Determinants of Company Value with Asset Revaluation as an Intervening

Irma Sari Permata¹, Kurnia Heriansyah², Mulyadi³
¹,²,³Faculty of Economics and Business, Universitas Pancasila. Jalan Raya LentengAgung, South Jakarta, Indonesia

ABSTRACT: The study aims to determine the effect of Investment Opportunity Set, Liquidity, and Company Size both directly and indirectly on Company Value in companies that revalued assets listed on the Indonesia Stock Exchange in the 2016-2019 period. The research method used is a hypothesis testing method with a quantitative approach. The statistical test used is multiple linear regression with the use of partials significance test for hypothesis testing. The number of samples studied was 136 using panel data. The results showed that the direct effect of investment opportunity set and liquidity partially had no effect on firm value, but firm size partially had an effect on firm value. While the indirect effect of investment opportunity set, and company size partially affect the value of the company. Liquidity partially has no effect on firm value through revaluation of fixed assets as an intervening variable.


INTRODUCTION
The Indonesian manufacturing industry is one of the fastest growing industries in Indonesia. As a growing industry, of course, companies engaged in the industry require a sizable injection of funds. One way is by implementing fixed asset revaluation which can encourage increased company performance.

Companies engaged in the manufacturing industry sector in Indonesia are relevant companies to study in research on fixed asset revaluation. This is because the manufacturing industry sector in Indonesia is a rapidly growing industrial sector and has the opportunity to obtain funds by revaluing fixed assets. There are still a small number of manufacturing companies in Indonesia that have implemented the fixed asset revaluation model.

Fixed assets are an important component in running the company’s operations. Measurement after recognition according to PSAK No. 16 (IAI, 2012), the Entity chooses between the cost model or the revaluation model as its accounting policy and applies this policy to all fixed assets in the same group. Under the cost model, after recognition as an asset, fixed assets are recorded at cost less accumulated depreciation and accumulated impairment losses on assets. While the revaluation model after recognition as an asset, fixed assets whose fair value can be reliably measured must be recorded at the revaluation amount, namely the fair value on the revaluation date minus accumulated depreciation and accumulated impairment losses after the revaluation date. Revaluations are carried out regularly to ensure that the carrying amount does not differ materially from the amount determined using fair value at the end of the reporting period. Fixed assets are an important component in carrying out a company's operational processes.

Fixed asset revaluation is a review of the company's fixed assets, due to an increase in market value. This policy reflects the actual condition of the assets, due to fixed asset revaluation, assets are recorded at market value. Fixed asset revaluation should be positive information for external parties of the company, because in addition to being able to motivate an increase in company performance which is reflected in company's profit and share price.

Fixed Asset Revaluation: Concept and Theory
Fixed asset revaluation is a review of the company's fixed assets, due to an increase in market value. This policy reflects the actual state of the assets. due to fixed asset revaluation. Record assets at market value. Fixed asset revaluation should be positive information for external parties of the company. Because in addition to being able to motivate an increase in company performance which is reflected in profits and company stock prices. Research in line with this research is (Courtenay & Cahan.2004) and (Tay.2009). The hypothesis is built is the higher the asset revaluation. Company value will be higher.
Determinants of Company Value with Asset Revaluation as an Intervening

Investment Opportunity Set and Fixed Asset Revaluation

Investment Opportunity Set influences the company's decision to revalue fixed assets. The influence that occurs is a positive influence indicating the higher the investment decision. Fixed asset revaluation decisions will increase. Investment Opportunity Set in this study is market to book value equity of equity. The hypothesis put forward in this study is:
H1: There is an investment opportunity set effect on fixed asset revaluation.

Liquidity and Fixed Assets Revaluation

Liquidity has a significant negative effect on the choice of fixed asset revaluation method. Fixed asset revaluation helps provide more up-to-date information about the amount of cash that can be received from the sale of assets. thereby helping to increase the borrowing capacity of companies as well as reduce borrowing costs. Fixed asset revaluations tend to be carried out by companies with low liquidity. Companies with high levels of liquidity do not need to revalue their fixed assets.H2: There is an effect of liquidity on fixed asset revaluation

Company Size and Fixed Assets Revaluation

One indicator that can show the condition of a company is company size. In this research, the parameter used is the number of assets owned by the company. In general, companies that have large company sizes will revalue fixed assets, because they better reflect the real value of fixed assets. Large companies with high profits, the greater the company chooses to revalue its fixed assets. Based on this, the hypothesis proposed in this study is:
H3: There is an influence of company size on fixed asset revaluation

Corporate Values: Concepts and Theories

Firm value is an investor's perception of the company's level of success which is often associated with stock prices. High stock prices make the company value also high. High corporate value will make the market believe not only in the company's current performance but also in the company's prospects in the future.

