Corporate social responsibility and organizational effectiveness of insurance companies in Nigeria

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Abstract
Purpose – The purpose of this paper is to present a theoretical and empirical relationship between corporate social responsibility (CSR) and some dimensions of organizational effectiveness (OE) of insurance companies in Nigeria.
Design/methodology/approach – Data were obtained from a field survey in insurance companies in Lagos using structured questionnaires. Responses from the survey were statistically analyzed using descriptive statistics and Pearson product moment correlation.
Findings – Results of the study indicated that insurance companies are involved in all four forms of CSR activities (business ethics, urban affairs, consumer affairs and environmental affairs) with consumer affairs receiving the most active involvement. The study indicated that OE of the participating insurance companies is to a large extent satisfactory. However, involvement in CSR was found to correlate positively with OE.
Research limitations/implications – The study also indicated that insurance companies still suffer from the lack of awareness, unavailability of information to identify the needs of a developing society, lack of qualified workforce and adverse economic factors that prevent them from performing CSR activities.
Originality/value – From a practical perspective, the study is needed to assess if investments in CSR is worthwhile or not.

Keywords Nigeria, Insurance companies, Corporate social responsibility, Organizational effectiveness, Organizational performance

Paper type Research paper

1. Introduction
The increasing adoption of corporate social responsibility (CSR) in businesses (SourceWatch, 2008; Sagar and Singla, 2003; Hoffman, 2007) has grown with its corresponding challenges, which may include ethical violations (Aluko et al., 2004; Lantos, 2002), economic dishonesty (Amaeshi et al., 2007), commitment problem (Holmes, 1977), gender complications, controversies and agitations (Marshall, 2007), profit-making problems (Capaldi, 2005; Scott, 2007) and accountability mechanism weaknesses (Brennan, 2008). Despite these problems, governments and non-governmental organizations, particularly in developing countries are

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progressively working towards ensuring good governance of the companies that are under them (Jamali and Mirshak, 2007; Jenkins, 2006; O'Dwyer, 2003). However, accurate measurement of results in CSR has taken on additional importance over the past decade as managers face pressure to justify the allocation of scarce firm resources (Scott, 2007). Indeed, investments in socially responsible behaviors such as philanthropy have become much more strategic and focused on providing tangible returns to the firm (Capaldi, 2005; Vorhies et al., 1999). The pressures to rightly position CSR have created a wealth of empirical research examining the relationship between CSR and organizational effectiveness (OE). Although, several documentations exist in the literature on this issue, there are a number of areas that require significant attention in which the knowledge of best practices in OE could be adapted to the CSR-OE linkage (Lawal and Sulaimon, 2007). However, these areas are least explored till date (Sanchez and Perez, 2005; Moustaghfir, 2008; Tracey et al., 2005; Akgun et al., 2008; Stank et al., 1994; Desarbo et al., 2007; Tsai and Yen, 2008).

This research examining CSR has largely considered the potential for such activities to provide an incremental gain to the firm. For example, researchers have cited heightened purchase intentions, increased sales, enhanced image and improved employee morale as benefits of CSR through improved organizational structure and other means (Chaston, 1997; Peloza, 2008; Moir, 2001; Meechan et al., 2006). However, the potential for CSR to enhance performance in the insurance industry has been largely unexplored. Further, the examination of the relationship between CSR and OE has not included both the incremental benefits of CSR and the potential for CSR to mitigate harm from negative events. Examinations of the CSR-OE relationship have used either a comparison of CSR (e.g. investment in environmental controls) or some measure of organizational performance (e.g. ROE) or a comparison of some financial measure (e.g. stock price) both before and after a negative event (e.g. a damaging environmental report). In the evaluation of the CSR-OE relationship, these two forms of measurement have been used in an either/or fashion. CSR and its effects on OE can have significant value on the performance of an insurance company, and an appropriate linkage of the CSR and OE platforms must be made such that full assessment of the value of CSR and the benefits of OE in the relationship in the insurance industry becomes obvious.

