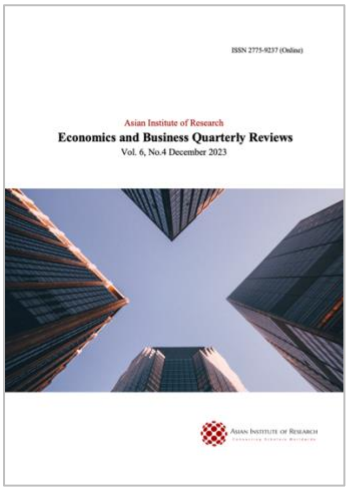

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Human Capital and Institutional Ownership Roles on Profit Sustainability in Banking

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Abstract
Applying the principles of Good Corporate Governance is a major factor in building a solid and reliable corporate fundamentals to achieve sustainable corporate profitability. The aim of this research is to examine the influence of CSR and Independent Commissioners on Profitability which is moderated by Value Added Human Capital and Institutional Ownership. This study uses a quantitative method, where the data source used secondary data taken from the Indonesia Stock Exchange. The contribution of this research is the higher the proportion of independent commissioners, the more independent commissioners will carry out optimal supervision of operational activities. The board of independent commissioners greatly determines the company's success in achieving goals and improving the company's financial performance so that the company's ROA has increased. VAHC can weaken Komi's effect on ROA and is not significant. In principle, appropriate human capital activities can motivate Komi to achieve profitability. Institutional ownership affects company performance because institutional ownership can encourage more optimal supervision and monitoring mechanisms can guarantee shareholder prosperity, so institutional ownership will encourage managers to show good performance in front of shareholders. Institutional Ownership Contribution in moderating the influence of the Committee on ROA.

Keywords: Human Capital, Institutional Ownership, Corporate Social Responsibility, Independent Commissioner, Profitability

1. Introduction

1.1 Introduce the problem

During the turmoil of economic uncertainty after the COVID-19 pandemic, banks as institutions that organise "fundraising" must maintain a sustainable business. Adequate profitability ratios can support banks to survive and have broad opportunities to realise sustainable business development. One of the corporate strategies that supports the implementation of business sustainability is the implementation of Corporate Social Responsibility (CSR) based on the triple bottom line concept. POJK no 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, which requires the entire Financial Services Sector to apply the principles of sustainable finance, submit a Sustainable Finance Action Plan and serve as a starting point for market deepening for sustainable project financing.

Triple Bottom Line (TBL) concept emphasises that in running a business, companies do not only concern on profits but also contribute to society (people) and play an active role in protecting the environment (planet). From the point of view of the public interest, banking needs to foster its image and trust, both in the eyes of workers or consumers and the public as whole. In addition, banks need to support environmental preservation programs and avoid negative impacts that may occur, such as floods, land fires, and climate change. Otoritas Jasa Keuangan, (2022) states that the financial sector can act as a catalyst to accelerate the implementation of economic activities that positively impact the environment in building a more resilient economy.

The implementation of CSR as part of the banking development strategy is a fundamental step in realising sustainable profitability in the long term. Based on Kristanto & Merawati, (2022), the average profitability proxied by Return on Assets (ROA) at banks listed on the Indonesia Stock Exchange experienced a sharp decline during the COVID-19 pandemic. In 2017, banking financial performance was 1,450. (10%), in 2018, it rose to 12,673 (83%). In 2019, at the start of the COVID-19 pandemic, the banking Return on assets (ROA) value fell to 1,212 (8%) from 2018, and in 2020, the development of banking Return on assets (ROA) fell again to -0,082 (-1%). During pandemic covid 19, Government had issued Government Regulation number 1; year 2020 regarding: National Financial Policy and Financial System Stability, as a covid 19 treatment and prevention against national economic threat and financial stability system. In addition, Financial Service Authority Dewan Komisioner & Otoritas Jasa Keuangan, (2021), regarding counter cyclical policy as a stimulus on national economic to mitigate banking risk against the impact of covid 19.

