The Effect Of Corporate Social Responsibility (CSR), Growth Opportunity, And Company Characteristics On Earning Response Coefficient (Case Study On The Conventional Banking Sector Listed On The Indonesia Stock Exchange-IDX 2018-2022)

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***Abstract**.*

Earnings Response Coefficient (ERC) is one of the measures used to measure earnings quality. Earnings Response Coefficient (ERC) is a valuation model that can be used to indicate the possibility of rising and falling stock prices for market reactions to earnings information announced by the company. By knowing the factors that affect the Earnings Response Coefficient (ERC), information can be obtained about how strong the market reaction is to the earnings information presented by the company. This study aims to examine and analyze the effect of Corporate Social Resposibilty, growth opportunity and company characteristics on earning response coefficient in conventional banking sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. This research belongs to quantitative research. The sampling technique used purposive sampling technique, 43 conventional bank used as a population with 11 conventional bank companies is used as a research sample. The analysis method of this research used panel data regression analysis. The results showed that: (1) CSR has positive effect to earning response coefficient (2) Growth opportunity has effect to earning response coefficien). (3) Managerial ownership has positive effect to earning response coefficien). (4) Institutional ownership has positive effect to earning response coefficient. Simultaneously, CSR, growth opportunity, managerial ownership and institutional ownership has significant effect to earning response coefficient. The implication of the research results is that investors need to pay attention to corporate social responsibility, growth opportunities and company characteristics which are proven to be able to be used to determine the ups and downs of share price based on market reactions to company profit information.

Keywords: *Earning response coefficient, corporate social responsibility, company characteristics, managerial ownership and institutional ownership.*

I. INTRODUCTION

Bank, as an institution managing public funds, is responsible for providing accurate financial reports that comprehensively reflect the position and performance of the bank. This is aimed at delivering quality information to all stakeholders. Additionally, Indonesia, as a member of the Group of Twenty (G20), is committed to consistently following international accounting standards and preparing financial reports in accordance with the International Financial Reporting Standards (IFRS). By utilizing financial reports following IFRS, companies, including banks, can present globally acceptable financial statements with a higher level of transparency. This is expected to enhance international market confidence and promote increased investment (Anggriani et al., 2020). Accordingly, it is important for banks to have strong financial performance in order to maintain their attractiveness to investors and customers in the current environment. A profitable bank can be recognized by the sustainable improvement in its profitability.The importance of profit information is not only in assessing management performance but also in its ability to provide representative estimates of earnings (Harmoni, 2013). Additionally, profit information plays a significant role in evaluating investment or credit risks. Profit is considered an indicator of a company's success or performance, influencing decisions for both investors and creditors. Both creditors and investors use profit information as a basis for making decisions related to investments or additional credit.

Stakeholders, especially when evaluating management's responsibility for entrusted resources, pay special attention to profit information. This information can also be used to forecast the company's prospects in the future (Paramita, 2012). The higher the earning response coefficient value, the higher the investment level (Assagaf et al., 2019). Therefore, reports on profit information that do not accurately reflect management performance can mislead financial statement users. The stock market can predict future company profits based on information reflected in market expectations. A company's earnings in a period reflect the impact of transactions occurring during that period, activities from the previous period, and anticipated future investments. Research in financial management often involves examining the relationship between stock returns and earnings to gauge the level of correlation between them. In addition to using profit figures, there is another method, the earning response coefficient (ERC), which can be used to measure the quality of earnings.

The market's high response to earnings information is reflected in the value of the earnings response coefficient (ERC), indicating the quality of the reported earnings information (Hörisch et al., 2020).Sayekti (2015) indicates that CSR affect the earning response coefficient, in line with Aprilia & Rahayu (2023) study revealing that CSR has a positive and significant impact on the earnings response coefficient. Different from the results of the Wijayanti et al. (2020) study showed that corporate social responsibility has a negative and significant effect on earnings response. However, empirical testing actually finds a positive and significant influence of CSR information disclosure on ERC. Laila (2014) states that growth opportunity does not significantly affect the earning response coefficient. Firm growth opportunities has a negative and significant impact on ERC, meaning a low market-to-book ratio and higher growth opportunities result in a higher ERC (Awawdeh et al., 2020). The research results show that growth opportunity has a positive and significant impact on ERC. Pranowo & Pasaribu' (2013) study states that company characteristics has a positive influence on the earning response coefficient, differing from the research conducted by Fauzia & Amanah (2016), which indicates that company characteristics do not affect ERC. There are various fundamental factors that are used as indicators in assessing erc, including company size, debt equity ratio and price book value (Indrawati et al., 2023).

