CORPORATE SOCIAL RESPONSIBILITY (CSR) AND RETURN ON ASSETS (ROA) BANKING IN INDONESIA, MALAYSIA, THAILAND AND THE PHILIPPINES

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ABSTRACT

Corporate Social Responsibility (CSR) is a corporate approach to integrating social and environmental issues into company activities and interactions with each of its stakeholders. The long-term financial well-being of a company is directly related to the influence of the company on its social and environmental actions. This study aims to examine the effect of CSR on the Return on Assets (ROA) of banks in Indonesia, Malaysia, Thailand and the Philippines, respectively. The study was conducted with a period of 5 years, from 2014-2019, where the time lag (t-1) was used in the data regression. The independent CSR variable is proxied by CSR disclosure as measured by the content analysis method which refers to GRI G4. meanwhile, the dependent variable is Return on Assets (ROA) computed by net income divided by total assets and uses four control variables, namely Firm Size, Capital Adequacy Ratio (CAR), Leverage, and Firm Age. The results showed that CSR had no significant effect on Return on Assets (ROA) of the banking sector in Indonesia, Malaysia, Thailand and the Philippines. In theory, CSR practices can provide long-term financial benefits by integrating CSR into corporate governance as a core business strategy. Evidence from this study can help managers and regulators understand business practices in these four countries.

Keywords: Corporate Social Responsibility, Financial Performance, Banking Sector, ASEAN

1. Introduction

In recent years, the issue of organizational sustainability has become a priority for leaders of both public and private organizations. The company's efforts to realize sustainability within the company are by adopting Corporate Social Responsibility (CSR). Initially, CSR was considered as recognition of social interests or corporate social assistance (philanthropy), but now the definition of CSR is broader than just corporate social assistance. CSR is a company's strategic approach in integrating social and environmental issues into company activities and interactions with each of its stakeholders (official website of the United Nations Industrial Development Organization). So that the focus of CSR is linked to the triple bottom line concept which targets the implementation of 3P (People, Planet, Profit) (Runtulalu & Atmadja, 2015).

The financial sector, especially banking has also prioritized the adoption of sustainability issues. Transitioning the global economy with more efficient practices, recognizing social impacts, and creating appropriate governance structures has been considered by Top Level Management in the financial sector (World Economic Forum, 2019). This is evident from the initiativeUnited Nations Environment Program Finance Initiative (UNEP FI) as a pioneer of responsible banking principles supported by 130 banks around the world (United Nations Environment Program Finance Initiative, 2019).CSR is an integral concept of the realization of responsible banking in which the image of responsible banking is not only important for its shareholders but also for all stakeholders, bearing in mind that the impact of the financial sector is not only those directly involved but also includes the environment, biodiversity and climate change (Mita, Silalahi, & Halimastussadiah, 2018). Even though the banking sector does not have direct contact with the environment, banks still have the responsibility to report their activities transparently and openly to the public (Bidhari, 2015).

Increasing company awareness in being socially and environmentally responsible is followed by increasing CSR reporting. Compilation of non-financial reports or alternative reports is one way for companies to communicate their economic, environmental and social performance to stakeholders. According to the KPMG report in 2017,

Global companies have shown their commitment in reporting their CSR activities which can be seen in the following graph.

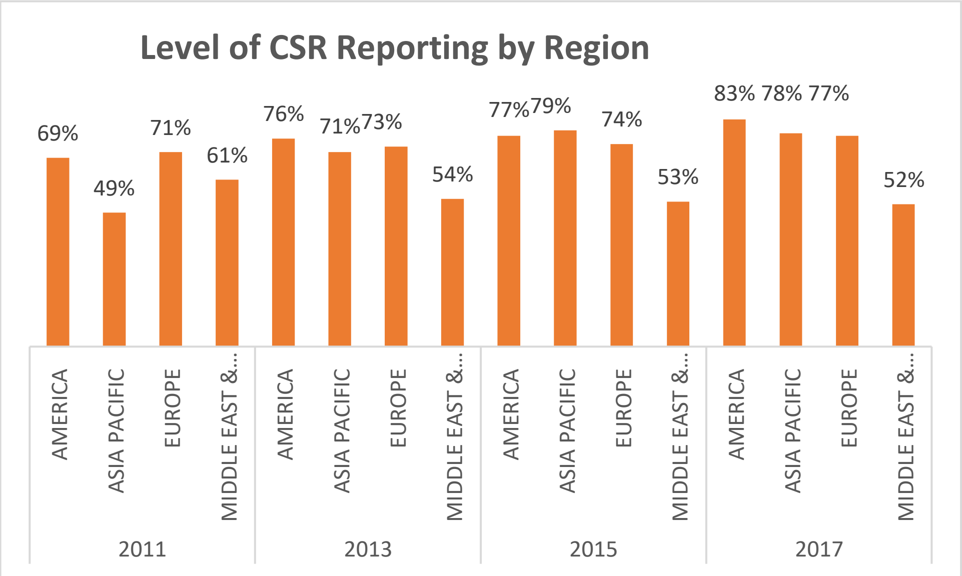

Figure 1 - Level of CSR Reporting by Region
Source: Source from KPMG Survey of Corporate Responsibility Reporting 2017

Where the Americas excel with a reporting rate of 83% and is followed in second place, namely the Asia Pacific region with a reporting rate of 78%.

