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The Effect of Good Corporate Governance and Corporate Social Responsibility on Financial Performance

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A B S T R A C T

This study, which focuses on data from IDX (Indonesia Stock Exchange) from 2017 to 2022, aims to explore the impact of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) on the financial performance of banks. The approach taken in this research is quantitative, as the analysis is based on numerical data that allows for an objective evaluation of the relationships between these variables. The findings of the study highlight the significant role of CSR in ensuring that companies, in addition to seeking profit, also consider the environmental and social impact of their operations. By adopting CSR practices, banks not only enhance their reputation but also contribute positively to the surrounding community and environment, which can ultimately lead to improved long-term financial performance. Furthermore, the study reveals a strong positive correlation between CSR and Return on Equity (ROE), indicating that banks with better CSR practices tend to experience higher financial returns. To analyze the data, the researchers apply several advanced statistical techniques, including regression analysis, which helps to explain the relationships between variables. They also conduct tests for autocorrelation, heteroscedasticity, multicollinearity, normality, and use descriptive statistics to ensure the reliability and validity of their results. These methods are crucial for confirming that the observed effects are statistically significant and not due to underlying data issues. By combining these rigorous techniques, the study provides valuable insights into how GCG and CSR practices can influence the financial outcomes of banks, with implications for both investors and policymakers who are looking to promote sustainable and ethical business practices in the banking sector.

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1. INTRODUCTION

In the current epoch of globalization and intensifying commercial rivalry, enterprises worldwide must retain excellent financial performance to ensure uninterrupted operations and enduring expansion. Businesses are evaluated not just on their financial performance but also on their ethics, transparency, and social effect (Hermanto, 2021). Due of Indonesia's expanding economy, foreign businesses are investing there. Nevertheless, businesses in Indonesia continue to encounter a number of challenges, particularly with regard to effective management. Among the primary obstacles encountered are the inadequate enforcement of accounting standards, insufficient legislation, and low levels of corporate social responsibility (Tri, 2010).

Situations like PT. Jiwasraya at the end of December 2019, which experienced losses as a result of corporate governance mistakes, served as a stark reminder of the necessity for the organization to adopt Good Corporate Governance (GCG). On its official website, the Financial and Development Supervisory Agency (BPKP) encourages SOEs and SOEs to use GCG as the cornerstone of their economic operations. The execution of the GCG received backing from international institutions including the World Bank, Asian Development Bank (ADB), International Monetary Fund (IMF), and Overseas Economic Coordination Fund (OECF).

Not only is the company required to apply GCG, but it is also essential to the success of the business's improvement. To enhance the performance of the business, GCG fosters positive relationships across corporate governance structures and organs, including the shareholders, the board of directors, and the board of commissioners (Suciwati et al., 2021). However, Indonesia has not yet fully embraced effective GCG implementation, particularly in the banking industry.

To efficiently manage their operations, all Indonesian companies now need to follow Good Corporate Governance (GCG). The contemporary economic modernization, which mandates that all businesses be managed correctly and responsibly by obtaining their rights and obligations, is inextricably linked to the understanding of the significance of adopting GCG. To further enhance business value, Corporate Social Responsibility (CSR) is a crucial component of those activities (Agustina, 2013).

The importance of businesses operating in Indonesia fulfilling their social obligations is emphasized by both Government Regulation No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies and Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies. Actually, the government encourages businesses—especially state-owned enterprises (SOEs)—to pursue CSR efforts through the Partnership and Community Development Program.

Corporate governance, according to the Indonesian Institute for Corporate Governance (IICG), is a collection of guidelines and management practices used by businesses to make sure their operations satisfy the requirements and expectations of its stakeholders. An effective corporate governance framework helps managers run their businesses more effectively. It is the responsibility of managers to make financial decisions that will benefit the organization and its stakeholders (Wardoyo Dwi Urip et al., 2022).

