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BLACK BOX OF GOING CONCERN AUDIT OPINION

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Abstract

Purpose - The issue of business continuity audit opinion in Indonesia occurred from 1995 until now. A going concern audit opinion is issued when the auditor has doubts about the financial condition of a company that could indicate bankruptcy. This study aims to determine the factors that influence the going-concern auditor's opinion. **Design / methodology / approach -** This study uses secondary data obtained from annual reports and independent audit reports issued by the Indonesia Stock Exchange. The population in this study were manufacturing companies listed on the Indonesia Stock Exchange from 2015 to 2019. The sample after applying the purposive sampling technique consisted of 33 companies. SEM analysis was used in this study with the help of SmartPLS 3.0 software. **Results-**Audit lag and opinion shopping have an influence on receiving going-concern audit opinions. In addition, political connections and liquidity can influence the acceptance of non-going concern audit opinions **Orginality/Value-** This study uses political connections and liquidity as moderating and mediating variables. The use of these variables is based on political issues in Indonesia and the goals achieved by the company, so that it becomes of particular interest in this study.

Keywords: Going Concern, Audit Switching, Audit Lag, Opinion Shopping, Political Connection, Liquidity

1. INTRODUCTION

In this era, companies are required to be able to operate continuously until an undetermined time. The survival of this company is closely related to how management manages the company both from financial and non-financial factors. A company will not always be in good condition or always earn high profits. Sometimes a company will experience difficult conditions caused by various factors such as a country's economic growth, currency exchange rates, or internal company factors.

Financial reports are a medium for management to communicate financial information to stakeholders to assess company performance. Financial reports must have complete or comprehensive information in disclosing all the facts carried out by the company during one period. The main objective of the audit is to provide sufficient confidence that the financial statements have been presented fairly in accordance with Generally Accepted Accounting Principles (Boynton and Johnson, 2005). The results of a financial report audit are an auditor's opinion which is considered a symbol of public trust in the accountability of information presented in financial reports (Simamora and Hendarjatno, 2019).

SPAP - PSA No. 30 SA Section 341 (2011) states that a going concern audit opinion is an audit opinion issued by the auditor to evaluate whether there is doubt over the entity's ability to maintain its existence at an inappropriate time, not more than one year after the audited financial statements. In the annual report (annual report), a going concern opinion is given after the opinion paragraph (opinion) and is contained in an emphasis on a matter paragraph or an explanatory paragraph if the auditor concludes that there is substantial uncertainty about the

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company's ability to continue its business, then a fair opinion without exceptions must be issued with additional explanatory paragraphs. The accompanying consolidated financial statements have been prepared with the assumption that the company will continue its operations as an entity capable of maintaining its survival (going concern). The importance of going concern matters indicates that it is necessary to have factors that influence going concern audit opinion in the auditor's relationship with the client.

In Indonesia, the problem of audit reports and their relation to going concern opinions has emerged since 1995 (Averio, 2020). This phenomenon began with the collapse of Bank Summa which led to its closure, even though previously it had received an Unqualified Opinion from an independent auditor. Especially since the 1997 economic crisis that hit Indonesia, going concern has become quite important in Indonesia. Evidence shows that 14 companies that previously obtained Unqualified Opinions from independent auditors in the previous year, went bankrupt in 1997.

Audit reports are often seen as one of the most important drivers of timely financial reporting, previous studies have attempted to identify factors that impact late audit reports (Abernathy et al., 2017, Bamber et al., 1993, Givoly and Palmon, 1982). Previous studies have found that delays in audit reports are influenced by firm size and profitability (eg, Bamber et al., 1993), firm complexity (Ashton et al., 1987, Leventis et al., 2005, Ng and Tai, 1994), quality of control internal (Ettredge et al., 2006, Munsif et al., 2012) and non-audit costs (Knechel and Sharma, 2012, Bryan and Mason, 2020) and most recently audit lag can cause the possibility of a company receiving a going concern audit opinion.

