



The Intersection of Corporate Social Responsibility (CSR), Firm Performance, and Clinical Psychology

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ABSTRACT

CSR is a firm's dedication to the environmental and social responsibility of business practices. As businesses become more aware of their social and environmental responsibilities, CSR has become more and more important in today's firm operations. Firms have begun introducing workplace wellness programs, counselling services, and stress management workshops to support employee well-being. These initiatives align with clinical psychology principles, emphasising resilience, ethical behaviour, and interpersonal dynamics. The study adopts a quantitative research design to explore the intersection of CSR, FP, and clinical psychology. The study population comprise of the 108 non-financial firms quoted in the Nigerian Exchange Group (NGX) as at December 2024. A purposive sampling technique is employed to select 85 respondents who have direct experience with CSR practices and mental health interventions in their organizations. The study data is collected through a structured questionnaires designed to measure respondents' perceptions of CSR initiatives, FP, and clinical psychology-related programs. The results of the study amongst others indicate that CSR initiatives focusing on employee well-being contribute to productivity and stakeholder trust. The study concluded that, the intersection of CSR, firm performance, and clinical psychology principles reveals promising trends. CSR and mental health-focused programs guided by psychological insights will positively impact employee well-being, productivity, ethical leadership, stakeholder trust, and sustainability. It was recommended in the study that, firms should prioritize psychological well-being when designing and implementing CSR initiatives to fully realize their potential benefits.

Keywords: CSR, Firm Performance, Clinical Psychology, Ethical Leadership, Stakeholders Trust

1. INTRODUCTION

Corporate Social Responsibility (CSR) has been widely acknowledged as a vital element for businesses seeking sustainable growth and stakeholder trust. However, a persistent challenge arises in the practical implementation of CSR initiatives: firms often struggle to align CSR policies with psychological factors that affect the workforce and leadership. While CSR programs contribute positively to firm performance (FP), they often overlook the mental health and well-being of employees and leaders, which are pivotal to achieving organizational success (Kim et al., 2022). Research has shown that stress, burnout, and ethical dilemmas faced by corporate leaders and employees can hinder the effectiveness of CSR programs and, consequently, FP (Etikan, 2023; Du et al., 2010). Addressing these underlying psychological challenges is crucial to maximizing the impact of CSR initiatives.

Efforts to resolve these problems have led to the adoption of mental health interventions within some CSR frameworks. Thus, firms have begun introducing workplace wellness programs, counselling services, and stress management workshops to support employee well-being. These initiatives align with clinical

psychology principles, emphasising resilience, ethical behaviour, and interpersonal dynamics. Despite these advancements, the integration of clinical psychology into CSR remains limited in scope, with significant gaps in understanding how psychological well-being can mediate the relationship between CSR and FP. For instance, while studies by Sameer (2021) highlight the positive effects of employee wellness programs on productivity, they do not explore how mental health interventions contribute to broader CSR outcomes, such as ethical decision-making or stakeholder trust.

The existing body of literature on CSR and FP predominantly focuses on financial metrics, customer perceptions, and environmental sustainability. However, the psychological dimensions of CSR are often underexplored. A study by Lee et al. (2023) identifies a lack of research on the role of ethical leadership and mental health in shaping CSR strategies. Similarly, Nguyen et al. (2021) argue that firms tend to prioritize external stakeholder engagement over internal workforce support, leading to fragmented CSR efforts. These findings underscore the need for a more holistic approach to CSR that integrates clinical psychology as a core component.

This study intends to address these gaps by exploring the interplay between CSR, FP, and clinical psychology. Specifically, it will investigate how firm-sponsored mental health interventions influence employee productivity, leadership effectiveness, and stakeholder trust. By examining these relationships, the study aims to provide actionable insights for firms seeking to optimize their CSR strategies. Furthermore, it will propose a framework for integrating clinical psychology into CSR initiatives, emphasizing ethical leadership, psychological well-being, and organizational success.

By bridging the disciplines of CSR, FP, and clinical psychology, this study aims to contribute to both academic discourse and practical applications. It seeks to empower firms to adopt CSR strategies that not only enhance external sustainability outcomes but also support the psychological well-being of their workforce and leaders, ultimately driving long-term corporate success.

