THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON FINANCIAL PERFORMANCE OF FINANCE COMPANIES LISTED ON INDONESIAN STOCK EXCHANGE

(Period 2014-2018)

A THESIS

Presented as Partial Fulfillment of the Requirements
to Obtain the Bachelor Degree in Accounting Department

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(Period 2014-2018)

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(Prof. Dr. Jaka Sriyana., SE., M.Si., Ph.D.)

DECLARATION OF AUTHENTICITY

Here in I declare to the originality of this thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas, or expression without acknowledgement. All quotation are cited in listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulations or its consequences.

Yogyakarta, August 14th 2020

Muhammad Rizky Fadillah

The Effect of Corporate Social Responsibility Disclosure on Financial Performance of Finance Companies Listed on Indonesian Stock Exchange
(Period 2014-2018)

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Abstract

This study aims to examine the effect of Corporate Social Responsibility Disclosure (CSRD) on the financial performance of finance companies. The independent variable used in this study is the Corporate Social Responsibility Disclosure (CSRD) which is measured using the Corporate Social Responsibility Index (CSRI). While the dependent variable in this study is financial performance which is measured using Return on Assets (ROA). This study uses 3 control variables, namely firm size, leverage, firm age.

The samples in this study are finance companies listed on the Indonesia Stock Exchange (IDX) in period of 2014-2018. Data were collected using secondary data. The sampling technique was purposive sampling method which resulted in a sample of 10 companies. The data analysis method used descriptive statistics analysis and multi linear regression analysis.

The results of this study indicate that Corporate Social Responsibility Disclosure (CSRD) disclosure has no effect on financial performance of the finance companies. This study also reveals that from the control variables only leverage and firm age have an effect on company performance, while firm size has no effect.

Keywords: corporate social responsibility (CSR), financial performance, firm size, leverage, firm age.

Dampak Pengungkapan Tanggung Jawab Sosial Perusahaan terhadap Kinerja Keuangan dari Perusahaan Keuangan yang Terdaftar di Bursa Efek Indonesia

(Periode 2014-2018)

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Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh *Corporate Social Responsibility Disclosure* (CSRD) terhadap kinerja keuangan dari perusahaan keuangan. Variabel independen yang digunakan dalam penelitian ini adalah *Corporate Social Responsibility Disclosure* (CSRD) yang diukur menggunakan *Corporate Social Responsibility Index* (CSRI). Sedangkan variabel dependen dalam penelitian ini adalah kinerja keuangan yang diukur menggunakan *Return on Assets* (ROA). Penelitian ini menggunakan 3 variabel kontrol yaitu ukuran perusahaan, *leverage*, umur perusahaan.

Sample dalam penelitian ini adalah perusahaan finance yang terdaftar di Bursa Efek Indonesia (BEI) pada periode penelitian 2014-2018. Data dikumpulkan dengan menggunakan data sekunder dengan teknik pengambilan sampel adalah metode *puposive sampling* yang menghasilkan sampel sebanyak 10 perusahaan. Metode analisis data menggunakan analisis statistik deskriptif dan multi linear regression analysis.

Hasil penelitian ini menunjukkan bahwa *Corporate Social Responsibility Disclosure* (CSRD) tidak berpengaruh terhadap kinerja perusahaan. Penelitian ini juga mengungkapkan dari variabel kontrol hanya leverage dan firm age yang berpengaruh terhadap kinerja perusahaan, sedangkan firm size tidak mempunyai pengaruh.

Kata kunci: *corporate social responsibility* (CSR), kinerja keuangan, ukuran perusahaan, *leverage*, umur perusahaan.

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Yogyakarta, August 14th 2020

Muhammad Rizky Fadillah

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CHAPTER I

INTRODUCTION

1. 1. Background

Since a company was founded, a company has obligations that must be fulfilled. A good company is a company that is not only looking for profit but also attempting to socially treat its consumers, employees, and shareholders as well as the surrounding natural environment as a form of responsibility. Such a responsibility is termed as corporate social responsibility (CSR), these practices help to better an organization's reputation that, in turn, will provide a firm with economic benefits (Yoon and Chung, 2018).

According to Kercher (2006) in Mahdaria (2016), one of debating issues related to CSR is about the increasing awareness of CSR practices in the area of human rights, environmental protection, health and safety and anti-corruption which acts as the impact of globalization and the proliferation of cross-border trade by Multinational Enterprises (MNEs).

Many companies assume that CSR is the duty of the government and the company is not obliged to carry out CSR tasks. However, this kind of assumption will eventually disadvantage the companies since it might be giving a bad impact to the environment. In fact, there are a lot of adverse effects from the company standing around the social environment which give an impact on the environment where the company was founded. Therefore, the surrounding community will not remain silent about what is happening in their environment. They will carry out actions or similar things that will harm the company in the future. Furthermore, every entrepreneur who wants to establish or who has already established a company must realize how important and how influential the welfare of the community around the social and environment on the development of a company.

Furthermore, there are many ways that can be done by a company to prosper the surrounding community, namely by providing scholarships for underprivileged children in the area, providing funds for maintenance of public facilities, donations to build villages or community facilities that are social and useful for many communities, especially the community who are living around the company and are concerned about the company's waste. In addition, by doing this or increasing awareness of the matter, the company will also get good things like: improving company image, developing cooperation with other companies, strengthening the company's brands in the eyes of the public, differentiating the company from its competitors and providing innovation for companies.

Corporate Social Responsibility (CSR) can have a positive impact on the company, where by carrying out CSR activities the company can increase public trust in the company's products so that the company's reputation also increases in the eyes of the public. As a result, people are willing to purchase company’s products. The more successful the company's products on the market, the more profitable the company. With increasing profits, the company will be able to attract investors, because profitability becomes an important consideration for investors in their investment decisions (Kusumadilaga, 2010).

CSR as a new accounting concept is transparency of social disclosure of activities or social activities carried out by the company, where transparency of information disclosed is not only corporate financial information, but also disclosed information on social and environmental impacts caused by company activities.

The practice of CSR disclosure has been widely applied by public companies in Indonesia. Although, in general CSR practices, it is mostly carried out by mining and manufacturing companies. Since CSR practice has become a global trend, the banking industry has also mentioned aspects of social responsibility in the annual report although in a relatively simple form.

Companies must pay attention to the community and the environment in which they operate. This is regulated in Law No. 25 of 2007 concerning investment. Article 15 of the Law states that every investor is obliged to: a) apply the principles of good corporate governance; b) carry out corporate social responsibility; c) make a report on investment activities and submit it to the Investment Coordinating Board; d) respect the cultural traditions of the communities around the location of investment business activities; e) comply with all statutory provisions.

Related to environmental sustainability, Article 17 of the Capital Market Law states that investors who are seeking non-renewable natural resources must allocate funds in stages to restore locations that meet environmental standards, the implementation of which is regulated in accordance with statutory provisions. Whereas related to criminal threats, Article 34 of the Capital Market Law

Paragraph (1) states that business entities or individual businesses that do not fulfill obligations as specified in Article 15 may be subjected to administrative sanctions and other criminal sanctions in accordance with statutory provisions.

The Millenium Poll on CSR survey in 1999 about how people impressed towards a company conducted by Environics International (Toronto), Conference Board (New York) and Prince of Wales Business Leader Forum (London) involving representative samples of about 25,000 respondents in 23 countries, showed that in forming opinions about companies, 60% of the respondent stated that business ethics, employee practices, environmental impact, and corporate social responsibility (CSR) play an important role while 40% of the respondent stated that the image of the company and brand image are the most influencing impression. From the results of the research above, it shows that environmental factors and social factors have a greater influence than factors that are closely related to the company which are the image of the company and brand image (Kurnianto, 2011). Arguably, the company's image can be clearly seen if its CSR activities are clearly disclosed or reported in a certain medium such as annual report. It is therefore logical to assume that corporations' transparency on CSR issues possibly increase companies' profitability.

According to Kasmir (2015), profitability is the company's ability to find profits. Profitability ratios also provide a measure of the effectiveness of a company's management. This is indicated by the profit generated from sales and investment income. The point is that the use of this ratio shows the effectiveness of the company. The higher the profit generated, the more effective the company is. Profitability ratios can be measured by several indicators as follows return on assets (ROA) and return on equity (ROE).

1. 2 Problem Formulation

This research is conducted based on this research question:

1. Does the profitability of finance companies increase when they disclose more CSR information?

1. 3 Scope of Research

This research is focusing on changes of the financial performance of the corporates that has been disclosing the CSR reporting. This research is conducted in Indonesia, and the scope is specifically companies that are listed in Indonesian Stock Exchange (IDX). The population and the sample of the research are finance companies that were still operating within the range of 2014 up until 2018.

1. 4 Research Objectives

This research was conducted in order to examine whether the profitability of finance companies is increased by disclosing CSR reporting.

1. 5 Research Contribution

a. Theoritical Contribution

Theoretically, the results of this study are expected to contribute ideas to the development of knowledge regarding Corporate Social Responsibility Disclosure in finance companies in Indonesia.

b. Practical Contribution

1. Researchers

This research is useful for the application of knowledge that has been obtained in college and applied in research that has scientific writing rules. Also, it adds experience and knowledge in the field of Corporate Social Responsibility and financial performance.

2. Academician

By doing this research, it is expected to provide results that bring additional broader knowledge in the development of economics. The results of this study are expected to be used as a guide and a measure for future research that has a relationship with disclosure of corporate social responsibility in finance companies.

3. Companies

The results of this study are expected to contribute thoughts on the importance of corporate social responsibility and the importance of the obligation to protect the environment and the social impacts caused by the company, as a material for further consideration of the concern for the social environment.

CHAPTER II

LITERATURE REVIEW

2. 1 Corporate Social Responsibility

Wibisono (2007) defines CSR as a corporate responsibility to stakeholders to behave ethically in which minimizing negative impacts but maximizing the positive impacts that include social and economic aspects of the environment (triple bottom line) in order to achieve sustainable development goals. Corporate Social Responsibility (CSR) is an action or a concept carried out by the company as corporate responsibility to the surrounding environment where the company is located. The company does not only have obligations to shareholders or obligations to someone who works in the company but the company also has obligations that go beyond that, such as obligations on the awareness of a company to the surrounding environment and the company's relationship to the surrounding community especially regarding welfare. CSR disclosure is a signal given by management to all stakeholders including potential investors regarding the company's future prospects and shows the company's added value for its concern for the economic, social and environmental impacts arising from the company's activities (Lindawati and Puspita, 2015). In the concept of sustainable development, the sustainability of a company depends on how much the company can be responsible for the impact caused by the company's activities. These responsibilities include social responsibility and financial responsibility. The responsibility is then communicated by the company to stakeholders through disclosure of Corporate Social Responsibility (CSR).

