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EFFECT OF DEBT-TO-ASSET AND RETURN ON EQUITY RATIO ON GOING CONCERN OPINIONS

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Abstract

This study aims to analyze the effect of the debt-to-asset ratio (DAR) and return on equity (ROE) on the issuance of going concern audit opinions, both partially and simultaneously. The study adopts a quantitative approach with a causal-comparative design. The research sample consists of 11 energy sector companies listed on the Indonesia Stock Exchange from 2013 to 2022, selected through purposive sampling from a population of 82 companies. Data were analyzed using binary logistic regression with the help of Eviews 12 software. The results show that DAR has a positive and significant partial effect on going concern audit opinion, indicating that higher debt levels increase the likelihood of receiving such an opinion. In contrast, ROE has no significant partial effect, suggesting that profitability does not significantly influence auditors' judgments regarding going concern in this sector. However, DAR and ROE jointly (simultaneously) have a significant positive effect on going concern audit opinions, implying the importance of evaluating financial risk and performance collectively. The model's McFadden R-square value is 21.7%, indicating a moderate explanatory power where the variables studied account for about one-fifth of the variation in going concern audit opinion issuance. The remaining 78.3% is influenced by other factors not included in the model. This study contributes to the auditing literature by focusing specifically on the underexplored energy sector in Indonesia and provides insights into how financial risk indicators can inform auditors' assessments. The findings emphasize the need for auditors and stakeholders to consider a broader range of financial indicators in evaluating a firm's going concern status

Keywords: Debt-to-Asset Rasio, Return On Equity, Audit Opinion, Going Concern

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Introduction

The auditor is a person who conducts an examination to provide an opinion on the fairness of the financial statements prepared by company management. Auditors conduct audits based on the Public Accountant Professional Standards (SPAP) set by the Indonesian Institute of Certified Public Accountants (IAPI) (Hery 2019). The financial condition of a company describes the state for the company's future survival (Ginting 2018). Auditors have the responsibility of assessing the company's ability to carry out its survival (Going Concern) (Hery 2019). Going concern is an assumption that the company can maintain its business continuity continuously without a specified time limit (Aisyah and dkk 2023). A going Concern Audit Opinion is an opinion issued by the auditor to determine whether a company can maintain its survival or not. A Going Concern Audit Opinion shall be issued to the company if there are concerns regarding its ability to sustain ongoing operations (Minerva et al. 2020).

The existence of a Going Concern Audit Opinion can help the public assess the financial health of a company. Going Concern audit reports can reveal new information about a company, thereby influencing the reactions of interested parties. Moreover, unstable and uncertain economic conditions make investors increasingly need early warnings from auditors about the company's financial problems (Widhiastuti and Putu Diah Kumalasari 2022). Investors will always seek to minimize financial risk, so when making decisions, they must take a logical and considered approach. An early warning from the auditor about financial problems can protect against unexpected business failures. However, new problems arise when auditors make mistakes in providing opinions, as seen in the case of the energy company Enron's bankruptcy, which was caused by an accounting scandal involving both management and external auditors. The auditor failed to assess the company's survival. This company received an unqualified opinion in the previous period, but instead went bankrupt (Widhiastuti and Putu Diah Kumalasari 2022).

One of the Energy Companies that received a Going Concern Audit Opinion was the company PT. Darma Henwa Tbk, which received a going concern audit opinion for 5 (five) years. This company is engaged in mining, and its office is based in Jakarta.

