

## **The Impact of CSR Activities on Bank Performance in Sri Lanka.**

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### **Abstract**

Corporate Social Responsibility (CSR) is used as a strategy to improve organizational performance. Most of the banks conduct different CSR activities focusing on diverse stakeholder groups. This study investigates to reveal the impact of those CSR activities on bank performance. The problem of this study, existing studies provide evidence of the relationship between CSR activities and the financial performance of the banks. However, it is not known how particular category of CSR activities influence the organizational performance. Thus, this study tries to identify the relationship in terms of separate CSR activity categories and performance of the banks in Sri Lanka. The purpose of this study to identify the impact of each specific category of CSR activities on bank performance. Such knowledge will be helpful for banks in rethinking of their CSR strategy. The methodology that is used for analysis of the study, CSR activities are measured by using CSR score for separate categories of education oriented CSR activities, environment oriented CSR activities, employee oriented CSR activities, customer oriented CSR activities, health oriented CSR activities, and society oriented CSR activities. Control variables are firm size, number of employees, risk and Growth. The period is designed from 2012 to 2019 in eight years. The sample includes thirteen (13) licensed local commercial banks in Sri Lanka. The data collected by using annual reports and sustainability reports. The study will use the panel data regression model for the analysis. The finding of the research will be supported by the decision makers of banks in related with investment of CSR activities. Managers need to balance shareholders as well as society. Stakeholder's trust is more important to create value for the entity. Based on the findings managers can decide investment of the CSR activities that have positive impact areas and reduce or avoid negative areas. So, the limited resources can be allocated efficiently and effectively. Correct decisions must important because CSR investment is high.

**Keywords:** Bank performance, CSR, CSR categories, CSR score, Local commercial banks.