ISSN No:-2456-2165

Effect of Bank Performance on Good Corporate Governance Implications on Corporate Social Responsibility (Case Study on Banking Sub-Sector in IDX Period 2018)

Dayu Purba[1], Said Djamaluddin[2]
[1]Master of Management, Mercubuana University, Jakarta, Indonesia
[2]Lecturer of Postgraduate, Mercubuana University, Jakarta, Indonesia

Abstract:- The purpose of this study is to examine and analyze the effect of bank performance on good corporate governance implications of corporate social responsibility (study case in banking sub sector BEI periode 2018). Sampling method in this reseach was using purposing sampling. Research population as a many as 45 banking industries (as of 1 april 2019) listing 2 october 2019. Analyze methode in this reasearch was using structrual eqution modeling with WarpPLS software. And the result of this research is showing that variable of capital adequation ratio (CAR), non performing loan (NPL), Net interest margin (NIM) significant positive effect on good corporate governance (GCG). meanwhile, capital adequacy ratio (CAR) has significant positive on corporate social responsibility and non performing loan (NPL), Net Interest Margin (NIM) doesn't emphaze on corporate social responsibility. Good corperate governance is most influential variable on Corporate Social Responsibility.

Keywords:- *Capital Adequasi Ratio (CAR), Non Performing Loan (NPL), Net Interest Margin (NIM), Good Corporate Governance (GCG), Corporate Social Responsibility (CSR).*

I. INTRODUCTION

A company to know the types of risks that occur in the Bank's activities starts from the identification of risks, followed by a measurement of risk to know the risks involved. Then, the bank performs a quality control assessment against the existing risks. If deemed necessary, the bank has improved the control quality in the form of risk mitigation process. Furthermore, banks conduct monitoring and reporting on risk control efforts. The purpose of the risk identification is to identify the entire type of risk inherent in any functional activity that is potentially detrimental to the bank. (IBI, 2017)

Sustainability report is a thorough support of the financial services industry for growth resulting from the alignment of economic, social, and environmental interests. Sustainable development as a new paradigm in pursuing economic growth has now attracted the attention and commitment of many institutions in the world. The company's guidelines for publishing a stand-alone sustainability report refer to the further Global Reporting Initiative guidelines abbreviated to GRI.

According to Ambadar (2008), the implementation of Corporate Social Responsibility (CSR) must be in a corridor of good corporate strategy to achieve the basic objectives of the company's business. CSR concept arises due to publicdisbelief in the company. Strategy is the ability to see the direction you want to go, and to do the things you need to stay on track and achieve your intended objectives. It is used to maintain a long-term commitment to achieving a global leadership position on the competition which is an advanced follow-up of a defined vision (Watson, 1993). In Figure 1 Here is the chart of Corporate Social Responsibility year 2018.

Fig 1:- Corporate Social Responsibility 2018
Source: Data Processed (2020)

Implementation of GCG (Good Corporate Governance) especially in the management of companies is as one of the important efforts to produce a trusted company and able to make the company become the Sustainability company. The purpose of this regulation is to improve the financial and operational performance of issuers and public companies. The implementation of GCG on banking should always be based on five basic principles of transparency (transparency), accountability (accountability), responsibility, Independence (independency) and fairness (fairness). The implementation of GCG for every banking in Indonesia in 2018 can be seen in Figure 2. If we see from the graph it can be said that the banking skills in the way of corporate governance vary. In other words, large capital banks can still maintain GCG practices in accordance with the provisions of the regulator.

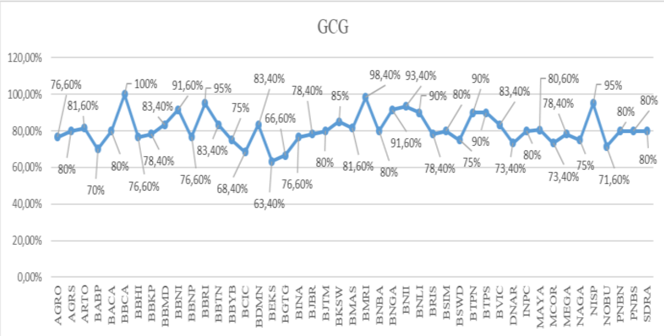

Fig 2:- Good Corporate Governance Banking 2018
Source: Data Processed (2020)

In every capital banking company is an important factor in the efforts of the company doing business development and accommodating the risk of loss. The amount of capital of a bank will affect the ability of a bank to efficiently carry out its activities. In carrying out the functioning of the Bank should maintain its Capital adequacy ratio or Adequacy Ratio. The risk management policy is always guided by Bank Indonesia's regulation on the implementation of risk management for commercial banks, as well as other relevant regulations of the Government to be expected to be sufficiently prepared to deal with the implementation of Basel II to Basel III, where the KPPM of 8% increased + 2.5% to 10.5%, so do not shock in the 2008 crisis.

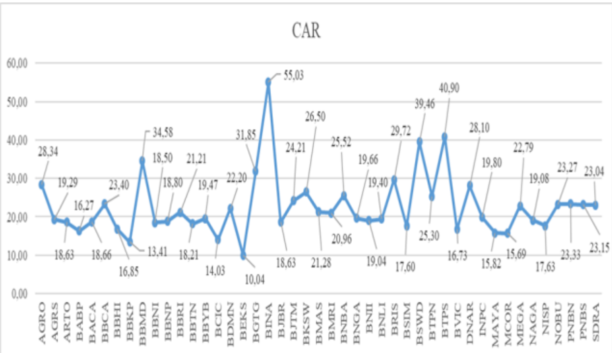

Fig 3:- Capital Adequacy Ratio 2018
Source: Data Processed (2020)

From the entire banking examined in the chart above shows that the bank has exceeded the minimum amount of capital adequacy that has been in Specify by Bank Indonesia which is 10.5% of the total 45, there is only one corporation that the adequacy of capital under 10.5 ie 10.4%. And the highest earned capital of 55.03%

The problematic credit is part of the bank's credit management, because the problematic credit itself is the risk faced by all banking services companies. Almost all banking services companies have problematic credit, even in some cases, the problematic credit led to the closure of several banks. Credit risk is the risk faced by the bank in relation to the amount of credit channeled to the customer where the greater the amount of credit channeled the greater the credit risk.