According to WBCSD (The World Business Council for Sustainable Development) in 2000, Corporate Social Responsibility is defined as a business commitment to make 14 contributions to sustainable economic development, through collaboration with employees and their representatives, families, local communities as well as the general public to improve the quality of life in ways that are beneficial to both their own business and for development.

In Indonesia, the disclosure of corporate social responsibility is one of the things that is required for a company because it has been regulated in existing laws. The provisions used for disclosure of social responsibility in Indonesia are issued by the Indonesian Institute of Accountants, namely in *Pernyataan Standar Akuntansi Keuangan* (PSKA) No.1 (Revised 2009) paragraph 12, which basically shows that companies located in Indonesia are given the right to freedom of disclosure of information relating with social and environmental responsibility in the company's annual report.

According to Law Number 40 of 2007, CSR or Social and Environmental Responsibility is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial, both for the company itself, the local community, and society in general.

2. 1. 1 Global Reporting Index (GRI)

According to Suryani (2013), Global Reporting Index (GRI) is a guideline or a standard measurement of CSR disclosure by companies. The GRI standards cover 6 aspects: economic aspects, environmental aspects, aspects of labor and employment compliance, human rights aspects, aspects of society, and product responsibility aspects. These guidelines have been developed through a multi-stakeholder process that incorporates the active participation of the business investment accounting, research, human rights, and labor organizations from around the world.

2. 2. Financial Performance

Company performance is one of the important indicators, not only for the company, but also for investors. Performance shows the ability of the company's management in managing its capital. Performance is the result that has been achieved for various activities carried out by utilizing various available sources, which are measured using a certain standard size (Felisia, 2011). According to Fahmi (2012), financial performance is an important part of the company because it is the basis for decision making for internal and external parties of the company. Therefore companies need to take measurements of their financial performance. According to Sutrisno (2009), financial performance is the achievement achieved by the company in a certain period that reflects the level of health of the company. The company's financial performance can be measured by analyzing and evaluating financial statements. The annual report is one of sources of information to obtain an overview of company performance. Information provided by the company's management is one of many ways to provide an overview of their company's performance to stakeholders (Rahmani, 2013).

2. 3 Profitability

Profitability is relative measure of earning capacity. According to Amirthalingam & Balasundaram (2013), profitability is defined as “the ability of given investment to earn a return from its use”. The word profit has already been defined but the meaning of profit differs according to the use and purpose of the enterprise to earn the profits. Thus the word profitability may be defined as the ability of given investment to earn a return from its use. Profitability ratios measure the firm’s ability to generate profits and central investment to security analysis, shareholders, and investors. Profitability is the primary measure of the overall success of enterprise. The analysis of profitability ratios is important for the Shareholders, creditors, prospective investors, bankers and government alike (Amirthalingam & Balasundaram, 2013). According to Petronila and Mukhlasin (2003) in Meidiawati et al. (2016), profitability is a description and performance of management in managing a company. Profitability measurement can use several indicators such as operating profit, net income, return on investment / assets, and return on owner's equity.

The profit is the primary objective of a business, which measures not only the success of a product, but also of the development of the market for it. Further profit is the report card of the past, the inventive gold star for the future.

2. 4 Stakeholder Theory

Stakeholder theory of CSR states that a firm is responsible for a variety of supporters within a society, and this theory could reinforce CSR considerations (Yang & Crowther, 2015). According to Yang & Crowther (2015), stakeholder theory has pointed that the managers should satisfy different expectations from stakeholders such as workers, customers, suppliers and local communities that will affect a firm's financial outcome. In that perspective, managers are supposed to consider particular CSR activities that are connected to non-financial information and social correspondence as well as the qualifications from stockholders or firm owners. In line with the stakeholder theory, companies should be able to consider the interest of all legitimate stakeholders equally because of their intrinsic value in order to be seen as responsible (Yusoff, Mohamad & Darus (2013).

The stakeholder approach is the desire to build a framework that is responsive to the problems faced by managers, one of which is environmental change. Stakeholders are people or groups of people who can influence or be influenced by various decisions, policies in the implementation of operational activities (Gantino, 2016).

According to Falladhyta (2018), stakeholder theory is a system that is explicitly based on a view of an organization and its environment, recognizing the nature of the two interplay between the two that are complex and dynamic. If seen from the relationship between stakeholders and the two organizations which have mutual influence, it can be seen from the second social relationship that formed responsibility and accountability. Therefore the organization has accountability to the stakeholders. According to Lindawati and Puspita (2015) stakeholder theory is a theory that says that the sustainability of a company is inseparable from the role of stakeholders from both internal and external with a variety of different background interests of each of the existing stakeholders.

2. 5 Previous Research

Yoon and Chung (2018) conducted research on the effect of corporate social responsibility on firm performance. The purpose of this study is to compare the internal and external stakeholder effect of corporate social responsibility (CSR) on a restaurant firm's financial performance. Two financial measures (i.e., return on asset and Tobin's q) were used to capture a firm's short-term profitability and the market's evaluation of a firm's future profitability. The sample used in this study were all restaurant companies registered between 2001 and 2012. The financial data of the sample were collected from the annual US Securities and Exchange Commission reports (10 Ks) and Yahoo Finance. There were 31 companies that met the research sample criteria. The CSR scores for the restaurant firms were calculated from the MSCI database. In this study, the category of human rights measures were excluded due to the information regarding human rights that was not included in the restaurant data in the MSCI database. The study disaggregated the CSR practices into two components: internal and external CSR in order to test the different CSR types. The CSR ratings provide a binary value for each category as either a strength or a concern. The values of the strength categories are considered positive values, whereas the concern categories are considered negative values. In this study, the researchers applied two financial performance measures: Return on Assets (ROA) and Tobin's q. Furthermore, the control variables that were used in the study are firm size and financial leverage. The study found that external CSR enhances a firm's market value but is negatively related to operational profitability. Internal CSR increases a firm's operational profitability but has no effect on a firm's market value. This study examines the stakeholder perspective of CSR, considering a variety of performance indicators, to provide a more in-depth understanding of CSR.

Gangi, Mustilli, Varrone, and Daniele (2018) conducted research that analyzed whether and how corporate social responsibility (CSR) affected the financial performance of the European banking industry. The aim of the study was to enrich the debate on the relationship between corporate social performance (CSP) and corporate financial performance (CFP) by filling several gaps left by previous research. The sample of this study contained 72 banks, for 504 bank-year observations. Furthermore, the time-horizon covered 7 years, from 2009 to 2015. For financials, the study used the Worldscope database and for the measurement of CSR performance, the empirical analysis was based on the CSR scores provided by the Asset4 database. Asset4 generated comparable and standardized indicators that provided an integrated measure of environmental, social and corporate governance performance (CSR). In this study, the variable controls that were used are the debt to equity ratio, the loan to deposit ratio, the loan loss reserves to NPL ratio, and the logarithmic transformation of the number of employees. The study found that net interest income and profitability increased with the increase in social performance. At the same time, CSR was negatively related to non-performing loans. Therefore, in contrast to the trade-off model, our results supported a win-win vision of the relationship between the social and financial performance of banks.

Giannarakis, Konteos, Zafeiriou, and Partalidiou (2016) conducted a study on the impact of corporate social responsibility on financial performance. The purpose of this study was to investigate whether Corporate Social Responsibility (CSR) affected the financial performance of the United States (US) companies. In particular, the impact of CSR on financial performance was investigated in terms of involvement in socially responsible initiatives instead of outcome. The measurement for financial performance of the companies was return on assets (ROA). Furthermore, this study used the data of listed companies on the Standard & Poor’s 500 during the period of 2009 to 2013. The sample that was used in this study consists of 104 companies and only focused on large sized companies. For the CSR performance, this study calculated the extent of three sub-categories of CSR disclosure namely, Environmental, Social and Governance, composing the total Environmental, Social and Governance disclosure (ESGD) index. Control variables that were used in this study are board size, CEO duality, presence of women on board and total compensation paid to directors. The study found that the involvement in socially responsible initiatives had a significantly positive effect on financial performance.

2. 6 Hypothesis Development

2. 6. 1 Effect of Corporate Social Responsibility Disclosure on Financial Performance

Corporate Social Responsibility (CSR) is an attempt by businesses to reduce negative impacts and optimize positive impacts for sustainable development on all stakeholders in the cultural, social , and environmental spheres (Rahmawati et al, 2016).

Certainly the concept of corporate social responsibility is related to the firm's sustainability. The company will be guaranteed its sustainability if it carries out its responsibilities and is not only limited to shareholders but also requires the company to pay attention to the social and environmental aspects that are the company's operating places. Therefore, if considered not to care about the cultural, social, and environmental conditions, the society will give a negative response. This can threaten the company's sustainability.

Based on stakeholder theory, companies are required to maintain harmonious relations with stakeholders. This must be done because stakeholders have a great influence on the sustainability of the company. Companies can satisfy stakeholders by using corporate social responsibility. Corporate social responsibility is to communicate management performance as well as to achieve long-term benefits, such as improving financial performance, an increase in profitability and the company's long-term development.

Rosiliana et al. (2014) explained that corporate social responsibility has a positive impact on the company that can increase public confidence in the product. This of course will enhance reputation in the eyes of the public. The public will certainly be interested in the products issued by the company, when public interest in the company is high, it will improve the company's financial condition, of course the company's performance will be better.

Corporate social responsibility activities implemented by the company can enhance reputation, so that it can improve relations with stakeholders and improve relations which can be reflected in the economic benefits of the company.

Research by Yoon and Chung (2018), Gangi, Mustilli, Varrone and Daniele (2018), and Giannarakis, Konteos, Zafeiriou, and Partalidiou (2016) found the results that CSR disclosure affects the financial performance. Based on this, the hypothesis of this study is as follows.

