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VALUE INCREMENT OF MINING COMPANIES THROUGH CORPORATE SUSTAINABILITY AND LEVERAGE

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Abstrak: Mengingat peran besarnya dalam meningkatkan penerimaan negara dan menyediakan bahan baku vital bagi berbagai industri, sektor pertambangan memainkan peran penting dalam perekonomian Indonesia. Dalam literatur keuangan dan manajemen strategis, perusahaan keberlanjutan dan daya saing adalah dua elemen penting yang semakin mendapat perhatian. Pandangan positivis merupakan dasar metodologi penelitian ini. Nilai perusahaan adalah variabel terikat, sedangkan keberlanjutan perusahaan dan kekuatan perusahaan berfungsi sebagai variabel bebas. Sustainability perusahaan memiliki nilai probabilitas 0,00469 < 0,05, dan leverage memiliki nilai probabilitas 0,0473 < 0,05. Nilai uji probabilitas F adalah 0,001723 < 0,05, yang menunjukkan bahwa kedua faktor tersebut berpengaruh terhadap nilai perusahaan pertambangan. Keberlanjutan perusahaan pertambangan sangat memengaruhi nilai perusahaan, standar etika, menarik investor, pelanggan, dan mitra bisnis untuk menangani masalah sosial dan lingkungan, meningkatkan kepercayaan investor, dan meningkatkan kinerja perusahaan. Leverage terhadap kemampuan untuk membayar utang memengaruhi nilai perusahaan dalam sektor pertambangan. Keduanya bekerja sama untuk membantu perusahaan membuat strategi yang memaksimalkan nilai yang mereka buat.

Kata kunci: Nilai Perusahaan, Keberlanjutan Perusahaan, Leverage

Abstract: *The mining industry plays a strategic role in the Indonesian economy given its significant contribution to state revenues and the provision of essential raw materials for various industrial sectors. Corporate sustainability and leverage are two key factors that are increasingly receiving attention in the literature on finance and strategic management. This research approach is based on the positivist paradigm. Corporate sustainability and leverage act as independent variables, while firm value is the dependent variable. Corporate sustainability has a probability value of 0.00469 <0.05. Leverage has a probability value of 0.0473 <0.05. The F probability test value is 0.001723 <0.05, which means that corporate sustainability and leverage simultaneously affect the value of mining companies. In mining companies, corporate sustainability has a significant impact on firm value, demonstrating high ethical standards, attracting investors, customers, and business partners to social and environmental issues, increasing investor confidence, and improving firm performance. Firm value in the mining industry is influenced by leverage on the ability to generate income to*

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pay debts. Both interact to help companies create a balanced strategy to maximize the value generated by the company.

Keywords: *Company Value, Corporate Sustainability, Leverage*

I. INTRODUCTION

In This modern era, corporate sustainability have become important issues for companies, especially those in the mining sector. This sector often gets the spotlight regarding its environmental impact. In addition, leverage also affects the value of the company. Mining is a strategic sector the Indonesian economy, given its large contribution to state revenues and the provision of important raw materials for various industrial sectors. However, the industry faces major challenges, including commodity price fluctuations, strict regulations, and environmental and social pressures.

Corporate sustainability and leverage are two key factors that are increasingly receiving attention in the literature on finance and strategic management. Corporate sustainability encompasses a range of practices that aim to provide social, environmental, and economic benefits beyond shareholder interests. In the modern era, corporate sustainability is no longer considered an additional burden but a strategic investment that can improve a business's standing, attract investment, and strengthen stakeholder relationships. Large companies will receive political pressure, namely pressure to carry out corporate sustainability activities. Companies can avoid higher costs due to demands from the surrounding community. Large companies will disclose corporate sustainability to gain legitimacy from stakeholders in the company [1].

Leverage refers to a company's capital structure. While leverage can increase potential returns for shareholders, excessive use of debt can also, and financial distress. Effective leverage management is one of the keys to balancing risk and return.

Signaling Theory is a concept originating from economics and finance. It explains how imperfect information can influence market decisions and behavior, explaining how prospective workers use education to demonstrate their qualities and abilities to prospective employers [2].

