



The impact of corporate social responsibility (CSR) on corporate reputation and organizational performance in Nigerian banks

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Abstract

Purpose: The study examines the effect of corporate social responsibility (CSR) on corporate reputation and organizational performance in Nigerian banks. Specifically, it investigated the direct impact of CSR on organizational performance, the influence of CSR on corporate reputation, the mediating role of corporate reputation, and the effect of CSR on non-financial performance indicators such as customer loyalty and employee satisfaction. The aim was to provide insights for enhancing bank performance while promoting societal and stakeholder value.

Methodology/Design: A quantitative research design was employed, using a structured questionnaire administered to 340 employees of selected Nigerian banks. Data were analyzed using Structural Equation Modeling (SEM) with SmartPLS. Reliability and validity were confirmed through Cronbach's alpha, composite reliability, average variance extracted, and expert review.

Findings: The results revealed that CSR positively and significantly influences corporate reputation ($\beta = 0.64, p < 0.001$) and organizational performance ($\beta = 0.42, p < 0.001$). Corporate reputation partially mediates the CSR–organizational performance relationship ($\beta = 0.27, p < 0.001$), while CSR also significantly improves non-financial performance ($\beta = 0.46, p < 0.001$).

Implications: Nigerian banks should integrate CSR into core business strategies, engage stakeholders effectively, and focus on social, environmental, and ethical initiatives to enhance both financial and non-financial outcomes.

Originality/Value: The study contributes to the literature by empirically validating Stakeholder Theory, Resource-Based View, Legitimacy Theory, and Triple Bottom Line Theory in the context of the Nigerian banking sector, providing practical guidance for sustainable and socially responsible banking practices.

Keywords: Corporate social responsibility, corporate reputation, organizational performance, non-financial performance, Nigerian banks, stakeholder theory

Introduction

Corporate Social Responsibility (CSR) refers to how businesses take responsibility for their effects on society and the environment while still pursuing profit. Over time, CSR has moved from being something companies did to look good, to a strategic part of their operations. In the banking industry worldwide, CSR has gained attention because banks interact with many groups of people like customers, employees, regulators, and communities (Agbeyinka, 2025) ^[1]. In Nigeria, the banking sector plays a key role in economic growth and social development. Nigerian banks now engage in CSR activities such as supporting education, healthcare, environmental protection, and community development projects. These actions are meant not only to help society, but also to improve how the public sees the bank and how well the bank performs financially and non-financially. Studies have found that CSR can boost a bank's profitability and long-term business value by building trust and goodwill among stakeholders. For example, research shows that CSR tended to increase net profit margins for Nigerian banks that actively engage in social initiatives (Agbeyinka, 2025; Akpa & Odo, 2024) ^[1, 2]. Other studies link CSR with positive financial outcomes like return on equity, especially when aligned with a bank's strategic goals (Yakadi, 2022) ^[29]. These findings suggest that CSR in Nigerian banks is not just a charitable activity but a business practice that may influence both reputation and performance.

Notwithstanding the growing adoption of CSR practices in Nigeria's banking industry, the way they affect two key

areas such as corporate reputation and organizational performance remains mixed in the literature. Reputation refers to how the public views a bank's trustworthiness, reliability, and values. A bank with a strong reputation is more likely to attract customers, investors, and high quality employees. Organizational performance covers financial outcomes like profitability and non-financial outcomes such as customer loyalty and employee satisfaction. Some studies show that CSR enhances financial performance of Nigerian banks by improving profitability ratios (Agbeyinka, 2025; Akpa & Odo, 2024) ^[1, 2], while others suggest that CSR may not significantly affect certain performance measures, especially non-financial ones like customer retention (IAR Journal of Business Management, 2020). Understanding how CSR affects reputation and performance in Nigerian banks will help bridge gaps in existing research and guide bank strategies in a highly competitive sector.

Problem Statement

Although many Nigerian banks have adopted CSR practices, it is not clear how these activities influence corporate reputation and overall performance. Some research has found a positive impact of CSR on profitability indicators such as net profit margin and return on equity in Nigerian banks (Agbeyinka, 2025; Akpa & Odo, 2024) ^[1, 2]. However, other studies indicate that CSR may not significantly affect non-financial aspects like customer retention or other performance measures. The mixed evidence creates uncertainty for bank managers about the real benefits of investing in CSR activities. In addition,

much of the past research has focused on financial performance alone, leaving the link between CSR and corporate reputation under-explored. Corporate reputation is important because it shapes stakeholders' trust and long-term relationships with the bank. Without a clear understanding of these relationships, banks may under-invest or misallocate resources toward CSR efforts that do not generate the intended benefits. This gap is especially significant in Nigeria where economic and social challenges make CSR both necessary and potentially costly for financial institutions.

