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Abstract- Corporate Social Responsibility is increasingly becoming popular nowadays as the corporate performance is not merely measured by financial performance. It implies that Corporate Financial Performance along with Corporate Social Performance defines the success of organizations. The sustainability reporting agenda is now thinking beyond the basic environmental, social and governance reporting view and the future now lies in Integrated Reporting, which links the non-financial performance of a company with its financial status by making clear how its sustainability performance impacts the future viability of the business. This study examined the extent of CSR reporting of the firms which belong to the Banks, Finance and Insurance sector in Sri Lanka. For the purpose of the study, data is collected from 33 companies and for the selection of this sample purposive sampling technique is utilized. It is found that reporting on CSR was high among the sampled firms representing the CSRDI value of 64.77. Reporting on community CSR was high whereas health CSR was the least disclosed dimension.

Keywords: corporate social responsibility, corporate financial performance, corporate social responsibility disclosure.

GJMBR-C Classification: JEL Code: E50

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Abstract - Corporate Social Responsibility is increasingly becoming popular nowadays as the corporate performance is not merely measured by financial performance. It implies that Corporate Financial Performance along with Corporate Social Performance defines the success of organizations. The sustainability reporting agenda is now thinking beyond the basic environmental, social and governance reporting view and the future now lies in Integrated Reporting, which links the non-financial performance of a company with its financial status by making clear how its sustainability performance impacts the future viability of the business. This study examined the extent of CSR reporting of the firms which belong to the Banks, Finance and Insurance sector in Sri Lanka. For the purpose of the study, data is collected from 33 companies and for the selection of this sample purposive sampling technique is utilized. It is found that reporting on CSR was high among the sampled firms representing the CSRDI value of 64.77. Reporting on community CSR was high whereas health CSR was the least disclosed dimension.

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I. Introduction

a) Background of the Study

Corporate Social Responsibility (CSR) is increasingly becoming popular nowadays as the organizational performance is not merely measured by financial performance. CSR is considered as the indicator of social performance as most of the organizations realized this and started creating a separate report called sustainability report to show how they contribute to the betterment of society. Business organizations have become aware of the importance of presenting information about the broader range of activities including both their financial performance and non-financial performance such as corporate social performance (Aksik & Gal, 2011). After corporate scandals and financial crises, regulators, academicians, investors and other stakeholders called for greater transparency from the business world. Greater corporate transparency means decreasing information asymmetry between managers and stakeholders by better information disclosure by means of media, websites, prospectuses, annual reports and sustainability reports.

Carroll is the most representative among scholars studying CSR. According to Carroll’s viewpoint, CSR is the society’s expect of company in economy, law, ethics and freedom at a particular time. Society not only requires companies to fulfill their economic mission, but also to obey the law, value the ethics, and do charity work. Therefore, CSR should be the sum of economic responsibility, legal responsibility, ethical responsibility, and discretionary responsibility (Carroll, 1979, 1991). Carroll (1979) also argued that economical responsibility was the most fundamental and important responsibility of a company, which reflected the essence of company as a profit making business organization.

A company cannot be considered to be a good corporate citizen, or to be engaging in responsible corporate practices, if it treats its employees in a less than satisfactory manner, exploits its customers, cheats its investors, uses more than its fair share of energy and water, or continues to destroy the natural environment by expelling vast quantities of harmful pollutants into the surrounding area. The true definition of corporate responsibility is that a company takes all these factors into account when making its business decisions that minimizes all the negative impacts that it creates as a result of its business activities, whilst at the same time ensuring that it creates significant long term benefits for all its stakeholders.

b) Research Problem

It is generally acknowledged that CSR is more often implemented and studied in developed countries. There exists a limited number of studies on CSR being carried out using the context of developing countries (Simpson and Kohers, 2002; Hossain et al., 2006; Rashid et al., 2010). Although various stakeholders have pushed companies to implement CSR in developing countries, it seems many firms do not have sufficient knowledge to actualize it (Fernando, 2007).

