

Abstract

The purpose of this thesis is to map the readiness of Indonesian companies that is represented by the manufacturing companies to adopt the Global Reporting Initiatives 2006 by conducting a content analysis on the 2005 companies' annual report. Based on the content analysis performed, we conclude that there is a pattern of CSR disclosures among companies observed. Companies that are classified as members of such industries tend to have different focus of CSR activities and disclosures in their annual report compare to companies of the other industries, the more sensitive the industry that one company is grouped in, the higher the disclosures of CSR activities of the company. We also found that the bigger the size of a company and group companies tend to have more disclosures on CSR activities in their annual report. We found that companies with strong financial stability tend to have more disclosures on CSR activities compare to ones that are weaker financially.

The second purpose of this thesis is to examine how corporate social performance disclosure affects the profitability performance of manufacturing companies in Indonesia. The corporate social performance index used is designed and created through conducting a content analysis. This thesis use ROA (Return on Asset), ROS (Return on Sales), and ROE (Return on Equity) to measure profitability performance of manufacturing companies in year 2005. There are 97 samples taken from 146 manufacturing companies listed in Indonesia Stock Exchange in 2005. The findings are corporate social performance positively affects the profitability performance of manufacturing companies and research and development activities do not neutralize the relation between CSP and firm performance. These suggest that, although important, research and development is not an effective tool to improve the performance of manufacturing companies. This thesis also documents evidence proving that size give insignificant effect on the level of corporate social performance that disclosed by the manufacturing companies. This means that size gives indifferent effect on CSP.

Keyword: corporate social performance disclosure, content analysis, manufacturing companies, profitability performance