

The Effect of Capping Price and Implementation of Coal DMO on Profitability by Mediation of Good Corporate Governance in Mining Companies in Indonesia

Irwan Amri

Economic Faculty of Sultan Agung Islamic University Semarang, Indonesia

Ibnu Khajar

Economic Faculty of Sultan Agung Islamic University Semarang, Indonesia

Abstract: Indonesia is a country blessed with abundant natural resources, which one of them is coal. Coal is a mined resource that supports most of the domestic energy activities such as electricity and industrial production, where the government ensures the availability and affordability of coal for domestic use, known as the Domestic Market Obligation (DMO). The Coal Reference Price (HBA) is the monthly average price determined by the Ministry of Energy and Mineral Resources based on local and international market indexes, while the coal price for electricity needs is capped at 70 USD/MT by the government. The DMO determines the minimum amount of coal sold by coal mining companies to the Indonesian local market.

This study aims to analyze the effect of capping price policies and the application of coal DMO mediated by the implementation of Good Corporate Governance (GCG) on the profitability of coal mining companies in Indonesia. The data used in this study were sourced from the financial statements of coal mining companies listed on the Indonesia Stock Exchange during the period of 2017 to 2021. The sample for this study used 10 out of the total 28 coal mining companies listed on the Indonesia Stock Exchange, and path analysis was used to test hypotheses and analyze the relationships between variables. Panel data regression analysis was used to test the hypotheses in this study.

The results show that the capping price policy and the application of coal DMO, mediated by the implementation of GCG, have a significant positive effect on the profitability of coal mining companies in Indonesia. This finding has important implications for policymakers in evaluating existing policies and considering their impact on the profitability of coal mining companies in Indonesia while still considering the use of coal for the benefit of all Indonesian people.

Keywords: Capping Price of Coal; DMO of Coal; Good Corporate Governance; Profit of Mining Coal Firms.

I. Introduction

Coal is still a mining product that supports most domestic energy activities such as electricity and industry. Priority on Domestic Market Obligation (DMO) on coal determines at least all coal sold by local coal mining companies to the Indonesian market. DMO for 2018 is set at 25 percent of the total production volume by coal mining companies. Around 114 million tons were consumed by the domestic market, including coal for coal-fired Steam Power Plants (CFSP). Coal accounts for more than half of the fossil fuels used by PLN and Independent Power Producers (IPP). In general, the coal price limit rule only applies if the Indonesian Coal Reference Price (HBA) exceeds the limit or caps USD 70 per ton. If not, (Richard Bridle et al., 2019), the HBA will remain the reference price for the coal sales agreement. HBA is the monthly average price determined by the Ministry of Energy and Mineral Resources and is calculated based on the average price of coal in local and international market indices. Limiting the price of coal effectively reduces the cost of purchasing coal by PLN and the profitability of mining companies. This type of intervention is known as market price support (Richard Bridle et al., 2019).

The Minister of Energy and Mineral Resources in 2019, Arifin Tasrif, said he would extend the implementation of a special coal price for the electricity sector in 2020. Considering that the capping price or coal price limit of USD 70 per ton will end in December 2019. This step is to consider the stability of the cost of production electricity which leads to the stability of electricity rates. He also claimed that the coal DMO was not complained by stakeholders. In addition to extending the implementation of a special coal price for the electricity sector, the Ministry of Energy and Mineral Resources also extended the special coal allocation policy for the electricity sector.

Emphasized by The Director General of Mineral and Coal (Minerba) of the Ministry of Energy and Mineral Resources, Bambang Gatot Ariyono, stated that the price of coal is actually still in the evaluation stage

and will be completed in December 2019. But what is certain is that the portion of DMO volume remains 25 percent of total coal production (Ririe, 2019).

Profitability related to Good Corporate Governance (GCG) in mining companies can be said to be quite large. High profitability will improve the company's overall performance so that the company can carry out various activities that benefit the community and the surrounding environment, such as carrying out CSR programs. Thus, high profitability can make a positive contribution to the GCG of mining companies (Pujana, 2016). Capping price and DMO policies so far are not only limited to coal, even CPO or Crude Palm Oil are still being encouraged to stabilize domestic oil prices, even though in a larger scope the DMO policy can be seen as hampering economic growth (Anisah, 2022; Mansur, 2022).

Many previous studies have only examined the effect of commodity or product capping price policies on GCG (Pujana, 2016) and the level of profitability (Manurung & Kartikasari, 2015; Putri, 2012) as well as the company's DMO obligations towards GCG (Pujana, 2016) and the level of profitability (Ramdani, 2015; Wahyudi, 2018). The originality of this study develops the effect of both capping price and DMO policies on profitability through GCG mediation in coal mining companies.

The previous research gap explained that the commodity capping price policy has a significant negative effect on the level of profitability (Manurung & Kartikasari, 2015; Putri, 2012) and the company's DMO obligations have a significant positive effect on the level of profitability (Ramdani, 2015; Wahyudi, 2018). Other studies explain that profitability has a significant positive effect on pricing policy or capping prices (Latifah & Suryani, 2020; Octaviani & Komalasari, 2017), so it is necessary to do research related to the effect of capping prices and DMO on coal profitability.

II. Literature Review

One of the world's most important energy sources is coal (Naurah, 2022). It is a fossil fuel that is needed by humans for the sustainability of various sectors, such as for the fuel needs of Power Generation and Industrial needs. More than 90% of the world's total coal reserves are owned by ten countries. In 2020, Indonesia has coal reserves reaching 34,869 million tons or 3.25% of the world's total coal reserves, placing Indonesia in the seventh position as the country with the world's largest coal reserves.

