

## Research Article

# Determinant Factors of Firm Value in Coal Mining Firms: Evidence from Indonesia

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## Abstract

This research investigates how firm value in coal mining companies is influenced by profitability, leverage, and corporate governance between 2014 and 2020. Utilizing a quantitative approach with a descriptive methodology, the study analyzed secondary data from 21 coal companies, totaling 147 data points, sourced from the Indonesian Stock Exchange (BEI). Findings reveal that Debt-to-Equity Ratio (DER) and the presence of an Independent Board of Commissioners positively affect firm value. Conversely, managerial ownership and the Audit Committee's impact on firm value were negligible, due to limited managerial stakes and inadequate audit committees. Return On Assets (ROA) did not affect firm value, likely due to significant data variation and decreasing trends. The study suggests that a robust corporate governance structure ensures informed decision-making and minimizes strategic errors. Management should focus on enhancing operational efficiency to boost profitability.

Keywords: Firm Value, Managerial Ownership, Independent Board of Commissioners, Audit Committee, Return On Assets, Debt to Equity Ratio

JEL Classification: G3, M41, L25

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## 1. Introduction

In Indonesia, the property and real estate sector is seen as a sector that plays an important role in contributing to the country's gross domestic growth (GDP). This sector is also seen as capable of becoming a benchmark for the country's economic growth in the future (Manan & Hasnawati, 2022). One of the impacts of poor company performance is a decrease in company value. This happens because the performance of a company, which is mainly seen from the company's profits, is one of several factors that are looked at by company owners, shareholders, and potential investors. Achieving higher profits indicates that the value of the company is getting better (Ginting, 2021). So, in a company, company value is one of the most important parts that needs to be maintained. Utomo (2019) also stated that maximizing firm value will attract investors.

Company value is a reflection of public trust in the company after going through a process of activities for several years, namely since the company was founded until now Nadhiyah & Fitria, (2021). Increasing the value of the company is an achievement because by increasing the value of the company, the company will be viewed favorably by potential investors. In order to increase company value, management tries to apply factors that can maximize company value. According to Rahmadani and Rahayu (2017), Good Corporate Governance is a set of rules that formulate the relationship between shareholders, managers, creditors, government, employees, and other interested parties, both internal and external, regarding their rights and responsibilities. Good Corporate Governance can also be said to be a principle that can direct and control a company so that a balance of company power and authority can be achieved in providing responsibilities to stakeholders in particular and stakeholders in general. The purpose of GCG itself is to be able to carry out good management and direction of a business and other issues of a company so that there is improvement, growth, and accountability of the company.

One way to see the value of the company is the growth of the company's price-to-book value (PBV). This ratio is used to determine the value of shares and also as a consideration for investors to make decisions in the future (Cakranegara, 2021). Ardiana and Ulfah (2022) stated that a company with a high price-to-book value would also have a high assessment given by investors. This will give rise to a positive reaction from investors towards the PBV information, which will influence changes in share prices. Companies are founded with the aim of making a profit, which can also be interpreted as maximizing share prices. Company value is investors' perception of the company, which can be linked to stock prices. with the aim of making a profit, which can also be interpreted as maximizing share prices. Company value is investors' perception of the company, which can be linked to stock prices. Company value, also called company market value, is the price that potential buyers are willing to pay if the company is sold (Sutanti & Munawaroh, 2022). Over a longer period, the company is expected to be able to achieve a sustainable increase in company value. This can be a good signal for the company's performance, and the company owner will gain prosperity from the company. In line with signal theory, high company value can attract investors' interest in becoming capital providers in the company. The increasing company value is also in line with the increasing level of prosperity of the company owner.

Several factors generally influence the fluctuation of a company's worth. According to Saputra (2018), management ownership, profitability, debt policy, and firm size are the variables that affect a company's worth. There is evidence from a number of earlier research that executive profitability and ownership are frequently linked to firm value. The findings of Saputra (2018) and Padnyawati and Kusumawati (2018) demonstrate that managerial ownership significantly increases the value of the organization. Asnawi et al. (2019) and Umam and Hartono (2019) provided a different study with different results, which demonstrated that managerial ownership had no effect on firm value. Businesses with strong profitability will have substantial internal reserves, which they will utilize before external resources taking external financing through debt. Profitability is the level of net profit that a company can obtain from its operational activities, where some of these profits are distributed to shareholders in the form of dividends, and these profits can also be saved and used to improve the performance of operational activities (Wijoyo, 2018). Profitability is a benchmark for a company's performance and success in generating net profits (Lestari, 2019).

