THE EFFECT OF AUDIT QUALITY, COMPANY SIZE, AND LIQUIDITY ON GOING CONCERN AUDIT OPINION IN INDONESIAN MANUFACTURING COMPANIES

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Abstract

This study aims to analyze the influence of audit quality, company size, and liquidity on going concern audit opinions (GCAO) in manufacturing companies listed on the Indonesia Stock Exchange for the 2021–2024 period. This study employed a quantitative approach with secondary data obtained from financial statements and annual reports. The sample comprised manufacturing companies that were initially selected through random sampling. The resulting sample was then refined using purposive sampling based on predefined eligibility criteria. Hypothesis testing was conducted using logistic regression analysis with the assistance of SPSS. The dependent variable in this study was the going-concern audit opinion, while the independent variables consisted of audit quality, company size, and liquidity. The results indicate that audit quality has a significant negative effect on going concern audit opinions. Firm size has a significant positive effect on GCAO, while liquidity has no significant effect on GCAO. This study provides empirical evidence that audit quality functions as an effective monitoring mechanism in reducing the likelihood of GCAO. Large firms are not necessarily protected from receiving such opinions, while liquidity is not a determining factor of GCAO.

Keywords: Audit Quality, Company Size, Liquidity, Going-Concern Audit Opinion

INTRODUCTION

Going concern is a fundamental accounting assumption that a company will continue to operate in the long term, unless there is strong evidence to the contrary (Arens et al., 2017). This assumption serves as the basis for preparing financial statements, as if a company ceases to operate as a going concern, the basis for accounting measurement and recognition will differ. In Indonesia, provisions regarding going concern are regulated in PSAK 1 (latest revision), which emphasizes management's responsibility to assess and disclose material uncertainties related to an entity's ability to maintain its operations. Meanwhile, in audits, going concern evaluation is regulated in SA 570, which requires auditors to obtain sufficient and appropriate audit evidence.

A going-concern audit opinion is not a separate opinion, but rather a modification or addition of the Emphasis of Material Uncertainty paragraph in the independent auditor's report. This opinion is issued when the auditor finds substantial doubt about the company's ability to continue operating in the future (Arens et al., 2017). The presence of a going-concern paragraph provides an important signal to financial statement users without necessarily changing the main opinion, unless the impact is material and pervasive.

In practice, a going-concern audit opinion plays a strategic role because it serves as an early signal of potential risks to a company's business continuity (Kusumaningrum & Zulaikha, 2019). This opinion can influence the perceptions of investors, creditors, and other stakeholders, and impact economic decisions, including stock prices and access to financing (Mulyadi, 2018).

Various studies have shown that the issuance of a going-concern audit opinion is influenced by several factors, such as audit quality, company size, and liquidity (Iskandar, 2020). Auditors from Big Four accounting firms are generally associated with higher audit quality (DeAngelo, 1981). Furthermore, larger companies are considered more resilient to financial pressures, while liquidity is an important indicator in assessing a company's ability to meet short-term obligations (Subekti, 2020).

However, previous research has yielded mixed results. Several studies found a significant influence of solvency, profitability, company growth, and liquidity on going-concern audit opinions (Simbolon, 2023). Conversely, other studies have shown no significant influence of company size, audit quality, liquidity, profitability, or solvency on going-concern audit opinions (Elly, 2023; Arum, 2024;).

Furthermore, there are studies showing both positive (Al'adawiah, 2020; Utari, 2024) and negative (Ramadhani, 2023; Yusrizal, 2024;) influences on going-concern audit opinions. These inconsistencies indicate a research gap, especially as previous research has not fully reflected the post-COVID-19 pandemic conditions, which have significantly impacted company performance, particularly in the manufacturing sector.

On the other hand, the rapid development of the Indonesian capital market also reinforces the urgency of this research. The number of investors increased significantly from 1.1 million in 2017 to over 9 million by the end of 2022 (OJK, 2023). This situation makes the going-concern audit opinion increasingly relevant as a consideration in investment decision-making.

Based on this phenomenon and the inconsistency of previous research results, this study was conducted to re-examine the relevance of audit quality, company size, and liquidity

in influencing going-concern audit opinions in current conditions, particularly in the post-pandemic manufacturing sector.

