The Effect of Board Characteristic and Ownership Structure on Corporate Social Responsibility of Indonesian Banking

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ABSTRACT
This study aims to examine the influence of board characteristics and ownership structure on Corporate Social Responsibility (CSR). The study uses secondary data in the form of financial and annual reports from banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2023. The variables in this study are CSR as the dependent variable, women on board, board size, board meetings, ownership concentration, and managerial ownership as independent variables, and liquidity, firm age, profitability, and Capital Adequacy Ratio (CAR) as control variables. The sample was selected based on specific criteria, resulting in 34 companies from the banking industry. The data analysis used for hypothesis testing was panel data regression with E-Views 9 software. The results show that board size, liquidity, and firm age have a significant negative effect on CSR. Ownership concentration and profitability have a significant positive effect on CSR. Meanwhile, women on board, board meetings, managerial ownership, and CAR do not show any significant effect on CSR. The implication of this research is that to improve CSR performance, management needs to pay attention to board size, ownership concentration, liquidity, firm size, and profitability.

Keywords*: board size, CSR, firm age, liquidity, ownership concentration, profitability*

ABSTRAK
Penelitian ini bertujuan untuk menguji pengaruh antara board characteristic dan ownership structure terhadap Corporate Social Responsibility (CSR). Penelitian ini menggunakan data sekunder berupa laporan keuangan dan tahunan perusahaan sektor perbankan yang terdaftar di Bursa Efek Indonesia periode 2018-2023. Variabel dalam penelitian ini yaitu CSR sebagai variabel terikat, women on board, board size, board meeting, ownership concentration, dan managerial ownership sebagai variabel bebas serta liquidity, firm age, profitability, dan Capital Adequacy Ratio (CAR) sebagai variabel kontrol. Sampel penelitian ini diambil dengan kriteria tertentu dan diperoleh 34 perusahaan sebagai sampel dari industri perbankan. Analisis data yang digunakan untuk uji hipotesis yaitu analisis regresi data panel dengan menggunakan program E-Views 9. Berdasarkan hasil penelitian yang telah diperoleh, maka diketahui bahwa board size, liquidity, dan firm age memiliki pengaruh negatif signifikan terhadap CSR. Ownership concentration dan profitability memiliki pengaruh positif signifikan terhadap CSR. Sedangkan women on board, board meeting, managerial ownership, dan CAR tidak menunjukkan adanya pengaruh terhadap CSR. Implikasi dalam penelitian ini untuk meningkatkan kinerja CSR, manajemen perlu memperhatikan ukuran dewan direksi, pemegang saham terkonsentrasi, likuiditas, ukuran perusahaan dan profitabilitas.

Kata kunci*: likuiditas, CSR, profitabilitas, tanggung jawab sosial, ukuran dewan direksi, umur perusahaan*

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INTRODUCTION

Corporate Social Responsibility (CSR) is increasingly important in the global business world as it helps companies achieve competitive advantage (Abiodun et al., 2023). CSR encompasses a company's contribution to society, environmental responsibility, and social sustainability, which builds trust from employees, consumers, and other stakeholders, thereby strengthening the basis for sustainable business (Madime & Gonçalves, 2022). Pressure from customers, governments, employees, and competitors forces companies to address social and environmental issues, such as eco-friendly product design and avoiding child exploitation. In Indonesia, awareness of CSR continues to increase, especially in the banking sector, which has a responsibility to create a positive impact on society and the environment, in addition to generating profits. With the rapid development of the banking sector and increasingly stringent CSR regulations, many banks are showing greater concern for social responsibility. However, CSR implementation is still hindered by internal factors, such as board characteristics, ownership structure, liquidity, and profitability among banks (Lin & Nguyen, 2022). Understanding the influence of these factors is crucial to creating effective CSR policies.

