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The Role of Corporate Social Responsibility on the Performance of Indonesian Banking Corporation

Ruth Samantha Hamzah[1], Efva Octavina Donata Gozali[2], Mutiara Lusiana Annisa[3], Chomsah Novianti Pratiwi[4]
Accounting Department, Faculty of Economics, Sriwijaya University, Indonesia[1,2&4]
PalComTech Institute of Technology and Business, Indonesia[3]
ruth_samantha@fe.unsri.ac.id[1], *efvagozali@unsri.ac.id[2]*, *mutiara_annisa@palcomtech.ac.id[3]*, *chomsahnoviantipratiwi20@gmail.com[4]*

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Abstract
Purpose: The study employs Corporate Social Responsibility (CSR) as a moderating variable. We aim to discover the role of CSR on the influence of audit firm rotation (AFR), audit committee gender (ACG), and audit quality (AQ) on banking performance.
Methodology/approach: The regression analyses were performed multiple and moderated to exploit the linear model and moderating model, respectively.
Results/findings: The results show that ACG has a significant effect on banking performance, meanwhile AFR and AQ have no significant influence on banking performance. Furthermore, the results of the moderated regression analysis revealed that CSR cannot moderate the influence of AFR, ACG, and AQ on banking performance.
Limitations: We limited the variables only in terms of AFR, ACG, and AQ for the direct influence on firm performance. Therefore, we did not include determinant variables of firm performance in the model (e.g., firm size, firm age, firm growth, financial ratio). We suggest for further research include these determinant variables as a control variable.
Contribution: The study delivers understanding and information on behalf of the influence of AFR, ACG, and AQ on firm performance, particularly for the banking sector in emerging countries. In addition, this research has implications for regulators to improve banking performance.
Novelty: We use CSR as a moderating role. To the best of our knowledge, there is no prior study that employs CSR as a moderating role among AFR, ACG, and AQ association to banking performance. Meanwhile, previous studies prove the strong relationship between CSR to banking performance.
Keywords: *Audit Quality, Audit Committee Gender, Audit Firm Rotation, Banking Performance, Corporate Social Responsibility*
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1. Introduction
As time goes by, rapid economic growth appears, particularly in emerging countries. Adequate banking development is able to keep pace with economic growth. The rapid development of banking and the high level of complexity affects the performance of a bank (Novitasari, Endiana, & Arizona, 2020). Indonesia underwent a crisis in 1997, which left many lessons for Indonesia's banking corporations. On

the other hand, the Covid-19 pandemic has made banking companies in Indonesia face several significant issues. Firstly, improving asset quality, which applies to global banking. Secondly, maintaining liquidity. Furthermore, carrying out great efficiency due to pressure from external and maintaining inter-bank trust (Suheriadi, 2020). Banking undoubtedly has a dominant role in the financial system. Hence, an understanding of board knowledge of management banking encourages a robust financial system as well (Purwoko & Sudiyatno, 2013). One of the indicators used in assessing banking viability is by seeking information about its performance (Suryaputra, Bandi, & Setiawan, 2017).

Indonesian banking performance is still recorded as a good performance. According to the data from Indonesian Financial Services Authority (FSA), amid the global and domestic economic slowdown, growth in the banking sector was found optimistic, and stability was maintained. These dynamics affect the risk of the banking industry, which demands proactive adaptation and mitigation, thus turning challenges into opportunities (OJK, 2021). Indonesian Banking Statistics published by FSA in January 2019 shows the Net Interest Margin i.e., the difference between loan interest rates and interest rates for funds from conventional commercial banks, at the level of 5.72 percent. It is fantastic compared to other countries, including Southeast Asian countries. It implies that the banking industry in Indonesia gains higher profitability, which induces foreign banks to acquire national banks (OJK, 2019).

In this study, we examine the association of audit firm rotation (AFR), audit committee gender (ACG), and audit quality (AQ) on banking performance. In addition, we exploit the role of Corporate Social Responsibility (CSR). AFR is a rotation in public accountant firms, and each public accountant may assess the financial statement for a maximum of three consecutive years (Aisyah, Gunawan, & Purnamasari, 2021). On the other hand, an audit committee is essential in maintaining the independence of the commissioner board. Furthermore, the existence of women has proven to increase the payment of dividends to investors (Niki, 2016). AQ is an audit adjustment by the auditor who has detected a misstatement in financial statements that needs to be fixed by the clients in financial statements preparation (Deng, Xie, Zhang, & Wu, 2021). Moreover, a firm maintains the sustainability of its performance by carrying out its social responsibility (Hayati & Okmawati, 2019).

