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The Effect of Good Corporate Governance on Banking Return on Assets on the Indonesian Stock Exchange with Firm Size as a Mediation Variable for the 2020-2023 Period

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ABSTRACT
This study analyzes the effect of Good Corporate Governance (GCG) on Return on Assets (ROA) of banks listed on the Indonesia Stock Exchange (IDX) during 2020–2023, with Firm Size as a mediating variable. The research is motivated by the decline in bank profitability during the COVID-19 pandemic due to increased credit risk and sluggish credit growth. Secondary data were collected from annual reports of eight major banks selected through purposive sampling. Data analysis employed Partial Least Squares Structural Equation Modeling (PLS-SEM) with bootstrapping to test the significance of relationships between variables. The results show that GCG has a significant positive effect on both Firm Size and ROA, highlighting the importance of transparency, accountability, responsibility, independence, and fairness in enhancing asset efficiency and profitability. However, Firm Size does not significantly affect ROA and therefore does not mediate the relationship between GCG and ROA. These findings indicate that while GCG contributes to firm growth, larger scale alone does not ensure higher profitability without effective asset and risk management. The study supports Signaling Theory, suggesting that strong governance practices send more valuable market signals than operational scale. This research contributes to understanding the determinants of bank profitability during periods of crisis and emphasizes the managerial importance of strengthening governance and asset management efficiency rather than focusing solely on expansion.

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INTRODUCTION

The COVID-19 pandemic has had a significant impact on the banking industry in Indonesia, reflected in decreased economic activity, increased non-performing loans (NPLs), and declining bank profits. Return on Assets (ROA), an indicator of bank profitability, also experienced a significant decline early in the pandemic due to high credit risk and slowing credit growth, putting pressure on the stability of banks' financial performance. Wahyuni (2023) emphasized that in 2020, state-owned banks experienced a decline in net profit of nearly half the previous period, as well as a significant decline in ROA, illustrating the need

for strategic adjustments in asset management and corporate governance to maintain stable financial performance during the pandemic.

According to Adnyana (2020), ROA is a ratio that indicates the ability of a company's assets to generate profits. Therefore, the ROA value reflects the efficiency of asset management and serves as an indicator of a bank's financial health. F. E. Brigham and F. J. Houston (2019) also stated that the higher the ROA, the more efficiently a bank uses its assets to support operations. Therefore, understanding the factors influencing ROA is crucial for banks to maintain stable financial performance.

One of the main factors influencing ROA is Good Corporate Governance (GCG), a corporate governance system aimed at increasing transparency, accountability, and integrity in organizational management, as stated by D. Agustina and M. Kurnia (2020). Research by Khofifah and Mariana (2024) shows that GCG influences ROA. N. Wardhani and R. Diana (2018) add that good GCG implementation in banking not only increases profitability but also the stability of the overall financial system, as banks that implement GCG effectively tend to have strong management structures, reduce operational risks, and increase asset utilization effectiveness, thus increasing ROA. Good GCG implementation is also expected to strengthen stakeholder trust and minimize risks resulting from non-compliance with sound governance principles. The five main principles of GCG used to evaluate its implementation are transparency, accountability, responsibility, independence, and fairness, which are particularly important in the banking industry for improving financial performance, including ROA.

In addition to GCG, firm size is also a significant factor influencing bank financial performance. Firm size refers to the scale of a company, which can be measured by total revenue, assets, or equity (Brigham et al., 2010:4). A. Wibowo (2019) explains that larger companies can achieve greater scale efficiency, thereby increasing ROA. Research by Uci Rosalinda et al. (2022) confirms this by finding that firm size significantly influences ROA. In this study, firm size was measured using the natural logarithm of total assets to reduce data imbalance and facilitate interpretation.

Banking was chosen as the research object due to its crucial role as the foundation of the Indonesian economy, particularly during the pandemic when the stability of this sector significantly impacted the national economy. Comparative data on ROA of state-owned banks during the pandemic showed significant changes, as revealed by Angrawitkusuma (2022), who noted that although all four state-owned banks experienced a drastic decline in ROA at the start of the pandemic, particularly Bank BTN, they then showed a gradual increase in the following year.

