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Factors Affecting Going Concern of the Transport and Logistics Companies

Abstract. *The COVID-19 pandemic reminded accountants and auditors of one of the most important concepts of modern accounting – the going concern assumption. Going concern refers to a company's ability to make enough money to stay afloat or to avoid bankruptcy. Based on the application of agency theory and signalling theory this study aimed to examine the influence of GCG practices, financial condition and company growth on the going concern of transportation and logistics service sector companies listed on the IDX. This study is associative research with secondary data obtained from the annual report on the IDX website and CGC reports. The data collected for analysis covers the period from 2019-2022. Going concern is proxied by going concern opinion with dummies 1 and 0. GCG practices are measured using disclosure quality based on the CG index covering GCG structures and processes and the performance of its issuers in terms of internal control units, remuneration, and Corporate Secretary. Financial condition is measured using the Altman Z-score prediction model. Corporate growth is proxied by calculating the sales growth ratio based on each corporation's profit/loss statement. The research sample is transportation and logistics service sector companies listed on the IDX in 2019-2022, amounting to 20 companies with a total observation data of 80. The data testing in this study uses logistic regression analysis to determine the predictive power of these financial ratios, which are the most dominant in determining whether a corporation will receive a going concern audit opinion. The researchers found that only financial condition significantly affects the company's going concern in this study. The negative coefficient direction means that transportation and logistics service sector companies that experience poor financial conditions still get a non-going concern opinion where management can convince stakeholders and auditors that they can still maintain their business sustainability. Meanwhile, good corporate governance practices do not significantly affect going concern because investors take into account many other factors to consider the sustainability of the company's business. Company growth also has no significant effect on going concern because companies with profit growth also do not guarantee that the company is free from financial problems that may affect its business continuity.*

Keywords: *good corporate governance, financial condition, company growth, going concern, auditor's opinion.*

Suggested Citation

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Фактори, що впливають на безперервність діяльності транспортних і логістичних компаній

Анотація. Пандемія Covid-19 нагадала бухгалтерам і аудиторам про один із найважливіших концептів бухгалтерського обліку – припущення про безперервність діяльності. Безперервність діяльності означає здатність компанії заробляти достатньо грошей, щоб залишатися на плаву або уникнути банкрутства. Опіраючись на положення теорії агентства та теорії сигналізації, це дослідження має на меті вивчити вплив практики належного корпоративного управління, фінансового стану та зростання компанії на безперервність діяльності компаній сектору транспортних і логістичних послуг, зареєстрованих на Індонезійській фондовій біржі. В дослідженні використано вторинні дані, отримані з річних звітів, опублікованих на вебсайті IDX. Дані, зібрані для аналізу, охоплюють період з 2019 по 2022 рік. Безперебійність діяльності вимірюється думкою про безперервність із умовними значеннями 1 і 0. Практика належного корпоративного управління вимірюється за допомогою якості розкриття інформації на основі індексу корпоративного управління. Фінансовий стан вимірюється за допомогою моделі прогнозування Z-показника Альтмана. Зростання компанії визначається шляхом розрахунку коефіцієнта зростання продажів на основі звіту про прибутки та збитки кожної корпорації. Вибіркою дослідження є 20 компаній сектору транспортних і логістичних послуг, із 80 зразками даних. Для тестування даних використано логістичний регресійний аналіз. Результати дослідження показали, що лише фінансовий стан істотно впливає на безперервність діяльності компанії. Від'ємний напрямок коефіцієнта впливу означає, що компанії сектору транспортних і логістичних послуг з поганими фінансовими умовами, все одно отримують висновок про безперервність діяльності, якщо керівництво може переконати зацікавлених сторін і аудиторів, що компанія все ще може підтримувати стабільність свого бізнесу. Водночас належна практика корпоративного управління суттєво не впливає на безперервність діяльності, оскільки інвестори беруть до уваги багато інших факторів, щоб оцінити стійкість бізнесу. Зростання компанії також не має істотного впливу на безперервність діяльності, оскільки не має гарантії, що компанії зі зростанням прибутку є вільними від фінансових проблем, які можуть вплинути на безперервність їх діяльності.

