IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON THE FINANCIAL PERFORMANCE OF INSURANCE COMPANIES IN NIGERIA.

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ABSTRACT

The study looked at how Nigerian insurance companies' financial performance is impacted by corporate social responsibility. Multiple panel regression and OLS were the data analysis methods used in this study. Audited annual financial reports provided the 2021–2024 panel statistics, reflecting comprehensive financial and operational business metrics. The regression analysis demonstrates that philanthropic CSR investments have a major impact on organizational performance. The study comes to the conclusion that CSR is crucial for businesses and communities.CSR programs may assist employees and organizations in uniting, boosting morale, and feeling more connected to the global community. The greater the CSR level engaged by these insurance firms, the greater the level of trust from the people which improves the profitability of insurance companies. As a result, the study recommended that regulators should develop environmental policies and operational procedures for business to meet its environmental obligations, consider publishing a report outlining the environmental impact initiatives and outcomes.

Keywords: *Corporate social responsibility; CSR investment in community development projects; CSR investment in philanthropy; Financial performance.*

1.1 INTRODUCTION

As a core indicator of organizational efficacy, financial performance reflects how efficiently a firm leverages its assets to accomplish strategic goals. Superior performance yields positive movements in market share, stock valuation, and revenues, maximizing short-term profits while building long-term wealth. Businesses show that they care about society and the environment when they have a full set of responsible policies, practices, and programs in place when they run their businesses. The findings of empirical research on how organizations' financial performance is affected by corporate social responsibility are not always the same. For example, according to (Shabbir & Wisdom, 2020) Corporate social responsibility significantly affects how well businesses do financially. Nigerian research has examined the relationship between corporate social responsibility (CSR) and business profitability, instances of these studies are Oche and Akindotun (2024) and Jeroh (2020). These businesses include deposit money banks and construction companies as well as conglomerates and oil and gas companies (Ezejiofor and Anyaduba (2021) but insurance companies have not been studied in detailed.

Members of communities and the general public today are worried about the rising costs of not paying attention to the environment. The general public is becoming more aware of the environmental consequences of the hugely accelerated human activities of the past few decades. Environmental issues used to be limited to the idea of pollution management. Now, they are looked at in a much broader way, with a lot more administration options, initiatives, tools, and innovations that take environmental issues into account in the real world. There was little consideration of how much natural resources were consumed and how harmful they were to the environment until it was understood that having enormous corporate benefits was not worth sacrificing the biological community that nourishes us. This instance can be seen in the case of Shell in the Niger Delta crisis. In the long run, it means that corporate assets will most likely be invested and that society will benefit from an organization putting resources into a way that is related to its core business. This suggests mutual benefit for the company and society (Prisca and Ogoh 2025).

It is important to look into how CSR affects the financial performance of publicly-traded insurance companies in Nigeria. Despite COVID-19, the insurance sector did well in the second quarter of 2021, with a 15.7% year-over-year rise in GDP contribution. Figures from 17 insurance companies in Nigeria show that GPD rose 23.2 percent to N217.3 billion in the first half of the year from N176.4 billion in the same period in 2020. First half: H1'21. Profit after taxes dropped 5.1% to N16.8 billion in the first half of the year, down from N17.9 billion at the same time last year. This is down from N17.9 billion (Ahmad et al. 2024).

Growth in the insurance sector: The first-quarter GDP for this sector fell 4.58 percent. In the second quarter, GDP was up 15.68 percent. This is compared to a huge drop of 29.53 percent during the latter portion because the COVID-19 lockdown and other macroeconomic issues made it hard for this sector to get back on its feet. A National Bureau of Statistics (NBS) study found that insurance in the Financial and Insurance Sector rose 15.68 percent in Q2'2021 from -4.58 percent in Q1'2021 and 29.53 percent in Q2 2020, which is a big change (National Bureau of Statistics [NBS], 2021).