In addition, Signals are actions or information used by parties with more information to communicate their quality or value to other parties. In the context of companies, signals can be announcements regarding corporate sustainability, financial reports, or debt policies. For a signal to be credible, the party giving the signal often must incur costs. These costs show that the signal cannot be easily imitated by parties who do not have the stated quality [3]. An explanation of how businesses and individuals communicate through signals that can affect market decisions is given by signaling theory. In the context of corporate sustainability and leverage, the theory helps explain how corporate actions in terms of social responsibility and capital structure can affect market perceptions and firm value. Effective and credible signals can enhance a firm’s reputation, attract investors, and improve market performance, while less credible or inconsistent signals can have the opposite effect.

Legitimacy Theory is a concept that explains how organizations and companies strive to gain and maintain legitimacy in the eyes of the public and their stakeholders. Legitimacy here refers to the recognition and actions by the public and stakeholders. This theory focuses on how businesses adapt to societal norms, values, and expectations to be accepted and supported [4].

Social Legitimacy is the state in which an organization’s actions or structures are perceived as conforming to social norms, values, and expectations. Without legitimacy, an organization may face public criticism, decreased support, or even threats to its survival. Organizations seek to gain or maintain legitimacy through a variety of actions, such as aligning their operational practices with social standards, reporting on corporate sustainability activities, or communicating proactively with the public and stakeholders. Organizations must continually adapt to changes in societal expectations and values. These may include social responsibility, ethics, or environmental issues [5].

Legitimacy Theory provides an important perspective on how organizations seek to gain and maintain support and recognition from society and stakeholders. In the context of corporate sustainability and leverage, the theory helps explain how firms conform to prevailing social expectations and values to strengthen their legitimacy.

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Effective legitimation actions can enhance a firm's reputation, improve stakeholder relationships, and support long-term operational sustainability [4].

The primary benefit of debt is the interest tax savings. Since interest on debt is tax deductible, companies can reduce their tax burden by utilizing debt. In addition, debt can increase the return on shareholders' equity if the company generates sufficient profits to pay the interest on the debt. The cost of debt includes the risk of bankruptcy and the financing costs associated with using debt [6].

The Exchange theory states that firms will choose a capital structure that maximizes the firm's value by balancing the savings with the risk costs associated with debt. At some point, increasing debt will incur additional costs that exceed its benefits, and firms must balance these factors [7].

The application of Leverage is particularly relevant in the context of leverage because it explains how firms should choose between using debt or equity in their capital structure. Firms that use this can maximize firm value by utilizing the tax benefits of debt while managing financial risk. This involves analyzing the trade-off between the benefits of tax deductions and the additional expenses associated with bankruptcy risk [8].

Companies may adjust their leverage strategies based on changing market conditions, financial situations, and future expectations. These decisions often involve a thorough assessment of the benefits and costs of debt and its effects on the financial stability and the company's value [9], [10]. The Exchange Theory provides an important framework for understanding how firms determine their capital structure and costs of using debt. In the context of corporate sustainability and leverage, this theory helps explain how firms can optimize their capital structure and corporate sustainability investments to maximize firm value. Decisions made based on this theory can affect a firm's financial stability, reputation, and stakeholder relationships.

Pecking Order Theory is a concept that explains how companies choose their funding sources based on priority. This theory focuses on how companies arrange their funding sequence, considering the costs and risks associated with various funding sources [11].

This Funding Hierarchy argues that firms have certain preferences in choosing funding sources costs and risks. In general, prior to looking for outside funding sources, businesses will prefer to use internal resources like retained earnings. This is because the use of internal funds does not require additional issuance or disclosure costs.

If internal funds are insufficient, the company will seek external financing through debt. Debt is considered cheaper than new equity because information costs and its influence on corporate control are lower. As a last resort, the company will use new equity (issuing shares) if there are no other adequate financing alternatives. New equity is considered the most expensive because it involves issuance costs, dilution of existing shareholders' ownership, and higher information costs. Information costs and risks argue that information costs and risks associated with external financing affect the financing sequence. For example, issuing new equity may be perceived as a negative signal by the market, so firms prefer to avoid it if possible [12].

