ANALYSIS OF FACTORS THAT CAN INFLUENCE CORPORATE SOCIAL RESPONSIBILITY (CSR) WITH EFFECTIVENESS OF THE AUDIT COMMITTEE AS A MODERATING VARIABLE IN PT BANK SUMUT

Novi Tania, Rina Bukit, Keulana Erwin Abubakar
Universitas Sumatera Utara

Abstract : The objective of the research was to find out and to analyze the influence of Profit Management, Firm Size, Return on Equity, Return on Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage, and Capital Adequacy Ratio on CSR (Corporate Social Responsibility) at PT Bank Sumut simultaneously and partially and whether the Effectiveness of Audit Committee could moderate the correlation of Profit Management, Firm Size, Return on Equity, Return on Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage, and Capital Adequacy Ratio with CSR at PT Bank Sumut. The research used causal comparative method. The population was 25 Branch Offices of PT Bank Sumut in each district/town in North Sumatera which carried out CSR program. The samples were taken by using census sampling technique. The result of the research showed that, simultaneously, Profit Management, Firm Size, Return on Equity, Return on Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage, and Capital Adequacy Ratio had significant influence on CSR. Partially, Profit Management had significant influence on CSR, Firm Size had significant influence on CSR, Return on Equity did not have any significant influence on CSR, Return on Assets had significant influence on CSR, Non-Performing Loans did not have any significant influence on CSR, Loan to Deposits Ratio had significant influence on CSR, Net Interest Margin had significant influence on CSR, Leverage did not have any significant influence on CSR, and Capital Adequacy Ratio had significant influence on CSR at PT Bank Sumut. The effectiveness of Audit Committee was not moderating variable which moderated the correlation of Profit Management, Firm Size, Return on Equity, Return on Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage, and Capital Adequacy Ratio with CSR at PT Bank Sumut.

Keywords : Profit Management, Firm Size, Return on Equity, Return on Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage, Capital Adequacy Ratio, Corporate Social Responsibility, Effectiveness of Audit Committee

I. PRELIMINARY
Implementation of Corporate Social Responsibility and environment is the company's commitment to develop sustainable performance by always paying attention to the balance of economic, social and environmental aspects. The company realizes that business success is not only determined by good corporate management and operational performance, but also because it is supported by the community in its environment by continuously engaging in business and social interaction process.

The Company is committed to participate in the achievement of sustainable development objectives through the implementation of strategic measures. The company's commitment is poured as the implementation policy of corporate social responsibility and environment program, responsibility to the society by giving the best service and responsibility to human resources with a consistent policy in the development of social responsibility.
Sustainable commitment has been well managed and consistent in order to improve responsiveness, accountability, independence, equality, transparency and efficiency in every company performance, especially financial performance. The company’s efforts to maintain business growth and profitability are always followed by ongoing commitments that bring benefits to society, the environment, and human resources to create sustainable business.

PT Bank Sumut is mandated to manage CSR programs directly. Shareholders consider the interest of Bank Sumut to be direct and tactical in building positive cooperation with stakeholders. In order to uphold compliance and adhere to legal norms, PT Bank Sumut using consulting services in the implementation of CSR programs, especially for infrastructure work. These changes have consequences for changing the procedures and procedures of CSR management and established the Bank Sumut CSR Unit, as well as establishing an audit committee in evaluating CSR programs.

The implementation of CSR by Bank SUMUT has a clear objective, which is to give positive impact and to advance the social condition of community and society, especially the people in North Sumatera region connected with Bank SUMUT through the implementation of the right program and have long-term impact. Bank SUMUT will gradually and sustainably develop the CSR program.

Bank SUMUT avoids the implementation of CSR which aims to improve the bank's image in the eyes of the public and the business environment. Understanding the objectives of the CSR program to be implemented as well as the expected positive impacts will take precedence by the Bank SUMUT in order to achieve the objectives of CSR implementation that is ideal, objective and appropriaten.

Based on the above research background, the researchers formulate the problem as follows:

1. To know and analyze the effect of Profit Management, Company Size, Return on Equity, Return on Assets, Non-Performing Loans, and Loan to Deposits Ratio, Net Interest Margin, Leverage and Capital Adequacy Ratio to Corporate Social Responsibility at PT Bank Sumut simultaneously or partially.

2. To know and analyze whether the effectiveness of the Audit Committee can moderate the relationship between the influence of Profit Management, Size of Company, Return On Equity, Return On Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage and Capital Adequacy Ratio with Corporate Social Responsibility at PT Bank Sumut.

