

## The Effect Of Csr, Credit Interest, And Bank Size On Financial Performance

**Nurainun Bangun**

*Faculty of Economic, Tarumanagara University, Jakarta  
inun66@yahoo.com*

**Abstract:** The purpose of this research is to obtain empirical evidence about the effect of corporate social responsibility, credit interest, and bank size on financial performance at banking companies listed in Indonesia Stock Exchange in 2015-2017. The benefit of this research is to help convince investors to invest in the bank's companies . This research used a purposive sampling technique to collect data and consisted of 93 banking companies listed on the Indonesia Stock Exchange in 2015-2017. The statistical method used in this research is used multiple linear regression analysis methods. In this research used the Eviews program, 10 version. The results of the research based on the tests that have been carried out state that corporate social responsibility, and credit interest not had a significant effect on financial performance, while bank size had a significant positive effect on financial performance.

**Keywords:** Financial Performance, Corporate Social Responsibility, Credit Interest, Bank Size.

### INTRODUCTION

Banking is a service company which are contained in capital market companies. According to the Otoritas Jasa Keuangan, (2018)the understanding of bank are as follows: "Banks are business entities that collect funds from the public in the form of deposits and distribute them to the public in the form of loans and / or other forms in order to improve people's lives."

Banking companies also have the same goals as other companies, which are to produce the maximum profit so they can produce a good level of financial performance. The company's profit growth can be seen from its financial statements. The financial statement is a record of information about the finances of a company in a certain period that can serve as a description of the company whether the company has good financial conditions or not. Financial statements are used to provide information to parties in need, such as the community, investors, creditors, and the government.

Financial performance at this time is also an important factor and can be a determinant of whether the management has managed the company's finances well, whether management has been able to use company finances to improve the performance of company assets so as to provide benefits to the company so as to improve the company's financial performance. The Deposit Insurance Agency (LPS) projects banking profitability ratios aka return on assets (RoA) in 2017 of 2.5%. This figure improved from the November 2016 position of 2.37%. Dody Arifianto, Head of the LPS Economic and Financial System

Group, said that RoA's projected numbers will not exceed 3% this year as before 2015. "This is due to two factors, first because of the downward trend in credit interest and the potential for non-performing loans (NPLs), although not as high as in 2015," said Dody, Monday (1/23). According to Dody, in the last two years, 2015 and 2016, RoA banking was depressed at 2.3% due to NPL pressures and high credit interest in 2015. (Source: <https://keuangan.kontan.co.id/news/lps-rasio-profitabilitas-bank-25-pada-2017>).

One of the impacts that will be felt is that there will be a reduction in investors who will invest their capital in the company so that they can reduce the level of profits that will be obtained by the company. Many factors can affect the level of ratio of financial performance of a company. This study discusses about the influence of corporate social responsibility, credit interest, and bank size on financial performance as measured by using return on assets.

## **THEORITICAL REVIEW**

Stakeholder Theory. Explain about the management of the company which is expected to report on activities carried out by the company to stakeholders, including the impact of the activities carried out by the company (Nurhudha and Suwarti, 2015). Companies can do the going concern or increase the survival of the company depending on the support provided by stakeholders, then these supports must be searching by the company. The use of stakeholder theory is expected by companies to establish good relationships with stakeholders, because the existence of good relationships with stakeholders can have a positive impact on increasing the company's profitability so that it can increase the level of financial performance of the company. And otherwise, if the company does not have a good relationship with stakeholders, it will have a negative impact on the profitability of the company so that it can reduce the financial performance.

The greater or the bigger of the relationship created between the company and the stakeholders, the more secure the survival or the going concern of a company will be. And otherwise, the lower the relationship created between the company and the stakeholders, it will provide a problem for the company to maintain the survival of the company. The strength of a relationship created between the company and its stakeholders is because the company has a good level of care and has a good level of financial performance so that stakeholders do not feel doubtful about the company's ability, so they can provide support to the company so that the company can sustain its life. Otherwise, if the company lacks concern and low levels of financial performance, stakeholders will feel hesitant to provide support to the company.

Financial performance. Financial performance is an assessment carried out on a company to find out whether the company has succeeded in producing effective profits based on operational activities carried out by the company or not. Financial performance can be used as an assessment of a company to find out whether the company has succeeded in producing effective profits based on operational activities carried out by the company or not. The higher the level of financial performance of the companies, the better the image or assessment of the company, especially for investors. Financial performance is an important factor so that the company can achieve its objectives (Isbanah, 2015). This study uses Return On Assets (ROA) to measure the level of corporate financial performance. Using company

ROA can find out how efficiently the company used company assets that can have an impact on the company's financial performance in order to improve on the level of profit that companies can obtain.

The greater or the higher of the return on asset ratio that owned by a company, then it indicates that the company has good profits, so it can have an impact on increasing the level of performance's of financial on the company, and otherwise, that lower of the return on asset ratio that owned by a company, it indicates the company has not been able to obtain good profits so that it can have an impact on the decline in the performance's of the financial of a company. The higher level of return on assets ratio owned by a company, it indicates the better the level of financial performance of a company. Companies that have a good level of financial performance can find it easier to obtain funds that can come from creditors, investors, and funds from the public. This is because the company has a good level of financial performance, investors, creditors, and the community will be more trustworthy to provide funds to the company to use because the company has been assessed as able to use the funds provided by creditors, investors, and the community to used in company operational activities to obtain profits.

