

The Effect of Liquidity, Leverage, and Tenure Audit on Audit Opinion Going Concern with Company Dimensions as a Moderation Variable

(Study on Manufacturing Companies Listed on the IDX in 2019-2021)

Shindi Mita Ana Suherman¹⁾, Atwal Arifin²⁾

1) Faculty of Economics and Business, University of Muhammadiyah Surakarta, Indonesia.

2) Faculty of Economics and Business, University of Muhammadiyah Surakarta, Indonesia.

Abstract: *The purpose of this study is to figure out the impact of liquidity, leverage, and audit tenure on inspection opinion with firm dimensions as a moderating variable. This study employs a quantitative method, which is an objective, inductive, and scientific research method that makes use of logistic regression analysis and SPSS software. This study's population consists of manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2019 and 2021. Purposive sampling was used in this study to determine samples from existing populations based on the criteria sought by the researcher. The researchers' sample included 55 manufacturing companies that were listed on the IDX and issued complete financial reports during the observation period, namely 2019-2021, as well as manufacturing companies that did not delist from the IDX during the observation period, namely 2019-2021. According to the findings of this study, liquidity and leverage have an impact on audit opinion going concern, whereas audit tenure has no impact on audit opinion going concern. The MRA (Moderated Regression Analyze) test results show that the company's size can moderate liquidity against the audit opinion going concern, but it can't moderate leverage or audit tenure against the audit opinion going concern.*

Keywords: Liquidity, Leverage, Tenure Audit, Company Size, Audit Opinion Going Concern

I. INTRODUCTION

According to the Indonesian Institute of Public Accountants in (570, 2021) the assessor issues an audit estimation going concern to determine whether the business can continue to exist. In addition to explaining why users of financial statements believe that the expenditure of an audit opinion going concern is a prediction of a company's bankruptcy.

According to Widhiastuti & Putu Diah Kumalasari (2022) the audit judgment going concern is an opinion submitted by the auditor to assess whether there are doubts related to the corporation's aptitude to remain its business continuity. There is an audit opinion going concern that can accommodate the public interest or investors assessing the monetary health of the establishment. Rendering to Rabbani Ibrahim (2021), going concern is an assessment of the company's capacity to maintain the sustainability of its corporate activities, at least within a period of no more than one year since conducting financial reporting. So that the existence of information that describes the problem of going concern in financial statements, becomes an early warning for users of fiscal statements for the possibility of bankruptcy in the business sector.

According to (Maulina & Nurmala, 2021) an audit opinion going concern will be given to the company if the auditor gets a major doubt about the company's capability to sustain its persistence. The expenditure of audit opinions going concern is often addressed as bad news by the company because this can have the effect of the company becoming bankrupt quickly. This matter occurs because users of financial statements respond negatively to the information. IDX (Indonesia Stock Exchange) in its journey implements rules that must be met by all its members, one of which is that companies must not accept audit opinions going concern in their financial statements so that they are not delisted.

One of the factors that causes the company to obtain an audit opinion going concern from the auditor is the company's monetarist circumstance. The financial condition of the company can be calculated using fiscal ratios as well as non-financial factors such as the uncertainty of economic conditions during the unavoidable COVID-19 pandemic outbreak. Based on (Rosidah, 2020) tenure audits are a non-financial factor that influences auditors in providing audit opinions. A tenure audit is a long-term engagement relationship between a Public Accounting Firm and a client.

II. HEADINGS

In this study, we will look at the enlightenment of both dependent and independent variables. Independent variables are those that have an effect on or cause bound parameters to appear. The dependent variable, on the other hand, is a variable that is affected or is influenced by an independent variable.

Liquidity

Anggraini(2021) contend that liquidity is a financial ratio accustomed to evaluate a company's aptitude to reimburse short-term debt. A company's performance will be evaluated more favorably if its liquidity level is high. On the other hand, if the liquidity level is low, the company's performance will suffer. A corporation that has a high level of liquidity can more easily obtain support from various parties such as financial institutions and creditors.