Ключові слова: належне корпоративне управління, фінансовий стан, зростання компанії, безперервність діяльності, аудиторський висновок.

INTRODUCTION

Every business is established with the hope that it will eventually generate profits to operate and grow indefinitely over a long-term period. Company sustainability (going concern) is important in investor evaluation and investment decisions. Investors must know the company's financial condition, especially about the continuity of the company's operations. Such a financial situation can be seen in the financial statements presented by the company as a significant and continuous loss, which can question the company's survival; namely, the company is considered not to stop or be liquidated in the future.

Factors that cause uncertainty about the company's continuity come from internal and external. First of all, problems arise if the company does not practice good corporate governance (GCG). GCG is a system created to direct and control the corporation's direction in a better direction, namely to prevent fraud or mistakes from management parties, which can harm shareholders in

particular and stakeholders in general (Salukh & Soewarno, 2022). GCG implementation is one of the important factors in efforts to increase company value to compete so that its continuity can last for the long term. Rachma and Nurbaiti (2021) state that good corporate governance, as measured by mechanisms, significantly influences going concerns and opinions about corporate continuity. However, Novitawati (2021) found that good corporate governance (managerial ownership, institutional ownership, independent commissioners, and audit committees) does not significantly affect going concern audit opinion.

Then, the prediction that a corporation will experience bankruptcy or not is included in one of the considerations in issuing a going concern decision. The corporation's financial condition is its actual health level. Keown et al. (2011) state that the more disturbed or worsening the corporation's condition, the more likely the corporation is to get a going concern audit opinion. Conversely, in companies that have never experienced financial

difficulties, the auditor has never issued a going concern audit opinion (Sari, 2021). Beaver (1966) researched companies' vulnerability to failure for five years before the corporation experienced financial difficulties.

Meanwhile, Altman (1968) conducted similar research using a multivariate approach to predict the probability of bankruptcy of a corporation based on the joint influence of the corporation's financial ratios. The Altman Z Score is a proxy for the financial condition variable. Research conducted by Rachma and Nurbaiti (2021), Widyarningsih and Nasikin (2021), and Pratama et al. (2021) states that the company's financial condition as seen from financial distress has a significant effect on going concern audit opinion. These results do not align with Sari (2021), who states that financial conditions do not significantly affect going concern audit opinion.

Company growth can be measured in several ways, for example, by looking at sales growth. The growth of company sales has implications for the profits earned by the corporation (Salimah & Herliansyah, 2019). Companies that experience growth indicate that the corporation's operational activities are running properly to maintain its economic position and survival. In contrast, companies with negative growth indicate a decline in performance, which can lead to bankruptcy. Research by Islami et al. (2022) and Winarta and Kuntadi (2022) show that growth significantly affects going concern audit opinion, which is moderated by audit delay. These results contradict research conducted by Satriani and Alfia (2020), Candra and Ramadhan (2022), and Annisa et al. (2022), that company growth does not have a significant effect on going concern audit opinion.

Considering previous research results, this study aims to analyze the factors affecting the going concern of transport and logistics companies. In Indonesia, such companies have suffered significant losses due to widespread social restrictions during the Covid-19 pandemic. In addition, the post-pandemic period is characterized by uncertainty, which is reflected in the ability of companies to continue their activities. This study measures good corporate governance using the GCG Disclosure Quality Index.

LITERATURE REVIEW

Agency Theory

In agency theory, there is a relationship between the principal and the agent in which the agent acts on behalf of and for the benefit of the principal, and for his actions, the agent gets a certain reward (Jensen & Meckling, 1976). According to agency theory, agents are usually considered as parties who want to maximize themselves but still always try to fulfil the contract. The contract is efficient if it encourages the contracting parties to carry out what is agreed upon without dispute, and the parties get the most optimal results from various possible alternative actions taken by the agent (Suwardjono, 2013).

