

Original Research Article

Corporate Social Responsibility, Good Corporate Governance and Financial Sustainability: A Financial Stability Role

ABSTRACT

Corporate social responsibility and good corporate governance are elements in Sharia bank operations that balance social responsibility and business interests. Financial sustainability is also an important indicator in assessing the long-term performance of financial institutions, including Islamic banks. Meanwhile, financial stability plays a role in strengthening the relationship between CSR, GCG and financial sustainability. This research aims to analyze the influence of CSR and GCG on financial sustainability with financial stability as an intervening variable in Sharia Commercial Banks in Indonesia. The sampling technique used was purposive sampling, with a total sample of 9 Islamic commercial banks in Indonesia in 2019-2023, and panel data path analysis was used. The indicator of the CSR variable uses the Corporate Social Responsibility Disclosure Index ($CSRDI_{ij}$) according to GRI standards, GCG is measured using the GCG score indicator, financial sustainability uses the SFR (Sustainability Financial Ratio) and financial stability is measured using the z-Score. The research results show that CSR does not affect financial sustainability directly or through financial stability. GCG also does not affect financial sustainability directly or through financial stability. Financial stability itself does not affect financial sustainability. Besides, CSR does not affect financial stability, but GCG affects financial stability. From the results of this study, Islamic banking sector companies must strengthen the implementation of GCG in order to maintain long-term financial stability. In good GCG there is transparency, accountability, and good management in the company so that it can increase investor confidence and reduce financial risk.

Keywords: Corporate Social Responsibility, Good Corporate Governance, Financial Sustainability, Financial Stability, Bank Syariah

1. INTRODUCTION

Paying attention to and prioritizing the balance between economic, social and environmental aspects can help realize the national economy. So on December 5 2014, the Financial Services Authority (OJK), in collaboration with the Ministry of Environment and Forestry (KLHK) of the Republic of Indonesia, formed a roadmap which functions as a controller of the regulatory and supervisory system in the financial services sector by Law Number 21 2011 concerning the Financial Services Authority. The roadmap establishes sustainable finance principles to create an economy that grows stably, inclusively, and sustainably, aiming to provide economic and social prosperity to the Indonesian population and wisely protect and manage the environment. The sustainable financial roadmap was formed because, so far, development that only focuses on economic growth will result in social inequality and a decline in the quality of the environment as a whole

[1]. Sustainability financial for industry and banking can create economic growth by considering social and environmental

impacts such as global challenges related to climate change. By implementing sustainable finance, companies can fund environmentally and socially friendly projects so that they can encourage economic growth [2]. Financial Sustainability has five dimensions: achieving industrial, social and economic excellence to reduce the threat of global warming and overcome other social and environmental problems. Thus, companies must understand the importance of sustainable finance to gain greater access to the financial resources necessary for growth, especially sustainable development. Implementing risk supervision will obtain good governance and increase the company's resilience and competitiveness.

According to the 2020 Islamic Finance Development Report launched by Refinitiv and the Islamic Corporation for the Development of the Private Sector, it is explained that the global Islamic finance sector industry is currently developing very rapidly. It is evidenced by the growth of 14%, with total assets of US\$2.88 trillion at the end of 2019. Global Islamic financial assets are estimated to reach US\$3.69 trillion by the end of 2024, as reported on the website www.icd-ps.org. It will also increase opportunities for sustainable economic growth in the Sharia financial sector in Indonesia, so an active role is needed in the Sharia financial sector in various efforts and strategies aimed at realizing financial sustainability through prior analysis to invest in things that are socially and environmentally beneficial and provide financing for projects that have environmental benefits.

Companies active in corporate social responsibility can attract investors to make their own decisions. So, when more and more investors invest their capital in the company because of CSR factors, the company's performance will increase, and it can achieve financial sustainability [3]. The implementation performance of CSR encourages green innovation in the form of developing environmentally friendly products that support financial sustainability due to the use of energy efficiency and reducing operational costs [4]. Investors also prefer to invest in companies with good governance because they are considered more stable and lower risk [5]. So, this has an impact on the company's financial sustainability. Companies that have strong GCG practices are more likely to gain the trust of investors and creditors. This trust is crucial in attracting capital and investment, which is essential for growth and financial sustainability. Furthermore, supported by the bank's governance structure which includes the board of commissioners, board of directors, audit committee and risk committee, providing good management in making strategic decisions in implementing financial sustainability. GCG implemented in the bank emphasizes the importance of the principles of transparency, accountability and effective internal control in supporting sustainable financial growth and long-term value for the company [6]. In addition, Sharia banks that have stable finances have the potential to contribute and support the implementation of sustainable finance through Sharia-compliant financing [7]. Efforts to increase financial stability can be made through efficient management and wise debt control to ensure the continuity of operations and services to the community.

