Banking Governance, Financial Performance and Corporate Social Responsibility

Hisnol Jamali
Sekolah Tinggi Ilmu Ekonomi Makassar (STIEM) Bongaya

Email:
hisnol.jamali60@gmail.com

Abstract: A sample of 37 banks is believed to have gained enough information during 2015-2019 to analyze the bank on the Indonesian Stock Exchange, up to 185. The use of the chow test explains if the modeling is a fixed effects model, so the information obtained is more accurate. This study confirms that if a large of board size affects the ability to monitor business operations properly, CSR disclosure may be higher. Apparently, every board meeting is discussed on CSR disclosures. In fact, independent commissioners or non-executive directors trigger CSR disclosure. Later, the financial performance component stated that increased leverage affected low CSR while on the other hand high company size and profitability resulted in better CSR disclosure. Operating banking is not only profitable but requires active participation shown to stakeholders and environmental concern as it ensures continuity of operations so that the bank is a system unit of the surrounding social system.

Keywords: *Corporate governance, financial performance,* CSR.

Abstrak: Sampel penelitian sebanyak 37 bank yang diyakini dapat diperoleh informasi yang cukup selama 2015-2019 dalam menganalisis perbankan di Bursa Efek Indonesia, sehingga jumlah pengamatan sebanyak 185. Penggunaan uji chow menjelaskan jika pemodelan bersifat *fixed effect model*, sehingga informasi yang diperoleh semakin akurat. Penelitian ini mengkonfirmasi jika ukuran dewan yang besar berdampak pada tingginya kemampuan untuk memantau operasi bisnis dengan baik sehingga pengungkapan CSR semakin tinggi. Ternyata, setiap rapat dewan dilakukan pembahasan tentang pengungkapan CSR. Bahkan, komisaris independen atau direktur non-eksekutif memicu terjadinya CSR *disclosure*. Kemudian, pada komponen kinerja keuangan dikemukakan bahwa, leverage yang meningkat berdampak pada CSR yang rendah sementara disisi lain tingginya ukuran perusahaan dan tingkat laba mengakibatkan CSR *disclosure* bertambah baik. Perbankan dalam operasionalisasi bukan sekedar mementingkan laba namun dibutuhkan peran serta yang aktif yang diperlihatkan kepada pemangku kepentingan dan kepedulian pada lingkungan karena untuk menjamin keberlangsungan operasi sehingga perbankan merupakan unit sistem dari sistem sosial disekitarnya.

Kata kunci: Tata kelola, kinerja keuangan, CSR.

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INTRODUCTION

During this time, disclosure of Corporate Social Responsibility (CSR) is stuck on regulations, especially Law Number 40 of 2007 which requires companies to carry out social and environmental responsibility activities for companies that conduct business in the natural resource sector only. The problem is then what about other companies, such as banking companies? If it refers to the existence of CSR, even though it is not an obligation, basically all companies have a moral responsibility to carry out CSR, including banking companies. Banking companies realize that the sustainability of the company as a form of appreciation for the contribution of public support to bank institutions. The business world requires the cooperation of all parties for mutual benefits according to the main objectives of the company established. Involvement of other parties in the business world because they need each other to meet their needs, profit is the main purpose of the company built, in its journey not all who try to meet their expectations. CSR is basically the concern of the company to help disadvantaged people, the problems that always occur between the company and the community are manifested by the inability to give each other resulting in a stuck in the gap of interaction between the company in this case the bank with the community and the surrounding environment is the basic reason for how important CSR.

CSR is so important that banks will avoid segregation that has the potential to cause public rejection and have an impact on performance decline. The constructive relationship between the company and the environment can be done through the creation of beneficial programs. This condition is a trigger for the public to raise good opinions on banks. Thus, the emotional appeal of the public has an impact on building a good banking reputation (Baldarelli and Gigli, 2014; Parastoo et al., 2014), and the public will obtain sincere accountability from banks (Sumail and Pura, 2019). Therefore, this is where CSR shows its privileges, now the public is smart enough to select programs that are artificial and carried out as a form of remuneration. Therefore, it is no exaggeration to say that the paradigm of CSR disclosure has begun to shift from merely relying on the law, shifting to an awareness movement (Sumail and Pura, 2019).