Previous research on the effect of firm size and good corporate governance (GCG) on ROA has yielded inconsistent results. Yusuf et al. (2022) found that firm size had no effect on financial performance, while Uci Rosalinda et al. (2022) showed a positive effect. Conversely, Sanah et al. (2021) stated that good corporate governance (GCG) had no effect, while Riwu

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Manu et al. (2019) demonstrated that good corporate governance (GCG) had a significant positive effect on financial performance.

Due to this inconsistency, the researcher is interested in conducting further research to provide clarity, entitled "The Effect of Good Corporate Governance on Bank Return on Assets on the Indonesia Stock Exchange with Firm Size as a Mediating Variable for the 2020-2023 Period." This study aims to explore the relationship between GCG, Firm Size, and bank financial performance, as reflected in ROA.

Based on the above background, this study aims to: (1) Analyze the effect of Good Corporate Governance (GCG) on bank Firm Size. (2) Analyze the effect of Good Corporate Governance (GCG) on bank Return on Assets (ROA). (3) Analyze the effect of Firm Size on bank Return on Assets (ROA). (4) Analyze the effect of Firm Size in mediating Good Corporate Governance (GCG) on bank Return on Assets (ROA).

Research Hypothesis

H_1: Good Corporate Governance influences Firm Size.

H_2: Good Corporate Governance influences bank Return on Assets.

H_3: Firm size affects bank return on assets.

H_4: Firm size mediates the effect of good corporate governance on bank return on assets..

METHOD

This research uses a quantitative approach, emphasizing the use of numerical data to obtain objective and systematic results. Sugiyono (2013:8) explains that quantitative research is a scientific method that studies phenomena that are concrete, objective, and measurable rationally. Within the scope of this research, the data used is quantitative data in the form of numbers that can be analyzed statistically. The data sources used are secondary data, namely data already available from other sources such as books, journals, and electronic media, specifically annual reports for the past five years from the Indonesia Stock Exchange (IDX) and the official websites of the sample companies. This research was conducted at the IDX from March 2025 until completion.

The study population included all 104 companies listed in the financial sector on the IDX. The sample was selected using a purposive sampling technique, which involves sampling based on specific criteria in accordance with the research objectives. The sample criteria were financial sector companies listed on the Indonesia Stock Exchange (IDX), included in the Top 15 main board companies, and had complete and accessible annual reports and corporate governance documents for the period 2020 to 2023. Based on these criteria, a total of eight companies were selected as research samples, consisting of various leading banks such as Bank Central Asia Tbk. and Bank Rakyat Indonesia (Persero).

Data were collected through documentation, namely by taking data from company annual reports obtained from the IDX and the official websites of each sample company. Data analysis was conducted using descriptive statistics to describe data characteristics, such as median, maximum, mean, and standard deviation values. Furthermore, the study used Partial

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Least Squares (PLS) structural model evaluation to assess the relationships between latent variables by observing the R-Square value as an indicator of the model's predictive strength. According to Ghozali (2021), a large R-Square value indicates a good, moderate, or weak model. Furthermore, the Q-Square is used to measure the model's predictive relevance, where a Q-Square value greater than zero indicates the model has predictive relevance.

For hypothesis testing, the bootstrapping resampling method was chosen because it does not rely on specific data distribution assumptions and can be used even with small sample sizes. Testing was performed using a t-test, and results were considered significant if the p-value was less than or equal to 0.05. If the effect in the inner model is significant, this indicates a meaningful relationship between the variables. In testing the mediation effect, the primary objective is to determine whether the mediating variable plays a full, partial, or no role at all. Hair et al. (2021) provide a guide to mediation analysis with steps including evaluating the significance of the indirect effect, the direct effect of the independent variable on the mediator, the mediator's effect on the dependent variable, and the direct effect of the independent variable on the dependent variable, all of which were analyzed using the PLS-SEM analysis tool. This approach allows for a deeper understanding of the role of the mediating variable in the relationships between variables in the research model.

