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# Analysis of the Effect of Corporate Governance on Financial Performance with Corporate Social Responsibility as an Intervening Variable (Study on Commercial Banks Listed on the Indonesia Stock Exchange for the Period 2018-2022)

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**Abstract**

Banks have a very strategic, important and crucial role in sustaining national economic development. Banks are profit-maximizing economic agents and operate to increase shareholder and stakeholder value. This means that shareholders are interested in value maximization, which can be achieved through the company's financial performance. This study discusses the effect of board size, audit committee, managerial ownership, and institutional ownership on the financial performance of Commercial Banks listed on the IDX for the 2018-2022 period through CSR. This study uses quantitative data types with secondary resources obtained through the financial statements of each bank downloaded through Bloomberg, the official website of the Indonesia Stock Exchange (www.idx.co.id) and annual reports downloaded from the website of each commercial bank for the period 2018-2022. The number of samples used was 12 commercial banks listed on the IDX for the period 2018-2022. The analysis method used in this research is a structural equation model (SEM) using an analytical tool in the form of SEM-PLS. The results of this study indicate that BOD has a significant positive effect on ROA, BOD has a significant positive effect on CSR, AC has a significant positive effect on ROA, AC has no effect on CSR, MO has no effect on ROA, MO has no effect on CSR, IO has no effect on ROA, MO has no effect on CSR, and CSR has no effect on ROA of commercial banks listed on the IDX in the 2018-2022 period.

**Keywords**

board size; audit committee; managerial ownership; institutional ownership; financial performance; corporate social responsibility

## INTRODUCTION

Financial performance of a company can be assessed through its financial statements. Analyzing and evaluating these statements is a way to understand the financial performance and achievements of a company. The financial performance of a company reflects the outcomes of its activities in achieving its objectives. One indicator of a company's financial performance is profitability. According to Jakfar (2014), profitability ratio is a measure used to assess a company's ability to generate profit and evaluate the effectiveness of management performance in a company. One of the ratios in profitability is Return on Assets (ROA). Banks play a highly strategic, important, and crucial role in supporting national economic development. The intermediation theory states that banks are economic agents that maximize profits and operate to enhance the value of shareholders and stakeholders (Boachie, 2021). This means that shareholders are interested in value maximization, which can be achieved through the financial performance of the company. The common ROA value of banks based on data from the

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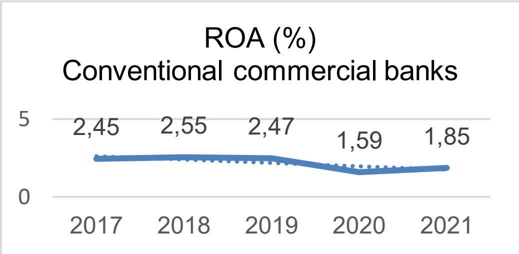
Financial Services Authority (OJK) shows a decreasing trend from 2017 to 2021, as illustrated in the following figure.

**Figure 1.**
**ROA Graph for the Years 2017-2021**




Source: Banking Industry Profile Report by OJK, processed by the author.

Based on the graph in Figure 1, the ROA of commercial banks in the year 2017 was at 2.45%. In 2018, there was an increase to 2.47%, but in 2019, it dropped to 2.47% again. Then, in 2020, there was a drastic decrease to 1.59%, followed by an increase in 2021 to 1.85%. The decline in the financial performance of conventional commercial banks from 2019 to 2020 was due to the decreased credit quality of debtors amid the Covid-19 pandemic. In 2021, there was an improvement in the financial performance of conventional commercial banks, attributed to solid resilience, sufficiently high capital levels, and an improvement in credit compared to the previous year.