Audit lag or audit delay refers to the time required to complete a financial statement audit as measured by the number of days required from the date of the financial statements to the date of completion of the audit of financial statements by an independent auditor. Audit lag is the days between the date of the financial statements and the date of the signed auditor's report (Dong and Robinson, 2018). Companies that go public are required by the Capital Market and Financial Institution Supervisory Agency to provide audited annual financial reports to the public no later than the end of the third month after the date of the financial statements or must be audited within 90 days (Averio, 2020).

A delay in the audit report will have two impacts (Lai, 2019). First, the timeliness of financial reports is an important issue for investors because periodic reports contain valuable information for investors and the long delay before the information becomes available makes the information less valuable for investors (Securities and Exchange, 2002). Second, audit report lag directly indicates whether the client benefits from audit firm mergers because only after the financial statement audit is complete does the client benefit from its use. Reduced audit hours can result from mergers (Gong et al., 2016). However, they are not in themselves evidence that the client benefited from the merger. In addition, delay in audit reports is more objectively observed and measured than audit hours, which are not publicly observable and may be under-reported if audit staff performance is evaluated based on budgeted hours (Bell et al., 2001).

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The timeliness of financial reports is one of the considerations in making decisions for users of information. Delay in reporting will also make investors perceive it as a bad signal for the company. Due to these factors, independent auditors are also required to produce quality audit reports and timely opinions. The research found a significant positive effect between audit lag and going concern audit opinion (Averio, 2020). There are other opinions that audit lag has no effect on going concern audit opinions (Simamora and Hendarjatno, 2019).

Another factor that causes the company's acceptance of going concern is the auditor's opinion. The auditor's opinion can attract investors to invest in the company. If the auditor's opinion cannot meet the company's expectations, for example the company gets a going concern audit opinion so that it will trigger opinion shopping (Wati, 2020). According to The Security Exchange Commission (SEC), opinion shopping refers to the activity of seeking auditors with the aim of supporting the accounting treatment proposed by management to achieve the company's reporting objectives even though it may cause the report to be less successful. There are several factors that motivate a manager to do opinion shopping, one of which is the willingness to achieve targets and the need to maintain business continuity (Simamora and Hendarjatno, 2019).

The opinion shopping phenomenon has been the subject of intense debate within regulatory agencies and among accounting academics and professionals, and this debate is fully justified by the effect that opinion shopping has on the real value of audit services. Opinion shopping occurs when a company obtains an audit opinion that is preferable to the quality of its financial information (Bradshaw et al., 2001). As noted by previous research on empirical observation of this behavior is very complex (Dopuch et al., 2001). As a result, instead of concentrating on opinion shopping, most of the empirical studies have examined the phenomenon which is closely related in that a change of auditor is performed in order to obtain a more favorable opinion from the new auditor.

In auditing financial statements, the auditor must prove management's proper application of generally accepted accounting principles (GAAP) (DeFond, 1992). However, interpretation of GAAP requires professional judgment and managers and auditors can hold conflicting views regarding its application (Gómez-Aguilar and Ruiz-Barbadillo, 2003, Geiger and Raghunandan, 2002). Disagreements between the auditor and client management may occur because they have different preferences regarding the proper application of accounting and auditing standards. The client and auditor try to resolve the disagreement through a negotiation process (Johnson et al., 2002, Myers et al., 2003). In this sense, audited financial statements are often the result of negotiations between management and the incumbent auditor (Dye, 1991, Antle and Nalebuff, 1991).

Management will put pressure on the auditor by threatening to change the auditor so that the independence of the auditor will be tested (Barbadillo et al., 2000). Thus, the auditor is willing to issue an unqualified opinion so that the company's expectation is to get an unqualified opinion. Several previous studies revealed that opinion shopping had no effect on going-concern audit opinions, which means that the auditor's independence was not affected even though he was threatened with losing a client, if he gave a going-concern audit opinion

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(Praptitorini and Januarti, 2014). On the other hand, there is research that opinion shopping influences going-concern audit opinions (Lennox, 2000).