Even though Indonesia ranks number seven as the country with the world's largest coal reserves, according to data from the International Energy Agency (IEA), Indonesia ranks number one as the world's largest coal exporter in 2022. (Ahdiat, 2023). The IEA estimates that in 2022 Indonesia's coal production will reach 622 million tons with a total export volume of 473 million tons (76% of total production in 2022).

DMO realization during the 2017-2021 period only met the target of 25% once, namely in 2018 (Pahlavi, 2022). The Ministry of Energy and Mineral Resources reported that the realization of market obligations (DMO) until the end of December 2021 was 63.57 million tons, which was only 10.4% of the total production of 611.23 million tons in 2021. Even though the government has set a 25% DMO for coal policy to each Coal Miner to be sold to PLN at a predetermined selling price with a Capping Price of 70 USD per ton.

A. Capping Price

Capping Price or price cap is simply a process of setting the rate or price to be charged for a particular good or service (Ministry of Education and Culture, 2008). Capping Price is more directed at limits imposed by the government on prices charged for a product or known as price restrictions. Often introduced to control the price power of monopoly businesses with large market power (Darmawan, 2016). The Ministry of Energy and Mineral Resources (ESDM) has set the DMO price for coal at USD 70 per ton (Ririe, 2019). The capping price measurement in this study uses the average HBA realization per year during the 2017 to 2021 period, where the realization of profits for Coal Mining Companies has been affected by the capping price policy and Coal DMO.

B. Domestic Market Obligation (DMO)

According to the regulation of the Minister of Finance No. 56/PMK.02 of 2006 article 1 DMO (Domestic Market Obligation) is the obligation of a Business Entity or Permanent Establishment to hand over a portion of oil and natural gas from its share to the state through the Executing Agency in the context of supplying oil and natural gas to meet domestic needs, the amount of which is regulated in the Cooperation Contract. (<https://jdih.kemenkue.go.id>) DMO itself is aimed at business entities in the form of legal entities that carry out business types that are permanent, continuous and established in accordance with applicable laws and regulations and work and are domiciled in the territory of the State The Unitary Republic of Indonesia and business entities established and legally incorporated outside the territory of the Unitary Republic of Indonesia and must comply with the laws and regulations in force in the Republic of Indonesia. (Rofiah et al., 2019).

The measurement of DMO in this study uses the actual percentage of DMO that has been carried out by coal mining companies studied from 2017 to 2021 period.

C. Profitability

Profitability is a measure of the company's performance to show the company's success in running its business. The company's financial performance is also the result of many individual decisions made continuously by management. Therefore, to assess the company's performance it is necessary to involve an analysis of the cumulative financial and economic impact of decisions and consider them using comparative measures. Financial performance is a factor that shows the effectiveness and efficiency of an organization to achieve its goals. Effectiveness if management can choose the right goals or an appropriate tool to achieve the goals that have been set. (Mufida & Purnamasari, 2018). Financial profitability according (Brigham & Gapenski, 2014) can be measured using the following indicators:

1]. Return On Equity (ROE)

Return on equity is the company's ability to use its capital to earn profits. The formula used to calculate the ROE value is as follows:

$$\text{ROE} = \text{Net Income} / \text{Equity}$$

2]. Return On Investment (ROI)

Return On Investments is a form of profitability ratios that are intended to be able to measure the ability of the company with all the funds invested in the assets used for the company's operations to generate profits. The calculation formula used to calculate the ROI value is:

$$\text{ROI} = \text{Operating profit} / \text{Average operating assets}$$

3]. Return On Assets (ROA)

ROA, namely the ratio that measures a company's ability to generate profits by using the total assets (wealth) owned by the company after being adjusted for the costs to fund these assets (Brigham in (Yulianah & Aji, 2021). The calculation formula used to calculate the value of ROA is:

$$\text{ROA} = \text{Net Profit} / \text{Total Assets} \times 100\%$$

This study applies ROA profitability as a reference for variable measurement.

D. Good Corporate Governance (GCG)

The Indonesia Institute for Corporate Governance or IIGC defines Good Corporate Governance as the process and structure applied in running a company with the main objective of increasing shareholder value in the long term (Agustina et al., 2015).

According to the Forum for Corporate Governance Indonesia (FCGI), Corporate Governance is defined as a set of rules on the relationship between shareholders, company managers, creditors, the government, employees, and other internal and external stakeholders. From an academic background, the need for good corporate governance arises in relation to principal-agency theory, namely, to avoid conflicts between principals and agents. Furthermore, FCGI stated "The objective of corporate governance is to create added value to the stakeholders" (Ratih & Setyarini, 2014).

According to Iskandar in (Avilya & Ghozali, 2022), corporate governance mechanisms are divided into two groups. The first is an internal mechanism. such as the general meeting of shareholders, the composition of the board of commissioners, the composition of the board of directors, the company secretary, the ownership structure, and meetings with the board of directors, while the company's ownership structure is divided into: Level of concentration of ownership and Company Ownership. Second, the external mechanism is a way of influencing the company other than using the company's external mechanism through an independent commissioner. Stock Exchange provisions, the number of independent commissioners is at least 30% (Avilya & Ghozali, 2022).

The application of Good Corporate Governance is used by companies to improve the quality of profits by considering the interests of stakeholders based on applicable laws and norms. According to Ristifani in (Putra et al., 2022), good corporate governance is defined as the structures, systems, and processes used by company organs to provide added value to the company that is sustainable in the long term. The benefits of implementing good corporate governance can increase company value, improve financial performance, reduce risks that may be carried out by the board of commissioners with decisions that benefit themselves and good corporate governance can increase trust (Putra et al., 2022).