The case is related to the coal company, namely the South Sumatra Provincial Government, which stated that coal mining faces three problems. South Sumatra Governor Herman Deru said that the supervision process for mineral and coal mining with better governance. The three problems of coal mining include mining without a permit. Therefore, the government formed a special task force to regulate mining without a permit. In addition to regulating mining permits, another mining problem is regulating coal transportation that crosses public roads in accordance with the Regulation of the Governor of South Sumatra Number 74 of 2018 concerning the Revocation of the Regulation of Governor Number 23 of 2012 concerning Procedures for Transporting Coal via Public Roads. The issue related to the coal company, namely Indonesia Corruption Watch (ICW), reported alleged manipulation of the reporting of the sale of three coal mining

companies owned by the Bakrie Group to the Directorate General of Taxes. ICW suspects that the engineering of reporting carried out by PT Bumi Resources Tbk. and its subsidiaries in 2003-2008 resulted in state losses of US\$ 620.49 million. ICW Budget Analysis and Monitoring Division Coordinator Firdaus Ilyas said the alleged manipulation of sales reports occurred by PT Kaltim Prima Coal (KPC), PT Arutmin Indonesia (Arutmin), and the parent company of both companies, PT Bumi Resources. Tbk (Bumi).

Leverage, according to Sujarweni (2017), is a ratio used to measure a company's ability to fulfill all obligations, both long and short-term. Low leverage indicates that the company uses little debt to fund the company's operational activities. The smaller the debt a company has, the happier investors will be in providing funding because more of the profits generated will be used as dividends, which will raise the company's worth. In this study, leverage is represented by the debt-to-equity ratio. Suwardika and Mustanda's (2017) research demonstrates that leverage has a major impact on firm value that is trending in the right direction. Conversely, Anugerah and Suryanawa's (2019) research indicates that leverage detracts from the value of a company. Considering the background information provided above, the researcher is interested in conducting research with the title "The Influence of Good Corporate Governance, Profitability and Leverage on Company Value (Coal Mining Companies for the 2014-2020 Period)".

## 2. Literature Review and Hypothesis

### **The value of the company**

The amount that possible investors are willing to spend in the event that the company is sold is its company value. Therefore, it can be said that a company's value is reflected in its share price if it has gone public. This means that the higher the rate of return on investor profits, the higher the company's value, which aims to improve shareholder welfare. Conversely, if the share price decreases, lower shareholder profits will result, which will lower the company's value (Franita, 2018).

