EFFECTS OF CORPORATE SOCIAL RESPONSIBILITIES ON PERFORMANCE OF BANKING SECTOR

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Abstract

Corporate social responsibility refers to the company's effects on the environment and impact on social welfare. According to one of the most frequently cited definitions, Corporate Social Responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Corporate social responsibilities are more important to service sector organizations because they are directly deal with customers. There is competition among banks to attract more customers by providing CSR to public.

Therefore it is better to understand the relationship between corporate social responsibility and performance of Banks. The main purpose of this study was identifying the relationship between Corporate Social Responsibility and firms' performance. To achieve this main objective sub objectives such as, how CSR effect on firms performance, whether it highly influenced on short term or long term, to identify the influence of CSR on profitability over a period of Five years, to measure the individual effect of employee relations, and public relations on profitability will be followed.

This study is concerned with the information disclosed in the annual reports, as well as primary data sources. According to the result of the regression analysis researcher found that there in a positive relationship between CSR and the profitability of banks, CSR is highly influenced on long term profitability, there was a significant influence from employee related expense and public CSR expense is not significantly influence on short term profitability but in long term it was significantly influenced. **Key words:** Corporate Social Responsibility, Profitability