

The Effect of Company Growth and Cost Stickiness on Going Concern Audits with Enterprise Risk Management as A Moderation Variable



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ABSTRACT: This study aims to empirically test the effect of company growth and cost stickiness on going concern audit opinion with enterprise risk management as a moderating variable. The population in this study is the Construction-Building Infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2017-2022. The number of samples used in this study was 16 companies. This study was conducted using a purposive sampling method and the number of samples was 96 data. The data collection technique used secondary data. Data was obtained from Construction-Building Infrastructure companies during the period 2017-2022 officially listed on the Indonesia Stock Exchange (IDX) and the company's official website using the Logistic Regression Method using E-Views software version 12. The results of this study empirically show that company growth does not affect going concern audit opinion, cost stickiness affects going concern audit opinion, enterprise risk management is unable to moderate company growth on going concern audit opinion and enterprise risk management is able to moderate cost stickiness on going concern audit opinion.

KEYWORDS: Company Growth, Cost Stickiness, Enterprise Risk Management, Going Concern

I. INTRODUCTION

The phenomenon of going concern based on data from the Indonesia Stock Exchange issued an announcement that the potential delisting of this issuer was temporarily suspended (suspension), which was experienced by the companies PT Mitra Pemuda Tbk (MTRA) and PT Waskita Beton Precast Tbk (WSBP) which have been suspended for 18 months and the suspension period will reach 24 months or 2 years. Both companies are engaged in Building Construction Infrastructure. These problems are detected to have an impact on the company's business continuity (going concern) in the future.

The phenomenon of company delisting from the IDX has a negative impact on the company's business continuity. According to Audit Standard (SA) 570 in IAPI (2016), the assumption of going concern is an entity that is expected to survive in business for the future if it can be predicted. To find out whether a company is indicated to have a going concern opinion, the proxy used is the financial ratio. The delisting of companies carried out by the Indonesia Stock Exchange due to disturbed going concerns will have an impact on the loss of public trust in the company's image and good name, stock prices that become red plates, loss of clients or vendors and loss of trust from creditors, difficulties in increasing loan capital and will make it difficult for companies that need funds or capital loans to finance the company's activities and operations which have a negative impact on the company's business continuity (Alamsyah & Apandi, 2023)

This research was carried out because the researcher found that there were phenomena that occurred, namely delays in debt payment obligations and defaults due to bookkeeping losses and suspension periods until bankruptcy. The construction issuer experienced conditions and events that were significantly negative for business continuity (going concern). In 2017-2021, around 30 companies were delisted from the IDX, so the topic of audit opinion going concern became a factor that was of great concern to several groups of investors and creditors.

Company Growth is the main factor that affects the audit opinion going concern. According to (Kasmir, 2019) company growth is the ability of a company to maintain its economic position in the midst of economic growth and its business sector. Companies that are experiencing development are characterized by company growth (Akbar & Ridwan, 2019). The company's

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growth is proxied using the calculation of the sales ratio where with this ratio it will be seen an increase in sales of a company. Research that supports this is stated by (Winarta & Kuntadi, 2022) said that company growth has a negative influence on the acceptance of going concern audit opinions, which means that if a company has a good growth rate, it is less likely to receive going concern audit opinions. The results of his research show that the factors that affect the audit opinion of going concern are profitability and solvency. It is the same with research conducted by (Syarif et al., 2021) and (Mappanyuki & Sari, 2017) which states that profitability has a negative effect on the acceptance of going concern audit opinions, while company growth does not have a significant effect on the acceptance of going concern audit opinions.

Cost stickiness is a rigid cost behavior where even though sales fall, the cost is difficult to go down but if sales go up, the cost will also go up. Examples of costs that are included in the sticky cost group are fixed costs such as those included in Selling, General, and Administrative costs. Many studies have been conducted on the influence of cost stickiness, both locally and globally. However, most of the previous studies have not directly discussed the comparative pattern between cost stickiness influenced by audit going concern.

According to research conducted by Linggardjaja (2020), internal factors that affect cost stickiness behavior are historical sales information, labor adjustment costs, profit management, intellectual capital, corporate governance, ownership, internal control, compensation and incentive schemes, corporate social responsibility, management orientation, management optimistic behavior, and corporate funding sources. External factors such as market competition, applicable laws and regulations, culture and external auditors also have an influence on cost stickiness. According to Yan (2021) stock ownership, cost limitations will exacerbate the positive correlation, an increase in cost stickiness will increase the level of risk.

Enterprise Risk Management (ERM) is a level of estimation, calculation, finance, risk management (Grace, et al., 2014) that is integrated, comprehensive and strategic by focusing on the company's strategy including goals and decision-making processes, work organization, resource allocation, value enhancement, organizational culture, and efficient operation optimization which has the main focus on the successful achievement of company goals (Agustina, 2016). However, most of the previous studies have not directly discussed the comparative pattern between enterprise risk management that is influenced by audit going concern. According to research conducted by (Ratih & Triyanto, 2021), the factors that affect enterprise risk management are the reputation of the auditor, the size of the board of commissioners, the size of the company, and leverage that have a positive effect on the disclosure of enterprise risk management. In contrast to research conducted by (Witjaksono & Sari, 2021) which states that leverage and profitability have no effect on the disclosure of enterprise risk management.