Milton Friedman in theory stated that the true responsibility of a company is to generate the maximum profit for its shareholders (Bowie, 1991; DesJardins, 2014). However, this theory is considered unethical, where the theory put forward by Ed Freeman on the stakeholder theory shifts the view that only shareholders are prioritized, but the company also provides value to all parties affected or affected by company decisions (Bowie, 1991; DesJardins, 2014). Therefore, CSR is considered as part of the overall vision and mission of the company. So that the company's long-term financial well-being is closely linked to how the company implements sustainability in its business. Previous studies examined the relationship between CSR performance and several company performances and the results obtained were that CSR was able to improve corporate image and competitive advantage (Benlemlih, 2018), increase access to the capital market (UNIDO), improve financial communication to shareholders (Harjoto & Jo , 2015), more effective corporate governance (Harjoto & Jo, 2015), increasing employee motivation (Wan Ahamed, Almsafir, & Al-Smadi, 2014), and improving financial and stock performance (Jizi, Nehme, & Salama, 2016; Runtulalu & Atmadja, 2015). However, the positive effect of CSR on company profitability still varies. Research conducted by (Maqbool & Zameer, 2018) states that CSR has a positive impact on profitability and stock returns. However, this view is inconsistent with research conducted by (Fauziah, Irwanto, & Syamsun, 2016), where CSR has no effect on profitability or stock performance. Therefore it is necessary to conduct further research regarding the relationship between CSR and financial performance, especially in the ASEAN region.

This research is interested in using banking objects in Indonesia, Malaysia, Thailand and the Philippines because these four countries are in the same region, namely the ASEAN region. In addition, in many ASEAN member countries, banking is one of the most advanced financial sectors (ASEAN, 2015). This underlies the formation of financial integration in support of the ASEAN Economic Community (AEC). Financial integration or what is called the ASEAN Banking Integration Framework (ABIF) was ratified in 2014 by all central bank governors of ASEAN member countries. In addition, even though the level of CSR reporting in the ASEAN region is still lagging behind the global level, which is 59.2% in 2018 (CSR ASEAN Network, 2018). However, ASEAN member countries have shown their efforts in encourage the integration of elements of sustainability in public companies by implementing regulations in each country.

So based on this description the problem statement in this study is how is the performance of Corporate Social Responsibility (CSR) based on its disclosure to banks in Indonesia, Malaysia, Thailand and the Philippines and whether the performance of CSR disclosure can provide a positive signal on profitability proxied by Return on Assets (ROA) in each of the four ASEAN countries, namely Indonesia, Malaysia, Thailand, and the Philippines.

2. Theoretical basis

2.1 Literature review

2.1.1 Stakeholder Theory

According to Freeman (1984) from (Mita et al., 2018), stakeholders are groups or individuals who influence or are influenced by the achievement of company goals. So that the company has a responsibility not only to shareholders but also to the entire wider community including internal and external stakeholders of the company, namely; consumers, employees, suppliers, communities, governments, and others. Stakeholder theory itself starts from the insight that every business decision affects many people, benefits some, and imposes costs on other parties (DesJardins, 2014). Stakeholder theory explicitly conceptualizes organizations as part of a wider social system where organizations impact and are influenced by stakeholders (Reverte, 2016). According to (Muid, 2011),

2.1.2 Signaling Theory

Signal theory explains the relationship between a signal sender and receiver. Signal theory has also been widely applied to solve information asymmetries that are prevalent in economic and social information. In addition, signal quality (i.e. quality of disclosed information) implies reputation with positive benefits for the company (Yu, 2017). According to (Su et al., 2016), CSR practices can be a signal that discloses additional information to stakeholders. Because CSR practices can reduce information asymmetry between companies and stakeholders so that they can provide signals on the company's financial performance. CSR can reduce information asymmetry because for related stakeholders, CSR is valuable information in demonstrating the superiority of the company.

2.1.3 Corporate Social Responsibility

CSR is the company's interaction with its stakeholders through addressing social and environmental issues into the company's business activities (Jizi et al., 2016; Maqbool & Zameer, 2018). According to (Dornean & Oanea, 2017; Krasodomska, 2015), there is a strong relationship between CSR and sustainable development, because CSR shows the company's commitment to contributing to achieving sustainable economic development by working with employees, the local community, and the wider community which aims to improve quality life. The concept of the triple bottom line in CSR is a benchmark for values and criteria that determine the success of a company (Oyewumi, Ogunmeru, & Oboh, 2018).

CSR is also considered as a company strategy in improving its reputation in society. Research (Lev, Petrovits, & Radhakrishnan, 2010) explains the relationship between CSR and company income. CSR activities that are well designed are considered to be able to improve the company's reputation and increase customer loyalty. Furthermore, through CSR activities, the company can generate new sales prospects which will eventually improve the economic condition of the company. So that the CSR activities carried out are associated with future sales as shown in the figure below.

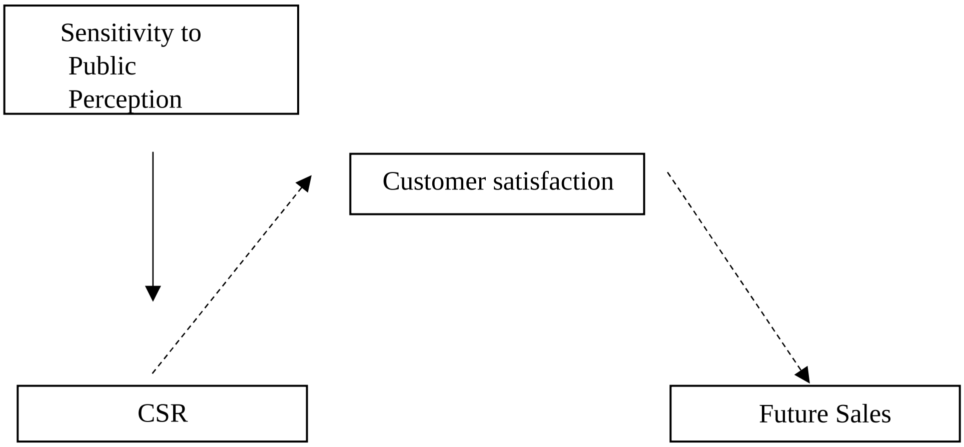

Figure 2 - Relationship between CSR and Revenue Growth
Source: (Lev et al., 2010)

