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The Influence of Environmental Performance, Profitability, and Leverage on Firm Value in Indonesia

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ABSTRACT

This study aims to analyse and examine the influence of environmental performance, profitability, and leverage on firm value in mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period. Environmental performance is measured using companies' ratings in the Corporate Performance Rating Program in Environmental Management (PROPER); profitability is measured using Return on Assets (ROA); leverage is measured using the Debt-to-Equity Ratio (DER); and firm value is measured using Price-to-Book Value (PBV). This study employs a quantitative approach using secondary data from company annual reports. The sample was selected using purposive sampling. Based on predetermined criteria, 20 companies were included in the research sample. Multiple linear regression analysis was used to determine the effects of the independent variables on the dependent variable. The results indicate that environmental performance does not affect firm value, profitability has a positive effect on firm value, and leverage does not affect firm value. These findings suggest that investors tend to place greater emphasis on the company's ability to generate profits than on environmental performance and debt levels when assessing firm value.

1. INTRODUCTION

In the current era of globalization, the global economy continues to develop rapidly and dynamically. This development has intensified business competition and increased global attention to environmental issues, such as climate change, natural resource degradation, and pollution, all of which threaten the sustainability of the planet. Corporate activities are closely linked to the environment; in practice, companies often exploit natural resources, which, if not balanced with adequate controls, can cause serious adverse environmental impacts (Sari et al., 2022). One of the sectors in Indonesia that is both highly affected by and responsible for environmental issues is the mining sector, as it relies on the exploration, extraction, development, and marketing of natural resources, including coal, metals, and minerals. Although the sector has promising prospects because of abundant reserves and rising global demand, including projected coal demand until 2025, it also faces challenges related to the transition to new and renewable energy and the reduction of fossil-fuel use (Rhamadanty, 2024).

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The following table presents stock price data for several mining companies for the 2021-2024 period:

Table 1. Mining Company Stock Prices, 2021-2024

No.	Company Name	Code	2021	2022	2023	2024
1	PT. Aneka Tambang Tbk	ANTM	Rp2,250	Rp1,985	Rp1,705	Rp1,525
	Change (%)		-	-11.77%	-14.10%	-10.55%
2	PT. Bayan Resources Tbk	BYAN	Rp27,000	Rp21,000	Rp19,900	Rp20,250
	Change (%)		-	-22.22%	-5.24%	+1.75%
3	PT. Central Omega Resources Tbk	DKFT	Rp155	Rp132	Rp110	Rp106
	Change (%)		-	-14.84%	-16.67%	-3.63%
4	PT. Citra Tubindo Tbk	CTBN	Rp2,400	Rp1,595	Rp1,435	Rp2,800
	Change (%)		-	-33.54%	-10.03%	+95.12%
5	PT. Dian Swastatika Sentosa Tbk	DSSA	Rp49,000	Rp39,800	Rp80,000	Rp37,000
	Change (%)		-	-18.78%	+101%	-53.75%
6	PT. Gunawan Dianjaya Steel Tbk	GDST	Rp100	Rp151	Rp132	Rp96
	Change (%)		-	+51%	-12.58%	-27.27%
7	PT. Gunung Raja Paksi Tbk	GGRP	Rp780	Rp510	Rp466	Rp268
	Change (%)		-	-34.62%	-8.63%	-42.49%
8	PT. Harum Energy Tbk	HRUM	Rp10,325	Rp1,620	Rp1,335	Rp1,035
	Change (%)		-	-84.30%	-17.59%	-22.47%
9	PT. Ifishdeco Tbk	IFSH	Rp2,140	Rp960	Rp870	Rp830
	Change (%)		-	-55.14%	-9.37%	-4.59%
10	PT. Lionmesh Prima Tbk	LMSH	Rp750	Rp615	Rp440	Rp400
	Change (%)		-	-18%	-28.46%	-9.09%
11	PT. Merdeka Copper Gold Tbk	MDKA	Rp3,890	Rp4,120	Rp2,700	Rp1,615
	Change (%)		-	+5.91%	-34.47%	-40.19%
12	PT. Mitra Investindo Tbk	MITI	Rp232	Rp170	Rp190	Rp148
	Change (%)		-	-26.72%	+11.76%	-22.10%
13	PT. Mitrabara Adiperdana Tbk	MBAP	Rp3,590	Rp7,625	Rp4,632	Rp2,983
	Change (%)		-	+112.40%	-39.25%	-35.60%
14	PT. Saranacentral Bajatama Tbk	BAJA	Rp116	Rp334	Rp123	Rp93
	Change (%)		-	+187.93%	-63.17%	-24.39%
15	PT. Tembaga Mulia Semanan Tbk	TBMS	Rp1,730	Rp1,620	Rp2,660	Rp935
	Change (%)		-	-6.36%	+64.20%	-64.85%

