PROFITABILITY: THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE IMPLEMENTATION

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Abstract

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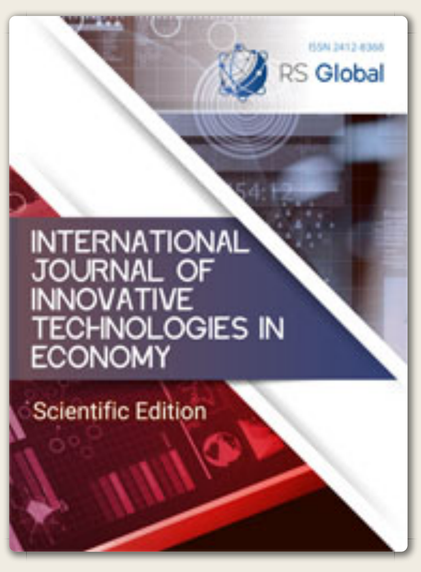

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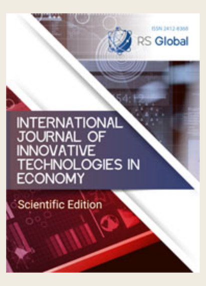

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ABSTRACT

The purpose of this observation is first, to determine the impact of Corporate Social Responsibility (CSR) implementation on the profitability of banking corporates registered on the Indonesia Stock Exchange (IDX) in the 2017-2021 period. The second is to determine the impact of Corporate Governance (CG) implementation on the profitability of banking corporates registered on the IDX in the 2017-2021 period. The sampling method is purposive sampling. Based on the results of the observation, it can be conducted that CSR has no significant effect on profitability, while CG with the indicators of institutional ownership, managerial ownership, board of commissioners, board of directors, and audit committee has a significant positive effect on profitability.

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Introduction. Corporate Social Responsibility (CSR) and Corporate Governance (CG) within the organization are one of the demands that an organization is not abandoned by increasing extreme global competitors. Monetary emergencies in Asia and Latin America emerged as a result of the inability to implement CSR and CG. Until now, the Covid 19 pandemic has restricted organizations from planning flexible and inventive CSR projects to address local issues. Likewise, organizations feel that organizational development and productivity in addition to other social goals are very important. CG exercises by looking at the perspectives contained in the organization's annual report can strengthen the organization's presentation in the midst of the Covid 19 pandemic.

The importance of corporate CSR behavior and the need for CSR reporting appear in response to the many corporate scandals, financial crises, climate change, and concerns about labor rights, product safety, and poverty reduction (Bonsón & Bednárová, 2015). Therefore, it is necessary to seek sustainable development and must be more than just an effective community liaison tool adopted by companies to increase their profitability. Legitimacy theory can be defined as the overall assertion or suspicion that an element's activity is attractive, appropriate, or conforms to some socially developed standard, belief, and definition (Suchman, 1995). The notion of legitimacy is particularly used in institutional examinations related to the similarity of associations with societal guidelines and standards (Steen et al., 2021).

Purnamawati et al. (2017) CSR is a company's effort to balance its commitment to groups and individuals within the company, including other companies, customers, employees and investors. Investors will invest in companies that carry out CSR activities, meaning that companies prioritize sustainable practices. Implementing CSR has a positive impact on the company to increase efficiency and organizational capabilities which will provide organizational benefits which will ultimately affect the determination of funders. Silvana (2021) says that the stakeholder content analysis method is used to measure CSR performance through reporting activities. The Government of Indonesia approved Law No. 40 of 2007 which affirms the implementation of social responsibility, a law concerning the obligations of people who carry out business activities in the business sector and those related to natural resources to fulfill social and environmental responsibilities.

Wibowo (2010) said that CG is a set of processes, habits, rules, policies, and institutions that influence the direction, control, and company or incorporation management. Umarella (2020) said that companies in Indonesia have not been able to take CG seriously, because the company has no fully developed corporate culture as the core of CG. In implementing of the CG concept need commitment from all members of the organization and taking the trust of the public and the international community as an absolute requirement for the normal company development, the ultimate goal is to achieve shareholder value. The reason for choosing a banking corporate because it can be expected to have bright prospects. Currently, the Indonesian people are consistently inseparable from the banking administration and banking organizations have a strong commitment to state payments.