REVIEW OF LITERATURE

Agency Theory

Agency theory explains the relationship between owners/shareholders (principals) and management (agents), who are mandated to run the company on behalf of the principal (Jensen and Meckling, 1976). The principal expects the agent to act in the owner's best interests, including providing information on fund management and investment activities through financial reports. However, this relationship is prone to conflict due to differing goals: managers tend to pursue compensation, while shareholders seek maximum returns on investment. This condition triggers agency conflicts and information asymmetry. Agency theory is also based on the assumption that humans are self-interested, have limited rationality, and tend to avoid risk (Eisenhardt, 1989). Because of this potential for conflict and asymmetric information, an independent third party, namely an auditor, is needed to provide an opinion on the financial statements prepared by the agent.

Going Concern Audit Opinion

A going-concern audit opinion is an auditor's statement evaluating a company's ability to continue operating in the future, thus benefiting the public and shareholders in assessing the company's stability and financial condition (Astari, 2017). This opinion is issued when the auditor has substantial doubts about the entity's going concern (SPAP, 2011). Generally, a going-concern opinion is presented as an unqualified opinion but accompanied by an additional explanatory paragraph. The going-concern assumption itself is the primary basis for preparing financial statements in accordance with generally accepted accounting standards. An entity is categorized as a going concern if it is still able to carry out business activities and fulfill its obligations (Nuraprianti, 2011). Conversely, if going concern can only be achieved through extreme measures such as the sale of major assets, external intervention, or debt restructuring, this indicates serious uncertainty about long-term operations.

In audit provisions, the auditor is responsible for assessing any doubts about the entity's ability to continue as a going concern for a reasonable period, which is no more than one year from the date of the audited financial statements (SPAP, 2011). The evaluation is carried out through the following stages: assessing whether the audit procedures indicate material uncertainty, and if significant doubts remain, the auditor gathers information on management plans and assesses the effectiveness of their implementation (Arens. et. al, 2017). Indicators that influence the auditor's considerations include financial indicators (e.g., negative cash flow, recurring losses), operational indicators (e.g., loss of key management or key markets), and other indicators such as lawsuits, disasters, or political-economic uncertainty (IAPI, 2011). The auditor is also required to assess business continuity for at least 12 months from the date of the financial statements and evaluate the realism of management plans based on PSA No. 30 guidelines which refer to SPAP.

Factors influencing an auditor's assessment include profitability, company size, growth, leverage, debt default, audit lag, opinion shopping, and the previous year's audit opinion (IAPI, 2011). The types of opinions that can be provided include an unqualified opinion, an unqualified opinion with an explanatory paragraph, a qualified opinion, an

adverse opinion, and a disclaimer (IAPI, 2011). Auditors need to be honest and transparent; if going concern doubts truly exist, auditors are required to consider a going concern opinion in accordance with standards to maintain stakeholder trust (IAPI, 2011).

Audit Quality

Audit quality is a measure of the auditor's performance in examining financial statements in accordance with audit standards and quality control systems, resulting in a conclusion in the form of an audit opinion (Anggraini, 2021). Audit quality is also understood as the auditor's likelihood of detecting and disclosing violations in the audited accounting system (Harmono, 2018). The reputation and capacity of the audit firm are influential, as large audit firms or international networks (the Big Four) tend to apply stricter standards and have more experienced auditors and better quality systems, thereby increasing the credibility of opinions, including going-concern opinions. Reputable audit firms are also considered more independent and objective in evaluating bankruptcy risk. A quality audit is demonstrated through the ability to identify errors and report them in accordance with auditing standards and the professional code of ethics (Nugroho, 2018). Audit quality measures also include the auditor's likelihood of discovering and reporting violations, as well as aspects of the audit firm's independence, competence, reputation, size, and industry specialization (Francis, 2004).

