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**THE INFLUENCE OF LIQUIDITY, LEVERAGE, AUDIT TENURE, AUDITOR'S REPUTATION AND COMPANY GROWTH ON GOING ON CONCERN OPINION (Case Study of Property and Real Estate Companies Listed on the Indonesia Stock Exchange for the 2019 - 2021 Period)**

**Novita Sari Br Sianturi <sup>1</sup>, Togiana Situmorang <sup>2</sup>, Yois Nelsari Malau <sup>3</sup>**

**Wenny Anggeresia Ginting <sup>4</sup>**

Universitas Prima Indonesia <sup>1,2,3</sup>, Politeknik Negeri Manado <sup>4</sup>

**Correspondent Author: yoisnelsarimalau@gmail.com**

**Abstract**

*The purpose of this research is to determine the influence of Liquidity, Leverage, Audit Tenure, Auditor Reputation and Company Growth on Going on Concern Opinions in Property and Real Estate Companies Listed on the Indonesian Stock Exchange for the 2019 - 2021 Period. Research from June 2022 to April 2023. This approach uses a quantitative approach. The population used is 77 property and real estate companies listed on the Indonesia Stock Exchange from 2019 to 2022. Sampling used the purpose sampling method. The results of this research indicate that Liquidity, Audit Tenure, Auditor Reputation and Company Growth do not have a partially significant influence on Going on Concern Opinion. There is a partially significant influence between Leverage on Going on Concern Opinion. Liquidity, Leverage, Audit Tenure, Auditor Reputation and Company Growth do not have a significant effect on Going on Concern Opinion.*

**Keywords:** *Liquidity, Leverage, Audit Tenure, Auditor Reputation, Company Growth Opinion Going on Concern*

**INTRODUCTION**

In developing its business, companies need third parties such as investors, lenders, suppliers or company creditors to obtain capital for the company. This third party needs a tool that reflects the company's financial condition, called a financial report. The financial reports presented must be prepared in accordance with accounting standards. Therefore, companies need an independent party, namely an auditor, to assess whether the financial reports they produce are in accordance with financial reporting standards.

In addition, auditors are obliged to ensure the continuity of company operations. Business continuity means the survival of business units and is a standard in public financial reporting. This assumption assumes that the company has the operational capability to ensure the continuity of its business (going business) and will continue to run its business in the future. It is assumed that the company has no intention or intention to liquidate or reduce its business materially. To ensure the survival of the company, management skills are needed to lead the company. If a company experiences financial problems, it will affect the company's survival. This will of course influence the auditor's opinion.

Auditors play an important role in connecting the interests of investors and companies as users and preparers of financial reports. It is easier for investors and other users of financial statements to trust company information when the financial statements provide a true and fair view of the company's operating results and financial position and the company has received an accurate opinion from an auditor. The auditor stated that there were clear doubts about the client company's ability to continue its operations on a going concern basis. Auditors can decide whether to grant business continuity or not.

Liquidity is a company's ability to meet its short-term obligations on time. Liquidity is a company's ability to pay or fulfill its obligations in relation to its overall financial condition. The lower the liquidity ratio, the weaker the company's ability to meet its short-term obligations. On the contrary: the higher the liquidity, the higher the liquidity. The entity is deemed to be in a position to meet its short-term commitments, so that the auditor has no doubt that the entity's business continuity can be ensured and the issuance of a going concern audit opinion can be avoided.

Leverage is a relationship in which debt is used as a means of financing a business. Therefore, if a company's debt level is greater than its asset level, this will affect the financial results and may result in the auditor obtaining a higher balance. Business continuity opinion opportunities. The higher the company's equity ratio, the more doubtful the auditor is

Company profitability, because most of the funds flowing into the company are used to finance debt. The audit period is the period during which the auditor audits the client company. The audit period is the period of cooperation between the KAP (audit company) and the same audited entity. The longer the auditor's relationship with the client, the less likely the entity will receive an opinion of concern. This is supported by research which shows that auditor independence is influenced by the duration of the engagement between the auditor and the client.