Research by Abiodun et al. (2023) examined the impact of gender diversity on the board of directors on CSR in banks listed on Deposit Money Banks (DMBs) in Nigeria, driven by social challenges such as poverty, inequality, and corruption that force companies to prioritize the sustainability of business operations through relevant strategies and policies. Board characteristics, including gender diversity, influence sustainability strategies and sustainability reporting to inform stakeholders (Orbawan & April, 2023). Gender diversity is considered a tool to deal with social and environmental challenges, supporting CSR research that has developed since the 1950s as a tool for competitive advantage (Pangesti et al., 2024). This stakeholder approach provides a holistic view of society and the environment (Gaio & Gonçalves, 2022). Gender diversity on boards of directors is associated with more conservative resource management, low-risk decisions, better firm performance, proactive CSR strategies, and crisis management capabilities (Octaviani et al., 2024). The board of directors plays a role in controlling strategic decisions and observing management activities that involve society, ensuring profits are shared directly or indirectly with stakeholders (Chebbi & Ammer, 2022). The number and frequency of board meetings reflect their commitment to strategic decision-making, including corporate social and environmental responsibility (Saleh et al., 2021). Therefore, the relationship between board characteristics, the number of meetings, and management strategies in CSR is an important topic of investigation to improve the company's contribution to society.

Ownership structure affects corporate decisions, including CSR activities, as different owners have different views on social responsibility (Lin & Nguyen, 2022). Based on agency conflicts, ownership concentration can increase attention to social and environmental issues because dominant shareholders tend to care about social reputation and long-term corporate sustainability. Managerial ownership also plays an important role in reducing agency problems, where managers who own significant shares are more likely to promote CSR engagement if it increases firm value. Therefore, managerial ownership may encourage greater social and environmental activities to maximize shareholder value (Lin & Nguyen, 2022).

Thus, the renewal in this study adds ownership structure variables that refer to Lin & Nguyen's research (2022), board size and board meeting variables from Abiodun et al.'s research (2023) as independent variables. This study aims to analyze the effect of board characteristics and ownership structure on CSR in the banking sector in Indonesia. The independent variables used in this study include women on board, BS, number of board meetings, ownership concentration, managerial ownership, liquidity, firm age, profitability, and capital adequacy ratio. This study is expected to contribute significantly to the understanding of the relationship between corporate governance, ownership structure, and CSR implementation in the Indonesian banking sector.

LITERATURE REVIEW

Many companies around the world emphasize that companies must take into account the economic, social, and environmental impacts of their activities. Corporate Social Responsibility (CSR) includes all information reported to stakeholders about the social and environmental impacts of company activities (Osei et al., 2017). Social responsibility aims as a contribution to sustainable development and requires companies to optimize living standards and a beneficial environment (Widi et al., 2021). CSR also connects management with society while complying with the law and considering the interests of shareholders (Majeed et al., 2015). The implementation of CSR is important to reduce costs, increase productivity, and environmental management (Kristantiningtyas & Dewi, 2024). CSR practices are now more popular due to pressure from stakeholders, helping companies gain a competitive advantage (Abiodun et al., 2023).

Diversity, particularly in terms of gender, offers unique perspectives that enrich management decision-making (Setó-Pamies, 2015). Social, economic and environmental challenges such as poverty, low living standards and gender disparities affect companies' interactions with society (Abiodun et al., 2023). Companies with strong governance and diverse boards tend to have better oversight of management decisions. The presence of women on boards (WOB) strengthens discussions, improves oversight and brings new approaches to compliance, governance and risk-taking (Liswood, 2015; Nguyen et al., 2023). The growing interest in gender diversity reflects an awareness of its strategic benefits, such as better business evaluation and positive relationships with stakeholders (Gaio & Gonçalves, 2022). Women tend to show more concern for social and environmental well-being, creating a board culture that supports risk reduction and better stakeholder engagement (Biswas et al., 2018; Adams, 2016).

The social and environmental sensitivities and leadership styles of female directors encourage board involvement in social and environmental issues, improving CSR reporting (Pucheta-Martínez & Gallego-Álvarez, 2019). Characteristics such as vigilance and attention to CSR standards compliance make women more committed to social responsibility policies (Hyun et al., 2016; Gaio & Gonçalves, 2022). Boards with female directors are more likely to invest in sustainable practices such as waste management and green technology (Fei et al., 2022). Yasser et al. (2017) also show a positive and significant relationship between gender diversity and CSR reporting in various countries such as Malaysia, Pakistan, and Thailand.