RESULTS AND DISCCUSION

Descriptive statistics provide a general overview of the data being studied based on the minimum value, maximum value, mean, and standard deviation. The results of the descriptive statistical analysis in this study can be seen in the following table.

Research Results

Descriptive Statistics

Table 1. Descriptive Statistics Results

	No.	Missing	Mean	Median	Min	Max	Standard Deviation
Ln	1	0	1.685.406	1.664.000	1.370.000	1.990.000	221.265
Dummy	2	0	31.375	9.000	6.000	92.000	32.823
ROA	3	0	14.844	12.000	1.000	41.000	11.386

Source: Data processed with SmartPLS3, (2025)

Table 1 is the result of descriptive statistical tests, with the following explanation :

1. Natural Logarithm (Ln)
   Referring to Table 1, it is known that the natural logarithm values in this study sample range from 1,370,000 to 1,990,000, with an average of 1,685,406 and a standard deviation of 221,265. A mean value greater than the standard deviation indicates a lower variance in the data, resulting in a more evenly distributed distribution.
2. Dummy Variables
   Referring to Table 1, it is known that the dummy variable values in this study sample range from 6,000 to 92,000, with an average of 31,375 and a standard deviation of

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32,823. A mean value lower than the standard deviation indicates a higher variance in the data, resulting in a greater spread than the average.

3. Return on Assets (ROA)
   Referring to Table 1, it is known that the Return on Assets (ROA) values in this study's sample ranged from 1,000 to 41,000, with an average of 14,844 and a standard deviation of 11,386. An average value greater than the standard deviation indicates lower data deviations, resulting in a more evenly distributed distribution.

Structural Model Evaluation (Inner Model)

Table 2. Structural Model Evaluation Results

	R Square	R Square Adjusted
Y, *Return On Assets*	0.315	0.268
Z, *Firm Size*	0.184	0.157
$Q^2 = 1 - (1 - R_1^2)\ (1-R_2^2)$		
$Q^2 = 1 - (1- 0{,}315)\ (1-0{,}184)$		
$Q^2 = 1 - \ (0{,}685)\ (0{,}816)$		
$Q^2 = 1 - \ 0{,}44$		
$Q^2 = 0{,}56$		

Source: Data processed with SmartPLS3, (2025)

Table 2 shows that the structural model evaluation results demonstrate a Q2 value (0.56) approaching 1. This result indicates that the model is able to explain 56% of the information contained in the data, while the remaining 44% is influenced by factors outside the model, including errors or variables not included in the analysis.

Hypothesis Test Results

Direct Effect Test

Table 3. Results of the Direct Effect Hypothesis Test

No	Relationship Between Variables	Path Coefficient (Bootstrapping)	*T-Statistics*	*P Values*	Information
1	GCG > *Firm Size*	0.551	2.544	0.011	H_1 Accepted
2	GCG > ROA	-0.429	2.977	0.003	H_2 Accepted
3	*Firm Size* > ROA	-0.024	0.157	0.875	H_3 Rejected

Sumber : Data diolah dengan SmartPLS3, (2025)

Based on table 3 above, the results of the direct influence hypothesis test are presented in the following description:

1) Good Corporate Governance (GCG) has been shown to have a positive effect on Firm Size. This result is demonstrated by a T-Statistic of 2.544 (T-Statistic > 1.96) or a P-Value of 0.011 (P-Value < 0.05) with a path coefficient of 0.551, indicating that (H1): Good Corporate Governance (GCG) has an effect on Firm Size is accepted.
   This indicates that well-implemented Good Corporate Governance (GCG) will build trust from stakeholders, including investors, and others. This trust positively impacts the bank's reputation, ultimately enhancing the company's ability to attract external

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investment. In this context, Firm Size, measured by total assets, reflects a company's success in increasing its assets.

