Research.

The influence of CSR and corporate governance on the risk of share prices in banking in Indonesia

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Abstract: *This research was conducted to determine whether social responsibility and corporate governance actually have a significant effect on the risk of the company's stock price. The independent variable in this study is social responsibility and corporate governance, while the dependent variable is the risk of stock prices. There are four control variables in this study, namely company size, return on equity (ROE), earnings per share (EPS), and stock price volatility. This study collects data from 26 banking companies listed on the Indonesia Stock Exchange over a period of 5 years (2014-2018) and uses a multiple regression model for testing. The findings of this study indicate that social responsibility, company size, ROE, EPS, and stock price volatility have no significant effect on stock price risk. Meanwhile, corporate governance has a significant positive effect on stock price risk. The results of this research can be used to present a successful model for banking companies in Indonesia to concentrate more on social responsibility and corporate governance in mitigating their share price risk. All studies have used NCSKEW and DUVOL as measures of share price risk. In the novelty of this study, the Coefficient of Variation is used to measure the dependent variable so that the measurement can be distinguished from previous studies.*

Keywords: *Banking Industry, Corporate Social Responsibility, Corporate Governance, Multiple Regression, Stock Price Risk*

Introduction

Corporate Social Responsibility (CSR) is an issue that has long been a polemic for stakeholders in various developing countries. CSR management still does not have an accurate standard because of the many assumptions and understandings from each company that CSR is only limited to an obligation that comes from the laws of a country so it needs to be obeyed. Companies are still reluctant to carry out CSR which is an "obligation" that really must be carried out without having to see it as a contractual obligation and a statutory order. Awareness of CSR, which should have been integrated in the company hierarchy as a management strategy and policy, has not yet achieved a balance between the business world and the surrounding community. The essence and significance of CSR is still not fully read by business people so that CSR itself for some business people is just a discourse and sometimes its implementation is based on community demands. On the other hand, there is no law that explicitly describes the details of the standard of procedure for implementing CSR for business entities in the country concerned. The government's assertiveness is still not high in forcing companies to carry out their obligations to implement CSR that is good, right on target, and oriented

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towards improving people's welfare. In this context, the government is also considered reluctant to impose strict sanctions on companies that do not implement CSR optimally. This reluctance results in the implementation of CSR which is still half-hearted or has not touched the real problem, namely encouraging efforts to help improve the welfare of the community, especially the people around the company are located (Joko, 2018).

Since 2016, the draft law regarding the amount of CSR funds of 2% - 3% of the profits that must be spent by companies raises pros and cons for companies. Some of them agree, while the rest disagree because it is a very heavy burden for them. Two to three percent of the company's profit is a large enough amount to be spent (Basith, 2018). In addition to the uncertainty of government regulations, CSR issues are also based on the form of the company's CSR activities, for example, the construction of transportation in the form of roads. At a certain level, it aims to speed up the production process. Although the road is beneficial for the local community, it is only an externality that benefits the local community. In other words, the real benefits of CSR are not accepted by the community as part of the stakeholders (Yulita, 2018).

Apart from CSR, there are other factors that have an impact on the company, namely corporate governance. Effective corporate governance practices are proven to be able to minimize capital, reduce risk, and positively affect the value of company performance. Low quality corporate governance can be indicated by high levels of corruption and minimal financial management transparency. If the majority of companies in a country have this indication, investors will likely be reluctant to cooperate and invest. On the other hand, good corporate governance processes will attract investors to expand their business or simply invest. Data obtained from The Indonesian Journal of Leadership, Policy, and World Affairs states that international trust can be achieved by strictly restricting transactions. There are forms of transactions that must be restricted and prohibited in order to secure sustainable investment. Corporate governance is also inseparable from the role of board leadership (supervisors and executives). The leadership process must be adapted to the times and tested over time. Responsible leadership based on the principles of corporate governance will continue to open up investment opportunities. Investors certainly find it easier to trust companies with high integrity and low leadership turmoil. Internal conflicts must be minimized in order to maximize efforts to implement corporate governance as a whole (Center for Risk Management & Sustainability, 2018).

