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# Corporate Image, Stakeholder Pressure, and Philanthropic CSR: Mediated by Cultural Influences and Moderated by Internal Oversight

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### ABSTRACT

*This study explores the dynamic interactions between corporate image, stakeholder pressure, cultural influence, and philanthropic CSR, with the moderating role of internal oversight grounded in stakeholder theory. The respondents in this study were 480 managers and supervisors working at state-owned banks in Indonesia. The data was analyzed using AMOS. The results revealed that corporate image positively affected cultural influence. Additionally, the findings indicated that cultural influence significantly mediates the correlation between corporate image and philanthropic CSR through cultural influence. Internal bank oversight moderated the correlation between cultural influence and philanthropic CSR. This study provides new insights into philanthropic CSR in developing countries. It is expected to contribute to the philanthropic CSR literature while being beneficial for managing state-owned banks in Indonesia.*

### INTRODUCTION

The implementation of CSR in Indonesia is primarily focused on the concept of sustainable development. However, there are no standardized regulations on the ideal model of sustainable development for the banking sector in Indonesia. In practice, these activities fall short of meeting 50% of their humanitarian implementation targets. Humanitarian-based sustainable development activities are known as philanthropic CSR. On the other hand, philanthropic CSR activities are also used as advertising campaigns in social and mass media to enhance the company's positive image (Vollero, 2020).

Additionally, the philanthropic CSR activities conducted by state-owned banks are perceived as a means for the government to address gaps in social needs. It occurs due to the uncertainty surrounding the ideal philanthropic CSR model in Indonesia and other developing countries. The implementation of

philanthropic CSR in developing countries often relies on the cultural context of each nation to establish (Orpen, 1987; Vavpotic & Skerlavaj, 2023; Y. Wang & Pala, 2020). The absence of a regulatory framework for philanthropic CSR has resulted in various cultural influences shaping its practice across developing nations (Vavpotic & Skerlavaj, 2023). Thus, the role of cultural influences in each developing country can lead to varied concerns in implementing philanthropic CSR. Indonesia, as a developing country, sees significant public support for philanthropic CSR activities, as evidenced by the substantial funds raised. However, the large amount of funds collected from customers of state-owned banks presents a potential risk of fraud, both during collection, management, and distribution (Ohalehi, 2019). This is further exacerbated by the lack of transparency in reporting philanthropic activities in financial reports (Haß, 2019). Therefore, better internal oversight by the banks is needed.

Empirically, several problems can be identified and require further field verification. First, philanthropic CSR in Indonesia is often reactive, providing services such as healthcare and education only in disaster-affected areas. Second, philanthropic CSR in Indonesia is used by the government to address social resource gaps. Third, reactive cultural influences still dominate how managers formulate philanthropic CSR policies. Fourth, the reactive behavior of Indonesian society is demonstrated by the lack of community involvement in long-term philanthropic CSR activities. Fifth, the reactive behavior of Indonesian society is often exploited by the government, as philanthropic CSR activities are used for social media and mass media campaigns to enhance the government's positive image. Sixth, the weak internal oversight of philanthropic CSR fund distribution by banks creates a risk of financial fraud, considering the large amounts of philanthropic CSR funds being disbursed by banks.

Management science approaches can be used to address these issues and the objectives of this research (Sekaran & Bougie, 2016). A management science approach employs qualitative descriptive research to empirically and comparatively describe the situation (Sekaran & Bougie, 2016). This study aims to understand the perspectives of managers in state-owned banks in assessing and identifying information regarding philanthropic CSR in Indonesia. The empirical research is based on primary data sources.

The state of the art of this research complements most previous studies, which primarily focused on social factors within non-financial companies listed on the IDX, with a broad scope. However, none of these studies have examined the distribution of philanthropic CSR funds. This study focuses on banking institutions because financial institutions conduct more philanthropic CSR programs than non-financial companies. Research on philanthropy remains limited, mainly focusing on fund-raising from individuals, organizations, and formal or informal institutions, excluding government grants and corporate CSR funds (Tarigan et al., 2022). However, there has been no research in Indonesia that examines the oversight of philanthropic CSR fund distribution by state-owned banks. Ohalehi (2019) discusses types of fraud in charity fund-raising and distribution. Setiawan (2023) emphasizes the urgency of anti-fraud programs to allow institutions and philanthropic activities to grow and support poverty alleviation in Indonesia, highlighting the need for internal oversight as a moderating variable. Additionally, this study introduces cultural influence as a mediating variable. According to Samuel & Sakhile (2016), individuals from different cultural backgrounds adhere to varying norms and values; their behavior and perceptions differ, which affects how they cooperate to achieve shared goals or targets.

## 1. LITERATURE REVIEW

The theoretical approach of this study is based on three main theories relevant to understanding the philanthropic CSR activities of state-owned banks (BUMN) in Indonesia. These include Carroll's CSR Pyramid theory (Carroll, 2016; Lu, 2020), the Triple Bottom Line Theory (Carroll, 2017; Pan, 2021), and the Stakeholder Theory (Visser, 2012). The core idea of Carroll's CSR Pyramid is that companies contribute to society and the environment through their philanthropic responsibilities. Meanwhile, the Triple Bottom Line Theory categorizes CSR into three performance dimensions: economic, social, and environmental. The Stakeholder Theory explains how corporate management responds to stakeholder interests, aligning the company's goals with its stakeholders. In particular, Stakeholder Theory emphasizes the social-based approach to managing the correlation between the company and its constituencies. Concretely, companies must show that their management is responsive to societal interests, and, subsequently, they must devise

strategies to align their goals with those of diverse stakeholders. This research is guided by the Stakeholder Theory, built upon the foundations of Carroll's CSR Pyramid and the Triple Bottom Line Theory.

