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 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 ($CSRD_{ij}$) 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 Responbility, 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. Good Corporate Governance structures such as the existence of independent board members, share ownership and strong legal protection can improve the bank's financial performance and with transparency and a strict monitoring system in the bank, it can reduce managerial risk so that from this good management is formed within it and the bank is able to implement financial sustainability [6]. Banks that have financial stability conditions are better able to support financial sustainability by providing financing for environmentally friendly projects [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 Responbility

Corporate social responsibility is defined as a form of company commitment to act ethically, contribute to economic growth, and improve the quality of life of employees, communities, and society as a whole, which includes economic, social, and environmental actions taken by the company to provide a positive and sustainable impact [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]. CSR has become a key strategic factor for companies to build a good reputation and increase stakeholder trust so that effective CSR implementation can narrow the trust gap between companies and stakeholders by ensuring that companies act responsibly and meet their expectation [10].

1.2 Good Corporate Governance

Good Corporate Governance (GCG) is a series of rules that govern how company managers, shareholders, creditors, government, employees and other stakeholders interact with each other regarding their rights and obligations [11]. In addition, GCG is a set of principles and mechanisms that ensure the company is managed with transparency, accountability and integrity [12]. From companies implementing GCG principles, they will be able to reduce the possibility of corruption, abuse of power, and injustice in decision making.Through the implementation of GCG principles, companies can increase competitiveness which not only increases the company's value but also builds stakeholder trust and creates a sustainable business environment in the company [13].

1.3 Financial Stability

Financial stability is a condition of the financial system that allows banks, non-bank financial institutions, other financial institutions, financial markets, and payment systems to carry out their activities fairly and are able to carry out these activities if there are disruptions from internal and external factors [14]. Banking resilience to economic shifts and financial risks is largely determined by financial stability, so strict regulations and good governance practices are needed to maintain the financial stability of the banking sector and prevent systemic risk [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 a control parameter that complements shareholder value and has a role in reducing the risk of refinancing and bankruptcy, which can ultimately generate excess risk-adjusted returns for investors [18]. Financial sustainability in banking focuses on providing more environmentally friendly and sustainable financing and investment [19]. According to Otoritas Jasa Keuangan in Indonesia, financial sustainability in non-banking focuses on business operations including managing the environmental and social impacts of the company's operational activities. Banks that play a role and have a high level of sustainability invest in green projects and offer sustainable financial products that can achieve higher growth, improve their reputation in the market and operate well [20]. Although banks support financing of sustainable projects that have high risks and low returns, which can increase NPL (Non-Performing Loan), governments and regulators often provide support in the form of liquidity assistance or credit restructuring policies to maintain the stability of the financial system and keep banks operating well because these projects contribute to the Sustainable Development Goals (SDGs) [21]. From this reseacrh, 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 research 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 research 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. METHODOLOGY:

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 is used by researchers to describe the total influence of the relationship between independent and dependent variables into direct effects and indirect effects mediated by other variables [23]. The following is a model of this research method:

$$Z = \rho z x_1 + \rho z x_2 + e_1 \text{ .... (1)}$$
$$Y = \rho y x_1 + \rho y x_2 + \rho z y + e_2 \text{ ....(2)}$$

Explanation:
X1= Corporate Social Responsibility (CSR)
X2= Good Corporate Governance (GCG)
Z= Financial Stability
Y= Financial Sustainability
e = Error Term (Epsilon)

CSR can make a company stronger financially, especially financially sustainable because a company that cares about the environment, society, and its employees can improve the company's image, attract loyal customers, make employees feel more at home and attract investors so that all these factors contribute to long-term business sustainability and can also help in implementing financial sustainability in the company, ultimately making the company more profitable and its valuation increases [24]. CSR is not just a cost, but a long-term investment for the company's future.

H1: CSR has an effect on financial sustainability

When a company operates ethically, responsibly and transparently, stakeholders such as investors, employees, customers and the general public will have more trust in the company so that this trust can result in greater investment, customer loyalty and better relationships with all stakeholders which will ultimately contribute to the company's financial sustainability [25].

H2: GCG has an effect on financial sustainability

Financial stability supported by transparency in running a company can increase stakeholder trust. This trust is important for financial sustainability because it can attract investment and financially stable banks are better able to invest in long-term sustainability initiatives, such as financing environmentally friendly projects, which will ultimately improve financial performance and the bank's positive image in the eyes of the public [26].

