ACKNOWLEDGEMENTS

May all glory be to Jesus Christ, Lord Almighty for His grace, guiding spirit, and love that has made it possible for this thesis entitled — The Effect of a Firm's Corporate Social Responsibility (CSR) and Corporate Environmental Responsibility (CER) on the Firm Performance of Firms in the Customers Staples Sector to be completed well and under His guidance. This thesis is written with the knowledge, effort, and experiences that were obtained throughout the three and a half years of studies in Universitas Pelita Harapan which was done in the pursuit of a Bachelor's Degree in Accounting of Universitas Pelita Harapan, Lippo Village's faculty of business and economics. The process of completing this thesis would not have been possible without the direction, backing, and prayers from the individuals around the writer. With that said, the writer would like to take this opportunity to commit her appreciation and give the most elevated regard to those whose names will be written in the accompanying:

- 1. Dra. Gracia Shinta S. Ugut. M.B.A., Ph.D. as the dean of the faculty of Business and Economics of Universitas Pelita Harapan.
- 2. Dra. Wijaya Triwacaningrum SE., M.A., CA., CMA., CSP as the Head of Accounting study program.
- 3. Mr. Eduard Ary Binsar Naibaho, SE., MM., MBA., CMA., CIBA as of the supervisor of this thesis for his time, advice, guidance, patience, critics, and input,

as well as for sharing his remarkable knowledge and experience to help in completing this thesis into an acceptable paper for gaining writer's bachelor degree.

- 4. Ms. Elfina Sambuaga, Ms. Liza Handoko, Ms. Hanna Wijaya, Ms. Melinda Haryanto, as my academic advisor throughout the writer's three and a half years of university.
- 5. Mr. Tanggor Sihombing, Mr. Ricky, Mr. Ferdinand Butarbutar, Mr. Rajesh Singh, Mr. Septian Bayu Kristianto, Mr. Clint, and all lecturers that names have not been mentioned, for their guidance and valuable knowledge for the three and a half years writer, spent studying in Universitas Pelita Harapan.
- 6. Erik Tengker Montolalu, Irene Leviana Cahyadi Wong, Dave Alexander Montolalu as well as the rest of my family, who have provided love, care, and support in various aspects, especially emotionally as I faced the process of writing this thesis. I appreciate their understanding and their overwhelming support, whether through prayer or laughter.
- 7. Leornardo Laksamana as my mentor and senior who has always given me advice and helped me ground myself during the creation of this thesis. He has provided so much aid to me and I truly cannot thank him enough for his patience and wisdom.
- 8. Limo, Polonium, Lyricat, and Alcrunz as my very close online friends, who were relentless in their support and were always concerning themselves with my health and well-being, as well as constantly conversing with me to help me relieve any stress and grief. They have been consistently understanding and patient with me, and for that I am grateful.

- 9. Michelle Tjahyadi Sugianto and Jennifer Antonio who, despite being busy with their own work, have always been there for me for the past 3 years, sharing the same university life and supporting each other through thick and thin and through misunderstandings.
- 10. Bryan Jonathan Purnama, Calista Janie, Kyeong Rim Baek, Lydia Lingkan Sibarani, and Gracia Askim as my RMIT Accounting batch 2017 friends who have been supportive of each other within our pursuit of education.

Table of Contents

COVER PAGE	
FINAL ASSIGNMENT STATEMENT AND UPLOAD AGREEMENT	i
AGREEMENT OF MENTORING GUIDANCE FOR FINAL PAPER	ii
EXAMINATION BOARD APPROVAL	iv
ABSTRACT	۰۱
ACKNOWLEDGEMENTS	
LIST OF TABLES.	xi
LIST OF FIGURES	xii
LIST OF APPENDICES	xi\
CHAPTER I	1
1.1 Background	1
1.2 Research Problems	4
1.3 Research Objectives	5
1.4 Significance of the Study	5
1.5 Scope of the Study	
1.6 Systematic Discussion	
CHAPTER II	9
2.1 Literature Review	
2.1.1 Stakeholder Theory	<u>c</u>
2.1.2 Legitimacy Theory	11
2.1.3 Institutional Theory	14
2.1.4 Corporate Social Responsibility	16
2.1.5 Corporate Environmental Responsibility	18
2.1.6 Firm Performance	20
2.2 Conceptual Framework	23
2.3 Prior Research	27
2.4 Hypothesis Development	39
2.4.1. The Effect of a Firm's CSR Policies on their Financial Performance	39
2.4.2. The Effect of a Firm's CER Policies on their Financial Performance	40
CHAPTER III	42
3.1 Population and Sample	42

