EFFECT OF THE NEW STANDARD OF LEASING (PSAK 73 ADOPTS IFRS 16) ON FIRM VALUE DURING THE COVID-19 PANDEMIC

Faiz Siraj Nugroho\textsuperscript{A}, Evi Gantyowati\textsuperscript{B}

\begin{table}[h]
\begin{tabular}{|l|}
\hline
\textbf{ARTICLE INFO} & \textbf{ABSTRACT} \\
\hline Article history: & Purpose: This research aims to examine impact of high lease numbers based on PSAK 73 and PSAK 30 on firm value. \\
Received 17 March 2023 & Theoretical framework: The PSAK 73 (IFRS 16 adoption) mandates the reclassification of operating leases as finance leases, leading to an increase in both assets and liabilities of the company. This change, coupled with the challenging economic conditions caused by the Covid-19 pandemic, can lead into a potential decrease in firm’s value. \\
Accepted 13 June 2023 & Design/methodology/approach: The study uses purposive sampling of firms unaffected during the pandemic, such as food and beverage, agriculture, telecommunications, chemical, and pharmaceutical subsectors listed on Indonesia Stock Exchange (IDX) from 2017 to 2021 and multiple regression is used to test the hypothesis \\
Keywords: & Findings: The research findings suggest a positive relationship between the increase in lease amounts under PSAK 73 and firm value during the pandemic in Indonesia. Additionally, the study reveals a negative relationship between lease amounts under the old standard and firm value prior to the pandemic. \\
Financing Lease; Operating Lease; PSAK 73; Firm Value; Covid-19 Pandemic. & Research, Practical, & Social Implications: The implementation of PSAK 73 in 2020 is appropriate, it has a positive effect on firm value \\
\hline
\end{tabular}
\end{table}

EFEITO DO NOVO PADRÃO DE LEASING (PSAK 73 ADOTA IFRS 16) NO VALOR DA EMPRESA DURANTE A PANDEMIA DE COVID-19

RESUMO
Objetivo: Esta pesquisa tem como objetivo examinar o impacto dos altos números de arrendamento com base no PSAK 73 e no PSAK 30 sobre o valor da empresa.

Estrutura teórica: O PSAK 73 (adoção do IFRS 16) exige a reclassificação dos arrendamentos operacionais como arrendamentos financeiros, o que leva a um aumento nos ativos e passivos da empresa. Essa mudança, juntamente com as condições econômicas desafiadoras causadas pela pandemia de Covid-19, pode levar a uma possível redução no valor da empresa.

Projeto/metodologia/abordagem: O estudo usa amostragem intencional de empresas não afetadas durante a pandemia, como os subsetores de alimentos e bebidas, agricultura, telecomunicações, químico e farmacêutico listados na Bolsa de Valores da Indonésia (IDX) de 2017 a 2021, e a regressão múltipla é usada para testar a hipótese.

\textsuperscript{A} Student of Accounting Program, Universitas Sebelas Maret, Indonesia. E-mail: faizsiraj22@student.uns.ac.id
\textsuperscript{B} Doctor of Accounting Program, Universitas Sebelas Maret, Indonesia. E-mail: evigantyowati_fe@staff.uns.ac.id

Doi: https://doi.org/10.26668/businessreview/2023.v8i6.2455
**Resultados:** Os resultados da pesquisa sugerem uma relação positiva entre o aumento dos valores de arrendamento sob o PSAK 73 e o valor da empresa durante a pandemia na Indonésia. Além disso, o estudo revela uma relação negativa entre os valores de arrendamento sob o padrão antigo e o valor da empresa antes da pandemia.

**Implicações sociais, práticas e de pesquisa:** A implementação do PSAK 73 em 2020 é apropriada e tem um efeito positivo sobre o valor da empresa.

**Originalidade/valor:** A originalidade do estudo é o impacto do PSAK 73 sobre o valor da empresa em condições econômicas anormais, o que não foi feito em pesquisas anteriores.