Profitable and successful companies that allocate substantial funds to CSR activities and comply with regulations tend to enhance their corporate reputation (Brammer & Millington, 2005; Sundarakani, 2018), as opposed to companies that merely adopt profit-driven strategies (Arjoon, 2000; Marshall, 2005). In developing countries, corporate image is often enhanced by aligning CSR activities with societal norms and values (Amaeshi et al., 2016). Hence, the hypothesis derived is:

*H1: Corporate image has a positive correlation with cultural influence.*

The profits generated by businesses should be shared with external stakeholders who have the most pressing claims, such as the general public (Adewuyi & Olowookere, 2010). Supporting all stakeholders can create the perception that businesses are adhering to standards set by regulatory frameworks (Lanis & Richardson, 2013; Suchman, 2014). However, there is the risk of reducing shareholder wealth maximization and potential conflict with society, where governments delegate social welfare responsibilities to companies, contributing little themselves (Brunton, Eweje, & Taskin, 2017; Carroll, 2015; Lu et al., 2020). Thus, the hypothesis derived is:

*H2: Stakeholder pressure has a positive correlation with cultural influence.*

Cultural influence is key in how managers formulate CSR policies (Duarte, 2010). It is why CSR policies in developing countries are often driven by religious, cultural, and socio-economic priorities (Abbas et al., 2021; Asemah et al., 2013). In contrast, developed countries tend to be more individualistic and impose excessive regulations (L. Wang, 2011). Thus, the hypotheses derived are:

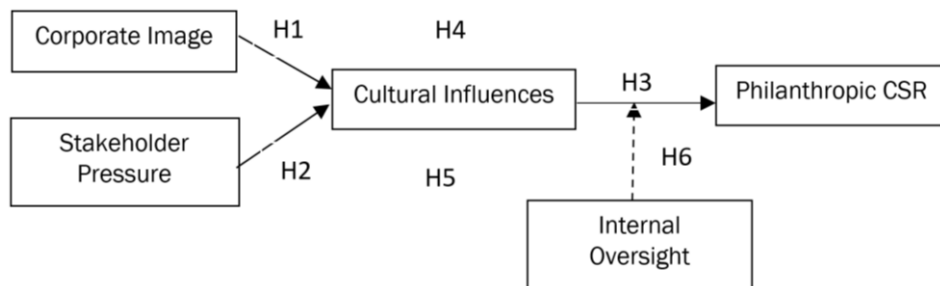
*H3: Cultural influence has a positive correlation with the philanthropic dimension of CSR.*

*H4: Cultural influence mediates the correlation between corporate image and philanthropic CSR.*

*H5: Cultural influence mediates the correlation between stakeholder pressure and philanthropic CSR.*

Fraud opportunities frequently arise due to weak internal control systems within an institution. It opens the door for individuals who initially had no intention to commit fraud to do so when presented with the opportunity and weak oversight. Moreover, the lack of financial reporting and transparency exacerbates this issue. Therefore, the hypothesis derived is:

*H6: Internal oversight moderates the correlation between cultural influence and philanthropic CSR.*



**Figure 1:** Conceptual Framework  
Source: own

## 2. RESEARCH METHODOLOGY

This study fell under the category of explanatory research, aimed at assessing causal correlations between variables (Sekaran & Bougie, 2016). Specifically, the research examined the antecedents of client satisfaction and its effect on environmental performance. The unit of analysis was companies represented by bank managers, and the research used a cross-sectional time horizon. The primary data used in this research were collected from client perceptions through a field study approach.

## 2.1 Measurement

### 2.1.1 Population and Sample

This research was conducted in Indonesia, focusing on bank managers from state-owned banks (SOEs). The sample comprises 480 managers and supervisors from PT Bank Negara Indonesia, PT Bank Rakyat Indonesia, PT Bank Tabungan Negara, and PT Bank Mandiri. A quantitative descriptive method was employed, with data collected using a questionnaire. The sampling technique used was Convenience Sampling, a method in which elements were selected based on availability and ease of access (Sekaran & Bougie, 2016)

### 2.1.2 Data Collection Method

Data is collected through a survey using a combination of open-ended and closed-ended questionnaires. The open-ended questions seek information about the company's identity, while the closed-ended questions consist of a series of statements to gather data, adapted from Moraes et al. (2019).

### 2.1.3 Data Analysis Technique

The responses gathered aligned with the predetermined variable values were analyzed using the SEM AMOS (Analysis of Moment Structure) program. SEM AMOS evaluated the measurement model, the impact of predictor variables on mediators and dependent variables, and the reliability of the data. This investigation sought to demonstrate the correlations between Corporate Image, Stakeholder Pressure, and Philanthropic CSR, with the mediating role of Cultural Influences and the moderating effect of Internal Oversight. This approach could assess data from specific sectors or domains, such as Indonesian state-owned banks, when the correlation between variables or the sample size was minimal. Researchers benefited from the simultaneous measurement and estimation of latent components and the structural model using SEM AMOS. The method of data analysis employed was SEM. SEM AMOS allowed the modeling of latent variables with several important indicator variables and examined the reliability of each indicator. Unlike path analysis and multiple regression, which only reached the outer parts of a research model, SEM AMOS was more reliable for breaking down and analyzing every section developed by an equation model. SEM could handle complex data, such as time series data with autocorrelation errors, non-normally distributed data, and incomplete data.