This is how the Finance and Insurance sector looked in real terms for the quarter ending in Q2 2021: Financial Institutions and Insurance made up 87 percent and 12.8 percent of the sector. For the whole year, the financial and insurance services industry grew by -1.86 percent in nominal terms. Financial institutions grew by -3.93 percent, and insurance grew by 16.41 percent. It was 22.68 percent lower than in Q2 2020, and -4.01 percent lower than the last quarter. Since last year, growth has been 3.45 percent less than it was this time last year. 3.21 percent of the sector's nominal GDP contribution in the second quarter, down from 3.76 percent a year ago and 3.25 percent in the previous quarter. This is down from 3.76 percent a year ago and 3.25 percent in the previous quarter. 2.48 percent growth in real terms, down from a rate of 20.97 percent in the second quarter of 2020 and -2.02 percent from the last quarter. During the first half of 2021, financial and insurance service growth was down 1.47 percent from the same time last year. This compares to 19.63 percent growth in 2020 (Bernard and Osuka 2021).

Tarigan et al. (2022), thought the industry was doing well in light of the current economy. They explained further that in the first quarter of 2021, the industry lost almost 4%, and growth in the second quarter of 2021 has exceeded 15%, which I think is great because 2020 was a year of lockdown. Based on what we've seen so far, the industry's performance has been in line with what we've seen so far.

As stated by UNCTAD (2024), the United Nations Conference on Trade and Development, Covid-19 has been responsible for a big drop in investment income over the last few years. World Investment Report 2021 from United Nations Conference on Trade and Development says that between 2019 and 2020, the share of African Foreign Direct Investment inflows for developing countries dropped from 6.3 percent to 5.9 percent, mostly because of Covid-19.

Regardless, in recent times Federal Government is willing to pay a premium, but its small income has been a problem. However, it will be hard to figure out how it will be done because the government only makes a small amount of money. So, when this is worked out, the FG will want to pay more for it. To make things even better, the government should have paid attention to its insurance responsibilities and the whole economy. The Insurance Act of 2003, "Group life insurance" is one of the insurance policies that must be bought by everyone in the country. That law was made by the Nigerian government. There should be a rule that the government should start putting things into place first, there is a situation where government parastatal send out bids and insurance companies are hired, but one does not see his premium payment. People who expect too much from a government that does not prioritize its spending or borrows too much are not going to get it; this renders all effort from this sector useless once the independent source is not in line with the drive (Adigun 2025).

The Nigerian insurance industry is currently working on a fallback from COVID-19. The National Bureau of Statistics reports that the sector recorded negative growth of 15.3 percent in 2020. **According to the National Insurance Commission (2024, 2025)**, some of the problems facing the insurance companies are antagonistic and hostile economy, limited information technology access, a lax regulatory environment, a shortage of qualified staff, and so forth. The National Insurance **Commission (2024, 2025)** also declared that despite the importance of Insurance, total premiums collected by Nigerian insurance companies for economic development are about $ 1.9 billion, compared to $3.8 billion gathered in South Africa. Nigeria's insurance sector only makes up 0.7% of the country's GDP, compared to 17% in South Africa. It is accurate to state that the insurance sector in Nigeria is below standards. According to the National Insurance Commission (NAICOM), insurance companies are suffering from liquidity issues, struggling to repay debt and a lack of invest-able funds. Insurance companies need to fulfill their corporate social responsibilities thereby impacting the general public positively.

According to Ajayi and Mmutle (2021), CSR may be connected to stakeholder management objectives or a company's reputation. Insurance companies today have to go beyond maximizing profits and adhering to the law, and as corporate social responsibility (CSR) is now a major institutional area sponsored by numerous organizations, it is being embraced by businesses of all sizes." inčalová (2021). Due to consumer expectations of socially conscious business practices, corporate operations must adhere to the necessity of holistic care for not just profit but also people and the environment. Managing risk should be the insurance industry's stamp of success. In the Insurance industry, CSR should take a form of financial support to society in the event of a disaster and the transfer of expertise to solve environmental problems, etc. Research on CSR is abundant in the developed world, while developing countries' perspectives are not represented (Saeed et al. 2023). Particularly in Nigeria, CSR research is still in its early stages. According to Kooperativa (2021), a pyramidal structure with four linked levels is the best approach to social responsibility and long-term profitability. The foundation of social responsibility is a preventive and responsible business. Investing in prevention is critical to the insurance company's success since it has a good social effect on everyone involved.