---

**INTRODUCTION**

One of the challenges faced by firms in this era of globalization is the lack of fixed operational assets and insufficient funds to run their businesses (Safitri et al., 2019). Fixed assets are crucial for firms in producing goods or providing services to consumers. Therefore, proper financial management is necessary to acquire operational fixed assets for the company (Laksana & Sudradjat, 2019). There are two options that firms can consider in owning and controlling operational fixed assets: direct purchase or leasing from other firms (Saing & Firmansyah, 2021). If a company chooses to enter into a lease agreement, it can incur lower rental costs per period, be protected from the risk of asset obsolescence, have more flexible asset usage, and reduce maintenance and upkeep costs (Kieso et al., 2018). Therefore, leasing...
contracts have become an alternative frequently used by entities across sectors as one of the main sources of financing (Morales-Díaz & Zamora-Ramírez, 2018).

As a result, leasing activities in Indonesia have been increased in recent years (Altamuro et al., 2014). In 2015, it was recorded that the total financing receivables of financing sector firms reached IDR 379.25 trillion (Indonesian Financial Services Authority, 2019). Meanwhile, the value of financing receivables in 2019 reached IDR 388.64 trillion, representing an increase of 23.75% from 2015 (Indonesian Financial Services Authority, 2019).

The high enthusiasm of firms towards leasing activities must also be accompanied by standard for leasing transactions. This is to ensure that firms can present financial information in line with the needs of financial statement users, which require more transparent, relevant, and reliable information (Isabel et al., 2021). DSAK IAI (Indonesian Institute of Accountants’ Standard Board) has issued several standards on lease transactions to meet these needs, such as PSAK 30, before it was replaced by PSAK 73, which became effective on January 1, 2020.

One of the reasons behind the replacement of these standards is the inability of PSAK 30 to meet the needs of financial statement users because it does not accurately represent lease transactions (Indonesian Institute of Accountants, 2017). The operating lease model does not require the lessee to recognize the assets and liabilities arising from operating leases on the statement of financial position (off-balance sheet) (Cornaggia et al., 2012; Duke et al., 2009). This is supported by the IFRS statement in 2019, which stated that firms worldwide are estimated to have future lease payments of around USD 3 trillion, which are not recognized on the balance sheet under the accounting requirements of this standard (IASB, 2019).

The implementation of PSAK 73 will have a significant impact in the form of the elimination of lease expense recognition in the operational lease process, resulting in the recognition of additional assets, liabilities, and depreciation expenses in the financial statements (Amrulloh & Jasmadeti, 2022; Isabel et al., 2021). The consequences of this new standard require lessees to almost entirely book lease transactions as finance leases.

The increase in assets and liabilities can have a double-edged sword effect on related firms. On one hand, firms benefit from the increased value of operational assets. However, this increase also reduces the opportunity for firms to obtain future financing and decreases the market value of the company (Chung, 2022; Todorova & Sokolova, 2019).

In general, the decrease on firm value can be seen in the decline of Indonesian Stock Exchange (IDX) Composite Index (IHSG). The Financial Services Authority (OJK) stated that there was a slide in the IHSG from the level of 6,300 to 3,900. Furthermore, in 2020, the trading...
volume on the IDX decreased by 24.74% to 27,495,947,445 from 36,534,971,048 in 2019 (Pratama, 2022). This reflects the doubts and concerns of investors in investing in firms listed on the IDX. Certainly, the decline in the IHSG is not solely influenced by the change in standards to PSAK 73 in 2020, but there are external factors such as the COVID-19 pandemic that also affected Indonesia in that year.

This study examines the impact of PSAK 73 changes on company value under abnormal conditions (the COVID-19 pandemic). The decrease on firm value during the implementation of PSAK 73/IFRS 16 can be worsened by the impact of COVID-19 pandemic. The pandemic has caused a crisis in various fields, particularly the economy, in Indonesia. Firms in various sectors experienced a decline in sales due to weakened purchasing power, limited production of goods, and stagnant cash flow (Bartik et al., 2020; Kurniawansyah et al., 2020; Shang et al., 2021). Consequently, it is possible that the COVID-19 pandemic indirectly has also negatively impacted the perceived value of firms by investors. To achieve more reliable results regarding the impact of PSAK 73/IFRS 16 implementation in Indonesia, this study focuses on firms in subsectors that have shown economic immunity during the pandemic period.