2.1.4 CSR Disclosure

Increasing company awareness of the importance of CSR is in line with the reflection of an increase in CSR reports (CSR Disclosure) (Gamerschlag, Möller, & Verbeeten, 2011). CSR disclosure is defined as voluntary disclosure containing information about the company's impact on a range of social and environmental constituencies or stakeholders. This information contains human resources, society, consumption of environmental resources and environmental impacts (Jizi et al., 2016). Given the regulator's efforts to increase corporate awareness in integrating CSR in the ASEAN region, especially in Indonesia, Malaysia, Thailand and the Philippines, CSR disclosure is mandatory, especially for public companies.

According to the KPMG report in 2017, GRI is the most popular framework used as a reference for CSR reporting globally. GRI itself was founded by the non-profit organization Coalition for Environmentally Responsible Economies (CERES) AndTellus Institutein 1977 (Global Reprting, nd) The GRI reporting standards support companies to protect the environment and improve the welfare of society, as well as boost the economy by improving governance and relationships with stakeholders so as to enhance reputation and build trust. In another sense, the GRI index is a guideline for companies that CSR performance that will be carried out in the current year is in accordance with global standards. Research conducted by (Fauziah et al., 2016), (Mita et al., 2018), (Waworuntu, Wantah, & Rusmanto, 2014), (Klerk, Villiers, & Staden, 2015), and (Verbeeten, Gamerschlag, & Möller, 2016) uses the GRI G4 index in measuring CSR disclosure. Therefore, this study also uses the GRI G4 index to measure CSR disclosure in economic, environmental, and social. This is because the GRI is the most relevant institution in the context of CSR disclosure because the GRI guidelines cover all aspects of CSR because it considers economic, environmental and social perspectives.

2.1.5 Return on Assets

Information regarding the company's financial performance is needed not only for internal parties but also external parties. Investors as external parties to the company need information related to current financial conditions and expected future income, as one of the analyzes to see the stability of income from time to time. Meanwhile, internal management requires financial analysis to carry out effective planning and control, namely its relation to the rate of return on assets owned by the company (Horne & Wachowicz, 2005). One of the company's financial performance indicators can be seen from the company's ability to generate profits (profitability). In other words, profit is an expression of a company's financial performance (Hategan & Curea-Pitorac, 2017).

The selection of profitability ratios (accounting-based measures) is used because it is accepted in the banking sector as the most accurate measurement method in capturing bank performance (Platonova, Asutay, Dixon, & Mohammad, 2016). In addition, according to (Platonova et al., 2016) and (Johansson, Karlsson, & Hagberg, 2015) CSR has a stronger correlation with accounting-based measures than market-based measures. Return on Assets (ROA) is a measure commonly used to calculate economic performance and profitability because it represents the company's financial performance in it (Johansson et al., 2015). Return on Assets (ROA) is also an appropriate measure of profitability used to show how effective and efficient the use of company assets is to generate profits (Wan Ahamed et al., 2014).

2.2 Hypothesis Development

Activities related to CSR need to be disclosed by the company, especially if the information is needed by customers, investors and stakeholders as a way for the company to communicate all aspects of the company's business activities in a transparent manner (Siregar & Br Bukit, 2017).

Research conducted (Bidhari, 2015) states that banks in Indonesia that perform better CSR disclosures result in higher financial performance and firm value. The results of this study were also supported by research conducted by (Siregar & Br Bukit, 2017) who conducted research on plantation companies in Indonesia and Malaysia. Research conducted by (Maqbool & Zameer, 2018) also concluded that CSR affects profitability and market returns on banking in India. Based on the results of previous research, the hypothesis in this study is:

H1a: There is a positive effect of CSR disclosure on financial performance in Indonesian banks

H1b: There is a positive effect of CSR disclosure on financial performance in banking in Malaysia

H1c: There is a positive effect of CSR disclosure on financial performance in banks in Thailand

H1d: There is a positive effect of CSR disclosure on financial performance in banks in the Philippine

