ABSTRACT

The purpose of this study is to investigate how the influence of corporate social responsibility towards the company's financial performance and market performance companies. Corporate social responsibility is company's activities in achieving a balance or integrations between the economic, social, and environment development without compromising the expectations of shareholder (obtain profit). In this research, company's financial performance measured by ROE (return on equity) and company's market performance measured by CAR (cumulative abnormal return).

The samples used in this study are all manufacturing companies listing in 2007 and published the annual report in 2007 on the website www.idx.co.id by using method of purposive judgement sampling. There are 31 companies that meet the criteria of the study sample. The analysis method used is multiple regressions. Data collection method used in this research is a method of documentation and literature study method.

Based on test results, the first hypothesis found that the variable of corporate social responsibility and leverage control variables, significant positive effect on corporate financial performance (ROE), and control variables firm size (size) significant negative effect on corporate financial performance, but variable growth opportunities (growth) is not significant negative effect on the financial performance of the company. While the second hypothesis found that corporate social responsibility variables and control variables security risk (beta) is not significant positive effect on market performance (CAR), and three other control variables (leverage, size, and growth) is not significant negative effect on market performance, but the unexpected earnings variable has a significant positive market performance.

Keywords: *corporate social responsibility, return on equity, cumulative abnormal return, leverage, growth opportunities (growth), firm size (size), security risk (beta), unexpected earnings*