

A REVIEW OF CSR PRACTICES IN SMALL AND MEDIUM ENTERPRISES IN SRI LANKA : WITH SPECIAL REFERENCE TO GAMPAHA DISTRICT

Jayamanne D.M.D.¹ and Munasinghe M.A.T.K.²

¹*mishelljayamanne627@gmail.com*; ²*amila@kln.ac.lk*

Abstract

CSR is a broad and continually evolving concept usually measured under four dimensions such as employees, customers, community, and environment. CSR practices have been mainly concentrated on multinational/listed companies in Sri Lanka & international context, but application of CSR in SME sector is very important to gain its reputation and financial performance. SME sector has become a crucial segment in developing countries. SMEs plays a major contribution towards economic growth in Sri Lanka. Therefore, it is essential to improve the growth of SMEs to gain sustainable development. Hence, this research investigates mainly CSR practices conduct by SMEs in Sri Lanka. The target population constitute SMEs in Gampaha District, which a representative sample was selected through a stratified random sampling technique and the selected sample was 15 SMEs in Gampaha District. Furthermore, empirical results emphasized the familiarity of term CSR, how SMEs define concept of CSR according to their knowledge and applications, regularity of CSR, Motivative drivers and limitations to conduct CSR practices in their business & mode of communication which are used to disclose their CSR activities to the general public. Primary data will be collected from owners/ managers of SMEs in Gampaha district by conducting semi-structured interviews.

Finding of this study will serve as a guideline for entrepreneurs, decision makers , policy makers and future researchers to get an understanding and implementing a CSR strategy efficiently in SME sector in Sri Lanka , which is significant for attaining business reputation and improved financial performance of SMEs in developing countries.

The study recommends that it should be ensured and increased the education on the need for Corporate Social responsibility practices in SME sector. This can be done through seminars, workshops, symposia, and other mediums to gain the benefits of sustainable development in SME sector.

Key words: *CSR practices, Sri Lanka, financial performance, firm reputation, SMEs*