2.3 Framework

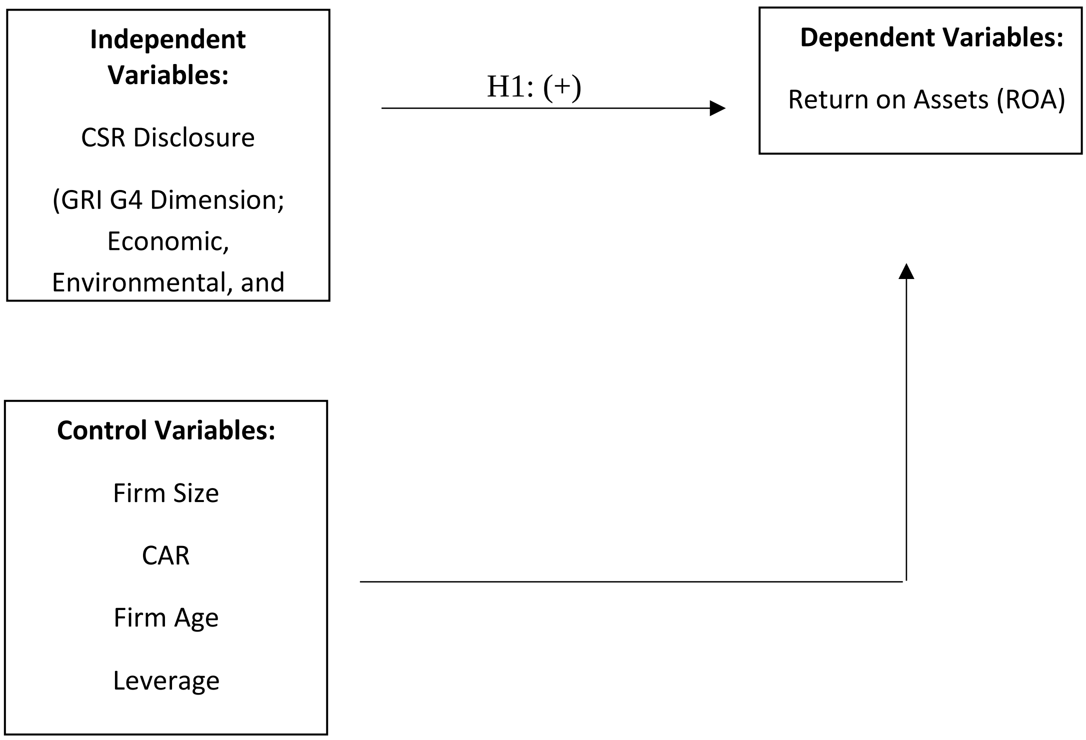

Figure 3 – Thinking Framework

3. Research methods

3.1 Research Object and Research Period

The objects used in this study are companies in the banking sub-sector that are listed on the Indonesia Stock Exchange (BEI), Malaysia Exchange (BM), Stock Exchange of Thailand (SET), and Philippine Stock Exchange (PSE) during the 2014-2019 research period. .

3.2 Population and Research Sample

The population of this study are banking sub-sector companies listed on the Indonesia Stock Exchange (IDX), Malaysia Exchange (BM), Thailand Stock Exchange (SET), and Philippine Stock Exchange (PSE) in the 2014-2019 period. Meanwhile, in selecting the sample, the authors used a purposive sampling method or judgment sampling technique with the following criteria; (1) Banks listed on the Indonesia Stock Exchange (BEI), Malaysia Exchange (BM), Stock Exchange of Thailand (SET), and Philippine Stock Exchange (PSE), (2) Banks have never been delisted during the 2014-2019 period, and (3) Banks issue annual reports and/or CSR reports periodically. The list of samples in this study can be seen in Appendix 1.

3.3 Types and Sources of Research Data

The type of data used in this study is quantitative data and the data source in this study uses secondary data. Secondary data used in this study

Obtained from observations made through annual reports and CSR reports of each bank for the 2014-2019 period, which were published on the official websites of the Indonesia Stock Exchange (BEI), Bursa Malaysia (BM), Stock Exchange of Thailand (SET), Philippine Stock Exchange (PSE) as well as the official website of each bank. The CSR report is needed to observe each bank's CSR activities during the 2014-2018 research period. In the event that a bank has not published a CSR report during the 2014-2018 period, then in this case an annual report is used to measure CSR performance based on the GRI G4. Furthermore, the financial reports for the 2015-2019 period are used to obtain financial performance data after the current year.

3.4 Variable Definitions and Operations

3.4.1 Dependent Variable

The dependent variable in this study is Return on Assets (ROA). Accounting-based measurement was chosen because it is the most accurate measurement method for capturing bank performance (Platonova et al., 2016). ROA measurement based on (Horne & Wachowicz, 2005), namely:

$$ROA = \frac{Net\ Profit\ afer\ Tax}{Total\ Asset} \quad (3.1)$$

3.4.2 Independent Variable

CSR Disclosure is information disclosed by the company in an annual or separate report (CSR report) regarding the company's activities related to social and environmental issues. Measurement of CSR disclosure refers to the framework issued by the Global Reporting Initiative (GRI) as a guideline for measuring CSR disclosure scores. Content analysis is carried out by giving a value of 1 to each item that is disclosed, and giving a value of 0 to items that are not disclosed. Then each score is added up and divided by the total index items on GRI G4. Based on research (Oyewumi et al., 2018) CSR disclosure was calculated in the previous year (t-1) and regressed on the current year's ROA in order to reflect the actual effect. Therefore, the following is the CSR disclosure measurement formula (Platonova et al., 2016):

$$CSR\ Disclosure = \frac{\sum_{i=1}^{n} Xijt}{N} \quad (3.2)$$

Information:

Jt = CSR Disclosure for company j and period t

Xi = Value 1 if item i is disclosed, value 0 if item i is not disclosed N =

Total items (N=77)

3.4.3 Control Variables

The control variable used in this study refers to previous studies. Based on previous theoretical and empirical studies, it is suggested that the relationship between CSR and financial performance needs to be done by controlling certain other variables (Platonova et al., 2016; Siueia, Wang, & Deladem, 2019). Therefore the control variables used in this study refer to (Maqbool & Zameer, 2018), namely Firm Size, Capital Adequacy Ratio (CAR), Leverage, and Firm Age.