1.1. Problem of the Study

CSR has become a central focus for firms aiming to enhance sustainability and stakeholder trust, but its relationship with psychological factors remains underexplored. CSR initiatives often emphasise external factors, such as environmental sustainability and community engagement, while neglecting the internal dynamics of the workforce. A key challenge lies in addressing the psychological well-being of employees and organisational leaders, which directly influences the effectiveness of CSR policies and, subsequently, firm performance. Stress, burnout, and ethical dilemmas are common issues faced by employees and leaders, which can undermine productivity, decision-making, and the organization's ability to achieve its CSR goals.

Existing research highlights the positive impacts of CSR on firm performance, particularly in areas such as financial outcomes, customer loyalty, and reputation building. However, the mediating role of psychological well-being in this relationship is rarely examined. Studies by Cho, et al. (2019) and Tahir et al. (2020) underscore the lack of integrated frameworks that address both external CSR efforts and the mental health of employees and leaders. Furthermore, while some firms have begun incorporating wellness programs and mental health support into their CSR strategies, these initiatives are often fragmented and not effectively aligned with broader organizational goals.

This study seeks to bridge this gap by exploring the interplay between CSR, clinical psychology, and firm performance. By analysing the role of psychological interventions, ethical leadership, and employee well-being, this research aims to provide a comprehensive understanding of how firms can optimize CSR strategies to enhance productivity, stakeholder trust, and long-term sustainability. The study will also contribute actionable insights for integrating clinical psychology into CSR, fostering a holistic approach to corporate success.

1.2. Objectives of the study

The broad objective of the study is to explore the intersection of CSR, firm performance, and clinical psychology of quoted firms in Nigeria. The specific objectives are:

1. To explore the relationship between CSR initiatives and firm performance, with a focus on psychological well-being as a mediating factor.

2. To examine the impact of mental health programs, guided by clinical psychology principles, on employee productivity and organizational outcomes.
3. To analyse the role of ethical leadership, influenced by clinical psychology, in shaping effective CSR policies.
4. To assess the contribution of CSR-focused psychological interventions in building stakeholder trust and long-term corporate sustainability.

2. LITERATURE REVIEW

2.1. Concept of CSR

The term CSR refers to a firm's dedication to environmentally and socially responsible business practices. As businesses become more aware of their social and environmental responsibilities, CSR has become more and more important in today's firm operations (Efanimjor et al., 2024). According to Uwhejevwe-Togbolo, (2024) assert that CSR is seen as company's commitment to conducting business in an ethically and environmentally responsible manner, taking into account the needs of all parties involved, including the community, suppliers, customers, and employees. In affirmation Uwhejevwe-Togbolo et al. (2023) further posit that CSR is a concept that highlights a firm's commitment to sustainable business practices that benefit society and the environment. CSR practically has to do with the way and manner the firm extends their goodwill to their immediate community environment in which they operate including advancing their responsibility to stakeholders, employees, customers and investors. Firms that are dutiful in exhibiting their CSR may attract more peace dwelling than firms shying away from their CSR to the society.

2.2. Psychological Interventions in CSR and Firm Performance

Psychological interventions are increasingly recognized as a vital component of Corporate Social Responsibility (CSR) and firm performance. By integrating mental health programs, stress management initiatives, and workplace counselling services into CSR strategies, organizations demonstrate their commitment to the well-being of their workforce (Ganu, 2024; Dean et al., 2019). These interventions address critical psychological challenges such as burnout, anxiety, and workplace stress, which can otherwise undermine employee productivity and morale. Firms that prioritize mental health as part of CSR not only enhance internal dynamics but also bolster their reputation as ethically responsible entities (Ma et al., 2024).

One of the significant benefits of psychological interventions is the improvement of employee engagement. When employees feel that their mental health is valued and supported, they are more likely to participate in organizational initiatives, including CSR efforts. This fosters a sense of inclusion and purpose, which in turn enhances job satisfaction and organizational loyalty. Furthermore, psychological interventions equip employees with coping mechanisms to handle work-related pressures, resulting in reduced absenteeism and higher productivity levels. These outcomes directly impact firm performance by improving operational efficiency and maintaining workforce stability (Bilqees et al., 2023).