1.1 Corporate Social Responsibility

Corporate social responsibility (CSR), or corporate social responsibility, is a company's commitment to participate in economic development to improve the quality of life and create a beneficial environment for the company itself, local communities, and society in general [8]. In an organizational context, Corporate Social Responsibility is a necessary investment to create sustainable development for a business because it allows companies to bridge the "trust gap" among different stakeholders such as governments, customers, employees, suppliers, investors, and other [9]. The trust gap in question is the gap from the different desires of stakeholders towards the actions taken by the company. The existence of

CSR as a solution to the "trust gap" aims to reduce this gap by ensuring that the company acts responsibly and meets stakeholder expectations and strengthens the company's reputation [10].

1.2 Good Corporate Governance

Good Corporate Governance is a system for controlling and managing a company to gain added value and encourage transparent, clean, professional management work patterns. It also aims to manage risks to benefit stakeholders and obtain profits. Besides, implementing good GCG will attract investors to invest in their shares [11]. Apart from that, Good Corporate Governance (GCG) is a system in the form of input consisting of processes and outputs as well as a set of regulations which regulate the relationship between interested parties (stakeholders), especially the relationship between shareholders, the board of commissioners and the board of directors to achieve the goals of the company [12]. Good stakeholder relationships create a good management unit to run the company. A set of relationships between the board of commissioners, directors, stakeholders and shareholders in GCG allows the company to set goals, run daily operational activities, pay attention to shareholder needs, ensure the company runs its business safely and healthily, and comply with laws and other regulations [13].

1.3 Financial Stability

Financial stability is a phenomenon that describes financial flows related to micro and macroeconomic changes, with the concept that the two cannot influence each other [14]. *Financial Stability indicates a company's financial condition in managing economic resources, overcoming financial risks, and operating well* [15]. When a bank experiences financial stability, it also operates stably. Bank stability not only reflects the company's health but also supports the effectiveness of monetary policy and the smooth transmission of economic policy mechanisms through the banking system [16].

1.4 Financial Sustainability

Financial Sustainability is defined as a company's ability to combine investment and optimal financing sources to generate value for owners and provide long-term sustainability of the company's life [17]. Financial sustainability is the application of credit management, financing and investment in all factors of the financial sector industry by incorporating economic, social and environmental risk factors in a sustainable manner [18]. Financial sustainability in banking focuses on providing more environmentally friendly and sustainable financing and investment [19]. According to Otoritas Jasa Keuangan di Indonesia, financial sustainability in non-banking focuses on business operations including managing the environmental and social impacts of the company's operational activities. Financial Sustainability is one of the essential things for banks to be able to predict the potential for going concerns or the bank's survival in the future. Banks must have a high level of sustainability and growth to operate well [20]. However, banks that do not have a high level of financial sustainability can still operate well because banks have good risk management and manage risks more effectively to survive despite the challenges and risks that occur [21]. From this research, it provides a new mediation role of financial stability which is relatively rare in previous studies because it emphasizes more directly on the relationship between CSR, GCG, and financial sustainability. This study will also provide results on whether there is an influence of CSR and GCG which are one of the factors to contribute to financial sustainability with the role of financial stability directly or indirectly which influences the relationship between CSR and financial sustainability and the direct or indirect influence of GCG on financial sustainability. Thus, the contribution that

can be given through this writing is to increase understanding of the mediation role of financial stability variables which have not been widely studied in relation to CSR, GCG, and financial sustainability in the Islamic banking sector.

