

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE IN LISTED MANUFACTURING COMPANIES – PRE AND DURING THE COVID 19

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Abstract

The concept of corporate social responsibility (CSR) has developed in the western world since the twentieth century (1950). Many organizations neglect to engage in social work and some organizations voluntarily engage in different types of CSR. Also due to the COVID-19 pandemic, listed companies spend huge amounts of money in CSR activities. This study primarily investigates the impact of CSR on the financial performance of the listed manufacturing companies in Sri Lanka on a pre & during COVID-19 basis. Even though adopting CSR is not a mandatory requirement in Sri Lanka, most companies voluntarily adopt CSR activities to present and disclose their financial and non-financial information in the annual report. Numerous studies have been done to find the impact of CSR on financial performance worldwide. However, a few studies have been done to find the impact of CSR on financial performance during COVID-19 pandemic. This study will mainly test the relationship between the CSR and its influence on the financial performance of the firms. This research will use return on assets (ROA), return on equity (ROE) and return on sales (ROS) to measure the financial performance of the firms. The dichotomous approach (disclosure index) is used to measure corporate social responsibility. All listed manufacturing companies are the population, and 50 companies were selected as the sample for the study. Data will be collected from annual reports for the periods from 2017 to 2021. Correlation analysis, regression analysis are used to analyze the data. The findings will offer a better understanding of the influence CSR has on financial performance in pre and during COVID-19 and the findings will be useful for managers of listed manufacturing companies to focus on CSR activities to improve their profitability. Further they can take decisions regarding their avenues and amount of CSR spending. Further these findings can be useful to offer pivotal implications about CSR and financial performance for policy makers and regulators.

Keywords: *Corporate Social Responsibility, Financial Performance, Return on Assets, Return on Equity, Return on Sales*