

The effect of profitability, financial distress, debt default, audit client tenure, audit lag on going concern audit opinion

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Abstract

This study investigates the impact of profitability, financial distress, debt default, audit client tenure, and audit lag on going concern audit opinions. The research focused on 46 manufacturing companies across various industrial sectors listed on the Indonesia Stock Exchange from 2019 to 2023, with 24 companies selected as research samples. A quantitative associative method was employed for the research, using purposive sampling for participant selection. The data analysis involved descriptive statistical analysis, logistic regression analysis, and hypothesis testing through the Wald test (partial t-test) and the determination test. The findings reveal that profitability has a significant adverse effect on going concern audit opinions. In contrast, financial distress and debt default have a significantly positive impact on going-concern audit opinions. However, audit client tenure and audit lag do not considerably affect going concern audit opinions. The managerial implications suggest that company management should pay closer attention to profitability, financial health, and debt management to avoid receiving a going concern audit opinion, which could potentially undermine investor confidence.

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Abstrak

Penelitian ini mengkaji pengaruh profitabilitas, kesulitan keuangan, default utang, masa audit klien, dan jeda waktu audit terhadap opini audit mengenai keberlanjutan usaha (going concern). Penelitian ini fokus pada 46 perusahaan manufaktur dari berbagai sektor industri yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2019 hingga 2023, dengan 24 perusahaan dipilih sebagai sampel penelitian. Metode yang digunakan adalah pendekatan kuantitatif dengan analisis asosiasi, serta pengambilan sampel purposive untuk penentuan peserta. Analisis data meliputi analisis statistik deskriptif, regresi logistik, dan pengujian hipotesis melalui uji Wald (t-test parsial) serta uji determinasi. Hasil penelitian menunjukkan bahwa profitabilitas memiliki pengaruh negatif yang signifikan terhadap opini audit mengenai keberlanjutan usaha. Sebaliknya, kesulitan keuangan dan default utang memiliki pengaruh positif yang signifikan terhadap opini audit tersebut. Namun, masa audit klien dan jeda waktu audit tidak berpengaruh secara signifikan terhadap opini audit mengenai keberlanjutan usaha. Implikasi manajerial yang dapat diambil adalah bahwa manajemen perusahaan perlu memperhatikan dengan lebih serius aspek profitabilitas, kesehatan keuangan, dan pengelolaan utang untuk menghindari opini audit going concern, yang berpotensi mengurangi kepercayaan investor.

Kata Kunci Profitabilitas, Kesulitan Keuangan, Gagal Bayar Utang, Masa Kerja Klien Audit, Keterlambatan Audit, Opini Audit Kelangsungan Usaha

1. Introduction

The continuity of a company's business is essential for stakeholders, especially investors. Investors carry out investment activities to fund the company and then hope to generate profits from the process in the future. Therefore, investors make an investment decision by first understanding the company's financial condition through financial reports. Financial reports are a communication medium used by companies to provide information to interested parties such as investors. To increase the trust of users of financial reports in the performance of a company, the company makes a policy that public accountants audit the financial reports. Suppose a company uses the services of a public accounting firm (KAP) to audit the company's financial reports. In that case, the level of trust of report users will increase, so that the audit opinion given is very important for the survival of the company (Wijaya & Yanti, 2021).

Business continuity is a vision and mission that a company must achieve from its inception. In this case, the role of the auditor will provide an evaluation in terms of finance and the business sector listed in the audited report. Investors will use the audit opinion as the basis for information in making the right investment policy for a company (Nadzif & Durya, 2022). A going concern audit opinion is an opinion issued by an auditor because it assumes that the company is unable to maintain its business continuity. On the other hand, if there is certainty about the continuity of its business, the auditor will provide a non-going concern audit opinion (Zalogo & Duho, 2022).

An auditor issues a going-concern audit opinion to ensure that a company can maintain its business continuity or not. The provision of a going concern audit opinion will help the public or investors in assessing the company's financial condition. Doubts about a company's business continuity are an indication that the company will go bankrupt. If the financial statements are

prepared using basic assumptions regarding going concern, it means that the company is likely to survive in the long term (Rahmayani, 2020).

