

## THE INFLUENCE OF AUDIT QUALITY, GOOD CORPORATE GOVERNANCE AND LIQUIDITY ON OPINION AUDIT GOING CONCERN CONSUMPTION GOODS COMPANIES REGISTERED ON THE IDX YEAR 2019-2021

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### Abstract

Audit quality, good corporate leadership, and liquidity are factors influencing the acceptance of a concerned audit opinion. In this capital market, both large companies and small companies are listed. Companies large and small alike have assets. Large companies usually have more access than small companies. Large companies often get going concern audit opinions because of the ease of obtaining funds. This study aims to evaluate the effect of company size, audit quality, good company management, and liquidity on the concern audit opinions of consumer goods companies listed on the Indonesia Stock Exchange between 2019 and 2021. Financial report data is the source of data used in this study. This study analyzes consumer goods companies Registered on the Indonesia Stock Exchange from 2019 to 2021. During the 2019–2021 research period, a purposive sampling technique was used to select 61 companies. The results of the study show that the Audit Opinion of Going Concern Consumer Goods Companies Registered on the IDX for 2019-2021 is not affected by Audit Quality, Good Corporate Governance, and Liquidity. Data analysis was performed by logistic regression analysis in SPSS.

Keywords: Audit Quality, Good Corporate Governance, Liquidity Against, Going Concern Audit Opinion

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### 1. Introduction

The consumer goods that Indonesians need are the most popular. This business includes food, drinks, cigarettes, medicines, cosmetics, household goods and equipment. This industry can improve on 2021. Business operates despite financial accounts. Company internal and external require this financial report. this financial report must be submitted to the stock market on time after an independent audit. Size, quality, and company size determine whether the audit is a continuous concern or non-going concerns are permitted. This capital market contains large companies and small. Big companies have more money than small ones, though both have assets. Large companies receive a going concern audit opinion.

When investing, investors value the auditor's opinion. Quality auditor's High levels give investors' confidence when choosing a company for invest because they provide important information to outside parties to decision-making. Investors and other users of financial reports can trust company data because the auditor provides an accurate representation regarding its financial status and performance.

The company management system does not control the recording of transactions finance. Auditors consider the company's leadership to be competent when generating going concern audit findings as the company is managed well. GCG execution will facilitate audit reviews. GCG (Good Corporate Governance) consists of all company shares-managers, institutional, and public.

Liquidity is not always used to evaluate current assets, thus produce going concern audit conclusions.

## **2. Theoretical Background**

### **2.1 The Influence of Audit Quality on Going Concern Audit Opinions**

Kusumayanti and Widhiyani (2017: 2297) stated that auditors in the top four KAPs are better prepared to review financial report data and information related to the continuity of the company's business, so that they are more issued many business continuity audit opinions. Auditors Stepheny and Cindy (2020:256) help report consumers finance makes judgments by delivering high-quality information. In this case, the auditor must produce an audit opinion on a going concern basis business. Experienced auditors provide business continuity assessments better dangerous organizations, Sourced from Rani and Helmayunita (2020:3814). Thus, high-quality auditors will provide conclusions the same audit based on the company's circumstances.

### **2.2 The Influence of Good Corporate Governance on Going Concern Audits**

Surya, Merawati, and Munidewi (2021: 1291), institutional ownership and rotation of receipt of going concern audit opinions. Management performance increases with shareholding. Feeling of responsibility for all decisions to maintaining company operations causes this. Byusi and Achyani (2017:19) say the audit committee is improving financial reporting and internal and external audits. Naturally, this can be aids in operation and survival. Institutional ownership increases asset utilization, Sourced from Rachma and Nurbaiti (2021: 5229). To avoid bankruptcy, the owner institutions must scrutinize their actions. Survival Audit thinking avoiding bankruptcy would be bad.

### **2.3 The Influence of Liquidity on Going Concern Audits**

According to Kurniawati and Murti (2017), if a corporation cannot fulfill its short-term commitments quickly, then its future doubtful. Rahmawati, Wahyuningsih, and Setiawati (2018: 68) said auditors can provide a going concern audit opinion because the company will struggle to pay his creditors. Auditor company continuity does not become attention because extra liquidity can be paid, Sourced from Siallagan, Meilani, and Hayati (2020:197). Liquidity helps companies meet commitments short-term.

### **2.4 Research Hypothesis:**

H1: Audit quality influences the company's going concern audit opinion Consumer Goods Registered on the IDX 2019-2021.

H2: Good Corporate Governance Influences Going Audit Opinion Concern Consumer Goods Company Registered on the IDX 2019-2021.

H3: Liquidity influences the Company's Going Concern Audit Opinion Consumer Goods Registered on the IDX 2019-2021.

H4: Audit Quality, Good Corporate Governance and Liquidity have an influence Regarding the Audit Opinion of Going Concern Consumer Goods Companies Registered on the IDX 2019-2021.

