

## The Role of Corporate Social Responsibility, Good Corporate Governance, and Financial Performance on Firm Value in the Indonesian Banking Industry

Yunike Berry<sup>1\*</sup>, Charmelia Fathimah<sup>2</sup>

Islamic University 45 of Bekasi<sup>1,2</sup>

Jl. Cut Meutia 83 Bekasi Timur, Jawa Barat, 17113 Indonesia

Corresponding Author: [yunikeberry@gmail.com](mailto:yunikeberry@gmail.com)<sup>1</sup>

### ARTICLE INFORMATION

#### Publication information

#### Research article

#### HOW TO CITE

Berry, Y., & Fathimah, C. (2024). The role of corporate social responsibility, good corporate governance, and financial performance on firm value in the Indonesian banking industry. *Journal of International Conference Proceedings*, 7(2), 590-xx.

#### DOI:

<https://doi.org/10.32535/jicp.v7i2.3480>

Copyright @ 2024 owned by Author(s).  
Published by JICP



This is an open-access article.  
License: Attribution-Noncommercial-Share Alike (CC BY-NC-SA)

Received: 21 September 2024

Accepted: 23 October 2024

Published: 25 November 2024

### ABSTRACT

Indonesian Banking Industry is one of the industries that remains strong in supporting national economic recovery during the Covid-19 pandemic. The firm value of banks in Indonesia has fluctuated during this period. The firm value can increase if it carries out Corporate Social Responsibility (CSR), in addition, good corporate governance (GCG) will encourage companies to manage professionally. This research aims to reexamine the influence of CSR, GCG, and financial performance on firm value listed on the Indonesia Stock Exchange in the banking sector. The method used in this research is a panel data regression analysis using secondary data obtained from financial statements and sustainability reports of banking companies listed on the Indonesia Stock Exchange during the 2019-2023 period. The conclusion shows that financial performance variables with the Return on Assets (ROA) indicator significantly influence the company's value. Meanwhile, CSR and GCG do not significantly influence firm value. The results of this research indicate that although ROE is an important financial performance indicator, investors may pay more attention to other indicators that are considered more relevant in determining company value, such as Return on Assets (ROA).

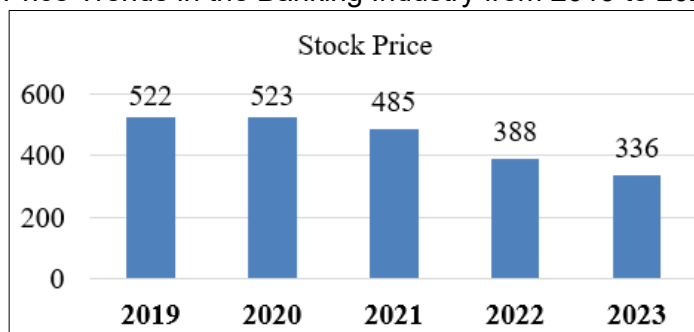
**Keywords:** Banking Industry; Corporate Social Responsibility; Financial Performance; Firm Values; Good Corporate Governance

## INTRODUCTION

The banking sector is a crucial component of Indonesia's economy, serving as a financial intermediary between those with surplus funds and those in need of capital. According to Law No. 10 of 1998 on Banking, banks are businesses that collect public deposits and redistribute them through lending and other financial services to enhance societal welfare. In this role, banks act as key drivers of economic growth by providing financial support to individuals, businesses, and other real sectors.

Every firm, including those in the banking sector, is fundamentally established with the goal of maximizing profits and optimizing long-term corporate value. According to [Indriani \(2019\)](#), a firm's value is based on investors' assessments of management's efficiency in controlling the firm's resources, as reflected in the stock price. For publicly traded companies, the stock price is a crucial component closely tied to corporate value ([Pristianingrum, 2018](#)). Below is a graph showing the stock price trends in the banking industry, based on the average closing prices from 2019 to 2023.

**Figure 1.** Stock Price Trends in the Banking Industry from 2019 to 2023



Based on the data in [Figure 1](#), the average closing stock price in the banking industry was IDR522 per share in 2019, slightly rising to IDR523 in 2020. However, starting in 2021, stock prices saw a sharp decline, dropping to IDR485 per share and continuing to fall to IDR388 in 2022. This downward trend reached its lowest point in 2023, with stock prices at just IDR336 per share. This decline poses a significant challenge for the banking industry. According to [Sembiring and Trisnawati \(2019\)](#), falling stock prices can lead to negative investor perceptions of a firm's performance, ultimately reducing its value.

Previous studies have identified various factors affecting corporate value. [Siregar and Safitri \(2019\)](#) suggest that corporate value can increase if a firm engages in and discloses Corporate Social Responsibility (CSR). CSR disclosure in sustainability reports can boost stakeholder trust, leading to higher corporate value through increased investment ([Siregar & Safitri, 2019](#)). Some studies, such as those by [Rahmantari \(2021\)](#) and [Selviyanti et al. \(2023\)](#), indicate that there is a relationship between CSR and firm value. Conversely, research by [Khasanah & Sucipto \(2020\)](#) and [Rosiva et al. \(2022\)](#) found that CSR does not significantly influence corporate value.

[Ilmi et al. \(2017\)](#) state that increasing a firm's value can be achieved by improving management's skills in effectively and efficiently controlling resources, which essentially means Good Corporate Governance (GCG). Alongside CSR, GCG is crucial for companies to create added value and promote professional management. Implementing

GCG can reduce conflicts of interest between management and shareholders, helping the firm achieve its goal of maximizing shareholder wealth ([Indrarini & Sukartiningsih, 2022](#)).