Financial performance recorded in financial statements can be used to gauge how well a company is performing (Ariyanti, 2020). The company's financial success can be determined through two different methods: internal and external analysis. Internal analysis involves examining financial statements and determining the company's worth (Maharani, 2014). Financial ratios are often used methods to evaluate the financial performance of a company. Examples of these ratios are profitability, solvency, and liquidity (Dewi, 2017). Return on Equity (ROE), which gauges how much equity goes into generating net income, is

one significant ratio. Return on equity (ROE) metric demonstrates the efficiency of equity in generating net income and is a useful tool for assessing a company's performance as well as its financial performance (Hery, 2015).

Islamically, the Quran contains multiple verses that address good corporate governance. These verses are found in Sura Ar Rahman, specifically verses 7-9. The verse speaks about corporate governance best practices. In Islam, equilibrium is defined by two concepts: al-is (justice) and tawazun or mizan (balance). Though physical occurrences have social ramifications, tawazun is more frequently utilized to explain them. As a result, it frequently becomes the domain of al-is, or justice, as a manifestation of tawhid, particularly in social contexts like business and economic fairness. The parties to the engagement are expected to act appropriately in expressing their circumstances and will, to carry out the agreements they have made, and to meet all of their obligations in the framework of (social) justice.

The banking industry has also adopted GCG and CSR, proving that they are not just applicable in specific industries. Good corporate governance, or GCG, is currently highly valued. Conventional and Islamic banks have both embraced GCG and CSR as an effort to raise performance standards and ensure adherence to relevant laws and moral guidelines (Wulandari, 2023). This leads to the realization of two GCG perceptions: first, GCG is essential to the company's development in order for it to become better and more well-known so that it can reap long-term benefits (Kusmayadi et al., 2015).

In light of this, this research will look at how CSR (Corporate Social Responsibility) and GCG (Good Corporate Governance) impact a business's financial performance, especially banking companies listed between 2017 and 2022 on the Indonesia Stock Exchange. With an emphasis on ROE (Return On Equity), the analysis seeks to ascertain if the implementation of GCG and CSR has an impact on the business's financial performance simultaneously or in part. The study's findings are intended to aid in enhancing comprehension of the importance of GCG and CSR implementation in enhancing the financial performance of Indonesian businesses.

2. METHOD

This study employed a quantitative research methodology to evaluate certain hypotheses by analyzing the correlation between research variables. Because of its shown ability to be specific, objective, quantitative, logical, and systematic, this research methodology is considered scientific. Because this research incorporates statistics and takes the shape of numbers, it is known as the quantitative technique (Sugiyono, 2013). Additionally, the research's focus and site include Financial data for banking businesses listed on the Indonesia Stock Exchange (IDX) is obtained from www.idx.co.id, the exchange's official website.

Research Instruments

a. Analysis of Research Instruments
   The research will focus on banking businesses financial data will be obtained from the Indonesia Stock Exchange's official website, www.idx.co.id, and that are listed on the Indonesia Stock Exchange (IDX).
b. Statistics
   Descriptive statistical analysis is the process of using statistics to characterize the data that has been acquired. The goal of this study, according to Ghozali in 2018, is to provide an overview of the data or characterize the variables using the mean, minimum, maximum, and standard deviation values (Rosdiani & Hidayat, 2020). In order to present an

overview of the research, descriptive statistics are used to describe data into clearer and simpler to comprehend information. These relationships are proxied by the organization's size and the board of directors and show the links between independent variables.

Sampling Method

Method of sampling Purposive sampling, a technique for selecting data sources with specific considerations, is employed in this study. Having qualities or qualities that are relevant for the research is one of the concerns.
Taking into account the aforementioned standards, specifically:

1. Banking firms that were listed on the Indonesia Stock Exchange from 2017 to 2022
2. Banks that provide yearly financial statements between 2017 and 2022
3. Financial institutions that offer information based on the study's variables

Following the establishment of these standards, investigators will choose populations that exhibit the aforementioned traits. This selection's outcomes are then utilized as a study sample.