The acceptance of going concern audit opinion will make the company find a solution with audit switching. Auditor switching can occur due to regulations that require companies to rotate KAP (Public Accounting Firm). In Indonesia it is regulated by the Decree of the Minister of Finance of the Republic of Indonesia number 359 / KMK.06 / 2003 concerning "Public Accountant Services" (article 2) as an amendment to the Decree of the Minister of Finance number 423 / KMK.06 / 2002 which is regulated in the Regulation of the Minister of Finance of the Republic of Indonesia Number 17 / PMK.01 / 2008 concerning "Public Accountant Services", which regulates the obligation to rotate the provision of audit services by KAP or public accountants for an entity or client. This rotation obligation causes the company to perform auditor switching. But in reality, companies change auditors not because of regulations. However, there are other factors that can cause the company to change its audit beyond the applicable provisions (Wati, 2020).

Going concern audit opinion indicates that there is a risk that the company cannot maintain its business or cannot maintain its business continuity in the future. Auditees have a tendency to change auditors because they obtain opinions that do not match company expectations, namely going concern audit opinions (Khasharmeh, 2015). There is a significant positive effect between going concern audit opinions and auditor switching (Carcello and Neal, 2003, Khasharmeh, 2015). On the other hand, there are other research results that going concern audit opinion has no effect on audit switching (Winata and Anisykurlilah, 2017).

Based on previous studies, inconsistencies in findings still exist. Previous researchers still questioned the reasons that led to the inconsistency of research results. The researcher stated that audit lag and opinion shopping had no effect because there were other variables that function as mediation or moderation, namely political connection and liquidity. This variable is capable of being a mechanism to explain the relationship between audit lag and opinion shopping on going concern audit opinions.

Based on the phenomenon that exists in Indonesia, in obtaining business continuity, political connections have a strong influence. This is due to the perception of security guarantees obtained so that the company's efforts to maintain business continuity can be achieved. In addition to political connections, the liquidity ratio shows a company's ability to meet its short-term financial obligations. Companies that have a high level of liquidity indicate that the company has good financial condition and is able to guarantee payment of all short-term debt so that stakeholders do not have to worry about the company's continuity.

This paper contributes to the literature in the following way. This study provides additional literature that political connections and liquidity can be a relationship mechanism in going concern audit opinions. Second, this research was investigated in Indonesia, which is a developing country that has a high power distance index, so it is of interest to this study.

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The next section of this paper will present a literature review and formulation of hypotheses, research methods, findings and discussion and the last section consists of conclusions, research implications, limitations and research suggestions.

2. LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Agency theory

Agency theory (agency theory) is a theory that underlies the company's business practices so far. The theory is a synergy of economic theory, decision theory, sociology, and organizational theory. The agency relationship is a contractual relationship between the principal and the agent where the principal, in this case the stakeholders (shareholders), provide responsibility for decision making to the agent (management) in accordance with the agreed work contract (Jensen and Meckling, 1976). The relationship between the principal and the agent can lead to a condition of asymmetrical information because the agent is in a position that has more information about the company than the principal.

In relation to agency theory and going concern audit opinion, the agent is in charge of running the company and producing financial reports as a form of management accountability. These financial reports will later show the company's financial condition and be used by the principal as a basis for decision making. The party producing financial reports, agents have the desire to optimize their interests so that it is possible for agents to manipulate data on the company's financial condition. The possibility of manipulation being carried out by the agent makes it necessary to have an independent party as a mediator between the agent and the principal.