A going concern audit opinion symbolizes a negative signal; conversely, a non-going concern opinion symbolizes a positive signal as a sign that the company is in good and sustainable condition. The company does not expect the issuance of a going concern audit opinion because it will have an impact on the decline in stock prices, which may lead to distrust among investors, creditors, customers, and employees in the company's management. (Pestaria & Fitriani, 2023). The going concern audit opinion received by a company indicates the existence of conditions and events that raise auditor doubts about the company's survival. One of the considerations that needs to be considered by the auditor in providing a going concern opinion is predicting whether the auditee will go bankrupt or not (Harto & Juwitasari, 2019). The going concern audit opinion variable is measured using a dummy variable. A value of 1 is given to companies that obtain a going concern opinion, then a value of 0 is given to companies that do not obtain a going concern opinion (Nadzif & Durya, 2022).

The Indonesia Stock Exchange (IDX) delists shares of public companies for two reasons: first, the company has experienced conditions or events that have a negative and significant impact on the public company's stock market or the continuity of the company's financial business or legal continuity. According to the data, the situation of public companies has not improved. Second, due to the temporary suspension of the regular market and money market, the shares of these public companies have only been traded on the stock exchange for at least the last 24 months (Budiantoro et al., 2022).

Another factor that can affect the going concern audit opinion is the company's inability to pay its debts (debt default). Debt default is often interpreted as the failure of the debtor to meet the principal and/or interest payments when due. The main factor that the auditor will examine to assess the financial health of the company is the company's debt status. When the amount of the company's debt is large, the company's cash flow will be allocated to cover its debts, thus hampering the continuity of the company's operations. Debt default is given by the auditor when the company is unable to pay off its debts (Putri & Helmayunita, 2021).

The default status makes it more likely that the auditor will give a going-concern opinion. If a company has much debt, then more of its cash flow will be used to pay off the debt, which can hinder the company's operations. If the company is unable to pay off its debt at that time and fails to make the debt payment according to the agreement, the creditor will usually give the company a "default" status (Putri & Astuti, 2023). If a debt default occurs, then the company is likely to go bankrupt. When the company's management cannot calculate the company's financial ratio which is in a bad condition due to the value of its debt being higher than its current assets, this indicates that the company's operational cash flow is used to cover its debt which fails a company's business entity operations (Sakti, 2022). The debt default variable is calculated using the liquidity ratio formula. In this case, the liquidity ratio is measured by the current ratio (CR). This is because the CR ratio measures the company's ability to pay its short-term debt with its current assets. (Oktaviani & Challen, 2020).

Financial distress can occur due to influences from within the company (internal) and from outside the company (external). Factors that cause companies to experience financial distress from within the company (internal) include cash flow difficulties, large amounts of debt, and losses in the company's operational activities for several years. External factors, such as

government policies, can increase the company's burden. Similarly, increasing interest rate policies can increase the interest burden borne by the company (Rahmayani, 2020). The next factor that can be used to evaluate the survival of a company is Audit Client Tenure. Audit Client Tenure is the term of the engagement between the KAP and the same auditee. Anxiety about losing many wages (fees) will raise doubts for auditors to provide a going concern audit opinion to their clients. Thus, the auditor's independence will be affected by the length of the engagement between the KAP and the same auditee (Hastuty & Azzahra, 2020).

2. Theoretical background and hypothesis

Agency theory

According to agency theory, delegation of responsibility to managers can cause conflicts of interest, where managers do not maximize investor welfare, but tend to prioritize personal interests at the expense of investor interests. This difficulty can be overcome by involving other parties, in this case, independent (external) auditors, to assess the manager's competence in terms of reducing knowledge asymmetry between the two parties. The auditor is responsible for providing comments on the fairness of the company's financial statements and identifying potential issues with the company's business continuity (Putri & Astuti, 2023). The conclusion of agency theory has strong relevance to going concerns regarding audit opinions because it can help understand the complexity and dynamics behind the process of providing audit opinions by independent auditors. In dealing with going-concern conditions, agency theory can help identify potential conflicts of interest between company owners and management and underscore the importance of the auditor's independent role in providing a neutral view of the company's business continuity (Fajrillah & Lestari, 2023).

Financial reports

Every company or institution at the end of the business period will prepare financial reports, which are then reported to interested parties. According to Hery (2021), "financial reports are the result of an accounting process that can be used as a tool to communicate financial data or company activities to interested parties". Sujarweni (2019) said that financial reports are records of an entity's financial information at a particular time and can provide information about the entity's financial performance.