Corporate Social Responsibility. Corporate social responsibility is a duty for a company to give an attitude of concern to the environment or the community around the company, so that the company is not only responsible for company finances, but also needs to be socially responsible, specially for the surrounding of the company, so that company can do for company's going concern (Akbar *et al.*, 2016). Funds from the community are the most important source of funds to support a bank's operational activities and are a measure of the success of a bank if the bank is able to finance its operations with these funds, where funds can be obtained for example by offering a type of savings to customers, so that customers have many choices for their respective goals (Kasmir, 2016). There are two types of disclosures in a financial report that have been determined by an entity that has authority or interest in the capital market. The first is mandatory disclosure, which is information that must be disclosed by companies that have been regulated by capital market regulations in a country, and the second is voluntary disclosure, which is disclosure voluntarily by the company without being required to comply with existing standards (Mastiyah, 2016). Social disclosures that are usually disclosed by the company contain information that is voluntary in nature. There are some that are usually definitely expressed by a company in the annual report's of the company, which is about the environment, product material, and social.

With the company demonstrating its responsibility by caring for others, it can have a positive impact on the company, which is the image of the company that is good for the public. If the company has a great image in the eyes of the community, then the company indirectly has improved the company's profit by increase the level of community loyalty to the company, which can have an impact on increasing the company's financial performance. This is in line with the research that conducted by (Kamatra and Kartikaningdyah, 2015) who said that CSR has a significant influence on financial performance with the result of the dependent variable is the independent variable is ROA with CSR in mind tcount of  $1.738 < 1.665$  ttable (tcount > t table) but significant 0.086 (significant > 0.05), Akbar *et al.* (2016) who said that CSR has a significant influence on financial performance with the result tcount of 4.132342, and so that  $4.132342 > 2.1199$  and (Gantino, 2016) which state

that corporate social responsibility has a significant influence on financial performance, with the result value level of significant at 0.040 or  $0.040 < 0.05$ .

**Credit interest.** "SBI Interest Rate is a policy interest rate that reflects the monetary policy stance adopted by Bank Indonesia and is publicly announced. The SBI interest rate is announced by the Bank Indonesia Board of Governors at each monthly Board of Governors Meeting and implemented in monetary operations conducted by Bank Indonesia through liquidity management in the money market to achieve the operational objectives of monetary policy. The interest rate is the price that must be paid by the borrower to obtain funds from the lender for a certain period of time " (Darwis *et al.*, 2018).

The higher of the loan interest rate given by a company, the lower of the level of profitability of a company, because of the decreasing number of customers of a bank due to the high interest rates set by a bank, which means the greater the duty to be paid by the customer. Due to the decreasing profitability of the company, agency costs will arise which have been explained in the agency theory above. Agency costs will arise due to differences in interests between agents and principals. The difference in interest will arise if the company has a high level of credit interest which can have an impact on the decrease in the number of customers at the bank and can have an impact on the decline in the level of profit that the company will get. The lower level of the profit generated by the company, the lower the level of financial performance of a company. Because the companies having a low level of financial performance, investors will hesitate to invest in the company. This state is in line with the research that conducted by (Ahmed and Rehan, 2018) which states the credit interest has a negative impact on financial performance with the results of t test, the significant level is  $0,000 < 0,05$ , and coefficients is  $-0,039$ . But it is not in line with the results of research that conducted by (Alshatti, 2015) who said the credit interest doesn't effect on financial performance with the significant value of  $0.5236 > 0,05$ , and (Darwis *et al.*, 2018) which states that the interest rate doesn't affect financial performance with the result t count value ( $0.334 < 2.02$ ) and the significant value is greater than 0.05 ( $0.740 > 0.05$ ). As a result of the differences in the two results of the study, the researchers will examine further.

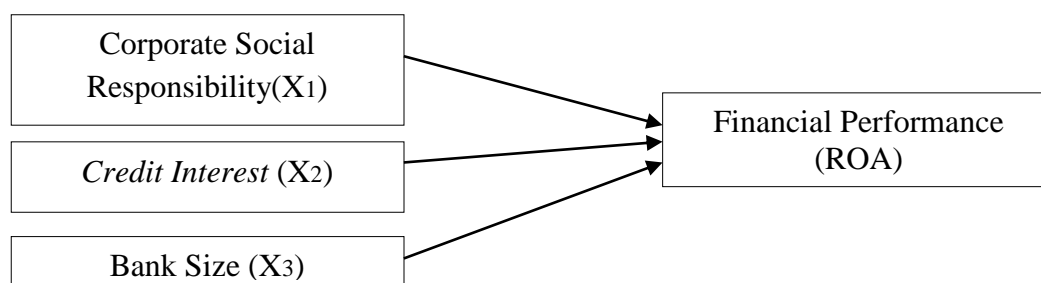
Bank Size. (Isbanah, 2016) state that a company size is a scale that can be divided according to the size and size of a company according to various ways that can be used, among others according to a company's total assets, log size, stock market value, and others. There are several types of measures that can distinguish a company, including large companies, small companies, and medium-sized companies. The greater the size of a bank company, the easier it is for the company to gain the trust of its customers so that customers can be more confident to put their funds in the bank. In addition to gaining trust from customers, the size of a large bank will also gain the trust of investors, investors will not hesitate to invest in the company because investors feel more confident that the company can manage funds from investments made by investors to gain profits so investors will also benefit from the results of the investment. If the bank has a large size of company, it also does not rule out the possibility of banks getting creditors more easily. Creditors will feel more confident to give credit to banks because with a large company size, creditors will be more confident that the bank can return the credit that has been given by creditors.