The independent party functions to monitor the behavior of the agent whether acting in accordance with the wishes of the principal. The auditor is an independent party that bridges the relationship between the principal and the agent. The auditor has a duty to monitor the performance of management whether it has acted in accordance with the interests of the principal through financial reports. The auditor must be able to act independently so that the results of monitoring management performance are objective and transparent, the result is acceptance of an opinion on the fairness of the financial statements made by the agent. In addition, the auditor must also disclose the company's ability to maintain its going concern (going concern). The more qualified the auditor, the greater the possibility for the company to get a going concern opinion because the auditor will examine all the events in the financial statements more carefully.

Signalling theory

Signaling theory explains how companies provide signals to users of financial statements, namely in the form of information disclosed by management. Information published by management will provide signals for investors and creditors in making decisions. When information has been disclosed to the public, market participants will interpret and analyze this information as a good signal or a bad signal.

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Signal theory will help companies as agents, owners and outsiders to reduce information asymmetry by producing financial information accompanied by quality and integrity disclosures. Acceptance of a going concern audit opinion is considered a negative or bad signal for investors. Going concern audit opinion given by an independent party (auditor) will give a negative perception to creditors and investors in assessing the continuity of the company's business in the future.

Going Concern Audit Opinion

Going concern is used as an assumption in financial reporting which is stated in SA No. 570 paragraph 02 namely an entity is deemed to remain in business for the foreseeable future (IAPI, 2013). Audit opinion regarding going concern is an audit opinion in which the auditor considers significant uncertainty over the viability of the company in carrying out its operations in an appropriate period of time, not more than one year from the date of the financial report being audited (SPAP, 2011). Going concern is one of the most important concepts underlying financial reporting about the going concern of an entity.

Effect of audit lag on going concern audit opinion

Audit lag refers to the number of days between the end date of the financial statements and the date of issuance of the audit report (Ryu and Roh, 2007), while there are other opinions that audit report lag is the period of time between the end of a company's fiscal year and the date of the audit report (Lee and Jahng, 2008). The auditor always gives a going concern audit opinion when the audit report is delayed. The possibility of delays in issuing audit reports can be caused by the auditor doing more testing, the manager can negotiate with the auditor, and the auditor slows down issuing an opinion in the hope that management can resolve the problems being faced so that this can happen. can avoid going concern audit opinions (Wati, 2020).

The existence of timeliness in financial reporting will be a decision consideration for users of information. Investors will perceive it as a bad signal for the company if there is a delay in reporting. From this, independent auditors are also required to produce quality audit reports and timely opinions. There is a significant positive effect between audit lag and going concern audit opinion (Averio, 2020). There are other opinions that audit lag has no effect on going concern audit opinions (Simamora and Hendarjatno, 2019, Chan et al., 2016, Blankley et al., 2014)

H1. Audit lag has a positive effect on going concern audit opinion.

The effect of opinion shopping on going concern audit opinion

Opinion shopping as an activity to find auditors who are willing to support the accounting treatment proposed by management to achieve company reporting objectives. Companies can use transfer threats to influence the audit opinion of the auditor who is examining the client's financial statements. Companies usually change their auditors to avoid receiving a going concern audit opinion. Several factors motivate managers to do opinion shopping, including the willingness to meet targets and the need to maintain business continuity (Praptitorini and Januarti, 2014).

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Based on agency theory, there is an unequal relationship between the agent and the actor because the agent knows more about the state of the company than the principal. Information asymmetry tends to trigger agents to hide information from principals. In this state of ignorance, the agent will do various ways to get a better assessment. One of the ways agents do this is to carry out opinion shopping in finding auditors who are willing to support the accounting treatment presented by management for achieving company reporting objectives.

On the other hand, to maintain the reputation of the auditor company, the auditor will act independently in auditing and giving his opinion so that it does not fail the auditor to provide a going concern audit opinion. From this, companies that change their auditors after getting a going concern audit opinion will not easily get a non-going concern audit opinion (Lennox, 2000). Several previous studies revealed that opinion shopping can have a positive impact on going concern audit opinions (Chung et al., 2019, Chen et al., 2016), but there is also research that opinion shopping has no effect, there is a going concern audit opinion (Praptitorini and Januarti, 2014).