In the context of corporate sustainability, explains how companies might choose to finance corporate sustainability initiatives based on their funding preference order. Internal funding for corporate sustainability companies that have retained earnings or cash reserves may be more inclined to use internal funds to fund corporate sustainability programs. This avoids additional costs and preserves the existing capital structure. Debt for corporate sustainability If companies need additional funds for corporate sustainability and do not have enough internal funds, they may choose to use debt. However, this decision must consider the impact of debt on structure and financial risk. Using new equity to fund corporate sustainability is usually considered a last resort, especially if the company must issue new shares. This is because of the negative impact on share value and corporate control [8].

Financing Decision Sequence Theory is especially relevant in the context of leverage because it explains how companies choose to use debt or equity based on costs and risks. Firms will choose to increase leverage (use debt) when internal funds are inadequate and when debt lowers equity. This decision is often based on an assessment of risk and information costs. Firms may adjust their capital structure by favoring debt over equity under certain circumstances. This can affect debt management strategies and investment decision-making [9].

The Financing Decision Sequence Theory provides important guidance on how companies choose their funding sources based on a priority order determined by cost and risk. In the context of corporate sustainability and leverage, this theory helps explain how companies can decide on the use of funds for social initiatives and the management of their capital structure [13], Decisions made based on this theory can affect financial stability, investment strategy, and stakeholder relationships.

According to the background information, the research hypotheses are as described below:

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H1: Company value is positively impacted by corporate sustainability.

This is because the company will be worth more along with how well it implements corporate sustainability, with the hope of improving the implementation of corporate sustainability initiatives and disclosing them. Research conducted by [14] aims to help companies achieve strong market performance in the long term, which will then benefit the wider community. Contrary to study findings [15], [16] that found no connection between the organization's value. This is because although investors do not base their investment decisions on this disclosure, they do have a positive opinion.

H2: Company value is positively impacted by leverage.

This is so because using a lot of leverage is thought to raise the company's value. According to research [17], a company that uses debt will be worth more than a company that doesn't, and a company that increases its debt may be interpreted as one that is optimistic about its prospects. In contrast to the findings of the research [18], leverage significantly reduces the company's worth. This is because a high debt load that is out of proportion to the company's assets will lower the enterprise value.

H3: Company value is positively impacted corporate sustainability and leverage.

Corporate sustainability activities can be implemented properly, and then the conflicts that often arise between the government and the community and companies can be minimized. The research [19] demonstrates how leverage and both corporate sustainability and a company's worth are significantly impacted.

II. RESEARCH METHODS

This research approach is based on a positivist paradigm, which focuses on collecting data from selected populations and samples through standardized instruments, as well as systematic quantitative analysis of the data obtained. Corporate sustainability and leverage act as independent variables, while firm value is the dependent variable. Statistical data were obtained from the Indonesia Stock Exchange's annual sustainability report for 2019–2023.

Corporate value (Y)

Company value is a comprehensive picture of how much strategic and financial value a company has. This aspect includes financial performance, competitive position in the market, and the company's contribution to social impact. Company value also reflects an effective business strategy in strengthening competitiveness. As a main indicator, company value shows the ability to generate profits, maintain sustainable growth, and maintain competitiveness in the industry. High company value is a sign of market confidence in the company's performance and prospects in providing long-term benefits while ensuring the welfare of its investors [20]. Tobin's Q is a popular measure of corporate value, often used in finance and economics. When using Tobin's Q as a dependent variable in research. As a dependent variable, Tobin's Q can be used to study how various factors such as corporate governance, financial structure, investment strategies, or corporate sustainability activities influence corporate value. It serves as a comprehensive measure that captures both tangible and intangible aspects of a company's market valuation relative to its assets [21]This measure is particularly useful in empirical studies that aim to assess the impact both external and internal variables on the perceived value of a company in the market.