Several previous studies saw the relationship between the implementation of CSR and CG, as one of the factors in this study. Filieri (2015) said that in contrast to South Korea, India, Thailand, Malaysia, the Philippines and Singapore, the infiltration of CSR announcements in Indonesia took the last position with 24%. Purnamawati et al. (2017) who argues that the implementation of CSR is incompatible with the idea of a line of business where the organization's goals are likely to expand profits for shareholders, not for the local area. Hartono & Nugrahanti (2014) say that there is a positive relationship between the board of directors and financial performance. However, there are several studies that reveal different results, according to Sayidah (2005) saying CG has no significant effect on banking performance. Puspitasari & Ernawati (2010) revealed that CG which includes managerial ownership, size of the board of commissioners, independent commissioners, and concentration of ownership does not affect Return on Assets (ROA).

This study uses CSR and CG as independent variables. In addition, this study uses profitability as the dependent variable. This study uses a sample of banking corporate registered on the IDX. The observation period for this research is 2017 to 2021.

Thus, the purpose of this study is first, to determine the impact of implementing CSR on profitability in banking corporate registered on the IDX. Second, to determine the impact of CG implementation on the profitability of banking corporate registered on the IDX.

This study contributes to the existing literature, research findings will benefit policy makers by helping managers to change their decisions to increase profitability. Furthermore, stakeholders and investors scan formulate an appropriate picture of the usefulness of ownership structure in improving their decisions regarding profitability. Several researchers have investigated the impact of CSR and CG on profitability, especially in developing countries. So, it is very important to take a closer look at society, which will benefit researchers and investors by increasing profitability. Finally, this study shows that legitimacy theory, agency theory and stakeholder theory can be explained in depth from the relationship between CSR and CG on profitability. The practical contribution of this research is expected to be the provision of data and input for decision making and policies for management, and this research is expected to provide information and input for shareholders and potential investors in making investment decisions.

Research Framework. The practice of implementing CSR and CG cannot be separated from legitimacy theory, stakeholder theory, and agency theory. In this practice, CSR and CG are seen as obligations that are mutually agreed upon between the company and the community. The company's CSR and CG procedures seek to conform to societal norms. It is hoped that with effective CSR and CG disclosure, the company will gain support from the community so that it can improve performance and achieve company profits.

Legitimacy Theory explains that by implementing CSR and producing good financial performance, the company will get legal recognition from the public that its business has been running based on appropriate standards (Narayana & Wirakusuma, 2021). Legitimacy theory provides a theoretical basis for understanding how companies utilize voluntary disclosures to obtain or follow authenticity between companies and local area assumptions by doing CSR (Agustina & Pramana, 2019). According to legitimacy theory, associations continue to strive to ensure that companies are seen as working within boundaries and standards recognized by society (Narayana & Wirakusuma, 2021). The inability to fulfill collective agreements can encourage consent imposed by the community, so that it can affect the carrying capacity of company activities (Laskar & Gopal Maji, 2018).

Stakeholder theory explains that by disclosing CSR and providing good financial performance, companies can provide benefits to their partners, so that companies can be relied on and provide benefits to partners having a positive picture that can increase profitability (Narayana & Wirakusuma, 2021). Disclosure of corporate CSR is getting wider with the presence of female board members because female commissioners will be more thorough in disclosing CSR matters to provide more straightforward information to stakeholders (Olga et al., 2020).

Agency theory explains the existence of irreconcilable circumstances caused by the possibility of specialists acting contrary to their primary interests, thus creating agency costs (Jensen & Meckling, 1976). However, because the interests of management are not always consistent with the interests of the company's shareholders, it is necessary to design any incentive mechanism for agents to manage the company in a way that maximizes the interests of the company (Zhang et al., 2008). In terms of the design of incentive mechanisms, agency theory states that when corporate governance does not have incentive mechanisms, and management selection is likely to result in losses to the company (Schulze et al., 2001). According to Aaijaz & Dahlan (2012) the right action to reduce with supervision can be completed by implementing CG in the organization.

Corporate Social Responsibility is awareness of social welfare by parties other than company management, which has given rise to a new trend in the business sector, namely seeking profit that is focused on the triple bottom line rather than the single bottom line (Purnama & Trisnaningsih, 2021). In Indonesia, CSR is a series of events, workshops, conversations, get-togethers related to various corporate social responsibility efforts towards the region and the local climate which means disseminating data on the achievements and implementation of companies in regional corporate social responsibility projecting regional strengthening (Dewanti & Mulyadi, 2020). The implementation of this CSR program has not been fully recognized by certain individuals. This is because there is no consideration regarding the implementation of the organization's CSR.