Likewise, the smaller the size of a company, the company will be more difficult to obtain the trust from creditors and investors to invest or to provide loans to companies. The

greater the credit obtained by the company, the company has an obligation to return the loan. If the company can return the loan, it can minimize the difference of interests created between the agent and the principal, and otherwise, if the company cannot return the existing credit, the company will cause a difference of interest between the agent and the principal, because there is a difference causing agency costs. Then it can be concluded that the larger the size of the company, it will lead to agency costs at the company.

Besides being able to gain trust, the greater of the size of the company, indicating the company can be good or optimal in using company assets so that it can increase the company's profitability which can have an impact on increasing the company's financial performance, and otherwise, the smaller of the companies size, that can indicate that the company has not been able to optimally use company assets to generate profitability for the company. This is in line with the results of research conducted by (Haryati and Widyarti, 2016) who said firm size has a significant positive influence on the financial performance with the result of significant value ( $0,009 < 0,05$ ) and Coefficients 0,129 , (Ahmad and Jan, 2017) who said firm size has a significant positive influence on the financial performance with the result of significant value ( $0,000 < 0,05$ ) and Coefficients 3,623879, (Mwangi, 2018), and (Novian, 2015) which state that firm size has a significant positive influence on the financial performance of banking companies with the results of significant value ( $0,000 < 0,05$ ) and Coefficients 2,426. But it isn't in line with the results of the research that conducted by (Isbanah, 2015) which that states the company size has a negative impact on the company's financial performance with the results of significant value ( $0,048 < 0,05$ ), and Coefficients -3,548. As a result of the differences in the two results of the study, the researchers will examine further.

The thinking framework in this study is illustrated below



**Figure 1.** Framework

The hypotheses of the models built above are as follows:

- H1: Corporate social responsibility has a positive effect on financial performance measured using Return On Assets (ROA).
- H2: Credit interest has a negative effect on financial performance as measured by use Return On Assets (ROA).
- H3: Bank size has a positive effect on financial performance as measured by use Return On Assets (ROA).

## METHODOLOGY

This study uses research subjects, namely in the form of banking companies that are on the Indonesia Stock Exchange in 2015-2017, whose annual reports are taken from [www.idx.co.id](http://www.idx.co.id), and [web.idx.id](http://web.idx.id). This study uses the 2015-2017 research period because the requirement to use data in a study is to use the latest year. The selection of samples to be used in this study is by using a purposive sampling technique. These criteria are: (1) Companies included in the banking sector listed on the Indonesia Stock Exchange in 2015-2017, (2) The company has published an annual report and has been audited for 2015-2017, (3) Companies that experience profit or no loss in succession in 2015-2017, (4) Companies that are not new IPOs in 2015-2017, (5) The company provides variable data that is used in a complete study.

The number of samples that meet the requirements are as many as 31 companies, and this observation is done with use data in 2015-2017 so that there are 93 samples.

**Table 1.** Sample Selection Process

No	Sample Selection Criteria	Amount of data in one year	Amount of data in three years
1.	Companies included in the banking sector listed on the Indonesia Stock Exchange in 2015-2017	43	129
2.	The company that do not published an annual report and has been audited for 2015-2017	-	-
3.	Companies that experience profit or no loss in succession in 2015-2017	(9)	(27)
4.	Companies that are new IPOs in 2015-2017	(3)	(9)
5.	Banking companies that do not use rupiah in recording their annual reports	-	-
6.	The company do not provides variable data that is used in a complete study	-	-
Amount of data that used in research		31	93

(Results of data, 2019)

This study uses two types of variables, namely the independent variable or independent variable and the dependent variable or dependent variable. Independent variable is a variable in a study that is used to be examined to determine its effect on the dependent variable. The independent variable that used in this study are corporate social responsibility, credit interest, and bank size. And the dependent variable is the dependent variable which is influenced by the independent variables used in this study. The dependent variable used in this study is financial performance which is proxied by using Return On Assets (ROA).