Although numerous views have been made and analyzed concerning the rewards (profitability, enhanced reputation and goodwill, etc.) and downsides (resource mismanagement, socially irresponsible governments, etc.) of CSR performance in business organizations, CSR seems to be affecting organizations in Nigeria through contributions to the improvement of overall technical and professional performance of managers and other functionaries who are virtually responsible for efficient management of organizations. Thus, this work pursues a better understanding of CSR and determines the relationship between performance and OE of insurance companies in Nigeria. This paper extends the literature examining the CSR-OE relationship in a number of ways. The problems faced by corporate managers involved in CSR decision-making processes are examined, suggestions to solve these problems are given and the importance of CSR to an insurance firm is confirmed. Finally, in accounting for CSR to the firm, this paper provides an opportunity for researchers to gain a more accurate assessment of the actual value of CSR investments to the firm and offers guidance to managers seeking to justify the allocation of scarce firm resources (Irukwu, 2000).
The structure of the paper is as follows. Section 1 provides the motivation for the study and identifies the important gap in the literature which this study bridges. Section 2 is the methodology, which presents the structure of the survey instrument and the hypothesis formulated. Section 3, which presents the results and discussion details focuses on organizational performance, involvement and non-involvement in CSR and the general discussion of results. Section 4 presents the conclusion of the study.

2. Methodology

The population of this study encompasses the stakeholders of insurance companies operating within Lagos State. Lagos State was chosen since it is the commercial nerve centre of Nigeria. The units of study in the sample population are employees (at different positions; high and low) and other significant stakeholders in the insurance companies in Lagos State, Nigeria. The primary instrument for the study is a structured questionnaire designed to collect information on the following relevant variables. The demographic variables of participating respondents are: sex, age bracket, marital status, ethical background, educational qualifications, area of operation, number of employees, age of the organization and location. Respondents are requested to rate their performance of their companies relative to their competitors on a five-point scale. The main effectiveness criteria used are: public growth, sales growth, financial strength, operating efficiency, performance, stability, public image, staff morale, adaptability, innovativeness and social impact. The part C section of the questionnaire measures the driving factors for involvement or non-involvement in social responsibility activities on a five-point scale while the final part comprises of open-ended questions in order to determine what problems prevent the respondents’ insurance companies from engaging in CSR activities and suggestions on how these problems can be rectified (Famoroti, 2007; Isimoya, 2004). In this questionnaire, involvement in CSR activities is determined by requesting participating respondents to indicate the extent of their involvement in the social activity programmes such as business ethics, consumers’ affairs, urban affairs and environment affairs. Items in the instrument are scored on a Likert five-point scale.

According to information gathered from NAICOM, there are about 47 government approved and duly registered insurance companies operating in Nigeria. A minimum of 20 per cent of those insurance companies will be presented with 100 questionnaires. The questionnaires are administered to at least ten randomly chosen insurance companies to get a wider range of data and opinion on CSR. The data retrieved for the study were gathered by submitting questionnaires to stakeholders in insurance companies found in the Lagos metropolis. The study obtained an 80 per cent response rate from 100 employees of insurance companies. Responses from the survey were statistically analyzed using descriptive statistics, and Pearson product moment correlation. The data after being processed were presented in form of tables. The subsequent hypotheses were solved (Asika, 1991).

The hypotheses stated are:

H0. OE of insurance companies is not significantly related to involvement in CSR.

H1. OE of insurance companies is significantly related to involvement in CSR.

H0. Stakeholders of insurance companies are not influenced by CSR efforts.

H1. Stakeholders of insurance companies are influenced by CSR efforts.
3. Results and discussion

From the questionnaire responses, the respondents rated the business ethics (Ogundele, 2005) that they consider important in the order of importance thus: avoiding practices that conflict with public policy attracted the most active involvement in business ethics of insurance companies with 53.8 per cent of the respondents strongly agreeing, followed by avoiding deceptive and misleading advertisement with 48.8 per cent then making profit within the boundaries of societal morals and laws with 46.3 per cent and avoiding product misrepresentation with 45 per cent. Avoiding discrimination and recruitment of minorities is the least social issue involved by insurance companies. They rated the urban affairs in their order of importance thus: hiring and training of unemployed persons attracted the most active involvement of insurance companies with 53.8 per cent agreeing, followed closely by engaging in poverty alleviation and health care and assisting in private education with both having 41.3 per cent respondents agreeing. Assisting in culture and arts, sports is the least social issue insurance companies are involved in with 35 per cent agreeing. They also rated the consumer affairs in their order of importance thus: engaging in marketing activities directed towards satisfying consumers attracted the most active involvement in business with 50.0 per cent of respondents strongly agreeing and 43.8 per cent agreeing, followed closely by creation of utility-based consumer products and services, also adequate information is made available to consumers on product development and services. Practicing the prompt payment of claims indicated the lowest level of involvement in consumer affairs with 40 per cent. They also rated the environmental affairs in their order of importance thus: non-contribution to water pollution attracted the most active involvement in environmental affairs of insurance companies with 51.3 per cent of the respondents strongly agreeing, followed by non-contribution to noise pollution with 42.5 per cent and air pollution was 38.8 per cent. Engaging in conservation of energy indicated the least of social issues involved by insurance companies with only 7.5 per cent strongly agreeing and 26.3 per cent agreeing. Results of the study indicated that insurance companies are involved in all four forms of CSR activities (business ethics, urban affairs, consumer affairs and environmental affairs). The study indicated that OE of the participating insurance companies is to a large extent satisfactory. However, involvement in CSR was found to correlate positively with OE.