As an industrial sector with a fairly good development, the Financial Services Authority (OJK) emphasized that the health condition of banks in general is still good until now. Most have a rating of II or good and only about 10 percent with a rating of III or standard. Credit grew 4.18 percent and funds grew by about 4.5 percent. There is still growth, although not as fast as the first semester of 2015 (slowing down due to the influence of economic conditions). Therefore, banking is trusted by the public as an intermediary institution for savings and loan activities with satisfactory performance. They believe that this is due to good internal banking conditions and a fairly high level of concern for social contributions for stakeholders.

Literature Review

Stock Price Risk

Stock price risk is defined as the uncertainty of a company's stock price that causes variability in returns received by investors (Zutter & Smart, 2019). In general, investments with uncertain returns are more risky. There are two types of stock price risk, namely unsystematic risk and systematic risk. Unsystematic risk is a company-specific risk caused by the company's internal (micro) conditions, such as industry risk, operating leverage risk, and others. This risk can be minimized by diversifying investments in many securities in the formation of a portfolio. Whereas systematic risk is also called market

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risk because this risk is related to changes that occur in the market as a whole. Systematic risk occurs due to events outside the company, such as inflation risk (inflation will reduce the purchasing power of money so that the rate of return after adjusting for inflation can reduce the return on the investment), currency exchange rate or exchange rate risk (changes in investment value caused by value foreign currency exchange is a risk in investment), and interest rate risk (if interest rates rise, investment returns related to interest rates; for example, the interest rate for Bank Indonesia Certificates; will increase so as to attract stock investors to move funds to SBIs. Later, many will sell shares and the stock price will fall. Therefore, changes in interest rates will affect the variability of return on an investment).

Based on the empirical literature that has been tested previously, share price risk is associated with information asymmetry because managers have more control in hiding the company's internal information from shareholders. When a company is not fully transparent, managers can extract some of the cash flow in ways that investors do not feel. To protect their jobs, managers can absorb the risk of loss caused by temporary company performance by hiding the bad news specifically for the company concerned (Chang, Chen, & Zolotoy, 2017). Research conducted by Benmelech, Kandel, & Veronesi (2010) found that stock-based compensation encourages managers to hide bad news about the company's future growth options. This results in inflation in the share price of the company concerned.

Corporate Social Responsibility (CSR)

The concept of CSR has been popularized for a long time since the 1960s when companies began to show their responsibility to society as one of the stakeholders. According to Abu Mallouh & Tahtamouni (2018), CSR is described as social activities, such as protecting environmental safety, providing protection related to pollution, and providing employment opportunities to local communities. Theoretically, CSR is a significant aspect in influencing the value of company information disclosure and the risk of its share price (Dai, Lu, & Qi, 2019). Moreover, a company's social and environmental disclosure can be used as a management tool to deal with social and political pressures (Guidry & Patten, 2012). In order to maintain the company's position in social relations, management will publish information related to their social and environmental activities. If a company is actually involved in social activities that are unwanted or inappropriate to do, this will lead to a bad reputation for the company. Kansal, Joshi, & Batra (2014) said that there are aspects related to CSR, including:

1. Implementation of CSR for the environment. The company provides information that shows that its operations are clean in accordance with applicable laws, provides information on reducing and controlling pollution or reconstruction damage made in the environment in the process of operation, and supports the activities of environmental groups and membership in environmental agencies or organizations, and strategies and environmental policy.
2. Implementation of CSR for human resources. The company informs the percentage or number of employees who work at different levels, informs staff financial capabilities, communicates with employees to increase job satisfaction and motivation, increases loans and other debt benefits without discrimination in employment. In addition, companies need to inform educational programs to develop employee skills and quality levels, measure measures regarding staff safety as well as physical and mental health. The company also provides various facilities for the welfare of its employees, including staff welfare funds.
3. Implementation of CSR for the community. The company participates in social activities, including social investment, such as providing internship opportunities for students and transferring experience and knowledge to them and providing scholarships to gifted students in need. Companies can also support or assist communities with grants, provide grants to charities and rehabilitation agencies, support local industries, enhance corporate partnerships in charitable donations and

encourage employees to participate in them. In addition, the company can provide grants to research centers and finance projects related to public health as a corporate social, policy and mission objective.