3.4.3.1 Firm Size

Larger companies may exhibit more socially responsible behavior than smaller companies. This is due to an increase

(3.3)

larger stakeholder expectations for large companies to be more socially and environmentally responsible (Johansson et al., 2015). FormulaFirm Size based(Oyewumi et al., 2018):

$$Size = Ln\ (Total\ Asset)$$

3.4.3.2 Capital Adequacy Ratio (CAR)

Capital adequacy is one of the factors in calculating the soundness level of a bank. The Capital Adequacy Ratio (CAR) calculates the adequacy, projected capital, and capital adequacy needed by a bank to cover potential risks (Amelia, 2015). According to (Siueia et al., 2019) banks with the highest capitalization tend to be aggressively involved in CSR behavior. Capital ratio measurement using the Capital Adequacy Ratio (CAR) with Basel regulations (Bankers Association Indonesia, 2015), namely as follows:

$$CAR = \frac{Tier 1 + Tier\ 2}{Risk\ Weighted\ Asset} \qquad (3.4)$$

3.4.3.3 Risk (Leverage)

Banks with high leverage are more at risk of bankruptcy (Jizi et al., 2016), so it is estimated that the leverage ratio will have a negative impact on financial performance (Platonova et al., 2016). The leverage ratio is considered to be able to influence the relationship between CSR and financial performance, companies that have a higher tolerance for risk may have different behavior from companies with a lower tolerance for risk in terms of CSR investment due to differences in the level of risk involved in CSR investment (Inoue & Lee, 2010). The leverage formula is based on (Horne & Wachowicz, 2005), namely:

$$Leverage = \frac{Total\ Debt}{Total\ Equity} \qquad (3.5)$$

3.4.3.4 Firm Age

This study uses firm age as a control variable which is measured based on incorporation year. Older banks have more experience in managing relationships with their stakeholders and have more experience in achieving broader and better CSR strategies (Hu & Scholtens, 2014). The following is a firm age formula based on research (Maqbool & Zameer, 2018), namely:

$$Age = Tahun\ ke - n\ (Sejak\ Perusahaan\ di\ Didirikan) \qquad (3.6)$$

3.5 Data Processing and Analysis Techniques

This study uses a linear regression model and the data used is panel data. Panel data is data consisting of cross-sectional data and time series data (Winarno, 2011). Processing techniques in this study using descriptive statistical analysis, panel data regression test, classical assumption test, and hypothesis testing. Panel data regression tests include the Chow Test and Hausman Test. The classic assumption test includes the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Hypothesis testing includes the f test (simultaneous), the coefficient of determination, and the t test (partial). The regression model used in this study is as follows:

$$\boldsymbol{ROA} = \text{Q}\mathbf{0} + \text{Q}\mathbf{1}\boldsymbol{CSRDit}_{-\mathbf{1}} + \text{Q}\mathbf{2}\boldsymbol{SIZEit}_{-\mathbf{1}} + \text{Q}\mathbf{3}\boldsymbol{CARit}_{-\mathbf{1}} + \text{Q}\mathbf{4}\boldsymbol{LEVit}_{-\mathbf{1}} + \text{Q}\mathbf{5}\ \boldsymbol{AGEit}_{-\mathbf{1}} + \boldsymbol{\epsilon it} \quad (3.7)$$

Information:

ROA = Return on Bank

AssetsCSRD = CSR

Disclosure

SIZE =Company size (Size) CAR

= Capital Adequacy Ratio

Lev = Leverage Ratio

AGE =Company age

β_0 = Constant

βit = Variable Coefficient

ϵ = Errors

4. Analysis and Discussion

This study uses the fixed effect on the regression model in Indonesia and Malaysia. While using the common effect on the regression model in Thailand and the Philippines. Furthermore, this study uses EViews 9 as data processing software.

4.1 Descriptive Statistical Analysis

Table 1 – Descriptive Statistics
Descriptive Statistics of Bank Samples in Indonesia

	ROA	CSR	FS	CAR	Lev	AGE
Means	0.01504	0.29784	19.6741	0.18607	6.82762	57.3333
Median	0.014	0.286	19.4	0.186	6,085	61
Maximum	0.031	0.442	20,983	0.24	11,396	77
Minimum	-0.039	0.169	18,451	0.138	4,405	16
std. Dev.	0.01167	0.05924	0.79857	0.02433	1.78927	15.9474
Observations	45	45	45	45	45	45

Descriptive Statistics of a Sample of Banks in Malaysia

	ROA	CSR	FS	CAR	Lev	AGE
Means	0.01046	0.21171	19.3	0.16603	9.95757	46.8571
Median	0.01	0.208	19,255	0.164	9,682	41
Maximum	0.015	0.338	20,509	0.229	15,628	113
Minimum	0.006	0.091	17,786	0.134	6,808	17
std. Dev.	0.00223	0.07753	0.78492	0.01778	2.06647	29.6272
Observations	35	35	35	35	35	35

Descriptive Statistics of a Sample of Banks in Thailand

	ROA	CSR	FS	CAR	Lev	AGE
Means	0.01555	0.2938	21.1259	0.16853	7.5953	58.25
Median	0.013	0.299	21,547	0.173	7,621	54.5
Maximum	0.104	0.468	21,882	0.19	10,825	111
Minimum	0.004	0.117	19.27	0.136	4.77	22
std. Dev.	0.01481	0.08752	0.83161	0.01389	1.37692	24.95
Observations	40	40	40	40	40	40

Descriptive Statistics of a Sample of Banks in the Philippines

	ROA	CSR	FS	CAR	Lev	AGE
Means	0.01177	0.19871	20.7507	0.15506	7.66463	63.7143
Median	0.011	0.195	20,544	0.152	7.66	54
Maximum	0.019	0.325	21,829	0.206	9,688	102
Minimum	0.009	0.052	19.8	0.122	5.314	33
std. Dev.	0.00234	0.08153	0.61543	0.02219	1.30277	23.6003
Observations	35	35	35	35	35	35

Descriptive statistics provide an overview and description of the sample data. Descriptive statistical measurements consist of; mean, median, maximum, minimum, standard deviation, skewness, kurtosis, and jarque-berra. Based on the results of the tests carried out, it can be seen in table 1 the results of the descriptive statistical tests in Indonesia, Malaysia, Thailand and the Philippines.