Corporate Governance is the construction, framework and interaction used by corporate organs with the ultimate goal of offering the included benefits to the company on the premise of being sustainable in the long term, while taking into account the interests of different partners and furthermore thinking about ethics, morals, culture and material other guidelines (Purnama & Trisnaningsih, 2021). The Indonesian Institute for Corporate Governance (IICG) defines CG as a cycle and design applied in running an organization, with the principal goal of increasing investor self-esteem in the long term while taking into account the interests of different bettors. CG refers to a procedure made within the company that approves the regulatory body to inform the material reality about the circumstances of different shareholders and partners and make productive and appropriate choices within the company (Santoso, 2008). Thus, CG here describes the development of legal guidelines that oversee specialists and commitments of heads, officers, and investors (Vanderloo, 2005).

Profitability is a company estimated by the company's progress and ability to utilize resources profitably, as a result the profitability of a company is not fully determined by comparing the benefits obtained when the resources are absolute or how much the company's capital is (Sulaksono et al., 2018).

CSR can have a positive effect on companies through CSR activities and companies can increment public believe within the company, thereby increasing the company's reputation within the eyes of the community (Gantino, 2016). Legitimacy theory emphasizes how companies will respond to social expectations (Wilmshurst & Frost, 2000). Therefore, legitimacy theory is passive (Cormier & Gordon, 2001). Mai (2017) says that there is an influence between social responsibility and Return on Investment (ROI). Yuan et al. (2022) found that there was a positive and significant relationship to profitability. Anthoni & Yusuf (2022) show that there is no effect of CSR on profitability. Therefore, the hypothesis proposed in this study is as follows.

H_1: CSR has a positive and significant effect on profitability.

This study uses 5 mechanisms to measure CG, namely institutional ownership, managerial ownership, board of commissioners, board of directors, and audit committee. In global currency emergencies, higher institutional holdings experience poorer stock returns during worldwide monetary emergencies (Erkens et al., 2012). Jensen & Meckling (1976) said that agency problems can be overcome by increasing institutional ownership, and reducing agency costs will increase company performance. Martsila & Meiranto (2013) show that better performers tend to have better performers, who may have more financial resources to pay board members. Daryaei & Fattahi (2020) found that profitability is significantly influenced by institutional ownership. Khafid (2017) shows that institutional ownership has no significant effect on profitability. Therefore, the hypothesis proposed in this study is as follows.

H_2: institutional ownership has aapositive effect on profitability.

Managerial ownership is the act of an individual to minimize supervisory problems. Managerial ownership a comparison of the owned by the company's management. The higher the manager's share ownership, the better the manager's desire to try as much as possible to increase company profits (Jensen & Meckling, 1976). Chen & Steiner (1999) who added that managerial ownership leads to debt reduction due to monitoring substitution, so managerial ownership can replace the role of debt in reducing agency costs. Managers' share ownership is given to the ranks of managers and other shareholders, because managers directly feel the impact of their decisions directly. Warfield et al. (1995) revealed that earnings quality increased when managerial ownership was high and found that managerial ownership had a negative relationship to discretionary accruals. Alkurdi et al. (2021) showed a negative relationship with ROA. Khafid (2017) says that managerial ownership has a significant effect on profitability. Therefore, the hypothesis that will be proposed in this study is as follows.

H_3: managerial ownership has a positive and significant effect on profitability.

The board of commissioners is the core of CG whose task is to ensure the implementation of corporate strategy, oversees management in corporate governance, and hold accountability. In accordance with POJK No. 55/POJK.03/2016 concerning the Implementation of Good Corporate Governance for commercial banks stipulates that banks must have independent commissioners with a composition of at least 50% of the total members of the board of commissioners. Kusumastati et al. (2022) said that the board of commissioners had no impact on financial performance. Therefore, it is better that the more members of the board of commissioners, the higher the profitability. On the other hand, the fewer members of the board of commissioners, the lower the profitability. According to Dalton et al. (1999) say that a high proportion of the board of commissioners has a favorable impact on financial performance. The activities of the board of commissioners are used to assess the effectiveness of its oversight. The company's performance will be more effective if the board of commissioners is more involved. Khoosyi et al. (2019) says that there is an influence between the board of commissioners and profitability but it is not significant, which means that if the board of commissioners is increased it will be able to lead to an increase in the company's financial performance. Therefore, the hypothesis proposed in this study is as follows.