This study aims to provide a comprehensive summary of the impact of inter-variable relationships. However, it is important to note that existing literature indicates certain gaps in research findings. The concept of research gap refers to deficiencies in existing research that motivate researchers to conduct further investigation (Ferdinand, 2014). As for the gaps in previous research findings, they are summarized as follows,

Several studies have found that banks with larger boards of directors have a positive influence on financial performance. Boachie (2021), Gwaison & Maimako (2021), and Roudaki (2018) found a significant positive relationship between board size and financial performance. However, Fiador (2013) identified a significant negative relationship. Research by Hendratni (2018) and Rimardhani et al. (2016) did not find a relationship between board size and financial performance.

According to the Indonesian Institute of Audit Committee (IKAI), the main task of the audit committee is essentially to assist the Board of Commissioners in performing oversight functions. This includes reviewing the company's internal control systems, the quality of financial reports, the effectiveness of internal audit functions, examining the risks faced by the company, and compliance with regulations. Given the tasks undertaken, the audit committee plays an important role in improving profitability and the quality of financial reporting.

Agency theory suggests that one of the agency problems arises from managers' tendency to allocate company financial resources for personal interests. This managerial behavior is exacerbated by the separation of ownership and control, leading to conflicts between owners and managers. Managerial ownership aligns the interests of managers and shareholders to minimize agency problems (Jensen & Murphy, 1990). Consequently, managerial ownership increases with the overall financial performance of the company. This positive relationship is consistent with research by Dewi et al. (2022), Younas et al. (2021), Mubaraq et al. (2020), and Hendratni (2018), which found a positive relationship between managerial ownership and financial performance. Conversely, research by Hamzah & Sangkala (2022) and Nguyen et al. (2021) found a significant negative relationship.

Institutional ownership refers to the ownership of shares by institutions or entities such as governments, legal institutions, financial institutions, foreign institutions, and others. Institutional ownership can affect a company's financial performance as it comprises a significant portion of shareholders in companies by choosing to invest in companies that implement special oversight on high dividend amounts to achieve high returns (Rimardhani et al., 2016). This positive relationship is consistent with the findings of research by Younas et al. (2021) and Ningsih et al. (2019), which found a significant positive relationship between institutional ownership and financial performance. In contrast, Arsyad (2018) and Aprianingsih & Yushita (2016) found a significant negative relationship.

According to the book "ISO 26000: A Standardized View on Corporate Social

Responsibility," companies worldwide, as well as their stakeholders, are becoming increasingly aware of the need for and benefits of corporate social responsibility. These social responsibility initiatives aim to contribute to long-term sustainable development (Idowu, 2019). Disclosure of social responsibility can enhance company profits in various ways, including increased motivation and productivity of employees, increased product acceptance among customers, and increased acceptance among environmentally conscious investors (Khlif et al., 2015). This is consistent with research by Dakhli (2022), which found a positive relationship between CSR and financial performance. In contrast, Id et al. (2023) and Rosiliana et al. (2014) found a negative relationship between CSR and financial performance.

## THEORETICAL FRAMEWORK

This subsection will discuss the theoretical foundation and variables that form the basis of this research. The theories reviewed include agency theory, legitimacy theory, signal theory, and stewardship theory.

### Agency Theory

Agency Theory, developed since the 1970s, serves as a fundamental framework for governance concepts, focusing on the principal-agent relationship within corporate organizations between shareholders as principals and managers as agents (Lukviarman, 2016). According to Jensen and Meckling (1976), shareholders employ managers to efficiently organize company resources to ensure profitability and sustainability. Eisenhardt (1989) notes that agency theory addresses conflict resolution in agency relationships, arising from conflicts in goals between principals and agents, difficulty in verifying agents' tasks, and differences in risk-sharing responsibilities. Shareholders expect directors to lead and make decisions beneficial to shareholders, but divergent interests between managers and shareholders necessitate control mechanisms to monitor managers' actions effectively (Borlea & Achim, 2013; Lukviarman, 2016). However, agency relationships are fraught with agency problems, including ownership separation, risk preferences, engagement duration, limited income, decision-making, information asymmetry, moral hazard, and profit retention, necessitating organizational structures and control mechanisms for resolution (Panda & Leepsa, 2017; Lukviarman, 2016).

