Research Article

Going Concern Different Variables of Indonesia Manufacturing Companies

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Abstract.
This was a quantitative descriptive study with a sample of 25 manufacturing companies on the Indonesia Stock Exchange, for 4 consecutive years so the number of units of analysis is 100 with the time series cross-sectional method (pulling data). The analysis technique used was discriminant statistics that were processed with SPSS. The distinguishing variables were investment decisions, size, risk management, profitability and cash flow. The profitability variable had a value of Wilks 'Lambda of 0.013 and a significance of 0.000 which meant that the profitability variables tend to have differences in groups because they have a value of Wilks' Lambda approaching 0 and hypothesis decisions had differences in groups because Significance is below 0.05, causing the hypothesis to be rejected.

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1. Introduction

Economic growth is very dependent on the manufacturing sector, because this sector acts as a trigger for the growth of trade numbers, opening up employment opportunities, increasing public consumption which results in an increase in tax revenues in a country (Lall, 2000; Rakhiemah & Agustia, 2009; Dwirainaningsih, 2017) . The manufacturing industry listed on the Stock Exchange is an industry that absorbs a lot of labor so that if the survival or not going concern will result in an increasing number of unemployment, it can be said that manufacturing industry is an industry that has high risk management.

In the era of asean economic comuniti (AEC) starting in 2010, this was an opportunity and threat for manufacturing industries, especially those listed on the Indonesian stock exchange because they operate in large numbers which are likely to implement imported raw materials (import substitution industries) which must be oriented to export. Thus, the continuity of business or going concern must be maintained. The company was established with the aim of maintaining the continuity of the company's operations (going concern). The operational continuity of a company shows that the company is able to maintain its performance so that it can cover operational costs and be able to generate profits. The reputation and performance of a company reflects the going concern of an organization or company (Susanto, 2009) therefore the provision of going concern opinion is one of the important aspects for company management, especially for companies listed in the capital market. The company's opportunity to obtain going concern opinion is very much determined by the actual conditions that exist in the company and the management to manage the company well. Widyantari (2011) explains that management who has certain interests will tend to compile financial reports that are in accordance with their objectives and not in the interests of the principal. This management behavior can of course affect the quality of the financial statements presented. Therefore, the role of an independent auditor is needed to provide his opinion on the fairness of the company's financial statements consisting of statements of financial position, statements of comprehensive income, retained earnings reports, and cash flow statements. Thus, it is expected that capital providers and other stakeholders can make investment, credit, and other resource allocation decisions that are more appropriate based on information that has been audited by an independent party.

2. FORMULATION OF THE PROBLEM

1. Can investment, size, risk management, profitability and cash flow decisions be the going concern differentiating variable of manufacturing companies in Indonesia?

3. RESEARCH PURPOSES

1. Test whether investment, size, risk management, profitability and cash flow decisions can be a going concern differentiating variable for manufacturing companies in Indonesia.

4. THEORETICAL FRAMEWORK

4.1. GOING CONCERN

Going concern is a condition in which a business entity or entity is expected to continue for an unlimited period of time in the future. The going concern statement is a statement issued by the auditor on the financial statements of the company being audited. The users of financial statements in general are also very concerned about the statements given by the auditor, where the audit statement is one of the auditors' description or assessment of the condition of the company whether it can survive or not for the future. If an entity experiences a condition that is contrary to the business continuity assumption, then the entity becomes problematic. Going concern audit opinion is the opinion issued by the auditor to ascertain whether the company can maintain its survival (Febri, 2012). Expenditure of going concern audit opinion is very important for investors, because through an independent auditor the investor can find out the actual condition of the company especially for the survival of the company so that it can make investment decisions that will be taken (Halim, 2012).

4.2. INVESTMENT DECISIONS

To achieve the goal of increasing company value, a manager is needed to be able to make the right financial decisions. One of the financial decisions that must be taken by a manager is an investment decision. Pujiati and Widanar (2009) state that investment decisions are related to the act of issuing funds now so that it is expected to get cash flows in the future with a greater amount of funds issued at the moment so that the company's expectations to always develop will be more planned. Pacetyo (2011) states that if the company is able to create the right investment decisions, the company's assets will produce optimal performance so as to provide a positive signal for investors who will later increase stock prices and increase company value.

4.3. SIZE

The size of the company can be determined from the number of assets owned, profits obtained by the company, and market capacity. The greater the total assets of the company, the greater the size of the company. Companies with large sizes will tend to have ease in entering the capital market. This reduces the dependence of funds generated from within the company and allows higher levels of dividend payments. McKeown et. al. (1991) say that large companies offer higher audit fees than those offered by small companies. In relation to the loss of a significant audit fee, the auditor may hesitate to issue a going concern audit opinion to a large company. Mutchler (1985) states that auditors more often issue going concern audit opinions on small companies,

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because the auditor believes that large companies can solve the financial difficulties they face rather than small companies.

4.4. RISK MANAGEMENT

According to Bank Indonesia, the risk is the potential loss due to the occurrence of certain events. Risk in banking is a potential event, both anticipated and unanticipated which has a negative impact on bank income and capital. Risks can also be considered as obstacles / obstacles to achieving a goal. In other words, risk is a possibility that has the potential to have a negative impact on the goals to be achieved. To be able to apply the risk management process, companies must be able to identify risks and understand all existing risks (inherent risks), including risks originating from branches and subsidiaries. Risk Management is essentially a series of methodologies and procedures used to identify, measure, monitor, and control risks arising from all business activities of the company. Risk Management is an effort to manage risk so that opportunities for profit can be realized in a sustainable manner.