H_4: the board of commissioners has a positive effect on profitability.

The board of directors is one of the most important elements in corporate CG. According to article 1 in Law no. 40 of 2007 concerning Limited Liability Companies, the board of directors of the company's core organ responsible for business management in accordance with the company's objectives in carrying out internal and external control in accordance with the provisions of the budget. The board of directors is responsible for determining the company's strategy and serves as an intermediary to align the interests of managers and shareholders (Comino-Jurado et al., 2021). Jensen (1993) states that it is not easy to get a decision from a large board of directors because it takes more time to discuss each idea, which can reduce efficiency in decision making. Petchsakulwong & Jansakul (2018) revealed that the board of directors has a positive and statistically significant relationship with profitability. In addition, Sondokan et al. (2019) says that the board of directors has no effect on profitability. Jadah et al. (2007) show that a small board of directors is more effective in monitoring the performance of a company's management team than a larger board, thereby increasing profitability. Therefore, the hypothesis proposed in this study is as follows.

H_5: the board of directors has a positive and significant effect on profitability.

The Indonesian Institute of Audit Committee (IIAC) explains that the audit committee is a committee that functions professionally and independently and is formed by the board of commissioners. The audit committee is a group of individuals selected by the members of the board of commissioners who will be responsible for overseeing the financial reporting and disclosure process. The effectiveness of the audit committee in principle encourages higher bank stability through the effect of reallocation of the lab and incentives to maintain a higher capital ratio (Nguyen, 2022). Beasley & Salterio (2001) found that large audit committees increase the quality of financial reports, because their effectiveness increases with the presence of experienced and competent members. However, there is no significant relationship between the audit committee on profitability (Khafid, 2017). Effendi (2018) says that the audit committee has a positive effect on profitability. Therefore, the hypothesis proposed in this study is as follows.

H_6: the audit committee has a positive and significant effect on profitability.

CSR is rooted in stakeholder theory. This theory asserts that every company may be accountable to every stakeholder which in the end collects benefits such as long term increase in company goodwill, capital accessibility (Fombrun et al., 2000). The company warns that CSR involvement can lead to sacrifices, require a longer payback period and be forced to illegally corner the public's attention, in CG the concept of CSR is still in the embryonic stage to be adopted by local companies (Pillai & Al-Malkawi, 2018). In addition, Rettab et al. (2008) commented that CSR relationships in developing countries are based on stakeholder perceptions and reactions to CSR activities. Pillai & Al-Malkawi (2018) found that the variables of governance and CSR haveea significant effect on company performance. Djamilah & Surenggono (2017) say that CSR and CG have a positive effect on ROA. Therefore, the hypothesis proposed in this study is as follows.

H_7: CSR and CG have a positive and significant effect on profitability.

Materials and Methods.

Population and Research Sample. The population in this study are banking corporates registered on the IDX from 2017 to 2021. The existing population will be used as a research sample. The sampling method used in this research is purposive sampling. In this study, the following criteria will be used: 1. Banking companies listed on the IDX from 2017 to 2021, 2. Banking companies that issue annual reports and sustainability reports for the financial year ending December 31, 2017 until December 31, 2021, and 3. Data on banking companies with complete and clear profiles. Based on existing standards, 20 banking companies were randomly selected and observed for 5 years (2017-2021), with a total sample of 100 samples.

Source and Type of Data. This analysis collects data from banking corporates registered on the IDX from 2017-2021. The type of data in this study is secondary data, based on the data sources used. The secondary data sources in this study are the annual reports and sustainability reports of banking corporates.

Data collection in this study using the method of documentation. The documentation method in the research data collection process is collecting annual reports and management reports of the banks, companies listed on the IDX and various information that can be used in research, such as non-financial data from the website www.idx.co.id, and the official website of banking corporates.

The research objects in this study are the implementation of CSR and CG at banks listed on the IDX during the 2017-2021 period. Banking companies were chosen as research samples because banks are one of the economic actors on which the state relies and one of the drivers of the community's economy.

Based on data obtained from the IDX through its website www.idx.co.id, the population of this study is the banking corporates recorded during the study period reached 45 companies. The population was re-elected according to predetermined sampling criteria. The results of the sample selection are shown in Table 1.

