

[55]

The Effect of Liquidity, Profitability, and Solvability on Going Concern Opinion (Study at Mining Company Listed in IDX)

Dien Permata Yuvianeisha and Sylvia Fettry
Universitas Katolik Parahyangan

Abstract. Financial reports are published to indicate corporate management accountability to stakeholders, especially investors or shareholders. Auditor as an independent party who performs audit has an important role to to evaluating and assessing the financial report quality included the company's ability to continue its operation. Auditor must issue going concern opinion if there is a doubt on the company's future business continuity. This study discussed the assessment of company's financial condition measure using liquidity ratio, profitability ratio, and solvency ratio, and the impact of them on the issuance of going concern opinion.

If company has a bad liquidity ratio, there is a high risk of company unable to fulfill its liabilities. The higher profitability indicates the company has been effective in managing its assets. If company has a bad solvency ratio, there is a high risk of company unable to keep its business sustainability. All of financial condition measurements (liquidity, profitability, and solvency) are crucial consideration on issuance of going concern opinion.

This research used hypothetico-deductive method to examine the hypothesis. Hypothesis testing was conducted by logistic regression analysis with software of SPSS version 25 for IBM as statistical tools. Dependent variable in this research is the issuance of going concern opinion and independent variables are liquidity, profitability, and solvency.

The result of this research are liquidity have significant influence on the issuance of going concern opinion. Profitability and solvency does not has a significant influence on the issuance of going concern opinion. Based on simultaneous test, liquidity, profitability, and solvency jointly have significant influence on the issuance of going concern opinion.

Keywords: going concern opinion, liquidity, profitability, solvency.