Leverage

Kasmir(2017) mentioned that ratio the leverage ratio is a ratio used to calculate the amount of debt used to finance a company's assets. This refers to the quantity of obligation used by the company to fund its business operations as opposed to using its own capital.

Audit Tenure

Andriani(2018) defines tenure as the period of audit engagement between KAP and its clients related to previously agreed audit services. Provisions for tenure audits are regulated in Government By-law Number 20 of 2015, article 11, which states that the KAP may provide audit services to a company's pecuniary declarations for a maximum of five uninterrupted fiscal years. After two fiscal years of not endowing general audit services of the client's financial statements, the auditor may be given back the audit assignment for that client.

Company Dimensions

Widhiastuti & Putu Diah Kumalasari(2022) stated that the company's dimension is its size in terms of total assets owned by the company. A company is said to be large if it has a large total asset because a large total asset means that the company has a positive cash flow and thus a good long-term prospect. A large company will almost certainly be managed by better and more experienced management in order to ensure the company's survival. Even if the company is experiencing financial difficulties, auditors may postpone issuing an audit opinion on the assumption that a large company has large assets that can be used to more easily resolve financial problems. The larger the company, the less likely it is that it will receive a review opinion going involvement.

III. INDENTATIONS AND EQUATIONS

This is a quantitative study with industrial companies listed on the (Exchange, 2022) Indonesian Securities (IDX) for the 2019-2021 period as the population. The sampling procedure employs a documentation method derived from audited financial statements attained from the Indonesia Stock Exchange for the 2019-2021 period. The method of assembling secondary data in the form of quantitative data, with numerical outcomes.

Audit Opinion Going Concern

Auditors must not only pay attention to the figures presented in the financial reports when performing audit work, but also calculate the presence of business continuousness in carrying out their goings-on in the future. Receiving an audit opinion going concern is a vital indicator for businesses facing financial problems and the possibility of impoverishment. Audit opinion going fear is measured by dummy variables, namely:

Code 1: Audit opinion going concern.

Code 0: Audit opinion non going concern.

Liquidity

Kasmir(2017)said that the fluidity ratio is used to evaluate a company's liquidity. The trick is to compare the balance sheet components, specifically total recent assets and total current assets (short-term debt). Liquidity is determined by calculating current assets and current debt using the formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

Leverage

The debt-to-asset ratio is a proxy for leverage(Kasmir, 2017). A high debt to asset ratio indicates that the business is funding its manoeuvres with debt rather than assets.

$$DAR = \frac{\text{Total Liabilities}}{\text{Total assets}}$$

Audit Tenure

Hasanah & Putri (2018) argue that occupancy examination is the period of assignation to the time created in the client with the auditor and is calculated on a year basis. Audit tenure or audit engagement period has become the subject of debate between a long engagement period or one that lasts for a short period of time(Andriani, 2018).

The total audit engagement period before the auditor interchanges is used to compute tenure audit. For instance, the first year of engagement initiates with the number 1 for one year, 2 for two years, and one for the subsequent years, so the number will recurrence itself to 1(Saad & Abdillah, 2019).

