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THE IMPACT OF ENVIRONMENTAL ACCOUNTING AND INVESTMENT DECISIONS ON ENHANCING FIRM VALUE IN PHARMACEUTICAL SUBSECTOR COMPANIES

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ABSTRACT:

Research Objective: This study aims to obtain empirical evidence of the determinant factors of firm value of healthy entities, especially in the pharmaceutical subsector during the Covid 19 pandemic in the period 2017-2021.

Method: Multiple linear regression was used for data analysis with SPSS 25 as the testing tool

Findings: The result of hypothesis testing indicates that probability, environmental accounting and investment decisions have positive effect on firm value, while capital structure has no effect on firm value

Theoretical and Policy Implications: depth explanation of of Signalling Theory as the part of Agency theory (especially in explanation of three independent variables: probability, environmental accounting and investment decisions)

Research Novelty: This study choses environmental accounting as independent variable that rarely imposed in previous similar studies

ABSTRAK:

Tujuan Penelitian - Penelitian ini bertujuan memperoleh bukti empiris faktor-faktor determinan atas *firm value* entitas kesehatan, khususnya sub sektor farmasi pada masa pandemi covid-19, tahun 2017-2021.

Metode Penelitian - regresi linier berganda, dengan SPSS 25. sebagai alat uji

Temuan Penelitian - Hasil uji hipotessa penelitian mengindikasikan variabel Profitabilitas, Akuntansi Lingkungan dan Keputusan Investasi berpengaruh signifikan positif terhadap Nilai Perusahaan, sedangkan variabel struktur modal tidak berpengaruh terhadap Nilai Perusahaan

Implikasi Teori dan Kebijakan - bukti dan penjelasan lebih dalam tentang *Signaling Theory* (terutama dalam penjelasan tiga variabel independen ; probabilitas, akuntansi lingkungan dan Keputusan investasi)

Kebaruan Penelitian - Penelitian ini menggunakan variabel Akuntansi Lingkungan sebagai variabel independent yang jarang diterapkan dalam penelitian sejenis ssebelumnya

Keywords: Profitability; Capital Structure; Environmental Accounting; Investment Decisions; Firm Value

INTRODUCTION.

The success of an entity's performance, one of which is the value of the company that better known as firm value. For the investors, firm value (reflected in stock prices) is an indicator of how the market responds to an entity listed on the stock exchange (Dhani and Utama, 2017 and Arsyada et.al, 2022). Firm value reflects shareholder prosperity. The higher the firm value, the higher the shareholder prosperity. According to Pratama and Setiawan (2019), maximizing the wealth of owners or shareholders is identical to maximizing firm value. Research conducted by Sutama and Lisa (2018) revealed that high firm value can make the market believe in the company's current or future condition. Return is the only logical reason for investors to compare various investment alternatives with their investment results (Tambunan, 2020). Firm value is one of the considerations related to the risk and income that investors will receive (Arsyada et.al, 2022). In the long term, optimizing firm value must be the goal of stock exchange-listed companies. Factors influencing firm value include Profitability, Capital Structure, Environmental Accounting, and Investment Decisions.

Profitability is the ability of an entity to generate profit at certain levels of sales, assets, and share capital. (Lumoly et.al, 2018). The higher the profitability ratio, the greater the entity's ability to create profits (earnings), which positively affects the company's future value prospects, marked by an increase in stock price (Annisa, et al. (2025). The higher a company's profitability, the more attractive it is to investors. Sutama and Lisa (2018), Permatasari and Triyonowati (2023), Widyantari and Yadnya (2017), and Baihaqi et.al (2021) in their research found that profitability has a significant positive effect on firm value. Ananda Gz and Lisiantara (2022) concluded that profitability has a significant negative effect. Meanwhile, Sulastri et al. (2018) and Mahanani and Kartika (2022) concluded that profitability does not affect firm value.

