# The Effect of Profitability, Company Size, Solvency, and Public Accounting Firm Size to Audit Delay on Mining Companies

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**Abstract**
The purpose of this research is to know and analyze the effect of determinants such as previous audit opinion, debt default, audit gender, and size of public accounting firm on the acceptance of going concern audit opinion on mining company which listed on Indonesia Stock Exhange in 2017-2018. Population on this research are all mining companies that listed on Indonesia Stock Exchange period 2017-2018. Total of observed data in this research are 76 companies. Sampling is done by using purposive sampling method that chosen by certain criteria. Based on the research and data analysis technique using regression analysis with SPSS Application, it shows that previous audit opinion, audit gender, and size of public accounting firm has no significant effect on going concern audit opinion. While debt default has significant effect on going concern audit opinion. The implication from the result above is the result of the analysis show that the variable which play a significant role and have significant effect according to the hypothesis is debt default. So this variable must absolutely be a consideration for auditor in the decision process of giving going concern audit opinion, because it can show the ability of the company to pay their debt at due date which can affect operational activity of a company. To decrease the chance of accepting non going concern audit opinion, the company can increase their current assets, and also decrease their current liabilities. And then for the variable which don't play a significant role and have no significant effect if according to the hypothesis are previous audit opinion, audit gender, and size of public accounting firm. Even the effect of those variable were not significant, it also must be a consideration for the auditor in decide the audit opinion for a company, and must be a consideration for the third party in deciding which company they want to invest.
**Keywords**: Previous Audit Opinion, Debt Default, Size of Public Accounting, Firm, Audit Gender

## INTRODUCTION

Indonesian mining companies in this period have to struggle in overcoming the problem of weak commodity prices as well as declining demand from China and other developing countries. This led to a massive reduction in financial performance of mining company in Indonesia. Indonesia explains the overall market capitalization of mining company registered on the IDX down to Rp. 161 trillion as of December 31, 2015 from Rp. 255 trillion as of December 31, 2014 (www.PwC.com, 2016).

Mining companies are business sectors that have the highest risk among other business sectors. The amount of investment in this business sector, the uncertainty of the return profit, unrenewable resources and non-renewable products make investors more careful in determining the best choice for investing. Indirectly, this will encourage mining companies to further improve the performance in their companies in order to attract investor to invest.

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While due to the declining rate of exports in Indonesia, it can affect its future viability of the company to achieve its targets in fulfill all of its obligations. The possibility of the company to produce good financial statements will be even greater if the company can handle market problems like this. But if the company cannot handle the market changes that occur, then the opportunity to produce good financial statements will be smaller. There are many examples of cases in which the results of the audit scandal report didn't reflect the real state of the company and of course involve the auditor in it, so that the auditor becomes the party that must be responsible answer to the case.

Many things set the background for the bankruptcy of these large companies. The underlying factors can come from financial factors, non-financial factors, market factors, and even from personal factors from the people who manage the company itself. Therefore, opinion from the auditor is needed for the company's sustainability. This opinion is very much needed by stakeholders regarding their attitude towards a company. Going concern audit opinion can help the investors in deciding process whether they want to invest or not in the auditee (Ulya, 2012).

The reason why going concern audit reports can affects the reaction of interested parties because this report is able to reveal new information from a company relating to client status and client plans to improve their financial condition (Menon and Williams, 2010). The assumption of a going concern audit opinion is assumed as a negative signal for shareholders or investors. Doubts about the business progression of the companies were indicative of the bankruptcy of a company. If the financial statements are prepared using basic assumptions about going concern, it means that it can be estimated that the company can survive in the long term (Astari, 2017). The business continuity of a company is always relate into the company's management capability to run the company to survive in a long period.