II. LITERATURE REVIEW

Earning Response Coefficient

ERC is the accumulation of abnormal returns as a result of the emergence of new information that attracts investors to invest. Based on existing theory, the lower the ERC value owned by a company means that earnings are less informative for investors to make investment decisions (Fitri, 2013). The stock price proxy used is Cumulative Abnormal Return (CAR) by using observation time for 9 days, 4 days before and 4 days after the publication date of the financial statements. Meanwhile, the earnings proxy used is Unexpected Earnings (UE). The amount of ERC is obtained by performing several stages of calculation:

1) Calculating Cumulative Abnormal Return (CAR)

$$\mathrm{CAR}_{it} = \mathrm{CAR}_{it} = \sum_{t-4}^{+4} \mathrm{AR}_{it}$$

$$\mathrm{AR}_{it} = \mathrm{R}_{it} - \mathrm{Rm}_{t}$$

Description:

CARit (-4,+4)	=	Cumulative abnormal return of company I during the observation period 4 days from the date of publication of the financial statements
Arit	=	Abnormal return of security i on day t
Rit	=	Actual return of security i on day t
Rmt	=	Market return on day t

2) Calculating the value of Unexpected Earnings which is the difference between realized earnings and earnings expected by the market expected by the market. The calculation:

$$\mathrm{UE}_{it} = \frac{\mathrm{EPS}_{t} - \mathrm{EPS}_{t-1}}{\mathrm{EPS}_{t-1}}$$

Description:

UEit = Unexpected earnings for company i in period t
EPSt = Earnings per share of the company in period t
EPSt-1 = Earnings per share of the company in the period before t

3) Regressing CAR with UE. The slope value of regression is the earnings response coefficient (ERC).

$$CAR_{it} = a_0 + a_1 UE_{it} + \varepsilon_{it}$$

The amount of earnings response coefficient is shown by the value of a_1 in the equation above. Based on the results of research conducted by Sayekti (2015) and Aprilia & Rahayu (2023) which reveals that CSR has a positive effect on the earnings response coefficient. The indicators of growth opportunities that affect the earning response coefficient positively (Awawdeh et al., 2020; Indriaty & Tania, 2018). Then the managerial ability of the company in the characteristics of the company has a positive effect on earning response coefficient (Kim et al., 2023; Nasser, 2008). According to this, the determinants of earning response coefficient used in this study are corporate social responsibility, growth opportunity, managerial ownership, institutional ownership.

Corporate Social Responsibility

CSR is a concept or action taken by a company as a form of corporate responsibility for the social or environment (Paramita et al., 2020). Corporate social responsibility in the banking industry has an impact on the environment and society (Istianingsih et al., 2020). Applying the latest measurement system using the G.4 checklist from the Global Reporting Initiative (GRI) in 2014 which includes 91 items, in contrast to previous studies that used the G.2 & G.3 checklist before 2013 which only had 78 items.. The use of CSR as an independent variable is because earnings information is often less informative for investors in making investment decisions.

$$CSR = \frac{\text{The number of CSR items}}{\text{91 CSR items}}$$

Whether the investment has good prospects and increases investor confidence in the disclosure of the sustainability report. A company is expected not only to prioritize financial benefits, but also to carry out social responsibility towards other related parties. This concept of social responsibility is often known as Corporate Social Responsibility (CSR). Corporate social responsibility (CSR) is a manifestation of the company's awareness to not only prioritize the interests of shareholders in the implementation of its business activities, but also the interests of parties. Research conducted by (Indriaty & Tania, 2018) states that investors tend to consider the long-term social and environmental responsibility of companies because they believe that achieving a stable return on investment over time is better than taking high risks for potentially inconsistent large returns in the future. This statement is in line with research conducted by (Istianingsih et al., 2020; Wijayanti et al., 2020) states that corporate social responsibility has a positive effect on earning response coeeficient, this is because the sustainability report is one of the information references used by investors to assess an investment.

