

## **Moderating Effect of Corporate Governance on the Relationship Between Corporate Social Responsibilities and Firm Financial Performances in Sri Lanka**

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### **Abstract**

With the growing competition in the business world, firms adopt different strategies to stand against the competitors and survive in the market. Corporate social responsibility (CSR) being one of the key area of concerns, which also business trend nowadays to excel over others. Previous studies mostly analysed the topic of CSR and firm financial performance and further most of the researches have been done their research about CSR, firm performance and corporate governance with related to developed countries not in the developing countries like Sri Lanka. Then therefore, it needs to do more investigations to fill the gap. The objectives of this study was to determine the impact on CSR activities on firm financial performance and if the corporate governance shape the relationship between CSR and firm's financial performance.

The data is collected from annual reports of 50 listed companies based on highest market capitalization which are listed in Colombo Stock Exchange in Sri Lanka for the period of 2017-2020 and by using GRI G4 Sustainability Reporting Guidelines CSR index was developed to measure the CSR practises. Selected companies are representing all business sectors except Banking, Finance, and Insurance companies. Findings of this study will be helpful for identify how well the firms have adhered to introduce corporate governance codes in Sri Lanka and Study will motivate companies to pay more attention on good corporate governance practices and CSR activities which contribute to enhance well-being of employees, society and environment and ultimately increase the firm performance.

**Key words:** *Corporate Social Responsibility (CSR), Corporate Governance (CG), Financial Performance.*