According to Senaratne (2009), there was a tendency in Sri Lankan companies to engage in social reporting. However, the reporting was more qualitative
and greatly diverse in the types and extent of disclosures made. The author questioned the adequacy and quality of social disclosure practices and noted that social reporting was at a primitive level in Sri Lanka. In line with this, Beddewela and Herzig (2013) examined the status and pressures which drove corporate social reporting of Sri Lankan subsidiaries of Multi-National Companies (MNCs). They came to know that only three out of ten MNCs subsidiaries examined published an external stand-alone social report and the majority provided information related to social and environmental activities within Sri Lanka to their head offices to publish global corporate social reports. This study also noted that interviewees perceived the quality of social responsibility of other Sri Lankan companies as deficient and concluded that social responsibility was still at an early stage in Sri Lanka. Overall, prior studies in developing countries in general, and Sri Lanka in particular, have shown an increasing but still inadequate level of CSR.

c) Research Questions

This study is directed towards answering the following research question:
To what extent the companies lie under the Banks, Finance and Insurance sector are practicing CSR?

d) Research Objective

To examine the extent of CSR disclosure practices of the listed companies under the Banks, Finance and Insurance sector in Sri Lanka over the years from 2010 to 2014.

e) Significance of the Study

Profitability is no longer the key factor driving business success. Instead, social and environmental standards determine a company’s ability to reap profits. In the light of this, it is important to ascertain the status of Sri Lankan firms and their preparedness for facing challenges of doing business in the future in a world which is increasingly more networked and has seen a shift of power from governments and corporates, to the people that make up society.

This study is expected to contribute a further understanding of the practices of CSR disclosures in developing countries and more specifically in Sri Lanka. This would be considered an important contribution as most of the existing studies about CSR disclosure have been conducted in developed countries, with fewer studies focused on developing countries especially Sri Lanka.

f) Limitations of the Study

The following limitations are identified in this study:

1. The data was collected from a representative sample of the firms belong to the Banks, Finance and Insurance sector in Sri Lanka. This limits the generalizability of the findings to all organizations in Sri Lanka.

2. The CSR data for the estimation of issues in this study depended largely on the quality of data available in the annual reports and sustainability reports. Unerman (2000) argues that only a small proportion of an organization’s total corporate social responsibility disclosure might be captured exclusively via annual reports. Moreover, this research did not use other mass communication mechanisms such as advertising, promotional leaflets and websites. Hence, the results are limited to the information obtained from the two data sources namely annual reports and sustainability reports.

3. The sample of this study is likely to be considered small as the sample was collected from only one sector. Moreover, the companies were selected only if they disclosed CSR information over the period from 2010 to 2014.

4. This study is based on the CSR framework adopted from a study which is tailored to fit for the Sri Lankan context. The adopted CSR checklist is based on six dimensions with twenty-eight CSR activities to capture CSR practices from company annual reports. Some companies might not have practiced what is being laid down in the CSR checklist items. Hence, the CSR framework may not fully capture the actual picture of the CSR practices of the sampled companies.

II. CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE PRACTICES IN SRI LANKA

The corporate world has experienced an increased focus on the ethical behavior and responsibilities of businesses. This is evident in the shift in focus from shareholder value creation to stakeholder value creation, where companies are striving to balance their interactions with people, planet and profit. Sri Lanka is also no exception to it. This new tendency is a consequence of the fact that progressively more power has been vested in stakeholders who demand transparency in organizational communications and expect companies to be accountable for their impacts. Companies must look at CSR as a term which encompasses both sustainability and good governance in a fully integrated manner.

The Institute of Chartered Accountants of Sri Lanka together with the Securities and Exchange Commission (SEC) launched the revised Code of Best Practice on Corporate Governance recently. It has been aimed at incorporating recent developments in the best corporate governance practices in the context of Sri Lanka. Good corporate governance is considered fundamental to an organization’s competitiveness, growth and most importantly its sustainability. The
revised code includes seven principles of sustainability reporting including economic sustainability, environmental sustainability, sustainable labor practices, society, product responsibility, stakeholder identification and formalization of sustainability reporting and disclosure. It aims to promote formal and regular reporting built on various established national and international reporting guidelines. Even though it is not mandated implies that corporates are encouraged to adopt this code in discharging their corporate governance responsibilities.

