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INCREASING COMPANY PERFORMANCE THROUGH CORPORATE SOCIAL RESPONSIBILITY AND GOOD CORPORATE GOVERNANCE

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ABSTRACT

Corporate responsibility is highly important for society, and in addition, a firm has to have effective corporate governance in order to earn profits. In order to determine if corporate social responsibility and sound corporate governance have an impact on business performance, this study will look for empirical data in this area. There are 79 elements in the criteria table used by Sembiring (2005) to measure CSR. Take a peek at the results of the Corporate Governance Perception Index (CGPI) to get an idea of the metrics used to measure GCG. The Return on Equity is another metric used to assess a company's success. The sample firms for this study were 34 businesses who participated in the CGPI program, declared CSR in annual reports, and were listed on the Indonesia Stock Exchange in the year 2021. The company's annual reports were used as the primary data source for this study. The hypothesis is also tested using multiple linear regression analysis. And according to the study's findings, the CSR and GCG variables have a favorable and substantial impact on corporate performance (ROE).

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1. INTRODUCTION

Corporate Social Responsibility (CSR) is a well-known concept in today's business world. Corporate Social Responsibility (CSR) is an approach and an important framework in responding to the role of business in society (Setiantono, Merawati, & Salim, 2020) . It sets the standards of behavior that companies must adopt to have a positive and effective impact on society, while adhering to values that exclude solely seeking profit at any cost. This concept becomes even more important when there are more and more business ethics violations. Today's business entities must pay attention to the community and the surrounding environment, so that a mutually beneficial relationship is established between the company and the community. Companies need to get a positive response from the community by interacting and paying attention to their interests, including the community and the surrounding environment. This accountability is given to interested parties through disclosure of corporate social responsibility (CSR). Disclosure of CSR in various dimensions such as economic, environmental, social, human rights, human, community or product responsibility based on the Global Reporting Initiative (GRI), is used as a sign from management to all interested parties including investors regarding the company's future prospects. This shows that the company has a positive attitude towards the company's daily needs in the future. Implementation of CSR in companies can create good long-term relationships with parties who have an interest (older stake) (Naek & Tjun, 2020) .

Apart from CSR, the thing that is also suspected of influencing the company's performance is Good Governance. According to the World Bank, the notion of good governance can be interpreted as the implementation of strong and accountable management or management in government, based on the principles of market efficiency, as well as efforts to prevent corruption both from an administrative and political perspective. Both for the government sector and the private sector, this is considered as the latest innovation in creating reliable public management credibility (Handayani & Nur, 2019) . However, as a result of poor corporate governance standards, a number of big businesses in Indonesia are having issues and are even no longer able to operate. An important component of raising economic efficiency is good company governance. There are a number of interactions between the board of commissioners, stockholders, and other interested parties in this. All parties involved can benefit from good corporate governance. Companies in Indonesia are still not completely embracing the business culture. The performance of the business may be enhanced using GCG, nevertheless, by raising the maximum profit. GCG is a method created to professionally lead the management of the organization based on values like openness, responsibility, accountability, independence, justice, and equality. CSR implementation needs to be supported by GCG implementation because it can control management behavior. It is important for companies to carry out CSR and GCG in order to improve company performance in the eyes of internal and external parties. If CSR is well disclosed and GCG is maintained, then business and society will perceive the company as having good performance as well (Muliati, Sunarwijaya, & Adiyandnya, 2021) .

A firm research and rating institute with an effective corporate governance framework exists in the business community in Indonesia. The Indonesian Institute for Corporate Governance (IICG), which was founded on June 2, 2000, is in charge of this organization, which goes by the name Corporate Governance Perception Index (CGPI). The primary responsibility of IICG is to encourage businesses to implement excellent corporate governance (GCG) practices and to adopt the principles of corporate governance (GCG). This CGPI rating provides advantages in increasing investor interest since businesses with a trustworthy rating demonstrate that their commitments are fulfilled responsibly (Meylani, 2020).

