

The Effect of Corporate Governance Characteristics on Corporate Social Responsibility Disclosure: Empirical Evidence from Public Listed Companies of Sri Lanka.

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Abstract

In the current business environment, organizations believe that they have an obligation to act for the benefit of the community at large. CSR disclosure has become an essential requirement of stakeholders and thus, it become a mainstream component of corporate strategies. This study investigates the level of Corporate Social Responsibility (CSR) disclosure provided in the annual reports of companies listed on Colombo Stock Exchange (CSE) of Sri Lanka and to assess the impact of corporate governance characteristics on the extent of CSR disclosures. As a developing country, the underlined research area is not much discussed in previous researches in Sri Lankan context. CEO duality, board independence, audit committee, foreign ownership, board meetings and board size were considered as independent variables. Corporate social responsibility disclosures were used as dependent variables. Firm size, profitability and leverage were used as control variables. Data was collected for the last five financial years (2014/15 to 2018/19) from annual reports of 90 listed companies on Colombo Stock Exchange (CSE) of Sri Lanka representing all business sectors other than banks, diversified finance and insurance. A literature review was carried out to identify factors of corporate governance and corporate social responsibility disclosure. The research hypothesis was formulated and descriptive statistics are used to examine the importance of identifying corporate governance factors, and correlation and regression analyses are performed to identify relationships/impacts between independent variables and dependent variable. The findings of the study will provide useful insights to stakeholders, decision makers, investors and statutory bodies to take into consideration in identifying the corporate governance characteristics and CSR disclosures related measures.

Keywords : Corporate Governance, Corporate Social Responsibility Disclosures