Auditing

According to Agoes (2018), auditing is an examination carried out critically and systematically by an independent party on financial statements that have been prepared by management, along with bookkeeping records and supporting evidence, to provide an opinion on the fairness of the financial statements. Meanwhile, Arens et al (2017) define auditing as the process of collecting and assessing evidence or evaluating evidence about information to determine and report the level of conformity between the information and the established criteria. Competent and independent people must carry out auditing.

Going concern audit opinion

Going concern is the assumption that an entity will continue to operate in the foreseeable future without significant objection or disruption. The auditor gives the going concern audit opinion to

indicate whether the entity can survive for a reasonable period, usually at least one year into the future (Zalikha et al., 2024). A going concern audit opinion is defined as an opinion issued by the auditor because it assumes that the company is unable to maintain its business continuity. Conversely, if there is certainty regarding the continuity of its business, the auditor will provide a non-going concern audit opinion (Zalogo & Duho, 2022). The issuance of this going concern audit opinion is very necessary and helpful for users of financial statements when making investment decisions, because investors, when they are going to provide capital, need to review the operational conditions of the company first, especially those directly related to the continuity of their business (Nadzif & Durya, 2022). The going concern audit opinion is given by the KAP (auditor) to the company when the company is unable to maintain its business continuity; conversely, if there is certainty regarding the continuity of its business, the auditor will provide a non-going concern audit opinion (Zalogo & Duho, 2022).

Profitability

According to Kasmir (2019), "the profitability ratio is a ratio to assess the company's ability to seek profit". This ratio also provides a measure of the level of effectiveness of a company's management. Meanwhile, according to Hery (2018), "the profitability ratio is a ratio used to measure a company's ability to generate profits from its normal business activities".

Financial distress

Financial distress is a condition where a company experiences a financial crisis because it cannot manage its operations, resulting in operating cash being smaller than its operating profit. In other words, the company is having difficulty paying its debts. Indications of financial distress can be seen from a company's financial performance. If the company's financial report shows a loss in annual profit and still has obligations that must be settled, the auditor can provide a going concern opinion on the company (Wijaya & Yanti, 2021). Financial distress is a stage of decline in financial conditions that occurs before bankruptcy or liquidation. Financial distress is reflected in the company's inability to pay obligations that have matured. Indicators of financial distress include negative numbers in the operating profit report, net profit, and book value of equity (Sudarmadi, 2021).

Debt default

Debt default is described as the inability of a company as a debtor to pay off the principal and interest when the deadline is due, or failure to pay debts or inability to fulfill debt agreements when due. Third-party loans are needed to support the company's operational activities. This loan creates debt that must be repaid by the company when it is due according to the terms of the agreement, in the short or long term. When a company fails to pay its obligations by the due deadline, the company is included in the default criteria (Putri & Astuti, 2023). Debt default is defined as the failure of a company to pay the principal and/or interest when due. Debt default is a concerning indicator that auditors widely use in assessing the viability of a company. Company debt is the first factor examined by auditors to measure the financial health of a company (Rahmayani, 2020).

Audit client tenure

Audit client tenure is the number of years an auditor has been involved in auditing a company's financial statements at the same company. Auditors who have tenure at the same company in the last few years are concerned that the auditor's independence will be compromised (Puspaningsih & Analia, 2020). Audit tenure is the period of engagement between the auditor and the client, namely the length of time an auditor audits the client company. Audit tenure is also defined as the length of time of cooperation between the KAP (Public Accounting Firm) and the same auditee. When auditors have a long-term relationship with their clients, this will encourage a better understanding of the client's financial condition. Therefore, they will be able to detect concerning problems (Apriliana et al., 2023).

Audit lag

Audit lag is the number of days calculated between the date of the financial statements and the date the independent auditor's report is issued, which shows the length of time an auditor takes to complete an audit (Saraswati & Parasetya, 2022). Audit lag can be defined as the period for completing the implementation of the annual financial independent audit report measured by the number of days required to obtain the independent auditor's report on the company's annual financial statement audit from the closing date of the financial year, namely December 31 to the date stated in the independent auditor's report. Audit lag can affect the accuracy of published information, which will affect a decision made based on information that is published late (Afnan et al., 2020).