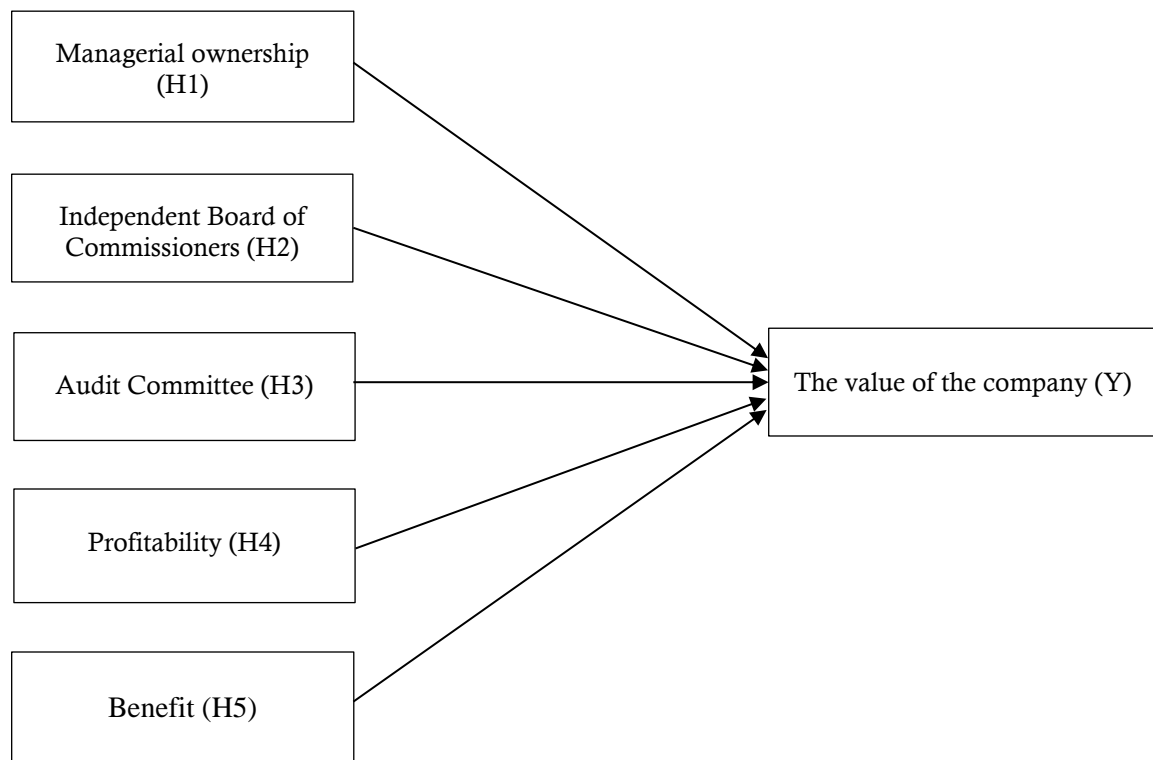
### **Profitability**

The degree to which a business is able to make use of all of its resources in order to produce profits and business is measured by its profitability. A high profitability value indicates a greater need to pay income taxes paid (Dwiyanti & Jati, 2019). Therefore, many company managers are trying to plan carefully to reduce their tax burden by taking advantage of tax avoidance, which legally does not violate regulations. The company's goal is to obtain profits which can be done using profitability ratios. Profitability is a ratio used to measure the effectiveness of management of a company (Hakim & Naelufar, 2020).

### **Benefit**

Leverage is the company's capacity to meet and sustain its ability to consistently meet its financial obligations by making on-time loan payments. The ratio is used to determine the extent to which a firm uses debt as a source of funding for its operational activities or how much debt it has to finance its assets. This ratio is generally used to assess the company's capacity to settle all of its debts, both current and future, in the event that the business is dissolved (liquidation). What is the ratio of the company's debt to its assets? A business that has a lot of leverage suggests that it has higher liabilities compared to the assets it owns.

### Research Conceptual Framework



**Figure 1. Research Conceptual Framework**

Based on the background explanation above, this study aims to reveal the problem regarding "The Influence of Good Corporate Governance, Profitability and Leverage on Company Value (Coal Mining Companies for the 2014-2020 Period)".

### Research Hypothesis

#### The Influence of Managerial Ownership on Company Value

The relationship between managerial ownership and company value, namely efforts to increase company value because managers, apart from being management and also as company owners, will feel directly the consequences of the decisions they take so that managers will not take actions that only benefit the manager. Increasing managerial ownership has an impact on company value; if the shares owned by management increase, then the monitoring activities carried out by management also increase so that when making decisions, management is actively involved. Be more careful and do your best. Research conducted by Darmayanti et al. (2018), Kurniawan & Mawardi (2017), Jayanti (2018), Pohan et al. (2019), Hertina et al. (2019), Nurita (2019), and Ganar (2018), the results prove that profitability has a significant positive effect on company value. Based on the description above, the hypothesis proposed in this research is:

**H1: Managerial ownership has a positive effect on company value**

#### The Influence of the Independent Board of Commissioners on Company Value

A company's value rises in direct proportion to the number of commissioners on its board of directors (Khairani, 2019). To ensure that there are no instances of conflicting interests within the corporation, the independent board of commissioners plays a crucial role in overseeing each policy implemented by the directors as well as the caliber of performance reports they generate. Study carried out by Thaharah & Asyik (2016), Saifi & Hidayat (2017), and Aprianti et al. (2022) shows that an independent The value of the company benefits from having a board of

commissioners. In light of the aforementioned description, the research's hypothesis is

