

The Effect of Corporate Social Responsibility, and Good Corporate Governance on The Financial Performance of The Health Sector Listed on The Indonesia Stock Exchange in 2019-2022

I Gede Agus Widiyantara¹, Ni Luh Putu Sri Purnama Pradnyani², and Putu Aristya Adi Wasita³

^{1,2,3} Accounting Study Program, Faculty of Business Tourism and Humanities, Dhyana Pura University
Jl. Raya Padang Luwih, Tegaljaya, Dalung, Kuta Utara, Badung, Bali, Indonesia

Abstract

Financial performance is used as an assumption by investors in seeing the company's success rate. Maximizing financial performance is the same as paying attention to the prosperity of stakeholders. Therefore, companies do not only focus on profits, but need to pay attention to social and environmental conditions. Thus it can attract investors to invest in the company. The purpose of this study was to determine the effect of the implementation of Corporate Social Responsibility, Independent Commissioner, Audit Committee, Constitutional Ownership on the company's financial performance. The research method used is quantitative and qualitative research methods with secondary data. This research was conducted at health sector companies listed on the Indonesia Stock Exchange for the period of 2019 to 2022. The sample determination method used purposive sampling and obtained 52 observation samples. The data analysis technique used is multiple linear regression analysis with data presentation assisted by the SPSS 26 application. The results of this study indicate that the implementation of Corporate Social Responsibility has a positive effect on Financial Performance, Independent Commissioner has a positive effect on Financial Performance, Audit Committee has a positive effect on Financial Performance, while Constitutional Ownership has no effect on Financial Performance. These results are expected to be a consideration for investors in investing, because increasing financial performance is characterized by an increase in the company's share price, so that investors get optimal returns.

Article Info:

Submitted: December 18, 2023

Reviewed: March 23, 2024

Accepted: April 23, 2024

Keywords:

Audit Committee,
Constitutional Ownership,
CSR,
Independent Commissioner.

Corresponding Author:

**Ni Luh Putu Sri Purnama
Pradnyani**

Accounting Study Program,
Faculty of Business Tourism
Education and Humanities,
Dhyana Pura University
Jl. Raya Padang Luwih, Tegaljaya,
Dalung, Kuta Utara, Badung, Bali,
Indonesia
Email: sripurnama@undhirabali.ac.id

This is an open access article under the CC BY license



INTRODUCTION

The financial performance of a company is crucial for investors and correlates with the stock prices that benefit shareholders. The financial performance of a company is proportional to the overall performance of the company, and vice versa. Financial performance measurement in annual financial reports is crucial for attracting investors because it reveals the extent of management's role in managing assets and increasing shareholder value (Pareso, 2023). Ratios are tools used to assess the financial performance of a company, consisting of profitability ratios, liquidity ratios, activity ratios, investment ratios, and solvency ratios, some of these financial ratios can be used as benchmarks to calculate financial performance (Fajrinnaski, 2017). However, profitability ratios are usually the most commonly used ratios because they can help measure a company's ability to make profits (Maryanti, et al., 2017).

Companies play a crucial role in the economic development of a country, directly related to the allocation of economic resources to society. Companies not only produce goods but also participate in the marketing process of goods and services (Dwijayanti, et al., 2021). The health sector is a sector focused on maintaining, restoring, and improving human health. This involves many professions, such as hospitals, clinics, doctors, nurses,

pharmacists, medical scientists, and many others. Effective, safe, and affordable health services are the primary goal of the healthcare industry. In recent decades, the healthcare sector has experienced rapid growth as a result of advances in medical technology and research. New drugs, more advanced medical equipment, and information technology have changed the way we detect, treat, and prevent diseases, as the number of healthcare companies in Indonesia has grown rapidly.

Modern healthcare is becoming increasingly complex and rapidly evolving, especially in the "Health Sector" that encompasses various organizations and service providers essential for maintaining the overall health of the population. The healthcare industry is responsible for providing high-quality medical services, medical research, and pharmaceutical production. Additionally, this sector involves stakeholder trust and public fund management, where clinics, hospitals, and other healthcare facilities play a crucial role in receiving and managing these funds. Despite providing reliable, safe, and efficient services to the public, the healthcare sector also faces medical and financial risks every day. Public trust is crucial as errors or deficiencies in care can have serious consequences. With regulatory changes, advances in medical technology, and rising healthcare costs, companies and healthcare institutions must have the ability to reduce risks and adapt to the ever-changing environment.

Corporate Social Responsibility (CSR) is defined by the ISO 26000 social responsibility guidelines as the organization's responsibility for the impact of its decisions and actions on society and the environment, demonstrated by transparent, ethical behavior, and the welfare of society depends on stakeholder expectations in accordance with laws and international standards of behavior (Trisakti, 2016). Companies can improve their image in society and encourage the public to access their goods and services through corporate social responsibility (CSR) programs. The increasing number of goods sold by companies leads to greater profits. Furthermore, the implementation of CSR can enhance the company's image and reputation in the long term, which in turn generates greater financial profits through improved financial performance. Companies not only focus on profit but also on the environment and stakeholders. By implementing the Triple Bottom Line concept, it is expected that companies can use their financial and non-financial capabilities to enhance and improve the welfare of their stakeholders so that the company's sustainability (going concern) can be maintained in the future (Agustina, et al., 2015). However, because it affects future business operations, environmental issues, or the planet, have become a major concern recently.

