

**ASSESSING THE RELATIONSHIP BETWEEN CORPORATE SOCIAL
RESPONSIBILITY WITH FINANCIAL PERFORMANCE OF FIRMS**

By

I Putu Abhi Pratya Pendit
13410136

BACHELOR'S DEGREE
in

BUSINESS ADMINISTRATION AND HUMANITIES
ACCOUNTING

The logo for Swiss German University (SGU) features the letters 'SGU' in a large, light blue, sans-serif font. A registered trademark symbol (®) is located to the right of the 'U'. Below this, the words 'SWISS GERMAN UNIVERSITY' are written in a smaller, dark blue, sans-serif font. In the center, overlapping the 'SGU' text, is a smaller, dark grey 'SGU' logo with a registered trademark symbol (®) to its upper right.

SWISS GERMAN UNIVERSITY

SWISS GERMAN UNIVERSITY
EduTown BSD City
Tangerang 15339
Indonesia

January 2015

**ASSESSING THE RELATIONSHIP BETWEEN CORPORATE SOCIAL
RESPONSIBILITY WITH FINANCIAL PERFORMANCE OF FIRMS**

Revision after the Thesis Defense on January 14, 2015

By

I Putu Abhi Pratya Pendit
13410136

BACHELOR'S DEGREE
in
BUSINESS ADMINISTRATION AND HUMANITIES
ACCOUNTING

SGU
SWISS GERMAN UNIVERSITY

SWISS GERMAN UNIVERSITY
EduTown BSD City
Tangerang 15339
Indonesia

January 2015

STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

I Putu Abhi Pratya Pendit

Student

Date

Revision after Thesis Defense on January 14, 2015

Approved by:

Liana Rahardja, SE, MM

Thesis Advisor

Date

Prof. Eric Jos Nasution, MBA, MA, PhD

Dean

Date

I Putu Abhi Pratya Pendit

ABSTRACT

ASSESSING THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY WITH FINANCIAL PERFORMANCE OF FIRMS

By

I Putu Abhi Pratya Pendit
Liana Rahardja, SE, MM, Advisor

SWISS GERMAN UNIVERISTY

The research assesses the relationship between the Corporate Social Responsibility practices and financial performance. This research uses content analysis to measuring the relationship and resulting two hypotheses. The data used is come from the total number of firms listed in the LQ45, ranging from 2009 until 2013. From the total of 84 firms were listed during five years, 18 are chosen, based on the existence of a firm between 2009 and 2013. The result showed that practices of the CSR give the positive relationship with the financial performance. It explained that economic and product responsibility as indicators of CSR activities, give a significant effect to ROA and ROE. It means that the investors are more interested to see the economic condition and product promotion, rather than the other indicators of a firm. However, with a good financial performance will improving the CSR practices, which become greater.

Keywords: CSR, financial performance, ROA, ROE, ROS.



© Copyright 2015
By I Putu Abhi Pratyia Pendit
All rights reserved

SWISS GERMAN UNIVERSITY

DEDICATION

I dedicate this works for my parents, who have supported me during thesis work,
thesis advisor, my friends, my uncle, my aunt, lecturers, neighborhood, and all people
that have been supported the author for this thesis work



ACKNOWLEDGEMENTS

Words of gratitude that said over to the presence of the Almighty God for His love and mercy, so this thesis could have done properly.

The author would like to thank profusely to:

1. Prof. Eric Jos Nasution, MBA, MA, PhD as a dean in the faculty of International Business Administration
2. Liana Rahardja, SE, MM as a thesis advisor who has taken the time and knowledge to provide guidance and counseling to the completion of this thesis
3. Examiners team who have taken time to test and give feedback to improve this thesis
4. All faculty and staff employees in the faculty of business administration, especially accounting for the help
5. Beloved parents, uncle and aunt who have provided encouragement, love and support profusely
6. College friends in the preparation of thesis, who have helped and shared each other and support during thesis work
7. Neighborhood friends who have given full support during thesis work

I have found my coursework throughout the Curriculum and Instruction program to be stimulating and thoughtful, providing me with the tools with which to explore both past and present ideas and issues. With all humility, the author invites all to come together and complement each other mend, suggestions and constructive criticism, would be gladly accepted. One hope for the author; that this thesis may be useful to readers.

Bekasi, 2015

I Putu Abhi Pratya Pendit



TABLE OF CONTENTS

	Page
STATEMENT BY THE AUTHOR	3
ABSTRACT	4
DEDICATION	6
ACKNOWLEDGEMENTS	7
TABLE OF CONTENTS	9
LIST OF FIGURES	11
LIST OF TABLES	12
CHAPTER 1 - INTRODUCTION	13
1.1. Background	12
1.2. Research Question	17
1.3. Research Purposes	17
1.4. Significance of the Research	17
1.5. Research Limitation	18
1.6. Research Structure	18
CHAPTER 2 - LITERATURE REVIEW	19
2.1. CSR	19
2.2. Financial Performance	22
2.2.1. ROA	23
2.2.2. ROE	23
2.2.3. ROS	23
2.3. Relationship Between CSR and Financial Performance	24
2.4. Previous Research	26
2.5. Research Model	30
2.6. Hypotheses	30
CHAPTER 3 - METHODOLOGY	33
3.1. Research Design and Type of Research	33
3.1.1. Measurement of CSR	33
3.1.2. Measurement of Financial Performance	33
3.2. Type and Source of Data	34
3.3. Data Collection Method	34
3.4. Population Sample	35
3.5. Research Instrument	35
3.6. Method of Data Analysis	36
3.6.1. Coefficient Determination	38
3.7. Hypothesis Testing	38
3.7.1. T-Test	38
3.7.2. F-Test	39

CHAPTER 4 - ANALYSIS RESULT	40
4.1. Analysis Result	40
4.1.1. Statistic Descriptive	40
4.1.1.1. GLS for Hypothesis H1	41
4.1.1.2. GLS for Hypothesis H2	45
4.1.2. Model Test using Fixrd Effect Model	49
4.2. Discussion	54
CHAPTER 5 - CONCLUSION	56
5.1. Conclusion	56
5.2. Suggestion	57
BIBLIOGRAPHY	58
GLOSSARY	62
APPENDIX	63
1. List of existed firms listed in LQ45 during 2009 – 2013	63
2. Result of Hypothesis H1	64
3. Result of Hypothesis H2	65



SWISS GERMAN UNIVERSITY