

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE TO
THE MARKET REACTION WITH PROFITABILITY
AS MODERATING VARIABLE**

Thesis

**Presented as Partial Fulfillment of the Requirements
for the Degree of Sarjana Ekonomi (S1) in Accounting Program
Faculty of Economics Universitas Atma Jaya Yogyakarta**



Compiled by:

Debora Plautilda Maturbongs

Student ID Number: 11 15 19119

**FACULTY OF ECONOMICS
UNIVERSITAS ATMA JAYA YOGYAKARTA
AUGUST 2015**

Faculty of Economics
Universitas Atma Jaya Yogyakarta

I hereby recommend that the thesis prepared under my supervision by

Debora Plautilda Maturbongs

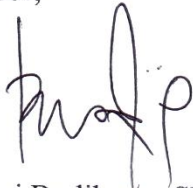
Student ID Number: 11 15 19119

Thesis entitled

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE
TO THE MARKET REACTION
WITH PROFITABILITY AS MODERATING VARIABLE

Be accepted as partial fulfillment of the requirements for the Degree of
Sarjana Ekonomi (S1) in International Financial Accounting Program
Faculty of Economics Universitas Atma Jaya Yogyakarta

Advisor,



Pratiwi Budiharta, SE., MSA., Akt.

7 August 2015

This is to certify that the thesis entitled

**The Impact of Corporate Social Responsibility Disclosure
to the Market Reaction with Profitability as Moderating Variable**

Presented by:

Debora Plautilda Maturbongs

Student ID: 11 15 19119

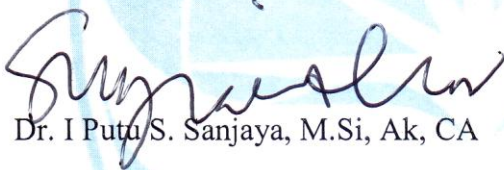
Has been defended and accepted on September 4, 2015 towards fulfillment of the
requirements for the Degree of Sarjana Ekonomi (S1)

International Financial Accounting Program Faculty of Economics
Universitas Atma Jaya Yogyakarta


Examination Committee

Chairman,


Members,



Dr. I Putu S. Sanjaya, M.Si, Ak, CA



Pratiwi Budiharta, SE., MSA., Akt.



Dra. Dewi Ratnaningsih, MBA., Akt.

Yogyakarta, September 4, 2015

Dean of Faculty of Economics

Universitas Atma Jaya Yogyakarta



Drs. Budi Suprpto, MBA., Ph.D

AUTHENTICITY ACKNOWLEDGEMENT

I hereby declare that the thesis with the title:

The Impact of Corporate Social Responsibility Disclosure to the Market Reaction with Profitability as Moderating Variable

is really my own thinking and writing, I fully acknowledge that my writings do not contain others' or part(s) of others' writing, except for those that have been cited and mentioned in the references.

Yogyakarta, 7 August 2015



Debora Plautilda Maturbongs

MOTTO

Cast all your anxiety on Him because He cares for you –1 Peter 5:7

Fear not! Stand your ground, and you will see the victory

The LORD will win for you today – Exodus 14:13



ACKNOWLEDGEMENT

My greatest gratitude goes to The Lord, The Father, Jesus Christ, and The Holy Spirit for the strength given to me in finishing this thesis. I am also thankful to Mother Mary for always praying for me to his Son, Jesus Christ. I am truly blessed to be able to get this thesis done.

I realize that in finishing the thesis, it would be hard for me to do it alone. I am very blessed to have the people who never stop giving motivations, helps, supports, and advices to me that I could finish this thesis. Therefore, here are those people I am very thankful for:

1. Mrs. Pratiwi Budiharta, SE., MSA., Akt, thank you for the time, patience, advices, motivations, and knowledge you gave along the years of my study and in making this thesis.
2. All the lecturers of Economic Faculty who have shared their knowledge in the years of my study, especially Mr. Putu and Mrs. Dewi, the examiners who have given suggestions in improving my thesis.
3. My beloved mom and dad. Thank you for never stop praying for me, for the love, support, help, care, sacrifices, and for everything that I can never mention one by one, let alone pay them back to you both. I am very grateful that God gave me parents like you. My sisters, Kak Ruby, Kak Vera, and Lenny, my nephews, Klinsmann and Risto, my brothers, Abang Exan, Kajok, and Kak Ruland. I can never thank you enough for being such a great family and for never stop supporting me in everything I do. I love you all! ({})

4. Paguyuban Lektor Gereja St. Maria Assumpta Babarsari, thank you for being my family and for all the lessons that I have learned.
5. IFAP '11, Vini, Stelah, Citep, Cilpi, Ivana, and Mas Ven, thank you for being great friends and family, for the togetherness, and so much help and support.
6. My boarding housemate, Vebrina. Thank you for being such a great friend and sister, for all the laughter and the stories we have shared, and for always being there for each other.
7. For all the people that I know and cannot be mentioned one by one, you all are God's way for me to learn many things.