H1: CSR disclosure has a positive effect on the company's financial performance

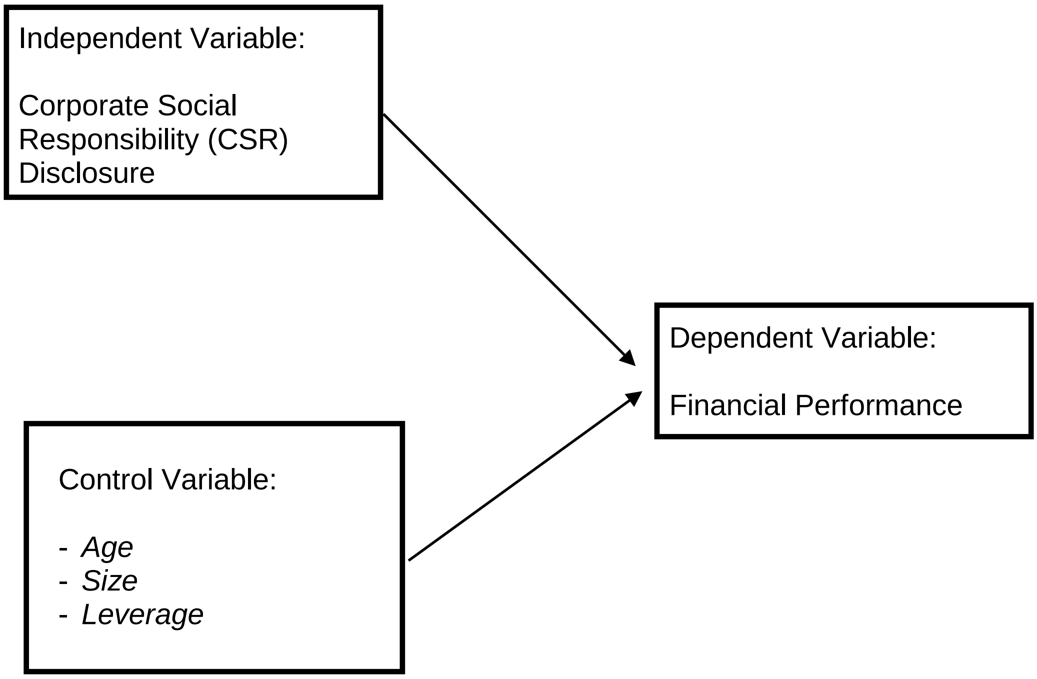
2. 7 Control Variable

The purpose of control variables is that the influence of the independent variable on the dependent variable is not influenced by external factors that are not being examined. The function of the control variable is to prevent any bias calculation results. Based on previous research, it is known that to determine the effect of Corporate Social Responsibility (CSR) disclosure on company performance, there are a variety of control variables that can be used. In this study, there are three control variables which are analyzed. These are firm size, firm age and leverage. Bigger companies potentially have better financial performance than small companies because bigger companies tend to achieve better efficiencies in their operations (e.g., lower costs, higher purchasing power) (Gelles & Mitchell, 1996). Older companies potentially have better financial performance because they may have the experiences of undertaking businesses and adapting to the changes that occured in the public so that they could keep up with the competitors. A firm with high financial leverage can enjoy tax benefits, resulting in a higher Tobin's q (McConnell & Servaes, 1990).

2. 8. Conceptual Schema

Conceptual schema of this study, which reflects the variables examined within the framework of stakeholder theory in this thesis, is presented in Figure 1.

Figure 1 Framework Model 1



CHAPTER III

RESEARCH METHOD

3.1 Population and Sample

The population in this research is every company that is operating in the finance sector and is listed in Indonesian Stock Exchange (IDX) in the period of year 2014 up until 2018. The number of companies that are analyzed in this research is 30 companies for each year. The sampling of this study was conducted using a *purposive sampling* method, which is a sampling technique from the population based on certain criteria. The criteria that has to be fulfilled are as follows:

1. Finance company that is listed in Indonesia Stock Exchange (IDX) in the period of 2014-2018.
2. Finance companies which are consistently listed on IDX during the examined period.
3. Finance company that constantly discloses Annual Report within 2014-2018.
4. Finance company that constantly discloses Corporate Social Responsibility (CSR) report within 2014-2018.

3. 2 Source of Data

The source of this research data was obtained from the official website of the Indonesia Stock Exchange by accessing the site (**www.idx.co.id**). Whereas the data collection method uses secondary data which was carried out by observation and documentation study in the annual financial statements and sustainability report of finance companies from 2014 to 2018.

3. 3 Research Variable

Research variables are all forms of what are determined by researchers to be studied in order to obtain information about them, then conclusions are drawn (Sugiyono, 2013). The variables used in the study can be classified into: (1) independent variable, which is a variable that explains and influences other variables, and (2) the dependent variable, which is the variable that is explained and influenced by the independent variable.

3. 3. 1 Independent Variable

The independent variable is a variable that is often referred to as a stimulus, predictor, and antecedent variable. This variable influences or is the cause of the change or the emergence of the dependent variable (Sugiyono, 2013). The Independent variable in this study is Corporate Social Responsibility (CSR) disclosure which is obtained from the annual report of each company that has been selected as the sample for this research. The standard of CSR disclosure that is commonly used in Indonesia is the standard that is provided by Global Reporting Initiative (GRI). The GRI standard was chosen because it focuses more on disclosure standards as the company's economic, social and environmental performance with the aim of improving the quality and utilization of sustainability reporting. The GRI Index refers to the GRI guidelines for 2006, which are then selected based on their importance relating to the performance of the finance industry.

In the late 1990s the GRI was launched in the USA and the first version of its guidelines for sustainability reporting was published in 2000. The GRI guidelines have since been refined and developed in the G2, G3 and G4 versions. More recently, GRI released GRI Standards, replacing the G4 version. Because GRI standards were officially applied in July 2018, G4 version is more relevant to be used for the disclosure data of this thesis. Therefore, this thesis uses G4 as the disclosure benchmark.

The GRI G4 guidelines launched in 2013 had five main objectives, namely,

- ‘To offer guidance in a user-friendly way’,
- ‘To improve the technical quality of the guidelines content in order to eliminate ambiguities and differ interpretations’,
- ‘To harmonize as much as possible with other internationally accepted standards’,
- ‘To improve guidance on identifying material issues’ and
- ‘To offer guidance on how to link the sustainability reporting process to the preparation of an Integrated Report’.

In this study, the researcher was adopting GRI G4 guidelines, in addition, out of the indicators that are listed in the GRI G4, environmental and social were used in this study. Furthermore, the environmental and social disclosure of the company samples was measured by corporate social responsibility index (CSRI) related to the subjects of analysis of corporate social responsibility (CSR) disclosure contained in the annual report or sustainability report.

The checklist of the GRI G4 guidelines that are used to be the disclosure indicator of corporate social responsibility (CSR) in each annual report of the examined companies in this study are Environmental and Social, while the Economic is excluded. The environment has various aspects that consist of 12 aspects which can be seen on the appendix A. Meanwhile, in the social category, it is divided into 4 sub-categories which are labor practices and decent work, human rights, society and product responsibility. There are 30 aspects included which can be seen on the appendix A. Therefore, in total, there are 42 aspects for both environmental and social. CSR calculations are carried out using a dichotomous approach in which each CSR item in a research instrument disclosed by the company is given a value of 1 and if not disclosed, then gets a value of 0. Then all scores of all items are added together to obtain the overall of each company score. The CSR disclosure index calculation formula is as follows:

$$CSRDI_j = \sum X_{Ij} / n_j$$

Descriptions:

CSRDIj : Corporate Social Responsibility Disclosure Index corporation j

XIj : Number of items disclosed

nj : Number of items for the company j, nj ≤ 42

3. 3. 2 Dependent Variable

Related variables are also referred to as performance, parameters, and effect variables. Dependent variable is a variable that is affected because of the independent variable or as a consequence (Sugiyono, 2013). The dependent variables in this study are Return on Assets (ROA). In the literature, profitability can be measured in a number of approaches. These may include ROA, according to Hanafi & Halim (2009), ROA is to measure the company's ability to generate profits by using the total assets (wealth) owned by the company after adjusting for costs to fund certain assets. In line with most previous studies, this thesis uses Return on Assets (ROA).

3. 3. 2. 1 Return on Assets

According to Prastowo (2002), Return on Assets (ROA) is used to measure the effectiveness of the company in generating profits by exploiting its assets. One of ways to measure financial performance can be done by calculating ROA, by dividing net income by the average total assets or total assets at a particular time. The average total assets can be obtained by adding the total initial assets to the total final assets then divided by two. ROA is a ratio used to measure a company's ability to generate profits with all assets used (Suciwati, 2016). The formula to calculate the number of return on assets (ROA) is as follows.

ROA = [Net Income / ((Previous Year Total Assets + Current Year Total Assets) / 2)] x 100%

3. 4 Control Variable

1. Firm Size

Firm size is the size of the company that describes the size of the company as indicated by the size of the assets, the number of sales, the average level of sales, and the average total assets (Ferry & Jones, 1979). The size of the company shows the size of the company that can be seen from the total assets owned. Because the total assets of the company are large, this can be simplified by transforming into natural logarithms (Ghozali, 2013). In this study, the size of the company is calculated by the logarithm of the company's total assets. Firm size is measured by:

$$\text{Firm Size} = \text{Log of Total Assets}$$

2. Leverage

Leverage is described as a tool to see the extent to which a company's assets are financed by debt compared to equity (Weston & Copeland, 1992). In this study, the measurement of leverage uses the ratio of total debt to equity. The higher the leverage ratio, the higher the risk of the company. Leverage in relation to the profitability of the company has a negative relationship, where with the high debt held by the company, the company must pay high debt interest also using profits derived from its business results, so that the profitability of the company will decrease (Ghosh, 2007). Leverage is measured by the following formula:

$$\text{Leverage} = \text{Total Liabilities} / \text{Total Assets}$$

3. Firm Age

Martinez et al. (2006) states that the learning process affects the profitability of the company where when a company has expertise in its business processes, it causes cost efficiency and increases profit margins which then positively influences the company's profitability. Understanding the firm age would also make it known how long the business will live. The longer the company's life would have more detailed information than other firms whose life is shorter, as the company has more expertise in disclosing the annual reports. The length of the company was established, calculated from the year the company was founded up to the year of the research report (Villalonga and Amit, 2006). Therefore, firm age is calculated based on the following equation:

Firm Age = Year of the financial statements - Year of the company founded

3. 5 Research Methodology

3. 5. 1 Descriptive Statistics

Descriptive statistics is a process carried out to transform research data in quantitative form so that it is easy to interpret and understand. The purpose of conducting descriptive statistics is to find a general description of the data and the relationship between the variables used are standard deviations, average, maximum, minimum, to describe the research variable (Ghozali, 2006).