Data Collection Methods

Researchers employ the data gathering method as a way to gather or acquire data. The documentary The data used in the study were yearly financial statements, which are accessible to each company at www.idx.co.id. This study makes use of secondary data sources.

Data Collection Techniques

The business's yearly financial statements, corporate performance summaries, and market statistics from data sources relevant to the information required are audited or matched as the method of data collecting in this study.

Variable Operational Definition

There are two variables in this study: X and Y. To facilitate the measurement of the degree of effect or relationship between the two and the acquisition of the required data from each variable, the following actions have been taken:

1. Dependent Variable (Y)

Sugiyono (2016) claims that it is a variable that affects something else or turns into a cause and effect as a result of the Independent Variable (X). The financial success of the company is the “Y” research variable.

2. Independent Variable (X)

According to (Sugiyono, 2013), Y's appearance or change can be clarified by pointing out that it is caused by an independent variable. The following make up the Independent Variables (X) in this study:

A. Good Corporate Governance (X1)
   Sub variables: Board of Commissioners, Directors and Audit Committee
B. Corporate Social Responsibility (X2)

It is stated whether or not X variable can effect Y variable based on study on based on speculation and earlier research, the factors that have been reported, as well as the factors and signs associated with the report.

Data Analysis Methods

Following processing, the data will be examined to draw conclusions regarding the issues that still exist. In this inquiry, multiple linear regression analysis is the strategy used. SPSS was utilized in this study to make the analysis process easier. Complete the study data by doing the traditional assumption tests for normality, heteroscedasticity, multicollinearity, and autocorrelation before moving on to multiple linear analysis.

1. Statistics Description

An empirical description of the data gathered for the investigation is given via descriptive statistics. where the information is grouped for processing and tabulated for presentation. The tabulation includes a number of research variables, encompassing the following: the number of members of the Board of Directors, the Board of Commissioners, the Audit Committee, the Board of Directors, the Board of Directors, the Board of Directors, the Board of Directors, the Board of Directors, the Executive Committee, and Corporate Social Responsibility (CSR). A number of explanations are also provided in the table, including mean values, standard deviations, amounts, maximum and lowest values.

2. Classical Assumption Test

a. Normality Test

To determine if the information collected from various research variables originated from normally distributed data or not, the data normalcy test was performed (Sari et al., 2017).

b. Heteroscedasticity Test

Heteroscedasticity denotes a non-constant variance in the disorder's variable. This test was designed to ascertain whether the regression model's residual error varied unevenly between observations.

c. Multicollinearity

Finding out if there was any association between the variables was the aim of this test.

d. Autocorrelation

To determine if there was a relationship among the confusion error in the linear regression model's t-period and confusion error in the t-1 period (prior), autocorrelation was used. (Najmah et al., 2022).

3. Multiple Linear Regression Analysis

The approach was multiple regression analysis utilized in this study's data processing. To determine whether the ratio interval measurement scale in a linear equation significantly affected the independent and the study employed multiple regression analysis with dependent variables.

3. RESULTS AND DISCUSSION

3.1 Results

3.1.1 Overview of the Research Object

The company's financial performance (ROE), the dependent variable in this study, is analyzed in relation to the independent variables, which are reflected in the standard of the board of directors, commissioners, and audit committee, as well as the application of CSR. Included in the research population are banking businesses that were listed on the Indonesia Stock Exchange between 2017 and 2022. After six years of investigation, a total of 60 samples were gathered, with up to 10 companies making up the sample of companies that were successfully secured and matched the criteria. The financial statements on the websites of linked companies and The official website of the Indonesia Stock Exchange is www.idx.co.id,

provided the data for this study. Purposive sampling is used in data processing to choose samples for this investigation.

