

## The Effect of Corporate Social Responsibility (CSR) on the Profitability of Bank Muamalat Indonesia Period 2013-2016

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**ABSTRACT.** The purpose of this study was to determine the effect and how much influence the Corporate Social Responsibility (CSR) program has on Profitability. Where profitability is proxied into Return on Asset (ROA) and Return on Equity (ROE) in the annual report of Bank Muamalat Indonesia publication in 2013-2016. Researchers used a quantitative approach with simple regression data analysis techniques using the SPSS version 16 program. The results showed that Corporate Social Responsibility (CSR) had a significant effect on Return on Asset (ROA) with a sig value.  $(0.030) < 0.05$  and the coefficient of determination is 22.1%. Corporate Social Responsibility (CSR) has no significant effect on Return on Equity (ROE) with a sig value.  $(0.654) > 0.05$  and the coefficient of determination is 12.0%.

**Keywords:** Corporate Social Responsibility (CSR); Profitabilitas; (Return On Asset (ROA); Return On Equity (ROE);

How to cite this article:

Khumairoh, D., Mahesa K.A., Darti, M. (2023). The Effect of Corporate Social Responsibility (CSR) on the Profitability of Bank Muamalat Indonesia Period 2013-2016. SEMB-J: Sharia Economic and Business Journal, 4(2), 29-32.

## INTRODUCTION

The development of Islamic banking is getting faster with the existence of Law No. 21 of 2008 concerning Islamic Banking which provides a clear foundation in the operation of Islamic banks, so that people are increasingly interested in transacting in Islamic banks, this can be seen from the increasing number of Islamic commercial banks in Indonesia. Based on data from the Financial Services Authority, until 2017 there were 13 Islamic Commercial Banks in Indonesia, this proves that the number of Islamic banks continues to increase. One of the government policies in regulating a company or company that is developing at this time is to issue the provisions of article 74 of Law No. 40 of 2007 concerning: Companies that carry out their business activities in the field of or related to natural resources are required to carry out Social and Environmental Responsibility. Social and Environmental Responsibility as intended is an obligation of the company that is budgeted and calculated as a cost of the company whose implementation is carried out with due regard to propriety and fairness. The implementation of CSR in the company will also affect profitability. The CSR (Corporate Social Responsibility) program is a program that is carried out routinely every year by Islamic Banks. By implementing the CSR (Corporate Social Responsibility) program, the company

will also get benefits, one of which is increased profitability. Where, factors that can affect profitability include disclosure of Corporate Social Responsibility and company size.

Profitability is the ability of a company to generate profits during a certain period (usually semesterly, quarterly and others), to see the company's ability to operate efficiently. Profitability ratios measure the company's ability to generate profits using the company's resources, such as assets, capital or company sales. ROA (Return On Assets) is the ratio of net income to total assets. ROA (Return On Assets) is a measurement of the company's overall ability to generate profits with the total assets available in the company. The higher this ratio, the better the condition of a company. ROE (Return On Equity) is the ratio of net income to equity. A ratio that measures the company's ability to generate profits based on certain share capital. In some references, it is also called the ratio of total asset turnover or total asset turnover.

CSR (Corporate Social Responsibility) is a company's commitment to carry out obligations based on decisions to take policies and actions about the interests of stakeholders and the environment in which the company carries out its activities based on applicable legal provisions. Davis and Frederick in 1992 stated that: CSR (Corporate Social Responsibility) is the obligation of business organizations or companies to take part in activities aimed at protecting and improving the welfare of society as a whole in addition to activities aimed at the interests of the organization itself.

## METHOD

In research on the Effect of CSR (Corporate Social Responsibility) Program on the Profitability of Bank Muamalat Indonesia, the author uses associative research, which is research that aims to determine the effect or relationship between two or more variables. In research on the Effect of CSR Programs (Corporate Social Responsibility) on the Profitability of Bank Muamalat Indonesia, the authors use a quantitative approach.