Capital structure is an important investment consideration when potential investors are interested in investing capital in an entity. A good capital structure can optimize the balance between risk and return; therefore, it is expected to maximize stock prices, which ultimately increases firm value. Research results of Dewi and Astika (2019). found that capital structure has a significant positive effect on firm value. Meanwhile, (Ananda Gz and Lisiantara, 2022), Widyantari and Yadnya (2017), and Sulastri et al. (2018) found that Capital Structure has a significant negative effect, while Ayem and Nugroho (2016), Baihaqi et al. (2021) and Mahanani and Kartika (2022) stated that capital structure does not affect firm value.

Environmental accounting is a term related to the inclusion of environmental costs in the accounting practices of companies or government agencies. Positive information about environmental accounting will attract the trust and interest of investors to invest in the company (Suaidah, 2018), thus affecting its market value. However, according to Nursamsiah et al. (2019) and Chairina et.al,(2024), the impact of implementing environmental accounting

remains debated. Some argue that implementing environmental accounting can attract investors who care about environmental issues, thereby increasing the firm value. However, there is also an argument that environmental costs will reduce profitability in the short term; therefore, the impact on firm value may vary. Research conducted by Suka (2016) states that environmental accounting positively affects firm value. Conversely, research results by Amira and Siswanto (2022) found that environmental accounting does not affect firm value.

Investment decisions are an important factor in a company's financial function. Fama (1974) in Tambunan (2020) states that firm value is solely determined by investment decisions. Saputro and Andayani (2021) explain that investment decisions are actions to invest capital in the present in the form of current or fixed assets to obtain a profit in the future. Ayem and Nugroho (2016) and Saputro and Andayani (2021) state that investment decisions have a positive and significant effect on firm value. Meanwhile, Permatasari and Triyonowati (2023) and Mahanani and Kartika (2022) state that investment decisions do not affect firm value.

When the Covid-19 pandemic hit more than 150 countries worldwide, economic instability occurred, including in Indonesia. The Covid-19 pandemic not only affected public health but also crippled the business sector, experienced by almost all industrial sectors. The pandemic triggered low investor sentiment towards the market, ultimately causing market movements to decline (Nurani et al., 2022). Stock prices plummeted across global stock exchanges, as did the Composite Stock Price Index (IHSG) on the Indonesian Stock Exchange (Tambunan, 2020). By the end of 2019, the Composite Stock Price Index (IHSG) had weakened by 36.67%. Aggressive stock price declines occurred in various industrial sectors on the Indonesia Stock Exchange (IDX). However, the health sector was able to withstand the Covid-19 pandemic conditions. Health sector stock prices rose sharply during the pandemic and became the main choice for foreign and local capital market investors (Latief et al., 2022). One of them is the pharmaceutical sub-sector. Testing results by Hartanto and Kusno (2024) indicate that the average stock return of the pharmaceutical sub-sector is significantly higher than the IHSG return.

On March 2, 2020, when the first COVID-19 case in Indonesia was confirmed and announced, the IHSG fell by -1.677%. The IHSG plunged from the 5,000 level, eventually dropping to 4,000. (Rahmawati and Pandansari, 2020) Meanwhile, on the same day, the pharmaceutical sub-sector stocks recorded an average positive return of 3.137%. In March 2020, pharmaceutical sub-sector entities entered the list of Top Gainers on the Indonesia Stock Exchange (IDX), namely PT Indofarma Tbk (INAF), PT Metro Healthcare Indonesia Tbk (CARE), and PT Kimia Farma (Persero) Tbk (KAEF), each recording a gain of 24.78%, 25.36%, and 24.63%, respectively (Investor.id, 2020). While many stock exchange issuers suffered losses, pharmaceutical entities reaped gains in trading on the IDX (Hartanto and Kusno, 2024). In July 2020, during the week of July 20-24, IDX data revealed that the pharmaceutical issuer PT Indofarma Tbk. (INAF) experienced the highest stock price increase of 133.04 percent. PT

Kimia Farma Tbk. (KAEF) and PT Pyridam Farma Tbk. (PYFA) also became the top gainers. (market bisnis.com).

