Determinants of Fixed Asset Revaluation and Sustainability Report Disclosure on Firm Value

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Authors’ contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

This study analyzes the determinants of the effect of investment opportunities, leverage, Information asymmetry, ownership structure, liquidity, and company size on asset revaluation and sustainability reports and their impact on firm value. This study uses secondary data obtained from the Indonesian Stock Exchange data center. The research period is for all IDX industries in 2015 - 2019 with a sample of 138 companies that carry out asset revaluation and Sustainability Reports. The data analysis technique used the least square part. The results of this study show Investment opportunities have no effect on revaluation of fixed assets, Leverage has no effect on revaluation of fixed assets, Information asymmetry has no effect on revaluation of fixed assets, Ownership structure has a positive effect on revaluation of fixed assets, Liquidity has a negative effect on revaluation of fixed assets, Firm size has a positive effect on revaluation fixed assets, Investment opportunities have no effect on the sustainability report, Leverage has no effect on the sustainability report, Information asymmetry has a positive effect on the sustainability report, Ownership structure has no effect on the sustainability report, Liquidity has no effect on the sustainability report, Company size has no effect on the sustainability report, Fixed asset revaluation has no effect on firm value, Sustainability report does not affect the value of the company, Investment opportunities positive effect on firm value, Leverage has a positive effect on firm value, Information asymmetry has no effect on firm value, Ownership structure has a positive effect on firm value, Liquidity has no effect on firm value, Firm size has a positive effect on firm value.

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1. PRELIMINARY

1.1 Research Background

Maximizing the increase in stock prices is the most important goal of a company (Brigham and Houston, 2010). High company value fosters a sense of trust from stakeholders, because it shows the company’s performance is very good.

Asset revaluation is deemed necessary to improve the company’s performance [1] considering asset revaluation will result in better debt to asset and equity ratios. [2]. His research shows that the market recognizes managers’ opportunistic motives for revaluing [3] states that companies carry out revaluation of fixed assets to increase loan capacity, so they can invest easily, because the tendency of companies to revaluate assets shows a positive relationship with debt covenants, leverage ratio levels, investment opportunities, and is negatively related to cash reserve level [4] [5].

A sustainability report is a report published by a company on its economic, social and environmental impacts. This triggers the emergence of various guidelines or guidelines provided by the government and international institutions to make guidelines on sustainability reporting [6]. Research [7], research on companies in Australia, sustainability reports have a significant influence on the company’s financial performance. In contrast, the results of research on companies in New Zealand.

This study analyzes the effect of investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and firm size on asset revaluation and sustainability reports and their impact on firm value. This research is motivated by the phenomenon of fluctuations in the decline in capitalization value and the low willingness of companies to carry out asset revaluation and sustainability reports.

The development of companies listed on the Indonesia Stock Exchange from 2015 to 2019 that carried out revaluation of fixed assets and sustainability reports was still very low, there was a decline, and fluctuated, namely in 2015 as many as 28 companies or 5.35%, in 2016 as many as 31 companies or by 5.84%, in 2017 there were 27 companies or 4.98%, in 2018 there were 32 companies or 5.88% and in 2019 there were 20 companies or 3.34%.

The fact that underlies the company does not revaluate is that the revaluation of fixed assets has a detrimental impact on the company, will be subject to final income tax of 10% and must be paid in the relevant year and does not result in deferred tax payable which can be reversed in the following year if the asset value decreases. The fact that underlies companies in Indonesia do not make sustainability reports, because they do not realize the importance and benefits of making sustainability reports can increase stakeholder trust. Indonesia which ranks 133rd out of 180 countries in the EPI but the government should regulate the existence of sustainability reports, because there are no standards that are comprehensively applicable in Indonesia, making companies lack awareness to disclose or publish sustainability reports.

Various previous studies found, differences in explanations regarding the background of research related to research variables on fixed asset revaluation and sustainability report components, namely investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and firm size and which will be tested for their effect on firm value. is an innovation

The fact that underlies the company does not revaluate is that the revaluation of fixed assets has a detrimental impact on the company. The company does not get cash inflows, only applies accounting policies in recording fair value in financial reporting. The fact that underlies companies in Indonesia do not make sustainability reports, because they do not realize the importance and benefits of making sustainability reports can increase stakeholder trust.

Based on the description above, researchers are interested in compiling research on the topic “Revaluation of Fixed Assets and Components”. Sustainability Report as a Determinant of Company Value”.

The formulation of the problem in this research is:

1. Do investment opportunities, leverage, information asymmetry, ownership
structure, liquidity, and firm size affect the revaluation of fixed assets?
2. Do investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and company size affect the sustainability report?
3. Does the revaluation of fixed assets affect the value of the company?
4. Does the sustainability report affect the value of the company?
5. Do investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and firm size affect firm value?