The researches in relation to CSR in Sri Lanka are found to be minimal. Even though, the evidence exists for CSR engagement (Fernando and Pandey, 2012; Khan and Beddewela, 2008; Thoradeniya et al. 2012; Visser, 2008).

Rajapakse and Abeygunasekera (2008) investigated the motives, benefits, and barriers of CSR reporting in Sri Lanka by employing the case study approach together with a content analysis method. The annual report data and interview data were collected from three listed companies. The study concluded that two of the three companies engaged in CSR reporting, because the “stakeholders want them to be transparent about their activities” (Rajapakse & Abeygunasekera, 2008). However, they have not revealed what kind of stakeholders; consequently, it is not possible to check whether this finding is only relevant to economically powerful stakeholders. Rajapakse and Abeygunasekera identified the third case company’s CSR reporting motive by means of legitimacy theory, as the company tries to conform to the norms of society (Rajapakse & Abeygunasekera, 2008).

Senaratne (2009), investigated CSR disclosure practices in Sri Lanka, and found that, although it is not mandatory, there is strong evidence that companies tend to engage in CSR reporting. However, she found a significant variation between companies with regard to the level of such reporting.

Collecting data from listed companies through a questionnaire survey, Sheham and Jahfer (2011) tried to examine the relationship between CSR activities and financial performance in Sri Lanka. They found significant positive correlations only in employee relations and customer/supplier relations, when these were compared between companies’ financial performance. However, they did not make any differentiation between local and foreign customers/supplier relations.

Moving away from CSR disclosure, Rathnasiri (2003) concluded that CSR was still a novel concept in Sri Lanka and the most common perspective was centered on philanthropic activities. He found that “most people are ignorant of the broader objectives of CSR. In addition, Sri Lankan civil society including employees of organizations is also not aware of the true meaning of CSR” (Rathnasiri, 2003).

Using the Sri Lankan research evidence, Rathnasiri (2003) argues that the survival of most of the companies depends on the level of relationship they maintain with the existing government, because “the corporate sector in many ways has been subjected to political maneuvering which has affected society” (Rathnasiri, 2003, p. 224). He noted that the respondents were reluctant to comment on such matters as they were sensitive concerning their companies’ survival. Although the researcher (Rathnasiri, 2003) did not consider mainstream CSR theories in analysing the data, these results support the managerial perspective of stakeholder theory which gives prominence only to powerful stakeholders, in this case the government.

Thoradeniya et al. (2012) surveyed a relatively different aspects of CSR reporting in Sri Lanka. They employed the theory of planned behavior in order to examine the influence of managers’ attitudes and other psychological factors on CSR reporting behavior from the perspective of Sri Lanka as a developing country. Collecting 233 usable questionnaires by achieving a nearly 25 percent response rate, they tested the hypothesis using the partial least square model. The findings indicate that the managers’ attitudes and other psychological factors influence managers’ intentions to engage in CSR reporting. However, they found that in most of the companies this intention is not translating to the actual practice of CSR reporting mainly because of the managers’ lack of a sufficient degree of control over the CSR reporting process. Normatively, the authors suggest that by considering the role of psychological variables in the CSR process, the companies need to invent more effective corporate strategies in order to promote CSR reporting in Sri Lanka.

A survey in 2003 revealed that lack of knowledge and understanding of CSR with regard to companies in Sri Lanka; nevertheless, it revealed that most of the companies are engaged in social activities (Ceylon Chamber of Commerce, 2005).