This research also brings some updates from previous research that has been done. This is because PSAK 73 will become effective in 2020 when Indonesia is experiencing an economic recession due to the Covid-19 pandemic. This study also uses a different measurement of company value compared to the studies conducted by Chung (2022), Agyei-Boapeah et al. (2020), and Saleem Hameedi et al. (2022). This study uses PBV (Price to Book Value) instead of Tobin's q to measure firm value. PBV is used because this ratio is less likely to be affected by company losses (Lund, 2021). Consequently, this ratio holds great relevance for this study, which incorporates financial information data during a pandemic.

**LITERATURE REVIEW**

Regardless of the importance of researching the changes in firm value due to the implementation of PSAK 73, studies related to this topic are still limited and yield differing results. Chung (2022) states that the implementation of IFRS 16 worsens financial health indicators such as leverage ratios and current ratios. This is due to the capitalization of operating leases into finance leases, thereby increasing the value of the firm's lease liabilities. The increase in leverage ratios reduces the value of firms involved in operating leases as it limits financing opportunities for future firms and increases the risk of breaches of obligations related to the firm's liabilities (Chung, 2022). On the other hand, Christian et al. (2022) state that the
leverage ratios that arise after the implementation of PSAK 73 do not have an impact on firm's value. The firm’s value remains unchanged because firms in the wholesale and retail sectors have already made their choice between finance leases and operating leases. Agyei-Boapeah et al. (2020) states that the implementation of new IFRS adoption increases firm value in countries with more developed stock markets. This is attributed to the reduction in asymmetric information between shareholders and the firm, as well as improved access to external financing.

**Signaling Theory**

Signalling theory essentially involves two parties: the internal party of the company, who serves as the sender of signals, and the external party of the company, who are the receivers of these signals (Gambetta, 2008; Utami et al., 2020). The purpose of this theory is to emphasize the importance of management providing signals to investors. These signals enable investors to make decisions that align with their interpretation of the information conveyed by the signals (Amanda et al., 2019).

The reason behind providing these signals is the presence of information asymmetry between the firm's management and investors (Gambetta, 2008). Information asymmetry occurs when management has better accounting information about the actual condition of the company compared to investors. This situation can create an opportunity for management to engage in earnings management practices (Salman, 2023). Therefore, it is necessary to provide financial information to investors in the form of a "signal" to reduce the information asymmetry between the two parties and to reduce uncertainty about the firm's prospects (Rokhlinasari, 2016).

Initially, PSAK 73 was expected to improve the quality of accounting and financial information, enable shareholders and/or investors to receive higher quality signals that align with the actual condition of the firm, and minimize information asymmetry between the internal and external parties of the firm (Kawshalya et al., 2020). Consequently, the company can gain appreciation from investors for its efforts in presenting financial statements in accordance with the latest accounting standards (Agyei-Boapeah et al., 2020).

**Firms Value**

Firm value is the perception of investors regarding the level of managerial success in managing company resources (Indrarini, 2019). Therefore, the primary goal of a company is to increase its value because this will also enhance the well-being of investors (Wahidawati,
2002). There are various ways that management can use to increase the value of the company, such as effectively managing company profits, reducing production costs, and providing relevant information for decision-making by shareholders.

**Lease Based on PSAK 73**

Lease is a contractual agreement that has been agreed upon by the lessee and lessor. This lease agreement should provide the lessee with the right to control a specific asset owned by the lessor for a certain period. In return, the lessee will make regular lease payments according to the agreed-upon lease period (Kieso et al., 2018). Unlike PSAK 30, which defines leases based on the transfer of risks and benefits of asset ownership, the definition of a lease in PSAK 73 focuses more on the party that has control rights over the right-of-use asset from a lease contract (Ahalik, 2019).

Under PSAK 73, the value of the right-of-use asset is determined at the commencement of the lease term and is based on the cost necessary to make the leased asset available for use by the lessee (‘Ulhaq, 2021). Additionally, the value of lease liabilities can be derived by calculating the present value of unpaid lease payments for the specified period, along with any expected future payments at the end of the lease.