Auditors often experience various pressures in their opinions, which can affect their ability to resolve conflicting situations. Even when auditors are aware of their professional responsibilities, they may choose to behave ethically to receive a positive performance review or simply to be seen as a good team . Player. Auditors may also act unethically under pressure because of the potential for failure. If, after obtaining information about the condition of the company, the auditor finds no material doubt about the company's ability to remain afloat, the auditor issues a maintenance audit certificate and a continuing audit certificate. given to companies whose ability the auditor doubts to maintain the continuity of the company's operations.

Business growth shows the company's ability to maintain business continuity. The company's growth is supported by sales growth. The increase in sales shows that the company's operational activities are running smoothly. Thus, increasing sales offers a company the opportunity to increase profits and ensure its survival (business). At the same time , companies with negative

revenue growth tend to experience declining profits, requiring management to take corrective action to maintain profitability. The existence of company size as a moderating variable in this research is proven to moderate the influence of audit time, company growth, independent officers and audit committee on performance. The results of these moderating variables show that company size can moderate the influence of the factors studied on relevant opinions.

Based on previous research by Karjono and Sumadiya (2021) entitled *The Influence of Audit Work, Company Growth, Independent Commissioners and Audit Committees on Concerned Audit Opinions with Company Size as a Controlled Variable (Empirical Study of Manufacturing Companies Listed in Indonesia) Stock Exchange.* ", where the research results show that company growth, independent commissioners and audit committees with an alpha of 1% have an effect on relevant audit opinions, while permanent audits with an alpha of 10% have no effect on relevant audit opinions. Regarding Nugraha's research (2022) *The Influence of Auditor Reputation and Audit Delay on Continuity Audit (Study of All BEI-Registered Manufacturing Companies 2018-2020)*, the results of which show that the auditor's reputation has no effect on continuity of operations. and delays in testing have a positive effect on continuity of operations.

Andrianto (2021) liquidity is the ability to fulfill all obligations that must be paid immediately within a short time. A company is said to be liquid if it has means of payment in the form of current assets that are greater than all its liabilities (liquidity). Riyanto (2019) liquidity is the company's ability to fulfill its obligations. Liquidity can also be used to show the financial position or wealth of a company.

Rudangga and Gede (2016) say that a high leverage ratio means that the value of the company in the eyes of investors will also be higher, because the company is considered to have the ability to overcome many long-term obligations by making payments on time.

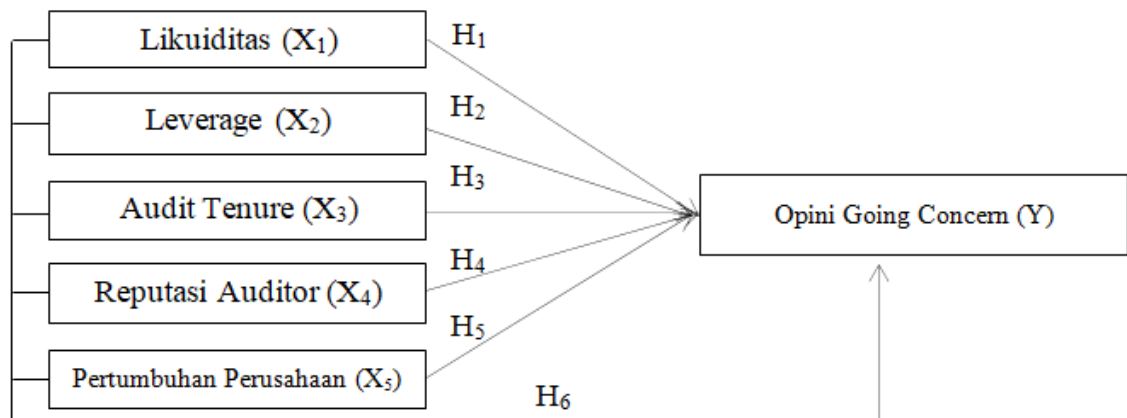
Novari and Putu (2016) stated that the use of debt that exceeds the limit tends to have an impact on reducing the benefits of using debt because the company receiving the benefits is not equal to the costs incurred, so that a small amount of debt will result in an increasingly better company value.