The first determinant that can influence is the previous (prior) audit opinion. Previous audit opinion is an audit opinion obtained by a company one year before the study. After the company obtained going concern opinion from the auditor, then the company must show a significant improvement by increasing business operations or by carrying out the management plan that has been given. According to Zulfikar and Syafruddin (2013), going concern audit opinion that received by the company in the previous year will be an important consideration factor for the auditor in issuing going concern audit opinion in the present year if company's financial condition does not show signs of improvement or lack of plan management that could be realized to improve the company's circumstances.

Size of public accounting firm is used as the next determinant, and the greater the size of the public accounting firm, more higher the chance of a company to get a going concern audit opinion. Prestige of public accounting firm is one of several factors that could encourage auditors to provide non going concern opinion. In giving going concern audit opinion, auditor can influenced by public accounting firm's prestige. Public accounting firm's prestige will be at stake when the auditor gives non going concern opinion, but not in accordance with auditee's actual condition and vice versa, prestige will be at stake if auditor didn't provide non going concern opinion when the auditee is doubtful in maintaining its survival. In general, auditor in larger scale are considered to more often in giving going concern audit opinion rather than an auditor in smaller scale.

The next factor that can affect is the debt default. In Statement of Auditing Standard No.30 (SPAP, IAI 2001: 341), the indicator of going concern audit opinion relates to the incapability of the entity to fulfill its liability at maturity without selling their assets to outside parties through repairs external forced operations, ordinary business, debt restructuring and other similar activities.

And then the last determinant that researcher used is audit gender, because on the existing literature, gender has a crucial effect on the risk profile and also has a crucial influence in which information is collected and processed. In the audit opinion, the external auditor expresses an opinion about the valid and fair presentation of the financial statement. The quality of audit services is a chance that the auditor find out and report the material misstatement on the financial

statement (De Angelo, 1981; and Palmrose, 1984). The chance of finding a material misstatement depend on the auditor's risk profile and also auditor's independence from the client.

This research is a replication study from Nurul et.al. (2012) who conducted a research to the effect of audit tenure, disclosure, size of public accounting firm, debt defaults, opinion shopping, and financial conditions on going concern audit opinion in real estate and property companies on the Indonesian Stock Exchange in 2009-2011. The results of this study show that disclosure, size of public accounting firm, and debt default are significant in receiving a going concern audit opinion while opinion shopping, audit tenure, and the financial condition are significantly not affected by going concern audit opinion that received by a company.

The equation of previous study with the author is size of public accounting firm and debt default on the company that registered on the Indonesia Stock Exchange. While the differences in this research with previous research are: 1) The author adds two independent variables namely previous audit opinion and audit gender; 2) The author researches at different companies, namely mining companies; 3) The period used in this study is 2017-2018; and 4) Changes KAP size as a size of public accounting firm.

From various factors that can influence going concern audit opinion on the mining company, the researcher interested to did a research about the effect of previous audit opinion, debt default, audit gender, and size of public accounting firm on the acceptance of going concern audit opinion on mining companies that listed on Indonesia Stock Exchange period 2017-2018.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

**Signalling Theory**, Lack information for the third party make companies lift up company value by reduce information asymmetry through providing signals to third party. The signal that given is information regarding what has been done by the management to create the wishes of the owner. Information provided by the company is important, because it can affect the investment decisions of the third party and fundamentally presents information, notes/descriptions for the past, present, and future term for the company's survival and how their effect into the company. The signal that required can be done through the publishment of accounting information such as the publication of financial statements. Completeness, relevance, accuracy, and timeliness of information that published, will be a signal for third party in the capital market to use it as an analytical tool in making investment decisions.

**Mining Audit**, Mining audit is an examination of the financial statements of mining companies which carried out critically and accurately by an independent party, which includes exploration, development and construction, production and management activities that have been prepared by management with the accounting records and supporting evidence to provide opinions regarding the integrity of the financial statements.

**Audit Opinion**, Audit purpose of financial statement by independent auditor is to state opinions about fairness in all material, results of operations, financial position, change in equity, and also cash flow that in line with accounting principles accepted in Indonesia.

