

Impact of Corporate Social Responsibility on Financial Performance of Banks in Sri Lanka

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Abstract

Corporate Social Responsibility has become an important area of attention for many organizations. This has led to the emergence of new dimension in financial reporting known as social responsibility reporting. It is not mandatory in Sri Lanka as in many other countries and CSR information is disclosed voluntarily. This study was carried out to identify the impact of CSR activities disclosure on financial performance in banks in Sri Lanka.

Study concerned about eleven commercial banks and three specialized banks as the sample. The study was carried out using secondary data. Data were obtained by using annual reports, websites and news articles and journals of the selected banks over the last eight years from 2011. The financial performance of the banks was measure by using ROA & ROE. CSR disclosure was measured by using Global Reporting Initiatives Guidelines.

Findings of this study can be important for Sri Lankan banks and to policymakers in understanding the current status of CSR disclosure and factors that affect their disclosure activities. Future studies might consider comparing banking sector CSR reporting of several countries, which might give insight into best practices in different economy.

Keywords: Corporate Social Responsibility, Financial performance, GRI, Sri Lanka