Source: Data processed, 2025

Based on the table, the share prices of several mining companies from 2021 to 2024 exhibited an unstable pattern, characterized by fluctuations in both decline and increase. This stock price instability is suspected to be due to mining companies currently not implementing optimal environmental performance in their operations. Environmental damage caused by company activities, particularly in the mining sector, is a serious problem in Indonesia.

Regulations regarding mining law in Indonesia are stipulated in Law Number 3 of 2020, an amendment to Law Number 4 of 2009 concerning Mineral and Coal Mining. This law stipulates that all forms of mining activities must be carried out with official permits, professional management, and attention to environmental balance. Environmental law exists as a normative mechanism for maintaining and ensuring environmental sustainability. It regulates the relationship between humans and their environment (Salsabila et al., 2024). Although these obligations are mandated by mining regulations, many companies still fail to comply with them. Non-compliance can damage corporate reputation and reduce investor

interest, thereby discouraging investors from accepting investment risks. This condition may reduce profits and share prices, ultimately affecting firm value (Putri & Irawan, 2024).

Firm value refers to the level of public trust achieved by a company through its activities from its establishment to the present (Dzikir et al., 2020). Firm value is fundamental to business continuity because it reflects the market's assessment of the company as a whole. According to Ristiani and Sudarsi (2022), firm value is an important indicator of business performance, as high firm value reflects promising business prospects and can improve shareholder welfare. An increase in share price can maximize shareholder wealth. Market-based firm value also reflects profitable investment opportunities, which provide positive signals to investors regarding potential returns and the company's future prospects. These signals can ultimately increase firm value (Putri & Fitriah, 2025).

The first factor that can influence firm value is environmental performance. Environmental performance refers to a mechanism through which a company voluntarily integrates environmental concerns into its operations and interactions with stakeholders, beyond its legal responsibilities (Wulandari et al., 2023). Clear disclosure of environmental performance is expected to be considered by investors before they invest in a company. Investors assess not only a company's financial performance but also its environmental impact to ensure future business sustainability (Kinasih et al., 2022). Reducing environmental damage from operational activities can improve environmental performance. Conversely, greater environmental damage caused by a company's activities indicates poorer environmental performance (Lalo & Hamiddin, 2021).

The second factor influencing firm value is profitability. Profitability is a company's ability to generate profits during an accounting period. It reflects how effectively a company uses the capital invested in its total assets to generate returns for investors (Kusumaningrum & Iswara, 2022). High profitability also indicates lower risk, which can attract investors and ultimately increase firm value. In addition, high profitability gives investors a positive impression that the company has good prospects for generating future profits; this increases investors' valuation of the company and contributes to higher firm value. A company must be profitable to support its operations. Without profits, it will have difficulty obtaining and attracting external capital (Saddam et al., 2021).

