THE EFFECT OF GOOD CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF BANKING COMPANIES LISTED ON THE IDX IN THE PERIOD 2021 – 2024

Putu Dedy Wahyudi

Faculty of Economics, Universitas Pendidikan Ganesha, Singaraja, Indonesia
(dedy.wahyudi@undiksha.ac.id)

Gede Adi Yuniarta

Faculty of Economics, Universitas Pendidikan Ganesha, Singaraja, Indonesia
(adi.yuniarta@undiksha.ac.id)

Lucy Sri Musmini

Faculty of Economics, Universitas Pendidikan Ganesha, Singaraja, Indonesia
(sri.musmini@undiksha.ac.id)

ABSTRACT

This study examines the impact of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on the financial performance of banking companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2024 period. Financial performance, particularly Return on Assets (ROA), serves as a key indicator of a company's operational success. The study integrates GCG variables board of directors, independent board of commissioners, and audit committee along with CSR as determinants of financial performance, an approach that has been underexplored in recent literature. Using a quantitative method with an associative approach, data was collected from annual and sustainability reports of 40 banking companies over four years (160 data points), analyzed via multiple linear regression with SPSS. The results reveal that all GCG components (board of directors, independent board of commissioners, audit committee) and CSR have a positive and significant impact on financial performance. The Adjusted R^2 of 0.602 indicates that 60.2% of the variation in financial performance is explained by these factors. This study highlights the importance of robust governance structures and CSR involvement in enhancing banking performance, with practical implications for policy-makers and banking institutions aiming to strengthen governance frameworks and ensure long-term profitability and sustainability.

Keywords*:* board of directors, board of independent commissioners, audit committee, corporate social responsibility, financial performance

INTRODUCTION

Technological advances, economic growth, and increasing competition significantly impact companies' efforts to enhance both financial and non-financial performance. Research by Krusdewinta et al. (2024) highlights that stakeholder, such as directors and employees, expect companies to maintain financial stability for long-term sustainability. Financial performance, often assessed through ratios like Return on Assets (ROA), serves as a key indicator of a company's operational success (Putri & Trisnaningsih, 2021). The banking sector, a cornerstone of the Indonesian economy, faces continuous challenges, including governance issues and the need for strong management practices. In 2024, the bankruptcy of 20 banks in Indonesia underscored these governance shortcomings, especially in Rural Credit Banks (BPR) and Sharia Rural Credit Banks (BPRS). Cases such as Bank Indonesia (BI), Bank Rakyat Indonesia (BRI), and Bank Jateng indicate serious management and supervision problems, emphasizing the need for stronger Good Corporate Governance (GCG) practices (Krusdewinta et al., 2024).

Good Corporate Governance (GCG) is crucial for directing and controlling company operations, ensuring accountability and transparency (Hermawan et al., 2025). It involves the board of directors, independent board of commissioners, and audit committees, all of which play pivotal roles in improving corporate performance and mitigating risks. Moreover, Corporate Social Responsibility (CSR), a key element of GCG, reflects a company's commitment to its social and environmental responsibilities, promoting long-term sustainability (Budiari & Devi, 2023). Despite its significance, CSR practices in the banking sector remain underdeveloped, with many banks failing to implement comprehensive CSR programs or adequately disclose their social activities (Khasanah & Setiawati, 2024).

This study addresses a gap in the literature by examining the combined effects of GCG and CSR on the financial performance of banking companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. While previous research has often examined these variables separately, this study explores their simultaneous impact on the financial stability and performance of the banking sector. The findings of this study aim to provide insight into how effective governance and CSR practices can enhance profitability and sustainability in the banking industry.

This study is a development of previous research conducted by Wulandari & Tan (2023) regarding "The Effect of Good Corporate Governance, Company Size, BOPO, Leverage on the Financial Performance of Chemical Companies on the IDX (2017-2021)". In previous studies, the variables used were good corporate governance (proxied by institutional ownership, independent board of directors and board of commissioners), company size, BOPO, and leverage in chemical companies listed on the IDX in 2017-2021. However, what distinguishes this study from that study is that this study uses good corporate governance variables (proxied by the board of directors, independent board of commissioners and audit committee) and corporate social responsibility in banking companies listed on the IDX in 2021-2024. This study seeks to answer the following research questions: (1) How does the Board of Directors influence the financial performance of banking companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024? (2) What is the impact of the Board of Independent Commissioners on financial performance during this period? (3) How does the Audit Committee affect the financial performance of these banks? (4) To what extent does Corporate Social Responsibility (CSR) contribute to the financial performance of banking companies?. By investigating these relationships, the study aims to assess the combined effects of Good

Corporate Governance (GCG) and CSR on the financial sustainability and performance of the banking sector

LITERATURE REVIEW

Agency Theory

Agency theory, first proposed by Jensen and Meckling (1976), explains the misalignment of interests between principals and agents. This theory focuses on the contractual relationship between shareholders or company owners and management or managers. According to this theory, the relationship between owners and managers tends to be difficult due to conflicting interests (Purnamawati et al., 2023).