2. LITERATURE REVIEW AND MODEL DEVELOPMENT

2.1 Literature Review

2.1.1 Company value

The increasing value of the company is reflected in rising share prices, making the market believe in the company's performance and future prospects. The higher the stock price reflects the high value of the company [8].

2.1.2 Fixed asset revaluation

The revaluation of fixed assets should be positive information for external parties of the company, because it can motivate an increase in company performance which is reflected in the company's profit and share price. Research in line with this research are [9] and [10]. The hypothesis is that the higher the asset revaluation, the higher the firm value. Asset revaluation decisions are based on reasons to ensure the fair value of the company's fixed assets is reflected in the financial statements. Asset revaluation refers to the restatement of the book value of the asset (carrying amount), so that it is close to its present value [1] [11] [10] [12].

2.1.3 Sustainability report

Sustainability report is defined as a report containing financial performance information and non-financial performance information consisting of information on social and environmental activities, enabling the company to grow sustainably (sustainable performance) (Elkington, 2009). Company publish its compliance with the contract through sustainability reporting [13]. Building customer relationships, attracting and retaining talented staff, and for risk management purposes.

2.2 Framework of Thinking

This study analyzes the effect of investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and firm size on Revaluation of Fixed a set and Sustainability Report, the effect of fixed revaluation and sustainability report on company value, and investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and firm size to company value.

2.2.1 Determinants of fixed assets revaluation

2.2.1.1 Effect of investment opportunity on fixed asset revaluation

Investment decisions in this study are market to book value of assets and market to book value of equity of equity. The market to book value ratio is an investment opportunity as a signal of the possibility of company growth. Research in line is [10], [14], [15], [10] and [15], market to book value of equity has a negative effect on asset revaluation, the higher the market to book value of equity, lower asset revaluation.

2.2.1.2 Effect of Leverage on revaluation of asset

Companies with high debt ratios are more likely to revalue assets because asset revaluation can reduce the value of the debt ratio. This research is [16] [14], [17] [18], [15], [9] [12] [19], [20]. [16], [14], [17], [15], [12], [19], leverage has a positive effect on asset revaluation, the higher the leverage, the higher the asset revaluation [9].

2.2.1.3 Effect of information asymmetry on Revaluation of a set of fixed

Fixed asset intensity (intensity of fixed assets) is one of the tested factors related information asymmetry. It is suspected that there is a positive relationship between the decision to revalue fixed assets and the intensity of fixed assets. Researchers in line are [11], [10], [20], [15], [17], asymmetric information has a positive effect on the revaluation of fixed assets.

2.2.1.4 Effect of ownership structure on fixed asset revaluation

Companies that have centralized ownership in the largest ownership are more capable of revaluing assets. Research in line is [5] majority ownership has a positive effect on revaluation of fixed assets, [21].
2.2.1.5 Effect of liquidity on fixed asset revaluation

Companies with a high level of liquidity do not need to revalue their fixed assets [21] and [10] companies with low liquidity tend to choose to use the revaluation method to show the value of fixed assets that can actually be converted into cash, and the current ratio has a negative effect on the revaluation of fixed assets, the higher the current ratio, the lower the revaluation of fixed assets. [22] and [20].

2.2.1.6 Effect of Firm Size on Fixed Asset Revaluation

[14]. (Zeng & Su, 2010) Company size is an important factor in the company's decision to revalue fixed assets. [1], [17]. Large companies will avoid reporting high profits to reduce political pressure on the government or trade unions. [20]. Research [11], [20], [16], [10] the higher the size of the company, the ability to revalue fixed assets.

Factors influencing the revaluation of fixed assets are: investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and firm size [10], [11], [14], [15] [16], [17] [5] [23] [15], [9] [12], [19], [17], [24] [20], [25].

The hypotheses used in the development of the analysis are:

H1a: Investment opportunities have a positive effect on the revaluation of fixed assets.
H1b: Leverage has a negative effect on the revaluation of fixed assets.
H1c: Information asymmetry has a positive effect on the revaluation of fixed assets
H1d: Ownership Structure has a positive effect on the revaluation of fixed assets
H1e: Firm size has a positive effect on the revaluation of fixed assets.
H1f: Liquidity has a positive effect on the revaluation of fixed assets.

2.2.2 Determinants of fixed asset revaluation sustainability report

2.2.2.1 Influence of investment opportunities on sustainability report

Companies with high growth rates will carry out more social and environmental activities, by disclosing more information on social and environmental reports, manifested in the form of sustainability reports [26][27]. [28]. The sustainability report has an important role in increasing the value of the company by being encouraged by high investment opportunities in the company. Market to Book Value of Assets and Market Book to Value of Equity have a significant positive influence on the sustainability report.