The third factor influencing firm value is leverage. Leverage refers to a company's use of debt to support its operational activities (Harianto and Hendrani, 2022). Companies that use debt as an additional source of capital are expected to allocate that capital to business development. Leverage is used to measure a company's ability to meet its financial obligations, including both short-term and long-term debt. Companies that manage leverage optimally can increase profits without excessively increasing financial risk. However, higher leverage indicates greater investment risk. A high leverage ratio may indicate difficulty in repaying debt, especially when total debt exceeds total assets (Rolanta et al., 2020).

Previous studies on environmental performance by Adyaksana et al. (2024), Anggriani and Syaipudin (2025), and Wahyuningtyas et al. (2025) found that environmental performance has a significant positive effect on firm value. However, Azahra and Sulistyowati (2025) found that environmental performance has no effect on firm value. Studies by Kusumaningrum and Iswara (2023), Amro and Asyik (2021), and Saputri and Giovanni (2021) found that profitability has a positive effect on firm value, whereas Fatehah and Triyonawati (2023) found that profitability does not have a positive effect on firm value. Susanto and Suryani (2024) and Anggita and Andayani (2022) found that leverage has a significant positive effect on firm value, while Susesti and Wahyuningtyas (2022) and Anisa et al. (2022) found that leverage has a negative effect on firm value. These inconsistent findings motivate the authors to re-examine the influence of environmental performance, profitability, and leverage on firm value in mining companies listed on the Indonesia Stock Exchange (IDX).

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Signaling theory was first proposed by Spence (1973). It explains how a sender, or information owner, communicates signals to a recipient, such as an investor, regarding a company's condition. In the business context, company management has more information about internal conditions than investors or other external stakeholders. To reduce this information gap, management needs to provide signals through the disclosure of relevant information so that investors can assess the company's prospects more accurately. According to Sofiatin (2020), strong companies are more willing to publish information through financial reports, annual reports, and corporate social responsibility disclosures, thereby convincing investors that the company is performing well.

The Effect of Environmental Performance on Firm Value

Environmental performance refers to a company's efforts to maintain environmental sustainability and address issues arising from its operations (Santoso & Handoko, 2023). Improved environmental performance, such as efficient waste management, emission reduction, or the use of renewable energy, provides a strong signal that the company is committed to sustainability. In an era in which investors are increasingly environmentally conscious, this signal can increase a firm's market value. Disclosure of strong environmental performance can also reduce social pressure and regulatory risk, both of which could otherwise reduce market value. It can enhance the company's reputation and build external trust, thereby increasing firm value. Studies by Adyaksana et al. (2024), Anggriani and Syaipudin (2025), and Wahyuningtyas et al. (2025) indicate that environmental performance has a significant positive effect on firm value.

H1: *Environmental performance has a positive effect on firm value.*

The Effect of Profitability on Firm Value

Profitability is a financial ratio that describes a company's ability to generate profits using resources such as total assets, capital, and sales. Every company is expected to achieve high profits each year. Higher profits provide a positive signal to investors because they indicate that investors may benefit from their investment. According to Haryadi et al. (2024), high profitability is often viewed as an indicator of business success because it shows that the company generates healthy profits from its operations. Companies with high profitability tend to have higher market values because investors are willing to pay more for their shares. Therefore, profitability has the potential to contribute significantly to increasing firm value. The higher the profitability, the higher the firm value. Studies by Kusumaningrum and Iswara (2023), Amro and Asyik (2021), and Saputri and Giovanni (2021) indicate that profitability has a significant positive effect on firm value.

H2: *Profitability has a positive effect on firm value.*

The Effect of Leverage on Firm Value

Leverage can be used to assess the extent to which a company's assets are financed by debt relative to equity. Companies use debt to support growth. Companies that manage leverage effectively to increase profits may receive a positive response from investors. The level of leverage signals the extent to which a company relies on debt to run its operations and therefore indicates the level of financial risk it may face. Excessive use of debt can be dangerous because it may place a company in an extreme leverage position, in which the company is trapped in very high debt and has difficulty repaying its financial obligations (Pratiwi & Sudiyatno, 2022). If a company is unable to repay its obligations, it may have difficulty obtaining loans from other parties. Studies by Susesti and Wahyuningtyas (2022) and Anisa et al. (2022) indicate that leverage has a significant negative effect on firm value.