Hypothesis

The effect of profitability on going concern audit opinion

Profitability shows a company's ability to generate profit or gain. The level of company profitability is generally measured using the return on assets (ROA) ratio. A high ROA level indicates the effectiveness and efficiency of the use of the company's assets. The higher the ROA of a company, the less likely the company is to face financial difficulties. Conversely, a low ROA level will make it more likely for the company to experience going-concern problems (Sari, 2020). Auditors must be able to objectively assess the condition of the company, including its profitability. Auditors must be free from conflicts of interest; in other words, they must be neutral (independent) and not take sides or lean towards one of the interests of the parties in a company's agency contract (Anggraini et al., 2021). Research conducted by Zalikha et al (2024), Parameswari et al (2023), and Zalogo & Duho (2022) states that profitability affects going concern audit opinion. Based on the explanation above, the hypothesis in this study is as follows.

H1: Profitability hurts the going concern audit opinion.

The effect of financial distress on going concern audit opinions

Financial distress is a condition where a company experiences a financial crisis due to the inability to manage its operations, resulting in operating cash being smaller than its operating profit. In other words, the company has difficulty paying its debts. Indications of financial distress can be seen from the company's financial performance. Suppose in financial statements the company experiences a loss in annual profit and still has obligations that must be paid. In

that case, the auditor can provide a going-concern opinion on the company (Wijaya & Yanti, 2021). Based on agency theory, financial conditions are the responsibility of the agent to the principal. If the company experiences financial distress and no corrective actions are taken, the risk of bankruptcy can increase and lead to the liquidation of the company. The worse the financial condition, the more likely the company is to receive a going concern audit opinion (Nurlistantyo & Wulandari, 2024). Research conducted by Fajrillah & Lestari (2023), Aghisna et al (2023), and Rahmayani (2020) states that financial distress affects going-concern audit opinions. Based on the explanation above, the hypothesis in this study is as follows.

H2: Financial distress has a positive effect on the going concern audit opinion.

The effect of debt default on going concern audit opinion

Debt default is the failure of a company to meet its debts and/or interest when due. The company's difficulty in fulfilling debt agreements, default in payments, and violations clarify the going concern problem of a company. Companies that get debt default status can increase the risk of doubts about the company's business continuity and the possibility that the auditor will provide a modified going-concern audit opinion (Putri & Helmayunita, 2021). Research conducted by Fajrillah & Lestari (2023), Budiantoro et al. (2022), and Rahmayani (2020) states that debt default influences the going concern audit opinion. Based on the explanation above, the hypothesis in this study is as follows.

H3: Debt default has a positive effect on the going concern audit opinion.

The effect of audit client tenure on going concern audit opinion

Audit client tenure is the number of years that the KAP has been engaged in an audit at the same company. However, when the auditor has a long-term work contract, the relationship can reduce independence because the auditor sees that the client can be a source of income. The level of audit quality can be measured from the going concern audit opinion given. The longer the auditor's relationship with the client, the lower the disclosure of the company's inability to maintain its business continuity. This will affect the acceptance of audit opinions in the company (Saraswati & Parasetya, 2022). Research conducted by Saraswati & Parasetya (2022), Rahmayani (2020), and Oktaviani & Challen (2020) states that Audit Client Tenure affects going concern audit opinions. Based on the explanation above, the hypothesis in this study is as follows.

H4: Audit Client Tenure has a positive effect on the likelihood of going concerning audit opinions.

The effect of audit lag on going concern audit opinions

The audit report lag is the period between the end of a company's fiscal year and the date the opinion is issued on the audited financial statements. The longer the audit report lags, the less relevant the information in the financial statements will be because timeliness can increase the relevance of a financial statement (Clara & Purwasih, 2022). Delays in publishing financial statements can be less profitable for investors, which can lead to misunderstandings of information in the market, insider trading, and rumors, resulting in confusion in information and can have fatal consequences for the continuity of its business (Sari, 2020). Based on agency theory, in this case, agents have an important role in the accuracy of the issuance of annual financial statements so that there are no delays in the publication of financial statements, so that capital owners (principals) as users of financial statements can use financial statements as

they should for decision-making purposes (Nurlistantyo & Wulandari, 2024). Based on the explanation above, the hypothesis in this study is as follows.

H5: Audit Lag has a positive effect on going-concern audit opinions.

