

**Impact of Corporate Social Responsibility Disclosure on Financial  
Performance**

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**Abstract**

The impact of corporate social responsibility disclosures (CSR) on financial performance is a major concern in Sri Lanka. Although many studies have investigated this concept, there are contradictory results. The primary purpose of this study is to investigate the impact of CSR on financial performance in Sri Lanka. Based on the availability of CSR in the financial statements, forty companies are selected from Materials, Capital goods, and Food, Beverage, and Tobacco sectors on the Colombo Stock Exchange. The sample period is 2015 to 2019. The study specifies return on assets and shareholder returns as dependent variables and environmental, employee, and community involvement disclosures as the independent variables, while the firm size and financial leverage are used as control variables. Content analysis was used to measure the CSR in the sample firms. The impact of CSR on financial performance was estimated through fixed effect and random effect regressions. The study finds that the environmental-related disclosures have a significant impact on financial performance as measured by ROA. This finding is useful for firms and policymakers in their decisions regarding corporate social responsibility disclosures in financial statements.

**Keywords:** *Corporate social responsibility, Corporate social responsibility disclosures, Financial performance, ROA, Stock returns*