2.2.2.2 Effect of leverage on sustainability report

[29] leverage has a negative effect on the sustainability report. Study [29]. Companies with low levels of leverage will encourage companies to submit sustainability reports. Research done [30] leverage has no effect on the sustainability report.

2.2.2.3 Effect of information asymmetry on sustainability report

[31] CSR can affect information asymmetry [32] [33]. CSR makes companies increase accountability and transparency [34]. Better CSR disclosure, investors can find out more information about the company based on actual information, so that the Bid Ask Spread will be reduced [35] [31].

2.2.2.4 The effect of ownership structure on sustainability report

[36] companies with large institutional ownership will be better able to monitor management. The greater the institutional ownership, the more efficient the utilization of company assets and is expected to act as a prevention against waste by management [37].

2.2.2.5 Effect of liquidity on sustainability report

Strong financial conditions will encourage companies to disclose more information as an instrument to convince their stakeholders. [38] companies with high liquidity have more incentives to provide more financial and non-financial information in the annual report compared to companies with low liquidity [39] (Gray et al in Chariri and Ghozali, 2014) [40] the higher the company's liquidity, the more funds available to the company to finance dividends, company operations, and investment [26].

2.2.2.6 The effect of company size on sustainability report

According to [30] [41] [42] conducted a study on the effect of company size on sustainability reports in the aviation industry around the world and found that company size had a positive effect on sustainability reports. Another study
that found empirical evidence that firm size had an effect on sustainability reporting was a study conducted by [29].

Factors that influence the sustainability report are: investment opportunities, leverage, information asymmetry, ownership structure, liquidity and company size. Research in line with this research are [43], [44], [27], [45], [46], [47]. The hypothesis that can be used is:

H2a : Investment opportunities have a positive effect on the sustainability report
H2b : Leverage has a negative effect on the sustainability report
H2c : Information asymmetry has a positive effect on the sustainability report
H2d : Ownership Structure has a positive effect on the sustainability report
H2e : Firm size has a positive effect on the sustainability report.

H2f : Liquidity has a positive effect on the sustainability report.

2.2.3 Firm Value Determinants

2.2.3.1 Effect of asset revaluation on firm value

Fixed asset revaluation policy provides a signal of investment opportunities to investors to obtain returns on their investments, both in the form of returns and abnormal returns [9] [48] in his research proves the revaluation of fixed assets has a positive effect on stock returns [20]. Revaluation suspected assets effect on company value [9], [10], [19]. The hypothesis that can be used is:

H3 : Fixed asset revaluation has a positive effect on firm value.

2.2.3.2 Effect of sustainability report on company value

Research [49] sustainability report has a significant relationship and has a positive effect on company performance. Sustainability reports are presented that can meet the disclosure index and will have an effect on increasing company performance. Sustainability report suspected effect on company value [50] [51][7] [30], [52] [53] [53] [54]. Hypothesis can be used are:

H4 : sustainability report has a positive effect on firm value.

2.2.3.3 The effect of investment opportunities on company value

Investment opportunity become the basis for investment decisions made by the company to increase the value of the company in the future. Research in line is [55] [56] [57].

2.2.3.4 The effect of leverage on company value

Leverage effect on the value of the company is built with the Trade Off Theory. Research based on the effect of leverage on firm value is [58] [59] [60] [61] [62] [63] [64] [65] [66].

2.2.3.5 The effect of information asymmetry on firm value

The company's positive signal will have an impact on increasing stock prices and company value. The research underlying asymmetric information affecting firm value is [55] [56] [57].

2.2.3.6 The effect of ownership structure on firm value

Ownership structure of the company can be a signal of increasing the value of the company, through the owner's goals, responsibilities, decision making, and company control. The research underlying the ownership structure that influences firm value is [58] [67] [68].

2.2.3.7 Effect of liquidity on firm value

The main goal of the company is to increase the value of the company. Liquidity gives a positive signal to investors. The research underlying the effect of liquidity on firm value is [60][61].

2.2.3.8 The effect of firm size on firm value

The company is experiencing development and growth has an effect on increasing the value of the company. [60] [61].