The operational variables in this study consist of corporate social responsibility, credit interest, and bank size as independent variables and financial performance as the dependent



variable. Financial performance. In this study financial performance is represented by Return On Assets (ROA) which compares net income with total assets. The greater the level of the Return on Assets ratio that can be produced by the company, then it can be interpreted that the company has succeeded in using company assets to generate corporate profits which can also have an impact on the level of ratio of the performance's of financial of a company. This study uses ROA formula according to (Alshatti, 2015) which is formulated with the formula:

$$ROA = \frac{\text{Net Income}}{\text{Total Asset}}$$

Corporate social responsibility in this study used 78 disclosure indicators revealed by Sembiring. This study uses a dummy variable to find out the CSR ratio, which is a technique for converting qualitative data into quantitative data. This research is represented by corporate social responsibility disclosure index (CSRDI). Corporate Social Responsibility Disclosure Index is a calculation technique that is used to determine how much the company cares about its environment, especially towards the surrounding community. The approach to calculating CSRDI basically uses a dummy variable, namely that each CSR item in the valuation instrument is given a value of one if disclosed, and a value of zero or null if not disclosed, where  $0 \leq \text{CSRDI} \leq 1$ . (Gantino, 2016) CSRDI compares the total items expressed in total disclosure indicators with formulas:

$$CSRDI = \frac{\sum XI_j}{n_j}$$

Description:  $\sum XI_j$  = number of items disclosed  
 $n_j$  = total disclosure indicator

Credit interest in this study is taken from the interest rates given or issued by a bank that are contained or recorded in the annual financial statements of banking companies.

The bank size or size of the bank in this study uses the logarithm of total assets to determine the size of the banking company used in this study. The greater the total assets that the company can produce, it can be concluded that the larger the size of the company. And otherwise, the smaller or lower the total assets produced by a company, then it indicates the smaller the size of the company. (Ahmad and Jan, 2017) uses the logarithm formula of total company assets formulated with the formula:

$$\text{Bank Size} = \text{Ln}(\text{Total Asset})$$

In this study using the Causalistic Statistics test to test the sample data, then perform a classic assumption test including the Normality Test, Multicolonity Test, Autocorrelation Test, and Heteroscedasticity Test. While for hypothesis testing using Analysis of Multiple Linear Regression, t Test, F Test, and Determination Coefficient Test.

## THE RESULTS OF STATISTICAL TESTS

Descriptive statistical tests are used to describe the summary of research data such as minimum values, maximum, mean, and standard deviation. Based on the results of descriptive statistics for 2015-2017, and the amount of data used is as much as 93 data, indicating that the Corporate Social Responsibility Disclosure Index has the minimum value on 0.0641, and it held by PT Bank Mitraniaga Tbk, with the maximum value on 0.6667 and it held by PT Bank Central Asia (BCA) Tbk and PT Bank Rakyat Indonesia (BRI) (Persero) Tbk because that companies have the same value on Corporate Social Responsibility Disclosure Index, and the mean value of Corporate Social Responsibility is 0.426799, and standard deviation is 0.1563982. For the credit interest variable, it has a minimum value of 0.0817 it held by Bank Artha Graha Internasional Tbk, and the maximum value of 0.3599 held by Bank Sinarmas Tbk, the mean value of credit interest is 0.143273, and the standard deviation is 0.0473118. The Bank Size variable has a minimum value of 28.3431 and it held by PT Bank Mitraniaga Tbk, the maximum value is 34.6577 held by PT Bank Rakyat Indonesia (BRI) (Persero) Tbk, the mean value of bank size is 31.402089, and the standard deviation is 1.7956068. Whereas for the dependent variable is financial performance that is proxied using Return On Asset, it has a minimum value of 0.0013 held by Bank BukopinTbk, the maximum value is 0.0311 and it held by PT Bank Central Asia Tbk, the mean value of financial performance that proxied by Return On Asset is 0.012108, and the standard deviation is 0.0073260.

The classic assumption test is used in a study before the researcher tests the hypothesis. Normality test. "The residual normality test is used to test whether the residual values generated from the regression are normally distributed or not" (Priyatno, 2017). The normality test is used to find out whether a data in a study has been normally distributed or not. A data is said to have been normally distributed if it has a significance level above 0.05. And otherwise, a data is not normally distributed if the value generated from the test has a value below 0.05. Before conducting the test, what needs to be done first is to determine the testing hypothesis, namely  $H_0$ : the data has been normally distributed,  $H_a$ : the data has not been normally distributed, (Ghozali, 2018). After testing, the results can be observed in the following list:



**Table 2.** Common Effect

Dependent Variable: Y\_\_ROA\_  
 Method: Panel Least Squares  
 Date: 07/01/19 Time: 02:09  
 Sample: 2015 2017  
 Periods included: 3  
 Cross-sections included: 31  
 Total panel (balanced) observations: 93

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.050177	0.013478	-3.722897	0.0003
BANK_SIZE	0.001826	0.000473	3.858586	0.0002
CREDIT_INTEREST	0.008790	0.013359	0.658012	0.5122
CSR	0.008666	0.005455	1.588439	0.1157
R-squared	0.345541	Mean dependent var		0.012108
Adjusted R-squared	0.323480	S.D. dependent var		0.007326
S.E. of regression	0.006026	Akaike info criterion		-7.343503
Sum squared resid	0.003232	Schwarz criterion		-7.234574
Log likelihood	345.4729	Hannan-Quinn criter.		-7.299521
F-statistic	15.66337	Durbin-Watson stat		0.409325
Prob(F-statistic)	0.000000			