Stakeholder theory explains the communities or individuals who influence the decisions or policies of each other (Swastika & Aryati, 2019). Stakeholders, workers, and including third parties (creditors, suppliers, and communities) strongly influence the performance of a firm. The existence of good relationships among stakeholders supports the investors' expectations, particularly by paying attention to AFR, ACG, and AQ (Dewi, Novitasari, & Dewi, 2021).

Currently, CSR implementation is as called "a mandatory" for the corporation. Corporate value is not only responsible for its financial condition (single bottom line), but it is seen from social and environmental aspects either. It seems that there is no certainty for a company to grow sustainably by merely seeing its financial ability (Zulaecha & Murtanto, 2019).

This study employs banking corporations in Indonesia to scope this research. It is noted that the banking sector influences overall economic movements (Tharu & Shrestha, 2019). In the case of Indonesia, the banking corporation has paid serious attention to the government because it has a high risk so the level of vigilance for operational activities has increased. It causes an impact on financial reports which have fluctuated significantly. It is happened by the main foundation of the operations is related to funding collected from the public that is used in various forms such as creditors and investments (Kalbuana, Juniar, & Amrizal, 2017). On a boarder scale, this study's purpose of discovering the role of CSR on the relationship of AFR, ACG, and AQ on the banking performance in Indonesia. The implication for managers is to understand what activities should be done to benefit society and customers in order to build a positive image of the firm to attract new customers (Mocan, Rus, Draghici, Ivascu, & Turi, 2015). In addition, this study also provides implications, namely knowing the application of AFR, ACG, and AQ on performance by implementing effective and efficient operations.

2. Literature Review

CSR is defined as a commitment of a company to achieving ethical values, workforce advancement, and improving overall organizational performance that contributes to developing an economy of a state (Martin et al., 2018). CSR affects company operations and social relations related to company issues which attract the attention of all stakeholders. Companies that disclose their sustainability reports or social responsibility reports not only comply with the law but have better relations between the company and stakeholders (Cheng & Ding, 2021).

2.1 Stakeholder theory

Stakeholder theory explains that in order to achieve success, the company is able to fulfill economic and non-economic aspects by gaining various kinds of stakeholder interests that affect survival (Muhlis & Gultom, 2021). Stakeholder theory was first discovered by Freeman and Reed (1983). Freeman and Reed (1983) describe a stakeholder as any individual or group that can affect or be affected by the achievement of organizational goals. Stakeholder theory also states the relationship of corporate responsibility to several parties, both internal and external to the company (Susanto & Tarigan, 2013). Stakeholder theory suggests that companies not only carry out their own interests, but they should provide benefits to stakeholders which include creditors, consumers, shareholders, government, society, analysts, and other parties). It affects firm performance due to support from stakeholders (Ghozali & Chariri, 2018).

2.2 Audit Firm Rotation

AFR is a regulation for changing auditors or public accountant firms for a company. AFR is caused by two things, namely audit rotation caused by binding government regulations and audit rotation that occurs voluntarily by the company management. (Wardani & Waskito, 2022). AFR becomes a means to maintain independence. AFR is believed to reduce the potential risk of auditors and increase audit quality. In addition, it provides new perspectives such as independence, audit quality, the ability to reduce risks to the client's financial statements (Booker, 2018) and can be motivated to disclose potential storage in financial statements that have been audited by the former auditors (Quick & Schmidt, 2018).

2.3 Audit Committee Gender

Good companies have a heterogeneous arrangement of the audit committee. It is because gender affects individual work attitudes (Sari & Supadmi, 2014). Gender is the attitude or behavior of men and women (Santiani & Muliartha, 2018). Based on research conducted by Afriliana and Ariani (2020), female audit committees tend to have a high level of accuracy and a high level of monitoring intensity in analyzing financial statements which can affect audit quality so that the audit reporting process is completed quickly and avoids the risk of audit delays. Meanwhile, male audit committees tend to have inaccurate results and limited information in decision-making (Santiani & Muliartha, 2018).

