

THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND MARKET PERFORMANCE OF LISTED COMPANIES IN SRI LANKA - PRE AND POST COVID SITUATION

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Abstract

This study examines the relationship between Corporate Social Responsibilities (CSR) and Market Performance by comparing the Pre COVID-19 results and Post COVID - 19 results using evidence from Diversify financial companies, listed in Sri Lanka. The COVID – 19 has redefined the world operation. Specially COVID – 19 pandemic showed the significant impact on the financial sector businesses. CSR is one of the best methods to increase customer attraction to the company which can earn more profits in the future. As a result of CSR activities companies can survive in the market and win the competition.. Hence this study compares the relationship between CSR and the market performance of diversified financial sector companies listed in the CSE. This research has used diversified financial sector companies as the population, and 40 companies were selected as the sample for the study. Data were gathered from annual reports, web sites and CSR reports of the companies for the period 2017-2021. The CSR practices were measured using GRI guideline and the dichotomous approach. Firm size was identified as a control variable whereas market performance was measured by the share price movement. Pearson correlation analysis, and regression analysis are used to analyze data. Findings show that higher levels of CSR disclosure are associated with higher market performance. Furthermore CSR disclosure by companies operating in Pre COVID-19 and Post COVID-19 in sensitive industries state what relationship was found with market performance comparing the five years. The research concludes that CSR disclosure provides incremental value-relevant information to investors beyond financial accounting information.

Keywords: *Corporate Social Responsibility, Market Performance, Return on Equity, Earning per Share, Share Price, GRI guidelines, CSE web sites*