The Effect of Disclosure of Corporate Social Responsibility on Financial Performance in Manufacturing Companies: from Manufacturing Companies in Sri Lanka

Farook, T.N.¹ and Rajapakse, R.M.D.A.P.²
tnf9244@gmail.com¹, amilar@kln.ac.lk²

Today’s competitive and dynamic market environment has formed new set of tasks for any business which are not only connected to economics. To survive and grow, firms must connect the gaps in economic as well as social systems. Maximizing shareholder wealth is every time important, but satisfying that condition alone is no more valid in computing the financial success. Corporate Social Responsibility is significant and fundamental to the sustainable functioning of businesses. Similarly, financial performance is undoubtedly fundamental to the continued functioning of any company. The purpose of this Research is to study the relationship between corporate social responsibility disclosure percentage and the financial performance of manufacturing companies in Sri Lanka. Sample of study is the highest share volume of 20 companies listed in the Colombo Stock Exchange (CSE) in the manufacturing sector and data were collected over a five-year period from 2011 to 2015, this study explores and tests the significant of the relationship between corporate social responsibility disclosure percentage and financial performance. According to the result of the significant relationship between corporate social responsibility (CSR) disclosure percentage and financial performance. According to that that Sri Lankan listed manufacturing firms should step up their Corporate Social Responsibility programs and disclosures most especially environment, community, employee, and consumer responsibilities. Because of Corporate Social Responsibility is impact to the Corporate Performance as significantly.

Keywords: Corporate Social Responsibility, Financial performance, Colombo stock exchange