Innovations

"The Profitability of Ethics: Examining the Role of CSR and Corporate Reputation in Financial Success"

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Abstract: *In exploring the association between corporate social responsibility (CSR), corporate reputation (CR), and corporate financial performance (CFP) in the commercial banking industry of developing economies. Using CB-SEM in SmartPLS 4, with a sample of 347 bank managers, the results further demonstrate significant positive path coefficients from CSR to CR (β = 0.782), CSR to CFP (β = 0.403), and CR to CFP (β = 0.431), supporting reputation as a mediator between CSR and CFP, and between the relationship with CFP. These results suggest that the impact of stakeholder trust and brand loyalty of CSR is more prevalent in high involvement firms (on employee-focused measures and customer and community-based CSR). This study supports the strong empirical facts that CSR is not a short-run compliance obligation but a long-term strategic investment in financial sustainability.*

Keywords: *Corporate Social Responsibility (CSR), Corporate Reputation (CR), Corporate Financial Performance (CFP), CB-SEM, SmartPLS, Banking Sector, Stakeholder Engagement, Sustainable Finance*

1. Introduction

Firms in the present time gradually admit the strategic importance of the Corporate Social Responsibility (CSR) and the Corporate Reputation (CR), as both act as the driving forces towards financial success (Pang & Yuan, 2019; Busch & Friede, 2018; Giannopoulos et al., 2024). Historically, a company's profit was associated with productivity, managing excessive costs, and market expansion (Beck et al., 2018). It is now acknowledged that ethical business, such as CSR, contributes to financial sustainability by cultivating trust and reputation, as well as stronger stakeholder linkages in society (Park, 2017; Alshammari, 2015).

CSR involves voluntary activities taken by companies beyond what is required by law, including ESG behaviours like ethical labour management, environmental conservation, and community involvement (Camilleri, 2017; Pang & Yuan, 2019). These practices enhance corporate image, enhance customer loyalty, brand value, investor confidence, and employee loyalty, and thus result in higher financial performance (Alshammari, 2015). Nevertheless, how CSR impacts CFP has been an increasingly debated topic (Pang & Yuan, 2019).

CR acts as a key mechanism in the CSR-CFP link (Bianchi et al., 2019; Nardella et al., 2020). The positive views of CSR held by stakeholders can lead to negative reputation, which increases the strength of customer relations, market expansion, and access to capital, thus increasing performance (Bianchi et al., 2019; Pucheta-Martínez et al., 2021). Nevertheless, high-reputation and low-reputation providers are exposed to reputational risks that can challenge the organization's financial soundness (Wang & Sarkis, 2022; Nardella et al., 2020). It is important to examine the influence of CSR on CR and CFP to enable a consideration of the strategic value of ethical behaviour (Freeman & Dmytriyev, 2020).

Although it is observed that CSR has brought with it some positive effects, little is known about how these impacts translate into other possible benefits, especially in sectors such as the banking sector (Batra et al., 2018). This gap is where this study could be positioned by examining CSR, CR, and CFP, on top of that, to the mediating effect of CR, between CSR and a firm's financial performance.

2. Review of Literature

2.1. Theoretical Framework

The stakeholder theory argues, instead, that business should be conducted with equal consideration of the interests of all concerned parties, such as employees, society, local businesses, and suppliers, in addition to profits, as a consideration for stakeholder interest fosters trust, cooperation, and enhanced performance (Agle et al., 2017). Engagement of stakeholders is critical for maintaining long-term financial success (Freeman and Dmytriyev, 2017). According to the slack resources theory, firms comprising excess resources are able to have motivation to engage in CSR activities as CSR can provide long-term benefits but requires short-term investment (Brammer et al., 2018; Lee et al., 2020). Financial liquidity provides opportunities for companies to increase CR and long-term performance (Brammer et al., 2018).

The resource-based view suggests that CSR activities contribute to the improvement of reputation and market differentiation and, as a consequence, to competitive advantage and long-term financial performance (Barney, 2018; Pérez-López et al., 2019). According to institutional/legitimacy theory, CSR can help firms to conform to social standards and be more legitimate, thereby obtaining competitive edges and better performance (Suchman, 2017). According to signaling theory, CSR helps to signal quality, trust, and values of a firm, thus mitigating information asymmetry and enhancing trust, CR, and CFP (Spence, 2020; Connelly et al., 2018). All of these theories lend their overall support to the strategic role of CSR for the enhancement of financial and reputational performance.