The awareness movement to do CSR will be meaningful if the bank management is able to manage well and competently and be able to create good financial performance as well. In fact, (Sumail, 2019) stated that good governance will avoid financial difficulties. Therefore, the concept of corporate governance and CSR are two sides of the same coin (Baldarelli and Gigli, 2014; Giannarakis, 2014). Meanwhile, (Benavides et al., 2014) showed that corporate governance and CSR also emphasize the importance of achieving long-term value which in turn will help promote business continuity and existence. The implementation of CSR is not only an obligation, but as a form of evaluation in managing its business activities, so that banking risk, in this case reputation risk that impacts on financial risk is a very vulnerable condition to occur (Parastoo et al., 2014).

There is a tendency that banks may only prioritize the process of producing services and market orientation which in turn gives rise to profit (Mahmoud et al., 2017). However, wise banks are willing to maximize their accountability activities, not only oriented to profitability and trying to reduce the legitimacy gap (Lindawati and Puspita, 2015), social responsibility is a representation of high commitment to stakeholders (internal and external), and the surrounding environment (Fu et al., 2014). The statement emphasized that banks are not only oriented towards short-term profit, but as a manifestation of the high commitment of banks in ensuring their survival. Therefore, banks are required to become social sub-systems of the surrounding area through a good response to their environment which is an embodiment of the banking survival strategy (Deng et al., 2013; Wang et al., 2014). The emergence of concern for the internal environment has an impact on the emergence of a positive response from the community and employees (Baldarelli and Gigli, 2014), so that in the case of illusion the care that has been given will be a solution. This will be realized if the bank is managed well and has good quality and financial performance so that CSR becomes an awareness. The statement is a reflection of the importance of efforts to investigate whether board size, number of board meetings, board composition, financial leverage, profitability, and high company size can increase banking CSR disclosure efforts. The structure of this article consists of several parts: theoretical study; methodology; research result; discussion; last conclusion.

THEORITICAL REVIEW

CSR disclosure is a picture that the bank has been well managed and quality and is based on the use of good financial performance (Goel, 2018; Pekovic and Vogt, 2020). Using stakeholder theory (populist theory) popularized by (Freeman, 1984) including banking practitioners that CSR is carried out to implement the wants and needs of stakeholders (stakeholders). Because, CSR is a social responsibility, legal responsibility and financial responsibility then communicated by the company to stakeholders in the form of beneficial activities such as those that are short-term, natural disaster relief, basic food assistance to surrounding communities and this is one of CSR disclosures. CSR disclosures made by management to all stakeholders including prospective investors including the company's prospects in the future and show the added value that the company has for its success and concern for the economic, social and environmental impacts arising from the company's activities.

Shifts in social values and norms that exist in society cause changes in legitimacy (Ackers and Eccles, 2015) and companies are required to be caring and sensitive to changes that occur and able to adjust these changes so that company sustainability will be guaranteed (Trendafilova et al., 2013). Social responsibility and social disclosure can be a way to anticipate and reduce stakeholder pressure arising from the legitimacy gap (Lindawati and Puspita, 2015). Legitimacy theory explains that companies operate in an environment that is in harmony with the interests of the company with the interests of the community where the company is a form of concern if the company's behavior is in accordance with the habits and norms of the community (Sumail and Pura, 2019). Legitimacy theory explains the pattern of relationships and interactions between companies and society (Lanis and Richardson, 2013; Luke et al., 2013).

Board size and CSR. For the sake of bank governance, the size of the board of commissioners is attractive when it is associated with CSR disclosure. The board of commissioners has the obligation to monitor and evaluate the implementation of the bank's strategic policies, including the implementation of CSR activities. (Ezzine, 2018) showed that the size of the board has the authority to direct, monitor and evaluate the implementation of the bank's strategic policies. Banking regulations in Indonesia the number of board members is regulated in Financial Services Authority Regulation Number 55 / Pojk.03/2016, Article 23, banks are required to have a Board of Commissioners member with a minimum of 3 (three) people and a maximum of the same as the Board of Directors. (Germain et al., 2014) showed that board size is considered an important partner for the company, and is a team in conducting oversight according to inherent authority.