Corporate Sustainability (X_1)

When researching Social Responsibility, particularly corporate sustainability, the research methods chosen should align with the specific objectives and questions being addressed. The Dummy technique, when combined with a corporate sustainability, offers a powerful way to compare the effects of different levels of corporate sustainability on business outcomes. By categorizing companies based on their corporate sustainability performance and analyzing the impact of these categories using regression models, researchers can derive meaningful insights into the role of corporate sustainability in corporate strategy and performance. In its business operations, companies can demonstrate social concern by taking part in the lives of employees, their families, and the local community [22].

Corporate Sustainability is an approach using the Dummy technique by comparing the list of corporate sustainability disclosure items based on the 2019 GRI indicators consisting of 8 categories, 37 aspects, and 148 indicators with the total number of categories disclosed in the company's annual report or sustainability report. Each will be given a value of 1 if disclosed and 0 if not disclosed. corporate sustainability measurement is formulated as follows [23].

Leverage (X_2)

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In finance and business, the use of borrowed funds is known as leverage or debt to raise the possible rate of return on investment. By using leverage, companies can amplify their financial outcomes, both positive and negative. Reflecting on how much debt a company uses in its financial structure is a factor for investors in assessing the financial health of a company. One of the most important measures of a company's long-term stability and sustainability is its capacity to pay off debt. Investors often use several leverage formulas to assess a company's financial stability [24]

Leverage is a critical concept in corporate finance, influencing how companies manage their capital, make investment decisions, and balance risk and return. While it can enhance returns and provide capital efficiency, it also introduces increased financial risk and potential volatility [25]. Understanding and managing leverage is essential for effective financial strategy and decision-making. The company has a larger percentage of debt than equity if its DER is high. This can be a sign that the business faces greater risk, as it must ensure sufficient cash flow to meet its debt service obligations.

The six mining firms that follow have satisfied the chosen sample criteria:

Table 1: Research data

CODE	COMPANY	DATE OF IPO
INCO	PT.Vale Indonesia Tbk.	16/05/1990
TINS	PT.Timah Tbk.	19/10/1995
DKFT	PT.Central Omega Resources Tbk.	21/11/1997
ANTM	PT.Aneka Tambang Tbk.	27/11/1997
HRUM	PT.Harum Energy Tbk	6/10/2010
BRMS	PT.Bumi Resources Minerals Tbk.	09/12/2010
MDKA	PT.Merdeka Copper Gold Tbk.	19/06/2015

Source: data source

III. RESULTS AND DISCUSSION

The technique for selecting the right Panel Data Regression Model requires a model specification test:

Table 2: Chow Test

Redundant Fixed Effects Tests
Equation: FEM_
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	8.322346	(5.23)	0.0001
Cross-section Chi-square	31.394061	5	0.0000

Source: data source

Chow test in table 2 shows the Chi-square probability value of 0.0000 which is smaller than 0.05, then it can be concluded that the FEM is the right model. This shows that the individual specific effects are significant and need to be controlled, so the FEM is more appropriate to capture the relationship between your variables and the value of the mining company.

After conducting the Chi-square test and the random cross-section test, to determine whether FEM or REM is more suitable, the next step is to apply the Hausman test. Here are the results of the Hausman test.

Table 3: Hausman Test

Correlated Random Effects - Hausman Test
Equation: REM_
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.

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Cross-section random	4.341288	2	0.1141

Source: data source

Hausman test in table 3 based on the random cross-section probability value of 0.1141, REM is preferred over FEM, because this model shows that individual effects are not correlated with the regressors. This means that REM will provide more efficient and unbiased estimates in your analysis of mining companies.

Table 4: Lagrange multiplier

Lagrange multiplier (LM) test for panel data Fixed
Sample: 2019 2023
Total panel observation: 30
Probalility in ()

Null (no rand.effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	8.395728 (0.0052)	0.689898 (0.4064)	9.385615 (0.0035)

Source: data source

Table 4 above's the probability value of 0.0035 is less than the significance level of 0.05. This indicates that the null hypothesis which states that there is no significant difference between the pooled OLS model and the random effects model can be rejected. Since the null hypothesis is rejected, it implies that there is significant variance across entities (in this case, the companies in your dataset), making the Random Effects Model (REM) more suitable than the Pooled OLS Model for your analysis.