H3: *Leverage has a negative effect on firm value.*

3. RESEARCH METHOD

Population and Sampling Technique

The population in this study consists of mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period. Based on the latest data from the Indonesia Stock Exchange, 65 mining companies are currently listed. The sampling technique used in this study was purposive sampling, which is a technique for selecting data sources based on specific considerations (Sugiyono, 2023). The sample selection criteria were as follows: (1) mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period; (2) mining companies that published complete annual reports during the 2021-2024 period; (3) mining companies registered as PROPER participants during the 2021-2024 period; and (4) mining companies that did not experience losses during the 2021-2024 period. Based on these criteria, 20 companies qualified for inclusion in the sample. Therefore, the total number of research observations was 20 companies x 4 years = 80 observations. After excluding eight outliers, the final data set consisted of 72 observations. The data required for this study are secondary data, consisting of annual reports of mining companies listed on the Indonesia Stock Exchange for the 2021-2024 reporting period. The data were obtained from the Indonesia Stock Exchange website (http://www.idx.co.id) and the official websites of the relevant companies.

Dependent Variable

Firm value reflects a company's performance through its share price, which is formed by demand and supply in the capital market and represents public perception and assessment of the company's performance (Wijaya & Fitriati, 2022). In this study, firm value was measured using the Price-to-Book Value (PBV) ratio, using the following formula:

$$\text{PBV} = \frac{\text{Stock Price}}{\text{Book Value Per Share}}$$

Independent Variable

Environmental performance refers to the extent to which a company demonstrates concern for its surrounding environment through various efforts to contribute to environmental preservation (Butar et al., 2025). In this study, environmental performance was measured based on a company's compliance with PROPER, a rating program developed by the Indonesian Ministry of Environment and Forestry to evaluate and assess corporate environmental responsibility. According to the Ministry of Environment and Forestry (KLHK), there are five PROPER rating categories, with each color assigned a score as follows:

Table 2. Company Performance Rating with PROPER

Color	Category	Score
Gold	Very Good	5
Green	Good	4
Blue	Fair	3
Red	Poor	2
Black	Very Poor	1

Source: Fitriana et al. (2024)

Profitability (X_2) is a company's ability to generate profits over a specific period and is a useful indicator for assessing its overall operational effectiveness (Alifian & Susilo, 2024). In this study, profitability was measured using Return on Assets (ROA), calculated using the following formula:

$$\text{ROA} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}} \text{ x } 100\%$$

Leverage (X_3) refers to the use of external debt to finance a company (Niandari & Novelia, 2022). A leverage ratio can be used to measure a company's ability to meet its financial obligations, including both short-term and long-term debt. In this study, leverage was measured using the Debt-to-Equity Ratio (DER), calculated using the following formula:

$$\text{Debt to Equity Ratio (DER)} = \frac{Total\ Liabilitas}{Total\ Equity}$$

Data Analysis Technique

The data analysis technique used in this study was multiple linear regression analysis, which was applied to examine the effects of the independent variables on the dependent variable. Before conducting the multiple linear regression analysis, classical assumption tests were performed. This study used normality, multicollinearity, heteroscedasticity, and autocorrelation tests to evaluate the classical assumptions.