According to [Sari and Wulandari \(2021\)](#), managerial ownership can enhance corporate value because managers with ownership stakes are motivated to work harder and make wiser decisions, as these decisions directly impact their own wealth. Research by [Dewi & Abundanti \(2019\)](#) and [Selviyanti et al. \(2023\)](#) shows how managerial control and corporate worth are related. On the other hand, research by [Supriyono and Effendi \(2023\)](#) suggests that managerial ownership has little effect on the value of the company. This can occur due to some companies in this sector in Indonesia having a relatively small amount of managerial ownership. Thus, the majority shareholder will dominate decision making (Pamungkas & Hasna, 2023)

According to [Darmayanti and Sanusi \(2018\)](#), institutional ownership refers to firm shares held by institutions or organizations. Institutional investors are considered effective monitors of managerial decisions, ultimately helping to enhance corporate value ([Muliati et al., 2021](#)). Research by [Pratiwi et al. \(2022\)](#) and [Selviyanti et al. \(2023\)](#) found that institutional ownership significantly impacts corporate value, while [Yustika and Sulistyowati \(2023\)](#) found no significant effect.

Increasing the number of board commissioners can enhance the effectiveness of oversight, thereby improving corporate value ([Khoirunnisa & Aminah, 2022](#)). The board of commissioners acts as a management oversight system, guiding firm management and ensuring their actions are independent of business influences. Research by [Ahmad et al. \(2020\)](#) and [Selviyanti et al. \(2023\)](#) shows a significant impact of board size on corporate value, whereas [Pratiwi et al. \(2022\)](#) found no significant effect.

[Hasnati \(2014\)](#) states that the audit committee is a crucial indicator of GCG, responsible for maintaining the integrity and transparency of financial reports. Clear and accurate financial reports boost investor confidence, which in turn enhances overall corporate value. Research by [Khoirunnisa & Aminah \(2022\)](#) and [Pratiwi et al. \(2022\)](#) indicates that the size of the audit committee significantly impacts corporate value, while [Selviyanti et al. \(2023\)](#) found no significant effect.

Financial performance, proxied by profitability ratios, is another factor that can impact corporate value ([Purba & Mahendra, 2022](#)). Profitability ratios include Return on Assets (ROA) and Return on Equity (ROE). ROA reflects how efficiently management utilizes firm assets, while ROE reflects the efficiency of equity management (Thian, 2022). Research by [Mahayati et al. \(2021\)](#) and [Santoso & Junaeni \(2022\)](#) shows that financial performance, particularly ROE, significantly impacts corporate value. However, studies by [Sari \(2021\)](#) and [Tanjung & Halawa \(2022\)](#) found no significant effect of ROE on corporate value. Similarly, [Purba & Mahendra \(2022\)](#) and [Risqi & Suyanto \(2022\)](#) found that ROA significantly impacts corporate value, whereas [Natalie & Lisiantara \(2022\)](#) and [Sari \(2021\)](#) found no significant effect of ROA.

This discussion serves as the foundation for the study's reanalysis of the relationship between financial performance, GCG, company values, and CSR. This research's focus on the banking sector listed on the Indonesia Stock Exchange from 2019 to 2023 sets it apart from earlier studies. This study seeks to provide more current and relevant insights into the value of banking companies in the context of the current economic environment.

## LITERATURE REVIEW

A company's stock price frequently reflects an investor's evaluation of the performance and potential of the company, which is known as corporate value. A rising stock price can increase corporate value. According to financial management principles, a firm's primary goal is to optimize its value. An increase in corporate value signals strong prospects and the potential to deliver high returns to shareholders ([Alamsyah, 2019](#)). CSR represents a firm's social responsibility to all stakeholders, including society and the environment. CSR influences corporate value because companies have obligations not only to shareholders but also to all stakeholders ([Yuliana & Djalaluddin, 2019](#)). Effective CSR implementation can enhance a firm's reputation and positive image, ultimately increasing its value.

A framework known as GCG is used to monitor the relationships among various parties involved in an entity ([Mufidah & Purnamasari, 2018](#)). GCG mechanisms are divided into external and internal factors, including managerial ownership, institutional ownership, board size, and audit committee size. Effective corporate governance is believed to build investor trust and reduce operational risk, potentially increasing the firm's valuation. According to [Jumingan \(2014\)](#), financial performance is an evaluation of how a firm performs over a specific period. It reflects the firm's success and the results of its activities. Financial performance indicators, such as ROA and ROE, are commonly used to measure how well a firm achieves its economic goals. Strong financial performance suggests the firm can generate substantial profits, potentially enhancing its overall value.

CSR is a key factor in determining corporate value. It is seen as essential to business ethics, highlighting that corporations have duties to all stakeholders in addition to being financially accountable to shareholders ([Yuliana & Djalaluddin, 2019](#)). Stakeholder theory suggests that companies should report their social activities as part of their responsibilities to various stakeholders. The more a firm communicates its social responsibilities, the higher its perceived value, as it demonstrates that the firm is not solely profit-driven but also cares about societal impacts ([Susila & Prena, 2019](#)). This aligns with research by [Rahmantari \(2021\)](#) and [Selviyanti et al. \(2023\)](#), which indicates that CSR significantly affects corporate value.