Some phenomena related to environmental issues include: 1) Violations of social responsibility operation protocols (SOP) by PT Kimia Farma (Persero) Tbk, a leading pharmaceutical company that became controversial in 2019. These violations include non-compliance with promises to provide essential medicines at affordable prices to the Indonesian people. At Kualanamu Airport, company officials used antigen test kits, resulting in five of them being fired for violating SOPs. As a result, PT Kimia Farma (Persero) Tbk experienced a decrease in assets from Rp18,352,877,132 in 2019 to Rp17,562,816,674 in 2020. Compared to issues abroad: 2) American pharmaceutical company, Johnson & Johnson, was involved in a legal case in 2020 regarding talcum powder products suspected of containing asbestos, a carcinogenic substance. This highlights the importance of product safety and consumer protection in the implementation of social responsibility programs related to health, despite having implemented several social responsibility programs in the health field, such as providing funds for research and development.

Indonesia ranked third out of four Asian countries with 48.6 points in 2016 and fourth with 53.6 points in 2016, according to a study conducted by the "CMIO National University of Singapore (NUS) Business School." This indicates that, compared to other Asian countries, the implementation of CSR in Indonesia is still low. The Government issued Law No. 40 of 2007, which stipulates that, as regulated in Law No. 25 of 2007 concerning Investment, companies working with natural resources (SDA) must bear social responsibility. Previous studies, according to (Terzaghi, 2022), found that CSR impacts financial performance by 31.10%, consistent with research by (Putu Desak, et al., 2022), (Umi Sholilah, 2021), (Masubagio, et al., 2022), (Pradnyani, 2022), (Anthony Okafor, et al., 2021), (Liu Wu, et al., 2020), and (Lin Lin, et al., 2019) stating that CSR positively affects Financial Performance.

The company's performance is influenced by good corporate management (Kholmi, et al., 2022). Agustina, et al. (2015) stated that the theory of good corporate governance aims to provide relevant reports to shareholders so that management can fulfill its responsibilities and meet the interests of the company where a better management system should be implemented. According to Minister of Finance Regulation number per-01/mbu/2011, Good Corporate Governance (GCG) is the principles underlying the management process and mechanisms of a company consisting of laws and business ethics.

To measure good governance, researchers use the view that the company is considered as a whole, more than one organization striving to maximize profits for shareholders while also considering the interests and welfare of other parties involved in company activities. This results in Stakeholder Theory, which can help understand factors such as effective and efficient management. Stakeholder theory essentially explains who is responsible for the company, according to Ali, et al. (2020). Companies must continue to engage with their stakeholders, especially those who control the resources needed to operate, such as labor and the company's product markets. Publishing sustainability reports on economic, social, and environmental outcomes is one way companies maintain good relationships with their stakeholders (Kholmi, et al., 2022).

Additionally, agency theory is related to stakeholder theory because it explains the relationship between company owners as principals and company management as agents. By signing management contracts to protect the interests of the owners, management must be responsible for everything they do in the interest of the owners. Previous research according to (Putu Desak, et al., 2021).

LITERATURE REVIEW

Stakeholder Theory

In 1984, R. Edward Freeman, in his book "Strategic Management, Stakeholder Approach, Stakeholder Theory Management". According to Kyere, et al. (2021), Individuals involved in creating value and business are specifically accountable to "groups and individuals who can influence or be influenced by them", namely stakeholders. For most businesses as we understand them today, this means paying attention to at least customers, employees, suppliers, communities, and funders (investors). Stakeholders are all parties associated with the company, both internal and external, directly or indirectly, and influence the company (Ambon, 2021). However, beyond that, Stakeholder Theory is a theory that explains what company management does to manage and meet stakeholder expectations (Sudaryanti, et al., 2017). Stakeholder Theory also states that stakeholders can influence the sustainability of a company. Based on the explanation of this theory, companies become responsible not only for financial aspects but also for social and environmental aspects. When seeking community support, companies voluntarily disclose their environmental performance in the form of corporate social and environmental responsibility (Dewi, et al., 2020). In this case, CSR programs can play a supportive role in the relationship between company management and stakeholders.

Agency Theory

In 1976 Michael C. Jensen along with William H. Meckling, in their paper titled "Theory of the Firm Managerial Behavior, Agency Costs and Ownership Structure" published in the Journal of Financial Economics. In their paper, Jensen and Meckling proposed the framework of Agency Theory which explains the relationship between owners (principals) and managers (agents) in a company. Agency theory is very important to use in understanding business management (Principle Agen, 2018). Agency theory shows the relationship between groups in different positions but interconnected (Permatasari, et al., 2020). Agency theory is generally considered able to describe dominant situations. Agency theory is a necessary theory in GCG because it combines the interests of shareholders in the form of contracts. Moreover, agency theory explains the relationship between the company's owners (shareholders) as principals and the company management as agents. Owners sign contracts with management to realize the interests of the company owners, so management must be accountable for all its results to the company owners. Imbalances in the use of information can trigger a condition known as information asymmetry.

