

ABSTRACT

Going concern is related to the inability of entity to meet its obligations at maturity without making a sale for some assets to the parties through regular business, debt restructuring, and improvement of operation that imposed from outside and other similar activities. Good corporate governance has the relationship between management and those that monitor an agency's decision, it takes an auditor conducting the monitoring and inspection activities of the management to avoid the asymmetry of information between the two parties.

The aims of this study is to determine the effect of managerial ownership, institutional ownership and liquidity of the audit opinion going concern modification either simultaneously or partially.

The research is conducted in manufacturing companies that listed in Indonesia Stock Exchange in 2010-2015. A sample size of the study population was 35 companies selected by purposive sampling method. The period of observation is 6 years by using Eviews 9 software as the panel data analysis method.

The results shows that the variables of managerial ownership, institutional ownership and liquidity are significantly influence the audit opinion going concern modification in simultaneous. In partial managerial ownership and liquidity, there is no significant effect on the modification of going concern audit opinion. But the institutional ownership significantly influence the acceptance of modifications going concern audit opinion.

This study suggestion is to add another independent variable e.g financial condition, previous year opinion, and the reputation of the firm and others. In addition, researchers can also use other sectors besides manufacturing companies such as rested in services, banking, and mining transportation which has been listed in Indonesia Stock Exchange.

Keywords: managerial ownership, institutional ownership, liquidity and going concern modified audit opinion.