Applying the principles of Good Corporate Governance is a major factor in building solid, healthy and reliable corporate fundamentals to achieve sustainable corporate profitability. An Independent Commissioner in the board structure will strengthen the oversight system of operational activities so that the organisation's long-term sustainability goals are achieved. Following the Corporate Law, Independent Commissioners and other members of the Board of Commissioners are appointed and dismissed by the General Meeting of Shareholders. Based on POJK no 33 of 2014, it is stated that the number of Independent Commissioners must be at least 30% of the total number of members of the Board of Commissioners. According to Independent commissioners, which have greatly influenced a company’s management performance, as a moderating variable in testing earnings management and debt policies on financial distress, which are rarely used in previous studies (Ramadhan & Firmansyah, 2022). In implementing GCG, the institutional ownership structure is essential in independently supporting operational activities' oversight. Wardhana & Tandelilin, (2011) stated that institutional ownership is essential in minimising agency conflicts between shareholders and managers, when the ownership is in significant, controlling shareholder will harm firm value due to expropriation of controlling shareholder. Institutional investors are considered capable of optimising management performance by monitoring every decision taken by management.

Another critical factor that can affect Return on Assets is Value Added Human Capital. In the banking sector, the role of human resources is crucial, especially in serving customer needs. Therefore, banking is a sub-sector that has the highest Intellectual Capital. Employees in the banking sector are more homogeneous than in other sectors, so through a combination of knowledge, expertise and innovation, each employee is encouraged to improve their individual abilities order to complete the duties. (Kristanto & Merawati, 2022) The results of show that Value Added Human Capital can moderate the effect of Corporate Social Responsibility on profitability. In line with the description above, this study will examine the influence of CSR and Independent Commissioners on Profitability, which will be moderated by Value Added Human Capital and Institutional Ownership. A study has been carried out in a few countries by examining board independence and firm performance. The results showed a mixed association between proportions of independent directors and firm performance. Although the companies comprised the highest number of independent directors, it would not assure to enhance firm performance (Fuzi et al., 2016).

1.2 Importance of The Problem

1.2.1 To mitigate pandemic covid 19 impact on banking sector, Government had issued Government Regulation number 1; year 2020 regarding: National Financial Policy and Financial System Stability. However, profitability ratio of banking institutions listed in a BEI, shows a tendency to decrease from 2017 until 2021.
1.2.2 CSR is mandatory by United Nation Organization and had been written in an international agreement, named Principles of Green Banking, which include managing environment, social risk and governance, human resources development. In regard to this, banking institution is required to perform and report the implementation of CSR periodically, at least once a year. Based on the GRI model of reporting, CSR banking score in the period of 2016 until 2021 is increasing around 1-1,5% every year, while profitability is decreasing 1% in 2017, 7% in 2018,11% in 2019 (pandemic covid 19), 23% in 2020 (Kristanto & Merawati, 2022).
1.2.3 Banking institution listed in BEI, in average, had fulfilled the requirement of Independent Commissioner. As profitability ratio was decreasing during 2017 until 2021, it seems that Independent Commissioner as a supervision body, had faced a constraint in monitoring the profitability in banking sector. This is against GCG principle, that mentioned the importance of Independent Commissioner function in supervising the operational activity of the firm. I In addition, research by (Ramadhan & Firmansyah, 2022), mentioned that Independent Commissioner has a negative and significant effect on earnings management.

1.3 Relevan scholarship

1.3.1. Stakeholder Theory

The definition of stakeholders in theory in (Widarti et al., 2022) is: "identifiable groups or individuals who can influence the achievement of organisational goals or who are influenced by the achievement of organisational goals". Stakeholder theory states that a company is not an entity that only operates for its own interests, but must provide benefits to its stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties) in (Widarti et al., 2022). On the ethical side, all stakeholders have the right to be treated fairly by the organisation, and managers must manage the organisation for the benefit of stakeholders (Permatasari et al., 2019).

1.3.2. Agency Theory

Smulowitz et al., (2019) described agency theory as the relationship between the owner of economic resources (principal) and the manager (agent) who manages the use and control of company resources. According to Kumalasari & Sudarma, (2013) this agency relationship results in two problems: (a) information asymmetry, where management generally has more information about the actual financial position and operating position of the entity than the owner(principal) and (b) conflicts of interest due to difference objective, where management does not always act in the owners' interests. Overcoming or reducing agency problems creates agency costs that both the principal and the agent will bear.