Financial Performance

Financial performance indicates a company's achievement in terms of results attained through the successful aspects achieved to assess how well the company complies with the accounting standards provided (Adeleye, 2021). Therefore, financial performance can assess a company's ability to manage and allocate its resources, making financial performance an important aspect that every company must achieve. Financial results are an analysis conducted to determine the extent to which the company has implemented it with the rules of good and proper financial application (Fajrinnaski, 2017). Financial results can be measured by indicators, in this study, researchers use the calculation of ROA (Return on Assets). Where ROA measures the company's ability to generate net income (profit) from its assets, The importance of a company to improve its financial performance

can be used as a benchmark for developing the company and facing competition (Muis, et al., 2018). Financial performance can also be used as an evaluation material regarding the level of success of the company when viewed based on financial activities.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a concept that makes companies, in addition to financial responsibility, also responsible for environmental issues resulting from the impact of company operational activities on natural resources. According to Ratih, et al. (2014), Law No. 40 of 2007 concerning Limited Liability Companies states that companies whose activities are related to natural resources are required to disclose their social responsibility. The elements of social responsibility can be summarized as the company's actions to achieve a balance between economic, social, and environmental aspects without forsaking the profit expectations of shareholders (Chakroun, et al., 2020). The CSR reporting standards developed in Indonesia align with the standards developed by the Global Reporting Initiatives (GRI). The Global Reporting Initiative (GRI) is an organization-based network as a driving force for global development, continuously improving and implementing a global reporting framework for sustainable development and commitment (Ali, et al., 2020). In this study, the researchers used the GRI standard proxy 16 (77 items). This GRI standard was chosen because it focuses more on the disclosure standards of the company's economic, social, and environmental performance, with the aim of improving company quality and enhancing sustainability reporting.

Good Corporate Governance

Good Corporate Governance (GCG) is a system that regulates, directs, and controls companies with the aim of improving Financial Performance and considering stakeholders (Pratiwi, 2016). In Indonesia, there is the National Committee on Corporate Governance (KNKCG) tasked with formulating and recommending principles of good governance (Edward Narayana, 2020). In the corporate governance system developed by KNKCG, there are five principles that companies must adhere to: transparency, accountability, responsibility, independence, and fairness. Although different countries have their own definitions of GCG, they all share similarities and certain nuances. In the eyes of the World Bank, GCG is a set of standards, laws, and regulations that must be followed to support the performance of corporate resources, to work effectively and provide long-term sustainable financial value to shareholders or the surrounding community in general (Nirmalasari, et al., 2021). GCG is a way to promote and control companies with the aim of preventing management fraud or errors that could harm commissioners, investors, creditors, governments, communities, and other stakeholders. Additionally, GCG is an internal control system of the company aimed at securing assets and increasing shareholder investment value over time, while mitigating significant risks to achieve long-term business goals (Trisakti, 2016). This research uses three proxies to measure good corporate governance mechanisms (GCG), including independent commissioners. In practice, independent commissioners are arranged based on the percentage of commissioners, which can be measured as the ratio of the number of foreign or independent commissioners divided by the total number of board members in the company (Sekarwigati, et al., 2019), with the provision that the minimum authorized representatives are at least 30% of all authorized members. Furthermore, the Audit Committee plays a crucial role in maintaining the credibility of financial reporting by ensuring the establishment of good control systems and governance. The board forms a control committee to assist in the annual account supervision and to control the company, the goal of which is to ensure the achievement of company results. Lastly, Institutional Ownership, the presence of institutional ownership may likely control managerial decision-making.

Framework of Thinking

Financial performance is a form of evaluation and analysis of an entity's financial performance in achieving its objectives. To achieve good financial performance, social responsibility and corporate governance can be the main reasons for the attainment of good financial performance in an entity, as social responsibility considers economic, social, and environmental aspects for sustainable financial growth in line with stakeholder theory. Meanwhile, good governance adheres to 5 principles (transparency, accountability, responsibility, independence, fairness) in accordance with agency theory. Therefore, the author wants to test the following four hypotheses:

H₁ : Corporate Social Responsibility has a positive effect on financial performance.

H₂ : Independen Commissioners has a positive effect on financial performance.

- H₃ : Audit Committee has a positive effect on financial performance.
 H₄ : Institutional Ownership has a positive effect on financial performance.