A number of earlier studies have attempted to investigate the effect of corporate social responsibility on company performance, such as the study by Devi Dwi Rahmawardani and Mulichah (2020), which examines "Corporate Social Responsibility on Profit Management and Company Performance". The subject of this study is LQ 45-affiliated businesses between the years of 2016 and 2018. The purposive sampling approach was used to gather samples. Using route analysis, the research data were examined. Four significant discoveries emerged from the results: The following statements are true: (1) CSR has a positive and large impact on company performance; (2) CSR has a negative and considerable impact on earnings management; (3) earnings management has no impact on company performance; and (4) earnings management is unable to sway the impact of CSR on company performance (Rahmawardani & Muslichah, 2020) .

Numerous other studies have also shown the impact of GCG on business performance, such as one from Dwi Fitrianingsih and Siti Asfaro in 2022 that produced a partial test (t) using return on equity (ROE) for directors to have a favorable and insignificant impact on return on financial performance. The audit committee, the board of commissioners, the audit committee, and good corporate governance have no discernible influence on the financial performance's return on equity (ROE), financial performance's return on equity (ROE), financial performance's return on equity (ROE), or financial performance's financial performance. The outcomes of the Audit Committee (KA) then don't have any impact on the company's financial performance, according to study by Aprila, Suryandari, and Arie (2022). As a result, the number of audit committees in an organization cannot determine whether the value of that organization's financial performance increases or decreases. The company's financial performance is unaffected by Independent Commissioners. This indicates that the proportion or quantity of independent commissioners inside the corporation has no bearing on the peaks and valleys of the performance of the company's financial position. The company's financial performance is unaffected by institutional ownership. Consequently, the fluctuations in the company's financial performance are unaffected by the extent of institutional ownership in the business.

A research was done using the CGPI score as a benchmark to see how Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) affected firm performance. Based on variations in earlier research findings, this study intends to examine and discover empirical data about the impact of CSR and GCG on firm performance. Companies listed on the Indonesia Stock Exchange and the Corporate Perception Index (CGPI) make up the sample for this study. This study differs from other studies in that it only includes data from the years 2021 through 2022.

Literature Review

Agency Theory (Agency Theory)

Agency relationships, according to Jensen and Meckling in 1976, can be described as a contract where one or more persons (the primary) hire another person (the agent) to carry out certain tasks on their behalf. The principle delegated decision-making power to the agent in this procedure. While the company's primary objective is to promote the welfare of the capital owner, an agency dilemma occurs in this situation because the agent tends to strive to maximize his own interests while neglecting the interests of the principle. As a result, a control mechanism is necessary to keep an eye on agent behavior (Triyuwono, 2018).

Stakeholder Theory

According to Freeman (Freeman, 2015) , stakeholders can be explained as a group of propositions which state that company managers have responsibilities towards several groups that have an interest in the company. These stakeholders consist of individuals or groups who are potentially affected by every decision taken by the company. Stakeholders have a natural relationship that arises because they have mutual interests, not only between the company and stakeholders, but also between stakeholders and each other. Companies establish relationships with governments, non-governmental organizations, employees, suppliers, competitors, consumers, shareholders and creditors, on the other hand these stakeholders also have relationships with one another (Maulana, Haryadi, & Arief, 2022) . The concept of stakeholder theory in corporate governance provides guidelines for company managers to achieve balanced profits and business sustainability. This theory states that companies have a responsibility to provide benefits to all interested parties and not only focus on company profits alone. In implementing CSR, the goal is not only for the company's internal parties, but also for external parties who are affected by the company's operations.

Corporate Social Responsibility (CSR)

The goal of corporate social responsibility is to continuously improve the community and environment in which a business works. This is accomplished by keeping a balance between the company's operations that result in profits and the advantages offered to society and the environment. Corporate social responsibility (CSR) is a subset of obligation based on the triple bottom line: profit, society (i.e., people), and the environment (i.e., the planet). Businesses are aware that, in addition to profitability, social and environmental factors also need to be taken into consideration because they might indirectly affect business continuity. Ardani & Mahyuni (2020) in his book entitled "Dissecting CSR Concepts and Applications" explains some of the benefits companies get when implementing CSR, the first for stakeholders, namely companies can create and maintain quality human resources, second for society by implementing CSR will provide added value to the existence of companies in an area so that they can improve social quality in that area, then the third for the environment is that CSR can reduce excessive use of natural resources and protect the environment (Wibisono, 2007) .

