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THE INFLUENCE OF AUDIT STANDARD COMPLIANCE AND GOING CONCERN ON AUDIT OPINIONS

Farra Ayu Bestari, Herman Ruslim
Universitas Tarumanagara, Indonesia
Email: farra.126232153@stu.untar.ac.id, hermanr@fe.untar.ac.id

ABSTRACT

The issuance of going concern audit opinions plays a crucial role in informing stakeholders about a company's sustainability, especially in sectors with consistent consumer demand such as the non-cyclical consumer industry. In light of the economic disruptions during and after the pandemic, concerns regarding financial stability and compliance with auditing standards have grown more prominent. This study aims to analyze the influence of financial performance—specifically liquidity, solvency, and activity ratios—on the issuance of going concern audit opinions in non-cyclical consumer companies listed on the Indonesia Stock Exchange from 2021 to 2023. Employing a quantitative approach, the study uses secondary data from 327 companies, with 264 selected through purposive sampling based on predefined criteria. Data analysis was conducted using logistic regression and descriptive statistical techniques with SPSS version 26. The results indicate that liquidity and solvency have a positive and significant effect on the likelihood of receiving a going concern audit opinion, whereas activity ratios show no significant impact. These findings emphasize the importance of financial health in determining auditor judgments regarding business continuity. The study contributes to the existing literature by providing empirical evidence within the context of Indonesian capital markets and offers practical insights for auditors, investors, and corporate managers regarding financial signals that influence audit opinions.

KEYWORDS *audit opinion, going concern, liquidity, solvency and consumer non cylical companies*

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INTRODUCTION

Ever-evolving science has created new dynamics in various sectors, including the industrial world in Indonesia. This development raises the need for high transparency and accountability in the Company's financial management. In this context, financial statements are an important instrument that not only reflects the Company's financial position and performance but also serves as the main

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communication medium between the Company and stakeholders such as investors, creditors and regulators. The credibility of financial statements that can be ensured through external audits is the key to maintaining public trust and the continuity of the Company.

Independent auditors have a central role in the audit process by providing opinions that reflect the fairness of financial statements. When carrying out their duties, auditors are required to comply with applicable audit standards to ensure early detection of potential fraud or dishonesty that may affect financial statements. One of the important aspects assessed by the auditor is the *condition of going concern*, namely the Company's ability to maintain business continuity in the future era. Auditors' opinions regarding *going concerns* have a significant impact on investor and other parties' confidence in the audited entity.

But in practice, auditors often face various challenges that can affect audit quality and compliance with applicable standards. The complexity of the entity, time constraints and the independence of the auditor are some of the issues that need to be overcome to produce a trustworthy audit opinion. Such opinions may be in the form of Reasonable Without Exception, Reasonable Without Exception, Unreasonable or *Disclaimer of Opinion*, depending on the conditions found during the audit. Based on the importance of this aspect, this research aims to examine the impact of compliance with audit standards and *going concern* on audit opinions in industries listed on the IDX.

Audit standards are an important foundation in the implementation of audits to ensure the quality, professionalism, and reliability of the audit process carried out by independent auditors. These standards cover three main aspects: general standards, field conduct standards, and reporting standards, all of which are designed to ensure audits are conducted with competence, integrity, and transparency. In the context of *going concern*, Audit Standard 570 regulates the evaluation of an entity's ability to continue its business in the near future, including the identification of business continuity risks, the collection of evidence, and the submission of relevant opinions.

The assumption of *going concern* is the basis for financial reporting of an entity. The auditor is responsible for conducting business continuity evaluations based on Audit Standard 570, which includes risk assessment, understanding of management plans, and collection of supporting evidence. If the auditor finds significant doubts about the viability of the business, a clear disclosure must be made to provide early warning to stakeholders. The evaluation *of going concern* not only aims to maintain the fairness of financial statements, but also strengthens public confidence in the quality of audits and financial information produced.

The audit opinion is the final result of the evaluation stage of the financial statements from the independent auditor, which reflects the fairness of the report based on applicable accounting standards. In the context of *going concern*, the auditor's opinion is very important to provide transparent information regarding the entity's ability to continue its business. The auditor may provide a reasonable opinion without exception through emphasis paragraphs, unreasonable opinions, or even rejection of opinions depending on the level of materiality and adequacy of disclosure by management. By adhering to applicable standards, auditors help stakeholders understand the risks an entity faces and make appropriate decisions based on credible financial statements.