H1: Women on the Board of Directors have a significant impact on Corporate Social Responsibility.

The board of directors plays an important role in corporate governance by ensuring effective management, including CSR disclosure (Qa'dan & Suwaidan, 2019). Board size (BS) affects the level of oversight and efficiency of decision-making; a larger board increases collective expertise, diversity of perspectives, and stakeholder representation, which supports the implementation of good CSR practices (Rouf & Hossan, 2021; Campanella et al., 2021). However, an oversized board can reduce efficiency due to potential delays in decisions (Hameed et al., 2023). Diverse and large boards are more attentive to social responsibility issues, integrating diverse perspectives to ensure greater CSR engagement and enhance disclosure credibility (Boukattaya & Omri, 2021; Liao et al., 2018). Although small boards are more efficient, they can face excessive workloads that affect monitoring capabilities (Jizi et al., 2014). The ideal BS should be balanced to ensure successful CSR implementation and effective governance.Larger BS can have a positive impact on CSR performance due to the diversity of ideas and experience, which improves corporate oversight and governance (Gharios et al., 2024). The effectiveness of

BS varies depending on organizational conditions, such as industry, strategy, and market dynamics, so there is no universal approach that fits all companies (Gharios et al., 2024). While providing diverse perspectives, overly large boards can face coordination and decision-making challenges, which affect profitability and CSR activities (Pucheta-Martínez & Gallego-Álvarez, 2019). Board success is influenced by size, independence, diversity, competence, as well as internal and external factors of the company (Yeo & Suparman, 2021).

H2: The size of the board of directors has a significant effect on corporate social responsibility.

Board meetings (BM) are an important mechanism for directors to determine the strategic direction of the company, resolve issues, review performance, and oversee company operations (Ahmad et al., 2017). A high frequency of meetings reflects the board of directors' commitment to improving social standards, paying attention to stakeholder expectations, and supporting engagement in CSR issues (Jouber, 2021). Frequent meetings enable more effective information sharing, improve decision-making and ensure the legitimacy of strategic actions in a dynamic business environment (Hahn & Lasfer, 2016). CSR initiatives that are part of business operations are expected to be discussed in every BM to support better governance and consistent oversight (Giannarakis, 2014; Gharios et al., 2024). Active board involvement in meetings increases transparency, minimizes risk, and strengthens strategic decision-making that benefits the company as well as shareholders, both in the short and long term (Hahn & Lasfer, 2016). BM reflect the effectiveness and engagement of boards of directors in corporate governance, with meeting frequency indicating a commitment to good oversight and problem solving. Regular meetings improve oversight, speed up decision-making, and have a positive impact on business performance and CSR disclosure. While meeting frequency is associated with better oversight, its effectiveness is also affected by the makeup and expertise of board members. A firm's unique needs and conditions, such as size, industry, and governance structure, also determine the ideal frequency of BM (Pucheta-Martínez & Gallego-Álvarez, 2019).

H3: Board of Directors Meetings have a significant impact on Corporate Social Responsibility.

Ownership concentration (OWNCON) occurs when a company's shares are concentrated in the hands of a few large owners, which can have an adverse impact on social and environmental issues. Owners with large shares tend to monitor managers closely, encouraging CSR practices for the sake of social reputation and long-term development of the company (Lin & Nguyen, 2022). However, if large shareholders utilize control for personal gain, agency conflicts between majority and minority shareholders may increase, sacrificing the interests of small owners. In this situation, CSR is often not prioritized as it is perceived to increase costs and reduce corporate profitability, so owners are likely to be reluctant to support spending on environmental and social issues (Lin & Nguyen, 2022; Chen et al., 2021). Company ownership concentrated in a few individuals, has a different impact on social and environmental issues based on agency conflicts (Lin & Nguyen, 2022). Large shareholders tend to supervise managers, so they are more interested in CSR practices for the long-term development and reputation of the company. However, agency conflicts may arise if majority shareholders utilize power for personal gain at the expense of minority owners. Research by Lin & Nguyen (2022) shows that CSR is influenced by OWNCON, while Liu et al. (2019) found that OWNCON improves environmental performance, and Aboud & Yang (2022) identified a positive correlation between CSR and OWNCON.