Board members act as partners who have the duty and authority to do everything related to strategic policy, including monitoring, evaluation and direction (Jizi et al., 2014). Board members have an important position to manage the business activities carried out. Research on the relationship of board size to CSR disclosure has been widely carried out by scientists. For example, (Abu Qa'dan and Suwaidan, 2019; Giannarakis, 2014; Jizi et al., 2014) are of the view that the size of the board will increase the effectiveness of disclosure, however, (Rodrigues et al., 2017) have a different view if the magnitude board size does not correlate with disclosure, the size of the board of banking triggers the widespread disclosure of CSR information.

H1: Board size plays an active role in CSR disclosure.

Board meetings and CSR. The main duties of the Board of Commissioners in managing the company are to supervise in general and/or specifically as stated in the articles of association of the organization and provide assessment and input to directors related to the mandate received from stakeholders to carry out the duties and responsibilities of directors. The board of commissioners in carrying out their duties monitors the implementation of corporate governance in all aspects of bank business activities by all levels or levels of the bank's organization. Regulation of the Financial Services Authority Number 55/Pojk.03/2016, Article 37 which regulates the board of commissioners meeting explains that the board of commissioners meeting must be held at least 4 (four) times in 1 (one) year and conducted in a structured manner and or upon request directors.

The frequency of board meetings can be interpreted as the delivery of information on monitoring activities that have been carried out (Ju et al., 2017). Board meetings are followed basically to conduct evaluations and provide input to directors to share information and exchange meaningful ideas for future company development. Sometimes, directors have problems implementing CSR strategies, such as a business culture that is not in line with community expectations and even contradictory to what is desired by the surrounding community, difficulties in implementing visible and measurable CSR, and lack of appropriate personnel (Panwar et al., 2014) . Therefore, the board meeting is crucial in formulating CSR strategies. (Giannarakis, 2014) stated that the more often the board conducts meetings the higher the disclosure of CSR. Meanwhile, (Omair and Hussainey, 2016) the number of meeting frequencies is inversely proportional to the quality of CSR disclosure. Hence, the frequency of board meetings that tend to be held more often can be ensured that the governance of managing business operations will be better and CSR disclosure will be better.

H2: The frequency of board meetings has a positive relationship with the level of CSR disclosure.

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Board composition and CSR. The board of commissioners is committed to monitoring, overseeing accountable and transparent corporate governance practices as well as transparent enforcement of ethical and moral principles. The composition of the board of commissioners is contained in the Financial Services Authority Regulation Number 55/POJK.03/2016, Article 24, where the board of commissioners includes independent and non-independent commissioners. The board of commissioners has the responsibility to supervise and provide input submitted to independent committees such as audit committees, risk monitoring committees as well as nomination and remuneration committees and integrated governance committees that discuss various issues related to company management. The appointed committee has fulfilled the criteria of having integrity, competence and reputation in managing the company. The commissioners are appointed similar to non-executive directors (Shwairef et al., 2019).

Independent commissioners or non-executive directors play an important role in formulating strategic policies such as CSR (Birindelli et al., 2015; Lin et al., 2015). (Fernández et al., 2016); (Jizi et al., 2014) states that independent commissioners or non-executive directors play a role in the disclosure of CSR required to meet the criteria and provide opportunities for potential investors to invest in the company. On the other hand, (Mahrani and Soewarno, 2018) shows that an independent commissioner or non-executive director recommends to the company to take the initiative that one of the objectives of disclosure is in the interests of legitimacy. The role of the board of commissioners in revealing CSR is still controversial. The board of commissioners has a very significant role in exposing CSR (Abu and Suwaidan, 2019). Meanwhile, (Barakat et al., 2015); (Wellalage et al., 2018) conducted research on non-bank companies having different opinions that the composition of the board did not contribute to the content of CSR disclosures. The role of the board of commissioners in CSR disclosure is still something that needs to be supported by stakeholders so that the recommendations recommended are not controversial.