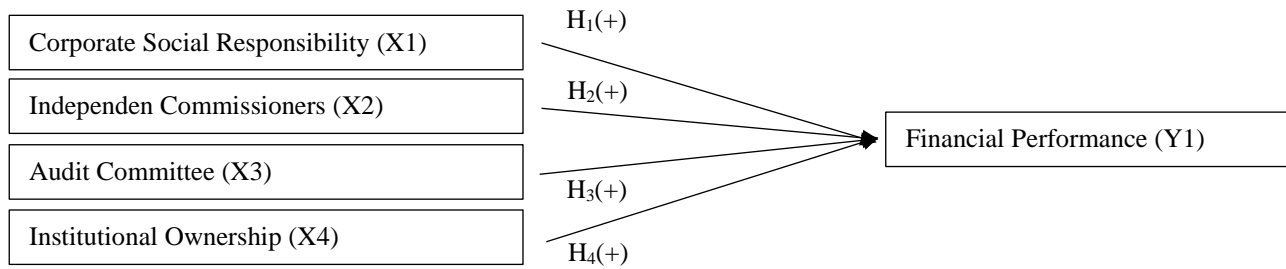


Figure 1. Framework of thinking

RESEARCH METHODS

The method chosen in this study is quantitative and qualitative approach, using data available on the Indonesia Stock Exchange or secondary data. This research aims to determine the influence of corporate social responsibility, independent commissioners, audit committees, and institutional ownership on the financial performance of healthcare sector companies listed on the IDX from 2019 to 2022. The approach used in determining the sample in this study is purposive sampling, which uses the following criteria: 1. Healthcare sector companies listed on the Indonesia Stock Exchange from 2019 to 2022, 2. Healthcare sector companies that disclose annual reports during 2019-2022, 3. Healthcare sector companies that provide complete and relevant data related to the research variables needed. The data analysis technique uses multiple linear regression analysis with data presentation assisted by SPSS 26 application.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

The results of this research indicate that the sample consists of 52, with the CSR variable having the smallest value of 34.00, the largest value of 72.00, a mean value of 58.1154, and a standard deviation of 8.6628. The independent commissioners variable has the smallest value of 0.17, the highest value of 0.75, a mean value of 0.4530, and a standard deviation of 0.1128. The audit committee variable has the smallest value of 3.00, the largest value of 5.00, a mean value of 3.2308, and a standard deviation of 0.5093. The institutional ownership variable has the smallest value of 0.49, the largest value of 1.00, a mean value of 0.7464, and a standard deviation of 0.1353. Finally, the financial performance variable has the smallest value of -0.28, the largest value of 0.31, a mean value of 0.0783, and a standard deviation of 0.0969.

Table 1. Descriptive statistical analysis

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	52	34.00	72.00	58.1154	8.6628
Independen Commissioners	52	0.17	0.75	0.4530	0.1128
Audit Committee	52	3.00	5.00	3.2308	0.5093
Institutional Ownership	52	0.49	1.00	0.7464	0.1353
financial performance.	52	-0.28	0.31	0.0783	0.0969
Valid N (listwise)	52				

Classical Assumption Testing

Normality Test

The Asymp. Sig. (2-tailed) value is 0.00, where 0.00 is less than 0.05, as shown in Table 2. The results indicate that the research data does not have a normal distribution. As a result, we chose the Monte Carlo method as an alternative. After conducting a normality test with the Monte Carlo model, the Sig. (2-tailed) value indicates that the distribution of the research data is normal, i.e., 0.200 which is greater than 0.05.

Table 2. Normality Test

	Unstandardized Residual
Asymp. Sig. (2-tailed)	0.200 ^{c,d}

Multicollinearity Test

The tolerance values of the independent variables are less than 10 percent or 0.1, and the VIF values are less than 10. As a result, the model does not exhibit multicollinearity symptoms, thus it can be used.

Table 3. Multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
CSR	0.967	1.034
Independen Commissioners	0.900	1.111
Audit Committee	0.950	1.052
Institutional Ownership	0.940	1.064

Heteroskedasticity Test

The significance values for each variable are above 0.05. These values indicate that there is no heteroskedasticity in this study, thus the research can proceed.

Table 4. Heteroskedasticity test

Model	Unstandarized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	-0.032	0.092		-0.349	0.728
CSR	0.001	0.001	0.238	1.700	0.096
Independen Commissioners	-0.068	0.069	-0.143	-0.984	0.330
Audit Committee	0.011	0.015	0.105	0.743	0.461
Institutional Ownership	-0.001	0.056	-0.002	-0.017	0.986

Autocorrelation Test

The obtained Durbin Watson statistic is 2.015, with the lower limit (4-dL) at 2.607, and the upper limit (4-dU) at 2.277. Therefore, no autocorrelation is present.

Table 5. Autocorrelation test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.580 ^a	0.336	0.279	0.08227	2.015

Durbin-Watson	dL	dU	Keterangan
2.015	1.3929	1.7223	Tidak Terjadi Autokorelasi

Autokorelasi Positif	Daerah Keraguruguan	Tidak Terdapat Autokorelasi	Daerah Keraguruguan	Autokorelasi Negatif
dL = 1.3	dU = 1.7	DW = 2.015	4-dU = 2.2	4-dL = 2.6

The Results of Multiple Linear Regression Analysis

- β₁ : The regression coefficient for Corporate Social Responsibility is 0.003. In other words, if this variable increases by one unit, financial performance will increase by 0.003. This indicates that each increase in Corporate Social Responsibility can enhance Financial Performance.
- β₂ : The regression coefficient for Independent Commissioners is 0.233. In other words, if the Independent Commissioners variable increases by one unit, financial performance will increase by 0.233. This suggests that any change in the Independent Commissioners variable has the potential to improve Financial Performance.
- β₃ : The regression coefficient for the Audit Committee is -0.079, meaning that if the Audit Committee variable increases by 1 unit, Financial Performance will decrease by -0.079. This indicates that any increase in the Audit Committee variable may reduce Financial Performance.

β_4 : The regression coefficient for Institutional Ownership is -0.029, suggesting that if the Institutional Ownership variable increases by one unit, Financial Performance will increase by -0.029. This suggests that any increase in Institutional Ownership may decrease Financial Performance.

