

Effect of Corporate Social Responsibility on Financial Performance with Special Reference to the Hatton National Bank PLC

H. T. M. De Silva

University of Sri Jayewardenepura, Sri Lanka.
htmalingadesilva@gmail.com

Corporate Social Responsibility (CSR) is one of the business strategies and that mitigate potential risks involve with the organizations. Hatton National bank (HNB) PLC had the spent millions of funds in CSR and this study aims at identifying the effects of CSR on financial performance of the HNB PLC. Usually an organization spends funds in CSR to increase the performance of the organization and as per financial highlights of HNB PLC, downward trend can be noted in ROE within the recent five years (2009 -2013) and thereby objectives of the study are set to answer the identified problems. Objectives of this can be listed as follows: - (1) identify the impact of CSR on financial performance of the HNB PLC and (2) determine the link between the CSR and financial performance of the HNB PLC. Return on Asset (ROA) and Return on Equity (ROE) were used to measure financial performance and to achieve objectives of the study, quantitative approach was used to analyze the data. Data collected through annual reports of the HNB PLC and analysis part of this study carried out by taking thirteen years financial data of HNB PLC. SPSS statistics (ver.20) was used as the data analytical tool. Correlation analysis indicated that CSR positively correlate with the ROA and the ROE. Considering all the facts and figures, the researcher concludes that there is a positive relationship between the CSR and financial performance and the CSR has positive impact on the financial performance of HNB PLC.

Keywords: CSR; Financial Performance; ROA; ROE