

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON  
PROFITABILITY OF COMPANIES IN BANK, FINANCE, AND  
INSURANCE SECTOR OF CSE**

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## ABSTRACT

There is an increasing pattern of engage in socially responsible activities by companies. Recent discussions have explored the ways Corporate Social responsibility (CSR) might work in the interest of business. Many articles have also mentioned the connection between positive social and environmental initiatives and profitability.

The objective of the study was to empirically examine the impact of CSR on profitability of bank, finance, and insurance companies in CSE. For the study purpose secondary data were collected from 52 companies in bank, finance, and insurance sector in Sri Lanka for three consecutive years (2013, 2014, and 2015). Data were collected from annual reports of the companies. GRI standard disclosure Social category indicators were used as the independent variables of the study. ROA, EPS, and NPM were used to measure the profitability as dependent variable. Researcher has run the correlation analysis and regression analysis to test the impact of CSR on the profitability.

According to the results there are significant positive relationship between CSR and EPS, and CSR and NPM. But the relationship with ROA is insignificant. Based on the above finding it can be concluded that there is a significant impact of CSR on Profitability.

**Key Words:** Corporate Social Responsibility, Profitability, Return on Asset (ROA), Earnings per share (EPS), Net Profit Margin (NPM), Global Reporting Initiative (GRI) guidelines.

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