2) Good Corporate Governance (GCG) has been shown to have a positive effect on Return on Assets (ROA). This result is demonstrated by a T-Statistic value of 2.977 (T-Statistic > 1.96) or a P-Value of 0.002 (P-Value < 0.05) with a path coefficient of 0.429, indicating that (H2): Good Corporate Governance influences Return on Assets (ROA) is accepted. This indicates that strong implementation of Good Corporate Governance (GCG) contributes to Return on Assets (ROA) because GCG creates a sound framework for efficient, transparent, and responsible bank asset management. Furthermore, it minimizes Non-Performing Loans (NPLs) and optimizes interest and non-interest income, ultimately resulting in increased net profit on total assets, reflected in a higher ROA.
3) Firm Size was shown to have no effect on Return on Assets (ROA). This result is demonstrated by a T-statistic of 0.157 (T-statistic < 1.96) or a P-value of 0.875 (P-value > 0.05) with a path coefficient of 0.024, indicating that (H3): Firm Size influences Return on Assets (ROA) is rejected.

   This indicates that Firm Size, as measured by total assets, is not a significant factor in influencing Return on Assets (ROA). The rejection of this hypothesis may be explained by the possibility that asset management efficiency is more important than total asset value. This indicates that the size of a bank's assets does not automatically determine the amount of profit it can generate from those assets.

To clarify the presentation of the results of the previous data analysis, the overall analysis results model can be seen in the following image:

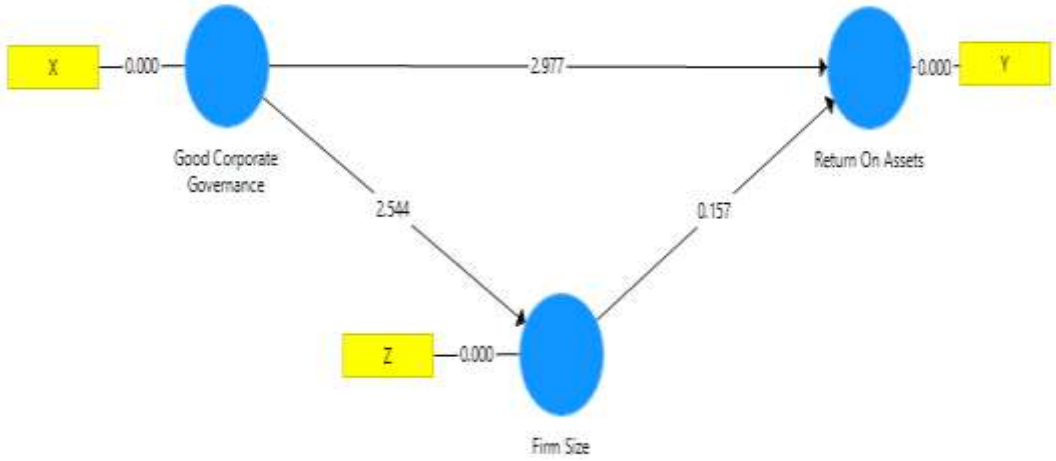

Figure 1. Full Model Results of SEM-PLS Analysis
Source: Processed with SmartPLS3, (2025)

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Indirect Effect Test

Table 4. Results of the Indirect Effect Hypothesis Test

Relationship Between Variables	Path Coefficient (Bootstrapping)	*T-Statistics*	*P-Value*	Information
Good Corporate Governance > Firm Size > Return On Assets	0.043	0.147	0.883	H_4 rejected

Source: Data processed with SmartPLS3, (2025)

Based on Table 4 above, the results of the indirect effect hypothesis test are presented in the following description:

1) Firm size was proven unable to mediate the effect of Good Corporate Governance (GCG) on Return on Assets (ROA). This result is indicated by a T-statistic of 0.147 (T-statistic < 1.96) or a P-value of 0.883 (P-value > 0.05), indicating that (H4): Firm size mediates the effect of Good Corporate Governance (GCG) on Return on Assets (ROA) is rejected.