Good Corporate Governance (GCG)

Sedarmayanti (2012) When we talk about corporate governance, we're talking about the procedures, policies, and regulations that control how different interested parties interact with one another. This is especially true of how shareholders interact with the board of directors and the commission. Corporate governance tries to regulate this connection such that substantial strategic deviations from the company's plan are avoided and that errors are quickly fixed.

In accordance with Regulation of the Minister of Finance of the Republic of Indonesia Number 88/PMK.06/2015, good corporate governance is a system created to guide the management of corporate companies based on the principles of transparency, independence, accountability, responsibility, and fairness with the goal of achieving the implementation of business activities that take into account the interests of all parties involved in conducting business activities in accordance with a legal framework. the year 2019 (Situmorang & Simanjuntak).

Company Performance

The actions taken by management to carry out business operations and reach the established goals are what determine how well the organization performs. Investors will first evaluate the company's performance before investing. The performance of the firm is a reflection of its successes as well as the degree to which it has been able to meet its objectives thanks to its capacity to do business effectively. Periodically, performance evaluations are conducted to evaluate how well the company, its work units, and its people are performing in relation to specified goals, criteria, and performance. The success of the firm is gauged in this research using an indicator called ROE (Return on Equity).

ROE (Return on Equity)

The outcome of the return on equity calculation, which represents the contribution of equity to creating net income, is return on equity (ROE). Net income is divided by the equity of the firm to arrive at this ratio. However, according to Hastuti, Rusidah, and Utomo (2022), the return on equity (ROE) ratio is used to assess how well a firm uses its resources to create a return on equity (Wijaya, 2019). The ratio used to calculate net profit after tax with own capital is called return on equity. According to (Nurhikmawaty et al., 2020), a company's capacity to make money off of its capital is measured by its ROE. Because the company's capital investment was more effectively used in this instance, the higher the

ROE, the greater the investor's return. For shareholders, ROE is crucial since it allows them to assess the management team's performance and efficiency in handling their own money.

Formulation Of The Problem

The Effect of Corporate Social Responsibility (CSR) on Company Performance

Corporate social responsibility (CSR) is a subset of obligation based on the triple bottom line: profit, society (i.e., people), and the environment (i.e., the planet). The firm is aware that, in addition to earnings, consideration must be given to the social and environmental issues that indirectly affect corporate survival. Active CSR initiatives can improve a company's success in the eyes of both investors and the general public. This study uses the ROE indicator to gauge business performance. Irbahiya Aqsa Griselda, Werner R. Murhadi, and Mudji Utami's research demonstrates that the variables firm age and leverage have a substantial negative impact on ROE and Tobin's Q, whereas the variables firm size and leverage have a significant positive impact on ROE. This description serves as the foundation for the following study's hypothesis:

H1: Corporate Social Responsibility (CSR) has a positive and significant effect on ROE

The Influence of Good Corporate Governance (GCG) on Company Performance

In order to implement business activities that take into account the interests of all parties involved in carrying out business activities in compliance with applicable laws, regulations, and generally accepted business practices, good corporate governance is a system designed to direct the management of companies based on the principles of transparency, independence, accountability, responsibility, and fairness. According to stakeholder theory, a company's objective is to improve ties with both internal and external groups in order to assist the creation of a competitive advantage. Agency theory is the foundation of this interaction. CGC may be a motivating tool for business managers to improve productivity. A strong CGC may boost business performance. In this study, ROE is used to gauge business performance. The results of society's research (Fitrianingsih & Asfaro, 2022) produce a partial test (t) that shows that directors have a positive but insignificant impact on return on equity (ROE) financial performance, the board of commissioners has no significant impact on return on equity (OE), the audit committee has no significant impact on return on equity (ROE), and the audit committee has no significant impact on return on equity (OE). Based on this description, the hypothesis in this study is as follows:

