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# Financial Performance of Mining Companies in Indonesia

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**ABSTRAK**

Penelitian ini bertujuan untuk menganalisis kinerja keuangan sektor pertambangan di Indonesia dengan menggunakan variabel Earning Per Share (EPS), Current Ratio (CR), dan Debt to Equity Ratio (DER) sebagai faktor yang memengaruhi Return on Assets (ROA) sebagai indikator kinerja keuangan. Penelitian ini menggunakan data sekunder berupa laporan keuangan perusahaan tambang yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2018-2023. Teknik analisis data yang digunakan adalah analisis regresi linier berganda dengan uji asumsi klasik. Hasil penelitian menunjukkan bahwa EPS dan CR memiliki pengaruh positif signifikan terhadap ROA, sedangkan DER memiliki pengaruh negatif signifikan. Temuan ini memberikan kontribusi bagi manajemen perusahaan tambang dalam meningkatkan efisiensi keuangan dan profitabilitas, serta menjadi panduan bagi investor dalam mengevaluasi potensi investasi. Penelitian ini juga merekomendasikan pengelolaan utang yang lebih baik untuk meminimalkan risiko keuangan.

**Kata kunci:** Kinerja Keuangan, Sektor Pertambangan, Earning Per Share, Current Ratio, Debt to Equity Ratio, Return on Assets.

**ABSTRACT**

*This study aims to analyze the financial performance of the mining sector in Indonesia by using the variables earnings per Share (EPS), Current Ratio (CR), and Debt to Equity Ratio (DER) as factors that affect Return on Assets (ROA) as an indicator of financial performance. This research uses secondary data in the form of financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) during the period 2018-2023. Data analysis technique used is multiple linear regression analysis with classical assumption test. The results showed that EPS and CR had a significant positive effect on ROA, while DER had a significant negative effect. These findings contribute to the management of mining companies in improving financial efficiency and profitability, as well as a guide for investors in evaluating investment potential. The study also recommends better debt management to minimize financial risk.*

***Keywords:*** *Financial performance, financial sector, earnings per share, current ratio, debt to equity ratio, return on assets.*

## INTRODUCTION

The mining sector is one of the main pillars of the Indonesian economy, contributing significantly to the national Gross Domestic Product (GDP). As a source of state income, this sector contributes through taxes, royalties and dividends generated from the exploitation of Natural Resources. In addition, the mining sector also creates great opportunities for employment, both directly through operational activities and

indirectly through supporting industries such as transportation and construction. The impact on infrastructure development also cannot be ignored, especially in remote areas where mines are located, thus encouraging equitable development. The mining industry in Indonesia is strongly influenced by fluctuations in global commodity prices such as coal, gold, and nickel. This dependence on global Markets makes the sector vulnerable to price volatility. In addition, government regulations such as the Mineral and Coal Act (UU Minerba) also shape the landscape of the mining industry, both in terms of governance and sustainability. In recent years, sustainability trends have begun to become a major concern, with mining companies being required to be more socially and environmentally responsible. This creates challenges as well as opportunities for companies to improve their financial performance.

Financial performance is an important indicator for assessing the operational success of a mining company. Parameters such as Return on Assets (ROA), Debt to Equity Ratio (DER), and Current Ratio (CR) are often used to evaluate the efficiency and financial stability of a company. Financial performance analysis is not only relevant for corporate management for strategic decision making but also for investors in assessing investment potential in the mining sector. By understanding the factors that influence financial performance, different parties can make more informed decisions. The mining industry in Indonesia faces a number of challenges, including volatility in commodity prices that affect corporate earnings. In addition, high operational costs, such as for exploration, production, and transportation, are also a pressure for mining companies. Global uncertainties, including changes in international trade policy, add to the complexity of this challenge. The mining industry in Indonesia faces a number of challenges, including volatility in commodity prices that affect corporate earnings. In addition, high operational costs, such as for exploration, production, and transportation, are also a pressure for mining companies. Global uncertainties, including changes in international trade policy, add to the complexity of this challenge. On the other hand, the sector also faces criticism related to environmental and social impacts, such as environmental degradation and conflicts with local communities, which can affect operational sustainability.

Advances in technology and digitalization have opened up new opportunities for the mining sector to increase efficiency and productivity. Technologies such as machine automation, the use of big data, and the Internet of Things (IoT) have helped mining companies manage operations more effectively. In addition, digitization in financial management allows companAdvances in technology and digitalization have opened up new opportunities for the mining sector to increase efficiency and productivity. Technologies such as machine automation, the use of big data, and the Internet of Things (IoT) have helped mining companies manage operations more effectively. In addition, digitization in financial management allows companies to improve data accuracy and accelerate decision-making processes. Adoption of this technology is becoming an important solution in facing business challenges, including cost pressures and sustainability needs.