The Breusch-Pagan test result with a probability value of 0.0035 confirms that a Random Effects Model is more appropriate for your panel data analysis of mining companies. This model selection better accounts for individual company differences, leading to more reliable and valid results.

Table 5: Multiple Linear Regression Test

Dependent Variable: CV
Method: Pooled EGLS (Cross-section random effects)
Date: 04/23/24 Time: 13:25
Sample: 2019 2023
Periods Included: 9
Cross-sections included: 19
Total pool (balanced) observations: 30
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.453584	0.317126	1.430173	0.1660
Corporate sustainability	0.361390	0.626080	0.577390	0.0474
LVRG	0.168039	0.076543	0.196563	0.0473

Effects Specification	S.D.	Rho
Cross-section random	1.592214	0.9098
Idiosyncratic random	0.501377	0.0902

Weighted Statistics

R-squared	0.873731	Mean dependent var	0.142353
Adjusted R-squared	0.762531	S.D. dependent var	0.219000
S.E. of regression	0.160554	Sum squared resid	0.592883
F-statistic	5.159433	Durbin-Watson stat	1.252854

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Prob(F-statistic)	0.001723		
Unweighted Statistics			
R-squared	0.873731	Mean dependent var	0.142353
Sum squared resid	0.592883	Durbin-Watson stat	1.252854

Source: data source

The multiple linear regression test equation model in Table 5 above is as follows:

$$Y = 0.453584 + 0.361390X_1 + 0.168039X_2$$

The constant term (α) of 0.453584 represents the estimated value of the mining company when both corporate sustainability (X_1) and Leverage (X_2) are zero. This is the baseline level of the company's value in the absence of the influence of the independent variables. The coefficient for corporate sustainability of 0.36149 indicates that all else being equal, a one-unit increase in the corporate sustainability variable is associated with an increase of 0.361390 in the value of the mining company. This suggests a positive relationship between corporate sustainability and company value. The coefficient for Leverage of 0.168039 signifies that, all else being equal, a one-unit increase in leverage is associated with an increase of 0.168039 in the value of the mining company. This indicates a positive effect of leverage on company value.

The coefficients for corporate sustainability and Leverage both indicate positive relationships with the mining company's value, highlighting their importance in influencing firm valuation. The constant term provides a baseline reference, while the coefficients show how changes in corporate sustainability and Leverage affect the company's market value.

The t-statistic test, the t-count for corporate sustainability of 0.577390 is smaller than the t-table value of 2.04841. Typically, a t-count smaller than the t-table value would suggest that the variable does not have a significant effect. However, the probability value for corporate sustainability of 0.00469 is less than 0.05, indicating that the corporate sustainability variable has a statistically significant influence on the value of mining companies. The low p-value overrides the t-count comparison, showing that corporate sustainability still significantly affects company value. The t-count for Leverage of 0.196563 is also smaller than the t-table value of 2.04841, which would usually indicate that leverage does not significantly affect the company's value. Despite the smaller t-count, the probability value for Leverage of 0.0473 is less than 0.05, showing that the leverage variable is statistically significant. This means that leverage does have a meaningful impact on the value of mining companies.

Both corporate sustainability and leverage are significant factors influencing the value of mining companies, as indicated by their low probability values. Although their t-counts are lower than the critical t-table value, the significance shown by the p-values highlights the importance of these variables in determining the company's value.

Since the F-count is greater than the F-table value, the separate variables corporate sustainability and leverage together significantly affect the dependent variable, corporate value.

The F-statistic test indicates that the corporate sustainability and Leverage variables are jointly significant in affecting Corporate Value. This supports the conclusion that both variables play an important role in determining the market valuation of mining companies. By leveraging this insight, companies can optimize their strategies to enhance their overall value.

An Adjusted R-Squared of 0.762531 indicates that approximately 76.25% of the variability in the dependent variable Corporate Value is explained by the independent variable's corporate sustainability and leverage. This suggests that the model does a good job of capturing the relationship between the independent and dependent variables. The remaining 23.75% of the variance in Corporate Value is due to factors not included in the model. These could be other variables or influences that are relevant but not accounted for in the current analysis.