Source: (Results of data processing using EVIEWS version 10, 2019)

**Table 3.** Fixed Effect

Dependent Variable: Y\_\_ROA\_  
 Method: Panel Least Squares  
 Date: 07/01/19 Time: 02:10  
 Sample: 2015 2017  
 Periods included: 3  
 Cross-sections included: 31  
 Total panel (balanced) observations: 93

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.272095	0.091238	2.982261	0.0042
BANK_SIZE	-0.008407	0.002910	-2.889226	0.0054
CREDIT_INTEREST	-0.015516	0.022449	-0.691160	0.4922
CSR	0.014576	0.005357	2.720890	0.0085
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.917959	Mean dependent var		0.012108
Adjusted R-squared	0.872072	S.D. dependent var		0.007326
S.E. of regression	0.002620	Akaike info criterion		-8.774932
Sum squared resid	0.000405	Schwarz criterion		-7.849035
Log likelihood	442.0343	Hannan-Quinn criter.		-8.401081
F-statistic	20.00462	Durbin-Watson stat		2.888507
Prob(F-statistic)	0.000000			

(Source: Results of data processing using EVIEWS version 10, 2019)

From the tests that have been carried out, it can be concluded that all the independent variables used in this study, namely corporate social responsibility which is proxied by using the Corporate Social Responsibility Disclosure Index, credit interest, and bank size do not

have multicollinearity, which means the regression model feasible to use in this study, While for the prob (F-stat) has value of 0.000000, where the value is smaller than 0.05 it is mean that the tests is have a corelation and the variable test for the first is bank size has value 0.0054 that mean the bank size have effect negative significant for the ROA, the second variable is credit interest has value 0.4922 that mean the credit interest have effect negative insignificant for the ROA and the third variable is CSR has value 0.0085 that mean the credit interest have effect positive significant for the ROA. conclusions can be made that Ho is rejected, and Ha is accepted.

The autocorrelation test results can be seen in the following list:

**Table 4.** Chow Test

Redundant Fixed Effects Tests  
Equation: Untitled  
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.721867	(30,59)	0.0000
Cross-section Chi-square	193.122874	30	0.0000

Cross-section fixed effects test equation:  
Dependent Variable: Y\_\_ROA\_  
Method: Panel Least Squares  
Date: 07/01/19 Time: 02:11  
Sample: 2015 2017  
Periods included: 3  
Cross-sections included: 31  
Total panel (balanced) observations: 93

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.050177	0.013478	-3.722897	0.0003
BANK_SIZE	0.001826	0.000473	3.858586	0.0002
CREDIT_INTEREST	0.008790	0.013359	0.658012	0.5122
CSR	0.008666	0.005455	1.588439	0.1157

R-squared	0.345541	Mean dependent var	0.012108
Adjusted R-squared	0.323480	S.D. dependent var	0.007326
S.E. of regression	0.006026	Akaike info criterion	-7.343503
Sum squared resid	0.003232	Schwarz criterion	-7.234574
Log likelihood	345.4729	Hannan-Quinn criter.	-7.299521
F-statistic	15.66337	Durbin-Watson stat	0.409325
Prob(F-statistic)	0.000000		

(Source: Results of data processing using EViews version 10, 2019)

Based on the testing that has been done, it can be concluded that on each data independent variable used in this study, namely corporate social responsibility that is proxied by using the Corporate Social Responsibility Disclosure Index, credit interest, and the size of banks do not have symptoms of heteroscedasticity because each from the significant value of each variable has a value above the significant value that has been set, namely 0.05. This is indicated by the variable corporate social responsibility that is proxied

using the Corporate Social Responsibility Disclosure Index which has a significance value of 0.0085, which means that the value is below the specified significance value of 0.05, the credit interest variable which has a significance value of 0.5122 which means the value has been above the specified significance value of 0.05 and the bank size variable which has a significance value of 0.0054, which means that the value has been below the specified significance value of 0.05. Because the test results have shown that the data used is free from the problem of heteroscedasticity, the regression model in this study is feasible to use.

"Multiple linear regression analysis connects several independent variables (X1), (X2), (Xn) which are part of multivariate analysis with the aim to estimate the magnitude of the regression coefficients that will show the magnitude of the influence of several independent / dependent variables on non-dependent / dependent variables."

