ABSTRACT

The aim of this research is to know the interrelationship between financial performance and corporate social responsibility in the Indonesian banking sector. Corporate Social Responsibility is company's activities that its operations based on the aspects of economic, social and environment. In this study, financial performance of banking is measured by using the return on assets (ROA) and return on equity (ROE). This study used two test models, the first model used the corporate social responsibility$_t$ as the independent variable and financial perfomance$_{t+1}$ as the dependent variable also in this model use variabel control such size banks. In the second model, financial perfomance is used as independent variables, corporate social responsibilityt$_{+1}$ is used as the dependent variable.

Islamic banking companies which used in this research are all islamic banking companies listed in Bank Indonesia at 2013-2015. As the limited number of listed companies, then it is conducted a census by using 12 bank. The method of analysis was used in this study was multiple regression analysis .

Based on the test results, the first model was found that the CSR had significant possitive effect toward ROA and ROE variable. Meanwhile, CSR had significant negative effect to variable control size bank. In the second model, it was found that ROA and ROE stimultaneously not affected the CSR at 5% significant level but signifiantly affected to CSR at 10% significant level. Meanwhile, partially ROA had negative effect to CSR and ROE possitive effect to CSR. So, it can be concluded that the disclosure of CSR islamic bank have interrelationship toward the financial performance of islamic bank.

Keywords: Islamic bank, corporate social responsibility, financial performance, return on assets and return on equity, size bank.