A good process of credit administration and management is expected to suppress the NPL as small as possible. In other words, the high NPL is strongly influenced by the ability of the Bank, to carry out the process of granting credit well and in terms of credit management, including monitoring after the credits are distribute and control measures when there are indications of credit irregularities or indication of failed pay (Djohanputro and Koperverted, 2007).

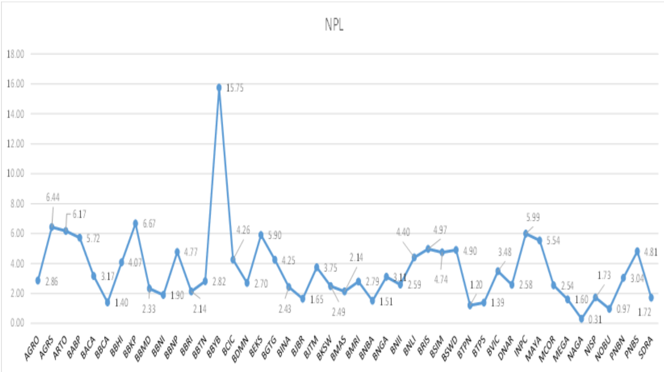

Fig 4:- Non Performing Loan 2018
Source: Data Processed (2020)

From the picture 4 above we can see that the problem keredit in every banking industry in 2018 different. In accordance with the provisions of Bank Indonesia related to the maximum problems of the problem that is owned by every banking company is 5% but if viewed from the chart above there are still some banking companies that have problematic keredit exceeds the provisions that have been established even the one reaching 15.75%

According to the provisions of Bank Indonesia regulation No. 5/2003, one of the proxies of the risk is interest rate, thereby this risk can be measured with funding interest rate (financing) with the interest rate given (lending) or in absolute form, the difference between total interest expense of funding with total interest expense of loans which in banking terms is called Net Interest Margin or NIM. Net Interest Margin (NIM) is used to measure the bank's management capability in generating income from interest by looking at the bank's performance in delivering credits, given the bank's operating income depends on the difference in the interest of the credit channeled. Where the high NIM ratio shows the bank's ability to gain profit. The standard stipulated by Bank Indonesia for NIM ratio is 6%. The higher the NIM ratio, the higher the profit the bank can earn. On the contrary, the lower NIM ratio value, the lower the bank's ability to gain profit that will be impact the banking financial performance.

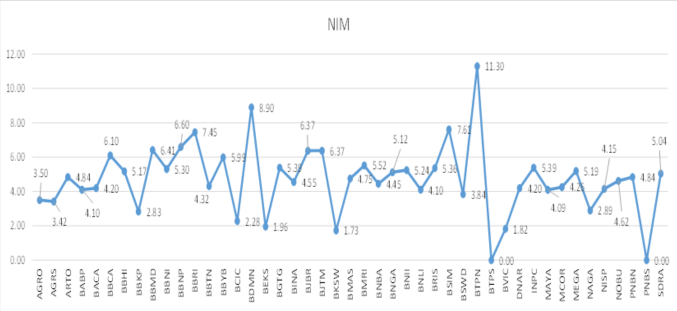

Fig 5:- Net Interest Margin 2018
Source: Data Processed (2020)

In the figure 5 above we can see that the Net Interest Margin in every banking company in the year 2018 above differs with the highest NIM value obtained by 11,30% and the lowest of 0.0%. If viewed from the provisions of Bank Indonesia for the Net Interest Margin owned by each Bank is minimum of 6%. Net Interest Margin is the ratio used to determine whether the ability of the bank's management especially productive asset processing, resulting in net profit, because NIM is one of the important actions to be noticed in order to realize a quality bank

II. LITERATURE RIVIEW

Banking is an industry based on the principles of attention and highly-regulated. Supporting institutions and regulations issued are used to supervise and keep the banking industry maximised for mutual benefit. A variety of reporting must be made as one of the control equipment in this industry.

With the proliferation of reporting mechanisms, not only is the report for quantitative aspects but a qualitative aspect of the spotlight. One of the more developed, non-quantitative reporting mechanisms is Sustainability reporting. But the Sustainability Report is still voluntary, so not all business entities do this reporting.

According to Ambadar (2008), the implementation of Corporate Social Responsibility (CSR) must be in a corridor of good corporate strategy to achieve the basic objectives of the company's business. CSR concept arises due to public disbelief in the company. According to Wibisono (2007), said that the business world is increasingly aware that the company is no longer faced with the responsibility based on the single bottom line, which is the value of the company (corporate value) is reflected in the financial condition only, but must pay attention to the social and environmental aspects.

Strategy is the ability to see the direction you want to go, and to do the things you need to stay on track and achieve your intended objectives. There are 91 indicators based on the GRI-G4 performance indicators used to help reporting organizations know the scope and aspects discussed in the report, among others: economic performance, environmental performance, social performance, human rights performance, societal performance, product responsibility.

GCG is one of the most popular terms of the decade. The term is also placed in honorable positions. First, GCG is one of the key success of the company to grow and profitable in the long term, while winning global business competition. Secondly, the economic crisis in Asia and Latin America that is believed to arise due to the failure of GCG (Daniri and Simatupang, 2009). Corporate governance arises because of the interests of the company to ensure to the funders (principal/investor) that the funds implanted are used precisely and efficiently. (Syed and Safdar, 2009).

Based on Indonesian GCG general guidelines, issued by the National Committee on Governance Policy (KNKG, 2006), there are 5 principles of GCG. The five foundations are transparency, accountability, responsibility, independence and fairness and equality. GCG principles According to Bank Indonesia regulation No. 8/4/PBI/2006 on the implementation of GCG for commercial banks, among them: Transparency, Accountability, Responsibility, Independency and Fairness.