Sandhu & Kapoor (2010) also added aspects related to CSR, namely the implementation of CSR to customers. This includes attention to the client's right to increase company sales and customer loyalty. A number of studies show that a large and growing market for its products and services can be created if the company has a high social responsibility. In addition to these aspects, CSR also contains economic, legal, ethical, and philanthropic expectations from various business units that reach all parties - entitled parties feel the benefits received by them (Salehi, Tarighi, & Rezanezhad, 2017).

The influence of CSR on stock price risk has attracted the attention of researchers around the world to conduct research related to this matter. For example, research conducted by Hunjra, Mehmood, & Tayachi (2020) where the sample used was 353 manufacturing companies (197 companies from Pakistan and 156 companies from India). The research data were obtained from Data Stream for 9 years (2010 - 2018). The research stated that CSR has a significant negative effect on stock price risk. CSR practices have a significant negative effect on stock price risk because in a very competitive industry, CSR plays a fairly strategic role. Companies with high social responsibility tend to adhere to high transparency in relation to ethical standards and financial reporting standards that they publish (Lee, 2016). Kim, Li, & Li (2014) revealed that the risk of share prices will be lower along with transparency CSR practices of a company. In line with the financial outcomes published by the company in a transparent manner, stakeholders will pay attention to the social outcomes that will be provided by the company (Darus et al., 2014).

Corporate Governance

The practice of corporate governance is an act that acts as a mechanism between owners and agents in aligning their interests. Good corporate governance practices can reduce agency problems, reduce agency costs, and improve their financial performance (Tricker, 2012). Control mechanisms in corporate governance have been developed with the aim of minimizing accounting maneuvers and transparency in business operations. The control mechanism also aims to avoid managers' involvement in fraud (Jin & Drozdenko, 2010). Herbert, Tsegba, State, Financial, & Country (2013) said that the successful implementation of corporate governance will influence investors to invest in companies. Smooth investment will improve the company's performance and increase the stock market price so that the risk decreases.

The concept of corporate governance is a very important aspect because it includes the relationship between company management, the board of directors, shareholders, and stakeholders (Bhasin & Shaikh, 2013). Corporate governance can prevent "resourceful" management behavior and reduce price risk. shares (An & Zhang, 2013). An effective corporate governance system will also improve the quality of information in accounting and the value of the company concerned (Alkurdi, Hussainey, Tahat, & Aladwan, 2019). Research conducted by Andreou, Antoniou, Horton, & Louca (2016) concluded that the same or higher number of independent and non-executive directors on the audit committee, companies with strong technical expertise and good industry knowledge, as well as governance policies properly described and described companies will reduce exposure to share price risk. The higher the quality of the company in its internal control mechanism, the lower the risk of share prices it will face (Chang et al., 2017). However, there are other studies that show managerial ownership as an indicator of corporate governance is able to increase share price risk because it plays a strong role as a reliable tool in predicting the risk of a company's stock price in the future (Qinghua, Ye, Fangfang, & Xiding, 2017). The same and strong evidence has also been studied by Andreou et al. (2016) and Hunjra et al. (2020).

Firm's Size, ROE, EPS, Share Volatility

Firm's size describes the size of a company which can be determined from several things, including total sales, total assets, and the average sales of the company (Shrivastav & Kalsie, 2015). Firm's size is measured by transforming the total assets owned by the company into a logarithmic form (Al-Malkawi & Pillai, 2018). This is in line with research conducted by Zeitun & Saleh (2015). According to Zutter et al. (2019), return on equity (ROE) is a comparison between a company's net income and its total equity. In addition, Zutter et al. (2019) also reveals that earnings per share (EPS) is a comparison between a company's net income and the number of shares outstanding. Apart from the three control variables, there is share volatility, which is the extreme value of the highest stock price and the lowest share price (Camilleri, Grima, & Grima, 2019).