Psychological interventions also play a crucial role in building stakeholder trust. When organizations showcase their dedication to employee well-being through CSR, they create a positive public image that resonates with customers, investors, and partners (Ho-Seok et al., 2022). This reinforces relationships with external stakeholders, thereby fostering long-term loyalty and goodwill. Thus, integrating psychological support into CSR aligns with global trends emphasizing workplace wellness, ensuring the organization remains competitive in a rapidly changing business environment. Overall, psychological interventions serve as a critical link between CSR, internal workforce dynamics, and the external perceptions that drive firm success.

2.3. Ethical Leadership in CSR and Firm Performance

Ethical leadership forms the backbone of effective CSR implementation and significantly influences firm performance. Leaders who prioritize ethical principles such as integrity, accountability, and fairness inspire trust and confidence among employees, stakeholders, and the broader community (Rodrigo, 2024). Ethical leadership ensures that CSR initiatives are not only strategically aligned with corporate objectives but also reflect a genuine commitment to social and environmental responsibility. By embedding ethical practices into organizational culture, leaders create a foundation for sustainable success (Rodrigo, 2024).

One of the key contributions of ethical leadership to CSR is its ability to drive employee engagement. Ethical leaders serve as role models, encouraging employees to align their actions with organizational values and participate actively in CSR efforts. This fosters a collaborative environment where employees feel motivated to contribute to initiatives that create a positive societal impact. Ethical leadership also plays a pivotal role in conflict resolution, ensuring that ethical dilemmas related to CSR are addressed transparently and equitably (Ughulu, 2024).

In terms of firm performance, ethical leadership enhances decision-making processes, enabling organizations to navigate complex CSR challenges with foresight and empathy. This not only strengthens internal governance but also improves stakeholder perceptions of the firm as a trustworthy and responsible entity. Ethical leaders are instrumental in building lasting relationships with external stakeholders by demonstrating accountability and transparency in CSR practices. These relationships contribute to customer loyalty, investor confidence, and community support, which are critical drivers of financial and reputational success (Kim & Thapa, 2018).

Ultimately, ethical leadership serves as the linchpin that connects CSR to firm performance. By championing ethical decision-making and fostering a culture of responsibility, leaders position their organizations for long-term growth and sustainability.

2.4. Employee Well-Being in CSR and Firm Performance

Employee well-being is a cornerstone of CSR and a fundamental driver of firm performance. When organizations prioritize the physical, emotional, and psychological health of their workforce, they create an environment that fosters productivity, innovation, and collaboration. CSR strategies that address employee well-being demonstrate a firm's commitment to its people, which in turn enhances organizational loyalty and engagement (Ahsan & Khawaja, 2024; González-De-la-Rosa et al., 2023).

One of the most significant ways employee well-being influences CSR is through its impact on participation in workplace initiatives. Employees who feel supported are more likely to contribute to CSR programs, align with organizational goals, and act as ambassadors for the company's values. This not only strengthens internal cohesion but also amplifies the external impact of CSR efforts. Moreover, employee well-being serves as a mediating factor in reducing workplace stress and preventing burnout, ensuring that the workforce remains resilient and focused (Scafer et al., 2024; González-De-la-Rosa, et al., 2023).

From a firm performance perspective, employee well-being directly correlates with operational efficiency and profitability. Companies that invest in workplace wellness programs experience reduced absenteeism, lower turnover rates, and improved job satisfaction. These outcomes contribute to a stable and motivated workforce capable of driving organizational success. Furthermore, healthy and satisfied employees are more likely to deliver high-quality services and products, enhancing customer satisfaction and strengthening the firm's competitive edge.

Employee well-being also impacts external perceptions of the organization. Firms that prioritize their workforce through CSR initiatives build stakeholder trust and credibility. This fosters positive relationships with customers, investors, and community partners, all of which are essential for long-term sustainability. In essence, employee well-being is a critical link between CSR strategies and the financial, operational, and reputational dimensions of firm performance (Al-Ghazali & Sohail, 2021).