2.4 Audit Quality

AQ is the ability of an auditor to commit to his responsibility to perform the qualified audit. In this case, AQ improves the performance of the auditor in the independence of financial statements through the discovery, reporting, and opinion of deviations found in the accounting system of clients. If accounting information has low quality, it triggers serious economic problems and leads to high levels of management fraud in the future (Herdiansyah & Kuntadi, 2022). Therefore, the role of AQ is important in conducting the audit process (Wardani & Waskito, 2022).

2.5 The Influence of AFR on Firm Performance

AFR increases stakeholder confidence in reporting earnings significantly, in this case, audit rotation increases the perception of stakeholders in responding to financial statements on auditor independence and audit quality. It affects the high level of public confidence in the capital market. The high level of public trust affects performance (Quick & Schmidt, 2018).

AFR is considered a regulatory approach to reduce auditor bonding that would decline performance (Quick & Schmidt, 2018). Research by Sayyar, Basiruddin, Rasid, and Elhabib (2015) proves that AFR

influences firm performance, where AFR increases auditor independence which indirectly has an impact on performance. However, the study by Wang and Huang (2014) reveals that AFR does not influence firm performance.
H_1: Audit firm rotation has a significant effect on firm performance

2.6 The Influence of ACG on Firm Performance
Gender is a characteristic that differentiates men and women that affects work attitudes. The characteristics of men and women influence the perceptions and beliefs of stakeholders. Men tend to have the characteristic of liking risks and making decisions with limited information. Meanwhile, women tend to have safe choices in making decisions. It illustrates that each gender has its own work attitude based on function (Sari & Supadmi, 2014). Knowing and adjusting gender in completing tasks can assist public accountants in verifying financial reports to speed up the audit process.

One of the factors that influence performance is ACG. Technically, gender can be seen from a social perspective and the way they solve problems to pick decisions (Yustrianthe, 2012). The presence of women alleviates the presence of risk. Women have skills in time management and they are resilient under pressure during workload (Salem, Usman, & Ezeani, 2021). A study performed by Chijoke-Mgbame, Boateng, and Mgbame (2020) discovered a strong association between performance and ACG. In contrast, a study performed by Bøhren and Staubo (2016) revealed different results. He found that there is no significant association between ACG and firm performance.
H_2: Audit committee gender has a significant effect on the firm performance

2.7 The Influence of AQ on Firm Performance
AQ happens when the auditor meets generally accepted auditing standards. The standards includes professional qualities such as competence, independence, reporting requirements, and evidence. Meanwhile, users of financial statements consider AQ to increase performance if the auditor believes that the financial statements do not contain material misstatements or fraud (Meidona & Yanti, 2018).

AQ is the ability of an auditor in assessing financial statements to disclose mistakes. It is crucial to make every single activity of AQ beneficial for upgrading the personal abilities in making the statement of accounting information and eliminating untrusted information (DeAngelo, 1981; Mgbame, Eragbhe, & Osazuwa, 2012). Research by Jusoh and Ahmad (2013) discovered that AQ influences firm performance, and higher AQ alleviates agency costs. It increases the credibility of financial statements and escalates performance. In contrast, Rashid, Jasim, and Saleh (2021) state that AQ insignificantly affects firm performance. He found that there is no association between AQ and firm performance.
H_3: Audit quality has a significant effect on firm performance

2.8 The Role of CSR in Firm Performance
In recent years, many companies increasingly aware of the importance of CSR and its implementation as part of their business strategy (Tukur, et al., 2019; Kooli et al., 2022). CSR is used as a managerial tool to manage social and environmental problems that possibly occur nearby (Adnyani, Endiana, & Arizona, 2020). CSR implementation pays more attention to stakeholders. Research conducted by Almilia dan Wijayanto (2007) stated that companies with good environmental performance generate a positive response from stakeholders through fluctuations in stock price increases (Indrawan & Mutmainah, 2011).