Share price risk is not only influenced by CSR and corporate governance, but also by several control variables. These variables are generally consistent with previous studies. Companies with higher returns, market-to-book ratios, and volatility of stock returns, as well as a larger firm's size, will have an impact on high stock price risk (Kim et al., 2014). In line with research conducted by Lee (2016), firm's size has a positive influence on stock price risk. This is inversely related to earnings per share. Companies with a high EPS level have an effect on the low level of stock price risk (Hunjra et al., 2020).

Conceptual Framework

The risk of a company's stock price is considered to influence the behavior of investors in deciding whether to invest in the company or not. Stock price risk can be seen from the size of the relative dispersion in the ratio of investment risk to the return that investors will get (Zutter et al., 2019). Researchers have proven that stock price risk is influenced by how high a company is responsible for social responsibility and how well its corporate governance is. Hunjra et al. (2020) examined the effect of CSR on stock price risk and found a negative effect. In addition, An & Zhang (2013) examined the influence of corporate governance on stock price risk and the findings state that there is a negative effect because good corporate governance can reduce the risk of the company's share price. Based on this explanation, the conceptual framework in this study can be described as follows:

Figure 1
Conceptual Framework Chart of the Effect of CSR and Corporate Governance on Stock Price Risk in Indonesian Banking

Research Methodology

Variable and Variable Measurement

The variables in this research include the dependent variable, independent variable and control variable. The dependent variable is stock price risk. The independent variables are corporate social responsibility (CSR) and corporate governance. Meanwhile, the control variables include firm's size, return on equity (ROE), earnings per share (EPS), and share volatility. Here are the measurements for the variables to be studied:

Table 1 Variable Identification and Measurement

Variable Type	Name of Variable	Proxy	Symbol	Operational Definition of Variable	Reference
Dependent Variable	Stock Price Risk	Coefficient of Variation	CV	Standard deviation divided by expected return	Zutter& Smart, 2019
	Corporate Social Responsibility	Social Contribution Value per Share	SCV	CSR costs divided by the number of shares outstanding	Annual Report
Independent Variable	Corporate Governance	Board Size	BS	The number of members of the company's board of directors	Hunjra et al., 2020
		Managerial Ownership	MO	The number of shares owned by the board of directors is divided by the number of shares outstanding	Hunjra et al., 2020
Control Variable	Firm's Size	-	FS	Total asset logarithm	Hunjra et al., 2020
	Return on Equity	-	ROE	Net income divided by total equity	Hunjra et al., 2020
	Earnings per Share	-	EPS	Net income divided by the number of shares outstanding	Hunjra et al., 2020
	Share Volatility	-	SV	$\sqrt{\frac{h-l}{\left(\frac{h+l}{2}\right)^2}}$ Captions: h = the highest share price l = the lowest share price	Camilleri et al., 2019

Sampling Methodology

The method of data collection used is the collection of secondary data, namely data obtained by research indirectly or from research conducted by others. The data can also be retrieved from published sources so that the data is already available. The data sources in this study were obtained from the respective banking web sites. This research data consists of banking companies listed on the Indonesia Stock Exchange (IDX). The banking population in IDX consists of 44 companies. Only 26 banks are eligible to be sampled with the following considerations:

Table 2 Sampling Criteria

Captions	Number of Companies
Banking companies listed on the Indonesia Stock Exchange for the period of 2014-2018	44
Companies whose data is incomplete in their annual reports	(18)
Number of companies eligible for sample	26

Research Regression Model

Research methods in accordance with the title of this research can be systematically described variable relationships as follows:

$$CV = 715.2218 - 1.514646SCV + 0.012995BS + 0.403987MO - 65.23418FS + 10.55882ROE - 0.095283EPS - 558.0649SV + \mu$$

Captions:

- CV (Y) = Coefficient of Variation
- SCV (X₁) = Social Contribution Value per Share
- BS (X₂) = Board Size
- MO (X₃) = Managerial Ownership
- FS (X₄) = Firm's Size
- ROE (X₅) = Return on Equity (ROE)
- EPS (X₆) = Earnings per Share (EPS)
- SV (X₇) = Share Volatility
- α = Constant
- β₁ (-1.514646) = Coefficient of Social Contribution Value per Share
- β₂ (0.012995) = Coefficient of Board Size
- β₃ (0.403987) = Coefficient of Managerial Ownership
- β₄ (-65.2341) = Coefficient of Firm's Size
- β₅ (10.55882) = Coefficient of ROE
- β₆ (-0.095283) = Coefficient of EPS
- β₇ (-558.0649) = Coefficient of Share Volatility
- μ = Error