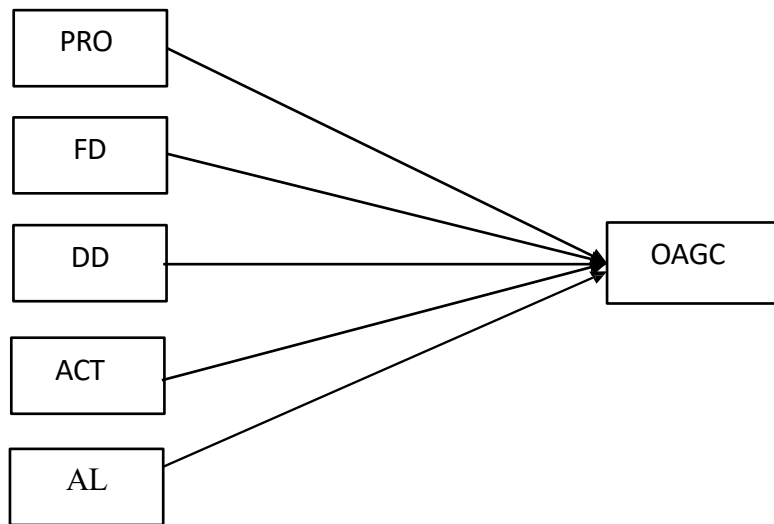


Figure 1. Framework of Thinking.

3. Methods

3.1. Sample and procedures

This study uses a quantitative approach with an associative research type. The population in this study was all companies in the various industrial sectors listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period, totaling 46 companies. The sampling technique used was purposive sampling, which is a sampling method based on specific criteria relevant to the research objectives.

The sample criteria in this study are:

1. Companies in the various industrial sectors that are consistently listed on the IDX during 2019–2023.
2. Companies that have published complete annual financial reports during the observation period.
3. Companies that are audited by a Public Accounting Firm (KAP) include an audit opinion in their financial statements.
4. Companies that have the data needed to measure all research variables.

Based on these criteria, 24 companies were obtained that met the requirements to be used as research samples, with observation data for five years, so that the total analysis unit was 120 observations (24 companies × 5 years)

3.2. Measurement

This study uses five independent variables and one dependent variable. The operational definitions and measurements of these variables are explained as follows:

Table 1. Operational Variables

Variable	Measurement Tool / Formula	Scale / Coding
Going Concern Audit Opinion	Dummy variable based on independent audit report	1 = Received going concern opinion 0 = Received non-going concern opinion
Profitability	ROA = Net Profit / Total Assets	1 = Profit 0 = Loss
Financial Distress	Altman Z-Score	1 = $Z < 1.8$ (financial distress) 0 = $Z \geq 1.8$ (no financial distress)
Debt Default	Current Ratio (CR) = Current Assets / Current Liabilities	1 = $CR < 1$ (default) 0 = $CR \geq 1$ (no default)
Audit Client Tenure	Total number of years audited consecutively	Ratio scale (years)
Audit Lag	Audit Lag = Audit Report Date – Financial Statement Date	Ratio scale (days)

3.3. Data analysis technique

The data analysis technique in this study consists of several stages. First, descriptive statistical analysis is conducted to provide an overview of the minimum, maximum, average, and standard deviation values for each research variable. Second, logistic regression analysis is employed because the dependent variable, namely the going concern audit opinion, is dichotomous (dummy). Therefore, binary logistic regression is used to test the effect of the independent variables on the dependent variable. Third, a model feasibility test is performed using the Hosmer and Lemeshow test and the Overall Model Fit test to evaluate whether the logistic regression model is appropriate for the data. Fourth, a hypothesis test is conducted using the Wald test (partial test) to assess the significance of each independent variable's effect on the dependent variable. Lastly, the coefficient of determination test (Nagelkerke R Square) is used to determine the extent to which the independent variables explain the variation in the dependent variable. All analyses are carried out using the latest version of SPSS software.

4. Results and discussion

Descriptive Statistics

These descriptive statistics contain data on sample characteristics used in the study, including the number of samples (N), the average value (mean), the maximum value, which is the most significant value, the minimum value, which is the smallest value, and the standard deviation, which is a statistical measure that shows how spread out the data is in a sample for each variable in this study. The standard deviation is also known as the standard deviation. The results of descriptive statistics can be seen in Table 2.

