

Effect of Corporate Social Responsibility on Share Prices

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Abstract

The objective of this paper is to examine how Corporate Social Responsibility (CSR) affects on share prices of listed companies in Sri Lanka. The Corporate Social Responsibility activities were divided into three categories named; CSR activities to environment, CSR activities to employees and CSR activities to community. The sample consists of thirty listed companies those were disclose their corporate social responsibilities activities from 2010 to 2014. Weighted ranking method was used to measure the CSR activities while average share price was used to determine the share price. Correlation was used to find out the association between corporate social responsibility and share price. Regression was used for check the relationship between corporate social responsibility and share price. The findings revealed that there is a positive relationship between share price and CSR activities to community. But it does not show any significant relationship between share price and CSR activities for employees or environment. R^2 showed CSR activities are not the crucial factor when making buy or sell decision of shares.

Key words: Corporate Social Responsibility, Share Price, Employees, Community, Environment

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