4. RESULTS

Descriptive Statistical Analysis

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Environmental Performance	72	3	5	3.76	0.760
Profitability	72	0.006	0.616	0.17840	0.152044
Leverage	72	0.059	2.967	0.68939	0.571429
Firm Value	72	0.356	5.852	1.45449	1.060411
Valid N (listwise)	72				

Source: Data processed 2026

Table 4. Normality Test

			Unstandardized Residual
N			72
Normal Parameters[a,b]	Mean		0.0000000
	Std. Deviation		0.79609414
Most Extreme Differences	Absolute		0.139
	Positive		0.139
	Negative		-0.101
Test Statistic			0.139
Asymp. Sig. (2-tailed)			0.001[c]
Monte Carlo Sig. (2-tailed)	Sig.		0.115[d]
	99%	ConfidenceLower Bound	0.106
	Interval	Upper Bound	0.123

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Based on 10000 sampled tables with starting seed 2000000.

Source: Data processed 2026

Based on Table 4, the normality test using the Monte Carlo approach produced a significance value of 0.115. Because the Monte Carlo Sig. (2-tailed) value is greater than the 0.05 significance level, the data in this study can be considered normally distributed. In other words, the regression model satisfies the normality assumption.

Table 5. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	0.515	0.521		0.990	0.326		
	Environmental Performance	0.032	0.129	0.023	0.249	0.804	0.972	1.029
	Profitability	4.615	0.654	0.662	7.052	0.000	0.942	1.062
	Leverage	-0.007	0.175	-0.004	-0.040	0.968	0.929	1.076

a. Dependent Variable: Firm Value
Source: Data processed 2026

Based on Table 5, the multicollinearity test results show a tolerance value of 0.972 and a VIF of 1.029 for environmental performance, a tolerance value of 0.942 and a VIF of 1.062 for profitability, and a tolerance value of 0.929 and a VIF of 1.076 for leverage. These results indicate that all variables have tolerance values greater than 0.10 and VIF values lower than 10. Therefore, there is no indication of multicollinearity among the variables in the regression model.

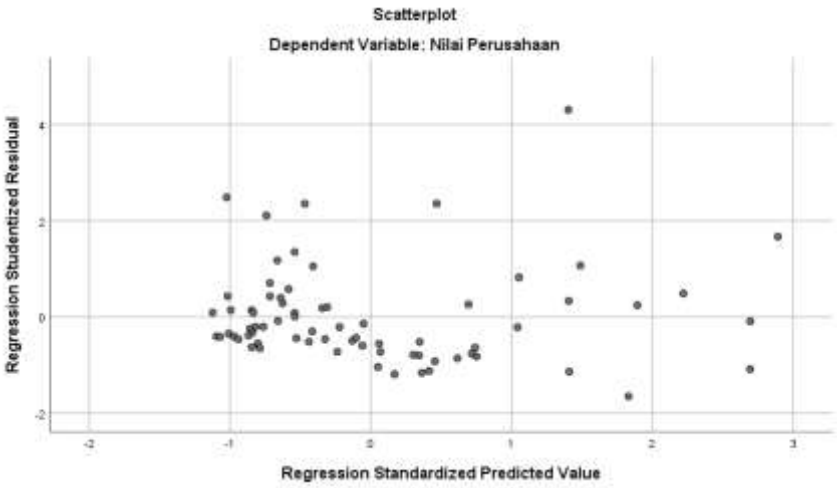

Figure 1. Results of the Heteroscedasticity Test
Source: Data processed 2026

As shown in Figure 1, the data points are scattered above and below the zero line on the Y-axis and do not form a specific pattern. If heteroscedasticity were present, the data points would form a clear pattern, such as a wave-like pattern or a pattern that widens and then narrows regularly. Therefore, the multiple linear regression model does not indicate heteroscedasticity, as the distribution of the data points is random and irregular.