In addition, CSR is a business philosophy to deliver social and environmental responsibility voluntarily. It allows the firm to present a good image in order to maximize and increase profit and accomplishment, respectively (Nguyen, Nguyen, & Hoai, 2021). Furthermore, CSR is a continuous commitment from business circles to improve all aspects of management, worker, and in particular local society (Rokhlinasari, 2016). By implementing good CSR, a firm increases stakeholder satisfaction (Darmawati, 2015). A study by El Fallahi, et al. (2022) revealed that CSR influences firm performance. Previously, Putranto and Kewal (2014) support this finding. He discovered a strong relationship between CSR and firm performance. This result implies that CSR disclosure contributes to a positive image of society in maintaining the presence of a firm.

H_4: CSR moderates the effect of audit firm rotation on firm performance

H_5: CSR moderates the effect of audit committee gender on firm performance

H_6: CSR moderates the effect of audit quality on firm performance

Based on the abovementioned problem, the theoretical framework of this study is depicted as shown in Figure 1; furthermore, section two describes the methods to collect, process, and analyze data. Section three discusses the result and the last section presents conclusions, implications, and suggestions for further research.

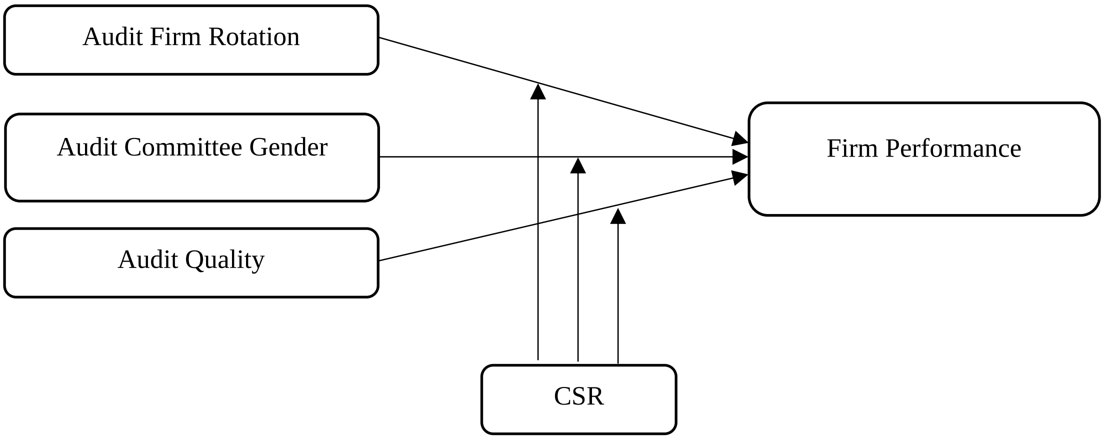

Figure 1. Research Model

3. Methodology

3.1 Samples

We use banking corporations in Indonesia as the population. We observed the year 2010 to 2020 as the time period. Furthermore, we performed purposive sampling, as the criterion mentioned in table 1. There are 18 firms that have no complete data and 10 banking firms that are included as the outlier. Hence, we collected 16 banking firms and obtained 160 firm-year observations as samples. We collected the data from the Indonesian Stock Exchange database.

Table 1. Sample Selection

Criteria	**Samples**
Listed firms	44
Firms that do not have complete data required	(18)
Outlier data	(10)
Total samples	16
Total observation-year (10 years)	160

3.2 Measurements

We use Tobin's Q in terms of firm performance measurement as the dependent variable. Further, the independent variables consist of AFR, ACG, and AQ, meanwhile, CSR is employed as moderating variable. AFR and AQ are measured using a dummy; one represents the existence of AFR and AQ. Meanwhile, zero implies no existence of AFR and AQ, respectively. The total presence of a female audit committee is a calculation for ACG. In addition, we use CSR as the moderating variable, which is measured by the CSR index (CSRI). The Operational Variable is presented in table 2.