H3: Independent commissioners play an important role in CSR disclosure.

Profitability and CSR. Banks that have financial performance such as profitability can make CSR disclosures. (Menassa and Brodhäcker, 2017); (Panwar et al., 2014) claimed the company's large profit level would provide more disclosure of CSR information to legitimize their existence. (Jizi et al., 2014); (Mahrani and Soewarno, 2018) found a meaningful relationship between the level of profitability and the high level of environmental disclosure. In addition, (Julian and Ofori, 2010); (Zamir and Saeed, 2020) unprofitable companies tend to express less CRS. It is suspected that CSR costs are expensive and do not provide immediate benefits. Therefore, the hypothesis proposed in this study is:

H4: Profitability plays an important role in CSR disclosure.

Leverage and CSR. If the company is able to manage leverage well, surely the company will avoid financial difficulties (Smith and Sun, 2014) and the company is easier to carry out CSR. Therefore, CSR can build a strong corporate image and reputation and effectively improve company performance including the leverage component. Companies that frequently disclose CSR will have good financial performance and have a competitive advantage (Gallardo and Sanchez, 2014; Parastoo et al., 2014). A number of researchers including (Harjoto, 2017) reported that profitability encourages CSR disclosure. Although CSR disclosures can disrupt company liquidity (Gambetta et al., 2017), on the other hand CSR disclosures can encourage firm performance to be strong (Singal, 2014). The researchers (Akisik and Gal, 2014); (Cordeiro et al., 2018) High corporate leverage tends to be an antecedent of CSR disclosure. Because debt as a source of funds is used for profitable investments, such as social investments. In fact, (Andrikopoulos et al., 2014); (Javaid and Al-Malkawi, 2018) showed that high corporate financial leverage tends to lack CSR disclosure levels which affect the company's reputation and costs incurred.

H5: Financial leverage does not play an important role in CSR disclosure.

Size and CSR. Some empirical evidence such as (Elhamma, 2015) reported that company size is usually used as a proxy for assets and company sales growth. Large companies tend to report a lot of CSR information to strengthen the value of legitimacy from stakeholders (Jizi et al., 2014; Tashman et al., 2019). (Youn et al., 2015) showed that CSR disclosures at large companies aim to report accountability as an embodiment of the theory of legitimacy. In addition, large-sized company resources have the ability of initiatives to encourage the disclosure of social costs incurred in small or medium-sized companies (Cordeiro et al., 2018) Companies that are characterized by asset growth and sales growth have increased every year can be ascertained that CSR disclosure tends to be high (Akisik and Gal, 2014). A recent study by (Bissoon, 2018) reports that CSR funds amounting to 2 percent are sourced from annual profits. Interestingly, (Børing, 2019) showed evidence of a tendency for large companies to lack in terms of reveal CSR.

H6: Company size contributes to CSR disclosure.

METHODS

The sample used was 37 banks that had information related to CSR, board composition, board size, number of board meetings, financial leverage, profitability, and firm size during 2015 -2019 registered on the Indonesia Stock Exchange so that the number of observations was 185 data units. To get information on the relationship between variables, it is shown through the formulation:

$$CRS = \alpha_0 + \beta_1 BS + \beta_2 BM + \beta_3 BC + \beta_4 PROF + \beta_5 LEV + \beta_6 FS + e \quad \text{.............................} (1)$$

Information:

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Table 1. Description of variables and measurements

Variables	Measurement
CSR	CSR disclosure index
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$	*Regression coefficient*
Board size (BS)	Number of directors on the company's board
Board meetings (BM)	Total number of corporate board meetings
Board composition (BC)	Percentage of independent directors on the Board
Profitabilitas (PROF)	Return on equity (ROE)
Leverage (LEV)	Total liabilities/total Equity
Firm size (FS)	Total assets

Note: The use of measurements is in accordance with the objective conditions at the bank

RESULT

To do a chow test on the regression analysis model (e-views 9) then it starts with residual tests to obtain information on normality tests or histogram-normality tests. This study fulfilled data normality because p = 0.0821> 0.05. The chow test result indicates if the fixed effect model is a good model, where the probability value <0.05 or (0.0177 <0.05).

