THE INFLUENCE OF FINANCIAL PERFORMANCE AND FINANCIAL INCLUSION ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE IN THE BANKING SECTOR LISTED ON THE INDONESIAN STOCK EXCHANGE IN 2018-2022

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ABSTRACT

Companies in their social responsibility towards the public relate to operational activities which include aspects (profit), social (people), and environmental (planet) or what is usually called the triple bottom line (3P), which is realized in the form of Corporate Social Responsibility (CSR) Disclosure. This research aims to determine and analyze Financial Performance and Financial Inclusion in the Banking Sector listed on the Indonesia Stock Exchange 2018-2022. As well as knowing and analyzing the influence of Financial Performance and Financial Inclusion on Corporate Social Responsibility Disclosure partially and simultaneously in the Banking Sector listed on the Indonesia Stock Exchange 2018-2022. The data used in this research uses the Financial Reports of 13 Banking Companies for 2018 - 2022 which were obtained through purposive sampling. The results of this research prove that there is a significant influence of each variable, namely Financial Performance and Financial Inclusion on CSR Disclosure. The existence of Financial Performance and Financial Inclusion simultaneously has a significant and positive effect on CSR Disclosure.

Keywords: *CSR Disclosure, Financial Performance, Financial Inclusion.*

1. INTRODUCTION

The development of an ever-changing financial system makes all financial entities understand the importance of implementing social responsibility by entities. The topic of Corporate Social Responsibility (CSR) Disclosure has become a hot issue in recent years (Qalam et al., 2022). Advances in information technology and market transparency have also encouraged entities to take the issue more seriously. So that the implementation of CSR Disclosure is one of the indicators in measuring the performance of the entity. CSR Disclosure as part of activities that can improve the welfare of the surrounding community and protect the environment, provide scholarships for underprivileged children in the area, funds for the maintenance of public facilities, donations to build villages/community facilities that are social and useful for many people, especially the community around the company (Kemenkes, 2020).

This also happens to economic driving companies that are close to the community, namely banks. As an economic driver with an impact and important role, banks are required to always maintain their performance so that the economy in Indon esia can remain stable. One of them occurs in several state-owned banks in Indonesia such as Bank Mandiri. Bank Mandiri joins as a government partner and agent of change, which has a positive impact on society which is realized by Bank Mandiri through various Social and Environmental Responsibility (CSR) initiatives that are tailored to the development and needs of the community. In addition, multinational banking companies such as Maybank Bank also implement Corporate Social Responsibility (CSR) Disclosure as an effort to maximize company profits through independent entrepreneurship development programs for the disabled community through the Reach Independence & Sustainable Entrepreneurship (RISE) 2.0 program which was implemented in Palembang and Semarang virtually in the second quarter of 2021 (Dob, 2021). Tabel 1 CSR Disclosure Value

Emiten	Years	CSR *Disclosure*	*Financial Performance*	*Financial Inclusion*
Bank Mandiri	2022	0,563	2,20	121,35
	2021	0,438	2,19	123,79
	2020	0,472	1,07	75,59
	2019	0,451	1,06	99,14
	2018	0,563	2,20	121,35
Bank BCA	2022	0,535	3,50	88,44
	2021	0,569	3,59	89,60
	2020	0,590	4,13	77,36
	2019	0,465	2,87	84,67
	2018	0,535	3,50	88,44
Maybank Bank	2022	0,417	0,44	69,28
	2021	0,375	0,19	62,94
	2020	0,396	0,34	43,63
	2019	0,417	0,36	41,55
	2018	0,417	0,44	69,28

Sourcle:l Financial Reportl (2022)

In the data table, it is known that Bank Mandiri, Bank BCA and Maybank Bank CSR Disclosure value tends to increase every year. This trend in the value of CSR Disclosure will affect the value of the company's financial performance (Fauziyah & Husaini, 2017). The results of the analysis on financial performance are important for companies to provide incentives and control the company, as well as being an important channel for company stakeholders to obtain company performance information (Aini et al., 2014). This is related to stakeholder theory. Stakeholder theory states that the success of a company depends on the company's management relationship with all stakeholders. Investors often identify the company's Financial Performance to ensure the company's progress to get higher profits (Ramzan et al., 2021).