H3: Financial stability has an effect on financial sustainability

Companies in the financial sector that are more active in CSR activities tend to have better financial stability which helps these companies manage their risks and reduce their exposure to bankruptcy because good CSR performance promotes corporate accountability and transparency towards stakeholders so that this factor ultimately contributes to the financial stability of the company and the financial sector as a whole [27].

H4: CSR has an effect on financial stability

A strong and good GCG policy ensures that shareholders act in accordance with their interests, reducing the possibility of speculative decisions that can harm long-term financial stability and the board of directors is responsible for overseeing financial decision-making that is critical to maintaining stability [28].

H5: GCG has an effect on financial stability

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:

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

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

CSR helps banks manage risks, enhance their reputation, and build better relationships with stakeholders. Financial stability achieved through CSR enables banks to operate more efficiently, invest in long-term growth, and make positive contributions to society, as well as helping banks to weather economic shocks and maintain their financial performance in difficult conditions [29]. Thus, CSR not only directly improves banks' financial stability, but also contributes to their financial sustainability by creating a more stable and sustainable business ecosystem
H6: CSR has an effect on financial sustainability through financial stability
GCG implemented in banks can increase public and investor trust in banks which in turn encourages an increase in total bank assets and provides a stronger foundation for banks to face economic shocks and maintain their financial stability so that financial stability is maintained thanks to the implementation of good GCG, allowing banks to focus more on long-term growth and contribute to the sustainability of bank finances in the long term [30].
H7: GCG has an effect on financial sustainability through financial stability

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

$$CSRD_{ij} = \frac{\sum X_{ij}}{Nj}$$

Explanation:

$CSRD_{ij}$: corporate social responbility company

∑ Xij: Number of items disclosed by the company

Nj: 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 < CSDIj > 1.

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

$$\mathrm{GCG} = \mathrm{A} + (\mathrm{B} + \mathrm{C}) / 2 + \mathrm{D} + \mathrm{E}$$

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:

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

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

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

3. RESULTS AND DISCUSSION

The results of the description of the research variables are as follows:

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)

The results of the panel data model selection test in the first equation are as follows:

Table 2. Panel Data Model Selection Test Results of first equation

Panel Data Model Selection	Results	Criteria	Explanation
Chow test	Cross-Section F Probability 0.2340	Significance > 0.05	The CEM model LM test was selected
Lagrange Multiplier Test	*Breusch-Pagan* 0.9071	Significance > 0.05	The CEM model was chosen for the CSR, GCG testing model on Financial Stability

Source: data processed by researchers (2024)

The results of the classical assumption test on the first equation are as follows:

Table 3. Results of Classical Assumption Test Analysis on first equation

Classical Assumption Test	Results		Criteria	Explanation
Normality	Probability	0.343419	Significance > 0.05	Normal
Multicollinearity	CSR	1.039885	Significance VIF < 10	Doesn't contain multicollinearity
	GCG	1.039885		
Heteroscedasticity	CSR	0.3325	Significance > 0.05	Doesn't contain heteroscedasticity
	GCG	0.9246		
Autocorrelation	Durbin-watson	1.559087	Significance 2 <0 < 2	Doesn't contain autocorrelation

Source: data processed by researchers (2024)

The results of the hypothesis test based on the t-test for the first equation are as follows:

Table 4. t test results of first equation

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 [31]. 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)

The results of the Panel Data Model Selection Test in the second equation are as follows:

Table 5. Panel Data Model Selection Test Results of the second equation

Panel Data Model Selection	Results	Criteria	Explanation
Chow test	Cross-Section F Probability 0.217	Significance < 0.05	The FEM model and Hausman test was selected
Hausman test	Cross-Section Random Probability 0.5420	Significance > 0.05	The rem model was chosen for the CSR, GCG and financial stability testing model on financial sustainability

Source: data processed by researchers (2024)

The results of the classical assumption test on the second equation are as follows:

Table 6. Results of Classical Assumption Test Analysis on second equation

Classical Assumption Test	Results	Criteria	Explanation
Normality	Probability 0.093665	Significance > 0.05	Normal
Multicollinearity	CSR 1.014250 GCG 1.082997 Financial stability1.068718	Significance VIF < 10	Doesn't contain multicollinearity
Heteroscedasticity	CSR 0.0762 GCG 0.5812 Financial stability 0.2239	Significance > 0.05	Doesn't contain heteroscedasticity
Autocorrelation	Durbin-watson 1.287242	Significance 2 <0 < 2	Doesn't contain autocorrelation