**Differences in PSAK 30/IAS 17 and PSAK 73/IFRS 16**

Based on PSAK 30 after adopting IFRS, finance lease is defined as a lease that transfers substantially all the risks and rewards of ownership of an asset (Ahalik, 2019). On the other hand, PSAK 73 defines a lease contract as one that conveys the right to control the use of an identified asset for a certain period in exchange for lease payments made by the lessee in accordance with the agreed-upon lease term (Ahalik, 2019). PSAK 30 and PSAK 73 also differ in the classification of leases. According to PSAK 30, both the lessee and lessor are allowed to classify their lease contracts as either finance leases or operating leases based on whether the risks and rewards of ownership of an asset are transferred (Putri & Widijoko, 2021).

Under PSAK 73, almost all lease transactions are classified as finance leases for lessees, except for lease transactions that meet the criteria for short lease terms and low-value underlying assets (Lopes et al., 2020). However, PSAK 73 provides clearer and more structured criteria for identifying lease contracts.

In contrast, PSAK 73 requires the recognition of all lease contracts' additional assets and liabilities at the beginning of the lease term, requiring the lessee to recognize all costs...
associated with such recognition. These costs include lease payments, depreciation expenses, and interest expenses on leased assets (Ahalik, 2019). However, PSAK 73 provides exceptions for short-term and low-value lease contracts (Indonesian Institute of Accountants, 2017).

**Leasing Transactions Based on PSAK 73 and Their Impact on Firm Value**

The application of this new standard has led to an increase in right-of-use assets, liabilities, depreciation expenses, lease expenses, and interest expenses in the financial statements of the affected firms (Amrulloh & Jasmadeti, 2022). This increase in liabilities reduces the firm's chances of obtaining future financing and increases the risk of defaulting on the firm's obligations (Chung, 2022). Additionally, the increase in assets results in reduced firm profits due to the recognition of depreciation and amortization expenses for those assets. This decrease in profits leads to a reduction in dividend payments to shareholders.

These impacts were exacerbated by the economic recession caused by the pandemic during the early implementation of PSAK 73 in 2020. During the pandemic, leasing contracts in Indonesia experienced a decline. This is evident from the decrease in the value of receivables of leasing firms in 2020, which amounted to IDR 75.40 trillion or approximately 16.07% compared to 2019 (Indonesian Financial Services Authority, 2020). This decline indicates that many firms refrained from entering into leasing contracts with financing firms due to concerns about increased costs and lease liabilities that could negatively affect their future performance. Therefore, the hypothesis is proposed as follows (Ha):

\[ \text{Ha: The implementation of PSAK 73 during the pandemic strengthens the negative relationship between an increase in leasing transactions and firm value compared to the application of leasing based on PSAK 30 before the pandemic.} \]

**METHODOLOGY**

The researcher obtained this information from the official website of the Indonesia Stock Exchange and relevant firm websites. Additionally, the researcher also utilized other relevant information related to the research topic, sourced from various references such as exposure drafts, theses, dissertations, articles, and news publications.

This quantitative research uses data from all firms in the food & beverage, agriculture, telecommunications, chemicals, and pharmaceutical subsectors listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. These subsectors were selected due to their ability to withstand and even improve their economic performance during the post-pandemic economic
recession in Indonesia. The study compares 2 years of PSAK 30 implementation (2017-2018) with 2 years after the implementation of PSAK 73 (2020-2021), while 2019 serves as the baseline for calculating the research variables. This study adopts purposive sampling with the following criteria as explained in the table below.

<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All firms in the food &amp; beverage, agriculture, telecommunications, chemicals, and pharmaceutical subsectors listed on the IDX from 2017 to 2021</td>
<td>268</td>
</tr>
<tr>
<td>2</td>
<td>Firms that did not provide complete financial statement information and were not listed on the IDX during the period 2017-2021</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>The number of observation samples used</td>
<td>125</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

The sample size is divided into two groups of data to represent different periods of implementing the leasing accounting standard (PSAK). The first group represents the period before the implementation of PSAK 73, covering the years 2017 to 2018. The second group represents the period during the implementation of PSAK 73, covering the years 2020 to 2021. The first group consists of 66 data samples, while the second group consists of 59 samples. It is important to note that the data from 2019 is used as a basis or component in the calculation of one variable in this research.