According to Cashmere (2010, p. 232) The sense of capital adequacy ratio can be interpreted as the ratio used to quantify the capitalization and the reserve of elimination in the bearing of creditors, especially the risk incurred due to the failed invoiced interest. Capital Adequacy Ratio (CAR), which is the ratio to measure the adequacy of capital owned by the bank to support assets that contain or produce risks, such as credits given (Faisol, 2007). Capital not only as one of the important sources in fulfilling the needs of bank funds, but also the position of capital will affect the management decision making and possible risk. Capital that is too large for example, will be able to influence the amount of profit of the bank, while the capital that is too small in addition will limit the ability of the bank expansion, will also affect the special valuation of depositor, debtors and shareholders of the bank. In other words, the capital of the bank will affect the level of public confidence in the bank's financial ability (Dahlan,2005). The conclusion Capital Adequacy Ratio (CAR) is the ratio of capital adequacy that serves to accommodate the risk of losses that are likely faced by banks.

In carrying out its function, the bank must maintain the Capital Adequacy Ratio (article 29 paragraph 2 of the Republic of Indonesia Law No. 10 of 1998). Capital is also a very important aspect to assess the health of the bank because it relates to the solvency of the bank. The CAR that must be reached by the bank is established about 10.5% in accordance with the provisions of Bank Indonesia shall enforce the provisions of KPMM (Minimum Capital Fulfillment obligation), in which the provisions of this number of CARS must be kept by all commercial banks.

According to Cashmere (2010:228) says the Credit risk ratio is the ratio used to measure the risk to credit channeled by comparing the bad credit with the amount of credit channeled. For bank valuation, the maximum Non-Performing Loan (NPL) ratio set by Bank Indonesia is 5%.

According to Riyadi (2006) The NPL ratio is a comparison between the amount of credit provided with the level of collectibility which is the problematic credit compared to the total credit given by the bank. The same was presented by Shingjergii and Hyseni (2015) that "The NPL ratio is determined as The ratio between non performing loans to total loans and usually is used as a proxy of The credit risk." The problematic credit is part of the bank's credit management, because the problematic credit itself is the risk faced by all banking services companies. Credit risk is the risk faced by the bank in relation to the amount of credit that is channeled to the customer where the greater the amount of credit distributed will be greater credit risk.

According to the provisions of Bank Indonesia regulation No. 5/2003, one of the proxies from the financial risk is interest rate, thus market risk can be measured by the funding interest rate. With the interest rate given (lending) or in absolute form, the difference between the total cost of the interest funding with the total interest expense of loans that in banking terms is called Net Interest Margin or NIM. Net Interest Margin (NIM) is used to measure the bank's management capability in generating income from interest by looking at the bank's performance in delivering credits, given the bank's operating income depends on the difference in interest from the credit channel. Where the high NIM ratio shows the bank's ability to gain profit. The standard stipulated by Bank Indonesia for NIM ratio is 6%. The higher the NIM of ratio, the higher of profit the bank can gain, otherwise if the NIM is getting smaller then the received profit will be small too.

This research was supported by previous research of Lai (2014) with the findings of research results of a significant relationship between the capital adequacy ratio with good corporate governance. Another study of Megawati (2018) that the capital adequacy ratio has a significant positive effect on good corporate governance. However, this research is not in line with Retno, Ika (2014) stating that the capital adequacy ratio has no effect on good corporate governance. And the results of this research supporting the previous research is done by Megawati (2018) non-performing loan significantly positive effect on good corporate governance. As well as the research supported by previous study David and Wilopo (2011), net interest margin can support improving good corporate governance. Rika et al (2019) With the result of net interest margin positive effect of good corporate governance.

The results of this research supported by previous research conducted by Pan and Gu (2013) capital adequacy ratio (CAR) have a positive relationship with sustainability banking and also research conducted by YAM (2016) with the findings of capital adequacy ratio (CAR) positively affect sustainability banking. To strengthen risk management, capital adequacy ratio (CAR) is a requirement of sustainable development stability from commercial banks. And this research supports previous research namely Santoso (2017), Miah and Alam (2017) stating that non-performing loan has no negative effect on sustainability. As well as the research was backed by previous study of Anik (2016), net interest margin did not have significant positive effect on CSR. The results of this study supported the previous research conducted by Roziq and Danurwenda (2015) good corporate governance significantly positive effect on CSR, the better corporate governance done by the bank, the higher the sustainability of the bank. The other research that shows good corporate governance results significantly positive impact on sustainability banking is Babalola and Adedipe (2014).

Based on previous research, the skeletal thinking in this study is described as follows:

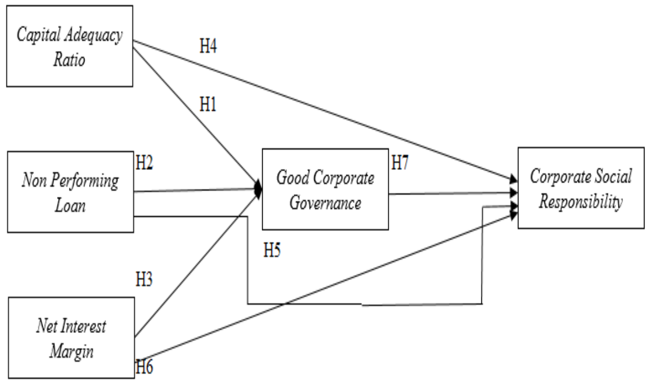

Fig 6:- The Framework of Thought

The influence of Capital Adequasi Ratio (CAR) on Good Corporate Governance (GCG). According to Djamaludin et al, Angrum Pratiwi declared CAR significant positive effect, Ika Permatasi and Retno Novitasiry, Sudrajat stated CAR is not significant.

H1: Capital Adequasi ratio (CAR) affects good corporate governance (GCG).

