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THE EFFECT OF FINANCIAL PERFORMANCE AND CORPORATE SOCIAL RESPONSIBILITY (CSR) TO THE VALUE OF BANKING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE PERIOD 2019-2021

Anita, S.M
Prof. Dr. Muslimin, SE.,MM
Dr. Munawarah, SE.,MM
Moh. Zeylo Auriza

Undergraduate Study Program, Department of Management, Faculty of Economics and Business, Tadulako University
Email author: anitanita0873@gmail.com

ABSTRACT

This study aims to determine the effect of financial performance consisting of Return On Asset (ROA), Capital Adequacy Ratio (CAR), and Corporate Social Responsibility (CSR) on company value. This research was conducted on banking companies listed on the IDX for the 2019-2021 period with a sample of 27 companies. The sampling method used in this study was purposive sampling techniques. The data analysis technique used was multiple linear regression analysis which was processed using the SPSS version 25 software. The results show that financial performance consisting of Return On Asset (ROA), Capital Adequacy Ratio (CAR), and Corporate Social Responsibility (CSR) simultaneously had a significant effect on company value. Return On Asset (ROA) partially has a positive coefficient value but is not significant to the company's value, Capital Adequacy Ratio (CAR) partially has a positive and significant value to the company's value, and Corporate Social Responsibility (CSR) partially has a negative and insignificant coefficient value to the company's value.

Key Word: Return on Assets, Capital Adequacy Ratio, Corporate Social Responsibility, and Corporate Value

INTRODUCTION

Banks are very important financial institutions that influence the economy both at the micro and macro level. Its function is as a financial intermediary between parties who have a surplus and parties who need funds or have a deficit. In carrying out its business as a financial institution that selles trust and services, each bank tries as much as possible to attract new customers, increase its funds and also increase the provision of credit and services (Simorangkie, 2004).

According to Republic of Indonesia law number 10 of 1998 concerning Banking, a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of many people. As a service company, the banking business includes three activities, namely collecting funds, distributing funds, and providing other banking services. The activity of collectiong and distributing funds is the main activity, while other activities are supporting services that function to support the smooth running of the main activities. Banking as an institution that carries out an intermediation function for funds received from the public is obliged to pay attention to the value of the company.

This is because the compay value reflects the value of the assets owned by the bank, for example securities. If a bank fails to maintain the value of its company, it will reduce the trust of customers and institutions that save funds or invest their capital in the bank, and this will result in a shortage of funds managed for profit. Therefore, banks must maintain every activity in order to increase ciompany value. One of the things banks do to increse their company value is to pay attention to the level of liquidity so that the bank can fulfill its obligations and maintain its performance (Kusuma and Musaroh, 2014).

(Khairunisa, Maryam, Rahmah Yulianti, 2017). The banking sector has a very important role, because banks act as mediators to collect funds from the community and distribute them back to the community in the form of credit/loans, as well as bringing together those who own excess money/capital with people who need capital.

In the current economic conditions where the world economy is fluctuating, companies are competing to obtain a good image and perception in the front of all stakeholders, especially companies whose shares/ownership have gone public or are listed on the stock exchange. A good image is very omportant for a company, because with a good image, investors will believe in investing their capital/money in the company by buying shares in the company concerned and investors cannot be careless in choosing the company they will choose to buy their shares in, apart from the image they have. Good investors will consider several financial ratios of the company, one of which is company value. Therefore, companies sre required to be able to maintain and increase company value.

Company value is an indicator of good or bad financial performance for companies listed on the stock exchage. High company value can be seen from the high share price in the market (Sukirni,2012). Company value is an investor's view of the level of success of a company which is usually linked to share prices (Switi repi, sri murni, Decky Adare, 2016). This variable is measured with Tobin's Q. According to (Sri Murni et al 2018) there are several factors that can Affects company value, including profitability (ROA), Capital Adequacy Ratio (CAR), and Cororate social responsibility (CSR).

According to ojk regulations, considered good if ROA is > 1.5%. due to the relationship between return on assets and company value, the higher the ROA obtatined, the better the company's level of efficiency, to use company facilities to obtain profits which will create higher company value, and will maximize shareholder wealth. And conversely, if the company has a lowROA level, then the company cannot return maximum profits to investors. Of course, investors will yhink the company's value is not good.

Company value is reflected in the share price of a company, where share price has a positive relationship with company value. The higher the market price of a company's shares, the company value will also increase. It is very important to maximize company value because maximizing company value means maximizing shareholder prosperity which is the company's main goal. So from the table below ewe can see the development of company value from 209-2021 that occurred in banking companies listed on the IDX.