The year 2020 can be said to be not a good time for the stock market, especially in Indonesia, the IHSG for the year was corrected by almost 19% (CNBC Indonesia.com). However, some stocks thrived and generated "profits" amid the Covid-19 pandemic. During January - October 2020, based on the Top Ten Gainers ranking on the IDX, in second place, the pharmaceutical issuer PT Pyridam Farma Tbk (PYFA) appreciated 364% year to date. Meanwhile, in the fourth and fifth positions, PT Indofarma Tbk (INAF) appreciated by 289%, and PT Kimia Farma Tbk (KAEF) appreciated by 167%. Furthermore, according to market bisnis.com, at the end of 2020, the pharmaceutical sub-sector issuer stocks, namely PT Kimia Farma Tbk, PT Indofarma Tbk, and PT Pyridam Farma Tbk, managed to occupy the list of Top Gainers stocks. Stocks in the pharmaceutical sub-sector on the Indonesia Stock Exchange became one of the stock investment choices for investors during the pandemic because pharmaceutical entities were considered to be able to maintain their firm value during the pandemic. This phenomenon makes this sub-sector interesting to study. This study aims to obtain empirical evidence of the determinants of firm value of health entities, especially the pharmaceutical sub-sector during the Covid-19 pandemic, from to 2017-2021.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Signaling Theory

Signaling theory is an action to understand how management views the prospects of a company carried out by the company management for investors. Signaling theory also explains why companies should provide information in the form of company financial reports to external parties (Chairina et.al, 2024). The company's desire to provide information is due to information asymmetry between the company and outsiders, as the company knows more about itself and its future prospects than outsiders. The lack of information about the company makes outsiders protect themselves and may even distance themselves by giving a low assessment. The information provided by the company is generally a record or picture of the company's condition in the past, present or future (Dewi and Astika, 2019). Company information can provide signals for investors to make investment decisions.

Firm Value

Firm value is the price that a prospective buyer (investor) is willing to pay if the company is sold (Arsyada et al., 2022). Firm value is the first perception of investors regarding the probability of a company's success, and is often associated with stock prices. The higher the stock price of a public company, the higher its value. (Latief et.al, 2022). Firm value reflects the success of an entity in increasing stock prices so that it can prosper the capital owners and

maintain the prosperity of shareholders (Murniati and Ingra, 2023). A high firm value is followed by shareholder wealth and high stock prices (Pratama & Setiawan, 2019). Firm value is measured using *the Price Book Value* (PBV).

Profitability

Profitability shows an entity's ability to generate profit over a certain period. Profitability ratios are also used to assess the effectiveness of a company's management in generating profits. According to Mahanani and Kartika (2022), profitability is the company's ability to earn profits in relation to sales, total assets, or its own capital. Nurani et al. (2022) stated that profitability is a measure of a company's success and its ability to use its assets productively. The more productive the asset management, the higher the company's ability to generate profits and the higher the profitability. A company's profitability is measured using ROA (Return on Assets) by comparing the profit in a certain period with the total assets of the entity.

Capital Structure

According to Sulastri et.al (2018), the capital structure is the balance of the amount of permanent short-term debt, long-term debt with preferred stock, and common stock. Capital structure expresses a company's internal and external funding to finance its operational activities (Dewi and Astika, 2019). Capital structure is proxied by the Debt to Equity Ratio (DER). The DER is a ratio used to compare debt with equity owned by the company.

Environmental Accounting

Nursamsiah et al. (2019) mention that environmental accounting is a form of corporate responsibility in managing the environmental damage caused by the company's operational activities. Disclosure of environmental accounting information is a step that must be carried out by the company to document the environmental activities that have been conducted (Amira and Siswanto, 2022). Through the disclosure of environmental accounting, such as the disclosure of environmental costs, the allocation of costs based on their activities in systematic environmental accounting is expected to provide a profitable contribution to the company. Environmental accounting can be measured using the AKL Index, which is calculated by dividing the number of indicators disclosed in an annual report by the number of indicators that should be disclosed. Items disclosed were scored from 1 to 3.