**Going Concern**, Going concern is the ability of a company to maintain its survival in a period of less than one year from the day of the audited financial statement. This going concern problem divided into two problem. The first problem is financial problem which consist of lack of liquidation, equity deficiencies, debt delinquency, and funding difficulties. And the second problem is the operation problem which includes continuous operating losses, dubious income prospects, threatened operational capabilities, and weak levels of control of operations (Hidayat, 2018).

**Going Concern Audit Opinion**, Going concern audit opinion is an audit opinion of an auditor that considers the incapability or significant hesitancy on the company's survival in carrying out their operations on a period less than one year from the day of the financial statement being audited.

*Hypothesis Development*

H1: The previous year's audit opinion significantly ffected the acceptance of going concern   audit opinion

H2: The size of public accounting firm significantly affected the acceptance of going-concern audit opinion

H3: The debt default significantly affected the acceptance of going-concern audit opinion

H4: The audit gender significantly affected the acceptance of going-concern audit opinion

**RESEARCH METHODS**

This research is using quantitative descriptive research, secondary literature technique, and literature study technique. Secondary data are obtained from annual financial reports of mining companies listed on Indonesia Stock Exchange in 2017-2018. And for literature study technique are obtained from several literature, reference, and hypothetical framework related with this research. Population of this research is mining companies that listed on Indonesia Stock Exchange during 2017-2018. Sample taken are 76 samples that consist of 38 mining companies within 2 periods (2017-2018). The sample of this research selected using a purposive sampling technique, with criteria including mining companies listed on Indonesia Stock Exchange during the period 2017-2018, and publish an independent auditor's report together with the audited financial statements on 2016-2018. The analytical tool that used in this research is multiple regression analysis and using SPSS application.

*Operational Variables*

**Previous Audit Opinion,** Use ordinal variable. Unqualified opinion = code 5; Unqualified opinion with explanatory = code 4; Qualified opinion = code 3; Adverse opinion = code 2; Disclaimer opinion = code 1. **Debt Default,** Use liquidity with current ratio. **Size of Public Accounting Firm,** Use dummy variable. Code 1 (Big Four); code 0 (non Big Four). **Audit Gender,** Use dummy variable. Code 1 for independent audit report signed by a women, Code 0 for independent audit report signed by a man

**RESULT AND ANALYSIS DISCUSSION**

This research determined the samples according to certain criteria from purposive sampling and 76 samples are taken in this research from the considerations as follows:

**Table 1. Criteria of Purposive Sampling**

| Criteria | Amount |
|---|---|
| The amount of Mining Companies registered in edusaham.com on 2019 | 47 |
| Not registered in IDX | -1 |
| Not registered on 2017-2018 | -1 |
| Incompleted annual report | -7 |
| The company that was sampled | 38 |
| Amount of data analysed (38 Mining Companies x 2 years) | 76 |

**Table 2. Reseul of the processed data**

| Variable | Criteria | Amount | Percentage |
|---|---|---|---|
| Panel A Previous Audit Opinion | Unqualified opinion | 40 | 53% |
| | Unqualified opinion with explanatory | 33 | 43% |
| | Qualified opinion | 3 | 4% |

| Variable | Criteria | Amount | Percentage |
|---|---|---|---|
| | Adverse opinion | 0 | 0% |
| | Disclaimer opinion | 0 | 0% |
| | TOTAL | 76 | 100% |
| Panel B<br>Audit Gender | Female | 17 | 22% |
| | Male | 59 | 78% |
| | TOTAL | 76 | 100% |
| Panel C<br>Size of Public<br>Accounting Firm | Big Four | 34 | 45% |
| | Non Big Four | 42 | 55% |
| | TOTAL | 76 | 100% |
| Panel D<br>Debt Default | <1,5 | 41 | 54% |
| | 1,5-3 | 26 | 34% |
| | >3 | 9 | 12% |
| | TOTAL | 76 | 100% |

**Data Analysis**

This test is used to evaluate whether the hypothesized model is fit or not with the data.