**Dependent Variable**

The dependent variable in this research is the firm value measured using PBV (Price to Book Value) to examine the influence of investment capital on the firm's value (Lund, 2021). PBV is calculated by comparing the stock price with the book value per share (Brigham & Houston, 2013). The stock price data used is the data per reporting period, specifically on March 31 of the following year. This method is commonly used in previous research, such as (Jonatan et al., 2021) and (Kawshalya et al., 2020). The reason is that there is a 90-day gap between the financial report’s reporting date and when investors can consider that information in making decisions.

\[
PBV_{i,t} = \frac{\text{Stock Price per Share } i, t}{\text{Book Value per Share } i, t}
\]
Independent Variable

The independent variable used in this research is the impact of information changes in PSAK 73, which includes the variable "high lease ". The high lease variable is a dummy variable that represents the increase in liabilities due to leasing transactions based on the implementation of PSAK 73.

This research categorizes the High lease variable into two types based on the calculation of the dummy variable using the following criteria. Firms that have an increase in lease liabilities above 1 percent from the difference between lease liabilities in year t and lease liabilities in 2019, divided by total liabilities in 2019, are considered as the group with a high increase in lease liabilities due to the implementation of PSAK 73. Firms with an increase in lease liabilities less than 1 percent are considered as the group that did not experience a high increase in lease liabilities due to the implementation of PSAK 73 (Angrist & Pischke, 2008; Harwoko & Kurniawati, 2022). This research measures firms with high lease liabilities due to the implementation of PSAK 73 as a value of one (1), and firms without high lease liabilities due to the implementation of PSAK 73 as a value of zero (0). Lease liabilities and total liabilities in 2019 are used as the baseline for this calculation because that year is the last year before the implementation of PSAK 73 in 2020.

\[
\text{HighLease}_{i,t} = \left( \frac{\text{Lease Liabilities}_{i,t} - \text{Lease Liabilities}_{i,2019}}{\text{Total Liabilities}_{i,2019}} \right) 
\]

Control Variables

The control variables used in this research are ROA (Return on Assets), Size, and Finance Cost. These variables are used based on the effective period of PSAK 73, which coincides with the economic recession period following the Covid-19 pandemic in Indonesia. Therefore, the researcher uses these control variables to minimize the influence of other factors besides the independent variable that may affect the dependent variable, as in the studies conducted by Chung (2022) and Harwoko & Kurniawati (2022).

ROA is a ratio that indicates the return/earnings on the amount of assets used in a firm (Kasmir, 2016). The increase in the number of right-of-use assets causes the denominator in the ROA ratio to increase, resulting in a decrease in the ROA ratio (Safitri et al., 2019). A decrease in ROA leads to a decrease in the company's value (Cahya & Riwoe, 2018).
ROA \(_{i,t} = \frac{\text{Net Income}_{i,t}}{\text{Total Asset}_{i,t}}\)

Size represents the size of a company based on the value of its assets, sales, or equity (Riyanto, 2013). The Covid-19 pandemic in Indonesia has led to a decrease in companies' sales levels. This is due to the reduced purchasing power of the public and the restricted movement of goods (tight export restrictions) (Muthmainnah & Sadiqin, 2021).

Size \(_{i,t} = \text{Total Sales}_{i,t}\)

Finance cost refers to the overall amount of interest expenses, bank loan interest expenses, amortization costs, MTN (Medium-Term Notes), lease liabilities, and consumer financing in a firm. PSAK 73 recognizes the assets and liabilities from operating lease transactions conducted by firms. As a result, financial costs increase due to higher interest expenses on leased assets/right-of-use asset (Morales-Díaz & Zamora-Ramírez, 2018). 