1.3.3 Independent Commissioner

According to the Indonesian General Guidelines for Corporate Governance (Komite Nasional Kebijakan Governansi, 2021), it is stated that the Board of Commissioners is a supervisory body that plays a role in providing advice and supervision as well as making certain decisions. According to POJK no 33 of 2014, if the Board of Commissioners consists of more than 2 (two) members of the Board of Commissioners, the number of Independent Commissioners must be at least 30% (thirty per cent) of the total number of members of the Board of Commissioners. Independent Commissioners must meet the requirements as follows: not a person who works or has the authority and responsibility to plan, lead, control, or supervise the activities of the Issuer or Public Company within the last 6 (six) months, except for reappointment as Independent Commissioner of the Issuer or Public Company in the period next; does not have shares either directly or indirectly in the Issuer or Public Company; has no affiliation with the Issuer or Public Company, members of the Board of Commissioners, members of the Board of Directors, or significant shareholder of the Issuer or Public Company; and has no direct or indirect business relationship with the business activities of the Issuer or Public Company.

1.3.4. Triple Bottom Line

The Triple Bottom Line was popularised by John Elkington in 1997 through his book "Cannibals with Forks, the Triple Bottom Line of 21st Century Business". According to Elkington the concept of the Triple Bottom Line consistent of profit, environmental and social factors. Then, the researchers popularised their findings as 3P (Profit, Planet, People). This paradigm describes that the company's focus in the future is to achieved business sustainability. For this, management need to consider three factors that is profit (economic benefits), Planet (environment), and People (community) and the construction includes the nature of Green Accounting, the Green Accounting Conceptual Framework, the Green Accounting Principles and the Green Accounting Report model (Lako, 2018).

TBL is defined as an accounting framework for measuring and reporting company performance in which there are economic, social and environmental parameters. Triple Bottom Line is also used to reveal the whole series of values, problems, and processes that the company must complete to minimise the impact caused by the company's operations and create economic, social, and environmental values. We also find that the extent of overall TBL reporting is higher for Japanese firms, with environmental disclosure being the key driver. This result could be attributed to the differences in national cultures, the regulatory environment, and other institutional factors between the United States and Japan (Ho & Taylor, 2007).

1.3.5 Corporate Social Responsibility

According to (Widarti et al., 2022), Corporate Social Responsibility can be said to be a continuous commitment from the business community to behave ethically and contribute to economic development while improving the quality of life of employees and their families, as well as the local community and the broader community in general interactions with stakeholders based on the principles of volunteerism and partnership. Witjaksono & Djaddang, (2018) Corporate Social Responsibility significantly affects SOE earnings quality. However, audit committee does not moderate the effect of CSR on earnings quality. One of the most commonly used CSR disclosure indicator GRI G4, which consists of 91 CSR indicators. According to Cahyani Prastuti & Budiasih, (2019), the measurement of CSR disclosure is formulated as follows:

$$CSRDI = \sum Xij / n$$

Where:

CSRDI = *Corporate Social Responsibility Disclosure Index* ($0 \leq CSRDI \leq 1$).

$\sum X_{ij}$ = number of items disclosed, score one if disclosed, score 0 if not disclosed

n = Maximum number of CSRDI disclosure items (91 items)

1.3.6 Return on Assets (ROA)

Return on Assets (ROA) is one of the profitability ratios. This ratio is often seen in financial statement analysis because it can show the company's success in generating profits. Return on Assets is a ratio that describes a bank's efficiency in generating profits or the results show that profitability is proven to be positive and significant on the timeliness of report of financial. Mappadang et al., (2021) using a ROA proxy. ROA can measure a company's ability to generate profits in the past to be projected in the future. The assets include all of the company's assets, obtained from its capital or from foreign capital that the company has converted into company assets that are used for the company's survival. The greater the ROA of a company, the greater the level of profit achieved by the company and the better the company's position in terms of asset use. Return On Assets can be formulated as follows:

$$ROA = \frac{\text{Profit After Tax}}{\text{Total Assets}}$$

1.3.7 Human Capital Value Added (HCVA)

The HCVA metric measures employees' profit contribution once costs have been removed. This metric can be embedded in the profit and loss statement and monitored, managed and reported by month, by division and compared to previous years. The HCVA looks at the human impact on revenue by numbers and by visuals. Value Added Human Capital The second relationship is VA and HC. Baskoro et al., (2020) Human Capital shows how much VA is created by one rupiah spent on employees. The relationship between VA and HC shows the ability to create HC value in a company. Assuming the relationship between VA and HC shows the ability to create HC value in a company.

1.3.8 Institutional Ownership

Institutional ownership is the amount of a company’s available stock owned by mutual or pension funds, insurance companies, investment firms, private foundations, endowments or other large entities that manage funds on behalf of others. Yajie Bai, Leilei He, (2023) This study provides empirical support for the performance of common institutional ownership participating in corporate governance and optimizing investment decisions.