Tabel 2. Results of Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Opini Audit Going Concern	120	0	1	.16	.367
Profitabilitas	120	0	1	.74	.440
Financial Distress	120	0	1	.35	.479
Debt Default	120	0	1	.11	.312
Audit Client Tenure	120	2	33	11.33	7.695
Audit Lag	120	50	223	94.84	29.456
Valid N (listwise)	120				

Source: Results of SPSS 25 data processing

Based on the results of descriptive statistics in Table 2, N represents the number of observations, which is 120. The going concern audit opinion variable is measured by a dummy where a value of 0 indicates a company that receives a going concern audit opinion and a value of 1 indicates a company that gets a non-going concern audit opinion.

Evaluating the Overall Model (overall model fit)

This test is conducted to determine whether the model fits the data well before and after the independent variables are entered into the model. If the value of -2 Log Likelihood (block Number = 0) is greater than the value of -2 Log Likelihood (block Number = 1), then there is a decrease in results.

Table 3. Likelihood Block 0

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	106.437	-1.367
	2	104.867	-1.644
	3	104.855	-1.670
	4	104.855	-1.671

Source: SPSS 25 data processing results

The Iteration History table in block 0 (Table 3) shows that when the independent variable is not entered, it gets a -2 Log Likelihood value of 104,855. To compare the value between the initial -2LL and the final -2LL value, the results of the final -2 log likelihood value can be displayed (block number = 1).

Testing the Feasibility of the Regression Model (Goodness of Fit Test)

The feasibility test of the regression model is assessed using Hosmer and Lemeshow's Goodness of Fit Test, which is measured by the chi-square value. Hosmer and Lemeshow's Goodness of Fit Test tests the null hypothesis that the empirical data fits or is by the model (there is no significant

difference between the model and the data, so that the model can be said to be fit) (Ghozali, 2018:331).

Table 4. Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	8.864	8	.354

Source: SPSS 25 data processing results

Table 4 shows that the results of the Hosmer and Lemeshow Goodness of Fit Test obtained a chi-square value of 8.864 with a significance level of 0.354. The test results show that the probability value (p-value) > 0.05, so H_0 is accepted. This suggests that there is no significant difference between the model and the data, indicating that the regression model in this study is feasible and able to predict the value of its observations.

Determination Coefficient (Nagelkerke's R Square) and Classification Matrix

The variability of the independent variable in explaining the dependent variable is measured using the determination coefficient, as indicated by the Nagelkerke R Square value. The value of Nagelkerke R Square is in the form of a decimal that can be converted into a percentage for easier understanding and interpretation.

Table 5. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	75.227a	.219	.376

Source: SPSS 25 data processing results

Based on Table 5, the Nagelkerke R Square value is 0.376. This shows that the ability of the independent variables, namely profitability, financial distress, debt default, audit client tenure, and audit lag in explaining the dependent variable, namely going concern audit opinion, is 37.6%. At the same time, the remaining 62.4% is explained by other factors outside of this research model.

The classification matrix shows the predictive power of the logistic regression model in predicting the likelihood of a going concern audit opinion. The classification matrix is presented in Table 6.

Table 6. Classification Matrix

		Predicted		Percentage Correct	
		Opini Audit	Opini Audit		
	Observed	Opini Audit Non-Going Concern	Opini Audit Going Concern		
Step 1	Opini Audit	Opini Audit Non-Going Concern	99	2	98.0
		Opini Audit Going Concern	12	7	36.8
	Overall Percentage				88.3

Source: SPSS 25 data processing results

Based on Table 6, the model's ability to predict receiving a going concern audit opinion or receiving a non-going concern audit opinion is 88.3%. From the table above, the possibility of a company receiving a going concern audit opinion is 36.8% of the total sample of 120 companies. Meanwhile, companies that receive a non-going concern audit opinion are 98.0% of the total sample of 120 companies.

Hypothesis Testing

Hypothesis testing in this study was conducted using the Wald Test (partial test) to assess the influence of each independent variable, profitability (ROA), financial distress, debt default, audit client tenure, and audit lag, on the dependent variable, namely the going concern audit opinion. The logistic regression analysis was carried out on 120 observations of manufacturing companies across various industrial sectors during the 2019–2023 period.