Table 2. Operational Variables

Variable	**Measurement**	**Previous Research**

Dependent	Firm Performance	Tobin's Q	(Luthan, Rizki, & Edmawati, 2017; Rivandi, 2020)
Independent	AFR	1= there is an auditor firm rotation, 0=else	(Kurnianingsih & Rohman, 2014; Nizar, 2017)
	ACG	Total presence of audit committee female gender	(Abbasi, Alam, & Bhuiyan, 2020; Salem et al., 2021)
	AQ	1=big4 auditor, 0=else	(Le, Tran, & Vo, 2021; Mgbame et al., 2012)
Moderating	CSR	CSR Index (CSRI)	(Naek & Tjun, 2020; Oktapriana, 2019)

3.3 Data Analysis

The study is classified as a quantitative study that employs a moderating variable therefore a model that includes moderating variables is performed, namely moderated regression analysis (MRA) with an interactive approach. The approach is practical because it can determine the role of the moderating variable by interacting through the multiplication of moderating and independent variables. In addition, the results of the MRA method can determine the role of the moderating variable (whether it escalates or alleviates) among the association of independent to the dependent counterpart. The regression linear model for hypotheses 1, 2, and 3 is as follows:

TobinsQ = b0 + b1AFR + b2FKA + b3KA + e

Furthermore, hypotheses 4 to 6 were tested by MRA analysis with their respective equations as follows:

H_4: TobinsQ = b0 + b1AFR + b2CSR +b3AFR*CSR + e

H_5: TobinsQ = b0 + b1ACG + +b2CSR +b3ACG*CSR + e

H_6: TobinsQ = b0 + b1KA + b2CSR +b3KA*CSR + e

Description:

TobinsQ	= Firm Performance
AFR	= Audit Firm Rotation
ACG	= Audit Committee Gender
KA	= Audit Quality
CSR	= Corporate Social Responsibility
AFR*CSR	= Interaction of Audit Firm Rotation with CSR
ACG*CSR	= Interaction of Audit Committee Gender with CSR
KA*CSR	= Interaction of Audit Quality with CSR

4. Results and discussion

4.1 Results

According to table 3, the average and standard deviation value of AFR is 0.16 and 0.370, respectively. The average value of ACG is 0.16 lower than the standard deviation of 0.370. Furthermore, AQ has a higher average value than the standard deviation value (0.79 > 0.410). CSR has a higher value than the standard deviation value (0.4715 > 0.17362). However, on firm performance, it can be shown that the average value is lower than the standard deviation value (2.4914 < 6.32978). It indicates high diversity of the data. Meanwhile, a higher average value than the standard deviation indicates low diversity.

Table 3. Descriptive Statistic

Variable	N	Minimum	Maximum	Mean	Deviation Standard
Firm Performance	160	0,00	62,02	2,4914	6,32978
AFR	160	0	1	0,16	0,370
ACG	160	0,00	0,50	0,1122	0,16493
AQ	160	0	1	0,79	0,410
CSR	160	0,10	0,88	0,4715	0,17362

Table 3 presents the results of hypothesis 1, hypothesis 2, and hypothesis 3 testing, namely the influence of AFR, ACG, and AQ on firm performance, respectively. The results show that AFR and AQ have insignificant influences on firm performance. Hence, hypothesis 1 and 3 is rejected. The second hypothesis is accepted, which implies that ACG significantly influences performance. The association of ACG with firm performance is positive. It implies that larger gender composition of women in the audit committee increases firm performance. The significance value (p-value) of AFR is 0.243, which is bigger than the significance level of 10 percent (90 percent of confidence level), which indicates that AFR has no significant influence on firm performance. The significance value of the ACG is 0.074, which is smaller than the significance level of 10 percent. It indicates that the ACG has a significant influence on firm performance. The significance value of AQ is 0.685, which is bigger than the significance level of 10 percent. It indicates that AQ has an insignificant influence on firm performance.

Table 4. The Results of Hypothesis 1 to 3 Testing

Variables	Coef.	Significance
Constant	.988	.337
AFR	-.619	.243
ACG	.374	.074*
Audit Quality	.194	.685

*significant

Table 5 presents the results of hypothesis 4 testing, namely the role of CSR in moderating the influence of AFR on firm performance. The results of table 5 show that AFR has a significant influence on firm performance where the significance value of AFR is 0.105, which is smaller or considered the same as the significance value of 10 percent. Meanwhile, CSR and moderation ability (interaction of CSR and AFR) has no significant influence. It implies that CSR is unable to moderate the influence of AFR on firm performance.