There are several stages of regression model testing in this research, among others:

Chow Test

Chow Test results have two options that must be determined, namely common effect or fixed effect. In this study, chow test was useful to determine which model was better and more precise. Chow Test is based on zero hypothesis where there is no individual heterogeneity and alternative hypothesis where there is heterogeneity in cross-section. The hypothesis in chow test can be mentioned as follows:

H₀: The right model is the common effect

H_a: The right model is the fixed effect

The criteria for decision making:

- a. If the cross-section probability of chi-square < 0.05, H₀ is rejected
- b. If the cross-section probability of chi-square > 0.05, H₀ is accepted

Hausman Test

Hausman Test results have two options that must be determined, namely random effect or fixed effect. In this study, Hausman Test is useful to determine which model is better and more appropriate. Hypotheses in hausman test can be mentioned as follows:

H_0 : The right model is the random effect

H_a : The right model is the fixed effect

The criteria for decision making:

- If the cross-section probability of chi-square < 0.05 , H_0 is rejected
- If the cross-section probability of chi-square > 0.05 , H_0 is accepted

Based on Table 3 of Chow Test and HausmanTest, the results showed that the probability value of cross-section chi-square was $0.0000 < 0.05$ so that the decision obtained namely H_0 was rejected. That is, the right model to use is fixed effect. If the selected model is fixed effect, further testing is required, namely Hausman Test to test whether the next model worth using is fixed effect or random effect. Furthermore, the results showed that the probability value of cross-section random is $0.9347 > 0.05$ so that the decision obtained is H_0 is accepted. That is, the right model to use is random effect.

Table 3 Chow Test and Hausman Test Results

Test Summary	Statistic	Df	Probability
Cross-section F	4.751030	(25.97)	0.0000
Cross-section chi-square	145.533281	25	0.0000
Cross-section random	2.396175	7	0.9347

Source: Data processed using E-Views (Appendix)

Lagrange Multiplier Test

Lagrange Multiplier Test results have two options that must be determined, namely common effect or random effect. In this study, Lagrange Multiplier Test was useful to determine which model is better and more appropriate. The hypothesis in the Lagrange Multiplier Test can be mentioned as follows:

H_0 : The right model is the common effect

H_a : The right model is the random effect

The criteria for decision making:

- If the probability of cross-section one-sided from breusch-pagan < 0.05 , H_0 is rejected
- If the probability of cross-section one-sided from breusch-pagan > 0.05 , H_0 is accepted

Based on Table 4 Lagrange Multiplier Test, the results showed that the probability value of cross-section one-sided from Breusch-Pagan was $0.0000 < 0.05$ so that the decision obtained namely H_0 was rejected. That is, the right model to use is random effect.

Table 4 Lagrange Multiplier Test Results

Null (No Rand. Effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	129.6116 (0.0000)	1.082122 (0.2982)	130.6938 (0.0000)
Honda	11.38471 (0.0000)	-1.040251 (0.8509)	7.314638 (0.0000)
King-Wu	11.38471 (0.0000)	-1.040251 (0.8509)	1.212676 (0.1126)
GHM	-	-	129.6116 (0.0000)

Source: Data processed using E-Views (Appendix)

Data Analysis Method

Descriptive Statistical Analysis

Descriptive statistical analysis in this study is a phase that discusses elaboration and depiction, including the presentation of data. In this phase, it is discussed about statistical measures, such as the size of the center, the size of the spread, and the size of the location of the distribution / distribution of data. This analysis aims to summarize the data so that it can provide an easy-to-understand picture and information. This analysis is done by calculating the average variation (mean), median, and standard deviation of each variable, namely stock price risk (dependent variable); CSR and corporate governance (independent variables); as well as firm's size, ROE, EPS, share volatility (variable control).