In agency theory, an agency relationship arises when one or more individuals (principals) employ another individual (agent) to provide a service and then delegate decision-making authority to the agent (Ratnasari et al., 2024). The relationship between principal and agent can lead to information imbalance because the agent possesses more information about the company than the principal. Assuming that individuals act to maximize their own self-interest, this asymmetric information encourages agents to conceal information unknown to the principal. Under these symmetrical conditions, agents can influence accounting figures in financial statements through earnings management (Putri and Ratna, 2022).

Good Corporate Governance (GCG)

According to Hamdani (2016:6) in a company, it is not only about ensuring that the management process can run efficiently. However, a new instrument is needed to help the implementation of good management, namely Good Corporate Governance (GCG). According to the Ministry of State-Owned Enterprises, in accordance with Article 1 paragraph 1, Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 (2016:3) states regarding the implementation of good corporate governance Good Corporate Governance (GCG) in SOEs, it is stated that Good Corporate Governance (GCG) is a principle that underlies a process and mechanism for company management based on laws and regulations and ethics that are pursued. According to the World Bank (2016:2) states that the definition of Good Corporate Governance (GCG) is a collection of laws, regulations, and rules that must be fulfilled, which can encourage the performance of company resources to function efficiently in order to produce sustainable long-term economic value for shareholders and the surrounding community. This study identifies the Good Corporate Governance (GCG) mechanism through three main indicators, namely the board of directors, the board of commissioners, and the audit committee (Permatasari & Musmini, 2023).

Corporate Social Responsibility (CSR)

Purnaningsih (2018), the World Business Council for Sustainable Development (WBCSD, 2000) defines Corporate Social Responsibility (CSR) as a company's commitment to contributing to sustainable economic development. Corporate social responsibility is a social obligation carried out by the company in compliance with applicable regulations (Ginting, D. T. N., et al., 2025). This is done through collaboration with employees, their representatives, their families, local communities, and the wider community to improve their quality of life and support their development (Raudlatul Izzah et al., 2023). CSR encompasses a company's responsibility to the market, the workplace, the community, and the surrounding environment

(Adnyana et al., 2024). According to Carrol Widyatama (2018), Corporate Social Responsibility (CSR) indicators are grouped into three main categories: 1)

Economic Responsibility. Economic responsibility is the main priority in a company's CSR. This relates to the economic activities undertaken by business organizations to produce goods and services that benefit society. 2)

Social Responsibility. Society expects companies to conduct their business in accordance with ethical principles. Business ethics reflects the moral values applied by business actors, both individually and as organizations, in evaluating a problem. Based on these values, companies can assess whether an action is right or wrong, fair, or unfair, and beneficial or not. 3)

Environmental Responsibility. Companies are expected to meet societal expectations by making positive contributions through various voluntary social programs. These programs aim to provide tangible benefits to the community and support environmental sustainability.

Financial Performance

A company's financial performance is evaluated to determine the extent to which it adheres to good financial practice standards. One example is by preparing financial reports in accordance with the guidelines set forth in the Financial Accounting Standards (SAK) (Fahmi, 2017). Ratios are measuring tools used by companies to analyze financial data, connecting various numbers or values contained in financial reports.

Financial ratios are analytical methods used to interpret a company's financial condition, both positive and negative, from one period to the next (Suryatna et al., 2023). This analysis involves identifying important operational and financial aspects of a company through accounting information and financial reports, known as financial ratio analysis (Permatasari & Musmini, 2023).

Hypotesis Development

Relationship of Board of Directors to Financial Performance

The Board of Directors has a close relationship with the agency theory used in this study. Agency theory describes the relationship between the owners of a firm and the managers who manage the firm. The board of directors oversees overseeing and providing direction to management, ensuring that they act in the best interests of shareholders, thus reducing the potential for conflicts of interest. Thus, the board of directors plays an important role in implementing agency theory and ensuring effective and fair corporate governance. The study conducted by Harijanto & Widiatmoko (2023) stated that the board of directors has a positive and significant influence on financial performance (Return on Assets/ROA).

H_1**:** There is an influence of the board of directors (X1) on the financial performance (Y) on banking companies listed on the Indonesia Stock Exchange Year 2021-2024.