Source: data processed by researchers (2024)

The results of the hypothesis test based on the t-test for the second equation are as follows:

Table.7 t test results of second equation

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 impact of CSR is stronger on non-financial aspects than directly on financial performance. A study found that systems thinking competency in CSR can indeed improve financial performance, but other CSR aspects such as Community Social Responsibility (ComSR) and Socially Responsible Human Resource Management (SR-HRM) only have an indirect impact on financial performance through improving non-financial performance so that although CSR can contribute to market development, product innovation, and employee satisfaction, its final impact on company profitability is not always directly visible [32]. 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 large shareholders tend to be inactive in managerial decision-making as long as the company is still making a profit, so that the control mechanism that should exist through GCG becomes less effective and government ownership can cause political conflicts of interest that lead to business decisions that are not always oriented towards financial sustainability [33]. 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 [34].

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. These results support the statement that when banks achieve high financial stability, they tend not to invest further in sustainability practices, which reduces their efforts in environmental and responsible governance aspects because in stable situations, banks are more likely to be in a "comfort zone" and are less motivated to allocate resources into sustainability financial practices such as green investment or corporate social responsibility [35]. 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 [36].

3.3 Sobel test

3.3.1 Corporate Social Responsibility towards Financial Sustainability through Financial stability

From calculation of the Sobel test, the value of a is 0.085355 and b is -0.371867 with standard errors of 0.461877 for sa and 0.290572 for sb, which then obtained the combined standard error (Sab) with a result of 0.157861925. Furthermore, the statistical value of t is calculated and the result is -0.20106626. 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, CSR which is has an effect on financial stability becomes a strong foundation for achieving financial sustainability because financially stable banks are better able to plan and invest in long-term growth, develop innovative products and services, and expand their reach to underserved segments of society [37].

3.2.2 Good Corporate Governance towards Financial Sustainability through Financial stability

From calculation of the Sobel test, the value of a is 1,300514 and b is -0.371867 with standard errors of 0,586616 for sa and 0.290572 for sb, which then obtained the combined standard error (Sab) with a result of 0,468448652. Furthermore, the statistical value of t is calculated and the result is -1,032382605. 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 [38].

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 research, 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.

Disclaimer (Artificial intelligence)

Option 1:

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

Option 2:

Author(s) hereby declare that generative AI technologies such as Large Language Models, etc. have been used during the writing or editing of manuscripts. This explanation will include the name, version, model, and source of the generative AI technology and as well as all input prompts provided to the generative AI technology

Details of the AI usage are given below:

1.
2.
3.

REFERENCFE

[1] Otoritas Jasa Keuangan, "POJK No. 51 /POJK.03/2017 tentang penerapan keuangan berkelanjutan bagi lembaga jasa keuangan, emiten, dan perusahaan publik," pp. 1–15, 2017.

[2] Otoritas Jasa Keuangan, "Roadmap Keuangan Berkelanjutin di Indonesia," 2014.

[3] R. I. Hussain, S. Bashir, and S. Hussain, "Financial Sustainability and Corporate Social Responsibility Under Mediating Effect of Operational Self-Sustainability," *Front. Psychol.*, vol. 11, no. December, pp. 1–13, 2020, doi: 10.3389/fpsyg.2020.550029.

[4] J. Tao, P. Shan, J. Liang, and L. Zhang, "Influence Mechanism between Corporate Social Responsibility and Financial Sustainability: Empirical Evidence from China," *Sustain.* , vol. 16, no. 6, pp. 1–23, 2024, doi: 10.3390/su16062406.

[5] H. G. H. Sulimany, S. Ramakrishnan, A. A. Chaudhry, And A. H. Bazhair, "Impact of corporate governance and financial sustainability on shareholder value," *Estud. Econ. Apl.*, vol. 39, no. 4, pp. 1–17, 2021, doi: 10.25115/eea.v39i4.4318.

[6] H. El-Chaarani, R. Abraham, and Y. Skaf, "The Impact of Corporate Governance on the Financial Performance of the Banking Sector in the MENA (Middle Eastern and North African) Region: An Immunity Test of Banks for COVID-19," *J. Risk Financ. Manag.*, vol. 15, no. 2, 2022, doi: 10.3390/jrfm15020082.

[7] M. N. Uddin and M. Ahmmed, "222650-Islamic-Banking-and-Green-Banking-for-Su," *J. Ilmu Ekon. Syariah*, vol. 10, no. January, pp. 97–114, 2018.