Table 1.1

Percentage of Company Value Development in 15 Banking Companies in 15 Years 2019-2021

No	Code Share	Percentage of Company Value		
		2019	2020	2021
1	MEGA	110,60%	110,27%	111,94%
2	BJBR	95,15%	97,84%	95,40%
3	BBCA	92,15%	97,85%	97,67%
4	BBNI	98,73%	96,63%	99,92%
5	BBRI	120,89%	117,75%	112,82%
6	BBTN	93,63%	94,03%	93,05%
7	BDMN	96,48%	93,59%	88,50%
8	BJTM	102,32	100,25	100,35
9	BMAS	104,78%	106,20%	144,65%
10	BMRI	104,98%	101,20%	95,87%
11	BNGA	92,99%	94,22%	93,78%
12	MCOR	96,56%	85,32%	90,92%
13	BTPN	93,10%	91,51%	87,69%
14	PNBN	94,19%	90,00%	85,33%
15	NISP	95,42%	94,66%	91,09%

Source : Data Processed by researchers

Based on table 1.1, it can be seen that the value of banking companies during the 2019-2021 period has increased and decreased every year. There are also several companies whose company value has increased, namely Bank Negara Indonesia (Persero) Tbk from 2020-2021 by 3.29%. companies whose company value also experienced an increase also occurred in the company Bank Mega Tbk by 1.67% in 2020-2021. The company value which experienced an increase for two consecutive years was Bank Maspion Indonesia Tbk with an increase of 1.42% in 2020 and an increase again in 2021 of 38.45%. then for the company value variable based on the percentage table above, there is a common phenomenon that occurred in almost all banks in 2019, namely a decrease in company value, of course this is very detrimental to the company.

LITERATURE REVIEW

Consumer Satisfaction

According to Agustin AL (2013) performance is a brief description of the achievement of implementing an activity/program/policy in realizing the goal, objectives,vision and mission of an organization contained in the formulation of an organization's strategic scheme (strategic planning). So, performance is an indicator used to detemine the health level of a company. The main tool for determining the health of a company is financial reports.

The definition of financial performance according to Mulyadi (2015) is that financial performance is the periodic determination of the oprational effectiveness of an organization and its employees established targets, standards and criteria. Furthermore, Edi Sutrisno (2015) defines financial performance as follows : financial performance is the achievements achieved by a company in a certain period which reflects the level of health of the company.

Financial performance as defined by Shinta Budi, Endang Etty, and Munira (2018) ia a general description of the company's financial health condition with indicators of liquidity, profitability, activity and solvency. Meanwhile, according to Topowijoyo (2018) financial performance is a level of management success in managing resources thus, it can be concluded that the definitionof financial performance is the company's achievements in a period that describes the company's financial condition. Financial performance can be assessed with several analytical tools. Based on the technique, financial analysis can be divided into 8 types, according to Jumingan (2011), namely:

1.Comparative analysis of financial reports is an analysis technique by comparing the financial reports of two or more periods by showing changes, both in amount (absolute) and in presentation (relative).

1. Trend analysis (position tendency), is an analysis technique to determine whether financial conditions tend to show an increase or decrease.
2. Per-component percentage analysis (common size), is an analysis technique to determine the percentage of investment in each asset to the total or total assets and liabilities.
3. Analysis of sources and use of working capital, is an analutical technique to determine the size of the sources and use of working capital over two compared time periods.
4. Analysis of sources and uses of cash, is analysis technique to determine the condition of chas along with the causes of changes in chas in a certain period.that the company does not experience losses.
5. Financial ratio analysis,is a financial analysis technique to determine the relationship between certain items in the balance sheet and income statement,both individually and simultaneously.
6. Analysis of changes in gross profit,is an analysis technique to determine the profit position and the causes of data changes.
7. Break even Analysis,is an analysis.

The company as a business entity has a direction and purpose in carrying out its operational activities.Maximizing company value is one of the company's goals as an effort to provide shareholder werfare .company value is defined as market value. An increasing company share price can also increase company value and maximize shareholder prosperity.the higher share prices are directly proportional to the increase in shareholder prosperity.investors entrust company management to achieve company value to professionals who serve as managers or commissioners islahudin and nurlela(2008).

Hypothesis

Based on the problem formulation,research objectives,theoretical studies,and empirical studies that have been carried out previously,the hypothesis proposed in this research is:H1:Financial performance has a significant positive effect on company value.H2:Profitability has a significant positive effect on company value.H3:Capital adequacy has a significant positive effect on company value.H4:Corporate Social Responsibility(CSR) has a significant positive effect on company value.