2.5. Optimizing CSR Strategies for Productivity, Stakeholder Trust, and Long-Term Sustainability

This study's aim is to provide a comprehensive understanding of how firms can strategically optimize their CSR initiatives to achieve three critical outcomes, such as enhanced firm productivity, orchestrating stronger stakeholder trust, and long-term sustainability of the firm's reputation. Thus, the study focus is on the interplay between CSR, FP, and psychological factors; by so doing, the study's interest is to bridge existing gaps in the literature and provide actionable insights for businesses.

In the first instance, enhancing productivity through CSR is crucial to the firm's growth.

CSR strategies can have a direct impact on workforce productivity by fostering a supportive work environment. When firms prioritize employee well-being within their CSR initiatives, such as through mental health programs, work-life balance policies, and professional development opportunities, employees are more likely to feel valued and motivated thereby putting their best in the firms' productivity process (Etikan, 2023).

This translates into higher engagement, reduced absenteeism, and improved overall efficiency. The study explores how integrating psychological interventions, such as stress management and counselling, can further boost employee performance while aligning with the broader organizational CSR goals (Etikan, 2023).

Secondly, building stakeholder trust is also key to firms' performance influence amongst stakeholders. CSR initiatives significantly influence stakeholder perceptions of a firm's values and ethical commitment. Transparent and impactful CSR efforts, such as addressing environmental concerns or supporting local communities, help establish trust among stakeholders, including customers, investors, and partners. Hence the research emphasizes the role of ethical leadership in crafting and communicating CSR strategies that resonate with stakeholder expectations. By focusing on psychological well-being and ethical practices, firms can reinforce their reputation as responsible and trustworthy organizations translating to the growth of the firm (Pfajfar et al., 2022).

Lastly, ensuring the long-term sustainability of the firms through CSR and clinical psychology will be a key driver to growing the firm. Thus, for CSR to contribute to long-term sustainability, it must go beyond surface-level initiatives and address core business practices. Firms that integrate CSR into their strategic planning, prioritizing both societal impact and organizational resilience, are better positioned for future challenges. This research investigates how embedding clinical psychology principles, such as fostering resilience and ethical decision-making in leadership, can ensure that CSR strategies remain sustainable and adaptable over time. Additionally, it highlights how CSR-focused psychological interventions can drive innovation and continuous improvement, aligning with long-term goals (Mu & Hussain, 2024).

Consequently, by examining these dimensions, the study provides a framework that enables firms to holistically optimize their CSR initiatives, ensuring they are not only socially and ethically responsible but also drivers of FP and growth.

3. RESEARCH METHODS

3.1. Research Design

The study adopts a quantitative research design to explore the intersection of CSR, FP, and clinical psychology. This approach allows for an objective analysis of numerical data to examine relationships, patterns, and trends. This design is supported by Cho et al. (2019) in the study on the relationship between CSR and FP.

3.2. Population and Sampling

The target population comprises employees and stakeholders in organizations that actively implement CSR initiatives and mental health programs guided by clinical psychology principles. The study population comprise of the 108 non-financial firms quoted in the Nigerian Exchange Group (NGX) as at December 2024. A purposive sampling technique is employed to select 85 respondents who have direct experience with CSR practices and mental health interventions in their organizations. This method ensures that participants are relevant to the research objectives.

3.3. Data Collection

The study data is collected through a structured questionnaires designed to measure respondents' perceptions of CSR initiatives, FP, and clinical psychology-related programs. The questionnaire contains 39 items grouped under four objectives. The responses are recorded on a 4 Likert scale ranging from 4 (Strongly Agree) to 1 (Strongly Disagree).

3.4. Data Analysis

The study employs statistical techniques to analyse the data collected. The Mean and standard deviation are calculated for each item to summarize respondents' perceptions. Psychological well-being is treated as a mediating variable to examine its impact on CSR initiatives and FP.

3.5. Decision Rule

The decision is states that reject Mean value of 2.50 below other accept.

3.6. Ethical Considerations

Informed consent is obtained from all respondents while, confidentiality and anonymity are ensured to protect participants' data. The research study aligns with ethical guidelines for psychological studies and corporate research.

