

The Effect of Company Characteristics on Company Value with Sustainability Report Assurance as a Moderation Variable

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Abstract

This study aims to examine and analyze the effect of firm characteristics on firm value with sustainability report assurance as a moderating variable. The population of this study consists of mining firms that will be listed on the Indonesia Stock Exchange between 2019 and 2021. This research uses quantitative research methods and is classified as causality research. Then this research uses a purposive sampling method so as to produce 57 observational data. Furthermore, the data analysis method used is multiple linear regression so that the results of this study are profitability and liquidity have a positive effect on firm value while firm size and leverage have no effect on firm value then sustainability report assurance as a moderating variable can only moderate and weaken leverage on firm value.

Keywords: Company Size, Profitability, Liquidity, Leverage, Firm Value, Sustainability Report Assurance.

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1. Introduction

Republic of Indonesia Government Regulation No. 47 of 2012 contains that companies that carry out their business activities in the field and/or related to natural resources are required to report their social and environmental responsibilities (BPK, 2012). Meanwhile, companies whose business activities have nothing to do with natural resources are regulated through POJK No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Sector Entities also stipulates regulations that require business actors to prepare sustainability reports to obtain relevant information and to complete their annual reports (OJK, 2017).

The value of a company can fluctuate depending on the price of its shares. When the stock price rises, so does the company's stock price will give investors and potential investors a sense of trust and make them more likely to express their pleasure with the company's management. Companies with favorable business conditions are likely to encourage investors to invest in these companies (Hendang Tanusdjaja, 2021). the positive implications of CSR disclosure on corporate value can be clearly explained through stakeholders and to enhance stakeholder perceptions of the feasibility of pro-social and environmental actions (Aboud & Diab, 2018).

Large-cap stocks such as those owned by PT Adaro Energy Indonesia Tbk (ADRO), PT Indo Tambangraya Megah Tbk (ITMG), and PT Bukit Asam Tbk (PTBA) were observed to increase on January 18 2023. The recent increase in coal shares occurred in line with the increase again world benchmark coal prices. In today's trading, the price of coal for the February contract on the ICE Newcastle market was US\$ 330 per ton, up 1.19% from the previous trading day. This strengthening is good news after coal slumped last week where coal prices collapsed 4.9%. Along with rising black sand and gas prices, falling coal production in China also helped to sustain higher coal prices. In December 2022, China's coal production reached 402.69 million tonnes, with production of 12.99 million tonnes per day. This production decreased compared to November 2022 which reached 13.04 million tonnes. The increase in Covid-19 cases in China has caused production to decline due to the large number of workers who have contracted Covid-19 (Chandra Dwi, 2023).

The International Coalition on Forests and Finance announced on April 20, 2022 that banks are providing \$37.7 billion in loans to small to large mining companies risking deforestation, air pollution and human rights violations in three regions. Citigroup, BNP Paribas, SMBC Group, MUFG and Standard Chartered are the top five investors (Betahita, 2022). Based on this phenomenon, companies must maintain stock prices to remain stable and better if the company wants to make the stock price increase, one way is to have a sustainability report *that* is credible and transparent with a guarantee of sustainability reports which can also be used as a tool to reduce accurate information asymmetry between managers and investors (Cho et al., 2014).

Research by Hendang Tanusdjaja (2021), Thompson (2022), and Wong (2016) was replicated in this study. Through an examination of new areas of sustainability assurance research, this study adds to the body of literature on social accounting. Although the amount of literature on sustainability assurance is relatively sparse, it has the potential to grow significantly. As a result, this study serves as a starting point for more investigation into sustainability assurance.

2. Theory Review and Hypothesis Development

2.1. Agency Theory

An agency relationship is defined as an agreement between one or more principals who request an agent to carry out their work with several decision-making authorities (Syafputri, 2022). High audit quality is essential for assessing the performance of a company and ensuring its profitable financial performance. In the context of *sustainability report assurance*, company stakeholders represent principals and reporting companies represent company agents who use the services of assurers (Yudianti & Dharma, 2020).