Table 1. The Selection of Research Sample

No.	Descriptions	Total Company
1.	Banking corporates listed on the IDX from 2017-2021	45
2.	Banking corporates without completely data and no published annual reports consistently	25
	Sample Corporates amount in a year Totally research sample from 2017 – 2021	20 100 samples

Source: Data processed, 2022

The measurement of the independent variable and the dependent variable of this study is shown in Table 2.

Table 2. The Measurement of Research Variable

No.	Research Variable	Measurement	Reference
1.	CSR CSRI = disclosure index of corporate CSR ∑XiJ= number of items fulfilled (1= if the item is disclosed, 0 = if the item is not disclosed) nJ=number of items for the company J nJ≤117 (GRI Standards, 2021) Environmental, social, and economic performance in the annual report or separate report is intended to reflect the level of accountability, responsibility, and transparency of the company to investors and other stakeholders.	$CSRI = \frac{\sum XIj}{nJ}$	Litfin et al. (2017)
2.	Institutional Ownership Share ownership by the government, financial institutions, legal entities, foreign institutions, representatives and other institutions at the end of the year.	Number of institutional shares/Total shares outstanding.	Sukirni (2012)
3.	Ownership Manager Ownership shares by the management of the company as measured by the percentage of the number of shares owned by management to the number of shares outstanding.	Number of managerial shares/number of shares outstanding.	
4.	Board of Commissioners Members of the board of commissioners who has no relationship with management, may affect their ability to act in the interests of the company.	Number of Board of Commissioners	Rahmawati et al. (2017)
5.	Board of Directors Balance the decision-making process, especially those related to the integrity of the information in the financial statements.	Number of boards of directors	

No.	Research Variable	Measurement	Reference
6.	Audit Committee A department that oversees the management of the company.	Total number of audit committee	Davidson et al. (2005)
7.	Profitability The profitability of a company will show the company's ability to generate profits.	$ROA = \frac{\text{net profit after tax}}{\text{assets total}} \times 100\%$	Brigham & Houston (2015)

Data Analysis Method. The analytical method used in this research is multiple linear regression analysis technique, classical assumption test and hypothesis testing for data processing with the help of SPSS version 28.0 program. This technique is used to determine the effect of CSR, institutional ownership, managerial ownership, board of commissioners, board of directors and audit committee on the profitability of banking companies on the IDX. The form of the multiple linear regression equations as follows.

ROA = a + b_1 CSR + b_2 Institutional Ownership + b_3 Managerial Ownership + b_4 Board of Commissioners + b_5 Board of Directors + b_6 Audit Committee + e_i

Results. The results of managing descriptive statistics of data are presented in Table 3 below.

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	100	1.42	94.56	33.84000	20.07819
Institutional Ownership	100	0.01	1.29	0.4920	0.27247
Managerial Ownership	100	0.00	8.69	0.4967	1.17981
Board of Commissioners	100	2.00	12.00	6.0300	2.69101
Board of Directors	100	3.00	14.00	7.8600	3.17509
Audit Committee	100	1.00	10.00	3.8400	1.65584
ROA	100	1.01	9.58	4.5825	2.54817
Valid N (listwise)	100				

Source: Processed results of SPSS 28 (2022)

The results of descriptive statistics are presented in Table 3, showing the number of observations as many as 100. CSR is known to have a minimum value of 1.42 and a maximum value of 94.56. The average value is 33.84 with a standard deviation of 20.07. It is known that institutional ownership has a minimum value of 0.01 and a maximum value of 1.29. The average value is 0.4920 with a standard deviation of 0.2724. Managerial ownership is known that the minimum value is 0.00 and the maximum value is 8.69. The average value is 0.4967 with a standard deviation of 1.17981. The board of commissioners is known that the minimum value is 2.00 and the maximum value is 12.00. The average value is 6.0300 with a standard deviation of 2.69101. The board of directors is known that the minimum value is 3.00 and the maximum value is 14.00. The average value is 7.8600 with a standard deviation of 3.17509. The audit committee is known that the minimum score is 1.00 and the maximum value is 10.00. The average value is 3.8400 with a standard deviation of 1.65584. ROA is known that the minimum value is 1.01 and the maximum value is 9.58. The average value is 4.5825 with a standard deviation of 2.54817.