**Table 3. Model Fit Test**
**Iteration History[a,b,c]**

| Iteration | | -2 Log likelihood | Coefficients<br>Constant |
|---|---|---|---|
| Step 0 | 1 | 67.307 | -1.368 |
| | 2 | 66.304 | -1.647 |
| | 3 | 66.297 | -1.674 |
| | 4 | 66.297 | -1.674 |

a. Constant is included in the model.
b. Initial -2 Log Likelihood: 66,297
c. Estimation terminated at iteration number 4 because parameter estimates changed by less than, 001.

Based on table 3 above in the beginning block / Step 0, in the model obtained -2 log likelihood amount is 67,307 and -2 log likelihood 2 is amounted 66,297. If compared to the -2 log likelihood, value of the decrease is 1.01. Thus it shows that the research model is fit.

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**Table 4. Iteration History[a]**

**Iteration History[a,b,c,d]**

| Iteration | | -2 Log likelihood | Constant | Coefficients<br>Previous Audit Opinion | Debt Default | Audit Gender | Size of Public Accounting Firm |
|---|---|---|---|---|---|---|---|
| Step 1 | 1 | 62.572 | .491 | -.360 | -.009 | .077 | -.515 |
| | 2 | 59.337 | 1.220 | -.558 | -.026 | .090 | -.977 |
| | 3 | 58.103 | 1.448 | -.595 | -.086 | .064 | -1.186 |
| | 4 | 54.145 | 1.446 | -.492 | -.444 | -.017 | -.995 |
| | 5 | 48.597 | .595 | -.081 | -1.455 | .019 | -.440 |
| | 6 | 47.180 | -.006 | .173 | -2.118 | -.093 | -.462 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 7 | 47.046 | -.285 | .281 | -2.382 | -.130 | -.507 |
| 8 | 47.044 | -.312 | .292 | -2.412 | -.133 | -.516 |
| 9 | 47.044 | -.313 | .292 | -2.412 | -.133 | -.516 |

a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihood: 66,297
d. Estimation terminate at iteration number 9 because parameter estimates changed by less than, 001.

Based on table 4 testing in block 1 / step 1 as on the table above by including all variables (Previous Audit Opinion, Debt Default, Audit Gender, and Size of Public Accounting Firm), the value of -2 log likelihood decreased to 47,044. The following table compares the value of -2 log beginning likelihood with the value of -2 log end likelihood.

### Table. 5. The Value of -2 Log

| Block Number = 0 | Block Number = 1 | Decrease / Increase |
|---|---|---|
| 66,297 | 47,044 | Decrease |

Based on table 5 it show that in the beginning -2 log likelihoods in block number = 0, the model only includes constants obtains a value of 66,297. Then the next table can be seen in the end -2LL with block number = 1, -2 log likelihood value changes after the inclusion of several independent variables in the research model, so the end -2LL value shows a value of 47,044.

Thus a decrease in the value of -2 log likelihood is obtained, this large decrease allows the overall fit model to be obtained and the model with four variables also shows a good model. This means that the use of constants with four variables, both of them show as a model that is able to explain their effects on the acceptance of going concern audit opinion. The decreasing value of -2 log likelihood is an evidence that the test leads to the form of a fit model, which can be seen from the chi-square value in the omnibus test of model coefficient

**Feasibility Test Result of The Regression Model**
The feasibility test of the logistic regression model is evaluated with Hosmer and Lemeshow's Goodness of Fit Test which is calculated by Chi Square value. Hosmer and Lemeshow's Goodness of Fit Test tested H0 that empirical data is fit with the model (no differences between the model and the data so can be said that the model is fit)