Investment Decisions

Investment decisions are the company's policy of investing its funds in certain assets to obtain profits in the future. (Saputro and Andayani (2021). Decisions regarding the allocation of funds originating from within or outside the company are made in various forms of investment (Purnamasari et al., 2009). Investment decisions are measured using the PER (Price Earning Ratio)

Effect of Profitability on FirmValue

Dewi and Narayana (2020) explain that profitability is the company's ability to earn profits in relation to sales, total assets, or its own capital in a certain period. High profitability reflects a company's ability to generate high profits or earnings for its shareholders. Siregar et.al (2019) argue that profitability is the end result of a number of policies and decisions made by the company. Investors will give a good assessment of the company when profitability increases. According to signaling theory, when an entity generates high profits for shareholders, it sends a positive signal to investors. High company profitability attracts investors to invest in the company. When a company's stock price increases, so does its value. The higher the profitability, the higher the firm's value, and vice versa. The research results of Dewi and Narayana (2020) and Lumoly et.al, (2018) and Siregar et.al (2019) prove that the higher the profitability, the higher the firm value. This research result is in line with Sutama and Lisa (2018) and Permatasari and Triyonowati (2023), who also showed that profitability affects firm value.

H_1 : Profitability affects firm value

Effect of Capital Structure on Firm Value

Capital structure is crucial in assessing a company. Based on the capital structure, the utilization of funds that can be used for company activities can be decided. (Baihaqi et al, 2021) According to Dhani and Utama (2017), capital structure is capitalization with obligations and own capital. Obligations or liquidity arise from external investors. Large-scale entities will also need large sources of funds; therefore, they need external capital injections. Capital structure is used as a basis for assessing the level of risk, return, and revenue of the company, thus affecting the high or low demand for the company's shares, which means affecting the company's firm value (Sari, 2021 in Murniati and Ingra, 2023). Signaling theory states that when a company has a high Capital Structure ratio, it will send a bad signal to investors. The comparison of total debt is greater than equity, indicating that most of the company's operations are funded by debt. Every addition of debt gives a negative perception to investors (Siregar et.al (2019), thus impacting the decline in stock prices and the firm's value. The research results of Dewi and Astika (2019). provide concrete evidence that capital structure significantly affects firm value.

H_2 : Capital Structure affects firm value

Effect of Environmental Accounting on Firm Value

The implementation of environmental accounting can bring positive developments that can build a positive image of the company in the eyes of the public, especially for using its products (Dewi and Narayana, 2020). The concept of environmental accounting, if implemented in the long term, allows for a reduction in production costs, which can lower the company's operational expenses (Amira and Siswanto, 2022). The reduction in operational expenses

will increase the company's profits and attract investors, thus increasing firm value.

Signaling theory states that when a company can convey information about environmental accounting, it will provide a signal to investors that the company has fulfilled its obligation to disclose environmental accounting as it should, thus having a positive impact on firm value. Research conducted by Suka (2016) stated that environmental accounting affects firm value. This research result is in line with Suaidah (2018), who also showed that environmental accounting affects firm value.

H_3: Environmental accounting affects firm value.

Effect of Investment Decisions on Firm Value

In essence, investment is the placement of a certain amount of funds with the hope of obtaining returns. Investment decisions are related to the placement of funds in both real and financial assets (Permatasari and Triyonowati, 2023). Investment decisions are long-term capital placement decisions that involve expectations of profits obtained by shareholders (Ayem and Nughroho, 2016)

Making investments is not easy for company management because it can affect the firm's value (Murniati and Ingra, 2023). The better the investment decisions made, the higher the opportunity to obtain profits. In relation to signaling theory, Permatasari and Triyonowati (2023) explain that optimal investment decisions by the company will give a positive signal that can boost investor confidence in a company regarding the management of its assets. The higher the investor's confidence in the company, the greater the likelihood of investors investing in the company's shares, thus increasing the firm's value. Previous research results by Dhani and Utama (2017) state that investment decisions affect the firm value of a company.

H_4: Investment Decisions affect the firm value.

RESEARCH METHODOLOGY

Population, Sample, and Sampling Technique

The type of research used in this study is quantitative research with a causal-comparative nature using statistical analysis techniques and testing hypotheses about the causal effects of several variables. (Sugiyono, 2019 : 16-17).