Table 6. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.661[a]	0.436	0.412	0.813466	1.016

a. Predictors: (Constant), Leverage, Environmental Performance, Profitability
b. Dependent Variable: Firm Value
Source: Data processed 2026

Based on Table 6, the Durbin-Watson statistic obtained from the autocorrelation test was 1.016. The sample size was 72, with three independent variables (k = 3). The dL value was 1.5323 and the dU value was 1.7054. Because the DW value of 1.016 falls within the range 0 < d < dL, or 0 < 1.016 < 1.5323, the regression model indicates positive autocorrelation. Therefore, further steps were required to improve the DW value. To address this autocorrelation issue, the Cochrane-Orcutt method was applied by lagging the residual values. The results of the Cochrane-Orcutt method are presented as follows:

Table 7. Cochrane-Orcutt Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.003	0.083		0.037	0.970
	LAG_RES	0.492	0.105	0.492	4.690	0.000

a. Dependent Variable: Unstandardized Residual
Source: Data processed 2026

Table 7 shows that LAG_RES has a value of 0.492, which was used to calculate Lag_Y, Lag_X1, Lag_X2, and Lag_X3 using the following formulas: Y = 0.492 x lag(Y), X1 = 0.492 x lag(X1), X2 = 0.492 x lag(X2), and X3 = 0.492 x lag(X3). The results of the Durbin-Watson test are as follows:

Table 8. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.606[a]	0.368	0.339	0.70654	1.734

a. Predictors: (Constant), LAG_X3, LAG_X2, LAG_X1
b. Dependent Variable: LAG_Y
Source: Data processed 2026

Based on Table 8, the Durbin-Watson statistic was 1.734, with a sample size of 72 and three independent variables (k = 3). The dL value was 1.5323 and the dU value was 1.7054. Because the Durbin-Watson statistic of 1.734 falls within the range dU < d < 4 - dU, or 1.7054 < 1.734 < 2.2946, the regression model does not indicate autocorrelation.

Hypothesis Testing
Multiple Linear Regression Analysis

Table 9. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.515	0.521		0.990	0.326
	Environmental Performance	0.032	0.129	0.023	0.249	0.804
	Profitability	4.615	0.654	0.662	7.052	0.000
	Leverage	-0.007	0.175	-0.004	-0.040	0.968

a. Dependent Variable: Firm Value
Source: Secondary data processed, 2026

The table shows that the regression model obtained is as follows:

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$

$Y = 0{,}515+0{,}032X_1+ 4{,}615X_2- 0{,}007X_3+ \varepsilon$

Based on the regression equation above, the constant value of 0.515 indicates that if environmental performance, profitability, and leverage are all equal to zero, firm value is 0.515. The coefficient for environmental performance is 0.032, meaning that a one-unit increase in environmental performance increases firm value by 0.032, assuming the other variables remain constant. The coefficient for profitability is 4.615, meaning that a one-unit increase in profitability increases firm value by 4.615, assuming the other variables remain constant. The coefficient for leverage is -0.007, meaning that a one-unit increase in leverage decreases firm value by 0.007, assuming the other variables remain constant.

Table 10. Coefficient of Determination Test (R^2 Test)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.661[a]	0.436	0.412	0.813466

a. Predictors: (Constant), Leverage, Environmental Performance, Profitability
b. Dependent Variable: Firm Value
Source: Data processed 2026

Based on Table 10, the coefficient of determination (R^2) is 0.436, or 43.6%. This value indicates that the independent variables, namely environmental performance, profitability, and leverage, collectively explain 43.6% of the variation in firm value. The remaining 56.4% is explained by other variables not included in this study.

Table 11. Model Fit Test (F-Statistic Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.840	3	11.613	17.550	0.000[b]
	Residual	44.997	68	0.662		
	Total	79.837	71			

a. Dependent Variable: Firm Value
b. Predictors: (Constant), Leverage, Environmental Performance, Profitability
Source: Data processed 2026

Table 11 shows that the model examining the effects of environmental performance, profitability, and leverage on firm value produced a significance value of 0.000, which is less than 0.05. This indicates that the model is suitable for use in this study.