### Legitimacy Theory

Legitimacy theory is described as an implicit contract between a company and society, emphasizing the importance of aligning all actions with legal values and providing an overview of the company's responses to various interests to legitimize its actions (Badjuri et al., 2021). From this theory, it is evident that a company must engage in activities that garner recognition from its environment and stakeholders to sustain its existence. These stakeholders can originate from both internal and external sources. For external recognition, companies strive to build their best image to gain recognition and sympathy from all parties. Nowadays, societal recognition can be achieved through corporate social responsibility, especially for large companies, which also serve as a company's responsibility to manage its environmental impacts. Social responsibility is seen as a company's effort to convince society that it conducts business and related activities in accordance with established rules and norms. This enhances societal trust and contributes to the long-term sustainability of the company (Permatasari & Setyastrini, 2019). Legitimacy theory asserts that companies do not have full rights to exploit natural resources but must adhere to societal values (Hahn & Kühnen, 2013), establishing an implicit social contract between the company and society. One way for companies to gain legitimacy from society is through the disclosure of social and environmental responsibilities (Dowling & Pfeffer, 2012).

### Signaling Theory

Signaling theory is based on the assumption of information asymmetry among parties, particularly between corporate management and stakeholders, implying that management possesses better-informed information. Hence, managers need to provide information to stakeholders through financial reporting. Developed by Ross in 1977, signaling theory suggests that management will disclose information to investors or shareholders when they acquire positive information related to the company, such as an increase in company value. However, investors may not trust this information due to perceived managerial self-interest, leading high-value companies to signal through financial policies, unlike low-value ones. Signaling incurs costs, such as deadweight costing, aiming to convince investors of the company's value, with good signals being unfeasible for low-value companies due to cost factors. Signals can include information indicating the company's superiority over others or trustworthy insights into the company's future prospects. Social responsibility disclosure serves as a means to communicate company performance, signaling the company's concern for its environment and long-term sustainability to stakeholders (Adisusilo, 2011).

## Stewardship Theory

Stewardship theory posits that managers within an organization or company play a role in developing and maintaining the organization's or company's value even though their presence may be temporary, aiming to protect and ensure shareholder wealth (Borlea & Achim, 2013). Rooted in organizational psychology and sociology, it draws from McGregor's work on work motivation theory (Theory Y) from the 1960s, emphasizing managers' satisfaction with well-done work as the primary driver, assuming managers recognize their responsibility and complete tasks even without direct orders (Keay, 2017). This theory offers an alternative concept to explain the agency relationship between principals and agents, asserting that managers inherently work in the company's best interests without self-interest, aligning the goals of managers and company owners (Keay, 2017). In this view, managers are motivated by caring for others, considering themselves servants of the company, trustworthy to perform well and professionally, thus exhibiting pro-organizational and collective behavior valued over individualism (Davis et al., 1997). Their focus lies in intrinsic rewards, such as satisfaction derived from seeing the company or organization succeed.

## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Agency Theory is one of the various theories that emerged after the 1970s and continues to be the basis or benchmark theory for governance concepts. The focus of agency theory is to explain the relationships within a company's organization between shareholders as principals and managers as agents, referred to as the principal-agent relationship (Lukviarman, 2016). Legitimacy theory is depicted as an unwritten contract of the company to society to always base all actions on legal values and provide an overview of the company's response to various interests to legitimize its actions (Badjuri et al., 2021).

Signal theory, or signaling theory, is based on the assumption that information received by each party is not the same. This theory relates to information asymmetry, indicating the existence of information asymmetry between company management and stakeholders. Therefore, managers need to provide information to stakeholders through the issuance of financial reports. Stewardship Theory explains that managers in an organization or company play a role in developing and maintaining the value of the organization or company even though their existence is temporary. This theory further states that managers work to protect and ensure the growth of wealth for shareholders (Borlea & Achim, 2013).