The Classic Assumption Test

The test using multiple linear regression analysis, it's necessary it avoid deviations from classical assumptions to avoid the problems in multiple regression analysis usage. This study has conducted a classical assumption test found that the data of this study were normally distributed, in the regression model there was no autocorrelation, this study did not have heteroskedasticity problems and this study did not have multicollinearity between independent variables.

Hypothesis testing

1. F-Test

Table 4. F-Test

ANOVA[a]						
Model		Sum of Squares	df	Maen Square	F	Sig.
1	Regression	46.796	6	7.799	1.217	0.305[b]
	Residual	596.028	93	6.409		
	Total	642.823	99			

Source: Processed results of SPSS 28 (2022)

From the results presented in Table 4.5 it shows that the calculated F value is 1.217 with a significance value of 0.305. The significance value is greater than 0.05, so it can be concluded that the independent variables CSR and CG simultaneously affect profitability.

2. t-Test

Table 5. t-Test

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	3.886			1.684	0.118		
	CSR	0.004	0.042	0.369	1.254	0.234	0.985	1.294
	Institutional Ownership	0.934	3.041	0.473	2.360	0.019	0.231	1.228
	Managerial Ownership	0.697	1.431	0.734	3.135	0.043	0.128	1.077
	Number of Board of Commissioners	0.125	0.562	0.322	2.559	0.036	0.168	2.453
	Number of Board of Directors	0.937	0.295	0.306	2.695	0.022	0.263	2.615
	Number of Audit Committee	0.028	0.609	0.528	2.275	0.027	0.104	1.077

Source: Processed results of SPSS 28 (2022)

The results of the test in this study can be seen in Table 5 multiple regression with the following results. The results of testing the effect of CSR on profitability show the value of sig. 0.234 > 0.05. Based on this, it can be concluded that there is no positive and insignificant effect so that the first hypothesis in this study was rejected. The results of testing the effect of institutional ownership on profitability show a significance value of 0.019 <0.05. Based on this, it can be concluded that there is a positive and significant influence so that the second hypothesis in this study is accepted. The results of testing the effect of managerial ownership on profitability show a significance value of 0.043 <0.05. Based on this, it can be concluded that there is a positive and significant influence so that the third hypothesis in this study is accepted. The results of testing the influence of the board of commissioners on profitability show a significance value of 0.036 <0.05. Based on this, it can be concluded that the board of commissioners has a positive and significant influence on profitability. The results of testing the influence of the board of directors on profitability showed a significance value of 0.022 <0.05. Based on this, it can be concluded that there is a positive and significant effect on profitability. The results of testing the influence of the audit committee on profitability showed a significance value of 0.027 <0.05. Based on this, it can be concluded that there is a positive and significant effect on profitability.

3. Coefficient of determination

Table 6. Coefficient of determination R^2

Model of Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.371	0.183	0.64	3.53285	1.614

Source: Processed results of SPSS 28 (2022)

The test results show the magnitude of the multiple correlation coefficient (R), the coefficient of determination (Adj R Square) and the adjusted coefficient of determination (Adjusted R Square), based on Table 6 the model summary shows that the adjusted R Square value is 0.64 or 64%. This means that the variation of profitability can be explained by the independent variables in this study by 64%, while the remaining 36% is explained by other variables not in this study.

Discussion. CSR has no effect on profitability as measured by ROA, so the first hypothesis is rejected. This is because to carry out CSR activities does not depend on profitability but the company's sensitivity in caring for social activities and corporate responsibility to the surrounding environment. This means that disclosure or not disclosure of CSR will have an impact on profitability in the opposite direction of influence. Therefore, CSR disclosure is considered important and is a factor that must be considered by companies. The results of this study are in line with the research of Anthoni & Yusuf (2022), which found that CSR has no effects on profitability, but is not in line with the results of research by Mai (2017) and Yuan et al. (2022) who found that CSR had a significant effect on profitability.

Institutional ownership influences the profitability as measured by ROA, so the second hypothesis is accepted. The results of this study are in line with the research of Daryaei & Fattahi (2020) who found that institutional ownership has a positive and significant effect on profitability, but is not in line with the results of Khafid (2017) research which found that institutional ownership has no significant effect on profitability. Increasing the presence of institutional investors is considered capable of being an effective monitoring mechanism in every decision made by managers, because institutional ownership will have great power in improving the quality of financial reports, including the completion time of audit reports in a short time.