3.1 Organizational performance

The profitability of the organization has improved significantly. It can be identified that majority of the respondents clearly state that the profitability of their organizations has improved significantly with 37.5 per cent of respondents strongly agreeing and 57.5 per cent agreeing. No insurance company disagreed or strongly disagreed and only 1.3 per cent of the respondents did not indicate the level of profitability.

Sales of the organization are encouraging. It can be identified that majority of the respondents clearly indicate that the sales of their organization are encouraging with 36.3 per cent strongly agreeing and 55.0 per cent agreeing. Only 5.0 per cent of the respondents indicated that sales were not encouraging while 1.3 per cent of the respondents did not respond by indicating the level of sales of the organization.

Financial strength of the organization has improved over the years. It can be identified that majority of the respondents clearly indicate that the financial strength of their organization has improved over the years with 41.3 per cent strongly agreeing...
and 53.8 per cent agreeing. No insurance company suffered any weakness in finances and only 1.3 per cent of the respondents did not indicate the level of its organizations financial strength.

*The operating efficiency of the organization is satisfactory.* It can be identified that majority of the respondents clearly indicate that the operating efficiency of their organization has been satisfactory with 25.0 per cent strongly agreeing and 52.5 per cent agreeing. About 2.5 per cent of respondents indicate reduced operating efficiency while 1.3 per cent of respondents did not indicate any level of operating efficiency.

*There is stability in the performance of the organization.* It can be identified that majority of the respondents clearly indicate that there is stability in the performance of their organizations with 17.5 per cent strongly agreeing and 62.5 per cent agreeing. Only 5.0 per cent of the respondents indicated instability in the performance of their organization while 1.3 per cent of the respondents did not respond.

*The public image and goodwill of the organization are impressive.* It can be identified that majority of the respondents clearly indicate that the public image and goodwill of the organization are impressive with 36.3 per cent strongly agreeing and 53.8 per cent agreeing. Only 1.3 per cent of respondents indicated unimpressive public image and goodwill while only 1.3 per cent of respondents did not respond.

*There is a high level of morale within the psyche of employees.* It was observed that majority of the respondents clearly indicate that there is a high level of morale within the psyche of their organization’s employees with 21.3 per cent strongly agreeing and 67.5 per cent agreeing. Only 1.3 per cent of respondents indicated low level of morale while only 1.3 per cent of respondents did not respond.

*The organization adapts to the challenges of the environment easily.* It was observed that majority of the respondents clearly indicate that their organizations adapt to the challenges of the environment easily with 16.3 per cent strongly agreeing and 63.8 per cent agreeing. Only 2.5 per cent of the respondents indicated that their organizations find it difficult to adapt to the environment while 2.5 per cent of respondents did not respond.

*The organization has the ability to create new ideas, products and services.* It was observed that majority of the respondents clearly indicate that their organizations have the ability to create new ideas, products and services with 31.3 per cent strongly agreeing and 63.8 per cent agreeing. Only 2.5 per cent of the respondents clearly indicated that their organization were not able to create new ideas, products and services while 1.3 per cent of the respondents did not respond.

*The organization has a social impact on the society in which it operates.* It was observed that majority of the respondents clearly indicate that their organizations have social impact on the society it operates in with 31.3 per cent strongly agreeing and 58.8 per cent agreeing. Only 2.5 per cent of the respondents indicated that their organization does not have social impact on the society it operates in while 2.5 per cent of the respondents did not respond.

### 3.2 Involvement in CSR

*Self interest of the organization in the long-run.* It can be identified that majority of the respondents clearly indicate that their organizations hold their self interest in the long-run very crucial with 30.0 per cent indicating it is very important and 56.3 per cent indicated it important. Only 1.3 per cent of respondents indicated that it is less important while 2.5 per cent of the respondents did not respond.
Enhancement of the public image of your organization. It was observed that majority of the respondents clearly indicate that their organizations hold the enhancement of their public image very crucial with 56.3 per cent indicating it is very important and 33.8 per cent indicated it important. None of the respondents feel enhancement of the public image is less or not important while 3.8 per cent of the respondents did not respond.