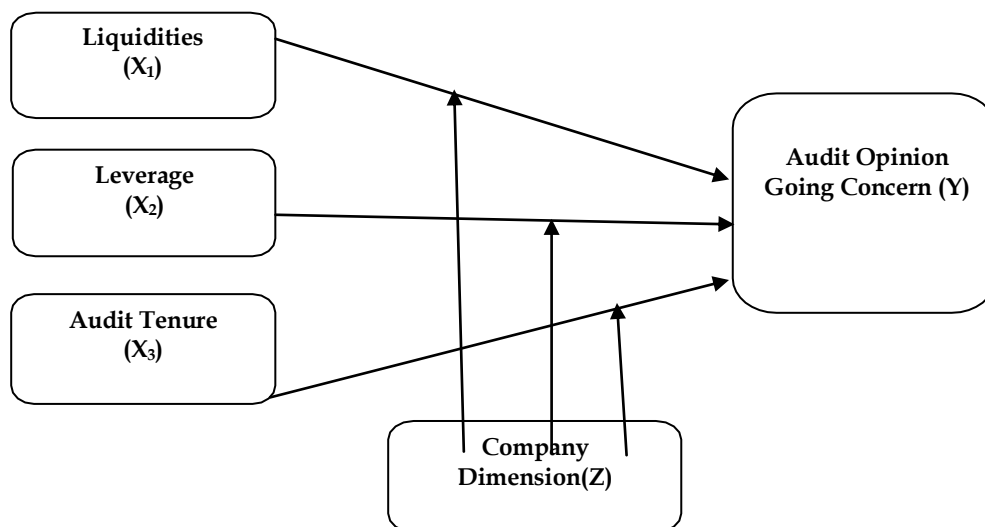
Company Dimensions

Company Dimensions refers to the size of a small business as expressed in total possessions. The greater the total assets or sales, the greater the Company Size. The variable size of the company is calculated by taking the value of the natural logarithm of the establishment's size, which is represented by ln the company's size.

$$SIZE = \ln \text{ Total Aset}$$

Theoretical Framework

To facilitate the understanding of this research, the frame of mind is explicated as designated along with the resulting figure:



Picture of Theoretical Framework

IV. FIGURES AND TABLES

Results of Research and Discussion
Descriptive Statistical Analysis

Table IV.1

Descriptive Statistics

	N	Minimum	Mean	Std. Deviation
DAR	165	0,00	0,6310	0,54363
CR	165	0,06	1,8524	1,72451
SIZE	165	25,31	27,6867	1,43174
Valid N (listwise)	165			

Based on table IV.1, it can be explicated as follows:

- a. The leverage mutable has a mean value of 0.6310, a least of 0.00, and a standard deviation of 0.54363 for 165 data points. This variable's standard deviation is quite near to the regular, representing that the data deviation is low.
- b. The mean value of the 165 liquidity variables is 1.8524, with a tiniest of 0.06 and a standard deviation of 1.7245. This variable's ordinary deviation is quite close to the average, demonstrating that the information deviation is low-slung.
- c. The mean rate of the company dimensions variable of 165 data is 27.6867, the minimum is 25.31, and the standard deviation is 1.43174. Because the standard aberration on this variable is not close to the usual, the facts deviation is high.

Table IV.2

Audit Tenure

		Occurrence	Percent	Valid Percent	Cumulative Percent
Valid	1 year	80	48,5	48,5	48,5
	2 years	53	32,1	32,1	80,6
	3 years	32	19,4	19,4	100,0
	Total	165	100,0	100,0	

Based on Table IV.2, it can be described that the independent audit tenure variable uses an ordinal scale where the value of 1-3 determines the length of the company in the same KAP audit. Where the value of "1" means that the company in the year of research was first audited by a KAP, the value of "2" means that it is the 2nd year in the company's research year in the audit by the same KAP, and the value of "3" means that it is the 3rd year in the company's research audited by the same KAP. The samples audited by the KAP in the 1st year were 80 samples which means that there were 48.5% of the total samples, the lali audited by the KAP in the 2nd year were 53 samples which means that there were 32.1% of the total samples. Then the KAP audited in the 3rd year was 32 which means that there were 19.4% of the total sample.

Table IV.3

Opinion Going Concern

		Occurrence	Percent	Valid Percent	Cumulative Perce
Valid	Not Going Concern	120	72,7	72,7	72,7
	Going Concern	45	27,3	27,3	100,0
	Total	165	100,0	100,0	

According to Table IV.3, it can be described that the reliant on variable, namely the going concern audit judgement is a nominal scale that usages a dummy inconstant, where the company that receives the going concern audit

opinion is coded "1" while the company that does not receive the going concern audit opinion is coded "0", the variable has a valid data value because all data is processed. Companies that received an audit opinion went concern 45 samples which means 27.3% of the total sample of companies that did not receive an audit opinion going concern were 120 samples which amounted to 72.7% of the total sample. Based on this information, it is known that most companies are categorized as Not Going Concern.