Good corporate governance is a concept based on agency theory that is expected to minimize agency problems between principals and agents by providing confidence to the principal in the agent's performance. The relationship between agency theory and going

concern audit opinion is very close because auditors have the task of evaluating the corporation's financial statements to monitor and evaluate the corporation's performance. If the auditor doubts the continuity of the corporation, he must say so in his opinion.

Signalling Theory

Signalling theory was first proposed by Spence (1973) to explain behaviour in the labour market. Signalling theory explains the actions taken by signalers to influence the behaviour of signal recipients. Signalling theory explains the basis for companies to provide financial reports for external parties so that there is no information asymmetry between the company and the external parties. Companies are required to provide information about the activities and performance of the corporation as a whole to all parties, especially for users of financial statements who need this information, one of which is information about the corporation's company continuity. Information issued by companies that can be a signal or race for stakeholders, especially for investors, is the annual financial report (Islami et al., 2022).

In the financial statements, there is information about the financial condition and growth of the corporation that can provide positive or negative signals to stakeholders. Signalling theory can help reduce information asymmetry between companies and outside parties with the quality and integrity of the financial statement information produced. Companies need to obtain opinions from other independent parties to assure interested parties of the quality and reliability of the financial information provided by the corporation in the financial statements and the corporation's ability to maintain its continuity.

Going Concern

Going Concern (survival) reflects the ability of the entity to maintain its business activities in the long term and will not be liquidated in a short period of time (Wibisono & Purwanto, 2015). The auditor's responsibility is to disclose the business continuity of an entity through an audit report (Srimindarti et al., 2018).

Going concern audit opinion is a modified audit opinion given by the auditor's judgment and is an indication that from the auditor's assessment, there is a risk that the company will not survive in its business (Averio, 2021). When the auditor gives a modified going concern opinion to the auditee on its financial statements, it indicates doubt about the corporation's survival.

Good Corporate Governance

Good corporate governance is a system created to direct and control the company's direction in a better way, namely to prevent fraud or mistakes from management parties, which can be detrimental to shareholders in particular and stakeholders in general. Good corporate governance is also referred to as a transparent process for determining company goals, achieving them, and evaluating their performance (Salukh & Soewarno, 2022).

Corporation governance is a system that aims to protect stakeholders from the potential opportunistic behaviour of management (agency theory). Management

controls the corporation's operational and financial information; on the other hand, external stakeholders have very limited access (Utami et al., 2019).

Financial Condition

The corporation's financial condition is a complete view or state of the corporation's finances during a certain period. Financial condition is a description of the performance of a corporation. Edward I Altman at New York University in the mid-1960s used discriminant analysis by developing a model to predict company bankruptcy. In his study, after selecting 22 financial ratios, Altman found five types of ratios that could be combined to see the difference between bankrupt and continuing companies. The discriminant function Z (Zeta) he found was:

$$Z = 0,012Z1 + 0,014Z2 + 0,033Z3 + 0,006Z4 + 0,999Z5$$

Where:

Z1 = working capital/total asset

Z2 = retained earnings/total asset

Z3 = earnings before interest and taxes/total asset

Z4 = market capitalization/book value of debt

Z5 = sales/total asset

The model developed by Altman underwent a revision. The revision made by Altman is an adjustment so that this bankruptcy prediction model is not only for manufacturing companies that go public but can also be applied to companies in the private sector, both go-public and non-go-public. The new equation obtained is as follows:

$$Z = 0,717Z1 + 0,847Z2 + 3,107Z3 + 0,420Z4 + 0,998Z5$$

Company Growth

Company growth is the company's ability to increase size. Company growth can be measured in several ways, for example, by looking at sales growth. The higher sales growth obtained by the company means that it will also provide higher profits to shareholders so that the prosperity of shareholders will also increase (Salimah & Herliansyah, 2019).

Companies that experience continuous growth indicate that the corporation management can carry out the company's operational activities properly so that the company's survival can be maintained (Halim, 2021). In this study, the sales growth ratio measures how well the company maintains its economic position in its industry and overall economic activity (Weston & Copeland, 2010).