2.2. Legitimacy Theory

A company is motivated to disclose social and environmental information to legitimize its status in society (Lu, 2014). Financial Services Institutions, Issuers, and the Public Sector are required to prepare Sustainability Reports since OJK regulation No. 51/2017 concerning Sustainable Finance. In addition, OJK or SEOJK Circular Letter No. 16/2021 concerning Technical Guidelines for Preparing Annual Reports and Corporate Responsibility Reports of Issuers and Public Companies, which emphasizes the presentation of sustainability reports. To increase public confidence in legitimacy by implementing sustainability reports and to uphold corporate credibility, external assurance can be used (Perego and Kolk, 2012).

2.3. Value of the company

Every company certainly has a goal that is to have a good corporate value. Firm value is an important benchmark for the market or potential investors as an illustration of the company's performance. Company value is a benchmark for company performance as well as a reference for prospects or company performance in the future. In addition to indicating that the company has accomplished something, which can be seen by an increase in the stock price, an increase in a company's value also signals that its shareholders will be better off, which will also grow. The business always puts out its best efforts to raise the company's value (Raningsih & Artini, 2018).

2.4. Company Size

Company size can indicate investor distrust of the company. Investors consistently express particular concern for large companies because they are more likely to be in a stable situation and find it easier to apply internal or external funding sources. Large companies can carry out more extensive planning because they have a greater amount of power and are able to distribute information to outsiders. In addition, larger companies tend to have a higher public demand for information than smaller companies (Respati & Hadiprajitno, 2015).

2.5. Profitability

Profitability according to M. Hanafi is the ratio used to measure a company's ability to generate profits at the level of sales, assets, and equity. Three metrics that are frequently mentioned are *Profit Margin*, *Return on Assets* (ROA), and *Return on Equity* (ROE). Harahap (2015:304) states that the purpose of using profitability ratios is the company's ability to earn profits to show how much net profit is obtained from each sale.

2.6. Liquidity

Liquidity is a metric that reduces an organization's capacity to meet short-term requirements, as a result, the organization's default response time to such requests increases (Rompas, 2016). Hanafi & Halim (2009:204-205) states that the most important component of the liquidity criterion is the thin criterion that identifies company size. If the company's efforts to reduce debt or the interest rate decreases, a tougher warning will be given to its creditors, which will have an impact on increasing the amount of debt that must be paid by the company.

2.7. Leverage

Leverage is used to measure how much a company is financed by debt (Astuti et al., 2017). Leverage develops as a result of businesses wishing to meet their daily operational needs by utilizing assets and a certain amount of money which results in fixed expenses consisting of depreciation costs for fixed assets, interest costs and costs which can also increase returns or profits. for businesses or shareholders (Hasibuan et al., 2016). In addition, the leverage ratio will reveal how well the company is performing in meeting its financial obligations when the company is about to be liquidated (Idawati, 2020).

2.8. Sustainability Report Assurance

Sustainability report assurance contributes to organizational activities by improving internal controls, creating more stringent sustainability reports, and helping organizations become more transparent and credible to their stakeholders. Therefore, there are several influential factors that can give impetus to the use of *assurance* in sustainability reporting. The accountability report made by the company must be based on predetermined GRI standards, and the company's sustainability report must also be verified by an independent external party (Junior

et al., 2014). External assurance processes can help improve information systems and embed sustainability efforts into organizations. Including external opinions and suggestions can further improve data accuracy and help identify key risks for companies (Gürtürk & Hahn, 2016). Currently, many organizations and institutions have participated in creating the concept of sustainable living where in this case the UN has contributed the most (Wiwi & Hanifah, 2022).