If statistic value of Hosmer and Lemeshow's Goodness of Fit Test is ≤ 0,05, so the H0 is rejected which is mean that there is a significance differences between the model and observation value so Goodness of Fit Test is not good because the model can't predict the observation value. If the statistic value of Hosmer and Lemeshow's Goodness of Fit Test is ≥ 0,05, so the H0 is accepted and it means that the model can predict the observation value or can be said that the model is accepted because fit with the observation data

### Table. 5. Hosmer and Lemeshow Test

| Step | Chi-square | df | Sig. |
|---|---|---|---|
| 1 | 5.905 | 8 | .658 |

Based on the table above, it shows that in the feasibility test result of the regression model chi square value amounted 5,905 is obtained with the significance value is 0,658. Because the significance value 0,658>0,05, so H0 is accepted and stated that regression model in this research is feasible and can predict the observation value or can be said that the model can accepted because its fit with the observation data.

Coefficient testing on logistic regression is using Nagelkarke R square. The purpose of this test is to find how much the combination of the independent variables is able to clarify the dependent variable. If the value of Nagelkarke R Square is small, it means that the capability of

independent variables in explaining the dependent variable is very limited. Whereas if Nagelkarke R Square approaches 1, it means that the independent variable can issue almost all the information needed to predict the dependent variable.

**Table 6. Coefficient of Determination (Nagelkarke R2)**

Model Summary

| Step | -2 Log likelihood | Cox & Snell R Square | Nagelkarke R Square |
|---|---|---|---|
| 1 | 47.044[a] | .224 | .384 |

a. Estimation terminate at iteration number 9 because parameter estimates changed by less than, 001.

In logistic regression, the coefficient of determination is used by Cox & Snell and Nagelkerke R Square. The coefficient of determination is essentially to measure how far the model can explain the independent variables. Based on the table above, the coefficient of determination is 0.384. It means that the ability of independent variables such as previous audit opinion, debt default, audit gender, and size of public accounting firm in explaining going concern audit opinion on mining companies registered on the Indonesia Stock Exchange is 38,4%. While the remaining 61,6% is explained by other variables outside the research model.

**Logistic Regression Model**

The analysis in this study is logistic regression analysis, which is looking the effect of previous audit opinion, debt default, audit gender, and size of public accounting firm on going concern opinion on mining companies.

**Table 7. Logistic Regression Model**

Variables in the Equation

| | | B | S.E. | Wald | df | Sig. | Exp(B) | 95% C.I.for EXP(B) Lower | Upper |
|---|---|---|---|---|---|---|---|---|---|
| Step 1[a] | Previous Audit Opinion | .292 | .821 | .126 | 1 | .722 | 1.339 | .268 | 6.690 |
| | Debt Default | -2.412 | .898 | 7.207 | 1 | .007 | .090 | .015 | .522 |
| | Audit Gender | -.133 | .792 | .028 | 1 | .867 | .875 | .185 | 4.138 |
| | Size of Public Accounting Firm | -.516 | 1.018 | .257 | 1 | .612 | .597 | .081 | 4.389 |
| | Constant | -.313 | 3.219 | .009 | 1 | .923 | .732 | | |

a. Variable(s) entered on step 1: Previous Audit Opinion, Debt Default, Audit Gender, and Size of Public Accounting Firm.

The test result from the logistic regression analysis above can be made into the following regression equation:

$$GCAO = (-0,313)+0,292AUD+(-2,412DEBT)+(-0,133GENDER)+(-0,516PAF)$$

Based on the logistic regression test which explained in the previous section, the interpretation of the results is presented as follows:

- A constants of -0,313 indicates that if there are no independent variables (previous audit opinion, debt default, gender audit, and the size of the public accounting firm), the going concern audit opinion = -31,3.
- The regression coefficient of previous audit opinion of 0,292 indicates that if the company obtained a going concern audit opinion in the prior year (with code 1), then the probability of the company getting a going concern audit opinion increased.
- The regression coefficient of debt default of -2,412 indicate that if the company obtained a debt default status, then the chance of the company getting a going concern audit opinion decreased.