This research is a replication of Mustika and colleagues research conducted in 2015. While the current research will be conducted by researchers have quite a lot of differences with previous researchers. Starting from the number of variables are quite complex, different research objects, different research years and even different data analysis process.

### Table 1.3

<table>
<thead>
<tr>
<th>No</th>
<th>Previous researchers</th>
<th>Current Researchers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The financial statements were used that in 2013</td>
<td>The financial statements were used that year 2012-2015</td>
</tr>
<tr>
<td>2</td>
<td>Manufacturing companies listed on the BEI</td>
<td>PT Bank Sumut</td>
</tr>
<tr>
<td>3</td>
<td>Using moderating variables Effectiveness of the Audit Committee</td>
<td>Using moderating variables Effectiveness of the Audit Committee</td>
</tr>
</tbody>
</table>
II. STUDY LITERATURE AND HYPOTHESES

Corporate Social Responsibility

Corporate Social Responsibility (CSR) can be defined as a form of corporate concern for the company's external environment through various activities undertaken in the framework of environmental safeguards, community norms, development participation, and various other forms of social responsibility. Friedman's opinion in Suharto (2008) states that the main goal of corporations is to gain profits only increasingly abandoned. On the contrary, the concept of triple bottom line (profit, planet, people) initiated by John Elkington is getting into the mainstream of business ethics (Suharto, 2008).

Profit management

Agency theory can explain why profit management occurs. Jensen and Meckling in Haryudanto and Etnah (2010) explain in agency theory that agency relationships are a contractual relationship between the investor (principal) and the manager (agent). Management that knows more information in the company and the prospect of the company in the future than the company owner is obliged to provide a report on the condition of the company to the owner of the company in the form of financial statements.

Company size

Company size is measured by the total natural logarithm of the asset. It can be concluded that the size of the company is the amount of wealth or assets owned company either in government or private bank.

Company size

Company size is the scale used in determining the big or small of a company. Companies with a large scale usually tend to disclose more social responsibility than small-scale companies. Associated with the agency theory as stated by Sembiring (2005), that the bigger the company the higher the agency cost is also, to reduce the agency cost, and the company tends to disclose wider information. Company size can be based on total assets consisting of fixed assets, intangible assets and other assets, total labor, sales volume and market capitalization (Cahyonowati, 2006).

Return On Equity

According to Margaretha (2007) Return On Equity is the ratio between net income bank (profit after tax) with own capital, while According Martono and Harjito (2009) Return on Equity or often called Own Capital Rentability intended to measure how much profit owner rights owner's equity. Return on Equity is a financial ratio that measures the prospect of a company in the future by looking at the profitability growth of the company's equity. Thus, the investor will know the extent to which the investment in the company is able to provide return in accordance with the level desired by investors (Tandelilin, 2007).

Return On Assets

Return on assets is ways to measure the effectiveness of the company in utilizing all sources of funds are often also called the return on investment (Ghozali in Rasmin, 2007). From this sense, this ratio is often also called ROI because it relates profit to investment that is measure the return on investment (Horne and Wachowicz in Rasmin, 2007).
Non Performing Loans
The bank's continuity level is closely related to its productive assets, therefore bank management is required to constantly monitor and analyse the quality of productive assets owned. The quality of productive assets shows the quality of assets in relation to credit risk faced by banks due to lending and investment of bank funds. Productive assets rated quality include investment in rupiah and foreign currency, in the form of credit and securities (Siamat, 2005).

Loan to Deposits Ratio
According to Abdullah (2002) "Liquidity is the ability of companies to pay short-term debts for a maximum of one year with a number of current assets owned". According to Agnes (2005) a bank is said to be liquid if the bank can fulfill its debt obligations, all deposits, and can meet the demand for credit submitted without suspension.

Net Interest Margin (NIM)
Net Interest Margin (NIM) represents the market risk arising from changes in market conditions, which may be detrimental to the bank (Hasibuan, 2007). The NIM ratio is also used to measure the bank's management capability in generating interest income by looking at the bank's performance in lending, given that the bank's operating income is highly dependent on the difference in interest from disbursed loans (Mahradian, 2008).

Leverage
Financial leverage is the use of debt financing. The company's financial leverage will affect earnings per share, risk level and stock price. The value of a company that has no debt for the first time will rise when the need for additional capital is full of debt and the value will then peak and ultimately the value will decrease after the use of excessive debt. According to Brigham and Weston (2005), financial leverage is a measure that shows the extent to which fixed income securities (debt and preferred stock) are used in the firm's capital structure. Financial leverage refers to the use of securities that provide a steady income of debt and leverage shares.