H2: Good Corporate Governance (CGC) has a positive & significant effect on ROE

2. METHOD

Type, Population and Research Sample

Quantitative research is the approach employed in this investigation. Archived yearly reports and other research-related material make up the documentary data used. All firms listed on the Indonesia Stock Exchange (IDX) and taking part in the Corporate Governance Index (CGPI) rating program for the year 2021 make up the population of this study's yearly reports. This information was gathered from resources like www.idx.co.id and the Indonesian Stock Exchange Corner. Purposive sampling was employed to collect samples, and ROA and ROE were the criteria that were used in this investigation.

Table 1. Requirements

No	Information	Company Friday
1.	Companies listed on the IDX	766 Companies
2.	Companies that do not participate in the CGPI rating program in the 2021 period	(732 Companies)
3.	Companies that do not disclose CSR in their annual reports	(0 Companies)
	Total	34 Companies

Source: Processed by researchers, 2023

Variables and Operational Definitions of Variables

Dependent Variable

Return On Equity (ROE)

Return on equity is a ratio that assesses a business' capacity to make a profit on a given level of capital. utilizing the shareholder-perspective measure of profitability and the following formula in the calculations:

$$\text{ROE} = \frac{\textit{laba bersih}}{\textit{Total equitas}}\ x\ 100\%$$

Independent Variables

Corporate Social Responsibility

This research makes use of independent variables, such as CSR, which is included in annual reports of businesses. Utilizing indicators, CSR disclosure is evaluated. In the Global Reporting Initiatives-based Corporate Social Responsibility Disclosure Index (CSRDI). The company's social initiatives related to the environment, energy, health, work safety, workforce, goods, and engagement with the general public are included in the CSR disclosure.

Furthermore, according to Hackson and Milne, 1996, CSR disclosure was carried out using a checklist method consisting of 90 disclosures. However, in its application in Indonesia, based on Bapepam No. VIII.G.2, regarding the annual report consisting of 78 disclosure items, The measurement is carried out by giving a value of 1 to items that are disclosed and a value of 0 to items that are not disclosing. These disclosure items include environmental indicators (13 items), energy (7 items), occupational health and safety (8 items), other 29 items, 10 product items, community involvement (9 items), and general public (2 items). As a result, the CSRI disclosure formula entails:

$$\text{CSRI} = \frac{\textit{Jumlah Item Yang Diungkapkan}}{\textit{Total Pengungkapan}\ (78\ \textit{item})}$$

Good Corporate Governance (GCG)

The Corporate Governance Perception Index (CGPI), produced by The Indonesia Institute for Corporate Governance (IICG), is used to measure the GCG variable. enterprises rank the GCG implementation in Indonesian enterprises according to the CGPI program's presence. Based on the rating, which in this case is divided into the categories of highly trusted (85-100), trusted (70-84), and moderately trusted (55-69), the CGPI findings can explain the quality of the GCG program's execution in the firm.

Data Analysis Technique

Multiple Linear Regression Test

To determine how the dependent (bound) variable may impact the independent (free) variable, several linear regression tests are utilized. The following is the study's regression model:

$$\mathbf{KP = \alpha + \beta_1 CSR + \beta_2 GCG + e}$$

Information :
KP = Company Performance
α = constant
β = regression coefficient
csr = *corporate social responsibility*
gcg = *good corporate governance*

Classic Assumption Test

The classical assumption test is a test that is intended so that the regression obtained from the least squares method will later produce an estimate of the associated linear bias so that calculations can be interpreted accurately and efficiently. As for this study, the classical assumption test used the normality test, multicollinearity test, heteroscedasticity test, autocorrelation test. .