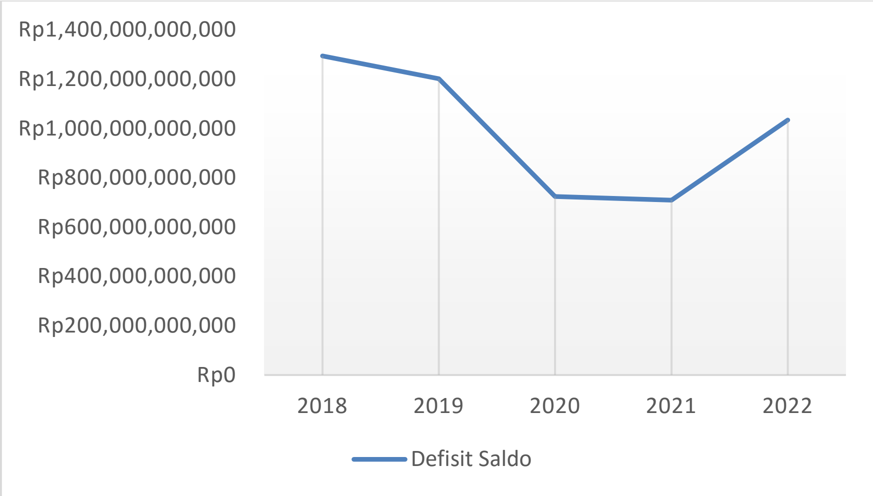

Figure 1. Balance the deficit of PT Darma Henwa Tbk.

Source: Bursa Efek Indonesia

Figure 1 shows the deficit experienced by PT Darma Henwa Tbk. From 2018 to 2021, the deficit balance slowly decreased because the company was profitable. However, in 2022, the deficit increased because the company experienced a loss. There was an increase in the cost per unit of production volume in several components of the cost of goods sold, including subcontractor costs, fuel costs, maintenance costs, and equipment rental costs, which caused DEWA to record a book loss for the first time in 2022 (Anon n.d.) This deficit balance occurs due to accumulated losses, if losses occur continuously then resulting in negative equity becomes the worst scenario. Fortunately, PT Darma Henwa has not yet experienced negative equity or capital deficiency (Indrastiti 2019).

The factor that affects the Going Concern Audit Opinion is the Debt-to-Asset Ratio. The Debt-to-Asset Ratio is part of the Leverage Ratio, which measures the assets used to guarantee all debt. The higher this ratio, the higher the company's debt, meaning it is risky or not good because the company increasingly does not have the ability to meet long-term obligations (Indira and dkk 2023). This presents an opportunity to obtain a going-concern audit opinion. Based on research conducted by Wati, the results showed that the Debt-to-Asset Ratio variable had no significant effect on Going Concern Audit Opinions (Wati 2021). Then, in Suttanta's research, the results of his research indicate that the Debt To Asset Ratio variable has a positive and significant effect on the acceptance of Going Concern Audit Opinions. Suttanta (2020) and Milany (2022), the results of his research indicate that the Debt To Asset Ratio variable has a negative and significant effect on Going Concern Audit Opinions.

Another factor, the Return On Equity Ratio, is also one of the things that affects the Going Concern Audit Opinion. Return On Equity Ratio is part of the profitability ratio, to determine the efficiency of using capital by an entity in obtaining profits, which can then be analyzed for its impact on the acceptance of the Going Concern Audit Opinion (Anggraini, Pusparini, and Hudaya 2021). Based on Lowensky's previous research (2020), the results show that the Return on Equity Ratio variable has a significant effect on the provision of Going Concern Audit Opinions. Then Meilinda et.al (2021), in this study, show that the Return On Equity Ratio variable has no significant effect on Going Concern Audit Opinions. This study used a sample of Energy sector companies listed on the Indonesian Stock Exchange. The empirical study in this research was conducted between 2013 and 2022.

According to Michael C. Jensen and William H. Meckling, agency theory shows that in a company, there is a contract between the owner of capital (Principal) and the manager of capital (Agent). Both parties will have their focus. The owner of capital will focus on his wishes in the company's going concern, while the agent focuses on his welfare in managing the company. To achieve its wishes, the agent may do things that harm the company, such as misstatement or fraud. This is due to moral hazard in the agent (Jensen and Meckling 1976).

This difference in interest creates a gap between the principal and the agent, which must be bridged by an independent third party so that the principal and other stakeholders can trust the financial statements prepared by the agent. When conducting an audit engagement on financial statements, the auditor is responsible for providing an audit opinion that is in accordance with the financial statements' reality. Apart from providing an audit of the financial statements for the financial year they are auditing, auditors are also obliged to assess the company's survival. This is because many parties have an interest in the company's future condition (Endiana and Suryandari 2021).

This theory was proposed by Michael Spence in 1973. Spence (1973) defined signal theory as an attempt to provide information from owners to investors or stakeholders in the form of positive or negative signals. This signal contains information about the company that is important to the report's recipients, and they will adjust their policies and actions accordingly.