[8] R. A. Santoso, T. Harefa, and L. L. Fuadah, “Corporate Social Responsibility: A Literature Review On Practices, Implications, And Future Directions,” *Int. J. Econ. Accounting, Manag.*, vol. 1, no. 4, pp. 190–195, 2024.

[9] Fitriyah and U. K. Oktaviana, “Relevance of Financial Performance and Good Corporate Governance Determinant of Sustainaibility Corporate Social Responsibility Disclousure in Islamic Bank in Indonesia,” no. 40, pp. 22–37, 2007.

[10] M. N. Khuong, N. K. Truong an, and T. T. Thanh Hang, “Stakeholders and Corporate Social Responsibility (CSR) programme as key sustainable development strategies to promote corporate reputation—evidence from vietnam,” *Cogent Bus. Manag.*, vol. 8, no. 1, 2021, doi: 10.1080/23311975.2021.1917333.

[11] M. Mahrani and N. Soewarno, “The effect of good corporate governance mechanism and corporate social responsibility on financial performance with earnings management as mediating variable,” *Asian J. Account. Res.*, vol. 3, no. 1, pp. 41–60, 2018, doi: 10.1108/AJAR-06-2018-0008.

[12] A. Wahyudin and B. Solikhah, “Corporate governance implementation rating in Indonesia and its effects on financial performance,” *Corp. Gov.*, vol. 17, no. 2, pp. 250–265, 2017, doi: 10.1108/CG-02-2016-0034.

[13] Suhadak, Kurniaty, S. R. Handayani, and S. M. Rahayu, “Stock return and financial performance as moderation variable in influence of good corporate governance towards corporate value,” *Asian J. Account. Res.*, vol. 4, no. 1, pp. 18–34, 2019, doi: 10.1108/AJAR-07-2018-0021.

[14] L. Stefanovich, “The Policy of the National Bank of the Republic of Belarus to Ensure Financial Stability: Achievements, Problems, and Prospects,” *Model. Econ. Growth Contemp. Belarus*, pp. 269–288, 2019, doi: 10.1108/978-1-83867-695-720191018.

[15] Y. Riahi, “Examining The Relationship Between Bank Stability And Earnings Quality In Islamic And Conventional Banks,” *Int. J. Islam. Middle East. Financ. Manag.*, vol. 13, no. 5, pp. 803–826, 2020, doi: 10.1108/IMEFM-10-2018-0328.

[16] N. Fajriani and B. N. Sudarmawan, “Microprudential Policy in Maintaining Bank Stability,” *J. Econ. Financ. Manag. Stud.*, vol. 05, no. 06, pp. 1673–1680, 2022, doi: 10.47191/jefms/v5-i6-18.

[17] S. Zabolotnyy and M. Wasilewski, “The Concept Of Financial Sustainability Measurement: A Case Of Food Companies From Northern Europe,” *Sustain.*, vol. 11, no. 18, 2019, doi: 10.3390/su11185139.

[18] W. Gleißner, T. Günther, and C. Walkshäusl, *Financial sustainability: Measurement And Empirical Evidence*, vol. 92, no. 3. Springer Berlin Heidelberg, 2022. doi: 10.1007/s11573-022-01081-0.

[19] H. U. Hasanah, S. Rachmawati, and E. Murwaningsari, “Determinants of Sustainable Finance in Banking Industry,” *J. Ris. Akunt. Kontemporer*, vol. 14, no. 1, pp. 122–130, 2022, doi: 10.23969/jrak.v14i1.5182.

[20] L. Handajani, A. Akram, and A. Rifai, “Sustainable Banking and Bank Performance,” *J. Ilm. Akunt. dan Bisnis*, vol. 16, no. 1, p. 169, 2021, doi: 10.24843/jiab.2021.v16.i01.p12.

[21] P. K. Ozili, “Sustainable Development And Bank Non-Performing Loans: Are They Correlated?,” *Arab Gulf J. Sci. Res.*, vol. 42, no. 3, pp. 551–565, 2023, doi: 10.1108/AGJSR-01-2023-0028.

[22] E. N. Aisyah and R. Riswanti, “Islamic Corporate Social Responsibility and Environmental Performance as Determinants of the Profitability of Islamic Banking in Indonesia,” *JRAK J. Ris. Akunt. dan Komputerisasi Akunt.*, vol. 11, no. 2, pp. 179–190, 2020, doi: 10.33558/jrak.v11i2.2061.

