

# **Relationship between Corporate Social Responsibility Disclosure and Financial Performance in Sri Lankan Banking Sector**

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## **Abstract**

The enhancement of the CSR reporting in universal has been emphasized by the many researchers. Accordingly, public listed companies in banking and finance, food and beverage, insurance, tobacco and plantation industry have an increasing tendency of CSR reporting which is predominantly mutual. Due to that reason identifying the relationship between CSR disclosure and financial performance is utmost significant in contemporary situation. The purpose of this study is to examine the relationship between corporate social responsibility (CSR) disclosure and financial performance in commercial banks in Sri Lanka. The research sample consists with 12 licensed commercial banks in Sri Lanka for a period of ten years starting from 2010 to 2019 and CSR disclosures and firm size have been identified as independent variables, as well as financial performance identified as the dependent variable. Also, financial performance (FP) measured through return on equity (ROE), CSR disclosure level of the banks identified by GRI index G4 guidelines and firm size is identified as a control variable and measured by using natural logarithm of total assets. Multiple regression model has been used to identify the relationship between CSR disclosure and financial performance. The findings of the study will provide useful insights to the promoting and improving CSR disclosures in Sri Lankan banking sector.

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