The determinants of firm value are investment opportunities, leverage, information asymmetry, ownership structure, liquidity and firm size. [55] [56] [57] [58][59] [60][61] [62] [63] [64] [65] [66] [58] [67] [68] [60] [61]. The hypotheses that can be used are:

H5a : Investment opportunities have a positive effect on the firm value
H2b : Leverage has a negative effect on the firm value
H2c : Information asymmetry has a positive effect on the firm value
H5d : Ownership Structure has a positive effect on the firm value
H5e : Firm size has a positive effect on the firm value.
H5f : Liquidity has a positive effect on the firm value
3. RESEARCH OLOGY METHODS

This study uses secondary data obtained from the Indonesian Stock Exchange data center. The research period is in 2015-2019. The method of determining the sample is purposive sampling with the following criteria: 1) Indonesia follows the IFRS II convergence in 2015, 2) companies use rupiah currency in their operations, 3) companies that have revalued fixed assets, 4) reporting company sustainability reports.

The total population for all industrial sectors is 223 companies which will be sampled through purposive sampling to 138 companies.

3.1 Empirical Research Model

Construct 1 is an investment opportunity (IOS) with the dimensions of Market to Book Value of Equity (MBVE) and Market to Book Value of Assets (MBVA) as variables exogenous, thought to have an effect on fixed asset revaluation (REVA) as an endogenous variable.

Construct 2 is an investment opportunity (IOS) with dimensions of Market to Book Value of Equity (MBVE) and market to book value of assets (MBVA) as exogenous variables, endogenous.

Construct 3 is leverage (LEV) with dimensions of debt to as set ratio (DAR) and debt to equity ratio (DER) as exogenous variables, suspected to have an effect on fixed asset revaluation (REVA) as endogenous variables.

Construct 4 is leverage (LEV) with dimensions of debt to as set ratio (DAR) and debt to equity ratio (DER) as exogenous variables. sustainability report (SDI) as an endogenous variable.

Construct 5 is information asymmetry (ASI) with dimensions of bid access ratio, earnings forecast, intensity of fixed assets as an exogenous variable, which is thought to have an effect on fixed asset revaluation (REVA) as an endogenous variable.

Construct 6 is information asymmetry (ASI) with dimensions of bid access ratio, earnings forecast, fixed asset intensity as an exogenous variable, thought to have an effect on the sustainability report (SDI) as an endogenous variable.

Construct 7 is an ownership structure (OWN) with majority ownership as an exogenous variable, allegedly influencing the revaluation of fixed assets (REVA) as an endogenous variable.

Construct 8 is an ownership structure (OWN) with majority ownership as an exogenous variable, allegedly affecting the sustainability report (SDI) as an endogenous variable.

Construct 9 is liquidity (LIQ) with dimensions of Current Ratio (CR) and Quick Ratio (QR), as
exogenous variables, which are thought to have an effect on revaluation of fixed assets (REVA) as endogenous variables.

Construct 10 is liquidity (LIQ) with dimensions of Current Ratio (CR) and Quick Ratio (QR), as exogenous variables, suspected to have an effect on sustainability report (SDI) as endogenous variables.

Construct 11 is firm size (size) with the dimensions of total assets as an exogenous variable, thought to have an effect on the revaluation of fixed assets (Reva) as an endogenous variable.

Construct 12 is the size of the company (size) with the dimensions of total assets as an exogenous variable, thought to have an effect on the sustainability report (SDI) as an endogenous variable.

Construct 13 is the evaluation of a fixed set (Reva), as an intervening variable suspected to have an effect on firm value (FV) with dimensions of price to book value, stock returns, and Tobin’s Q as an endogenous variable.

Construct 14 is a sustainability report (SDI), as an intervening variable suspected to have an effect on firm value (FV) with dimensions of price to book value, stock returns, and Tobin’s Q as an endogenous variable.

Construct 15 is an investment opportunity (IOS) with the dimensions of Market to Book Value of Equity (MBVE) and Market to Book Value of Assets (MBVA) as exogenous variables, thought to have an effect on firm value (FV) with the dimension of price book value, stock returns, and Tobin’s Q.

Construct 16 is leverage (LEV) with dimensions of debt to as set ratio (DAR) and debt to equity ratio (DER) as exogenous variables, suspected to have an effect on firm value (FV) with dimensions of price to book value, stock return, and Tobin’s Q as an endogenous variable.

Construct 17 information asymmetry construct (ASI) with dimensions of bid access ratio, earnings forecast, intensity of fixed assets as exogenous variables, is thought to have an effect on firm value (FV) with dimensions of price to book value, stock returns, and Tobin’s Q as endogenous variables.

Construct 18 is an ownership structure (OWN) with majority ownership as an exogenous variable, thought to have an effect on firm value (FV) with dimensions of price to book value, stock returns, and Tobin’s Q as endogenous variables.

Construct 19 is liquidity (LIQ) with dimensions of Current Ratio (CR) and Quick Ratio (QR), as exogenous variables, allegedly influencing firm value (FV) with dimensions of price to book value, stock returns, and Tobin’s Q as endogenous variables.

