

## **The Relationship between Corporate Social Responsibility and Financial Performance in Banking Sector in Sri Lanka**

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The relationship between corporate social responsibility (CSR) and financial performance is an oppressive problem faced by all business organizations. There are numerous studies supporting for different type of relationships ranging from positive to negative. The purpose of this study is to examine the relationship between corporate social responsibility (CSR) and financial performance in domestic commercial banks in Sri Lanka. The researcher selected six high performance domestic commercial banks as a sample for a period of five years starting from 2011 to 2015. CSR disclosures and firm size have been identified as independent variables and financial performance identified as the dependent variable in this study. The researcher has used secondary data for the purpose of analysis. This study employed return on equity to identify the financial performance (FP), GRI index G3 guidelines to identify the CSR disclosure level of the banks and firm size measured by logarithm of total assets of the banks. Through the result of the research it has been concluded that there is a positive relationship between Corporate Social Responsibility and financial performance of selected domestic commercial banks. Further researcher has identified that Financial Performance will not be totally depended on CSR and control variable of firm size.

**Keywords:** CSR disclosure, Financial performance, Return on equity, GRI index