## The Influence of Board Size on Company Financial Performance

Mohapatra (2017) concluded that a larger board of directors encompasses more competence and experience, enabling them to improve the financial performance of the company better. Some previous studies by Albert Puni & Alex Anlesinya (2020), Archana Goel & Renuka Sharma (2020), and Panan Danladi Gwaison and Livinus Nkuri Maimako (2021) found a positive relationship between board size and financial performance.

H1: Board Size has a positive effect on Company Financial Performance (ROA).

## The Influence of Board Size on Corporate Social Responsibility

From the perspective of agency theory, a larger board of directors is likely to reduce agency costs by initiating CSR activities. This is consistent with research by Lone et al., (2016), Ramadhani & Maresti (2021), (Yanti et al. (2021) that board size has a positive effect on the level of CSR disclosure. Lone et al., (2016) stated that the number of directors on the board will provide various backgrounds that can influence the level of CSR.

H2: Board Size has a positive effect on CSR.

**The Influence of Audit Committee on Company Financial Performance**

Based on agency theory, oversight conducted by the audit committee can reduce agency conflicts and is expected to improve the financial performance of the company. Thus, the larger the audit committee, the higher the financial performance of the company. Research by Rosiana Dewi et al (2022), and Aprianingsih & Yushita (2016) stated that the audit committee has a significant positive influence on financial performance.

H3: Audit Committee has a positive effect on Company Financial Performance (ROA).

**The Influence of the Audit Committee on Corporate Social Responsibility**

According to Persons (2009), having more members in the audit committee is expected to assist in identifying and resolving issues. Previous research conducted by Pudjianti & Ghozali (2021), Abidin & Lestari (2020), and Rivandi & Putri (2019) indicates that the size of the audit committee has a positive influence on CSR disclosure.

H4: The Audit Committee has a positive effect on Corporate Social Responsibility (CSR).

**The Influence of Managerial Ownership on Company Financial Performance**

Increasing managerial ownership tends to make managers more focused on improving the company's financial performance. As a result, the value of managerial ownership increases along with the overall improvement in the company's financial performance. This positive relationship is consistent with research by Rosiana Dewi et al., (2022), Hendratni et al., (2018), and Shahab Ud Din et al., (2021), which found a positive relationship between managerial ownership and company financial performance.

H5: Managerial Ownership has a positive effect on Company Financial Performance (ROA).

**The Influence of Managerial Ownership on Corporate Social Responsibility**

Sari and Rani (2015) state that high levels of managerial ownership tend to persist, allowing management to easily implement corporate social responsibility programs. The higher the level of managerial ownership, the greater the opportunity to implement corporate social responsibility programs. This is because with increased managerial ownership within the company, company managers will be more inclined to disclose social information. The positive relationship between managerial ownership and CSR is consistent with research by (Lin & Nguyen, 2022), (Agustia et al., 2019), and (Saleh & Yenti, 2022).

H6: Managerial Ownership has a positive effect on CSR.

**The Influence of Institutional Ownership on Company Financial Performance**

Institutional ownership, which encompasses stock ownership by various entities such as government, financial institutions, and others, plays a crucial role in reducing managerial moral hazard by continuously monitoring the financial performance of companies (Jensen, 1986; Shleifer & Vishny, 1986). High levels of institutional ownership can ensure that management remains committed to the company's strategy for the benefit of shareholders, thereby enhancing financial performance (Pramuka & Sasaki, 2021). In this context, research indicates that significant institutional ownership can improve a company's financial performance, consistent with findings by Shahab Ud Din (2021) and Tri Wulan Ningsih, et al. (2018) who found a significant positive relationship between institutional ownership and financial performance. Based on these findings, the hypothesis of this study is

H7: Institutional Ownership has a positive effect on Company Financial Performance (ROA).

**The Influence of Institutional Ownership on Corporate Social Responsibility**

Based on this, it can be assumed that the larger the institutional ownership, the higher the disclosure of CSR activities conducted by the company, as a form of caution in its operations. This positive relationship is consistent with research by (Rivandi, 2020) and (Sari & Handini, 2021).