H2. Opinion shopping has a positive effect on going concern audit opinion.

Liquidity mediates the relationship between audit lag and going concern audit opinion the timeliness of the company in publishing its financial reports to the public and is very dependent on the length of time the auditor completes the audit work. Timeliness means that financial information must be presented at a certain time interval, to explain changes that can affect users of information in making predictions and decisions (Apadore and Noor, 2013). Thus, this will trigger a negative effect on the company and to overcome the delay in the audit report, reliable and timely accounting information is needed as a catalyst to create trust among investors (Mazkiyani and Handoyo, 2017)

Audit report delays counted in the number of days from the end of the fiscal year to the audit report date, or excessive audit delays, jeopardize the quality of financial reporting by not providing timely information to investors. Delay in disclosing the auditor's opinion on the true and fair view of financial information prepared by management exacerbates information asymmetry and increases uncertainty in investment decisions (Mohamad Naimi et al., 2010). There is uncertainty, of course the company does not want a going concern audit opinion on the basis of the idea that management has difficulty attracting investors to invest in the company.

To continue to attract investors and receive non-going concern audit opinions, management must improve performance, one of which is through liquidity. Liquidity is important as an indicator of company health. Based on agency theory, a high liquidity ratio will increase the company's ability to pay short-term debt so that the company's image in the eyes of stakeholders is getting better. Thus, the principal will have more trust in the agent in managing the company even though there is a delay in reporting. When the liquidity gets smaller, the company is considered less liquid so that it leads to business continuity problems. The smaller the liquidity, it indicates that the company has decreased its ability to pay off its obligations, therefore the

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auditor tends to give a going concern audit opinion (Gallizo Larraz and Saladrigues Solé, 2016). A high liquidity ratio is obtained by a company with a non-going concern audit opinion (Averio, 2020).

H3. Audit lag will have a negative effect on going concern audit opinion if the company's liquidity has increased.

Political connection moderates the relationship between opinion shopping and going concern audit opinion.

Given the important role of audit reports, receiving a qualified audit opinion is costly for companies, because this opinion calls into question the quality of management control over business operations. Specifically, there are three types of fees that can be imposed on companies following a qualified audit opinion: capital market effects, managers' compensation and increased audit fees (Craswell, 1988). These costs explain the incentives for managers to avoid a qualified audit report and, on certain occasions, the attempts managers may make to influence the auditor's report (Dye, 1991). These reasons indicate that the audit opinion can influence the company's decision to switch or retain the incumbent auditor. If the company receives a clean audit opinion, then the probability that the incumbent auditor will be retained is high, but if an auditor-client dispute occurs, and if the auditor maintains independence, then he or she faces threats of being dismissed by the client.

According to agency theory, external audit provides a monitoring role to minimize financial reporting bias stemming from managerial incentives. Previous literature stated that political connections provided initiatives to distort financial reports and reduce accounting transparency. Higher government stock ownership is negatively related to temporary financial transparency (Bushman et al., 2004). Earnings are less conservative for companies operating in countries with higher state involvement in the economy (Bushman and Piotroski, 2006).

Politically connected insiders can exploit their position to take company resources which they then hide by distorting financial statements (Shleifer et al., 1999, Dyck and Zingales, 2004). Politically connected companies are eager to suppress information about poor economic results because these companies have initiatives to conceal activities related to expropriation of minority shareholders stemming from political cronyism and corruption (Piotroski et al., 2015). To reduce agency costs arising from political connections, it can be argued that external auditors are more likely to issue qualified or modified audit opinions when the CEO has political ties (Hu et al., 2017).

H4. Opinion shopping accompanied by the involvement of companies that have political connections will have a small impact on the possibility of receiving a going concern audit opinion.