This analysis is processed using EVIEWS to find out the description of the relationship between independent variables and the dependent variable which are formulated as follows:

$$Y = \alpha + \beta_1 \cdot X_1 + \beta_2 \cdot X_2 + \beta_3 \cdot X_3 + e$$

Information:

Y = Return On Asset (ROA)

$\alpha$  = constant value

$\beta_1, \beta_2, \beta_3$  = Independent variable regression coefficient

X1 = Corporate Social Responsibility (CSRDI)

X2 = Credit Interest

X3 = Bank Size

e = Error

The results of the regression analysis can be seen in the following list:

**Table 5.** Multiple Linear Regression Analysis Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-,050	,013		-3,723	,000		
CSRDI	,009	,005	,185	1,588	,116	,542	1,845
CREDIT INTEREST	,009	,013	,057	,658	,512	,988	1,012
BANK SIZE	,002	,000	,447	3,859	,000	,547	1,829

Source: (Results of data processing using EVIEWS version 10, 2019)

Dependent Variable: Y (ROA)

Then the results of multiple linear regression analysis that has been done can be concluded with the equation of the regression model, namely:

$$\text{ROA} = -0,050 + 0,009 \text{ CSRDI} + 0,009 \text{ CREDIT INTEREST} + 0,002 \text{ BANK SIZE} + e$$

Based on the above equation, the dependent variable that is proxied by ROA has a constant value of -0.050. This indicates that ROA will have a value of -0.050 units if corporate social responsibility, credit interest, and bank size which are independent variables are respectively zero. The regression coefficient of CSR variables proxied by using CSRDI (Corporate Social Responsibility Disclosure Index) is 0.009, which means that corporate social responsibility (CSRDI) increases by one unit assuming the other independent variables have a constant value, then the value Y, that is, the financial performance that is proxied using Return On Asset will increase by 0.009, it can be concluded that the increase in CSRDI will reduce the ROA level. The credit interest variable regression coefficient is 0.009, which means that if the credit interest increases by one unit assuming the other independent variables have a constant value, then the Y value of financial performance proxied using Return On Asset will increase by 0.009, it can be concluded the increase in the credit interest ratio will reduce the level of corporate financial performance that is proxied by using return on assets. The bank size or bank size regression coefficient is 0.002, which means if the size of the bank increases by one unit assuming the other independent variables have a constant value, then the value of Y which is proxied using Return On Asset will increase by 0.002, it can be concluded that increasing bank size ratios will reduce the company's financial performance.

The next test carried out is the t test. The t-test is done to find out whether there is a significant or no influence between the independent variable and the dependent variable which is done separately, or partially. The level of significance that has been set for use in this study is 0.05. A data after doing a t-test and has a value below 0.05 in each proxy used in the study, it can be said that there is a significant relationship between these variables. Whereas if the resulting value is greater than 0.05, it can be said that there is no significant relationship between the independent variable and the dependent variable which is done separately. The use of the t-test can also determine the direction of influence that results from between the independent variables. The direction of the influence can be seen in the numbers in column B in the Unstandardized Coefficients box. If the resulting number is minus, it means there is a direction of negative influence, whereas if the resulting number is positive, then there is a direction of positive influence on the independent variable on the dependent variable. The partial test results or t-tests that have been carried out can be observed in the following list:

**Table 6.** t-statistic test

Dependent Variable: Y\_\_ROA\_  
 Method: Panel Least Squares  
 Date: 07/01/19 Time: 02:10  
 Sample: 2015 2017  
 Periods included: 3  
 Cross-sections included: 31  
 Total panel (balanced) observations: 93

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.272095	0.091238	2.982261	0.0042
BANK_SIZE	-0.008407	0.002910	-2.889226	0.0054
CREDIT_INTEREST	-0.015516	0.022449	-0.691160	0.4922
CSR	0.014576	0.005357	2.720890	0.0085

Source (Results of data processing using EVIEWS version 10, 2019)

Based on the tests that have been done, it can be known that the significance value generated is 0,000. If the significant value produced is compared with a predetermined constant value of 0.05, it can be seen that 0,000 is smaller than 0.05. Then it can be interpreted that corporate social responsibility, credit interest, and the size of the bank together have a significant influence on financial performance. And otherwise, if the value generated from the test has a result or value above the predetermined significance value of 0.05, it can be said that corporate social responsibility, credit interest, and the size of the bank together are not has a significant influence on the financial performance of banking companies as measured by using return on assets (ROA).

The last test done is the Determination Correlation test ( $R^2$ ). The coefficient of determination test is conducted to find out how much the ability of the independent variable in explaining the dependent variable (Ghozali, 2018). This study uses the coefficient of determination test is to find out how much the ability of corporate social responsibility, credit interest, and bank size in explaining the dependent variable used, namely financial performance. The value generated from the adjusted R square test ranges from zero to one. If the resulting value approaches one, the better the ability of the independent variable in explaining the dependent variable. And otherwise, if the resulting value is low or close to zero, then it can be interpreted the lower the ability of the independent variable in explaining the dependent variable. The results of the test coefficient of determination can be seen in list nine below:

**Table 7.** Determination Correlation Test ( $R^2$ )

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.917959	Mean dependent var	0.012108
Adjusted R-squared	0.872072	S.D. dependent var	0.007326
S.E. of regression	0.002620	Akaike info criterion	-8.774932
Sum squared resid	0.000405	Schwarz criterion	-7.849035
Log likelihood	442.0343	Hannan-Quinn criter.	-8.401081
F-statistic	20.00462	Durbin-Watson stat	2.888507
Prob(F-statistic)	0.000000		

Source: (Results of data processing using EVIEWS version 10, 2019)

Based on the result on the test of  $R^2$  that found in the list above, the adjusted R square value in this study is 0.872, which means 87.2% of the dependent variable in this study, namely financial performance that is proxied by return on assets (ROA) can be explained by the independent variable in this study, namely corporate social responsibility that is proxied by using corporate social responsibility disclosure index, credit interest, and bank size. While the residual value 12.8% (100% -87.2%) of the dependent variable, namely financial performance which is proxied using Return On Assets (ROA) can be explained by other independent variables not explained in this study. Then it can be concluded the relationship between the independent variables and the dependent variable used is strong.

