ANALYSIS ON ACCOUNTING CONSERVATISM AND CSR DISCLOSURES OF INDONESIAN BANKS LISTED ON IDX FROM 2004 TO 2007

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Abstract

Introduction: Disclosing CSR activities is mandatory in Indonesia which is regulated by government. Although it is part of strategic management to sustain competitive advantage, it is important to know whether there is internal motive by the company to report its CSR activities.

Objectives: This research is conducted to examine whether there is correlation between conservatism in Indonesian banks with its CSR disclosure

Methods: By using 21 samples of Indonesian IPO firms from years 2001 to 2006, the analysis method is descriptive statistic, content analysis, and statistical tools. Correlation will be tested by using Spearman Rho.

Result: The result of this research is that there is no correlation between conservatism and CSR disclosure. Conservatism is represented in discretionary accruals. Ranking on the most conservative and the least conservative banks are also presented in this research.

Conclusion: In conclusion, there is no correlation between conservatism and CSR disclosure. From the most conservative banks, author found that those banks applying good corporate governance.

Key words: Conservatism, Discretionary accruals, Corporate social responsibility, Rankings, Banks, Indonesia