

ABSTRACT

Financial performance is one of the vital information that reflects the condition of a company. This information can be utilized by various parties as a basis for making the right decisions. An increase in financial performance is usually seen as a positive signal that the company has bright prospects, while a decrease in financial performance is considered a signal that the company's prospects are poor. Financial performance in this study is measured using the Return on Assets (ROA) indicator.

This study aims to determine the effect of working capital turnover, environmental performance, and leverage on financial performance in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. The object of this research is pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the period 2016-2022.

The sampling technique used was purposive sampling method, and obtained 5 companies or 35 observation data. The method used in this research is quantitative with data sources derived from financial reports that have been published on the Indonesia Stock Exchange website and the company's official website. This research data was analyzed using descriptive statistical analysis and panel data regression with the help of Eviews 13 software.

The results of this study indicate that simultaneously the variables of working capital turnover, environmental performance, and leverage affect financial performance. Partially, environmental performance has a positive and significant effect on financial performance and leverage has a negative effect on financial performance, while working capital turnover has no effect on financial performance. This research is indicated by the Adjusted R-squared of 73.51%, which means that the independent variables adequately explain the variation in the financial performance variable.

This study concludes that companies that have high environmental performance and low leverage levels tend to have good financial performance. While working capital turnover is not one of the factors that affect financial performance.

Keywords: *Environmental Performance, Financial Performance, Leverage, Working Capital Turnover*