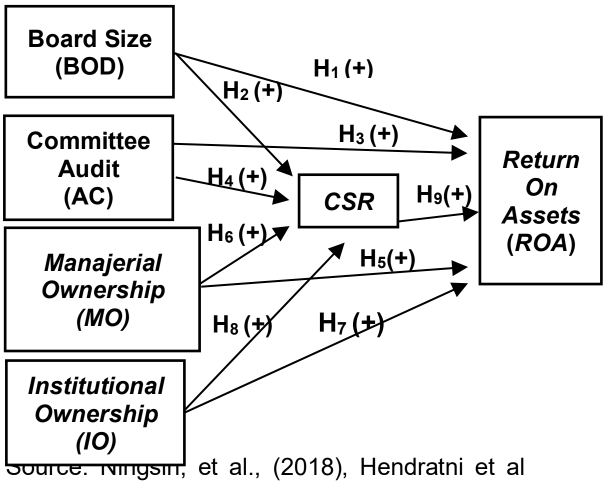
H8: Institutional Ownership has a positive effect on Corporate Social Responsibility (CSR).

### The Influence of Corporate Social Responsibility on Company Financial Performance

According to Zuredah (2010), financial performance measurement is one of the crucial factors in a company, as it is used as the basis for designing compensation systems within the company, which can influence decision-making behavior within the company and provide useful information in making important decisions regarding assets used to make decisions that channel the company's interests. Based on this assumption, the greater the CSR disclosed, the more the company's financial performance will improve. Research by Szegedi, et al., (2020), and Cho, et al., (2019) states that CSR has a significant positive influence on financial performance.

H9: CSR has a positive effect on Company Financial Performance (ROA)

**Framework of Thought**




Source: Ningsih, et al., (2018), Hendratni et al (2018), Aprianingsih & Yushita (2016), Rosiana Dewi et al (2022), Panan Danladi Gwaison and Livinus Nkuri Maimako (2021), Albert Puni & Alex Anlesinya (2020))

## METHODS

### Research Variables

Research variables according to Sugiyono (2017) are values, objects, or activities with certain variations. In this study, there are three types of variables used, namely:

1. Independent Variables
   Independent variables according to Sugiyono (2017) are variables that influence or cause changes in independent variables. Independent variables in this study are Board Size, Audit Committee, Managerial Ownership, and Institutional Ownership.
2. Dependent Variables
   Dependent variables according to Sugiyono (2017) are variables that are influenced or are the result of independent variables. The dependent variable in this study is Financial Performance or Company Financial Performance, proxied using Return on Asset (ROA).
3. Intervening Variables
   Intervening variables according to Sugiyono (2017) are intermediate variables located between independent and dependent variables. The intervening variable in this study is Corporate Social Responsibility (CSR).

**Table 2. Operational Definition**

| Variable | Measurement |
|---|---|
| *ROA* | $ROA = \frac{Net\ Income}{Total\ Assets} \times 100\%$ <br> (Ciftci et al., 2019) |
| BOD | The natural logarithm of the total number of board directors <br> (Kang & Ausloos, 2017) |
| AC | Total number of comitte audit <br> (Detthamrong et al., 2017) |
| MO | Shareholding of management/ the total number of shares (Jiraporn et al., 2012) |
| IO | Total share of institusional/ the total number of shares (Elyasiani et al., 2017; Javaid et al., 2021; Kałdoński et al., 2019) |
| CSR | CSR Disclosure Bloomberg (Manurung & Ratmono, 2023) |

**Source:** (Ciftci et al., 2019), (Kang & Ausloos, 2017), (Detthamrong et al., 2017), (Kusumo & Hadiprajitno, 2017), (Jiraporn et al., 2012), (Suteja, 2020), (Elyasiani et al., 2017), (Javaid et al., 2021), Kałdoński et al., 2019), (Abdelfattah & Aboud, 2022), (Manurung & Ratmono, 2023).