Construct 20 is the size of the company (size) with the dimensions of total assets as an exogenous variable, thought to have an effect on firm value (FV) with dimensions price to book value, stock return, and Tobin’s Q as endogenous variables.

The research uses quantitative data analysis techniques through the test equation model and the Partial Least Square (PLS) structural equation model.

4. RESEARCH RESULTS AND DISCUSSION

4.1 Descriptive Statistics

This study analyzes the revaluation of fixed assets and sustainability report and determinants of company value. The descriptive description of the variables is as follows:

4.1.1 Discussion of the relationship between average value and loading factor

Interpretation of the relationship between the average value and the loading factor is carried out using an interpretation approach in Performance Importance Analysis (PIA).

PIA research results show the following interpretations:

1. There are nine indicators of all variables belonging to quadrant I (keep up the good work), namely the investment opportunity variable, there are two indicators, namely market to book value of equity and market to book value of assets, leverage variable with debt to asset ratio indicator, information asymmetry variable with fixed asset
intensity indicator, ownership structure variable with ownership structure indicator, firm size variable with firm size indicator, fixed asset revaluation variable with fixed asset revaluation indicator, and firm value variable there are two indicators, namely Tobin’s Q, and price to book value. The nine indicators in quadrant I can be implemented and their performance maintained. Management needs to concentrate more on variable indicators that require improvement priorities.

2. There are four indicators belonging to quadrant IV (concentrate here), namely the leverage variable with the debt equity ratio indicator, liquidity variable, namely the indicator current ratio and quick ratio, and variable sustainability report with indicators sustainability disclosure index. The four indicators in quadrant IV should be a top priority or concentrate here to be improved because the liquidity variable with the current ratio and quick ratio indicators as well as the leverage variable with the debt equity ratio indicator provides a strong direct influence on firm value and has a high risk to the company.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average</th>
<th>Loading factor</th>
<th>Quadran</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOS X1 :</td>
<td>MBVE X1.1</td>
<td>4.430</td>
<td>0.599</td>
</tr>
<tr>
<td>IOS X1 :</td>
<td>MBVA X1.2</td>
<td>2.923</td>
<td>0.962</td>
</tr>
<tr>
<td>LEV X2 :</td>
<td>DER X2.1</td>
<td>1.570</td>
<td>0.997</td>
</tr>
<tr>
<td>IA X3 :</td>
<td>IAT X3.3</td>
<td>0.429</td>
<td>1.000</td>
</tr>
<tr>
<td>OWN X4 :</td>
<td>May X4.1</td>
<td>62.827</td>
<td>1.000</td>
</tr>
<tr>
<td>LIQ X5 :</td>
<td>CR X5.1</td>
<td>0.785</td>
<td>0.992</td>
</tr>
<tr>
<td>SIZE X6 :</td>
<td>size X6.1</td>
<td>7.313</td>
<td>1.000</td>
</tr>
<tr>
<td>REVA Y1 :</td>
<td>REVA Y1.1</td>
<td>4.381</td>
<td>1.000</td>
</tr>
<tr>
<td>SDI Y2 :</td>
<td>SDI Y2.1</td>
<td>0.385</td>
<td>1.000</td>
</tr>
<tr>
<td>FV Z :</td>
<td>Tobins Q Z1</td>
<td>2.747</td>
<td>0.962</td>
</tr>
<tr>
<td>PBV Z3</td>
<td>2.353</td>
<td>0.957</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: Processed data (2022)

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
<th>Composite Reliability</th>
<th>R Square</th>
<th>Cronbachs Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASI</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>FV</td>
<td>0.921</td>
<td>0.959</td>
<td>0.965</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>IOS</td>
<td>0.641</td>
<td>0.772</td>
<td>0.525</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>LEV</td>
<td>0.822</td>
<td>0.901</td>
<td>0.920</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>LIQ</td>
<td>0.981</td>
<td>0.980</td>
<td>0.980</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>OWN</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>REVA</td>
<td>1.000</td>
<td>1.000</td>
<td>0.832</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>SDI</td>
<td>1.000</td>
<td>1.000</td>
<td>0.792</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td>SIZE</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>&gt;0.5</td>
</tr>
</tbody>
</table>

Source: Processed data (2022)
Based on the value of the quality criteria table, all dimensions are greater than 0.5 so that they are valid and reliable.