Company Size

Company size is related to financial reporting policies through the political cost hypothesis, which states that large companies tend to delay profit recognition to reduce political pressure or public scrutiny (Watts, 1986). Company size describes the scale of an entity, generally measured by assets and sales. Based on Law of the Republic of Indonesia No. 20 of 2008, companies are classified into micro, small, and medium-sized companies based on total assets and annual sales. Large companies receive more public scrutiny and are therefore more cautious in reporting to maintain their reputation. Companies with large assets are also considered more mature, have positive cash flow, and long-term prospects; consistent asset growth is a positive signal that they are far from the risk of bankruptcy (Nurlaela, 2017). Therefore, company size can influence the auditor's tendency to issue a going-concern opinion; the larger the company, the less likely it is to receive a going-concern opinion because it is considered more capable of maintaining business continuity (Purnadewi and Novitasari, 2022).

Liquidity

Liquidity is a company's ability to meet short-term obligations (Nurlaela et al., 2018) and is generally measured by the current ratio. In relation to audit opinions, liquidity reflects financial risk: low liquidity indicates difficulty meeting obligations, requiring auditors to be more careful, and this condition can increase the likelihood of a going-concern opinion. Conversely, high liquidity indicates the ability to repay debts on time, although excessively high liquidity can indicate under-management of current assets (Danuta, 2020).

Previous Research Results and Research Gaps

Previous research has shown inconsistent results regarding the factors influencing going-concern audit opinions. Liquidity and profitability were found to be influential in some studies, while solvency was not always influential (Yulianti & Muhyarsyah, 2022). Company size was found to have no influence, while profitability was significant (Elly, 2023). Liquidity was also found to have no influence in other studies, while profitability had a

significant negative effect (Zalikha et al., 2024). Audit quality, liquidity, profitability, and solvency were also found to have no significant influence (Mega Arum, 2024), while other studies showed that company size, liquidity, profitability, and solvency had a significant simultaneous influence (Nababan et al., 2022). Furthermore, liquidity and company size were not always influential, but the previous year's audit opinion and profitability were (Yulianto et al., 2020). These varying findings indicate that the determinants of going-concern opinions have not yet yielded consistent conclusions.

Hypothesis Formulation

Based on agency theory, auditors are needed to bridge the interests of agents and principals (Jensen and Meckling, 1976). Large accounting firms are considered more cautious due to reputation and litigation risks, so audit quality has the potential to influence the going-concern opinion (DeAngelo, 1981) in (Afnan, 2020). Several studies support the influence of audit quality (Dubelta, 2024; Pebrianto et al., 2025), thus formulating: H1: Audit quality has a nagatif impact on the going concern audit opinion.

Company size is often used as an indicator of bankruptcy risk resilience; larger companies are considered stronger, and auditors are less likely to issue going-concern opinions (Nababan et al., 2022). Empirical findings also demonstrate the influence of company size (Ginting, 2018; Prasetyo and Maharani, 2021; Nababan et al., 2022), thus formulating: H2: Company size has a negative influence on the going concern audit opinion.

Liquidity indicates the ability to meet short-term obligations; low liquidity increases auditor doubt, while high liquidity decreases the likelihood of a going-concern opinion (Kurniawati, 2017). The current ratio is commonly used as a measurement (Wasita, 2019). In agency theory, high liquidity signals good financial management (Jensen and Meckling, 1976). Empirical findings also support the influence of liquidity (Putri, 2020; Ramadhani, 2023; Nababan et al., 2022; Ghani et al., 2025), thus formulating: H3: Liquidity has a negative impact on the going concern audit opinion.

Framework

This framework is based on the problem formulation and the researcher's objective of determining the effect of audit quality, company size, and liquidity on the going-concern opinion. A systematic framework model can be presented, as shown in the following figure:

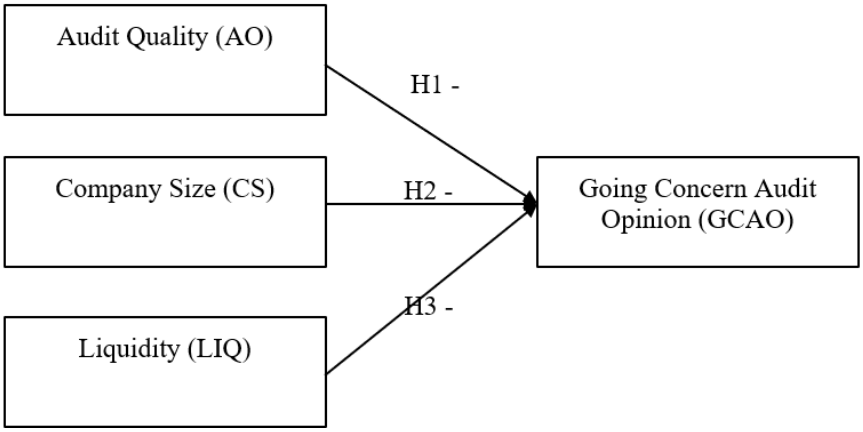

Figure 1.
Research Model

RESEARCH METHOD

This research uses quantitative data, namely data that can be measured/calculated and presented in numerical form (Sugiyono, 2022). Quantitative data is obtained from financial statements containing audit quality, company size, liquidity, and going-concern audit opinions. The data is a time series because it was collected based on the 2021–2024 time series. The source of the data is secondary data, namely data obtained through other parties/not collected directly by researchers (Sugiyono, 2022), which comes from: the official IDX website (www.idx.co.id) in the form of annual reports and independent auditor reports; the official website of each company; and literature (journals, scientific articles, books, and academic documents) related to the research variables.

The population of this study consists of manufacturing companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The sample was initially selected using random sampling and subsequently refined through purposive sampling based on predetermined eligibility criteria. The criteria were as follows: (1) the company consecutively published annual financial statements for the 2021–2024 period; (2) the financial statements were audited by an independent auditor and included a complete audit opinion; (3) the company had complete data related to the research variables, namely audit quality, firm size, liquidity, and going concern audit opinion; and (4) the company was not delisted during the research period. Based on these criteria, companies that met all requirements were selected as the final research sample. The number of firms that passed the selection process was then multiplied by the four-year observation period, resulting in the total number of observations used in the analysis.

This study employs both independent and dependent variables. The independent variables include audit quality, firm size, and liquidity, while the dependent variable is the going concern audit opinion.

Operational Definition of Variables

Dependent Variable: Going concern Audit Opinion (GCAO)

A going-concern audit opinion is issued when the auditor assesses significant doubt about a company's ability to continue as a going concern (IAPI, 2011). Measurement is performed using a dummy variable: companies receiving a going-concern audit opinion are coded 1, and those not receiving one are coded 0 (Averio, 2020).

Independent Variables

1) Audit Quality (AQ)

Audit quality is the auditor's ability to detect and disclose violations in a company's accounting system (Harmono, 2018) and reflects the auditor's competence, independence, and professionalism. Audit quality indicators include independence, competence, the firm's reputation, its size, and industry specialization (DeAngelo, 1981; Francis, 2004). In this study, audit quality is proxied through the reputation/size of the audit firm by distinguishing between Big Four and Non-Big Four firms, assuming that Big Four firms have stricter quality control and more adequate resources. The measurement uses a dummy: code 1 for companies audited by Big Four audit firms and code 0 for Non-Big Four audit firms.

2) Company Size (CS)

Company size is an indicator used to classify companies as large, medium, or small (Saifudin, 2019) and can be viewed from total assets, sales, or market capitalization. In this

study, company size is measured using the natural logarithm of total assets, using the formula (Saifudin, 2019):

SIZE = Ln (Total Assets) .....(1)

3) Liquidity (LIQ)

Liquidity is the ratio of current assets to current liabilities, measuring a company's ability to meet short-term obligations as they fall due. Liquidity is calculated using the current ratio (CR) using the following formula (Desiani, 2019):

CR = (Current Assets)/(Current Liabilities) .....(2)

Data Analysis Methods

Descriptive Statistical Test

Descriptive statistics are used to describe data as it is, without making broad generalizations (Sugiyono, 2022). This test is used to explain the characteristics of variables AQ, CS, LQ, and GCAO in manufacturing companies for the 2021–2024 period through minimum, maximum, average, and standard deviation values.

Logistic Regression Analysis Test

This study used logistic regression to test the probability of a categorical dependent variable occurring based on the independent variables (Ghozali, 2021). This model is appropriate because the dependent variable is a dummy (going-concern opinion). Logistic regression does not require normality, so classical assumption tests such as normality and heteroscedasticity are unnecessary. The testing stages include Overall Model Fit, Goodness of Fit Test, Coefficient of Determination (Nagelkerke R Square), and Classification Matrix (Ghozali, 2021).