## **Hypotheses Development**

### ***Relationship Between CSR and Firm Value***

CSR is a key factor in determining firm value. It is considered central to business ethics, as it emphasizes that companies are not only economically responsible to shareholders but also have obligations to all stakeholders ([Yuliana & Djalaluddin, 2019](#)). Stakeholder theory suggests that companies should report their social activities as part of their responsibilities to various stakeholders. The more a firm communicates its social responsibilities, the higher its perceived value, as it demonstrates that the firm is not solely profit-driven but also cares about societal impacts ([Susila & Prena, 2019](#)). This aligns with research by [Rahmantari \(2021\)](#) and [Selviyanti et al. \(2023\)](#), which suggests a connection between corporate value and CSR.

H1: CSR significantly affects corporate value

### ***Relationship Between Managerial Ownership and Firm Value***

In agency theory, managerial ownership aligns the interests of managers and shareholders, potentially enhancing firm performance or value. Managers with ownership stakes are more motivated to work hard to increase stock value and maximize corporate value, as this directly benefits them. This is supported by research from [Dewi & Abundanti \(2019\)](#) and [Selviyanti et al. \(2023\)](#), which indicates how managerial ownership and corporate value are related.

H2: managerial ownership significantly impacts corporate value

***Relationship Between Institutional Ownership and Firm Value***

Institutional ownership refers to shares held by institutions or entities. High and stable institutional ownership can create perceptions of trust and stability among other investors, potentially increasing corporate value as investors feel more secure with backing from major institutions. According to agency theory, institutional ownership is expected to provide more effective oversight and improve corporate governance. Higher proportions of institutional ownership enhance external monitoring of management's financial reporting activities ([Pratiwi et al., 2022](#)). This is supported by research from [Supriyono & Effendi \(2023\)](#), which shows the relationship between institutional ownership and firm value.

H3: institutional ownership significantly impacts firm value

***Relationship Between Board Size and Firm Value***

In agency theory, the problem of agency conflict arises when the interests of principals do not always align with those of agents, such as executive management. One way to address this issue is through control mechanisms, where the board of commissioners supervises and evaluates management performance. A larger board can enhance oversight and performance assessment, as having more members allows for diverse perspectives and expertise, leading to better decision-making and, ultimately, increased corporate value. Previous studies, such as those by [Ahmad et al. \(2020\)](#) and [Khoirunnisa & Aminah \(2022\)](#), indicate the relationship between board size and firm value.

H4: board size significantly affects firm value

***Relationship Between Audit Committee and Firm Value***

When it comes to corporate governance, the audit committee is essential for ensuring the integrity and transparency of financial reports ([Hasnati, 2014](#)). Clear and accurate financial reports boost investor confidence, which can enhance overall corporate value. Therefore, consistent with research by [Khoirunnisa & Aminah \(2022\)](#), it is expected that the audit committee's link with company value will be significant.

H5: Audit committee significantly affects firm value

***Relationship Between Return on Assets and Firm Value***

A financial statistic called ROA gauges how well a company uses its assets to produce profit. According to signaling theory, companies with adequate information can send positive signals to investors, attracting their interest. A high ROA indicates that a firm effectively generates long-term profits from its assets, which can increase investor interest, leading to higher stock prices and corporate valuation ([Natalie & Lisiantara, 2022](#)). Previous studies, such as those by [Purba & Mahendra \(2022\)](#) and [Yustika & Sulistyowati \(2023\)](#), have shown the relationship between return on assets and firm value.

H6: Return on Asset significantly affects firm value

***Relationship Between ROE and Firm Value***

The portion of earnings that can be distributed to shareholders represents the profit after deducting interest and taxes. Strong financial performance allows a firm to enhance its value, as reflected in its stock price. A higher ROE generally signals that a firm is able to generate greater profits with its capital, which can boost its value in the eyes of investors and the market ([Cholifah & Kaharti, 2021](#)). The higher the ROE value of a company, the



greater the company's efficiency in using its own capital to generate profits for the company. This will make investors think that the company has used its capital optimally and efficiently. In this explanation, it can be seen that there is a positive influence between the Profitability variable on stock returns (Apriansyah et al, 2023). This is supported by research from [Mahayati et al. \(2021\)](#) and [Santoso & Junaeni \(2022\)](#), which indicates the connection between company value and ROE.

H7: Return on equity significantly affect firm value

## RESEARCH METHOD

All banking firms that are listed on the Indonesia Stock Exchange (IDX) for the years 2019 through 2023 represent the research population. The sampling technique used is purposive sampling, with a sample size of 27 banking companies over a 5-year observation period, resulting in a total of 135 data points. Data collection methods involve literature review and documentation. The literature review includes analyzing various sources such as journals, theses, articles, and books. Documentation involves accessing financial statements and sustainability reports of IDX-listed banking companies from 2019 to 2023. Panel data regression analysis is used in the research. The purpose of panel data regression is to assess whether there are significant effects, either individually or collectively, of one or more independent variables on the dependent variable. The following is the panel data regression equation for the current research.:

$$PBV = \alpha + \beta_1 CSR + \beta_2 KM + \beta_3 KI + \beta_4 UDK + \beta_5 KA + \beta_6 ROA + \beta_7 ROE + \varepsilon$$

## RESULTS

**Table 1.** Descriptive Statistical Test Results

	PBV	CSR	KM	KI	UDK	KA	ROA	ROE
Mean	1.3549	0.8244	0.6567	77.101	5.4074	4.0519	1.6872	8.0870
Median	0.9700	0.9400	0.0100	80.480	4.000	4.0000	1.3000	6.4700
Maximum	6.0700	1.0000	21.320	100.00	11.000	8.0000	13.580	31.200
Minimum	0.0500	0.0800	0.0000	39.6120	2.0000	2.0000	-1.2600	-12.740
Std. Dev	1.0176	0.2353	2.4635	15.886	2.4351	1.3289	2.0465	7.5574
Observations	135	135	135	135	135	135	135	135

The results in [Table 1](#) show that the minimum PBV is 0.0500, while the maximum PBV is 6.0700. The average PBV from 2019 to 2023 is 1.3549, with a standard deviation of 1.0176. This average indicates that most companies in the sample have a PBV close to 1.3549, while the standard deviation of 1.0176 reflects the variability of PBV data within the sample.