Effect of going concern audit opinion on audit switching

In the Professional Standards for Public Accountants (2013) it is explained that the objective of an audit of financial statements by an independent auditor is to express an opinion on the fairness of all material matters, financial position, results of operations, changes in equity and

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cash flows in accordance with generally accepted accounting in Indonesia. According to the Professional Standards for Public Accountants as of January 1, 2013 (SA 700 and 705) there are four types of audit opinions, namely unqualified opinion, qualified opinion, adverse opinion, and disclaimer opinion (Winata and Anisykurlilah, 2017). Going concern audit opinion refers to an opinion about the company's certainty in maintaining its business continuity issued by the auditor. The going concern audit opinion shows that there is a risk that the company cannot maintain its business or cannot maintain its business continuity in the future (Wati, 2020).

If the auditor cannot give an opinion in accordance with the company's expectations, then the company will switch to a Public Accounting Firm which may be able to provide an opinion in accordance with the company's expectations. The company will look for a new Public Accounting Firm or management will change the auditor to get an auditor that is in accordance with the wishes of the company. Several previous studies revealed that receiving going-concern audit opinions has a positive effect on audit switching (Wati, 2020). On the other hand, there are also other opinions that going concern audit opinion has a negative effect on audit switching (Winata and Anisykurlillah, 2017).

METHODOLOGY

Research approach, types and sources of data

This research is a quantitative study using statistical casual analysis methods using the Structural Equation Modeling (SEM) approach with the help of the SmartPLS 3.0 program. Structural Equation Model (SEM) as a multivariate technique that combines aspects of multiple regression (testing dependency relationships) and factor analysis (describing concepts that cannot be measured by factors with multiple variables) to estimate interdependence relationships simultaneously with latent variables and their indicators. This study uses secondary data obtained from the IDX which consists of annual reports and independent audit reports.

Population and sample

This research uses manufacturing company data from 2015 to 2019 with a population of 178 companies. The reason for choosing the manufacturing sector is because this sector is the largest contributor to national exports from year to year (Ministry of Industry, 2020). The sampling technique used purposive sampling method with the selection of samples based on certain considerations or criteria. The sample criteria are manufacturing companies that conducted an initial public offering (IPO) before 2015, experienced losses during at least three years of the five-year study period and have a full annual report and independent audit report. Based on the sample selection criteria, the number of samples in this study were 33 companies with 165 data.

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Research variable

The variables of this study consist of going concern audit opinion and audit switching as the dependent variable. As for audit lag and opinion shopping as independent variables, as well as liquidity as a mediating variable and political connection as a moderating variable.

Table 1: Variable Operational Definition

Variable	Definition	Measurement
Going concern audit opinion	Going concern audit opinion is a modified audit which, according to the auditor's consideration, there is significant inability or uncertainty regarding the continuity of the company in carrying out its operations (Simamora and Hendarjatno, 2019)	Except Unqualified Opinion (1) Unqualified Opinion (0)
Audit switching	Auditor switching is a transfer of a public accounting firm carried out by a client company (Wati, 2020)	Switch Auditor (1) Not Switching Auditors (0)
Audit lag	Audit lag is the number of days between the end date of the financial statements and the date of issuance of the audit report (Ryu and Roh, 2007)	Dummy variable, 1 if the company submits financial statements before 90 days after the end of the year and 0 others.
Opinion shopping	Opinion shopping is defined as an activity to find an auditor who is willing to support the accounting treatment proposed by management to achieve the company's reporting objectives. (Simamora and Hendarjatno, 2019)	Dummy variable, 1 for companies audited by different independent auditors for the following year after the company gets a going concern audit opinion and others 0
Liquidity	Company liquidity is defined as the company's ability to carry out its current obligations (Averio, 2020)	Ratio = (Total Current Assets-inventory) / Accounts Payable
Political connection	A politically connected company is defined as a company whose CEO has a political background (Hu et al., 2017)	PCit = 1 if the CEO of the company is politically connected as previously described, and 0 otherwise. Local_PCit = 1 if the CEO of the company is politically connected within the same region, and 0 otherwise.