Fernando and Pandey (2012) carried out a survey by collecting data through corporate reports of Sri Lankan listed companies and from questionnaire survey in order to investigate the nature of CSR practices using content analysis method. Through analysis they found that only 34% of 232 companies had adopted CSR reporting practice. Moreover, they found that firms operating in the sectors called Construction and Engineering, Information Technology, Oil palms, Services and Stores Supplies were not adopting CSR.
reporting. Further, they found that the CSR reporting that was done was often unsatisfactory with regard to the quantity and quality of company CSR reporting and, in agreement with the findings of Senaratne (2009), the level of disclosure varied significantly among reporting companies. It was found that only 12 companies had followed GRI G3 guidelines for CSR reporting. Finally, the authors highlighted the current low level of reporting in Sri Lanka and raised a question as to why companies are not interested in engaging in CSR reporting in Sri Lanka, and called for further researches on this aspect (Fernando & Pandey, 2012).

Sri Lanka is a fairly neglected country in terms of CSR research and the topic receives relatively little attention in Asia (Fernando and Pandey, 2012; Khan and Bedewela, 2008; Visser, 2008). Moreover, prior researches have reported an upward trend social responsibility, but the level and quality of reporting remain low (Abeysekara and Guthrie, 2005; Senaratne and Liyanagedara, 2009; Senaratne, 2009; Bedewela and Herzig, 2013).

Sri Lanka has a longstanding culture and the societal, environmental and religious values are deeply rooted in it. But, how such values are reflected in corporate setting through corporate reporting is unclear. The literature reveals that most of the Sri Lankan firms are unaware of reporting CSR and the outcomes of reporting. Therefore, it is imperative that there is a scope for more researches in this area. Hence, no one can repudiate the inevitability of an exclusive research in this area.

### III. Methodology

#### a) Operationalization

<table>
<thead>
<tr>
<th>Construct</th>
<th>Dimensions</th>
<th>Indicators</th>
<th>Source</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibility</td>
<td>Community</td>
<td>Community outreach activities such as creating awareness on respect to each other and road safety</td>
<td>Tilakasi (2012)</td>
<td>Total score of the dimensions / Maximum possible score obtainable * 100</td>
</tr>
<tr>
<td>Disclosure</td>
<td></td>
<td>Public projects like houses for homeless people</td>
<td></td>
<td>(The adopted framework consists of 28 CSR check list items. Hence, maximum possible score obtainable for a firm is 28)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sponsor for sports activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supporting services for elders and children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizing mental relief activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maintaining parks and towns</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Education</td>
<td>Organizing education seminars</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Donation of books, uniforms and foods to schools</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>English language support program for the rural area students and school leavers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizing disability support activities for the disabled children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Skill development programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support for day care centers and pre-school children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Environment</td>
<td>Organizing programs for caring the environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Applicable environment rules</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b) Sample Design

The target population of this study is the number of firms which belong to the Banks, Finance and Insurance sector. This population sample could be the most useful for the study as relatively little academic research has been undertaken focusing on CSR disclosure by banks, finance and insurance companies in Sri Lanka. The selection of the sample for this study is restricted to those firms who disclosed the information in relation to sustainability over the years from 2010 to 2014. Hence, purposive sampling method has been utilized in this study so as to select the sample from target population. As a result, 33 companies were selected as sample for this study.

c) Data Collection

Annual reports are predominantly used in this thesis to collect the data required for the study. Annual reports are read by a range of different stakeholders and therefore the information contained in the annual reports has the power to influence the readers (Deegan and Rankin, 1997). Information in relation to CSR was collected from the companies’ annual reports over the years from 2010 to 2014.

d) Measurement of Corporate Social Responsibility Index (CSRDI)

The present study employed disclosure scoring methodology so as to calculate the CSRDI. Disclosure index study is considered as the form of content analysis which measures CSR disclosures against a set of pre-determined items to assess the comprehensiveness of CSR reporting. This involves the analysis of annual reports to determine how well firms score on a set of pre-determined factors. There is an established accounting literature that examines annual report disclosures using this method (Guthrie and Abeysekera, 2006).