The type of research data used is secondary data. Data were collected through documentation, utilizing available company publication data in the form of financial reports obtained from the Indonesian Stock Exchange (IDX). The population in this study is the pharmaceutical sub-sector listed on the Indonesia Stock Exchange (IDX) during the observation period from to 2017-2021. The sample selection technique used purposive sampling method and obtained 56 research sample data as follows:

The following is the sample selection for the research conducted on pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2017-2021. Initially, there were 60 companies included in the research sample. No companies in this sub-sector failed to report financial statements during this period; therefore, the initial sample size remained 60. After identifying outlier data, four data points were excluded from the sample, resulting in a total of 56 data samples used in this study.

ANALYSIS RESULTS AND DISCUSSION

Classical Assumption Test

The Kolmogorov-Smirnov Test was used to test whether the residual values generated from the regression model were normally distributed. (Effendi et.al.,2019:94). The test results show that the asymptotic Sig (2-tailed) significance value of 0.063 is greater than 0.05. This indicates that the research data were normally distributed.

A multicollinearity test was performed to determine whether there was a perfect correlation among the independent variables in the regression model. A good regression model is one in which there is no correlation among the independent variables. Multicollinearity symptoms were detected by examining the calculation results of the tolerance values and Variance Inflation Factor (VIF). The VIF value limit is 10; if the VIF value ≤ 10 or the tolerance value ≥ 0.1 (Effendi et.al.,2019:95). The multicollinearity statistical test results showed that all independent variables had a VIF value ≤ 10 and a tolerance value ≥ 0.1. This indicates that there was no multicollinearity in the regression model.

The autocorrelation test is used to test whether there is a correlation between errors in a certain period (t) with errors in the previous period (t-1) in the regression model. A good model is one in which there is no autocorrelation. Autocorrelation testing was performed by examining the asymptotic. Sig. (2-tailed) value of the run test. If the Asymp. Sig. If the (2-tailed) value is greater than the significance value of 0.05, it can be stated that there is no autocorrelation (Ghozali, 2018:122). The run test calculation results showed a significance value of 0.418 ≥ 0.05. This indicates that there is no autocorrelation in the regression model.

Heteroscedasticity Whether there is an indication of heteroscedasticity in a regression model is tested using the Glejser Test. If the significance value is > 0.05, there is no heteroscedasticity in the regression model. Conversely, if the significant value < 0.05, it means there is heteroscedasticity in the regression model (Ghozali, 2018:142). The heteroscedasticity test results in this study show that the significance of all independent variables is > 0.05. This indicates that there is no heteroscedasticity in the regression model.

Hypothesis Test

Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to determine the relationship between independent variables (profitability, capital structure, environmental accounting, and investment decisions) and the dependent variable (firm value), regardless of whether there was a significant effect. Based on the analysis results, the regression model obtained in this study is as follows:

PBV = -0.026 + 2.364 ROA + 0.465 DER + 3.948 AKL Index + 0.843 PER

Multiple regression

This presents the results of a regression analysis with a model that includes both unstandardized and standardized coefficients. In this model, the constant had a B coefficient of -0.026 with a standard error of 0.869. The ROA variable shows a B coefficient of 2.364 and a standard error of 1.531, with a standardized coefficient (beta) of 0.193. The DER variable has a B coefficient of 0.465 and a standard error of 0.417, with a beta of 0.158. The AKL index shows a B coefficient of 2.584, a standard error of 1.026, and a beta of 0.366. Finally, the PER variable had a B coefficient of 0.843, standard error of 0.537, and beta of 0.390. These data provide an overview of the influence of each variable on the model used.

F Test

The SPSS process results in this study show that the F value is 5.325 with a significance level of 0.001. The significance level was set at $p < 0.05$ ($0.001 \leq p \leq 0.05$). A significance value of less than 0.05 indicates that the regression model is good (fit) and can be used to determine the effect of profitability (ROA), Capital Structure (DER), Environmental Accounting (AKL Index), and Investment Decisions (PER) on firm value (PBV).

Coefficient of Determination (R^2)

The coefficient of determination (R^2) was used to measure the extent to which the model could explain the dependent variable. The coefficient of determination (R^2) is between 0 and 1 (Ghozali, 2018:97). Based on the SPSS process results, the Adjusted R^2 value was 0.239 or 23.9%. This means that only 23.9% of the variation in the dependent variable (Firm Value) can be explained by the variation in the Independent Variables (Profitability, Capital Structure, Environmental Accounting, and Investment Decisions), while the remaining 76.1% (100%-23.9%) is influenced by other variables outside this research model.