Table 3. Path coefficient

| Path Coefficient | Original Sample (O) | T Statistics (|O/STERR|) | Conclusion |
|------------------|---------------------|-----------------------------|------------|
| ASI \(\rightarrow\) FV | -0.028 | 0.663 | <1.96 | Hypothesis rejected |
| ASI \(\rightarrow\) REVA | 0.050 | 1.121 | <1.96 | Hypothesis rejected |
| ASI \(\rightarrow\) SDI | 0.803 | 19.267 | >1.96 | Hypothesis accepted |
| IOS \(\rightarrow\) FV | 0.304 | 2.111 | >1.96 | Hypothesis accepted |
| IOS \(\rightarrow\) REVA | 0.298 | 1.819 | <1.96 | Hypothesis rejected |
| IOS \(\rightarrow\) SDI | 0.075 | 0.673 | <1.96 | Hypothesis rejected |
| LEV \(\rightarrow\) FV | 0.232 | 2.866 | >1.96 | Hypothesis accepted |
| LEV \(\rightarrow\) REVA | -0.120 | 0.647 | <1.96 | Hypothesis rejected |
| LEV \(\rightarrow\) SDI | -0.006 | 0.079 | <1.96 | Hypothesis rejected |
| LIQ \(\rightarrow\) FV | 0.342 | 1.774 | <1.96 | Hypothesis rejected |
| LIQ \(\rightarrow\) REVA | -1.198 | 6.848 | >1.96 | Hypothesis accepted |
| LIQ \(\rightarrow\) SDI | -0.168 | 1.356 | <1.96 | Hypothesis rejected |
| OWN \(\rightarrow\) FV | 0.254 | 2.079 | >1.96 | Hypothesis accepted |
| OWN \(\rightarrow\) REVA | 0.697 | 7.570 | >1.96 | Hypothesis accepted |
| OWN \(\rightarrow\) SDI | 0.078 | 1.744 | <1.96 | Hypothesis rejected |
| REVA \(\rightarrow\) FV | 0.143 | 0.718 | <1.96 | Hypothesis rejected |
| SDI \(\rightarrow\) FV | 0.054 | 1.254 | <1.96 | Hypothesis rejected |
| SIZE \(\rightarrow\) FV | -0.885 | 2.783 | >1.96 | Hypothesis accepted |
| SIZE \(\rightarrow\) REVA | 1.770 | 8.967 | >1.96 | Hypothesis accepted |
| SIZE \(\rightarrow\) SDI | -0.217 | 1.194 | <1.96 | Hypothesis rejected |

Source: Processed data (2022)

4.2 Discussion

4.2.1 Effect of investment opportunity on fixed asset revaluation

The results of the study show that investment opportunities do not affect the revaluation of fixed assets with \(t_{stat} 1.819\) is smaller than 1.96. The results of this study contradict [10] [15] explain Market to Book of Equity has a negative effect on asset revaluation, the higher the Market to Book of Equity, the company's interest in revaluing assets will be lower but [14] explains that the Market to Book Ratio has a positive effect, the higher the Market to Book Ratio, the value of the revaluation of assets will continue to rise.

4.2.2 Effect of leverage on evaluation of A set t constant

The results showed that Leverage had no effect on the revaluation of fixed assets, with \(t_{stat} 0.647\) smaller 1.96. Companies with high debt ratio will not revalue assets even though revaluation can reduce the value of the debt ratio. This study contradicts [16], [14] [17] [18], [15], [9] [12], [19] and [20].

4.2.3 Effect of information asymmetry on R evaluation of a set of fixed

The results showed that information asymmetry had no effect on fixed asset revaluation with a \(t_{stat} 1.121\) which was smaller than 1.96. The proportion of fixed assets is not the basis for management's consideration of taking opportunistic actions to choose the revaluation method as the method of measuring fixed assets. This research contradicts [11], [10], [20], [15], [17], information asymmetry has a positive effect on asset revaluation so that the higher the information asymmetry then asset revaluation will increase.

4.2.4 Effect of Ownership Structure on Fixed Asset Revaluation

Ownership structure has a positive effect on fixed asset revaluation of 0.697 with \(t_{stat} 7.570\) is greater than 1.96. The company has centralized ownership in the largest ownership, has the ability to revalue assets. Research is in line with this study [5] majority ownership has a positive effect on asset revaluation, the decision to revalue assets is increasing.
4.2.5 Effect of liquidity on fixed asset revaluation

Liquidity has a negative effect on fixed asset revaluation -1.198, with $t$ stat 6.848 is greater than 1.96. The choice of revaluation method tends to be carried out by companies with low liquidity, while companies with high liquidity levels do not need to revalue fixed assets. Researchers have the same opinion [21] [10]. Researchers assume that companies with low liquidity tend to choose to use the revaluation method to show the value of fixed assets can actually be converted into cash.