Table 6. The results of multiple linear regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.090	0.144		0.622	0.537
CSR	0.003	0.001	0.245	2.031	0.048
Independen Commissioners	0.233	0.108	0.272	2.167	0.035
Audit Committee	-0.079	0.023	-0.415	-3.401	0.001
Institutional Ownership	-0.029	0.088	-0.040	-0.330	0.743

The Coefficient of Determination

The analysis conducted using the SPSS program resulted in a coefficient of determination R^2 of 0.279, or 27.9 percent. This indicates that Independent Commissioners, Audit Committee, and Institutional Ownership collectively contribute to 27.9 percent of the variation.

Table 7. The coefficient of determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.580 ^a	0.336	0.279	0.08227

The Results of Model Feasibility Test (F Test)

The F coefficient is 5.946, and the F-table value is 2.57 when compared with the calculated F value. Furthermore, the higher significance value, 0.001, is greater than 0.05, indicating that H_0 or H_a can be accepted. Therefore, corporate social responsibility, independent commissioners, audit committee, and constitutional ownership enhance the financial performance of the company.

Table 8. The results of model feasibility test (f test)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.161	4	0.040	5.946	0.001 ^b
Residual	0.318	47	0.007		
Total	0.479	51			

The T-Test Result

CSR shows a t coefficient of 2.031, with a t-table value of 1.677, and the calculated t value is greater than the t-table value. Additionally, there is evidence that either H_0 or H_1 can be accepted with a lower significance value of 0.048 below 0.05. Company finance is influenced by corporate social responsibility.

Independent Commissioners show a t coefficient of 2.167, with a t-table value of 1.677, and the calculated t value is greater than the t-table value. Furthermore, the lower significance value of 0.035 is less than 0.05, indicating acceptance of H_0 or H_2 .

The Audit Committee shows a t coefficient of -3.401, with a t-table value of 1.677, and the calculated t value is less than the t-table value. Additionally, the lower significance value is 0.001, smaller than 0.05, stating that H_0 is rejected or H_3 is accepted. Financial performance is influenced by the Audit Committee.

Table 9. The t-test result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.090	0.144		0.622	0.537
CSR	0.003	0.001	0.245	2.031	0.048
Independen Commissioners	0.233	0.108	0.272	2.167	0.035
Audit Committee	-0.079	0.023	-0.415	-3.401	0.001
Institutional Ownership	-0.029	0.088	-0.040	-0.330	0.743

Constitutional Ownership shows a t coefficient of -0.330, and the t-table value is 1.677; however, the calculated t value is lower than the t-table value, and the significance value is greater at 0.743, larger than 0.05. Therefore, H_0 is accepted or H_4 is rejected. Financial performance is not influenced by constitutional ownership.

The Influence of Corporate Social Responsibility on Financial Performance

The significance of Corporate Social Responsibility is 0.048, which is less than α (0.05), and the t-value of 2.031 is greater than the t-table value of 1.677, indicating that Corporate Social Responsibility positively influences financial performance. This implies that as the implementation of Corporate Social Responsibility increases, the company's financial performance growth will improve or be sustained.

Companies can benefit both society and themselves by participating in Corporate Social Responsibility activities. These activities make companies more socially aware and create a positive image in the eyes of the public. If a company's stock price is high, it can increase investor confidence in business sustainability and boost sales, thereby increasing investor interest in investing. Consequently, financial performance will also improve.

The Stakeholder Theory explains how company management manages and meets the desires of stakeholders. This theory also states that stakeholders can influence business sustainability. Companies have social, environmental, and economic responsibilities. If companies want to help society, they will happily disclose their social and environmental performance. The Stakeholder Theory explains that every company must consider all stakeholders involved in company management. Company sustainability reports are crucial as they allow stakeholders such as investors and the general public to assess company performance and see how company activities impact the surrounding community. This is in line with research conducted by Permatasari et al. (2020), Putu Desak et al. (2022), Umi Sholilah (2021), Masubagio et al. (2022), Pradnyani (2022), Anthony Okafor et al. (2021), Liu Wu et al. (2020), and Lin Lin et al. (2019), which found that corporate social responsibility positively impacts financial performance.

This study shows that company CSR disclosure correlates positively with financial performance. This is supported by the research of Permatasari et al. (2020), which found that company CSR disclosure correlates positively and significantly with financial performance. Wahyuningrum (2019) conducted similar research.

The Influence of Independent Commissioners on Financial Performance

The significance value of Independent Commissioners is 0.035, which is greater than α (0.05), and the calculated t-value of 2.167 is greater than the t-table value of 1.677, indicating that Independent Commissioners have a positive impact on financial performance. This means that the larger the implementation of Independent Commissioners, the more the financial performance of the company's growth will improve or be sustained.

CARE companies state in their annual reports that independent commissioners are responsible for overseeing company policies and actions and play a crucial role in supervising and providing objective guidance in the management of a company. This business believes that independent commissioners can enhance the financial performance of the company because they can improve oversight, reduce conflicts of interest, and ensure that company policies comply with laws and ethics. Investors often view the presence of independent commissioners as a sign of good governance. Investor confidence can increase, which positively impacts investment decisions and the financial performance of the company.