Fixed Asset Revaluation and Company Value

Companies that carry out asset revaluations will give investors' confidence to invest in the company. Because the revaluation of fixed assets gives a signal to investors that they have the opportunity to benefit from their invested capital in the form of returns. With the company revaluing its assets, it is hoped that it can increase the value of the company, so in this study the revaluation of fixed assets will be examined as a mediating variable. The hypothesis used in this study:
H4: There is an influence of investment opportunity set on firm value through asset revaluation
H5: There is an effect of liquidity on firm value through asset revaluation
H6: There is an influence of company size on firm value through asset revaluation

METHOD

Research design

The research design is a literature study and the type of research used is explanatory research, namely research that aims to test a theory or hypothesis in order to strengthen or even reject existing theories or research hypotheses. This explanatory research is fundamental in nature and aims to obtain information, data information about things that are not yet known. The results of this study are expected to be able to provide an accurate explanation regarding the research objectives to be achieved.

Population and Sampling Procedure

The population in this study are manufacturing companies that have been listed on the Indonesia Stock Exchange (IDX) for 6 periods, namely 2014 to 2019.

Variable Operationalization

This study uses one (1) dependent variable, namely firm value, and four (4) independent variables, namely investment opportunity set variables, liquidity, firm size, and one (1) intervening variable.

Table 1. Variable Operationalization

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Proksi</th>
<th>Pengukuran</th>
<th>Skala dan Referensi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return Saham (Z)</td>
<td>Stock returns</td>
<td>Stock returns = Pt – Pt-1 X 100 % Pt-1</td>
<td>Rasio</td>
</tr>
</tbody>
</table>
Determinants of Company Value with Asset Revaluation as an Intervening

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>MBVE</th>
<th>MBVE = Share Outstanding X Stock Closing Price</th>
<th>Rasio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Opportunity Set (X1)</td>
<td>MBVE = Share outstanding X Stock Closing Price</td>
<td>Rasio</td>
<td></td>
</tr>
<tr>
<td>Liquiditiy (X2)</td>
<td>Quick Ratio</td>
<td>QR = Current asset - Inventory Current liabilities X100</td>
<td>Rasio</td>
</tr>
<tr>
<td>Company Size (X4)</td>
<td>Total Aset</td>
<td>Total Aset = Logaritma total aktiva.</td>
<td>Rasio</td>
</tr>
<tr>
<td>Asset Revaluation (Y)</td>
<td>Total Asset Revaluation</td>
<td>Total revaluasi asset = Logaritma total revaluasi asset</td>
<td>Rasio</td>
</tr>
</tbody>
</table>

Analysis Techniques
The data analysis technique used is the Structural Equation Modeling (SEM) analysis technique using Partial Least Square (PLS) statistical software version 2.0. Before conducting data analysis, the first step is to test the quality of the instrument, namely the validity test and reliability test.

RESULTS AND DISCUSSION
Hypothesis test
Testing the hypothesis in this study is based on the value contained in the SEM analysis with a limit value for testing the hypothesis. Following are the results of testing the complete model and the research hypothesis:

Figure 1. Full Structural Model Results (Standard Output) – Bootstrapping (Source: Results of Smart PLS Data Processing, 2022)

<table>
<thead>
<tr>
<th>Hipotesis</th>
<th>Hubungan antar Variabel</th>
<th>Path</th>
<th>tHitung</th>
<th>tTabel</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>OS Revaluasi Aset</td>
<td>0.141</td>
<td>1.731</td>
<td>1.65</td>
<td>Effect</td>
</tr>
<tr>
<td>H2</td>
<td>Likuiditas Revaluasi Aset</td>
<td>0.224</td>
<td>1.119</td>
<td>1.65</td>
<td>No Effect</td>
</tr>
<tr>
<td>H3</td>
<td>Ukuran Perusahaan Revaluasi Aset</td>
<td>0.655</td>
<td>3.647</td>
<td>1.65</td>
<td>Effect</td>
</tr>
<tr>
<td>H4</td>
<td>OS Revaluasi Aset Nilai Perusahaan</td>
<td>0.072</td>
<td>1.653</td>
<td>1.65</td>
<td>Effect</td>
</tr>
<tr>
<td>H5</td>
<td>Likuiditas Revaluasi Aset Nilai Perusahaan</td>
<td>0.114</td>
<td>1.047</td>
<td>1.65</td>
<td>No Effect</td>
</tr>
<tr>
<td>H6</td>
<td>Ukuran Perusahaan Revaluasi Aset Nilai Perusahaan</td>
<td>0.333</td>
<td>2.694</td>
<td>1.65</td>
<td>Effect</td>
</tr>
<tr>
<td>H7</td>
<td>OS Nilai</td>
<td>0.096</td>
<td>1.220</td>
<td>1.65</td>
<td>No Effect</td>
</tr>
</tbody>
</table>
Determinants of Company Value with Asset Revaluation as an Intervening

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Variable</th>
<th>Coefficient Value</th>
<th>t-count</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H8</td>
<td>Likuiditas (Nilai Perusahaan)</td>
<td>0.179</td>
<td>1.017</td>
<td>1.65</td>
</tr>
<tr>
<td>H9</td>
<td>Ukuran Perusahaan (Nilai Perusahaan)</td>
<td>-0.489</td>
<td>2.936</td>
<td>1.65</td>
</tr>
</tbody>
</table>

Based on the results of hypothesis testing in table 1, it can be explained as follows:

**H1: Effect of IOS on Asset Revaluation**
Hypothesis 1 explains the effect of IOS on asset revaluation. By looking at the results of existing data processing, it is known that the path coefficient value is 0.141 and the t count value is 1.731 > t table 1.65 at α 0.10, then Ho is rejected and H1 is accepted, this means that the IOS variable has a significant effect on asset revaluation.