The following mediation model examination will examine the role of Firm Size as a mediator in the effect of Good Corporate Governance (GCG) on Return on Assets (ROA). This analysis aims to determine whether Firm Size acts as a mediator, either fully, partially, or not. The results of the mediation model examination in this study are presented in Table 5 below.:

Table 5. Summary of Mediating Variable Test Results

No.	Relationship Between Variables	(P_1.P_2)	(P_3)	Information
1	X.GCG > Z.*Firm Size* > Y.ROA	0.043 (N.Sig)	0.883 (N.Sig)	*No Effect* (*No Mediation*)

Source: Processed data, (2025)

Description: (Sig) = Significant = T-Statistic > 1.96
(N.Sig) = Not Significant = T-Statistic < 1.96

Based on these results, the mediation effect of the Firm Size variable is Direct Only (no mediation). This result can be seen from the insignificant P1, P2, and P3 values. The test results prove that Good Corporate Governance has no direct or indirect effect on Return on Assets (ROA) through Firm Size. This indicates that Firm Size, in this context, is total assets, more reflective of the economic capacity and operational scale of banking and does not have a direct role in creating added value through increasing corporate governance efficiency. Therefore, high total assets do not automatically increase governance efficiency, which increases ROA.

Discussion

The Influence of Good Corporate Governance on Firm Size

The research results show that Good Corporate Governance (GCG) has a significant influence on Firm Size. The implementation of GCG principles such as transparency, accountability, responsibility, independence, and fairness can increase the trust of

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stakeholders such as investors, regulators, and the public. This trust encourages the inflow of external funds and the expansion of the bank's business activities, ultimately increasing the company's total assets, which is a proxy for Firm Size. From a Signaling Theory perspective, these results align with the assumption that strong GCG sends a positive signal to the market and investors. Banks that are professionally managed and have sound risk management demonstrate transparency and responsibility, which increases investor confidence and is reflected in asset expansion and increased company size.

During the pandemic, banks faced significant challenges such as a surge in Non-Performing Loans (NPLs), declining purchasing power, and economic uncertainty. In this situation, GCG is a crucial instrument for building investor and public trust, especially for banks that demonstrate transparency and responsibility. For example, Bank BCA (BBCA) and Bank BRI (BBRI) consistently published annual reports with clear disclosures, including risk strategies and credit policies during the pandemic. This created a positive image and attracted investor interest, increasing third-party funds and increasing bank assets, an indicator of firm size.

Furthermore, banks with strong accountability and responsibility principles are able to maintain financial stability. Bank BNI (BBNI) and Bank Danamon (BDMN) strengthened their internal audit and governance committee structures to address systemic risks during the pandemic, implementing organizational adjustments and cost efficiencies to remain competitive. Stakeholder trust led to an increase in core capital, reflecting growth in business scale. Thus, the increase in firm size is not only a result of business expansion but also the success of maintaining public trust during the crisis.

The principles of fairness and independence are also crucial aspects of decision-making during emergencies. Banks that maintain the independence of their Board of Commissioners and Directors from external intervention are able to make quick and appropriate decisions. Allo Bank (BBHI), a digital bank, demonstrated significant asset growth following acquisitions and the implementation of technology-based governance, demonstrating the role of good corporate governance (GCG) in speed and effectiveness of decision-making, which impacts firm size growth.

Several small banks, such as Bank Ina Perdana (BINA) and MNC Kapital Indonesia (BCAP), also demonstrated asset growth between 2021 and 2023, thanks to technology adoption, governance innovation, digital financial transparency, and active communication with strategic investors. This success demonstrates that comprehensive GCG implementation contributes to company growth, even during global crises such as the pandemic. These results are supported by research by Andriani Tisna & Agustami (2016), which states that the implementation of Good Corporate Governance has a positive effect on firm size.

The Influence of Good Corporate Governance on Return on Assets

The research results show that Good Corporate Governance (GCG) has a significant impact on Return on Assets (ROA). Good GCG implementation directly impacts the efficiency and effectiveness of bank asset management. With a strict oversight mechanism and

transparent governance, management becomes more responsible in carrying out operations. Consistently implemented principles such as accountability, transparency, and responsibility can reduce risks such as bad debts and wasteful operational costs, resulting in increased net profit, which is reflected in ROA. A strong governance structure also supports sound decision-making and adaptive business strategy adjustments, particularly in the face of external changes such as the COVID-19 pandemic. Therefore, GCG is a key factor in maintaining the stability and growth of financial performance, particularly ROA, in the banking sector.

