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INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ON FIRMS' PROFITABILITY: EVIDENCE FROM BANKING SECTOR IN SRI LANKA

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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. Companies are trying to go beyond what social groups and environment protection groups expect. Then it has become a trend and essential thing for competitive organizations. Relations among all stakeholders became one of the most important factors to long term survival.

Corporate social responsibilities are more important to service sector organizations because they are directly deal with customers. There are many banks in Sri Lanka which are serving same services in a different manner. There is a trend of servicing to customers while providing some other benefits to customers. Sometimes One bank's service can be deferred to another bank just because of CSR portion of such service. 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. Finally, this is investigated whether there is any benefit to banks on their CSR activities. To identify the relationship, Five banks were considered for the period of six years. The performance of firms was be measured by Profit after Tax

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