

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON COMPETITIVE ADVANTAGE IN INSURANCE SECTOR ORGANIZATIONS IN SRI LANKA (WITH SPECIAL REFERENCE TO NORTHWESTERN PROVINCE)

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ABSTRACT

The current economic climate in developing nations is competitive because of globalization and technological advancement, and a company must participate in Corporate Social Responsibility (CSR) to stay competitive. In the insurance industry, corporate social responsibility has emerged as a vital component, highlighting its significant role in promoting sustainable practices and improving societal well-being. In Sri Lanka, the insurance industry plays a crucial role in the country's economic development. The literature explains CSR as important because of its connection with financial performance, customer behavior, company reputation, and competitive advantage (CA). Therefore, this study aims to ascertain how CSR affects competitive advantage in the Northwestern Province insurance sector. This study was quantitative, explanatory, and deductive. This study discusses CSR under Economic, Ethical, Legal, and Philanthropic responsibilities through the lens of Carroll's pyramid of the CSR Model. Competitive advantage is discussed under price/cost, quality, delivery dependability, time-to-market, and innovation. Data were collected through a self-administered questionnaire containing previously tested questions. The questionnaire aimed to capture data on CSR and CA. The study surveyed 340 insurance sector managerial-level employees with a sample size of 200, selected using a stratified sampling technique. Correlation analysis revealed a highly positive relationship between economic, ethical, legal, and philanthropic responsibilities and competitive advantage. However, multiple regression analysis revealed that ethical, legal, and philanthropic responsibilities had a significant positive impact on competitive advantage, whereas economic responsibility did not have a significant impact on CA. These findings highlight the significance of enhancing corporate social responsibility activities to achieve a competitive advantage. Organizations should implement more CSR activities to create a competitive edge by improving their reputation, retaining customers, and streamlining operations. However, the study had limitations, including the limited geographical scope of the Northwestern Province, potential self-report bias, and the limited sample size. It was observed that future research can expand the scope of inquiry by including sectors such as banking and apparel and also increase the depth of discussion by explaining other factors that influence CSR and CA using a qualitative approach.

Keywords – Corporate social responsibility, competitive advantage, insurance sector