Previous studies have shown that financial indicators such as liquidity and solvency significantly affect the issuance of going concern audit opinions. Wardani and Puspitasari (2021) found that liquidity negatively influences going concern opinions, while solvency shows a significant positive impact. Meanwhile, Safitri and Sari (2020) emphasized that compliance with auditing standards plays a crucial role in ensuring audit quality and accurate opinion issuance, especially in companies facing financial distress. This study offers novelty by combining the effects of compliance with auditing standards and going concern indicators on audit opinion simultaneously, specifically focusing on the non-cyclical consumer industry, which is generally more stable but still vulnerable to economic shocks. By observing the post-pandemic period (2021–2023), this research captures recent dynamics in auditors' decision-making processes under economic uncertainty, providing updated insights into the field of audit and financial reporting.

Based on the theory used to describe this research problem entitled "The Effect of Audit Standard Compliance and *Going Concern* on Audit Opinion (Study on Non-Cyclical Consumer Companies Listed on the IDX for the 2021-2023 Period)," below is the effect based on independent variables on dependent variables.

The theoretical framework that provides a description of the impact of independent variables on dependent variables is as follows:

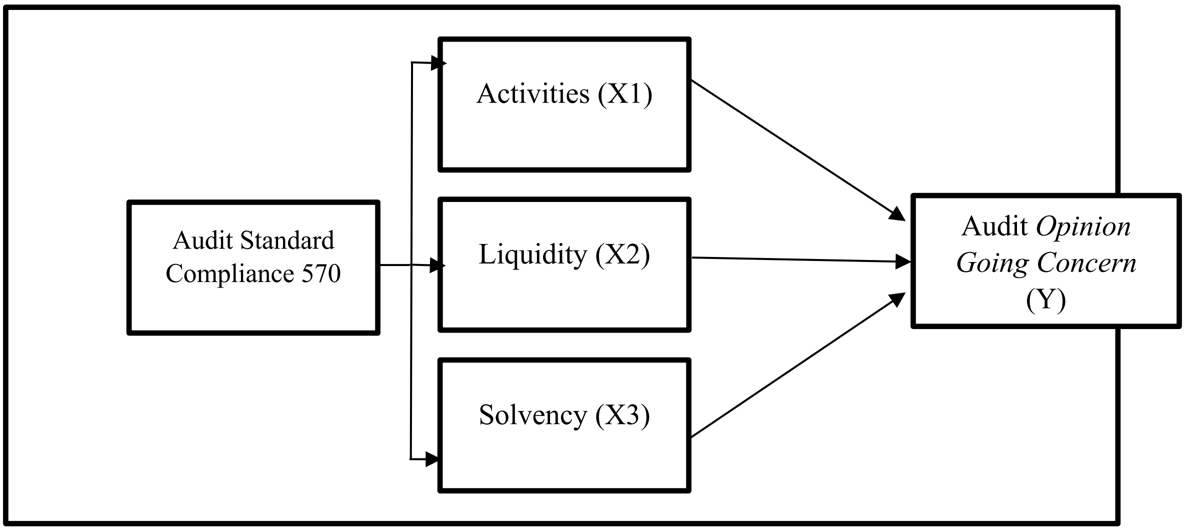

Figure 1. Frame of Tought

H1 : Activities affect in a positive and significant way the Audit Opinion *Going Concern*
H2 : Liquidity affects in a positive and significant way the Going Concern Audit Opinion
H3 : Audit Solvency Affects in a Positive and Significant Way the Audit Opinion *Going Concern*

RESEARCH METHOD

The population in this research is the Non-Cyclical Consumer Industry listed on the IDX for the 2021-2023 period, which is 327 industries. The determination of *sampling* in this research is to use *the purposive sampling* method to determine the sample to be researched. *Purposive sampling* is determining samples with special criteria. There are also a number of criteria used in *purposive sampling* in this research, namely the following:

Table 1. Criteria used in *purposive sampling*

Yes	Information	Sum
1	Financial statements listed on the IDX for the 2021-2023 period	-36
2	Industries that present audited financial statements for the 2021-2023 period	-18
3	Financial statements presented in rupiah currency	-9
	Total Population	327
	Numbers that do not meet the criteria	-63
	Number of Samples	**264**

In this study, data was analyzed through the application of descriptive statistical methods and logistic regression. In this research, descriptive statistical analysis was used to obtain minimum values, maximum values, averages, and standard deviations. Logistic regression was used in this research because the dependent variables used had *a dummy* nature using the SPSS statistical program version 26. Based on Ghozali (2018:325), *logistic regression* analysis is a regression method used to test whether independent variables are able to predict the probability of the occurrence of dependent variables.