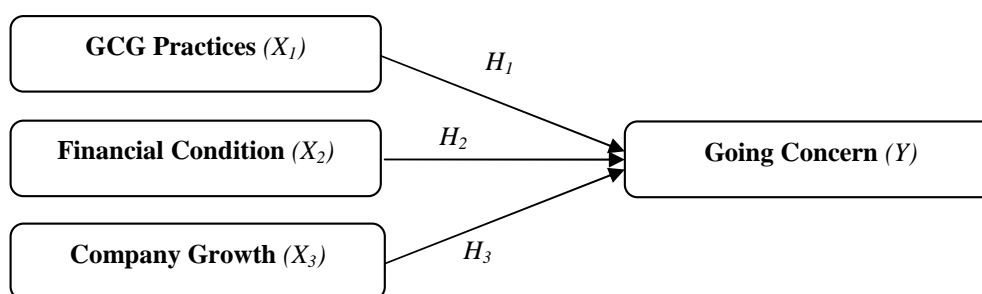


Figure 1. Research Conceptual Framework

RESEARCH METHOD

Based on the results of previous studies, the hypotheses in this study are as follows:

H₁: It is expected that good corporate governance practices have a significant effect on the company's going concern;

H₂: It is expected that financial condition has a significant effect on the company's going concern;

H₃: It is expected that company growth has a significant effect on its going concern.

This study is associative research to determine the relationship between two or more variables. The data in this study is secondary data obtained from the annual report on the IDX website and CGC reports. The data collected for analysis covers the period from 2019 – 2022.

Going concern is proxied by going concern opinion with dummies 1 and 0 (Altiyani & Istutik, 2021). GCG

practices are measured using disclosure quality based on the CG index covering GCG structures and processes and the performance of its issuers in terms of internal control units, remuneration, and Corporate Secretary (Salukh & Soewarno, 2022; Utami, 2005). Financial condition is measured using the Altman Z-score prediction model (Sari, 2021). Corporate growth is proxied by calculating the sales growth ratio based on each corporation's profit/loss statement (Winarta & Kuntadi, 2022).

The research sample is transportation and logistics service sector companies listed on the IDX in 2019-2022, amounting to 20 companies with a total observation data of 80. The data testing in this study uses logistic regression analysis to determine the predictive power of these financial ratios, which are the most dominant in determining whether a corporation will receive a going concern audit opinion.

Table 1. Variables Operationalization

Variable	Definition	Measurement	Reference
Going Concern	A fundamental principle in preparing financial statements requires management to assess the entity's ability to continue as a going concern, even when the financial reporting framework does not include an explicit provision to do so.	1 = received a going concern audit opinion; 0 = getting a non-going concern audit opinion.	(Altiyani & Istutik, 2021)
GCG Practice	A set of rules governing the relationship between shareholders, company management, creditors, government, employees and other internal and external stakeholders relating to their rights and obligations.	$CG \text{ Index} = \frac{\text{Total Score applied}}{\text{Maximum CG Score}} * 100\%$ * GCG items are in the appendix	(Salukh & Soewarno, 2022; Utami, 2005)
Financial Condition	A complete view or state of the company's finances over a certain period.	$Z = 0.717Z1 + 0.874Z2 + 3.107Z3 + 0.420Z4 + 0.998Z5$	(Sari, 2021)
Company Growth	Changes (decrease or increase) in total assets owned by the company.	$Growth = \frac{(\text{Net Sales } t - \text{Net Sales } t-1)}{\text{Net Sales } t-1}$	(Winarta & Kuntadi, 2022)

RESULTS AND DISCUSSION

Descriptive statistics describes data from each independent variable: good corporate governance (GCG), financial condition (ZSC), company growth, and one dependent variable – going concern.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Going Concern	80	0	1	.36	.484
GCG	80	65.52	100.00	83.2759	10.59781
ZSC	80	-15.544	5.009	.56482	3.920830
Growth	80	-.84	504	8,61	68,987

Source: data processed by the authors (2023).

Going concern has a mean value of 0.36, which means that a good business sustainability prediction of the average transportation and logistics service sector corporation is 36% and is included in the fairly low category. This is a consequence of economic instability, especially in Indonesia, due to the COVID-19 pandemic.