- The regression coefficient of audit gender of -0,133 indicates that if the audit committee has at least 1 woman in their team (with code 1), then the chance of the company getting a going concern audit opinion decreased.
- The regression coefficient of size of the public accounting firm of -0,516 shows that if the public accounting firm that audits the mining company is included into big four (with code 1), then the chance of the company getting going concern audit opinion decreased.

*Hypothesis Testing*

In linear regression, both simple and multiple, the test is used to test the significance of partial influences. In logistic regression, the test of the significance of partial influences can be tested with the Wald test. In the Wald test, the statistics tested are Wald statistics (Wald statistics). The statistical value of the Wald test is chi-square distribution. Decision making on hypotheses can be done using the probability value approach of the Wald test. The following table is show the result of partial significance test (Wald test).

**Table 8. Partial Significance Test of the Model (Wald Test)**

Variables in the Equation

|  |  | B | S.E. | Wald | df | Sig. | Exp(B) | 95% C.I.for EXP(B) Lower | Upper |
|---|---|---|---|---|---|---|---|---|---|
| Step 1[a] | Previous Audit Opinion | .292 | .821 | .126 | 1 | .722 | 1.339 | .268 | 6.690 |
|  | Debt Default | -2.412 | .898 | 7.207 | 1 | .007 | .090 | .015 | .522 |
|  | Audit Gender | -.133 | .792 | .028 | 1 | .867 | .875 | .185 | 4.138 |
|  | Size of Public Accounting Firm | -.516 | 1.018 | .257 | 1 | .612 | .597 | .081 | 4.389 |
|  | Constant | -.313 | 3.219 | .009 | 1 | .923 | .732 |  |  |

a. Variable(s) entered on step 1: Previous Audit Opinion, Debt Default, Audit Gender, and Size of Public Accounting Firm.

Based on the table 8, hypothesis result is obtained using logistic regression as follows:

H1: The previous audit opinion didn't significantly affected the acceptance of going concern audit opinion. Based on the table 4.8, previous audit opinion that based on the Wald value, a value 0,126 is obtained with level of significance 0,722 > 0,05, which means that H1 cannot accepted. It means that hypothesis show that there are no significant influence from previous audit opinion variable into going concern audit opinion.

H2: The debt default significantly affected the acceptance of going concern audit opinion. Based on the table 4.8, debt default that based on the Wald value, a value 7,20 is obtained with level of significance 0, 05>0,007, which means that H2 accepted. It means that hypothesis show significant influence from debt default variable into going concern audit opinion.

H3: The audit gender didn't significantly affected the acceptance of going concern audit opinion. Based on the table 4.8, audit gender that based on the Wald value, a value 0,028 is obtained with level of significance 0,867 > 0,05, which means that H3 cannot accepted. It means that hypothesis show that there are no significant influence from audit gender variable into going concern audit opinion.

H4: The size of public accounting firm didn't significantly affected the acceptance of going concern audit opinion. Based on the table 4.8, size of public accounting firm based on the Wald value, a value 0,257 is obtained with level of significance 0,612 > 0,05, which means that H4 cannot accepted. It means that hypothesis show that there are no significant influence from size of public accounting firm variable into going concern audit opinion.

**Simultaneous Testing (Omnibus)**

To test if the logistic regression model involving significant independent variables is better (simultaneous) than the previous model (simple model) in terms of matching data, then compare the values of Sig. for Step 1 in the Omnibus Tests of Model Coefficients table that is 0,001 to the significance level of 0.05.

### Table 9. Simultaneous Testing (Omnibus)
Omnibus Tests of Model Coefficients

|  |  | Chi-square | df | Sig. |
|---|---|---|---|---|
| Step 1 | Step | 19.252 | 4 | .001 |
|  | Block | 19.252 | 4 | .001 |
|  | Model | 19.252 | 4 | .001 |

From the result of omnibus test, chi square value amounted to 19,252 is obtained with significance amounted to 0,001. With significance value that smaller than 0,05, so we can know that the acceptance of going concern audit opinion can predicted by previous audit opinion, debt default, audit gender, and size of public accounting firm.