3. 5. 2 Classical Assumption Test

The classic assumption test is performed to determine whether the regression equation model used can be used as a basis for unbiased estimates. Especially for large amounts of data, it is necessary to use the classical assumption test to be more sure of the compatibility between the regression equation models. The problems that often arise in regression include:

a. Normality Test

According to Ghozali (2006), the normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. The normality test aims to test whether in the regression model, the dependent variable and the independent variable have a normal data distribution or not. In this study, data normality testing uses normal probability plot statistical test analysis. The basis for decision making with normal probability plot graph analysis is (Ghozali, 2013):

1. If the point spreads around the diagonal line and follows the direction of the diagonal line or the histogram graph shows a normal distribution pattern, then the regression model meets the normality assumption.
2. If the point spreads far from the diagonal line and / does not follow the direction of the diagonal line or the histogram graph does not show a normal distribution pattern, then the regression model does not meet the normality assumption.

In addition, other ways to ensure that the data are normally distributed can use the normality test with Kolmogorov Smirnov. The results of this analysis are then compared with its critical value. Normality test can be done by looking at the amount of Kolmogorov Smirnov with testing criteria:

Significant number (Sig) > α = 0.05, then the data is normally distributed.

Significant number (Sig) < α = 0.05, then the data are not normally distributed.

b. Multicollinearity Test

Multicollinearity is a situation where there is a correlation between independent variables with one another. In this case, multicollinearity is indicated if there is a linear relationship between the independent variables in the regression model. Multicollinearity test in this research was conducted by using VIF method. According to this method, if an independent variable has a value VIF <10, thus it can be concluded that the independent variable does not experience multicollinearity (Widarjono, 2007).

c. Heteroscedasticity Test

Heteroscedasticity test is a test that is used to determine whether there are similarities in variance from one residual to another. If there is a similarity in the variance from the residuals of one observation to another, it is called homoscedasticity and if it is different is called heteroscedasticity. In regression testing, good results are results that do not occur heteroscedasticity or homoscedasticity regression models (Ghozali, 2006). In this study, the statistical test was carried out by using the Glejser Test. The Glejser Test is performed by regressing the absolute value of the residuals of the independent variables (Ghozali, 2013). If the independent variable is significant (<0.05) , it statistically influences the dependent variable, then there is an indication of heteroscedasticity. If the significance is the opposite (>0.05), it can be concluded that the regression model does not contain heteroscedasticity (Ghazali, 2013).

3. 6 Hypothesis Testing

After the regression equation is free from classical assumption test, then the hypothesis is tested. Hypothesis testing used in this study were using the F-Test, Determination Coefficient Test (R^2) and T-Test, by SPSS software.

3. 7 Multiple Linear Regression Analysis

Multiple linear regression can be used to evaluate results. Regression is the intention of a statistical relation between two variables or more. Regression analysis also shows the way of the relationship between the dependent variable and the independent variable (Ghozali, 2013). The model will analyze the impact of corporate social responsibility on financial performance of finance companies listed on Indonesian Stock Exchange (IDX). In this study, multiple linear regression analysis is the right technique to use:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Y = Return on Assets

α = Constant

β = Regression Coefficient

X_1 = Corporate Social Responsibility Disclosure

X_2 = Firm Size

X_3 = Leverage

X_4 = Firm Age

4. 7. 1. F-test

F-test is used to determine the feasibility of a model in regression testing and aims to measure whether all independent variables in a research model have a joint influence on the dependent variable. According to Ghozali (2006), the F-statistical test essentially indicates whether the dependent variable or the dependent variable has a joint effect on all independent or independent variables entered in the model. The F-test is carried out as follows:

1. H0 : $\beta 1 = 0$, then there is no simultaneous influence between the independent variable X with respect to the dependent variable Y.
2. H1: $\beta 1 \neq \beta 2 \neq 0$, then there is a simultaneous influence between the independent variable X on the dependent variable Y.
3. Level of significant (α) is 5%
4. The conditions used are (based on probability): If the probability is < 0.05, then H0 cannot be rejected. If the probability is > 0.05, then H0 is successfully rejected.

3. 7. 2. Determination Coefficient Test (R2)

Determination coefficient test (R^2) aims to measure how far the model's ability to explain variations in the dependent variable (Ghozali, 2006). Determination coefficient is between zero and one. A small R^2 value means that the ability of the independent variables to explain the variation of the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. Determination coefficient test (R^2) is used to measure how much influence the independent variable together on the dependent variable.

4. 7. 3. T-test

T-test aims to measure whether an independent variable in a research model has a partial influence on the dependent variable. According to Ghozali (2006), t-test statistic basically shows how far in explaining the effect of one explanatory / independent variable individually in the dependent variable. The t test was carried out as follows:

1. H0: $\beta = 0$, then there is no partial effect between the independent variable X on the dependent variable Y.
2. H1: $\beta \neq 0$, then there is a partial effect between the independent variable X on the dependent variable Y.
3. The level of significant (α) is 5%.

4. The conditions used are (based on probability): If probability > 0.05, then H0 cannot be rejected if probability < 0.05, then H0 is successfully rejected.

CHAPTER IV

DATA ANALYSIS AND DISCUSSION

4. 1 Population and Research Samples

In this study, the object used is a company engaged in finance sector which has been listed on the Indonesia Stock Exchange in the 2014-2018 period. In this population, samples were selected using a purposive sampling method with several predetermined criteria, namely: Finance companies that published annual reports on the Indonesia Stock Exchange (IDX) during the 2014-2018 period in a row and finance companies that disclose sustainability report in their annual report in a row during 2014-2018.

Table 4. 1 Sample Selection Results Based on Purposive Sampling Method

No	Description	Amount
1	Finance company that is listed in Indonesia Stock Exchange (IDX) in the period of 2014-2018.	76
2	Finance company that does not constantly disclose Annual Report within 2014-2018.	0
3	Finance company that does not constantly disclose Corporate Social Responsibility (CSR) report within 2014-2018.	(66)
Number of company that fulfills the criteria		10
Total data within the eximined period (10x5)		50
Sample used		50

4. 2 Research Results

4. 2. 1 CSR Index Calculation Result

The independent variable used in this study is a measure of the CSR index. The measurement of independent variables is based on CSR measurements. CSR measurement in this research is done by observing the presence or absence of every information item contained in the company's annual report. If information items are disclosed in an annual report, if there will be a score of 1, and if no information items are disclosed in the report it will be given a score of 0. Then the total items disclosed in each company's annual report will be added up and divided by all disclosure items which is 42 items in total. In determining the CSR index, the score obtained in each company will be divided by the total disclosure items. The calculation of the index variable for disclosure of social responsibility of finance companies that are listed on the Indonesia Stock Exchange in the 2014-2018 period is explained as follows.

Table 4. 2 Social Responsibility Disclosure Index

No	Code	Corporate Social Disclosure Item									
		2014		2015		2016		2017		2018	
		Total	Index in %	Total	Index in %	Total	Index in %	Total	Index in %	Total	Index in %
1	BMRI	23	0.55	21	0.50	35	0.83	35	0.83	36	0.86
2	BBNI	14	0.33	13	0.31	8	0.19	12	0.29	14	0.33
3	BBRI	18	0.43	12	0.29	6	0.14	11	0.26	21	0.50

Table 4. 2 Social Responsibility Disclosure Index

4	BBCA	11	0.26	8	0.19	12	0.29	13	0.31	16	0.38
5	NISP	12	0.29	12	0.29	12	0.29	16	0.38	6	0.14
6	BBTN	9	0.21	30	0.71	28	0.67	17	0.40	11	0.26
7	BNLI	12	0.29	13	0.31	14	0.33	11	0.26	12	0.29
8	BNGA	13	0.31	14	0.33	10	0.24	6	0.14	7	0.17
9	BJTM	10	0.24	13	0.31	12	0.29	12	0.29	18	0.43
10	BFIN	4	0.10	12	0.29	8	0.19	9	0.21	9	0.21

4. 2. 2. Descriptive Statistics

Descriptive statistics can describe the data that can be seen from standard deviation, mean, maximum and minimum. The results of calculating the CSR index towards company performance for the entire companies in the period of 2014-2018 as follows:

Table 4. 3 Descriptive Research Variables of Finance Companies Listed on IDX

Variables	**N**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
ROA	50	-0.04	0.08	0.02	0.02
CSR disclosure	50	0.10	0.86	0.34	0.18
Firm Size	50	9.18	14.08	12.32	1.35
Leverage	50	0.63	0.92	0.84	0.06
Firm Age	50	2	29	17	8

Based on Table 4.3, it can be explained the results of the statistical description as follows:

1. Return on Assets (ROA)

The average or mean of ROA since 2014-2018 is 0.02. From these results show the profits obtained from the company's assets an average of 0.02. The minimum ROA value is -0.04 and the maximum value is 0.08. Standard deviation of 0.02. This shows that the profits obtained by the sample companies ranged from -0.04 to 0.08.

2. The level of social responsibility disclosure (CSR)

CSR is measured by summing each disclosure item in the company's annual report in the form of a score. Then the score is divided by the whole disclosure item. The average or mean value of CSR is 0.34. The minimum value of the sample company is 0.10 and the maximum value is 0.86, and the CSR standard deviation is 0.18. This illustrates that the sample company disclosure index ranged from 0.10 to 0.86.

3. Firm Size

Firm size in the period of 2014-2018 has a mean value of 12.32. The minimum value is 9.18 held by BFI Finance Indonesia Tbk. in the year of 2014 with the maximum value of 14.08 belongs to Bank Rakyat Indonesia (Persero)

Tbk. in the year of 2018. Then, the standard deviation of firm size is 1.35 which means the value of firm size average fluctuation ranges from -1.35 to +1.35.