2.2. Empirical Review and Hypothesis Development

2.2.1. Effects of CSR on Corporate Financial Performance

CSR refers to activities that go beyond profit-maximization and take responsibility toward ethical and social issues, and it is widely acknowledged that CSR acts on a firm's financial performance (Voluntary Independent, 2002). The relationship between CSR and CFP is multi-layered; several dimensions of CSR influence profitability, competitive advantage, and sustainable development.

Environmental CSR aims to decrease environmental damage, for example, carbon emissions, and to use renewables. Research has found that the adoption of green initiatives results in sustained financial success in terms of consumer fidelity, innovation, and competitive advantage (Cheng et al., 2020). It cut costs, and sustainability-oriented investors would invest more (Brammer et al., 2019; Lee et al., 2020). Employee-oriented CSR, such as paying adequate wages and providing opportunities for career development, contributes to employee satisfaction, commitment, and productivity, thereby increasing CFP. Organizations that invest in the well-being of their employees report reduced turnover and enhanced productivity, which contributes to increased profitability (Colleoni, 2017; Hameed & Nasir, 2020).

Customer-oriented CSR induced by ethical behaviour and quality products builds trust, loyalty, and brand retention, which leads to competitive financial results and market position (Kim & Kim, 2019). By interacting with those they treat with respect, courtesy, and caring, health services also benefit from community CSR (charitable donations and social impact initiatives), increase reputation and improve stakeholder relations, reduce operational risk, and enhance financial performance. It generates financial success in the long term, increasing the positioning in the market (Garriga & Melé, 2020; Jansen & Rodríguez, 2020; Martínez et al., 2021). Such evidence can contribute to defining hypotheses concerning the CSR effects on financial performance at multiple levels.

H1: The financial advantages of CSR are larger in companies that have more CSR involvement.

H1a: Firms with higher environmental CSR are financially more profitable.

H1b: Higher employee CSR firms will have better financial performance.

H1c: Firms with stronger customer CSR are more financially successful.

H1d: More socially responsible firms in the community are more financially successful.

2.2.2. Effects of CSR on Corporate Reputation

CSR is the practice of operating a business in a manner that benefits society as well as the organization, and this has a great impact on CR since it shows the interest of a company in business ethics, sustainability, and the stakeholders' interests. The relationship between CSR and CR can be considered along several domains: environmental, employee, customer, and community CSR. Environmental CSR relates to environmentally friendly practices in which a company adopts to mitigate its effect on the environment in some way. It has been found that performing strong environmental CSR is associated with public environmental concern, so that competitive position and reputation are enhanced (Alvarado et al., 2018). Employee CSR, comprising proper wages, work-life balance, and career advancement, develops an appealing organizational culture and increases employee satisfaction. This further builds public trust and contributes to the company's good reputation, which is helpful in the process of attracting and retaining employees (Colleoni, 2017; Hameed & Nasir, 2020).

Moreover, customer-oriented CSR has become an effective tool for gaining an organizational advantage in the eyes of potential and existing consumers, as they are also looking for the impact of CSR when making purchase decisions, and tailor marketing in such a way that their products are perceived by consumers as high quality ones as well as is built upon trust, goodwill, and loyalty, achieving competitive advantages (Lee et al., 2020; Martínez-Conesa et al., 2020; Kim & Kim, 2019). Finally, CSR to the community, i.e., donations, voluntary service, and social initiatives, enhances companies' reputations as it complies with the ethical values of local stakeholders, improving their loyalty, engagement, and financial performance (Garriga & Melé, 2020; Jansen & Rodríguez, 2020; Martínez et al., 2021). Together, these CSR aspects build a company's competitive position and reputation. Based on the above discussion, the following hypotheses were proposed:

H2: CSR initiatives have a significant positive effect on corporate reputation.