2. METHODS

This research uses quantitative research with an explanatory approach [22] to prove the relationship between corporate social responsibility, good corporate governance, and financial sustainability with financial stability as mediation in Sharia Commercial Banks in Indonesia. The population used in this research is 15 Sharia Commercial Banks in Indonesia registered with the Otoritas Jasa Keuangan (OJK) in 2019-2023. The sampling technique used was purposive sampling. By criteria:

1. Sharia Commercial Banks Registered with OJK in 2019-2023
2. Sharia Commercial Banks That Do Not Publish Annual Reports or Sustainability Reports in 2019-2023
3. Sharia Commercial Bank Changed Name
4. New Sharia Commercial Bank Established in 2024
5. Sharia Commercial Banks Merging in 2021

Based on these criteria, a sample of 9 Sharia Commercial Banks was taken that met the research requirements. The data used is secondary data obtained from annual reports and sustainability reports published on the official websites of each bank. The data analysis techniques used in this research start from descriptive statistical tests, panel data model selection tests, classical assumption tests, hypothesis tests in the form of t-tests for direct influences and Sobel tests to test indirect influences. The method used in this research is path analysis using Eviews version 12 software. Path analysis method that examines the direct and indirect influence (effect) of hypothesized variables as a result of the influence of treatment on the variable [23]. The following is a model of this research method:

$$\begin{aligned} Z &= \rho zx_1 + \rho zx_2 + e_1 \dots (1) \\ Y &= \rho yx_1 + \rho yx_2 + \rho zy + e_2 \dots (2) \end{aligned}$$

Explanation:

X1= Corporate Social Responsibility (CSR)

X2= Good Corporate Governance (GCG)

Z= Financial Stability

Y= Financial Sustainability

e = Error Term (Epsilon)

So from this model 5 hypotheses can be taken as follows:

- H1: CSR has an effect on financial sustainability, if p value < α = 5%, then H1 is accepted
H2: GCG influences financial sustainability, if p value < α = 5%, then H2 is accepted
H3: Financial stability influences financial sustainability, if p value < α = 5%, then H3 is accepted
H4: CSR has an effect on financial stability, if p value < α = 5%, then H4 is accepted
H5: GCG influences financial stability, if p value < α = 5%, then H5 is accepted

Meanwhile, the model for testing CSR and GCG on financial sustainability through the intermediary of financial stability is as follows:

$$Sab = \sqrt{b^2 sa^2 + a^2 sb^2 + sa^2 sb^2}$$

To test the significance of the indirect effect, the t value of the ab coefficient is calculated using the following formula:

$$t = \frac{ab}{sab} \dots$$

With the following explanation:

Sab = the magnitude of the standard error of the indirect effect

a = the path of the independent variable (X) with the mediating variable (Z)

b = the path of the mediating variable (Z) with the dependent variable (Y)

sa = standard error of the coefficient a

sb = standard error of the coefficient b

So that the following hypothesis is obtained:

Commented [WZ1]: hypotheses are formed on the basis of theory and previous research

H6: CSR has an effect on financial sustainability through financial stability if t count > t table
H7: GCG has an effect on financial sustainability through financial stability if t count > t table

Commented [WZ2]: hypotheses are formed on the basis of theory and previous research

The indicator for the CSR variable is calculated using the formula CSR_{ij} with the GRI 2021 standard:

$$CSR_{ij} = \frac{\sum x_{ij}}{N_j}$$

Explanation:

CSR_{ij} : corporate social responsibility company

$\sum X_{ij}$: Number of items disclosed by the company

N_j : Total number of items. It is assigned a value of 1 if the item is disclosed, and 0 if the item is not disclosed.

Thus, $0 < CSR_{ij} > 1$.

The indicators for the GCG variable are calculated using the GCG score, namely:

$$GCG = A + (B + C) / 2 + D + E$$

Explanation:

1. Shareholder Right (Subindex A)

2. Boards To obtain the GCG score of Directors (Subindex B)

3. Outside Directors (Subindex C)

4. Audit Committee and Internal Auditor (Subindex D)

5. Disclosure to investors (Subindex E)

The indicator for the financial sustainability variable is calculated using the financial sustainability ratio (SFR), namely:

$$SFR = \frac{\text{Total Financial Income}}{\text{Total Financial Expenses}}$$

The indicator for the financial stability variable is calculated using the z-Score, namely

$$z\text{-Score} = \frac{ROA + \frac{\text{Equity}}{\text{Total Assets}}}{\sigma ROA}$$

3. RESULTS AND DISCUSSION

Table 1. Results of descriptive statistical test

	N	Min	Max	Mean	Std. deviation
CSR	45	0.11	0.58	0.2834	0.11901
GCG	45	3.00	10.00	5.9886	1.92138
Financial Stability	45	0.00	13.01	2.0002	2.34840
Financial Sustainability	45	-7.05	728.60	53.3166	158.7996

Source: data processed by researchers (2024)