Companies that have implemented corporate governance should have fulfilled the principles of good corporate governance by providing information in a timely, adequate, clear, accurate and comparable manner and easily accessible to stakeholders according to their rights. Klapper and Love found evidence that better corporate governance has a high relationship with firm performance. The results of the discussion by Deni, et al found evidence of a positive and significant relationship between corporate governance and company performance (Warsono, 2009).

Waggle don in (Hastuti, 2005) states that the timely submission of financial reports is a significant tool in predicting the success of a company in addition to several other financial factors. The results of the discussion conducted by (Hastuti, 2005) found results that the concept of good corporate governance can produce good corporate performance. Company management must apply the pillars of good corporate governance, one of the pillars of which is transparency. The implementation of good corporate governance will result in a company's financial performance being good through measuring the number of directors and commissioners (Alkhairani et al., 2020). (Pratolo, 2008) proves that the application of the principles of good corporate governance has a direct, partially significant effect on performance.

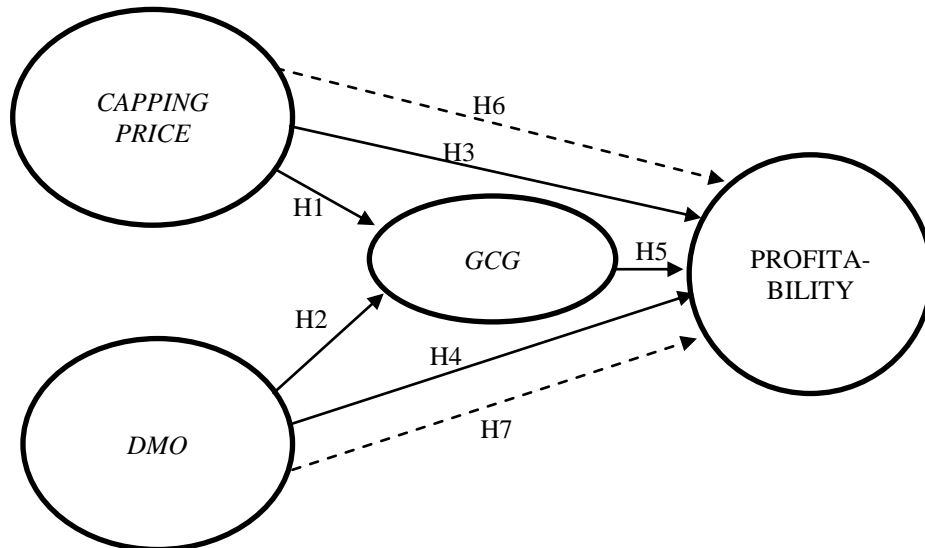
One of the main principles of corporate governance is transparency, indicating that to produce good corporate performance in managing the company, it must apply the pillars of good corporate governance, one of the main pillars of which is transparency. Transparency is proxied by the disclosure of financial reports. Even though BAPEPAM has not been firm in enforcing the concept of disclosure which is a pillar of good corporate governance for issuers trading on the capital market exchange, this has resulted in leakages in the implementation of good corporate governance in Indonesia (Sucipta, 2019). This study applies the number of commissioners in measuring GCG variables.

III. Method

This study uses a quantitative research method with the type of associative-causal research that examines the causal relationship from the independent variable to the dependent variable. The data source for this research comes from literature studies that come from books, journals, newspapers and online magazines and financial report data from the Indonesia Stock Exchange (IDX). There are 2 types of data, i.e primary and secondary data (Sugiyono, 2017). The type of data used in this study is secondary data, data taken from other parties, not directly from the source. Secondary data is in the form of CSR, ROA and GCG Financial Reports of Mining Companies listed on the IDX for 2017-2021 from the Indonesia Stock Exchange (IDX).

Based on a complete and in-depth literature review, the empirical model of this research can be seen in the figure below.

Figure 1. Empirical Model Research



In accordance with previous studies that examined the effects of commodity or product price capping policies on the level of profitability (Manurung & Kartikasari, 2015; Putri, 2012) as well as the company's DMO obligations to the level of profitability (Ramdani, 2015; Wahyudi, 2018), with GCG mediation (Muliani et al., 2015; Pujana, 2016), then the research hypothesis is:

- H1: Coal Capping Price Policy has a significant effect on Good Corporate Governance in Coal Mining Companies
- H2: Coal DMO policy has a significant effect on Good Corporate Governance in Coal Mining Companies
- H3: The coal capping price policy has a significant effect on the profitability of coal mining companies.
- H4: Coal DMO policy has a significant effect on profitability in coal mining companies.
- H5: Good Corporate Governance has a significant effect on profitability in coal mining companies.

H6: Good Corporate Governance can mediate the effect of the coal capping price policy on profitability in coal mining companies.

H7: Good Corporate Governance can mediate the effect of coal DMO policies on Profitability in coal mining companies.

The model research in this study consists of 4 variables, namely Capping Price, DMO, GCG and Profitability. The indicators used are (1) Return on Asset, (2) Capping Price, (3) DMO and (4) Profitability. This research involved 10 Mining Companies listed on the IDX for 2021-2021.

IV. Discussion

This research was conducted at several coal mining companies in Indonesia and are listed on the Indonesia Stock Exchange and have reports on Capping prices, DMO, GCG and ROA for 2017-2021 period. Mining companies are companies that carry out production activities by way of general investigation, exploration, feasibility studies, construction, mining, management and refining, transportation, and sales, as well as post-mining. Mining companies are one of the largest foreign exchange earners for Indonesia, especially coal.