T Test (Individual)

The T test is performed partially to measure whether independent variables and control variables have a significant influence on dependent variables. In this test, it is assumed that other variables are of constant value. The hypothesis on the T test can be mentioned as follows:

H₀: No independent variables and control variables effect dependent variables

H_a: There is an effect of independent variables and control variables on dependent variables

The criteria for decision making:

- a. If the significance of $t < 0.05$, H₀ is rejected
- b. If the significance of $t > 0.05$, H₀ is accepted

F Test (Concurrent)

F or concurrent test aims to test whether independent variables (CSR and corporate governance) and control (firm's size, ROE, EPS, share volatility) affect dependent variables (stock price risk) simultaneously. The F test also aims to test whether the regression model is feasible to use or not. The hypothesis in the F test can be mentioned as follows:

H₀: Independent variables and controls together have no effect on dependent variables so the regression model is not feasible to use

H_a: Independent variables and controls jointly affect dependent variables so that the regression model is feasible

The criteria for decision making:

- a. If the F-statistic probability $0.0000 < 0.05$, H₀ is rejected. In this research, the F-statistic result was 0.0000 so H₀ is rejected.
- b. If the F-statistic probability > 0.05 , H₀ is accepted

Goodness of Fit Test (R²)

The Goodness of Fit test aims to test how much influence independent variables and controls have in explaining their dependent variables. This test was analyzed through adjusted R² values in multiple regression models. If the value is close to 1, it means that the independent variable is able to explain the dependent variable. The criteria for decision making:

- a) If the adjusted value of R² is close to 1, the influence of independent variables and controls in explaining dependent variables is getting higher.
- b) If the adjusted value of R² is close to 0, the influence of independent variables and controls in explaining dependent variables is getting lower.

The results showed that the probability value of F-statistic is $0.0000 < 0.05$ so that the decision obtained is H₀ rejected. That is, independent variables, namely SCV, BS, MO; and control variables, i.e. FS, ROE, EPS, SV; jointly affect dependent variables, i.e. CV so that the regression model is feasible to use. The results also showed that the

adjusted r-square value in this study was 0.228051. That is, independent variables, namely SCV, BS, MO; and control variables, i.e. FS, ROE, EPS, SV; able to explain dependent variables, i.e. CV of 22.8051%. The remaining 77.1949% is explained by other variables not in this model. That is, there is a weak relationship between SCV, BS, MO, FS, ROE, EPS, and SV to CV.

RESULTS AND DISCUSSIONS

Descriptive Statistical Analysis

Based on Table 5 Descriptive Statistical Analysis Test, there are interpretations described as follows:

Coefficient of Variation (CV) has an average value of 23.64068 and a standard deviation of 244.6317. The maximum value of CV is 2719,168 owned by Bank Pan Indonesia Tbk in 2016 and the minimum value of CV is -158.1636 owned by Bank Maspion Indonesia Tbk in 2017.

Social Contribution Value per Share (SCV) has an average value of 1.428521 and a standard deviation of 2.689758. The maximum value of SCV was 12.95928 owned by the West Java Regional Development Bank in 2015 and the minimum value of SCV was 0.000950 owned by the Banten Regional Development Bank in 2015.

Board Size (BS) has an average value of 7.323077 and a standard deviation of 2.691403. The maximum value of BS is 14.00000 owned by Bank Rakyat Indonesia Persero in 2017 & 2018 as well as the minimum value of BS of 3.000000 owned by Bank Bumi Arta Tbk in 2014-2018.

Managerial Ownership (MO) has an average value of 0.003919 and a standard deviation of 0.035359. The maximum value of MO is 0.401165 owned by the National Pensioner Savings Bank in 2018 and the minimum value of MO is 0.00000054951 owned by Bank CIMB Niaga Tbk in 2014.

Firm's Size (FS) has an average value of 13.80742 and a standard deviation of 0.706421. The maximum value of FS is 15.11291 owned by Bank Rakyat Indonesia Persero in 2018 and the minimum value of FS is 12.68382 owned by Bank Maspion Indonesia Tbk in 2014.