The stages of this study first involved Data Sample Synthesis, aimed at explaining the gender composition of managers and supervisors working at Indonesian state-owned banks. Next, Measurement Model Testing was conducted, which included Fit Indices, Reliability, and Validity tests, covering CFA loadings, Cronbach's alpha, CR, and AVE, as well as Correlations, Divergent Validity, and Descriptive Statistics. Finally, Hypothesis Testing was conducted, which included tests for Direct Relation Effect, Mediating Effect, and Moderating Effect. For Mediating Effect testing, an analysis was developed to determine whether the mediation model was classified as complementary mediation, competitive mediation, indirect-only mediation, direct-only nonmediation, or no-effect nonmediation, according to Zhao et al. (2010), Baron & Kenny (1986). Similarly, for Moderating Effect testing, an analysis was performed to determine whether the moderation model was classified as Pure Moderator, Quasi Moderator, Predictor Moderator, or Homologizer Moderator (Baron & Kenny, 1986).

### 2.1.4 Operational Definitions and Variable Measurement

Operational definitions of variables were definitions of the variables used in this study. They indicated how data for each variable was measured: The first independent variable in this study was Corporate Image (Orpen, 1987), which consisted of 4 items of question instruments, including increasing trust and support from the community were signs that the corporate image was good, Aligning ethical behavior and local cultural traditions could enhance the corporate image. The institution's priority was to build a good image for tahe company's business, and an excellent corporate image would result in greater involvement in philanthropic CSR activities. The assessment indicators in the instrument used a Likert scale: 1. strongly disagree, 2. disagree, 3. neutral, 4. agree, 5. strongly agree.

The second independent variable in this study was Stakeholder Pressure (Orpen, 1987), which consists of 3 items of question instruments including Pressure from stakeholders leads to more CSR, Pressure from the government and shareholders influences managers' priorities more than other forms of stakeholder pressure, The Pressure from local community opinions regarding social gaps is the main reason for philanthropic CSR activities. The assessment indicators in the instrument use a Likert scale: 1. strongly disagree, 2. disagree, 3. neutral, 4. agree, 5. strongly agree. The dependent variable in this study was Philanthropic CSR (Y. Wang & Pala, 2020), which consisted of 4 items of question instruments including: Managers must set aside some profits for involvement in philanthropic CSR activities, Managers were expected to solve social gap issues such as poverty, health, and education, Managers must fully support charities and community groups like MSME partners, and managers should promote activities related to culture and spiritual development to the community. The assessment indicators in the instrument used a Likert scale: 1. strongly disagree, 2. disagree, 3. neutral, 4. agree, 5. strongly agree.

The moderating variable in this study was Internal Oversight (Zulfikar, 2021) which consists of 4 items of question instruments including: Every transaction and activity of CSR fund distribution to the community at my workplace had been supported by authorization from internal audit, Routine internal audits were conducted on the receipt and expenditure of CSR funds, Hiring employees with family correlation, and Evaluating internal control deficiencies in the internal audit party. The assessment indicators in the instrument used a Likert scale: 1. strongly disagree, 2. disagree, 3. neutral, 4. agree, 5. strongly agree.

The mediating variable in this study was Cultural Influence (Noorderhaven & Tidjani, 2001) which consists of 5 items of question instruments including: Managers must feel responsible for their concern in building community organizations, Managers from different tribal cultural backgrounds must be able to cooperate for the benefit of the local community and the company environment, Managers must appreciate and understand the philosophy of sharing with the community when involved in CSR activities, Managers must align cultural values with organizational goals, and Managers must understand the organization's communal wealth and ensure it is shared fairly. The assessment indicators in the instrument used a Likert scale: 1. strongly disagree, 2. disagree, 3. neutral, 4. agree, 5. strongly agree.

### 3. DATA ANALYSIS

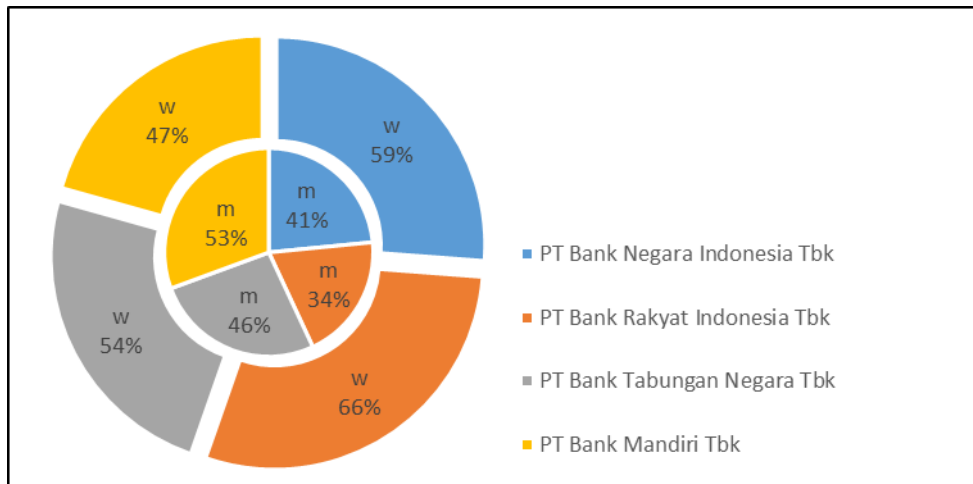
#### 3.1 Measurement Model: Fit Indices, Reliability, and Validity

This study involves collecting data through the distribution of questionnaires to respondents working in four state-owned banks (SOEs) in Indonesia. The selected respondents are managers spread across various departments and positions, thus providing a diverse representation in describing the conditions and dynamics in the banking environment.