From the results of descriptive statistical tests, it is stated that the Corporate Social Responsibility variable has a minimum value of 0.11 and a maximum value of 0.58, with a mean of 0.2834 and a standard deviation of 0.11901. From the comparison of the mean value with the standard deviation of the CSR variable, it is stated that the standard deviation value is smaller or closer to the mean, so there is little variation in the data in the CSR variable. The Good Corporate Governance variable has a minimum value of 3.00, a maximum value of 10.00, a mean value of 5.9886 and a standard deviation of 1.92138. The results of the difference in the mean and standard deviation values for the GCG variable show that the standard deviation value is smaller than the mean value, so it is stated that the variation in GCG data is less. The financial stability variable has a minimum value of 0.00, a maximum value of 13.01, a mean value of 2.0002 and a standard deviation

of 2.34840. The difference between the mean and standard deviation shows that the standard deviation value is greater than the mean value, so there is a lot of variation in the financial stability data. Meanwhile, the Financial Sustainability variable has a minimum value of -7.05, a maximum value of 728.60, a mean value of 53.3166 and a standard deviation of 158.7996. The difference between the mean value and the standard deviation shows that the standard deviation value is much larger than the mean value, so that the variation in financial sustainability data is increasing.

3.1 Financial Stability Equation Test (CSR, GCG on Financial Stability)

3.1.1 Panel Data Model Selection Test Results

Table 2. Chow Test Results

Effect Test	Statistic	Prob.
Cross-section F	1.107450	0.3834
Cross-section Chi-square	10.46380	0.2340

Source: data processed by researchers (2024)

Based on table 2, the Chow test results for equation I show that the Cross-Section F Probability value is $0.23 > 0.05$, which means that the CEM model was selected.

Table 3. Lagrange Multiplier Test Results

	Cross-section
Breusch-Pagan	0.013618 (0.9071)

Source: data processed by researchers (2024)

Based on table 3, the LM test results show that the P-value from the Breusch-Pagan test is $0.90 > 0.05$, so the CEM model was chosen for the CSR, GCG testing model on Financial Stability.

3.1.2 Results of Classical Assumption Test Analysis

Table 4. Normality Test Results

	Standardized Residuals
Jarque-Bera	2.137606
Probability	0.343419

Source: data processed by researchers (2024)

Based on the results of the normality test, the Jarque-Bera value has a probability of $0.343419 > 0.05$. So the normality assumption has been met and the data is normally distributed.

Table 5. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1.216571	37.72442	NA
CSR	0.213330	74.47778	1.039885
GCG	0.344119	33.51564	1.039885

Source: data processed by researchers (2024)

Based on the results of the multicollinearity test, the VIF value was $1.039885 < 10$ so that there was no multicollinearity or no correlation in the model equation.

Table 6. Heteroscedasticity Test Results

Variable	Prob.
C	0.9774
CSR	0.3325
GCG	0.9246

Source: data processed by researchers (2024)

Based on the results of the heteroscedasticity test, it shows that the sig probability value for the CSR variable is 0.33 and the GCG variable is 0.92. This means that the value of each variable is > 0.05 so that this model equation is free from heteroscedasticity.

Table 7. Autocorrelation Test Results

Durbin-Watson stat	1.559087
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Source: data processed by researchers (2024)

Based on the results of the autocorrelation test using the durbin-watson test, the value obtained is 1.559087. This means - $2 < 1.559087 < 2$ so there is no autocorrelation.

Table 8. t test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.985098	1.102983	-1.799754	0.0794
CSR	0.085355	0.461877	0.184800	0.8543
GCG	1.300514	0.586616	2.216976	0.0324

Source: data processed by researchers (2024)

The t-test results table shows that the Corporate Social Responsibility variable has a probability value of $0.85 > 0.05$. Thus, it is concluded that Corporate Social Responsibility does not affect Financial stability. Although CSR provides the potential to mitigate risks and improve long-term performance in banks, it is not enough to improve financial stability. After all, CSR focuses more on economic performance and financial inclusion.

For the Good Corporate Governance variable, the t-test results t-tested a probability value of $0.03 < 0.05$ and concluded that Good Corporate Governance affected financial stability. This result is because good GCG in a company will also show good financial stability. After all, it encourages transparent company management so that this transparency allows all stakeholders to monitor the company's performance. Creating sustainable trust will maintain stability in the financial aspect because it reduces the risk of manipulation of financial reports and increases investor confidence [24]. This trust is essential to maintain economic stability because investors prefer to invest in companies with good governance.