2.9. Hypothesis Development

2.9.1. Effect of Company Size on Firm Value

The company size for a business is the main identity that can be used to match the largest scale and size of the business. For investors to make investment decisions, this information size is crucial. In Bagus research (2016), which used the research object, namely six telecommunications companies, it was revealed that company size had a significant and positive effect on firm value. Based on the description above, a hypothesis can be drawn, namely:

H1: Firm size has a positive effect on firm value

2.9.2. Effect of Profitability on Firm Value

The amount of profits announced by the company and the company's share price that rises automatically will encourage more investors to invest in related companies. In Hendang Tanusdjaja's research (2021), which uses manufacturing companies as research samples, it shows that profitability proxied by ROA has a significant and positive effect on firm value, then in the research of Alfaiz & Shiddiq (2013), Rahmansyah (2015), Viriany (2020), Anisa (2021) also revealed that profitability has a significant and positive effect on company value. Based on the description above, a hypothesis can be drawn, namely:

H2: Profitability has a positive effect on firm value

2.9.3. Effect of Liquidity on Firm Value

If a certain company has a high level of liquidity, then the market will trust that company more and believe it can increase its liquidity threshold. Cash position is a strategy to reduce liquidity. This factor is an internal factor that can be handled by management. Compared to businesses with weaker cash, those with them can benefit from a wider range of opportunities. In this case, the increase in liquidity results in an increase in the company's stock price. In the research of Alfaiz & Shiddiq (2013) and Achyani (2020), both of which used manufacturing companies as research samples, revealed that liquidity had a significant and positive effect on company value. Based on the description above, a hypothesis can be drawn, namely:

H3: Liquidity has a positive effect on firm value

2.9.4. Effect of Leverage on Firm Value

Investors will be interested in company management that uses external funds efficiently and effectively to achieve the company's target level, if the company's leverage ratio to shares is significant, they will call the company good at using external funds. The high value of the debt ratio will cause the company's liabilities in the amount of debt to the company's capital. The higher *the Debt to Equity Ratio* indicates that the company's risk is relatively high and results in investors tending to avoid companies that have a high *Debt to Equity Ratio*. In Anisa et al.'s research, (2021) which uses a sample of *Food and Beverages* companies and Hadiwibowo's research (2021) using a sample of companies in the basic and chemical industries revealed that leverage has a significant and negative effect on firm value. Based on the description above, a hypothesis can be drawn, namely:

H4: Leverage has a negative effect on firm value

2.9.5. Effect of the Relationship between *Sustainability Report Assurance* and Company Size on Firm Value

According to agency cost theory, larger businesses are more exposed to the public and have incentives to project more authority in their sustainability reports in order to deflect attention from their business activities (Wong et al., 2016). In the research by Charles H. Cho, et al (2014), using a sample of US public companies included in the 2010 Fortune 500, he found that company size had an effect on the choice of collateral. Then in the research of Joshua Wong, et al (2016) reported that there is an influence of company size in selecting higher quality assurance providers. In particular, larger companies require higher quality assurance and this will have a positive impact on company value. According to Thompson's research (2022), assurances for sustainability reports have a sizable and advantageous impact on corporate value. An assumption can be made based on the description above, specifically:

H5: *Sustainability Report Assurance* can strengthen the relationship between Company Size and Company Value

2.9.6. Effect of the Relationship between *Sustainability Report Assurance* and Profitability on Company Value

Profitability is a form of responsibility that a company can give to shareholders who act as one of the stakeholders. When the company's profits increase, the profits that shareholders get in return also increase (Eryadi, 2021). Joshua Wong's research, along with that of his colleagues, indicated that selecting a higher quality assurance source can be profitable. Profitable businesses demand better standards of quality control to ensure that their sustainability reports convey more authority. Then in the research by Eryadi, et al (2021) using a sample of companies that were participants and winners of the Sustainability Reporting Award from 2017 to 2019, Profitability and the assurance

of sustainability reports are positively correlated, though not significantly. The guarantee of sustainability reports has a large and advantageous impact on corporate value, according to Thompson's research (2022). An assumption can be made based on the description above, specifically:

H6: Sustainability Report Assurance can strengthen the relationship between Profitability and Company Value

2.9.7. Effect of the Relationship between Sustainability Report Assurance and Liquidity on Company Value

The value of a sustainability report depends on the perceived credibility of the information disclosed. This suggests a greater need to communicate genuine company value to stakeholders through improving the credibility of sustainability reports with higher levels of liquidity. Joshua Wong, et al. (2016) found some evidence in their research that suggests liquidity influences people's decisions to choose guarantee providers of higher caliber. Companies that are more liquid are more likely to engage accounting firms to signal the greater credibility of sustainability reports to translate their superior performance into value superior company. Based on the description above, a hypothesis can be drawn, namely:

H7: Sustainability Report Assurance can strengthen the relationship between Liquidity and Company Value

2.9.8. Effect of the Relationship between Sustainability Report Assurance and Leverage on Firm Value

Companies with high debt levels are compelled to act opportunistically by taking actions that increase shareholder wealth. For instance, businesses can reduce the value of existing debt claims by taking on new debt with a larger or equal amount. Information asymmetry between bondholders and shareholders is an issue as a result. Bondholders will be interested in corporate sustainability disclosures to evaluate their exposure to debt risk because sustainability issues pose commercial hazards. In order to lessen knowledge asymmetry with bondholders, this suggests that corporations have a larger need to strengthen the credibility of sustainability reports as leverage rises (Wong et al., 2016). In Anisa et al's research (2021) also revealed that guarantees for sustainability reports have a significant and negative effect on company value. Based on the description above, a hypothesis can be drawn, namely:

H8: Sustainability Report Assurance can weaken the Leverage relationship to Company Value

3. Research Methods

The object of research in this study is the natural logarithm of Total Assets, Return on Assets, Current Ratio, Debt to Asset Ratio, Tobin's Q and sustainability reports that are assured or not . This type of research is causality research, which requires design analysis in such a way as to examine the possibility of a causal relationship between variables. For the 2019–2021 period, mining companies registered on the Indonesia Stock Exchange submitted annual reports and sustainability reports, which served as the secondary data source for this study. Purposive sampling, or choosing a sample based on certain criteria, was utilized to choose the study's sample (Sugiyono, 2017: 85).

Table 1: Sampling Technique

Sample Criteria Details	
Mining companies listed on the Indonesia Stock Exchange for the 2019-2021 period.	67
(Mining companies listed on the Indonesia Stock Exchange for the 2019-2021 period that have not issued sustainability reports).	(46)
Mining companies listed on the Indonesia Stock Exchange for the 2019-2021 period that have issued sustainability reports.	21
Total research sample (21 x 3 years)	63
Outliers	6
Total Observations	57

Source: Data processed by the author, 2023.

3.1. Variable Operationalization

3.1.1. Dependent Variable

The dependent variable is the dependent variable which is influenced by the independent variables (Sugiyono, 2017:4). In this study, the measurement of firm value follows research (Hadiwibowo, 2021) , (Thompson et al., 2022) , namely using Tobin's Q.

$$Tobin's Q = \frac{MVE + D}{TA}$$

Information:

- MVE : Market value (number of outstanding shares multiplied by the closing price)
- D : The book value comes from the total debt
- TA : Total Assets

3.1.2. Independent Variable

1. Company Size

Company size is a scale to classify the size of the company. The measurement of company size in this study is using the natural logarithm of the total assets owned by the company (Wong et al., 2016) .

$$Size = Ln (Total Asset)$$

2. Profitability

The measurement of profitability in this study is using *Return on Assets* (ROA) to measure how effective a company is in earning profits (Wong et al., 2016) .

$$ROA = \frac{Earning After Taxes}{Total Assets}$$

3. Liquidity

Liquidity measurement in this study uses *the Current Ratio* where Current Assets are divided by Current Liabilities to measure the ability to fulfill its short-term obligations (Wong et al., 2016) .

$$Current Ratio = \frac{Current Assets}{Current Liabilities}$$

4. Leverage

The leverage ratio describes the size of the company's assets financed by debt. The higher the leverage, the greater the company's assets financed by debt. In this study, leverage measurement uses a debt-to-assets ratio proxy (Hasibuan et al., 2016).

$$Debt to Equity Ratio = \frac{Total Liabilities}{Total Equity}$$

3.1.3. Moderation Variable

To improve the relationship between independent and dependent variables, a moderation variable is used. In this study the measurement of sustainability report assurance follows the research of Cho, et al (2014), Yosra Mnif Sellami, et al (2019) and Zulaikha (2017), namely by giving a dummy score of 1 if there is a sustainability report that is guaranteed and a score of 0 if there is unassured sustainability report.