### 3. Methods

This study focuses on Consumer Goods Companies on the Indonesian Stock Exchange 2019-2021. This research uses book research and internet media [www.idx.co.id](http://www.idx.co.id). Tersiana (2018:75) said that what was studied was the population. We can study the characteristics of each member of the population. This study covers the entire company consumer goods listed on the IDX for the 2019-2021 period. Suryadi et al. (2019:165) defines purposive sampling as “sampling that is carried out based on certain criteria set by researchers so that only individuals from the community who meet these criteria are taken as members research sample”. Purposive sampling requires standards.

**Table 1.** Population and Sample Study

No	Kriteria	Sampel
1	Perusahaan Barang Konsumsi Terdaftar di BEI Tahun 2019-2021	61
2	Perusahaan Barang Konsumsi yang tidak mempublikasikan laporan keuangan Tahun 2019-2021.	(20)
	Total sampel yang diteliti Tahun 2019-2021	41
	Total sampel 41 x 3 tahun	123

This research includes 123 company data from 61 manufacturing companies and 41 observation companies.

### 4. Results and Discussion

#### 4.1 Research Result in

**Table 2.** Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
KualitasAudit	81	.00	1.00	.4691	.50216
GCG	81	.24	1.00	.7440	.18624
Likuiditas	81	.37	8.05	2.5162	1.75659
OpiniAuditGoingConcern	81	.00	1.00	.2716	.44756
Valid N (listwise)	81				

Source: SPSS Processing Results version 25 (2023)

- 1) The 81 audit quality samples have a standard deviation of 0.50216, an average of 0.4691, and a minimum of 0.00.
- 2) Good Corporate Governance 81 with a minimum of 0.24, a maximum of 1.00, an average of 0.7440 and an average deviation of 0.18624.
- 3) Sample liquidity is 81, with a minimum of 0.37. The maximum is 8.05, the median is 2.5162, and the standard deviation is 1.75659.
- 4) There is a minimum value of 0.00, a maximum value of 1.00, an average value of 0.2716, and a standard deviation of 0.44756.

#### 4.2 Hypothesis testing

**Table 3.** Feasibility Testing of Model Regression (Goodness of Fit Test)

##### Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	14.312	8	.074

Source: SPSS Processing Results version 25 (2023)

With chi-square 14.312 and sig 0.074 > 0.05, the results are considered appropriate.

### 4.3 Model fit testing (Overall Model Fit Test)

In this model, probability observations are displayed with values of  $-2$  the first lower limit and  $-2$  the second lower limit. The first  $-2$  log probability value of the block number = 0 and the second  $-2$  log probability value of the block number = 1. These values displayed in the historical iteration table.

**Table 4.** Value  $-2$  log likelihood ( $-2LL$  Block number = 0)

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	94.832	-.914
	2	94.745	-.985
	3	94.745	-.986
	4	94.745	-.986

- a. Constant is included in the model.
- b. Initial  $-2$  Log Likelihood: 94.745
- c. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

**Table 5.** Value  $-2$  log likelihood ( $-2LL$  Block number = 1)

Iteration		-2 Log likelihood	Constant	Coefficients		
				KualitasAudit	GCG	Likuiditas
Step 1	1	89.937	-.013	-.837	-.541	-.042
	2	89.373	.143	-1.104	-.741	-.052
	3	89.368	.161	-1.134	-.764	-.053
	4	89.368	.161	-1.134	-.764	-.053

- a. Method: Enter
- b. Constant is included in the model.
- c. Initial  $-2$  Log Likelihood: 94.745
- d. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

The value of block 0 is 94.832, and the value of block 1 is 85.937. Overall, the model results show that the logistic regression model used is really good. The model fit level decreases from  $-2$  log likelihood = 0 to  $-2$  log likelihood = 1.

#### 4.4 Determination Coefficient Test (Nagelkerke R Square)

The coefficient of determination and Nagelkerke R Square value can be used to calculate how much influence the dependent variable has on the dependent variable.

**Table 6.** Determination Coefficient Test (Nagelkerke R Square)

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	89.368 <sup>a</sup>	.064	.093

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

The going concern audit opinion is independently influenced by 0.064 percent with a value of -2 log likelihood of 89.368 and a Nagelkerke R square of 0.064.

#### 4.5 Omnibus Test of Model Coefficients (Simultaneous Test)

This research tests the combined influence of independent factors on the dependent variable. Compare the significance value (p-value) from the Omnibus Model Coefficient Test with an  $\alpha$  value of 0.05.

**Table 7.** Simultaneous Test

Omnibus Tests of Model Coefficients				
Step 1	Step	Chi-square	df	Sig.
	Step	10.680	5	.058
	Block	10.680	5	.058
	Model	10.680	5	.058

Source: SPSS Processing Results version 25 (2023)

Audit Opinion on the Survival of Consumer Goods Companies Listed on the IDX in 2019-2021 is not influenced by company size, audit quality, good corporate governance, and liquidity, with a chi-square of 10.680,  $\alpha$  of 5, and a significance of 0.058 > 0.05.