3.2 Empirical Model	43
3.3 Operational Variable Definition	44
3.3.1. Dependent Variables	44
3.3.2. Independent Variables	46
3.3.3. Control Variables	49
3.4 Method of Data Analysis	50
3.4.1. Descriptive Statistics	50
3.4.2. Multiple Regression	50
3.4.3. Test of Classical Assumption	53
CHAPTER IV	57
4.1 Descriptive Statistics	57
4.2 Classical Assumption Results	60
4.2.1. Normality	60
4.2.2. Autocorrelation Test	61
4.2.3. Multicollinearity Test	62
4.2.4. Heteroscedasticity Test	63
4.3 Research Findings	66
4.4 Interpretation of Results	71
4.4.1 Analysis of Models	71
4.4.2 The Effect of a Firm's CSR Policies on their Financial Performance	72
4.4.3 The Effect of a Firm's CER Policies on their Financial Performance	73
CHAPTER V	
5.1 Conclusion	76
5.2 Research Limitations	77
5.3 Recommendations	
REFERENCES	80
APPENDIX I	87
APPENDIX II	88
A. Normality Test Results	88
B. Durbin-Watson Test Results	93
C. Multicollinearity Test Results	94
D. Heteroscedasticity Test Results	95
E. Other SPSS Outputs	97



LIST OF TABLES

Table 3.1 Table of CER Components	47
Table 4.1 Summary of Research Sample	57
Table 4.2 Descriptive Statistics	58
Table 4.3 Specifications for the Durbin-Watson Test for Models Y ₁ to Y ₃	61
Table 4.4 Model Summary for Y ₁	66
Table 4.5 ANOVA for Y ₁	66
Table 4.6 Coefficients for Y ₁	67
Table 4.7 Model Summary for Y ₂	67
Table 4.8 ANOVA for Y ₂	
Table 4.9 Coefficients for Y ₂	68
Table 4.10 Model Summary for Y ₃	69
Table 4.11 ANOVA for Y ₃	70
Table 4.12 Coefficients for Y ₃	70
Table 4.13 Durbin-Watson Test Results for Y ₁	94
Table 4.14 Durbin-Watson Test Results for Y ₂	
Table 4.15 Durbin-Watson Test Results for Y ₃	94
Table 4.16 Multicollinearity Statistics for Model Y ₁	95
Table 4.17 Multicollinearity Statistics for Model Y2	95
Table 4.18 Multicollinearity Statistics for Model Y ₃	95
Table 4.19 Heteroscedasticity Coefficients for Model Y ₁	96
Table 4.20 Heteroscedasticity Coefficients for Model Y ₂	
Table 4.21 Heteroscedasticity Coefficients for Model Y ₃	96
Table 4.22 Residual Statistics for Model Y ₁	98
Table 4.23 Residual Statistics for Model Y ₂	98
Table 4.24 Residual Statistics for Model V ₂	98

LIST OF FIGURES

Figure 4.1 Scatterplot Results for Y ₁	64
Figure 4.2 Scatterplot Results for Y ₂	65
Figure 4.3 Scatterplot Results for Y ₃	65
Figure 4.4 One-Sample Kolmogorov-Smirnov Test Results for Y ₁	89
Figure 4.5 One-Sample Kolmogorov-Smirnov Test Results for Y ₂	89
Figure 4.6 One-Sample Kolmogorov-Smirnov Test Results for Y ₃	90
Figure 4.7 Histogram Results for Y ₁	90
Figure 4.8 Histogram Results for Y ₂	91
Figure 4.9 Histogram Results for Y ₃	91
Figure 4.10 P-P Plot Results for Y ₁	92
Figure 4.11 P-P Plot Results for Y ₂	92
Figure 4.12 P-P Plot Results for Y ₃	93

LIST OF APPENDICES

APPENDIX I	88
APPENDIX II	89
A. Normality Test Results	89
B. Durbin-Watson Test Results	94
C. Multicollinearity Test Results	95
D. Heteroscedasticity Test Results	96
E. Other SPSS Outputs	98