Based on the background description above, researchers found several research results that were different from previous studies, such as the results of research conducted by (Pranowo & Pasaribu, 2013) stated that corporate social responsibility has a negative effect on earning response coeeficient this is in line with the premise that the informativeness of earnings increases when there is uncertainty about the future prospects of the company It is hoped that if a company discloses CSR information in its annual reports, it can reduce such uncertainty. Therefore, the disclosure of CSR information is expected to decrease the ERC. This indicates that investors value the CSR information disclosed by the company as one of the foundations for their investment decision-making, this statement is in line with research conducted by (Sayekti & Wondabio, 2007). While Silalahi (2014) research showed that corporate social responsibility has no effect on earnings response coefficient, this is because investors are more concerned with earnings information than social responsibility reports in making investment decisions, so there is no significant impact between corporate social responsibility and earnings response coefficient.

Based on this, the first research hypothesis is:

H1 : CSR has a positive effect on the earning response coefficient in the conventional banking sector listed on the Indonesia Stock Exchange for the period 2018-2022.

Growth Opportunity

The growth opportunity of a company is a perspective used to assess the extent of the company's development in the future. The growth rate reflects the opportunity for companies to invest in things that can provide benefits. Growth opportunity can be calculated using the following formula.

$$\text{Growth Opportunity} = \frac{\text{Closing price per share}}{\text{Earning per Share}}$$

Growth opportunity has a positive effect on the earning response coefficient, with the increasing value of investment in Indonesia, indicating that investors are getting smarter in analyzing growth opportunities and company characteristics before making investment decisions. In addition, companies are also faced with an increasingly complex business environment, including intense competition and rapid technological change. As a result, companies must consider growth opportunities in the future (Mai, 2006), very carefully. This assessment reflects the expected future value they can get from the stock price formed (Farizky & Pardiman, 2016). Based on this, the second research hypothesis is:

H2 : Growth Opportunity has a positive effect on the earning response coefficient in the conventional banking sector listed on the Indonesia Stock Exchange for the period 2018-2022.

Company Characteristics

Company characteristics refer to attributes or properties that are an integral part of a business entity or industry, ownership structure, liquidity level, and company size. In this study, company characteristics use ownership structure, namely managerial ownership and institutional ownership (Anugrah & Dianawati, 2020). The existence of managerial and institutional ownership structure indicates that the company gives authority to management to manage the company's operations is the owner's hope that management can optimize the utilization of available resources to improve the welfare of the owner both in the short and longer term.

Found that the ERC increases with managerial ability, which suggests that investors prefer the earnings of competent managers (Kim et al., 2023).The greater the company's profit, the higher the income per share received by investors (Faisal, 2005). The earnings report, as a result of the information presented by the company, involves parties such as management, the board of commissioners, and shareholders in the preparation process. The decisions made by them in the process of preparing financial statements, especially earnings, will affect the quality of the earnings information. Earnings quality is reflected in its ability to respond to market changes, which can be measured by the earnings response coefficient (ERC). Earnings that are unable to provide accurate information about management performance can mislead users of the report (Haryati & Feranika, 2021).

Managerial Ownership

Managerial ownership refers to a situation where management owns all the shares that make up the company's share. With this share ownership, managers are expected to take an action as shareholders. The ownership structure reflects the commitment of shareholders to give managers a certain influence. The share ownership structure of a company is formed by institutional ownership, namely share ownership by entities outside the company, and managerial ownership, namely share ownership by company management (Fahmi & Setiany, 2023). Managerial ownership can be known by the following formula.

$$\text{Managerial Ownership} = \frac{\text{Total share ownership by management}}{\text{Total shares outstanding}}$$

Managerial ownership has a positive effect on earning response coefficient because this indicator will be in line with the interests of management and shareholders, so that managers will feel the direct impact of the right decisions and the loss of wrong decisions (Kim et al., 2023). The greater the management ownership in the company, the more it encourages management to improve performance for the benefit of shareholders. The third research hypothesis is

H3 : Managerial ownership has a positive effect on the earning response coefficient in the conventional banking sector listed on the Indonesia Stock Exchange for the period 2018-2022.