4. RESULTS AND DISCUSSION

This section extra the questionnaire as presented by the various respondents. The study will be analysed using the mean and the standard deviation from the response score of the respondents as stated in the questionnaire which will be used to describe trends and relationships in table below:

Table 1. Questionnaire Items Answers

S/n	Items	SA	A	D	SD	Mean	Std. Dev.
CFP1	Objective 1: To explore the relationship between CSR initiatives and firm performance, with a focus on psychological well-being as a mediating factor						
1.	CSR initiatives in my organization focus on employee well-being.	21	48	11	5	3.00	0.78
2.	Psychological well-being is prioritized in my organization's CSR framework	19	51	9	6	2.98	0.78
3.	The organization's CSR strategies improve employee satisfaction	20	49	12	4	3.00	0.75
4.	Psychological factors are considered when designing CSR policies	13	07	44	21	2.14	0.96
5.	CSR programs positively influence organizational productivity	24	52	02	07	3.09	0.79
6.	Employees perceive CSR initiatives as beneficial to their mental health	21	43	10	11	2.87	0.93
7.	Psychological assessments are integrated into CSR evaluations	23	42	11	09	2.93	0.9
8.	Psychological well-being mediates the success of CSR programs	19	47	10	09	2.89	0.87
9.	CSR efforts enhance stakeholder trust and commitment to the organization	22	45	09	09	2.94	0.89
Cluster Mead and Std. Dev.						2.87	0.07
MHP1	Objective 2: To examine the impact of mental health programs, guided by clinical psychology principles, on employee productivity and organizational outcomes						
10.	My organization provides adequate mental health support programs	18	52	08	07	2.95	0.80
11.	Mental health resources are accessible to employees in my organization	21	51	07	06	3.02	0.78
12.	Mental health programs have improved employee performance in the organization	19	49	08	09	2.92	0.86
13.	Stress management interventions positively influence employee productivity	44	28	06	07	3.28	0.92
14.	Workplace counselling incorporates clinical psychology principles effectively	46	27	05	07	3.32	0.91
15.	Mental health programs reduce employee burnout in my organization	45	25	08	07	3.27	0.94
16.	Employees actively participate in available mental health programs	21	50	08	06	3.01	0.79

17.	Employees are satisfied with the mental health resources provided	19	52	07	07	2.98	0.80
18.	Productivity levels are assessed before and after mental health interventions	19	47	09	10	2.88	0.89
19.	Organizational outcomes have improved due to mental health programs	18	49	09	09	2.89	0.85
Cluster Mead and Std. Dev.						3.05	0.06
LIP1	Objective 3: To analyse the role of ethical leadership, influenced by clinical psychology, in shaping effective CSR policies						
20.	Leaders in my organization receive training on ethical decision-making	48	22	08	07	3.31	0.95
21.	Leadership mental health is considered in CSR policies	21	54	04	06	3.06	0.76
22.	Ethical leadership positively influences CSR strategies in my organization	18	51	09	07	2.94	0.80
23.	Leaders effectively promote CSR initiatives among employees	19	46	13	07	2.89	0.83
24.	Clinical psychology principles shape leadership behaviour in my organization	18	48	10	09	2.88	0.86
25.	Leaders handle ethical dilemmas related to CSR implementation effectively	20	44	10	11	2.86	0.92
26.	Leadership psychological well-being is prioritized in the organization	43	22	15	05	3.21	0.93
27.	Ethical leadership enhances the success of CSR programs	21	40	10	14	2.8	0.99
28.	Leaders are evaluated based on their ethical commitment to CSR practices	23	41	13	08	2.93	0.89
29.	Leadership well-being contributes significantly to organizational performance	27	42	09	07	3.05	0.87
Cluster Mead and Std. Dev.						2.99	0.07
CPST1	Objective 4: To assess the contribution of CSR-focused psychological interventions in building stakeholder trust and long-term corporate sustainability						
30.	My organization integrates psychological interventions into its CSR policies	39	28	10	08	3.15	0.96
31.	Psychological interventions in CSR enhance stakeholder trust	24	41	11	09	2.94	0.91
32.	Psychological interventions contribute to long-term corporate sustainability	43	26	06	10	3.20	1.00
33.	Stakeholders perceive CSR initiatives involving psychological support positively	21	42	12	10	2.87	0.92
34.	The impact of psychological interventions in CSR is regularly evaluated	20	41	12	12	2.81	0.95
35.	CSR psychological interventions are incorporated into external initiatives	19	44	10	12	2.82	0.94
36.	Stakeholders view psychological interventions as innovative CSR efforts	27	42	09	07	3.05	0.87
37.	Psychological interventions improve relationships with external stakeholders	45	20	12	08	3.20	1.00
38.	CSR psychological interventions align with the organization's sustainability goals	19	53	08	05	3.01	0.74

39.	CSR psychological support fosters long-term stakeholder loyalty	18	57	08	02	3.07	0.63
Cluster Mean and Std. Dev.						3.01	0.11

Keys: 4 = Strongly Agree (SA), 3 = Agree (A), 2 = Disagree (D), 1 = Strongly Disagree (SD).