4.5. PROFITABILITY

Profitability is the ability of a company to earn profits related to sales, total assets, and capital itself (Sartono, 1998 in Noverio, 2011). The profitability ratio measures the effectiveness of management based on the returns generated from sales and investment. In this study the profitability ratio used is Return on Assets (ROA). ROA shows the ability of a company to generate profits from assets that are utilized. The higher the ROA value, the more effective asset management in generating the company's operating profit. The purpose of profitability analysis is to measure the level of business efficiency and profitability achieved by the company concerned. The higher the profitability ratio of a company, the better the company's performance in managing the assets it has to generate profits. Companies with high levels of profitability indicate that the company is able to run its business well so that it can sustain its life. In other words, the higher the level of profitability, the lower the possibility of giving a going concern audit opinion by the auditor. Conversely, companies that have a low level of profitability tend to get a going concern audit opinion (Komalasari, 2003). Furthermore, the level of profitability in this study uses ROA. ROA is a form of profitability analysis to measure the efficiency of a company in managing its assets to generate profits.

4.6. CASH FLOW

Information about a company's cash flow is useful for the use of financial statements as a basis for assessing a company's ability and assessing the company's need to use the cash flow. In the process of making economic decisions, users need to evaluate the company's ability to generate cash and the decision to obtain it. The company must compile a cash flow report and must present the report as an integral part of the financial statements for the financial statement presentation period. The cash flow statement itself is defined as follows: "Cash flow statement (statement of cash flow) is a financial report that reports the amount of cash received and paid by a company for a certain period" (Rahman & Siregar, 2012).

5. HYPOTHESIS

1. Investment decisions, size, risk management, profitability and cash flow can be a going concern differentiating variable.

6. RESEARCH METHODS

The research design uses quantitative descriptive with a sample of 25 manufacturing companies on the Indonesia Stock Exchange, for 4 consecutive years so that the number of units of analysis is 100 with the time series cross-sectional method (pulling data). The analysis technique uses discriminant statistics that are processed with SPSS. Distinguishing variables are investment decisions, size, risk management, profitability and cash flow.

7. RESEARCH RESULTS ANALYSIS

Table 1: Test of Equity of Group Means.

	Wilks' Lambda	f	df1		Df2		Sig.
KEPUTUSAN_INVESTASI	.502 .674	.933 .456		50		47	.596 .997
SIZE	.843 .013	.175 70.475		50		47	1.000 .000
RISK_MANAGEMENT	.192	3.958		50		47	.000
PROFITABILITAS				50		47	
CASH_FLOW				50		47	

Test of Equity of Group Means is the result of analysis to test the similarity of the average variable. This test uses Wilks' Lambda and significance values.

From Table I above, it can be seen that the Wilks' Lambda value and significance for each variable are as follows:

1. Investment Decision Variables have a value of Wilks 'Lambda of 0.502 and Significance of 0.596, which means that Investment Decision variables tend to have no differences in groups because they have a value of Wilks' Lambda not close to 0 and hypothesis decisions also no differences in groups because of Significance above 0.05.

2. The Size variable has a Wilks 'Lambda value of 0.674 and Significance 0.997, which means that the Size variable tends to have no difference in groups because it has the value of Wilks' Lambda is not close to 0 and hypothesis decisions also have no differences in groups because of significance above 0.997.

3. The Risk Management variable has a Wilks 'Lambda value of 0.843 and 1,000 Significance, which means that the Risk Management variable tends to have no difference in groups because it has the value of Wilks' Lambda not close to 0 and the hypothesis decision also does not differ because the significance is above 0.05.

4. The Profitability variable has the value of Wilks 'Lambda of 0.013 and Significance of 0.000 which means that the Profitability variable tends to have differences in groups because it has the value of Wilks' Lambda approaching 0 and hypothesis decisions have differences in groups because Significance is below 0.05.

5. The Cash Flow variable has a value of Wilks 'Lambda of 0.192 and a significance of 0.000 which means that the Cash Flow variable tends to have differences in groups because it has a value of Wilks' Lambda is close to 0 and hypothesis decisions also have differences in groups because Significance is below 0.05.

Table 2: Stepwise Statistics.

Step	Entered				Wilks' Lambda				
		Statistic	df1	df2	df3		Exact F		
						Statistic	df1	df2	Sig.
1	PROFITABILITAS	.013	1	50	47.000	70.475	50	47.000	.000

Table II is based on the discriminant test to see the difference variables carried out stepwise stages and the results show that there are variables that can distinguish the Going Concern of manufacturing companies namely the Profitability variable.

TABLE 3: Eigenvalues.

Function	Eigenvalue	% of variance	Cumulative %	Canonical Correlation
1	74.973	100.0	100.0	.993

In the Eigenvalues table there is a canonical correlation value. The canonical correlation value is used to measure the degree of relationship between discriminant results or the amount of variability that can be explained by the dependent variable.

From Table III above, obtained the value of Canonical Correlation which shows that the relationship between discriminant values in groups is very high because it is close to number 1.

8. HYPOTHESIS TESTING

H1: The variable that distinguishes the Going Concern is the variable profitability, so the first hypothesis is rejected

9. CONCLUSION

The results of the study to test investment decisions, size, risk management, profitability and cash flow are as follows: Profitability variable has a value of Wilks 'Lambda of 0.013 and Significance of 0.000 which means that Profitability variables tend to have differences in groups because they have a value of Wilks' Lambda approaching 0 and hypothesis decisions have differences in groups because Significance is below 0.05, causing the hypothesis to be rejected.

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