H4: Ownership concentration has a significant impact on Corporate Social Responsibility.

Managerial ownership (MANOWN) is considered important in reducing agency problems by aligning the interests of owners and managers. Managers who own large shares tend to maximize shareholder value, including supporting CSR engagement to increase the long-term value of the firm (Lin & Nguyen, 2022). CSR can strengthen firm value because managers who are motivated by their shares are more focused on long-term sustainability. However, if managers are oriented towards short-term gains related to their compensation, they may ignore the interests of stakeholders and reduce CSR engagement (Chen et al., 2021). In some situations, managers with large holdings may choose not to pursue CSR as the investment costs are perceived to exceed the prospective benefits (Raimo et al., 2020). MANOWN is considered effective in reducing agency problems and aligning the interests of managers and owners. Managers with a substantial stake are likely to act to maximize shareholder value, including encouraging CSR engagement if it increases firm value (Lin & Nguyen, 2022; Li et al., 2020). In the long run, MANOWN can strengthen firm value through managers' active involvement in CSR, as they are more focused on firm sustainability (Lin & Nguyen, 2022). Empirical research also shows a positive relationship between MANOWN and CSR performance, as supported by the findings of Rizki & Nugroho (2024).

H5: Managerial ownership has a significant influence on Corporate Social Responsibility.

Liquidity (LDR) reflects the company's ability to collect receivables and pay short-term debt, making it an important indicator of company performance (Uyar et al., 2023). The level of LDR is used by creditors, lenders, and investors to assess the company's ability to meet obligations and pay cash dividends, making it an attractive factor for investors (Lalithchandra & Rajendhiran, 2021; Sukmadewi et al., 2021). Working capital, which reflects the relationship between short-term assets and liabilities, indicates a company's readiness to face financial obligations (Lalithchandra & Rajendhiran, 2021). Companies with high LDR tend to be more active in CSR activities, providing attractive performance signals for shareholders and facilitating access to capital (Uyar et al., 2023). LDR is an indicator of a company's financial capability, which affects profitability and CSR engagement. Companies with high LDR tend to signal positive performance to shareholders through social activities, thereby attracting investors and facilitating access to capital (Uyar et al., 2023). Research shows a positive relationship between LDR and corporate social performance in Europe (Uyar et al., 2023). In addition, Kristantiningtyas & Dewi (2024) stated that the level of CSR disclosure affects LDR, while Galingging (2024) found that businesses with high LDR tend to be more active in CSR activities.

H6: Liquidity has a significant effect on Corporate Social Responsibility.

Company age, which reflects the age since its establishment, plays an important role in influencing CSR implementation. Company age reflects reputation and business development, where older companies tend to get positive responses from investors due to their environmental and social performance. Large companies, with greater resources, have the capacity to implement CSR programs widely and effectively, supported by strict regulations and societal expectations. In addition, corporate values, organizational culture and leadership also influence CSR implementation. Research shows that company age, size, and productivity have a positive and significant influence on CSR disclosure (Ughor et al., 2021). Firm age (AGE) as a measurement indicator that shows the existence and ability of the company to run its business. Companies that have been around for a long time have more experience. It was found that the AGE of a company has an influence on CSR. Companies that have survived longer, certainly have more experience in carrying out CSR activities which ultimately affect CSR performance (Waluyo, 2017).

H7: Company age has a significant influence on Corporate Social Responsibility.

CSR strategies play an important role in supporting stakeholders, improving sustainability, and driving business success and employee motivation (Tantra, 2018). CSR includes environmental, social, and stakeholder relations aspects (Arinnis et al., 2022). Corporate profitability (ROA) affects CSR implementation, as more profitable companies have more resources to invest in social and environmental programs. In addition to improving reputation and customer loyalty, the integration of CSR into business strategy can stimulate ROA growth (Ahmad et al., 2017). However, commitment to CSR not only depends on ROA but is also influenced by corporate values, stakeholder pressure, and organizational culture. ROA has a positive influence on CSR disclosure, although this effect depends on the type of business and economic conditions (Wu et al., 2021). Companies with high ROA tend to increase disclosure of social activities to reassure investors that they are mindful of short-term and long-term goals. Weak financial performance is often associated with low social engagement due to limited resources. Research shows a positive correlation between ROA and CSR disclosure, such as in Fortune 500 companies (Giannarakis 2014; Wu et al., 2021; Widayati et al., 2013).