The audit opinion will provide information about the status of the company's financial statements, whether they are good or bad. The audit opinion will help users of financial statements to reduce information asymmetry about company performance. Therefore, the information presented in the independent auditor's report should be taken into account by those who use financial statements when making investments (Yanti, Datrini, and Larasdiputra 2021). Regarding the issuance of a going concern audit opinion by an independent auditor, the opinion will provide a signal for creditors and investors to help inform their decision-making. The audit opinion given by an independent party (auditor) will provide a signal regarding the company's performance in one period so that creditors and investors can predict the company's future potential.

A going concern audit opinion is an opinion issued by the auditor to evaluate whether there is doubt about the company's ability to maintain its survival (Berliani 2021). PSA 30 paragraph 6 states that the auditor may identify information about specific conditions or events, which, when considered together, indicate that there is substantial doubt about the entity's ability to continue as a going concern for a reasonable time. Examples of information that can be used as clues include the following: (1) Negative trends. For example, operating losses, lack of working capital, and poor key financial ratios. (2) Other indications of distress. For example, loan defaults, delinquency in dividend payments, debt restructuring, rejection of regular credit requests by suppliers, the need to find new sources or methods of funding, or the sale of a significant portion of assets. (3) Matters related to internal problems. For example, strikes or other labor relations difficulties, heavy dependence on the success of a particular project, and long-term commitments that are not economically viable. (4) Matters relating to external issues. For example, loss of *franchise* or losses due to floods or earthquakes. The auditor's consideration of these situations is the possibility that the client may not be able to continue its business activities or fulfill its obligations within a specific period of time (Junaidi and Nurdiono 2016).

Methods

The approach used in this study is a quantitative method with a causal-comparative research design. The population consists of energy sector companies listed on the Indonesia Stock Exchange during the 2013–2022 period, totaling 82 companies. The sample was selected using a purposive sampling method based on the following criteria: a) energy sector companies listed on the Indonesia Stock Exchange during the observation period of 2013–2022; b) energy sector companies that issued auditor reports during the 2013–2022 observation period and included an independent auditor's report on their financial statements.

Based on these criteria, 11 samples were obtained and multiplied by 10 years to obtain 110 samples. The data collection techniques employed in this study include documentation and literature review methods. Furthermore, this study utilizes binary logistic regression analysis, as the dependent variable is measured on a nominal scale with two categories: companies that receive a going concern audit opinion (coded as 1) and companies that do not receive a going concern audit opinion (coded as 0). This study has two independent variables: the Debt-to-Asset Ratio and the Return on Equity Ratio. The regression model used in this study is as follows:

$$Ln\frac{p}{1-p} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$$

$Ln\frac{p}{1-p}$ = going concern audit opinion (if accepted, the value is 1; if rejected, the value is 0).
β0 = constant
X1 = Debt-to-Asset Ratio
X2 = Return on Equity Ratio
β_1-β_2 = Regression coefficients for each variable X1 and X2
e = Standard error.

Table 1. Operational Definition

No.	Variables	Variable Definition	Variable Indicator	Scale
1.	*Going Concern Audit Opinion* (Y)	Given by the auditor due to doubts about maintaining the continuity of the business.	Dummy variable where category 1 = *going concern audit opinion*, and 0 = *non-going concern audit opinion.*	Nominal
2.	*Debt to Asset Ratio* (X_1)	Measures the ratio of total debt to total assets	DAR = $\frac{\text{Total Debt}}{\text{Total Assets}}$	Ratio
3.	*Return On Equity Ratio* (X_2)	The company's ability to generate profits from capital.	ROE = $\frac{\text{Net Income}}{\text{Total Equity}}$	Ratio

Source: Authors' Compilation (2025)