Relationship of the Board of Independent Commissioners to Financial Performance

The board of commissioners is related to the theory used in this study which is the agency theory, on this theory it is explained that the board of commissioners has an important role in the agency theory, which explains the relationship between company owners and managers. The board of trustees acts as an oversight mechanism for management to ensure actions are in line with shareholder interests, reducing potential conflicts of interest. They cover management decisions, harmonize intensification, and protect the rights of minority shareholders, thus ensuring good corporate governance (Solomon, 2020). The magnitude of the number of boards of commissioners will increase the access to various resources to the external environment and have a positive impact on firm performance. Based on the study conducted by Widiantari & Yuniarta (2020) stated that an independent board of commissioners has a positive and significant influence on firm performance.

H_2: There is an influence of independent board of commissioners (X2) on financial performance (Y) on banking companies listed on the Indonesian Stock Exchange Year 2021-2024.

Relationship of Audit Committee to Financial Performance

The audit committee relates to the theory used in this study which is agency theory, Agency theory describes the relationship between the owner of the firm and the manager who manages the firm, with the potential for conflict of interest as the agent does not always act in the interest of the principal (Widyawati et al., 2023). The audit committee is an independent party that is directly accountable to the board of commissioners. The audit committee plays a role in assisting the board of commissioners in ensuring the effectiveness of the internal control system and the effectiveness of the execution of the duties of the external and internal auditors. The audit committee also has the role of overseeing the company's internal controls as well as financial reporting. Based on the study conducted by Andriani & Trisnaningsih (2023) stated that the audit committee has a positive and significant influence on firm performance.

H_3: There is an influence of audit committee (X3) on financial performance (Y) on banking companies listed on Indonesia Stock Exchange Year 2021-2024.

Relationship of Corporate Social Responsibility to Financial Performance

Corporate social responsibility is related to the theory used in this study which is the agency theory, which is related to how corporate social responsibility can reduce the conflict of interest between the management and the owners of the company by applying the company's CSR practices showing commitment to ethical values, societal welfare, and environmental desirability, which can improve the reputation and trust of shareholders (Barnet and Salomon, 2012). According to Yuniarta et al. (2020) In companies Corporate Social Responsibility is carried out not only to gain profit or profit (profit), but also to pay attention to the welfare of employees and society (people) around the company and maintain environmental sustainability (planet), thus achieving obligations for social benefits. Based on the study conducted by Mulyani & Raflis (2024) stated that the audit committee has a positive and significant influence on firm performance.

H_4: There is an influence of corporate social responsibility (X4) on financial performance (Y) on banking companies listed on Indonesia Stock Exchange Year 2021-2024.

METHOD, DATA, AND ANALYSIS

This study aims to evaluate the influence of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) mechanisms on financial performance on state-owned banking companies listed on the Indonesian Stock Exchange (BEI) during the period 2021–2024. This study used a quantitative approach with multiple regression analysis method to test the proposed hypotheses. Financial performance, as the dependent variable, was measured using Return on Assets (ROA), which reflects a firm's ability to generate profits from its total assets owned. ROA is also an important indicator for shareholders in evaluating the profitability of a company. The independent variables in this study include audit committee, board of directors, independent board of commissioners, and corporate social responsibility.

The independent variables include the audit committee, board of directors, independent board of commissioners, and CSR. The CSR variable was measured using a "disclosure index," which includes a set of items based on the level of CSR reporting in annual and sustainability reports. This index evaluates how comprehensively companies disclose their CSR activities. Each CSR item was coded and scored based on the extent of disclosure, with higher scores indicating better CSR practices.

The population of this study is all banking companies listed on the Indonesian Stock Exchange from 2021 to 2024 which totals 47 banks. The study sample consists of banking companies listed on the BEI, which were selected using a purposive sampling technique. The sample selection criteria included companies that remained listed on the BEI during the period 2021 to 2024, published annual reports in Rupiah currency, as well as having complete data related to the study variables. The data used are secondary data obtained from the annual reports of companies through the official website of the BEI. The total sample of companies was obtained as 40 companies with a final observation sample of 160 samples.

Data analysis was performed with the help of statistical software using the Ordinary Least Squares (OLS) method. Classical assumption tests, such as tests of normality, multicollinearity, heteroscedasticity, and autocorrelation, were applied to ensure the validity of the regression model. Next, multiple regression analysis was conducted to identify the influence of independent variables on dependent variables. This study is expected to expand the understanding regarding earnings management in manufacturing companies as well as provide recommendations for stakeholders to improve the transparency and accountability of financial statements.