Logistic Regression Analysis

(Ghozali. I., 2018) stated that data analysis in this study uses logistic reversion analysis, because the dependent variables are dichotomous, i.e., audit opinions going concern (code 1) and non-going concern (code 0) whose results as can be perceived in table IV.3.

Measuring the Feasibility of Regression Models

Table IV.4
Goodness of Fit
Hosmer and Lemeshow Test

Stage	Chi-squer	df	Sig
1	4,545	8	0,805

From the test results of Table IV.4 above, a Chi-squer of 4.545 was obtained with a significance value of 0.805. We can conclude that the substantial value is greater than 0.05 or $0.805 > 0.05$ so that H_0 is putative. These earnings that the reversion model is feasible for subsequent investigation, for the reason that there is no noticeable alteration among the predicted and the experiential classification or it can be supposed that the model can be accepted because its bouts the observation data.

Assessing the Overall Model

Table IV.5
Overall Model Fit Test

<i>Block Number = 0</i>	<i>Block Number = 1</i>
<i>-2 Log Likelihood</i>	<i>-2 Log Likelihood</i>
193,364	169,425

From the test results of Table IV.5 analysis that has been carried out, the number -2 log likelihood ChunkQuantity = 0 is 193.364 while the number -2 log probability Block Number = 1 is 169.425. So, from the model it can be seen that the overall model fit at -2 log possibility HunkAmount = 0 shows a decrease in -2 log chance LumpNumeral = 1.

This reduction in likelihood suggests that overall, the logistic deterioration model used is a decent model or in other arguments a hypothesized prototypical fit with the data. The accumulation of free variables namely liquidity, leverage, audit tenure, audit going concern, and company size to the research model will improve the research fit model.

Coefficient of Determination (R²)

Table IV.6
Cox and Snell's R² dan Nagelkerke R²
Model Summary

Step	-2 Log likelihood	Cox & Snell R	Nagelkerke R
		Squer	Squer
1	169,425	0,135	0,196

Based on the results of Table IV.6 In the analysis of double linear regression the amount of willpower used is the value of R2 while in the analysis of logistic regression is Cox and Snell's R2 and Nagelkerke R2 From the output results of SPSS logistic regression that has been carried out, the charge of Cox and Snell's R2 of 0.135 (13.25%) and the

value of Nagelkerke R2 of 0.196 (19.6%) which revenue the changeability of dependent variables that can be explicated by the variability of independent variables of 19.6%. While the outstanding 80.4% was elucidated by other variables outside the research model. It can be said that the independent variables in this study, namely liquidity, leverage, audit tenure, and the interaction between the size of the company and each of these independent variables can explain the variation in variables.

Classification Table

Table IV.7
Classification Table
Non-Profitable
Concern Going Concern Percentage
Correct

Step 1	OGC	Non-Going Concern	115	5	95,8
		Going Concern	36	9	20
		Overall Percentage			75,2

Based on the table above, it is acknowledged that there are 120 company data that are categorized as going concern opinions into not going concern (OGC=0). Of the 120 data, 115 of them are as estimated while the remaining 5 companies are included in the going concern category. when compared to the two, the percentage of accuracy of the approximate answer using the logistic regression equation on the observation of the going concern category judgement of not going concern (OGC=0) was 95.8%. Then in the going fear opinion of the going concern category (OGC=1) 45 company data in that category were obtained. Of the 45 data, only 9 of them matched the estimates while the remaining 36 estimate data missed the category of not going concern (OGC=0). when compared to the two, the percentage of accuracy of the estimated answer using the logistic regression equation on the observation of the going concern category opinion (OGC=1) was 75.2%. The average accuracy of answer estimates using the logistic regression equation was 75.2%.