According to the research of Hermayanti, et al., (2023) regarding the influence of company growth on going concern audit opinions with the enterprise risk management variable as a moderation variable, namely it was produced that business risk was able to moderate the influence between company sales growth and going concern audit opinions, in addition to research from Phan, et., (2019) that ERM disclosure had a positive impact on financial ratios where the company's growth proxy used the finance and have an impact on the audit opinion going concern. Research Asmoro, et al., (2016) and Utami et al., (2021) stated that risk management committees have a positive effect on enterprise risk management disclosure.

According to research conducted by Aliza (2022) related to the influence of cost stickiness on going concern audits with the enterprise risk management variable as a moderation variable, it is stated that cost stickiness has a positive and significant effect on enterprise risk management and is able to moderate cost stickiness on going concern audits. The research (Yao, 2018) also argues that there is a significant positive correlation between cost stickiness and company risk which shows that an increase in stickiness increases risk, so it is necessary to disclose enterprise risk management to facilitate decision-making from management.

II. METHOD

This study uses a type of causal research, which aims to test hypotheses about the influence of one or several variables (independent variables) on other variables (dependent variables). The approach in this study uses a quantitative approach. The population in this study is 17 companies in the Infrastructure – Building Construction sector listed on the Indonesia Stock Exchange (IDX) in the period 2017 – 2022. Sampling uses the purposive sampling method where sampling is based on predetermined criteria. The research population is 30 selected construction infrastructure sector companies. So that the sample that meets the criteria is 17 companies multiplied by the length of the period of 6 years and reduced by outlier data of 1 company with a period of 6 years, so that the data obtained is 96 observation data with a total of 16 companies. Data collection techniques carried out by researchers to collect data using documentation techniques and literature study techniques. The data analysis method in this study is by quantitative analysis techniques processed using Eviews software version 12 by using the Logistic Regression Method.

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III. RESEARCH RESULT

Descriptive Statistics Results of this study have the following results:

Table 1. Descriptive Statistical Results

	Growth Company_X1	Cost Stickiness_X2	Enterprise Risk Management_Z
Mean	0.671576	0.833397	0.915509
Median	0.025467	0.803877	0.916667
Maximum	56.92076	2.483413	0.990741
Minimum	-0.876925	-0.778503	0.824074
Std. Dev	5.847213	0.539343	0.041826

Growth Company in this study is proxied by the sales ratio. Based on the test results, a minimum value of -0.876925 (87.6%) was obtained at PT Surya Semesta Internusa Tbk in 2017, which can be interpreted that the company suffered losses that were unable to generate profits related to sales. Meanwhile, the maximum value of 56.92076 (56.92%) is found in PT. PP Presisi Tbk in 2017. The mean number is 0.671576 (67.16%) with a standard deviation value of 5.847213 (584.72%), which indicates that the standard deviation value is greater than the mean value, which means that the data is heterogeneous, so the data in the variable is more spread out from the mean value.

Cost Stickiness in this study is proxied with Selling, General, and Administrative costs. Based on the test results, a minimum value of -0.778503 (77.85%) was obtained at PT PP Presisi Tbk in 2022, which means that the company experienced a decrease in sales revenue due to its declining activities and high fixed costs. While the maximum value of 2.483413 (248.34%) is found in PT. Bukaka Teknik Utama Tbk in 2022. The mean number is 0.833397 (83.34%) with a standard deviation value of 0.539343 (53.93%), which can show that the standard deviation value is smaller than the mean value, which means that the data is not heterogeneous or the research sample is well dispersed.

Enterprise Risk Management is a moderation variable that is proxied with the Enterprise Risk Management Disclosure Index. Based on the results, a mean value of 0.915509 (91.55%) and a maximum value of 0.990741 were obtained at PT. Indonesia Pondasi Raya Tbk in 2019-2022 and a minimum value of 0.824074 (82.40%) in PT Acset Indonusa Tbk in 2018. With a standard deviation of 0.041826 (4.18%) which means the mean is greater than the standard deviation meaning that the data is homogeneous, the average is less likely to deviate in enterprise risk management.

Table 2. Results of the Frequency Distribution of Going Concern Audit Opinions Opini Audit *Going Concern* (Y)

Value	Count	Percent	Cumulative Count	Cumulative Percent
NOAGC	62	64.58	62	64.58
OAGC	34	35.42	96	100.00
Total	96	100.00	96	100.00

From the Frequency Distribution of Going Concern Audit Opinion table above, it can be seen that the frequency distribution results show that companies that receive going concern audit opinions are less than companies that do not get going concern audit opinions. There were 34 observation data from each company that received a going concern audit opinion from a total of 96 observation data equivalent to 35% and as many as 62 observation data from each company that did not receive a going concern audit opinion from a total of 96 observation data or equivalent to 65%.