Logistic regression does not require a normal distributed independent variable (Ghozali, 2018:325). Therefore, logistic regression analysis does not require normality tests, heteroscedasticity tests, and classical assumption tests in their independent variables. Logistic regression analysis has 4 tests such as Providing an Overall Model Fit Assessment, Conducting a Regression Model Feasibility Test (Goodness of Fit Test), Determination Coefficient (Nagelkerke's R Square) and Classification Matrix (Ghozali, 2018 332-334).

RESULT AND DISCUSSION

Table 2. Statistical Descriptive Test

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Aktivitas	264	.02	7.70	1.2495	.96620
Likuiditas	264	.00	9.49	.5897	1.09056
Solvabilitas	264	.00	2.27	.4900	.29760
Valid N (listwise)	264				

Source : Data Processing Results 2024

Based on the results of descriptive statistics in table 4.1 related to the independent variable of activity, it shows a minimum value of 0.02 and a maximum value of 7.70 with an average of 1.2495, the liquidity variable shows a minimum value of 0.00 and a maximum value of 9.49 with an average value of 0.5897, and the solvency variable shows a minimum value of 0.00 and a maximum value of 2.27 with an average value of 0.4900.

Table 3. Descriptive Test (Frequency)

Opini Going Concern

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Opini Non Going Concern	88	33.3	33.3	33.3
	Opini Going Concern	176	66.7	66.7	100.0
	Total	264	100.0	100.0	

Source : Data Processing Results 2024

Based on Table 3, the results of the descriptive statistical analysis of the frequency of the audit *opinion variable going concern* (OGC) prove that the frequency of the appearance of audit *opinion going concern* is as much as 66.7% (176/264) of the company data studied. Meanwhile, the frequency of *non-going concern* opinions was as much as 33.3% (88/264) of the company data studied.

Table 4. Overall Model Fit Test (Iteration History)

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	336.121	.667
	2	336.079	.693
	3	336.079	.693

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 336.079

c. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	324.288[a]	.044	.061

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

Source : Data Processing Results 2024

The results of the overall model fit test are presented in Table 4. Based on the results of the table, the comparison between -2Log likelihood (Block number = 0) and -2Log likelihood (Block number = 1) indicates a decrease, so H0 is accepted. This indicates that the regression model is getting better at predicting the giving of going concern audit opinions after including independent variables in the model, which has a significance rate of α = 5%. A decrease of 303,791 (336,079 - 324,288) indicates an improvement in the quality of the regression model.

Table 5. Uji l Goodness of Fit Test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	5.464	8	.707

Source : Data Processing Results 2024

The results of the goodness of fit test are presented in Table 5 In the table of the results of the hosmer and lemeshow goodness of fit test, the significance value of 0.707 > 0.05 proves the significance value of 0.707 0.05. Therefore, the regression model is considered feasible and able to predict the observation value.

Table 6. Test l Nagelkerke's R Square

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	324.288[a]	.044	.061

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

Source : Data Processing Results 2024

The results of the nagelkerke r square test are presented in Table 6. Based on this, which resulted from the logistical regression analysis using SPSS, the value of the determination coefficient of nagelkerke's r square was 0.171. This value indicates that the variables of activity, liquidity and solvency affect 0.61% of the audit opinion variables *Going Concern*. Meanwhile, a total of 99.39% was influenced through other variables that were not present in this research.

Table 7. Audit Opinion Classification Test

Classification Table[a]

Observed			Predicted: Opini Going Concern - Opini Non Going Concern	Predicted: Opini Going Concern - Opini Going Concern	Predicted: Percentage Correct
Step 1	Opini Going Concern	Opini Non Going Concern	5	83	5.7
		Opini Going Concern	6	170	96.6
	Overall Percentage				66.3

a. The cut value is .500

Source : Data Processing Results 2024

The resulting classification matrix can be found in Table 7. Based on this, the logistics regression model has the ability to predict the provision of going *concern audit opinions and* non-going concern *audit opinions* of 66.3%. The probability of the industry receiving an audit *opinion going concern* is 96.6% based on a total of 264 data samples, while the probability of companies receiving *a non-going concern audit opinion* is 5.7% of the total number of 264 data samples.

Table 8. Partial Hypothesis

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Aktivitas	-.126	.135	.870	1	.351	.882
	Likuiditas	-.319	.139	5.300	1	.021	.727
	Solvabilitas	-1.535	.533	8.309	1	.004	.215
	Constant	1.812	.388	21.821	1	.000	6.120

a. Variable(s) entered on step 1: Aktivitas, Likuiditas, Solvabilitas.

