ADLN - PERPUSTAKAAN UNIVERSITAS AIRLANGGA

THE CORRELATION BETWEEN CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE OF CIGARETTES COMPANY AND COMPANY'S FINANCIAL PERFORMANCE

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Surabaya, March 15th, 2016

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ADLN - PERPUSTAKAAN UNIVERSITAS AIRLANGGA

UNDERGRADUATE THESIS

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY OF CIGGARETES COMPANY ON COMPANY'S FINANCIAL PERFORMANCE: STUDY IN LISTED CIGARETTES COMPANIES PERIOD 2007-2014

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DECLARATION

I, Amelia Desy Ratna Yuwita, 041013247, declare that:

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Surabaya, March 15, 2016

Declared by,

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End of words, the Author hopes that this research could give a contribution for the development of accounting knowledge. As this research is far from being perfect, the Author would be happy to receive constructive critics and sugesstions.

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ABSTRACT

The objectives of this study is to examine the correlation between CSR disclosure and the financial performance within the cigarettes companies listed on Indonesian Stock Exchange. This research describes the relationship of independent variable Corporate Social Responsibility disclosure, on three dependent variables, which are Return On Assets, Return On Equity, and Stock return. This research use a quantitative approach to focus on testing the hypothesis through the statistical tests to produce a generalize conclusions. This research used 3 cigarettes companies, namely PT Gudang Garam Tbk., PT Hanjaya Mandala Sampoerna Tbk., and PT Bentoel Internasional Investama, as the populations for period of 8 years from 2007- 2014. The Author used simple linear regression to examine the correlation between Corporate Social Responsibility disclosure and the cigarettes companies' financial performance. The result proves that the disclosure of Corporate Social Responsibility only have a positive influence toward the companies' Return On Assets, while its not correlate with the companies' Return on Equity and Stock Return. It means that eventhough the results indicate that the improvement of CSR information disclosure makes cigarettes companies has a chance to improve its management efficiency at using its assets to generate earnings (ROA), in a short term it wont affect their efficiency to generate profits from its shareholders investments in the company (ROE) nor affecting an investor's decision to invest on them.

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Keywords : *Corporate Social Responsibility, Return On Assets, Return On Equity, Stock Return*

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