No	Bank	Total	Male	Women	Male %	Women%
1	PT Bank Negara Indonesia Tbk	120	49	71	41%	59%
2	PT Bank Rakyat Indonesia Tbk	120	41	79	34%	66%
3	PT Bank Tabungan Negara Tbk	120	55	65	46%	54%
4	PT Bank Mandiri Tbk	120	64	56	53%	47%

**Table 1.** Respondent Demographics  
Source: own

Based on the table, the researcher shows in the pie chart as follows:



**Figure 2.** Respondent Demographics  
Source: own

The demographic characteristics of the sample population consisted of 480 individuals. Gender distribution for PT Bank Negara Indonesia showed that 41% (49 individuals) were identified as male, while 59% (71 individuals) were identified as female. For PT Bank Rakyat Indonesia, 34% (41 individuals) were male, and 66% (79 individuals) were female. The gender distribution for PT Bank Tabungan Negara indicated that 46% (55 individuals) were male, and 54% (65 individuals) were female. PT Bank Mandiri indicated 53% (64 individuals) were male, and 47% (56 individuals) were female.

One of the goals of the study was to find possible different influences based on gender. Results by gender revealed that corporate image depicted by harmonizing ethical behavior and local cultural traditions can solve the problem of social disparities such as poverty, health and education felt in the views of male and female respondents. The next results in gender based on the perspective of male and female respondents revealed that the pressure from local community opinions related to social disparities is the main reason for CSR philanthropic activities, this can make it easier for companies to align cultural values with the achievement of their organizational goals. In addition, gender results revealed that philanthropic CSR, which is described by promoting activities related to culture and spiritual development to the community, can instill a sense of mutual respect and understand the philosophy of the meaning of sharing with the community when involved in CSR activities, which was agreed upon by both male and female respondents. The results of the gender analysis are reported in Table 2.

**Table 2.** Respondent Based on Gender

Path	Male			Female		
	B	P	Result	B	P	Result
Philanthropic CSR <-- Corporate Image	.350	***	Supported	.305	***	Supported
Philanthropic CSR <-- Stakeholder Pressure	.039	.838	Not Supported	-.144	.269	Not Supported
Culture Influence <-- Corporate Image	.035	.455	Not Supported	.074	.056	Not Supported
Culture Influence <-- Stakeholder Pressure	.809	***	Supported	.708	***	Supported
Culture Influence <-- Philanthropic CSR	.096	.008	Supported	.158	.009	Supported

Source: own / Note: (N = 480), \*\*\*p<0.05

Based on the results of the test table 3, it shows that the average respondent aged 31 - 35, with a bachelor's degree education level and having an average of 6-8 years of experience, has the behavior of prioritizing the institution where they work in building a good image for the company's business in order to be able to solve the problem of social disparities such as poverty, health and education in the community, so they always try to harmonize values culture in Indonesia with the achievement of institutional priorities in building a good image for the company's business.

**Table 3.** Respondent Based on Experience, Age, Majority qualification

Path			Majority Age			Majority Qualifications			Experience		
			B	P	Result	B	P	Result	B	P	Result
Philanthropic CSR	<--	Corporate Image	.377	***	Supported	.290	***	Supported	.251	***	Supported
Philanthropic CSR	<--	Stakeholder Pressure	- .243	.060	Not Supported	-.058	.525	Not Supported	.094	.525	Not Supported
Culture Influence	<--	Corporate Image	.105	.282	Not Supported	.073	.046	Supported	.084	.046	Supported
Culture Influence	<--	Stakeholder Pressure	.550	***	Supported	.404	***	Supported	.457	***	Supported
Culture Influence	<--	Philanthropic CSR	.564	.049	Supported	.337	.029	Supported	.372	.029	Supported

Source: own / Note: (N = 480), \*\*\*p<0.05

A measurement model encompassed five latent constructs that incorporated observed variables. Confirmatory factor analysis was used to examine the model's validity, reliability, and fit to the data (Henseler et al., 2009). The measurement model demonstrated a good fit with the following indices: CMIN/DF 1.117, GFI 0.876, AGFI 0.842, NFI 0.835, and RMSEA 0.071. The observed variables presented strong convergence with their respective latent constructs, with loadings exceeding 0.70 (Bagozzi & Yi, 1988; Hair et al., 1998).

**Table 4.** CFA model fit Indices

Criteria	Chi-square	$\chi^2$ sig prob	CMIN/DF	GFI	AGFI	RMSEA	TLI	NFI	PGFI	PNFI
SEM Model	457.113	0.076	1.117	0.876	0.842	0.071	0.848	0.835	0.750	0.721
Cut of Value	$\leq \chi^2$ -table (480; 5%) (553.127)	$\geq 0.05$	$\leq 2.00$	$\geq 0.85$	$\geq 0.85$	$\leq 0.08$	$\geq 0.90$	$\geq 0.80$	$\geq 0.90$	$\geq 0.50$
Evaluation	Good fit	Good Fit	Good Fit	Good fit	Good fit	Good fit	Moderat	Good fit	Moderat	Good fit

Source: AMOS, v. 21

To confirm the convergent validity of each latent construct, the Average Variance Extracted (AVE) was measured by calculating the squared average loading of each observed variable concerning each latent construct. The AVE values for each latent construct were discovered to be well above the recommended threshold of 0.50 (Hair et al., 2012). The reliability of the constructs was assessed using Cronbach's alpha ( $\alpha$ ) and Composite Reliability (CR). The suggested threshold for both measures was 0.70 or higher (Bagozzi & Yi, 1988; Hair et al., 1998), and all latent constructs exhibited Cronbach's alpha ( $\alpha$ ) and Composite Reliability (CR) statistics significantly above the recommended cutoff of 0.70. Based on these results, it could be drawn that all variables demonstrated a high level of reliability, as detailed in Table 5.