In this case the company must recognize that shareholders ar stakeholders who have a big role for the company. Thus, the company is required to pay more attention to its Financial Performance as a result of the value creation process. The reason is, the financial value of an entity can affect the performance of the entity as a reference for investors. A company's Financial Performance is analyzed using a reference to ratio analysis. Ratio analysis is divided into five categories, namely: profitability ratio, liquidity ratio, solvency ratio, market valuation ratio, and activity ratio (Aini et al., 2014). In this study, Financial Performance is measured using the profitability ratio (Return on Asset).

From the data in table 1, namely the reference to the Financial Statements of Bank Mandiri, Bank BCA and Maybank Bank from 2018 to 2022, it is known that the value of Financial Inclusion through the value of the credit portfolio of the three Banks has increased from 2018 to 2022. This can be interpreted that every year the Bank conducts financial inclusion. The ratio of Loans to Loan Portfolio in the three banking companies above experienced a balanced value influence so that the greater the value of CSR Disclosure, the greater the value of the Ratio of Loans to Loan Portfolio and vice versa. This value depends on the stability of the environment around the banking company, so that it can be one of the factors in supporting the value of economic growth.

Based on the background above, the identification of problems in this study are as follows 1) How is Financial Performance in the Banking Sector listed on the Indonesia Stock Exchange 2018-2022; 2) How is Financial Inclusion in the Banking Sector listed on the Indonesia Stock Exchange in 2018-2022 and 3) How does Financial Performance and Financial Inclusion affect Corporate Social Responsibility Disclosure partially and simultaneously in the Banking Sector listed on the Indonesia Stock Exchange in 20182022?

2. LITERATURE REVIEW

For literatl url e l pertaining to this stl udy,l the l authors l ulse l as the l basis of the l literatl url el as a basis for undl erstanding thl e l usl e l of modeling in rl esl elarch methods that will bl e l in usl el. Stakeholdl er thl eory was first initiatl ed by R. l Edward Frl eel man in 1984 who statl ed that l stakeholdl er thl eory is any grol up or individl ual who can infll uel ncl e l and be l influel ncl eld by an organization's goal achievl eml ent.l Stakeholdl er l Engagl elm ent Thl elory (S ET) is statl eld as a concept that concl erns thl e l embl eddl ednl ess of goals, l expl ectatl ions, actor relationships, and l stakeholdl er actions in thl e l leadl ership and agl enda of an organization or company.l

Corporate Social Responsibility Disclosure

Corporate Social Responsibility Disclosure (CSR Disclosure) (Francesco et al., 2017) is the process of communicating the social and environmental impacts of an organization's economic activities to special interest groups and to society as a whole. According to Agustina & Syadeli (2012), the purpose of this corporate social responsibility is to convey company information to stakeholders regarding the impact on the environment caused by company activities and how the company's obligations for resolving these impacts.

According to Astuti (2019) Corporate social responsibility disclosure is measured by the Corporate Social Responsibility Disclosure Index (CSRDI) index number from content analysis, based on the GRI (Global Reporting Initiatives) - G4 indicator which consists of 91 items. GRI indicators were chosen because they are international rules that have been recognized by companies in the world. The approach to calculating CSRDI
basically uses a dichotomous approach, namely CSR items ar given a score of 1 if disclosed and score 0 if not disclosed. In this study, to measure CSR disclosure using the following formula:

$$CSR\ Disclosure = \frac{\sum Xij}{nj}$$

Description:l
CSRij = CSR Disclosurl e l Index of Company j l
Nj = numbler of itlems for company j l
Xij = numbler of itlems dislclosed givlen a vallule l of 1, othelrwise l 0

Financial Performance

The company's financial performance is the company's financial condition within a certain period of time to measure the success of a company which generally focuses on performance information derived from financial statements. The company's performance can be measured by analyzing the financial statements issued periodically. Financial statements in the form of balance sheets, income statements, cash flow statements, statements of changes in capital, and statements of notes to financial statements which basically together provide an overview of the company's financial position. This research measures Financial Performance using the Return On Assets Ratio (ROA) which can be calculated using the following formula:

$$ROA = \frac{Laba\ bersih\ setelah\ pajak}{total\ aktiva} \text{ X } 100\%$$

Financial Inclusion

Financial inclusion is the provision of access to financial services to the entire population, especially the poor and other excluded populations (Ozili, 2018). Everyone has the right to access and receive full services from financial institutions in a convenient, informative, affordable and timely manner, without discrimination and with full respect for their dignity.This study uses Loan to deposit ratio (LDR) to measure the financial inclusion of banking companies listed on the IDX. Loan to deposit ratio is the ratio of loans to deposits (LDR) which is often used in assessing bank liquidity by comparing total deposits and total bank loans in the same period.

$$Loan\ to\ deposit\ ratio = \frac{Kredit\ yang\ diberikan}{Total\ daya\ yang\ diterima}\ x\ 100\%$$

3. DATA AND RESEARCH TECHNIQUE ANALISYS

The data used in this study are 13 Banking Companies listed on the Indonesia Stock Exchange in 2019-2022 with sampling in this study using purposive sampling technique on criteria that are in accordance with the research.