Enhancement of the viability of your organization’s business. It was observed that majority of the respondents clearly indicate that their organizations hold the enhancement of the viability of their business very crucial with 45.0 per cent indicating it is very important and 42.5 per cent indicated it important. Only 1.3 per cent of respondents indicated that it is less important while 3.8 per cent of the respondents did not respond.

Compliance with government’s regulations. It was observed that majority of the respondents clearly indicate that their organizations hold the compliance with government’s regulations very crucial with 60.0 per cent indicating it is very important and 31.3 per cent indicated it important. Only 1.3 per cent of respondents indicated that it is not important while 3.8 per cent of the respondents did not respond.

Support and promotion of cultural values. It was observed that majority of the respondents clearly indicate that their organizations hold the supporting and promoting of cultural values very crucial with 60.0 per cent indicating it is very important and 31.3 per cent indicated it important. Only 10 per cent of respondents indicated that it is less important and 2.5 per cent indicated not important while 3.8 per cent of the respondents did not respond.

Fulfillment of the stakeholders’ interest. It was observed that majority of the respondents clearly indicate that their organizations hold the fulfillment of the stakeholders’ interest very crucial with 56.3 per cent indicating it is very important and 26.3 per cent indicated it important. Only 2.5 per cent of respondents indicated that it is less important while 3.8 per cent of the respondents did not respond.

Adoption of the philosophy of assisting the community. It was observed that majority of the respondents clearly indicate that their organizations hold the adopting the philosophy of assisting the community very crucial with 20.0 per cent indicating it is very important and 46.3 per cent indicated it important. Only 8.8 per cent of respondents indicated that it is less important and 1.3 per cent indicated not important while 5.0 per cent of the respondents did not respond.

Expectation and public pressure towards the needs of the community. It was observed that majority of the respondents clearly indicate that their organizations hold the expectation and public pressure towards the needs of the community very crucial with 17.5 per cent indicating it is very important and 42.5 per cent indicated it important. Only 11.3 per cent of respondents indicated that it is less important and 2.5 per cent indicated not important while 3.8 per cent of the respondents did not respond.

Prevention of social problems is better than cure. It was observed that majority of the respondents clearly indicate that their organizations hold the prevention of social problems better than cure very crucial with 47.5 per cent indicating it is very important and 41.3 per cent indicated it important. Only 1.3 per cent of respondents indicated that it is less important while 2.5 per cent of the respondents did not respond.
3.3 Non-involvement in CSR

*Business is established strictly for profit maximization.* It was observed that majority of the respondents clearly indicate that their organizations establish their business strictly for profit maximization as 35.0 per cent of the respondents strongly agree and 30 per cent of the respondents agree. About 20 per cent of the respondents disagreed and 2.5 per cent of respondents strongly disagreed signifying that their business was not established strictly for profit maximization. About 6.3 per cent of the respondents did not respond.

*CSR leads to misallocations of resources and reduced market competition.* It was observed that majority of the respondents clearly indicate that CSR does not lead to misallocation of resources and reduced market competition as 41.3 per cent of the respondents disagreed and 6.3 per cent of the respondents strongly disagreed. About 2.5 per cent of the respondents strongly agreed and 18.8 per cent of the respondents agreed signifying that CSR leads to misallocations of resources and reduced market competition. About 13.8 per cent of the respondents did not respond.

*CSR initiatives by organization lead to unfocused management directions.* It was observed that majority of the respondents clearly indicate that CSR initiatives do not lead to unfocused management directions as 42.5 per cent of the respondents disagreed and 13.8 per cent of the respondents strongly disagreed. About 1.3 per cent of the respondents strongly agreed and 15.0 per cent of the respondents agreed signifying that CSR initiatives lead to unfocused management directions. About 15.0 per cent of the respondents did not respond.

*No business is accountable for social responsibility.* It was observed that majority of the respondents clearly indicate that business is accountable for social responsibility as 40 per cent of the respondents disagreed and 12.5 per cent of the respondents strongly disagreed. About 8.8 per cent of the respondents strongly agreed and 15.0 per cent of the respondents agreed signifying that no business is accountable for social responsibility. About 6.3 per cent of the respondents did not respond.