According to Njegomir and Demko Rihter (2021), there are three agreements about insurance firms, one of which is directly tied to insurance companies; The Global Compact of the United Nations is the first worldwide agreement, and it incorporates 10 basic principles of sustainability. Companies, academic institutions, civil society organizations, cities, and unions from across the world are members of the Global Compact, a non-profit organization that works to ensure that its business practices are following the 10 universal sustainability principles. Another agreement deals with the concept of responsible investing. Going further, the principles of sustainable insurance are addressed in the third section. With these principles, insurers, reinsurance companies, and re-insurers may manage social and environmental risks, as well as corporate governance issues associated with their insurance and investment activities.

A favorable link between Corporate Social Responsibility and financial performance has been seen in developing nations, where a company's good reputation leads to a greater share of the market (Adediran et al. 2021). Investors prefer to put their money into businesses with a greater level of social responsibility, thus such firms have an advantage over their competitors. Fiduciary duty and corporate social responsibility (CSR) are becoming priorities for many investors (Przybytniowski 2025).

Stakeholders often agree that CSR provides benefits external to the company's bottom line. With the use of the Carhart four-factor model, which includes positive and negative screening, Zheng et al. (2025) concluded that investment in CSR focused funds yielded unusually high returns. There may be some variation in returns depending on the investing sector, but CSR engagement typically leads to excellent returns on stock and lesser financial risk (Bukowski and Lament 2021). Contrary to popular belief, a wide variety of research has shown that CSR has a negative link with corporate financial performance (Manokaran et al. (2026). The most general explanation for this inverse relationship is that companies' profit maximization goals are curtailed while acting socially responsibly. For Hai et al. (2025), there is 'circular' causation between long-term profitability and CSR investment, in which successful organizations a2re more inclined to engage in CSR efforts, to begin with, and then see their performance improve as a result.

The CSR and corporate financial performance causal link is still a matter of debate, and this is something to keep in mind. Studies have revealed evidence that firms with larger profits are more likely to give more to CSR than the opposite is the case (Akinrinola and Oyinlola (2025). After all operational expenditures have been paid, companies have a greater tendency to engage in CSR if they have extra cash on hand (Manokaran et al. (2026). Even in developing economies, Research on the relationship between corporate social responsibility and financial performance has conflicting outcomes (Muhammed and Okonkwo 2024). Furthermore, some academics maintain that CSR and profitability are not linked in any meaningful way (Rahman et al. 2024). As a result, the link between CSR and Financial success remains ambiguous. When it comes to corporate social responsibility (CSR), it might either raise earnings or decrease them, or there could be no statistically meaningful link at all between the two.

While prior research often treats CSR as a **monolithic cost center**, this study **decouples** philanthropic spending to assess its independent effect on firm performance. In the Nigerian context, where corporate responsibility is frequently equated with philanthropy, this research fills a gap by examining if 'strategic giving' alone can drive financial returns, providing a clearer **cost-benefit analysis** than studies that bundle all social and environmental activities together.

The study's results will be useful teaching material for educators in the areas of business management, finance, and insurance. The results of the research will assist insurance executives, and by extension, executives in other sectors of the economy, in determining which corporate social responsibility initiatives their companies should pursue to increase their profits. The study's results will help the Nigerian government and policymakers, as well as others in the developing world, establish legal, regulatory, and policy frameworks to guide the implementation of Corporate Social Responsibility in their respective jurisdictions. This study will benefit Researches, Insurance companies, shareholders, Government and so on.

1.2 Hypotheses Statements

Ho1: CRS investment in community development projects has an insignificant influence on the financial performance of insurance companies in Nigeria.