The data analysis technique used in this study is Multiple Linear Regression b ecause there are more than two independent variables to determine their effect on the dependent variable.

Hypothesis Determination

Partially (individually):

a. Financial Performance

H0 : $\beta 1 \geq 0$ Financial Performance has a positive effct on Corporate Social Responsibility Disclosure.

Ha : $\beta 1 < 0$ Financial Performance does not have a positive effect on Corporate Social Responsibility Disclosure.

b. Financial Inclusion

H0 : $\beta 2 \geq 0$ Financial Inclusion has a positive effect on Corporate Social Responsibility Disclosure.

Ha : $\beta 2 < 0$ Financial Inclusion does not have a positive effect on Corporate Social Responsibility Disclosure.

Simultaneously (together):

H0 : $\beta 1 = \beta 2 = \beta 3 = 0$ Financial Performance and Financial Inclusion simultaneously affect Corporate Social Responsibility Disclosure.

Ha: $\beta 1 \neq \beta 2 \neq \beta 3 \neq 0$ Financial Performance and Financial Inclusion simultaneously affect Corporate Social Responsibility Disclosure.

Descriptive Statistics

Descriptive statistics aim to describe the profile and development of research data while also identifying the variables in each hypothesis. Descriptive statistics used include minimum, maximum, average (mean) and standard deviation.

Selection of Statistical Tests

a. Normality Test

To find out whether the data used in the regression model is normally distribut ed or not, it can be done using the Kolmogrov-smirnov test. If the KolmogrovSmirnov test value is greater than = 0.05, then the data is considered normal (Ghozali, 2009).

b. Heteroscedasticity Test

The existence of heteroscedasticity in regression can be determined using sev eral methods, one of which is the Glesjer test. If the independent variable statistically significantly affects the dependent variable, it indicates heterosc edasticity (Ghozali, 2009: 129). If the significance is above the 5% confidence level, then there is no heteroscedasticity.

c. Multicollinearity Test

To detect the presence or absence of multicollinearity in the regression model using the amount of VIF (Variance Inflation Factor) and tolerance, the guidelin es for a regression model that is free of multicorrelation are: Having a Tolerance number above (>) 0.1 Having a VIF value below (<) 10.

Correlation Coefficient Analysis

Correlation analysis aims to measure the strength of the linear association (relationship) between two variables. Correlation does not show a functional relationship or in other words, correlation analysis does not distinguish between the dependent variable and the independent variable (Sugiyono, 2022).

Determination Coefficient Analysis

The coefficient of determination is between zero (0) and one (1). A small R2 value means that the ability of the independent variables (free) to explain the variation in the dependent variable is very limited.

4. RESULT AND DISCUSSION

Analysis of the results of this research will be in the form of outlines in table 2 to table 6 :

Selection of Statistical Tests

a. Normality Test

Table 2 Normality Test

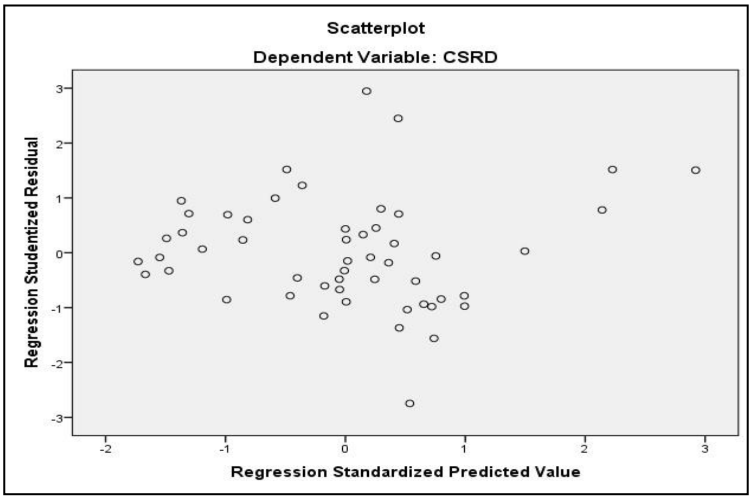
One-Sample Kolmogorov-Smirnov Test	Unstandardized Residual	Ket
Asymp. Normal Sig. (2-tailed)	0,200	Normal