The first coal mining in Indonesia started in 1849 in Pengaron, East Kalimantan by NV Oost Borneo Maatschappij. In 1888 a private company started its mining activities in Pelarang, approximately 10 km southeast of Samarinda. Then followed by several other smaller companies. In Sumatra, the first large-scale coal mining business was carried out starting in 1880 in the Durian River field, West Sumatra. This business failed due to transportation difficulties. After careful investigation between 1868 and 1873, a coal field was discovered on the Durian River, which opened the Ombilin coal mine in Sawahlunto, West Sumatra. At the same time, the construction of a railway line between Teluk Bayur (Sari, 2018). Based on Government Regulation No. 23 of 1968, "the three coal mines which are still actively producing, namely the Ombilin coal mine in West Sumatra, the Bukit Asam coal mine in South Sumatra and the Mahakam coal mine in East Kalimantan, were merged into the PN". The Coal Mine and each of these mines become production units.

In 1970, the Mahakam production unit was closed due to economic considerations. Mining activities "are impossible to continue because apart from the higher business costs, the prospects for marketing are getting dismal. All of this was due to the switch to the use of diesel engines in all areas of transportation (rail train and ship) and Diesel Power Plants (DPP). Since then, only two units have been produced, namely the Ombilin production and the Bukit Asam production. Since 1973 there has been a change in the coal world perspective. "As a result of the energy crisis that was started by an oil embargo by a number of Arab countries in the Middle East War, the world's attention then turned to coal fuel." Accordingly, the status of Bukit Asam's production unit was changed to PT Tambang Batubara Bukit Asam (Persero). This is based on "Government Regulation Number 24 of 1980 and since 1981 it has been separated from the Coal Mining District Court". Since then, PN Tambang Batubara has only had one production unit, namely the Ombilin coal mine in West Sumatra (Nandasari, 2018).

Based on "Decree of the President of the Republic of Indonesia Number 49 of 1981, the Coal Mining PN entered into cooperation with a number of foreign private companies whose aim was to develop Indonesia's coal potential". The business collaboration began with exploiting coal reserves in East Kalimantan and South Kalimantan. Based on Government Regulation Number 56 of 1990 dated October 30, 1990, the Coal Mining PN was dissolved and merged into the Bukit Asam Coal Mine (PTBA) to make it more efficient with one State-Owned Enterprise (BUMN) managing coal mining and its contractors. From these contractors, the government through PTBA obtains a share of coal in kind amounting to 13.5% of coal production. In 1993, The government issued a Presidential Decree and signed 19 cooperation contracts, all of which were national private contractors. Thus, PTBA has more than 30 coal mining business contractors spread across Kalimantan and Sumatra. Then the government in 1993 issued Presidential Decree No. 21 of 1993 which stated that the form of a cooperation contract was changed to a contract of work.

The following is a list of 10 coal companies in Indonesia i.e.

- (1) PT. Bayan Resources Tbk,
- (2) PT Adaro Energy Indonesia Tbk,
- (3) PT Bumi Resources Tbk,
- (4) PT Bukit Asam Tbk,
- (5) PT Indo Tambangraya Megah Tbk,
- (6) PT Golden Energy Mines Tbk,
- (7) PT Dian Swastika Sentosa Tbk,
- (8) PT Baramulti Suksessarana Tbk,
- (9) PT Mitrabara Adiperdana Tbk and
- (10) PT Golden Eagle Energy Tbk.

Descriptive Analysis

Descriptive analysis is used to determine the minimum, maximum, mean and std deviation values which are presented in Table 4.1 below:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
YEAR	50	2017,00	2021.00	2019,0000	1.42857
GCG	50	2	11	5.5820	1.9704
CAP_PRICE	50	58,17	121.47	88.4820	21.35974
DMO	50	5.00	72.00	29.3316	15.02936
ROA	50	,00	52.00	16.1904	13.92212
Valid N (listwise)	50				

Source: Processed secondary data, 2023

According to Table 1, it is known that the average or mean value of the 50 data processed on the Capping Price variable is 88.48, Domestic Market Obligation is 29.33, Good Corporate Governance is 5.58 and ROA profitability is 16.19. This shows that most coal mining companies have a capping price of US\$ 88 per tons, a Domestic Market Obligation or domestic market priority of 29.33%, have a total of 6 commissioners and ROA profitability of 16.19%, which is still in the healthy ROA category (above 2%). The minimum year of mining company issuers studied is 2017 and the maximum is 2021. The standard deviation value, which is the difference in the ratio values of the variables studied in statistical calculations compared to the actual value is below mean or average GCG, Capping Price, DMO and ROA. This shows a reasonable deviation value.

Statistical Analysis

Table 2. Multicollinearity Test

No	Variable	Equation I		Equation III	
		tolerance	VIF	tolerance	VIF
1	Capping Price	0.995	1.005	0.994	1.006
2	DMO	0.995	1.005	0.995	1.005
	GCG	-	-	0.998	1.003

Source: Processed secondary data, 2023

Based on Table 2, it can be explained that all variables have a Variance Inflation Factor (VIF) number less than 10 and tolerance number more than 0.10. These results indicate that the path model of this equation does not have multicollinearity, so the model can be used.