In table 1 it can be seen that the average (mean) of the dependent variable ROA in the regression model in Indonesia, Malaysia, Thailand and the Philippines is 1.5%, 1.05%, 1.55%, and 1, respectively. 17%. While the minimum values of ROA in the regression models in Indonesia, Malaysia, Thailand and the Philippines are -4%, 0.6%, 0.4% and 0.9% respectively. this shows that the ROA variable in the regression model in Indonesia recorded a loss in the study period according to the results of the profitability performance ratio.

For the CSR dependent variable, the average (mean) in the regression model in Indonesia, Malaysia, Thailand and the Philippines was 29.8%, 21.2%, 29.4% and 19.9% respectively. However, when compared based on the standard deviation, each produces values that are not much different, namely 0.01167, 0.07753, 0.08752, and 0.08153. This means that there is no big difference between banks in Indonesia, Malaysia, Thailand and the Philippines regarding their attitude in disclosing their CSR performance.

As for the control variables, it can be seen that banks in the Philippines have the largest average (20.75%) in company size followed by banks in Thailand (21.13%), Indonesia (19.67%), and Malaysia (19.3%). For the CAR variable, banks in Indonesia have the highest level of capital adequacy (18.6%) followed by banks in Thailand (16.9%), Malaysia (16.6%) and the Philippines (15.5%). Then the highest leverage variable is a bank in Malaysia (9.95757) followed by a bank in the Philippines (7.66463), a bank in Thailand (7.5953) and a bank in Indonesia (6.82762). Meanwhile, banks in the Philippines have an older average age of company (63.7 years), followed by banks in Thailand (58.25 years), banks in Indonesia (57.3 years), and banks in Malaysia (46.86 year)

4.2 Classical Assumption Test Results

4.2.1 Normality test

The normality test was carried out to find out whether the data is normally distributed or not. The regression model is good if the variables are normally distributed with the condition that the probability value is > 0.05. based on the results of the regression test, the probability value in Indonesia is 0.767611 after removing 2 data outliers, then the probability value in Malaysia is 0.301601, the probability value in Thailand is 0.488815 after removing 2 data outliers, and the probability value in the Philippines is 0.267437 after removing 1 data outliers. So it can be concluded that the four regression models in Indonesia, Malaysia, Thailand and the Philippines are normally distributed.

4.2.2 Multicollinearity Test

Multicollinearity test was conducted to determine the existence of a linear relationship between the independent variables in the regression model. The test is done by comparing the value of the correlation coefficient between variables if ≤ 0.80 then there is no multicollinearity problem in the model. Based on the results of regression testing, it was found that the correlation coefficient values in the regression models in Indonesia, Malaysia, Thailand and the Philippines were > 0.80. So it can be concluded that there is no multicollinearity problem in the four regression models.

4.2.3 Heteroscedasticity Test

The heteroscedasticity test was carried out to test whether the regression model has an unequal variance from the residuals of one observation to another. In this study, the heteroscedasticity test was carried out using the Glejser Test and the Breusch-Pagan-Godfrey Test. The Glejser test is carried out by looking at the probability value of t-statistics if ≥ 0.05 then the regression model is free from heteroscedasticity problems. Meanwhile, the Breusch-Pagan-Godfrey test is carried out by looking at the calculated chi-square value, based on (Winarno, 2011) if the calculated chi-square value is

≤ chi-square alpha, the regression model is free from heteroscedasticity problems. Based on the results of testing the regression model in Indonesia, Malaysia, and Thailand using the Glejser Test, the probability value for each variable is > 0.05. While the results of testing the regression model in the Philippines using the Breusch-Pagan-Godfrey Test yield Chi-Square Count (0.00000) ≤ Chi-

Square Alfa (11.070). Therefore, it can be concluded that the four regression models in Indonesia, Malaysia, Thailand and the Philippines are free from heteroscedasticity problems.

4.2.4 Autocorrelation Test

The autocorrelation test was carried out to see the relationship between the residuals of one observation and the residuals of other observations. Autocorrelation can occur because based on the nature of current data, it can be influenced by data from previous periods (Winarno, 2011). This study uses the Durbin-Watson test (DW) by looking at the value of the DW statistic. Based on the test results on the regression model in Indonesia, Malaysia, and the Philippines, the DW Statistic value is between the dU value and the 4-dU value. Meanwhile, the regression model in Thailand was treated with the Cochranne-Ocrutt (CO) first to overcome the autocorrelation problem, so that with the CO treatment, the DW statistic value in the regression model in Thailand was between the dU value and the 4-dU value. So that the four regression models in Indonesia, Malaysia, Thailand,

4.3 Research result

Table 2 - Regression Testing Results in Indonesia, Malaysia, Thailand and the Philippines