1.4 Hypothesis Development

1.4.1 The influence of CSR on ROA

CSR activities are a company's strategies to attract public inteest in the related companies. This CSR disclosure is closely related to building the desired image of a company, in the prespective of public or consumers. The assumption is that consumers will prefer products produced by companies with a good image. A good image is obtained from the company's profound concern for the community. The higher the public interest on the company, the higher will be the company's sales revenue, and this will enhanced the company's profitability to rise. Marchyta & Anastasia, (2021) in her research, proves that corporate social responsibility has a positive influence on financial performance.

H_1: Corporate Social Responsibility has a significant effect on ROA

1.4.2. Influence of Independent Commissioners on ROA

Following the Corporate Law, the duties of an Independent Commissioner as a member of the Board of Commissioners are to supervise and provide advice to the Board of Directors, if necessary. The Independent Commissioner's function is to oversee the performance quality of the Board of Directors in carrying out operational activities, including achieving profitability and financial reporting levels. This supervision will encourage the Board of Directors always to focus and be careful in carrying out their duties, especially to realise the corporate strategic plan, which include increasing the profitability ratio Thus, the more significant the proportion of independent commissioners in the membership of the Board of Commissioners, the greater the potential for increased profitability that can be achieved. Research Roswaty, (2023) there is a significant simultaneous effect of the Independent Board of Commissioners and Managerial Ownership variables on Return on Assets., the research hypothesis is:

H2 = Independent Commissioners has a significant effect on ROA.

1.4.3 The effect of VAHC in moderating CSR on ROA

Value Added Human Capital is an effort to increase the competence and professionalism of human resources within the corporate environment. The HR competency improvement is carried out in line with the business strategy to achieve corporate plans. In line with this, CSR is one of the factors in the business strategy to support business reputation to achieve the targeted level of profitability. Appropriate competency improvement will motivate human resources to realise a reliable CSR program to maintain the business reputation. Thus, the greater the VAHC is expected to be able to encourage human resources to carry out CSR programs so that the level of company profitability is realised. This statement aligns with research conducted by (Kristanto & Merawati, 2022), which stated that Value Added Human Capital could moderate the effect of Corporate Social Responsibility and Ownership on profitability (Return on Assets). The hypothesis in this study is:

H3: Value Added Human Capital can moderate the effect of Corporate Social Responsibility on profitability (Return on Assets).

1.4.4 Effect of VAHC in moderating of Independent Commissioners on ROA

Value-added Human Capital is an effort to increase the competence and professionalism of human resources within the corporate environment. This competency improvement is carried out at each level of the organisation, including the highest management level, especially the Independent Commissioner. This statement also aligns with OJK regulations, which require the Board of Directors and Board of Commissioners to submit a continuing education program for a certain period. Competency improvement programs for independent commissioners need to be adapted to their functions and duties to support the oversight of operational activities. Intellectual Capital berpengaruh terhadap kinerja keuangan (Baskoro et al., 2020). Thus, VAHC is expected to be able to moderate Komi towards increased profitability. The hypothesis in this study:

H4: Value Added Human Capital can moderate the influence of Independent Commissioners on profitability (Return on Assets).

1.4.5 Effect of institutional ownership in moderating CSR on ROA

Institutional ownership is the proportion of company share ownership by non-bank institutional investors such as insurance companies, pension funds, and other large institutions that manage funds on behalf of other people. This statement will encourage shareholders of an institution to increase supervision and tight control of the institution (Michael C. Jensen And William H. Meckling, 1976). Oversight of the institution will cover essential aspects in implementing the company's strategy, including, among others, the CSR program and achieving the target level of profitability. Thus, the greater the number and portion of institutional shareholding, the greater the effect of CSR on the potential for increasing profitability in the related companies. The hypothesis in this study is:

H5: Institutional ownership can moderate the effect of CSR on ROA

1.4.6 Effect of institutional ownership in moderating Komi on ROA

Institutional ownership is the proportion of company share ownership by non-bank institutional investors such as insurance companies, pension funds, and other large institutions that manage funds on behalf of other people. According to Pursuant to the objective of this study, its theoretical positioning of this study is based on agency theory (Rashid, 2018), institutional ownership is vital in minimising agency conflicts between managers and investors, because they are interested in achieving related company profits. This statement will encourage institutional investors to increase supervision and control over these companies (Michael C. Jensen And William H. Meckling, 1976). In addition, institutional investors will also monitor the internal oversight mechanism carried out by the independent commissioner. Effective independent commissioner oversight will support institutional investors' interests in monitoring the achievement of companies' profitability. Thus, the greater the number and portion of institutional shareholding, the greater will be the influence of Independent Commissioners on the potential for increasing profitability in related companies.