Capital Adequacy Ratio
The role of capital is very important because in addition to being used for expansion purposes, it is also used as a "buffer" to absorb the loss of business activities. In this regard, the Bank is required to comply with the provisions on the Minimum Capital Adequacy Ratio (MCAR) applicable for capital increase (SE INT BI, 2004). Technically, the analysis of capital is also referred to as solvability analysis, or also called capital adequacy analysis, which aims to find out whether existing bank capital is sufficient to support bank activities performed efficiently, whether the bank's capital will be able to absorb losses- unavoidable losses, and whether the bank's wealth (shareholder wealth) will get bigger or smaller (Muljono, 2006).

Audit Committee Effectiveness
The role of the audit committee within the company is clarified through the four characteristics of the audit committee (Hermawan, 2009): audit committee independence, audit committee activity, size of the audit committee, and the composition of the audit committee. An effective audit committee is an audit committee that has a range of duties and minimum number of meetings according to BAPEPAM rules, active presence, and financial competence. The task of the Audit Committee is closely related to the review of the risks faced by the company and the compliance of prevailing regulations. The existence of the Audit Committee becomes very important as one of the main tools in the implementation of good corporate governance where independence, transparency, accountability and responsibility, and fairness become the principles and foundations of the organization. The Audit Committee will also be responsible for reviewing the Company's compliance with applicable laws and regulations.

Based on the literature review above, the conceptual framework in this study can be described as follows:
Research Hypothesis

From the conceptual framework that has been described, the hypothesis in this study, can be described as follows:

1. Profit Management, Corporate Size, Return On Equity, Return On Assets, Non-Performing Loans, Loan to Deposit Ratio, Net Interest Margin, Leverage and Capital Adequacy Ratio affect Corporate Social Responsibility at PT Bank Sumut simultaneously or partially.

2. The effectiveness of the Audit Committee can moderate the relationship between the influence of Profit Management, Size of Company, Return On Equity, Return On Assets, Non-Performing Loans, Leverage and Capital Adequacy Ratio to Corporate Social Responsibility at PT Bank Sumut.

III. RESEARCH METHODOLOGY

This research is a comparative causal research that aims to analyse the influence of independent variables on dependent variable. The variables used in this study are Profit Management, Return On Assets Company, Return On Equity, Return On Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Non-Performing Loans, Leverage and Capital Adequacy Ratio while the dependent variable namely Corporate Social Responsibility, then the moderating variable used is the effectiveness of the Audit Committee.

The population in this research is all branches of PT Bank Sumut which exist in each regency / city who do CSR program with the number of research population as many as 25 branches of Bank of North Sumatra with the provisions are branches of Bank of North Sumatra that apply only CSR located in all districts / city in North Sumatra. The sampling technique used in this study by using the methods of census or saturated samples are all populations used or used as a sample (Sugiyono, 2008). The number of samples is 25 Bank Sumut Branches with calculation of 25 x 4 period (annual report) so that the sample is 100 observation.
<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Variable Definitions</th>
<th>Measurement</th>
<th>Measurement Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility (Y)</td>
<td>Report on social responsibility activities that have been done by the company both related to the concerns of social and environmental impact issues.</td>
<td>Total items disclosed by the company Total items of disclosure per classification</td>
<td>Rasio</td>
</tr>
<tr>
<td>Profit management (X₁)</td>
<td>The opportunistic behaviour of managers in taking discretionary action on reported earnings in order to maximize their own profits.</td>
<td>TACCİt = NIİt – CFOİt</td>
<td>Rasio</td>
</tr>
<tr>
<td>Company Size (X₂)</td>
<td>The size or amount of assets owned by the company</td>
<td>Ln (Asset)</td>
<td>Rasio</td>
</tr>
<tr>
<td>Return On Equity (X₃)</td>
<td>The ratio between the company's equity and net income</td>
<td>Net profit [\frac{NI}{Corporate \ Equity}]</td>
<td>Rasio</td>
</tr>
<tr>
<td>Return On Assets (X₄)</td>
<td>Ratio between company assets and net income</td>
<td>Net profit after tax [\frac{NI}{Total \ assets}]</td>
<td>Rasio</td>
</tr>
<tr>
<td>Non-Performing Loans (X₅)</td>
<td>Comparison of nonperforming loans to total loans provided.</td>
<td>Total NPL [\frac{Total \ NPL}{Total \ Loans}]</td>
<td>Rasio</td>
</tr>
<tr>
<td>Loan to Deposits Ratio (X₆)</td>
<td>Divide the amount of credit granted by the bank against third party funds</td>
<td>Total Loans [\frac{Total \ Loans}{Total \ Third \ Party \ Funds}]</td>
<td>Rasio</td>
</tr>
<tr>
<td>Net Interest Margin (X₇)</td>
<td>Comparison of net income to productive assets</td>
<td>Net interest income [\frac{Net \ interest \ income}{Average \ Earning \ assets}]</td>
<td>Rasio</td>
</tr>
<tr>
<td>Leverage (X₈)</td>
<td>This ratio shows how much current debt is secured by current assets</td>
<td>Current liabilities [\frac{Current \ liabilities}{Current \ asset}]</td>
<td>Rasio</td>
</tr>
<tr>
<td>Capital Adequacy Ratio (X₉)</td>
<td>A ratio showing how much the total assets of a bank containing risks (credit, investments, securities, claims to other banks) is financed from its own capital in addition to obtaining funds from sources outside the bank</td>
<td>Bank capital [\frac{Bank \ capital}{Total \ ATMR}]</td>
<td>Rasio</td>
</tr>
<tr>
<td>Audit Committee Effectiveness (Z)</td>
<td>Important characteristics an audit committee must have in the form of meeting frequency, financial expertise, and time commitment.</td>
<td>Total Corporate Score [\frac{Total \ Corporate \ Score}{Total \ Maximum \ Score \ per \ classification}]</td>
<td>Rasio</td>
</tr>
</tbody>
</table>
Data analysis method