**Table 8.** Hypothesis Test ( F-prob)

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.917959	Mean dependent var	0.012108
Adjusted R-squared	0.872072	S.D. dependent var	0.007326
S.E. of regression	0.002620	Akaike info criterion	-8.774932
Sum squared resid	0.000405	Schwarz criterion	-7.849035
Log likelihood	442.0343	Hannan-Quinn criter.	-8.401081
F-statistic	20.00462	Durbin-Watson stat	2.888507
Prob(F-statistic)	0.000000		

Source: (Results of data processing using EVIEWS version 10, 2019)

Based on the result on the test of  $R^2$  that found in the list above, the adjusted R square value in this study is 0.872, which means 87.2% of the dependent variable in this study, namely financial performance that is proxied by return on assets (ROA) can be explained



by the independent variable in this study, namely corporate social responsibility that is proxied by using corporate social responsibility disclosure index, credit interest, and bank size. While the residual value 12.8% (100% -87.2%) of the dependent variable, namely financial performance which is proxied using Return On Assets (ROA) can be explained by other independent variables not explained in this study. Then it can be concluded the relationship between the independent variables and the dependent variable used is not too strong.

## DISCUSSION

Based on the results of the test that have been conduct before, it can be seen that CSR doesn't have the significant impact on the financial performance that proxied by using the Return On Assets, which can be seen from the significance values generated in the t test, namely equal to 0.0085 which indicates 0.0085 is smaller than 0.05. Then it can be seen that almost all customers or users of a bank's products pay attention to the level of concern that has been done by the bank on the surrounding environment such as the blood donors held by the bank, so that the ratio of corporate social responsibility does not affect at the profitability of a company which can have an impact on financial performance of a company. So, it can be concluded that the high and low ratios produced by CSR that proxied using the Corporate Social Responsibility Disclosure Index will result in the level of the company's financial performance ratio remaining constant or having a significant impact on the company's financial performance, and there are the other influences that can determine the level financial performance of banking companies listed on the Indonesia Stock Exchange in 2015-2017. These results are not in line with the established hypothesis, which states that there is a positive significant influence between CSR that measured using the corporate social responsibility disclosure index (CSRDI) and the company's financial performance measured by using return on assets (ROA). The results of the tests that have been carried out are also not in line with previous research conducted by (Kamatra and Kartikaningdyah, 2015), (Akbar *et al.*, 2016), and (Gantino, 2016) which states that corporate social responsibility has a positive effect on financial performance as measured by using return on assets (ROA). The test results are also not in line with stakeholder theory used in this study, because in stakeholder theory it is said that the role of the community can help the going concern of a company, but in this study there is no influence of corporate social responsibility ratios generated on sustainability or going concern of a company.

The second of independent variable is credit interest. After conducting the t test or partial test, the results indicate that credit interest doesn't have a significant effect on the financial performance which proxied by using the Return On Asset, which can be seen that the significance value generated after conducting the t test is 0.4922, which means 0.4922 is bigger than 0.05 . Then it can be seen that the interest rate set by the company does not give effect to the customers who will apply for credit to the bank. The higher loan interest rates provided by the company, will result in the level of ratio of the financial performance of a company remains constant. Likewise otherwise, the lower the credit interest rate provided by the company, will result in the level of ratio of the financial performance of a company remains constant, so there is no significant influence on the level of financial performance of the company. For its conclusion, it can be interpreted that there are other

influences of other independent variables that can affect the high and low financial performance of banking companies listed on the Indonesia Stock Exchange in 2015-2017. The test in this study is also not in line with the hypothesis that has been formulated previously, namely the existence of a negative significant influence between credit interest and financial performance measured by using Return On Assets. The test results are also not in line with the research that conducted by (Ahmed and Rehan, 2018) which states that credit interest has a negative impact on financial performance. But in line with the results of research conducted by (Alshatti, 2015), who said the credit interest doesn't effect on financial performance with the significant value of  $0.4922 > 0,05$ , and (Darwis *et al.*, 2018) which states that the interest rate does not affect financial performance with the result t count value ( $0.334 < 2.02$ ) and the significant value is greater than 0.05 ( $0.740 > 0.05$ ). The test results are also not in line with agency theory or agency theory used in this study which that states that there will be costs of interest arising due to differences in interests of the agent and the principal.