H6: Institutional ownership can moderate Komi's influence on ROA

2. Method

The research is an extension of a study conducted by (Kristanto & Merawati, 2022), with using independent commissioner as a variable independent and institutional ownership as one of the moderating variable. The study uses a quantitative method, where the dependent variable is profitability, and independent variable consist of corporate social responsibility and independent commissioner, while moderating variables were institutional ownership and value added human capita. This research used secondary data taken from the Indonesia Stock Exchange. The population of this research is 46 banking institutions listed in the BEI. The operational variable is describe, as follows:

Table 1: Operational Variable Description

No	Variable name	Measurement	Reference	Scale
1.	Dependent variable: Profitability	$ROA = \frac{\text{Profit After Tax}}{\text{Total Asset}} \times 100\%$	Rosiana & Mahardhika, (2021)	Ratio
2.	Independent Variable: Corporate Social Responsibility (CSR) Independent Commissioner	$CSRij = \frac{\sum X_{ij}}{Nj}$ Keterangan : CSR_{ij} = Corporate Social Responsibility Company Index j $\sum X_{ij}$ = The total number or score obtained by each dummy variable company: 1 = if item I is disclosed; 0 = if the item I is not disclosed Nj = Total CSR disclosure criteria for companies Independent Commissioner = Number of Independent Commissioner / Number of members of the board of commissioners	Ayem, Rohana (2019) Amelia, Hernawati (2016)	Ratio Ratio
3	Moderating Variables: Institutional Ownership	Number of institutional party shares/ Number of outstanding shares	Wiranatha, Nugrahanti (2013)	Ratio
4	Moderating Variable: *Value Added Human capital*	VAHU = VA/HC Where: VA: *Output-Input, where output is total income and input is selling expenses and total operating expenses other than employee expenses* HC: *Human Capital* (total salary and wages, benefits, bonuses, training, business travel expenses)	Astri Rosiana (2020)	Ratio

Source: Data processed by the author (2022)

2.1 Participant Chararacteristic and Sampling Criteria

This research uses purposive sampling technics by setting specific considerations or criteria. The number of research samples were 276 companies, in which data was taken from 46 Banks listed in BEI multiplied by the six-year research period. The purposive sampling technics criteria is as follows:

Table 2: Sampling Research Criteria

No	Sampling Reseach Criteria	Number
1.	The banking industry is listed on the Indonesia Stock Exchange	47 Company
2.	The banking industry does not issue complete annual financial reports for 2016-2021	01 Company
Total Companies used in the study		46 Company
The sample in the research is 46 companies x 6 years of research		276 Company

Source: Data processed by the author (2023)

2.2 Measures and Covariates

The data collection method used in this research is the documentation study method. Data were obtained from financial reports, annual reports, research journals, books and internet sites related to this research. This research uses secondary data or data not obtained directly from the source. Data obtained from the company's financial reports and annual reports on the official website of the Indonesia Stock Exchange (www.idx.co.id) and the respective official websites

2.3 Research Design

2.3.1 Inner Model

Testing the structural model aims to identify the relationship between exogenous and endogenous variables in a study. The Inner Model test, according to (Musyaffi et al., 2022), is;

1) R Square for endogenous variables: R Square value is the coefficient of determination in an endogenous construct. The R-squared value also explains the variation from exogenous to endogenous variables.
2) Prediction Relevance (Q Square) Q Square is performed to determine the ability of a prediction through a blindfolding procedure. The Q Square value < 0 means that the exogenous latent construct is suitable as an explanatory variable capable of predicting existing constructs.

2.3.2 Full Model Testing

Complete Model testing uses the Structural Equation Model method using the WARP PLS 7.0 application. The Structural Equation Model is a statistical methodology that takes a confirmatory approach to analysing structural theories of several phenomena. The term "Structural Equation Model" conveys two critical aspects: the causal process under study is represented by a series of structural equations, and structural relationships can be modelled pictorially to enable a more precise conceptualisation of the studied theory.