H2a: CSR related to the environment has a positive and significant effect on CR

H2b: CSR as it relates to employees being significant and positive with CR

H2c: Customer-related CSR affects CR positively and significantly

H2d: CSR related to the community has a positive and significant effect on CR

2.2.3. Effects of Corporate Reputation on Corporate Financial Performance

CR is an intangible asset that has the potential to strongly affect a firm's CFP. Goodwill garners customer loyalty, shareholders, employees, and differentiation in the marketplace. This study explored the impact of CR on CFP along five dimensions: Products & Services, Vision & Leadership, Workplace, Citizenship, and Performance. High marks for products and services are key to a company's financial success. A strong brand ensures customer loyalty, sales momentum, and the ability to charge more. Research contends that a strong reputation of a product can drive profitability and increase market share (Davies et al., 2020; Carmeli et al., 2019; García-Sánchez et al., 2018).

Additionally, there is a correlation between ethical leadership and a well-defined strategic vision and superior financial performance. Visionary leaders of firms who are actively concerned about ethical decisions and open communications create trust, leading to better financial results (Harrison et al., 2019; El Akremi et al., 2018; Chen et al., 2020). Moreover, a healthy work culture leads to financial success. Ethical workplaces are associated with greater job satisfaction, productivity, lower costs of turnover, and help in attracting top talent (García-Sánchez et al., 2018; Harrison et al., 2019). Finally, corporate social responsibility, with its ethical conduct and social commitment, enhances corporate reputation and financial performance, which nurtures customer and investor loyalty (Deephouse & Suchman, 2020; García-Sánchez et al., 2020). From the theoretical and empirical reviews, the following hypotheses were formulated:

H3: Strong corporate reputation results in a statistically significant increase in financial performance

H3a: Uniqueness of products and services will significantly increase the CFP of the firms.

H3b: Firms have significantly higher returns when they have effective leadership.

H3c: Companies with good workplaces make a lucrative financial performance.

H3d: Companies that work for future generations have increased financial success.

H3e: Companies with longitudinal performance have substantial improvement in CFP.

2.3. Mediating Role of CR between CSR and FP

The mediating role of the reputation of the firm has also attracted increasing attention in the relationship between CSR (Lausanne et al., 2012) and CFP. That is, value management add value to a brand, this is, increase the reputation of the company, influence the fidelity of consumers, the confidence of investors, the satisfaction of employees, and all of them with a great effect on the CFP of a company (Alvarado et al., 2018; García-Sánchez et al., 2018).

Not many have directly supported that the economic return through CSR is usually due to a better CR (as a good reputation attracts stakeholders and improves the firm's position in the race) more than to the CSR (Alvarado et al., 2018; Martínez-Conesa et al., 2020; García-Sánchez et al., 2018). The mediating role of corporate reputation in the relationship between CSR and CFP is increased when CSR is more salient to stakeholders (Martínez-Conesa et al., 2020; Alvarado et al., 2018; García-Sánchez et al., 2018). According to what was uncovered in the previous theoretical and observational reviews of the literature, a hypothesis was proposed to account for the data:

H4: Corporate reputation mediates the relationship between CSR and financial performance.

3. Methodology of the Study

Under a positivist epistemological stance and an explanatory research design, the research examined how CSR affects CR and CFP. Data were collected through a 7-point Likert-type questionnaire, which measured the CSR (environment, employee, customer, and community), CR (products and services, vision and leadership, workplace, citizenship, and performance), and performance dimensions [return on assets (ROA) and return on equity (ROE)]. The research covered Sidama Regional State and incorporated 17 commercial banks and 184 branches, and ended up with 368 questionnaires, constituting a response rate of 95.11%. Statistical analyses were performed using SPSS v30 and SmartPLS 4.1.0.9 with the method of CB-SEM. Validity of the sample size for factor analysis was checked using Kaise-Meyer-Olkin (KMO) measurement of sampling adequacy (0.927) and Bartlett's Test (p= 0.000). Convergent (AVE > 0.50) and discriminant validity (Fornell & Larcker, 1981; Byrne, 2013) were verified using validity checks. The final model presented a very good fit, as indicated by the RMSEA (0.057), SRMR (0.033), CFI (0.979), TLI (0.971), GFI (0.959), AGFI (0.934), and NFI (0.961), which exceeded the recommended threshold for a good model fit. The indices demonstrated that the model approximated the data structure well, thereby showing that the measurement model is stable, as indicated by SmartPLS results.