Table 2. Chow Test

Effects Test	Statistic	df	Prob.
Cross-section Chi-square	56.066787	36	0.0177
Note: FEM if (p<0.05)			

Table III. Presenting descriptive statistics. CSR on average 0.3057 is above the standard deviation with a range of 0.1023 and 0.7234. The average board size of 4.1083 is above the standard deviation with a range of 3.0000 and 6.0000. The average board meetings of 5.3949 are above the standard deviation with a range of 4.0000 and 6.3413. The average board composition is 3.9230 with a range between 3.2314 and 5.0000.

Table 3. Statistical description

Variables	n	Minimum	Maximum	Mean	Std. Dev.
CSR	185	0.1023	0.7234	0.3057	0.1677
Board size	185	3.0000	6.0000	4.1083	1.0249
Board meetings	185	4.0000	6.3413	5.3949	0.8123
Board composition	185	3.2314	5.0000	3.9230	0.5904
Profitability	185	0.0500	0.8800	0.3691	0.2501
Leverage	185	2.3600	57.2300	19.5629	17.8923
Firm size	185	4.231.443	35.094.501	18.109.502	10.795.510

The component of financial performance shows that the mean profitability = 0.3691 which is in the range of 0.0500 and 0.8800 (maximum and minimum values). Likewise, the average leverage of 19.5629 is at intervals of 2.3600 and 57,2300. The mean value of

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company size = 16,880 with a range of 14,528 and 20,499. Furthermore, the average company size is 18,109,502 with a range between 4,231,443 and 35,094,501.

Table IV presents the correlation coefficients for variable pairs. The relationship coefficient is a measure of the degree of linear relationship between two or more variables. Positive correlation between CSR and BS (p <0.05). CSR is positively correlated with BM (p <0.05). CSR is positively correlated with BC (p <0.05). CSR is positively correlated with PROF (p <0.05), CSR is negatively correlated with LEV (p <0.05), and CSR is positively correlated with SIZE (p <0.05). The correlation between BM and BC is negative (p <0.01), negative correlation between BM and PROF (p <0.05), and negative correlation between BM and SIZE (p <0.05). Furthermore, a negative correlation between BC and PROF (p <0.05), a positive relationship between BC and LEV (p <0.05), and a real relationship between BC and SIZE (p <0.01). There is a positive correlation between PROF and LEV (p <0.05), a positive correlation between PROF and SIZE (p <0.01) and a positive correlation between LEV and SIZE (p <0.05),

Table 4. Correlation matrix

	CSR	BS	BM	BC	PROF	LEV	SIZE
CSR	1.0000						
BS	0.0572**	1.0000					
BM	0.0942**	0.2479***	1.0000				
BC	0.0858**	-0.0163**	-0.2145***	1.0000			
PROF	0.0694**	0.1043**	-0.0058**	-0.010**	1.0000		
LEV	-0.0796**	0.0080**	-0.0140**	0.0471**	0.1023**	1.0000	
SIZE	0.0887**	0.1597***	-0.0159**	0.1493***	0.1699***	-0.0914**	1.0000

Note: Correlations are significant at: **0.05 (two tailed) and ***0.01 levels

To get information about the effect of independent variables (board size, board meetings, board composition, financial leverage, profitability, and company size) on CSR (see Table V). Adjusted R-squared value of 0.6761 which means that board size, board meetings, board composition, financial leverage, profitability, and company size are proven to contribute 67.61 percent of variations in CSR variables. The model can be stated good the remaining 32.39 percent is explained on the variables not analyzed. It also appears that the F statistic test is 21.3607 with a 0.000 chance. Because p = <0.05 so it is explained if all the independent variables together contribute to CSR.