**H2: The Independent Board of Commissioners has a positive effect on Company Value**

#### **The Influence of the Audit Committee on Company Value**

The audit committee plays an important role in the entity; one of its duties is to convey opinions regarding reports and other matters to the board of commissioners. The audit committee is a group that oversees financial reporting and company compliance (Widianingsih, 2018). Then, according to Syafitri et al. (2018), audit is the committee's responsibility, which includes oversight of financial reporting, internal controls, and compliance with generally accepted accounting principles. The audit committee's task is to assist in the evaluation and implementation of the entity's most important activities. To ensure a fair audit, the committee must have at least two non-entity members and one representative from the independent commissioner for audit matters. Previous research conducted by Amaliyah and Herwiyanti (2019) and Prasetyaningsih and Purwaningsih (2023) shows that the audit committee variable has a noteworthy positive impact on business value. In light of the foregoing statement, the research's premise is:

**H3: The audit committee has a positive effect on company value**

#### **The Influence of Profitability on Company Value**

Large internal funds are a sign of a profitable company, and they will be used before borrowing money from outside sources. According to Wijoyo (2018), profitability is the amount of net profit a business may make from its ongoing operations. Part of these earnings are paid as dividends to shareholders, while other profits can be kept and reinvested to boost the efficiency of ongoing operations. According to studies by Ayu & Suarjaya (2017), Nadhiyah & Fitria (2021), profitability positively affects a company's worth. In light of the aforementioned description, the following is the theory put out in this study:

**H4: Profitability has a positive effect on Company Value**

#### **The Effect of Leverage on Company Value**

Smaller companies with a debt to equity ratio will find it simpler to attract investors since they can grow even in difficult situations, which attracts capital and increases the value of the company. More leverage exists in the capital structure from debt financing equity the larger the DER of the company. Research by Dedi (2018) and Purwanti (2021) has revealed that leverage, as a stand-in for the debt to equity ratio, has an effect on business value. Given the above description, the following is the research's hypothesis:

**H5: Leverage has a negative effect on company value**

### **3. Data and Methods**

#### **Types of research**

This study uses quantitative methods. Secondary data from the annual and financial reports of coal mining businesses listed on the Indonesia Stock Exchange was used in this study. Because Indonesia's natural resources are so abundant in mining products, academics are interested in studying mining firms in Indonesia, which is why this study uses coal mining enterprises.

#### **Population and Sample**

In this research, the population used was 22 coal companies listed on the Indonesia Stock Exchange for the 2014-2020 period. The sample selection technique used in this research was purposive sampling. Purpose sampling is the method used to collect samples from this research, where sample data is collected based on research objectives. Sampling must be carried out in such a way that a sample is obtained that truly reflects the actual state of the population.

#### **Data analysis method**

When data is gathered, analyzed, and evaluated from statistical data and then reported to provide comprehensive information to solve an existing problem, this type of study is known as descriptive statistical analysis. An overview or description of the data in terms of the mean, standard deviation,



minimum value, and maximum value will be provided by descriptive statistical analysis. Econometric Views (Eviews) version 9 software is used for data analysis and classification of the data needed for the research. Descriptive statistical tests, traditional assumption tests, model selection, panel data regression models, and hypothesis testing are the data analysis techniques that will be employed.

#### 4. Results

##### Descriptive Statistical Analysis

**Table 1. Results of Descriptive Statistical Analysis**

	Y	H1	H2	H3	H4	H5
means	1.678330	7.631907	0.405477	3.170068	4.351097	1.767659
median	1.021623	0.080309	0.400000	3,000,000	4.203809	0.739623
Maximum	18.65612	66.29348	0.750000	5,000000	45.55789	34.05558
Minimum	-0.314348	0.000000	0.142857	2000000	-64.38723	-7.173955
Std. Dev	2.343892	17.66628	0.127395	0.458917	14.27644	4.008250
Observation	147	147	147	147	147	147

Source: Data processing results (2020)

The results in Table 1 reveal the dependent variable. The firm values using the PBV formula show a minimum value of -0.314348 and a maximum value of 18. The average value of coal companies has a PBV of 1.678330. So, the standard deviation in this study is 2.343892.

The managerial ownership variable is obtained with a minimum value of 0.000000. The average value of managerial ownership is 7.631907. then the standard deviation is 17.66628.

The Independent Commissioners variable shows a minimum value of 0.142857 and a maximum value of 0.750000. The average score for the Board of Independent Commissioners is 0.405477, and the standard deviation is 0.127395.

The Audit Committee variable shows a minimum value of 2000000 and a maximum value of 5,000,000. The average Audit Committee score is 3.170068, and the standard deviation is 0.458917.