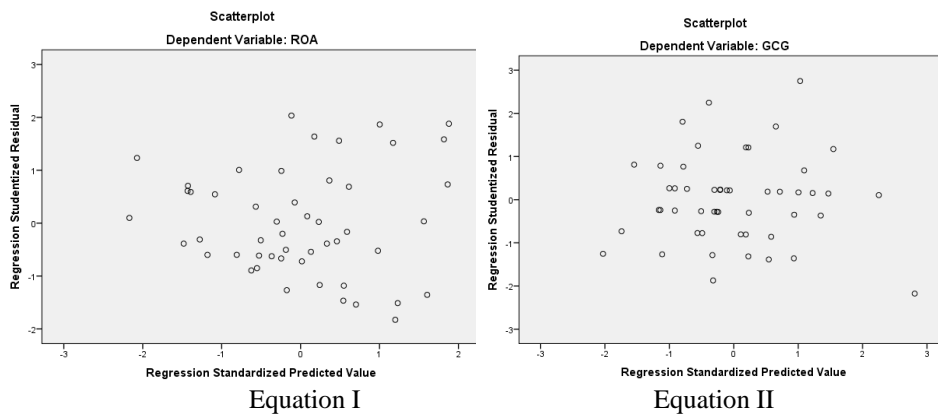
Table 3. Autocorrelation Test

No	Equality	Durbin Watson Values
1	Equation I	1,727
2	Equation II	1,829

Source: Processed secondary data, 2023

Based on Table 3, it can be explained the Durbin Watson value of the research is 1.727, the dU table value is 1.6283 and the dL table is 1.4625, so it can be concluded that the calculation number dw = 1.727 lies between dU and 4dU, which means it is in an area where there is no autocorrelation, so it fulfills the non-autocorrelation assumption.

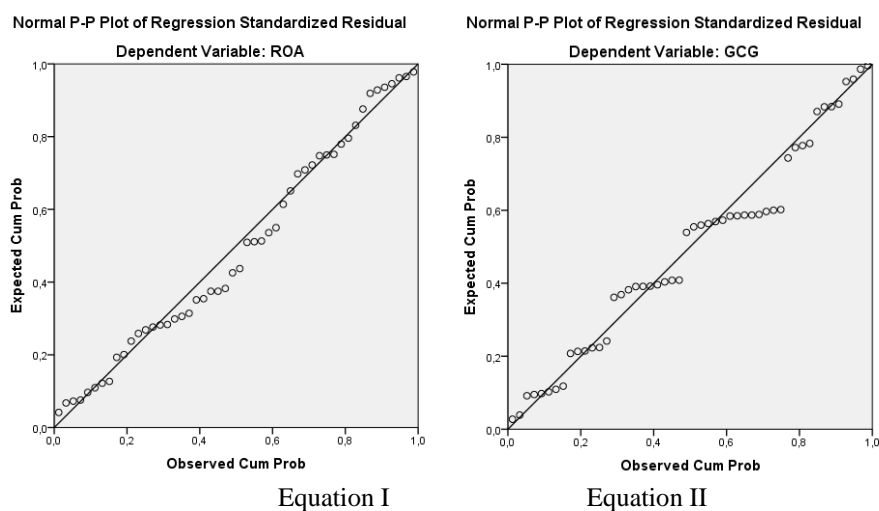
Figure 2 Heteroscedasticity Test



Source: Processed secondary data, 2023

The picture above shows that all the small circles spread irregularly and do not form a pattern, so it can be concluded that the path equation model in this study did not occur heteroscedasticity.

Figure 3 Normality Test



Source: Processed secondary data, 2023

Based on the picture above it is known that the small circles are located or close to the diagonal line, so that the regression model meets the assumption of normality.

Table 4 Path Analysis of SPSS Program Calculation Results

No	Independent variable	Mediating/bound variable	Coefficient Standard
1	Cap Price	GCG	0.040
2	DMO	GCG	0.028
3	Cap Price	ROA	0.508
4	DMO	ROA	-0.290
5	GCG	ROA	0.056

Source: Processed secondary data, 2023

Based on table 4, the multiple linear regression model can be analyzed as follows:

$$Y1 = 0.040X1 - 0.028X2 + e$$

$$Y2 = 0.508X1 - 0.290X2 + 0.056Y1 + e$$

The value of the regression equation above can be explained as follows:

- a. The path coefficient of the capping price variable on GCG is positive 0.040, meaning that if the capping price (X1) or price benchmark increases, it has the potential to improve company management for the better.
- b. The path coefficient of the Domestic Market Obligation variable on GCG is positive 0.028, meaning that if the Domestic Market Obligation (X2) or the priority of the domestic market increases, it has the potential to improve company management for the better.
- c. The path coefficient of the capping price variable on ROA is positive 0.508, meaning that if the capping price (X1) or price benchmark increases, it has the potential to increase the company's profitability.
- d. The path coefficient of the Domestic Market Obligation variable on ROA is negative -0.290, meaning that if the Domestic Market Obligation (X2) or the priority of the domestic market increases, it has the potential to reduce the company's profitability.

Table 5 Test Results t

No	Independent variable	The med/bound variable	t	Sig	Ket.
1	Cap Price	GCG	0.271	0.787	No sig
2	DMO	GCG	0.191	0.849	No sig
3	Cap Price	ROA	4,183	0.000	Sig.
4	DMO	ROA	-2,388	0.021	Sig.
5	GCG	ROA	0.459	0.649	No sig

Source: Processed secondary data, 2023

The results of the t test in table 5 above show that there are only two significant relationships, namely capping price on ROA and DMO on ROA, because the significance value of both is less than 0.050 and the calculated t value exceeds 1.677, so it can be concluded that capping price has a significant positive effect on profitability and DMO have a significant negative effect on the profitability of coal mining companies in 2017-2021 in the studied mining companies.