#### 4.6 Individual Testing / Regression Coefficient Testing (Partial Test)

The final results of the research are measured by the variable table in the data processing output equation:

**Table 8.** Partial Test - Wald and Logistic Hypothesis Test  
**Variables in the Equation**

Step 1 <sup>a</sup>		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
	KualitasAudit	-1.134	.549	4.262	1	.039	.322	.110	.944
	GCG	-.764	1.453	.277	1	.599	.466	.027	8.032
	Likuiditas	-.053	.153	.119	1	.730	.949	.703	1.280
	Constant	.161	1.068	.023	1	.880	1.175		

a. Variable(s) entered on step 1: KualitasAudit, GCG, Likuiditas.

## 4.7 Logistic regression equation:

$$\text{LN } \frac{\text{AGC}}{\text{Liquidity}} = 0,161 - 1.134 \text{ Quality Audit} - 0,764 \text{ AGC Institutional Ownership} - 0.053 \text{ Liquidity} + \varepsilon$$

- 1) Continuing concern audit opinion is 0.161 as audit quality, solid corporate leadership, and there is no liquidity.
- 2) Audit Quality -1.134 shows that an increase in audit quality by one unit reduces going concern audit opinion by 1.134. Audit quality will not affect the going concern audit view for the IDX consumer goods business from 2019 to 2021 if the sign is  $0.599 > 0.05$ .
- 3) Each increase in institutional ownership per unit reduces going concern audit opinion by 0.764. Institutional ownership has a sig of  $0.466 > 0.05$ , so that the 2019-2021 BEI audit opinion of going concern consumer goods companies is not influenced by institutional ownership.
- 4) With liquidity of -0.153, going concern audit opinion decreases by 0.153 for every increase in liquidity unit, but audit quality has a sig of  $0.730 > 0.05$ , so liquidity has no effect on Consumer Goods Companies Listed on the IDX for 2019-2021.

## 4.8 The Influence of Audit Quality on Going Concern Audit Opinions

Research reveals that audit quality has no effect on the Audit Opinion on the Survival of Consumer Goods Companies Listed on the IDX in 2019-2021. Big 4 and non-Big 4 KAPs offer excellent audit quality and can independently provide going concern audit opinions. This research contradicts Kusumayanti and Widhiyani (2017:2297) which states that auditors at big four KAPs have a higher going concern audit opinion because they carefully examine the company's financial report data and going concern information. Prayoga dani Annisa (2021) found that audit quality does not influencing the going concern audit view on mining and transportation businesses listed on the IDX in 2014-2015.

## 4.9 The Influence of Good Corporate Governance on Going Concern Audits

Research reveals that Institutional Ownership does not influence on the Audit Opinion on the Survival of Consumer Goods Companies Registered on the IDX in 2019-2021. Companies with substantial institutional ownership also inhibit independent auditors from providing key audit conclusions. Institutions cannot regulate the power of independent auditors to offer going concern audit opinions to companies because studies of a company's financial status are not based on it. This research is in accordance with Ravyanda, Wahyuni, and Zubaidah (2014). Institutional ownership does not influence going concern audit opinion. Public ownership does not affect the 2019-2021 Stock Exchange Audit Opinion of Going Concern Consumer Goods Companies. The minority shareholder community does not participate in GMS decision making, but instead trusts management, audit results, and going concern audit opinions when the company's finances are bad. This research contradicts Surya, Merawati, and Munidewi (2021:1291) who argue that institutional ownership and acceptance of going concern audit opinions are negatively related.

#### 4.10 The Influence of Liquidity on Going Concern Audit Opinions

IDX Consumer Goods Company Survival Audit 2019-2021 is not affected by liquidity. Going concern auditors do not check the company's liquidity. Kurniawati and Murti (2017) observed that failure of short-term commitments doubts the company's survival. Maria, Otto, Maghfirah, and Keumala (2021) found that liquidity did not change the going concern audit opinion of IDX manufacturing companies for 2018–2020.

### 5. Conclusion

- 1) Audit quality has no effect on the 2019-2021 Indonesian Stock Exchange Audit Opinion for Sustainable Consumer Goods Companies.
- 2) Institutional ownership has no effect on the 2019-2021 Indonesian Stock Exchange Consumer Goods Company Going Concern Audit Opinion.
- 3) Going Concern Audit Opinion for Consumer Goods Companies Listed on the Indonesia Stock Exchange for 2019-2021 is not influenced by liquidity.
- 4) Going Concern Audit Opinion for Consumer Goods Companies Listed on the IDX in 2019-2021 is not influenced by business size, audit quality, corporate governance or liquidity.

#### Suggestion

- 1) To survive, management must reduce the perspective of business continuity. KAP's going concern view indicates financial problems. Management should seek non-going concern audits.
- 2) Going Concern Audit Opinion Research may include leverage and profitability.
- 3) Future research should analyze all BEI companies

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