4. Leverage

Leverage in the period of 2014-2018 has a mean value of 0.84. The minimum value is 0.63 which is held by BFI Finance Indonesia Tbk in the year of 2014 and the maximum value of leverage is 0.92 which belongs to Bank Tabungan Negara (Persero) Tbk. in the year of 2015. Furthermore, the standard deviation of leverage is 0.06 which interpret as the value of leverage average fluctuation ranges from -0.06 to +0.06.

5. Firm Age

Firm Age in this study has the mean value of 17. The minimum number of age is 2 which is held by BPD Jawa Timur Tbk. and the maximum number of age is 29 which belongs to Bank CIMB Niaga Tbk. Furthermore, the standard deviation of firm age is 8 which means the number of firm age average fluctuation ranges from -8 to +8.

4. 3 Classical Assumption Test

The classical assumption test is a type of statistical test to determine whether a population normally distributed or not. This standard test is important because many researchers also presume that the observed population has a normal distribution before conducting observation data processing. Classical Assumption

Test used in this study is the multicollinearity test, heteroscedasticity test, and normality test.

4. 3. 1 Normality Test

Normality test is conducted to test whether the regression model is normally distributed or not. This study uses the SPSS tool with the Kolmogorov-Smirnov Test and Probability Plot test method. To determine whether the data is normally distributed or not, the following criteria is used, if the value is Asymp. Sig < 0.05, then the distribution of research variable data is declared abnormal and if Asymp. Sig > significant level (0.05) then the research variables are declared normal.

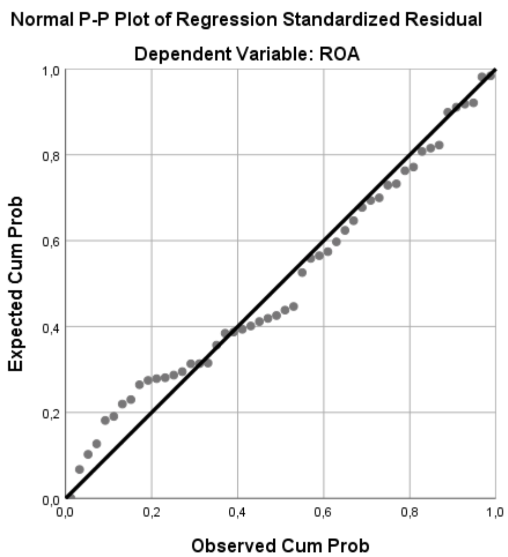


Figure 2 Probability Plot Test

Table 4. 4 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		50
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	0.01064861
Most Extreme Differences	Absolute	0.096
	Positive	0.096
	Negative	-0.096
Test Statistic		0.096
Asymp. Sig. (2-tailed)		0.200[c,d]

Source: IBM Statistical SPSS 25 Output, 2020

According to the data analysis above, the normality test of the Probability Plot method shows that the dots are near or follow the diagonal line and for the Kolmogorov-Smirnov Test, it can be seen that the value of Asymp. Sig. (2-tailed) is 0.200 which is greater than 0.05. Therefore, it concludes that the data is normally distributed.

4. 3. 2 Multicollinearity Test

Multicollinearity test is intended to test the regression model that there is a correlation among independent variables or not (Ghozali, 2013). The cut-off value used to indicate the presence of multicollinearity was a tolerance value of < 0.10 or equal to VIF > 10. The results of the multicollinearity test can be shown in the table below:

Table 4. 5 Result for Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.259	0.022		11.632	0.000		
	CSR	-0.015	0.010	-0.127	-1.453	0.153	0.786	1.273
	Firm Size	0.000	0.002	0.021	0.210	0.835	0.584	1.714
	Leverage	-0.293	0.031	-0.913	-9.470	0.000	0.649	1.541
	Firm Age	0.000	0.000	0.274	3.180	0.003	0.810	1.234

Source: IBM Statistical SPSS 25 Output, 2020

Based on the table 4.5 above, all variables were CSR, firm size, leverage, and firm age with tolerance values was greater than 0.1 and VIF values less than 10. Therefore, it can be concluded that the regression model used in this study does not contain multicollinearity. Thus, the multicollinearity assumption was complied with, Ho was accepted and Ha was rejected.

4. 3. 3 Heteroscedasticity Test

Heteroscedasticity test in this regression model is conducted by using Glejser test method. The basis for decision making in the heteroscedasticity test using the Glajser test method is if the significance value (Sig.) is greater than 0.05, the conclusion is that there is no heteroscedasticity in the regression model. Conversely, if the significance value (Sig.) Is less than 0.05, then the conclusion is that there is a symptom of heteroscedasticity in the regression model.

Table 4. 6 Result for Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.023	0.014		1.722	0.092
	CSR	-0.001	0.006	-0.017	-0.108	0.915
	Firm Size	-0.002	0.001	-0.349	-1.908	0.063
	Leverage	0.010	0.019	0.091	0.524	0.603
	Firm Age	-2.034E-05	0.000	-0.103	-0.664	0.510

Source: IBM Statistical SPSS 25 Output, 2020

From the results of the heteroscedasticity test analysis above, all of significance values are greater than 0.05. These results revealed no heteroscedasticity symptoms in either the simple regression model or the moderated regression model. Therefore, it made it possible for further analysis to be used.

4. 4 Multiple Linear Regression Analysis

Based on the classic assumption test that has been conducted above, it can be seen that the data is normally distributed, there is no multicollinearity and no heteroscedasticity. Therefore, it can be proceeded to next analysis.

By using the SPSS program, multiple regression analysis results are obtained as shown in the following table:

Table 4. 7 Result for Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.259	0.022		11.632	0.000
	CSR	-0.015	0.010	-0.127	-1.453	0.153
	Firm Size	0.000324	0.002	0.021	0.210	0.835
	Leverage	-0.293	0.031	-0.913	-9.470	0.000
	Firm Age	0.000160	0.000	0.274	3.180	0.003

Source: IBM Statistical SPSS 25 Output, 2020

Based on the data from the multiple linear regression results shown in the Table 4.7 above, the following regression equation can be obtained:

Return on Assets = 0.259 - 0.015 CSR + 0.000324 Firm Size - 0.293 Leverage + 0.000160 Firm Age

a. Constant = 0.259

The value of the constant shows 0.259 which means that if the value of CSR disclosure, firm size, leverage and firm age are equal to 0 (zero) then the value of ROA is 0.259.

b. Regression coefficient value of CSR = -0.015

The regression coefficient value indicates that every increase in CSR disclosure by 1%, ROA decreases by 0.015 assuming that the other variables are considered constant.

c. Regression coefficient value of Firm Size = 0.000324

The regression coefficient value indicates that every increase in Firm Size by 1%, ROA increases by 0.000324 assuming that the other variables are considered constant.

d. Regression coefficient value of Leverage = -0.293

The regression coefficient value indicates that every increase in Leverage by 1%, ROA decreases by 0.293 assuming that the other variables are considered constant.

e. Regression coefficient value of Firm Age = 0.000160

The regression coefficient value indicates that every increase in Firm Age by 1%, ROA increases by 0.293 assuming that the other variables are considered constant.

4. 5 Hypothesis Testing

1. F-Test

F test is conducted to show whether all independent variables included in the model have simultaneous influence on the dependent variable (Ghozali, 2013). To prove the hypothesis proposed and answer the first problem formulation in this study used the F test for simultaneous influence.

This study uses SPSS program in order to find out whether CSRD, firm size, leverage, and firm age simultaneously have a significant effect on ROA, the F test results obtained as shown in the following table:

Table 4. 8 Result for F-Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.015	4	0.004	30.176	0.000[b]
	Residual	0.006	45	0.000		
	Total	0.020	49			

Source: IBM Statistical SPSS 25 Output, 2020

From the F test results above found that the F value is 30.176 while the F table is F(4.50);(0.05) which obtained a value of 2.57, therefore, $F_{value} > F_{table}$ and the probability of significance is 0.000 < 0.05 which means that together the independent variables consisting of CSRD, Firm Size, Leverage and Firm Age have a significant effect on ROA.

2. Determination Coefficient Test (R^2)

Determination coefficient Test (R^2) is used to measure how big the ability of independent variables (CSRD, firm size, leverage and firm age) in explaining the variables dependent (ROA). The result of the determination coefficient test (R^2) can be seen in the table below:

Table 4. 9 Result for Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.853[a]	0.728	0.704	0.0111118

Source: IBM Statistical SPSS 25 Output, 2020

Based on the Table 4.9 above, the value of Adjusted R Square is 0.704 or 70.4%. This indicates that the contribution of CSRD, firm size, leverage and firm age variables are 70.4%, while the rest is 29.6% influenced by other factors.

3. Regression Results

In order to find out whether the independent variables individually have a significant effect on the dependent variable, therefore, multiple regression with a significance level of a = 5% was performed. The results of calculations of each variable can be seen in the following table:

Table 4. 10 Result for Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.259	0.022		11,632	0.000
	CSR	-0.015	0.010	-0.127	-1.453	0.153
	Firm Size	0.000324	0.002	0.021	0.210	0.835

	Leverage	-0.293	0.031	-0.913	-9.470	0.000
	Firm Age	0.000160	0.000	0.274	3.180	0.003

Source: IBM Statistical SPSS 25 Output, 2020

Based on the Table 4.10 above, the calculation results of each variable can be described as follows:

a. CSRD

It can be seen from Table 4.10 that *p*-value for CSRD variable is 0.153, which means sig. α > 0.05. This means that the CSRD variable has no significant effect on the ROA variable. Therefore, the hypothesis in this study is not supported.

b. Firm Size

It can be seen from Table 4.10 that *p*-value for firm size variable is 0.835, which means sig. α > 0.05. In addition, the coefficient of firm size is 0.000324. As the *p*-value is greater than 0.05, hence, it shows that firm size does not significantly influence the ROA.

c. Leverage

It can be seen from Table 4.10 that *p*-value for leverage variable is 0.000, which means sig. α > 0.05. In addition, the coefficient of leverage is (-0.293). As the *p*-value is smaller than 0.05 and the coefficient indicates a negative value, hence, it signifies that leverage negatively influences the ROA.

d. Firm Age

It can be seen from Table 4.10 that *p*-value for firm age variable is 0.003, which means sig. $\alpha > 0.05$. In addition, the coefficient of firm age is 0.000160. As the *p*-value is smaller than 0.05 and the coefficient indicates a positive value, hence, it signifies that firm age positively influences the ROA.