1) Assessing the Overall Model Fit

The goal is to assess whether the independent variables together can explain the dependent variable. The evaluation uses Likelihood (L) and is transformed into -2 Log Likelihood (-2LL) (Ghozali, 2021). The model is considered improved if the -2LL value for block 1 is smaller than that for block 0 (Ghozali, 2021). Hypothesis:

H0: The hypothesized model fits the data.

H1: The hypothesized model does not fit the data.

2) Goodness of Fit Test

The feasibility test was performed using the Hosmer and Lemeshow Test (chi-square) to determine the model's relationship with empirical data (Ghozali, 2021). Criteria: P-Value ≤ 0.05, then H0 is rejected (model does not fit); P-Value ≥ 0.05, then H0 is accepted (model fits).

3) Coefficient of Determination (Nagelkerke R Square)

Model ability is explained through the Nagelkerke R-square value, a development of the Cox and Snell R-square, to range from 0 to 1 (Ghozali, 2021). A value close to 0 indicates limited explanatory power, while a value close to 1 indicates strong predictive power.

4) Classification Matrix

The classification matrix assesses the accuracy of predicting the dependent variable categories through a 2×2 table to calculate correct and incorrect predictions and model accuracy (Ghozali, 2021).

5) Hypothesis Testing Model

Hypothesis testing uses binary logistic regression because the dependent variable is dichotomous. Model equation:

$$GCAO = \alpha + \beta 1AQ + \beta 2CZ + \beta 3LQ + \varepsilon$$

Information:

- GCAO: Going concern audit opinion (1 = accept going concern audit opinion, 0 = do not accept going concern audit opinion)
- a: Constant
- β1: Audit quality regression coefficient
- AQ: Audit quality
- β2: Firm size regression coefficient
- CZ: Company size
- β3: Liquidity regression coefficient
- LQ: Liquidity
- e: Error

Hypothesis Testing

Partial Test (Wald Test)

The Wald test examines the influence of each independent variable on the going concern audit opinion at a significance level of 5%. Criteria: significance > 0.05, then H0 is accepted (no effect); significance < 0.05, then H0 is rejected (influenced).

Simultaneous Tests (Omnibus Tests of Model Coefficients)

The Omnibus test assesses the simultaneous influence of audit quality, company size, and liquidity on the going-concern audit opinion at a 5% significance level. Criteria: significance <0.05, then H0 is rejected (they have a joint effect); significance >0.05, then H0 is accepted (they do not have a simultaneous effect).

RESULTS AND DISCUSSION

This study uses secondary data in the form of annual financial statements and independent auditor reports from companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2024 period. Data was obtained from the IDX website (www.idx.co.id) and the official website of each company. Initially, this research only focused on companies in the food and beverage sector. However, after data identification, the number of companies in the sector has not met the needs of the research, especially in meeting the criteria for the completeness of variables and the adequate number of observations. Therefore, the expanded research population includes companies from several sectors listed on the IDX. The expansion of this sector is carried out to obtain a representative sample number and increase the strength of the research analysis, without ignoring the suitability of the company's characteristics with the variables being studied, and the sample is determined using the purposive sampling method based on the criteria set by the researcher.

The sample was randomly selected from manufacturing companies, resulting in 111 firms observed over a four-year period from 2021 to 2024. The sampling process produced 396 observations (units of analysis), after excluding companies that did not publish consecutive financial statements, had incomplete data, or were delisted. All data were then analyzed using logistic regression to examine the influence of audit quality, company size, and liquidity on going-concern audit opinions.

Table 1.
Research Sample Selection Process

No	Criteria	Number of Companies
1	A random sample of 111 manufacturing companies was selected for the 2021–2024 period. (111 Companies * 4 years)	444
2	Companies that do not publish consecutive financial statements for the 2021–2024 period	(18)
3	Companies that do not have complete data according to the research variables	(4)
4	Companies that were delisted during the research period	(26)
Number of companies that meet the sample criteria		396

Source: Processed data (2026).

