Abstract

The aim of this study was to investigate the impact of CSRRI (corporate social responsibility reporting index) on banks financial performance. For this purpose, ROA (return on assets), EPS (earnings per share) and PAT (profit after tax) were taken as proxies for measuring bank's financial performance by using time series and panel data. The time span was from 2004 to 2017. The study used HBL and MCB banks for analysis. The dependent variables are ROA, EPS and PAT while independent variables are CSRRI and bank size. To estimate the model, the study used descriptive statistics, correlation matrix, simple and multiple linear regression analysis. The result of models revealed that it can support the validity, usefulness and was statistically significant at 5% as per lower P-value of F-stat. The findings of the current study revealed that the slope coefficient of intercept and CSRRI are positive except bank size which is negative in model-1, model-2 and model-3. The coefficient of correlation of model-1, model-2 and model-3 are 65.92%, 54.70% and 68.17%, respectively. The coefficient of determination of model-1, model-2 and model-3 are 43.45%, 29.92% and 46.48% respectively. Overall, the CSRRI can significantly and positively impact the profitability. CSR reporting may provide welfares for both banks and econometric models suggest that socially responsible banks can not only attract large number of customers but can also increase profitability.

Keywords: Financial Performance, Descriptive Statistics, Correlation Matrix, Simple and Multiple Linear Regression Analysis, Econometric Models