H8: Profitability has a significant effect on Corporate Social Responsibility.

A higher capital adequacy ratio (CAR) reflects a stable capital structure and the risks borne by the company can increase ROA. CAR affects operational performance, financial risk, as well as the optimal leverage strategy and dividend policy to improve the firm's financial performance. Deposits act as the main source of funding, affecting CAR in lending and bank lending practices. Banks with high equity capital have the potential to survive better in both crisis and normal conditions, with less risk (Zahara et al., 2023). This suggests that CAR is an important indicator in assessing a firm's financial stability and performance. CAR is used to measure the ability of a company's capital to bear risks that have an impact on risk management (Wang et al., 2022). Companies with a high CAR have a more stable capital structure, support ROA, and better operational and sustainability performance (Chen et al., 2022). These companies view CSR activities as long-term investments that not only benefit society but also support business growth. The high CAR provides flexibility for CSR activities, although its success still depends on the company's overall strategy (Wang et al., 2022).

H9: Capital adequacy ratio has a significant effect on Corporate Social Responsibility.

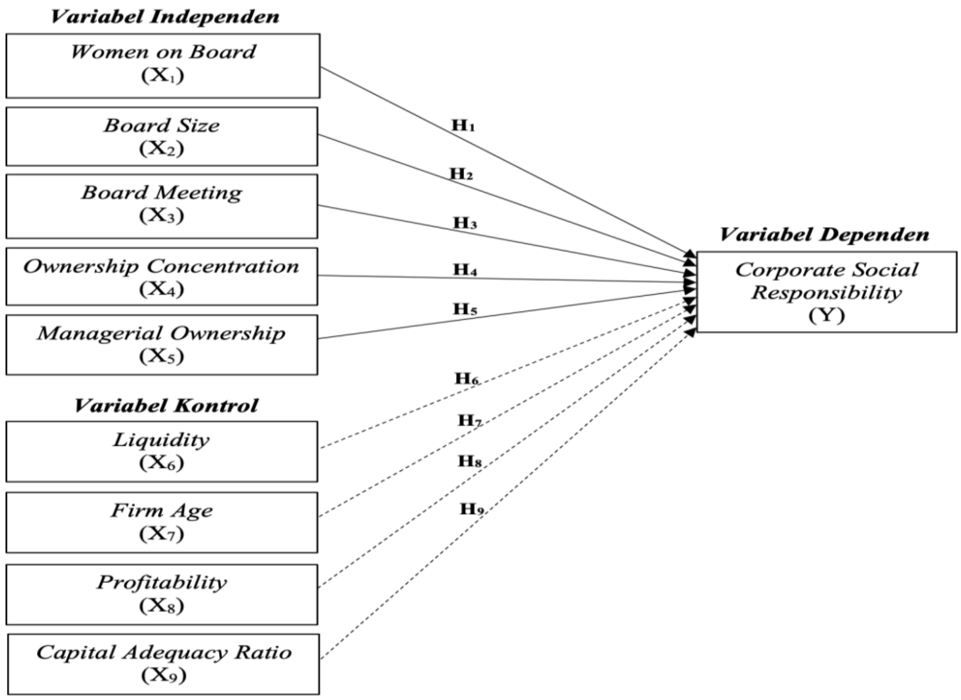

Figure 1. Conceptual Framework

METHODS

This study uses a quantitative approach with secondary data in the form of panel data, namely a combination of cross-sectional and time-series data. Data were obtained from banking sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2018–2023. The variables analyzed consist of dependent, independent, and control variables. Corporate Social Responsibility (CSR) is used as the dependent variable, which reflects the company's social responsibility towards the community. Independent variables include board gender diversity (proportion of women on the board of directors), BS (number of board of directors members), BM (frequency of board of directors meetings per year), OWNCON (percentage of shares owned by shareholders with ownership ≥5%), and MANOWN (proportion of shares owned by the CEO to the company's total shares). Control variables include LDR (Loan to Deposit Ratio), company age (natural logarithm of the company's age since its inception), ROA (Return on Assets), and CAR (Capital Adequacy Ratio). Data were collected through annual report documentation accessed from the website www.idx.com and the official pages of each company. The sample was selected using purposive sampling method based on certain criteria, such as banking companies that go public, have complete annual reports, and present financial statements. Data analysis was performed using panel data regression with three main models: common effect, fixed effect, and random effect. Data processing and testing were performed using EViews 9 software.