The results of this study indicate that hypothesis 1, namely the effect of AFR on firm performance, is rejected. The results of this study are supported by the research conducted by Wang and Huang (2014). Stakeholder theory explains the relationship between the level of trust of stakeholders in the auditor and the entity (Astuti, Senjani, & Haryono, 2022), it does not affect performance. Furthermore, hypothesis 2, namely the influence of ACR on firm performance is accepted. The results of this study are supported by the research conducted by Chijoke-Mgbame et al. (2020) which states that the gender of women in the audit committee serves as an important resource for strengthening and improving firm performance. This is in line with stakeholder theory which explains the interdependent relationship between companies and stakeholders. Women on audit committees are able to encourage companies to build good relationships with stakeholders (Anggraeni, 2020). The ability of women with high accuracy and concern for social and environmental issues. Hypothesis 3, namely the effect of audit quality on firm performance is rejected. The results of this study are supported by research conducted by Rashid et al. (2021). Stakeholder theory explains that the creation of good relations between a company and its stakeholders will improve its performance (Astuti et al., 2022), it has nothing to do with the audit quality that occurs in a company.

Table 5. The Results of Hypothesis 4 Testing

Variables	Coef.	Significance
Constant	1.587	.000
AFR	-1.141	.105
CSR	-.652	.173
AFR*CSR	1.850	.203

Table 6 presents the result of hypothesis 5 testing, namely the role of CSR in moderating the influence of ACG on firm performance. The results show that the ACG does not influence the firm performance where the significance value of the ACG is 0.544, which is bigger than the significance level of 10 percent. Furthermore, CSR and moderating ability (interaction of CSR and ACG) have no significant influence. It implies that CSR cannot moderate the influence of ACG on firm performance.

Table 6. The Results of Hypothesis 5 Testing

Variables	Coef.	Significance
Constant	.883	.460
ACG	.416	.544
CSR	-.390	.525
ACG*CSR	-.102	.926

Table 7 shows the results of hypothesis 6 testing, namely the role of CSR in moderating the influence of AQ on firm performance. The results of table 7 show that AQ has no significant influence on affecting the AQ, which is 0.482 bigger than the significance value of 10 percent. CSR and moderation ability (interaction of CSR and AQ) have no significant influence (p.0.583). Thus, it can be concluded that CSR is unable to moderate the influence of AQ on firm performance.

Table 7. The Results of Hypothesis 6 Testing

Variables	Coef.	Significance
Constant	.993	.142
AQ	.504	.482
CSR	.265	.840
AQ*CSR	-.771	.583

Based on the results of the analysis showing hypothesis 4 in this study, namely CSR moderating the effect of AFR on firm performance, it is rejected. Stakeholder theory explains that the survival of a company depends on the support of stakeholders. Such support can be generated through CSR disclosure (Iswandika, Murtanto, & Sipayung, 2014). This has nothing to do with AFR improving performance. Furthermore, hypothesis 5 in this study, namely CSR moderates the effect of ACR on firm performance, was rejected. This shows that the behavior of able-bodied women and men in the stakeholder ranks does not determine that the company building good relationships through CSR disclosure and improve performance (Azzahra, Pratama, Fakhruddin, & Mudjiyanti, 2022). Hypothesis 6 in this study, namely CSR moderates the effect of AQ on firm performance, was rejected. Overall, CSR cannot moderate the effect of AFR, ACG and AQ on the performance of banking companies. It is because CSR disclosure in Indonesia is still limited and voluntary. Apart from that, the existence of auditors focuses on financial reports and not on CSR (Pratama & Kusumadewi, 2020). In addition, CSR disclosure is used only as a tool to increase company value to investors (Ferdiansyah & Purbasari, 2021). Disclosure of CSR in Indonesia is still in the low category in its disclosure, especially in banking companies. Several banking companies must realize how important CSR disclosure is in improving the performance and value of the companies they create for survival of the company.

4.2 Discussion

The study examines the influence of AFR, ACG, and AQ on firm performance in the Indonesian banking industry. We used Tobin's Q in measuring the performance. Moreover, this study examines the role of moderating variables, namely CSR. The results indicate that AFR and AQ have an insignificant influence on firm performance. Meanwhile, ACG has a significant influence on firm performance. Further, this study shows that CSR cannot moderate the influence of AFR, ACG, and AQ on firm performance.