Within the Signaling Theory framework, GCG implementation serves as a positive signal to investors and other stakeholders that the company is managed professionally and transparently. Information regarding the implementation of GCG principles indicates the company's potential for strong future performance, thereby enhancing positive market perception. This trust encourages investor support in the form of investment and easy financing, which in turn increases the company's competitiveness and efficiency, and increases ROA. Signaling Theory also emphasizes that companies with strong GCG are trusted to maintain business sustainability, leading the market to expect higher profitability, which enhances their reputation and investment attractiveness.

During the 2020–2023 period, banking ROA was significantly influenced by management's ability to respond to crises, which is determined by the strength of corporate governance. Banks like BBRI and BBCA, which consistently implemented GCG, were able to reduce non-performing loans and restructure their MSME lending strategies. By maintaining transparency and accountability, they controlled asset quality and remained profitable despite the pressures of the pandemic, evidenced by the stability and recovery trend in ROA since 2021. Conversely, banks with weak governance, such as Bank BTN (BBTN), experienced declining performance due to inefficient asset management. Despite having substantial assets, profits declined sharply due to poor credit oversight and risk management, demonstrating that GCG is not merely formal compliance but the integration of governance principles into operational practices.

Another important factor is the bank's response to government stimulus. Banks with strong GCG structures, such as BBNI, were able to distribute People's Business Credit (KUR) and restructure loans while maintaining the quality of their loan portfolios. Transparent risk management is key to preventing long-term losses from credit distribution. In this context, GCG promotes the efficiency of productive assets, which positively impacts ROA. The principles of independence and fairness also form the basis for unbiased, data-driven decision-making. Banks with good governance, such as Bank Danamon, are able to set provisions and credit costs according to realistic projections, ensuring future profits are not overburdened. Thus, GCG has been shown to influence the effectiveness of asset management and increase ROA in banks during and after the pandemic.

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These research findings are supported by studies by Riwu Manu et al. (2019) and Uci Rosalinda et al. (2022), which found that good corporate governance influences a company's profitability and financial performance.

The Influence of Firm Size on Return on Assets

The research results show that Firm Size has no effect on Return on Assets (ROA). Although large companies are assumed to have strong resources and high competitiveness, this does not automatically guarantee efficient asset utilization. In the banking industry, efficient asset management is a greater determinant of profitability than total asset size. Even large banks can experience inefficiencies in credit distribution or high operating expenses, resulting in suboptimal ROA. This lack of a significant effect suggests that profitability is more influenced by the effectiveness of business strategy, risk management, and service innovation, rather than solely by the size of the company's assets.

From a Signaling Theory perspective, company size should signal financial strength and stability to the market. However, these findings suggest that Firm Size does not provide a strong enough signal to influence market perceptions of ROA. This means that the signal received by the market is based not solely on company size, but also on how effectively those assets are managed. Without efficient operational performance, company size becomes a weak or irrelevant signal in influencing ROA.

During the pandemic, large banks did not always demonstrate good ROA performance. For example, Bank BTN (BBTN) has substantial assets, but its ROA has fallen sharply due to high non-performing loans in the housing sector. This indicates that firm size without sound risk management does not guarantee profitability, especially during a crisis. Large assets can actually become a burden if they are not productive.

Conversely, mid-sized banks such as Bank Ina Perdana (BINA) and Allo Bank (BBHI) have been able to demonstrate competitive ROA through efficient asset management. Digitalization, operational cost efficiency, and flexibility in business strategies during the pandemic have been their strengths. This demonstrates that firm size is not a direct determinant of ROA; operational efficiency and approach are more influential.

Another factor hindering the relationship between firm size and ROA is their fixed cost structure and reliance on interest income. Large banks like MNC Kapital (BCAP) have struggled to streamline costs during the pandemic due to operational complexity. Operating expenses remain high despite declining revenue, leading to lower profit margins and ROA despite increasing assets.

The pandemic has also driven a focus on digitalization, which benefits smaller banks with leaner structures. Large banks must invest heavily in digital infrastructure, which initially depresses profits, while digital-native banks like BBHI can maintain efficiency and increase ROA without the need for large asset scale.

These research findings are supported by Yusuf et al. (2022), who also showed that firm size does not affect a company's financial performance.