The concept of Independent Commissioners as part of the company's structure is crucial according to stakeholder theory. In this case, Independent Commissioners are responsible for the company's management policies, including sustainability and social impact. The Stakeholder Theory emphasizes that companies must understand and meet the expectations of all parties involved in company activities, including Independent Commissioners. This concept means that Independent Commissioners are not only responsible for the financial aspects of the company but also other aspects.

According to research, more discussions about Independent Commissioners in companies result in better financial performance. This is consistent with the research of Magdalena et al. (2018), Cahyaningrum et al. (2022), Umi Sholilah (2021), and Felia Permatasari et al. (2020), which found that corporate social responsibility

and sustainability affect the financial performance of Independent Commissioners. High-quality independent commissioners can ensure that the company complies with regulations.

The Influence of the Audit Committee on Financial Performance

Partial t-tests are used to test the significance of the Audit Committee on financial performance. The significance value of the Audit Committee is 0.001, which is less than α (0.05), and the t-value of -3.401 is less than the t-table value of 1.677, indicating that H_0 is rejected and H_3 is accepted. This means that the larger the implementation of the Audit Committee, the more the financial performance of the company's growth will improve or be sustained.

The Audit Committee is crucial for providing objective guidance on how a company is managed. According to several studies, the role of the Audit Committee has the ability to improve the financial performance of an organization. Research by Diva et al. (2024) shows that Corporate Governance also influences financial performance. The Audit Committee can enhance oversight, prevent conflicts of interest, and ensure that company policies comply with laws and ethical standards. It is common for investors to view the Audit Committee as evidence of good corporate governance.

Investor confidence can increase, positively impacting investment decisions and the financial performance of the company. According to stakeholder theory, the concept of the Audit Committee as part of the company's structure is crucial. In this case, the Audit Committee plays a role in overseeing the company's management policies, including its social impact and sustainability. According to stakeholder theory, companies must understand and meet the desires of all parties involved in their operations, including the Audit Committee.

According to this concept, the Audit Committee is responsible for the financial and corporate obligations of the company to ensure that company policies and practices are environmentally friendly and have a positive impact on society and the environment. This study found that providing more information to the Audit Committee leads to an improvement in the financial performance of the company. Kartini et al. (2022) and Nirmalasari et al. (2021) found that sustainability and social responsibility affect the financial performance of the Audit Committee. An effective audit committee can ensure that the company implements sustainability standards.

The Influence of Constitutional Ownership on Financial Performance

The significance value of Constitutional Ownership is 0.743, which is greater than α (0.05), and the t-value of -0.340 is less than the t-table value of 1.677, indicating that Constitutional Ownership does not impact financial performance. As a result, H_0 is accepted, and H_4 is rejected. This means that the larger the implementation of Constitutional Ownership, the more the financial performance of the company's growth will decline.

Constitutional ownership plays an important role in overseeing and providing objective guidance in the management of a company. In some studies, the role of constitutional ownership does not affect the financial performance of the company; research by Terzaghi et al. (2022) shows that the role of constitutional ownership does not significantly affect a company's finances.

Constitutional ownership enhances oversight, reduces the likelihood of conflicts of interest, and ensures that company policies comply with laws and ethical standards. Investors often do not view constitutional ownership as a sign of good corporate governance. Their confidence may not increase, and this may not impact investment decisions, but it may positively impact the financial performance of the company. The concept of constitutional ownership as part of the company's structure is crucial, consistent with stakeholder theory.

In this situation, constitutional ownership cannot oversee the company's management policies, such as its sustainability and social effects. Stakeholder theory emphasizes that companies must understand and meet the expectations of all parties involved in their activities, including constitutional ownership. This concept means that constitutional ownership is not only responsible for the financial matters of the company but also ensures that the company's actions and policies benefit society and the environment.

The results show that constitutional ownership does not affect the financial performance of the company; research conducted by Cahyaningrum et al. (2022), M. Titan Terzaghi et al. (2022), Umi Sholilah (2021), and

Felia et al. (2020) support this idea, stating that constitutional ownership does not significantly affect a company's financial results because of sustainability factors and corporate social responsibility. There is no way for constitutional ownership to ensure that businesses consider sustainability when making decisions; as a result, there will be no long-term benefits for businesses and their stakeholders.

CONCLUSIONS

Corporate Social Responsibility (CSR) contributes positively to the financial performance of healthcare companies listed on the Indonesia Stock Exchange (IDX) during the period of 2019-2022. By demonstrating social responsibility, companies build a positive image in society, increase stock prices, and ultimately enhance financial performance. The presence of Independent Commissioners has a positive impact on the financial performance of healthcare companies listed on the IDX during the period of 2019-2022. Independent Commissioners demonstrate the company's commitment to good governance, enhance transparency and trust, and improve the company's image in the eyes of the public and stakeholders. The Audit Committee influences the financial performance of healthcare companies listed on the IDX positively during the period of 2019-2022. Through effective engagement, the Audit Committee enhances the company's accountability for financial governance, increases transparency and accountability, and improves trust and stability in relationships with stakeholders. Constitutional ownership has a negative impact on the financial performance of healthcare companies listed on the IDX during the period of 2019-2022. High levels of constitutional ownership tend to reduce the transparency and accountability of the company, disrupt its social image, and decrease investor interest, ultimately affecting stock prices and company stability.