Finance Cost \(_{i,t} = \text{Total Finance Cost}_{i,t}\)

This research uses multiple regression analysis to test hypothesis 1 as follows:

\[
\text{PBV}_{i,t} = \alpha + \beta_1 \text{HighLease}_{i,t} + \beta_2 \text{ROA}_{i,t} + \beta_3 \text{Size}_{i,t} + \beta_4 \text{FinanceCost}_{i,t} + \epsilon_{i,t}
\]

RESULT AND DISCUSSION

Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBV</td>
<td>66</td>
<td>0.36</td>
<td>0.80</td>
<td>1.67</td>
<td>-1.28</td>
</tr>
<tr>
<td>Independent Variable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HighLease</td>
<td>66</td>
<td>0.06</td>
<td>0.24</td>
<td>1.00</td>
<td>0.00</td>
</tr>
<tr>
<td>ROA</td>
<td>66</td>
<td>0.13</td>
<td>0.05</td>
<td>0.23</td>
<td>0.00</td>
</tr>
<tr>
<td>Size</td>
<td>66</td>
<td>29.01</td>
<td>1.71</td>
<td>32.50</td>
<td>26.13</td>
</tr>
<tr>
<td>FinanceCost</td>
<td>66</td>
<td>24.43</td>
<td>2.82</td>
<td>28.95</td>
<td>18.17</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>66</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS 26, Prepared by the authors (2023)
Table 2 presents the descriptive statistics of the sampled firms before the implementation of PSAK 73, covering the period from 2017 to 2018. According to the table, it can be observed that the PBV variable has a mean of 0.36 with a standard deviation of 0.80. The variable has a maximum value of 1.67 and a minimum value of -1.28. Secondly, the high lease variable has a mean of 0.06 with a standard deviation of 0.24. The variable has a maximum value of 1 and a minimum value of 0. This is because the high lease variable is a dummy variable that takes a value of 1 if the firm experiences a lease increase of more than 1 percent, and 0 otherwise. Thirdly, the ROA variable has a mean of 0.13 with a standard deviation of 0.05. The variable has a maximum value of 0.23 and a minimum value of 0.00. Fourthly, the size variable has a mean of 29.01 with a standard deviation of 1.71. The variable has a maximum value of 32.50 and a minimum value of 26.13. Lastly, the finance cost variable has a mean of 24.43 with a standard deviation of 2.82. The variable has a maximum value of 28.95 and a minimum value of 18.17.

On the other hand, Table 3 presents the descriptive statistics of the sampled companies during the implementation of PSAK 73, covering the period from 2020 to 2021. Based on the table above, it can be observed that the PBV variable has a mean of 1.58 with a standard deviation of 1.06. The variable has a maximum value of 4.23 and a minimum value of 0.29. Secondly, the high lease variable has a mean of 0.51 with a standard deviation of 0.50. The variable has a maximum value of 1 and a minimum value of 0. Thirdly, the ROA variable has a mean of 0.05 with a standard deviation of 0.04. The variable has a maximum value of 0.14 and a minimum value of -0.04. Fourthly, the size variable has a mean of 29.09 with a standard deviation of 1.65. The variable has a maximum value of 32.23 and a minimum value of 26.35.
Lastly, the finance cost variable has a mean of 24.95 with a standard deviation of 2.69. The variable has a maximum value of 28.74 and a minimum value of 19.90.

**Classic Assumption Test**

Based on the One-Sample Kolmogorov-Smirnov test results, the Asymp. Sig (2-tailed) value for the period before and during PSAK 73 is 0.200 and 0.078. This value is greater than the significance level of 0.05 or 5%, indicating that the data is normally distributed. The tolerance and VIF values obtained from the multicollinearity test for each variable used are all greater than 0.10 and less than 10, respectively. Therefore, it can be concluded that there is no multicollinearity in the regression model used. The significance values obtained from the heteroscedasticity test (Glejser) by regressing the independent variable against the absolute residual value of the dependent variable have all exceeded the confidence level of 0.05. Hence, it can be concluded that there is no heteroscedasticity in the regression model used.