a. Normality test
Because it requires plotting the frequency distribution of the current scores, the normality test is the simplest test. The researcher's capacity to analyze the data will determine the results of this normalcy test. The purpose of this normality test is to determine if the residuals and the regression model are regularly distributed. You may see this by examining the provisions:
1) If the probability value is <0.05, then the data is not normally distributed
2) If the probability value is > 0.05 then the data is normally distributed

b. Multicollinearity Test
A test called the multicollinearity test examines situations when the independent variables in a regression model have a perfect or nearly perfect linear connection. If there is a perfect linear function on some or all of the variables in the linear function, the regression model is said to be free from multicol. By examining the value of the variable Inflation Factor (VIF) and its tolerance, the symptom of this multicollinearity may be discovered. Multicollinearity does not arise if the VIF value is less than 10 and the tolerance is more than 0.01. 2020 (Mardiatmoko).

c. Heteroscedasticity Test
To find out whether the regression model has heteroscedasticity, a heteroscedasticity test is used. Heteroscedasticity is a bad sign for a regression model. When examining scatter plot graphs, one way for determining if heteroscedasticity is present or absent involves identifying patternbetween

the anticipated values of the variables and their residuals. The following criteria are used to decide on heteroscedasticity:

1. If the probability value is <0.05, then Ho is rejected, meaning there is a problem with heteroscedasticity.
2. If the probability value is > 0.05 then Ho is accepted, meaning that there is no problem with heteroscedasticity.

d. Autocorrelation Test
If there is a link between the confounding error in period t and the confounding error in period t-1, that is the test used to evaluate the linear regression model. This autocorrelation test is necessary since there are linked consecutive observations throughout time.

Model Feasibility Test

1. Coefficient of Determination
A test used to assess how much the X variable contributes to the Y variable is the R-square test, sometimes referred to as the determination test. The percentage contribution of the independent variable to the dependent variable is ascertained using this test.
2. Simutan Test F
To ascertain if all of the independent factors together have a substantial impact on the dependent variable, the F test is performed.
3. Partial T test
The t test is a test used to assess how much the independent factors individually contribute to variance in the dependent variable. The t test is used in multiple regression to assess if the independent variable regression model has a substantial impact on the dependent variable partly.

3. RESULT AND DISCUSSION

Classic Assumption Test

Normality test

The normality test is used to determine if the variables in the regression model are normally distributed or not. By examining the normal p-plot graph using SPSS 20, the decision on the normality test is made in this study.

Figure 1. Normal P-Plot
Data source: SPSS Output 20 (2023)

Based on the picture above, it can be interpreted that the dots are spread close to the diagonal line on the normal probability plot graph. In this study, it means fulfilling the assumption of normality.

Table 2. Kolomogrov Smirnov Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		34
Normal Parameters a,b	Means	0E-7
	std. Deviation	.01980247
Most Extreme Differences	absolute	.152
	Positive	.152
	Negative	-.105

Kolmogorov-Smirnov Z	.885
asymp. Sig. (2-tailed)	.414
a. Test distribution is Normal.	
b. Calculated from data.	

Source : SPSS Output 20 (2023)

The columnogrov-Smirnov normality test is more frequently used to see more accurate and dependable results since it is based on the findings of the normality test used to determine whether or not the variables are regularly distributed. If the Smirnov column value is larger than 0.05, the Colologrov-Smirnov test's foundation is considered to be normal. According to the aforementioned table, it can be inferred that the variables utilized in this study were normally distributed because the Smirnov column's value, which is 0.885, is larger than 0.05.

Multicollinearity Test

Table 3. Multicollinearity Test

Model		Collinearity Statistics	
		tolerance	VIF
	(Constant)		
1	CSR	.976	1025
	GCG	.976	1025

Source : SPSS Output 20 (2023)

The value of the Tolerance Value or Variance Inflation Factor (VIF) can be used as the basis for a decision based on the results of the multicollinearity test in this study; specifically, if the tolerance value is > 0.01 and the VIF value is 10, it can be assumed that there is no multicollinearity symptom, and vice versa. This study demonstrates that the values of the CSR and GCG variables with a tolerance of greater than 0.10 have values of 0.976 and 1.025, respectively, both of which are less than 10. Therefore, it may be said that multicollinearity's symptoms were absent from this investigation.