Investors are encouraged to invest in companies that generate more profits and have implemented and disclosed Audit Committees, Independent Commissioners, and Corporate Social Responsibility. Since these three elements have the ability to influence Financial Performance, as evidenced by stock price increases, Financial Performance will improve, rather than the other way around.

For further research, the study period as well as additional variables that may be related to the implementation of Corporate Social Responsibility and GCG should be added. To achieve maximum measurement, the research should encompass various sectors of companies.

REFERENCES

- Adeleye, B. N. (2021). *Corporate social responsibility and financial performance : Evidence from U . S tech firms related papers*. 292.
- Agustina, W., & Sinarwati, G. A. (2015). Pengaruh intellectual capital, corporate social responsibility dan good corporate givernance terhadap kinerja keuangan. *Jurnal Akuntansi*, 3(1), 1–11.
- Ali, R., Sial, M. S., Brugni, T. V., Hwang, J., Khuong, N. V., & Khanh, T. H. T. (2020). Does csr moderate the relationship between corporate governance and chinese firm's financial performance? Evidence from the shanghai stock exchange (sse) firms. *Sustainability (Switzerland)*, 12(1). <https://doi.org/10.3390/Su12010149>
- Ambon, P. N. (2021). *Pengaruh good corporate governance dan corporate social responsibility terhadap kinerja keuangan perusahaan Desak Putu Suciwati1), Ni Kadek Novita Dewi2), I Made Bagiaada3) 1 Jurusan Akuntansi Politeknik Negeri Bali 2 Jurusan Akuntansi Politeknik Negeri*.
- Cahyaningrum, S. P., Titisari, K. H., & Astungkara, A. (2022). Pengaruh penerapan good corporate governance dan corporate social responsibility terhadap kinerja keuangan perusahaan. *Owner*, 6(3), 3027–3035. <https://doi.org/10.33395/Owner.V6i3.1012>
- Chakroun, S., Salhi, B., Ben Amar, A., & Jarboui, A. (2020). The impact of ISO 26000 social responsibility standard adoption on firm financial performance: evidence from France. *Management Research Review*, 43(5), 545–571. <https://doi.org/10.1108/Mrr-02-2019-0054>
- Dewi, P. P., & Edward Narayana, I. P. (2020). Implementasi green accounting, profitabilitas dan corporate social responsibility pada nilai perusahaan. *E-Jurnal Akuntansi*, 30(12), 3252. <https://doi.org/10.24843/Eja.2020.V30.I12.P20>
- Djamilah, S., & Surenggono, S. (2017). Corporate social responsibility sebagai variabel pemediasi pengaruh good corporate governance terhadap kinerja keuangan. *Akrual: Jurnal Akuntansi*, 9(1), 41. <https://doi.org/10.26740/Jaj.V9n1.P41-53>
- Dwijayanti, E., Rinofah, R., & Sari, P. P. (2021). Pengaruh intellectual capital, csr, dan gcg terhadap kinerja keuangan perusahaan manufaktur yang terdaftar di BEI periode 2015-2019. *Al-Kharaj : Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 4(2), 495–512. & <https://doi.org/10.47467/Alkharaj.V4i2.688>
- Fajrinnaski, R. (2017). *Pengaruh corporate social responsibility (csr) dan good corporate governance (gcg) terhadap kinerja keuangan skripsi oleh : Nama : Rinaldi Fajrinnaski Fakultas Ekonomi Universitas Islam Indonesia Yogyakarta*.