Significance of the Study

The study will help fill the gap in knowledge about how CSR affects both corporate reputation and organizational performance in Nigerian banks. First, it will provide evidence that managers can use to decide whether CSR investments improve how the public perceives their banks. A better reputation can support stronger customer loyalty, improve brand image, and attract investors, which are crucial for growth in a competitive industry.

Second, the study will show whether CSR leads to measurable improvements in organizational performance. This can help banks understand if CSR is just a cost or a strategic asset that contributes to financial success. The findings can inform policy on whether CSR should form part of official regulations or guidelines for banks in Nigeria.

Finally, the research will add to the academic literature on CSR in developing economies, offering insights that future students and researchers can build upon.

Literature Review

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to the strategies and practices through which organizations take responsibility for their impact on society, the environment, and stakeholders while pursuing business objectives. CSR activities include community development projects, environmental sustainability initiatives, ethical business practices, and employee welfare programs. Research indicates that CSR is no longer just a voluntary or charitable activity; it has become a strategic tool for enhancing corporate image, stakeholder trust, and long-term value creation (Agbeyinka, 2025; Akpa & Odo, 2024) ^[1, 2]. Firms that effectively integrate CSR into their operations are better positioned to foster loyalty among customers and employees and maintain a competitive advantage in their industry.

Corporate Reputation

Corporate reputation reflects how stakeholders perceive an organization's credibility, reliability, and ethical standards. It is a valuable intangible asset that influences customer decisions, investor confidence, and employee satisfaction. Studies suggest that CSR initiatives play a crucial role in building and sustaining corporate reputation because they signal a company's commitment to social and ethical responsibilities (Yakadi, 2022) ^[29]. A strong reputation not only attracts business opportunities but also provides resilience during crises, helping organizations maintain stakeholder trust and long-term sustainability.

Organizational Performance

Organizational performance measures how effectively a company achieves its goals and objectives, encompassing

both financial and non-financial outcomes. Financial performance typically includes profitability, return on equity, and revenue growth, while non-financial performance covers customer satisfaction, employee engagement, and market reputation. Evidence shows that CSR initiatives can enhance organizational performance by creating intangible assets such as brand loyalty, employee motivation, and stakeholder goodwill, which collectively contribute to both short-term results and long-term sustainability (Akpa & Odo, 2024; Corporate Social Responsibility and Organizational Performance, 2019) ^[2, 9].

Nigerian Banks

Nigerian banks are pivotal to the country's economic development and social welfare. In recent years, they have increasingly embraced CSR to support community development, education, healthcare, and environmental sustainability. The competitive banking sector in Nigeria makes it essential for banks to not only focus on profitability but also cultivate a positive public image and strong stakeholder relationships. Empirical studies indicate that Nigerian banks that strategically implement CSR initiatives tend to enjoy improved corporate reputation and better overall performance, suggesting that CSR is both a social responsibility and a business strategy (Agbeyinka, 2025; Yakadi, 2022) ^[1, 29].

Theoretical Foundation and Hypothesis Development

Corporate Social Responsibility (CSR) has become a key strategy for organizations seeking to strengthen their reputation and improve overall performance. When banks effectively implement CSR initiatives such as community development projects, environmental programs, and employee welfare schemes they can enhance trust, loyalty, and engagement among stakeholders (Agbeyinka, 2025; Akpa & Odo, 2024) ^[1, 2]. CSR activities create value not only for society but also for the banks themselves by shaping perceptions, increasing goodwill, and fostering stronger relationships with customers, employees, and regulators. According to Yakadi (2022) ^[29], CSR initiatives can positively influence both financial and non-financial performance measures, including profitability, customer satisfaction, and employee motivation.