Heteroscedasticity Test

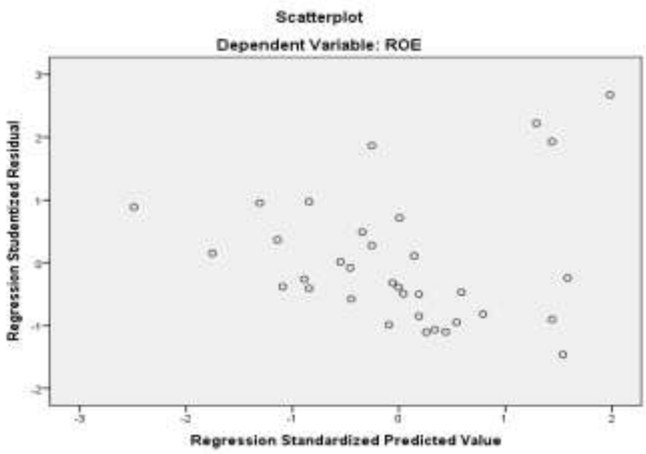

Figure 2. Heteroscedasticity Test
Source : SPSS Output 20 (2023)

Based on the heteroscedasticity test findings from the image above, the scatter plot graph between SRESID and ZPRED displays a pattern of distribution in which the dots spread arbitrarily and freely above and below the number 0 on the Y axis. It may be said that this study did not exhibit any signs of heteroscedasticity.

Autocorrelation Test

Table 4. Autocorrelation Test

Summary Model [b]					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.528 [a]	.278	.232	.0204313	1,370
a. Predictors: (Constant), GCG, CSR					
b. Dependent Variable: ROE					

Source : SPSS Output 20 (2023)

Based on the test results in this study, a DW value of 1.370 was obtained. The value of n with a total sample of 34 and a total of 2 variables means that the Durbin Watson regression is at the value of d_L and d_u or $d_L < d < d_u$ (1.332 < 1.370 < 1.580). Adi based on these values in this study there was no case of autocorrelation in the model.

Multiple Linear Regression Analysis

Table 5. Multiple linear regression analysis

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	T	Sig.
	(Constant)	-.362	.112		-3,244	003
1	CSR	.142	081	.272	1,759	039
	GCG	003	001	.412	2,668	012

Source : SPSS Output 20 (2023)

KP = -0.362 + 0.142 X1 + 0.003 X2 is obtained . From this equation, it can be explained that the CSR and GCG variables are constant in this study if the t count values are 1.759 and 2.668, this exceeds the t table value, which is 1.69092. This means that the existence of CSR and GCG programs has a positive and significant influence on company performance, namely ROE. In addition, it can be seen from the coefficient values of the CSR and GCG variables where each value is 0.142 and 0.003 which indicates a positive unidirectional relationship between the ROE variables.

Model Feasibility Test

Determination Coefficient Test

Table 6. R test

Summary Model [b]					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.528 [a]	.278	.232	.0204313	1,370

a. Predictors: (Constant), GCG, CSR
b. Dependent Variable: ROE

Source : SPSS Output 20 (2023)

Based on the test results it can be explained that the value of the coefficient of determination (Adjusted R Square) is 0.232, which means that variations in the ups and downs of company performance can be explained by 23.2% by CSR and GCG, while the remaining 76.8% is explained by other factors which were not described in this study.

F test

Table 7. Simultaneous Significance Test F

ANOVA [a]						
Model		Sum of Squares	df	MeanSquare	F	Sig.
	Regression	005	2	002	5,981	.006 [b]
1	residual	013	31	.000		
	Total	.018	33			

a. Dependent Variable: ROE
b. Predictors: (Constant), GCG, CSR

Source : SPSS Output 20 (2023)

Based on the test results in this study, the significance value of 0.006 is less than 0.05, this means that the CSR and GCG variables influence simultaneously or together the company performance variables described by ROE.