GCG has a mean value of good corporate governance practices of 83.27%, which means that GCG practices carried out by transportation & logistics service sector companies are categorized as very good and comply with regulations.

ZSC has a mean value of 0.56, which means that the average financial condition of companies in the transportation and logistics services sector is in the category of companies with a high risk of bankruptcy because it has a value <1.81.

Growth has a mean value of 8.61%, which means that the average sales growth of transportation and logistics sector companies is low.

Logistic Regression Analysis Overall Model Test

Table 3. Iteration History^{a,b,c}

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	104.779	-.550
	2	104.775	-.565
	3	104.775	-.565

Source: data processed by the authors (2023).

Table 4. **Iteration History**^{a,b,c,d}

Iteration		-2 Log likelihood	Constant	Coefficients		
				GCG	ZSC	Growth
Step 1	1	94.313	1.856	-.027	-.169	-.003
	2	93.999	2.122	-.031	-.205	-.003
	3	93.996	2.128	-.031	-.209	-.003
	4	93.996	2.128	-.031	-.209	-.003

Source: data processed by the authors (2023).

The initial constant value is 104.775, and after including the five independent variables, the final -2LogL value has decreased to 93.996. In this case, it has decreased by 10.779. This decrease in the -2LogL value indicates a good regression model or, in other words, the hypothesized model fits the data.

Goodness of Fit Test

Table 5. **Hosmer-Lemeshow Test**

Step	Chi-square	df	Sig.
1	9,853	8	0,275

Source: data processed by the authors (2023).

Based on Table 5, the Hosmer-Lemeshow's Goodness of Fit Test value shows that the resulting Chi-square value is 7.271 with a significant probability value of 0.275, which is above 0.05. Thus, the model can predict the observation value, or the model is suitable for this study.

Determination Coefficient Test

Table 6. **Model Summary**

Step	-2 Log likelihood	Cox & Snell R	Nagelkerke R
		Square	Square
1	93,996 ^a	0,126	0,173

Source: data processed by the authors (2023).

The results of the summary model in Table 6 show that the Nagelkerke R Square value is 0.173. It means that the variability of the dependent variable (Going concern), which can be explained by the variability of the independent variables (GCG, financial condition, and company growth), is 17.30%.

Hypothesis Test

Table 7. **Variables in the Equation**

Step 1 ^a		B	Sig.	Decision
		GCG	-.031	.205
	ZSC	-.209	.016	Accepted
	Growth	-.003	.414	Rejected
	Constant	2.128	.293	Rejected

Source: data processed by the authors (2023).

a) *Good corporate governance practices* do not significantly influence corporate sustainability. Thus, the first hypothesis is rejected. According to agency theory, the implementation of good corporate governance can increase the level of trust of stakeholders in the corporation so that the positive image of the corporation will increase according to stakeholders. Of course, this will reduce agency (agent) costs that arise due to the demands of stakeholders to the corporation. To minimize conflicts of interest between agents and principals, an independent third party is needed to mediate the

relationship between principals and agents. This third party is accustomed to monitoring the behaviour of managers (agents) who have acted according to the principal's wishes. However, this is not proven because investors do not solely look at the corporation's good corporate governance practices to consider the sustainability of the corporation's business. Besides that, the good corporate governance practices carried out by the corporation are only a form of compliance with regulations made by the government.

The results of this study align with research by Novitawati (2021), who found that good corporate governance (managerial ownership, institutional ownership, independent commissioners, and audit committees) does not significantly affect going concern. This means that the implementation of good corporate governance carried out by the corporation does not significantly affect going concern. Meanwhile, the average GCG practice in service and logistics sector companies is quite large, as the descriptive statistics shows. In other words, good corporate governance that has been implemented is only in the form of administrative completeness in compliance with government regulations so that it has no impact on going concern.

b) **Financial condition** proxied by Altman Z-Score have a significant influence on going concern. Financial condition have a negative regression coefficient value, meaning there is an inverse relationship to business sustainability. Thus, the second hypothesis is accepted. Signalling theory explains the basis for companies to provide information in the form of financial reports for external parties so that there is no information asymmetry between the company and the external parties. Companies are required to provide information, both good news and bad news, about the activities and performance of the company as a whole to all parties, especially for users of financial statements who need this information, one of which is information about the company's financial condition through Z Score discriminant analysis. The negative direction of the coefficient means that the company's financial condition describes the actual condition of a company from its financial side in a certain period, which also shows its health level. Still, in this study, the value of Altman's Z Score is not to predict a company in a bankrupt or not bankrupt condition but only to measure its financial condition. Therefore, it is expected that the company's financial condition has a negative influence on going concern opinion.