## RESULTS AND DISCUSSION

### Data Normality Test

testing the normality of the data to see whether the data is normally distributed or not statistically. The data normality test used in this study is to use the Kolmogorov-Smirnov Test. And it is said to be normally distributed if the significant value of the Kolmogorov-Smirnov Test  $> 0.05$  (5%).

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.353	2.184		-.620	.599
CSR	.164	.218	.470	.753	.030

a. Dependent Variable: ROA  
Sumber : Data Sekunder di olah 2018

Figure 1. Data Normality Test Results

In the Normality Test results using the Kolmogorov-Smirnov Test only by looking at the Asymp.Sig value. (2-tailed) on the SPSS output. It can be seen that the data on motivation and leader behavior are normally distributed because the significance value  $> 0.05$  (5%) for each variable is 0.766, 0.852, and 0.595 while other output values are not used because they only follow the output.

## Statistical Test t

The t test technique is used to test and determine whether the independent variables individually have a significant effect on the dependent variable. Further analysis regarding hypothesis testing is accepted or rejected, where the model is said to be accepted if the significant value is  $<0.05$ , and the model is rejected for further analysis if the significance value is  $> 0.05$ . The following is a table of t test results:

Model	Coefficients <sup>a</sup>			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	-31.648	69.384		-.456	.693
CSR	3.618	6.939	.346	.521	.654

a. Dependent Variable: ROE  
Sumber : Data Sekunder diolah 2018

Figure 2. Results of the t Statistical Test

Based on table 4.6 above, it can be seen that the simple regression coefficient for the Corporate Social Responsibility (CSR) variable is 0.164 and the t value is 0.753 with a significance of 0.030. And the significance value is smaller than 0.05. So that the hypothesis is accepted, which means that Corporate Social Responsibility (CSR) has a significant effect on Return On Asset (ROA).

Based on table 4.7 above, it can be seen that the simple regression coefficient for the Corporate Social Responsibility (CSR) variable is 3.618 and the t value is 0.521 with a significance of 0.654. And the significance value is greater than 0.05. So the hypothesis is rejected, which means that Corporate Social Responsibility (CSR) has no significant effect on Return On Equity (ROE).

## Test Coefficient of Determination (R Square)

The following are the results of the coefficient of determination (R<sup>2</sup>) test, the results of the R<sup>2</sup> test are used to determine how much the percentage contribution of the influence of the independent variable Corporate Social Responsibility (CSR) simultaneously on the dependent variable Return On Asset (ROA) and Return On Equity (ROE) at Bank Muamalat Indonesia. The following table is the result of the R<sup>2</sup> test:

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.470 <sup>a</sup>	.221	.169	.15765	2.073

a. Predictors: (Constant), CSR  
b. Dependent Variable: ROA

Figure 3. Test Results of the Coefficient of Determination (R Square)

The R value ranges from 0 to 1, if it is close to 1 then the relationship is getting closer but if it is close to 0 then the relationship is getting weaker. From the table above, the value of the determinasi coefficient R<sup>2</sup> = 0.221 is obtained. This value means that the independent, namely CSR, contributes 22.1% in influencing the dependent variable, namely ROA.

Model Summary <sup>b</sup>					
odel	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	.346 <sup>a</sup>	.120	-.321	5.00904	1.721
a. Predictors: (Constant), CSR					
b. Dependent Variable: ROE					

**Figure 4. Model Summary Test Coefficient of Determination (R Square)**

The value of R ranges from 0 to 1, if it is close to 1 then the relationship is getting closer but if it is close to 0 then the relationship is getting weaker. From the table above, the value of the determinant coefficient  $R^2 = 0.120$  is obtained. This value means that the independent, namely CSR, contributes 12.0% in influencing the dependent variable, namely ROE.

## CONCLUSION

The study was conducted to understand the effect of CSR on profitability at Bank Muamalat Indonesia for the period 2013-2016. Based on the results of the research and discussion above, it can be concluded that there is an influence of CSR on ROA because the significance value  $<0.05$  is 0.030. The value of the determination coefficient  $R^2 = 0.221$ . There is no effect of CSR on ROE because the significance value  $> 0.05$  is 0.654.

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