THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON THEIR PROFITABILITY OF LISTED COMPANIES IN SRI LANKA

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KODAGODA ADDARAGE DILHANI NUWANDI KODAGODA

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ABSTRACT

The main objective of this study is to find the impact of Corporate Social Responsibility Disclosure on Profitability among listed companies in Sri Lanka. Corporate Social Responsibility Disclosure is an emerging trend in the world so as in Sri Lanka. In Sri Lankan context, a few empirical studies have been conducted with the relationship between CSR disclosure and Profitability. So there is an empirical knowledge gap exists in the CSR disclosure and profitability. Hence, this study attempts to fill this knowledge gap.

The study secondary data in a way of a check list survey and secondary data on financial ratios collected from 25 companies covering the period from 2015 to 2018. The various components for measuring the Corporate Social Responsibility disclosure included community, environment, customers, employee, education and heath related activities and also profitability included return on assets. Descriptive Statistics, Pearson's Correlation and multiple regression are used for analysing this research. Univariate analysis was used to find out the values for mean, standard deviation by using the variables. Bivariate analysis was used to find out the impact and relationship between Corporate Social Responsibility disclosure and profitability. They were presented in charts, tables and graphs using the Software Statistical Package of Social Science, version 22.0.

The results depict that, there is a moderate level of Corporate Social Responsibility disclosure, with a weak positive relationship between the Corporate Social Responsibility disclosure and the profitability of the listed companies in Sri Lanka. This indicates that, if the Corporate Social Responsibility disclosure increases, it would tend to increase the profitability of the company. And the Corporate Social Responsibility disclosure has a positive and significant influence over the profitability of the companies.

Finally, the results confirm the framework and models tested in the study on more recent data and also suggest that Corporate Social Responsibility disclosure rather than mere quantity has a stronger effect on the profitability and the perception amongst managerial, external and investor stakeholder groups.

Key words: Corporate Social Responsibility disclosure, community related activities, environment related activities, customers related activities, employees related activities, education related activities and heath related activities, profitability, listed Companies.

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