The Return on Assets variable shows a minimum value of -64.38723 and a maximum value of 45.55789. The average return on assets is 4.351097, and the standard deviation is 14.27644.

The DER variable shows a minimum value of -7.173955 and a maximum value of 34.05558. The average value is 1.767659, and the standard deviation is 4.008250.

##### Determination of the Panel Data Regression Model

In estimating the use of panel data regression techniques, processing methods can be used, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) as follows:

**Table 2. Determination of the Panel Data Regression Model**

Variable	Coefficient	Problem
<b>CEM Regression Results</b>		
C	-0.640470	0.6100
<b>FEM Regression Results</b>		
C	-1.096598	0.5620
<b>REM Regression Results</b>		
C	-0.557882	0.6546

Source: Data processing results (2020)

Based on Table 2, in the results, the Common Effect Model (CEM) shows a constant value of -0.640470, with a probability of 0.6100, and the Common Effect Model (CEM) regression equation has an Adjusted R-squared value of 0.435343.

The Fixed Effect Model (FEM) shows a constant value of -1.096598, with a probability of 0.5620, and the Fixed Effect Model (FEM) regression equation has an Adjusted R-squared value of 0.651084.

The Random Effect Model (REM) shows a constant value of -0.557882, with a probability of 0.6546, and the Random Effect Model (REM) regression equation has an Adjusted R-squared value of 0.401159.

### Selection of Panel Data Models

**Table 3. Results of Panel Data Model Selection**

<b>Chow Test Results</b>			
<b>Effect Test</b>	<b>Statistics</b>	<b>df</b>	<b>Problem.</b>
F cross-section	5.359148	(20.121)	0.0000
Chi-square cross-section	93.250514	20	0.0000
<b>Hausman Test Results</b>			
Cross-sectional random effects test			
Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Problem.
Random cross-section	19.781008	5	0.0014
<b>Lagrange Multiplier Test Results</b>			
	<b>Cross</b>	<b>Hypothesis Testing Time</b>	<b>Both of them</b>
Breusch-Pagan	28.77157 (0.0000)	0.048118 (0.8264)	28.816969 (0.0000)

Source: Data processing results (2020)

Based on Table 3, in the Chow test, General Effect vs Fixed Effect above, the probability value (P-Value) of the Chi-Square Cross-section is 0.0000 0.05, so the hypothesis is **H<sub>0</sub> rejected and accepted H<sub>1</sub>** which means the Fixed Effect Model (FEM) model is more appropriate to use.

In the Hausman test results, Random Effects vs. Fixed Effects above, the probability value (P-Value) of the random cross-section is 0.0014 0.05, so the hypothesis is **H<sub>0</sub> rejected and accepted H<sub>1</sub>**, which means the Fixed Effect Model (FEM) is more appropriate to use.

In the results of the Lagrange Multiplier test, General Effects vs Random Effects above the Breusch-Pagan cross section value of 0.0000 < 0.05, then the hypothesis is **H<sub>0</sub> rejected and accepted H<sub>1</sub>** means the Random Effect Model (REM) is more appropriate to use.

### Model Selection Conclusion

**Table 4. Conclusions from Model Selection**

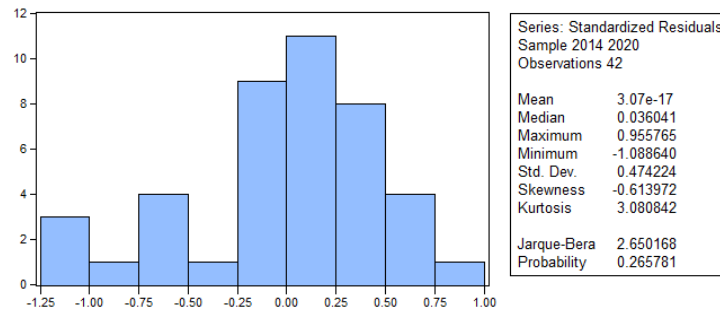
<b>Method</b>	<b>Test</b>	<b>Results</b>
Food test	General Securities vs Fixed Effects	Fixed Effects
Hausman test	Random Effects vs Fixed Effects	Fixed Effects
Lagrange Multiplier Test	Random Effects vs Fixed Effects	Random Effects

Source: Data processing results (2020)

Based on Table 4, From testing the three models above, it can be concluded that the one used in the hypothesis is the Fixed Effect Model (FEM).