This study employs EViews 12 as the primary tool for statistical analysis. The analysis is conducted through several sequential stages, including descriptive statistics, classical assumption testing, and logistic regression modeling, described as follows: (1) Multicollinearity Test. Multicollinearity is assessed by examining the correlation coefficients among independent variables. A correlation coefficient value less than 0.8 indicates that multicollinearity is not a concern. (2) Logistic Regression Analysis. The logistic regression model is evaluated using the following tests: 1) Overall Model Fit Test: This test assesses whether the inclusion of independent variables significantly improves the fit of the model. The result is evaluated through the Likelihood Ratio (LR) Statistic, where a p-value less than 0.05 indicates that the model significantly fits the data. 2) Goodness of Fit Test: This test evaluates the null hypothesis (H_0) that the data fits the model adequately. The Hosmer and Lemeshow Test is used for this purpose. A p-value greater than 0.05 implies that there is no significant difference between the observed and predicted values, indicating a good model fit. 3) Coefficient of Determination (McFadden R-Squared). McFadden R^2 ranges from 0 to 1. A lower R^2 value (closer to 0) indicates that the explanatory power of the independent variables is weak, while a value closer to 1 reflects a stronger ability of the model to explain variation in the dependent variable. 4) Model Accuracy Test. Model accuracy is assessed using the Expectation-Prediction Evaluation Table generated by EViews 12. This table displays the percentage of correctly and incorrectly predicted outcomes. The closer the percentage of correct predictions is to 100%, the better the model's predictive performance. 5) Hypothesis Testing: Partial Significance Test (Wald Test) and Simultaneous Test (F-Test).

Debt Ratio is a debt ratio used to measure the ratio between total debt and total assets. From the measurement results, if the ratio is high, meaning that there is more debt funding, it will be more difficult for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with its assets (Kasmir 2019). DAR Formula:

$$\text{DAR} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

Suppose the value of the company's debt exceeds the amount of its assets. In that case, this is a sign of poor health because it is suspected that the company has problem financial health, as it suggests that the company may be struggling to pay tes that the company's performance is weak, which can lead to uncertainty about its survival, and the higher the chance of getting a going concern audit opinion. This has an impact on the auditor's doubts about the company's ability to continue operating (going concern) because companies with more debt than assets are at risk of bankruptcy. This is in line with the results of research conducted by Tridevy & Hariadi (2020) Lowensky (2020) and Suttanta (2020) shows the results that the debt-to-asset ratio has a significant effect on going concern audit opinion. Thus, the first hypothesis proposed in this study is:

H_1 : Debt to Asset Ratio (DAR) has a significant effect on Going Concern Audit Opinions.

Return on equity is a ratio that measures net profit after tax in relation to the owner's capital. The ratio shows the efficient use of own capital (Amalia, Hafizi, and Mubarok 2024). The higher this ratio, the better. This means that the position of the company owner is getting stronger, and vice versa (Kasmir 2019). Formula:

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Total Equity}}$$

The higher profitability indicates the company's ability to generate substantial profits, which are used to pay dividends to investors and support the company's growth and development. If the company has high profits, doubts about the organization's survival decrease. This is in line with the results of research by Lowensky (2020) and Haryanto & Sudarno (2019) that return on equity has a significant effect on going concern audit opinion. Thus, the first hypothesis proposed in this study is:

H_2 : Return on Equity Ratio (ROE) has a significant effect on Going Concern Audit Opinions.

The framework of the Effect of Debt to Asset Ratio and Return On Equity Ratio on Going Concern Audit Opinion is as follows:

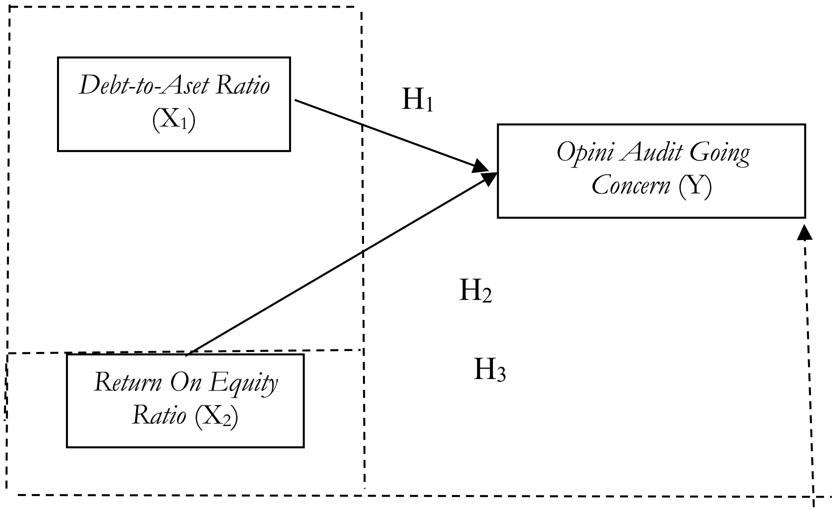

Figure 2. Framework

Description:

→ : Partially affected

- - - -→ : Simultaneously influenced

Result and Discussion

Result

Descriptive Statistical Analysis

Based on Table 2, 110 observational data were obtained, which came from multiplying 11 energy sector companies with 10 years of research from 2013-2022. From the results of descriptive statistical analysis testing of the dependent variable (OGC) going concern audit opinion has a minimum value of 0.000000 and a maximum value of 1.000000, while the mean or average value is 0.454545 and the standard deviation value shows 0.500208.

Table 2. Descriptive Statistical Test Results

	Variables		
	Going Concern Audit Opinion	***Debt To Asset Ratio***	***Return On Equity Ratio***
Mean	0.454545	0.670782	0.070711
Maximum	1.000000	2.418443	7.555733
Minimum	0.000000	0.008459	-4.714359
Std. Dev.	0.500208	0.417562	1.174619
Observations	110	110	110

Source: Eviews 12 output processed, 2025

The test results of the descriptive statistical analysis of the first independent variable (DAR), namely the debt-to-asset ratio, have a minimum value of 0.008459, indicating that the lowest debt-to-asset ratio is for PT. Akbar Indo Makmur Stimec Tbk in 2017, with a maximum value of 2.418443, indicating that the highest debt-to-asset ratio belongs to PT. Exploitation Energi Indonesia Tbk in 2022, while the mean or average value is 0.670782, and the standard deviation value is 0.417562. The test results of descriptive statistical analysis of the second independent variable (ROE), namely the return on equity ratio, have a standard deviation of 1.174619 and a mean or average value of 0.070711, while the minimum value is -4.714359 which means that the lowest return on equity ratio is PT Exploitasi Energi Indonesia Tbk in 2017, and obtained a maximum value of 7.555733 which means that the highest return on equity ratio is PT Mitra Investindo Tbk in 2019.

Multicollinearity

Based on Table 3, the multicollinearity test results show the coefficient value between variables of 0.163 <0.8, so it can be concluded that there is no multicollinearity between the independent variables (Algifari 2021).

Table 3. Multicollinearity Test Results

	DAR	ROE	Description
DAR	1.000000	0.163479	No multicollinearity
ROE	0.163479	1.000000	

Source: EViews 12 output, processed in 2025.

Binary Logistic Regression Analysis

Testing Model Fit (*Overall Model Fit*)

Based on Table 4, the overall model fit test is evident in the probability value (LR statistics). The Prob LR Statistic value is 0.000000 <0.05. This means that the hypothesized model is in accordance (*fit*) with the data, so that the discussion of independent variables in the model shows that the regression is getting better.

Table 4. Model Fit Test Results

Name	Results	Description
McFadden R-squared	0.217616	
Prob(LR statistic)	0.000000	Between the hypothesized model is appropriate (*fit*) with the data

Source: EViews 12 output, processed in 2025.

Testing the Appropriateness of the Regression Model

Based on Table 5, the results of the Hosmer and Lemeshow's Test, as indicated by the Chi-Square probability of 0.4719 (>0.05), suggest that H_0 is accepted, meaning the model used is appropriate, and the model is declared fit in this study.

Table 5. Regression Model Feasibility Test Results

H-L Statistic	Results	Description
Prob. Chi-Sg(8)	0.4010	H_0 accepted

Source: EViews 12 output, processed in 2025.

Coefficient of determination R (*McFadden R-Squared*)

Table 6, the McFadden R-Squared value is 0.217, which means that the independent variables debt to asset ratio (x_1) and return on equity ratio (x_2) in the model can explain the going concern audit opinion by 21.7%. In comparison, the remaining 78.3% is influenced by other variables not included in the model.

Table 6. Test Results of the Coefficient of Determination (R)^2

Name	Results	Description
McFadden R-squared	0.217616	The independent variable affects the dependent variable 21.7%
Prob(LR statistic)	0.000000	

Source: EViews 12 output, processed in 2025.