4.2.6 Effect of firm size on fixed asset revaluation

Firm size has a positive effect on the revaluation of fixed assets of 1.770 with $t$ stat 8.9670 bigger than 1.96. Large companies will use income reducing procedures and reduce the possibility of loss due to regulation [1] [14]. [20], [16], [10] the higher the size of the company, the greater the ability to carry out asset revaluation.

4.2.7 Influence of investment opportunities on sustainability report

Investment opportunities do not affect the sustainability report with $t$ stat 0.673 is less than 1.96. Investors are more interested in investing in companies that report social information, information about ethics, employee relations and the community in their financial statements [28].

4.2.8 Effect of leverage on sustainability report

Leverage has no effect on the sustainability report with a $t$ stat of 0.079 which is smaller than 1.96. Research [29], companies have a high level of leverage, which has an impact on the low reporting of social and environmental information. Research conducted by [30], leverage has no effect on the sustainability report.

4.2.9 Effect of information asymmetry on sustainability report

Information asymmetry has a positive effect on the sustainability report of 0.803 with $t$ stat by 19.267 bigger 1.96 [31]. Sustainability reports can affect information asymmetry [32]. Sustainability reports make companies increase accountability and transparency [34].

4.2.10 Effect of ownership structure on sustainability report

The ownership structure has no effect on the sustainability report with $t$ stat 1.744 is smaller than 1.96. This study proves ownership concentration can not determine voluntary disclosure. [36], companies with large institutional ownership will be better able to monitor management.

4.2.11 Effect of liquidity on sustainability report

Liquidity has no effect on the sustainability report with $t$ stat 1.356 smaller 1.96. This research contrary with [26] [40] [38] and [39]. Companies will disclose more information with strong financial conditions in activities related to social and environmental through sustainability reports [40].

4.2.12 Effect of company size on sustainability report

Company size has no effect on sustainability report with $t$-stat 1.194 is 1.96. The size of the company with the sustainability report is explained by the theory of legitimacy. Large companies face intense pressure from the public, to disclose their economic, social and environmental responsibilities—This study contradicts the research conducted [30] [42] and [29].

4.2.13 Effect of fixed asset revaluation on firm value

Asset revaluation does not affect the value of the company with $t$ stat 0.718 is less than 1.96. The results contrary with [48]. [20], [29] in their research proves that fixed asset revaluation has a positive effect on firm value.

4.2.14 Effect of sustainability report on company value

Sustainability report has no effect on firm value with $t$ statistic 1.254 is less than 1.96. This study contradicts previous studies, namely that sustainability reports have a positive effect on firm value[49]. Sustainability reports can have a positive influence on company performance, with the fulfillment of the disclosure index, the company's performance will increase [69].
4.2.15 Effect of investment opportunities on firm value

Investment opportunities have a positive effect on firm value of 0.304 with $t_{stat}$ 2.111 greater than 1.96. Investment opportunities provide comprehensive guidance for achieving company value as a form of company spending in the future. —Research in line with investment decisions that affect firm value is [55] [56] [57].

4.2.16 Effect of leverage on company value

Leverage has a positive effect on firm value of 0.2 with $t_{stat}$ 3.866 greater than 1.96. Leverage relationship to firm value is built with the theory of trade off and agency. Research that bases the influence of leverage on firm value is [58] [59] [60] [61] [62] [63] [64] [65] [66].

4.2.17 Effect of information asymmetry on firm value

Information asymmetry has no effect on firm value with $t_{stat}$ 0.663 less than 1.96. Information asymmetry is formed by information trading internal insider trading parties to external parties. This research contradicts research [55] [56] [57], which underlies information asymmetry affecting firm value.

4.2.18 Effect of ownership structure on firm value

Ownership structure has a positive effect on firm value of 0.254 with $t_{stat}$ 2.079 is greater than 1.96. The higher the institutional ownership, the better and more effective supervision will be will have an impact on the prosperity of shareholders and increase the value of the company. The research underlying the ownership structure that influences firm value is [58] [67] [68].

4.2.19 Effect of liquidity on firm value

Liquidity has no effect to company value with $t_{stat}$ 1.77 smaller 1.96. The company's liquidity management is a top priority to be improved in order to meet its obligations to finance debts that are due soon and are optimized to increase the value of the company. This research contradicts research [60] [61].

4.2.20 The effect of firm size on company value

Firm size has a negative effect on firm value by -0.885 with $t_{stat}$ 2.783 is greater than 1.96. This study contradicts [60] [61], which underlies firm size a positive effect on firm value.