*CSR has no support from the shareholders.* It was observed that majority of the respondents were clearly undecided trying to indicate if CSR has or does not have support from the shareholders as 36.3 per cent indicated “undecided”. Yet still, 32.5 per cent of the respondents disagreed and 8.8 per cent of the respondents strongly disagreed. About 6.3 per cent of the respondents strongly agreed and 8.8 per cent of the respondents agreed. About 6.3 per cent of the respondents did not respond. As 32.5 per cent disagreed, we can deduce that CSR has some form of support from the shareholders.

*Tax payment is already a form of CSR.* It was observed that majority of the respondents clearly indicate that their organizations regard tax payment as a form of CSR as 23.8 per cent of the respondents strongly agree and 46.3 per cent of the respondents agree. About 10 per cent of the respondents disagreed and 10 per cent of respondents strongly disagreed signifying that tax payment is not a sufficient form of CSR. About 6.3 per cent of the respondents did not respond.

*Government is socially irresponsible to the society.* It was observed that majority of the respondents clearly indicate that government is socially irresponsible to the society as 11.3 per cent of the respondents strongly agree and 28.8 per cent of the respondents agree. About 27.5 per cent of the respondents disagreed and 7.5 per cent of the respondents strongly disagreed signifying that government is socially responsible to the society. About 6.3 per cent of the respondents did not respond.
CSR is voluntary. It was observed that majority of the respondents clearly indicate that CSR is voluntary as 20 per cent of the respondents strongly agree and 37.5 per cent of the respondents agree. About 23.8 per cent of the respondents disagreed and 5.0 per cent of the respondents strongly disagreed signifying that CSR is not voluntary. About 5.0 per cent of the respondents did not respond.

From the research, the following reasons were observed to be the problems that prevent insurance companies from engaging in CSR activities:

- awareness from the host community of insurance is minimal;
- insurance industry is now competitive;
- unavailable data and right information on the pressing needs of the host community;
- mismanagement or diversion of funds from the actual purpose it is meant for;
- adverse economic factors;
- lack of qualified workforce;
- inadequate financial resources (budget constraint);
- lack of modern technology, IT system;
- political instability;
- conflicting interests (other pressing needs); and
- lack of any form of regulation and/or enforcement of CSR on organizations.

And the respondents proposed the following solutions to combat these problems:

- provision of adequate information on the needs of the host community;
- proper fund management and actual execution of project which the funds were meant for;
- provision of good infrastructural facilities on the part of the government;
- recruiting qualified manpower;
- provision by management for the availability of capital;
- provision of modern technology;
- political stability;
- individuals should be educated on insurance policies and the benefits;
- need for aggressive marketing;
- development of products that are targeted towards the grassroot;
- greater transparency in government;
- better enabling laws to encourage companies;
- tax incentives; and
- greater government commitment to local content policy.

The correlation between social responsibility involvement and OE is calculated thus (Table I).

The hypothesis that OE of insurance companies is significantly related to involvement in CSR is supported. In the hypotheses, a significant relationship was predicted between
Table I
The dimensions of correlation between social responsibility involvement and OE

<table>
<thead>
<tr>
<th>Effectiveness criteria</th>
<th>Business ethics</th>
<th>Urban affairs</th>
<th>Consumer affairs</th>
<th>Environmental affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.392**</td>
<td>0.387**</td>
<td>0.252*</td>
<td></td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.026</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>0.332**</td>
<td>0.313**</td>
<td>0.317**</td>
<td></td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.003</td>
<td>0.005</td>
<td>0.005</td>
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<tr>
<td>Financial strength</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Pearson correlation</td>
<td>0.252*</td>
<td>0.337**</td>
<td>0.140</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.025</td>
<td>0.003</td>
<td>0.220</td>
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<tr>
<td>Operating efficiency</td>
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<td></td>
<td></td>
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<tr>
<td>Pearson correlation</td>
<td>0.206</td>
<td>0.367**</td>
<td>0.172</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.069</td>
<td>0.001</td>
<td>0.132</td>
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<tr>
<td>Performance stability</td>
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<tr>
<td>Pearson correlation</td>
<td>0.279*</td>
<td>0.308**</td>
<td>0.158</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.013</td>
<td>0.006</td>
<td>0.167</td>
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<tr>
<td>Public image</td>
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<tr>
<td>Pearson correlation</td>
<td>0.211</td>
<td>0.267*</td>
<td>0.220</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.062</td>
<td>0.018</td>
<td>0.053</td>
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<tr>
<td>Staff morale</td>
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<tr>
<td>Pearson correlation</td>
<td>0.245*</td>
<td>0.322**</td>
<td>0.276*</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.029</td>
<td>0.004</td>
<td>0.014</td>
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<tr>
<td>Adaptability</td>
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<tr>
<td>Pearson correlation</td>
<td>0.453**</td>
<td>0.492**</td>
<td>0.352**</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.002</td>
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<tr>
<td>Innovativeness</td>
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<tr>
<td>Pearson correlation</td>
<td>0.187</td>
<td>0.424**</td>
<td>0.147</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.099</td>
<td>0.000</td>
<td>0.198</td>
<td></td>
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<tr>
<td>Social impact</td>
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</tr>
<tr>
<td>Pearson correlation</td>
<td>0.145</td>
<td>0.382**</td>
<td>0.268*</td>
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<tr>
<td>Sig. (two-tailed)</td>
<td>0.204</td>
<td>0.001</td>
<td>0.019</td>
<td></td>
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</tbody>
</table>