Individual Parameter Significance Test (T Test)

Table 8. T test

Coefficients [a]								
Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.	Collinearity Statistics tolerance	VIF
	(Constant)	-.362	.112		-3,244	003		
1	CSR	.142	081	.272	1,759	039	.976	1025
	GCG	003	001	.412	2,668	012	.976	1025

a. Dependent Variable: ROE, Source : SPSS Output 20 (2023)

Based on the table above, it is known that the statistical significance test results are as follows:

1. The CSR variable on ROE calculation yielded a t count of 1.759, which in this instance was higher than the t table value of 1.69092. Additionally, the CSR variable's significance value is 0.039, which is higher than 0.05. Therefore, the success of the firm as measured by ROE is impacted by the CSR variable. Thus, it can be said that CSR positively and significantly affects business success as measured by ROE. H1 is thus approved for this test.
2. The GCG variable on ROE computation yielded a t count of 2.668, which in this instance was higher than the t table value of 1.69092. Additionally, the GCG variable's significance value is 0.012, which is less than 0.05. This indicates that the GCG variable affects corporate performance as measured by ROE positively and significantly. Thus, it may be said that H2 is approved.

Discussion

The Effect of *Corporate Social Responsibility* (CSR) on *Return On Equity*

Research indicates that corporate social responsibility has a favorable impact on business performance. This implies that the ROE level will increase as CSR disclosure increases. The value of a company's performance will rise the more CSR is disclosed in annual reports. This is also a result of the larger disclosures that exist and will send a good message to shareholders and other parties with an interest in the firm. The more information shareholders and other interested parties contribute, the more information investors will receive about the firm, which is one of the ways investors may track a company's progress. The findings of this study are consistent with those of societal studies (Rahmawardani & Muslichah, 2020), which found that CSR testing results significantly affect firm success as evaluated by ROE. The results of society's research (Sari & Astawa, 2020) indicated a positive correlation between CSR and firm performance.

The Influence of *Good Corporate Governance* (GCG) on *Return On Equity*

Based on the probability value that has been obtained, the test results state that GCG in this test is accepted. This means that if the company maximizes and pays attention to these aspects of GCG, it will improve the company's performance in managing capital to generate good profits and benefits for the company. GCG is carried out to achieve company goals besides that with a good corporate governance system that influences company decision making that prioritizes company interests, not unilateral interests. So that the company gains the trust of all parties.

Azhar Maksum in society (Tjondro & Wilopo, 2011) asserts that putting GCG into practice will improve the decision-making process and result in better decisions, higher levels of efficiency, and a more positive workplace culture. This encourages stakeholders as part of the company, to be able to apply GCG principles so that in managing the company's management, have a sense of honesty and responsibility resulting in a high company return on assets (ROA). This is in line with research conducted by society (Tjondro, & Wilopo, 2011; Ferial, Suhadak, & Handayani, 2016; Khumairoh, Sambharakreshna & Kompyurini, 2014) which states that GCG influences the performance of companies that use the ROE indicator.

4. CONCLUSION

Based on testing all the hypotheses that have been carried out, the following results are obtained: A significance value of 0.039, which is higher than 0.05, indicates a substantial and positive relationship between CSR characteristics and corporate performance variables as reported by ROE. The CSR variable, then, has an impact on the company's success as measured by ROE. The success of the firm, as measured by ROE, may thus be inferred to have a positive and considerable impact on CSR. In light of this, H1 is approved for this test. With the implication that effective CSR implementation would boost ROE, this is due to the rising performance value of the firm that will result from more and more businesses disclosing CSR in their financial reports. Investors can use this information to track the progress and decisions of the organization.n GCG characteristics and corporate performance factors reported by ROE are positively and significantly correlated, with a significance value of 0.012, which is less than 0.05. The firm performance as measured by ROE is therefore positively and significantly impacted by the GCG variable. We can infer that H2 is approved as a result. Therefore, it can be concluded that the firm's performance in managing capital will increase to provide strong profits and advantages for the company the more the company maximizes and pays attention to these components of GCG. To accomplish corporate objectives, GCG is used. Based on the results of this study, several suggestions were obtained that could be put forward in this study, namely for further researchers to add company performance measurement variables, and increase the period of observation so that in determining the sample it is hoped that it can better represent CSR and GCG disclosures. In addition, it can also add primary data to help assess the level of implementation of CSR and GCG more accurately.

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