4. 6 Discussion of Research Findings

In this section, a discussion of the results of the analysis using multiple linear regression of all variables are explained.

1. The effect of CSR disclosure on ROA

After testing the company's sample data, it was found that partially the independent variable Corporate Social Responsibility (CSR) disclosure has no significant effect on Return on Assets (ROA) of finance companies listed on the Indonesia Stock Exchange (IDX) in 2014-2018, which meant that H1 was rejected and illustrates that CSR disclosure has no effect on ROA on finance companies. Corporate social responsibility disclosure describes the responsible behavior of the company. However, this cannot guarantee that the companies that disclose CSR have good competence in utilizing assets owned by companies. In addition, disclosure of CSR makes the company incur additional costs and makes the profit received by shareholders to be reduced, this can cause company profits to decline and will be followed by insignificant decreasing in ROA. This indicates that the results of this study supports the research conducted by Yoon and Chung (2018) which stated the external CSR disclosure does not affect the financial performance. Therefore, stakeholder theory fails to explain the possible relationship between CSR disclosure and financial performance of finance companies in Indonesia.

Another possible explanation for the rejection of the hypothesis is the small size of sample analyzed in this thesis (only 10 companies for each year). A bigger sample size may result in a significant relationship because a quantitative study ideally requires a big sample size. A longer period of analysis is also recommended to be undertaken in future studies so that the possible impact of CSR disclosure on companies' financial performance can be proven. Previous studies examining the possible impacts of CSR disclosure on companies' financial performance found a positively significant relationship between the two variables (Gangi et al. 2018 and Giannarakis et al. 2016).

2. Control Variables

The results of this study contribute that the amount of total assets owned by finance companies does not influence the company's financial performance. This indicates that the size of a company cannot be used as a measure to assess the level of company profitability as measured by ROA. Large companies do not necessarily have great profitability. Likewise with small companies, it is not certain that small companies do not have profitability. There are many other factors that must be considered, such as how a management manages assets effectively and efficiently.

Based on the results of the study, the negative leverage regression coefficient shows that when the leverage increases, the profitability obtained by the company will decrease and vice versa. The significant effect shows that leverage is the main factor affecting the company's profitability. It can be concluded that leverage faces the risks and get closer to violating accounting-based debt covenants. The higher the ratio of leverage in financial statements, the greater the risk faced by investors. The high use of debt will have an impact on the sustainability of the company and can become a heavy burden in carrying out its operations.

The result of the study showed that the firm age is significant and has positive coefficient regression. It indicates that the older the company gets, therefore, the ROA will increase. Companies that have been established for a long time generally have better financial performance when they compared to the companies that have just been established. This is because as the company grows older, it will gain more experience, which makes the management of the company become more effective and efficient so that the company’s financial performance can continue to be better. In addition, younger companies usually have a higher level of expenditure, especially for marketing and initial investments such as the purchase of assets and capital goods. In addition, an older company has more stable sales rate because the older company usually becomes a trusted company in the eyes of the community. Therefore, it attracts many investors to invest which is very helpful for the company to operate and increase the company's capacity, which will increase the company's profitability.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5. 1 Conclusion

Based on the data analysis that has been conducted previously, the conclusions in this study are as follows:

1. Corporate Social Responsibility (CSR) disclosure does not have a significant effect on return on assets (ROA) on finance companies listed on the Stock Exchange in 2014-2018 because it has a significance value of 0.153 which is greater than 0.05. Therefore, it can be concluded that the increase in CSR disclosure on finance companies does not affect the ROA.

2. Firm size does not have a significant effect on return on assets (ROA) on finance companies listed on Indonesian Stock Exchange (IDX) in the period of 2014-2018 because it has a significance value of 0.835 which is greater than 0.05. Therefore, it can be concluded that the increase in firm size on finance companies does not affect the ROA.

3. Leverage has a significant effect on return on assets (ROA) on finance companies listed on Indonesian Stock Exchange (IDX) in the period of 2014-2018 because it has a significance value of 0.000 which is smaller than 0.05. In addition, the coefficient of leverage is (-0.293). As the p-value is smaller than

0.05 and the coefficient indicates a negative value, hence, it signifies that leverage negatively influences the ROA. Therefore, it can be concluded that the increase in leverage on finance companies affects the decrease in ROA.

4. Firm age has a significant effect on return on assets (ROA) on finance companies listed on Indonesian Stock Exchange (IDX) in the period of 2014-2018 because it has a significance value of 0.003 which is smaller than 0.05. In addition, the coefficient of firm age is 0.000160. As the p-value is smaller than 0.05 and the coefficient indicates a positive value, hence, it signifies that firm age positively influences the ROA. Therefore, it can be concluded that the increase in firm age on finance companies affects the increase in ROA.

5. 2 Research Limitation

The limitations of this study are as follows:

1. This study only uses research in the period of five years, 2014-2018.
2. The sample size that is used in this study is small due to the availability of data sources that the finance companies provide.

5. 3 Recommendations

Recommendations of this research are as follows:

1. Future studies are expected to use a longer research period so that the results of this conclusion can be generalized for a longer period.

2. Future studies are expected to increase the sample size so that the result of the study can be seen from a broader perspective.

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APPENDIX

Appendix 1 Categories and Aspects of G4 Sustainability Reporting

TABLE 1: CATEGORIES AND ASPECTS IN THE GUIDELINES

Category	Economic		Environmental	
Aspects [III]	• Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices		• Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste • Products and Services • Compliance • Transport • Overall • Supplier Environmental Assessment • Environmental Grievance Mechanisms	
Category	**Social**			
Sub-Categories	**Labor Practices and Decent Work**	**Human Rights**	**Society**	**Product Responsibility**
Aspects [III]	• Employment • Labor/Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Equal Remuneration for Women and Men • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms	• Investment • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Security Practices • Indigenous Rights • Assessment • Supplier Human Rights Assessment • Human Rights Grievance Mechanisms	• Local Communities • Anti-corruption • Public Policy • Anti-competitive Behavior • Compliance • Supplier Assessment for Impacts on Society • Grievance Mechanisms for Impacts on Society	• Customer Health and Safety • Product and Service Labeling • Marketing Communications • Customer Privacy • Compliance

Appendix 2 Result of Corporate Social Responsibility Index

- Item Scoring for Environment Category

No	Company Code	Company Name	Year	Environment											
				EN1	EN2	EN3	EN4	EN5	EN6	EN7	EN8	EN9	EN10	EN11	EN12
1	BMRI	Bank Mandiri (Persero) Tbk.	2014	0	0	1	0	0	1	0	1	0	1	1	1
			2015	0	1	1	0	1	0	1	1	0	0	1	1
			2016	0	1	1	0	1	0	1	1	0	1	1	1
			2017	0	1	1	0	1	0	1	1	0	1	1	1
			2018	0	1	1	0	1	1	1	1	0	1	1	1
2	BBNI	Bank Negeri Indonesia (Persero) Tbk.	2014	1	1	0	0	0	0	1	0	0	0	0	0
			2015	1	1	0	1	0	0	0	0	0	0	0	0
			2016	0	1	0	0	0	0	0	0	0	0	0	0
			2017	0	1	1	0	1	1	0	0	0	0	0	0
			2018	1	1	1	1	1	1	0	0	0	0	0	0
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	2014	1	1	0	1	1	0	0	1	0	1	0	0
			2015	1	1	0	0	0	0	1	0	0	0	0	0
			2016	0	1	1	0	0	0	0	0	0	0	0	0
			2017	0	1	0	1	1	1	1	0	0	0	0	0
			2018	1	1	0	1	1	1	1	0	0	0	0	0
4	BBCA	Bank Centra Asia Tbk.	2014	1	1	1	0	0	0	0	0	0	0	0	0
			2015	1	1	0	0	0	0	0	0	0	0	0	0
			2016	1	1	1	0	0	0	0	0	0	0	0	0
			2017	1	1	1	0	0	1	0	0	0	0	0	0
			2018	1	1	1	1	1	1	0	0	0	0	0	0
5	NISP	Bank OCBC NISP Tbk.	2014	0	1	1	0	0	1	0	0	0	0	0	0
			2015	0	1	0	0	0	0	0	0	0	0	0	0
			2016	0	1	0	0	0	0	0	0	0	0	0	0
			2017	0	1	1	0	0	0	1	1	1	0	0	1
			2018	1	1	0	0	0	0	0	0	0	0	0	0
6	BBTN	Bank Tabungan Negara (Persero) Tbk.	2014	1	1	1	1	1	0	1	0	0	0	0	0
			2015	1	1	1	1	1	1	0	0	0	0	1	0
			2016	0	1	1	0	1	0	1	1	1	1	0	1
			2017	1	1	1	0	0	1	0	1	0	0	0	0
			2018	1	1	1	0	1	1	0	0	0	0	0	0
7	BNLI	Bank Permata Tbk.	2014	1	1	1	0	1	0	0	0	0	0	0	0
			2015	0	1	1	1	1	0	1	0	0	0	0	0
			2016	0	1	1	1	1	0	1	0	0	0	0	0
			2017	1	1	1	0	1	0	0	0	0	0	0	0
			2018	1	1	1	0	1	0	0	0	0	0	0	0
8	BNGA	Bank CIMB Niaga Tbk.	2014	0	1	0	1	0	0	1	0	0	0	0	0
			2015	0	1	0	0	1	0	1	0	0	0	0	0
			2016	1	1	0	0	0	0	0	0	0	0	0	0
			2017	0	0	1	0	0	0	0	0	0	0	0	0
			2018	0	1	0	0	1	1	0	0	0	0	0	0
9	BJTM	BPD Jawa Timur Tbk.	2014	0	1	1	1	1	0	0	0	0	0	0	0
			2015	1	1	0	1	1	0	0	1	0	1	0	0
			2016	1	1	0	0	0	0	0	0	0	0	0	0
			2017	1	1	0	0	0	0	0	0	0	0	0	0
			2018	0	1	1	0	1	0	0	1	0	0	0	0
10	BFIN	BFI Finance Indonesia Tbk.	2014	0	0	0	0	0	0	0	0	0	1	0	0
			2015	0	1	0	0	1	0	0	0	0	1	0	0
			2016	1	1	1	0	0	0	0	0	0	0	0	0
			2017	0	0	0	0	0	0	0	0	0	0	0	0
			2018	0	0	0	0	0	0	0	0	0	0	0	0