Data analysis model used in this research is multiple linear regression analysis to know the effect of Earnings Management, Size of Company, ROE, ROA, NPL, LDR, NIM, Leverage and CAR to CSR at PT Bank Sumut. The Multiple Linear regression model is formulated as follows:

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + \cdots + e \]

Hypothesis testing:

a. Simultaneous test (F-Test)
b. Partial Test (t-Test)
c. Coefficient of Determination (R^2)

IV. RESULTS AND DISCUSSION

Descriptive Statistics Test Results

This research is conducted to see the relationship between the influence of Profit Management, Size Company, Return On Equity (ROE), Return On Assets (ROA), Non-Performing Loans (NPL), Loan to Deposits Ratio (LDR), Net Interest Margin (NIM), Leverage and Capital Adequacy Ratio (CAR) to Corporate Social Responsibility (CSR) with the effectiveness of Audit Committee as moderating variable at PT Bank Sumut.

Classic Assumption Test Results

Before performing the hypothesis test, a classical assumption test consisted of normality test, multicolinearity test, heteroscedasticity test, and autocorrelation test were performed. Thus, this study has met all the requirements of the classical assumption test.

Analysis of Multiple Linear Regression Equations

Multiple linear regression analysis is used to test the hypothesis about the effect of Profit Management, Company Size, ROE, ROA, NPL, LDR, NIM, Leverage and CAR on CSR variable.

Multiple linear regression equation in this research as follows:

\[ Y= 0.686 - 0.026X_1 + 0.324X_2 - 1.083X_3 + 1.853X_4 + 0.556X_5 + 0.392X_6 + 0.143X_8 + 3.703X_9 \]

1. Constant value (a) result of regression value equal to 0.686 means if Profit Management, Size Company, ROE, ROA, NPL, LDR, NIM, Leverage and CAR = 0 or constant then CSR value can increase equal to 0.686. This means that the increase in CSR is only measured from the value of the constants obtained.
2. The regression coefficient X1 for the profit management variable is -0.026 is negative, it means that every addition of 1% Earnings Management will cause the decrease of CSR equal to 0.026. This shows that Earnings Management is not in line with CSR improvement.
3. The regression coefficient X2 for the Company Size variable is 0.324 marked positive; it means that every addition of 1% Size Company will cause an increase of CSR equal to 0.324. This indicates that the Company's Size is in line with CSR improvement.
4. The regression coefficient X3 for Return on Equity variable equal to -1.083 X3 is negative; it means that every addition of 1% Return On Equity will cause the decrease of CSR equal to 1.083. This shows that Return On Equity is not in line with CSR improvement.
5. The regression coefficient X4 for the Return on Assets variable of 0.161 is negative; it means that every addition of 1% Return on Assets will cause a decrease of CSR by 0.161. This shows that Return On Assets is not in line with CSR improvement.
6. The regression coefficient X5 for the Non-Performing Loans variable of 1.853 is positive, meaning that any addition of 1% Non-Performing Loans will cause the addition of CSR of 1.853. This shows that Non-Performing Loans is in line with CSR improvement.
7. The regression coefficient X6 for Loan to Deposits Ratio variable is 0.556 marked positive, it means that every addition of 1% Loan to Deposits Ratio will cause CSR increment of 0.556. This indicates that Loan to Deposits Ratio is in line with the increase of CSR.