Institutional Ownership

Institutional ownership refers to the extent to which institutions own shares in a company, measured by the proportion of shares owned by institutions at the end of the year and expressed as a percentage. This suggests that institutional investors generally allocate a larger amount of their investment (Hermuningsih & Kusumawardani, 2021), giving an incentive to monitor the company more intensively. Institutional ownership plays a significant role in oversight, discipline, and influence over management decisions, as evidenced by the positive correlation between share ownership by institutional investors and stronger pressure to ensure that management operates in accordance with investor objectives, regardless of other interests. Institutional ownership reflects comparable ownership. The existence of institutional ownership in the company can encourage increased and more optimal supervision of management performance. Share ownership is considered a source of power that can be used to support or, conversely, oppose management policies. The greater the value of investment invested in an organization, the higher the monitoring system in the organization. Institutional ownership can be calculated using the following formula.

$$\text{Institutional Ownership} = \frac{\textit{Total share ownership by the institution}}{\textit{Total shares outstanding}}$$

Institutional ownership has a positive effect on earning response coefficient, by activating monitoring through institutional investors, a high level of institutional ownership will encourage institutional investors to conduct stricter supervision (Faisal, 2005). This effective supervision will reduce violations that may be committed by management, ensure that management acts in accordance with the wishes of investors, and improve dividend policy. The greater the institutional ownership, the more efficient the use of the company's assets and the better at preventing wasteful spending by management. The fourth research hypothesis is:

H4 : Institutional ownership has a positive effect on the earning response coefficient in the conventional banking sector listed on the Indonesia Stock Exchange for the period 2018-2022

III. METHODS

In this research, the problem formulation using a descriptive and associative approach involving causal relationships. The data analyzed consists of the annual financial reports of banking companies listed on the Indonesia Stock Exchange (BEI) within the timeframe of 2018-2022. The descriptive problem formulation involves questions related to the existence of one or more independent variables. Meanwhile, the associative problem formulation inquires about the relationship between two or more variables. Causal relationships in the associative formulation encompass independent variables that influence and dependent variables that are influenced.

The objects in this study are the Earning Response Coefficient, CSR, Growth Opportunity, and Company Characteristics. The subjects of this research are Conventional Banking Companies listed on the Indonesia Stock Exchange (BEI) 2018-2022 period. The population in this study was 43 companies listed on the IDX for the period 2018 - 2022 with a sample size of 11 conventional banking companies listed on the IDX for the 2018 - 2022 period.The data analysis in this research, assisted by the Eviews 9.0 program, employs several tests, including descriptive statistics, panel data regression modeling, classical assumption tests, and hypothesis testing.

IV. RESULT AND DISCUSSION

Result

Descriptive Statistics Analysis

Descriptive statistical analysis in this study discusses the mean, standard deviation, maximum, and minimum values of all research variables from 2018 to 2022 according to table 1 below:

Table 1. Result of Descriptive Statistics

	ERC	CSR	GO	MO	IO
Mean	0.125911	0.791582	3.131986	0.042428	0.125911
Median	0.056365	0.857100	2.565836	0.000912	0.056365

Maximum	2.378805	1.000000	8.654135	1.205000	2.378805
Minimum	-3.338579	0.263600	-1.278970	-0.559106	-3.338579
Std. Dev.	1.955460	0.228948	3.599454	0.066891	1.955460
Skewness	-2.144647	-0.871299	1.657233	1.506864	-0.599703
Kurtosis	23.74304	2.452581	5.372735	4.037567	1.807922

The statistical data in Table 1 shows that the mean, standard deviation, maximum, and minimum values of all research variables from 2018 to 2022 which are

explained as follows:

1. Earnings Response Coefficient (ERC) shows an average value of 0.125911, standard deviation of 5.955460, a maximum value of 2.378805, and a minimum value of -3.338579. It can be interpreted that with a mean value of 0.125911, it means that conventional banks have a high value of earning rcsponse coefficient and can be used as an information for the investor, but with a minimum value of -3.338579 there are some conventional bank companies that have a negative value of earning rcsponse coefficient due to uninformative earnings reporting.
2. CSR shows an average value of 0.791582, a standard deviation of 0.228948, a maximum value of 1.000000, and a minimum value of 0.263600. This means that the majority of conventional banks have implemented sustainable financial reports with regard to CSR as evidenced by the mean value of 0.791582.
3. Growth Opportunity shows an average value of 3.131986, standard deviation of 3.599454, a maximum value of 8.654135, and a minimum value of -1.278970. The company's average growth opportunity is still relatively low at 3.13986, so the company needs to be valued to increase the level of growth opportunities.
4. Managerial Ownership shows an average value of 0.042428, standard deviation of 0.066891, a maximum value of 1.205000, and a minimum value of -0.559106. With an average value of 0.042828, it indicates that the percentage level of managerial ownership in conventional banks is still low.
5. Institutional Ownership shows an average value of 0.125911, standard deviation of 1.955460, maximum value of 2.378805, and minimum value of -3.338579. With an average value of 0.125911, it can be concluded that the percentage level of institutional ownership in conventional banks is high.