Descriptive Statistical Analysis

Descriptive statistics were used to describe the minimum, maximum, average, and standard deviation values of 396 observations of manufacturing companies for the period 2021–2024. The results showed that the dummy variable of going concern (Y) audit opinion had an average of 0.7096 with a standard deviation of 0.45452. The audit quality (X1) has an average of 0.4924 (std. dev. 0.50058). The company's size (X2) has an average of 25.0272 (std. dev. 6.10217). Liquidity (X3) has an average of 2.8146 (std. dev. 9.75940). Source: Processed data (2026)

Table 2.
Descriptive Statistical Test Results

No.	Variables	N	Min.	Max.	Mean	Std. Dev.
1	Going concern audit opinion (Y)	396	,00	1,00	,709	,454
2	Audit Quality (X1)	396	,00	1,00	,492	,500
3	Company Size (X2)	396	8,70	32,94	25,027	6,102
4	Liquidity (X3)	396	,01	184,14	2,814	9,759

Source: Processed data (2026)

Logistic Regression Analysis Test

Logistic regression is used because the dependent variable is a dummy and the independent variables are a combination of metric and non-metric.

1) Overall Model Fit Test

In Block 0, the model only contains constants, with an initial value of -2 Log Likelihood of 477,190. The model reaches a stable condition in the 3th iteration. After the independent variables are entered in Block 1, the -2 Log Likelihood value decreases to 214,156 and stabilizes in the 7th iteration. The decrease in the value of -2 Log Likelihood from 477,190 (Block 0) to 162,493 (Block 1) indicates a very significant increase in model fit after independent variables are included.

Source: SPSS Output, 2026

2) Goodness of Fit Test

The Hosmer and Lemeshow Test results showed a Chi-square of 28,358 with a df of 8 and a significance of 0.000. Since 0.000 > 0.05, the test results showed that the probability value (P-value) ≤ 0.05, which was 0.000 ≤ 0.05, then H_0 was rejected. This indicates that there is a significant difference between the model and the observation data so that the regression model in this study is not fully able to predict the observation value perfectly.

Table3. Hosmer and Lemeshow Test Results

Step	Chi-square	df	Sig.
1	28.358	8	.000

Source: SPSS Output, 2026

3) Determination Coefficient Test (Nagelkerke R Square)

The -2 Log Likelihood value is 162,493, with a Cox & Snell R Square of 0.548 and a Nagelkerke R Square of 0,783. This indicates that the ability of independent variables, namely Audit Quality, Company Size, and Liquidity in explaining the dependent variable, namely the Going Concern Audit Opinion, is 78.3%. While the remaining 21.7% was explained by other variables outside this research model that were not included in the study. Nagelkerke's R Square value of close to 1 indicates that the model has a strong ability to explain variations in Audit Opinion Going Concern.

Table 4.
Results of the Determination Coefficient Test

Model Summary			
Step	**-2 Log likelihood**	**Cox & Snell R Square**	**Nagelkerke R Square**
1	162.493a	.548	.783

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

Source: SPSS 2026 Output

4) Classification Matrix Test

The model's ability to predict Going Concern Audit Opinion is 93.7%. From the table above, for the category of companies that did not receive the going concern audit opinion (0), the accuracy of the model prediction was 87.8%, namely out of a total of 115 data of category 0 companies, as many as 101 companies were correctly predicted and 14 companies were predicted incorrectly.

As for the category of companies that received the going concern audit opinion (1), the accuracy of the model prediction was 96.1%, namely out of a total of 281 category 1 company data, as many as 270 companies were correctly predicted and 11 companies were predicted incorrectly. Overall, the logistics regression model in this study has an excellent level of accuracy in classifying companies that receive and do not receive going concern audit opinions.

Table 5.
Classification Matrix Test Results

Classification Table[a]					
			Predicted		
			GCAO		Percentage Correct
Observed			.00	1.00	
Step 1	GCAO	.00	101	14	87.8
		1.00	11	270	96.1
Overall Percentage					93.7

a. The cut value is 500

Source: SPSS Output, 2026

Hypothesis Testing

1) Logistic Regression Test Results

The results of logistic regression produce the equation:

GCAO = −9,986−0,825AQ+0,475CS−0,017LQ

Audit Quality (X_1) has a significance level of 0.059 and a regression coefficient of -0.825, indicating a negative effect that is statistically significant at the 10% level. The negative coefficient suggests that higher audit quality reduces the probability of receiving a going concern audit opinion. The Exp(B) value of 0.438 indicates that firms with higher audit quality have lower odds of receiving a going concern audit opinion.