To understand the mechanisms through which CSR impacts performance, it is important to examine how CSR practices interact with organizational resources, stakeholder expectations, and societal norms (Barney, 1991; Freeman, 1984) ^[6, 14]. For example, knowing which CSR programs resonate most with local communities or effectively engage employees can help banks improve reputation, attract loyal customers, and achieve sustainable performance. Theories such as Stakeholder Theory, Resource-Based View (RBV), Legitimacy Theory, and the Triple Bottom Line (TBL) provide useful frameworks for explaining these relationships. Stakeholder Theory emphasizes that organizations must address the interests of all stakeholders to gain trust and support (Freeman, 1984) ^[14]. RBV suggests that CSR activities can be valuable intangible resources, such as brand reputation and employee commitment, which help banks achieve a competitive advantage (Barney, 1991) ^[6]. Legitimacy Theory posits that organizations gain social approval by aligning their operations with societal norms, making CSR an important tool for building public trust (Suchman, 1995) ^[28]. Finally, the TBL approach highlights

that CSR contributes not only to financial outcomes but also to social and environmental performance, providing a holistic perspective on organizational success (Elkington, 1997) [11]. Building on these theoretical foundations and previous empirical findings, the study proposes the following hypotheses:

H1: There is a positive relationship between CSR practices and the corporate reputation of Nigerian banks.

H2: CSR practices have a significant positive effect on the financial performance of Nigerian banks.

H3: Corporate reputation mediates the relationship between CSR practices and organizational performance in Nigerian banks.

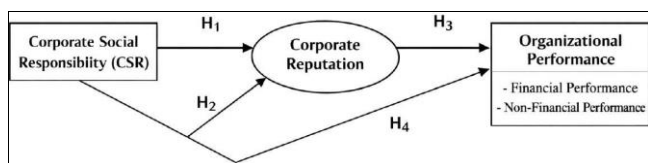
H4: The implementation of CSR activities positively influences non-financial performance indicators, such as customer loyalty and employee satisfaction, in Nigerian banks.

Conceptual Framework

The conceptual framework illustrates how Corporate Social Responsibility (CSR) influences both corporate reputation and organizational performance in Nigerian banks. CSR, represented as the independent variable, includes initiatives such as community development, employee welfare, and environmental sustainability. Corporate reputation serves as a mediating variable, reflecting stakeholders’ perceptions of trustworthiness, ethical conduct, and reliability. Organizational performance, the dependent variable, is measured in terms of both financial outcomes (e.g., profitability) and non-financial outcomes (e.g., customer loyalty, employee satisfaction).

The framework highlights four key relationships corresponding to the study’s hypotheses. H1 represents the direct effect of CSR on corporate reputation, suggesting that socially responsible activities enhance public perception. H2 depicts the direct influence of CSR on organizational performance, indicating that CSR can contribute to better financial and non-financial results. H3 shows the mediating role of corporate reputation between CSR and performance, implying that reputation strengthens the impact of CSR on performance. Finally, H4 captures the effect of CSR on non-financial aspects of performance, emphasizing outcomes such as employee motivation and customer loyalty.

The framework demonstrates that CSR is not only a tool for fulfilling social obligations but also a strategic mechanism to improve reputation and overall performance, supporting long-term sustainability and competitive advantage for Nigerian banks. Figure 1 presents the construct



Source: Author’s Construct, 2026

Fig 1: Conceptual framework illustrating the relationship between key variables of the study

Empirical Review

Lagasio (2021) [20] conducted a quantitative study involving 150 manufacturing firms in Chile to examine the impact of corporate social responsibility on eco-innovation and firm performance. Data were collected through structured

questionnaires targeting managers responsible for CSR and innovation, and the relationships were tested using probit and Tobit regression models. The study found that firms with strong CSR practices were more likely to invest in eco-innovation, which in turn improved both financial performance and sustainable business outcomes. The findings suggest that CSR acts as a strategic driver of innovation and long-term organizational performance.

Also, Ferraro (2024) [13] carried out a content analysis of voluntary sustainability reports from 100 cooperative banks in Italy over a five-year period. The study assessed the quality and comprehensiveness of CSR disclosures and their association with non-financial performance indicators such as stakeholder engagement and reputation. The results showed that banks with higher-quality CSR reporting were perceived more positively by stakeholders, reinforcing their corporate reputation. Although direct financial performance was not the primary focus, the study highlighted that transparent CSR communication strengthens trust and can indirectly support organizational success.