Variable	Indonesia		Malaysia		Thailand		Philippines	
	coefficient	Prob.	coefficient	Prob.	coefficient	Prob.	coefficient	Prob.
C	0.210282	0.0001	-0.36975	0.0182	0.045606	0.0011	0.076	0.0000
CSR	0.8134	0.8134	0.018622	0.0567	-0.01553	0.0644	0.000814	0.7883
FS	-0.01935	0.0000	0.022282	0.0145	-0.00135	0.1109	-0.00222	0.0002
CAR	0.028653	0.3729	0.006269	0.7092	-0.00431	0.9239	-0.03155	0.1031
Lev	0.002171	0.0193	0.000482	0.3651	-0.00175	0.0019	-0.0009	0.0169
AGE	0.002952	0.0000	-0.00127	0.0283	1.27E-06	0.9478	-1.02E-04	0.0000
Adj R-Squared	0.963969		0.699038		0.619302		0.651725	
Prob (F Statistics)	0.000000		0.000013		0.000021		0.000001	
Durbin-Watson Stat	1.829131		2.196079		2.000448		2.05262	
Final Observations	43		35		30		34	

Based on the table above, it can be seen the effect of Corporate Social Responsibility (CSR) on ROA in banks in Indonesia, Malaysia, Thailand and the Philippines. The CSR variable measured based on its disclosure has no significant effect on Return on Assets (ROA) in banks in Indonesia, Malaysia, Thailand and the Philippines. So that H1a, H1b, H1c, and H1d are rejected. This is because to build a good CSR strategy, companies need a large investment to build a good CSR system which needs to consider the environmental culture in which the company operates. So that in the short term, CSR performance has not shown any benefits to financial performance, nor has it tended to show negative results on financial performance (Moslemany & Etab, 2017). Furthermore, research conducted by (Nollet, Filis, & Mitrokostas, 2016) also stated that investment in CSR does not pay off immediately up to a certain level of CSR. However, improving CSR performance is also accompanied by procedures that require large costs and require a lot of resources to change the company's supply chain. That way, a new high level of CSR can trigger a positive consumer reaction which in turn will lead to a positive CSR-CFP relationship.

In line with this, the awareness of banks in the four countries about the importance of CSR is still low with the average level of CSR reporting in Indonesia, Malaysia, Thailand and the Philippines respectively being 29.8%, 21.2%, 29.4% when compared to global level which has reached the level of 71%. So that the CSR reports in the four countries are still far behind and at that level they still do not get real benefits to profitability. In addition, (Nollet et al., 2016) states that governance is the main driver of the relationship between CSR and financial performance, so that governance-oriented CSR leads to a positive effect on financial performance. However, based on a report issued by WWF in 2018, stated that CSR has not been fully embedded in the mechanisms and processes of banking governance in ASEAN. This is because there are still few banks in ASEAN that regularly review environmental and social policies and procedures and also few who disclose that banks have conducted external audits (external assurance). Research conducted by (García-Sánchez, Hussain, Martínez-Ferrero, & Ruiz-Barbadillo, 2019) concluded that the market reacts positively to corporate CSR commitments as represented by the quality and reliability of CSR information. Therefore, at this level CSR cannot yet act as a signal that can be trusted by consumers affecting financial performance. This is because there are still few banks in ASEAN that regularly review environmental and social policies and procedures and also few who disclose that banks have conducted external audits (external assurance). Research conducted by (García-Sánchez, Hussain, Martínez-Ferrero, & Ruiz-Barbadillo, 2019) concluded that the market reacts positively to corporate CSR commitments as represented by the quality and reliability of CSR information. Therefore, at this level CSR cannot yet act as a signal that can be trusted by consumers affecting financial performance. This is because there are still few banks in ASEAN that regularly review environmental and social policies and procedures and also few who disclose that banks have conducted external audits (external assurance). Research conducted by (García-Sánchez, Hussain, Martínez-Ferrero, & Ruiz-Barbadillo, 2019) concluded that the market reacts positively to corporate CSR commitments as represented by the quality and reliability of CSR information. Therefore, at this level CSR cannot yet act as a signal that can be trusted by consumers affecting financial performance. 2019) concludes that the market reacts positively to corporate CSR commitments as represented by the quality and reliability of CSR information. Therefore, at this level CSR cannot yet act as a signal that can be trusted by consumers affecting financial performance. 2019) concludes that the market reacts positively to corporate CSR commitments as represented by the quality and reliability of CSR information. Therefore, at this level CSR cannot yet act as a signal that can be trusted by consumers affecting financial performance.

4.4 Managerial Implications

Based on the results of the analysis and discussion regarding the influence of CSR on financial performance in banks in Indonesia, Malaysia, Thailand and the Philippines, there are several things that can be utilized or considered by the managerial side.

The results of the analysis in this study show that CSR has no effect on banking profitability. This means that CSR cannot be a factor that influences the increase or decrease in profitability. The manager must pay more attention to the bank's internal performance such as the level of liquidity (Lipunga, 2014), NPL (Căpraru & Ihnatov, 2014), BOPO (Almaqtari, Al-Homaidi, Tabash,&Farhan, 2018; Amelia, 2015), and NIM (Albulescu, 2015). In addition, banks also need to pay attention to the bank's external conditions, namely the country's macroeconomic conditions such as the inflation rate and GDP (Căpraru & Ihnatov, 2014) to increase profitability.