The minimum CSR value is 0.0800, indicating the lowest CSR value among the sample companies. The maximum CSR value is 1.00, indicating the highest CSR value in the sample. The average CSR from 2019 to 2023 is 0.8244, with a standard deviation of 0.2352. This average shows that most companies in the sample have a CSR value close to 0.8244, while the standard deviation reflects the spread of CSR data at 0.2352.

The minimum value of Managerial Ownership (KM) is 0.0000, indicating that the lowest KM value among the sampled companies is 0.0000%. The maximum KM value is 21.320%, indicating that the highest KM value among the sampled companies is 21.320%. The average KM value for the years 2019-2023 is 0.6567%, with a standard

deviation of 2.4635%. This average indicates that most of the sampled companies have a KM value close to 0.6567%, while the standard deviation reflects the extent of data variability in the KM variable, which is 2.4635%.

The minimum value of Institutional Ownership (KI) is 39.610%, indicating that the lowest KI value among the sampled companies is 39.610%. The maximum KI value is 100.00%, indicating that the highest KI value among the sampled companies is 100.00%. The average KI value for the years 2019-2023 is 77.101%, with a standard deviation of 15.866%. This average indicates that most of the sampled companies have a KI value close to 77.101%, while the standard deviation reflects the extent of data variability in the KI variable, which is 15.866%.

The minimum value of the Board of Commissioners' Size (UDK) is 2.0000, indicating that the lowest UDK value among the sampled companies is 2.0000. The maximum UDK value is 11.000, indicating that the highest UDK value among the sampled companies is 11.000. The average UDK value for the years 2019-2023 is 5.4074, with a standard deviation of 2.4351. This average indicates that most of the sampled companies have a UDK value close to 5.4074, while the standard deviation reflects the extent of data variability in the UDK variable, which is 2.4351.

The minimum value of the Audit Committee (KA) is 2.0000, indicating that the lowest KA value among the sampled companies is 2.0000. The maximum KA value is 8.0000, indicating that the highest KA value among the sampled companies is 8.0000. The average KA value from 2019 to 2023 is 4.0519, with a standard deviation of 1.3289. This average indicates that most of the sampled companies have a KA value close to 4.0519, while the standard deviation reflects the level of data variability in the KA variable, which is 1.3289.

The minimum value of ROA is -1.2600%, indicating that the lowest ROA value among the sampled companies is -1.2600%. The maximum ROA value is 13.580%, indicating the highest ROA among the sampled companies. The average ROA from 2019 to 2023 is 1.6872%, with a standard deviation of 2.0465%. This average indicates that most of the sampled companies have ROA value close to 1.6872%, while the standard deviation indicates the level of data variability in the ROA variable, which is 2.0465%.

The minimum value of ROE is -12.740%, indicating the lowest ROE among the sampled companies. The maximum ROE value is 31.200%, indicating the highest ROE among the sampled companies. The average ROE from 2019 to 2023 is 8.0970%, with a standard deviation of 7.5574%. This average indicates that most of the sampled companies have ROE value close to 8.0970%, while the standard deviation reflects the level of data variability in the ROE variable, which is 7.5574%.

The best model selected based on the results of the selection of the research model is the Random Effect Model (REM). With the REM as the most suitable model, the classic assumption test on the panel data regression model is no longer required. The REM designation shows that the various classical assumptions tests that are usually applied, such as normality, multicollinearity, autocorrelation, and heteroskedasticity tests, can be ignored.

**Table 2.** Results of Data Regression Analysis Panel

Dependent Variable: Y_PBV				
Method: Panel EGLS (Cross-section random effects)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	1.286940	0.629706	2.043716	0.0430
X1_CSR	-0.383824	0.289393	-1.326306	0.1871
X2_KM	0.000288	0.036539	0.007868	0.9937
X3_KI	-0.006312	0.006288	-1.003726	0.3174
X4_UDK	0.092794	0.052743	1.759381	0.0809
X5_KA	0.007128	0.094941	0.075079	0.9403
X6_ROA	0.322761	0.079260	4.072185	0.0001
X7_ROE	-0.025274	0.020293	-1.245499	0.2152

Based on the data analysis results in [Table 2](#), the panel data regression equation is obtained as follows:

$$PBV = 1.286940 - 0.383824CSR + 0.000288KM - 0.006312KI + 0.092794UDK + 0.007128KA + 0.322761ROA - 0.025274ROE + \epsilon$$

According to the test results, the CSR variable does not significantly affect the company value at a 5% significance level, which suggest that H1 not supported. This is supported by a probability of 0.1871, which is greater than 0.05, and a negative coefficient of -0.383824. Additionally, the managerial ownership variable, with a probability of 0.9937 and a positive coefficient of 0.000288—does not significantly affect the business value. Similarly, institutional ownership does not have a significant impact, with a probability of 0.3174 and a coefficient of -0.006288. The size of the board of commissioners shows a probability of 0.0809, indicating that its impact on the firm value is not significant, despite a positive coefficient of 0.007128. The number of audit committees also does not have a significant impact, with a probability of 0.9403 and a positive coefficient of 0.007128. On the other hand, ROA has been proven to be significant in influencing the firm value, with a probability of 0.0001 and a positive coefficient of 0.322761. However, ROE does not have a significant impact on the firm value, with a probability of 0.2152 and a negative coefficient of -0.025274.