3.1.2 Descriptive Statistics

Statistics that are employed to characterize and analyze data or characterizing gathered data are known as descriptive statistical analysis. This study, according to Ghozali in 2009, attempts to provide an overview or describe data in variables based on observations of the mean, minimum, maximum, and standard deviation values. When describing data, descriptive statistics are used to create information that is more comprehensible and gives a summary of the research in the form of associations between independent variables that are proxied by the board of directors' size and the company's size. Table 3.1 below displays the findings of the investigation using descriptive statistical analysis:

Table 3.1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Board of Commissioners	60	3.00	6.00	4.6167	1.16578
Directors	60	3.00	6.00	4.5167	1.14228
Audit Committee	60	2.00	3.00	2.4833	.50394
CSR	60	.55	.98	.7403	.13273
ROE	60	.41	4.91	2.7145	1.23320
Valid N (listwise)	60				

Table 3.1 indicates that there are 60 data points for each valid variable. The Board of Commissioners' 60 GCG sample data has a 3.00 minimum value and a 6.00 maximum value. The average for the years 2017–2022 period is 4.6167, using 1.16578 as the standard deviation. This shows that the average value is higher greater than the value of the standard deviation, resulting in a low data deviation and an even distribution of values.

The Board of Directors variable in the GCG variable has a 3.00 minimum value and a 6.00 maximum value. Its standard deviation is 1.14228 and its mean value is 4.5167. This means that the distribution of the value is even because more than the standard deviation, the mean value, which indicates that there is little data deviation.

The GCG variable (Audit Committee) has a value range of 2.00 at the minimum and 3.00 at the maximum. Its standard deviation is 0.50394 and its mean value is 2.4833. These values show that the distribution of the value is even because the value of the mean exceeds that of the standard deviation.

It is known that CSR (X2) from 60 samples has a 0.55 minimum value, 0.98 as the greatest value and 0.7403 as the mean for the 2017–2022 period, and a typical deviation value of 0.13273. This suggests that the average value of CSR for the 2017–2022 period is higher than the standard value, resulting in a low data deviation and an even distribution of values.

According to data on CSR (X2) from 60 samples, The values range from 0.55 to 0.98, minimum to maximum. The mean value for the 2017–2022 period is 0.7403, and 0.13273 is the standard deviation. This indicates that the mean value of CSR for this period is higher than the standard value, resulting in a low data deviation and an even distribution of values.

3.1.3 Classical Assumption Test Results

Normality Test

To ascertain if the population data in a study is regularly distributed or not, a normality test must be run. The Kolmogorov-Smirnov test was employed as the methodology to assess the data's normalcy in this investigation. By comparing the data distribution with the conventional normal distribution, the Kolmogorov-Smirnov test determines if the data are

normal. Z-score data is changed from the usual normal distribution. The distribution of the data is considered abnormal if the Kolmogorv-Smirnov test significance value is less than 0.05, and normal if it is greater than 0.05. Table 3.2 below displays the Kolmogorov-Smirnov test findings:

Table 3. 2 Normality Test (One-Sample Kolmogorov-Smirnov Test)

		Unstandardized Residual
N		60
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	.15903145
Most Extreme Differences	Absolute	.123
	Positive	.098
	Negative	-.123
Kolmogorov-Smirnov Z		.952
Asymp. Sig. (2-tailed)		.325

a. Test distribution is Normal

The value of significance in this test is 0.325, which is higher than the 0.05 minimal significance level, as shown in the above table. From this, It can be deduced that the study's data are regularly distributed.

Heteroscedasticity Test

The heteroscedasticity test looks for variance inequality between the residuals of different observations in linear regression models. Regression models without homoscedasticity or heteroscedasticity are considered good. The glacier test is used in this study to test for heterokedasticity, with the assumption that If the independent variable's Sig value is higher than 0.05, then the data examined this study's findings do not demonstrate any signs of heteroscedasticity. The following are the findings from the glacier test shown in figure 3.1:

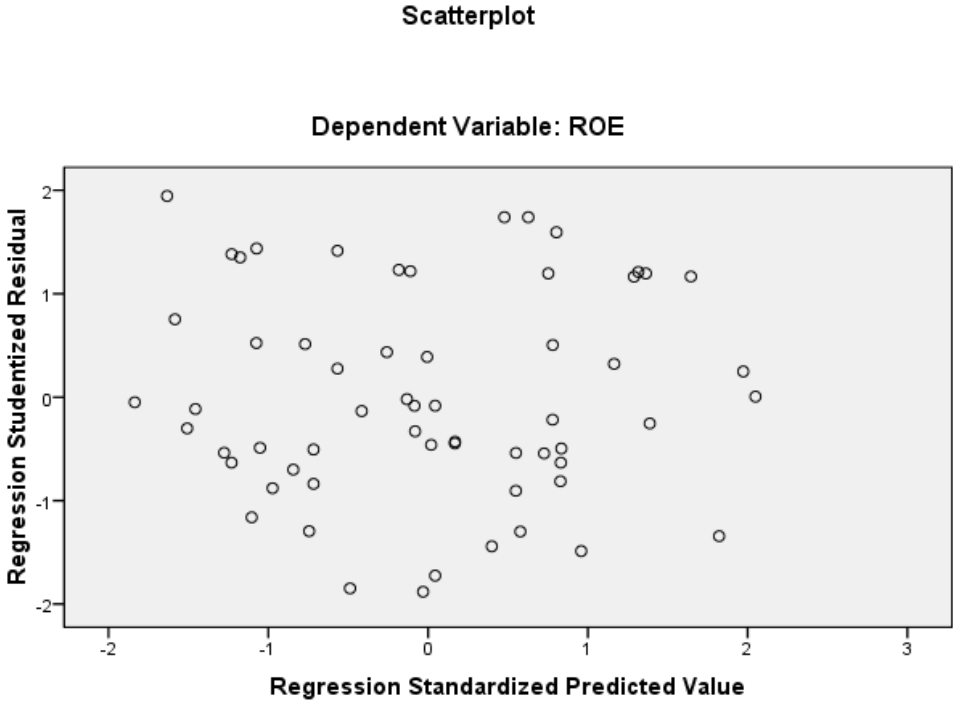

Figure 3. 1 Heteroscedasticity Test

It may be concluded that the evaluated data is devoid of heteroscedasticity symptoms based on the scatterplot pattern, which shows that there is no obvious pattern formed by the dots.

Multicollinearity Test

To determine whether or not there is a correlation between the independent variables, a multicollinearity test is necessary. Regression models that are good must not exhibit any signs of correlation between independent variables. Independent variables are not orthogonal if they exhibit correlations with one another. Independent variables classified as orthogonal have a correlation value of 0 with respect to other independent variables separate factors. Variance Inflation Factor, or VIF, and tolerance levels were used in this investigation, are used for multicollinearity testing. Multicollinearity occurs when the VIF value is less than 10 and the tolerance value is larger than 0.1 (Setyarini, 2020). Table 3.3 below displays the multicollinarity test findings for this investigation.

Table 3. 3 Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Siq	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.233	.212		15.245	.000		
	Board Of Commissioners	.016	.019	.083	.829	.411	.926	1.079
	Directors	-.083	.019	-.427	-4.416	.000	.992	1.008
	Audit Committee	-.194	.044	-.439	-4.394	.000	.930	1.075
	CSR	.358	.163	.214	2.204	.032	.987	1.013

a. Dependent Variable: ROE

It is evident from the table that the tolerance and VIF values of each independent variable are greater than 0.1 and less than 10, respectively, indicating that the tested data is devoid of multicollinearity symptoms.

Autocorrelation

Seeks to determine whether The linear regression model shows a correlation between confounding errors in period t and confounding errors in period t-1. The autocorrelation test value, or the difference between the residuals ٦res = 0, is represented by this value. Next, the statistical value of Durbin Watson is compared with this d value of 41. The Durbin Watson Test is employed in this investigation to determine the presence or absence of autocorrelation. According to (Zulkarnain et al., 2024), The Durbin Watson result indicates the absence of autocorrelation if it falls between 1.54 and 2.46. Therefore, it may be said that the study model does not include autocorrelation based on these provisions.