METHOD

The paradigm used in this research is a quantitative paradigm which is based on positive philosophy.in quantitative/positivistic research,which is based on the assumption that a symptom can be classified,and the relationship between symtoms is causal (cause and effect)the researcher can conduct research by focusing on just a few variables sugiono (2013). According to sugiyono (2013). quantitative methods based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, quantitative or statistical data analysis, with the aim of testing established hypotheses. This quantitative research method was chosen because the data to be processed uses ratios and the focus of this research is to determine the magnitude of the influence between the variables to be studied. (Sugiyono 2013) the object of this research is banking companies listed on the Indonesia stock exchange, which is taken in thisresearch is secondary data, namely the 2019-2021 financial report. This data was obtatined from the Indonesia Capital Market Directory (ICMD) which is published on the official website of the Indonesian Stock Exchange, namely www.idx.co.id.

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn sugiyono (2013). The population in this research is all banking companies listed on the Indonesian stock exchange in 2019-2021, totaling 43 companies.

Based on these criteria, of the 43 banking companies listed on the indonesia stock exchange in 2019-2021, 27 companies were selected as research samples, to meet the number of observations using panel data by multiplying cross section and time series, namely 3 Years X 27 samples = 81 observations.

The type of data used in this research is secondary data in the form of annual financial reports of banking companies listed on the indonesia stock exchange for the 2019-2021 period. Quantitative data is a type of data that is expressed in numbers or numerical form.

The data source used in this researceh is the annual financial reports of banking companies listed on the Indonesia Stock Exchange for the 2019-2021 period. This data was obtained from the official website of the Indonesian stock Exchange (www.idx.co.id) and several official publications belonging to the Indonesian Stock Exchange which are connected which are considered to provide objective information.

According to (Silaen 2018) research variables are concepts that have various values or have varying balues, namely a trait, characteristic or phenomenon that can indicate something that can be snjoyed or measured whose value is different or varied. In this research the variables used are the independent variable (X) and the dependent variable (Y).

According to independent variables, they are variables that influence or are the cause of the change or emergence of the dependent (dependent) variable.

The independent variables used in this research are as follows:

1. Profitability (X1) (Fahmi 2014) stated that the Return On Asset ROA ratio measures the overall effectiveness of management as indicated by the size of the level of profit obtained in relation to sales and invesment.

The formula for calculating ROA is as follows :

$$\mathbf{ROA} = \frac{\textbf{Net profit after tax}}{\textbf{Total Asset}} \, \boldsymbol{x100}\%$$

1. Capital Adequacy Ratio (X_2)

(Dendawijaya 2014) explains that the Capital Adequacy Ratio (CAR) is a ratio that shows how much of all the Bank's assets contain an element of risk (credit, investments, securities, claims on other banks) which are financed from the Bank's own capital, in addition to obtaining funds. Funds from sources outside the Bank.

The CAR calculation formula is as follows:

$$\textbf{CAR} = \frac{\textbf{Capital}}{\textbf{ARW (Risk weighted assets)}} \boldsymbol{x100\%}$$

2. *Corporate Social Responsibilit* (X_3)

(Hackston, t.t.), states that corporate social responsibility is the process of communicating the social and environmental impacts of an organization's economic activities to special groups of interest and to society as a whole.

The formula for calculating CSR is as follows :

$$\textbf{CSRI}_i = \frac{\sum X_{yi}}{n_i}$$

According to (Sugiono 2013) the dependent variable is a variable that is influe ced or becomes a consequence, becausepf the existence of the independent variable. In this research, the dependent variable is the bank's company value (Y). what is used in calculating the value of the Bank's company is Tobin's Q.

RESULT AND DISCUSSION

Multiple Linear Regression Analysis

Table 1. Multiple Linear Regression Calculation Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.876	.142		6.167	[illegible]
	ROA	2.913	2.231	.147	1.306	[illegible]
	CAR	.697	.167	.468	4.170	[illegible]
	CSR	-.116	.360	-.034	-.321	[illegible]
a. Dependent Variable: TOBIN'S Q						

Source: Data is processed (2023)

Based on the table above, the following multiple linear regresion equation is obtained :

$$\mathbf{Y = \alpha + \beta 1.X1 + \beta 2.X2 + \beta 3.X3 + e}$$

$$\mathbf{Y = 0{,}876 + 2{,}913(X1) + 0{,}697(X2) - 0{,}116(X3) + e}$$

From the results of the multiple linear regression equation above, it can be explained as follows:

1. the constant value (a) is 0.876, meaning that if all the ROA, CAR and CSR variables are equal to zero, the value will increase by 0.876.
2. the regression coefficient for the return on asset (X1) variable is 2.913, indicating that for every 1% increase in ROA, the company value will increase by 2.913, assuming that the other independent variables are constant.
3. The regression coefficient for the Capital Adequacy Ratio (X2) variable is posive at 0.697. this means that if the CAR increases by 1%, the CAR will increase by 0.697 assuming that the other independent variables are constant.
4. The regression coefficient for the Corporate Social Responsibility variable (X3) is negative at 116. This means that if CSR increases by 1%, the company value will decrease by 116 assuming that the other independent variables are constant.

Hypothesis testing

Simultaneous Hypothesis Test (F Test)

This test uses a significance level of 5% or 0.05. the following are the results of the F test (simultaneous Test) :

Table 4.12

Simultaneous Test Results (F Test)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.724	3	.241	9.599	.000[b]
	Residual	1.710	68	.025		
	Total	2.435	71			
a. Dependent Variable: TOBIN'S Q						
b. Predictors: (Constant), CSR, CAR, ROA						

Sumber : data diolah peneliti, SPSS 25

Based on the table above, a significant value of 0.000 is obtained and an F value of 9.599. the basis for decision making is a significance level of 5% or 0.05. Because the significance value is smaller than 0.05

(0.000<0.05), it means that all independent variables (ROA, CAR, and CSR) together or simultaneously have a significant effect on the dependent variable Y (Company value).

Partial Hypothesis Test (t Test)

This test uses a significance level of 5% or 0.05 and a comparison of the calculated t and t table values. The following are the results of the T Test (Partial Test):

Table 4.13
Partial Test Rsults (t Test)

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.876	.142		6.167	.000
	ROA	2.913	2.231	.147	1.306	.196
	CAR	.697	.167	.468	4.170	.000
	CSR	-.116	.360	-.034	-.321	.749
a. Dependent Variable: TOBIN'S Q						

Based on the table above, it can be seen that to determine the value oft table 22, it can be calculated using the formula:
Df = n-k
Information :
N= number of observations
K= number of independent and dependent variables
Df = 72-4 = 68 with a significance level of 0.05, the t table value is 1.66757.

So it can be concluded that each variable is as follows:

a. the ROA variable (X1) has a t value of 1.306, which means that t count < t table (1.306 < 1.66757) and a significance level of 0.196 > 0.05 which means that Ho is rejected, meaning that ROA has an insignificant coefficient value on company value.
b. The CAR variable (X2) tcount value is 4.170, which means that tcount > t table the CAR variable (X2) has a t value of 4.170, which means that t count > t table (4.170 > 1.66757) and a significance level of 0.000 < 0.05 which means that Ho is rejected and Ha is accepted, meaning that CAR has a significant coefficient value on company value.
c. The CSR variable (X3) has a tcount value of -321/321, which means tcount > t table (-321 > 1.66757) and a significance level of 0.749 > 0.05, which means that Ho is accepted, meaning that CSR has an insignificant coefficient vale. On company value.

Coefficient of Determination (R2)

The results of the coefficient of determination test are as follows :

Table 4.11
Coefficient of Determination Test Results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.545[a]	.297	.267	.1585985
a. Predictors: (Constant), CSR, CAR, ROA				
b. Dependent Variable: TOBIN'S Q				

Source : data processed by researchers, SPSS 25

Based on the table of coefficient of determination test results above, it can be seen that the Adjusted R Square value is 0.267, which means that the variation in the independent variable in influencing the dependent variable is 26.7%, while the remaining 73.3% is explained by other variables outside the 3 independent variables. Carried out in this research. This identifies that there are many other factors that can be used to explain company value.

CONCLUSION

Based on the results of the discussion of the above data that has been analyzed and the results obtained, the following conclusions can be drawn :

1. financial performance Return On Asset (ROA), Capital Adequacy Ratio (CAR), and Corporate Social Responsibility (CSR) simultaneously have a significant effect on the value of banking companies listed on the IDX for the 2019-2021 period.
2. Profitability Return On Assets (ROA) partially has a positive coefficient value which is not significant on the value of

banking companies listed on the IDX for the 2019-2021 period.

3. Capital Adequacy Ratio (CAR) partially has a significant positive coefficient on the value of banking companies listed on the IDX for the 2019-2021 period.
4. Corporate Social Responsibility (CSR) partially has an insignificant negarive coefficient on the value of banking companiens listed on the IDX for the 2019-2021 period.

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