The first step involved in this study under this method was the selection of reliable items relating to CSR disclosure known as CSR check list. The thesis adopted the disclosure framework which has been developed by Tilakasiri, (2012) for the study named Corporate Social Responsibility and Company Performance: Evidence from Sri Lanka. Table 3.2 provides the snapshot view of the disclosure assessment framework used in the study.
Table 3.2: Disclosure assessment framework

<table>
<thead>
<tr>
<th>Dimensions of Corporate Social Responsibility Disclosure Index</th>
<th>Number of Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>6</td>
</tr>
<tr>
<td>Employees</td>
<td>7</td>
</tr>
<tr>
<td>Customers</td>
<td>3</td>
</tr>
<tr>
<td>Education</td>
<td>6</td>
</tr>
<tr>
<td>Health</td>
<td>3</td>
</tr>
<tr>
<td>Environment</td>
<td>3</td>
</tr>
<tr>
<td>Total number of reporting elements</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Author’s own systemization based on the adopted framework

The second step involved in this study was scoring of CSR checklist items. The present study employed un-weighted scoring method to arrive at the CSRDI. The un-weighted method also known as dichotomous approach which assigns equal values to the checklist items irrespective of how the items appear either in annual reports or sustainability reports (Boesso and Kumar, 2007). The un-weighted approach is regarded as more objective and largely avoids any degree of subjectivity commonly known in other content analyses approaches. Contrary to the dichotomous approach, the weighted approach goes beyond what is said and identifies how it is said (Guthrie and Parker, 1990). However, the present study employed un-weighted approach based on the assumption that each disclosure item is equally significant for all stakeholders. A score of 1 was assigned if the checklist items appeared in the annual reports and a score of 0 was awarded for the absence of information.

The third and final step involved was the calculation of corporate social responsibility index. Subsequent to the second step, total score values CSR disclosure were aggregated from all sub scores of the six dimensions of named community, employees, customers, education, health and environment. The overall CSRDI scores were the summation of the scores for all the CSR items. Finally, the extent of reporting represented by Corporate Social Responsibility Index (CSRDI) was computed as the ratio of actual scores to the maximum possible obtainable score as follows:

\[
\text{CSRDI} = \frac{\text{Actual score}}{\text{Maximum possible obtainable score}} \times 100
\]

IV. Analysis & Findings

a) Measures of central tendency

Table 4.1 presents the descriptive statistics of the variables used in the study across the 165 observations collected.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee CSR</td>
<td>14.35</td>
<td>7.14</td>
<td>25</td>
<td>3.67</td>
</tr>
<tr>
<td>Community CSR</td>
<td>17.41</td>
<td>7.14</td>
<td>21.43</td>
<td>3.42</td>
</tr>
<tr>
<td>Health CSR</td>
<td>6.12</td>
<td>3.57</td>
<td>10.71</td>
<td>2.26</td>
</tr>
<tr>
<td>Educational CSR</td>
<td>12.61</td>
<td>7.14</td>
<td>21.43</td>
<td>3.53</td>
</tr>
<tr>
<td>Environmental CSR</td>
<td>7.10</td>
<td>3.57</td>
<td>10.71</td>
<td>2.16</td>
</tr>
<tr>
<td>Customer CSR</td>
<td>7.18</td>
<td>3.57</td>
<td>10.71</td>
<td>2.52</td>
</tr>
<tr>
<td>Corporate Social Responsibility Disclosure Index</td>
<td>64.77</td>
<td>39.28</td>
<td>92.85</td>
<td>11.93</td>
</tr>
</tbody>
</table>

As far as the Corporate Social Responsibility Index (CSRDI) is concerned, the maximum CSRDI is found to be 92.85 whereas the minimum is realized to be 39.28. The mean of CSRDI is observed to be high as 64.77 for the entire sample. The adoption of country specific framework could be the underlying reason for this high level of disclosure index. Another reason might be the selection of sample as firms which were lacking or not reporting on CSR from 2010 to 2014 were omitted to increase the validity of the findings. The standard deviation of CSRDI is 11.93 which reflects a high level of dispersion from the mean. It suggests that the level of disclosure practices of the sampled firms extremely vary.