3.2. Data Processing and Analysis Techniques

Descriptive statistical analysis used in this study is the Mean, Median, Maximum, Minimum, Standard Deviation, Skewness, Kurtosis, Jarque-Bera, Probability and Sum. In panel data regression, there are three different models: the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). The typical assumptions made in this study are the assumptions of normality, multicollinearity, heteroskedasticity, and autocorrelation. For example, the techniques used to do hipotesis in this paper are koefisien determination, uji simultaneity (uji f), and uji parsiality (uji t). Then here is the multiple linear regression model in this study:

Model 1:

$$Tobin's Q = a_{it} + \beta_1 Size_{it} + \beta_2 ROA_{it} + \beta_3 CR_{it} + \beta_4 DER_{it} + \epsilon_{it}$$

Model 2:

$$Tobin's Q = a_{it} + \beta_1 Size_{it} + \beta_2 ROA_{it} + \beta_3 CR_{it} + \beta_4 DER_{it} + \beta_5 SRA_{it} + \beta_6 (Size * SRA)_{it} + \beta_7 (ROA * SRA)_{it} + \beta_8 (CR * SRA)_{it} + \beta_9 (DER * SRA)_{it} + \epsilon_{it}$$

Description:

Tobin's Q	= Firm Value
a	= Constant
$\beta_1 \beta_2 \beta_3 \beta_4 \beta_5 \beta_6 \beta_7 \beta_8 \beta_9$	= Coefficient of each variable
Size	= Company Size
ROA	= Return on Assets
CR	= Current Ratio
DER	= Debt to Equity Ratio
SRA	= Sustainability Report Assurance
ϵ	= Standard Error

4. Results and Discussion

4.1. Descriptive Statistics

Descriptive statistics are used to describe each variable used in this study. Information that can be obtained in descriptive statistics on the eviews 9 software is *Mean, Median, Maximum, Minimum, Standard Deviation*.

Table 2 Descriptive Statistical Results of the Regression Model 1

	TOBINSQ	SIZE	ROA	CR	DER
Means	13.25591	30.29625	3.608472	2.184937	4.257039
Median	13.46153	30.32482	2.580000	1.638772	3.097557
Maximum	15.40643	32.31053	16.42000	7.419542	13.45733
Minimum	9.212273	28.31445	-3.00000	0.679153	0.420000
std. Dev.	1.293192	1.197138	4.336729	1.464739	3.593281
Observations	57	57	57	57	57

Source: *Output views* processed by the author, 2023.

Table 3 Descriptive Statistical Results of the Regression Model 2

	SRA	SIZE SRA	ROA SRA	CR SRA	DER SRA
Means	0.561404	17.22529	2.032632	1.278153	1.843273
Median	1.000000	29.65437	0.400000	1.039563	0.570000
Maximum	1.000000	32.30046	16.42000	6.716906	13.45733
Minimum	0.000000	0.000000	-3.00000	0.000000	0.000000
std. Dev.	0.500626	15.38049	3.956137	1.596133	2.964233
Observations	57	57	57	57	57

Source: *Output views* processed by the author, 2023.

4.2. Panel Data Analysis

Before carrying out a panel data regression analysis, a test was first carried out to select the best panel data model to be used in the study. Three categories are present in the model data panel: common effect, fixed effect, and random effect. The three types of the chow test, hausman test and lagrange multiplier test.

4.2.1 Chow test

Table 4 Regression Model Chow Test Results 1

Effect Test	Statistics	df	Prob.
Cross-section F	55.7259	(19,33)	0.0000
Chi-square cross-sections	199.4469	19	0.0000

Source: *Output views* processed by the author, 2023.

Table 5 Regression Model Chow Test Results 2

Effect Test	Statistics	df	Prob.
Cross-section F	35.64139	(19,28)	0.0000
Chi-square cross-sections	183.8967	19	0.0000

Source: *Output views* processed by the author, 2023.