The Durbin-Watson (DW) values obtained from the autocorrelation test, sequentially for the period before and during PSAK 73, are 1.254 and 1.113. These DW values are smaller than the Durbin Upper values, which are 1.7319 and 1.7266, respectively. Based on these values, it can be concluded that there is autocorrelation present in the regression model. Furthermore, the researcher proceeded to use durbin's two-step method to eliminate the autocorrelation issue in the regression model.

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before PSAK 73</td>
<td>.690a</td>
<td>0.476</td>
<td>0.441</td>
<td>1.808</td>
</tr>
<tr>
<td>During PSAK 73</td>
<td>.563a</td>
<td>0.317</td>
<td>0.266</td>
<td>1.802</td>
</tr>
</tbody>
</table>

Source: SPSS 26, Prepared by the authors (2023)

After applying Durbin's two-step method, the Durbin-Watson (DW) values in the regression model changed to 1.808 and 1.802 for the respective periods. These values are higher than the DU values of 1.7311 and 1.7259. Furthermore, the value of 4-DU is also greater than the DW values, measuring at 2.2689 and 2.2741. Based on these results, it can be concluded that there is no autocorrelation present in the model after applying Durbin's two-step method. However, due to the use of the Durbin two-step method, the final research sample decreased to 65 for the period before PSAK 73 implementation and 58 for the period during PSAK 73 implementation.
Table 4 also shows that the coefficient of determination or adjusted R-squared values in the regression model, both before and during PSAK 73, are 0.441 and 0.266, respectively. This indicates that in the period before PSAK 73, 44.08% of the dependent variable can be explained by the four independent variables, namely high lease, ROA, Size, and finance cost. In contrast, only 26.65% of the dependent variable can be explained by these four variables during PSAK 73 Implementation. This also suggests that there is an influence of other variables outside the model, accounting for 55.92% before PSAK 73 implementation and 73.45% during PSAK 73 Implementation.

### Table (5) Multiple regression analysis result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-0.795</td>
<td>1.106</td>
<td>-0.719</td>
<td>0.475</td>
</tr>
<tr>
<td>HighLease</td>
<td>-1.523</td>
<td>0.303</td>
<td>-0.475</td>
<td>-5.031</td>
</tr>
<tr>
<td>ROA</td>
<td>-8.596</td>
<td>2.117</td>
<td>-0.532</td>
<td>-4.060</td>
</tr>
<tr>
<td>Size</td>
<td>0.084</td>
<td>0.084</td>
<td>0.168</td>
<td>1.008</td>
</tr>
<tr>
<td>FinanceCost</td>
<td>0.014</td>
<td>0.055</td>
<td>0.045</td>
<td>0.247</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-1.211</td>
<td>0.808</td>
<td>-1.499</td>
<td>0.140</td>
</tr>
<tr>
<td>HighLease</td>
<td>0.399</td>
<td>0.132</td>
<td>0.345</td>
<td>3.028</td>
</tr>
<tr>
<td>ROA</td>
<td>-3.880</td>
<td>1.924</td>
<td>-0.256</td>
<td>-2.017</td>
</tr>
<tr>
<td>Size</td>
<td>-0.016</td>
<td>0.081</td>
<td>-0.044</td>
<td>-0.203</td>
</tr>
<tr>
<td>FinanceCost</td>
<td>0.114</td>
<td>0.054</td>
<td>0.468</td>
<td>2.121</td>
</tr>
</tbody>
</table>

Source: SPSS 26, Prepared by the authors (2023)

After conducting multiple linear regression as shown in Table 5, constant value of -0.795 was obtained before the implementation of PSAK 73, while a value of -1.211 was obtained during the implementation of PSAK 73. As for the variable High lease, it had a coefficient value of -1.523 before PSAK 73 Implementation and 0.399 during PSAK 73 Implementation.

Based on Table 5, it is also known that the partial t-values for the High lease variable are -5.031 with a significance value of 0.000 < 0.050, indicating a significant negative effect of the High lease variable before PSAK 73 implementation. On the other hand, the partial t-value for High lease is 3.028 with a significance value of 0.004 < 0.050, indicating a significant positive effect of the High lease variable during PSAK 73 Implementation. Therefore, it can be concluded that the research hypothesis (H1) is rejected due to the difference in the impact of the High lease variable on Firm Value (PBV).