Non Performing Loan (NPL) influence on Good Corporate Governance (GCG). According to Abraham declaring a negative effect, Ika, Retno expressed a positive influence, Djamaludin et al expressed NPL significant negative effect.

H2: Non Performing Loan (NPL) affects good corporate governance (GCG).

Effect of Net Interest Margin (NIM) on Good Corporate Governance (GCG). Abraham, David declared a positive influence, Angrum stated NIM has no significant effect.

H3: Net Interest Margin (NIM) affects good corporate governance (GCG).

The influence of Capital Adequasi Ratio (CAR) on corporate Sustainability. M. Iqbal, Anita stated CAR was positively influential, and Januar et al said the influence of significant positive, Sudrajat stated that the influential CAR is not significant, Khabibah, Mutmainah declared the CAR significant negative effect.

ISSN No:-2456-2165

H4: Capital Adequasi ratio (CAR) affects Corporate Social Responsibility

Non Performing Loan (NPL) influence on Corporate Social Responsibility. Januar DKK, Miah and Alam declared the NPL to be insignificant, Hue stated that the NPL has a significant negative effect.

H5: Non Performing Loan (NPL) affects Corporate Social Responsibility

Effect of Net Interest Margin (NIM) on Corporate Social Responsibility. According to Djamaluddin et al. (2018) says that Net Interest Margin (NIM) affects sustainability, Anik stated NIM has no significant effect.

H6: Net Interest Margin (NIM) affects Corporate Social Responsibility

The effect of Good Corporate Governance (GCG) on corporate Sustainability. Ria and Khafi, Abdul declared GCG positively influential, Fadilah and Daljono, Sudrajat expressed insignificant effect, Pere DKK states no significant negative influence.

H7: Good Corporate Governance (GCG) has an effect on Corporate Social Responsibility.

III. RESEARCH METHODS

The type of research used in this study is quantitative research and based on the characteristics of researchers ' problems using descriptive research analysis. This descriptive study was conducted to obtain a thorough description of the individual, circumstance, symptom or specific group (Wiyono, 2011:51). Using this research method will be known a significant link between the variables studied so that the conclusion will clarify the picture of the object being researched. In this study independent variables used are, Capital Adequacy Ratio, Non Performing Loan, Net Interest Margin, as well as intervening variables, namely, Good Corporate Governance and dependent variables used are Corporate Social Responsibility.

In accordance with the research purpose of testing hypotheses then the design of the research used in this research is using an expreslanative method that describes causal relationships. This type of research is causal, referring to Sugiyono (2013:56) A causal relationship is a cause-to-effect relationship, so there are independent variables (variables that affect) and dependent (affected variables).

The population is a whole object that is not entirely observable but is a research object. In addition, the population is also a whole of elements that have one or several of the same characteristics. The population in this research is a banking company listed on the Indonesia Stock Exchange (IDX) in 2018. And the number of companies that are banking in this study is amounting to as much as 45 accounted for 01 April 2019) Listing 02 October 2019.

Variables	Indicator	Measurement	Scale
Liquidity Risk	Liquidty Coverage Ratio (LCR)	$\frac{\text{Stok HQLA}}{\text{Total Net Cash OutFlows dalam 30 hari ke depan}} \geq 100\%$	Ratio
Financial Risk	Capital Adequasi Ratio (CAR)	$CAR = \frac{\text{Modal}}{\text{Aktiva Tertimbang Menurut Risiko (ATMR)}} \times 100\%$	Ratio
Credit Risk	Loan Loss Provisioning (LLP)	$\text{CKPNatasKredit} = \frac{CKPNKredit}{Total\ Kredit} x\ 100\%$	Ratio
Credit Risk	Non Performing Loan (NPL)	$NPL = \frac{Total\ Kredit\ Bermasalah}{Total\ Kredit} x\ 100\%$	Ratio
Good Corporate Governance (GCG)	Good Corporate Governance (GCG)	Total score = Level 1 score + Level 2 score	Index
Corporate Social Responsibility	Corporate Social Responsibility	GRI-G4	Index

Table 1:- Research Variables

The data analysis in this study is regression by using partial least square. Partial Least Square Structural Eqution Modeling (PLS SEM) often called PLS is a method to test the relationship between latent construction with linear or non liniear relationship with many indicators of either reflective or formative form, Wold in Ghozali (2014:3). PLS path modeling is developed as an alternative structural equation modeling (SEM). The reason for using partial least square in this study is: 1) The data should not be a normal distribution, 2) can test the relationship between both linear and non linear construction, Ghozali (2014:5).

The exogenous variables are the Capital Adequacy ratio (CAR), the Non Performing Loan (NPL) and the Net Performing Loan (NIM), the endogenous variable of one Good Corporate Governance (GCG) as well as the variable intervening and endogenous two Corporate Social Responsibility. A intervening variable is a variable based on the endogenous variable, i.e. whether the variable is associated or not with an endogenous variable, Ghozali (2013:224).

Equation:

$\eta 1 = \beta 1\xi 1 + \beta 2\xi 1 + \beta 3\xi 1 + \zeta 1$

$\eta 2 = \beta 4\xi 1 + \beta 5\xi 1 + \beta 6\xi 1 + \beta 1\eta 1 + \zeta 2$

Keterangan:

$\xi 1$: Exogenous variable Capital Adequasi Ratio (CAR)
$\xi 2$: Exogenous variable Non Performing Loan (NPL)
$\xi 3$: Exogenous variable Net Interest Margin (NIM)
$\eta 1$:One endogenous Variable (intervening), Good Corporate Governance (GCG)
$\eta 2$:Variable Corporate Social Responsibility
$\beta 1\xi 1$ -$\beta 8\xi 3$, $\beta 1\eta 1$: Coefficient of path
$\zeta 1$,$\zeta 2$: Error measuring for latent variables in each endogenous variable

The assessment in PLS for the secondary data used is structural model. Structural model (inner model) to predict the relationship between latent variables by looking at how large the variant can be explained and to know the significant of the P value. On the structural model with PLS, the assessment can be by looking at the large variance percentage described, R squares for each endogenous latent variable as the predictive power of the structural model, to test the predictive relevance, and the overall model.