3.2 Financial Sustainability Equation Test (CSR, GCG, Financial Stability on Financial Sustainability)

3.2.1 Panel Data Model Selection Test Results

Table 9. Chow Test Results

Effect Test	Statistic	Prob.
Cross-section F	1.989943	0.0839

Commented [WZ3]: the presentation of the results of the data quality test can be improved to make it easier to understand or shortened in the form of descriptions

Cross-section Chi-square	17.940662	0.217
Source: data processed by researchers (2024)		

Based on the chow test results table, it shows that the Cross-Section F Probability value is $0.02 < 0.05$, which means that the FEM model was selected.

Table 10. Hausman test

Test Summary	Chi-Sq. Statistic	Prob.
Cross-section random	2.149089	0.5420
Source: data processed by researchers (2024)		

Based on the hausman test results table, it shows that the random cross-section probability value is $0.54 > 0.05$, which means the rem model was chosen for the corporate social responsibility, good corporate governance, financial stability testing model on financial sustainability.

3.2.2 Results of Classical Assumption Test Analysis

Table 11. Normality Test Results

Standardized Residuals	
Jarque-Bera	4.736065
Probability	0.093665
Source: data processed by researchers (2024)	

Based on the results of the normality test, the jarque-bera value has a probability of $0.093665 > 0.05$. So the data is normally distributed.

Table 12. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	6.668450	29.60086	NA
CSR	0.757947	7.038187	1.014250
GCG	1.889070	26.87534	1.082997
Financial stability	0.0844320	1.090143	1.068718
Source: data processed by researchers (2024)			

Based on the results of the multicollinearity test, each variable has a VIF value < 10 , so there is no correlation between the variables in this model equation.

Table.13 Heteroscedasticity Test Results

Variable	Prob.
C	0.6440
CSR	0.0762
GCG	0.5812
Financial stability	0.2239
Source: data processed by researchers (2024)	

Based on the results of the heteroscedasticity test, it shows that the sig probability value for the CSR variable is 0.07, the GCG variable is 0.58 and the Financial stability variable is 0.22. This means that the value of each variable is > 0.05 so that in this model equation there is no heteroscedasticity.

Table.14 Autocorrelation Test Results

Durbin-Watson stat	1.287242
Source: data processed by researchers (2024)	

Based on the results of the autocorrelation test using the Durbin-Watson test, the value obtained is 1.287242. This means that $-2 < 1.287242 < 2$, thus there is no autocorrelation between variables.

Commented [WZ4]: the results presentation of data quality test can be improved to make it easier to understand or shortened in the descriptions analysis

Table.15 t test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.924474	2.582334	1.132492	0.2647
CSR	0.336009	0.870602	0.385950	0.7017
GCG	-0.488202	1.374434	-0.355202	0.7245
Financial stability	-0.371867	0.2905672	-1.279777	0.2086

Source: data processed by researchers (2024)

Based on the table of t-test results, the Corporate Social Responsibility variable has a probability value of $0.70 > 0.05$. Thus, it is concluded that Corporate Social Responsibility does not affect Financial Sustainability. This is because a bad business strategy and disproportionate CSR will further burden the company's finances and unhealthy finances can be a bad signal for stakeholders so that the economic benefits of CSR cannot be felt by the company and it is unable to carry out and implement financial sustainability [25]. In other words, the lower the level of CSR carried out by the company, the lower the level of financial sustainability that can be implemented. While CSR can affect financial sustainability because when the company provides CSR financing which will increase the legitimacy of investors and get the costs to implement financial sustainability.

In the Good Corporate Governance variable based on the t-test results, it has a probability value of $0.72 > 0.05$, so it is concluded that Good Corporate Governance does not affect Financial Sustainability. This result is supported by the statement that financial sustainability produced by companies with GCG implementation is not considered by investors because investors tend to see the company's performance in generating profits and dividend payments [26]. Thus, the lower the level of GCG, the higher the level of financial sustainability. When GCG affects financial sustainability, it is caused by parties who want to invest will pay more attention to good corporate governance, which then the company gets funds to implement financial sustainability [27].

Meanwhile, the Financial stability variable has a probability value of $0.20 > 0.05$ and it is concluded that Financial stability does not affect Financial sustainability. These results mean that when a company has good financial stability, it does not have an impact on achieving financial sustainability. The reason is that financial sustainability is not limited to the company's ability to generate stable profits or the comparison of the amount of debt it has and financial stability is more influenced by larger factors, namely directors who manage and run the company well are more likely to achieve Financial Sustainability [28]. Thus, the lower the financial stability, the higher the financial sustainability. If financial stability affects financial sustainability, it is because if the company experiences financial difficulties, it can disrupt financial stability and interfere with achieving financial sustainability [29].