Mustafandi (2021) Audit tenure is a period of engagement between the auditor and the client, namely the length of time an auditor audits the client company. Audit tenure is the period of cooperation that exists between KAP (Public Accounting Firm) and the same auditee. Ardianingsih (2019) Audit tenure is the length of engagement between the auditor and the client in auditing the client's company. Long-standing relationships between clients and auditors tend to give rise to the perception that it is difficult for auditors to act independently.

Rosdiana, et al (2021), auditor reputation is where the auditor is responsible for maintaining public trust and maintaining the good name of the auditor himself and the KAP where the auditor works by issuing an opinion that

is in accordance with the actual state of the organization. Utama and Ferdian (2021), auditor reputation is where the auditor has a responsibility to maintain public trust and a good reputation of the auditor himself, and KAP, where the auditor acts by making statements that are consistent with changing circumstances.

Listiandi (2022), Company growth is expressed as total asset growth where past asset growth will describe future profitability. Growth is the change (decrease or increase) in total assets owned by the company. Kurniawan and Nurdani (2019) Asset growth is calculated as the percentage change in assets at a certain time compared to the previous year. Growth is the change in total assets in the form of increases or decreases experienced by the company during one period (one year).



**Figure: 1. Conceptual Framework**

**Source: Processed data, 2024**

Based on the conceptual framework above in Figure 1, the research hypothesis is as follows:

- H1: Liquidity influences Going on Concern Opinions in Property and Real Estate Companies Listed on the Indonesian Stock Exchange for the 2019 - 2021 Period.
- H2: Leverage influences Going on Concern Opinions in Property and Real Estate Companies Listed on the Indonesian Stock Exchange for the 2019 - 2021 Period.
- H3: Audit Tenure influences Going on Concern Opinions in Property and Real Estate Companies Listed on the Indonesian Stock Exchange for the 2019 - 2021 Period.
- H4: Auditor's reputation influences Going on Concern Opinions in Property and Real Estate Companies Listed on the Indonesian Stock Exchange for the 2019 - 2021 Period.
- H5: Company growth influences going on concern opinions in property and real estate companies listed on the Indonesian Stock Exchange for the 2019 -

2021 period.

H6: Liquidity, Leverage, Audit Tenure, Auditor Reputation and Company Growth influence Going on Concern Opinions in Property and Real Estate Companies Listed on the Indonesian Stock Exchange for the 2019 - 2021 Period.

## RESEARCH METHODS

This research will be conducted on the Indonesian Stock Exchange. Research time is September 2023. This research approach is based on a quantitative approach because this research has a clear and orderly flow. This type of research is a type of quantitative descriptive research. The nature of this research is descriptive explanatory.

The population used is 77 property and real estate companies listed on the Indonesia Stock Exchange from 2019 to 2021. Sampling used the purpose sampling method, namely a technique for determining samples with certain considerations.

1. Property and Real Estate Sub-Sector Services Industry Company listed on the Indonesian Stock Exchange
2. Property and Real Estate Sub-Sector Service Industry Companies listed on the Indonesia Stock Exchange during the 2019-2021 period continuously.
3. Property and Real Estate Sub-Sector Services Industry Company which publishes financial reports regularly for the 2019-2021 period.
4. Property and Real Estate Sub-Sector Service Industry Companies which did not experience losses during the 2019-2021 period.