Model Accuracy Testing

Based on Table 7, it is known that the total value of the percentage of correct prediction accuracy obtained is 67.27%, which indicates that overall it means that 67.27% of the samples can be predicted correctly by this logistic regression model. The high percentage of accuracy of the classification table supports the absence of significant differences in the predicted data and the observation data which indicates a good logistic regression model.

Table 7. Expectation-Prediction Test Results

	E stim ated E quation			Description
	Dep=0	**Dep=1**	**Total**	
Correct	48	26	74	
% Correct	80.00	52.00	67.27	67.27% of samples were predicted correctly
% Incorrect	20.00	48.00	32.73	

Source: EViews 12 output, processed in 2025.

Hypothesis testing

Partial-Wald test

Table 8. Partial Test Results

Variable	Coefficient	Prob.	Description
C	-2.683782	0.0000	
DAR	3.931030	0.0001	Influential
ROE	0.318739	0.2683	No effect

Source: Eviews 12 output processed, 2025.

Based on these tests, the logistic regression equation model is obtained as follows:

$$Ln\frac{p}{1-p} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$$

$$= -2.683782 + 3.931030\text{DAR} \quad + 0.318730\text{ROE} \quad + \text{e}$$

Based on the partial test results in Table 8, the debt to asset ratio (X_1) shows that the regression coefficient value is positive at 3.931030 and the probability value is 0.0001 <0.05. These results prove that the debt to asset ratio variable (X_1) has a positive and significant effect on going concern audit opinion. This means that H_1 is accepted. Return on equity ratio (X_2) shows that the coefficient value is positive at 0.318739 and the probability value is 0.2683> 0.05. These results prove that the variable Return on equity ratio (X_2) has no effect on going concern audit opinion. This means that H_0 is accepted and H_2 is rejected.

Simultaneous F test

Table 9. Simultaneous Test Results

Name	Results	Description
McFadden R-squared	0.217616	
Prob(LR statistic)	0.000000	Jointly influenced

Source: EViews 12 output, processed in 2025.

Based on the results in Table 9, the LR statistic value is 32.98669, with a Corresponding Probability. (LR statistic) of 0.000000 <0.05, it can be concluded that all independent variables, namely the debt to asset ratio variable (X_1) and return on equity ratio (X_2), together have a significant effect on the dependent variable, or the going concern audit opinion (Y).

Discussion

The Effect of Debt To Asset Ratio on Going Concern Audit Opinion

The findings of this study empirically demonstrate that the debt-to-asset ratio exerts an influence on going concern audit opinions. The debt-to-asset ratio variable possesses a positive coefficient value of 3.931030, with a probability value less than the significance threshold, specifically 0.0001 < 0.05. This suggests that the debt-to-asset ratio variable has a positive impact on going-concern audit opinions. Consequently, Hypothesis 1 (H1) is accepted. The amount of company assets financed by debt raises auditors' doubts about the company's ability to maintain its survival. A high debt-to-asset ratio indicates that the greater the company's debt, the higher the risk it will face. This also makes creditors or investors hesitant to lend funds, as it is suspected that the company may have problems paying its debts. The company is also considered insolvent because it is deemed to lack sufficient wealth to pay all its debts, which enables debt restructuring, potentially leading to bankruptcy. This is supported by the theory, according to Junaidi and Nurdiono, that companies experiencing financial difficulties, such as failure to meet debt obligations and restructure debt, will doubt the sustainability of their business life (Junaidi and Nurdiono 2016). Therefore, the higher the level of debt-to-asset ratio, the more likely the auditor is to issue a going-concern audit opinion. This is supported by signal theory; to accurately describe the problem to other parties, it can be classified into two categories: positive and negative. In this case, a going-concern audit opinion is a negative signal. The low debt-to-asset ratio value will minimize the possibility of getting a going-concern audit opinion. When the company does not get a going concern audit opinion, the auditor will give a positive signal to investors and creditors that the company is healthy, the debt level is normal and there are no problems with the company's performance. Conversely, if the debt-to-asset ratio value is high, it is likely to receive a going concern audit opinion, which can be a negative signal for the company's survival. This can be useful for investors and creditors in making informed decisions.