Table 5. Estimated variables that affect CSR

Variables	Coefficient	t-Statistic	Prob.
Board size	0.9909	2.066794	0.0068
Board meetings	0.2103	-4.535356	0.0032
Board composition	0.5036	3.163327	0.0005
Profitability	0.3153	-3.209982	0.0040
Leverage	-0.1803	1.986033	0.0215
Firm size	0.6021	-2.084835	0.0098
Constant	0.3806	2.426914	0.0165
Adjusted R-squared	0.6761		
F-statistic	21.3607		
Prob. (F-statistic)	0.000		
Note: Statistical significance at the 5% level			

DISCUSSION

The size of the board of commissioners significantly contributes to CSR disclosure. Large board size results in high CSR. This is because CSR disclosure is a portrait that the bank has been well managed and has good financial performance (Goel, 2018; Pekovic and Vogt, 2020). The number of members of the board of commissioners owned by the bank is at least 3 (three) people and/or does not exceed membership in the board of directors (POJK No. 55 of 2016, Article 23). The average board size in this industry is 4 people with a range of 3 people and 6 people and the average CSR index for each bank is 0.3057 or 0.31 percent. That is, 0.31 percent of profit is used to uncover CSR. (Germain et al., 2014) reported that board size is an important aspect for the company, and can be used as effective monitoring. Therefore, the board of commissioners must direct, monitor and evaluate the implementation of the bank's strategic policies, including CSR activities. (Jizi et al., 2014) showed that board size has a potential effect in directing, monitoring and evaluating the implementation of bank strategic policies, such as CSR activities.

In addition to monitoring and evaluating the implementation of the bank's strategic policies, board members also play a role in building a reputation for performance (El et al., 2020). This is a manifestation that banks are well managed so as to produce good performance, CSR disclosure is increasing. Although (Rodrigues et al., 2017) have a different view that if board size results in ineffective CSR disclosure, however, this study supports the hypothesis proposed by (Abu and Suwaidan, 2019; Giannarakis, 2014; Jizi et al., 2014) holds that the greater the size of the board, the more effective disclosure of CSR.

The frequency of board meetings affects CSR disclosure. Apparently, the more frequent board meetings the higher the CSR in Indonesian banking. In essence, the board of commissioners also participates in monitoring the effectiveness of the implementation of corporate governance in every bank business activity at all levels or levels of the bank's organization, including CSR disclosure activities. The frequency of board of commissioners meetings is conducted by the bank periodically at least 4 (four) times in 1 (one) year (POJK No. 55 of 2016, Article 37). One of the meeting agendas discussed CSR strategies. This is because CSR disclosure is a portrait that the bank has been managed well and is of good

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quality and has good financial performance. CSR disclosure is a signal given by management to all stakeholders including potential investors regarding the company's prospects in the future and shows the company's added value for its concern for the economic, social and environmental impacts arising from the company's activities.

The average frequency of meetings in the banking industry is 5 times with a range of 4 to 6 times by each bank. Because, the frequency of board meetings can be interpreted as the delivery of information on monitoring activities that have been carried out (Ju et al., 2017). Board meetings are an opportunity for members to share meaningful knowledge and exchange ideas between themselves. Sometimes, many obstacles faced by banks to develop policies, business operations such as business culture and CSR strategies that are not in accordance with the reality of the community do not even match their expectations. But bankers do not dampen their intention or commitment to express CSR. It is proven that the average CSR index of each bank is 0.3057 or 0.31 percent. That is, 0.31 percent of assets are used to reveal CSR. Therefore, the board meeting is crucial in formulating CSR strategies.

The researchers (Omair and Hussainey, 2016) have a different view that the frequency of meetings is inversely proportional to the quality of CSR disclosure. However, this research is in favor of the hypothesis proposed by (Giannarakis, 2014) stated that the more frequent the board of CSR disclosure meetings is. Hence, the frequency of board meetings that tend to be held more often can be ensured that the governance of managing business operations will be better and CSR disclosure will be better.