Chow test, namely Table 4 for the regression model 1 and Table 5 for the regression model 2, it can be seen that the two models have a probability value of Cross Section F and Chi-square smaller than Alpha 0.05 so that the null hypothesis is rejected. Thus this shows that between *the common effect* and *fixed effect models* it is better to use the *fixed effect model* and the data testing will continue to the *Hausman test*.

4.2.2. Hausman test

Table 6 Hausman Test Results Regression Model 1

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-sections	0.306808	4	0.9894

Source: *Output views* processed by the author, 2023.

Table 7 Hausman Test Results Regression Model 2

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-sections	6.919598	9	0.6455

Source: *Output views* processed by the author, 2023.

Hausman test, namely Table 6 for the regression model 1 and Table 7 for the regression model 2, it can be seen that the two models have a Chi-square statistical probability value greater than Alpha 0.05 so that they reject the null hypothesis. Thus this shows that between *the fixed effect* and *random effect models* it is better to use the *random effect model* and data testing will continue to the *lagrange multiplier test*.

4.2.3. Lagrange Multiplier Test

Table 8 Results of the Lagrange Multiplier Test for Regression Model 1

	Test Hypothesis		
	Cross-section	time	Both
Breusch-Pagan	51.85289	1.404531	53.25742
	0.0000	-0.2360	0.0000
Honda	7.200895	-1.18513	4.253789
	0.0000	--	0.0000
King-Wu	7.200895	-1.18513	1.094962
	0.0000	--	-0.1368
Standardized Honda	8.070783	-0.95246	1.493356
	0.0000	--	-0.0677
Standardized King-Wu	8.070783	-0.95246	-0.92954
	0.0000	--	--
Gouririoux, et al.*	--	--	51.85289
			(< 0.01)

Source: *Output eviews* processed by the author, 2023.

Table 9 Results of the Regression Model Lagrange Multiplier Test 2

	Test Hypothesis		
	Cross-section	time	Both
Breusch-Pagan	36.93159	1.360330	38.29192
	0.0000	-0.2435	0.0000
Honda	6.077137	-1.16633	3.472463
	0.0000	--	-0.0003
King-Wu	6.077137	-1.16633	0.766042
	0.0000	--	-0.2218
Standardized Honda	7.646019	-0.94026	0.878843
	0.0000	--	-0.1897
Standardized King-Wu	7.646019	-0.94026	-1.16118
	0.0000	--	--
Gouririoux, et al.*	--	--	36.93159
			(< 0.01)

Source: *Output eviews* processed by the author, 2023.

Based on the results of the *multiplier lagrange test*, namely Table 8 for the 1st regression model and Table 9 for the 2nd regression model, it can be seen that the two models have a Cross Section probability value smaller than Alpha 0.05 so the null hypothesis is accepted. Thus this shows that between the *random effect model* and the *common effect* which is better to use is the *random effect model*.

4.3. Classical Assumption Test Analysis

4.3.1. Normality test

The results of the normality test show that the probability value of Jarque-Bera is 0.133184 in the regression model 1 and 0.354378 or higher in the regression model 2. The data in the first and second regression models are therefore inferred to be regularly distributed.

4.3.2. Multicollinearity Test

The correlation coefficients between all variables are lower than 0.80 according to the findings of the multicollinearity test on regression model 1 and regression model 2. Thus, it can be said that there are no multicollinearity issues with the data in the first and second regression models.

4.3.3. Heteroscedasticity Test

According to the findings of the heteroscedasticity test on Regression Models 1 and 2, the probability value of the Park test is more than 0.05. Thus, it can be said that there are no issues with heteroscedasticity in the data used in the first and second regression models.

4.3.4. Autocorrelation Test

The results of the autocorrelation test in the 1st regression model and 2nd regression model, the Durbin Watson values are between dU and 4-dU. Thus it can be concluded that the data in the 1st and 2nd regression models are

free from autocorrelation problems.