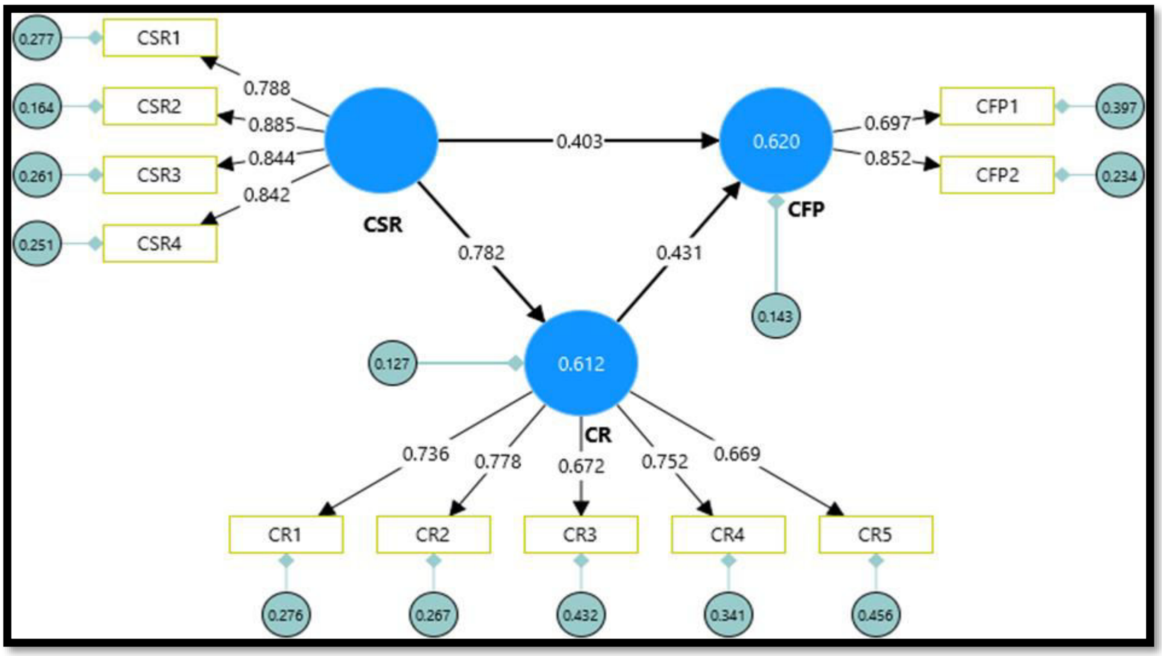

Fig 2: CB – SEM Smart PLS4.1.0.9/ 2025

The structural model, comprising 11 items across three variables, shows that CSR explains 61.2% of the variance in CR, while CR explains 62.0% of the variance in CFP. These R^2 values indicate strong explanatory power, aligning with acceptable levels of model fit (Saunders et al., 2019).

4. Hypothesis Testing and Discussion:

Four hypotheses are tested in this study by employing an empirical model: H1 (CSR → CFP), H2 (CSR → CFP), H3 (CSR → CR), and H4 (CR as a mediator between CSR and CFP). By applying bootstrap and factor-loading measures, the study utilizes up-to-date mediation analysis methods (Hayes, 2018; Zhao et al., 2021), and the results are presented in Table 1.

Table 1: Hypothesis Testing

Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
CR -> CFP	0.431	0.426	0.104	4.130	0.000
CSR -> CFP	0.403	0.407	0.099	4.079	0.000
CSR -> CR	0.782	0.782	0.033	23.449	0.000

Source: CB-SEM Smart PLS 4.1.0.9/2025

H1: The financial advantages of CSR are larger in companies that have more CSR involvement.

The link between CSR and CFP was examined by bootstrapping, and the path coefficient of 0.403 was significant (t value=4.079; p = 0.000), which supports H1. This indicates that CSR contributes to better financial results. Stakeholder theory (Freeman, 1984) and Social exchange theory (Blau, 1964) account for it, and empirical research conducted by Aguinis and Glavas (2019), Lee et al. (2018), and Gao and Zhang (2020) support CSR's positive impact on financial performance.