**H2: Effect of Liquidity on Asset Revaluation**
Hypothesis 2 explains the effect of liquidity on asset revaluation. By looking at the results of existing data processing it is known that the path coefficient value is 0.224 and the t count value is 1.119 < t table 1.65 at α 0.10, then Ho is accepted and H2 is rejected, this means that the liquidity variable has no effect on asset revaluation.

**H3: Effect of Company Size on Asset Revaluation**
Hypothesis 3 explains the effect of firm size on asset revaluation. By looking at the results of existing data processing it is known that the path coefficient value is 0.655 and the t count value is 3.647 > t table 1.65 at α 0.10, then Ho is rejected and H3 is accepted, this means that the company size variable has a significant effect on asset revaluation.

**H4: Effect of IOS on Firm Value with Asset Revaluation as Intervening**
Hypothesis 4 explains the effect of IOS on firm value with asset revaluation as an intervening variable. By looking at the results of existing data processing, it is known that the path coefficient value is 0.072 and based on the Sobel Test, the t count value is 1.653 > t table 1.65 at α 0.10, then Ho is rejected and H4 is accepted, this means that the IOS variable has a significant effect on firm value with asset revaluation as an intervening variable. Thus the revaluation of assets in this study succeeded in intervening between IOS and firm value.

**H5: Effect of Liquidity on Firm Value with Asset Revaluation as Intervening**
Hypothesis 5 explains the effect of liquidity on firm value by revaluing assets as an intervening agent. By looking at the results of existing data processing, it is known that the path coefficient value is -0.114 and based on the Sobel Test, the t count value is 1.047 < t table 1.65 at α 0.10, then Ho is accepted and H6 is rejected, this means that the liquidity variable does not affect the value of the company with asset revaluation as an intervening variable. Thus the revaluation of assets in this study did not succeed in intervening between liquidity and firm value.

**H6: Effect of Firm Size on Firm Value with Asset Revaluation as Intervening**
Hypothesis 6 explains the effect of firm size on firm value with asset revaluation as an intervening variable. By looking at the results of existing data processing, it is known that the path coefficient value is 0.333 and based on the Sobel Test, the t count value is 2.694 > t table 1.65 at α 0.10, then Ho is rejected and H6 is accepted, this means that the company size variable has a significant effect on the value of the company with asset revaluation as an intervening variable. Thus the revaluation of assets in this study succeeded in intervening between firm size and firm value.

**H7: Effect of IOS on Firm Value**
Hypothesis 7 explains the effect of IOS on firm value. By looking at the results of existing data processing, it is known that the path coefficient value is -0.096 and the t count value is 1.220 < t table 1.65 at α 0.10, then Ho is accepted and H7 is rejected, this means that the IOS variable has no effect on firm value.

**H8: Effect of Liquidity on Firm Value**
Hypothesis 8 explains the effect of liquidity on firm value. By looking at the results of existing data processing, it is known that the path coefficient value is 0.179 and the t count value is 1.017 < t table 1.65 at α 0.10, then Ho is accepted and H8 is rejected, this means that the liquidity variable has no effect on firm value.

**H9: Effect of Firm Size on Firm Value**
Hypothesis 9 explains the effect of firm size on firm value. By looking at the results of existing data processing, it is known that the path coefficient value is -0.489 and the t count value is 2.936 > t table 1.65 at α 0.10, then Ho is rejected and H9 is accepted, this
Determinants of Company Value with Asset Revaluation as an Intervening

means that the firm size variable has a significant effect on firm value.

CONCLUSION

1. The investment opportunity set has a significant effect on the revaluation of fixed assets, meaning that investment opportunities that arise cause the company to revalue fixed assets. Companies have large investment opportunities supported by the growth of owned assets, which can be optimized to make investments.

2. Liquidity has no significant effect on the revaluation of fixed assets

3. Company size has a significant effect on fixed asset revaluation

4. The indirect effect of investment opportunity set on firm value with asset revaluation as an intervening variable has a significant effect.

5. The indirect effect of liquidity on company value with asset revaluation as an intervening variable has no significant effect

6. The indirect effect of company size on company value with asset revaluation as an intervening variable has a significant effect

7. The direct effect of the investment opportunity set on firm value has a significant effect.

8. The direct effect of liquidity on firm value has no significant effect

9. The direct effect of firm size on firm value is significant.

REFERENCES


There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (https://creativecommons.org/licenses/by-nc/4.0/), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.