RESULTS

This study uses secondary data in the form of company annual reports obtained from the Indonesia Stock Exchange website www.idx.co.id and the official website of each company that meets the sample criteria. The data comes from the population of banking sector companies listed on the IDX for the period 2018-2023 with 34 companies as samples. Descriptive statistics are used to describe data through the minimum, maximum, average (mean), and standard deviation values of each variable. The maximum and minimum values indicate the range of data, the mean value represents the average, and the standard deviation measures the homogeneity of the data. This study analyzes the dependent variable CSR, the independent variables WOB, BS, BM, OWNCON, and MANOWN, as well as the control variables LDR, AGE, ROA, and CAR. Descriptive statistics provide a detailed description of each variable, supporting the understanding of the relationship between variables in the study. The following are descriptive statistics of the variables used.

Table 1. Descriptive Statistics Results

Variables	N	Max	Min	Mean	Std. Deviation
CSR	204	1.0382	-0.0149	0.0186	0.0916
WOB	204	0.7500	0.0000	0.1538	0.1559
BS	204	12.0000	2.0000	6.4950	2.6643
BM	204	282.0000	5.0000	37.7254	37.5842
OWNCON	204	0.9900	0.2446	0.7413	0.1747
MANOWN	204	0.7470	0.0000	0.0135	0.0803
LDR	204	36.9583	0.0573	1.0327	2.5471
AGE	204	128.0000	3.0000	55.8529	27.6813
ROA	204	0.0705	-0.8028	0.0006	0.0646
CAR	204	1.4422	-0.5677	0.1800	0.1327

The result of descriptive statistics. The results of descriptive statistics show that this study used 34 samples of banking companies in Indonesia in the 2018-2023 period. The CSR variable has an average value of 0.0186 with a standard deviation of 0.0916, a maximum value of 1.0382 at PT Bank Mayapada Tbk (2023), and a minimum value of -0.0149 at Bank of India Indonesia Tbk (2021). The WOB variable has an average of 0.1538 with a standard deviation of 0.1559, a maximum value of 0.7500 at Bank Maspion Indonesia Tbk, and a minimum value of 0.000 in several companies, including Bank Amar Indonesia Tbk and Bank Neo Commerce Tbk. The BS variable has an average of 6.4950 with a standard deviation of 2.6643, a maximum value of 12.0000 at Bank Central Asia Tbk and a minimum value of 2.0000 at Bank Neo Commerce Tbk.

The BM variable has an average of 37.7254, a standard deviation of 37.5842, a maximum value of 282.0000 at Bank Tabungan Negara (2019), and a minimum value of 5.0000 at Bank Neo Commerce Tbk (2020). OWNCON has an average of 0.7413, a standard deviation of 0.1747, a maximum value of 0.9900 at PT Bank Oke Indonesia Tbk (2018), and a minimum value of 0.2446 at PT Bank Victoria International Tbk (2020). MANOWN has an average of 0.0135, a standard deviation of 0.0803, a maximum value of 0.7470 at Bank Capital Indonesia Tbk, and a minimum value of 0.000 in several companies. The LDR variable has an average of 1.0327 with a standard deviation of 2.5471, a maximum value of 36.9583 at Bank Negara Indonesia (2018), and a minimum value of 0.0573 at Bank KB Bukopin Tbk (2019). The company age variable (AGE) has an average of 55.8529 years, a standard deviation of 27.6813, a maximum value of 128 years at Bank Rakyat Indonesia (2023), and a minimum value of 3 years at Bank JTrust Indonesia (2018). The ROA variable has an average of 0.0006 with a standard deviation of 0.0646, a maximum value of 0.0705 at PT Bank Pan Indonesia Tbk (2018), and a minimum value of -0.8028 at Bank KB Bukopin Tbk (2021). Finally, the CAR variable has an average of 0.1800, a standard deviation of 0.1327, a maximum value of 1.4422 at PT Bank Pan Indonesia Tbk (2018), and a minimum value of -0.5677 at Bank KB Bukopin Tbk (2021).

