

A STUDY ON THE INFLUENCE OF CORPORATE SOCIAL
RESPONSIBILITY ON ORGANIZATIONAL PERFORMANCE OF
FINANCIAL INSTITUTIONS IN MANMUNAI NORTH D.S
DIVISION IN BATTICALOA DISTRICT

1532

SELVANAYAGAM KRISHNAKANTH



FCM1532
Project Report
Library - EUSL

DEPARTMENT OF MANAGEMENT
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRI LANKA

2015

ABSTRACT

Marketers are expected for corporate social responsibility on how the business organization activities influence the stakeholder interest. CSR plays a very important role in organizational performance. Most organizations have embraced corporate social responsibility without substantial increase in organization performance hence the research sought to find out the effect of CSR on organization performance. This research limited itself to selected financial institutions in Manmunai North in Batticaloa district. This study examined the research problem of whether corporate social responsibility influences organizational performance in the Sri Lankan financial sector. This research was carried out with the objectives of evaluating corporate social responsibility and organizational performance and to find out the influence of corporate social responsibility on organizational performance in the Sri Lankan financial sector. Furthermore conceptual model has been developed to link corporate social responsibility and organizational performance. Economic, legal, ethical and discretionary responsibilities are considered as the measurement dimensions of corporate social responsibility. Similarly corporate reputation, and employee commitment are the measurement variables of organizational performance.

198 questionnaires were collected for this study from 59 financial institutions in Manmunai North in Batticaloa district. Data were analyzed and evaluated by univariate and bivariate techniques. For this study, four types of financial institutions were considered such as banks, finance company, leasing company, and insurance company. Finding have shown the corporate social responsibility and organizational performance are at high level. Moreover, it also found that there is a positive relationship between corporate social responsibility and organizational performance. Corporate social responsibility significantly influences or impact organizational performance of financial institutions. Eventually, this report recommends some actions for improving the influence of corporate social responsibility on organizational performance of financial institutions.

Keywords: Corporate Social Responsibility and Organizational Performance

Researcher

TABLE OF CONTENTS

	Page No
Acknowledgement	I
Abstract	II
Table of Contents	III
List of Tables	VIII
List of Figures	X
List of Abbreviations	XI
CHAPTER 1- INTRODUCTION	
1.1 Background of the study	1
1.2 Problem Statement	2
1.3 Research Question	4
1.4 Objectives of the study	4
1.5 Significance of the study	5
1.6 Assumptions and Limitations	5
1.6.1 Assumptions of the study	5
1.6.2 Limitations of the study	6
1.7 Outline of the study	6
1.8 Summary	7
CHAPTER 2- LITERATURE REVIEW	
2.1 Introduction	8
2.2 Concept of Corporate Social Responsibility	8
2.2.1 Areas of Corporate Social Responsibility	9
2.2.2 Economic Responsibility	10
2.2.3 Legal Responsibility	10
2.2.4 Ethical Responsibility	10
2.2.5 Discretionary Responsibility	11
2.3 Concept of Organizational Performance	11
2.3.1 Employee Commitment	11
2.3.2 Customer Satisfaction	12

2.4 Corporate Social Responsibility and Organizational Performance	12
2.4.1 Relationship between Corporate Social Responsibility and Employee Commitment	13
2.4.2 Relationship between Corporate Social Responsibility and Corporate reputation	15
2.5 Relationship between Corporate Social Responsibility and Organizational Performance	16
2.6 Summary	18

CHAPTER 3- CONCEPTUALISATION AND OPERATIONALISATION

3.1 Introduction	19
3.2 Conceptualization	19
3.2.1 Conceptual Framework	19
3.2.1.1 Corporate Reputation	20
3.2.1.2 Employee Commitment	21
3.2.1.3 Economic Responsibility	21
3.2.1.4 Legal Responsibility	21
3.2.1.5 Ethical Responsibility	21
3.2.1.6 Discretionary Responsibility	21
3.2.2 Hypothesis of the study	21
3.3 Operationalization	22
3.3.1 Perspective of Corporate Reputation	23
3.3.1.1 Financial Aspects	23
3.3.1.2 Social Aspects	23
3.3.1.3 Environmental Aspects	23
3.3.2 Perspective of Employee Commitment	24
3.3.2.1 Affective Commitment	24
3.3.2.2 Continuance Commitment	24
3.3.2.3 Normative Commitment	24
3.3.3 Perspective of Economic Responsibility	24