As a first sub-hypothesis, environmentally related CSR (CSR1) has a loading of 0.788, which is significant at a t-value of 25.006 and a p-value of 0.000, which supports H1a, suggesting that intense environmental CSR activities are positively associated with financial performance. Triple Bottom Line theory (Elkington, 1997) advocates the equal emphasis on environmental, social, and economic outcomes. Environmental CSR through cuts in carbon footprints, appeals to eco-friendly consumers, and enhances cost-effective measures. According to legitimacy theory (Suchman, 1995), it is argued that it improves legitimacy. Works by Gimenez and Sierra (2018), Hart and Dowell (2019), Cheng et al. (2020), and Goyal and Rahman (2020) corroborate this connection.

The factor loading for employee-related CSR (CSR2)as the second sub-hypothesis is 0.885 with a t-value of 46.949 and p = 0.000, demonstrating a strong association with financial performance. Social exchange theory (Blau, 1964) argues that investments in employees (e.g., superior working conditions and career advancement opportunities) will enhance both satisfaction and productivity. The resource-based view (Barney, 1991) focuses on how CSR increases human capital to gain a competitive advantage. Ng and Burke (2021), McWilliams and Siegel (2018), and Yoon and Chung (2019) have also shown that people-oriented CSR increases engagement, satisfaction, and retention with a positive impact on financial performance.

The third sub-hypothesis (consumer-related CSR (CSR3)) factor loadingis 0.844 (t=40.569 and p = 0.000), classic relationship with CFP, supporting H1c. According to stakeholder theory (Freeman, 1984), CSR activities aimed at customers (e.g., ethical products and transparency) will enhance relationships,

positively influencing satisfaction, trust, and loyalty, and ultimately financial outcomes in the long run. This point is also supported by expectancy theory (Vroom, 1964), which notes the importance of meeting and exceeding customer expectations for repeat business. Studies by Harrison et al. (2018) and Luo and Bhattacharya (2019) explicitly confirm that CSR focused on the customer increases trust, loyalty, and ROA.
Finally, theloading factor (0.842) of CSR4 community-related CSR connected with t-statistics 42.267 with a p-value of 0.000, showing a highly significant relationship with financial performance, which supports H1d. Legitimacy theory (Suchman, 1995) argues that community CSR develops legitimacy, and in social exchange theory (Blau, 1964), it talks about building goodwill. Evidence from Baron (2018), Brammer and Millington (2019), and Garriga and Melé (2020) has asserted that community CSR delivers either reputation enhancement, customer loyalty, risk reduction, or higher profitability, which underpin CSR's favourable financial performance.

H2: CSR initiatives have a significant positive effect on corporate reputation.
The examination unveils a positive relationship between CSR strategies and CR, which is also significant, having a path coefficient of 0.782 and a t-statistic of 23.449, thereby supporting H2. Stakeholder theory (Freeman, 1984) argues that CSR helps to develop stakeholder relationships, trust, and loyalty. CSR as enhancing stakeholder attitude and public image. As per legitimacy theory (Suchman, 1995), CSR helps to obtain societal legitimacy. Baron (2018), Harrison et al. (2019), and Garriga and Melé (2020) corroborate the positive effect of CSR on brand perception, trust, and loyalty.
As depicted with the first sub-hypothesis**,** the direct relationship between environmental CSR (CSR1) and CR is strong (loading factor =0.788; t 25.006; p = 0.000). Environmental corporate social responsibilities, such as sustainable activities and carbon reduction, contribute positively to corporate reputation. The triple bottom line theory (Elkington, 1997) and legitimacy theory (Suchman, 1995) both propose that environmentally responsible behaviours of organisations lead them towards alignment with societal expectations, which enables them to build their legitimacy. Environmental CSR's positive effect on reputation is also supported by Gimenez and Sierra (2018), Hart and Dowell (2019), or Goyal and Rahman (2020).
The factor loading for employee-related CSR (CSR2) is 0.885, and the t-statistic is 46.949 with a p-value of 0.000, which shows a positive and significant association with corporate reputation. CSR initiatives, such as better working conditions and career development, generate loyalty and job satisfaction, which positively influence reputation, according to social exchange theory (Blau, 1964). Human capital and competitive advantage are emphasized in the resource-based view (Barney, 1991) with respect to CSR. Ng and Burke (2021), Briscoe and Gupta (2020), and McWilliams and Siegel (2018) find that employee-focused CSR leads

to an increased organizational commitment and a better reputation, which supports H2b.