8. The regression coefficient X7 for Net Interest Margin variable is 0.392 with positive sign, it means that every addition of 1% Net Interest Margin will cause an increase of CSR equal to 0.392. This shows that Net Interest Margin is in line with the increase of CSR.

9. The regression coefficient X8 for Leverage variable is 0.143 is positive, it means that every addition of 1% Leverage will cause an increase of CSR of 0.143. This indicates that Leverage is in line with CSR improvement.

10. The regression coefficient X9 for Capital Adequacy Ratio variable is 3.703 marked positive, it means that every addition of 1% Capital Adequacy Ratio will cause an increase of CSR of 3.703. This indicates that the Capital Adequacy Ratio is in line with the improvement of CSR.

Research Hypothesis Test Results

Coefficient of Determination (R²)
The coefficient of determination is a quantity showing the variation of the dependent variable (Corporate Social Responsibility) which can be explained by the independent variable of Profit Management, Company Size, ROE, ROA, NPL, LDR, NIM, Leverage and CAR. The coefficient of determination is determined by the value of R square.

The adjusted value of R Square is 0.489. It means that the variable ability of Profit Management, Size of Company, ROE, ROA, NPL, LDR, NIM, Leverage and CAR can explain the variation of CSR is 98.8% while the rest equal to 1.2%. This shows that the Earnings Management, Corporate Size, ROE, ROA, NPL, LDR, NIM, Leverage and CAR areas are strong enough to explain the variation to CSR because the value is below 50%, while the rest is explained by independent variables that have not been studied.

Simultaneous Test (F Test)
Result $F_{\text{Calculate}}$ 914.214 while $F_{\text{Table}}$ at $\alpha = 0.05$ with degrees of numerator 9 and degree of denominator 99 obtained $F_{\text{table}}$ 2.04 of this result is known $F_{\text{Calculate}} > F_{\text{table}}$, and significance 0.000 or less than $\alpha = 0.05$ so the position of the significance test point resides in the region receiving H1 and rejecting H0 means that simultaneously Profit Management, Corporate Size, ROE, ROA, NPL, LDR, NIM, Leverage and CAR have positive and significant effect to CSR. This means that jointly shows the Profit Management, Corporate Size, ROE, ROA, NPL, LDR, NIM, Leverage and CAR have a real effect in increasing CSR.

Partial Test (t test)
Partial test results as follows:

1. The value of t arithmetic for Profit Management ($X_1$) of -2.164 is greater than the value of t table (1.66), or the value of sig t for variable Profit Management ($X_1$) of 0.033 smaller than alpha 0.05. Based on the results obtained then accept $H_1$ and reject $H_0$ for the variable Profit Management ($X_1$). Thus, partially Profit Management ($X_1$) has a negative and significant impact on Corporate Social Responsibility. From the results of this study proves that Profit Management ($X_1$) significantly negatively influence in improving Corporate Social Responsibility. This shows that profit management cannot be as a picture or determinant in running Corporate Social Responsibility program.

2. The value of t arithmetic for Company Size ($X_2$) is 2.022 bigger than t table value (1.66), or sig t value for Company Size variable ($X_2$) is 0.043 smaller than alpha 0.05. Based on the results obtained then accept $H_1$ and reject $H_0$ for Size Company variable ($X_2$). Thus, partially Company Size ($X_2$) has significant and significant effect on Corporate Social Responsibility. This proves that Corporate Size ($X_2$) significantly influences Corporate Social Responsibility. This shows that Size Company as a supporter in running Corporate Social Responsibility program.
3. T value for Return On Equity (X₃) of -0.746 smaller than the value of t table (1.66), or the value of sig t for variable Return On Equity (X₃) of 0.457 is greater than alpha of 0.05. Based on the results obtained then accept H₀ and reject H₁ for variable Return on Equity (X₃). Thus, the partial Return on Equity (X₃) had no effect and no significant effect on Corporate Social Responsibility. This proves that the Return on Equity (X₃) had no significant effect in increasing the Corporate Social Responsibility. This shows that the return on equity is not as decisive in running a Corporate Social Responsibility.