Table 3. 4 Autocorrelation

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-watson
1	.587[a]	.344	.282	.18751	1.951

a. Predictors: (Constant), Unstandardized Residual, Board Of Commissioners, Directors, CSR, Audit Committee

b. Dependent Variable: LAG_Y

The table indicates that the DW value is 1.951, indicating that 1.951 is less than 4-dU and larger than half of dU.

Regression Analysis

We apply to determine the effect of Independent Variables, X1, X2, on Y, multiple linear regression analysis is used. The analysis's findings are displayed in the table below:

Table 3. 5 Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Siq	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.233	.212		15.245	.000		
	Board Of Commissioners	.016	.019	.083	.829	.411	.926	1.079
	Directors	-.083	.019	-.427	-4.416	.000	.992	1.008
	Audit Committee	-.194	.044	-.439	-4.394	.000	.930	1.075
	CSR	.358	.163	.214	2.204	.032	.987	1.013

a. Dependent Variable: ROE

The chart indicates that the board of commissioners has no control over ROE, CSR has a beneficial impact, but the audit committee and board of directors have a negative one. A variable's impact can be determined based on its significance. This test's regression equation is:

Equation:

$$ROE = 3{,}233 + 0{,}016X_1 - 0{,}083X_2 - 0{,}194X_3 + 0{,}358X_4 + \varepsilon$$

X_1 : Board Of Commissioners
X_2 : Directors
X_3 : Audit Committee
X_4 : Corporate Social Responsibility
ε : Error

Hypothesis Test Results

In this investigation, there were two independent variables, and the T test was used to assess each one's impact on the dependent variable separately. The following are the test results:

Table 3. 6 T Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Siq	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.233	.212		15.245	.000		
	Board Of Commissioners	.016	.019	.083	.829	411	.926	1.079
	Directors	-.083	.019	-.427	-4.416	.000	.992	1.008
	Audit Committee	-.194	.044	-.439	-4.394	.000	.930	1.075
	CSR	.358	.163	.214	2.204	.032	.987	1.013

a. Dependent Variable: ROE

Table 3.7 presents the research findings for the t test conclusions based on Table 3.6 above.:

Table 3. 7 T Test Conclusion

Variable	Information
Board of Commissioners	No Effect
Directors	Negative Influence
Audit Committee	Negative Influence
CSR	Positive Influence

3.2 Discussion

There are some parallels and divergences between the conclusions of the previously mentioned studies as well as the research I'm doing. First, Tati Rosyati and Fina Fitriyana (2022) discovered that Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) jointly have a considerable beneficial effect on Economic Value Added (EVA) in banking organizations. I used their findings to compare with my own research. Second, Ayu Dwi Wahyuni and Sbapari (2022) demonstrated that, in contrast to Corporate Social Responsibility (CSR), independent boards In the food and beverage industry, the percentage of commissioners and managerial ownership has a positive effect on Return On Assets (ROA).

Third, studies conducted in 2022 by Syeren Al Gista and Dewi Prastiwi showed that CSR significantly affects ROA, ROE, and Tobin's Q in banking organizations. Fourth, while CSR does not directly affect banking organizations' profitability, Hayu Mas Wrespatiningsih and Luh Putu Mahyuni (2022) discovered that it significantly improves green banking practices. Fifth, with the exception of CAR, Kevin and Wahidahwati (2023) demonstrate that the value of banking companies is significantly impacted by the disclosure of financial performance and CSR.

Additionally, CSR, tangibility, and firm size were found to have a substantial impact on the banking industry's financial performance, stability, and inclusion by Amelia Sabela Cahyaningrum and Harjum Muharam (2023). According to Kusumaningdiah Retno Setiorini, et al. (2022), CSR significantly reduced the financial distress of Islamic banking organizations, whereas GCG had no discernible impact on it. Research by Citra Kristin and Fadrul (2022) demonstrates that while CSR, or corporate social responsibility, has no beneficial effects on the value of banking organizations, profitability (ROA) does.