Table 6 Direct Influence, Indirect Influence and Total Influence

No	Free Variables	Influence	Dependent variable		Information
			GCG	ROA profitability	
1	Capping Price	Direct	0.040	0.508	Mediation weakens 0.508 > 0.002
		Indirect	-	0.040 x 0.056 = 0.002	
		Total	0.040	0.511	
2	DMO	Direct	0.028	-0.290	Mediation strengthens. -0.290 < 0.002
		Indirect	-	0.028 x 0.056 = 0.002	
		Total	0.028	0.529	
3	GCG	Direct	-	0.056	

Source: Primary Data Processed, 2022

In accordance with the table above, it can be seen if the indirect effect of the variable capping price on profitability through GCG shows a weakening mediation value which means that GCG cannot mediate capping price on profitability, because the number of indirect effects is smaller than the direct effect. While variables Domestic Market Obligations on profitability through GCG shows a mediating value that strengthens which means that GCG can mediate Domestic Market Obligations on Profitability.

Table 7 Coefficient of Determination

No	Equality	AdjustedR Square Value	%
1	Equation I	0.232	23.2%
2	Equation II	0.282	28.2%

Source: Processed secondary data, 2023

According to table 7, the coefficient of determination (Adjusted R²) is 23.2% and 28.2%, which means that 23.2% of GCG is affected by Capping Prices (X1) and Domestic Market Obligations (X2), and 28.2% of Profitability of the studied mining companies are affected by Capping Price (X1), Domestic Market Obligation (X2) and GCG (Y1) variables. This explains if the contribution of the variability of this study is small in the value of GCG and profitability.

Based on the results of the research that has been done, the discussion of the hypothesis is described as follows:

1. Relationship of Capping Prices to Good Corporate Governance

According to the test results, it is explained that Capping Price has no significant positive effect on Good Corporate Governance of coal mining companies in 2017-2021 at the mining companies studied, so the first hypothesis which states that Capping Price has a significant effect on Good Corporate Governance is rejected, meaning that Capping Price does not have a strong effect on increasing the implementation of Good Corporate Governance in coal mining companies in 2017-2021.

The effect of the findings Capping Price which has no significant effect on Good Corporate Governance is that coal mining companies do not need to question the implementation Capping Price to improve the implementation of Good Corporate Governance in coal mining companies.

2. Relationship of Domestic Market Obligation to Good Corporate Governance

According to the test results, it explains that Domestic Market Obligation has a positive but not significant effect on Good Corporate Governance of coal mining companies in 2017-2021 in the Mining Companies studied, so the second hypothesis which states that Domestic Market Obligation has a significant effect on Good Corporate Governance is rejected, meaning that Domestic Market Obligation even though it has been implemented effectively in 2017-2021 at the Mining Companies studied it has not significantly improved the implementation of Good Corporate Governance.

The effect of insignificant of the Domestic Market Obligation on Good Corporate Governance is that coal mining companies do not need to focus on the Domestic Market Obligation business if they aim to implement Good Corporate Governance more.

3. Relationship of Capping Price to Profitability

According to the test results, it explains that the Capping Price has a significant positive effect on the Profitability of coal mining companies in 2017-2021 in the mining companies studied, so the third hypothesis which states that Capping Price has a significant effect on profitability is accepted. It means Capping Price has been implemented effectively in 2017-2021 at Coal Mining Companies, resulting in a higher level of Profitability.

4. Relationship of Domestic Market Obligation to Profitability

According to the test results, it explains that Domestic Market Obligation has a significant negative effect on the Profitability of coal mining companies in 2017-2021 at the Mining Companies studied, so the fourth hypothesis which states that Domestic Market Obligation has a significant effect on profitability is accepted. This means that the Domestic Market Obligation has been implemented effectively in 2017-2021 at the Mining Companies studied, so that the level of profitability has decreased.

5. Relationship of Good Corporate Governance to Profitability

According to the test results, it explains that Capping Price and Domestic Market Obligation have a positive, though not significant effect on the Profitability of coal mining companies in 2017-2021 in the Mining Companies studied, so the fifth hypothesis which states that Good Corporate Governance has a positive effect on Profitability is rejected. This means that Good Corporate Governance has been implemented effectively in 2017-2021 in the mining companies studied, even though the level of Profitability has not increased significantly.

6. Relationship of Capping Price to Profitability through Mediation of Good Corporate Governance

According to the test results, it explains that Good Corporate Governance does not strengthen the effect of Capping Prices on the Profitability of coal mining companies in 2017-2021 in the mining companies studied, so the sixth hypothesis which states that Good Corporate Governance can mediate the effect of Capping Prices on Profitability is rejected, meaning that Good Corporate Governance cannot increase the positive effect Capping Price on increasing Profits.

7. Relationship of Domestic Market Obligation to Profitability through Mediation of Good Corporate Governance

According to the test results, it explains that Good Corporate Governance strengthens the effect of Domestic Market Obligations on the Profitability of coal mining companies in 2017-2021 in the mining companies studied, so that the seventh hypothesis which states that Good Corporate Governance can mediate

the effect of Domestic Market Obligations on Profitability is accepted, meaning that Good Corporate Governance can increase the positive effect Domestic Market Obligations on increasing Profits.