Data analysis method

The data analysis method used in this study includes testing the outer model and inner model. Outer model includes validity and reliability. The inner model includes the R Square, Q Square values, quality indexes, and the t test for a significance value of less than 0.05.

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RESULTS AND DISCUSSION

Outer Model

Validity and Reliability

Table 2: Construct Validity and Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Audit Lag	0,991	0,997	0,915	0,705
Online Shopping	0,816	0,827	0,923	0,638
Liquidity	0,965	0,965	0,999	0,697
Political Connection	0,988	0,989	0,915	0,741
Audit Opinion	0,870	0,850	0,885	0,750
Audit Switching	0,915	0,965	0,950	0,665

Source: Processed data, 2023

Based on table 2, the AVE test results produced by all constructs meet validity because AVE> 0.50. The results of the reliability test on the variables in this study indicate that the variables meet internal reliability reliability because Cronbach's alpha > 0.70 and all variables meet composite reliability because composite reliability > 0.70 so that all variables meet consistency and composite internal reliability, which means that all of these statements are able to measure a problem with a constant (constant) so that it can be said as a measuring tool that is reliable or reliable. After the questionnaire has been designed and is valid and reliable, it can then be used to measure variables.

Inner Model

R Square

The R Square value is used to explain the effect of certain exogenous latent variables on endogenous latent variables whether they have a substantive effect.

Table 3: R Square

	R Square	Adjusted R Square	Hasil
Liquidity	0.783	0.777	Strong
Political Connection	0.780	0.765	Strong
Audit Opinion	0.872	0.868	Strong
Audit Switching	0.880	0.870	Strong

Source: Processed data, 2023

Based on the results shown in Table 3, the R Square value of each variable is in a strong category because the R Square value is > 0.67

Predictive Relevance

Predictive relevance or the Q Square test is used to measure how well the observed values are generated by the model and parameter estimates. If the Q Square value > 0 indicates that the model has good predictive relevance and vice versa. Based on the calculation results, it is

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known that the Q2 liquidity value is 0.96, then the Q2 political connection is 0.984, the Q2 audit opinion is 0.975, and the Q2 audit switching value is 0.955. From this value it shows that the number is > 0 (zero) so that the observation value generated by the research model has good predictive relevance.

Quality indexes

Quality indexes are used to determine the goodness of fit with the GoF index. Goodness of fit or GoF index is used to validate the outer model, inner model and the overall model. To calculate GoF, it is calculated from the square root of the average AVE and average R Square values as follows

$$GoF = \sqrt{AVE\ x\ R^2}$$

Based on the calculations, the resulting goodness of fit is 0.792 which indicates the large category. The goodness of fit number has good results to explain the relationship between latent variables and their assumptions

Hypothesis testing

Hypothesis testing uses the boostrap method. The bsostrap procedure uses the entire original sample for resampling. The decision rule for testing the hypothesis if the original sample value is positive followed by a t-statistic value > 1.96 or a p-value < 0.05, then it produces a positive and significant hypothesis. The following results of hypothesis testing are presented in Table 4

Table 4: Results of the Direct Effect Hypothesis Test

	Original Sample	T Statistik	P-Values	Description
AL> AO	0.794	10.627	0.000	Positive, Significant
OSHOP > AO	0.309	2.560	0.011	Positive, Significant
AO> AS	0.828	14.507	0.000	Positive, Significant

Source: Processed data, 2023

Information:

AL: Audit lag; OSHOP: Opinion shopping; AO: Audit opinion; AS: Switching audits.

Based on the statistical results of direct hypothesis testing in Table 4, it shows that the effect of audit lag on audit opinion with an original sample of 0.794, p = 0.000 > 0.05 so that H1 is accepted. Delays in audit reporting will result in receiving a going concern audit opinion from the auditor. On the other hand, the timeliness of financial reporting will be a decision consideration for information users. Investors will perceive it as a rush signal for the company if there are reports. These results are also consistent with research showing that audit lag will result in receiving going concern audit opinions (Averio, 2020).