According to Nurul Hikmah et al. (2023), corporate governance has the ability to mitigate the effect that CSR and business size have on banking firms' worth. Lastly, Dwi Tiara Nastiti, et al. (2022) found that managerial ownership significantly increased ROA in banking organizations, but the percentage of the independent board of commissioners and the audit committee had no discernible impact on ROA.

The impact of GCG and CSR on other aspects of the performance of banking companies, including EVA, ROA, ROE, Tobin's Q, firm value, financial crisis, etc., is generally not well-represented in the studies mentioned above. While some research revealed no significant effect, others found a considerable favorable affect. The focus on more particular variables and samples—specifically, the impact of GCG, CSR and the Return on Equity (ROE) of financial institutions that are listed on the Indonesia Stock Exchange —sets my research apart from previous studies.

3.2.1 The Influence of the Board of Commissioners on Financial Performance (ROE)

The board of commissioner’s variable had a significant value of 0.809, which exceeded the 0.05 significance level, according to the results. This indicates that ROE is not significantly impacted by the board of commissioners variable. It may be inferred from the study's findings that ROE is not significantly impacted by the board of commissioners variable. These results

suggest that the commissioners' involvement in improving the company's financial results is still subpar.

This outcome is consistent with (Lumbanraja, 2021), which similarly discovered that the performance of the corporation is positively but marginally impacted by the board of commissioners. Their less-than-ideal position may be caused by elements encompassing the commissioners' board lack of independence, skill, or participation in strategic decision-making.

3.2.2 The Influence of the Board of Directors and the Audit Committee on Financial Performance (ROE)

Based on the data, the board of directors' variable had a significance value of 0.044, which was below the significance level of 0.05. It is clear from this that the board of directors' variable has a big influence on ROE. As per the analysis, the board of directors (β = -0.115; Sig. = 0.044) and audit committee (β = -0.138; Sig. = 0.013) have a considerable negative impact on ROE. The financial performance should be enhanced by having capable directors and a strong audit committee. However, a lack of competence, independence, or the existence of conflicts of interest that impair their performance could be the source of these outcomes.

This outcome is consistent with (Khanchel, 2007), which discovered a substantial detrimental impact of the audit committee on ROE. Larger audit committees can be more or less effective depending on a number of factors, such as excessive bureaucracy or a lack of attention to the details that matter most for the company's financial control.

3.2.3 The Effect of Corporate Social Responsibility (CSR) on Financial Performance (ROE)

The findings demonstrated that ROE was significantly positively impacted by the CSR variable (β = 0.212; Sig. = 0.000). These results bolster the claim that, by fostering stakeholder support and consumer loyalty, effective CSR initiatives can boost a business's financial success in addition to enhancing its reputation.

These findings concur with those of (Ofori et al., 2014) who discovered that businesses with strong CSR policies typically have greater return on equity. This demonstrates that the company's CSR investment and commitment benefit the business financially as well as socially and ecologically by raising the company's value through improved financial performance.

4. CONCLUSION

The study's data, according to descriptive statistical analysis, have a fairly even distribution, as shown by the majority of the variables' mean values being higher than their standard deviation values. The data are suitable for Using the results of the traditional assumption test, multiple linear regression analysis, since they are normally distributed, do not exhibit heteroscedasticity or multicollinearity, and do not exhibit autocorrelation.

Regression analysis results indicate The return on equity (ROE) is negatively impacted by the variables pertaining to the audit committee and board of directors, whereas ROE is positively impacted by the variables pertaining to corporate social responsibility (CSR). The variables of the board of commissioners have no effect on ROE. According to the t test results, ROE is not significantly impacted by the factors of the board of commissioners, but it is severely impacted negatively by the variables of the board of directors and audit committee, and significantly positively by the CSR variables.

Research findings show that while effective CSR policies do positively affect a company's financial success, good corporate governance practices may not always have a beneficial effect.

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