However, even though this research shows that CSR has no effect on profitability, it is advisable for banks in Indonesia, Malaysia, Thailand and the Philippines to further improve their CSR performance in the future. Because CSR has become an integral part of global goals in realizing responsible banking, namely the principles put forward by UNEP FI which are approved by 130 countries. In addition, CSR is also a form of banking contribution in achieving sustainable economic development goals. This means that the results are not significant, it does not mean that banks do not need to carry out CSR activities at all, but on the contrary CSR activities carried out by banks are global standard procedures in modern companies and banking contributions in achieving economic sustainability.

So that CSR is not an optional activity but must be integrated with a long-term business strategy. When CSR is properly integrated into business operations, social and financial targets will become easier and result in better financial performance in the future. To be able to achieve long-term success, several ways can be taken by company managers in formulating CSR strategies, namely; (1) CSR is carried out not only limited to legal regulations, but carried out with higher standards, (2) Investigate which aspects of CSR can increase company competitiveness, (3) CSR strategy must be integrated with culture, vision, mission, and values organization.

Based on this, managers not only implement CSR in the form of grants (philanthropy) such as sponsorships, but pay more attention to matters that are global issues that are important to implement as a form of banking contribution in supporting United Nation programs (responsible banking and SDGs). namely in terms of initiatives in women's empowerment programs, the environment, and employee development and safety programs. No less important, as a sector that is heavily influenced by public trust, CSR disclosure needs to be carried out by an external audit (external assurance) as a guarantee that the information disclosed has been verified by external parties regarding its accuracy and adequacy.

5. Conclusions and recommendations

Based on the research results, it can be concluded that Corporate Social Responsibility (CSR) has an insignificant effect on Return on Assets (ROA) in banking samples in Indonesia, Malaysia, Thailand and the Philippines in the 2014-2019 research period. The results of this study are in line with research conducted by (Fauziah et al., 2016) with company objects included in the LQ45 stock index in Indonesia, (Moslemany & Etab, 2017) with banking research objects in Egypt, and (Nollet et al. , 2016) that uses enterprise objects listed on the S&P500. However, this is not in line with research conducted by (Oyewumi et al., 2018), (Maqbool & Zameer, 2018), and (Platonova et al., 2016). These results reflect several things that can be explained as follows; in the short term, CSR has not provided benefits to profitability because building a good CSR system requires large investments and also adjustments to the environmental culture in which the company operates, the mutual benefits of implementing CSR will be felt in the long term. This is in line with research findings (Moslemany & Etab, 2017). This is also stated in research (Nollet et al., 2016) that CSR performance that has reached a certain level can only be provide economic benefits for the company's financial performance. Meanwhile, CSR performance in Indonesia, Malaysia, Thailand and the Philippines still shows a low level when compared to the level of CSR performance globally. The report issued by WWF also states that CSR has not been fully embedded in the mechanisms and processes of banking governance in ASEAN, even though based on research (Nollet et al., 2016) CSR-oriented governance is the main driving factor for the relationship between CSR and company financial performance (profitability). .

Suggestions that can be given in this research are; (1) for banks to integrate and improve CSR performance as a core part of governance as part of a strategy to obtain long-term benefits, (2) for regulators to continue to assist banks to improve their CSR performance in the form of regulations that are guided by global best practices in the framework of the financial sector to contribute to national goals and sustainable economic goals. In addition, regulators can cooperate with regulators from other ASEAN countries to harmonize ESG (Environmental, Social, Governance) regulations and ensure regulatory consistency for banks in the ASEAN region, and (3) for further research to test in many sectors, increasing the research period. ,

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Appendix 1

List of banking samples in Indonesia, Malaysia, Thailand and the Philippines

No	List of Sample Banks in Indonesia	Code	Listing Year
1	Bank Central Asia Tbk	BBCA	2000
2	Bank Mandiri (Persero) Tbk	BMRI	2003
3	Bank Rakyat Indonesia (Persero) Tbk	BBRI	2003
4	Bank Negara Indonesia (Persero) Tbk	BBNI	1996

5	State Savings Bank (Persero) Tbk	BBTN	2009
6	PT Bank CIMB Niaga Tbk	BNGA	1989
7	PT Bank OCBC NISP Tbk	NISP	1994
8	PT Bank Permata Tbk	BNLI	1990
9	PT Bank Maybank Indonesia Tbk	bnii	1989
No	**List of Sample Banks in Malaysia**	**Code**	**Listing Year**
1	Malayan Banking Berhad	MAYBANK	1962
2	CIMB Group Holdings Berhad	CIMB	1986
3	Public Bank Berhad	UNANK	1967
4	RHB Bank Berhad	RHBBANK	1994
5	Hong Leong Bank Berhad	HLBANK	1994
6	AMMB Holdings Berhad	AMMB	1988
7	BIMB Holdings Berhad	BIMB	1997
No	**Sample List of Banks in Thailand**	**Code**	**Listing Year**
1	Bangkok Bank PCL	BBL	1975
2	The Siam Commercial Bank PCL	SCB	1976
3	Krung Thai Bank PCL	KTB	1989
4	Kasikornbank PCL	KBANK	1976
5	Bank of Ayudhya PCL	BAY	1977
6	Thanachart Capital PCL	TCAP	1975
7	TMB Bank PCL	TMB	1983
8	Tips for PCL Bank	KKP	1988
No	**List of Sample Banks in The Philippines**	**Code**	**Listing Year**
1	BDO Unibank, Inc	BDOUY	2002
2	Metropolitan Bank & Trust Company	MBT	1981
3	Bank of The Philippine Island	BPI	1971
4	Philippine National Bank	GNP	1989
5	Security Bank Corporation	SECB	1995
6	China Banking Corporation	CHEB	1927
7	Union Bank of the Philippines	UBP	1992