The third independent variable is the bank size . After conducting t test or partial test, the results show bank size has a positive significant effect on financial performance which is proxied by Return On Asset, which can be seen that the significance value generated after conducting the t test is 0,0054, which means 0.0054 is smaller from 0.05. And to find out the direction of the effect produced from the results of testing between bank size and financial performance, can be seen in column B in the Unstandardized Coefficients box. The value of B produced in this test is 0.002 which means the direction of the relationship produced based on this research is a positive direction. Then it can be seen that growth in the bank size ratio is in line with the growth of profitability ratios. So that it can be seen that the higher ratio of bank size generated in this study, will result in higher profits that can be obtained by the company because of the trust obtained by investors and creditors regarding the company's ability to use company assets well, then it also has an impact on increasing financial performance ratios proxied by using Return On Assets (ROA). Otherwise, the lower the size ratio of the bank produced, will result in the level of ratio of the financial performance of a company also decreases. The test results are in line with the hypothesis used in this study, which reveals that there is a positive influence between the size of the bank and the company's financial performance measured by using return on assets (ROA). This is in line with the results of research conducted by (Haryati and Widyarti, 2016) who said firm size has a significant positive influence on the financial performance with the result of significant value ( $0,009 < 0,05$ ) and Coefficients 0,129, (Ahmad and Jan, 2017) who said firm size has a significant positive influence on the financial performance with the result of significant value ( $0,000 < 0,05$ ) and Coefficients 3,623879 , (Mwangi, 2018), and (Novian, 2015) which state that firm size has a significant positive influence on the financial performance of banking companies with the results of significant value ( $0,000 < 0,05$ ) and Coefficients 2,426. But it isn't in line with the results of the research that conducted by (Isbanah, 2015) which that states the company size has a negative impact on the company's financial performance with the results of significant value ( $0,048 < 0,05$ ), and Coefficients - 3,548. This is in line with the agency theory used in this study, because the larger the size of the company, the company will be easier to obtain credit from creditors. The larger the company also does not guarantee the company is able to repay the credit that has been given, if the company is not able, it will cause agency costs because of differences in interests

between the interests of the agent and the principal. Likewise, if the company has a size that is not large, then the company's obligation to repay the credit will be lower, the lower the company's liability, the lower the agency costs that may arise due to differences in interests between the agent and the principal.

## CONCLUSIONS

The purpose of this research is to obtain empirical evidence about the influence of corporate social responsibility, credit interest, and bank size on financial performance carried out in banking companies listed on the Indonesia Stock Exchange in 2015-2017. This study used 31 banking companies listed on the Indonesia Stock Exchange for three consecutive years, namely in 2015-2017, there are 93 data of companies.

The research model used in this study is to use the analysis' of multiple linear regression. The testing model used of this study is to used the parametric statistics. The program used in this study to test hypotheses is to use the Statistical Product and Service Solution (EViews) Software version 10.

Based on the results of partial testing that conducted in this study, it can be concluded that it shows that credit interest have a significance value bigger than the predetermined significance value, so that the one independent variables do not have significant influence on financial performance of banking companies. While corporate social responsibility and bank size has a significance value smaller than the predetermined significance value, and has positive unstandardized coefficients, so there is the conclusion that bank size has a significant positive effect on the financial performance of banking companies listed on the Indonesia Stock Exchange in 2015-2017.

Based on the results of the joint test or simultaneous tests carried out in this study, it can be concluded that corporate social responsibility, credit interest, and company size or bank size together have an influence on the company's financial performance that measured by using return on assets (ROA).

Based on the results of testing the coefficient of determination ( $R^2$ ) that has been done in this study, then the conclusions can be made, there is a less strong relationship between the independent variable and the dependent variable in this study, namely the company's financial performance that is proxied by using return on assets (ROA) because only most of the dependent variables that can be explained by the independent variables used in this study are CSR which proxied using the corporate social responsibility disclosure index (CSRDI), credit interest, and bank size. While the residual value, the dependent variable in this study is explained by the other independent variables that not used in this study.

The research that has been carried out can not be separated from the limitations, these limitations include: (1) The period used in this study is relatively short, because it only uses the three-year study period, namely in 2015-2017, (2) The population of company data taken to be sampled and used in this research is limited, because it only uses banking companies that listed on the Indonesia Stock Exchange (IDX). And the number of company data samples used is relatively small, namely 93 samples from 31 banking companies because of the limitations of banking companies in fulfilling the criteria set by researchers to be sampled in this study, (2) The researcher only uses three independent variables, namely Corporate Social Responsibility, Credit Interest, and Bank Size, and other variables that

might be able to strengthen the effect on financial performance were not used in this study, (3) Proxies used in conducting research on the dependent variable only use return on assets (ROA).

Based on the limitations that exist in this study, there are several suggestions that can be useful for subsequent research, namely: (1) Extend the period of research used, so can obtain the differences in the results that have been done in this study, and can produce more accurate results, (2) Further research can expand the sector used in this study, not only in the banking sector, so that the results of these studies can be more general, for example by using the service sector, or manufacturing sector, (3) Further research can use more other independent variables that can affect the level of financial performance other than those used in this study, for example Loan to Deposit Ratio (LDR), Capital Adequate Ratio (CAR), and leverage, (4) Further research can use proxy on the dependent variable other than those that have been used, for example in financial performance which can also be measured using return on equity, price to book value, and earnings per share.

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