RESULT AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Results of Descriptive Statistical Test

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Board of Directors	160	3	12	7.20	1.65
Independent Board of Commissioners	160	1	6	3.85	1.02
Audit Committee	160	1	5	3.18	0.87
Corporate Social Responsibility	160	0.20	0.90	0.58	0.15
Financial Performance (ROA)	160	-5.59	4.14	0.62	1.35
Valid N (listwise)	160				

(Source: Data processed by the author, 2025)

The results of the descriptive statistical tests in Table 1 show the minimum, maximum, average (mean), and standard deviation values of each research variable during the observation period. The average value for the board of directors obtained was 7.20 with a standard deviation of 1.65. This indicates that most banking companies have a proportional number of board members according to the company's management needs. Furthermore, the Independent Board of Commissioners had an average value of 3.85 and a standard deviation of 1.02. These data indicate that the companies studied tended to meet the independence requirements in the company's supervisory structure. For the Audit Committee variable, the average value was 3.18 and a standard deviation of 0.87. This value reflects that most companies have an audit committee with an ideal number of members to support the company's internal oversight and financial control functions. Meanwhile, Corporate Social Responsibility (CSR) was measured using a coverage index, which is a scale between 0 and 1. The analysis results showed that the average coverage value was 0.58 and a standard deviation of 0.15. This means that the level of corporate social responsibility disclosure in the banking sector is still moderate and not evenly distributed across the board. Finally, the Financial Performance variable, measured using Return on Assets (ROA), showed an average value of 0.62 and a standard deviation of 1.35. This indicates significant variation in financial performance across companies, with some experiencing losses while others achieved substantial profits.

Classical Assumption Test

The next test after being proven valid and reliable is the Classical Assumption Test consisting of the Normality Test, Multicollinearity Test, and Heteroscedasticity Test.

Normality Test

Based on Table 2, the Asymp. Sig. (2-tailed) value shows a figure of 0.200. Because the Kolmogorov-Smirnov significance value is greater than 0.05, it can be concluded that the data in this study are normally distributed.

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		160
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.3529817
Most Extreme Differences	Absolute	.062
	Positive	.041
	Negative	.062
Test Statistic		.062
Asymp. Sig. (2-tailed)		.200[c,d]

(Source: Data processed by the author, 2025)

Multicollinearity Test

Based on the table 3, the tolerance value is more than 0.10 and the Variance Inflation Factor (VIF) for each independent variable is below 10. Therefore, it can be concluded that there is no indication of multicollinearity among the independent variables in this study.

Heteroscedasticity Test

Based on the analysis results presented in Table 4, all variables showed a significance value > 0.05. Thus, it can be concluded that the regression model in this study does not indicate heteroscedasticity, thus the assumption of homoscedasticity has been met and the model is suitable for use in hypothesis testing.

Table 3. Multicollinearity Test Results

Coefficients[a]								
		Unstandardized Coefficients		**Standardized Coefficients**			**Collinearity Statistics**	
Model		**B**	**Std. Error**	**Beta**	**t**	**Sig.**	**Tolerance**	**VIF**
1	(Constant)	-1.842	2.105		-.875	.382		
	Board of Directors	.314	.072	.409	.296	.000	.723	4.361
	Independent Board of Commissioners	.276	.081	.442	.238	.001	.768	3.407
	Audit Committee	.225	.069	.420	.212	.001	.812	3.261
	Corporate Social Responsibility	.389	.083	.180	.332	.000	.794	4.687
Dependent Variable: Financial Performance (ROA)								

(Source: Data processed by the author, 2025)

Table 4. Results of Heteroscedasticity Test						
		Unstandardized Coefficients		**Standardized Coefficients**		
Model		**B**	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	1.327	.674		1.969	.051
	Board of Directors	-.076	.056	.120	-1.357	.177
	Independent Board of Commissioners	-.062	.062	-.078	-1.000	.319
	Audit Committee	-.055	.053	.110	-1.038	.301
	Corporate Social Responsibility	-.087	.065	.111	-1.338	.184

Dependent Variable: ABS_RES

(Source: Data processed by the author, 2025)

Hypothesis Testing

Multiple Linear Regression Analysis

Based on the results of the multiple linear regression calculations shown in Table 5, the following regression equation is obtained: Y = -1.842 + 0.314X1 + 0.276X2 + 0.225X3 + 0.389X4 + e

The results of the equation above can be explained as follows:

The constant (α) value is -1.842 (negative). This means that if all independent variables, namely the board of directors, independent board of commissioners, audit committee, and corporate social responsibility, are held constant or zero, the ROA value will be -1.842. In practice, this only indicates the starting point of the model and does not have strong economic significance, as all variables cannot be zero simultaneously.