This study uses data analysis with multiple regression tests on panel data, which involves three main models, namely the common effect model, fixed effect model, and random effect model. Before conducting the regression test, a regression model selection test was conducted to determine the most appropriate model, and the results showed that this study used a fixed effect model. Multiple regression tests were conducted to test the effect of independent variables, namely WOB, BS, BM, OWNCON, and MANOWN, on the dependent variable CSR, with control variables consisting of LDR, company age (AGE), ROA, and CAR. The results of multiple regression statistical processing produce a regression model equation, namely:

$$CSR = 0.0279 - 0.0155WOB - 0.0008BS + 0.0004BM + 0.0204OWNCON + 0.0112MANOWN - 0.0004LDR - 0.0003AGE + 0.0791ROA - 0.0042CAR + e$$

The T test is used to test the significant effect of each independent variable on the dependent variable with the assumption that other variables remain constant. The hypothesis tested is H0: the independent variable does not affect the dependent variable, and Ha: the independent variable affects the dependent variable. The test is conducted with a significance level of 5% ($\alpha = 0.05$). If the probability value is <0.05, then Ha is accepted, which means there is a significant effect; conversely, if the probability value is >0.05, then Ha is rejected, indicating no significant effect.

Table 2. T test results

Variables	Coefficient	Prob	Description
Constant	0.02794	-	-
WOB	-0.0155	0.2516	Not Significant
BS	-0.0008	0.0358	Negative Significant
BM	0.0004	0.1571	Not Significant
OWNCON	0.0204	0.0163	Positively Significant
MANOWN	0.0112	0.2636	Not Significant
LDR	-0.0004	0.0001	Negative Significant
AGE	-0.0003	0.0007	Negative Significant
ROA	0.0791	0.0426	Positively Significant
CAR	-0.0042	0.5966	Not Significant

The research decision shows that WOB has a probability value of 0.2516 (> 0.05), so there is no significant influence between gender diversity on CSR. BS has a probability value of 0.0358 (<0.05) with a coefficient of -0.0008, indicating a negative and significant influence on CSR. BM with a probability value of 0.1571 (> 0.05) has no significant effect on CSR. OWNCON has a probability value of 0.0163 (<0.05) with a coefficient of 0.0204, indicating a positive and significant effect on CSR. MANOWN with a probability value of 0.2636 (> 0.05) has no significant effect on CSR. LDR shows a probability value of 0.0001 (<0.05) with a coefficient of -0.0004, indicating a negative and significant effect on CSR. Company age (AGE) has a probability value of 0.0007 (<0.05) with a coefficient of -0.0003, indicating a negative and significant effect on CSR. ROA with a probability value of 0.0426 (<0.05) and a coefficient of 0.0791 shows a positive and significant influence on CSR. Meanwhile, the CAR has a probability value of 0.5966 (> 0.05), so there is no significant influence on CSR.

DISCUSSION

The results of this study provide important insights into the relationship between board characteristics, ownership structure, and corporate social responsibility (CSR) implementation. The main findings of the analysis show that not all factors contribute significantly to CSR, and these results provide an interesting perspective for further analysis. WOB in the board of directors does not have a significant influence on CSR. The probability of 0.2516 with a coefficient of -0.0155 indicates that the number of women on the board is not enough to influence the company's strategic policies. This finding is in line with the research of Abiodun et al. (2023); Gaio & Gonçalves (2022); Ding et al. (2024), who mentioned that the presence of WOB is often more symbolic. This suggests the need for a more substantial approach in ensuring WOB have a strategic role in CSR-related decision-making.