$ROA = e + \beta1\ CSR + \beta2Komi + \beta3CSR*VAHC + \beta4Komi*VAHC + \beta5CSR*KIns + \beta komi*kIns + \epsilon t$

Dimana:

ROA = Return on Assets

CSR = Corporate Social Responsibility,

Komi = Komisaris Independen,

VAHC = Value Added Human Capital,

KIns = Institutional Ownership

3. Result

3.1 Statistical and data analysis

Statistic Descriptive:

Table 3: Descriptive Statistical Data

	N	MIN	MAX	MEDIAN	MODES
KINS (M1)	276	-0.258	6.607	-174	-0.258
CSR (X1)	276	-0.554	1.764	-0.554	-0.554
KOMI (X2)	276	-3.207	1.811	-0.100	-0.419
VAHC (M2)	276	-3.567	2.649	0.107	-3.567
ROA (Y)	276	-3.549	1.480	0.227	-3.549

Descriptive statistics about research variables illustrate that:

1. The N value for each variable is 276, indicating that each variable has 276 valid data.
2. Corporate Social Responsibility (CSR) is an independent variable, where the minimum value of Corporate Social Responsibility (CSR) is -0.554, a maximum of 1,764, and an average of 0.554; companies that implement CSR will show better performance and increased profits and growth.

3. Independent Commissioners (Komi) are independent variables with a minimum value of -3.207, a maximum of 1,811 and a median of 0.100. Independent Commissioners and other members of the board of commissioners carry out the oversight function of the operational activities carried out by the Board of Directors. With a more significant number of independent commissioners, the company's internal control level will be better.
4. Value Added Human Capital (VAHC) in this study is used as a moderating variable with a minimum value of -3,567, a maximum of 2,649, and an average of 0.107. Negative Value Added Human Capital (VAHC) indicates that the company's Interest Income and Interest Expenses are less than the sum of salaries and benefits, general and administrative expenses.
5. Institutional ownership in this study is used as a moderating variable with a minimum value of -0.258, a maximum of 6.607 and a median of -1740. Companies whose shares are owned by institutional parties tend to be more active in supervising the company's operational activities.
6. ROA is the dependent variable with a minimum value of -3.549, a maximum of 1480 and an average of 0.227. The excellent the ROA value, the better the company's performance because the rate of Return on investment is getting bigger. This value reflects the company's Return on all assets (or funding) provided to the company

3.2 Hypothesis test

Hypothesis testing aims to test the truth of the hypothesis that has been proposed. The influence of each variable will be seen in the coefficient values and P values in the Full Model test.

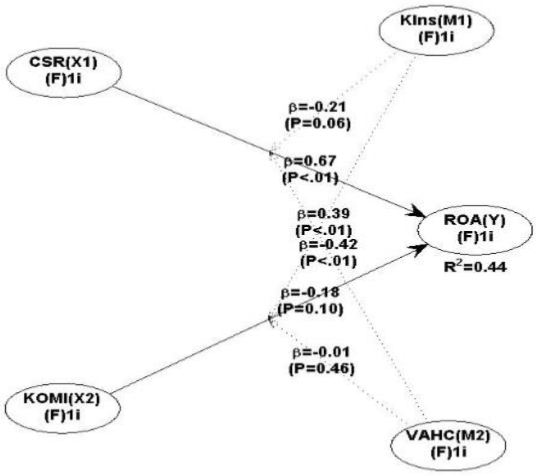

Figure 1: Full Model Test

Figure1 shows the causal relationship between variables: CSR and KOMI are independent variables, VAHC and KIns are moderator variables, and ROA is the dependent variable. From the results of the full model output in Figure 1, the equation for this study is:

ROA = e + β1 CSR +β2Komi + β3CSR*VAHC + β4Komi*VAHC + β5CSR*KIns + βkomi*kIns + ϵt

ROA_= e+0,67CSR-0.18Komi-0.42 CSR*VAHC-0,01 Komi*VAHC-0.21CSR*KIns+0.39Komi*KIns+ ϵt

Where:

ROA = Return on Assets
CSR = Corporate Social Responsibility,
Komi = Independen Commissioner
VAHC = Value Added Human Capital,
Kins = Institutional Ownership

From the equation above, it can be concluded that:

- Each increase in CSR (Corporate Social Responsibility) by 1 unit, the ROA index will increase by 0.67.

- For each Komi (Independent Commissioner) increase by 1 unit, the R0A index will decrease by 0.18.
- For every increase in VAHC interaction with CSR by 1 unit, the ROA index will decrease by 0.42.
- For every increase in the interaction of IO to CSR by 1 unit, the ROA index will decrease by 021
- For every increase in VAHC interaction with IC by 1 unit, the ROA index will decrease by 0.01
- For every increase in the interaction between IO and IC by 1 unit, the ROA index will increase by 0.39.