## DISCUSSION

### Relationship Between CSR and Firm Value

CSR does not have a significant impact on firm value so H1 is rejected. Research findings that show a negative influence of CSR on firm value support the notion that CSR tends to sacrifice the interests of management and shareholders, as CSR is seen as using funds that rightfully belong to shareholders and management while offering unclear rewards (Robbins in [Yuliana & Djalaluddin, 2019](#)). Additionally, investors are typically more focused on short-term financial performance than on long-term CSR initiatives. In a highly competitive market, investors often prioritize financial indicators that more directly affect the firm's profits and growth, while social and environmental aspects, which take longer to show positive impacts, do not receive the same level of attention. Consequently, CSR's influence on firm value is not significant. This research aligns with studies conducted by [Khasanah & Sucipto \(2020\)](#) and [Irawan et al. \(2023\)](#), which also found that CSR does not have a significant impact on firm value.

### Relationship Between Managerial Ownership and Firm Value

Firm value is not significantly impacted by managerial ownership so H2 is rejected. The conclusion drawn by [Jensen and Meckling \(1976\)](#) that if management ownership increases is not supported by this data, conflicts between managers and shareholders would decrease, causing the firm's worth to rise. Because management ownership makes up a comparatively tiny share of the firm, it does not significantly affect the value of the company., with many companies having no managerial ownership at all. As a



result, the role of managerial ownership in enhancing firm value is not significant enough. This conclusion is supported by research conducted by [Supriyono & Effendi \(2023\)](#) and [Yustika & Sulistyowati \(2023\)](#). They also discovered that the value of the company is not much impacted by management ownership.

#### **Relationship Between Institutional Ownership and Firm Value**

The value of the company is not significantly impacted by institutional ownership so H3 is rejected. According to agency theory, institutional ownership is expected to provide more effective oversight and improve the quality of corporate governance. However, in practice, this influence is not strong enough to affect the market valuation of the firm. One factor that may explain this result is the lack of active involvement by institutional investors in the firm's management, where they fail to fulfill their role as expected overseers of managerial performance that should enhance firm value ([Sari & Wulandari, 2021](#)). This finding aligns with research conducted by [Yustika and Sulistyowati \(2023\)](#), which also found no significant impact of institutional ownership on firm value.

#### **Relationship Between Board Size and Firm Value**

The size of the board of commissioners does not have a significant impact on firm value so H4 is rejected. The positive influence of board size on firm value suggests that this research is in line with agency theory, where a larger board size can enhance the oversight and evaluation of management performance. This is because having a greater number of board members allows the firm to benefit from diverse perspectives and knowledge, leading to better and more effective decision-making, and reducing agency conflicts. Based on research by Susanto et al (2023) that board size has no significant effect in the short term with firm value. However, in practice, the size of the board alone is not sufficient to significantly influence firm value. Further evaluation is needed regarding the composition, expertise, and working dynamics of the board of commissioners to ensure that they can contribute maximally to increasing firm value. This finding is consistent with research conducted by [Pratiwi et al. \(2022\)](#), which also found that board size does not significantly affect firm value.

#### **Relationship Between Audit Committee and Firm Value**

The number of audit committees does not significantly affect the value of the company so H5 is rejected. These results indicate that the existence of an audit committee is not sufficiently effective in enhancing the company's value. The role of the audit committee often focuses more on compliance with regulations and internal procedures, rather than on the company's long-term strategies that can directly impact its value. This result is not in line with the research conducted by Khoirunnisa & Aminah (2022:8), but it supports the research conducted by Selviyanti et al. (2023:56) and Mirnayanti & Rahmawati (2022:28) which states that the number of audit committees does not significantly affect the company's value..

#### **Relationship Between Return on Asset and Firm Value**

ROA does not have a significant impact on firm value so H6 is accepted. According to signaling theory, companies with adequate access to information are able to send positive signals to investors. Based on the research findings, ROA, as one of the financial performance indicators that can be used by management to signal the efficiency of the firm's asset usage in generating profits, has proven capable of increasing market confidence in the firm. This heightened market confidence can enhance the firm's value in the short or long term. The significant relationship between ROA and firm value is consistent with several previous studies conducted by [Azaro et al. \(2020\)](#), [Detama & Laily \(2021\)](#), [Purba & Mahendra \(2022\)](#), [Risqi & Suyanto \(2022\)](#), and [Yustika & Sulistyowati \(2023\)](#).

### Relationship Between ROE and Firm Value

ROE does not have a significant impact on firm value so H7 is rejected. According to signaling theory, companies with adequate access to information are able to send positive signals to investors. Based on the research findings, ROA, as one of the financial performance indicators that can be used by management to signal the efficiency of the firm's asset usage in generating profits, has proven capable of increasing market confidence in the firm. This heightened market confidence can enhance the firm's value in the short or long term. The significant relationship between ROA and firm value is consistent with several previous studies conducted by [Azaro et al. \(2020\)](#), [Detama & Laily \(2021\)](#), [Purba & Mahendra \(2022\)](#), [Risqi & Suyanto \(2022\)](#), and [Yustika & Sulistyowati \(2023\)](#).