Table 5. Results of Multiple Linear Regression Analysis Test

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.842	2.105		-.875	.382
	Board of Directors	.314	.072	.296	4.361	.000
	Independent Board of Commissioners	.276	.081	.238	3.407	.001
	Audit Committee	.225	.069	.212	3.261	.001
	Corporate Social Responsibility	.389	.083	.332	4.687	.000
Dependent Variable: Financial Performance (ROA)						

(Source: Data processed by the author, 2025)

The regression coefficient for the board of commissioner's variable (x1) is 0.314 and is positive. Therefore, every 1-unit increase in the quality or performance of the Board of Directors will increase ROA by 0.314 units, assuming other variables remain constant.

The regression coefficient for the independent board of commissioner's variable (x2) is 0.276 and is positive. Therefore, every 1-unit increase in the proportion or effectiveness of the independent board of commissioners will increase ROA by 0.276 units, assuming other variables remain constant.

The regression coefficient for the audit committee variable (x3) is 0.225, with a positive value. Therefore, every 1-unit increase in Audit Committee effectiveness will increase ROA by 0.225 units, assuming other variables remain constant.

The regression coefficient for the corporate social responsibility variable (x3) is 0.389, with a positive value. Therefore, every 1-unit increase in CSR activity will increase ROA by 0.389 units, assuming other variables remain constant.

Partial Test (t)

Based on table 5, it can be concluded

1. Board of Directors (X1)

The Board of Directors (X1) variable showed a calculated t-value of 4.361 > t-table value of 1.661, a significance value of 0.000 < 0.05, and a beta coefficient of 0.296. Therefore, it can be concluded that H1 is accepted and H_0 is rejected. This indicates that the Board of Directors (X1) influences the company's Financial Performance (ROA). 2)

2. Independent Board of Commissioners (X2)

The test results for the Independent Board of Commissioners (X2) variable showed a calculated t-value of 3.407 > t-table value of 1.661, with a significance value of 0.001 < 0.05, and a beta coefficient of 0.238. Therefore, H_2 is accepted and H_0 is rejected. This means that the Independent Board of Commissioners (X2) influences the company's Financial Performance (ROA).

3. Audit Committee (X3),

The Audit Committee variable (X3) has a calculated t-value of 3.261 > t-table value of 1.661, with a significance value of 0.001 < 0.05, and a beta coefficient of 0.212. Therefore, it can be concluded that H3 is accepted and H2 is rejected. This indicates that the Audit Committee (X3) influences the company's Financial Performance (ROA).

4. Corporate Social Responsibility (X4),

The test results for the CSR variable (X4) show a calculated t-value of 4.687 > t-table value of 1.661, with a significance value of 0.000 < 0.05, and a beta coefficient of 0.332. Therefore, H1 is accepted and H2 is rejected. This means that CSR (X4) influences the company's Financial Performance (ROA).

Simultaneous Test (F Test)

Table 6. Simultaneous Test Results (F Test)

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	148.527	4	37.132	26.105	.000[b]
	Residual	209.821	147	1.427		
	Total	358.348	151			
a. Dependent Variable: Financial Performance						
b. Predictors: (Constant), Board of Directors, Board of Independent Commissioners, Audit Committee, Corporate Social Responsibility						

(Source: Data processed by the author, 2025)

Based on the results of the simultaneous test in Table 6, the calculated F value was 26.105 with a significance value of 0.000 and an F table value of 2.43. Because the calculated F value (26.105) > F table (2.43) and a significance value of 0.000 < 0.05, it can be concluded that simultaneously the variables of the Board of Directors (X1), Independent Board of Commissioners (X2), Audit Committee (X3), and Corporate Social Responsibility (X4) have a significant effect on the Financial Performance variable (Y).

Coefficient of Determination (R)

Table 7. Results of the Determination Coefficient (R) Test

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.784[a]	.615	.602	.93582
a. Predictors: (Constant), Board of Directors, Board of Independent Commissioners, Audit Committee, Corporate Social Responsibility				

(Source: Data processed by the author, 2025)

Based on Table 7, the R Square value is 0.615, which means that 61.5% of the variation in changes in the Financial Performance (ROA) variable can be explained by the four independent variables: Board of Directors (X1), Independent Board of Commissioners (X2), Audit Committee (X3), and Corporate Social

Responsibility (X4). Meanwhile, the remaining 38.5% is influenced by other factors outside this research model that are not explained in this regression analysis.

Discussion

Board of Directors has a Significant Influence on Financial Performance

The results of the study indicate that the Board of Directors has a positive and significant impact on the Financial Performance (ROA) of business actors. This is indicated by the calculated t value of 4.361 > t table 1.661, with a significance value of 0.000 < 0.05, and a beta coefficient of 0.296. According to Agency Theory, the Board acts as an agent for shareholders, mitigating agency problems by ensuring strategic alignment and operational efficiency. A competent and proactive Board improves governance and reduces the gap between managerial and shareholder interests, ultimately driving profitability.