4. T value for Return on Assets (X₄) of -0.173 smaller than the value of t table (1.66), or the value of sig t for variable Return on Assets (X₄) of 0.863 is smaller than an alpha of 0.05. Based on the results obtained then accept H₀ and reject H₁ for variable Return On Assets (X₄). Thus, the partial Return on Assets (X₄) and significant influence on Corporate Social Responsibility. This proves that the Return on Assets (X₄) has significant effect in increasing the Corporate Social Responsibility. This shows that the Return on Assets as decisive in running the Corporate Social Responsibility.

5. T value for the Non-Performing Loans (X₅) of 1.179 is smaller than the value of t table (1.66), or the value of a variable sig t for Non-Performing Loans (X₅) amounted to 0.241 greater than 0.05 alphas. Based on the results obtained then accept H₀ and reject H₁ for variable Non-Performing Loans (X₅). Thus, partially Non-Performing Loans (X₅) has no effect and no significant effect on Corporate Social Responsibility. This shows that Non-Performing Loans (X₅) is not proven to improve Corporate Social Responsibility. It means Non-Performing Loans (X₅) does not show any improvement to Corporate Social Responsibility. This shows that Non-Performing Loans is not a determinant in running the Corporate Social Responsibility program.

6. T value for the Loan to Deposit Ratio (X₆) of 5.078 is greater than t table (1.66), or the value of t for a variable sig Loan to Deposit Ratio (X₆) 0.000 less than 0.05 alpha. Based on the results obtained then accept H₁ and reject H₀ for variable Loan to Deposits Ratio (X₆). Thus, partially Loan to Deposits Ratio (X₆) has significant and significant effect on Corporate Social Responsibility. It is proven that Loan to Deposits Ratio (X₆) has real effect in improving Corporate Social Responsibility. This shows that Loan to Deposits Ratio as a determinant in running Corporate Social Responsibility program.

7. T value for Net Interest Margin (X₇) of 5.732 is greater than t table (1.66), or a value to a variable sig t Net Interest Margin (X₇) 0.000 less than 0.05 alpha. Based on the results obtained then accept H₁ and reject H₀ for variable Net Interest Margin (X₇). Thus, partially Net Interest Margin (X₇) has significant and significant effect on Corporate Social Responsibility. It is proven that Net Interest Margin (X₇) has real effect in improving Corporate Social Responsibility. This shows that Net Interest Margin is a determinant in running the Corporate Social Responsibility program.

8. T value for Leverage (X₈) of 0.411 is smaller than the value of t table (1.66), or the value of sig t for variable Leverage (X₈) amounted to 0.682 greater than 0.05 alphas. Based on the results obtained then accept H₀ and reject H₁ for Leverage variable (X₈). Thus, partially Leverage (X₈) has no effect and not significant to Corporate Social Responsibility. This shows that Leverage (X₈) is not proven to improve Corporate Social Responsibility. This means that Leverage (X₈) does not show any improvement to Corporate Social Responsibility. This shows that Leverage is not a determinant in running the Corporate Social Responsibility program.

9. T value for Capital Adequacy Ratio (X₉) of 87.66 is greater than the value t table (1.66), or the value of sig t for the variable Capital Adequacy Ratio (X₉) 0.000 less than 0.05 alpha. Based on the results obtained then accept H₁ and reject H₀ for Capital Adequacy Ratio (X₉). Thus, partially Capital Adequacy Ratio (X₉) has significant and significant effect on Corporate Social Responsibility. It is proven that Capital Adequacy Ratio (X₉) has real effect in improving Corporate Social Responsibility. This shows that the Capital Adequacy Ratio as a determinant in running the Corporate Social Responsibility program.

