

ABSTRACT

The purpose of this research is to test the effect of CSR disclosure on financial performance and market performance of companies with foreign ownership as a moderating variable. This study includes foreign ownership as a moderating variable because firms with foreign ownership is considered concern to CSR disclosure.

This research used Corporate Social Disclosure Index (CSDI) as a measure of CSR disclosure, based on indicators from Global Reporting Initiatives (GRI). The samples of this research are 54 public firms listed in Indonesian Stock Exchange (IDX) year 2006 until 2008.

The results of this research indicate that the disclosure of CSR does not has significant effect on Return on Equity (ROE) as a measure of financial performance and Cumulative Abnormal Return (CAR) as a measure of market performance. Foreign ownership as moderating variables can affect the relationship between CSR disclosure and corporate financial performance, but it can not affect the relationship between CSR disclosure and firm market performance.

Keywords: CSR, ROE, CAR, Foreign Ownership