AFR has no significant influence on firm performance. The results of this study support the previous study performed by Wang and Huang (2014). This is due to AFR's failure to increase the independence of the auditor, which led to the failure to present good firm performance. In contrast with the study by Sayyar et al. (2015) which discovered that AFR has a significant influence on firm performance. AQ has no significant influence on firm performance. It supports the study of Rashid et al. (2021), which states that AQ is not associated with an increase in firm performance. The ACG has a significant influence on firm performance. This result supports the study performed by Chijoke-Mgbame et al. (2020). He explains that the presence of the female gender in the audit committee improves firm performance. Women are considered better at avoiding risk and managing time, particularly at work. In contrast, the study of Bøhren and Staubo (2016) reveals that ACG has an insignificant influence on firm performance.

The study results reveal that CSR is unable to moderate the influence of AFR, ACG, and AQ on firm performance. It implies that the higher CSR disclosure index by the firm does not significantly affect the firm performance. It is because higher CSR disclosure does not represent a higher quality of CSR activities. Furthermore, CSR disclosure is only used as a tool to capture a positive image from investors (Ferdiansyah & Purbasari, 2021; Prasetyo & Meiranto, 2017). Hence, firms with higher CSR disclosures will be preferred by stakeholders because they are considered more transparent. In addition, higher quality of CSR performance prevents firms from political risks that lead to the emergence of weak and inefficient policies (Gu, Yang, & Zuo, 2022). Therefore, investment in CSR is able to support the firm financial resilience in the long term.

CSR disclosure in Indonesian banking corporations is relatively low, with an average CSR index of 0.4715 (see table 1). These results indicate that the average banking CSR disclosure is 47.15 percent. The reason is that a large number of Indonesian banks do not disclose their CSR activities. It causes those activities to be not publicly accessible to stakeholders. The low quality of CSR disclosure causes the loss of opportunities for investors and potential investors to get better transparency of information about the firm. Firms with higher CSR disclosures get higher legitimacy related to the "fulfilled" moral responsibilities. Thus, low CSR performance presents a negative image for the firms.

5. Conclusion

We empirically examine the influence of AFR, ACG, and AQ on firm performance by employing a moderating variable, namely CSR. The samples are 160 firm-year observations of banking firms listed on the Indonesia Stock Exchange circa 2010-2020. The results of the multiple regression analysis indicate that AFR and AQ have insignificant influences on firm performance. Nevertheless, ACG has a significant influence on firm performance. CSR is an obligation to carry out social responsibility to the community, however, the result indicates that CSR is unable to moderate the influence of AFR, ACG, and AQ on firm performance. Banking firms that perform CSR disclosures are better off avoiding the negative connotations that may arise because the firm has spent out its social obligations. However, in practice, CSR is not able to moderate the abovementioned association. Since many firms do not disclose CSR in their annual reports, they do not comply with regulations regarding CSR disclosure. In other words, CSR disclosures in Indonesian c are merely to fulfill the social obligations to present a good-looking image.

However, this study has several limitations that might be considered for further research. We limited the variables only in terms of AFR, ACG, and AQ for the direct influence on firm performance. Therefore, we did not include determinant variables of firm performance to the model (e.g., firm size, firm age, firm growth, financial ratio, etc). We suggest for further research include these determinant variables as a control variable. Furthermore, we used CSRI in terms of CSR measurement, meanwhile, the other measurement such as primary data in a form of a questionnaire deserves consideration to depict the actual CSR activity of a firm. Lastly, we also suggest the selection of more specific and in-depth moderating variables such as manager expertise, motivation, and employee satisfaction.

5.1 Implication

We differ in the implication for managerial and economic contributions. For managerial implication, this study delivers understanding and information on behalf of the influence of AFR, ACG, and AQ on firm performance, particularly for the banking sector in emerging countries. Therefore, management should pay attention to conducting CSR activities that deliver impact and contribution to society. Moreover, for economic contribution, this research has implications for regulators to improve banking performance. In emerging countries, CSR disclosure seems to be an obligation to be fulfilled. In order to fulfill those obligations, a firm performs CSR only in some parts of activities that cannot touch the basic value of CSR itself. Regulators may make policies to be implemented for CSR activities in banking corporations by adjusting the economic condition in an emerging country like Indonesia in particular.

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