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Firm Size mediates Good Corporate Governance on Return On Assets

The results of this study indicate that firm size cannot mediate the effect of good corporate governance (GCG) on return on assets (ROA). Although GCG can increase firm size and influence ROA, firm size has no significant relationship with ROA, making it ineffective as a bridge between GCG and ROA in the banking sector during the observation period. This confirms that firm size is not a relevant intermediary mechanism in this relationship.

Within the framework of signaling theory, the failure of firm size as a mediator indicates that positive signals from GCG implementation are assessed directly by investors and stakeholders, regardless of company size. Therefore, integrity and transparency reflected in GCG are valued more than the scale of a company's operations. Therefore, firm size does not strengthen the signaling effect of GCG on financial performance.

For example, Bank BNI and BBRI experienced asset growth during the pandemic, but the increase in ROA was more influenced by credit and risk management strategies, rather than simply the bank's size growth. Therefore, although GCG impacts firm size, there is no significant path from firm size to ROA, thus mediation does not occur.

Another influencing factor is the bank's asset structure, which was significantly affected by credit restructuring policies during the pandemic. Large banks like BTN and BCAP experienced asset expansion from increased credit, but asset quality declined, depressing ROA. In this case, firm size can create an illusion of financial strength if not accompanied by efficiency or profitability.

Meanwhile, small banks like Allo Bank, which implemented good corporate governance (GCG), experienced asset growth due to capital injections and digital technology, but have not shown consistent ROA growth due to the high cost of the initial expansion phase. This confirms that increasing firm size does not automatically strengthen the relationship between GCG and ROA, especially if the expansion process is not yet financially efficient. These results are supported by research by Fitryani & Nia (2021), which found that firm size was unable to act as an intervening variable in the relationship between good corporate governance and manufacturing company value.

CONCLUSION

This study examines whether Firm Size is able to mediate the effect of Good Corporate Governance (GCG) on the Return on Assets (ROA) of banks listed on the Indonesia Stock Exchange. Based on the results of the analysis and discussion conducted in this research, it can be concluded that Good Corporate Governance (GCG) has a positive effect on Firm Size and Return on Assets (ROA) in banks listed on the Indonesia Stock Exchange. However, Firm Size has no significant effect on Return on Assets (ROA) and is therefore unable to mediate the relationship between Good Corporate Governance (GCG) and Return on Assets (ROA). Based on the conclusions of the study above, the author offers several suggestions as follows: For the development of knowledge, the results of this research are expected to contribute to academic understanding regarding various factors that influence Return on Assets (ROA),

particularly Good Corporate Governance (GCG) and Firm Size. Furthermore, this study can serve as a foundation for future research to examine other variables that may affect ROA and to expand the analysis to different industrial sectors to gain a more comprehensive perspective. For the research objects, banking companies that became the subjects of this study are advised to continuously strengthen the implementation of Good Corporate Governance (GCG) principles in their operations and strategic decision-making. Strong GCG implementation has been proven to positively affect the company's asset growth, thereby increasing Firm Size, which reflects corporate stability and expansion capacity. With improved trust from investors and other stakeholders, companies will have better access to capital and opportunities to expand their business scale. Although Firm Size in this study did not significantly affect Return on Assets (ROA), management should still focus on efficiency in asset management. This means not merely increasing the size of the company in terms of assets but ensuring that the assets are optimally utilized to generate profits. Therefore, strengthening GCG must be accompanied by effective asset management strategies to directly enhance financial performance, especially profitability. For future research, it is recommended to consider other factors that may play an important role in mediating the relationship between Good Corporate Governance and Return on Assets, such as leverage, operational efficiency, or credit risk. This aims to identify more accurate and relevant mediating variables in the context of the banking industry. Expanding the research to other sectors beyond banking is also encouraged to test the consistency of results and enrich academic literature. Using a longer observation period and panel data approach can further strengthen predictive analysis. Additionally, future research could adopt a mixed-method approach (combining quantitative and qualitative methods) to gain deeper insights into the practical implementation of GCG and managerial perceptions of GCG policies in relation to company growth.

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