

ABSTRACT

At present, stakeholders expect companies to perform well in non-financial areas that involve human rights, business ethics and charities. In addition, it is believed that to produce a better corporate image to the business world, companies should undertake socially responsible activities. Corporate Social Responsibility (CSR) is a concept of recognizing and addressing social needs for the betterment of society. However, these activities are recognized as investments which do not affect to the company performances. This study aims at formulating an understanding of the effect of the CSR involvement on the company performances in Sri Lankan construction industry which is the second largest contributor to the country's GDP level (as per the details of Central bank report 2015).

This study consists of both qualitative and quantitative aspects. 200 employees under different levels in construction companies which operates in Colombo district were selected as the convenience sample. Data for this study was obtained through questionnaires and face to face and telephone interviews. Descriptive data and correlation analysing techniques were mainly used to interpret the data.

This study revealed that majority of the companies in Sri Lankan construction industry has not identified the potential of CSR. Although the construction companies engaged in some forms of CSR activities, they do not have a well-structured overall policy. Moreover, most of the construction companies focus on workplace CSR and they mostly committed to the stakeholders. Also, this study concluded that there is a significant positive relationship between the CSR involvement and company performances in Sri Lankan construction industry and CSR can be used as a good marketing tool. Therefore, it is more convenient to have a very clear knowledge on handling CSR projects actively and effectively. Advancement of CSR can be done by developing individuals through curriculum of education system and educating and training CSR for organizations under strategic level and by transforming attitudes, initiating stakeholder dialogue with openness and accountability, implementing CSR policy, creating a CSR committee, reporting CSR and symbol PR under operational level.

Key Words: CSR, Performance, Construction Industry