Islam allows debt and credit but Islam also gives a strong warning about the issue of debt as the hadith of the the Prophet Sallallahu alaihi wasalam, he said:

نَفْسُ المُؤْمِنِ مُعَلَّقَةٌ بِدَيْنِهِ حَتَّى يُقْضَى عَنْهُ

"The soul of a believer depends on his debt until it is paid" (HR Tirmizi).

According to Imam Al-Munawi (may Allah have mercy on him) in Andriyana, "the soul of a believer, meaning his soul, hangs after his death on his debt, meaning that he is prevented from the honorable position that has been prepared for him, or prevented from entering Paradise with the company of the righteous" (Andriyana 2020). From Imam Al-Munawi's interpretation, it can be concluded that if you owe a debt, you must intend to pay the debt and, with a reasonable amount, do not get into debt with a very high nominal amount that you cannot pay, and the debt will prevent you from entering heaven.

The findings of this study are in line with Lowensky's research (2020) Suttanta (2020), and Tridevy & Hariadi (2020) show the results that the debt-to-asset ratio has a positive and significant effect on going concern audit opinion. This shows that the higher the value of the company's debt-to-asset ratio will indicate that the company has a high risk because the value of debt exceeds the value of its assets, so the company has a high chance of receiving a going concern audit opinion because, with these conditions, the company's survival can be disrupted. However, this study is not in line with the findings of Milany (2022), who found that the Debt-to-Asset Ratio has a negative and significant effect on the Going Concern Audit Opinion. In other words, a higher debt ratio tends to decrease the likelihood of receiving a going concern opinion. Furthermore, a study by Wati (2021) and Meilinda et.al (2021) showed that the Debt-to-Asset Ratio has no significant effect on the going concern audit opinion. These inconsistencies may be attributed to differences in research design, data periods, sample sizes, or industry contexts, indicating that various situational factors can influence the impact of financial leverage on audit opinions.

The Effect of Return On Equity Ratio on Going Concern Audit Opinion

The results of this study prove empirically that the return on equity ratio has no effect on going concern audit opinion. The return on equity ratio variable has a coefficient value of 0.318739 and a probability value greater than the significant level, namely 0.2683> 0.05. This proves that the return on equity ratio has no effect on going concern audit opinion. This means that H_2 is rejected. The higher the return on equity ratio value, the better the company's financial condition and also the more effective the management of the company's equity which makes its business continuity not in doubt. However, based on data in the field, the average return on equity ratio value is only 0.070711, which shows a low return on equity ratio value. The company with the lowest return on equity ratio value of -4.7144, namely PT Exploitasi Energi Indonesia Tbk in 2017, even though the return on equity ratio value is so low, this company does not receive a going concern audit opinion, while PT Bumi Resources Tbk in 2021 the return on equity ratio value of 0.34555 this value even exceeds the average value but instead receives a going concern audit opinion because its total short-term liabilities exceed current assets and experience a deficit. It can be concluded that the high or low return on equity ratio does not affect the auditor to issue a going concern audit opinion, it could be due to other factors.

This is in accordance with agency theory which states that management as an agent is responsible for producing financial reports for corporate accountability and these reports can be used as a basis for decision making by the principal. Management has more information about the company than shareholders, who are often motivated to do things that will increase company profits. An auditor must ensure that there is no manipulation of financial statement data provided by company management.

When an auditor conducts an audit analysis of a company's financial statements. Auditors must consider many factors to provide an opinion. If the return on equity ratio value is low, the auditor needs to examine the company's financial performance, and whether there are other factors that make financial performance experience uncertainty such as leverage ratios, liquidity, and so on. If there is, it is likely that the auditor will issue a going concern audit opinion. Therefore, although the return on equity ratio can be used as an indicator of the rate of return on capital obtained by the company, it cannot be used as the only basis for the auditor in issuing a going concern audit opinion. Auditors in assessing financial performance analyze the company's overall financial performance.

