

The Relationship between Corporate Social Responsibility and Firm Performance; Evidence from Licensed Commercial Banks in Sri Lanka

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Abstract

Organizations continually report on corporate social performances and existing studies provide evidence of the relationship between CSR and firm performance. However, CSR disclosures and its influence on bank performance, especially in the context of Sri Lanka is not known. Therefore, this study aims to identify the impact of CSR and bank performance in Sri Lanka. The purpose of this study is to identify the relationship between CSR and bank performance. The methodology involves a content analysis of such disclosures mapped with the global reporting initiatives (GRI) index. The main categories are economic, social and environmental indicators. Firm performance is measured by using profitability and firm value. Profitability is measured by using return on asset (RoA). The firm value is measured by using earning per share (EPS) and firm size is used as the control variable. The sample includes twelve (12) licensed commercial banks in Sri Lanka. Data was collected by using annual reports over five years period from 2016. The finding of the research will be useful for licensed commercial banks to gain an understanding on direction and impact of CSR on their financial performances which can be considered in CSR performances and spending.

Key words: *Corporate Social Responsibility, Bank Performance, Earning Per share, Return on Asset, GRI index*