## Discussion of Research Result
The conclusion which can take from the result of data analysis above, the hypothesis is proven by following explanation:

### Table 10. Research Result

| No | Variables | Estimation | Wald | Sig | Explanation |
|---|---|---|---|---|---|
| 1 | Previous Audit Opinion | 0,292 | 0,126 | 0,722 | H1 (Unsupported) |
| 2 | Debt Default | -2,412 | 7,207 | 0,007 | H2 (Supported) |
| 3 | Audit Gender | -0,133 | 0,028 | 0,867 | H3 (Unsupported) |
| 4 | Size of Public Accounting Firm | -0,516 | 0,257 | 0,612 | H4 (Unsupported) |

## The Effect of Previous Audit Opinion into Going Concern Audit Opinion
Most of companies, always use the services of highly reputable third parties in managing earnings, for example auditors. It aims to provide signals for investors in order to reduce information asymmetry. In addition, so the investors could see the quality of the company's financial statement when viewed from the audit opinion provided by the auditor.

Based on the hypothesis testing on logistic regression coefficient amounted to 0,292. Significance level for previous audit opinion is more than 0,05. (0,722 > 0,05) so H1 is rejected. It means that previous audit opinion didn't have significant effect into going concern audit opinion. This result means that no matter what opinion that the mining company got in the previous year, it will not have effect to the auditor in giving opinion to the company, whether it going concern or not. And in the process of giving the opinion, the auditor will consider the others factors that will affect their decision process.

The results of this test are not in line with research of M. Nur Fahmi (2015) and Leny P. & Dwi C. (2012) which states that the previous audit opinion has a significantly affecting going concern audit opinion. There are several company that received unqualified opinion but received going concern audit opinion, and there are several company who received qualified opinion but not received going concern audit opinion. From the results of this study, it shows that although the company didn't get a good opinion in the prior year, the auditor will consider the other factors in determining their audit opinion.

## The Effect of Debt Default into Going Concern Audit Opinion

Information from the company which formed on a published corporate bond rating, is supposed to be a signal for the financial circumstances of a certain company and illustrates the possibilities that can occur related to the debt held.

Based on the hypothesis testing on logistic regression coefficient amounted to -2,412. Significance level for debt default is less than 0, 05. (0,05 > 0,007) so H2 is accepted. It means that debt default significantly affecting going concern audit opinion. These results support the theory from Arrens and Loebbecke (2006: 53) which says that one of the factors that can create hesitancy regarding the going concern of a company is the company's disability to pay their obligations at due date (debt default).

Most of company that received going concern audit opinion, has a decreased liquidity rate compared to the liquidity rate in the previous year. And finally it turns out to affect the auditor in giving going concern audit opinion to the auditee. The results of this test are in line with the research of Nurul A. et.al. (2012) and Leny P. & Dwi C. (2012), which states that the debt default has a significant effect on going concern audit opinion. But this test result are not consistent with Darmansyah's (2018) research.

**The Effect of Audit Gender into Going Concern Audit Opinion**

When an investors look at the audited financial statements, reflexively they will see the gender of the auditor, and consider various factors that might affected the auditor in giving an audit opinion on the company. Because without realizing, a human's gender influence the process of decision making.

Based on the hypothesis testing on logistic regression coefficient amounted to -0,133. Significance level for audit gender is more than 0, 05. (0,867 > 0,05) so H3 is rejected. It means that audit gender didn't have significant effect into going concern audit opinion. From the panel data, it was found that from 76 samples, 17 samples were audited by auditors who have female gender. And from the 17 samples, there were just 4 samples that received non-going concern opinion.