I truly realize that this thesis is still so far from perfect. Therefore, I am open to any kind of suggestion or recommendation to improve this thesis. I hope that this writing would be useful for anyone. God bless us all.

Yogyakarta, 18th August 2015

Debora Plautilda Maturbongs

TABLE OF CONTENT

TITLE PAGE	i
SUPERVISOR APPROVAL	ii
THESIS APPROVAL	iii
AUTHENTICITY ACKNOWLEDGEMENT	iv
MOTTO	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENT	viii
LIST OF TABLES	xi
LIST OF PICTURES	xii
LIST OF APPENDICES	xiii
ABSTRACT	xiv
CHAPTER I: INTRODUCTION	1
1.1. Background	1
1.2. Research Questions	6
1.3. Research Objective.....	6
1.4. Research Contributions	6
1.5. Data Analysis	7
1.6. Writing Structures	9
CHAPTER II: LITERATURE REVIEWS AND HYPOTHESIS DEVELOPMENT	10

2.1. Financial Reporting	10
2.1.1 The Objective of Financial Reporting	11
2.1.2 Disclosure in Financial Reporting	12
2.2. Corporate Social Responsibility.....	15
2.2.1. Theory and Practice of Corporate Social Responsibility.....	16
2.2.2. Disclosure of Corporate Social Responsibility Activities	19
2.3. Market Reactions	21
2.4. Profitability	25
2.5. Previous Researches and Hypotheses Development.....	28
CHAPTER III: RESEARCH METHODOLOGY	34
3.1. Type of Research.....	34
3.2. Research Population and Sample	34
3.2.1. Population.....	34
3.2.2. Sample	35
3.3. Type and Data Collection Method	36
3.4. Measurement of Variables	36
3.4.1. Independent Variable.....	37
3.4.2. Moderating Variable.....	39
3.4.3. Dependent Variable	39
3.4.4. Control Variable	43
3.5. Research Model.....	45
3.6. Classical Assumption Test.....	46
3.7. Hypotheses Testing	49

CHAPTER IV: DATA ANALYSIS AND DISCUSSION	51
4.1. Descriptive Statistics	51
4.2. Normality Test	51
4.3. Multicollinearity Test.....	54
4.4. Heteroscedasticity Test	55
4.5. Autocorrelation Test.....	56
4.6. Regression Analysis	58
4.7. Discussion	60
CHAPTER V: CONCLUSIONS	66
5.1. Conclusion	66
5.2. Limitations	66

LIST OF TABLES

Table 2.1 Previous Researches

Table 3.1 Sample Selection

Table 4.1 Descriptive Statistics

Table 4.2 Normality Test before Excluding the Outlier Data

Table 4.3 Normality Test after Excluding the Outlier Data

Table 4.4 Normality Test after Data Transformation

Table 4.5 Multicollinearity Test

Table 4.6 Multicollinearity without Moderating Variable

Table 4.7 Durbin-Watson Test

Table 4.8 Durbin-Watson Test after Data Transformation

Table 4.9 Regression Result

LIST OF PICTURES

Graph 2.1 Event Period

Graph 3.1 Window Period

Graph 4.1 Heteroscedasticity Test



LIST OF APPENDICES

Appendix A

Appendix B

Appendix C



**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY
DISCLOSURE TO MARKET REACTION WITH PROFITABILITY AS
MODERATING VARIABLE**

Debora Plautilda Maturbongs

International Financial Accounting Program

Faculty of Economics

Universitas Atma Jaya Yogyakarta

Supervised by:

Pratiwi Budiharta, SE., MSA., Akt.

Abstract:

The research examines the impact of profitability as moderating variable to the relationship of CSR disclosure and the market reaction. Using 105 samples that are taken from 15 listed resource-based firms from 2007-2013, it was found that the profitability does positively impact the relationship of CSR disclosure to the market reaction. The result also implies that both firms and investors are concerned about the CSR disclosure. More profitability enables firms to conduct more CSR activities to eventually be reported in the firms' annual reports that will be used by investors in making investment decision. Investors are attracted to the firms that disclose more CSR activities, and higher profitability will be appreciated more by the investors because it means that in addition to generating high profit, firms are also capable of doing more CSR activities.

Keywords: corporate social responsibility disclosure; market reaction; abnormal return; profitability; profit