IV. RESULT AND DISCUSSION

A. Result

Analysis is done using the help of software and for the analysis of SEM PLS using software program WarpPLS 5.0.

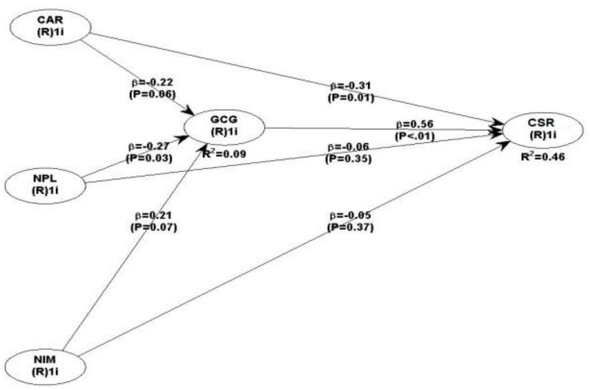

Fig 7:- Model Evaluation Results
Source: Data Processed (2020)

No	Hipotesis	*Pvalue	Koefisien	Explanation
H1	CAR has an effect on GCG	0,06	0,22	Significant, H1 Accepted
H2	NPL has an effect on GCG	0,03	0,27	Significant, H2 Accepted
H3	NIM has an effect on GCG	0,07	0,21	Significant, H3 Accepted
H4	CAR has an effect on CSR	0,01	0,31	Significant, H4 Accepted
H5	NPL Have no effect on CSR	0,35	0,06	Not significant, H5 Rejected
H6	NIM Have no effect on CSR	0,37	0,05	Not significant, H5 Rejected
H7	GCG has an effect on CSR	0.01	0,56	Significant, H7 Accepted
	* P value standard ≤ 0.10			

Table 2:- Hypothesis Testing Results

The result of structural model evaluation refers Ghozali (2014: 106), can be interpreted as follows:

No	Indeks Penilaian	CAR	NPL	NIM	GCG	CSR
1	R-squared				0,091	0,460
	Adjusted R-squared				0,025	0,406
2	Full collinearity VIF	1,217	1,181	1,067	1,701	1,65
3	Q-squared				0,311	0,49
4	Goodness of Fit Tenenhaus = 0,525					
Sumber: Data diolah (2020)						

Table 3:- Results of Structural Model Evaluation

The evaluation of structural models in table 4.3 can be seen the R-squared value for endogenous GCG variables of 0091 and the endogenous Corporate Social Responsibility variable of 0.46. For estimation used can be R-squared or adjusted R-squared. The result of the analysis of the adjusted value of R-squared for endogenous GCG Vairabel is 0.025 and adjusted R-squared for the endogenous Corporate Social Responsibility variable is 0406 hereinafter described as the following:

- The results of this research estimate the value of R-squared. R-squared GCG can be explained by the exogenous variable Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Net Interest Margin (NIM) is 0091 (9.1%), meaning that the magnitude of the influence is ≤ 9.1%, hence the category is weak.

The rest of the influence is 89.9% (100%-9.1%) is an influence of other factors not included in the study. The second endogenous R-squared value can be deduced from the Corporate Social Responsibility can be explained by the exogenous variable Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Net Interest Margin (NIM) and the endogenous variable of one variable endogenous Good Corporate Governance is 0.46 (46%), the influence of indicating weak category. The remaining impact amounted to 54% (100%-46%) is another factor beyond research.

- Results of analysis of the value of Fuul collinearity VIF for Capital Adequacy Ratio (CAR) of 1,217, Non Performing Loan (NPL) of 1,181, Net Interest Margin (NIM) of 1.067, variable endogenous one Good Corporate Governance (GCG) of 1,701, and endogenous two Corporate Social Responsibility of 1.65. All latent variables show ≤ 3.3 which means that there is no multicolonierity between the latent variables.
- The value of Q squared analysis for the variable Good Corporate Governance (GCG) is 0311 and Corporate Social Responsibility of 0.49. According to (Stone and Geisser 1974 in (Ghozali 2014:356) when the Q squared value generated every endogenous variable > 0 Then it can be interpreted model has predictive relevance.
- Niali Goodness of Fit (GOF) model WARPPLS for secondary data does not consider the optimization in a detailed so that in the study took one of the size of Gof namely Tenengaus Goodness of Fit. Research analysis for goodness of fit is used when the GoF is amounting to, small ≥ 0.1, intermediate ≥ 0.25, and large ≥ 0.36. The results of the research analysis of 0525, thus can be

interpreted as the results of Tenenhaus goodness of fit entered in large catagori.

B. Discussion

➢ *Influence of Capital Adequacy Ratio of Good Corporate Governance*

Based on the empirical test results conducted, indicating that the Capital Adequacy Ratio variable has a positive and significant impact on Good Corporate Governance in the banking sector that is listed on the Indonesian stock exchange in 2018. It can be explained that the large capital of the company has an influence in running the corporate governance that means when CAR increase, good corporate governance will be better or can increase as well. The capital adequacy ratio is the ratio used to measure the adequacy of capital owned by the bank to indicate assets containing or risk-generating.

The research was supported by previous research of Lai (2014), Pratiwi (2016), Ilham (2016), Annisa (2013), Ratih (2013) with the findings of the research with a significant link between the capital adequacy ratio with good corporate governance. Another study of Megawati (2018) that the capital adequacy ratio has a significant positive effect on good corporate governance. However, this research is not in line with Retno (2014) stating that the capital adequacy ratio has no effect on good corporate governance

➢ *Non Performing Loan influence on Good Corporate Governance*

Based on the empirical test results conducted, showed that the Non-Performing Loan variables have a positive and significant impact on Good Corporate Governance in the banking sector listed on the Indonesian stock exchange in 2018. A Non performing loan is a ratio used to measure the risk of credit clarifications distributed by comparing bad or problematic credit. The implementation of good corporate governance conducted in this study provides positive value for the company to help the banking company to control the credit for the debtor, this is seen from the results of the sample that most of them have the NPL value that is under the provisions of the provision set by the BI.