**Table 5.** CFA loadings, Cronbach's alpha, CR, and AVE

Variable	No of Item	Avg CFA Loading	Alpha	CR	AVE
Corporate Image	4	0.724	0.724	0.815	0.525
Stakeholder Pressure	3	0.754	0.754	0.798	0.569
Cultural Influences	5	0.731	0.731	0.852	0.530
Philanthropic CSR	4	0.711	0.711	0.805	0.512
Internal Oversight	4	0.782	0.782	0.864	0.615

Source: AMOS, v. 21

To confirm sufficient divergence of the latent constructs, the correlations among the constructs were compared with the square root of their AVE, which was the average loading of a construct. For divergent

validity to be confirmed, the square root of the AVE of a construct must be greater than its correlation with other constructs. Table 6 presented the correlations among constructs along with the square root of the AVE displayed on the diagonal in bold and in parentheses, confirming that the square root of the AVE for each construct was more significant than its correlations with other constructs, thus affirming divergent validity. The results of this testing indicated that the square root of the AVE, shown in bold on the diagonal, was more significant than the values outside the diagonal, indicating that the data possessed good divergent validity. Furthermore, the correlations in this study met the significant criterion at the 0.01 level. Based on these results, it could be drawn that all variables exhibited a high level of reliability, as summarized in Table 6.

**Table 6.** Correlations, divergent validity, and descriptive statistics

<i>Variable Name</i>	1	2	3	4	5
Corporate Image	<b>(0.876)</b>				
Stakeholder Pressure	-0.017	<b>(0.856)</b>			
Philanthropic CSR	0.311**	-0.030	<b>(0.874)</b>		
Cultural Influences	0.061	0.499**	0.023	<b>(0.876)</b>	
Internal Oversight	0.268**	0.016	.443**	0.001	<b>(0.899)</b>
Mean	3.793	3.285	4.940	4.099	3.445
Standart Deviation	0.914	0.486	1.041	0.874	0.532
Swekness	-0.152	0.552	-0.551	-0.475	-0.029

Source: AMOS v.21

Note: Squared root of AVE has been shown in bold on diagonals and it should be greater than off-diagonal values for divergent validity. \*\*Correlations are significant at 0.01 level

## 3.2 Hypotheses Testing

### 3.2.1 Direct Relation Effect

The hypothesis testing was based on the Estimate, CR, and P values in the regression weights. A CR value >1.96 and a P value <0.05 were required for significance. The results revealed a positive correlation between corporate image and culture affected (Est = 0.316, P = 0.000, C.R = 6.148), supporting Hypothesis 1. However, Hypothesis 2 was rejected, as no significant correlation was found between stakeholder pressure and cultural influence (Est = -0.062, P = 0.569, C.R = -0.570). The hypothesis testing in this study examined the values of Estimate, CR, and P on the regression weights, where the CR value represented the critical ratio obtained by dividing the estimated value by its standard error (S.E.). A higher CR value indicated greater significance. The indicated CR and P values were > 1.96 for CR and < 0.05 for P. If the output results showed values that met these criteria, then the research hypothesis could be accepted.

**Table 7.** Direct Relations

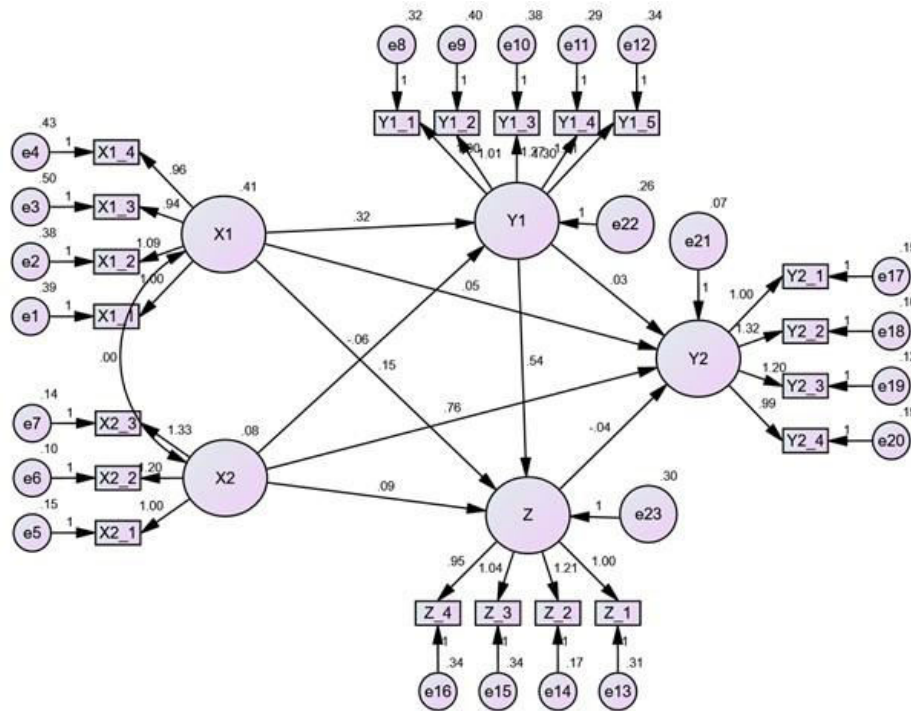
	<i>Corporate Image → Culture Influence</i>	<i>Stakeholder Pressure → Culture Influence</i>
Estimate / P	.316 (.000)**	-.062 (.569)
S.E	.051	.110
C.R	6.148	-.570
<i>Decision</i>	<i>Accepted</i>	<i>Rejected</i>

Source: own

Note: (N = 480), \*\*p<0.05

Based on the testing results, it is evident that there was a positive correlation between corporate image and cultural influence. Additionally, the analysis revealed that the predictive strength was considerably significant for corporate image concerning cultural influence (Est = .316, P = .000, C.R = 6.148). It indicated that the testing results for hypothesis 1 could be accepted. Furthermore, the results of the second hypothesis test indicated no positive correlation between stakeholder pressure and cultural influence. The analysis showed no significant negative correlation, indicating that stakeholder pressure does not

influence cultural influence. It was evidenced by the values (Est = -.062, P = .569, C.R = -.570). It indicated that the testing results for hypothesis 2 could be rejected.