This means that the better the performance of the Board of Directors in directing and overseeing the company's operations, the higher the resulting financial performance. This finding is in line with the opinion of (Harijanto & Widiatmoko, 2023), who stated that the active role of the board of directors in establishing strategic policies, overseeing the implementation of work plans, and complying with the principles of good corporate governance will support improved company financial performance. Therefore, the presence of a competent and professional board of directors is a crucial factor in achieving business efficiency and profitability.

Independent Board of Commissioners Has a Significant Influence on Financial Performance

Based on the partial test results, the Independent Board of Commissioners also has a positive and significant impact on Financial Performance (ROA). This is evident from the calculated t-value of 3.407 > t-table 1.661, with a significance level of 0.001 < 0.05, and a beta coefficient of 0.238. These results indicate that the greater the proportion of independent commissioners in a company's organizational structure, the better the oversight of management, thus positively impacting financial performance. From an Agency Theory perspective, the Independent Board of Commissioners helps mitigate agency problems by ensuring objective decision-making and reducing conflicts of interest between management and shareholders. This independent oversight aligns company operations with shareholder interests, improving governance and, consequently, financial performance.

This results are consistent with Herawaty (2019), who stated that the presence of an independent board of commissioners can create objectivity and integrity in corporate decision-making and prevent conflicts of interest between management and shareholders. Therefore, effective oversight by independent parties contributes to increased investor confidence and increased company operational efficiency.

Audit Committee Has Significant Influence on Financial Performance

The test results indicate that the Audit Committee has a significant effect on Financial Performance (ROA). The calculated t-value was 3.261 > t-table 1.661, with a significance value of 0.001 < 0.05, and a beta coefficient of 0.212. This indicates that the presence of an active and competent audit committee can help ensure that internal control systems and financial reporting operate accurately and in accordance with accounting principles. From the perspective of Agency Theory, the Audit Committee mitigates agency problems by overseeing management and ensuring financial transparency, thereby reducing the risk of misreporting or financial manipulation. This oversight enhances credibility and fosters informed decision-making, ultimately improving financial performance

This finding aligns with research by Andriani & Trisnaningsih (2023), which shows that the presence of an effective audit committee can minimize the possibility of financial statement manipulation and increase transparency and accountability. This is also in line with the statement made by Wahyuni, M. A., et al. (2019), which asserts that auditors have a significant impact on audit quality. This, in turn, positively impacts a company's financial performance by enhancing credibility and improving informed decision-making.

Corporate Social Responsibility Has a Significant Impact on Financial Performance

The Corporate Social Responsibility (CSR) variable has a positive and significant impact on Financial Performance (ROA). The t-test yielded a calculated t-value of 4.687 > t-table 1.661, a significance value of $0.000 < 0.05$, and a beta coefficient of 0.332. These results indicate that implementing sustainable CSR programs can enhance a company's image, strengthen community relations, and positively impact profitability. In the context of Agency Theory, CSR activities align corporate actions with broader stakeholder interests, reducing potential agency conflicts between shareholders and other stakeholders. By integrating social and environmental concerns into their strategies, companies build trust and loyalty, which enhances financial performance.

This finding aligns with research by Mulyani & Raflis (2024), which states that CSR can be a business strategy that impacts company value and financial performance. By considering social and environmental aspects, companies will gain the trust and loyalty of the community, customers, and investors.

CONCLUSION

Based on the analysis and discussion regarding the influence of Good Corporate Governance and Corporate Social Responsibility on Financial Performance in banking companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period, the following conclusions were obtained

Hypothesis H1 is accepted; the board of directors has a positive and significant effect on financial performance.

Hypothesis H2 is accepted; the independent board of commissioners has a positive and significant effect on financial performance.

Hypothesis H3 is accepted; the audit committee has a positive and significant effect on financial performance.

Hypothesis H4 is accepted; corporate social responsibility has a positive and significant effect on financial performance.

Simultaneously, the four independent variables—the Board of Directors, the Independent Board of Commissioners, the Audit Committee, and CSR—have a significant effect on Financial Performance (ROA).

IMPLICATION/LIMITATION AND SUGGESTIONS

This study highlights the significant role of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) in boosting the financial performance of banking companies listed on the IDX during 2021–2024. Specifically, the effectiveness of the Board of Directors, Independent Commissioners, and Audit Committees emphasizes the need for robust governance structures. To leverage these insights, banking companies should enhance board competencies, ensure independent oversight, and strengthen audit committee functions. Additionally, CSR should be strategically integrated into the business model, with expanded, transparent reporting on social and environmental initiatives. This approach will foster stakeholder trust, particularly among investors and customers, while driving long-term profitability and sustainability in the sector.