T-Test

A t-test was conducted to determine the extent to which each independent variable affects the dependent variable individually (Ghozali, 2018:98). If the significance value ≥ 0.05, then there is no effect of the independent variable on the dependent variable individually, and conversely, if the significance value < 0.05, then there is an effect of the independent variable on the dependent

variable individually. Table 3 shows the results of the t-test calculation in this study, as follows
The results of the regression analysis with several independent variables. In the unstandardized coefficient section, the constant value was -.026, with a standard error of .869. The ROA variable has a coefficient of 2.364 and a standard error of 1.531, with a beta coefficient of .193. The t-value for ROA is 1.506, with a significance of .009. The DER variable shows a coefficient of .465, a standard error of .417, a beta of .158, a t-value of 1.025, and a significance of .235. The AKL index has a coefficient of 2.584, standard error of 1.026, beta of .366, t-value of 2.764, and significance of .008. Finally, the PER variable has a coefficient of .843, a standard error of .537, a beta of .390, a t-value of 2.504, and a significance of .006. These results indicate that some variables significantly influence the tested model.

First Hypothesis Testing (H1)
Testing whether Profitability affects Firm Value. The result shows that, the t value for the profitability variable (ROA) is 1.506 with a significance probability of 0.009 < 0.05. This means that H1 is accepted and H0 is rejected; thus, it can be concluded that profitability has a significant effect on Firm Value.

Second Hypothesis Testing (H2)
Testing whether Capital Structure affects Firm Value. The result shows that, the t-value for the Capital Structure variable (DER) is 1.025 with a significance probability of 0.235 ≥ 0.05. This means that H2 is rejected and H0 is accepted; therefore, it can be concluded that the capital structure does not affect the Firm Value.

Third Hypothesis Testing (H3)
Testing whether Environmental Accounting affects Firm Value. The result shows that, the t-value for the environmental accounting variable (AKL Index) is 2.764 with a significance probability of 0.008 < 0.05. This means that H3 is accepted and H0 is rejected; thus, it can be concluded that Environmental Accounting has a significant effect on Firm Value.

Fourth Hypothesis Testing (H4)
Testing whether Investment Decisions affect the firm value of a company. The result shows that, the t-value for the investment decision variable is 2.504 with a significance probability of 0.006 < 0.05. This means that H4 is accepted and H0 is rejected; therefore, it can be concluded that Investment Decisions affect the firm value of a company.

Effect of Profitability on Firm Value

Based on the t-test results, it can be concluded that profitability has a significant effect on firm value. Profitability affects firm value.
This result is in line with signaling theory, which states that when a company can generate high profits or earnings for shareholders, it will provide a positive signal for investors to make investment decisions. The higher (better) the profitability, the higher is the firm value. Conversely, if the company's ability to generate profits is low (poor), the firm value will decrease. This result proves that profitability has a significant positive impact on the firm value of the pharmaceutical subsector listed on the IDX from 2017-2021 to. High profitability sends a good signal to investors and plays a major role in ensuring the company's long-term survival. This result is consistent with previous studies conducted by Sutama and Lisa (2018) and Permatasari and Triyonowati (2023), which state that profitability has a significant positive effect on firm value.