**Figure 3.** Model Direct Relations  
Source: AMOS v.21

### 3.2.2 Mediating Effect

The mediating effect, also known as the indirect impact, occurs when a mediator or intervening variable influences or mediates the correlation between the independent variable and the dependent variable. In other words, the mediating variable helped explain how or why the independent variable affected the dependent variable (Hair Jr et al., 2021). Table 5 indicated that corporate image contributed a positive and significant effect on cultural influence (Est = .316, P = .000, C.R = 6.148). Furthermore, cultural influence, as a mediating variable, significantly impacted Philanthropic CSR (Est = .727, P = .001, C.R = 4.705). Meanwhile, the Sobel test results between corporate image and Philanthropic CSR, with cultural influence as a mediator, demonstrated that cultural influence could serve as a mediating variable with a Z-statistic value of 5.894643 > Z 1.98. Additionally, Table 5 indicated that cultural influence, as a mediating variable, could not mediate the correlation between stakeholder pressure and Philanthropic CSR, with a Z-statistic value of -0.563392 < Z 1.98. The research findings suggested that cultural influence could mediate the correlation between corporate image and Philanthropic CSR; however, cultural influence did not mediate the correlation between stakeholder pressure and Philanthropic CSR.

**Table 8.** Mediation Relations & Moderation model

	Corporate Image → Culture Influence	Stakeholder Pressure → Culture Influence	Cultural influence → Philanthropic CSR
Est/P	.316 (.000**)	-.062 (.569)	.727 (.001**)
S.E	.051	.110	.038
C.R.	6.148	-.570	4.705
Decision Result	Accepted	Rejected	Accepted
Ab	0.229732		
b <sup>2</sup> *SEa <sup>2</sup>	0.001375		
a <sup>2</sup> *SEb <sup>2</sup>	0.000144		
√(b <sup>2</sup> *SEa <sup>2</sup> )+(a <sup>2</sup> *SEb <sup>2</sup> )	0.038973		

	<i>Corporate Image → Culture Influence</i>	<i>Stakeholder Pressure → Culture Influence</i>	<i>Cultural influence → Philanthropic CSR</i>
Model 1 (CoI→CI→PCSR)	5.894643**		<i>Complementary mediation</i>
Ab		-0.045074	
b <sup>2</sup> *SEa <sup>2</sup>		0.006395	
a <sup>2</sup> *SEb <sup>2</sup>		0.000006	
√(b <sup>2</sup> *SEa <sup>2</sup> )+(a <sup>2</sup> *SEb <sup>2</sup> )		0.080005	
Model 2 (SP→CI→PCSR)		-0.563392	<i>Direct-only nonmediation</i>

Source: AMOS v.21

Note:

\*X1 → Y1. a: 0.316, a<sup>2</sup>: 0.099856, SEa: 0.051, SEa<sup>2</sup>: 0.002601, b: 0.727, b<sup>2</sup>: 0.528529, Seb: 0.038, SEb<sup>2</sup>: 0.001444.

\* X2 → Y1. a: -0.062, a<sup>2</sup>: 0.003844, SEa: 0.11, SEa<sup>2</sup>: 0.0121, b: 0.727, b<sup>2</sup>: 0.528529, Seb: 0.038, SEb<sup>2</sup>: 0.001444.

\*\* (N = 480), \*\*p<0.05

Based on the Sobel test results, it could be drawn that model 1, where cultural influence served as the mediating variable, represented a type of complementary mediation. It implied that cultural influence, when acting as the dependent variable, could be affected by corporate image. When cultural influence acted as the independent variable, it could influence Philanthropic CSR, with both outcomes indicating a positive and significant direction. Furthermore, the Sobel test indicated that model 2, where cultural influence served as the mediating variable, represented a type of no-effect nonmediation. It meant that cultural influence, as the dependent variable, was not significantly influenced by stakeholder pressure. When cultural influence acted as the independent variable, it could influence Philanthropic CSR, with both outcomes indicating opposite directions.

### 3.2.3 Moderating Effect

A moderating variable altered the correlation between the independent and dependent variables, known as the moderating effect or interaction effect. In other words, the degree or presence of the moderating variable determined the direction of the correlation between the independent and dependent variables. Table 4 revealed that the internal oversight moderating role between cultural influence and Philanthropic CSR yielded a highly significant value (Est = .004, P = .000, C.R = -3.631). Therefore, H6 was accepted.