When it comes to the dimensions of CSR, community CSR has the highest mean value of 17.41 followed by employee CSR, educational CSR, customer CSR, environmental CSR and health CSR with the mean values of 14.35, 12.61, 7.18, 7.10 and 6.12 respectively. Even though, it cannot be interpreted as community CSR is practiced by most of the firms and followed by other dimensions of CSR based on the mean values. The CSR checklist items vary across the dimensions of CSR as they are not equally scattered among the six dimensions used in this study. Therefore, to provide a meaningful interpretation, these mean values should be compared with the maximum obtainable value on each dimensions of CSR (refer table 4.2).
b) The extent of reporting on CSR based on the dimensions

The following table provides a snapshot view on the extent to which the sampled firms practicing the varying forms of corporate social responsibility disclosure.

Table 4.2: The extent of CSR disclosure across its dimensions

<table>
<thead>
<tr>
<th>Dimensions of Corporate Social Responsibility Disclosure</th>
<th>Mean (%)</th>
<th>Maximum obtainable score (%)</th>
<th>The extent of achievement (%)</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee CSR</td>
<td>14.35</td>
<td>25.01</td>
<td>57.38</td>
<td>5</td>
</tr>
<tr>
<td>Community CSR</td>
<td>17.41</td>
<td>21.43</td>
<td>81.24</td>
<td>1</td>
</tr>
<tr>
<td>Health CSR</td>
<td>6.12</td>
<td>10.71</td>
<td>57.14</td>
<td>6</td>
</tr>
<tr>
<td>Educational CSR</td>
<td>12.61</td>
<td>21.43</td>
<td>58.84</td>
<td>4</td>
</tr>
<tr>
<td>Environmental CSR</td>
<td>7.10</td>
<td>10.71</td>
<td>66.29</td>
<td>3</td>
</tr>
<tr>
<td>Customer CSR</td>
<td>7.18</td>
<td>10.71</td>
<td>67.04</td>
<td>2</td>
</tr>
</tbody>
</table>

The table 4.2 shows the degree of CSR practices of the sampled firms based on the dimensions of corporate social responsibility disclosure. This study adopted a framework which consists of 28 CSR check list items. The breakdown of the total CSR check list items in relation to each of the dimension is as follows: Employee CSR, 7; Community CSR, 6; Health CSR, 3; Educational CSR, 6; Environmental CSR, 3; and Customer CSR, 3. By referring to these, the maximum obtainable mean value for the CSR dimensions were computed. For example, the maximum obtainable score for the community CSR was calculated as the ratio of the number of CSR check list items fall under this category to the total number of CSR check list items as in this study 28. Hence, the maximum obtainable mean value for the community CSR is 21.43 (6/28*100).

The extent to which the sampled firms practicing the dimensions of CSR was computed as the ratio of the actual mean value to maximum obtainable mean value. The maximum obtainable mean value varies since the CSR check list items were not scattered evenly across the six dimensions. Prioritization has been done based on the extent of achievement and it can be seen from the table 4.2 that community CSR was the most disclosed and the least disclosed dimension was health CSR. Customer CSR, Environmental CSR, Educational CSR and Employee CSR fall in between Community CSR and Health CSR having the degree of achievement values of 67.04%, 66.29%, 58.84% and 57.38% respectively.

c) Location of Corporate Social Responsibility Disclosure in Annual Reports

The CSR check list items were identified from several locations scattered throughout the annual reports. Table 4.3 illustrates that the location of CSR disclosure in annual reports varied across the five-year period from 2010 to 2014.