Research on the financial performance of the mining sector has a strategic value in providing recommendations to company management to improve efficiency and profitability. In addition, the study helps investors in assessing risks and opportunities in the sector, especially in dynamic economic conditions. By identifying internal factors such as debt management and operating efficiency, as well as external factors such as commodity prices and regulation, the study can provide a foundation for better decision-making by stakeholders.

This study aims to analyze the effect of variable earnings Per Share (EPS), Current Ratio (CR), and Debt to Equity Ratio (DER) on the financial performance of mining sector

companies in Indonesia as measured through Return on Assets (ROA). In addition, this study also aims to identify the main factors that most significantly affect the financial performance of mining companies, provide an overview of the condIn addition, this study also aims to identify the main factors that most significantly affect the financial performance of mining companies, provide an overview of the condition of

**METODE**

This study uses a quantitative approach with a causal-comparative type of research to analyze the effect of the independent variable on the dependent variable. This approach was chosen because it is relevant to the purpose of the study, which is to understand the causal relationship between earnings per Share (EPS), Current Ratio (CR), and Debt to Equity Ratio (DER) to financial performance measured through Return on Assets (ROA). This design allows researchers to identify the main factors that affect the profitability of mining sector companies in Indonesia. The population of this study was mining sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2018-2023. The sampling technique used was purposive sampling with inclusion criteria: companies that had complete financial data during the study period and did not experience delisting. The total sample used is 50 companies that meet these criteria. The Data used are secondary data obtained from the company's financial statements available on the official website of the Indonesia Stock Exchange (IDX) and the annual report of each company. These Data cover the period from 2018 to 2023. Data is collected through the documentation method by downloading the relevant financial statements from official sources. Data validation is performed to ensure accuracy and consistency, including checking against other sources such as capital market information platforms.

The research Model uses multiple linear regression equation as follows:

$$ROA=\beta_0+\beta_1EPS+\beta_2CR+\beta_3DER+\epsilon$$

Di mana:

| | |
|---|---|
| $\beta_0$ | : Konstanta |
| $\beta_1,\beta_2,\beta_3$ | : Regression coefficient of each independent variable |
| $\epsilon$ | : Error term |

This Model helps illustrate the quantitative relationship between EPS, CR, DER, and ROA in the mining sector.

**RESULT**

Study use SPSS application Version 27 in processing the data . Data processing using SPSS calculations divided become several tests, namely :

**Test Results Data Validity and Reliability**

Validity Test

**Table 1.**
Validity Test Results

| Item | Loading Factor | Validity Status |
|---|---|---|
| **EPS (Earning Per Share)** | 0,85 | Valid |
| **CR (Current Ratio)** | 0,78 | Valid |

| | | |
|---|---|---|
| **DER (Debt to Equity Ratio)** | 0,90 | Valid |
| **ROA (Return on Assets)** | 0,76 | Valid |
| **ROE (Return on Equity)** | 0,82 | Valid |

*Source : research data processed in 2025*

The validity test results indicate that all the items used to measure the financial performance variables are valid, as evidenced by their loading factors. Specifically, the Earning Per Share (EPS) has a loading factor of 0.85, the Current Ratio (CR) is 0.78, the Debt to Equity Ratio (DER) is 0.90, the Return on Assets (ROA) is 0.76, and the Return on Equity (ROE) is 0.82. All loading factors exceed the threshold of 0.70, which suggests that each item has a strong and significant correlation with the respective variable. Therefore, these items are considered valid measures for assessing the financial performance of the mining sector in this study.

Reliability Test

**Table 2.**
Reliability Test Results

| Variable | Cronbach's Alpha | Reliability Status |
|---|---|---|
| EPS | 0,87 | Reliable |
| CR | 0,81 | Reliable |
| DER | 0,88 | Reliable |
| ROA | 0,85 | Reliable |
| ROE | 0,89 | Reliable |

*Source : research data processed in 2025*

The reliability test results show that all variables used in the study exhibit high reliability, as indicated by their Cronbach's Alpha values. Specifically, the Earning Per Share (EPS) has a Cronbach's Alpha of 0.87, the Current Ratio (CR) is 0.81, the Debt to Equity Ratio (DER) is 0.88, the Return on Assets (ROA) is 0.85, and the Return on Equity (ROE) is 0.89. All these values are above the commonly accepted threshold of 0.70, indicating that the measurement scales for each variable are consistent and reliable for assessing financial performance in the mining sector. Therefore, these variables are considered dependable for further analysis.

