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The Impact of Accounting Firm Size, Previous Audit Opinion, Auditor Switching and Company Size on The Issuance of Going Concern Opinion

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Abstract. The financial statement is prepared in order to support stakeholders in making the right decisions. The accuracy of the financial statements is tested by external auditor. When there are doubts about the company's ability to maintain its business continuity, the auditor will give an opinion with the explanatory paragraph on going concern. Going concern opinion becomes important because it can provide an early warning to stakeholders about the company's future condition.

Larger accounting firm is more motivated to issue a going concern opinion. The previous year going concern opinion will encourage the auditor issue the same opinion in the current year. The auditor switching is done to prevent undesirable opinion such as going concern opinion. Smaller companies have higher risk of receiving going concerns opinion than larger companies. This study is testing the influence of size of accounting firm, previous audit opinion, auditor switching, and company size on going concern opinion.

The data used in this study is secondary data obtained from audited annual financial statements available at the website of Indonesia Stock Exchange. There are 61 companies in the wholesale and retail trade industry as population of this research and 42 companies selected as samples. The study period is limited from year of 2014 to 2017. Data analysis is using Microsoft Excel and SPSS software version 24.0 with binary logistic regression formula.

The results show that CPA size, auditors switching, and firm size do not have an effect on the issuance of going concern opinion. While the previous year audit opinion has an influence on the issuance of going concern opinion. The simultaneous test obtain a result that the CPA size, previous year audit opinion, auditor switching and firm size have simultaneously influence on the issuance of going concern opinion.

Keywords: Accounting firm size, previous year audit opinion, auditor switching, company size.