Note: Significance at: *0.05 and **0.01 correlation levels (two-tailed)
Source: Primary Data (2008)

As presented in Table I, the correlation between dimensions of social responsibility and OE of responding firms generated 40 coefficients and 23 are statistically significant at $p < 0.05$ and above. These are:

- profitability is positively related to business ethics, consumer affairs and environmental affairs;
- sales is positively related to business ethics, consumer affairs and environmental affairs;
- financial strength is positively related to business ethics and consumer affairs;
- operating efficiency is positively related to consumer affairs;
- performance stability is positively related to business ethics and consumer affairs;
- public image is positively related to consumer affairs;
staff morale is positively related to business ethics, consumer affairs and environmental affairs;
- adaptability is positively related to business ethics, urban affairs, consumer affairs and environmental affairs;
- innovativeness is positively related to consumer affairs; and
- social impact is positively related to urban affairs, consumer affairs and environmental affairs.

It should be noted that all the dimensions of OE are significantly related to “consumer affairs”. Therefore, OE of insurance companies is significantly related to involvement in CSR. Since a positive relationship was identified between OE and CSR activities, one can conclude that CSR activities improves OE and affect the insurance companies positively.

4. Conclusion
From the study, insurance companies’ involvement in CSR activities is one of the determinants of OE; being socially responsible can help insurance companies succeed, increase their profitability and overall performance. There is growing concern for CSR activities in insurance companies in all four forms of CSR activities with consumer affairs having the most active involvement. Insurance companies also employ a large number of Nigerians as more than half of the respondents indicated that they had at least 51-100 employees in their organization. This shows that they perform their responsibility to the unemployed society. From the findings of the study, we can deduce that insurance companies still suffer from the lack of awareness, unavailability of information to identify the needs of a developing society, lack of qualified workforce, adverse economic factors, etc. The role government plays is also crucial as insurance companies still implore them to make policies that would make some insurance services mandatory to members of society as it is practiced in developed nations. The inadequate financial resources and budget constraints have led insurance companies to practice only some forms of CSR activities. Insurance companies regard the compliance with government regulations and prevention of social problems is very important drivers to their involvement in CSR activities. The lowest driving factors of their involvement were the support and promotion of cultural values and expectations/public pressure towards the needs of the community. In the driving factors to their non-involvement, most of the insurance companies indicated that their business was established strictly for profit maximization and tax payment is already a form of CSR. The complex nature of contracts should be simplified as CSR activities should be directed towards education, literacy, health care and environmental concerns. In general, insurance companies have to improve the society they wish to serve by engaging in CSR activities that focus on the development of the average Nigerian because those are the ones that comprise of the majority of whom who do not understand how insurance companies function. Though insurance organizations get involved in most activities, for them to be acknowledged as being socially responsible, in their business ethics they have to avoid discrimination and recruit more minorities as it is evident from the study that majority of the respondents were of Yoruba origin and there was not a single respondent of Hausa origin. In the future, it would be in the interest of the insurance companies to employ people of different ethnic backgrounds to acquire a diversification of cultures and ideas as it would allow a greater understanding of mentalities of each ethnic group and help in market research and market penetration. To solve some of the problems...
faced by the insurance industry, there has to be provision of adequate information on the needs of the host community, proper fund management and actual execution of project which the funds were meant for, provision of good infrastructural facilities on the part of the government, recruitment of qualified manpower, provision of capital by management, provision of modern technology, political stability, educating the society on insurance policies and the benefits, need for aggressive marketing, development of products that are targeted towards the grassroot, greater transparency in government, better enabling laws to encourage companies and tax incentives.

References


Further reading


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