5. CONCLUSIONS AND IMPLICATIONS

1. The development of the design and the results of the analysis of the effect of investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and firm size on the revaluation of fixed assets with the following conclusions:

   a. Investment opportunities do not affect the revaluation of fixed assets, meaning that the investment opportunities that arise do not cause the company to revalue fixed assets. The company has Market to Book Value of Equity and Market to Book Value of Assets, can take advantage of investment opportunities without revaluing fixed assets, to avoid taxes and fixed asset valuation fees.

   b. Leverage does not affect the revaluation of fixed assets, meaning that the leverage ratio is not the basis for company management policies to revalue fixed assets. The company has a Debt Equity Ratio where the debt is greater than the capital, and the Debt Asset Ratio is very low.

   c. Information asymmetry does not affect the revaluation of fixed assets, meaning that the transparency of information to staff is not the basis for management's consideration in taking opportunistic actions to choose the revaluation method as a method of measuring fixed assets.

   d. The ownership structure has a positive effect on the revaluation of fixed assets, meaning that the greater the ownership, the greater the ability to influence management decision making.

   e. Liquidity has a negative effect on fixed asset revaluation, meaning that low liquidity encourages management to make decisions on revaluation of fixed assets, and high liquidity does not encourage management to take asset revaluation decisions.

   f. The size of the company has a positive effect on the revaluation of fixed assets, meaning that size is an important factor influencing the ability to make company decisions.
2. Development of design and analysis of the effect of investment opportunity, leverage, information asymmetry, ownership structure, liquidity, and firm size on the sustainability report with the following conclusions:

a. Investment opportunities have no effect on the sustainability report, indicating that the increase and decrease in investment has no effect on the interests of the company's sustainability report. The sustainability report does not have an important role as the company's basis for making decisions to take advantage of investment opportunities owned by the company in the future.

b. Leverage has no effect on sustainability report. This means that leverage is not considered by the company's management to submit a sustainability report. The sustainability report submitted by the company has leverage and does not affect the trust and support of stakeholders.

c. Information asymmetry has a positive effect on the sustainability report. This means that the more information conveyed and received by stakeholders, the more trust in the company. Stakeholders can find out information about the company as a positive signal for the company, through the presentation of a sustainability report.

d. The ownership structure has no effect on the sustainability report, this means that concentration ownership is not able to monitor management to determine voluntary disclosure, in this case majority ownership is not a source of determining sustainability report company.

e. Liquidity has no effect on the sustainability report, meaning that high and low liquidity does not make management to carry out a sustainability report. Companies with low liquidity indicate companies in poor performance, to increase stock offerings and increase company value.

f. Company size has no effect on sustainability reports. This means that the size of the company is not used as a reference for making decisions to carry out a sustainability report. Sustainability report as a requirement to fulfill the legitimacy and form of corporate accountability to stakeholders to avoid demands and face intensive pressure from the public, especially groups that care about the environment and social welfare.

3. Fixed asset revaluation has no effect on firm value, meaning that the fixed asset revaluation policy has no impact on firm value. Fixed assets will result in a decrease in the value of cash flows, because they have to pay taxes on the increase in the revaluation value.

4. Sustainability report has no effect on firm value. Shows that the performance of the economic aspect, the performance of the environmental aspect, and the performance of the social aspect have no impact on the company's performance. The sustainability report is submitted as a form of corporate responsibility towards the environment and fulfills the aspect of legitimacy.

5. The development of the design and the results of the analysis of the effect of investment opportunities, leverage, information asymmetry, ownership structure, liquidity, and company size on company value with the following conclusions:

a. Investment opportunities have a positive effect on firm value. This means that the greater the company's ability to utilize its assets, the more it increases the value of the company.

b. Leverage has a positive effect on firm value meaning that the higher the leverage can increase the value of the company. Capital structure built with trade off theory can be optimized to determine the right amount of debt to finance the company's operations.

c. Information asymmetry has no effect on firm value, meaning that information transparency has no impact on increasing and decreasing firm value. Information can provide a positive signal in the hope of gaining the trust of stakeholders.

d. Ownership structure has a positive effect on firm value. This means that the greater the ownership, the greater the authority to supervise the management of the company's assets and operations. The higher the institutional ownership, the better and more effective supervision will be will have an impact on the prosperity of shareholders and increase the value of the company.
e. Liquidity has no effect on firm value, meaning that the level of liquidity has no impact on increasing firm value. Utilization of liquidity optimization can be done by collecting receivables on a regular basis.

f. Size of the company has a positive effect on the value of the company, meaning that the greater the assets owned by the company, it can easily meet the needs of management to manage the company's operations. The company is experiencing good development and growth in relative market share, showing a higher competitive ability than its main competitors and being an attraction for investors to invest their funds, which will affect the value of the company.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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