Table 3. Logistics Regression Results

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-0.711603	0.423436	-1.680545	0.0929
Growth Company_X1	-2.463467	3.554456	-0.693064	0.4883
Cost Stickiness_X2	-19.62861	6.842619	-2.868582	0.0041
CompanyGrowth_X1.ERM_Z	2.837689	4.092042	0.693465	0.4880
CostStickiness_X2.ERM_Z	21.34291	7.287030	2.928891	0.0034

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The significance value of Growth Company was $0.4883 > 0.05$, Growth Company had no effect on the Audit Going Concern. The significance value of Cost Stickiness is $0.0041 < 0.05$, Cost Stickiness has an effect on the Audit Going Concern. Growth Company with a significance value of $0.4880 > 0.05$, Growth Company with Enterprise Risk Management has no effect on the Audit Going Concern. The significance value of Cost Stickiness with Enterprise Risk Management was $0.0034 < 0.05$, Cost Stickiness with Enterprise Risk Management had an effect on the Audit Going Concern.

Table 4. Overall Results of the Fit Model

McFadden R-squared	0.104351
LR statistic	13.02282

The results of the table above are interpreted as values (LR Statistic) of $13.02282 > 0.05$ so that it is known that the Overall Model Fit is able to project observation data.

Table 5. Goodness of Fit Test Results

H-L Statistic	12.3749	Prob. Chi-Sq(8)	0.1352
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The results of the table above are interpreted as the value of Hosmer and Lemeshow's Goodness of Fit Test 12.3749 and the significance of $0.1352 > 0.05$, so it is known that the Goodness of Fit Test is able to project observation data

Table 6. Results of The Coefficient of Determination

McFadden R-squared	0.104351
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The results of the table above are interpreted as the McFadden R-squared value of 0.104351. The change in the level of the Going Concern Audit graph can be explained by Growth Company, Cost Stickiness, and Enterprise Risk Management by 10.43% and the remaining 89.57% explained in other studies with different variables.

Table 7. T Statistical Hypothesis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.328780	0.089112	3.689496	0.0004
Growth Company_X1	-0.444989	0.632989	-0.702997	0.4839
Cost Stickiness_X2	-3.839701	1.177152	-3.261857	0.0016
Growth Company_X1.ERM_Z	0.521470	0.749956	0.695334	0.4886
Cost Stickiness_X2.ERM_Z	4.196523	1.255701	3.341975	0.0012

The coefficient value of Growth Company (X1) was -0.444989 and the significance value was $0.4839 > 0.05$ (5% significance level). This means that growth companies have no effect on audit going concern. The coefficient value of Cost Stickiness (X2) 3.839701 and the significance value of $0.0016 < 0.05$. This means that cost stickiness has a significant effect with a negative direction on the audit going concern. The coefficient value of Growth Company (X1) to Enterprise Risk Management (Z) is 0.521470 and the significance value is $0.4886 > 0.05$. This means that company growth is not able to moderate the influence of enterprise risk management on audit going concern. The coefficient Cost Stickiness (X2) value against Enterprise Risk Management (Z) was 4.196523 and the significance value was $0.0012 < 0.05$. This means that cost stickiness is able to moderate the influence of enterprise risk management on audit going concern.

IV. CONCLUSIONS

Based on the results of the research test on the Influence of Company Growth and Cost Stickiness on the Going Concern Audit Opinion with Enterprise Risk Management as a moderation variable in Construction-Building Infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2022, the following conclusions are obtained:

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1. Growth has no effect on audit going concern. This statement means that the higher the value of company growth, the more it has nothing to do with the company's ability to maintain going concern and accept going concern audit opinions. This action was taken to maintain an increase in sales for the company's going concern
2. Stickiness has a significant effect on the negative direction of audit going concern. This statement is interpreted as the lower the company's cost stickiness level, the higher the tendency of the company to accept an audit opinion of going concern. This action was taken to strengthen the company's going concern so that operations can operate healthily for a long time.
3. Enterprise Risk Management is unable to moderate Company Growth against the Audit Opinion of Going Concern. This statement means that when the auditor provides an audit opinion on going concern, the enterprise risk management component does not affect the assessment of the auditor because a company that has good risk management and generates sales costs that tend to be the same/slightly different from the value of the benefits generated will not affect the increase in revenue, performance or losses that affect the company's going concern. This is done to grow the company's performance and profits in optimizing the company's going concern.
4. Enterprise Risk Management is able to moderate Cost Stickiness to Audit Opinion Going Concern. This statement means that if the company has cost stickiness, it is expected for management to quickly need to make cost adjustments so that the company's risks that occur can be minimized and not become an auditor's assessment of the company's going concerns. This is done to reduce the risks that occur so as not to affect the company's going concerns and can still operate for a long period of time.

SUGGESTION

The next research needs to make observations in adding or analyzing other objects that are estimated to be related to the going concern audit opinion by adding a sample or research year, so that the results get maximum output. the Company's management, in order to be able to observe the Company's costs that may be detrimental to the Company's financial condition in preparing financial statements in accordance with the updated SAK, in order to prevent the receipt of going concerns from Independent parties. For investors, it is expected to be able to make more careful observations in choosing the company to invest in.

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