Bank governance will be good if it has a fairly strong board composition. For example, the proportion of non-executives on the board is large enough that disclosure of CSR will be better. The result of the study report that the higher the proportion of non-executives on the board the higher CSR in Indonesian banks and the average board composition in the banking industry is 3.9230 with a range between 3.2314 and 5.0000. The presence of the board of commissioners is to show commitment behavior in implementing good and transparent corporate governance practices and to apply ethical and moral principles seriously. Because, they supervise and provide input submitted both through independent committees such as audit committees, risk remittance committees and nomination and remuneration committees as well as integrated governance committees discussed at the board of commissioners' meeting (POJK No. 55 2016, Article 24). The board of commissioners consists of professionals who are experienced in the banking industry. They have met the criteria of having adequate integrity, competence and financial reputation. In Indonesian banking. Independent commissioners are similar to non-executive directors (Shwairef et al., 2019).

Even independent commissioners or non-executive directors set strategic policies and formulate measurable CSR disclosure requirements with the assumption of not reducing the value of other assets (Birindelli et al., 2015; Lin et al., 2015). In addition, they believe that CSR disclosure is the glue between banks and stakeholders including new investors because behind that there is emotional appeal so legitimacy is getting stronger. Therefore, CSR disclosure strengthens the legitimacy of banks (Mahrani and Soewarno, 2018). Although the role of the board of commissioners on CSR disclosure still seems controversial. For example, (Barakat et al., 2015); (Wellalage et al., 2018) conducting research on non-bank companies have a different view that the composition of the board has not been able to

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maximize CSR disclosure. However, this study supports the hypothesis proposed by (Abu and Suwaidan, 2019), if the contribution of the board of commissioners is very meaningful in revealing CSR.

When the bank is well managed and quality, the bank will display good financial performance as well. For example, profitability, use of leverage and company size. Profitability is a measure of financial performance so that banks have internal funding sources to uncover CSR. The better the profitability, the higher the disclosure of CSR in Indonesian banks. This is because banks are able to create profits. The average profitability in this industry is 0.3691 with a range of 0.0500 and 0.8800. Although there is a level of profitability below the average but it does not reduce the commitment to CSR disclosure. The same thing was revealed by (Menassa and Brodhäcker, 2017); (Panwar et al., 2014) that profitable companies will provide more CSR information so that the stronger the legitimacy of the existence of banks in the market and stakeholders.

Without reducing the meaning and value of CSR disclosure by Indonesian banks, the allocation of CSR funds is still relatively low = 0.31% lower than the Republic of Mauritius. (Bissoon, 2018) conducted a study of the amount of CSR funds allocated to hotel companies in the Republic of Mauritius by 2 percent of the profit allowance. For Indonesian banks, the size of the allocation of funds is not the main goal. Even more important is to realize that he is part of the entire social building around him.

The researchers (Zamir and Saeed, 2020) stated that unprofitable companies tend to disclose less CSR. In some companies are reluctant to spend funds for the benefit of CSR. They suspect that companies are reluctant to spend CSR funds because they consider that CSR costs are expensive and do not provide immediate benefits. However, it is reasonable that disadvantaged banks tend to reveal more information about social and environmental disclosure to show their contribution to the community (Giuli and Kostovetsky, 2014). It showed that banks always have a commitment to play a role in improving the quality of life and the beneficial environment between the bank and society in general. The result of the analysis of this study are relevant to the hypothesis proposed by (Jizi et al., 2014); (Mahrani and Soewarno, 2018) if profitability can maximize environmental disclosure.

Banks that have a lot of debt or leverage tend to express less CSR. The higher the leverage the lower the CSR disclosure. This is due to insufficient internal funding sources so it is forced to owe. As a result, leverage is high and banks are reluctant to disclose CSR. The empirical fact that the average leverage in the bank industry is 19.5629 or 19.56 percent with a range between 2.3600 and 57.2300. Banks should have the courage to owe, so that CSR disclosure will be higher. If the bank is able to manage leverage well, surely the company will avoid financial difficulties (Smith & Sun, 2014), the disclosure of CSR will be high quality.

It is suspected that banks that have high leverage but are still reluctant or spend less on CSR funds are caused by the lack of understanding the meaning of CSR benefits. In fact, banks are always sensitive to the needs of the community and try to meet them in the long run, then CSR will make people more receptive to the existence of the company and ultimately benefit the company so that the ease of obtaining funding sources is very wide. Certainly, banks that carry out CSR programs will get a good image in the community. The people themselves see it as a beneficial reciprocal relationship and will be loyal to the bank. Because the bank has made a social investment. Unexpectedly, bank will get awards and

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admiration from the public. This appreciation and admiration is a positive signal that benefits the bank so that the bank's performance becomes good. Therefore, banks must have a strong belief that high leverage is not a barrier to disclosing CSR.