Additionally, Awuah, Amoako, and Yeboah (2021) [4, 5] employed a mixed-methods approach in Ghana, surveying 200 employees and interviewing 20 management staff across selected banks to explore the relationship between CSR awareness, firm commitment, and organizational performance. Quantitative data were analyzed using correlation and regression techniques, while thematic analysis was applied to qualitative responses. The study revealed that higher levels of CSR awareness and firm commitment were associated with improved organizational performance, including enhanced customer satisfaction and employee engagement. This evidence underscores that CSR initiatives contribute to both internal and external performance outcomes in Ghanaian banks.

Methodology

Research Design

The study adopted a quantitative research design to examine the impact of Corporate Social Responsibility (CSR) on corporate reputation and organizational performance in Nigerian banks. A quantitative approach was considered appropriate because it allowed for systematic measurement of variables and the testing of relationships through statistical analysis (Creswell & Creswell, 2018) [10]. A cross-sectional survey design was employed, enabling the collection of data at a single point in time from employees and managers who could provide insights into CSR practices and organizational outcomes.

Research Philosophy

The study was guided by a positivist philosophy, which assumes that social phenomena can be observed and measured objectively (Saunders *et al.*, 2019) [26]. This approach supported the use of structured questionnaires and quantitative techniques, treating CSR, corporate reputation, and organizational performance as measurable constructs that could be statistically analyzed.

Study Population

The population of the study consisted of employees and managers from selected Nigerian banks. The participants included staff directly involved in CSR activities and those familiar with organizational performance metrics. The total population was approximately 1,200 individuals across the selected institutions.

Sampling Technique and Sample Size

A stratified random sampling technique was employed to ensure that participants from different job levels, departments, and managerial categories were adequately represented. This approach reduced bias and ensured that both operational staff and management perspectives were captured in the study. The sample size was determined using Krejcie and Morgan's (1970) ^[19] formula for finite populations. For a total population of 1,200 employees and managers across the selected Nigerian banks, the recommended sample size was 291 respondents. To accommodate potential non-response and incomplete questionnaires, the study increased the sample to 340 respondents, which provided sufficient statistical power for reliable analysis.

Data Collection Instrument

Data were collected through a structured questionnaire with closed-ended Likert-scale items. The questionnaire included sections on CSR practices, corporate reputation, and organizational performance, rated on a 5-point scale from "strongly disagree" to "strongly agree." The instrument was chosen because it allowed for efficient collection of standardized data from a large sample, facilitating statistical analysis (Creswell & Creswell, 2018) ^[10].

Reliability and Validity

The reliability of the questionnaire was first assessed using Cronbach's alpha, with values above 0.70 considered acceptable for internal consistency (Hair *et al.*, 2019) ^[15]. During Structural Equation Modeling (SEM) analysis with SmartPLS, Composite Reliability (CR) was calculated to confirm consistency, while Average Variance Extracted (AVE) was used to assess convergent validity. Thresholds of $CR > 0.70$ and $AVE > 0.50$ indicated satisfactory measurement quality.

Content validity was ensured by adapting items from previous studies and having experts review the questionnaire for clarity, relevance, and alignment with the study objectives (Creswell & Creswell, 2018) ^[10]. These procedures confirmed that the instrument was reliable and valid for testing the hypothesized relationships between CSR, corporate reputation, and organizational performance in Nigerian banks.

Data Analysis

The study employed a quantitative research design, using a structured questionnaire administered to 340 employees of selected Nigerian banks. Collected data were coded and analyzed using SmartPLS software, following a structural equation modeling (SEM) approach. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were first computed to summarize the demographic characteristics of respondents and their responses.

Inferential analysis involved testing the hypothesized relationships using SEM, which allowed simultaneous assessment of multiple dependent and independent variables, as well as mediating and moderating effects. Reliability and validity of the measurement instruments were confirmed through Cronbach's alpha, composite reliability, average variance extracted (AVE), and expert review to ensure measurement rigor (Hair *et al.*, 2019) ^[15]. Additionally, mediation analysis was conducted to examine

the role of corporate reputation in the relationship between corporate social responsibility and organizational performance. Throughout the data analysis process, ethical standards were strictly observed. Participants provided informed consent and were made aware that their participation was voluntary. Confidentiality and anonymity were maintained, and the data were used solely for academic purposes. Individual responses were not disclosed to third parties. The study followed established ethical guidelines for human-subject research, as recommended by Creswell and Creswell (2018) ^[10].

Results

This section presents the demographic profile of the respondents who participated in the study. Understanding the background characteristics of respondents is important because it provides context for interpreting perceptions of Corporate Social Responsibility (CSR), corporate reputation, and organizational performance. A total of 340 valid questionnaires were analyzed, representing employees and managers from selected Nigerian banks.