Another interesting finding is the significant negative effect of BS on CSR, with a probability of 0.0358 and a coefficient of -0.0008. Too large a BS can create coordination challenges and differences in priorities that hinder effectiveness in CSR implementation (Yasser et al. 2017; Rao & Tilt, 2016; Afrizal 2024). Thus, a smaller and more focused board can be a solution to improve responsiveness and effectiveness in strategic decision-making related to CSR. The frequency of BM also does not show a significant effect on CSR, as indicated by a probability of 0.1571 and a coefficient of 0.0004. Although meetings are frequent, the results of this study support the view that the effectiveness of meetings is highly dependent on the agenda discussed. If CSR is not a priority in BM, then the impact on the company's CSR performance is minimal (Ahmad et al., 2017; Guping et al., 2020).

In contrast, OWNCON shows a significant positive effect on CSR, with a probability of 0.0163 and a coefficient of 0.0204. Majority shareholders have greater control over corporate policies, which allows them to encourage investment in CSR to improve corporate reputation. This finding is in line with the research of Aboud & Yang (2022), Liu et al. (2019); Khan et al. (2022). In contrast to OWNCON, MANOWN has no significant effect on CSR (probability 0.2636, coefficient 0.0112). This research suggests that managers who own shares are often more focused on short-term financial goals than sustainability initiatives (Nugraheni et al., 2022; Faller & Knyphausen-Aufseß, 2018). Firm LDR has a significant negative effect on CSR, with a probability of 0.0001 and a coefficient of -0.0004. This indicates that companies with high LDR pressure tend to reduce resource allocation for CSR activities (Budiman et al., 2023; Chang et al. (2018). Another interesting finding is the significant negative effect of AGE on CSR (probability 0.0007, coefficient -0.0003). Older firms tend to be less flexible in responding to social and environmental demands compared to younger firms, which are often more oriented towards innovation and public image (Liu & Anbumozhi, 2009; Rettab et al., 2009).

ROA has a significant positive effect on CSR (probability 0.0426, coefficient 0.0791). More profitable companies tend to have more resources to invest in social and environmental activities (Febrina & Setiany, 2021; Wu et al., 2021). Meanwhile, CAR has no significant effect on CSR (probability 0.5966, coefficient -0.0042). This result suggests that the main focus of CAR is to maintain the financial stability of the company, not on social or environmental initiatives. The variables of BS, OWNCON, LDR, AGE, and ROA are known to affect CSR, so these results provide benefits for various parties. For management, this research can be a reference in making decisions related to factors that influence CSR. Smaller BS can increase focus on sustainability strategies, while large shareholders have significant influence on strategic policies, including CSR. Management needs to balance the interests of large shareholders and CSR. High LDR may reduce resources for CSR due to a focus on business expansion, so a balance is needed between business growth and CSR commitments. Young companies tend to be more flexible in responding to social demands, making it important to integrate CSR into long-term strategy. High ROA allows companies to fund CSR without sacrificing profits, so profits need to be allocated efficiently for impactful CSR programs. For investors, these results provide guidance to consider factors such as BS, OWNCON, LDR, ROA, and company age before investing. This study has limitations, such as the coverage of banking sector companies for six years (2018-2023) with a sample of 34 companies and involving eight variables, including WOB, board size, BM, OWNCON, and others.

CONCLUSION

The results of the study concluded that Women in Board, board meetings, managerial ownership, and capital adequacy ratio did not affect CSR. Meanwhile, board size and company age had a significant negative effect on CSR, while ownership concentration and profitability had a significant positive effect on CSR. Liquidity also had a significant negative effect on CSR. The implications of this study provide benefits for management and investors. For management, the results of this study can be a guide in making decisions related to factors that affect CSR, such as ensuring an effective board size, maintaining a balance between the interests of large shareholders and CSR, and allocating resources for CSR optimally. In addition, younger companies need to be more proactive in integrating CSR into their long-term strategies, while more profitable companies should take advantage of excess profitability to support impactful CSR activities. For investors, this study can help in assessing factors such as board size, ownership concentration, liquidity, profitability, and company age before making investment decisions. Therefore, for further research, it is recommended to expand the scope of the industrial sector so that the results are more generalizable and relevant in various contexts. In addition, further research can add other variables that affect CSR, such as cash holdings and company cash management practices. The addition of this new variable is expected to provide more comprehensive insights into the factors that influence CSR.

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