Source: Researchers Compilation and computation (2025)

The study result is displayed in the above table 1 and is discussed in line with the four objectives stated in the study:

Objective 1: Exploring the Relationship between CSR Initiatives and Firm Performance

The results indicate that CSR initiatives focusing on employee well-being contribute to productivity and stakeholder trust, as evidenced by mean values ranging from 2.87 to 3.09. The low std. dev. of 0.75–0.96 suggest high consistency in participant responses, indicating a shared perception of these initiatives' benefits. For instance, CSR's focus on psychological well-being is moderately agreed upon with a mean value of 2.98, std. dev. value of 0.78). Again, the Cluster Mean value of 2.87 and Std. Dev. value of 0.07 indicates that CSR initiatives demonstrate a positive focus on psychological well-being and productivity. The findings of the study suggest that CSR strategies prioritize employee satisfaction and stakeholder trust. However, considerations of psychological factors in CSR design show relatively lower agreement. This suggests room for improvement in integrating psychological perspectives into CSR frameworks. This study aligns with previous research by Glavas (2016) which suggests that CSR programs emphasizing psychological well-being can mediate firm performance effectively. Similarly, Rupp and Mallory (2015) emphasize the role of CSR in enhancing employee satisfaction, echoing the findings that employees perceive CSR initiatives as beneficial to their mental health with mean value of 2.87–2.94. Furthermore, Aguinis and Glavas (2012) assert that CSR strategies tailored to individual psychological factors can significantly improve organizational outcomes. Thus, with the mean value of 2.14, the study underscores the need to prioritize psychological considerations in CSR frameworks to improve firm performance.

Objective 2: Examining the Impact of Mental Health Programs on Productivity and Organizational Outcomes

The study data analysis reveals that mental health programs guided by clinical psychology principles positively impact employee performance and productivity in a firm, with a mean score between 2.92 and 3.32. Also, the std. dev. values of 0.74–0.94 show variability in responses, particularly regarding stress management interventions with mean value of 3.28, and std. dev. of 0.92, reflecting diverse participant experiences. Thus, the cluster Mean of 3.05 and Std. Dev. of 0.06 shows that mental health programs guided by clinical psychology principles significantly enhance employee productivity and reduce burnout. Workplace counselling, stress management interventions, and accessibility of mental health resources consistently scored high. These findings underscore the importance of structured mental health programs in driving positive organizational outcomes. Thus, stress management interventions had strong support in the study, aligning with Amadi (2024) findings that stress reduction strategies improve workplace morale and productivity. Likewise, Gilbreath and Benson (2004) underscore the significance of accessible and adequate mental health resources in reducing employee burnout, consistent with participant perceptions in their mean: responses of 3.00. Furthermore, Wright and Cropanzano (2004) argue that mental health interventions focusing on employee well-being are essential for enhancing overall organizational outcomes, supporting the study's observations on improved performance due to mental health programs.

Objective 3: Analysing the Role of Ethical Leadership in Shaping Effective CSR Policies

The result of the study as indicated in the ethical leadership training and prioritization of psychological well-being among leaders, scored high mean values of 3.21 and 3.31 and std. dev. values of 0.76–0.95, indicating moderate variability in responses. Leadership psychological well-being scored favourably with a mean value of 3.21 and std. dev. of 0.93. In the same manner the cluster Mean of 2.99 and Std. Dev. of 0.07 indicates that ethical leadership plays a substantial role in promoting effective CSR policies. Leadership training on ethical decision-making and prioritization of psychological well-being yielded strong scores. Nonetheless, the result further showed that integration of clinical psychology principles into leadership behaviour and CSR strategy implementation could enhance firms' performance. This result is consistent with Treviño et al. (2003) emphasize the importance of ethical leadership in fostering organizational trust and

commitment, a sentiment echoed in the findings. Additionally, Brown et al., (2005) argue that ethical leaders effectively promote CSR strategies, despite challenges in implementation reflected by the lower means values of 2.86–2.94. Similarly, Mayer et al. (2012) assert that prioritizing leadership psychological well-being leads to enhanced decision-making and successful CSR outcomes, resonating with the results indicating leadership well-being contributes significantly to firms' performance.