### Classic assumption test

#### Normality test



Source: Panel Data Results

**Figure 2. Normality Test Results**

Based on Figure 2, the probability value for the normality test is 0.265781, meaning it is greater than 0.05, namely 0.265781 > 0.05. Thus, it can be concluded that the data is normally distributed.

### Multicollinearity Test

**Table 5. Multicollinearity Test Results**

	km	DKI	KO	ROA	DER
km	1.0000000	-0.024930	0.023514	-0.138403	0.112384
DKI	-0.024930	1.0000000	-0.227153	-0.243030	0.096847
KO	0.023514	-0.227153	1.0000000	0.064540	-0.006521
ROA	-0.138403	-0.243030	0.064540	1.0000000	-0.154543
DER	0.112384	0.096847	-0.006521	-0.154543	1.0000000

Source: Data processing results (2020)

Based on Table 5, the results of the Multicollinearity Test show that the independent variables Managerial Ownership, Independent Board of Commissioners, Audit Committee, Return on Assets, and Debt to Equity Ratio are free from the Multicollinearity Test because they have values below 0.90. Thus, these variables can be used for this research.

### Heteroscedasticity Test

**Table 6. Heteroscedasticity Test Results**

F-statistic 1.384810	Problem. F 0.1757
Obs*R-squared 25.27810	Prob. Chi-Square 0.1910
Scaled explains SS 28.61163	Prob. Chi-Square 0.0957

Source: Data processing results (2020)

Based on Table 6, the Heteroscedasticity Test shows a Chi-Square Probability of 0.1910, which means it is greater than 0.05 or  $0.1910 > 0.05$ . Thus, it can be concluded that there are no symptoms of heteroscedasticity.



**Autocorrelation Test****Table 7. Autocorrelation Test Results**

<b>Breusch-Godfrey Serial Correlation</b>	
F-statistic 2.689373	Problem F 0.0769
Obs*R-squared 5.612256	Prob. Chi-Square 0.0604
Source: Data processing results (2020)	

Based on Table 7, the Autocorrelation Test shows a Chi-Square Probability of 0.0604, which means it is greater than 0.05 or  $0.0604 > 0.05$ . Thus, it can be concluded that the data in this study do not have an autocorrelation problem.

**Panel Data Regression Analysis****Table 8. Results of Panel Data Regression Analysis**

<b>Variable</b>	<b>Coefficient</b>	<b>Std.Error</b>	<b>t-Statistics</b>	<b>Problem.</b>
C	-1.096598	1,885,797	-0.581503	0.5620
km	0.094518	0.145474	0.649726	0.5171
DKI	4.489714	1,568,199	2,862,975	0.0049
KA	-0.108135	0.398345	-0.271461	0.7865
ROA	-0.006426	0.011711	-0.548725	0.5842
DER	0.341612	0.036585	9,337,462	0.0000

Source: Data processing results (2020)

Based on the panel data regression equation above, it can be analyzed as follows:

1. The regression equation has a constant value of -1.096598. The magnitude of this constant shows that if the independent variables Managerial Ownership, Board of Commissioners, Audit Committee, Return on Assets, and Debt to Equity Ratio are assumed to be constant, then the dependent variable, namely Company Value (PBV), will influence the value of -1.096598.
2. The Managerial Ownership variable has a coefficient value of 0.094518. This means that for every 1 (unit) increase in Managerial Ownership, the Company Value (PBV) will increase by 0.094518.
3. The Independent Commissioners variable has a coefficient value of -4.489714. This means that for every 1 (unit) increase in the Independent Board of Commissioners, the Company Value (PBV) increases by 4.489714.
4. The Audit Committee variable has a coefficient value of -0.108135. This means that every time 1 (unit) Audit Committee is added, the Company Value (PBV) will decrease by -0.108135.
5. The Return On Assets variable has a coefficient value of -0.006426. This means that for every increase in Return On Assets by 1 (unit), the Company Value (PBV) will decrease by -0.006426.
6. The Debt-to-Equity Ratio variable has a coefficient value of 0.341612. This means that every time the debt-to-equity Ratio increases by 1 (unit), the Company Value (PBV) will increase by 0.34161.