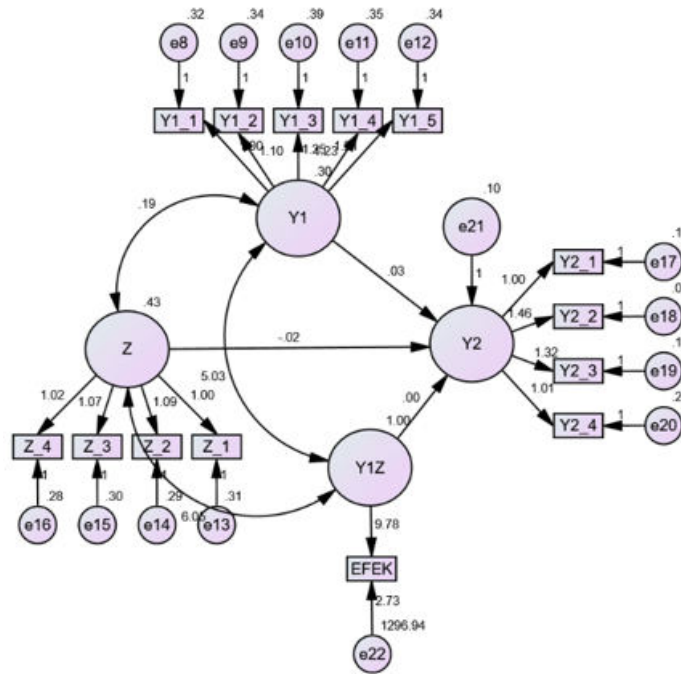
**Table 9.** Moderations Relations & Moderation model

	<i>Cultural influence → Philanthropic CSR</i>	<i>Internal Oversight → Philanthropic CSR</i>	<i>Cultural influence * Internal Oversight → Philanthropic CSR</i>	<i>Decision Result</i>	<i>Moderation Model</i>
Est/P	.028(.445)	-.038(.008)**	-.004(.000)**	Accepted	<i>Pure Moderator</i>
S.E	.037	.031	.001		
C.R.	.764	-2.832	-3.631		

Source: AMOS v.21

Note: (N = 480), \*\*p<0.05

Based on the test results, it could be explained that internal oversight served as a pure moderator, acting as a variable that could moderate the correlation between cultural influence and Philanthropic CSR without becoming an independent variable. A pure moderator occurred when cultural influence on Philanthropic CSR did not have a significant effect, while internal oversight on Philanthropic CSR had a significant effect.



**Figure 4.** Model Moderations Relations  
Source: AMOS v.21

### 3.3 Discussion

Based on the testing results, H1 demonstrated a significant positive correlation between the influence of corporate image and cultural influence. It implied that the corporate image of state-owned banks in Indonesia consistently provided benefits to the community. State-owned banks in Indonesia have always strived to enhance their image by contributing to society by developing educational facilities, healthcare infrastructure, places of worship, partnerships with micro, small, and medium enterprises, and active participation in humanitarian activities. Humanitarian activities were among the most needed by the Indonesian community. Thus, the promotional strategies employed by state-owned banks in Indonesia increased and fostered public trust to become loyal consumers of the products or services offered by these banks. Although humanitarian activities may have resulted in short-term losses for banks, such actions were worthwhile due to the long-term benefits of enhanced corporate reputation within society.

The results of H2 indicated no significant correlation between stakeholder pressure and cultural influence. It meant that the humanitarian activities conducted by state-owned banks in Indonesia were carried out without the necessity of stakeholder pressure. This research simultaneously asserted that the humanitarian efforts made by state-owned banks in Indonesia were not merely a government attempt to mask its weak performance, corruption, or inefficiency, or to fulfill the resource needs of the Indonesian community by utilizing the humanitarian activities conducted by state-owned enterprises, to present the government as participating in resolving social inequalities in society. Fundamentally, the humanitarian activities carried out by the management of state-owned banks in Indonesia were motivated by a genuine love for others to address social, and humanitarian issues and advance the public interest.

The results of H3 revealed a significant correlation between cultural influence and Philanthropic CSR. It implied that the spirit of cooperation among the general public regarding humanitarian efforts was also supported by the increasing humanitarian activities conducted by banks in Indonesia. The fact that the values of cooperation in Indonesia aligned with the discourse of humanitarian activities undertaken by managers of state-owned banks in Indonesia indicated that these banks adopted values intrinsic to Indonesian culture, such as cooperation. It facilitated the banks in gaining loyalty, legitimacy, and overall achievement of societal objectives.

The results of H4 indicated that cultural influence could serve as a link between corporate image and Philanthropic CSR. It meant that the corporate image of state-owned banks in Indonesia consistently

provided benefits to society. These banks always endeavored to enhance their image by contributing to society by developing educational facilities, healthcare infrastructure, places of worship, partnerships with micro, small, and medium enterprises, and active participation in humanitarian activities. Humanitarian activities were among the most needed by the Indonesian community. By leveraging the culture of cooperation, an inherent Indonesian cultural value based on community solidarity in humanitarian efforts, banks could ease their promotional strategies to enhance their image. Consequently, the plans of banks to increase and foster public trust as loyal consumers of their products or services could be effectively communicated.

The results of H5 indicated that cultural influence could not serve as a link between stakeholder pressure and Philanthropic CSR. It meant that the allocation of funds for humanitarian activities conducted by state-owned banks in Indonesia was carried out without the necessity of stakeholder pressure, such as specific regulatory pressures imposed by the government regarding humanitarian activities or Philanthropic CSR. It underscored that the Philanthropic CSR activities undertaken by these banks were fundamentally driven by a reactive urge of compassion toward others to address social and humanitarian issues and advance the public interest.