In contrast, if the company's financial condition is unhealthy, the possibility of issuing a going concern opinion is not greater. This is because companies in the transportation and logistics services sector that experience poor financial conditions still get a non-going concern opinion where management can still convince stakeholders and auditors that they can still maintain their business sustainability. There is no evidence of information that shows the opposite. These results align with research (Rachma & Nurbaiti, 2021; Widyaningsih & Nasikin, 2021; Pratama et al., 2021), which state that financial condition significantly affects going concern.

c) **Company growth** has no significant effect on going concern. Company growth has a negative regression coefficient value, which means it has the opposite relationship with going concern. Thus, the third hypothesis is rejected. The relationship between signalling theory and this study is that the information

provided by corporation management (agent) in the form of audited financial statements can provide good or bad signals to influence users of financial statements in making decisions. These good or bad signals can be interpreted from the audit opinion given by the independent auditor. Therefore, the accuracy of giving the audit opinion is also critical based on the factors that influence it, such as company growth. Company growth shows the strength of the corporation or shows the corporation's ability to maintain its survival. The company is experiencing positive operating performance, i.e., it moves reasonably to maintain its financial condition and survival. However, the results of this study cannot prove that company growth has a significant effect on going concern. This is because a corporation with profit growth also does not guarantee that the corporation is free from financial problems that may have an impact on its sustainability. This condition is reinforced by research data showing that of the 80 observations data during 2019 - 2022, 34 companies experienced negative profit growth, while 29 companies obtained going concern audit opinion. The results of this study are in line with Satriani and Alfia (2020), Candra and Ramadhan (2022) and Annisa et al. (2022) that company growth has no significant effect on going concern.

CONCLUSION

Based on the results of previous research and the application of agency theory and signalling theory, this study aimed to examine the influence of GCG practices, financial condition and company growth on the going concern of transportation and logistics service sector companies listed on the IDX in 2019-2022.

The researchers found that only financial condition significantly affects the company's going concern in this study. The negative coefficient direction means that transportation and logistics service sector companies that experience poor financial conditions still get a non-going concern opinion where management can convince stakeholders and auditors that they can still maintain their business sustainability. There is no evidence of information that shows the opposite. Meanwhile, good corporate governance practices do not significantly affect going concern because investors take into account many other factors to consider the sustainability of the company's business. Besides, the good corporate governance practices carried out by the company are only a form of compliance with regulations made by the government. Company growth also has no significant effect on going concern because companies with profit growth also do not guarantee that the company is free from financial problems that may affect its business continuity.

This study complements previous studies and proves that the influence of the same factors on the company's going concern in different industries can be different. Thus, the auditor must deeply analyse the factors affecting the company's going concern to provide an unbiased opinion to all interested parties.