### CONCLUSION

Based on the analysis and discussion conducted, the following conclusions were drawn. For the first, CSR does not have a significant impact on the value of banking companies listed on the Indonesia Stock Exchange during the period 2019-2023, as evidenced by the insignificant results of hypothesis testing. Next, GCG, with indicators such as managerial ownership, institutional ownership, board size, and the number of audit committees, also does not show a significant influence on the value of banking companies listed on the Indonesia Stock Exchange during the same period, as evidenced by the insignificant results of hypothesis testing. And for the last, Financial performance, as indicated by ROA, has been proven to have a significant impact on the value of banking companies listed on the Indonesia Stock Exchange from 2019 to 2023. In contrast, ROE does not show a significant influence on firm value based on the results of hypothesis testing. suggestions for future research based on the findings of this study, it is necessary to conduct research that examines other variables to assess the company's value, such as internal or external company variables.

### ACKNOWLEDGMENT

N/A

### DECLARATION OF CONFLICTING INTERESTS

The authors declared no potential conflicts of interest.

### REFERENCES

- Ahmad, G. N., Lullah, R., & Siregar, M. E. S. (2020). Pengaruh keputusan investasi, keputusan pendanaan, kebijakan dividen, dan ukuran dewan komisaris terhadap nilai perusahaan [The influence of investment decisions, financing decisions, dividend policies, and board of commissioners size on company value]. *Jurnal Riset Manajemen Sains Indonesia*, 11(9), 1689–1699. <https://doi.org/10.21009/JRMSI.011.1.09>
- Alamsyah, A. R. (2019). *Determinan Nilai Perusahaan [Determinants of Company Value]*. Selaras Media Kreasindo.
- Apriansyah, PM., Hesty Juni TS., Imelda Sari., Randhy Nugroho . (2023). Dividend Policy as a Moderating Variable on the Effect of SIZE, Debt Policy, and Profitability on Stock Returns. *Journal of International Conference Proceedings*. 6 (6) : 112-122. <https://doi.org/10.32535/jicp.v6i6.2715>
- Azaro, K., Djajanto, L., & Sari, P. A. (2020). The influence of financial ratios and firm size on firm value (an empirical study on manufacturing companies sector consumers goods industry listed in Indonesian Stock Exchange in 2013–2017). In *1st Annual Management, Business and Economic Conference (AMBEC 2019)* (pp. 142-147). Atlantis Press. <https://doi.org/10.2991/aebmr.k.200415.028>

- Cholifah, S., & Kaharti, E. (2021). Pengaruh kinerja keuangan, corporate social responsibility, good corporate governance terhadap nilai perusahaan pada perusahaan farmasi tahun 2016-2019 [The influence of financial performance, corporate social responsibility, good corporate governance on company value in pharmaceutical companies in 2016-2019]. *Jurnal Ilmiah Mahasiswa Manajemen, Bisnis dan Akuntansi*, 3(5), 888–900. <https://doi.org/10.32639/jimmba.v3i5.940>
- Darmayanti, F. E., & Sanusi, F. (2018). Pengaruh kepemilikan manajerial, kepemilikan institusional dan kebijakan hutang terhadap nilai perusahaan (studi pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia Periode 2011-2015) [The influence of managerial ownership, institutional ownership and debt policy on company value (study on manufacturing companies listed on the Indonesia Stock Exchange for the period 2011-2015)]. *Sains: Jurnal Manajemen dan Bisnis*, 11(1). <https://doi.org/10.35448/jmb.v11i1.4284>
- Detama, G. R., & Laily, N. (2021). Pengaruh profitabilitas, likuiditas, dan leverage terhadap nilai perusahaan (pada perusahaan farmasi yang terdaftar di BEI) [The influence of profitability, liquidity, and leverage on company value (in pharmaceutical companies listed on the IDX)]. *Jurnal Ilmu Dan Riset Manajemen*, 10(1).
- Dewi, L. S., & Abundanti, N. (2019). Pengaruh profitabilitas, likuiditas, kepemilikan institusional dan kepemilikan manajerial terhadap nilai perusahaan [The influence of profitability, liquidity, institutional ownership and managerial ownership on firm value]. *E-Jurnal Manajemen Universitas Udayana*, 8(10), 6099. <https://doi.org/10.24843/ejmunud.2019.v08.i10.p12>
- Hasnati, H. (2014). *Komisaris Independen & Komite Audit: Organ Perusahaan yang Berperan untuk Mewujudkan Good Corporate Governance di Indonesia* [Independent Commissioners & Audit Committee: Company Organs That Play a Role in Realizing Good Corporate Governance in Indonesia]. Absolute Media.
- Ilmi, M., Kustono, A. S., & Sayekti, Y. (2017). Ownership to the corporate value with financial performance as intervening variables: Case on Indonesia stock exchange. *International Journal of Social Science and Business*, 1(2), 75-88.
- Indriani, S. (2019). *Nilai Perusahaan Melalui Kualitas Laba (Good Governance dan Kebijakan Perusahaan)* [Corporate Value Through Profit Quality (Good Governance and Corporate Policy)]. Scopindo Media Pustaka.
- Irawan, A., Ovami, D. C., Prima, A. P., & Putri, A. P. (2023). Pengaruh corporate social responsibility terhadap nilai perusahaan pada perusahaan perbankan yang terdaftar di BEI [The influence of corporate social responsibility on company value in banking companies listed on the IDX]. *Bisnis-Net Jurnal Ekonomi dan Bisnis*, 6(1), 341–348. <https://doi.org/10.46576/bn.v6i1.3114>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Jumingan, J. (2014). *Analisis Laporan Keuangan [Financial Statement Analysis]*. Media Grafika.
- Khasanah, I. D., & Sucipto, A. (2020). Pengaruh Corporate Social Responsibility (CSR) dan Good Corporate Governance (GCG) terhadap nilai perusahaan dengan profitabilitas sebagai variabel intervening [The Influence of Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) on company value with profitability as an intervening variable]. *AKUNTABEL: Jurnal Akuntansi dan Keuangan*, 17(1), 14–28.
- Khoirunnisa, S., & Aminah, I. (2022). Pengaruh ukuran dewan komisaris, dewan direksi dan komite audit terhadap nilai perusahaan pada indeks Kompas100 Bursa Efek Indonesia (BEI) periode 2018-2020 [The influence of the size of the board of commissioners, board of directors and audit committee on company value on the

