

Effect of CSR on Financial Performance of Public Listed Companies in Sri Lanka

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Abstract

Corporate social responsibility (CSR) is an important concept in the business world and affects the Financial Performance of organizations. Therefore, this study aims to investigate the effects of CSR on the financial performance in selected public listed companies in Sri Lanka. Prior studies have found different types of relationships between corporate social responsibility and financial performance of firms ranging from positive to negative. The objective of this study is to identify the relationship between corporate social responsibility and financial performance for the period of 5 years from 2015 of selected 30 public listed companies of Sri Lanka. This study uses the secondary data and data were collected from annual reports of the selected public listed companies. Other sources are newsletters, news articles, journals and websites. The data were analyzed using regression analysis. This study use Return on Assets (ROA), Return on Equity (ROE), Net Profit (NP) and Earnings per Share (EPS) to measure financial performance of the firms. The sample comprises 30 firms from 3 industry groups listed on Colombo stock exchange which are consumer durables & apparel, Food, Beverage & tobacco & Consumer services. The results of this study provide useful insights for the firms to improve the knowledge and management practices. Findings of this study would encourage companies to sense in depth about CSR.

Keywords: CSR, Financial performance, Public listed companies