Table 4.3: Location of CSR reporting

<table>
<thead>
<tr>
<th>Location of reporting</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms %</td>
<td>Firms %</td>
<td>Firms %</td>
<td>Firms %</td>
<td>Firms %</td>
<td>Firms %</td>
</tr>
<tr>
<td>Sustainability report</td>
<td>20</td>
<td>61%</td>
<td>22</td>
<td>67%</td>
<td>17</td>
</tr>
<tr>
<td>Management discussion and analysis</td>
<td>1</td>
<td>3%</td>
<td>1</td>
<td>3%</td>
<td>5</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>12</td>
<td>36%</td>
<td>8</td>
<td>24%</td>
<td>8</td>
</tr>
<tr>
<td>Stewardship</td>
<td>2</td>
<td>6%</td>
<td>2</td>
<td>6%</td>
<td>2</td>
</tr>
<tr>
<td>Other sections</td>
<td>2</td>
<td>6%</td>
<td>2</td>
<td>6%</td>
<td>2</td>
</tr>
</tbody>
</table>

As it can be seen from the table 4.3 that sustainability report is the section where most of the firms disclosed the information on CSR throughout the period from 2010 to 2014. Even though, the number of firms reporting under sustainability report showing a declining trend from 2012 to 2014 despite a marginal increase in the year of 2011. The number of firms reporting under management discussion and analysis increased from only one firm in the year of 2010 to a whopping amount of 11 in the year of 2014. The number of firms reporting under the section named Corporate Social Responsibility was quite stable during the years of 2011, 2012 and 2013 but showing a declining trend. Only a very few companies are reporting under the...
section called stewardship. In addition to the aforementioned sections, firms are reporting under variety of other sections too for example, the cause of society; corporate governance; the bank and the Triple Bottom Line (TBL); rewarding, recognizing and rejuvenating; governance and sustainability; business model; and business philosophy. These are grouped into a category called other sections.

V. CONCLUSION & FUTURE RESEARCH DIRECTIONS

a) Conclusion

The future of business is intrinsically linked to strategic corporate responsibility. CSR can take three forms namely philanthropic CSR, transactional CSR and transformational CSR. Organizations are increasingly moving towards transformational CSR nowadays which has seen a shift from charity driven CSR to strategy driven CSR. It enables organizations to internalize a culture of corporate responsibility into their core business operations. This study is built upon the notion that stakeholder engagement is the starting point for effective corporate social responsibility. The main purpose of CSR is to manage stakeholder relationships to ensure that business operations give rise to significant long term benefits for them, whilst at the same time minimizing the negative impacts that are created due to daily business activities.

The research question of the study is focused on the extent of CSR disclosure practices of the firms which belong to the Banks, Finance and Insurance sector in Sri Lanka. The main results of the descriptive statistics show that CSR reporting is at a high level among the sampled firms used in the study. The findings show that community CSR was the most disclosed theme followed by customer CSR, environmental CSR, educational CSR, employee CSR and health CSR. These results indicate that the firms which belong to the Banks, Finance and Insurance sector did not give priority to health CSR during the period from 2010 to 2014. By referring to the above, it can also be concluded that banks, finance and insurance companies prioritized community CSR in order to ascertain the views of community which are considered to be most critical to address first. This study’s findings seem to be consistent with previous studies (Deegan, 2000; Deegan and Blomquist, 2006) which supported the application of stakeholder theory in CSR disclosure. The expectation and pressure of particular stakeholder groups can influence the level of disclosure. Furthermore, Deegan (2000) emphasize that the volume of CSR disclosure is related to the expectations of stakeholders. Hence, it can be concluded that the expectations of community are high among the banks, finance and insurance companies in Sri Lanka.

b) Directions for Future Research

Some limitations of this research should be investigated in the future research. The data required for this study is sourced from annual reports. Future research could include other means of reporting to look into the extent of CSR disclosure practices. Because, companies may report CSR activities in other medias for example newspapers, promotional leaflets, websites and brochures. The information from other means of communication may show a comprehensive image of CSR disclosure in the Sri Lankan context. Further, this study is limited to the firms which belong to the Banks, Finance and Insurance sector in Sri Lanka. Therefore, further researches can be done by differentiating sector. The sample size is considered to be small and it limits the generalizability of the findings to Sri Lanka. Therefore, anyone can take it to the next level by widening the number of firms included in the study.

REFERENCES

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