Table 4: Result of Hypothesis Test

PATH	COEFFICIENT	P-VALUE	REMARKS
CSR→ROA	0,67	<0,01	SIGNIFICANT
Komi→ROA	-0,18	0,10	SIGNIFICANT
VAHC*CSR→ROA	-0,42	<0,01	SIGNIFICANT
VAHC*Komi→ROA	-0,01	0.46	NOT SIGNIFICANT
KIins*CSR→ ROA	-0.21	0,06	SIGNIFICANT
Kins* Komi→ROA	0.39	<0,01	SIGNIFICANT

4. Discussion

4.1 The Effect of CSR on ROA

The contribution of CSR (Corporate Social Responsibility) is 0.67 to ROA (Return on Assets) with a P value of <0.01, indicating that if CSR increases by one unit, the ROA value will also increase by 0.67 units, and the correlation is significant on alpha = 5% so that Ha is accepted. The higher or lower the CSR value will significantly affect ROA. The implemented CSR program is part of the corporate strategic plan, thereby supporting increased profitability. The results of this study align with research conducted by (Kristanto & Merawati, 2022) which states that corporate social responsibility significantly influences Return on Assets (profitability).

4.2 Komi Influence on ROA

Komi's contribution (Independent Commissioner) is -0.18 to ROA (Return on Assets) with a P value of 0.10, indicating that if the proportion of independent commissioners increases by one unit, the ROA value will decrease by 0.18 units. The relationship is significant at alpha= 10%, so Ha is accepted. This aligns with (Nuryatun & Mulyani, 2021), which states that independent commissioners significantly influence profitability. Moreover, the higher the proportion of independent commissioners, the more independent commissioners will carry out optimal supervision of operational activities. The independent board of commissioners greatly determines the company's success in achieving its goals and improving its financial performance so that its ROA has increased. This research is in line with (Agatha et al., 2020), who state that the independent board of commissioners has a significant positive effect on company performance (ROA). In this case, the competence, professionalism and experience of Independent Commissioners need to be adapted to the company's line of business. In addition, as chairman of the audit committee, the Independent Commissioner must be supported by adequate and professional members of the audit committee in their field. Thus, increased independent commissioners will support achieving the expected profitability level. On the other hand, if the competence and experience of the Independent Commissioners and audit committee members are insufficient, there may be a significant decrease in profitability.

The results of this study are not in line with the research of (Febiyanti & Hersugondo, 2022), which states that independent commissioners do not have a significant relationship with ROA. The company's leadership structure is only filled by people interested in the company who are subjectively selected without considering their abilities because most company ownership is centralised.

4.3 The effect of VAHC in moderating CSR on ROA

The contribution of VAHC (Value Added Human Capital) in moderating the influence of CSR on ROA is -0.42, which shows that VAHC can weaken the relationship between CSR and ROA. Meanwhile, a P value of <0.01 indicates a significant relatedness level, so Ha is accepted. The VAHC can significantly weaken the influence of CSR on ROA. In principle, the implementation of human capital can motivate CSR towards achieving profitability, but if activities are carried out excessively and cause inefficiencies, it will weaken the level of achievement of ROA. This research contrasts with (Kristanto & Merawati, 2022) research, which states that Value Added Human Capital can moderate the effect of Corporate Social Responsibility and Ownership on profitability (Return on Assets).

4.4 Effect of VAHC in moderating Komi on ROA

The contribution of VAHC (Added Human Capital) in moderating Komi's influence on ROA is -0.01, indicating that VAHC can weaken the relationship between Komi and ROA, while a P value of 0.46 indicates an insignificant level of linkage, so Ha is rejected. The VAHC can weaken Komi's influence on ROA and is not significant. In principle, appropriate human capital activities can motivate Komi to achieve profitability. However, suppose human capital activities against the Committee are carried out inadequately, and the competence of the independent commissioners is not in accordance with their duties. In that case, the implementation of supervision of operational activities can be disrupted and weaken the level of achievement of ROA.

