

**IMPACT OF CORPORATE SOCIAL  
RESPONSIBILITY DRIVEN INNOVATION ON  
FINANCIAL PERFORMANCE OF SRI LANKAN  
BANKING SECTOR**

**MASTER OF BUSINESS ADMINISTRATION  
IN  
MANAGEMENT OF TECHNOLOGY**

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Sri Lanka

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FINANCIAL PERFORMANCE OF SRI LANKAN  
BANKING SECTOR**

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Department of Management of Technology

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Sri Lanka

February 2018

## DECLARATION

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## **ABSTRACT**

As per the studies around the globe, today, the Social Corporate Responsibility (CSR) has become an important to the business world. The history of the corporate social responsibility goes back to several decades. However, CSR programs and reporting may differ from country to country and organization to organization. Businesses innovating to find solutions for social and environmental challenges is called as CSR driven innovation. CSR-driven innovation can be identifying as Corporate Social Innovation (CSI).

In Sri Lankan banking industry engaged in CSR driven innovations in order to win the competition. However, CSI involves more effort, time and cost. Hence, the banks look the return they can have in the form of both financial and non-financial. Therefore, it is necessary to identify the relationship of CSR driven Innovation on the Financial Performance of banks in Sri Lanka. Therefore, the objectives of the study were to have a situational analysis about the Sri Lankan banks and their CSR driven innovation, identify relationship among CSR driven innovation, financial performance and non-financial performance and the mediation effects of non-financial performance on the relationship of CSR driven innovation and financial performance.

This study selected 20 local domestic commercial banks in Sri Lanka using convenience sampling technique. Primary data was collected from 5 customers, 4 employees and R&D manager via questionnaire. Total number of respondents were 100. Secondary data obtained from the annual reports between 2012- 2016. Appropriate framework was applied as an opposite analytical tool for gathering data and analyzing of that data through quantitative methods.

The research study was analyzed quantitative data techniques using both SPSS. The results have shown insignificant results and hence it can be concluded that there is no any relationship between CSR driven innovation and financial performance or non-financial performance. Further, to prove the results interviews was carried out using 10 managers in banking industry and as per that qualitative study it was further proved.

The researcher has been presented suggestions for managers to consider when planning the future CSR, so that banks will be able to convert the relationship between CSR driven innovation and financial performance as positive in the long run of operation. Major limitation of this study was the limited amount of studies in this

research area. Therefore, this research has contributed to the banking industry and theory though it has some limitations.

***Keywords:*** CSR, Financial performance, ROE, ROA

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## **ABBREVIATIONS**

CSI	Corporate Social Innovation
CSR	Corporate Social Responsibility
FP	Financial Performance
R&D	Research and Development
ROA	Return on Investment
ROE	Return on Equity
SME	Small Medium Enterprise