3.3 Sobel test

3.3.1 Corporate Social Responsibility towards Financial Sustainability through Financial stability

a: 0,085355 b: -0,371867 sa: 0,461877 sb: 0,290572

$$Sab = \sqrt{b^2 sa^2 + a^2 sb^2 + sa^2 sb^2}$$

$$Sab = \sqrt{-0,371867^2 0,461877^2 + 0,085355^2 0,290572^2 + 0,461877^2 0,290572^2}$$

$$Sab = \sqrt{0,006293332 + 0,000615128 + 0,018011928}$$

$$Sab = \sqrt{0,024920388}$$

$$Sab = 0,157861925$$

$$t = \frac{ab}{sab}$$

$$t = \frac{-0,031740708}{0,157861925}$$

$$t = -0,201066265$$

Commented [WZ5]: it should be written in descriptive analysis

Based on the results of the Sobel test on the influence of Corporate Social Responsibility on Financial Sustainability Through Financial Stability, the calculated t value is -0.201066265. While the t table value of 0.05 is 2.0210753. Thus, it can be concluded that the Financial Stability variable cannot mediate the influence of Corporate Social Responsibility on Financial Sustainability. Although active CSR can provide the potential for risk mitigation and improve long-term performance in banks, this is not enough to improve financial stability because CSR focuses more on financial performance and financial inclusion. In addition, the existence of financial performance can increase the trust of investors and other stakeholders because they prefer companies that have good financial performance so that they can contribute and achieve sustainable finance. Meanwhile, the indirect influence of CSR on financial sustainability is because CSR can attract investors who can increase a bank's profit as measured by ROA, so that financial sustainability can be applied to the bank [30].

3.2.2 Good Corporate Governance towards Financial Sustainability through Financial stability

a: 1,300514 b: -0,371867 sa: 0,586616 sb: 0,290572

$$Sab = \sqrt{-0,371867^2 0,586616^2 + 1,300514^2 0,290572^2 + 0,586616^2 0,290572^2}$$

$$Sab = \sqrt{0,047586426 + 0,142803085 + 0,029054629}$$

$$Sab = \sqrt{0,21944414}$$

$$Sab = 0,468448652$$

$$t = \frac{-0,48361824}{0,468448652}$$

$$t = -1,032382605$$

Commented [WZ6]: it should be written in descriptive analysis

Based on the results of the Sobel test on the influence of Good Corporate Governance on Financial Sustainability Through Financial Stability, the calculated t value is -1.032382605. While the t table value of 0.05 is 2.0210753. Thus, it can be concluded that the Financial Stability variable cannot mediate the influence of Good Corporate Governance on Financial Sustainability. This is because GCG focuses more on short-term performance and compliance with regulations than long-term sustainability and risk management, resulting in a lack of attention to practices that support long-term financial stability. In addition, external factors such as macroeconomic conditions and market structure also have an important role in determining financial stability, which can then hinder efforts to achieve sustainable finance even though GCG has been implemented properly [31].

4. CONCLUSION

The results of this study indicate the conclusion that Corporate Social Responsibility does not affect financial sustainability either directly or through financial stability. The existence of active CSR activities results in increased profits and the results of these profits help in the implementation of financial sustainability. Good Corporate Governance also does not affect financial sustainability either directly or through financial stability. While good GCG has more influence on financial performance that helps manage the business so as to improve financial performance that funds the implementation of financial sustainability. Financial stability itself does not affect Financial sustainability which is caused by good management by the director for the implementation of financial sustainability. In addition, Corporate Social Responsibility does not affect Financial stability, but Good Corporate Governance affects financial stability because good GCG produces transparent company management so that from this transparency all stakeholders can monitor performance and maintain financial stability.

From the results of this study, Islamic banking sector companies must strengthen the implementation of GCG in order to maintain long-term financial stability. In good GCG there is transparency, accountability, and good management in the company so that it can increase investor confidence and reduce financial risk. The limitations of this study are in the small number of objects and periods used. It is hoped that further research will use more existing objects to be studied and is expected to add other new variables to get more maximum results.

COMPETING INTERESTS

Authors have declared that they have no known competing financial interests OR non-financial interests OR personal relationships that could have appeared to influence the work reported in this paper.

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