- Kompas100 index of the Indonesia Stock Exchange (IDX) for the 2018-2020 period]. In *Seminar Nasional Akuntansi dan Manajemen PNJ* (Vol. 3).
- Mahayati, F., Fatonah, S., & Meilisa, R. (2021). Pengaruh Return on Equity (ROE) dan Debt to Equity Ratio (DER) terhadap Nilai Perusahaan (PBV) pada Perusahaan Manufaktur Sub Sektor Logam dan Sejenisnya yang Terdaftar di BEI [The Influence of Return on Equity (ROE) and Debt to Equity Ratio (DER) on Company Value (PBV) in Manufacturing Companies in the Metal and Similar Sub-Sectors Listed on the IDX]. *Jurnal Valuasi: Jurnal Ilmiah Ilmu Manajemen dan Kewirausahaan*, 1(1), 258–267. <https://doi.org/10.46306/vls.v1i1.26>
- Mufidah, N. M., & Purnamasari, P. E. (2018). Pengaruh profitabilitas terhadap nilai perusahaan dengan pengungkapan corporate social responsibility dan good corporate governance sebagai variabel moderating [The effect of profitability on company value with corporate social responsibility disclosure and good corporate governance as moderating variables]. *El Dinar*, 6(1), 64. <https://doi.org/10.18860/ed.v6i1.5454>
- Muliati, N. K., Sunarwijaya, I. K., & Adiyandnya, M. S. P. (2021). Faktor-faktor yang mempengaruhi nilai perusahaan [Factors that influence company value]. *Kharisma*, 3(1), 413–424.
- Natalie, V., & Lisiantara, G. A. (2022). Pengaruh profitabilitas (ROA), likuiditas (AKO), ukuran perusahaan (SIZE), dan leverage (LTDER) terhadap nilai perusahaan [The influence of profitability (ROA), liquidity (AKO), company size (SIZE), and leverage (LTDER) on company value]. *Owner*, 6(4), 4175–4186. <https://doi.org/10.33395/owner.v6i4.1057>
- Pratiwi, A. W., Nurlaela, S., & Chomsatu, Y. (2022). Faktor-faktor yang mempengaruhi nilai perusahaan perbankan di Indonesia [Factors that influence the value of banking companies in Indonesia]. *Inovasi*, 18(1), 50–58. <https://doi.org/10.30872/jinv.v18i1.10470>
- Pristianingrum, N. (2018). Pengaruh ukuran, profitabilitas, dan pengungkapan CSR terhadap nilai perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia [The effect of size, profitability, and CSR disclosure on the value of manufacturing companies listed on the Indonesia Stock Exchange]. *UNEJ e-Proceeding*, 353–364.
- Purba, I. R., & Mahendra, A. (2022). Pengaruh Working Capital Turnover (WCT), Current Ratio (CR), Debt to Equity Ratio (DER), dan Return on Asset (ROA) terhadap nilai perusahaan pada perusahaan properti dan real estate yang terdaftar di Bursa Efek Indonesia periode 2017-2020 [The influence of Working Capital Turnover (WCT), Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Asset (ROA) on company value in property and real estate companies listed on the Indonesia Stock Exchange for the 2017-2020 period]. *Jurnal Riset Akuntansi & Keuangan*, 61–76. <https://doi.org/10.54367/jrak.v8i1.1675>
- Pamungkas, Noto., Hasna SQ. (2023). The Effect of Liquidity, Profitability, Operating Cash Flow, and Ownership Structure on Financial Distress (Study on Property and Real Estate Companies Listed on the IDX). *Journal of International Conference Proceedings*. 6(6). 158-169. <https://doi.org/10.32535/jicp.v6i6.2714>
- Rahmantari, N. L. L. (2021). Pengaruh corporate social responsibility terhadap nilai perusahaan dengan ukuran perusahaan dan profitabilitas sebagai variabel moderasi pada perusahaan farmasi yang terdaftar di Bursa Efek Indonesia [The influence of corporate social responsibility on company value with company size and profitability as moderating variables in pharmaceutical companies listed on the Indonesia Stock Exchange]. *GANEC SWARA*, 15(1), 813. <https://doi.org/10.35327/gara.v15i1.179>
- Risqi, U. A., & Suyanto, S. (2022). Pengaruh Return on Asset dan Return on Equity terhadap nilai perusahaan dengan ukuran perusahaan sebagai variabel moderasi [The effect of Return on Asset and Return on Equity on company value