- Jurnal, P. (2023). September 2023. *Malaysian Journal of Medicine and Health Sciences*, 19(5), 183–200. <https://doi.org/10.47836/Mjms.19.5>
- Kholmi, M., & Nafiza, S. A. (2022). Pengaruh penerapan green accounting dan corporate social responsibility terhadap profitabilitas. *Reviu Akuntansi dan Bisnis Indonesia*, 6(1), 143–155. <https://eprints.umm.ac.id/77376/>
- Kyere, M., & Ausloos, M. (2021). Corporate governance and firms financial performance in the United Kingdom. *International Journal of Finance And Economics*, 26(2), 1871–1885. <https://doi.org/10.1002/Ijfe.1883>
- Larasati, S., Hendra Titisari, K., & Nurlaela, S. (2017). Pengaruh good corporate governance dan corporate social responsibility terhadap kinerja keuangan perusahaan manufaktur yang terdaftar di BEI. *Seminar Nasional Ienaco*, 579–586. www.idx.co.id
- Magdalena, S., Yuningsih, I., & Lahaya, I. A. (2018). Pengaruh firm size dan good corporate governance serta corporate social responsibility terhadap kinerja keuangan pada bank umum syariah di Indonesia. *Equilibrium: Jurnal Ekonomi Syariah*, 5(2), 221. <https://doi.org/10.21043/Equilibrium.V5i2.2772>
- Maryanti, E., & Fithri, W. N. (2017). Corporate social responsibility, good corporate governance, kinerja lingkungan terhadap kinerja keuangan dan pengaruhnya pada nilai perusahaan. *Journal of Accounting Science*, 1(1), 21–37. <https://doi.org/10.21070/Jas.V1i1.773>
- Muis, M. R., Jufrizen, J., & Fahmi, M. (2018). Pengaruh budaya organisasi dan komitmen organisasi terhadap kinerja karyawan. *Jesya (Jurnal Ekonomi & Ekonomi Syariah)*, 1(1), 9–25. <https://doi.org/10.36778/Jesya.V1i1.7>
- Nirmalasari, S., & Susilowati, E. (2021). Analisis pengaruh good corporate governance dan. *Seminar Nasional Akuntansi Dan Call For Paper (Senapan)*, 1(1), 01–12.
- Nuridin, F. F., Samiun, A. A., & Abubakar, K. (2023). Pengaruh corporate social responsibility dan good corporate governance terhadap kinerja keuangan studi pada perusahaan manufaktur di Bursa Efek Indonesia. *Jurnal Aktiva Universitas Muhammadiyah Maluku Utara*, 07(02), 9–18. www.idx.co.id
- Pada, P., Manufaktur, P., Terdaftar, Y., Bei, D. I., & Pendahuluan, I. (2017). *Good corporate governance*. 48–55.
- Permatasari, F., & Widianingsih, L. P. (2020a). Pengungkapan corporate social responsibility terhadap kinerja keuangan dengan good corporate governance sebagai variabel moderasi. *Media Akuntansi dan Perpajakan Indonesia*, 1(2), 87–114. <https://doi.org/10.37715/Mapi.V1i2.1404>
- Permatasari, F., & Widianingsih, L. P. (2020b). *Pengungkapan corporate social responsibility terhadap kinerja keuangan dengan good corporate governance sebagai variabel moderasi*. 87–114.
- Pratiwi, A. (2016). Pengaruh kualitas penerapan good corporate governance (gcg) terhadap kinerja keuangan pada bank umum syariah di Indonesia (Periode 2010-2015). *Jurnal Ekonomi dan Bisnis Islam*, 2(1), 55–76.
- Principle-Agen, P. P. D. A. N. (2018). *Teori agency dalam pemikiran organisasi*; 3(2), 435–446.
- Puspita, A. D., & Kartini, T. (2022). Pengaruh good corporate governance (gcg) dan corporate social responsibility (csr) terhadap kinerja keuangan perbankan yang terdaftar di Indonesia Stock Exchange (Idx). *Journal of Economic, Bussines And Accounting (Costing)*, 6(1), 330–337. <https://doi.org/10.31539/Costing.V6i1.4059>
- Ratih, S., & Setyarini, Y. (2014). Pengaruh good corporate governance (gcg) dan corporate social responsibility (csr) terhadap nilai perusahaan dengan kinerja keuangan sebagai variable intervening pada perusahaan pertambangan yang go public di BEI. *Akrual: Jurnal Akuntansi*, 5(2), 115. <https://doi.org/10.26740/Jaj.V5n2.P115-132>
- Rosalinda, U., Kuntadi, C., & Pramukty, R. (2022). Literature review pengaruh gcg, csr dan ukuran perusahaan terhadap kinerja keuangan perusahaan. *Jurnal Ekonomi Manajemen Sistem Informasi*, 3(6), 667–673. <https://doi.org/10.31933/Jemsi.V3i6.1108>
- Salsabila, D. A., & Hariyono, A. (2024). Peran corporate social responsibility (csr) dan good corporate governance (gcg) dalam kinerja keuangan pada PT. Gresik Migas (Perseroda). *Jurnal Kendali Akuntansi*, 2(2), 86–99. <https://doi.org/10.59581/Jka-Widyakarya.V2i2.2754>
- Sekarwigati, M., & Effendi, B. (2019). Pengaruh ukuran perusahaan, profitabilitas, dan likuiditas terhadap corporate social responsibility disclosure. *Statera: Jurnal Akuntansi dan Keuangan*, 1(1), 16–33. <https://doi.org/10.33510/Statera.2019.1.1.16-33>
- Sudaryanti, D., & Riana, Y. (2017). Pengaruh Pengungkapan csr terhadap kinerja keuangan perusahaan. *Jurnal Penelitian Teori & Terapan Akuntansi (Peta)*, 2(1), 19–31. <https://doi.org/10.51289/Peta.V2i1.273>
- Terzaghi, M. T., & Ikhsan, R. (2022). Pengaruh good corporate governance dan corporate social responsibility terhadap kinerja keuangan perbankan yang terdaftar di BEI. *Jurnal Bisnis, Manajemen, Dan Ekonomi*, 3(4), 181–195. <https://doi.org/10.47747/Jbme.V3i4.834>
- Trisakti, U. (2016). Pengaruh gcg terhadap kinerja keuangan dengan csr sebagai pemoderasi di perusahaan pertambangan. *Jurnal Manajemen Dan Keuangan*, 5(1), 479–488.
- Wahyuningrum, W. (2019). Analisis csr dan gcg terhadap kinerja keuangan dengan ISO standar sebagai variabel intervening (Studi empiris pada perusahaan yang listing di Lq45). *Behavioral Accounting Journal*, 2(1), 17–27. <https://doi.org/10.33005/Baj.V2i1.35>