Uji Hipotesis

Table IV.8
Data Significant Test
Variables in the Equation

		B	S.E	Wald	df	Sig	Exp (B)	95% C I for EXP (B) Lower Upper	
step 1	CR	1,197	0,592	4,091	1	0,043	3,310	1,038	10,555
	DAR	1,794	0,590	9,249	1	0,002	6,015	1,892	19,116
	AT			2,999	2	0,223			
	AT (1)	0,635	0,502	1,601	1	0,206	1,886	0,706	5,041
	AT (2)	1,404	0,973	2,082	1	0,149	4,073	0,605	27,435
	SIZE	-0,463	1,202	0,149	1	0,700	0,629	0,06	8,63
	SIZE x CR	-1,961	0,875	5,017	1	0,025	0,141	0,025	0,783
	SIZE x DAR	-0,834	0,871	0,918	1	0,338	0,434	0,079	2,393
	SIZE x AT			2,356	2	0,308			
	SIZE x AT (1)	1,565	1,113	1,975	1	0,16	4,780	0,539	42,378
	SIZE x AT (2)	0,874	1,134	0,594	1	0,441	2,396	0,259	22,137
	Constant	-2,451	0,628	15,252	1	0,000	0,086		

According to the results of the logistic regression analysis in the table above, a logistic regression model can be formed by looking at the parameter estimation values in Variables in The Equation. The deterioration model formed based on the appraised value of the restriction in Variables in The Equation is a logistic regression equation as follows:

$$\ln\left(\frac{OGC}{1-OGC}\right) = -2,451 + 1,197 CR + 1,794 DAR + 0,635 AT(1) + 1,404 AT(2) - 0,463 SIZE - 1,961 SIZE \times CR - 0,834 SIZE \times DAR + 1,565 SIZE \times AT(1) + 0,874 SIZE \times AT(2) + e$$

Description:

OGC	= Opinion going concern
CR	= Liquidity
DAR	= Leverage
AT(1)	= 2-year tenure audit
AT(2)	= Tenure audit 3 years
Size	= ln the size of the company.
AT×SIZE (1)	=1 comes from size=1 x AT = 1
AT×SIZE(2)	= 2 comes from size=1 x AT = 2
AT×SIZE(3)	=3 comes from size=1 x AT = 3

Based on table IV.8, the results of the hypothesis test can be defined as follows:

- The significance value of liquidity is $0.043 > 0.05$. This proposes that the H1 hypothesis is accepted, which revenue that liquidity affects the audit estimation going concern.
- The implicationworth of the leverage is $0.002 > 0.05$. This suggests that the H2 hypothesis is believed, which means that leverage affects audit opinions.
- The meaningrate of the tenure audit was $0.223 > 0.05$. This advises that the H3 hypothesis is rejected, which resources that tenure audits have no upshot on audit belief going concern.
- The allegationcost of liquidity x size is $0.025 > 0.05$. This recommends that the H4 hypothesis is accepted, which incomes that the size of the concern is able to moderate liquidity against the audit judgement going apprehension.
- The significance cost of liquidity x scope is $0.338 > 0.05$. This advocates that the H5 hypothesis is banned, which revenue that the size of the establishment is unable to moderate the leverage against audit judgment going alarm.
- The consequenceprice of the freehold x size audit was $0.308 > 0.05$. This submits that the H6 hypothesis is rejected, which income that the size of the company is unable to moderate audit tenure against audit ideas going apprehension.

The Consequence of Liquidity on Audit Opinion Going Concern

The test outcomes on the effect of the Liquidity variable on the profitable concern belief were obtained that Liquidity has a positive effect on the going concern estimation. This can be perceived from the partial test where the coefficient value is 1.197 and the probability is 0.043. Positive influence means that large Liquidity (>1.4167) supports the firm to get a going concern view, similarly small Liquidity (<1.4167) does not support the firm to get a going concern view. probability $0.043 < 0.05$ means there is a significant influence of Liquidity on opinion going concern. Thus, this study Theprimary hypothesis (H1) which states that Liquidity has a positive conclusion on opinion going concern, is accepted.