3.3.3.2 Long Term Success	25
3.3.3.3 Production Cost Control	25
3.3.4 Perspective of Legal Responsibility	25
3.3.4.1 Legal Compliance	25
3.3.5 Perspective of Ethical Responsibility	26
3.3.5.1 Ethical Concerns	26
3.3.6 Perspective of Discretionary Responsibility	26
3.3.6.1 Social Concerns	26
3.3.7 Summary of Operationalization	26
3.4 Summary	29

CHAPTER 4- METHODOLOGY

4.1 Introduction	30
4.2 Study Setting, Study Design, and Method of Survey	30
4.3 Sampling	31
4.3.1 Study Population	31
4.3.2 Sample Size	31
4.3.3 Sampling Method	31
4.3.4 Sampling Distribution	32
4.4 Method of Data Collection	34
4.4.1 Sources of Data	34
4.4.2 Structure of the Questionnaire	34
4.5 Data Presentation and Analysis	36
4.5.1 Method of Data Presentation	37
4.5.2 Method of Data Analysis	37
4.6 Method of Data Evaluation	38
4.7 Summary	39

CHAPTER 05- DATA PRESENTATION

5.1 Introduction	40
5.2 Reliability Test	40

5.2.2 Reliability Analysis for the Variable of Organizational Performance	41
5.3 Sample Profile	41
5.4 Descriptive Statistics	42
5.4.1 Corporate Reputation	42
5.4.2 Employee Commitment	43
5.4.3 Economic Responsibilities	45
5.4.4 Legal Responsibilities	46
5.4.5 Ethical Responsibilities	47
5.4.6 Discretionary Responsibilities	48
5.4.7 Organization Performance	49
5.4.8 Corporate Social Responsibility	50
5.5 Bivariate Analysis	51
5.5.1 Correlation Analysis	51
5.5.2 Correlation between the Variables of Corporate Social Responsibility and Organizational Performance	52
5.5.3 Relationship between the Dimensions Corporate Social Responsibility and Organizational Performance	52
5.6 Analysis on the Influence of Corporate Social Responsibility on Organizational Performance	54
5.7 Hypothesis Testing	55
5.8 Personal Information	56
5.8.1 Age Category	56
5.8.2 Gender	57
5.8.3 Level of Education	57
5.9 Information of Study Variable	58
5.9.1 Type of Financial Institution	58
5.9.2 Ownership of Financial Institution	59
5.9.3 Job Position	60
5.10 Summary	60

CHAPTER 6- FINDINGS AND DISCUSSION

6.1 Introduction	61
6.2 Discussion on Relationship between Study Variables	61
6.2.1 Findings and Discussion on Organizational Performance of Financial Institutions	61
6.2.2 Findings and Discussion on Corporate Social Responsibility of Financial Institutions	62
6.2.3 Findings and discussion Relationship between Corporate Social Responsibility and Organizational Performance	64
6.2.4 Findings and discussion on the influence of Corporate Social Responsibility on Organizational Performance	66
6.2.5 Findings and discussion on the Hypothesis Testing of Corporate Social Responsibility on Organizational Performance	67
6.3 Discussion on Personal Information	67
6.3.1 Age	67
6.3.2 Gender	67
6.3.3 Level of Education	67
6.4 Discussion on Research Information	68
6.4.1 Type of Financial Institution	68
6.4.2 Ownership of Financial Institution	68
6.4.3 Job Position	68
6.5 Summary	68

CHAPTER 7- CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction	69
7.2 Conclusions	69
7.3 Recommendation	71
7.4 Implications and Future Studies	73
7.5 Summary	74
References	75