According to the third sub-hypothesis,CSR3 is found to be significantly related to CR with a factor loading of 0.844, t-value 40.569, and p-value 0.000. CSR in relation to customers, such as ethical marketing, product safety, and transparency, builds trust and reputation. According to stakeholder theory (Freeman 1984) and expectancy theory (Vroom 1964), reinvesting in customer capital reduces the trust and loyalty of the customers. Studies by Harrison et al. (2019) and Homburg and Kuehnl (2018) document the positive impact of customer-focused CSR on loyalty, satisfaction, and reputation, respectively; thus, H2c is further established.

As per the fourth sub-hypothesis**,** the link between community-related CSR (CSR4) and CR is significant with a factor loading of 0.842 (t-statistic of 42.267 and p-value of 0.000). Legitimacy theory (Suchman, 1995) posits that community CSR (e.g., philanthropy and support) can establish legitimacy and enhance reputation. Positive Adherence to our local stakeholders is highlighted (Blau, 1964). Community CSR enhances customer loyalty, brand equity, and social capital. Studies conducted by Baron (2018) and Brammer and Millington (2019) support H2d that community CSR enhances reputation.

H3: Strong corporate reputation results in a statistically significant increase in CFP.

A path coefficient of 0.431 and a t-statistic of 4.130 with a p-value of 0.000 confirm the association between CR and CFP, showing a positive and significant effect. A good reputation builds trust and loyalty, customer retention, brand value, corporate image, and image of a company, and attracts capital that results in better financial performance. Thereby, they are supported by Legitimacy Theory (Suchman 1995) and stakeholder theory (Freeman 1984). Beyond these foundational insights, research by Aguinis and Glavas (2012, 2019), Harrison et al. (2019), Baron (2018), Lee et al. (2018), and Luo and Bhattacharya (2020) extends the relationship between CSR, reputation, and financial performance and supports H3.

The factor loading of CSR1 (unique product and service) is 0.736 with a t-statistic of 22.016 and p = 0.000,meaning that unique products and services have a strong relationship with financial performance. Proprietary products create customer stickiness, higher prices, and market separation, which ultimately benefit the bottom line. According to the resource-based view (Barney, 1991), introducing innovative new products is a competitive advantage. Grewal and Levy (2019), Aguinis and Glavas (2019), Homburg and Kuehnl (2018), Luo and Bhattacharya (2020), and Ng and Burke (2021) studies attest that product differentiation enhances profit, brand image, demand, and market capitalization as hypothesized H3a.

The factor loading of CSR2 (effective leadership) is 0.778, with t=27.424 and p=0.000, showing a highly positive relationship of leadership with the financial performance. Powerful leadership that shapes company culture, decision-making processes, and employee engagement for positive financial results. Transformational leadership theory (Bass, 1985) posits that inspirational leadership boosts performance, whereas ethical leadership helps foster reputation and stakeholder confidence. Research from Yang and Lin (2021), Pereira and Rodrigues (2020), Harrison et al. (2019), and Luo and Bhattacharya (2020) verifies that leadership in CSR activities contributes to employee satisfaction, image, and financial performance, respectively, thus H3b is supported.

As the third sub-hypothesis, the factor loading for CSR3 (attractive workplaces) is 0.672, t= 18.795, and p=0.000, implying that it has a strong relationship with financial performance. Organizations that provide a positive working environment, which include promoting health programs and career advancement, enhance satisfaction, retention, and productivity. Social exchange theory (Blau, 1964) substantiates these relationships as it states that by investing in the workforce, an organization will stimulate loyalty and commitment, ultimately driving financial results. Ng and Burke (2021), Briscoe and Gupta (2020), and Yoon and Chung (2019) find evidence that an attractive workplace increases employees' engagement, decreases staff turnover, and raises productivity, which provides support for H3c.

As per the fourth sub-hypothesis, the factor loading for CSR4 (working for future generations) is 0.752, t=26.068, and p=0.000, which positively impacts the financial performance. Companies solving for sustainability, reducing their footprint, and managing social responsibility are really in a better place to win in the long run. Triple Bottom Line theory (Elkington, 1997) depends on environmental, social, and economic effects. The studies by Hart and Dowell (2019), Garriga and Melé (2020), and Cheng et al. (2020) also provide evidence that sustainability-driven companies outperform their competitors, create stakeholders' loyalty, and have more valued financial dimensions. H3d is also confirmed.