Return on Equity (ROE) has an average value of 0.036768 and a standard deviation of 0.181551. The maximum value of ROE is 0.247874 owned by Bank Rakyat Indonesia Persero in 2014 and the minimum value of ROE is -1.065951 owned by the Banten Regional Development Bank in 2015.

Earnings per Share (EPS) has an average value of 158.0534 and a standard deviation of 260.8714. The maximum value of EPS was 1049,000 owned by Bank Central Asia Tbk in 2018 and the minimum value of EPS was -368,0000 owned by Bank Permata Tbk in 2016.

Share Volatility (SV) has an average value of 0.010086 and a standard deviation of 0.011213. The maximum value of SV is 0.084776 owned by Banten Regional Development Bank in 2015 and the minimum value of SV is 0.0000000 owned by Bank MNC Internasional Tbk in 2018.

Table 5 Descriptive Statistical Analysis Results

	CV	SCV	BS	MO	FS (in million Rupiah)	ROE	EPS	SV
Mean	23.64068	1.428521	7.323077	0.003919	13.80742	0.036768	158.0534	0.010086
Maximum	2719.168	12.95928	14.00000	0.401165	15.11291	0.247874	1049.000	0.084776
Minimum	-158.1636	0.000950	3.000000	5.50E-08	12.68382	-1.065951	-368.0000	0.000000

	CV	SCV	BS	MO	FS (in million Rupiah)	ROE	EPS	SV
Std. Dev.	244.6317	2.689758	2.691403	0.035359	0.706421	0.181551	260.8714	0.011213

Source: Data processed using E-Views (Appendix)

t Test (Individual)

t-tests are used or aimed at proving or knowing whether independent variables and individual controls affect dependent variables. The test criteria of the t-test if the significance of $t < 0.05$, then H_0 is rejected and if the significance of $t > 0.05$, then H_0 is accepted. The results of the t-test test in Table 6 can be interpreted as follows:

H₁: There is a CSR influence on share price risk.

Statistical test results showed a t significance value of $0.8855 > 0.05$ where H_0 was received. That is, there is no significant influence of CSR on share price risk. This is not in line with research conducted by Hunjra et al. (2020) and Hao et al. (2018) which stated that CSR has a significant effect on stock price risk. However, the results of this study are in line with research conducted by Zacccheaus, Oluwagbemiga, & Olugbenga (2014). The insignificant impact of CSR on share price risk indicates the company's weak compliance with the country's laws and ethics, a lack of a favorable business atmosphere for stakeholders, and a lack of good marketing strategies. The company also lacks the right goodwill and a Conducive Business Environment for the local community. If all of that can be practiced correctly, CSR can have a significant influence on share price risk because it is considered a good and ethical public relation.

H₂: There is a Corporate Governance influence on share price risk.

Statistical test results showed a t significance value on the board size (BS) is $0.0429 < 0.05$ and the t significance value on managerial ownership (MO) is $0.0346 < 0.05$, where H_0 is rejected. This means that there is a significant positive effect of BS and MO on stock price risk. The results of statistical tests also show the BS coefficient value of 0.012995. That is, if the BS increases by 1%, then the risk of stock prices will increase by 0.012995%, vice versa, ceteris paribus. The MO coefficient value of 0.403987; shows that if MO increases by 1%, then the risk of stock prices will increase by 0.403987%, vice versa, ceteris paribus. BS results are not in line with research conducted by Andreou et al. (2016), Jebran, Chen, & Zhang (2020), and Hunjra et al. (2020) which states that there is a significant negative effect of BS on share price risk. This inconsistent result is due to the appearance of corporate governance in Indonesia which does not seem to have made a maximum contribution. The higher the BS, the more the company spends on the payment of salaries and benefits for the board of directors. In addition, a higher BS will also make it difficult for companies to make decision-making. This is considered less effective if applied in Indonesia because it can increase the risk of share prices. For the results of MO, the findings of this study are in line with research conducted by Qinghua et al. (2017), Andreou et al. (2016), and Hunjra et al. (2020) which states that managerial ownership as an indicator of corporate governance is able to increase share price risk because it plays a strong role as a reliable tool in predicting the risk of the company's stock price in the future. Therefore, MO has the opportunity to create agency problems because company owners or shareholders tend to prioritize their own interests so they tend to hide the bad news of the company. Such behavior can increase the risk of the company's share price.