**Moderating Test**

According Ghozali (2008), moderating variables are independent variables that strengthen or weaken the relationship between other independent variables to the dependent variable. If moderator significance level is
greater than $\alpha 0.05$ then Audit Committee Effectiveness is not a moderator variable, on the other hand if the level is significantly smaller than $\alpha = 0.05$ then the effectiveness of Audit Committee is moderator variable.

multiple linear regression equation in this research as follows:

$$Z = 1.329 + 0.000Y$$

1. Constant value (a) result of regression value equal to 1,329 meaning if effectivity Audit Committee $= 0$ or constant then value of CSR can increase equal to 1,329. This means that the increase in CSR is only measured from the value of the constants obtained.
2. The regression coefficient for the variable Y CSR of 0.000, meaning that every additional 1% CSR will lead to the addition of the Audit Committee Effectiveness of 0.000. This shows that the effectiveness of the Audit Committee is not as moderating variable affecting CSR.
3. Statistical test results known that Beta value of -0.003 and significant moderating value of 0.979 is greater than $\alpha = 0.05$ Based on the results obtained by the effectiveness of the Audit Committee not as a moderating variable that can amplify the effect of Profit Management, Company Size, ROE, ROA, NPL, LDR, NIM, Leverage and CAR to CSR at PT Bank Sumut, meaning that the effectiveness of the Audit Committee does not show moderation to CSR.

Discussion of Research Results

Effect of Simultaneous (Test F) Profit Management, Size Companies, Return On Equity (ROE), Return on Assets (ROA), Non-Performing Loans (NPL), Loan to Deposit Ratio (LDR), Net Interest Margin (NIM) and Capital Adequacy Ratio (CAR) to Corporate Social Responsibility (CSR) at PT Bank Sumut

Simultaneously Profit Management, Size Companies, ROE, ROA, NPL, LDR, NIM, Leverage and CAR positive and significant impact on CSR means that together indicate Profit Management, Size Companies, ROE, ROA, NPL, LDR, NIM, Leverage and CAR can have an effect on improving CSR.

Effect of Profit Management on Corporate Social Responsibility at PT Bank Sumut

Partially Profit Management ($X_1$) effect on CSR. This indicates that Profit Management ($X_1$) has real effect in increasing CSR. To attract support from the group, the usual CSR activities include incorporating social aspects into the production process, adopting human resource development practices progressively improving environmentally friendly activities through recycling and reducing pollution and waste, or by accelerating the goals of the organization community (McWilliams et al., 2006).

Influence of Company Size Ratio to Corporate Social Responsibility at PT Bank Sumut

Partially Company Size ($X_2$) have an effect on to CSR. This shows that Company Size ($X_2$) has a significant effect on increasing CSR. Large companies will not get out of the stress, and larger companies with greater operations and influence on the community may have shareholders who pay attention to social programs made by companies so that corporate social responsibility disclosures will be wider.

Influence Ratio Return On Equity to Corporate Social Responsibility at PT Bank Sumut

Partially Return On Equity ($X_3$) has no effect on CSR. This shows that Return On Equity ($X_3$) has no real effect in increasing CSR. In addition, the level of profitability can show how well the management of the company, therefore the higher the profitability of a company then tend to be wider CSR. Associated with agency theory, greater profits will make the company disclose wider social information.

Return On Assets Ratio Influence on Corporate Social Responsibility at PT Bank Sumut

Partially Return on Assets ($X_4$) effect on CSR. This shows that the Return on Assets ($X_4$) have real effect in increasing CSR. The relationship of financial performance to corporate social responsibility according to Belkaoui and Karpik in angling (2010) is best expressed with profitability, it is because of the view that the social response demanded from management equals the capability required to make a company profit.
Effect of Ratio of Non-Performing Loans to Corporate Social Responsibility in PT Bank Sumut

Partially Non-Performing Loans ($X_5$) has no effect on CSR. This shows that Non-Performing Loans ($X_5$) has no significant effect on improving CSR. The condition of the financial performance of these banks encourages the parties involved in it to conduct an assessment of the health of the bank. One of the parties who need to know the performance of a bank is the investor because the better the bank's performance then the security guarantee of the funds invested is also getting bigger. One of the financial ratios, which is used to view financial performance in terms of credit risk is Non Performing Loan (NPL).

Effect of Loan to Deposit Ratio Ratio of Corporate Social Responsibility at PT Bank Sumut

Partially Loan to Deposits Ratio ($X_6$) has an effect on CSR. This shows that Loan to Deposits Ratio ($X_6$) has a significant effect in increasing CSR. Loan to Deposit Ratio (LDR) is a ratio that measures the ability of banks to meet financial obligations that must be met immediately. The availability of funds and sources of bank funds at this time and in the future is an understanding of the concept of liquidity.

Effect of Ratio of Net Interest Margin on Corporate Social Responsibility in PT Bank Sumut

Partially Net Interest Margin ($X_7$) has an effect on CSR. This shows that Net Interest Margin ($X_7$) has a significant effect on increasing CSR. Net interest margin (NIM) reflects market risks arising from changes in market conditions, which may harm banks. The NIM ratio is also used to measure the bank's management capability in generating interest income by looking at bank's performance in lending, given that bank operating income is highly dependent on interest difference from credit disbursed (Mahardian, 2008).

