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## **THE RELATIONSHIP BETWEEN PROFITABILITY AND CORPORATE SOCIAL RESPONSIBILITY; EMPIRICAL STUDY FOR IDX COMPANIES**

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### **Abstract**

#### **Objectives**

The main objective of this study is to test whether companies' profitability contributes to Corporate Social Responsibility empirically.

#### **Method**

In order to test the relationship, the author chose some statistical tools that will help reveal the results, which are Descriptive Statistics, Kolmogorov-Smirnov Test, and Simple Regression. The samples are taken from 186 listed companies in Indonesia in 2008 after fulfilling certain requirements.

#### **Results**

The result shows that the data is not normally distributed. Therefore, further analysis is conducted from Spearman Correlation of Coefficient. It turns out that all three profitability ratios are significantly correlated to CSR at 1% significance level. When the entire indicator of profitability is regressed, the linear equation shows that all the independent variables are positively related to CSR. However, only one null hypothesis is rejected while the other two is accepted. The null hypotheses for ROA and NPM are accepted while null hypothesis for ROE is rejected.

#### **Conclusion**

To conclude, listed companies in Indonesia for the year 2008 that were being investigated seems to have the least relationships between 2 profitability ratios (ROA and NPM) and CSR disclosure.

#### **Key Words**

Return of Equity (ROE), Return of Asset (ROA), Net Profit Margin (NPM), Corporate Social Responsibility (CSR), Carroll, Stakeholder Theory, Bowman and Haire.