It is certain that banks that frequently disclose CSR will have good financial performance and have competitive advantages (Gallardo and Sanchez, 2014; Parastoo et al., 2014). Although CSR disclosures can disrupt company location (Gambetta et al., 2017), on the other hand CSR disclosures can drive company performance to be strong (Singal, 2014) and give a positive signal to the market. A number of researchers including (Akisik and Gal, 2014; Cordeiro et al., 2018) companies that have high leverage tend to reveal a lot of CSR. Because debt as a source of funds is used for profitable investments, such as social investments. The results of this study have similarities with studies conducted by (Andrikopoulos et al., 2014); (Javaid and Al-Malkawi, 2018) if high leverage tends to be an obstacle to CSR disclosure because of the implementation procedures that use large costs.

Company size is reflected by asset growth and sales growth (Elhamma, 2015). CSR disclosure is determined by the size of the assets owned by the bank. Empirical findings that the greater the size of the bank the higher the disclosure of CSR. Evidently, the average size of the company in the banking industry amounted to 18,109,502 with a range between 4,231,443 and 35,094,501. Banks that have large assets tend to report a lot of CSR information to strengthen the legitimacy value of stakeholder groups (Jizi et al., 2014; Tashman et al., 2019) so that the bank will be healthy, not impressed fat and become an agile giant always prey on prey business opportunities in the market and competitiveness. That is, the bank is not just gathering assets, but also showed good commitment to the surrounding stakeholders and the environment in which they live. Banks like this have realized that they are part of the entire social building around them.

Recent research by (Børing, 2019) found evidence that large companies tend to disclose CSR a little. The results of this study have strong relevance to the hypothesis proposed by (Youn et al., 2015) that a larger company will be able to produce CSR credibility. The size of the company as a reflection shows that the company has a high social commitment (Jizi et al., 2014; Yeh et al., 2014; Youn et al., 2015). Companies that have large resources have the ability to take the initiative in the interests of greater disclosure to small or medium-sized companies that have incurred social costs (Cordeiro et al., 2018). Companies that are characterized by asset growth and sales growth have increased every year, it can be ascertained that CSR disclosure tends to be high (Akisik & Gal, 2014).

CONCLUSION

A wise bank is a bank that not only makes profits and adds or enlarges assets or only looks for legitimacy loopholes, but has a good commitment to stakeholders and other parties and the social environment in which the company is located. The whole social system and inseparable from those around it are one with banking. CSR disclosure will be more meaningful if the board of commissioners is able to implement the company's commitment to implement accountable and transparent corporate governance and use ethical and moral principles responsibly. Because, the greater the size of the board the better able to monitor business operations so that CSR disclosure is higher.

Apparently, the more frequent board meetings the higher the CSR in Indonesian banking. Bank governance will be good if it has a fairly strong board composition. For example, the proportion of non-executives on the board is large enough that disclosure of CSR will be better. The results of the study report that the higher the proportion of non-executives on the board the higher the CSR in Indonesian banks. Therefore, independent commissioners or non-executive directors have an important role to formulate relating to strategic policies such as CSR.

When the bank is well managed and quality, the bank will display good financial performance as well. For example, profitability, use of leverage and company size. Profitability is a measure of financial performance so that banks have internal funding sources to uncover CSR. The better the profitability, the higher the disclosure of CSR in Indonesian banks. Banks that have a lot of debt or leverage tend to express less CSR. The higher the leverage the lower the CSR disclosure. This is caused by expensive procedures and banks tend not to have strong beliefs. CSR disclosure is determined by the size of the assets owned by the bank. Empirical findings indicate that the greater the size of the bank, the higher CSR disclosure.

Future research needs to uncover the impact of CSR on company value by expanding the object of research, adding components of governance and placing control variables in order to obtain more quality information.

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