Table 12. Individual Parameter Significance Test (t-Test)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.515	0.521		0.990	0.326
	Environmental Performance	0.032	0.129	0.023	0.249	0.804
	Profitability	4.615	0.654	0.662	7.052	0.000
	Leverage	-0.007	0.175	-0.004	-0.040	0.968

a. Dependent Variable: Firm Value
Source: Data processed 2026

Based on the t-test results in the table, the significance value for environmental performance is 0.804, which is greater than 0.05. Therefore, environmental performance has a positive but insignificant effect on firm value, meaning that H1 is rejected. The significance value for profitability is 0.000, which is less than 0.05. Therefore, profitability has a positive

and significant effect on firm value, meaning that H2 is accepted. The significance value for leverage is 0.968, which is greater than 0.05. Therefore, leverage has a negative but insignificant effect on firm value, meaning that H3 is rejected.

DISCUSSION

The Effect of Environmental Performance on Firm Value

The results of this study indicate that the first hypothesis (H1) is rejected because environmental performance does not significantly influence firm value among mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period. Environmental performance reflects a company's efforts to manage the environmental impacts of its operations. The findings suggest that environmental practices have not yet become a primary factor considered by investors when evaluating a company. In practice, the market has not responded significantly to signals of strong environmental performance because such information may not be perceived as providing direct economic benefits. Investors may view sustainability practices as less relevant than financial performance, which is more directly linked to investment returns. These results are consistent with the studies of Fangbethia et al. (2025), Butar et al. (2025), and Ramadhan et al. (2025), which show that environmental performance does not affect firm value. However, the results differ from those of Adyaksana et al. (2024), Anggriani and Syaipudin (2025), and Wahyuningtyas et al. (2025), who found that environmental performance has a significant positive effect on firm value.

The Effect of Profitability on Firm Value

The results of this study indicate that the second hypothesis (H2) is accepted, meaning that profitability has a positive effect on firm value in mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period. Companies with high profitability signal to investors that they are able to generate profits consistently and efficiently. Thus, the higher a company's profitability, the stronger the positive signal received by the market. Investors respond to this signal by increasing demand for the company's shares; consequently, the share price rises, reflecting an increase in firm value. These results are consistent with the studies of Kusumaningrum and Iswara (2023), Amro and Asyik (2021), and Saputri and Giovanni (2021), which state that profitability has a significant positive effect on firm value. However, the results differ from those of Fatehah and Triyonawati (2023), who found that profitability has a negative but insignificant effect on firm value.

The Effect of Leverage on Firm Value

The results of this study indicate that the third hypothesis (H3) is rejected because leverage does not significantly affect firm value among mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period. Leverage, which reflects the debt-to-equity ratio, signals to investors the extent to which a company uses external financing. Excessively high leverage can serve as a negative signal if it is perceived to increase bankruptcy risk, which may reduce investors' perception of firm value. However, the findings of this study indicate that investors do not focus primarily on the level of debt; instead, they prioritize management's ability to manage funds effectively to enhance firm value. This implies that companies may rely more on internal funding sources, such as retained earnings and equity capital, than on debt. These findings are consistent with the studies of Wulandari et al. (2025) and Lamba and Atahau (2022), which state that leverage does not affect firm value. However, the results differ from those of Susesti and Wahyuningtyas (2022) and Anisa et al. (2022), who found that leverage has a significant negative effect on firm value.

5. CONCLUSION

Based on the results of the data analysis and discussion regarding the effects of environmental performance, profitability, and leverage on firm value among mining companies listed on the Indonesia Stock Exchange during the 2021-2024 period, it can be concluded that environmental performance has no significant effect on firm value. This indicates that a high or low PROPER rating does not affect firm value. Meanwhile, profitability has a positive effect on firm value, indicating that higher profitability leads to higher firm value. Leverage has no significant effect on firm value, indicating that high or low leverage does not affect firm value.

LIMITATIONS

This study has several limitations. First, it uses only three independent variables: environmental performance, profitability, and leverage. Second, the population is limited to mining companies listed on the Indonesia Stock Exchange.

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