- with company size as a moderating variable]. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 4(4). <https://doi.org/10.47467/alkharaj.v4i4.846>
- Rosiva, M., Wahyuni, I., & Subaida, I. (2022). Pengaruh pengungkapan corporate social responsibility (CSR) terhadap nilai perusahaan dengan profitabilitas sebagai variabel intervening (studi empiris pada perusahaan perbankan konvensional yang terdaftar di Bursa Efek Indonesia periode 2018-2020) [The effect of corporate social responsibility (CSR) disclosure on company value with profitability as an intervening variable (empirical study on conventional banking companies listed on the Indonesia Stock Exchange for the period 2018-2020)]. *Jurnal Mahasiswa Entrepreneurship*, 1(2), 400. <https://doi.org/10.36841/jme.v1i2.1963>
- Santoso, B. A., & Junaeni, I. (2022). Pengaruh profitabilitas, leverage, ukuran perusahaan, likuiditas, dan pertumbuhan perusahaan terhadap nilai perusahaan [The influence of profitability, leverage, company size, liquidity, and company growth on company value]. *Owner*, 6(2), 1597–1609. <https://doi.org/10.33395/owner.v6i2.795>
- Sari, D. M., & Wulandari, P. P. (2021). Pengaruh kepemilikan institusional, kepemilikan manajerial, dan kebijakan dividen terhadap nilai perusahaan [The influence of institutional ownership, managerial ownership, and dividend policy on firm value]. *Tema (Jurnal Tera Ilmu Akuntansi)*, 22(1), 1–18.
- Sari, P. A. (2021). Pengaruh Return on Asset (ROA), Return on Equity (ROE) dan Debt to Equity Ratio (DER) terhadap nilai perusahaan [The influence of Return on Asset (ROA), Return on Equity (ROE) and Debt to Equity Ratio (DER) on company value]. *Jurnal Penelitian, Pengembangan Ilmu Manajemen dan Akuntansi STIE Putra Perdana Indonesia*, 24(November 2021).
- Selviyanti, D., Jaurino, & Sari, W. (2023). Pengaruh pengungkapan corporate social responsibility dan good corporate governance terhadap nilai perusahaan [The influence of corporate social responsibility and good corporate governance disclosure on company value]. *AKUA: Jurnal Akuntansi dan Keuangan*, 2(1), 49–57. <https://doi.org/10.54259/akua.v2i1.1265>
- Sembiring, S., & Trisnawati, I. (2019). Faktor-faktor yang memengaruhi nilai perusahaan [Factors that influence company value]. *Jurnal Bisnis dan Akuntansi*, 21(1a-2), 173-184. <https://doi.org/10.34208/jba.v21i1a-2.754>
- Siregar, N. Y., & Safitri, T. A. (2019). Pengaruh pengungkapan enterprise risk management, intellectual capital, corporate social responsibility, dan sustainability report terhadap nilai perusahaan [The influence of disclosure of enterprise risk management, intellectual capital, corporate social responsibility, and sustainability reports on company value]. *Jurnal Bisnis Darmajaya*, 5(2), 53–79. <https://doi.org/10.30873/jbd.v5i2.1589>
- Supriyono, E., & Effendi, R. O. (2023). Pengaruh good corporate governance dan pengungkapan corporate social responsibility terhadap nilai perusahaan [The influence of good corporate governance and corporate social responsibility disclosure on company value]. *Jurnal Akuntansi Inovatif*, 1(2), 1–8. <https://doi.org/10.59330/jai.v1i2.10>
- Susanto, Heri., Afni Sirait., Handani M., Zuhrohtun. (2023). The Role of Good Corporate Governance on Hospital Performance During Covid-19. *Journal of International Conference Proceedings*. 6(6). 437-448. <https://doi.org/10.32535/jicp.v6i6.2845>
- Susila, M. P., & Prena, G. Das. (2019). Pengaruh keputusan pendanaan, kebijakan dividen, profitabilitas dan corporate social responsibility terhadap nilai perusahaan [The influence of funding decisions, dividend policy, profitability and corporate social responsibility on company value]. *Jurnal Akuntansi: Kajian Ilmiah Akuntansi*, 6(1), 80. <https://doi.org/10.30656/jak.v6i1.941>
- Tanjung, K. R., & Halawa, S. (2022). Pengaruh Return on Assets dan Return on Equity terhadap nilai perusahaan pada perusahaan manufaktur sector otomotif dan



komponennya yang terdaftar di Bursa Efek Indonesia [The influence of Return on Assets and Return on Equity on company value in manufacturing companies in the automotive sector and its components listed on the Indonesia Stock Exchange]. *Jurnal Neraca Agung*, 12(1), 1-8.

Yuliana, I., & Djalaluddin, A. (2019). *Corporate Social Responsibility*. UIN Maliki Press.

Yustika, B. A., & Sulistyowati, E. (2023). Pengaruh good corporate governance, ukuran perusahaan, dan profitabilitas terhadap nilai perusahaan pada perbankan yang terdaftar di BEI [The influence of good corporate governance, company size, and profitability on company value in banks listed on the IDX]. *Mufakat Jurnal Ekonomi Manajemen, dan Akuntansi*, 2(4), 922–933.  
<https://doi.org/10.572349/mufakat.v2i4.1039>

#### ABOUT THE AUTHOR(S)

##### 1<sup>st</sup> Author

The first author is named Yuniqe Berry. The author is a lecturer at Islamic University 45 in the Faculty of Economics, Management Study Program. The author is a graduate of Gadjah Mada University in the field of management.

##### 2<sup>nd</sup> Author

The second author is named Charmelia Fathimah. The author is an alumnus of Universitas Islam 45 in the Faculty of Economics, Management Study Program.