Objective 4: Assessing the Contribution of CSR-Focused Psychological Interventions

The results in objective 4 highlight the importance of psychological interventions in CSR policies for building stakeholder trust and ensuring corporate sustainability, with mean scores ranging between 3.15 and 3.20, and Std. dev. score ranging from 0.63–1.00 indicate variability, particularly in evaluations of their impact on sustainability (mean: 3.20, std. dev.: 1.00). while the cluster Mean score of 3.01 and Std. Dev. of 0.11 indicates that psychological interventions in CSR policies improve stakeholder trust, loyalty, and long-term sustainability goals. This result reveals that firms that are leveraging on psychological support in their CSR strategies are perceived as innovative and sustainable. Nevertheless, the evaluation processes of psychological interventions appear slightly less emphasized, suggesting room for improvement in monitoring and assessing the firm's impact. Consequently, Carroll and Shabana (2010) argue that CSR initiatives integrating psychological support foster long-term stakeholder loyalty, aligning with findings showing enhanced relationships with external stakeholders as indicated with the mean value of 3.20). Likewise, Freeman and Dmytryiev (2017) emphasize that such interventions contribute to stakeholder trust and sustainability goals, echoing the study's observations. Additionally, Ashrafi, et al., (2020) suggests that CSR efforts incorporating psychological evaluations promote innovative and sustainable organizational practices, supporting stakeholder perceptions of the interventions' positive impact with a mean value of 2.87–2.94.

5. CONCLUSIONS

The intersection of CSR, firm performance, and clinical psychology principles reveals promising trends. CSR and mental health-focused programs guided by psychological insights will positively impact employee well-being, productivity, ethical leadership, stakeholder trust, and sustainability. However, there is potential for further alignment of CSR strategies with clinical psychology principles to optimize firm performance and stakeholder relations. As the results of this study emphasize the significant role played by CSR initiatives, mental health programs, ethical leadership, and psychological interventions in enhancing the firms' performances and stakeholder trust. Reemphasis that CSR initiatives focusing on employee well-being contribute positively to firm performance, although there remains a gap in fully integrating psychological factors into these initiatives. Mental health programs, when guided by clinical psychology principles, is demonstrated to have a substantial impact on reducing employee burnout and improving productivity, suggesting their critical importance in organizational frameworks. Ethical leadership also emerged as a key driver for effective CSR policies, but challenges in promoting CSR among employees and addressing ethical dilemmas persist. Lastly, CSR-focused psychological interventions are shown to strengthen stakeholder trust and align with sustainability goals, though their implementation and evaluation could be further refined.

The study recommends that firms prioritize psychological well-being when designing and implementing Corporate Social Responsibility (CSR) initiatives to fully harness their potential benefits. This can be achieved by conducting employee needs assessments and aligning CSR programs with psychological support mechanisms. To optimize employee participation, mental health resources should be made accessible, adequately funded, and tailored to the specific needs of employees, with regular feedback mechanisms in place to refine these programs for improved outcomes. Furthermore, firms are encouraged to invest in comprehensive ethical leadership training and establish clear frameworks for resolving ethical dilemmas in CSR implementation. Transparent communication of CSR goals can further enhance employee engagement. It is also essential for firms to regularly assess the impact of psychological interventions on stakeholder trust and sustainability objectives to inform better decision-making. Collaborating with clinical psychology experts can contribute to the development of innovative and effective CSR strategies. Lastly, aligning efforts across CSR initiatives, mental health programs, and leadership practices can foster a cohesive strategy that maximizes firm performance and stakeholder satisfaction. Embracing multidisciplinary approaches will also contribute to greater efficacy in achieving CSR-related goals.

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