V. Conclusion

Based on the results of analysis and research on the analysis of the effect of Capping Prices (X1) and Domestic Market Obligation (X2) on Profitability in Mining Companies through the mediation of Good Corporate Governance under study, the following conclusions can be obtained:

1. Capping price does not have a significant effect on good corporate governance in the studied coal mining companies.
2. Domestic Market Obligations do not have a significant effect on good corporate governance in the studied coal mining companies.
3. Capping prices have a significant effect on profitability in the studied coal mining company.
4. Domestic Market Obligations have a significant effect on profitability in the studied coal mining company.
5. Good corporate governance does not have a significant effect on the profitability of the coal mining companies studied.
6. Good corporate governance is unable to mediate the effect of capping prices on profitability in the studied coal mining companies.
7. Good corporate governance can mediate the effect of domestic market obligation on profitability in the studied coal mining companies.

VI. Limitations

The limitations of this research were conducted on 10 coal mining companies in 2017-2021 period that were registered on the IDX, so the results are not necessarily representative of all listed coal companies.

VII. Future Research

This study explains that capping prices and DMO have a significant impact on profitability. Further research should be carried out in more coal companies or other mining companies by examining more variables that can affect profitability.

References

- [1] Agustina, W., Yuniarta, G. A., & Sinarwati, N. K. (2015). Pengaruh Intellectual Capital, Corporate Social Responsibility dan Good Corporate Governance terhadap kinerja keuangan (studi kasus pada perusahaan BUMN yang terdaftar di Bursa Efek Indonesia pada tahun 2011-2013). *E-Journal Akuntansi Universitas Pendidikan Ganesha*, 3(1), 1–11.
- [2] Ahdiat, A. (2023). Ini Negara Eksportir Batubara Terbesar pada 2022. *Databoks*. [https://databoks.katadata.co.id/datapublish/2023/01/06/ini-negara-eksportir-batu-bara-terbesar-pada-2022#:~:text=Selain Indonesia%2C negara yang juga,rincian seperti terlihat pada grafik](https://databoks.katadata.co.id/datapublish/2023/01/06/ini-negara-eksportir-batu-bara-terbesar-pada-2022#:~:text=Selain%20Indonesia%2C%20negara%20yang%20juga,rincian%20seperti%20terlihat%20pada%20grafik).
- [3] Alkhairani, Kamaliah, & Rokhmawati, A. (2020). Analisis Pengaruh Good Corporate Governance (GCG) dan Corporate Social Responsibility (CSR) Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Intervening pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia. *Jurnal Ekonomi KIAT*, 31(1), 10–25.
- [4] Anisah, L. (2022, October 11). Kebijakan Penerapan DMO terhadap CPO Dinilai Masih Perlu Alasannya Ini. *KoranKontan Digital*, 1(1), 1.
- [5] Asam, P. T. B. (2023). Profil Perusahaan PTBA. In ptba.co.id.
- [6] Avilya, L. T., & Ghozali, I. (2022). Corporate Social Responsibility, Intellectual Capital dan Good Corporate Governance terhadap kinerja keuangan dengan moderasi manajemen laba. *Diponegoro Journal of Accounting*, 16(11).
- [7] Brigham, E. F., & Gapenski, L. (2014). *Intermediate finance management* (5th ed.). Implementation Science, 39(1).
- [8] Darmawan, M. (2016). Indonesia Coal, Banyak Tantangan Namun Tetap Atraktif Sektor. *NH Korindo Sekuritas*.
- [9] Ghozali, I. (2016). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 23* (8th ed.). Badan Penerbit Universitas Diponegoro.
- [10] Ghozali, I., & Latan, H. (2014). *Partial Least Squares Konsep, Teknik, dan Aplikasi Menggunakan Program SmartPLS 3.0*.