Determining the sample in this study used several criteria as shown in table 1 below:

**Table 1. Sample Determination Criteria**

No.	Sample Criteria	Amount
1	Property and Real Estate Sub-Sector Service Industry Companies listed on the Indonesia Stock Exchange (research population)	77
2	Property and Real Estate Sub-Sector Service Industry Companies that are not listed on the Indonesia Stock Exchange during the 2019-2021 period continuously.	(29)
3	Property and Real Estate Sub-Sector Service Industry Companies that do not publish financial reports publicly routine for the 2019-2021 period	(8)
4	Property and Real Estate Sub-Sector Service Industry Companies which experienced no profit for the 2019-2021 period	(28)
Total Samples Per Period		12
Total Sample Used (3 Years x 12)		36

**Source: Processed data, 2024**

Library study is a study carried out using documents as the main data

source such as manuscripts, books, newspapers, magazines, etc. Documentation study is a data collection technique that is not directly aimed at the research subject and is needed as a separate stage, namely a preliminary study to understand various theories and better capture new phenomena that are developing in the field or in society. The data used in statistics is quantitative data. In the context of quantitative research data analysis, quantitative data is data in the form of numbers. There are two sources of data based on the source that are generally used in research, namely Primary Data and Secondary Data.

Based on the number of independent variables, regression is divided into 2, namely simple linear regression and multiple linear regression. For simple linear regression it only consists of one independent variable and one dependent variable, whereas for multiple linear regression it consists of 2 or more independent variables and one dependent variable. The linear regression equation is generally formulated as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

Information: Y= Company Value (dependent variable)

X1 = Liquidity (independent variable)

X2 = Profitability (independent variable)

X3 = Company Size (independent variable)

X4 = Company Growth (independent variable)

X5 = Company Age (independent variable)

a = Constant

b = Regression coefficient

Determination analysis or also called R Square which is symbolized by  $R^2$  is used to determine the magnitude of the influence of the independent variables (X) together on the dependent variable (Y) where the smaller the value of the coefficient of determination, this means the influence of the independent variable (X) on the dependent variable (Y) is getting weaker. Conversely, if the coefficient of determination value is closer to 1, then the influence of the independent variable on the dependent variable is stronger. Thus, if the coefficient of determination value is 0, then this indicates that there is no percentage contribution of influence provided by the independent variable on the dependent variable. However, if the coefficient of determination is 1 then the contribution of influence given by the independent variable to the dependent variable is perfect.

The t test or partial regression coefficient test is used to determine whether partially the independent variable has a significant effect on the independent variable or not. In this case, to find out whether partially the independent variable has a significant effect on the dependent variable or not. The test uses a significance level of 0.1, 2-sided test. In this study, the calculated t value will be compared with the t table value, at a significance level ( $\alpha$ ) = 10%. The criteria for assessing this t test hypothesis are:



H<sub>0</sub> Accepted if: t count < t table

H<sub>a</sub> is accepted if: t count > t table

The F statistical test basically shows whether all the independent or independent variables included in the model have a joint influence on the dependent variable. The following are the steps in the F statistical test at a 95% confidence level with degrees of freedom df 1 = (k-1) and df 2 = (nk). In this study, the Fcount value will be compared with the Ftable value, at a significance level ( $\alpha$ ) = 5%. Hypothesis assessment criteria in the F test: H<sub>0</sub> is accepted if: Fcount < Ftable, H<sub>0</sub> is rejected if: Fcount > Ftable.

## RESULTS AND DISCUSSION

### Multiple Regression Test

Table 2. Multiple Regression Coefficient test results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.092	,353		-.261	,796		
	Liquidity	,078	,046	,273	1,715	,097	,964	1,037
	Leverage	1,167	,506	,363	2,306	,028	,981	1,020
	Auditing Tenure	-.075	,096	-.123	-.785	,439	,985	1,016
	Reputation Auditors	,060	,175	,056	,341	,735	,912	1,097
	Growth Company	,379	,242	,253	1,565	,128	,931	1,074

Source: Processed data, 2024

From the above equation, it can be seen that the Constant value is 0.092, while the Liquidity value is 0.078, the Leverage value is 1.167, the Audit Tenure value is 0.075, the Auditor Reputation value is 0.060, and the Company Growth value is 0.379.