Managerial ownership influences profitability as measured by ROA, so the third hypothesis is accepted. This shows that the higher the ownership of the management, the more motivated the management to make every possible effort to increase the profitability of the company. The results of this study are in line with the research of Khafid (2017) which found that managerial ownership has an effect on profitability, but is not in line with the research of Alkurdi et al. (2021) who found that managerial ownership had no effect on profitability.

The board of commissioners influence the profitability as measured by ROA, soothe fourth hypothesis is accepted. This shows that the greater the number of commissioners, the profitability will also increase. A high proportion of the board of commissioners has a favorable impact on financial performance. The results of this study are in accordance with the results of research by Khoosyi et al. (2019) which found that the board of commissioners had an effect on profitability, but it was not in accordance with the results of research conducted by Kusumastati et al. (2022) who found that the board of commissioners had no effect on profitability.

The board of directors influence the profitability as measured by ROA, then the fifth hypothesis is accepted. This shows that the number of the board of directors affects the effectiveness in carrying out their responsibilities in managing the company. The board of directors is responsible for determining the company's strategy and serves as an intermediary to align the interests of managers and shareholders. The results of this study are in line with the results of research conducted by Petchsakulwong & Jansakul (2018) which found that there is an influence between the board of directors and profitability, but it is not in line with the results of research conducted by Sondokan et al. (2019) which found that there was no effect between the board of directors and profitability.

The audit committee influence the profitability as measured by ROA, so the sixth hypothesis is accepted. The value that indicates the direction of a positive relationship can thus explain that the more audit committees the profitability will also increase, and vice versa, the decrease in the number of audit committees will have an impact on the decrease in profitability. The audit committee was able to improve the financial performance of banks due to reduced management's unhealthy behavior and increased investor confidence in banking. The results of this study are in line with the results of Effendi (2018) research which found that the audit committee had a positive effect on profitability, but it was not in accordance with the results of research conducted by Khafid (2017) which found that the audit committee had no effect on profitability.

CSR and CG simultaneously have a positive and significant effect on profitability, which means that H_0 is rejected and H_7 is accepted. This means that the implementation of CG can encourage the implementation of CSR to the community and the company's environment. CG in the form of high institutional ownership, managerial ownership, board of commissioners, board of directors and audit committee can encourage the emergence of demands to care about the company's environment. The public as shareholders of the company not only want the company's profits to play a role in social responsibility, so that high CG will encourage high CSR. High CSR will not be a burden, but is a social investment that ensures the public does not interfere with bank operations, so that the implementation of CSR can increase profitability. The results of this study are in accordance with the results of research by Pillai & Al-Malkawi (2018) and Djamilah & Surenggono (2017) who found that CSR and CG simultaneously affect profitability.

Conclusion. Based on the results of research that has been done, it can be concluded as follows. The results of hypothesis testing conclude that CSR does not significantly affect the profitability of banking corporate registered on the IDX for the period 2017-2021. The results of hypothesis testing conclude that CG with indicators of institutional ownership, managerial ownership, board of commissioners, board of directors and audit committee has a significant effect on profitability in banking companies listed on the Indonesia Stock Exchange for the periodd2017-2021. The results of hypothesis testing conclude that CSR and CG simultaneously have a significant effect on profitability in banking corporates registered on the IDX for the period 2017-2021.

Study this has theoretical implications as follows. This study shows that CSR has no effect on profitability. Not in accordance with the legitimacy theory which says that by implementing CSR can produce good profitability, and companies get recognition from the community. This does not become a barrier for the company to create an important role for the community so that it can increase profitability. Stakeholder theory becomes the basis for managing relationships in the form of good company performance, so that there is no decrease in profitability. This study shows that CG has an influence on profitability, so it is in accordance with agency theory that managers must develop relationships with the public to shape the reputation and image of the company, so that everyone tries to give their best to increase profitability. Practical implications in research: this is the result of the research that can be used as input for shareholders and potential investors in making decisions.

The limitation of this research is that the disclosure of CSR and CG information is limited to the annual reports of banking corporates. Most of the CSR and CG data used come from the company’s annual report and not all activities are disclosed in the annual report.

The suggestions given are as follows. Further research is expected to expand the sample of companies and increase the number of years. For further research development, it is expected to add other variables such as leverage, liquidity and solvency to develop CSR and corporate CG disclosure models.

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