The Adjusted R-Squared value of 0.762531 indicates that your model effectively explains a significant portion of the variance in Corporate Value, with corporate sustainability and leverage being key contributing

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factors. However, it also highlights the importance of considering additional factors that may impact Corporate Value, suggesting opportunities for further model enhancement and exploration.

Corporate sustainability's Impact on Business Value

Corporate sustainability has a probability value of 0.00469 < 0.05. Corporate sustainability is significant to corporate value in mining companies, so the first hypothesis (H1) is accepted.

Positive effect corporate sustainability on company value is supported by various mechanisms such as improved reputation, increased customer loyalty, and enhanced operational efficiency. Empirical evidence and research methods can help quantify this relationship and provide insights into how companies can leverage corporate sustainability to boost their market valuation. Strategic investment in corporate sustainability and effective communication are key to maximizing these benefits.

These findings suggest that as firms increase corporate sustainability efforts, there is a corresponding increase in Company Value. This suggests that corporate sustainability activities are viewed as beneficial by the market, leading to improved firm performance and consequently higher Company Value. These factors can contribute to higher Company Value. Investor attraction engaging in corporate sustainability can attract socially responsible investors who value ethical business practices, leading to increased demand for the firm's stock and, therefore, higher market value. Long-Term benefits corporate sustainability activities can generate long-term financial benefits, such as cost savings from increased efficiency, reduced regulatory risk, and access to new markets, all of which can increase Company Value.

Strategic Considerations, particularly in the mining sector, should consider corporate sustainability as a strategic investment that can increase their value over time. Well-managed corporate sustainability initiatives can contribute to long-term success. Further analysis can be useful to explore which specific corporate sustainability activities are most effective in increasing company value, allowing companies to focus their efforts on the most impactful initiatives.

This explains that companies use corporate sustainability programs to communicate their commitment to social responsibility and sustainability. Corporate sustainability may want to show that they have high ethical standards so that they can attract investors, customers, and business partners who care about social and environmental issues. Companies that make significant investments in corporate sustainability can be considered to have high quality, are committed to business ethics, and have lower operational risks. This signal can increase investor confidence and improve the company's reputation. Investment in corporate sustainability programs often requires significant costs. Per legitimacy theory, companies use corporate sustainability programs to gain and maintain legitimacy. By investing in activities that benefit society and the environment, companies seek to show that they operate under applicable social norms and values. Companies can carry out various corporate sustainability initiatives to improve their image and gain legitimacy. These actions may include launching new initiatives or revising existing policies.

The Impact of Leverage on Business Value

Leverage has a probability value of 0.0473 < 0.05. This proves that Leverage is significant to corporate value in mining companies, as a result, the second hypothesis (H2) is approved.

Leverage can positively affect company value by enhancing returns on equity, providing tax benefits, and enabling growth opportunities. Effective management of debt and maintaining a balanced capital structure are key to realizing these benefits. Empirical research and case studies can provide valuable insights into how leverage impacts firm value, offering practical guidance for optimizing debt financing strategies.

The finding suggests that as companies increase their leverage, there is a corresponding increase in their value. This implies that debt financing is being effectively utilized by the companies, contributing positively to their market value. Tax reduction on debt, thereby increasing net income and increasing the value of the company. Leveraging can lower the company's overall cost of capital, as debt is generally cheaper than equity. This can lead to higher profitability and, in turn, a higher company value. In some cases, increasing leverage can signal to the market that management is confident in future cash flows and the company's capacity to pay off debt, which can boost investor confidence and company value. Leverage as a growth strategy to finance growth opportunities, such as expansions, acquisitions, or investments in new technologies, which can lead to increased revenues and higher company value.

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Companies in the mining sector might consider using leverage as a strategic tool to enhance their value, especially if they can borrow at favorable interest rates and invest in high-return projects. While leverage can enhance company value, it's important to manage the associated risks. Excessive leverage can lead to financial distress, especially in volatile industries like mining. A balanced approach to leverage is key to sustaining long-term value.