The results of this study supported the previous research conducted by Megawati (2018), Ratih (2013) Non performing loan significantly positive effect on good corporate governance. Other research Lai (2014), WIDIAMSA (2016), Ariestya and Ardiana (2016) findings are that non-performing loans do not relate significantly to good corporate governance.

➢ *Influence of Net Interest Margin on Good Corporate Governance*

Based on the empirical test results conducted, showed that the Net Interest Margin variable has a positive and significant impact on Good Corporate Governance in the banking sector that is listed on the Indonesian stock exchange in 2018. The big interest rate income will be able to help to manage the company, the greater the interest generated the better the corporate governance. Net interest margin is the ratio used to measure the bank's management capability in generating income from interest by looking at the performance in delivering credits, given that the operational bank income depends on the difference in interest from the credit channeled.

The research was backed by previous study David and Wilopo (2011), net interest margin can support improving good corporate governance. Rika et al. (2019), WIDIAMSA (2016) with net interest margin results positive effect of good corporate governance.

➢ *Influence of Capital Adequacy Ratio tethadap Corporate Social Responsibility*

Based on the empirical test results conducted, indicating that the Capital Adequacy Ratio variable has a positive and significant impact on the Corporate Social Responsibility in the banking sector that is listed on the Indonesian stock exchange in 2018. This indicates that large capital can make the company to be able to achieve good CSR, it can help companies to get good trust from the community.

The results of this research supported by previous research conducted by Pan and Gu (2013) capital adequacy ratio (CAR) have a positive relationship with sustainability banking and also research conducted by YAM (2016) with the findings of capital adequacy ratio (CAR) positively affect sustainability banking. Dan Santoso et al (2017) said CAR significant positive effect. To strengthen risk management, capital adequacy ratio (CAR) is a requirement of sustainable development stability from commercial banks.

The research was not in line with the research conducted by Musrurroh and Mulazid (2017), Notoadmojo and Rahmawati (2016) the capital adequacy ratio (CAR) did not have a significant influence on the CSR.

➢ *Non Performing Loan influence on Corporate Social Responsibility*

Based on the empirical test results conducted, showed that the Non-Performing Loan variables have no effect and significantly tethadap Corporate Social Responsibility on the maturity of the banking sector listed on the Indonesia Stock Exchange in 2018., thus the ratio of Non-performing loan (NPL) indicates the management of bank's ability to manage the problematic credit that is given by the bank does not affect the ability.

This research supports previous research namely Santoso (2017), Miah and Alam (2017) stating that non-performing loan has no negative effect on sustainability. This research does not support previous research conducted by Hue (2015), Kurniawansyah and Mutmainah (2013) Non performing loan positively affects sustainability.

- *Influence of Net Interest Margin on Corporate Social Responsibility*

Based on the empirical test results conducted, showed that the Net Interest Margin variable has no effect and significant Corporate Social Responsibility on the maturity of the banking sector listed on the Indonesian stock exchange in 2018. The study was backed by previous research of Anik (2016), net interest margin had no significant positive effect on CSR.

- *The effect of Good Corporate Governance on Corporate Social Responsibility*

Based on the empirical test results conducted, showed that Good Corporate Governance variables have a positive and significant impact on the Corporate Social Responsibility in the maturity of the banking sector listed on the Indonesian stock exchange in 2018. This indicates that if the company has run good corporate governance, it will be able to apply good CSR as well.

The results of this study supported the previous research conducted by Roziq and Danurwenda (2015), Babalola & Adedipe (2014), Golja at.al (2011), Pitelis (2011), Matic and Papac (2014) Good corporate governance significantly positively affects CSR, the better corporate governance is done by the bank, the higher the sustainability of the bank. The other research that shows good corporate governance results significantly positive impact on sustainability banking is Babalola and Adedipe (2014). And the research is not in line with the research Daljono (2014), Hasanah et al (2015), Sudrajat (2017) stating good corporate governance has no effect on the Corporate Social Responsibility.

V. CONSLUSION

Based on the results of analysis and discussion that has been done in the previous chapter, it can be concluded as follows:

Capital adequacy ratio has significant positive effect on good corporate governance. The higher the capital ratio, the higher the bank has and the stronger the bank to bear the risk. It can be concluded that if capital adequacy ratio increases it will be able to improve good corporate governance. Non performing loan has significant positive effect on good corporate governance, therefore it can be donated if non performing loan increases, it will be able to improve good corporate governance. Net interest margin has significant positive effect on good corporate governance. It can be concluded that if net interest margin increases it will be able to improve good corporate governance. Capital adequacy ratio has a significant positive impact on Corporate Social Responsibility, the higher the capital ratio, the higher the bank has and the stronger the bank to bear risk. Therefore the higher the capital adequacy ratio then the better Corporate Social Responsibility of the bank concerned. Non performing loan has no significant effect on Corporate Social Responsibility, non performing loan which is not able to support Corporate Social Responsibility, but it is influential if through intervening good Corporate governance. Net interest margin has no significant effect on Corporate Social Responsibility, net interest margin that is not able to support Corporate Social Responsibility, but it is influential if through intervening good Corporate governance. Good corporate governance has significant positive effect on Corporate Social Responsibility. These results show that in the application of good corporate governance can increase the company's reputation in the implementation of Corporate Social Responsibility

- *For further researchers*

To obtain better research results, further research can extend the period of its research. Researchers are then able to add or replace with other vaiabel that can affect good corporate governance and Corporate Social Responsibility. The research population is not only devoted to the company in the banking sector, but also in other companies listed on the Indonesia Stock Exchange. The number of issuers used or researched is as many as 45 issuer banking Listings October 02, 2019. For further researchers can increase the number of Emitennya.