The findings of this research is in line with Meilinda's research (2021), Pravasanti (2017), and Octavianty et al., (2023) which states that the return on equity ratio has no significant effect on going concern audit opinion. This shows that the company's ability to generate profits cannot be used as a benchmark by auditors in providing a going concern audit opinion but rather considers the overall financial position. However, this study contradicts the findings of Lowensky (2020) and Haryanto & Sudarno (2019) who found that the Return on Equity (ROE) ratio has a negative and significant effect on the Going Concern Audit Opinion. A high ROE indicates the company's strong ability to generate profits. These profits are typically used to pay dividends to investors and support business expansion. As such, when a company demonstrates high profitability, the likelihood of receiving a going concern audit opinion tends to decrease, since the company is perceived to be in a stable and sustainable financial condition.

The Effect of Debt-to-Asset Ratio and Return On Equity Ratio on Going Concern Audit Opinion

Based on logistic regression testing, it is found that the variables debt to asset ratio and return on equity ratio have an effect on going concern audit opinion. This can be seen from the significant value of 0.000 <0.05. Thus this study accepts the third hypothesis (H_3) which states that the debt to asset ratio and return on equity ratio together have an effect on going concern audit opinion in energy sector companies on the Indonesia Stock Exchange.

The coefficient of determination in this study is seen based on the Mcfadden R-Square value of 0.217. This shows that the percentage of independent variables, namely debt to asset ratio and return on equity ratio, affects the dependent variable, namely going concern audit opinion by 21.7%. In other words, the variation in the independent variables used in the model is able to explain 21.7% of the variation in the dependent variable, while the remaining 78.3% is influenced by other variables outside this study.

This study discusses the going concern audit opinion given by the auditor if there are problems with the survival of a company's business. In making a decision to give or not relating to a going concern audit opinion, the auditor must be fair. This is related to the Islamic perspective which upholds justice, based on QS Al-Maidah verse 8, Allah SWT provides instructions to auditors as follows:

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْا كُوْنُوْا قَوَّامِيْنَ لِلّٰهِ شُهَدَاۤءَ بِالْقِسْطِۖ وَلَا يَجْرِمَنَّكُمْ شَنَاٰنُ قَوْمٍ عَلٰٓى اَلَّا تَعْدِلُوْاۗ اِعْدِلُوْاۗ هُوَ اَقْرَبُ
لِلتَّقْوٰىۖ وَاتَّقُوا اللّٰهَۗ اِنَّ اللّٰهَ خَبِيْرٌۢ بِمَا تَعْمَلُوْنَ

Meaning: "O you who believe, be ye upholders for the sake of Allah (and) witnesses (who act) justly. Do not let your hatred of a people encourage you to be unjust. Be just, for that is closer to piety. Fear Allah. Verily, Allah is Exhaustive of what you do.

Based on the verse above, all our actions are monitored by Allah SWT and will be held accountable in the future. Therefore, an auditor is a third party between management and the users of financial statements, auditors must be fair in auditing, do not provide false information just to defend one party but convey the correct information so that no party is harmed

Conclusion

The results of this study indicate that the Debt-to-Asset Ratio has a positive and significant effect on the Going Concern Audit Opinion, while the Return on Equity Ratio shows no significant effect. Simultaneously, both variables together have a significant influence on the going concern audit opinion. The McFadden R-Square value indicates that 21.7% of the variation in going concern audit opinions can be explained by the two independent variables used in this model, while the remaining 78.3% is influenced by other factors not included in this study. These findings carry important implications for auditors, companies, and regulators. For auditors, a high debt-to-asset ratio should be considered a financial red flag that may trigger concerns over the company's ability to continue as a going concern. For companies, especially those in the energy sector, maintaining balanced leverage levels is crucial to preserve investor confidence and avoid negative audit opinions. For regulators, the results highlight the need to continuously monitor leverage-related indicators across high-risk sectors, as they may be early warning signals of financial distress. This study is limited to companies in the energy sector listed on the Indonesia Stock Exchange during the period 2013–2022. For future research, it is recommended to extend the scope by including other sectors such as Industry, Basic Materials, Finance, and Infrastructure. Additionally, future studies should consider incorporating other independent variables that have been found relevant in prior literature, such as previous audit opinion, cash flow, audit lag, liquidity, auditor reputation, company size, and opinion shopping. This would enhance the explanatory power of the model and provide a more comprehensive understanding of the factors influencing going concern audit opinions in different industry contexts.

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