Source : Data Processing Results 2024

Based on Table 8, the results of the partial hypothesis test show:

$$Y = 1.812 + -0.126\ (X1) + -0.319 + 1.535 + e$$

1. The constant (α) has a coefficient of 1,812, which means that if the independent variables of activity, liquidity and solvency have a fixed value, as a result the likelihood of the industry receiving going concern audit opinions from external auditors will decrease by 1,812.
2. The activity variable proves the value of the coefficient of -0.126 which has a significance value of 0.351. The results prove that the activity variable does not significantly affect the audit opinion of *going concern.*
3. The liquidity variable proves the value of the regression coefficient of -0.319 which has a significance value of 0.021. As a result, it proves that liquidity significantly affects the audit opinion *of going concern.* The value of the regression coefficient of -0.319 assumes the addition of a liquidity variable which assumes that other variables are given a constant assumption as a result of the tendency of the auditor to determine the audit opinion *going concern* decreased by -0.319%.
4. The solvency variable proves the value of the regression coefficient of -1.535 which has a significance value of 0.004. The result proves that solvency affects in a significant way the audit opinion *of going concern.* The value of the regression

coefficient is -1.535 which assumes the addition of solvency variables which assumes that other variables are given constant assumptions as a result of the tendency of the auditor to determine the audit *opinion going concern* there is a depreciation of -1.535%.

The Influence of Activity on Audit Opinion Going Concern

Based on the results of the research above, if the activity variable indicates a significant value of 0.351 > 0.05, which means that the activity variable does not affect the audit opinion *Going Concern*, this proves that some industries have *Asset turnover* which is low, therefore this has an effect on the company's profit which decreases. Therefore, in this case, the industry has not used its assets properly, as a result, it has not been maximized to provide income. The decline in a company's sales shows that industrial operational activities have not taken place optimally. The decline in income from the company's activities shows a tendency to be unable to maintain business continuity or identify the direction of bankruptcy. This is the same as the results of research carried out by Ambar and Eny (2022) which provided a statement that activity variables do not affect the audit opinion *going concern.*

The Effect of Liquidity on Going Concern Audit Opinion

Based on the results of previous research, if the liquidity variable indicates a significant value of 0.021 < 0.05 which means that if the liquidity variable affects in a positive and significant way the audit *opinion of going concern*, this matter shows that if the high liquidity of an industry can be used properly to become a profit, therefore the repayment of short-term obligations obtained can run with Well, with that the auditor wants to explain the opinion of *going concern* for the industry. This is the same as the results of research conducted by Evy and Muhyarsyah (2022) who provided a statement that liquidity variables affect the audit opinion *going concern.*

The Effect of Solvency on Audit Opinion Going Concern

Based on the results of previous research, if the solvency variable indicates a significant value of 0.004 < 0.05 which means that if the solvency variable affects in a positive and significant way the audit opinion *going concern*, it shows that the long-term loans obtained by the industry are able to be managed properly to become the company's income, therefore if the company's long-term loan level is high and The industry is able to pay these long-term responsibilities well as a result of which auditors want to tend to give a going *concern opinion*. These results are the same as the results of research conducted by Ruhyat and Aceng (2023) which provided a statement that solvency variables affect the audit *opinion going concern.*

CONCLUSION

Based on the results of a research test that discusses "The Effect of Audit Standard Compliance and Going Concern on Audit Opinions (Study on Non-Cyclical Consumer Companies Listed on the Indonesia Stock Exchange for the 2021-2023 Period)," the following conclusions can be drawn: 1. Activities do not have an impact on the audit opinion of going concern in the Consumer Non-Cyclical sector industry listed on the IDX during the 2021-2023 period. 2. Liquidity has a positive and significant impact on the audit opinion of going concern in the Consumer Non-Cyclical sector industry listed on the IDX throughout 2021–2023. 3. Solvency shows a positive and significant impact on the audit opinion going concern in the Consumer Non Cyclical sector industry listed on the IDX for the period 2021–2023.

Based on the results of the research test that discusses "The Effect of Audit Standard Compliance and Going Concern on Audit Opinions (Study on Non-Cyclical Consumer Companies Listed on the Indonesia Stock Exchange for the 2021-2023 Period)," the following suggestions can be formulated: 1. In order to ensure business continuity and avoid potential losses, the company prepares financial statements that have been investigated by independent auditors, Monitor financial conditions comprehensively, and fulfill obligations in the form of short-term or long-term debt repayment. 2. Future research is recommended to consider other variables that have an impact on going concern opinions, so that they can be used as a reference in research and compared with previous research results.

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