REFERENCES

[1]. Adam, C.A. dan P. McNicholas. (2007). “Making a Difference: Sustainability Reporting, Accountability and Organizational Change”.Accounting, Auditing & Accountability Journal, Vol. 20, No. 3, hlm 382 – 402.
[2]. Adhipradana, Fadhilah. Daljono. 2014. Pengaruh Kinerja Keuangan, Ukuran Perusahaan, Dan *Corporate Governance* Terhadap Pengungkapan *Sustainability Report*. Jurnal Undip. Vol 3, No 1, Tahun 2014, Hal 1-12
[3]. Ambadar, Jackie. (2008). CSR dalam Praktik di Indonesia. PT. Elex Media Komputindo. Jakarta
[4]. Aniktia, Ria. Khafid, Muhammad. 2015. Pengaruh Mekanisme *Good Corporate Governance* Dan Kinerja Keuangan Terhadap Pengungkapan *Sustainability Report*. Jurnal UNNES. Vol 4, No, 3.
[5]. Ariestya, Putu Yutika. Ardiana, Putu Agus. 2016. Implementasi *Good Corporate Governance* Pada Perusahaan Sektor Keuangan Dengan Manajemen Risiko Sebagai Variabel Intervening. Jurnal Akuntasi Universitas Udayana. Vol 16, No 2, Tahun 2016, Hal. 1461-1488
[6]. Aziz, Abdul. 2014. Anlisis Pengaruh *Good Corporate Governance*(GCG) Terhadap Kualitas Pengungkapan *Sustainability Report* Studi Empiris Pada Perusahaan Di Indonesia Periode Tahun 2011-2012. Jurnal Audit Dan Akuntasi Fakultas Ekonomi Universitas Tanjungpura. Vol 3, No 2, Desember 2014 Hal. 65-84
[7]. Bank Indonesia. 2006. Surat Edaran Bank Indonesia Tentang Pelaksanaan Good Corporate Governance Bagi Bank Umum No. 9/12/DPNP/2006.
[8]. Bank Indonesia. 2011. Surat Edaran Bank Indonesia Tentang Modal, Kredit, Suku Bunga No. 13/1/PBI/2011.
[9]. Bank Indonesia. 2012. Tentang Kewajiban Pemenuhan Modal Minimum No. 14/18/PBI/2012.

[10]. Bessis, Joel. (2015) .Risk Management In Banking, 4th ed. TJ International Ltd, Padstow, Cornwall. United Kingdom.
[11]. Bessis, Joël. (2015). Risk Management in Banking. Fourth edition. John Wiley & Sons, Ltd, United Kingdom.
[12]. Brigham, Eugene F. and Daves, Phillip R.. (2007). Intermediate Financial Management. 9th ed. Thomson/South-Western, a part of The Thomson Corporation. United States of America
[13]. Burlando. 1990., “The 1990s : The Decade of Risk Management”, Risk Management, Vol. 37, No. 3, p. 50.ac
[14]. Chariri, A.,& Ghazali, I. (2007). Teori Akuntansi, Semarang: Badan Penerbit UNDIP
[15]. Chin, W.W. (1998). The Partial Least Square Approach for Structural Equation Modeling. Modren Methods for Business Research pp. 295-336, Hillsdale, New Jersey:Lawrence Erlbaum Associates
[16]. Cohen,J. (1988). Statistical Power Analysis for the Behavioral Sciences. Hillsdale, New Jersey: Lawrence Erlbaum Associates.
[17]. Daniri, M. A. dan A. I. Simatupang., (2009). Rekayasa Pelaporan Keuangan: Isu Akuntansi Atau Governance?, Forum for Corporate Governance in Indonesia, http://www.fcgi.or.id.
[18]. Davis, J. H., Schoorman, F. D., & Donaldson, R. (1997). Toward a stewardship theory of management. Academy of Management Review, 22(1), 20-47.
[19]. Dendawijaya, Lukman (2009). Manajemen Perbankan. Jakarta: Ghalia Indoensia.
[20]. Deni Iswanto. 2018. Riset: Peraktik Good Corporate Governance di Industri Perbankan Mulai Mengendur. Dikutip dari : https://akurat.co/id-266043-read-praktik-gcg-di-industri-perbankan-mulai-mengendur
[21]. Djamaludin, Said. Apollo. Ariani, Megawati. 2018. Risk Analysis Of The Company Through Good Corporate as Intervening Businnes On Sustainable Company Case Study On BEI Company Period 2011-2016. International Jurnal Of Innovative Research and Development Vol 7, Issue 7
[22]. Dowling, J. dan J. Pfeffer. (1975). “Organizational Legitimacy: Social Values and Organizational Behaviour”.Pacific Sociology Review Vol. 18, No. 1, hlm 122-136
[23]. Elkington, J. (1997).Cannibals with Forks: The Triple Bottom Line of 21st Century Business. Capstone Publishing, Oxford
[24]. Frederick, Choi D.S. and Gary, Meek K.. (2005). Akuntansi Internasional, Ed 6 Buku 2. Salemba Empat .Jakarta.
[25]. Friedman, M. (1970). The Social Responsibility of Business Is to Increase its Profits. New York Times.
[26]. Gray,R.,Owen,D.,Adam,C.(1996.) Accounting and Accountibility: Changes and Challenges in Corporate Social and Enviromental Reporting. Prentice-Hall. London.
[27]. Hill, Michael (1996) Social Policy: A Comparative Analysis. London: Prentice Hall
[28]. Ihsan (2016). Kualitas Penerapan Good Corporate Governance Pada Bank Umum Syariah Di Indonesia Serta Pengaruhnya Pada Kinerja Keuangan. Jurnal Ekonomi Islam. Vol.7, N.2
[29]. Ikatan Bankir Indonesia. (2017). *MANAJEMEN RISIKO 2*. JAKARTA: GRAMEDIA PUSTAKA UTAMA.
[30]. Imam Ghozali dan Hengky Latan. (2014). Partial Least Squares. Konsep, Metode dan Aplikasi Menggunakan Program WarpPLS 4.0, Semarang: Badan Penerbit Universitas Diponegoro.
[31]. Indonesia Stock Exchange. 2018. Laporan Keuangan Tahuanan Sub Sektor Per Bankan. Dilihat dari https://www.idx.co.id/perusahaan-tercatat/laporan-keuangan-dan-tahunan/
[32]. Jati, A. Waluya. Hasanah, Nimatul. Syah Dhaniel. 2015. Pengaruh *Corporate Governance* Terhadap *Sustainability Report* Pada Perushaan Di Indonesia. Jurnal Reviu Akuntansi Dan Keuangan Vol 4, No 1, Tahun 2015, Hal. 711-720.
[33]. Kasmir. (2010). Analisis Laporan Keuangan. Raja Grafindo Persada. Jakarta. (2014). Manajemen Perbankan. Edisi Revisi. PT.RajaGrafindo Persada, Jakarta
[34]. Kock, Ned. (2013). WarpPLS 4.0 User Manual. ScripWarp System, Loredo, Texas USA.
[35]. Kumala Ratih, Ni Made Dwi(2013). Pengaruh risiko kredit pada kinerja perusahaan dengan Good Corporate Governanve sebagai variabel pemoderasi. E-Jurnal Ekonomi dan Bisnis Universitas Udayana.Volume.02.No.04, pp. 265-277.
[36]. Kumala Ratih, Ni Made Dwi(2013). Pengaruh risiko kredit pada kinerja perusahaan dengan Good Corporate Governanve sebagai variabel pemoderasi. E-Jurnal Ekonomi dan Bisnis Universitas Udayana.Volume.02.No.04, pp. 265-277.
[37]. Lai. (2014). Corporate Governance and Financial Performance of Bank in Asian Regions and Recommendations. Asian Journal of Finance & Accounting, Vol. 6, No. 2.
[38]. Martin Sihombing. 2016. Kualitas GCG Industri Jasa Keuangan Mengendur. Dikutip dari : https://finansial.bisnis.com/read/20160928/89/587721/kualitas-gcg-industri-jasa-keuangan-menurun
[39]. Notoatmojo, M. Iqbal. Rahmawaty, Anita. 2016. Analisis Faktor-Faktor Yang Mempengaruhi *Financial Sustainability Ratio* Pada Bank Umum Syariah Di Indonesia Periode 2010-2014. Jurnal Ekonomi Syariah. Vol 4, No 1, Juni 2016, Hal 20-42.
[40]. Oktaviani, Rachmawati Meita. (2011). Fenomenologi Implementasi Corporate Social Responsibility Sebagai Realita Strategi Perusahaan Studi Kasus Pada PT. Apac Inti Corpora Bawen Semarang. Dinamika keuangan dan Perbankan Vol.3, No.2.
[41]. Otoritas Jasa Keuangan. 2016. Surat Edaran Otoritas Jasa Keuangan Tentang Perhitungan Self Assessment No. 13/SEOJK.03/2016.
[42]. Otoritas Jasa Keuangan. 2016. Tentang Peraturan Otoritas Jasa Keuangan No. 55/OJK.03/2016.