Firm Size (X_2) has a significance level of 0.000 and a regression coefficient of 0.475, indicating statistical significance at the 5% level (0.000 < 0.05). The positive coefficient shows that firm size has a significant positive effect on going concern audit opinions. The Exp(B) value of 1.607 means that an increase in firm size increases the likelihood of receiving a going concern audit opinion by 1.607 times.

Liquidity (X_3) has a significance level of 0.835 and a regression coefficient of -0.017, indicating that it is not statistically significant (0.835 > 0.05). The negative coefficient suggests that higher liquidity tends to decrease the probability of receiving a going-concern audit opinion; however, this effect is not statistically significant. The Exp(B) value of 0.983 indicates a slight decrease in the likelihood of receiving a going-concern opinion as liquidity increases.

Table 6.
Logistic Regression Test Results

Variables in the Equation							
		B	**SE**	**Wald**	**df**	**Sig.**	**Exp(B)**
Step 1a	Audit Quality	-,825	,438	3,558	1	,059	,438
	Company Size	,475	,046	106,428	1	,000	1,607
	Liquidity	-,017	,083	,043	1	,835	,983
	Constant	-9,986	1,157	74,517	1	,000	,000

a. Variable(s) entered on step 1: Audit Quality, Company Size, Liquidity.

Source: SPSS Output, 2026

2) Partial (Wild) Test

The first hypothesis (H1) posited that Audit Quality has a negative effect on Going Concern Audit Opinion. The Wald test results show a significance value of 0.059, indicating statistical significance at the 10% level ($p < 0.10$). Therefore, H1 is supported. This finding suggests that Audit Quality has a significantly negative effect on Going Concern Audit Opinion. The regression coefficient is negative (-0.825), confirming that the direction of the relationship between Audit Quality and Going Concern Audit Opinion is negative.

The second hypothesis (H2) posited that Firm Size has a negative effect on Going Concern Audit Opinion. However, the Wald test results indicate a significance value of 0.000 ($p < 0.05$), demonstrating a statistically significant effect. Therefore, H2 is rejected. The positive regression coefficient (0.475) indicates that Firm Size has a positive and significant effect on Going Concern Audit Opinion, meaning that larger firms are more likely to receive a going concern audit opinion.

The third hypothesis (H3) states that liquidity has a negative effect on the going concern audit opinion. However, the Wald test results show a significance value of 0.835 ($p > 0.05$), indicating that the effect is not statistically significant. Therefore, H3 is rejected. Although the regression coefficient is negative (-0.017), indicating a negative relationship, liquidity does not have a significant effect on the going concern audit opinion.

Table 7.
Partial Test Results

Variables in the Equation							
		B	SE	Wald	df	Sig.	Exp(B)
Step 1a	Audit Quality	-,825	,438	3,558	1	,059	,438
	Company Size	,475	,046	106,428	1	,000	1,607
	Liquidity	-,017	,083	,043	1	,835	,983
	Constant	-9,986	1,157	74,517	1	,000	,000

a. Variable(s) entered on step 1: Audit Quality, Company Size, Liquidity.

Source: SPSS Output, 2026

3) Simultaneous Tests (Omnibus Tests of Model Coefficients)

The results of the Omnibus Tests of Model Coefficients obtained a Chi-square value of 314.698 with df = 3 and a significance level of 0.000. At the significance level $\alpha = 0.05$, the significance value obtained is less than 0.05 ($0.000 < 0.05$). This shows that independent variables, namely Audit Quality, Company Size, and Liquidity, simultaneously have a significant effect on the Going Concern Audit Opinion.

Table 8.
Simultaneous Test Results

Omnibus Tests of Model Coefficients				
		Chi-square	**df**	**Sig.**
Step 1	Step	314,698	3	,000
	Block	314,698	3	,000
	Model	314,698	3	,000

Source: SPSS Output, 2026

Discussion

The results indicate that audit quality has a significant negative effect on going concern audit opinions. This implies that companies audited by higher-quality auditors have a lower probability of receiving a going concern audit opinion compared to others.