4.4. Hypothesis Testing Analysis

4.4.1. Simultaneous Test (Test F)

Table 10 Simultaneous Test Results for Regression Model 1

Statistical F Test	
Prob(F-statistic)	0.001338

Source: *Output views* processed by the author, 2023.

Table 11 Regression Model Simultaneous Test Results 2

Statistical F Test	
Prob(F-statistic)	0.004543

Source: *Output views* processed by the author, 2023.

Based on table 10 which is the result of the simultaneous test or F test on the regression model 1, it can be seen that the probability value of the F-statistic is 0.001338 then based on table 11 which is the result of the simultaneous test or F test on the regression model 2, it can be seen that the probability value of F- statistic of 0.004543, thus it can be concluded that the probability value of the F-statistic is <0.05, which means that there is a mutual influence between the independent variables, namely company size, profitability, liquidity and leverage as well as the interaction variable with moderating, namely *the sustainability report assurance* on the dependent variable, namely the value of the company.

4.4.2. Partial Test (T Test)

Table 12 Partial Regression Model Test Results 1

Variables	coefficient	std. Error	t-Statistics	Prob.	Conclusion
C	17.95436	6.602567	2.7193	0.0089	-
SIZE	-0.15901	0.217295	-0.73178	0.4676	Rejected
ROA	0.040977	0.016407	2.497452	0.0157	Accepted
CR	0.117957	0.057619	2.047188	0.0457	Accepted
DER	-0.06107	0.035737	-1.70898	0.0934	Rejected

Source: *Output views* processed by the author, 2023.

Table 13 Partial Regression Model Test Results 2

Variables	coefficient	std. Error	t-Statistics	Prob.	Conclusion
C	15.71225	9.84499	1.595964	0.1172	-
SIZE	-0.08319	0.332562	-0.25015	0.8036	Rejected
ROA	0.032944	0.024543	1.342289	0.1860	Rejected
CR	0.171244	0.072787	2.352673	0.0229	Accepted
DER	-0.02373	0.040703	-0.58295	0.5627	Rejected
SRA	1.818425	12.45126	0.146043	0.8845	Rejected
SIZE SRA	-0.04489	0.418821	-0.10718	0.9151	Rejected
ROA SRA	0.019397	0.034373	0.564304	0.5752	Rejected
CR SRA	-0.18346	0.118385	-1.54967	0.1279	Rejected
DER SRA	-0.19984	0.078212	-2.5551	0.0139	Accepted

Source: *Output views* processed by the author, 2023.

4.4.2.1. Effect of Firm Size on Firm Value

Based on table 12, company size has a probability value of 0.4676 and in table 13, 0.8036 is greater than 0.05, which means that company size has no effect on firm value. Company size can represent the company's financial characteristics, large companies will more easily attract investors to invest in these companies compared to small companies, but in reality companies that have large sizes will also have greater information asymmetry. The results of this study are in line with the research of Hendang Tanusdjaja (2021) and Anisa et al., (2021).

4.4.2.2. Effect of Profitability on Firm Value

Based on table 12, profitability has a probability value of 0.0157, which is less than 0.05, which means that profitability has an effect on firm value, but in table 13, 0.1860 is greater than 0.05, which means profitability has no effect on firm value. The amount of profits announced by the company and the company's share price that rises automatically will encourage more investors to invest in related companies. The better the profitability ratio, the better it will describe the company's ability to obtain high profits and will have an impact on increasing the value of the company. The results of this study are in line with research by Hendang Tanusdjaja (2021), Alfaiz & Shiddiq (2013), Rahmansyah (2015), Viriany (2020) and Anisa (2021).

4.4.2.3. Effect of Liquidity on Firm Value

Based on table 12, liquidity has a probability value of 0.0457 and in table 13, liquidity has a probability value of 0.0229, which is less than 0.05, which means that liquidity affects firm value. Liquidity shows that the company is able to meet its financial needs by using current funds available in a short time. Companies with strong liquidity standards will usually be viewed favorably by investors. The results of this study are in line with the research of Alfaiz & Shiddiq (2013) and Achyani (2020).