This study has several limitations that should be considered. First, the study only used a sample of banking companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period, so the generalizability of these findings is limited to that sector. Second, the GCG indicators used in this study only cover the board of directors, independent commissioners, and audit committees, thus not comprehensively encompassing all GCG dimensions. Third, CSR in this study is measured using a disclosure index based on annual reports, thus not considering the quality of the CSR programs implemented. The Adjusted R^2 value of 0.602 indicates that there is still 39.8% variation in financial performance that is influenced by other factors outside this research model, such as company size, operational efficiency (BOPO), leverage, credit risk, or macroeconomic factors.

Based on the research findings and limitations, the authors offer the following recommendations for Banking companies should prioritize enhancing Good Corporate Governance (GCG) by providing continuous training for board members and strengthening internal oversight mechanisms. Additionally, CSR should be embedded as a core business strategy, not just a regulatory requirement, with a focus on long-term sustainability and stakeholder value creation.

Future research should explore additional dimensions of GCG, such as institutional ownership or external audit quality, to provide a more comprehensive understanding of its impact. Moreover, adopting qualitative CSR measurement methods, alongside quantitative ones, will offer deeper insights into the effectiveness and real-world impact of CSR initiatives.

For regulators and capital market authorities, should consider refining disclosure regulations to ensure greater transparency and consistency in GCG and CSR reporting. By promoting clearer and more standardized reporting practices, they can enhance the effectiveness of corporate governance policies and hold companies accountable to both financial and non-financial stakeholders

.

REFERENCES

Adnyana, I. W. P., Adiputra, I. M. P., & Musmini, L. S. (2024). *Pengaruh Green Accounting, Profitabilitas dan Corporate Social Responsibility terhadap Sustainable Development Goals dengan Ukuran Perusahaan sebagai Variabel Moderasi : Studi pada Perusahaan Manufaktur yang Terdaftar di BEI*. *12*(2), 288–301.

Andriani, I. N., & Trisnaningsih, S. (2023). Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan Perbankan Yang Terdaftar Di BEI Tahun 2017-2021. *Jambura Economic Education Journal*, *5*(2), 75-87.

Budiari, N. L., & Devi, S. (2023). Pengaruh Corporate Governance, Ukuran Perusahaan, dan Financial Indicators terhadap Financial Distress. *Vokasi : Jurnal Riset Akuntansi*, *12*(1), 70–81. https://doi.org/10.23887/vjra.v12i01.52758

Ginting, D. T. N., Yuniarta, G. A., & Sinarwati, N. K. (2025). The Influence of Managerial Ownership Structures, Leverage, Financial Distress and Corporate Social Responsibility on Accounting Conservatism. *Eduvest-Journal of Universal Studies*, *5*(6), 6909-6924.

Harijanto, M. H., & Widiatmoko, J. (2023). Pengaruh Good Corporate Governance Dan Gender Diversity Terhadap Kinerja Keuangan Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode Tahun 2018 - 2021. *Bilancia : Jurnal Ilmiah Akuntansi*, *7*(1), 473–484. https://doi.org/10.35145/bilancia.v7i1.2870

Hermawan, I. P. H., Musmini, L. S., & Werastuti, D. N. S. (2025). Pengaruh Corporate Social Responsibility Dan Green Accounting Terhadap Kinerja Keuangan Serta Dampaknya Pada Harga Saham Perusahaan Sektor Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Tahun 2021-2023. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, *16*(1), 129-143.

Khasanah, H. U., & Setiawati, E. (2024). Pengaruh Good Corporate Governance dan Corporate Social Responsibility Terhadap Kinerja Keuangan. *Proceeding Of National Conference On Accounting & Finance*, *6*(1), 504–514. https://doi.org/10.59330/jmd.v1i1.6

Krisyanti, W. M., & Yuniarta, G. A. (2021). Pengaruh Komite Audit, Likuiditas, Pergantian Auditor Dan Kompleksitas Operasi Terhadap Ketepatan Waktu Pelaporan Keuangan. *Jurnal Akuntansi Profesi*, *12*(02), 364–375.