Ho2: CRS investment in philanthropy has no significant influence on the financial performance of Nigerian insurance companies.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Corporate social investment in community development projects

CSR efforts enhance a company's core competencies while also improving the economic and social climate of the neighborhoods where they live and work (Rohmah et al. 2024). Corporate social responsibility, according to Ghansah et al. (2026) participation in the community may take place in the fields of education, health, and income production. Corporate social responsibility (CSR) towards society may take several forms, including public-private collaborations and philanthropic donations. It might also take the form of community relationships and involvement in issues concerning a community's social and economic development.

2.1.2 Corporate social responsibility investment in philanthropy

Randrianasolo and Semenov (2022) both defined philanthropy as the voluntary giving of people and organizations with the primary goal of satisfying a charitable need. Corporate philanthropy is defined by Al-Hadi et al. (2024) as a donation made directly by a firm charity or a cause. Philanthropic efforts, they say, may include anything from monetary or in-kind gifts to donations of goods or services for a particular cause to partnerships with non-governmental organizations (NGOs).

Giving, volunteering, and foundations all fall under the umbrella of philanthropy, according to Ugwu and Nwakoby (2020). Contributions made by companies, whether monetary or in-kind, are referred to as "corporate giving." The goal of corporate volunteering is to strengthen the company's relationships with the community by encouraging and supporting its workers to give their time and talents outside of the office.

2.1.3 Return on Asset

The ROA of a company can be computed by dividing its net income by the average value of all of its assets. Following that, it is given out as a percentage. It is at the bottom of an income statement, and assets are on the balance sheet.

2.2 Theoretical Review

2.2.1 Stakeholder Theory

Freeman is responsible for making the stakeholder theory popular as a way to run a business, even though the idea has been around since the early 20th century. This is founded on the concepts of Ibrahim et al. (2025). Since it was first used in 1963, the word "stakeholder" seems to have changed in how it is used. The Stanford Research Institute says that a stakeholder is a group that, without their help, the organization would not be able to keep going (Mahajan et al. (2023). Njumbe (2025) says that stakeholders are those groups that are important to the existence and prosperity of the organization. Ibrahim *et al.* (2025) names various stakeholder groups having distinct connections to corporate entities. Business managers have to manage these relationships between stakeholders in a strategic way for the organization to do well. The stakeholders' theory was made as a way to help a company do better. The theory is relevant to the research because it promotes the idea that corporations should pay attention to the needs of their stakeholders to keep good relationships, cut down on costs caused by negative externalization, and make sure operations run smoothly so they can make more money.

Akinloye and Olashore (2026) did a theoretical analysis of business performance and stakeholder theory. They found that stakeholder theory was a good way to think about the value that stakeholders were looking for and new ways to measure it. The value that one group of stakeholders received depended on the value that other groups of stakeholders received, and it goes beyond the financial advantages that stakeholders were seeking. Dagunduro *et al.* (2024) did a theoretical analysis called “Stakeholder as an ethical approach to effective management: utilizing the theory in many settings." They found that the theory is useful for tackling important business issues around the world and that it can be used to explain different ideas, models, and events in many different fields. According to this view, engaging in CSR activities is an operational management strategy to make investments that support stakeholders, sustain a business, and increase corporate returns for the benefit of investors. As such, it will be a good basis for this study.

2.3 Empirical Review

Mubarak and Hassan (2026) analyzed the impact of Corporate Social Responsibility Disclosure (CSRD) on the financial performance of Malaysian insurance firms using audited annual reports and regression modeling. The study discovered that although CSR reporting greatly increases Return on Assets, (ROA) through increased transparency, it has an insignificant impact on Earnings Per Share (EPS) and Return on Equity (ROE).

Ademola and Suleiman (2026) review the impact of ESG reporting on the long-term financial sustainability of listed manufacturing firms in Nigeria using panel data from annual and sustainability reports. The analysis, employing panel regression, finds a strong favorable correlation between ESG disclosures - particularly governance - and financial outcomes, indicating that high ESG scores enhance market valuation and attract foreign investment.