Table 7. Wald Test (t)

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1a						
Profitabilitas (ROA)	-1.542	.647	5.679	1	.017	.214
Financial Distress	1.439	.634	5.154	1	.023	4.218
Debt Default	1.684	.793	4.505	1	.034	5.385
Audit Client Tenure	-.027	.050	.295	1	.587	.973
Audit Lag	-.018	.014	1.712	1	.191	.982
Constant	.227	1.672	.018	1	.892	1.254

Source: SPSS 25 data processing results

The results, as presented in Table 7, show that the profitability variable (ROA) has a negative and significant effect on the likelihood of receiving a going concern audit opinion ($p = 0.017$). This indicates that companies with higher profitability are less likely to receive such an opinion; thus, H1 is accepted. Conversely, financial distress and debt default exhibit positive and significant effects ($p = 0.023$ and $p = 0.034$, respectively), suggesting that the higher the economic pressure and the potential for default, the greater the likelihood of a going concern opinion being issued, thereby supporting H2 and H3. On the other hand, audit client tenure and audit lag do not show significant influence on the auditor's going concern opinion ($p = 0.587$ and $p = 0.191$), leading to the rejection of H4 and H5. These findings imply that while financial performance and liquidity conditions strongly influence auditor judgment, the length of the auditor-client relationship and audit timeliness do not significantly affect the issuance of going concern audit opinions.

Discussion

The effect of profitability on going concern audit opinion

Based on the results of the Wald test (partial t test), the calculated t value exceeds the t-table value at the specified significance level, so H1 is accepted. The beta value (B) shows a negative direction. This means that partially there is a significant adverse effect of profitability on Going Concern Audit Opinion in various industrial companies listed on the Indonesia Stock Exchange for the period 2019-2023. So, the greater the profitability (ROA), the less likely the auditor is to

provide a going concern audit opinion. A company that generates profits shows that it has been run effectively.

This is also supported by agency theory because auditors can see how the company's performance is to create profits, enabling the company to maintain its business continuity in the long term and reducing the risk of a going concern audit opinion from the auditor (Parameswari et al., 2023). The results of this study are in line with the research conducted by Parameswari et al. (2023), Bhagaskara (2023), and Zalikha et al. (2024), which stated that profitability hurts going concern audit opinion. However, this result contradicts the results of research conducted by Anggraini et al. (2021), Kimberli (2021), and Wijaya & Yanti (2021), which stated that profitability does not affect going concern audit opinion.

The effect of financial distress on going concern audit opinion

Based on the results of the Wald test (partial t test), the t-count value exceeds the t-table value at the specified significance level, so H2 is accepted. The beta value (B) shows a positive direction. This means that partially, there is a significant positive effect of Financial Distress on Going Concern Audit Opinion in various industrial companies listed on the Indonesia Stock Exchange for the period 2019-2023. So, the higher the financial distress, the higher the likelihood that the auditor will provide a going concern opinion. Economic distress has a significant positive effect on the going concern audit opinion, meaning that the company's poor financial condition will be an indicator for the auditor to provide a going concern audit opinion on the company. So, when a company experiences financial distress, it is very likely to receive a going-concern audit opinion from the auditor because the company's business continuity is doubtful in the future.

A company's poor condition or financial difficulties will increase the likelihood of the company getting a going concern audit opinion (Amelia, 2022). Meanwhile, the principal, as the owner of the company who sent the auditor, wants the audit to be fully disclosed, including the possibility of the company receiving a going concern audit opinion (Rahmayani, 2020). The results of this study are in line with research conducted by Amelia (2022), Sudarmadi (2021), and Rahmayani (2020), which states that Financial Distress has a positive effect on going concern audit opinion. However, these results contradict the results of research conducted by Nurlistantyo & Wulandari (2024), Parameswari et al (2023), and Wijaya & Yanti (2021), which state that Financial Distress does not affect going concern audit opinion.

The effect of debt default on going concern audit opinion

Based on the results of the Wald test (partial t test), the calculated t value exceeds the t-table value at the specified significance level, so H3 is accepted. The beta value (B) shows a positive direction. This means that partially there is a significant positive effect of Debt Default on Going Concern Audit Opinion in various industrial companies listed on the Indonesia Stock Exchange for the period 2019-2023. So, the higher the debt default, the higher the likelihood that the auditor will provide a going-concern audit opinion. Debt default is defined as the failure of the debtor (company) to pay the principal and/or interest when due.