Krusdewinta, H. A., Triana, G., Aby, F. S., & Najib, M. T. A. (2024). Analisis Rasio Keuangan Dalam Mengukur Kinerja Keuangan PT. Adhi Karya 2021-2023. *Jurnal Ekonomi Dan Bisnis*, *2*(16), 34–39. https://doi.org/10.36418/jiss.v2i8.395

Mulyani, F., & Raflis, R. (2024). Pengaruh Good Corporate Governance,Corporate Social Responsbility Terhadap Kinerja Keuangan Pada Perusahaan BUMN Yang Terdaftar Di Bursa Efek Indonesia Tahun 2020-2022. *JRMA | Jurnal Riset Manajemen Dan Akuntansi*, *01*(04), 1004–1019. https://doi.org/10.33508/jrma.v10i1.1089

Nirmala, N. P. A., Suci, N. M., & Sinarwati, K. (2022). Pengaruh Good Corporate Governance Terhadap Kinerja Lembaga Perkreditan Desa di Kabupaten Gianyar. *Jurnal Penelitian Dan Pengembangan Sains Dan Humaniora*, *6*(2), 182–191. https://doi.org/10.23887/jppsh.v6i2.50410

Permatasari, K. I., & Musmini, L. S. (2023). Pengaruh Good Corporate Governance terhadap Nilai Perusahaan dengan Ukuran Perusahaan sebagai Variabel Moderasi. *Jurnal Ilmiah Akuntansi Dan Humanika*, *13*(3), 407–417. https://doi.org/10.23887/jiah.v13i3.64351

Purnamawati, I. G. A., Yuniarta, G. A., & Jie, F. (2023). Strengthening the role of corporate social responsibility in the dimensions of sustainable village economic development. *Heliyon*, *9*(4), 1–12. https://doi.org/10.1016/j.heliyon.2023.e15115

Putri, R. A. D., & Trisnaningsih, S. (2021). Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan dengan Profitabilitas Sebagai Variabel Intervening. *Seminar Nasional Akuntansi Call for Paper*, *1*(1), 142–153. https://doi.org/10.58192/ebismen.v2i2.773

Ratnasari, I. W., Yuniarta, G. A., & Werastuti, D. N. S. (2024). The Influence of Corporate Governance Index and Related-Party Transactions on Company Value with Political Connections as a Moderation Variable: The Case of State-Owned Companies on the Indonesia Stock Exchange. *CECCAR Business Review*, *5*(4), 68–79. https://doi.org/10.37945/cbr.2024.04.07

Raudlatul Izzah, Purnamawati, I. G. A., & Yuniarta, G. A. (2023). Determinan Kinerja Maqashid Syariah dengan Corporate Governance sebagai Variabel Moderasi Pada Bank Umum Syariah di Indonesia. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, *14*(01), 207–221. https://doi.org/10.23887/jimat.v14i01.49021

Suryatna, I. K. D., Werastuti, D. N. S., & Yuniarta, G. A. (2023). The Effect of Institutional Ownership, Sales Growth, Firm Size on Tax Avoidance with Corporate Social Responsibility as a Moderating Variable. *International Journal of Social Science and Business*, *7*(3), 618–629. https://doi.org/10.23887/ijssb.v7i3.55757

Wahyuni, M. A., Dewi, G. A. K. R. S., Dewi, N. A. W. T., & Savitri, L. A. (2019). Effect of Auditor Independence, Fee Audit, Audit Tenure Toward Audit Quality (Case Study at a Public Accounting Firm in Bali). In *International Conference on Tourism, Economics, Accounting, Management, and Social Science (TEAMS 19)* (pp. 272-279).

Widiantari, N. P. I. W., & Yuniarta, G. A. (2020). Pengaruh Pemahaman Good Governance, Profesionalisme, dan Independensi pada Kinerja Auditor Perwakilan BPKP Provinsi Bali. *Prospek: Jurnal Manajemen Dan Bisnis*, *2*(2), 164–173. https://doi.org/10.23887/pjmb.v2i2.27466

Widyawati, N. P. A., Sujana, E., & Diatmika, I. P. G. (2023). Pengaruh Sistem Pengendalian Internal, Budaya Organisasi Dan Kompetensi Sumber Daya Manusia Terhadap Pencegahan Fraud Dengan Good Corporate Governance Sebagai Variabel Intervening. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, *14*(01), 71–92. https://doi.org/10.23887/jimat.v14i01.49868

Wulandari, E., & Tan, E. (2023). Pengaruh Good Corporate Governance, Company Size, BOPO, Leverage Terhadap Kinerja Keuangan Perusahaan Kimia di BEI (2017 – 2021). *Jurnal Ilmiah Manajemen Dan Bisnis (JIMBI)*, *4*(1), 10–20. https://doi.org/10.31289/jimbi.v4i1.1771

Yuniarta, G. A., Utama, M. S., Saskara, I. A. N., & Murjana Yasa, G. W. (2020). The effect of contextual factors, government, corporate social responsibility and competency on business development. *Management Science Letters*, *10*(1), 121–132. https://doi.org/10.5267/j.msl.2019.8.010