Kasee and Oluoch (2025) analyzed the effects of investment decisions on the financial performance of 56 registered insurance firms in Kenya using panel data, employing multiple Correlation and regression analysis. The study found that government securities and corporate bonds strongly and positively correlate with Return on Assets (ROA), while real estate showed a weak relationship.

Ahmad *et al.* (2024) investigated Corporate Social Responsibility's (CSR) effect on financial performance of 23 listed non-financial service companies in Nigeria from 2008 to 2017. Using GLS Fixed Effect regression and various diagnostic tests, the research revealed that CSR programs significantly improve financial performance and provide a competitive advantage to the firms analyzed.

Rahi *et al*. (2024), **Study Objective seeks t**o critically conceptualize the relationship between corporate sustainability and financial performance (CSFP) and resolve the mixed and paradoxical results seen in existing studies. The study looked at the area of global synthesis of published academic literature on corporate sustainability and financial performance. The data used was a filtered dataset of peer-reviewed articles extracted from academic databases (focusing on high-ranking journals). The method of Analysis used was a hybrid literature review combining bibliometric analysis with qualitative content evaluation.

The study's conclusions demonstrated that there is typically a favorable correlation between corporate sustainability and financial performance, though it operates on a time lag. Institutional and legitimacy needs drive corporate behaviors in the short term, but may lose effectiveness long term if Businesses move their operations to "pollution havens."

According to Kryvoshlyk *et al.* (2024), The study looks at The Czech Republic insurance market. To investigate how the financial performance of insurance businesses is impacted by corporate social responsibility (CSR) disclosure. Data from 23 Czech insurance companies that were active members of the industry group in 2019 and 2020.Intensive content analysis, the Global Reporting Initiative (GRI) CSR Disclosure Index, and correlation analysis, was the method of analysis used. The findings indicate a significant correlation between CSR disclosure and financial performance, with the most important link found between CSR efforts and Return on Equity (ROE).

3.0 Methodology

The panel statistics for 2021-2024 were derived from the audited annual financial report which shows cases of all facets of a business, both monetary and otherwise. This gives an extensive view of the use of financial ratios furthering the scope of the search for answers as to if corporate social responsibility will or will not affect financial performance over time. In order Multiple panel regression and OLS were employed as data analysis techniques to investigate the impact of CSR on the performance of listed insurance companies in Nigeria.

Table3.1: Variables and Data Sources

Variables	Data and Sources
CSR investment in community development projects	Audited Financial Statement
CSR investment in philanthropy	Audited Financial Statement
Return on Asset	Audited Financial Statement

3.1.1 Model Specification

The analysis of the study's goals is addressed by the econometric models that have been built. First, the function is acknowledged in its tacit form:
$Yt=f(Xt)$

The following is the multiple regression equation:
$Y = \alpha + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + \beta\ 4X4 + €$

Were:
Panel data regression model for the analysis was specified as follows:
$ROAit = \beta_0+\beta_1 ICP_1 it + \beta_2 INP_2 it + \mu it$………………………………………………………. (i)
Where: ROAit = Financial Performance
ICP_1it = CSR investment in community development projects
INP_2it = CSR investment in philanthropy
μit = Error term
β_0 = intercept β_1, β_2 = coefficients of the independent variables

CSR practices were looked at in this study by looking at the entire cost of all the various components of corporate social responsibility (CSR), including employee relations, product and customer issues, education, community involvement, and environmental considerations.

All the extra CSR actions that don't fit into any of the above categories are called "others."

4.0 Data Presentation and Analysis

The descriptive statistics below includes details regarding the standard deviation, mean, maximum, and minimum for each of the independent variables and the dependent variable.

Table 4.1 Descriptive Statistics

Variable	Mean	Standard Deviation	Minimum	Maximum	OBS
ROA	0.0184	0.1532	-0.4205	0.2971	120
ICP	6.7438	0.5897	5.3124	8.2045	120
INP	6.1825	0.6482	4.5812	7.0348	120

Source*:* summary of statistics output.