This shows that with the debt default status, the greater the likelihood that the company will receive a going concern audit opinion (Oktaviani & Challen, 2020). Delegation of responsibility to managers can cause a conflict of interest, where managers do not maximize

investor welfare, but tend to prioritize personal interests at the expense of investors or shareholders of the company (Putri & Astuti, 2023). The results of this study are in line with the research conducted by Fajrillah & Lestari (2023), Oktaviani & Challen (2020), and Afnan et al. (2020), which stated that Debt Default has a positive effect on going-concern audit opinion. However, this result contradicts the results of research conducted by Putri & Astuti (2023), Amelia (2022), and Rabbani & Zulaikha (2021), which stated that Debt Default does not affect going concern audit opinion.

The effect of audit client tenure on going concern audit opinion

Based on the results of the Wald test (partial t test), the t-count value < t-table with a significance level, then H4 is rejected. The beta value (B) shows a negative direction. This means that partially, there is no effect of Audit Client Tenure on Going Concern Audit Opinion in various industrial companies listed on the Indonesia Stock Exchange for the period 2019-2023. So, the longer or shorter the Audit Client Tenure, the less it will affect the auditor in providing a going concern audit opinion. Managers may feel more comfortable with auditors who have been with the company for a long time and may try to influence auditors to report results that are more profitable or more financially beneficial to them, even though the financial statements do not fully reflect the actual conditions (Azhar & Hadiprajitno, 2023). The results of this study are in line with studies conducted by Apriliana et al (2023), Azhar & Hadiprajitno (2023), and Rabbani & Zulaikha (2021), which stated that Audit Client Tenure does not affect going concern audit opinions. However, these results contradict the results of studies conducted by Saraswati & Parasetya (2022), Rahmayani (2020), and Oktaviani & Challen (2020), which state that Audit Client Tenure influences going concerns regarding audit opinions.

The effect of audit lag on going concern audit opinion

Based on the results of the Wald test (partial t test), the calculated t value exceeds the t-table value with a significance level, so H4 is rejected. The beta value (B) shows a negative direction. This means that partially, there is no effect of Audit Lag on Going Concern Audit Opinion in various industrial companies listed on the Indonesia Stock Exchange for the period 2019-2023. So, the faster or slower the Audit Lag, the less it will affect the auditor in providing a going concern audit opinion. Audit lag is the difference in days from the end of the company's accounting period, namely December 31, until the release of the independent auditor's report. The length or shortness of time required in the audit process does not affect the issuance of a going-concern audit opinion.

Furthermore, related to delays in providing information needed by the auditor, the audit lag becomes longer because if the company cannot provide the necessary documents as audit evidence, the audit process will be hampered (Azhar & Hadiprajitno, 2023). On the other hand, shareholders (principals) want transparency and rapid disclosure of the company's financial condition. The sooner the financial statements are published and audited, the sooner the principal can make better investment decisions (Apriliana et al., 2023). The results of this study are in line with the research conducted by Apriliana et al (2023), Azhar & Hadiprajitno (2023), and Clara & Purwasih (2022), which stated that Audit Lag does not affect going concern audit opinion. However, these results contradict the results of research conducted by Nurlistantyo &

Wulandari (2024), Saraswati & Parasetya (2022), and Rabbani & Zulaikha (2021), which stated that Audit Lag has a positive effect on going concern audit opinion.

5. Conclusion

Based on the results of the research and discussion that has been conducted regarding the effect of profitability, financial distress, debt default, audit client tenure, and audit lag on going concern audit opinions in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the period 2019–2023, it can be concluded that partially profitability as measured by return on assets (ROA) has a significant adverse effect on going concern audit opinions, meaning that the higher the level of company profitability, the lower the likelihood of the auditor providing a going concern audit opinion. Meanwhile, financial distress and debt default have a significant positive effect on going-concern audit opinions, meaning that the higher the level of financial pressure and risk of default, the greater the likelihood of the auditor providing such an opinion. Meanwhile, audit client tenure and audit lag do not have a significant effect, indicating that the length of the client-auditor relationship or the delay in audit time do not affect the auditor's decision in providing a going concern auditor opinion.

These findings provide important implications for company management in maintaining business continuity and credibility in the eyes of auditors and investors. Companies need to focus on improving financial performance, especially in optimizing profitability to reduce the risk of obtaining a going concern audit opinion that can negatively impact the company's reputation and market value. In addition, management must be proactive in identifying and managing the risks of financial distress and debt default, including through good cash flow management, debt control, and financial restructuring when necessary. Although audit client tenure and audit lag do not have a significant impact, companies still need to maintain professional relationships with auditors and ensure that the audit process runs on time to support transparency and good corporate governance.

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