**Partial Test (t-Test)****Table 9. Partial Test Results (t-Test)**

<b>Variable</b>	<b>Coefficient</b>	<b>Std.Error</b>	<b>t-Statistics</b>
C	-1,096,598	1,885,797	-0.581503
km	0.094518	0.145474	0.649726
DKI	4,489,714	1,568,199	2,862,975
KA	-0.108135	0.398345	-0.271461

ROA	-0.006426	0.011711	-0.548725
DER	0.341612	0.036585	9,337,462

Source: Data processing results (2020)

Based on Table 9, the first hypothesis in this research is that managerial ownership influences company value. Statistical tests show a probability result of  $0.5171 > 0.05$ , which means that Managerial Ownership does not affect Company Value. Thus, the hypothesis that Managerial Ownership does not affect Company Value is rejected.

The second hypothesis in this research is that the Independent Board of Commissioners influences company value. Statistical tests show a probability result of  $0.0049 > 0.05$ , meaning that the Independent Board of Commissioners influences Company Value. Thus, the hypothesis that the Board of Commissioners influences Company Value is accepted.

The third hypothesis in this research is that the Audit Committee influences Company Value. Statistical tests show a probability result of  $0.7865 > 0.05$ , meaning that the Audit Committee has no effect on Company Value. Thus, the hypothesis that the Audit Committee does not affect Company Value is rejected.

The fourth hypothesis in this research is that Return on Assets influences Company Value. Statistical tests show a probability result of  $0.5842 > 0.05$ , which means that Return on Assets does not affect Company Value. Thus, the hypothesis that Return On Assets has no effect on Company Value is rejected.

The fifth hypothesis in this research is that the debt-equity ratio influences company value. Statistical tests show a probability result of  $0.0000 < 0.05$ , meaning that the DER affects Company Value. Thus, the hypothesis which states that the DER affects Company Value is accepted.

### Coefficient of Determination Test

**Table 10. Coefficient of Determination Test Results**

The cross-section is corrected.

Adjusted R-squared 0.651084

Source: Data processing results (2020)

Based on Table 10, the coefficient of determination value seen from the Adjusted R-squared is 0.651084 or 65.1084%, which means that all independent variables can explain variable variations. Meanwhile, the remaining 34.8916% ( $100\% - 65.1084\%$ ) is explained by other independent variables that are not included in this research model.

## 5. Discussion

### Managerial Ownership Has No Effect on Company Value

Based on the results in Table 9, The results of this research indicate that Managerial Ownership does not affect Company Value. There is no influence of Managerial Ownership on Company Value due to the low number of shares owned by management, resulting in management not having a role in feeling ownership of the company, not all profits obtained by the company can be owned by them. so that management does not prioritize the interests of shareholders. Apart from that, the low share ownership owned by management means that management performance also tends to be low, so the value of the company is unaffected. These results indicate that managerial ownership has yet to become a corporate governance mechanism that can increase company value.

This is in line with research conducted by Nadhiyah & Fitria (2021), Nurhaliza & Azizah (2023), and Nasution et al. (2019), who found that managerial ownership does not affect company value because the low number of shares owned by management results in management not owning the company because not all profits can be owned by management. them so that management is motivated to invest. maximizing its utility over the interests of shareholders.

**The Board of Commissioners Influences Company Value**

Based on the results in Table 9, the results of this research show that the Independent Board of Commissioners influences Company Value. This means that the board of commissioners is able to supervise every performance carried out by the directors and management in carrying out their respective duties. In accordance with financial services authority regulation number 33/POJK.04/2014, which regulates the Board of Directors and Board of Commissioners of Issuers or Public Companies, in this case, each issuer is required to have a minimum number of 30% independent commissioners of the total number of commissioners. Research data shows that the average independent board of commissioners in sample companies is 40%. The proportion of independent commissioners is in accordance with financial services authority regulations. The large number of members of the board of commissioners in a company will facilitate the supervision of directors and management so that good corporate governance practices can be adhered to, and implemented correctly. Research conducted by Thaharah & Asyik (2016), Saifi & Hidayat (2017), and Aprianti et al. (2022) shows that an independent board of commissioners has a positive effect on company value.