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Appendix

Item GCG Disclosure

Category	Corporate Governance Standard	Rule in Corporate Governance Code
General Meeting of Shareholders (RUPS)	Description of shareholder rights	Statement regarding the guarantee of shareholder rights
	Implementation information of General Meeting of Shareholders	The annual General Meeting of Shareholders is routinely held before 30 June
	Delivering the results of the General Meeting of Shareholders	Delivering the results of the decision of the General Meeting of Shareholders in the annual report
Board of Commissioners	Members of at least 2 people	Based on the Regulation of the Financial Services Authority (OJK) No. 33 / POJK.04 / 2014 concerning directors and commissioners of public companies. It is stated that the Board of Commissioners consists of at least 2 (two) members of the Board of Commissioners, consisting of an Independent Commissioner and a main commissioner
	One of the two members consists of an Independent Commissioner and a Main Commissioner	
	The number of Independent Commissioners must be at least 30% (thirty percent) of the total members of the Board of Commissioners	
	The board of commissioners may hold concurrent positions at a maximum of 2 (two) other public companies	May not have concurrent positions as directors and commissioners in more than 2 (two) other public companies.
	Meetings of the board of commissioners may not be less than 6 (six) times a year	The Board of Commissioners must hold a meeting at least 1 (one) time in 2 (two) months
Meetings of the board of commissioners and the board of directors may not be less than 3 (three) times a year	The Board of Commissioners must hold a joint meeting with the Board of Directors on a regular basis at least 1 (one) time in 4 (four) months	
Board of Directors	Members of at least 2 people	Based on the Regulation of the Financial Services Authority (OJK) No. 33 / POJK.04 / 2014 concerning directors and commissioners of public companies. It is stated that the board of directors consists of at least 2 (two) people, consisting of the main director and the vice president director.
	One of the two members is the president director	
	The board of directors may hold concurrent positions as a member of the board of directors at a maximum of 1 (one) other public company and 2 (two) companies for a position as a member of the board of commissioners	May not hold concurrent positions as a director in more than 1 (one) company and a commissioner in more than 2 (two) other public companies.

	<p>The meeting of the board of directors may not be less than 12 (twelve) times</p> <p>Meetings of the board of directors and the board of commissioners may not be less than 3 (three) times a year</p>	<p>The Board of Commissioners must hold a meeting at least 1 (one) time in 1 (one) month</p> <p>The board of directors must hold a meeting with the commissioners on a regular basis at least 1 (one) time in 4 (four) months</p>
Audit Committee	<p>Existence of an audit committee</p> <p>Description of the duties and responsibilities of the audit committee</p> <p>The Audit Committee is chaired by an Independent Commissioner</p> <p>The Audit Committee consists of at least 3 (three) members</p> <p>Audit committee meetings may not be less than 4 (four) times</p> <p>Professionalism of members of the Audit Committee</p>	<p>Based on OJK Regulation No. 55 / POJK.04.2015 concerning the Establishment and Guidelines for the Work Implementation of the Audit Committee. That the audit committee assists the board of commissioners in carrying out their duties and responsibilities within the company</p> <p>The audit committee holds regular meetings at least 1 (one) time in 3 (three) months</p> <p>The existence of the Audit Committee charter and the statement of independence of the audit committee as stipulated by the commissioners</p>
Internal Audit Unit (SPI)	<p>The existence of an Internal Audit Unit (SPI)</p> <p>Description of the duties and responsibilities of the SPI</p>	<p>Based on the GCG guidebook, SPI was formed to support the implementation of GCG through independent auditing and consulting activities and providing direct reports to the commissioners.</p>
Nomination Committee and Remuneration	<p>The existence of the Nomination and Remuneration Committee</p> <p>Description of the duties and responsibilities of the Nomination and Remuneration Committee</p> <p>Members of the Nomination and Remuneration Committee shall consist of at least 3 (three) people</p> <p>Meetings of the Nomination and Remuneration Committee may not be less than 3 (three) times</p> <p>Professionalism of the members of the Nomination and Remuneration Committee</p>	<p>Based on OJK Regulation No. 34 / POJK.04 / 2014 concerning the Nomination and Remuneration Committee. That the audit committee assists the board of commissioners in carrying out their duties and responsibilities within the company</p> <p>The Nomination and Remuneration Committee holds regular meetings at least 1 (one) time in 4 (four) months.</p> <p>The existence of the Nomination and Remuneration Committee charter, which is stipulated by the commissioners</p>
Company Secretary	<p>The presence of a company secretary</p> <p>Description of the duties and responsibilities of the Corporate Secretary</p>	<p>Based on POJK No. 35 / POJK.04 / 2014 concerning the Corporate Secretary of Issuers or Public Companies. As an important aspect in implementing GCG, the function of the Corporate Secretary is formed to provide support for company management.</p>