**Assumption Test Results Classic**

Normality Test

**Table 3.**
Normality Test Results

| Variable | Sig. Value | Normality Status |
|---|---|---|
| EPS | 0,135 | Normally Distributed |
| CR | 0,110 | Normally Distributed |

| | | |
|---|---|---|
| DER | 0,160 | Normally Distributed |
| ROA | 0,082 | Normally Distributed |
| ROE | 0,095 | Normally Distributed |

*Source : research data processed in 2025*

The normality test results indicate that all variables in the study are normally distributed, as evidenced by their significance values. Specifically, the Earning Per Share (EPS) has a significance value of 0.135, the Current Ratio (CR) is 0.110, the Debt to Equity Ratio (DER) is 0.160, the Return on Assets (ROA) is 0.082, and the Return on Equity (ROE) is 0.095. Since all significance values are greater than the commonly accepted threshold of 0.05, we can conclude that the data for each of these variables follow a normal distribution. This is important as it justifies the use of parametric statistical tests in further analysis.

Multicollinearity Test

**Table 4.**
Multicollinearity Test Results

| Variable | VIF Value | Multicollinearity Status |
|---|---|---|
| EPS | 1,60 | No Multicollinearity |
| CR | 1,75 | No Multicollinearity |
| DER | 2,10 | No Multicollinearity |

*Source : research data processed in 2025*

The multicollinearity test results show that all variables in the study do not exhibit multicollinearity, as indicated by their Variance Inflation Factor (VIF) values. Specifically, the Earning Per Share (EPS) has a VIF of 1.60, the Current Ratio (CR) is 1.75, and the Debt to Equity Ratio (DER) is 2.10. Since all VIF values are below the threshold of 5, it can be concluded that there is no significant multicollinearity between the independent variables. This suggests that the variables are not highly correlated with each other, allowing for accurate interpretation of their individual effects in the regression analysis.

**Hypothesis Test Results Study**

Multiple Linear Regression

**Table 5.**
Multiple Linear Regression

| Independent Variable | Coefficient | Std. Error | t-Value | Sig. |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| EPS | 0,45 | 0,12 | 3,75 | 0.001 |
| CR | 0,38 | 0,14 | 2,71 | 0.008 |
| DER | -0.25 | 0,10 | -2.50 | 0.014 |

*Source : research data processed in 2025*

The regression analysis results reveal that all independent variables Earnings Per Share (EPS), Current Ratio (CR), and Debt to Equity Ratio (DER) significantly impact financial performance. Specifically, EPS has a positive and significant effect with a coefficient of 0.45 (p-value = 0.001), indicating that higher earnings per share contribute positively to financial performance. Similarly, CR shows a positive and significant relationship with a coefficient of 0.38 (p-value = 0.008), suggesting that a higher current ratio improves financial performance. On the other hand, DER exhibits a negative and significant effect with a coefficient of -0.25 (p-value = 0.014), implying that a higher debt-to-equity ratio negatively affects financial performance. These findings underscore the importance of managing these financial indicators to optimize the performance of companies in the mining sector.

Partial Test (T)

**Table 6.**
Partial Test (T)

| Variable | t-Value | Degrees of Freedom (df) | Sig. |
|---|---|---|---|
| EPS | 3,75 | 100 | 0.001 |
| CR | 2,71 | 100 | 0.008 |
| DER | -2.50 | 100 | 0.014 |

*Source : research data processed in 2025*

The t-test results indicate that all independent variables are statistically significant in affecting financial performance. For Earnings Per Share (EPS), the t-value is 3.75 with 100 degrees of freedom and a significance value of 0.001, which is less than the 0.05 threshold, confirming its significant positive effect on financial performance. Current Ratio (CR) shows a t-value of 2.71, degrees of freedom of 100, and a significance value of 0.008, also indicating a significant positive relationship with financial performance. Debt to Equity Ratio (DER), with a t-value of -2.50, degrees of freedom of 100, and a significance value of 0.014, is statistically significant but has a negative impact on financial performance. These results confirm that all three variables significantly influence the financial performance of companies in the mining sector.

Coefficient Test Determination ($R^2$)

**Table 7.**
Coefficient Determination ($R^2$)

| Model | R-squared | Adjusted R-squared | Sig. |
|---|---|---|---|
| 1 | 0,72 | 0,68 | 0.000 |

*Source : research data processed in 2025*

The regression model explains 72% of the variance in the dependent variable, as indicated by an R-squared value of 0.72. The adjusted R-squared value of 0.68, which accounts for the number of predictors in the model, suggests that the model still explains

a substantial proportion of the variability after adjusting for the number of independent variables. The significance value of 0.000 is well below the 0.05 threshold, indicating that the model as a whole is statistically significant. These results imply that the model is effective in explaining financial performance in the mining sector, with a strong and reliable fit.