## Population and Sample

Population is the generalization area (a group) consisting of objects or subjects with certain qualities and characteristics determined by the researcher to be studied and then drawn conclusions. The population in this study uses commercial banks listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The number of conventional commercial banks listed on the IDX was 47 by the end of 2022. Sampling from the population of manufacturing companies listed on the Indonesia Stock Exchange (IDX) using purposive sampling technique. Purposive sampling is a sampling system using various considerations or specific criteria. The sample criteria in this study are Commercial Banks in Indonesia listed on the Indonesia Stock Exchange and Commercial Banks reporting CSR Disclosure for the period 2018-2022. Based on these criteria, there are 12 commercial banks that meet the criteria for this research sample, resulting in a total of 60 observations over the 5-year study period.

## Type and Data Source

This study uses quantitative data types with secondary data sources. Quantitative data is a type of numerical data that can be directly measured or calculated as numeric variables. Meanwhile, secondary data is data obtained indirectly by the data collector, so the data is obtained through others or can come from a document source (Sugiyono, 2018). The data was obtained through the financial statements of each company downloaded via Bloomberg, the official website of the Indonesia Stock Exchange (www.idx.co.id), and annual reports downloaded from the respective bank's website for the period 2018-2022.

## Analysis Method

The data analysis used in this study is by applying descriptive data analysis techniques to find the influence of variables on other variables. By describing or depicting the data of each variable that has been collected, as well as regarding variables that can be maximum values, minimum values, data counts, means, and standard deviations of each variable. The analysis method used in this study is structural equation model (SEM). PLS is a powerful analysis method and is called soft modeling because it eliminates the assumptions of ordinary least squares (OLS) regression such as, for example, data must be normally distributed multivariate and there are no multicollinearity problems that occur among exogenous variables, and also the sample used does not have to be in large quantities (Ghozali & Latan, 2015).

# RESULTS AND DISCUSSION

## Descriptive Analysis

**Table 3. Descriptive Statistics**

| | *N* | *Minimum* | *Maximum* | *Mean* | *Std. Deviation* |
|---|---|---|---|---|---|
| ***ROA*** | 60 | -.088746359922395 | .031343401886582 | .010286527103653 | .020882954587627 |
| ***CSR*** | 60 | 47621 | 585857 | 429665.70 | 101591.558 |
| ***MO*** | 60 | .000000000000000 | 46.000000000000000 | .831046189960290 | 5.933822788755192 |
| ***IO*** | 60 | 4.1900000000000 | 99.7700000000000 | 93.667657529423510 | 12.236882453047082 |
| ***BOD*** | 60 | 3 | 13 | 9.72 | 2.248 |
| ***AC*** | 60 | 2 | 8 | 4.50 | 1.524 |
| ***Valid N (listwise)*** | 60 | | | | |

**Source:** Secondary Data 2023, processed.

## R-Square

**Table 4. R-Square**

| Variable | R-Square |
|---|---|
| CSR | 0.463 |
| ROA | 0.546 |

**Source:** Secondary Data 2023, processed.

Based on the calculation results of R-Square in this study as shown in Table 4 above, it can be observed that the exogenous variables in this study, namely BOD, AC, MO, and IO, have an influence on the CSR variable by 46.3%, with the remaining being influenced by other variables outside of this study. Furthermore, the variables BOD, AC, MO, and IO have an influence on the ROA variable by 54.6%, with the remaining being influenced by other variables outside of this study.