4.4.2.4. Effect of Leverage on Firm Value

Based on table 12, leverage has a probability value of 0.0934 and in table 13, 0.5627 is greater than 0.05, which means that leverage has no effect on firm value. Leverage is used to control management by reducing the possibility of a manager failing to meet investors' expectations. Leverage is one important factor that can affect company valuation. A high level of leverage will have a high risk where this is indicated by a greater cost of debt. The results of this study are in line with Rahmansyah's research (2015).

4.4.2.5. Effect of Firm Size on Firm Value Moderated by Sustainability Report Assurance

Based on table 13, the interaction between firm size and sustainability report assurance (SIZE_SRA) has a probability value of 0.9151 which is greater than 0.05, which means that SIZE_SRA has no effect on firm value. Companies that have a large size will also experience greater information asymmetry and sustainability report assurance is still voluntary, so there are still many companies that have not used guarantee services in their sustainability reports. The results of this study are in line with Zulaikha's research (2017).

4.4.2.6. Effect of Profitability on Firm Value Moderated by Sustainability Report Assurance

Based on table 13, the interaction between profitability and sustainability report assurance (ROA_SRA) has a probability value of 0.5752 which is greater than 0.05, which means that ROA_SRA has no effect on firm value. The increase and decrease in profitability in the company cannot be affected because it can only measure the company's effectiveness in using the entire company's operations and sustainability report assurance is still voluntary so that there are still many companies that have not used guarantee services in their sustainability reports. The results of this study are in line with the research of Achyani et al., (2020).

4.4.2.7. Effect of Liquidity on Corporate Value Moderated by Sustainability Report Assurance

Based on table 13, the interaction of liquidity with sustainability report assurance (CR_SRA) has a probability value of 0.1279 which is greater than 0.05, which means that CR_SRA has no effect on firm value. Companies that cannot make maximum use of cash will be disrupted in sustainability activities carried out in a short time and sustainability report assurance is still voluntary, so there are still many companies that have not used guarantee services in their sustainability reports. The results of this study are in line with the research of Hendang Tanusdjaja (2021).

4.4.2.8. Effect of Leverage on Firm Value Moderated by Sustainability Report Assurance

Based on table 13, the interaction of leverage with sustainability report assurance (DER_SRA) has a probability value of 0.0139, which is less than 0.05, which means that DER_SRA has an effect on firm value. Leverage is a financial indicator used to determine how a company is financed by outsiders. Companies with high leverage will also have high risk so that companies can do unexpected things, such as companies that can liquidate existing debt claims by acquiring new debt with the same amount or higher than existing debt. The results of this study are in line with the research of Joshua Wong, et al (2016) and Anisa et al., (2021).

5. Conclusion

This study aims to examine the effect of firm characteristics, namely firm size, profitability, liquidity and leverage on firm value with sustainability report assurance as a moderating variable that will strengthen or weaken the independent variables on the dependent variable.

1. Firm size has no effect on firm value.
2. Profitability proxied by ROA (Return on Assets) has a positive influence on firm value.
3. Liquidity proxied by CR (Current Asset) has a positive influence on firm value.
4. Leverage proxied by DER (Debt to Equity Ratio) has no effect on firm value.
5. Sustainability report assurance as a moderating variable cannot moderate the relationship between firm size and firm value.
6. Sustainability report assurance as a moderating variable cannot moderate the relationship between profitability and firm value.
7. Sustainability report assurance as a moderating variable cannot moderate the relationship between liquidity and firm value.
8. Sustainability report assurance as a moderating variable can moderate and weaken the relationship between leverage and firm value.

Limitations

This research is still far from perfection, therefore this research has limitations, the limitations in this study are:

1. This study uses only 21 mining companies listed on the Indonesia Stock Exchange.
2. This research only uses three years.
3. This study only uses financial ratios.

Suggestion

1. All industries of businesses registered on the Indonesia Stock Exchange may be used by future academics.
2. In order to achieve results that are superior to those of earlier studies, future researchers can extend the observation time to at least five years.
3. Future studies can make use of additional independent factors including inflation, capital structure, financial risk, institutional ownership, managerial ownership, and others that can have an impact on business value.

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