The finding that audit quality has a significant negative effect on going concern audit opinions supports Agency Theory, which posits that external auditing serves as an effective monitoring mechanism to reduce information asymmetry and agency conflicts between managers and shareholders. High-quality auditors are more likely to enhance financial reporting credibility, strengthen corporate governance, and constrain opportunistic managerial behavior. As a result, firms audited by higher-quality auditors tend to exhibit lower financial distress risk, thereby reducing the likelihood of receiving a going concern audit opinion.

Theoretically, this result reinforces the role of audit quality as a key governance mechanism in mitigating agency problems and extending the literature on the determinants of going concern audit opinions. Practically, the findings suggest that companies should prioritize engaging high-quality auditors to enhance credibility and investor confidence. For investors and regulators, audit quality can serve as an important indicator in assessing firm sustainability and financial reporting reliability.

The results indicate that firm size has a significant positive effect on going concern audit opinions, suggesting that larger companies are more likely to receive such opinions. According to signaling theory (Spence, 1973), firm size is commonly perceived as a signal of stability and financial strength, as larger firms typically possess greater resources and better access to external financing. However, the positive relationship found in this study suggests that larger firms may also face greater operational complexity and broader business risks, prompting auditors to exercise greater caution when evaluating the entity's going concern status.

Theoretically, this finding challenges the conventional assumption within signaling theory that firm size consistently reflects lower financial risk, thereby enriching the literature on the determinants of going concern audit opinions. Practically, the results imply that company size alone cannot be relied upon as an indicator of financial sustainability. Investors should not automatically associate larger firms with lower going concern risk, and auditors must continue to apply rigorous professional judgment regardless of firm size.

The results indicate that liquidity does not have a significant effect on going concern audit opinions. This suggests that higher liquidity does not necessarily reduce the likelihood of receiving a going concern audit opinion.

Theoretically, liquidity reflects a firm's ability to meet its short-term obligations, and low liquidity is commonly associated with an increased risk of financial distress that may trigger a going concern opinion. However, the findings of this study demonstrate that liquidity alone is not a decisive factor in the auditor's assessment. Auditors are likely to evaluate the company's overall financial condition—such as cash flows, profitability, solvency, and future business prospects—before issuing a going concern audit opinion.

From a theoretical perspective, this result contributes to the literature by suggesting that single financial ratios may not adequately explain going concern judgments, thereby supporting a more comprehensive, multi-dimensional assessment framework. Practically, the findings imply that management should not rely solely on improving liquidity ratios to avoid

a going concern opinion. Investors and regulators should also consider broader financial indicators when assessing a firm's sustainability and financial health.

CONCLUSION

Based on the results and discussion regarding the effects of audit quality, firm size, and liquidity on going concern audit opinions, several conclusions can be drawn. First, audit quality has a significant negative effect on going concern audit opinions; therefore, H1 is supported. Second, firm size has a significant positive effect on going concern audit opinions, indicating that larger firms have a higher probability of receiving such opinions; thus, H2 is rejected. Third, liquidity does not have a significant effect on going concern audit opinions; therefore, H3 is rejected.

Simultaneously, the logistic regression model explains the variation in going concern audit opinions with a Nagelkerke R Square value of 0.783 (78.3%), while the remaining 21.7% is explained by other variables outside the research model.

This study offers several contributions. For companies, the findings highlight the importance of engaging high-quality auditors and strengthening overall financial performance, rather than relying solely on firm size or liquidity indicators, to mitigate the risk of receiving a going concern opinion. For government and regulators, the results emphasize the need to enhance audit quality standards and oversight mechanisms to ensure the effectiveness of external monitoring in capital markets. For investors and other stakeholders, audit quality and firm characteristics should be carefully considered when assessing a firm's sustainability and financial risk.

This study also has several limitations. The independent variables are limited to audit quality, firm size, and liquidity, whereas other factors—such as digital technology adoption, profitability, firm growth, leverage, cash flow, and macroeconomic conditions—may also influence the issuance of going concern audit opinions. Therefore, future research is encouraged to incorporate additional variables, including digital transformation, profitability, leverage, and cash flow, to provide a more comprehensive understanding of the determinants of going concern audit opinions.

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