**Hypothesis Testing Analysis**

**Table 5.** ***Path Coefficient***

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| **BOD -> ROA** | 0,671 | 0,557 | 0,232 | **2,898** | **0,004*****|
| **BOD -> CSR** | -0,595 | -0,623 | 0,128 | **4,638** | **0,000*****|
| **AC -> ROA** | -0,181 | -0,204 | 0,085 | **2,135** | **0,033****|
| **AC -> CSR** | -0,168 | -0,168 | 0,108 | 1,557 | 0,120 |
| **MO -> ROA** | 0,729 | 0,394 | 0,741 | 0,985 | 0,325 |
| **MO -> CSR** | 1,072 | 0,784 | 0,846 | 1,267 | 0,206 |
| **IO -> ROA** | 0,807 | 0,716 | 0,536 | 1,505 | 0,133 |
| **IO -> CSR** | 1,241 | 1,080 | 0,749 | **1,657** | **0,098*** |
| **CSR -> ROA** | -0,103 | -0,161 | 0,150 | 0,690 | 0,491 |

**Source:** Secondary Data 2023, processed.

* : Significance at the 10% level (CR > 1.65)
** : Significance at the 5% level (CR > 1.96)
*** : Significance at the 1% level (CR > 2.57)

**Table 6.** ***Specific Indirect Effect***

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| **AC -> CSR -> ROA** | 0,017 | 0,032 | 0,041 | 0,419 | 0,325 |
| **BOD -> CSR -> ROA** | 0,061 | 0,093 | 0,090 | 0,679 | 0,206 |
| **IO -> CSR -> ROA** | -0,128 | -0,155 | 0,206 | 0,623 | 0,133 |
| **MO -> CSR -> ROA** | -0,111 | -0,097 | 0,207 | 0,535 | **0,098*** |

**Source:** Secondary Data 2023, processed.

## CONCLUSION

This research was conducted with the aim of explaining and understanding the influence of BOD, AC, MO, IO, and CSR on ROA, as well as BOD, AC, MO, and IO on CSR. The sample data used in this study consisted of 12 conventional commercial banking companies listed on the Indonesia Stock Exchange, with a total sample size of 60 data points. After testing the sample data, the following are the research findings obtained using SEM-PLS application:

1. Four hypotheses were accepted in this study: BOD influences ROA with T-Statistics > 2.57 and P-Values < 0.01; BOD influences CSR with T-Statistics > 2.57 and P-Values < 0.01; AC influences ROA with T-Statistics > 1.96 and P-Values < 0.05; and IO influences CSR with T-Statistics > 1.65 and P-Values < 0.10.
2. Five hypotheses were rejected in this study: AC does not influence CSR with T-Statistics < 1.96 and P-Values > 0.10; MO does not influence ROA with T-Statistics < 1.96 and P-Values > 0.10; MO does not influence CSR with T-Statistics < 1.96 and P-Values > 0.10; IO does not influence ROA with T-Statistics < 1.96 and P-Values > 0.10; and CSR does not influence ROA with T-Statistics < 1.96 and P-Values > 0.10.

### Limitations of the Study

This research has limitations based on the population used, which consists of 12 banking companies listed on the Indonesia Stock Exchange from 2018 to 2022. However, the sample used in this study is only 12 banking companies because many banking companies do not meet the sample criteria set in this study (do not report CSR). Additionally, this study found that the intervening variable, CSR, was unable to mediate the influence between independent variables and dependent variables.

### Recommendations

1. Recommendations for company management are to continuously improve financial performance and overall management performance, including the enhancement of the utilization of all company assets. The research findings indicate that the variable most capable of influencing ROA is BOD, meaning companies need to pay attention to the presence of the board of directors in controlling the company's operations as a crucial element for success and sustainability.
2. Recommendations for regulators or the government, especially Bank Indonesia, as the policy maker and regulator of banking standards in Indonesia, are to maintain the level of ROA of banks in Indonesia (especially conventional ones) to meet minimum standards of bank health and support programs and products produced by banks in Indonesia for the public.
3. Recommendations for future research include conducting studies using other research objects such as Islamic banking companies or, more broadly, encompassing

all commercial and Islamic banks, using other intervening variables besides CSR to provide indirect influence between independent and dependent variables, such as ESG Disclosure, risk management, non-performing financing, net interest margin, and others.

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