- Item Scoring for Social Category (Labor Practice and Decent Work)

No	Company Code	Company Name	Year	Social							
				Labor Practice & Decent Work							
				LA1	LA2	LA3	LA4	LA5	LA6	LA7	LA8
1	BMRI	Bank Mandiri (Persero) Tbk.	2014	1	0	1	1	1	0	0	1
			2015	1	0	1	1	0	0	0	1
			2016	1	1	1	1	1	1	1	1
			2017	1	1	1	1	1	1	1	1
			2018	1	1	1	1	1	1	1	1
2	BBNI	Bank Negeri Indonesia (Persero) Tbk.	2014	1	0	1	1	0	0	1	0
			2015	1	0	1	1	0	0	1	0
			2016	1	0	1	1	1	0	0	0
			2017	1	0	1	1	1	1	0	0
			2018	1	0	1	1	1	1	0	0
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	2014	1	0	1	1	1	1	0	0
			2015	1	0	1	1	0	0	0	0
			2016	1	0	0	1	0	0	0	0
			2017	1	0	1	1	0	1	0	0
			2018	1	1	1	1	1	1	0	0
4	BBCA	Bank Centra Asia Tbk.	2014	1	0	1	1	1	0	0	0
			2015	1	0	1	1	1	0	0	0
			2016	1	0	1	1	1	0	0	0
			2017	1	0	1	1	1	0	0	0
			2018	1	0	1	1	1	0	0	0
5	NISP	Bank OCBC NISP Tbk.	2014	1	0	1	1	1	1	0	0
			2015	1	1	1	1	1	1	1	0
			2016	1	1	1	1	1	1	0	1
			2017	1	1	0	1	1	1	0	1
			2018	0	0	0	1	0	0	0	0
6	BBTN	Bank Tabungan Negara (Persero) Tbk.	2014	1	0	0	1	0	1	0	0
			2015	1	0	1	1	0	1	1	1
			2016	1	1	1	1	1	1	0	1
			2017	1	0	1	1	1	0	0	0
			2018	1	0	1	1	1	0	0	0
7	BNLI	Bank Permata Tbk.	2014	1	0	1	1	0	0	0	0
			2015	1	0	1	1	0	0	0	0
			2016	1	0	1	1	1	0	0	0
			2017	1	0	1	1	1	0	0	0
			2018	1	0	1	1	1	0	0	0
8	BNGA	Bank CIMB Niaga Tbk.	2014	1	0	0	1	0	0	1	0
			2015	1	0	1	1	0	0	1	0
			2016	1	0	1	1	0	0	0	0
			2017	1	0	0	1	1	0	0	0
			2018	0	0	0	1	0	0	0	0
9	BJTM	BPD Jawa Timur Tbk.	2014	1	0	1	1	0	0	1	0
			2015	0	0	0	0	0	0	0	0
			2016	1	0	1	1	0	0	1	0
			2017	1	0	1	1	0	0	1	0
			2018	1	1	1	1	1	0	0	0
10	BFIN	BFI Finance Indonesia Tbk.	2014	1	0	0	1	0	0	0	0
			2015	1	0	1	1	1	1	0	0
			2016	1	0	1	1	0	0	0	0
			2017	1	1	1	1	1	0	0	0
			2018	1	1	1	1	1	0	0	0

- Item Scoring for Social Category (Human Rights)

No	Company Code	Company Name	Year	Social									
				Human Rights									
				HR1	HR2	HR3	HR4	HR5	HR6	HR7	HR8	HR9	HR10
1	BMRI	Bank Mandiri (Persero) Tbk.	2014	0	1	1	1	1	0	0	0	0	1
			2015	0	1	1	0	1	0	0	0	0	0
			2016	1	1	1	1	1	1	0	1	1	1
			2017	1	1	1	1	1	1	0	1	1	1
			2018	1	1	1	1	1	1	0	1	1	1
2	BBNI	Bank Negeri Indonesia (Persero) Tbk.	2014	0	1	0	0	0	0	0	0	1	0
			2015	0	1	0	0	0	0	0	0	1	0
			2016	0	0	0	0	0	0	0	0	0	0
			2017	0	0	0	1	0	0	0	0	0	0
			2018	0	0	0	0	0	0	0	0	0	0
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	2014	1	1	0	0	0	0	0	0	0	0
			2015	0	1	0	0	0	0	0	0	0	0
			2016	0	0	0	0	0	0	0	0	0	0
			2017	0	0	0	0	0	0	0	0	0	0
			2018	0	1	0	1	1	0	0	0	0	0
4	BBCA	Bank Centra Asia Tbk.	2014	0	0	0	0	0	0	0	0	0	0
			2015	0	0	0	0	0	0	0	0	0	0
			2016	0	0	0	0	0	0	0	0	0	0
			2017	0	0	0	0	0	0	0	0	0	0
			2018	0	1	0	0	0	0	0	0	0	0
5	NISP	Bank OCBC NISP Tbk.	2014	0	0	0	0	0	0	0	0	0	0
			2015	0	0	0	0	0	0	0	0	0	0
			2016	0	1	1	0	0	0	0	0	0	0
			2017	0	0	0	0	0	0	0	0	0	0
			2018	0	0	0	0	0	0	0	0	0	0
6	BBTN	Bank Tabungan Negara (Persero) Tbk.	2014	0	0	0	0	0	0	0	0	0	0
			2015	1	1	1	1	1	1	0	0	1	1
			2016	0	1	1	1	1	0	0	0	0	1
			2017	0	1	0	1	1	0	0	0	0	0
			2018	0	0	0	0	0	0	0	0	0	0
7	BNLI	Bank Permata Tbk.	2014	0	0	0	0	0	0	0	0	0	0
			2015	0	1	0	0	0	0	0	0	0	0
			2016	0	1	0	0	0	0	0	0	0	0
			2017	0	0	0	0	0	0	0	0	0	0
			2018	0	0	0	0	0	0	0	0	0	0
8	BNGA	Bank CIMB Niaga Tbk.	2014	0	1	0	0	0	0	0	0	1	0
			2015	0	1	0	0	0	0	0	0	1	0
			2016	0	0	0	0	0	0	0	0	0	0
			2017	0	0	0	0	0	0	0	0	0	0
			2018	0	0	0	0	0	0	0	0	0	0
9	BJTM	BPD Jawa Timur Tbk.	2014	0	0	0	0	0	0	0	0	0	0
			2015	1	1	0	0	0	0	0	0	0	0
			2016	0	0	0	0	0	0	0	0	1	0
			2017	0	0	0	0	0	0	0	0	1	0
			2018	0	1	1	1	0	0	0	0	0	0
10	BFIN	BFI Finance Indonesia Tbk.	2014	0	0	0	0	0	0	0	0	0	0
			2015	0	1	0	0	0	0	0	0	1	0
			2016	0	0	0	0	0	0	0	0	0	0
			2017	0	0	0	0	0	0	0	0	0	0
			2018	0	0	0	0	0	0	0	0	0	0

- Item Scoring for Social Category (Society)

No	Company Code	Company Name	Year	Social						
				Society						
				SO1	SO2	SO3	SO4	SO5	SO6	SO7
1	BMRI	Bank Mandiri (Persero) Tbk.	2014	1	1	1	1	1	0	0
			2015	0	1	0	1	0	0	0
			2016	1	1	1	1	1	0	0
			2017	1	1	1	1	1	0	0
			2018	1	1	1	1	1	0	0
2	BBNI	Bank Negeri Indonesia (Persero) Tbk.	2014	1	1	0	0	0	0	0
			2015	1	1	0	0	0	0	0
			2016	0	1	0	0	0	0	0
			2017	0	1	0	0	0	0	0
			2018	1	1	0	0	0	0	0
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	2014	1	1	0	0	0	0	0
			2015	1	1	0	0	0	0	0
			2016	0	1	0	0	0	0	0
			2017	1	1	0	0	0	0	0
			2018	1	1	0	0	0	0	1
4	BBCA	Bank Centra Asia Tbk.	2014	1	1	0	0	0	0	0
			2015	1	1	0	0	0	0	0
			2016	1	1	0	0	0	0	0
			2017	1	1	0	0	0	0	0
			2018	1	1	0	0	0	0	0
5	NISP	Bank OCBC NISP Tbk.	2014	1	1	0	0	0	0	0
			2015	1	1	0	0	0	0	0
			2016	1	1	0	0	0	0	0
			2017	1	0	0	0	0	0	1
			2018	1	1	0	0	0	0	0
6	BBTN	Bank Tabungan Negara (Persero) Tbk.	2014	0	0	0	0	0	0	0
			2015	1	1	0	1	1	1	1
			2016	1	1	1	0	1	0	0
			2017	1	1	0	0	0	0	0
			2018	1	0	0	0	0	0	0
7	BNLI	Bank Permata Tbk.	2014	1	1	0	0	0	0	0
			2015	1	1	0	0	0	0	0
			2016	1	1	0	0	0	0	0
			2017	1	0	0	0	0	0	0
			2018	1	1	0	0	0	0	0
8	BNGA	Bank CIMB Niaga Tbk.	2014	1	1	0	0	0	0	0
			2015	1	1	0	0	0	0	0
			2016	1	1	1	0	0	0	0
			2017	0	1	0	0	0	0	0
			2018	1	1	0	0	0	0	0
9	BJTM	BPD Jawa Timur Tbk.	2014	1	1	0	0	0	0	0
			2015	1	1	0	0	0	0	0
			2016	1	1	1	0	0	0	0
			2017	1	1	1	0	0	0	0
			2018	0	1	1	1	0	1	0
10	BFIN	BFI Finance Indonesia Tbk.	2014	0	1	0	0	0	0	0
			2015	0	1	0	0	0	0	0
			2016	0	1	0	0	0	0	0
			2017	0	1	1	0	0	0	0
			2018	0	1	1	0	0	0	0

- Item Scoring for Social Category (Product Responsibility)