The descriptive statistics for the study variables are compiled in the above table. Financial performance which is measured by return on assets (ROA), the minimum and maximum values are –₦0.42K and ₦0.30K, respectively. This suggests that the firm with the lowest performance recorded a loss of ₦0.42K in return on assets during the study period. A substantial degree of variance from the mean is indicated by the standard deviation of 0.15.

The minimum and maximum values for corporate social responsibility (CSR) investment in community development (ICP) are 5.31 and 8.20, respectively. The standard deviation of 0.59 relative to a mean of 6.74 shows a moderate degree of variability among firms in their community development spending.

Likewise, CSR investment in philanthropy (INP) ranges between ₦4.58K and ₦7.03K with a standard deviation of 0.65 and a mean of 6.18 suggesting a significant level of variation in philanthropic expenditure among the firms studied.

Table 4.2 Correlation Matrix of Dependent and Independent Variables

	FPM	ICP	INP
ROA	1.0000		
ICP	0.3187	1.0000	
INP	0.3621	0.7215	1.0000

Source: output obtained

Table 4.2 displays Financial Performance (ROA), the dependent variable, and the independent factors' correlation coefficients which are CSR Investment in Community Development (ICP) and

CSR Investment in Philanthropy (INP). The findings reveal that both independent variables are positively correlated with financial performance. Specifically, INP demonstrates a stronger correlation of 0.3621 with FPM than ICP (community development) which indicates that philanthropic CSR initiatives may exert a greater impact on insurance firms' financial success. Furthermore, the correlation coefficient between ICP and INP is 0.7215 which remains below the generally accepted multicollinearity threshold of 0.80 suggesting that the two independent variables do not exhibit multicollinearity concerns.

Robustness Tests

To determine the reliability of the data utilized for analysis, the following robustness tests are performed.

Test for Multicollinearity.

Multicollinearity was assessed utilizing values for the Variance Inflation Factor (VIF) and tolerance. Table 4.3 below displays the results of this diagnostic test.

Table 4.3 VIF Values

VARIABLES	VIF	Tolerance Value
IEC	1.67	0.5988
INP	1.53	0.6536
Mean VIF	**1.60**	

Source: STATA 13

The results in table 4.3 indicate the independent variables' lack of multicollinearity. Every Variance Inflation Factor (VIF) value is significantly lower than the accepted threshold of 8 and even below 5 implying that the explanatory variables exhibit no significant intercorrelation and are suitable for inclusion in the regression model.

Heteroskedasticity Test

Heteroskedasticity arises when the variance of the error terms in a regression model varies across observations thereby violating the assumption of constant variance. The Breusch Pagan test was carried out to identify this. The test revealed a p-value of 0.0005 and a Chi-square statistic of 12.46, signifying the model's heteroskedasticity. As a result, the assumption of homoskedasticity was rejected, and robust standard errors were applied to adjust for this problem and guarantee the accuracy of the model's estimations.

Serial Autocorrelation Test

To assess serial correlation found in the panel data, the Linear Regression with Panel Corrected Standard Errors (PCSEs) strategy was employed. This method is particularly suitable for panel datasets where residuals may be correlated over time within the same cross-sectional unit. Given that one of the fundamental assumptions of Ordinary Least Squares (OLS) is the absence of serial correlation, conducting this test was essential. The results indicated no evidence of first order serial autocorrelation, thereby verifying the validity and dependability of the model's estimations under this assumption.

Model Specification Test

To identify the best model to use for the analysis, The Random Effects Model (REM) and the Fixed Effects Model (FEM) were estimated after which the Hausman Specification Test was conducted. There was no statistically significant difference between the two models, according to the test's p-value of 0.4210. This result implies that the Random Effects Model is more suitable, as it assumes that the individual-specific effects are uncorrelated with the explanatory variables. Therefore, the Generalized Least Squares (GLS) estimation technique was applied to address potential issues of heteroskedasticity and serial correlation, ensuring more efficient and reliable results.

Regression Result

Table 4.4 below displays the Ordinary Lease Square (OLS) regression findings.