Second, the effect of opinion shopping on audit opinion with an original sample of 0.309, p = 0.011 > 0.05 so that H2 is accepted. To maintain the reputation of the auditor, the independent auditor will provide his opinion so that it does not fail the auditor to provide a going concern

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audit opinion. Companies will not easily get a non going concern audit opinion even though they have received a going concern audit opinion (Lennox, 2000). These results are also consistent with previous findings that opinion shopping can have a positive impact on going concern audit opinions (Chung et al., 2019, Chen et al., 2016).

The effect of audit opinion on audit switching with an original sample of 0.828, p = 0.000 > 0.05 so that H5 is accepted. If the auditor cannot provide an opinion in accordance with the expectations desired by the company, the company will look for a new Public Accounting Firm or management will replace the auditor to get an auditor that is in accordance with the wishes of the company. These results are consistent with the finding that going concern audit opinions have a positive effect on audit switching (Wati, 2020).

Analysis of mediating and moderating variables.

The results of testing mediation and moderation or often called the indirect effect can be known from the total effect. The results of testing the indirect effect hypothesis can be seen in Table 5

Table 5: Results of Indirect Effect Hypothesis Testing

	Original Sample	T Statistic	P Values	Hasil
LQ> AO	0.675	8.785	0.000	Accepted
PC> AO	0.273	2.614	0.012	Accepted

Source: Processed data, 2021

Information:

LQ: liquidity; PC: Political connection; AO: Audit opinion

Based on the statistical results of indirect hypothesis testing in Table 5, it shows that the effect of audit lag on audit opinion through liquidity with an original sample of 0.675, p = 0.000 > 0.05 so that H3 is accepted. In order to continue to attract investors and receive non-going concern audit opinions, management must improve performance, one of which is through liquidity. Liquidity is important as an indicator of company health. Based on agency theory, a high liquidity ratio will increase the company's ability to pay short-term debt so that the company's image in the eyes of stakeholders is getting better. Thus, the principal will have more trust in the agent in managing the company even though there is a delay in reporting. A high liquidity ratio is obtained by a company with a non-going concern audit opinion (Averio, 2020).

The effect of opinion shopping on audit opinion through political connections with an original sample of 0.273, p = 0.012 > 0.05 so that H4 is accepted. Companies that have political connections have the perception that there is a security guarantee so that they will hide activities related to financial reports. From this, external auditors are more likely to issue qualified audit opinions due to mutually beneficial political connections (Hu et al., 2017).

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CONCLUSION

Based on the results of the analysis to find out the factors that influence going concern audit opinions with research data of manufacturing companies listed on the IDX from 2015 to 2019 it can be concluded that audit lag and opinion shopping have a positive effect on going concern audit opinions. This shows that there is a delay in financial reporting and the company's desire to negotiate with the auditor will affect the receipt of a going concern audit opinion. Besides that, the receipt of going concern audit opinion will influence the company to change the auditor.

Implications

The auditor will give a going concern audit opinion based on several considerations, especially in terms of delays in financial reporting. This delay could be because the company is resolving existing problems, giving rise to doubts by the auditor so that it will allow for the receipt of a going concern audit opinion. On the same hand, an independent auditor will not easily give a non-going concern audit opinion even though the company uses transfer threats to influence the opinion of the auditor who is examining the financial statements. These factors are important for investors for investment analysis and auditors in carrying out their duties. The findings of this study also prove previous research on the determinants that influence going-concern audit opinions.

Limitations of further studies and research

This study has several limitations that may be addressed by other authors in future studies.

First, this research only involves two independent variables, and it is suggested for further research to include more independent variables or add variables according to the current conditions in the company so that it will find new trends and even solutions so as not to receive going concern audit opinions. The object of this research is limited to manufacturing companies in Indonesia for this reason, further research will expand the object of research, such as in the mining sector.

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