No	Company Code	Company Name	Year	Social Product Responsibility PR1	PR2	PR3	PR4	PR5
1	BMRI	Bank Mandiri (Persero) Tbk.	2014	0	1	0	1	0
			2015	1	1	1	1	1
			2016	1	1	1	1	1
			2017	1	1	1	1	1
			2018	1	1	1	1	1
2	BBNI	Bank Negeri Indonesia (Persero) Tbk.	2014	0	1	0	1	1
			2015	0	1	0	0	1
			2016	0	1	0	1	0
			2017	0	0	0	1	0
			2018	0	0	0	1	0
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	2014	1	1	0	1	0
			2015	1	1	0	1	0
			2016	0	0	0	1	0
			2017	0	0	0	0	0
			2018	0	1	1	1	0
4	BBCA	Bank Centra Asia Tbk.	2014	0	1	0	1	0
			2015	0	0	0	0	0
			2016	0	1	0	1	1
			2017	0	1	0	1	1
			2018	0	1	0	1	1
5	NISP	Bank OCBC NISP Tbk.	2014	0	1	0	1	0
			2015	0	1	0	1	0
			2016	0	0	0	0	0
			2017	0	0	1	1	0
			2018	0	0	0	1	0
6	BBTN	Bank Tabungan Negara (Persero) Tbk.	2014	0	0	0	0	0
			2015	0	1	1	0	1
			2016	0	1	1	1	1
			2017	0	1	0	1	1
			2018	0	1	0	0	0
7	BNLI	Bank Permata Tbk.	2014	0	1	1	1	0
			2015	0	1	0	0	1
			2016	0	1	0	0	1
			2017	0	1	0	1	0
			2018	0	1	0	1	0
8	BNGA	Bank CIMB Niaga Tbk.	2014	0	1	0	1	1
			2015	0	1	0	1	1
			2016	0	1	0	1	0
			2017	0	1	0	0	0
			2018	0	0	0	1	0
9	BJTM	BPD Jawa Timur Tbk.	2014	0	0	0	0	0
			2015	1	1	0	1	0
			2016	0	1	0	1	0
			2017	0	1	0	1	0
			2018	0	0	0	1	1
10	BFIN	BFI Finance Indonesia Tbk.	2014	0	0	0	0	0
			2015	0	1	0	0	0
			2016	0	1	0	0	0
			2017	0	1	0	1	0
			2018	0	1	0	1	0

Appendix 3 The Calculation Results for Dependent Variable

No	Company Code	Company Name	Year	Dependent Variable								
				Return on Assets 2 Years Average	Total Assets Previous Year		Total Assets Current Year		Net Profit		Total Liabilities	
1	BMRI	Bank Mandiri (Persero) Tbk.	2014	2.6010%	IDR	733,099	IDR	855,039	IDR	20,654	IDR	697,019
			2015	2.3967%	IDR	855,039	IDR	910,063	IDR	21,152	IDR	736,198
			2016	1.5035%	IDR	910,063	IDR	1,038,706	IDR	14,650	IDR	824,559
			2017	1.9823%	IDR	1,038,706	IDR	1,124,700	IDR	21,443	IDR	888,026
			2018	2.2219%	IDR	1,124,700	IDR	1,202,252	IDR	25,851	IDR	941,953
2	BBNI	Bank Negeri Indonesia (Persero) Tbk.	2014	2.7511%	IDR	386,655	IDR	416,574	IDR	11,049	IDR	355,552
			2015	1.9761%	IDR	416,574	IDR	508,595	IDR	9,141	IDR	430,157
			2016	2.0528%	IDR	508,595	IDR	603,032	IDR	11,410	IDR	513,778
			2017	2.0987%	IDR	603,032	IDR	709,330	IDR	13,771	IDR	608,427
			2018	1.9885%	IDR	709,330	IDR	808,572	IDR	15,092	IDR	698,198
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	2014	3.3928%	IDR	626,183	IDR	801,955	IDR	24,227	IDR	704,278
			2015	3.0244%	IDR	801,955	IDR	878,426	IDR	25,411	IDR	765,299
			2016	2.7915%	IDR	878,426	IDR	1,004,802	IDR	26,285	IDR	857,268
			2017	2.7244%	IDR	1,004,802	IDR	1,127,448	IDR	29,045	IDR	959,440
			2018	2.6744%	IDR	1,127,448	IDR	1,296,898	IDR	32,418	IDR	1,111,623
4	BBCA	Bank Centra Asia Tbk.	2014	3.1468%	IDR	496,305	IDR	553,156	IDR	16,512	IDR	477,430
			2015	3.1434%	IDR	553,156	IDR	594,373	IDR	18,036	IDR	504,748
			2016	3.2463%	IDR	594,373	IDR	676,739	IDR	20,632	IDR	564,024
			2017	3.2684%	IDR	676,739	IDR	750,320	IDR	23,321	IDR	618,918
			2018	3.2826%	IDR	750,320	IDR	824,788	IDR	25,852	IDR	673,035
5	NISP	Bank OCBC NISP Tbk.	2014	1.3278%	IDR	97,524	IDR	103,111	IDR	1,332	IDR	88,167
			2015	1.3417%	IDR	103,111	IDR	120,480	IDR	1,500	IDR	104,069
			2016	1.3832%	IDR	120,480	IDR	138,196	IDR	1,789	IDR	118,689
			2017	1.4899%	IDR	138,196	IDR	153,773	IDR	2,175	IDR	131,989
			2018	1.6117%	IDR	153,773	IDR	173,582	IDR	2,638	IDR	149,154
6	BBTN	Bank Tabungan Negara (Persero) Tbk.	2014	0.8305%	IDR	131,169	IDR	144,582	IDR	1,145	IDR	132,329
			2015	1.1694%	IDR	144,582	IDR	171,807	IDR	1,850	IDR	157,947
			2016	1.3566%	IDR	171,807	IDR	214,168	IDR	2,618	IDR	182,828
			2017	1.2731%	IDR	214,168	IDR	261,365	IDR	3,027	IDR	223,937
			2018	0.9887%	IDR	261,365	IDR	306,436	IDR	2,807	IDR	263,784
7	BNLI	Bank Permata Tbk.	2014	0.9038%	IDR	165,837	IDR	185,353	IDR	1,587	IDR	168,270
			2015	0.1342%	IDR	185,353	IDR	182,689	IDR	247	IDR	163,876
			2016	-3.7236%	IDR	182,689	IDR	165,527	IDR	(6,483)	IDR	146,237
			2017	0.4767%	IDR	165,527	IDR	148,328	IDR	748	IDR	126,817
			2018	0.5982%	IDR	148,328	IDR	152,892	IDR	901	IDR	130,440
8	BNGA	Bank CIMB Niaga Tbk.	2014	0.9314%	IDR	218,866	IDR	233,162	IDR	2,105	IDR	204,714
			2015	0.3627%	IDR	233,162	IDR	238,849	IDR	856	IDR	210,169
			2016	0.7802%	IDR	238,849	IDR	241,571	IDR	1,874	IDR	207,364
			2017	1.1723%	IDR	241,571	IDR	266,305	IDR	2,977	IDR	229,354
			2018	1.3064%	IDR	266,305	IDR	266,781	IDR	3,482	IDR	227,200
9	BJTM	BPD Jawa Timur Tbk.	2014	4.4934%	IDR	3,797	IDR	37,998	IDR	939	IDR	31,954
			2015	2.1906%	IDR	37,998	IDR	42,803	IDR	885	IDR	36,508
			2016	2.3953%	IDR	42,803	IDR	43,032	IDR	1,028	IDR	35,823
			2017	2.4516%	IDR	43,032	IDR	51,518	IDR	1,159	IDR	43,702
			2018	2.2065%	IDR	51,518	IDR	62,689	IDR	1,260	IDR	54,217
10	BFIN	BFI Finance Indonesia Tbk.	2014	6.6726%	IDR	8,301	IDR	9,683	IDR	600	IDR	6,116
			2015	6.0598%	IDR	9,683	IDR	11,770	IDR	650	IDR	7,751
			2016	6.5825%	IDR	11,770	IDR	12,476	IDR	798	IDR	8,221
			2017	8.2047%	IDR	12,476	IDR	16,483	IDR	1,188	IDR	11,579
			2018	8.2472%	IDR	16,483	IDR	19,117	IDR	1,468	IDR	12,913

Appendix 4 The Calculation Results for Control Variable

No	Company Code	Company Name	Year	Control Variable		
				Firm Size	Leverage	Firm Age
1	BMRI	Bank Mandiri (Persero) Tbk.	2014	13.66	0.82	16
			2015	13.72	0.81	17
			2016	13.85	0.79	18
			2017	13.93	0.79	19
			2018	14.00	0.78	20
2	BBNI	Bank Negeri Indonesia (Persero) Tbk.	2014	12.94	0.85	68
			2015	13.14	0.85	69
			2016	13.31	0.85	70
			2017	13.47	0.86	71
			2018	13.60	0.86	72
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	2014	13.59	0.88	119
			2015	13.69	0.87	120
			2016	13.82	0.85	121
			2017	13.94	0.85	122
			2018	14.08	0.86	123
4	BBCA	Bank Centra Asia Tbk.	2014	13.22	0.86	57
			2015	13.30	0.85	58
			2016	13.43	0.83	59
			2017	13.53	0.82	60
			2018	13.62	0.82	61
5	NISP	Bank OCBC NISP Tbk.	2014	11.54	0.86	73
			2015	11.70	0.86	74
			2016	11.84	0.86	75
			2017	11.94	0.86	76
			2018	12.06	0.86	77
6	BBTN	Bank Tabungan Negara (Persero) Tbk.	2014	11.88	0.92	117
			2015	12.05	0.92	118
			2016	12.27	0.85	119
			2017	12.47	0.86	120
			2018	12.63	0.86	121
7	BNLI	Bank Permata Tbk.	2014	12.13	0.91	12
			2015	12.12	0.90	13
			2016	12.02	0.88	14
			2017	11.91	0.85	15
			2018	11.94	0.85	16
8	BNGA	Bank CIMB Niaga Tbk.	2014	12.36	0.88	59
			2015	12.38	0.88	60
			2016	12.39	0.86	61
			2017	12.49	0.86	62
			2018	12.49	0.85	63
9	BJTM	BPD Jawa Timur Tbk.	2014	10.55	0.84	53
			2015	10.66	0.85	54
			2016	10.67	0.83	55
			2017	10.85	0.85	56
			2018	11.05	0.86	57
10	BFIN	BFI Finance Indonesia Tbk.	2014	9.18	0.63	32
			2015	9.37	0.66	33
			2016	9.43	0.66	34
			2017	9.71	0.70	35
			2018	9.86	0.68	36