Source: Output SPSS (2024)

The research data has a Kolmogorov-Smirnov value of 0.071 with a significant value of 0.200. So it can be concluded that the data used is normally distributed.

b. Heteroscedasticity Test

Pict. 1 Scatterplot Heterokedastisitas



Source: Output SPSS (2024)

Based on the scatterplot test results, it can be seen that it does not form a certain pattern and the points spread above and below the number 0 on the Y axis, so there is no heteroscedasticity.

c. Multicollin earity Test

Table l 3 Multicollinlearilty Testl

	Collinearity Statisticsl
	VIF
ROA	1,016
LDR	1,016

Sourcle:l Outplut SPSS (2021 4)

The tolerance value of all variables is more than 0.1 and the variance inflation factor (VIF) value is less than 10. Therefore, in this study the data did not experienc e multicollinearity between the independent variables.

Correlation Coefficient Analysis

Table l 4 Correlation Colefficilent Analysisl

		B	t	Sig.	Ketl
	Constant	,029	1,624	,111	Significant
	ROA	,011	1,271	,228	Significant
	LDR	,002	,370	,713	Significant

Sourcle:l Outplut SPSS (2024)l

The regression test results obtained in the glyeter test have a value> 0.05 so that overall each variable has an effect.

Financial Performance on Corporate Social Responsibility Disclosure

It is known from the results of data analysis that Hypothesis 1 which states "Financial Performance has a positive effect on CSR Disclosure" is accepted, so there is a significant and positive influence on the Financial Performance variable on CSR Disclosure. The results of this study are in line with research conducted by (Cho, 2019) that there is a unidirectional and significant relationship between Financial Performance and CSR Disclosure, this is triggered by the value and work patterns generated for the company's finances after CSR Disclosure. Companies that properly implement CSR Disclosure will be considered credible and responsible in managing the impact of their operations. As the company's reputation increases, the company's sales level and market share will also increase. So it can be interpreted that the better the company does CSR Disclosure, the better the financial performance of the company will be.

Financial Inclusion on Corporate Social Responsibility Disclosure

It is known from the results of data analysis that Hypothesis 2 which states "Financial Inclusion has a positive effect on CSR Disclosure" is accepted, so there is a significant and positive influence on the Financial Inclusion variable on CSR Disclosure. This is in line with research conducted by (Machdar, 2020) where in his research resulted in a unidirectional influence on Financial Inclusion on CSR Disclosure. This is triggered by public trust that arises because of the disclosure of company information related to CSR Disclosure. The better the company's image in the community will have a long-term impact on the company's value in the community. Therefore, the existence of Financial Inclusion is very influential on CSR Disclosure, because the general public can find out information through access to these services.

Financial Performance and Financial Inclusion on CSR Disclosure

It is known from the results of data analysis that Hypothesis 3 which states "Financial Performance and Financial Inclusion simultaneously have a positive effect on CSR Disclosure" is accepted, so there is a significant and positive effect on the variables of Financial Performance and Financial Inclusion on CSR Disclosure. This is in accordance with research conducted by Idelia (2021) that there is a significant and positive influence on Financial Performance and Financial Inclusion on CSR Disclosure due to the resulting long-term impact. CSR disclosures published by companies can provide additional information to investors, so that these disclosures reduce information asymmetry between companies and investors, and can provide good signals. Investor response to these good signals can improve the company's performance in the capital market. Which has an impact on the company's better future conditions. Sustainability disclosure by companies is a form of responsibility to the public for the company's internal information. Therefore, large companies have more demands from stakeholders to disclose company information and performance.

5. CONCLUSION

The research discusses the Effect of Financial Performance and Financial Inclusion on Corporate Social Responsibility Disclosure "which was conducted in the Banking Sector Listed on the Indonesia Stock Exchange in 2018-2022 with a total sample of 52 financial statements. Based on the results of data analysis, it can be concluded that the first hypothesis, namely Financial Performance, has a significant and positive effect on CSR Disclosure. The second hypothesis is that Financial Inclusion has a significant and positive effect on CSR Disclosure. And the results of the third hypothesis Financial Performance and Financial Inclusion simultaneously have a significant and positive effect on CSR Disclosure.

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