4.5 The influence of KIns in moderating CSR on ROA

The contribution of KIns (Institutional Ownership) in moderating the influence of CSR on ROA is -0.21, indicating that KIns can weaken the relationship between CSR and ROA. The P value of 0.06 indicates a significant level of relevance at 10% alpha so that Ha is accepted. Furthermore, the KIns can weaken the effect of CSR on ROA and is significant. This statement aligns with (Agatha et al., 2020), which states that institutional ownership does not affect profitability and while institutional ownership has no effect on financial performance. The percentage of shares owned by institutions affects the company's performance as a proxy for Return on Equity (ROE). However, if institutional ownership is relatively low compared to the number of outstanding shares, the support for achieving profitability will be weak. In theory, institutional ownership affects company performance because institutional ownership can encourage more optimal supervision and monitoring mechanisms can guarantee shareholder prosperity, so institutional ownership will encourage managers to show good performance in front of shareholders with this institutional ownership, there will be an assumption that the institutional owner will pay more attention to the management of the company so that it will have a positive influence on the company's financial performance (Sofiana et al., 2019).

4.6 KIns influence in moderating Komi on ROA.

The contribution of Institutional Ownership in moderating Komi's influence on ROA is 0.39, indicating that KIns can strengthen the relationship between Komi and ROA. Meanwhile, a P value of <0.01 indicates a significant relatedness level, so Ha is accepted. These results indicate that agency share ownership has a moderating effect on Komi's profitability. Share ownership by agencies can encourage increased supervision in company management and limit behaviour that is detrimental to shareholders so that it has a positive impact on profitability. This result is in line with the research of Fina Wardah Fitriyah, Anis Wulandari, (2023), which states that the effect of commissions and KIns on profitability is significant and institutional ownership have an influence on firm value.

5. Conclusion

5.1 The Effect of CSR on ROA

The higher or lower the CSR value will significantly affect ROA. This result is because the implemented CSR program is part of the corporate strategic plan, supporting the increasein profitability.

5.2 Committee Influence on ROA

The higher the proportion of independent commissioners, the more independent commissioners will carry out optimal supervision of operational activities. The board of independent commissioners greatly determines the company's success in achieving goals and improving the company's financial performance so that the company's ROA has increased. In this case, the competence, professionalism and experience of Independent Commissioners need to be adapted to the company's line of business. In addition, as chairman of the audit committee, the Independent Commissioner must be supported by adequate and professional members of the audit committee in their field. Thus, increased independent commissioners will support achieving the expected profitability level. On the other hand, if the competence and experience of the Independent Commissioners and audit committee members are insufficient, there may be a significant decrease in profitability. The company's leadership structure is only filled by people interested in the company who are subjectively selected without considering their abilities because most company ownership is centralised.

5.3 The effect of VAHC in moderating CSR on ROA

VAHC can significantly weaken the effect of CSR on ROA. In principle, the implementation of human capital can motivate CSR towards achieving profitability, but if activities are carried out excessively and cause inefficiencies, it will weaken the level of achievement of ROA.

5.4 Effect of VAHC in moderating Komi on ROA

VAHC can weaken Komi's effect on ROA and is not significant. In principle, appropriate human capital activities can motivate Komi to achieve profitability. However, suppose human capital activities against the Committee are carried out inadequately and the competence of the independent commissioners is not in accordance with their duties. In that case, the implementation of supervision of operational activities can be disrupted and weaken the level of achievement of ROA.

5.5 The influence of KIns in moderating CSR on ROA

Institutional ownership can weaken the effect of CSR on ROA and is significant. This result means that the percentage of shares owned by institutions affects the company's performance as a proxy for Return on Equity (ROE). However, if institutional ownership is relatively low compared to the number of outstanding shares, the support for achieving profitability will be weak.

Institutional ownership affects company performance because institutional ownership can encourage more optimal supervision and monitoring mechanisms can guarantee shareholder prosperity, so institutional ownership will encourage managers to show good performance in front of shareholders.

5.6 KIns influence in moderating the Committee on ROA.

Institutional Ownership Contribution in moderating the influence of the Committee on ROA. These results indicate that agency share ownership has a moderating effect on Komi's profitability. Ownership of shares by agencies can encourage increased supervision in managing the company and limit behaviour that is detrimental to shareholders so that it has a positive impact on profitability.

6. Suggestions and Recommendations on Research Results

6.1 Suggested/recommended for future research to expand research samples other than the banking industry listed on the IDX, such as the non-bank financial industry, Shari'ah financial industry, and other financial services industries.

6.2 The influence of VAHC in moderating Komi on ROA - VAHC (Value Added Human Capital) in moderating Komi's influence on ROA needs to be re-examined in the banking industry by adding 5-10 years of observation as it relates to long-term investments and HR assets in the banking industry.

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