Finally, as indicated by its factor loading of 0.669, t=16.023 and p=0.000, CSR5 (continuous performance) is strongly associated with financial success. Firms that are oriented toward innovation, efficiency, and strategic adaptability achieve sustainable competitive advantages, with superior financial results to boot, as prescribed by the resource-based approach (Barney, 1991). Wu and Wang (2021), Orlitzky (2018), and Pereira and Rodrigues (2020) studies also conclude that continuous improvement contributes to profit generation, company adaptation to market changes, and long-term success. These results provide support for H3e on the importance of continuous improvement for financial performance.

H4: Corporate reputation mediates the relationship between CSR and CFP.

The fourth hypothesis posits the mediating role of CR between CSR and CFP. The following table presents the bootstrapping outcome of this relationship.

Table 2: Mediation Analysis

Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
CSR -> CR -> CFP	0.337	0.334	0.085	3.989	0.000

Source: CB-SEM Smart PLS 4.1.0.9/2025

The bootstrapping analysis reveals that the indirect effect of CSR -> CR -> CFP is significant (b = 0.337, t = 3.989, P = 0.000), which means CSR positively affects CR, influencing CFP through the CR. In line with mediation theory (Baron & Kenny, 1986), reputation mediates the CSR-CFP association. CSR generates trust and loyalty from stakeholders and enhances the company's reputation and financial performance (Social Exchange Theory: Blau, 1964). As explained by legitimacy theory (Suchman, 1995), the practice of CSR can be gained, leading to better reputation and financial performance. Following the findings of the work by Fombrun and van Riel (2018) and, for example, the evidence of Harrison, Bosse, and Phillips (2019) of the (empirical) mediating role of reputation, we hypothesize that H4 is also upheld.

5. Conclusion

The purpose of this research is to study how corporate Social Responsibility (CSR) is correlated with Corporate Financial Performance (CFP). This paper discussed the way corporate reputation (CR) plays a mediating role. The evidence indicates that CSR activities, regardless of whether they are environmentally friendly, employee-oriented, customer-focused, or community-related, have a positive effect on corporate reputation, which mediates the relationship between CSR and financial performance. Corporate reputation facilitates trust, loyalty, and stakeholder relationships, which can lead to increased customer retention, brand value, and ease of access to capital and, accordingly, financial performance. The study is consistent with Stakeholder Theory, Social Exchange Theory, Legitimacy Theory, and Mediation Theory, providing evidence that CSR affects reputation and financial results. Finally, the research emphasises CSR as a strategic instrument to promote financial results through corporate reputation. Companies need to focus on CSR activities because a great reputation is necessary for long-term financial well-being.

6. Theoretical and Practical Implications

The results of this study contribute to the emerging literature on the interrelationship between CSR, CR, and CFP. It extends Mediation Theory (Baron and Kenny 1986) by showing that Corporate Reputation is a mediator of CSR effects with financial performance. The research integrates Stakeholder Theory (Freeman, 1984), exchange OA, and the adaptation of Legitimacy Theory (Suchman, 1995), exploring CSR as an element that impacts not only the financial results but also the reputation capital of a company, endowing the organization with competitive advantages and improving performance. It advances the literature by demonstrating that there is an indirect positive relationship between CSRs and financial performance through corporate reputation, which indicates CSR is a strategic tool for sustainable financial performance. In a practical side, managers would bring a priority to the CSR in regards to the sustainability, the employees' welfare, the consumers' esteem, and the society's consideration, all enlighten by the belief in a general reputation, a loyalty, a confidence (Wartick & Cochran, 1985), and an access to the capital. Regular quantification of corporate reputation is necessary to optimize the financial results of CSR and to ensure sustainable growth.

7. Limitations of the Study

This study has several limitations. One, as a cross-sectional study, there is a limitation in providing causal implications, which suggests a future need for a longitudinal study. Second, the results are specific to the context, and generalizability to other industries or locations might be restricted. Third, given that the data were company-reported, self-report biases like desirability issues may arise, and some more objective or third-party measures for future studies can be used. Fourth, this research used some dimensions of CSR (environmental, employee, customer, and community) and not others (eg, governance, ethics) that might have provided a broader examination. Finally, the sample was adequate for analysis, but a larger, more representative sample would increase the strength and breadth of the findings.

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