H₃: There is a Control Variable (Firm's Size, Return On Equity [ROE], Earnings Per Share [EPS], and Share Volatility) influence on share price risk.

Statistical test results showed a t significance value on the firm's size (FS) is $0.4346 > 0.05$, the significance of t on return on equity (ROE) is $0.9458 > 0.05$, the

significance of t on earnings per share (EPS) is $0.4575 > 0.05$, and the significance of t is at share volatility (SV) of $0.8319 > 0.05$ where H_0 is accepted. This means that there is no significant effect of FS, ROE, EPS, and SV on stock price risk. These results are not in line with research conducted by Kim et al. (2014) and Lee (2016). However, the insignificant ROE results in this study are in line with research conducted by Hunjra et al. (2020). In Indonesia, these variables do not have a significant effect on stock price risk because investor behavior in making decision-making is not based on fundamental analysis, but on technical analysis. In other words, investors' considerations are not seen from their financial statements or annual reports (such as how big the size of the company is, what is the rate of return on equity, what is the profit per share, and the volatility of share prices). Investors only see how the current market conditions are on the company's share price, including observing what external issues are happening to the company concerned.

Table 6 t Test Results (Individual)

Independent Variables	Dependent Variables		
	Coefficient of Variation		
	Coefficient	Probability	Conclusion
Constant	715.2218	-	-
Social Contribution Value per Share	-1.514646	0.8855	Not Significant
Board Size	0.012995	0.0429	Positive Significanct
Managerial Ownership	0.403987	0.0346	Positive Significanct
Firm's Size	-65.23418	0.4346	Not Significant
Return on Equity	10.55882	0.9458	Not Significant
Earnings per Share	-0.095283	0.4575	Not Significant
Share Volatility	-558.0649	0.8319	Not Significant

Source: Data processed using E-Views (Appendix)

CONCLUSIONS AND SUGGESTION

Based on the results of the tests carried out, there are several conclusions, namely:

1. Corporate Social Responsibility (CSR) variable has no significant effect on share price risk
2. Corporate Governance variable as measured by Board Size and Managerial Ownership have a significant positive effect on stock price risk. The higher the number of members of the board of directors and the level of managerial ownership in a company, the higher the risk of its share price.
3. Control variables such as firm's size, ROE, EPS, and share volatility have no significant effect on share price risk

Implications

Based on the results of this research, there are benefits that can be taken as implications for financial managers to be taken into account by companies in making policies and considerations for further research. Some of these implications are as follows:

- a. For Company

In considering the risk of company share prices, managers should pay attention to corporate governance as a significant factor, especially for banking companies in Indonesia. The strategy that can be done is to reduce the number of members of the board of directors so that the implementation of decision-making in banking companies can be carried out easily. This reduction in the number of members of the board of directors will also reduce managerial ownership by the board of directors so that there will be no asymmetry of information or withholding

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bad company information by them. This transparency can mitigate the risk of the share price of the banking company concerned.

b. For Investor

Investors should choose to invest in a banking company that is able to mitigate the risk of its share price. Investors can consider the company's corporate governance practices as a major factor in determining their choice. Companies with a small number of members of the board of directors and a low level of managerial ownership are able to minimize the risk of share prices that will be faced.

SUGGESTIONS

Limitations

Based on the results of the research conducted, this research has several limitations, including: This research only examines companies engaged in the banking industry in Indonesia, the number of banks listed on the IDX is quite small, it is difficult to obtain complete data in the company's annual report so that they do not get enough information. Future research is expected to add research variables so that the data used can interpret the overall share price risk in line with the development of the banking industry in Indonesia. Examples of variables that can be added include the corporate innovation strategy (Jia, 2018); investor trading behavior (Zhou & Huang, 2019); and corporate financial constraints (He & Ren, 2017).

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