the auditor as an agent to perform tasks for the benefit of the company.

Several factors can influence the auditor in giving his opinion. The auditor may hesitate in giving his audit opinion, even though the auditor finds doubts about the financial statements and the going concern of the client company. This relates to the engagement relationship that occurs between the client company and the auditor.

The results of this study indicate that AT has a positive effect on GC audit opinion. The research period is only 3 years so it is not possible to see clearly how the influence of this tenure audit on GC audit opinion. It is true that the engagement relationship between the client company and the auditor can influence the auditor in giving his opinion. However, the results of this study indicate that the existence of a long engagement relationship between the client company and the auditor will not make the auditor hesitate to give a GC audit opinion if he finds doubts about the business continuity of the client company (Hasanuddin, et, al, 2019). Auditors will increasingly understand the condition and performance of the company.

The results of this study are in line with Syahputra & Yahya (2017). The longer the engagement relationship that occurs between the auditor and the client company, the more the auditor will understand the economic conditions and business continuity of the company. Auditors who find doubts about the business continuity of the client company can provide a GC audit opinion on the company. This study is different from the results of Fahmi (2016) research. The long engagement relationship between the auditor and the client company will not affect the auditor in giving his audit opinion. Auditors are required to always maintain their independence and always be professional with their work without being influenced by the proximity factor to the client company.

The rule regarding AT is in the Indonesia Regulation Number 20/2015 chapters 11 which states that the provision of general audit services on financial statements of an entity is carried out by Public Accounting Firm for a maximum of 5 consecutive financial years. The auditor may re-approve the audit assignment for the client after 2 financial years of not providing general audit services on the client's financial statements. This regulation is made to maintain the independence and professionalism of the auditors.

### **Effect of Company Growth Moderated by Audit Delay on Going Concern Audit Opinion**

The results of this study found that the completion of the longer audit time can affect the auditor in providing a GC audit opinion, so the third hypothesis can be accepted. Based on signalling theory, it is said that the provision of information regarding the economic condition and business continuity of the company must be provided to external parties so that there is no company asymmetry and can be useful for those who use the information. In agency theory, the company as the principal will assign the auditor as an agent to evaluate the financial statements and produce an audit opinion so that the company can provide more reliable financial information.

The results of this study indicate that the completion of a long audit work can occur because of the growth of the company which can affect the GC audit opinion. This happens because the auditor performs more tests on the audited financial statements. The results of this study are in line with signalling theory and agency theory that the company expects a good opinion from the auditor, so that the company can provide reliable financial information. An increase or decrease in CG will take a long time for the auditor to evaluate

the company's financial statements. This happens because the auditors do more testing by examining the data in the company's financial statements from year to year. With the discovery of a decline in CG through a long inspection process, the auditor will have the potential to issue a GC audit opinion.

The results of this study are in line with Hasanuddin et al. (2019). The company's growth that is increasing or decreasing will trigger the auditor to do more testing and examination of the data in the financial statements from year to year so that it takes longer for the auditor to complete the audit work.

### **Effect of Audit Tenure moderated by Audit Delay on Going Concern Audit Opinion**

This study explains that the interaction between AT and AD affects the auditor in giving his GC audit opinion, but the results of the study show a positive influence and are not in accordance with the hypothesis so that the fourth hypothesis is rejected. Based on signalling theory, it is said that companies are required to provide reliable financial information by attaching an audit opinion on financial statements submitted to external parties of the company. In agency theory, it is said that the company as the principal will employ auditors as agents to perform tasks for the benefit of the company.

The results of this study indicate that the completion of the old audit work does not prove that there is a negotiation between the client company and the auditor in terms of giving a GC audit opinion but because of the quality of the audit provided by the auditor from the results of the long engagement relationship. The length of the engagement relationship will not interfere with the independence of the auditor in carrying out his audit work, but because the longer the engagement relationship, the auditor becomes more aware of the company's business continuity. The auditor will not be affected by the length of audit work or audit examination and evaluation carried out until the auditor produces his audit opinion. The auditor will still provide a GC audit opinion when the auditor finds doubts about the financial statements or the business continuity of the client company without considering the length of the engagement relationship or the length of time the auditor completes his audit work.

The results of this study are different from those of Hasanuddin et al. (2019). The old audit work occurred because of the good audit quality provided by the auditor because of

his understanding of the results of the long engagement relationship, not because of negotiations between the client company and the auditor.

## **5. CONCLUSIONS AND SUGGESTIONS**

### **Conclusion**

Based on the explanation regarding the effect of CG and AT moderated by AD on going concern audit opinion through the analysis and discussion that has been carried out, it can be concluded that:

1. CG has no effect on GC audit opinion. Not all companies that have decreased sales or revenues will immediately get a GC audit opinion. Auditors will not only see sales or revenue growth, but consider all factors in giving their opinion about a company's going concern. Not all companies that have decreased sales or revenues will immediately get a GC audit opinion.
2. AT has a significant positive effect on GC audit opinion. This shows that the length of the engagement relationship between the auditor and the client company can influence the auditor in providing a GC audit opinion.
3. CG moderated by AD can have a significant negative effect on GC audit opinion. Completion of longer audit time can occur because the auditor is doing more checks on the company's growth that is increasing or decreasing. With the discovery of a decline in the company's growth through a long inspection process, the auditor will potentially issue a GC audit opinion.
4. AT moderated by AD can have a positive effect on GC audit opinion. The long audit work occurred because of the good audit quality provided by the auditor because of his understanding of the results of the long engagement relationship, not because of negotiations between the client company and the auditor.

### **Research Limitations**

This study has some limitations despite the existing scientific research procedures. Some of the limitations contained in this study are as follows.

1. There are other variables that can affect GC audit opinion. The overall effect of CG, AT, and AD variables on GC audit opinions is 28.7%. From this value, it can be seen that there are 71.3% of the influence of factors outside the independent variables in this study that can affect the GC audit opinion.

2. The observation period is only carried out for 3 years so it is not clear that the long engagement relationship between the auditor and the client company can affect the provision of a GC audit opinion.

### **Suggestion**

Based on the limitations of this study, there are several suggestions that researchers can give to get better results for future research, namely:

1. The next researcher can use a longer observation period so that the sample used has a maximum population and can be studied more deeply about the influence of the variables studied.
2. The next researcher can add other variables that indicate that it can affect GC audit opinion.
3. Further researchers can use other research objects to see how the variables studied affect companies in other sectors.

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