These findings differ from previous studies, such as Chung (2022), which suggested that the firm value (PBV) of companies with high lease levels (heavily reliant on operating
lease transactions) would decrease with the implementation of new regulations. The difference in results could be attributed to the different classification of High lease between this study and Chung (2022). This study classifies High lease as companies experiencing a 1% increase in lease payments compared to the previous period (year t to 2019), following Harwoko & Kurniawati’s (2022) study conducted in Indonesia. On the other hand, Chung (2022) classifies HighLease as companies experiencing a 25% increase in lease payments from 2020 to 2019. The different criteria were used due to the different business environments in Indonesia compared to Chung's (2022) study conducted in Korea.

However, this study aligns with the findings of Agyei-Boapeah et al. (2020) and Kawshalya et al. (2020), suggesting that companies striving to disclose financial statements in accordance with the latest IFRS standards would enable shareholders and/or investors to receive higher quality and more accurate signals that are aligned with the actual conditions of the company, thus minimizing information asymmetry between internal and external parties. In other words, shareholders and/or investors appreciate the management's efforts to provide beneficial financial information. Consequently, companies indirectly benefit from the positive impact of disclosure in line with the latest standards in the form of an increase in firm value.

CONCLUSION

The result is an increase in leasing transactions before the implementation of PSAK 73 will decrease the firm value. On the other hand, an increase in leasing transactions during the implementation of PSAK 73 will increase the firm value. This finding contrasts with previous studies, theories, and the research hypothesis.

According to previous theories and research, the increase in lease expenses due to the adoption of IFRS 16 would decrease profitability ratios and increase leverage ratios for firms because IFRS 16 requires the recognition of operating lease transactions, resulting in an increase in the amount of assets and liabilities in the firm's financial statements. This is expected to be interpreted as bad news by investors.

However, the research findings indicate that changes in accounting information disclosure resulting from the implementation of IFRS 16 can increase the firm value. In other words, investors appreciate the firm's efforts to present accounting information in accordance with the latest standards to minimize existing information asymmetry. Investors can also have more trust in the firm's management regarding the handling of shareholder funds, leading to an increase in firm value.
Based on the results, the implementation of PSAK 73, adopting IFRS 16 by DSAK IAI (Indonesian Institute of Accountants' Standard Board) in 2020, is appropriate. Considering the positive impact on the increased firm value, even though companies must recognize additional assets and liabilities due to the reclassification of operating leases.

There are several limitations in this study. First, there are limitations in measuring the financial cost variable. This variable is used to control the influence of the high lease variable on firm value and to represent the impact of the implementation of IFRS 16/PSAK 73 on interest costs. However, the increase in the firm's financial costs may not necessarily come from the high interest costs of the recognized leases but from other components within the financial costs.

Second, there are limitations in measuring the high lease variable and the sector used in the study. There are only a few companies categorized as experiencing high lease due to the implementation of PSAK 73. The limited number of companies experiencing high lease affects the validity of depicting the impact of PSAK 73. Third, the sampling period is relatively short. This is since the implementation period of PSAK 73 started in 2020, and the research was conducted in May 2023, which allowed the researcher to collect samples from only 2 years before and after the implementation of PSAK 73.

Based on the limitations mentioned above, the researcher proposes the following suggestions to address the limitations in this study. Firstly, it is recommended to use a specific control variable for lease interest expenses instead of financial costs in order to accurately capture the impact of PSAK 73 on the increase in lease interest expenses. Secondly, including samples from sectors less affected by the Covid-19 pandemic would provide a more comprehensive representation of the influence of lease escalation, particularly among HighLease companies. Lastly, extending the research period would provide a more comprehensive understanding of the effects of PSAK 73. For example, comparing a 3-year period of PSAK 30 implementation with a subsequent 3-year period following the implementation of PSAK 73 in Indonesia would yield valuable insights.

REFERENCES