The results of H6 indicated that internal oversight could reduce the influence of culture on Philanthropic CSR. It meant that the existence of oversight systems over the uncertainties surrounding the implementation of Philanthropic CSR models in Indonesia, due to the absence of consistent regulatory concepts governing Philanthropic CSR practices, as well as the adoption of cultural values from various regions in Indonesia, could diminish opportunities for frequent occurrences resulting from the weak internal oversight systems in state-owned banks in Indonesia. It mitigated the potential for fraud in the misappropriation of humanitarian funds. Preventive actions taken by banks included measures such as supervision and authorization from internal audits for every transaction and activity related to the distribution of humanitarian funds to the community, as well as routine internal audits of the receipt and expenditure of humanitarian funds.

#### **4. IMPLICATIONS OF THE STUDY**

This research underscores the importance of corporate image and stakeholder pressure through cultural influence in enhancing humanitarian activities with internal oversight in banks. The study recommends that state-owned banks consistently participate in Philanthropic activities such as regional development, community development, and partnership programs, thereby aligning all CSR activities with the shared cultural norms of society to improve bank performance. By leveraging the culture of cooperation, an inherent Indonesian cultural value grounded in community solidarity concerning humanitarian efforts, banks could facilitate their marketing strategies to enhance their image. Thus, the plans of banks to increase and foster public trust as loyal consumers of their products or services can be effectively communicated. Fundamentally, the humanitarian activities undertaken by the management of state-owned banks in Indonesia are driven by a genuine love for others to address social and humanitarian issues and advance the public interest. The goodwill behind the humanitarian activities conducted by banks ideally received support from the government to ensure that the humanitarian initiatives undertaken by state-owned banks in Indonesia can continue. This finding recommends that state-owned banks in Indonesia maintain consistency in executing humanitarian activities by establishing subsidiaries focused on humanitarian efforts, allowing for better oversight of government funds and donations from community benefactors through the bank's oversight system. Moreover, this finding can also assist policymakers in formulating specific policies to enable state-owned banks in Indonesia to become institutions that can effectively allocate humanitarian funds to the community.

This research examined Corporate Image, Stakeholder Pressure, and Philanthropic CSR, mediated by Cultural Influences and moderated by internal oversight within Indonesian state-owned banks to support stakeholder theory. The study supported stakeholder theory by demonstrating that corporate image was a promotional strategy that aligned corporate objectives with various strategic stakeholders affecting organizational performance. Although humanitarian activities may have incurred short-term losses for banks, such actions were justified by the long-term benefits derived from enhanced corporate reputation within society. The study revealed that humanitarian activities undertaken by state-owned banks with a positive

image contributed to society by developing educational facilities, healthcare infrastructure, places of worship, partnerships with micro, small, and medium enterprises, and active participation in humanitarian efforts. The study also explored cultural influence as a mediating factor between corporate image and Philanthropic CSR, aiming to expand stakeholder theory. According to Carroll's pyramid theory, companies were obligated to contribute to the philanthropic responsibilities required by society and the environment, as reflected in the humanitarian activities conducted by banks in Indonesia, which adopted values intrinsic to Indonesian culture, such as cooperation. It facilitated banks in gaining loyalty, legitimacy and achieving overall objectives within society. This finding provided new insights that social activities in developing countries may differ in their delivery methods, as leveraging the country's inherent culture could facilitate the acceptance of humanitarian assistance by society and the government. Consequently, bank performance would be positively impacted by positive community correlations based on the cooperation values of Indonesian society and government.

#### **4.1 Limitations of the Study**

This study faced several limitations. The respondents were exclusively drawn from state-owned banks in Indonesia. Therefore, future research should consider distributing questionnaires to state-owned banks outside of Indonesia to obtain a broader perspective and enhance understanding of the cultural contexts of other countries. Future studies could also incorporate Islamic state-owned banks to examine humanitarian distributions based on Sharia principles. Literature on Sharia-based philanthropy remains limited.

Moreover, this research was constrained by the completeness of its scope. The reliance on quantitative data may have impeded comprehensive understanding, particularly concerning corporate image, stakeholder pressure, philanthropic, corporate social responsibility (CSR), cultural influences, and internal bank governance. It is advisable for subsequent research to not only utilize quantitative data from respondents but also to augment this with qualitative approaches, such as interviews and focus groups, to improve survey results and provide clearer insights into the topic, thereby assisting other researchers in gaining a more profound understanding of the subject matter.

It is also plausible that the data obtained from respondents, based on their questionnaire responses, may not always be valid. Respondents might have filled out the questionnaires unfocused or in haste, leading to inaccurate answers. The cross-sectional research design limits causal inferences, as data were collected at a single point in time. Longitudinal or experimental methodologies could clarify the complex correlations among corporate image, stakeholder pressure, and philanthropic CSR.

Future research could also consider incorporating analyses of financial reports from the studied companies, utilizing dynamic panel data analysis techniques, particularly the Arellano-Bond estimator. This approach could facilitate the examination of the temporal dynamics of the interaction between corporate image and stakeholder pressure on philanthropic CSR while mitigating endogeneity. Consequently, employing this panel data regression method could yield more reliable evidence of causal dynamics and interrelations. Scholars may explore sophisticated moderation and mediation models involving multiple mediators and moderators. The involvement of Corporate Sustainable Performance, or Green Profitability, affects Corporate Image, Stakeholder Pressure, Cultural Influence, and Philanthropic CSR.

## **CONCLUSION**

This study explains the interaction between state-owned enterprise banks in distributing humanitarian funds. The research reveals that a strong corporate image can influence local culture and philanthropic CSR, highlighting the need for internal monitoring systems and processes to distribute philanthropic CSR funds. Furthermore, the study develops a moderated mediation model, making it unique in demonstrating how corporate image and stakeholder pressure contribute to the success of state-owned enterprise bank performance. The study also presents that corporate image can influence local culture and humanitarian fund distribution by adopting the stakeholder theory philosophy.

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