[43]. Permatasari, Ika. Novitasary, Retno.2013. Pengaruh Implementasi *Good Corporate Governance* Terhadap Permodalan Dan Kinerja Perbankan Di Indonesia Manajemen Risiko Sebagai Variabel Intervening. Jurnal Ekonomi Kuantitatif Terapan Vol 7, No 1, Tahun 2014, Hal. 52-59

[44]. Pratiwi, Angrum.2016. Pengaruh Kualitas Penerapan *Good Corporate Governance* (GCG) terhadap Kinerja Keuangan Pada Bank Umum Syariah Di Indonesia Periode 2010-2015. Jurnal Ekonomi dan Bisnis Islam Vol 2, No 1, Hal. 55-76.

[45]. Pricewaterhouse Coopers Consulting Indonesia, (2016). Sustainability Reporting: Global Reporting Initiative (GRI) G4. www.pwc.com/

[46]. Santoso, Januar. dkk. 2017. Pengaruh *Capital Adequacy Ratio*, *Non Performing Loan* dan *Loan To Deposit Ratio* Terhadap *Financial Sustainability Ratio*. Jurnal Telkom University e-Proceeding of Management Vol 4, No 3, Tahun 2017

[47]. Stone, M (1974). Cross-Validatory Choice and Assessment of Statistical Predictions, Journal of the Royal Statistical Society (36): 111-147.

[48]. Sugiyono. (2013). Metode Penelitian Bisnis, Alfabeta, Bandung.

[49]. Syed, Z., dan Safdar A. (2009). The Impact of Corporate Governance on the Cost of Equity: Empirical Evidence from Pakistani Listed Companies. The Lahore Journal of Economics, Vol. 14, hal. 139-171.

[50]. Tjondro, David, R. Wilopo. 2011. Pengaruh *Good Corporate Governance* (GCG) Terhadap Profitabilitas Dan Kinerja Saham Perusahaan Perbankan Yang Tercatat Di Bursa Efek Indonesia. Journal Of Business and Banking. Vol 1,No 1, May 2011, Pages 1-14

[51]. Umar, Husein. (2013). Desain Penelitian MSDM dan Perilaku Karyawan, Penerbit PT. Rajagrafindo Persada, Jakarta.

[52]. Wibisono, Yusuf. 2007. Membedah Konsep CSR. Dharmagraha.Gresik.(2007) Membedah Konsep dan Aplikasi CSR. Gresik: Fascho Publishing.

[53]. Widiamsa, Abraham William. 2016. Analisa Pengaruah *Good Corporate Governance* (GCG) Terhadap Profil Dan Rentabilitas Bank Umum Si Indonesia 2011-2015. Jurnal Ekonomin dan Bisnis Universitas Ma Chung Malang.