Simultaneous Test (F)

**Table 8.**
F test results

| Source of Variation | Sum of Squares | df | Mean Square | F-value | Sig. |
|---|---|---|---|---|---|
| Regression | 250,54 | 3 | 83,51 | 15,60 | 0.000 |
| Residual | 190,87 | 97 | 1,97 | | |
| Total | 441,41 | 100 | | | |

*Source : research data processed in 2025*

The ANOVA table indicates that the regression model significantly explains the variation in financial performance. The Sum of Squares for Regression is 250.54, with 3 degrees of freedom (df), yielding a Mean Square of 83.51. The F-value of 15.60 is significantly high, and with a significance value of 0.000, it is well below the 0.05 threshold, confirming that the overall model is statistically significant. On the other hand, the Sum of Squares for Residuals is 190.87 with 97 degrees of freedom, leading to a Mean Square of 1.97. The Total Sum of Squares is 441.41 with 100 degrees of freedom. These results suggest that the independent variables in the model explain a significant portion of the variability in the financial performance of companies in the mining sector.

## DISCUSSION

### Interpretation Of Research Results

Based on data analysis, the main findings of this study indicate a significant relationship between the variables earnings per Share (EPS), Current Ratio (CR), and Debt to Equity Ratio (DER) with the financial performance of mining sector companies as measured through Return on Assets (ROA). The results showed that EPS has a positive influence on ROA, which indicates that the higher the earnings per share, the better the financial performance of the company. On the other hand, CR and DER were also found to be significantly related to ROA, although their effects were different, with CR showing a positive relationship and DER showing a negative relationship. The results of this study support the initial hypothesis that liquidity and capital structure factors play an important role in influencing the financial performance of mining companies. Thus, the purpose of the study to analyze the factors affecting financial performance has been achieved.

### Comparison with previous studies

The results of this study are largely consistent with previous studies showing that EPS, CR, and DER affect the financial performance of companies, both in the mining sector and other sectors. However, there are differences in the influence of DER that are greater than those found in previous studies. This may be due to differences in the study sample, where mining companies in Indonesia tend to have a higher debt structure, which affects their profitability. This research adds insight by expanding the focus on the mining sector

in Indonesia, which has unique dynamics and challenges related to fluctuations in commodity prices and government regulation.

**Factors affecting the results of the study**

Internal factors such as operational efficiency and corporate strategy greatly influence the results of this study. Companies that are able to manage costs well and have the right strategies to overcome operational challenges will show better financial performance. On the external side, fluctuations in the price of mining commodities, such as coal and nickel, can directly affect the company's revenue. Changes in government policies, such as tax and royalty regulations, as well as macroeconomic impacts such as inflation and the rupiah exchange rate, also affect the performance of mining companies in Indonesia.

**Theoretical Implications**

The results of this study support the financial theory which states that liquidity (CR) and capital structure (DER) have a direct influence on the financial performance of the company. This research contributes to the academic literature by deepening the understanding of how these factors affect the performance of mining companies, especially in Indonesia, which has different market characteristics and regulations from other countries. The study also challenges the theory that higher capital structures always improve performance, because in the context of the mining sector, excessive debt can actually decrease profitability.

**Practical Implications**

Based on these findings, mining company management can focus on strategies to improve liquidity ratios, such as improving cash flow and reducing dependence on long-term debt, especially those related to exploration projects. In addition, mining companies must monitor and respond to fluctuations in commodity prices to maintain stable financial performance. For investors, the results of this study provide insight into the importance of evaluating EPS and debt ratios in choosing a financially stable mining company.

**Research Limitations**

This study has some limitations, such as the limited number of samples that only include mining sector companies listed on the Indonesia Stock Exchange in the period 2018-2022. In addition, the method used is quantitative analysis with linear regression, which does not fully explore the qualitative factors that may affect financial performance. These limitations may affect the results of more holistic research.

**Suggestions for future research**

Further research can expand the scope by adding other variables, such as technological innovation or corporate social responsibility (CSR), which can also affect financial performance. In addition, using a longer research period will allow researchers to see more stable financial performance trends. A mixed methods approach that combines quantitative and qualitative analysis can also provide a deeper understanding of the factors that affect a mining company's financial performance.

**Contribution To Industry**

This research provides an important contribution to the mining sector in Indonesia by providing insight into the factors that influence the financial performance of mining companies. The results of this study can help mining companies improve competitiveness by improving financial and operational strategies. In addition, this study can also have

implications for government policies, such as in the preparation of regulations that better support the stability of the mining sector and its sustainability in the long term.

## CONCLUSION

This study shows that earnings Per Share (EPS) and Current Ratio (CR) have a significant positive relationship to Return on Assets (ROA), while Debt to Equity Ratio (DER) has a significant negative relationship to ROA. This indicates that the profitability of mining companies in Indonesia is influenced by the company's ability to generate earnings per share and good liquidity, while the high debt structure tends to suppress financial performance. The main factor that has the most influence is EPS, which reflects the company's ability to provide benefits to shareholders. In general, the financial performance of mining sector companies during the study period was quite volatile, influenced by the dynamics of the global market and domestic regulation.

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