The stages of panel data regression testing begin with the Chow test conducted, the results of which can be seen in table.2 Result of Chow Test

Panel Data Regression Modeling

This regression model used to determine the influence of one or more predictor variables on a response variable with a panel data structure (Silalahi, 2014).

Chow Test

Table 2. Result of Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.300584	(10,40)	0.0000
Cross-section Chi-square	87.094571	10	0.0000

The chow test results in table 2 show that the cross-section F probability value of 0.0000 <0.05, meaning that it can be concluded that the best regression model is Fixed Effect.

Hausman Test

Tabel 3. Result of Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.202336	4	0.0164

The results of the Hausman test in table 3 show that the probability value of cross section probability value of 0.0164 < 0.05, it means that it can be concluded the best regression model is Random Effect Model (REM).

Panel Data Regression

Table 4. Fixed Effect Model

Dependent Variable: ERC

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.61703	6.943911	1.672981	0.1006
CSR	2.150143	0.488613	8.862584	0.0003
GO	3.150143	0.308618	5.862581	0.0015
KM	13.52359	30.41924	0.444573	0.0059
KI	8.122106	5.847512	1.388985	0.0017

Root MSE	5.284289	R-squared	0.534826
Mean dependent var	2.125911	Adjusted R-squared	0.487425
S.D. dependent var	2.955460	S.E. of regression	1.196378

Based on the data processing that has been done, the following model can be formulated panel data regression model as follows:

$$ERC = 11.61703 + 2.150143CSR + 3.150143GO + 13.52359MO + 8.122106IO + \varepsilon$$

Description:

ERC = Earning Response Coefficient
CSR = Corporate Social Responsibility
GO = Growth Opportunity
MO = Managerial Ownership
IO = Institutional Ownership
ε = Error

The data with the common effect model and fixed effect model require a classical assumption test (Gujarati et al., 2012).

Classic Assumption Test

Normality Test

This test was conducted to determine the regression model and the residuals which have a normal distribution.

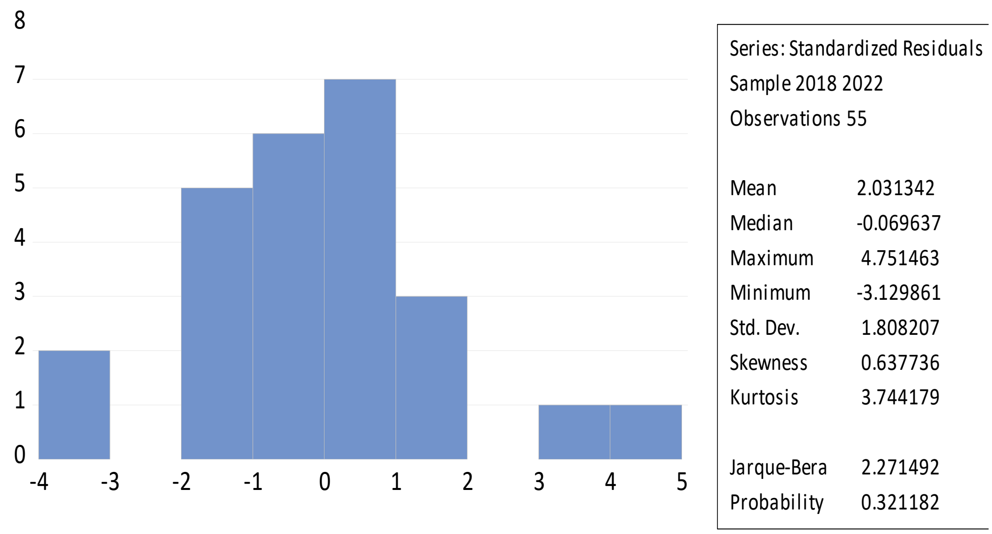

Fig 1. Histogram Normality Test

From the probability value of all research variables using the Fixed Effect model in figure 1 is 0.321182 > 0.05, it can be concluded that the data on the CSR, growth opportunity and company characteristics to ERC are normally distributed.

Multicollinearity Test

This test was used to determine whether there is a correlation between independent variables in a regression model.