[23] C. Lennox and C. Payne-Mann, “An Explanation of Path Analysis and Recommendations for Best Practice,” *SSRN Electron. J.*, 2023, doi: 10.2139/ssrn.4573444.

[24] N. Kaur and V. Singh, “Empirically Examining The Impact Of Corporate Social Responsibility On Financial Performance: Evidence From Indian Steel Industry,” *Asian J. Account. Res.*, vol. 6, no. 2, pp. 134–151, 2020, doi: 10.1108/AJAR-07-2020-0061.

[25] A. L. Jones and C. H. Thompson, “The Sustainability Of Corporate Governance - Considerations For A Model,” *Corp. Gov.*, vol. 12, no. 3, pp. 306–318, 2012, doi: 10.1108/14720701211234573.

[26] C. De Moraes and A. Pinto Bandeira de Mello, “The Relationship Between Financial Stability And Transparency In Social-Environmental Policies,” *EconomiA*, vol. 25, no. 3, pp. 405–421, 2024, doi: 10.1108/econ-05-2023-0068.

[27] N. Orazalin, C. Kuzey, A. Uyar, and A. S. Karaman, “Does CSR Contribute To The Financial Sector’s Financial Stability? The Moderating Role Of A Sustainability Committee,” *J. Appl. Account. Res.*, vol. 25, no. 1, pp. 105–125, 2024, doi: 10.1108/JAAR-12-2022-0329.

[28] H. Bui and Z. Krajcsák, “The Impacts Of Corporate Governance On Firms’ Performance: From Theories And Approaches To Empirical Findings,” *J. Financ. Regul. Compliance*, vol. 32, no. 1, pp. 18–46, 2024, doi: 10.1108/JFRC-01-2023-0012.

[29] M. Ramzan, M. Amin, and M. Abbas, “How Does Corporate Social Responsibility Affect Financial Performance, Financial Stability, And Financial Inclusion In The Banking Sector? Evidence From Pakistan,” *Res. Int. Bus. Financ.*, vol. 55, no. July 2020, p. 101314, 2021, doi: 10.1016/j.ribaf.2020.101314.

[30] Markonah and J. H. Prasetyo, “The Impact of Good Corporate Governance on Financial Performance: Evidence from Commercial Banks in Indonesia,” *J. Asian Financ. Econ. Bus.*, vol. 9, no. 6, pp. 45–52, 2022, doi: 10.13106/jafeb.2022.vol9.no6.0.

[31] M. Thoha, H. S. Nugraha, S. Suryoko, T. Nadhifah, and N. Rhosyida, “The Influence of Good Corporate Governance on Financial Stability,” *KnE Soc. Sci.*, vol. 2022, pp. 337–353, 2022, doi: 10.18502/kss.v7i9.10949.

[32] E. Kangas, S. Joensuu-Salo, and A. Viljamaa, “Is CSR A Solution For Crisis? Assessing The Impact Of Three CSR Dimensions On SME Performance In The Nordic Context,” *Balt. J. Manag.*, vol. 20, no. 6, pp. 1–19, 2024, doi: 10.1108/BJM-04-2024-0156.
[33] S. Lukas and B. Basuki, “The Implementation Of Good Corporate,” *Int. J. Account. Bus. Soc.*, vol. 23, no. 1, pp. 47–72, 2015.
[34] T. F. Guluma, “The Impact Of Corporate Governance Measures On Firm Performance: The Influences Of Managerial Overconfidence,” *Futur. Bus. J.*, vol. 7, no. 1, pp. 1–18, 2021, doi: 10.1186/s43093-021-00093-6.
[35] D. Saïdane, “Sustainability and Financial Stability : Evidence from European Banks,” vol. 40, no. 2, pp. 1769–1780.
[36] K. Meher and H. Getaneh, “Impact Of Determinants Of The Financial Distress On Financial Sustainability Of Ethiopian Commercial Banks,” *Banks Bank Syst.*, vol. 14, no. 3, pp. 187–201, 2019, doi: 10.21511/bbs.14(3).2019.16.
[37] M. Aktar and S. Zabin, “The Impact Of Corporate Social Responsibility On Financial Performance - Infosysway,” *SSRN Electron. J.*, no. December, 2024, doi: 10.2139/ssrn.4908186.
[38] M. Lassoued, “Corporate Governance And Financial Stability In Islamic Banking,” *Eletronic Libr.*, vol. 44, no. 5, pp. 524–539, 2018, doi: https://doi.org/10.1108/MF-12-2016-0370.