Effect of Leverage on Audit Opinion Going Concern

The test fallouts on the influence of variable leverage (DAR) on the opinion of going concern were obtained that leverage (DAR) had a constructive effect on the opinion of going apprehension. This can be seen from the partial test where the coefficient value is 1.794 and the probability is 0.002. Positive influence means that the big leverage (>0.5885) supports the corporation to get a going worry opinion, similarly a small leverage (DAR) (<0.5885) does not support the corporation to get a successful concern estimation. Probability $0.002 < 0.05$ means there is a significant influence of force (DAR) on the opinion going concern. Thus, this study the second hypothesis (H2) which states that leverage.

Effect of Audit Tenure on Audit Opinion Going Concern

The test marks on the upshot of the Audit tenure variable on the going fear opinion were obtained that the Tenure audit did not have a substantial effect on the working concern opinion. Influences are positive but not hypocritical. This can be seen from the partial test where the coefficient values of AT (1) are 0.635 and AT (2) is 1.404 and

the probability value is 0.223. Positive influence means Audit tenure large tenure audit = 2 years or 3 years in favor of the firm to get a profitable alarm opinion, and vice versa small tenure audit = 1 year does not support the company to get a going concern opinion. probability of $0.223 > 0.05$ means no significant upshot of Audit lease on opinion going concern. Thus, this study the third hypothesis **(H3) which states that Audit tenure has a constructive effect on opinion going concern, is disallowed.**

The Effect of Liquidity on Audit Opinion Going Concern Moderated by Company Size

The test grades showed that the moderation of the company's extent towards liquidity symbolized by SIZE_{CR} was stated to have a substantial impact on the opinion of going concern. This can be understood from the hypothesis test where the SIZE_{CR} probability value is 0.025. The test results on the moderator variable company size (SIZE) clinched that the magnitude of the company (SIZE) did not have a significant consequence on the opinion of going apprehension. So based on these two statements, the company size (SIZE) acts as a pure moderator. Thus, this study the fourth hypothesis **(H4) which states that the size of the company moderates.**

Leverage's Effect on Audit Opinion Going Concern Moderated by Company Size

The test outcomes presented that the company's size moderation of the leverage symbolized by SIZE_{DAR} was declared to have no significant effect on the opinion of going concern. This can be realized from the hypothesis test where the SIZE_{DAR} probability value is 0.338. Thus, this study the fifth hypothesis **(H5) which states that the size of the company moderates the influence of leverage on opinion going concern, is rejected.**

Result of Audit Tenure on Audit Opinion Going Concern Moderated by Company Size

The test results showed that the corporation's size moderation of the leverage symbolized by SIZE_{AT} was declared to have no significant effect on the opinion of going concern. This can be got from the hypothesis test where the SIZE_{AT} probability value is 0.308. Thus, this study the sixth hypothesis **(H6) which states that the size of the business moderates the influence of tenure audits on estimation going concern, is rejected.**

V. CONCLUSION

Based on the results of the data investigation that has been passed out, the following conclusions were attained:

1. Liquidity Variables in companies listed on the IDX in 2019-2021 influenced the assessment opinion going concern, so H1 in this study was accepted.
2. The Leverage variable in businesses itemized on the IDX in 2019-2021 prejudiced the audit belief going concern, so that H2 in this study was acknowledged.
3. The Tenure Audit Variable in establishments registered on the IDX in 2019-2021 affects the inspection opinion going alarm, so the H3 in this study was rejected.
4. The Company Size variable moderate's liquidity in companies recorded on the IDX in 2019-2021 affecting the audit opinion going concern, so that H4 in this investigate is recognized.
5. The Company Size variable moderating Leverage in IDX-listed companies in 2019-2021 has no effect on audit opinion going concern, so H5 in this study was excluded.
6. The Company Size variable moderated the Audit Tenure in companies itemized on the IDX in 2019-2021 had no effect on the audit judgement going concern, so H6 in this study was forbidden.

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