This result means that no matter what is the gender of the auditor, it will not affect the decision process in giving opinion to the company, whether the auditor is female or male. The results of this test are not in accordance with the study of Sarowar H. et.al. (2016), Diane B. et. Al. (2009), and Kris H. et.al. (2014) which states that the audit gender has a significant effect on going concern audit opinion. From the results of this study, it shows that although the auditor is female or male, in the process of giving opinion, the auditor must always remember the auditor's code of ethic that auditor must be objective in giving their audit opinion.

**The Effect Size of Public Accounting Firm into Going Concern Audit Opinion**

The size or reputation of public accounting firm who audited the company, can influence the investors in the process of investment decisions. Public accounting firm that has a good prestige, or in another word is included to the big four, can give a good image for the audited financial statement, that the audit report is very reliable as a basis for their decision making.

Based on the hypothesis testing on logistic regression coefficient amounted to -0,516. Significance level for size of public accounting firm is more than 0,05 (0,612 > 0,05) so H4 is rejected. It means that size of public accounting firm didn't significantly affecting into going concern audit opinion. From the panel data, it was found that from 76 samples, 34 samples were audited by public accounting firm that included into big four. And from the 34 samples, there were just 2 samples that received non-going concern opinions. This result means that no matter the classification of public accounting firm, big four or non-big four, it will not affect the auditor in giving opinion to the company.

The results of this test are not in line with the research of Nurul A. et.al. which states that the size of public accounting firm significantly affecting going concern audit opinion. But the result are in line with the research by Cheryl Y. et.al which states that the size of public accounting firm

didn't have a significant effect on going concern opinion. From the results of this study, it shows that although the public accounting firm is include into big four or not, it will not affect the decision process of an auditor in giving their opinion.

## CONCLUSION AND IMPLICATION

Based on the determinants that can affect the auditor in giving going concern audit opinion above, we can concluded that:

Previous audit opinion has no significant effect on going concern audit opinion. It means that the amount of the previous audit opinion, is not enough to determine whether the company will receive going concern audit opinion or non going concern audit opinion;

Debt default has significant effect on going concern audit opinion. It means that the amount of debt default, is enough to determine whether the company will receive going concern audit opinion or non-going concern audit opinion;

Audit gender audit has no significant effect on going concern audit opinion. It means that the amount of the audit gender, is not enough to determine whether the company will accept going concern audit opinion or non going concern audit opinion;

Size of public accounting firm has no significant effect on going concern audit opinion. It means that the amount of size of the public accounting firm, is not enough to determine whether the company will receive going concern audit opinion or non going concern audit opinion.

### *Implication*

The result of the study analysis represent the variable which play a important part and have significant effect according to the hypothesis is debt default. So this variable must absolutely be a consideration for auditor in the decision process of giving going concern audit opinion, because it can show the ability of the company to pay their debt at due date which can affect operational activity of a company. To decrease the chance of accepting non going concern audit opinion, the company can increase their current assets, and also decrease their current liabilities. And then for the variable which don't play a significant role and have no significant effect if according to the hypothesis are previous audit opinion, audit gender, and size of public accounting firm. Even the effect of those variable were not significant, it also must be a consideration for the auditor in decide the audit opinion for a company, and must be a consideration for the third party in deciding which company they want to invest.

### *Limitations*

This study has been attempted and carried out in line with scientific procedures, however it still has limitations: 1) There is 1 company that not listed in Indonesia Stock Exchange; 2) There is 1 company that not listed on period 2017-2018; 3) There are 7 companies that have incomplete annual report; 4) There is a limitation of the research because in Indonesia Stock Exchange, there are only a few of mining companies that registered and obtain non going concern audit opinion. So doubtful the data will be less accurate.

The current ratio of each companies are different each other. So The Researcher calculated it by her own using universal current ratio formula, which is divide the current liabilities by the current assets. That is because businesses vary considerably between mining industries, and so differentiating the current ratios of mining companies over different mining industries may not lead to productive perception.

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