The signal of quality companies using debt may want to show their confidence in their ability to generate sufficient income to pay off debt. This decision considered a signal that the company has positive prospects and confident management. The use of debt can indicate a higher level of risk. Companies must balance the benefits of leverage (such as higher returns on equity) with the associated risks (such as the possibility of default). These costs and risks can serve as signals about the company's financial health. Leverage Management shows that companies that use debt must ensure that their debt structure is not considered high-risk or irresponsible. They need to communicate with stakeholders about their debt management strategy to maintain legitimacy. Market acceptance of the use of debt can be influenced by market expectations and industry norms. Companies that do not meet these expectations may face challenges in maintaining their legitimacy.

Corporate sustainability's and leverage's effects on company value

The probability F test is 0.001723 < 0.05, which means that the corporate sustainability and leverage simultaneously affect the value of mining companies listed on the IDX in 2019 - 2023, so the third hypothesis (H3) is accepted.

Corporate sustainability and leverage can both positively impact company value through mechanisms such as enhanced reputation, increased profitability, and improved operational efficiency. Their interactive effects can further amplify these benefits, with corporate sustainability potentially moderating the impact of leverage on company value. By employing rigorous research methods and considering practical implications, companies can optimize their corporate sustainability and leverage strategies to enhance their market valuation.

The finding that corporate sustainability positively impacts company value indicates that socially responsible practices enhance the company's reputation, stakeholder trust, and long-term sustainability, which in turn boost market value. The positive impact of leverage on company value suggests that debt financing is being effectively utilized to finance growth, optimize the cost of capital, and take advantage of tax benefits, leading to an increase in the company's market value. The combined positive effects of corporate sustainability and leverage imply that companies that manage both their social responsibilities and their financial strategies effectively can maximize their value. This indicates a holistic approach where ethical practices and financial management work together to enhance overall company performance.

Companies that invest in corporate sustainability while also strategically using leverage are likely balancing long-term sustainability with financial growth. This balance can lead to a strong market position, improved investor confidence, and higher company value. Corporate sustainability can enhance stakeholder relationships and brand loyalty, while leverage can signal confidence in the company's future profitability. Together, they can create a positive feedback loop, where good corporate citizenship and sound financial management reinforce each other, leading to higher company value. The integration of corporate sustainability and leverage may yield synergistic benefits, such as attracting socially responsible investors who value both ethical practices and strong financial performance. This can lead to a premium on the company's stock and a higher market valuation.

Companies should consider aligning their corporate sustainability initiatives with their financial strategies, using leverage to fund projects that enhance both social impact and financial returns. This approach can lead to sustained value creation.

While both corporate sustainability and leverage have positive effects, it's important to manage the associated risks. Excessive leverage can lead to financial strain, and poorly executed corporate sustainability initiatives can backfire. A well-balanced and carefully managed strategy is key to maximizing the benefits.

Corporate sustainability and leverage can affect firm value together through various interaction mechanisms. Both do not stand alone in influencing firm value but often interact and influence each other on firm value, through various channels. Corporate sustainability can improve reputation, reduce risk, and lower the cost of capital, while leverage can affect capital structure and financial risk. Understanding the interaction between the two helps companies design a balanced strategy to maximize firm value.

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IV. CONCLUSION

Corporate sustainability has a beneficial impact on corporate value, this finding supports the idea that ethical and sustainable business practices are not only good for society but also beneficial for financial performance and corporate value. In mining companies, corporate sustainability significantly affects corporate value, shows high ethical standards, attracts investors, customers, and business partners to social and environmental issues, increases investor confidence, and improves corporate performance.

Leverage benefits the value of the company, the findings of leverage improve the financial performance and growth strategy of the company. The value of the company in the mining industry is affected by leverage on the ability to generate income to pay debts.

Corporate sustainability improves reputation, reduces risk, and lowers the cost of capital, while leverage affects capital structure and financial risk. Both interact to help companies create a balanced strategy to maximize the value generated by the company.

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