Table 5. Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	48.21791	74.86845	NA
CSR	17.15049	18.05674	1.370476
GO	0.000591	2.068516	1.167899
MO	148.0034	1.423316	1.009614
IO	34.19339	34.08981	1.201437

The multicollinearity test results in table 6 show the correlation value between independent variables is less than 10.00, so it can be stated in the research regression model not occur multicollinearity.

Heteroscedasticity Test

This test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another.

Table 6. Heteroscedasticity Test

F-statistic	0.514242	Prob. F(4,40)	0.0705
Obs*R-squared	8.389230	Prob. Chi-Square(4)	0.0681
Scaled explained SS	6.232469	Prob. Chi-Square(4)	0.0732

Based on the output value on table 6 the Obs * R-squared value is 0.0681 > 0.05, it means that it can be concludedthat the regression model does not occur heteroscedasticity.

Autocorrelation Test

This test was carried out to test for errors or not that result in correlation to the data.

Table 7. Autocorrelation Test

F-statistic	1.391589	Prob. F(8,28)	0.0678
Obs*R-squared	14.82985	Prob. Chi-Square(8)	0.0643

From the output results above, it can be seen that the Probability Obs * R-squared value is 0.0643> 0.05, which means that there is no autocorrelation in the model.

Hypothesis Testing Analysis

This study uses panel data regression to test partial and simultaneous hypotheses.

Partial Hypotesis Testing (Test – t)

The t Statistic test is used to prove whether the independent variable has an influence on the dependent variable individually (Ghozali, 2018). According to the significance column in table 4, it can be concluded that among the 4 independent variables all have significant values below 0.05.

1. CSR variable has a significant value of 0.0003. The regression coefficient has a positive value of 2.150143, this indicates that each 1 increase in CSR will increase earning response coefficient by 2.150143%.
2. GO variable has a significant value of 0.0015. The regression coefficient has a positive value of 3.150143, this indicates that every 1% increase in GO will increase erc by 3.150143%.
3. MO variable has a significant value of 0.0059. The regression coefficient has a positive value of 13.52359, this indicates that every 1% increase in GO will increase erc by 13.52359%.
4. IO has a significant value of 0.0017. The regression coefficient has a positive value of 8.122106, this indicates that every 1% increase in GO will increase erc by 8.122106%.

Discussion

The Effect of CSR on Earning Response Coefficient

From the partial test results, it can be seen that the prob value of CSR is 0.0003, which is below 5% alpha or 0.05. This means that H1 is accepted that CSR has a positive effect on the earning response coefficient. CSR in the sustainability report is a manifestation of the company's commitment to environmental and social concerns. The results of this study indicate that the higher the CSR, the higher the company's earning response coefficient. This implies that the bank's business is not just about moving money for corporate profit, but in accordance with regulations that mandate the improvement of the welfare of many people. This is one of the bank's responsibilities in supporting the goal of achieving a just and prosperous society. Therefore, in their daily activities, banks cannot avoid playing a role in development. Every action of the bank must be beneficial to the interests of society. In the last three decades, the business world, especially in developing countries, has increasingly realized that the sustainability of the company does not only depend on the efficient use of resources owned to maximize short-term profits. The quality of social, economic and environmental management aspects is also an important factor (triple bottom line), because the lack of attention of company management to these aspects can lead to serious problems for the company, including the risk of bankruptcy. As a result, investors use CSR in the sustainability report as reference information for investments. The results of this study are in accordance with the findings of Sayekti (2015) and Aprilia & Rahayu (2023) which show that CSR has a positive effect on earning response coefficient.

The Effect of Growth Opportunity on Earning Response Coefficient

The prob value of growth opportunity is 0.0015, which is less than alpha 5% or 0.05. This indicates that H2 is accepted that growth opportunity has a positive effect on the earning response coefficient. The growth opportunity of a company is a percentage value that reflects the company's prospects in the future. In the banking sector, the impact of growth opportunities on the Earnings Response Coefficient (ERC) can be significant. Higher growth opportunities may enhance investor perceptions, affecting how they respond to earnings information. For banks, where future prospects are closely tied to economic conditions and market dynamics, a positive correlation between growth opportunities and ERC may indicate that investors see earnings as reflective of the bank's potential for sustained performance and expansion. This research result shows that the higher the growth oppportunity, the higher the company's earning response coeficient. This is because investors or shareholders conduct a market evaluation of the growth potential of a company to assess the return obtained in the future. This is due to the higher level of investment in various kinds of stocks which makes potential investors pay attention to growth opportunities in a company before using their funds in investing. The results of this study are in line with the findings of Hasanzade et al (2014) and Awawdeh et al (2020) which state that growth opportunity has a positive effect on earning response coefficient.