Influence of Leverage Ratio to Corporate Social Responsibility at PT Bank Sumut

Partially Leverage ($X_8$) has no effect on CSR. This shows that Leverage ($X_8$) has no real effect in increasing CSR. The higher the level of leverage (the debt / equity ratio) the more likely the company will violate the credit agreement so that the company will report earnings now higher. The company will reduce the costs including the cost of disclosing social information. Associated with agency theory, firms with high leverage have high agency costs so companies will reduce costs associated with CSR.

Influence of Capital Adequacy Ratio Ratio to Corporate Social Responsibility at PT Bank Sumut

Partially Capital Adequacy Ratio ($X_9$) has an effect on to CSR. This shows that Capital Adequacy Ratio (CAR) which is used as a proxy for capital variables has a positive relationship to banking performance with. The CAR ratio is used to measure the extent to which the bank's capital capability in anticipating the decline in assets. According Kasmir (2007) in Purwasih (2010) CAR is a financial ratio that measures the ability of banks bear the risk that may arise on assets.

V. CONCLUSIONS, LIMITATIONS AND RESEARCH SUGGESTIONS

Conclusion
1. The result of simultaneous research of Profit Management, Company Size, Return On Equity, Return On Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage and Capital Adequacy Ratio significantly influence Corporate Social Responsibility at PT Bank Sumut.
2. The results of partial research results as follows:
   a. Profit Management significant effect on Corporate Social Responsibility in PT Bank of North Sumatra. This is in line with previous research that Mustika et al, but not in line with research Haryudanto and Etna (2010).
   b. Company Size significant effect on Corporate Social Responsibility in PT Bank Sumut. This is in line with previous research by Sari (2012).
c. Return On Equity has no significant effect on Corporate Social Responsibility at PT Bank Sumut. This is not in line with previous research by Sari (2012).

d. Return On Assets has significant effect on Corporate Social Responsibility at PT Bank Sumut. This is not in line with previous research by Rambe and Wira (2013).

e. Non-Performing Loans has no significant effect on Corporate Social Responsibility at PT Bank Sumut.

f. Loan to Deposits Ratio has significant effect to Corporate Social Responsibility at PT Bank Sumut. This is in line with previous research by Nur and Priantinah (2012).

g. Net Interest Margin significantly affects Corporate Social Responsibility at PT Bank Sumut. This is in line with previous research by Putra (2015).

h. Leverage has no significant effect on Corporate Social Responsibility at PT Bank Sumut. This is not in line with previous research by Princess and Christiawan (2014).

i. Capital Adequacy Ratio has significant effect to Corporate Social Responsibility at PT Bank Sumut. This is in line with previous research by Mustika et al.

j. The effectiveness of the Audit Committee is not a moderating variable moderating between Profit Management, Size of Company, Return On Equity, Return On Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage and Capital Adequacy Ratio to Corporate Social Responsibility at PT Bank North Sumatra. This is in line with research Mustika et al.

Limitations

1. This research is limited to using the object of research only on the branches in PT Bank Sumut and limited observations of research from the period 2012-2015.

2. This research is limited using variable of Profit Management, Company Size, Return On Equity, Return On Assets, Non-Performing Loans, Loan to Deposits Ratio, Net Interest Margin, Leverage and Capital Adequacy Ratio as independent variable, because based on previous research there are many using variable others that have not been studied in this study.

3. This research is limited using moderating variable that is Audit Committee Effectivity, because it only implies the effectiveness of audit committee while other variables are still many.

4. The sample of this study is limited to research on Branch PT Bank Sumut, because only choose as a regional bank and not using other commercial banks.

Suggestion

1. Researchers further suggested should add more independent variables such as Profit Management, Company Size, Return on Equity, Return on Assets, Non-Performing Loans, Loan to Deposit Ratio, Net Interest Margin, Leverage and Capital Adequacy Ratio.

2. For the next researcher, it is better to add or replace the moderating variable because the result of the research indicates that the effectiveness of the Audit Committee is not as moderating variable and add to the research sample used in PT Bank Sumut.

3. For investors and potential investors who want to invest, should first find out the financial statements of the Bank; see the condition of financial ratios as a consideration in deciding to invest.

DAFTAR PUSTAKA