**The Audit Committee has no influence on company value.**

Based on the results in Table 9, The results of this research indicate that the Audit Committee does not affect Company Value. The ineffectiveness of the Audit Committee on Company Value is because some companies only have audit committees based on standard provisions made by BAPEPAM-LK No. IX. 1.5, which states the minimum number of audit committee members in a company is 3 people. The formation of an Audit Committee in a company may be to comply with regulations that state that every company is required to have an Audit Committee whose task is to supervise financial reports and pay attention to the company's internal control system. This is in line with research conducted by Setiawati & Wijaya (2022), Indastuti (2021), and Pramudityo & Sofie (2023), which states that the audit committee does not affect the value of the company.

**Profitability Does Not Affect Company Value**

Based on the results in Table 9, the results of this research indicate that profitability as a proxy for Return On Assets has no effect on Company Value. Profitability has no effect on Company Value because the profits generated by several companies have decreased, which can cause the data distribution to tend to decrease, and there is quite a large variation in low data in calculating Return On Assets data. Therefore, profitability in the coal mining sector has yet to be able to increase company value.

This is in line with research conducted by Damaianti (2019), Rahayu & Sari (2018), and Kolamban et al. (2020), who found that profitability as proxied by Return On Assets has no effect on Company Value because data and facts show that profitability in the mining sector fluctuates with a fairly large ROA proxy and tends to decrease. reject. Fluctuations indicate a significant decline in ROA in mining companies, resulting in ROA calculations being unable to depict Company Value realistically.

**Benefits Affect Company Value**

Based on the results in Table 9, The study's findings demonstrate how benefits utilizing the Debt to Equity Ratio proxy impact the value of a company. This indicates that there is less of a DER for the company, which draws in investors. Debt can be viewed by investors as a key focus area since companies with lower levels of debt are more likely to weather difficult times. In addition, investors anticipate high returns, meaning that the company's earnings will be utilized to settle investors' loans in addition to the company's debt. Consistent with Dedi (2018), and Purwanti (2021), this study demonstrates that advantages using the Debt to Equity Ratio proxy have a noteworthy favorable impact on Company Value. This shows that the higher the DER, the higher the company value. Mining companies require large amounts of funds to finance their operations, one of which is debt, but debt can be managed effectively so as to produce high profits which can increase share prices on the market.

## 6. Conclusion

The previous discussion suggests that managerial ownership has little bearing on company value. This is due to several factors, including the low number of shares that the management owns, which makes them feel as though they own the company; the inability to own all company profits means that the management does not put shareholder interests first; and the influence of the independent board of commissioners on company value. This is due to the requirement that each issuer have a minimum of 30% independent commissioners; research indicates that this company has an average independent board of commissioners of 40%, indicating that the proportion of independent commissioners follows the financial services authority's regulations. The Audit Committee does not affect the Company's Company Value. This is because the minimum number of audit committees in a company is 3 people; the data shows that there are still several companies that are below the established standards; return on Assets does not affect the Company's Company Value. This is because the profits generated by several companies have decreased, causing the distribution of data to tend to decrease and the low data variation is quite large in the calculation of Return On Assets, Debt to Equity Ratio affects the Company's Company Value. This is because the smaller the debt, the more attractive it is for investors to invest in the company. Investors can see debt as one of the focuses in investing because companies that have small debts will be able to survive in bad conditions.

## Research Implication

Managerial implications include managerial ownership, which can increase manager motivation because managers have a stake in the company. The presence of independent commissioners helps prevent conflicts of interest in managerial decision-making and encourages transparency and accountability. Profitability is an indicator of a company's ability to generate profits from its operations.

## Recommendations

Several recommendations can be made in light of the research findings and conclusions mentioned above. Specifically, investors should oversee the application of good corporate governance, profitability, and leverage to ensure that the company's output increases in a way that draws in new capital. In order to preserve investor data while making investments, investors are expected to first learn about the history of the business's operations. This will allow academics to delve deeper into the relationship between leverage, profitability, and good corporate governance and firm value. Researchers acknowledge that there are still numerous elements that can effect company value and that there are still gaps in this study.

## Limitations and avenues for future research

Only coal-related mining businesses are used in this study. It is anticipated that further investigation would reveal more industries. Future researchers can rerun the same study under a different title, swap out other organizations, or add additional independent variables to make the research more diverse. For instance, the researcher did not confirm directly with the company regarding the COVID-19 pandemic factor.

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