Effect of Capital Structure on Firm Value

Based on the statistical test results, it can be concluded that the Capital Structure variable does not affect firm value. The high or low level of Capital Structure does not affect the high or low firm value. This result proves that the high or low Capital Structure of the company does not impact the increase or decrease in the firm value of the pharmaceutical sub-sector listed on the IDX from to 2017-2021. Theoretically, if the capital structure is too high, it can result in a decrease in firm value because it is generally funded by long-term debt. If a company continuously funds itself with debt, it will eventually be unable to pay the debt and its interest. This means that using too much debt and not optimizing it will negatively impact the company's firm value.
In reality, this research result proves that a high DER does not affect the firm value of the pharmaceutical sub-sector listed on the IDX from to 2017-2021. Annisa, et al. (2025) revealed that during the Covid-19 pandemic, the majority of pharmaceutical company funding came from debt, with a proportion six times higher than its own capital. Dependence on imported raw materials, which experienced price spikes owing to global supply chain disruptions, also pushed companies to choose and use debt as a quick funding solution. The capital structure is too high, while on the other hand, pharmaceutical company stock prices, were included as "top gainers" (Hartanto and Kusno, 2024), remain in high demand by investors during the pandemic. This is what makes the size of the capital structure not affect the high or low the firm value. This means that the choice between financing a company with debt or equity should not impact its overall value.
The analysis conducted in this study proves that capital structure does not affect the firm value, and the second hypothesis is, therefore, rejected. This research result is consistent with previous research results conducted by Ayem and Nugroho (2016) and Baihaqi et.al. (2021), which state that the capital structure does not affect the firm value.

Effect of Environmental Accounting on Firm Value

Based on the statistical test results, it can be concluded that Environmental Accounting has a significant effect on the firm value. The high or low level of Environmental Accounting disclosure affects firm value. This research result is in line with signaling theory, which states that when a company provides high environmental accounting information disclosure, it will provide a positive signal for investors to make investment decisions in the company. The more environmental accounting information is disclosed, the better the company's image. Investors prefer to invest in companies with good public images. There is an increase in investor interest, which can increase company's firm value. The higher the level of Environmental Accounting disclosure, the higher the stock price and also firm value. This result proves that environmental accounting disclosure has a significant positive impact on the firm value of the pharmaceutical sub-sector listed on the IDX from to 2017-2021. This research result is consistent with previous research conducted by Suka (2016) and Suaidah (2018), which states that environmental accounting has a significant positive effect on firm value.

Effect of Investment Decisions on Firm Value

Based on the statistical test results, it can be concluded that the Investment Decision variable has a significant effect on Firm Value. The high or low level of Investment Decisions affects the company's firm value. This research result is in line with signaling theory, which states that when Investment Decisions are made optimally (effectively and efficiently) and appropriately by company management, the company will develop and generate optimal profits in the future, thus providing a positive signal for investors to make investment decisions in the company. This means that if the company can create the right investment decisions, its assets will generate optimal performance, providing a positive signal for investors, which will later increase stock prices and raise firm value. The higher the value of Investment Decisions, the higher the stock price and firm value. This result proves that Investment Decisions positively impact the firm value of the pharmaceutical sub-sector listed on the IDX from to 2017-2021. This result is consistent with previous studies conducted by Ayem and Nugroho (2016) and Saputro and Andayani (2021), which state that investment decisions have a positive and significant effect on firm value.

CONCLUSION

Based on the data analysis results described, the following conclusions can be drawn:

1. Profitability has a significant positive effect on Firm Value.
   A high ROA is due to an increase in company profit growth. It can be concluded that, on average, pharmaceutical sub-sector companies listed on the IDX from to 2017-2021 strive to maximize their company assets to increase revenue or sales, aiming to gain "profits" or earnings, even during the pandemic. This attracts investors, thus increasing the firm value.
2. The Capital Structure does not affect the Firm Value.
   This means that if pharmaceutical sub-sector companies on the IDX change their capital structure, it will not affect their value. Therefore, the choice between financing a company with debt or equity should not impact the overall firm value. Companies must carefully consider their capital structure. In any situation, the company's debt should not exceed its own capital, or in other words, the amount of debt (secured capital) should not be more than 50% of its own capital (guaranteed capital)
3. Environmental Accounting has a significant positive effect on Firm Value.
   To obtain a good public image, pharmaceutical sub-sector companies listed on the IDX strive to increase environmental accounting disclosure in their reports. Good environmental performance is a positive signal that increases investor interest and can increase firm value.
4. Investment Decisions have a significant positive effect on Firm Value.
   During the pandemic, pharmaceutical sub-sector companies listed on the IDX have made the right investment decisions on company assets, so the company's assets generate optimal performance, providing a positive signal for investors to invest. Stock prices and the firm value will rise.

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