

ABSTRACT

This study aims to analyze the effect of Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) on stock prices, with Return on Equity (ROE) as a mediating variable, in the banking sector listed on the Indonesia Stock Exchange during the 2020–2023 period. GCG in this research is proxied by the Board of Independent Commissioners (DKI) and Institutional Ownership (KI). The method used is panel data regression analysis with a Fixed Effect Model (FEM) approach and mediation testing using the Sobel method. The findings show that CSR and DKI do not have a significant effect on stock prices, while KI has a negative and significant effect. In the mediation test, ROE is not proven to mediate the relationship between CSR, DKI, and KI with stock prices. This indicates that financial performance has not yet become an effective pathway in bridging the influence of corporate governance practices and social responsibility on the stock market value in the banking sector. These findings imply that the integration between social responsibility, governance mechanisms, and strategies to improve financial performance still needs to be strengthened to provide a tangible impact on investor perception and stock value. Moreover, investors in the banking sector tend to place greater emphasis on other financial indicators rather than non-financial aspects when making investment decisions.

Keywords: *Corporate Social Responsibility, Good Corporate Governance, Independent Commissioners, Institutional Ownership, Return on Equity, Stock Price, Panel Data Regression, Mediation Test.*