Table 4.4 Regression Result

Variables	Coefficient	z- value	P>(t)
ICP	-0.012845	-0.76	0.449
INP	0.0945217	2.54	0.011
Constant	-0.6213794	-2.65	0.009
R Squared:	0.4786		
f-Statistics:	6.82		
Prob.:	0.0387		

Source: Output from STATA 2013

Model Interpretation

Table 4.4 presents the regression results assessing the relationship between different dimensions of Corporate Social Responsibility (CSR) and the financial performance of listed insurance firms in Nigeria.

It is evident that the R2 is 0.4786, indicating that the independent variables included in the study's model account for 47.86% of the variation in the financial performance of Nigerian listed insurance companies. At the 5% significance level, the wild-chi2 is 6.82 and the P-value is 0.0387. This shows that the model fits the data. Linear regression was used to test the hypotheses that were previously expressed in null forms; the outcome is explained below.

CSR Investment in Community Development (ICP)

The coefficient of CSR investment in community development is -0.012845 with a z-value of -0.76 and a p-value of 0.449. This implies a negative and statistically insignificant relationship between community development CSR activities and the financial performance of listed insurance companies. Since the p-value exceeds the common significance thresholds therefore, the null hypothesis that the financial performance of Nigerian listed insurance companies is not significantly impacted by CSR investments in community development is not rejected.

CSR Investment in Philanthropy (INP)

CSR investment in philanthropy demonstrates a positive and statistically significant influence at the 5% significance level with a positive coefficient of 0.0945217, a z-value of 2.54, and a p-value of 0.011. This finding suggests that philanthropic CSR activities such as charitable donations and support for social causes contribute positively to financial performance. Therefore, the null hypothesis which states that CSR investment in philanthropy has no significant effect on financial performance is rejected.

5. Conclusion

Corporate Social Responsibility (CSR) serves as a vital bridge between corporate entities and the communities in which they operate. Well-structured CSR initiatives not only strengthen internal cohesion and boost employee morale but also align organizational goals with broader societal values.
For insurance companies, active participation in CSR programs fosters greater public trust and credibility, which ultimately translates into enhanced profitability and sustainability in the long run.

The findings of this study reveal that CSR efforts particularly those focused on philanthropic activities significantly improve financial performance. However, not every dimension of CSR demonstrated an independent effect on firm performance, suggesting that the overall integration and balance of CSR initiatives matter more than isolated actions.

It is also essential to recognize that corporate responsibility begins internally a firm must first be accountable to itself and its shareholders before extending its commitments to the wider community. Generally, well-established and financially stable organizations are better equipped to implement and sustain CSR strategies effectively. As firms expand in size, influence, and reputation, their obligation to uphold ethical standards for their employees, the industry, and society at large becomes increasingly significant.

Recommendations

The following suggestions are put forth in light of the study's findings:

Employees are drawn more to companies that have a strong commitment to corporate social responsibility (CSR), This means actively participating in community development, environmental sustainability and other socially impactful initiatives. A genuine dedication to CSR not only draws talented and forward-thinking professionals but also promotes effective leadership, team cohesion, and employee engagement within the organization. Moreover, cultivating a respectful workplace culture can substantially reduce employee turnover. By positioning themselves as socially responsible entities can makes insurance firms enhance their corporate reputation and set a benchmark for ethical excellence within the industry.

To reinforce this commitment, insurance companies should embed explicit ethical principles within their corporate codes of conduct, addressing key areas such as integrity, diversity and inclusion, environmental stewardship, employee well-being, and customer care. Governance structures should also be reviewed and restructured to align with the organization's social and environmental objectives.

Furthermore, implementing a comprehensive health and safety policy is vital to safeguard employees and ensure regulatory compliance. Insurance firms should also establish detailed environmental policies and operational guidelines to fulfill their sustainability mandates. To promote transparency and accountability, organizations are encouraged to publish an annual sustainability report outlining their environmental performance, social initiatives, and CSR outcomes. This not only strengthens stakeholder trust but also underscores the company's sustained dedication to moral and responsible business conduct.

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