-
- [11] Hastuti, T. D. (2005). Hubungan antara Good Corporate Governance dan Struktur Kepemilikan Dengan Kinerja Keuangan (Studi Kasus pada Perusahaan yang listing di Bursa Efek Jakarta). *Simposium Nasional Akuntansi VIII*, 1(1).
- [12] Kemendikbud. (2008). *Kamus Besar Bahasa Indonesia* [Online]. KBBI. Tersedia di kbbi.kemdikbud.go.id/entri
- [13] Latifah, H. C., & Suryani, A. W. (2020). Pengaruh Kebijakan Dividen, Kebijakan Hutang, Profitabilitas, dan Likuiditas terhadap Harga Saham. *Jurnal Akuntansi Aktual*, 7(1), 31–44. <https://doi.org/10.17977/um004v7i12020p31>
- [14] Mansur, A. (2022, September 20). Kebijakan DMO dan DPO Dinilai Hambat Pertumbuhan Ekonomi. *Harian Neraca*, 1.
- [15] Manurung, B. H., & Kartikasari, D. (2015). Pengaruh Kebijakan Harga Saham Dan Pertumbuhan Pendapatan Terhadap Pertumbuhan Profitabilitas Pada Perusahaan Manufaktur I. *Jurnal Ilmiah Akuntansi Dan Keuangan (INFAK)*, 3(2), 69–76.
- [16] Mufida, N., & Purnamasari, P. E. (2018). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility Dan Good Corporate Governance Sebagai Variabel Moderating. *Jurnal Keuangan Dan Perbankan Syariah*, 6(1), 64–82.
- [17] Muliani, L. E., Yuniarta, G. A., & Sinarwati, N. K. (2015). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility Dan Good Corporate Governance Sebagai Variabel Intervening. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 2(1).
- [18] Nandasari, R. M. (2018). Pengaruh Pertumbuhan Penjualan, Struktur Aktiva, Profitabilitas, Dan Struktur Modal Terhadap Harga Saham (Studi kasus pada sub sektor pertambangan batu bara yang terdaftar di Bursa Efek Indonesia tahun 2012 – 2016). In *Tetrahedron Letters (Vol. 1, Issue 3)*.
- [19] Naurah, N. (2022). 10 Negara dengan cadangan Batubara Terbesar di Dunia. *GoodStats*. <https://goodstats.id/article/10-negara-dengan-cadangan-batu-bara-terbesar-di-dunia-ada-indonesia-WCUwL#:~:text=Jumlah cadangan batu bara Indonesia,batu bara terbesar di dunia>.
- [20] Octaviani, S., & Komalarai, D. (2017). Pengaruh Likuiditas, Profitabilitas, Dan Solvabilitas Terhadap Harga Saham (Studi Kasus pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia). *Jurnal Akuntansi*, 3(2), 77–89.
- [21] Pahlevi, R. (2022). Realisasi DMO Batubara di Indonesia , 2017-2021. *Databoks*. <https://databoks.katadata.co.id/datapublish/2022/01/05/selama-5-tahun-terakhir-target-25-dmo-batu-bara-hanya-tercapai-sekali>
- [22] Pratolo, F. &. (2008). Pengaruh Pendapatan Asli Daerah dan Belanja Pembangunan Terhadap Rasio Kemandirian dan Pertumbuhan Ekonomi. *Proceeding Konferensi Penelitian Keuangan Sektor Publik, Jakarta*.
- [23] Pujana, G. A. W. (2016). Pengaruh Good Corporate Governance Dan Corporate Social Responsibility Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Mediasi (Studi Empiris pada Perusahaan Perbankanyang Terdaftar di Bursa Efek Indonesia Tahun 2012-2014). *Universitas Airlangga*.
- [24] Putra, I. G. C., Manuari, I. A. R., & Puspayanti, N. K. D. (2022). Pengaruh Corporate Governance Terhadap Profitabilitas dan Nilai Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia (BEI). *WACANA EKONOMI (Jurnal Ekonomi, Bisnis Dan Akuntansi)*, 21(1), 105–118. <https://doi.org/10.22225/we.21.1.2022.105-118>
- [25] Putri, I. G. A. M. A. D. (2012). Pengaruh Kebijakan Harga Dividen Dan Good Corporate Governance Terhadap Manajemen Profit. *Buletin Studi Ekonomi*, 17(2), 157–171.
- [26] Ramdani, A. (2015). Pengaruh Kebijakan Pemisahan Harga Pembiayaan Terhadap Profitabilitas Pada Bank BNI Syariah. *Etikonomi*, 14(1), 17–34.
- [27] Ratih, S., & Setyarini, Y. (2014). Pengaruh Good Corporate Governance (GCG) Dan Corporate Social Responsibility (CSR) Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Sebagai Variable Intervening Pada Perusahaan Pertambangan Yang Go Public Di BEI. *Jurnal Aktual*, 5(2), 115–132.
- [28] Richard Bridle, Suharsono, A., & Mostafa, M. (2019). Indonesia's coal price cap: A barrier to renewable energy deployment. In *POLICY BRIEF (Vol. 1, Issue 1)*. IISD.
- [29] Ririe. (2019). 2020 , ESDM Patok Harga DMO Batu Bara di USD 70 per Ton. *PONTAS*, 1.
- [30] Rofiah, S., Maslichah, & Mawardi, M. C. (2019). Reaksi Investor Terhadap Isu Pencabutan DMO Dan Melemahnya Kurs Rupiah. *E-JRA Universitas Islam Malang*, 08(09), 20–42.
- [31] Santoso, S. (2014). *Statistik Parametrik Edisi Revisi*. Gramedia.
- [32] Sari, D. F. (2018). Analisis Komponen Biaya Reklamasi Pada Perjanjian Karya Pengusahaan Pertambangan Batubara (PKP2B). *Universitas Indonesia*.
-

- [33] Saumi, A. K., & Hafiyyan. (2022). Daftar Perusahaan dan Konglomerat Batu Bara Terbesar di Indonesia. *Bisnis.Com*. <https://market.bisnis.com/read/20221112/192/1597430/daftar-perusahaan-dan-konglomerat-batu-bara-terbesar-di-indonesia>
- [34] Sekaran, U., & Bougie. (2017). *Metode Penelitian untuk Bisnis Pendekatan Pengembangan-Keahlian*. In *Metode Penelitian untuk Bisnis Pendekatan Pengembangan-Keahlian*.
- [35] Sucipta, W. G. A. (2019). Pengaruh Pengendalian Internal, Good Corporate Governance (GCG) Dan Budaya Organisasi Terhadap Pencegahan Fraud pada Bumdes di Kecamatan Kintamani. Universitas Pendidikan Ganesha.
- [36] Sugiyono. (2008). *Metode Penelitian Kuantitatif, Kualitatif dan R&D 2008*. In Alfabeta.
- [37] Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D (26th ed.)*. Alfabeta.
- [38] Wahyudi, A. A. (2018). Pengaruh Peraturan Domestic Market Obligation (DMO) Terhadap Profitabilitas Dan Trading Volume Activity (TVA) Pada Saham Subsektor Batubara. in *Polstri (Vol. 5, Issue 3)*. Politeknik Negeri Sriwijaya Palembang.
- [39] Warsono, S. dkk. (2009). *Concept and Model Good Corporate Governance*.
- [40] Yulianah, & Aji, T. S. (2021). Pengaruh Rasio NPL , LDR , NIM , BOPO , dan CAR Terhadap Profitabilitas Bank BUMN di Indonesia. *Jurnal Bisnis Dan Ekonomi Islam*, 6(2), 74–89.