### Coefficient of Determination (R<sup>2</sup>)

Table 3. Testing the Coefficient of Determination  
Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,519 <sup>a</sup>	,270	,148	,462

Source: Results Processed Data, 2024

From the table above, the Adjusted R Square coefficient of determination value is 0.148. This shows that the ability of the variables Liquidity (X1), Leverage (X2), Audit Tenure (X3), Auditor Reputation (X4) and Company Growth (X5) explains its influence on Going on Concern Opinion (Y) by 14.8%. Meanwhile, the remainder is the influence of other independent variables not examined in this research such as capital structure, asset structure, profitability, solvency, company growth and so on.

## Hypothesis Testing

**Table 4. Simultaneous Test Results**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,359	5	,472	2,214	,079 <sub>b</sub>
	Residual	6,391	30	,213		
	Total	8,750	35			

- Dependent Variable: Going on Concern
- Predictors: (Constant), Company Growth, Liquidity, Audit Tenure, Leverage, Auditor Reputation

**Source: Data Processed Results, 2024**

The table above shows that the Ftable value is (2.69 ) and is significant  $\alpha = 5\%$  (0.05), namely Fcount (2.214) and sig.a (0.079a). This indicates that the research results reject  $H_a$  and accept  $H_0$ . A comparison between Fcount and Ftable can prove that simultaneously Liquidity, Leverage, Audit Tenure, Auditor Reputation and Company Growth do not have a significant effect on Going on Concern Opinion.

## T Test (Partial Test)

**Table. 5 Partial Test Results**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.092	,353		-.261	,796		
	Liquidity	,078	,046	,273	1,715	,097	,964	1,037
	Leverage	1,167	,506	,363	2,306	,028	,981	1,020
	Tenure Audit	-.075	,096	-.123	-.785	,439	,985	1,016
	Reputation Auditors	,060	,175	,056	,341	,735	,912	1,097
	Growth Company	,379	,242	,253	1,565	,128	,931	1,074

**a. Dependent Variable: Going on Concern**

**Source: Data Processed Results, 2023**

- The tcount value for the Liquidity variable (X1) shows that the tcount value (1.715) > ttable (1.981) with a significance level of  $0.097 < 0.05$  so it can be concluded that there is no partially significant influence between Liquidity and Going on Concern Opinion.
- The tcount value for the Leverage variable (X2) shows that the tcount value (2.306) > ttable (1.981) with a significance level of  $0.028 < 0.05$  so it can be concluded that there is a partially significant influence between Leverage on Going on Concern Opinion.
- The tcount value for the Audit Tenure variable (X3) shows that the tcount value (0.785) < ttable (1.981) with a significance level of  $0.439 > 0.05$  so it can be concluded that there is no partially significant influence between Audit Tenure on Going on Concern Opinion .
- The tcount value for the Auditor Reputation variable (X4) shows that the tcount value (0.341) < ttable (1.981) with a significant level of  $0.735 > 0.05$  so it can be concluded that there is no partially significant influence between Auditor Reputation on Going on Concern Opinion .



5. The tcount value for the Company Growth variable (X5) shows that the tcount value (1.565) > ttable (1.981) with a significant level of  $0.128 < 0.05$  so it can be concluded that there is no partially significant influence between Company Growth on Going on Concern Opinion .

## **CONCLUSION**

The conclusions of this research are as follows: a. There is no partially significant influence between Liquidity and Going on Concern Opinion, b. There is a partially significant influence between Leverage on Going on Concern Opinion, c. There is no partially significant influence between Audit Tenure on Going on Concern Opinion, d. There is no partially significant influence between Auditor Reputation on Going on Concern Opinion, e. There is no partially significant influence between Company Growth and Going on Concern Opinion, f. Liquidity, Leverage, Audit Tenure, Auditor Reputation and Company Growth do not have a significant effect on Going on Concern Opinion.

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