The Effect of Managerial Ownership on Earning Response Coefficient

From the partial test results, it can be seen that the prob value of managerial ownership is 0.0059 < 0.05. This shows that H3 is accepted that managerial ownership has a positive effect on the earning response coefficient. Managerial ownership refers to a situation where management owns all the shares that form the company's share capital. In the context of the Earnings Response Coefficient (ERC) in banking, higher managerial ownership might lead to increased alignment of interests between managers and shareholders. This alignment can influence how the market reacts to earnings information. In a banking setting, where financial performance is crucial, higher managerial ownership may signal confidence in the bank's stability, potentially affecting how investors respond to earnings announcements. With this share ownership, managers are expected to take an action as shareholders. When shareholders appoint managers to manage the company with the aim of increasing company profits as shareholder profits resulting in increased managerial ownership. Managerial ownership will be in line with the interests of management and shareholders, so that managers and interested parties will feel the direct impact of the right decisions and losses from the wrong decisions. This causes the earnings response coefficient to also increase due to the announcement of the percentage of managerial ownership and company profits. This research result shows that the higher managerial ownership, the higher the company's earning response coefficient. This is because the more ownership management has in the company, the more it encourages management to improve performance for the benefit of shareholders. The results of this study in line with research conducted by Kim et al (2023) which state that managerial ownership has a positive effect on earning response coefficient.

The Effect of Institutional Ownership on Earning Response Coefficient

The prob value of managerial ownership is 0.0017, which is less than alpha 5% or 0.05. This indicates that H3 is accepted that institutional ownership has a positive effect on the earning response coefficient. Institutional ownership has an important role in the sustainability of a company's management.

The existence of a high level of institutional ownership will encourage institutional investors to conduct stricter supervision. In the banking sector, the influence of institutional ownership on the Earnings Response Coefficient (ERC) is noteworthy. Higher institutional ownership might contribute to a more pronounced market reaction to earnings announcements. Institutions often conduct in-depth analyses and have a long-term perspective, and their increased presence in ownership may signal confidence in the bank's performance. Consequently, the market's response to earnings information in banking can be influenced by the level of institutional ownership, reflecting the broader confidence and assessment of institutional investors in the bank's financial outlook. This effective supervision will reduce violations that may be committed by management, ensure that management acts in accordance with the wishes of investors and improve dividend policy. The greater the institutional ownership, the more efficient the use of the company's assets and the more banks in preventing waste committed by management. This research result shows that the higher the institutional ownership, the higher the company's earning response coefficient. This is becaused institutional ownership invests a large amount of capital and therefore provides a high degree of oversight and discipline to ensure that management operates in accordance with investor objectives, regardless of other concerns. The results of this study are in line with the findings of Kim et al (2023) which state that institutional ownership has a positive effect on earning response coefficient.

Simultaneuos Hypotesis Testing (Test F)

The f Statistic test is used to measure the effect of the independent variables as a whole on the dependent variable (Ghozali, 2018).

Table 8. F Test

F-statistic	15.05896
Prob(F-statistic)	0.000319

According to table 8, the significance result of the F test is 0.000319 which indicates that the regression model can be used because it is below the level of 0.05 or in other words the F test results are significant.

V. CONCLUSION

Corporate social responsibility has a positive effect on the earning response coefficient of conventional banking sector listed on the Indonesia Stock Exchange (IDX) 2018-2022. Growth opportunity has a positive effect on the earning response coefficient of conventional banking sector listed on the Indonesia Stock Exchange (IDX) 2018-2022. Managerial ownership has a positive effect on the earning response coefficient of conventional banking sector listed on the Indonesia Stock Exchange (IDX) 2018-2022. Institutional ownership has a positive effect on the earning response coefficient of conventional banking sector listed on the Indonesia Stock Exchange (IDX) 2018-2022. CSR, growth opportunity, managerial ownership and institutional ownership simultaneuously have a significant effent on the earning response coefficient of conventional banking sector listed on the Indonesia Stock Exchange (IDX) 2018-2022 with a determination coefficient of 48.74%.

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