Regarding gender distribution, the respondents were fairly balanced, with a slightly higher proportion of male participants than female participants. This reflects the general staffing pattern within the Nigerian banking sector, where male employees still slightly dominate senior and operational roles. Similar gender trends have been reported in banking-related CSR studies in Ghana, where male participation exceeded female participation due to workforce structure (Mensah & Tawiah, 2024) ^[22].

In terms of age, most respondents fell within the economically active age group of 25 to 45 years. This indicates that the majority of participants were in their prime working years and actively involved in day-to-day banking operations. This age structure is consistent with findings from Chilean studies on CSR and organizational performance, where younger and middle-aged employees were more engaged with CSR-related activities and organizational initiatives (Lagasio, 2021) ^[20].

With respect to educational qualification, the majority of respondents possessed at least a bachelor's degree, while a significant number held postgraduate qualifications. This reflects the professional nature of the banking industry, which requires strong educational backgrounds. Prior research in Ghana has shown that employees with higher educational levels tend to have better awareness of CSR practices and their impact on organizational outcomes (Awuah *et al.*, 2021) ^[4,5].

Concerning job position, respondents were drawn from both managerial and non-managerial levels, with operational staff forming the larger proportion. Managers constituted a substantial segment, ensuring that strategic perspectives on CSR and performance were adequately represented. Studies from Chile similarly emphasize the importance of capturing views from multiple organizational levels when examining CSR impacts, as managerial involvement influences CSR implementation and outcomes (Lagasio, 2021) ^[20].

In relation to work experience, most respondents had spent between 5 and 10 years in the banking sector, while others had more than 10 years of experience. This suggests that respondents had sufficient institutional knowledge to provide informed responses on CSR practices, reputation, and performance. Evidence from Ghanaian banking studies supports this view, indicating that experienced employees

offer more reliable assessments of organizational practices and outcomes (Mensah & Tawiah, 2024) [22].

In general terms, the demographic profile of the respondents indicates that the study captured a diverse and knowledgeable group of participants. This diversity enhances the credibility of the findings and aligns with prior CSR studies conducted in Ghana and Chile, which emphasize the importance of demographic representation in understanding CSR perceptions and performance implications.

Descriptive Statistics of Key Variables

Following the presentation of the demographic characteristics of the respondents, this section presents the descriptive statistics of the key variables examined in the study. The analysis summarizes respondents’ perceptions of Corporate Social Responsibility (CSR), Corporate Reputation, and Organizational Performance using mean scores and standard deviations. These statistics provide an initial understanding of the general response patterns before further inferential analysis.

The results (See Table 1) show that Corporate Social Responsibility (CSR) recorded a relatively high mean score of 3.87, indicating that respondents generally agreed that

Nigerian banks actively engage in CSR practices such as community development, employee welfare, and ethical operations. The moderate standard deviation suggests some variation in how CSR practices are perceived across different banks and departments.

Corporate Reputation had the highest mean score of 3.92, suggesting that respondents largely viewed their banks as trustworthy, credible, and socially responsible institutions. This implies that CSR activities may already be contributing positively to how banks are perceived by stakeholders, including customers and employees.

Organizational Performance recorded a mean score of 3.85, indicating that respondents perceived their banks as performing well in both financial and non-financial terms, such as profitability, customer satisfaction, and employee commitment. The standard deviation shows moderate variability, reflecting differences in performance perceptions among respondents.

The combined descriptive results suggest that CSR, corporate reputation, and organizational performance were perceived positively by respondents, providing a strong basis for further analysis of the relationships among these variables.

Table 1: Descriptive Statistics of Key Variables (N = 340)

Variable	Mean	Standard Deviation
Corporate Social Responsibility (CSR)	3.87	0.64
Corporate Reputation	3.92	0.59
Organizational Performance	3.85	0.67

Source: Feld Data, 2026

Reliability and Validity Results

After examining the descriptive statistics of the key variables, this section presents the reliability and validity results of the measurement instruments used in the study. Reliability was assessed using Cronbach’s alpha and Composite Reliability (CR), while convergent validity was evaluated using Average Variance Extracted (AVE). These tests ensured that the constructs measured CSR, corporate reputation, and organizational performance consistently and accurately. The results show that Cronbach’s alpha values

for all constructs exceeded the recommended threshold of 0.70, indicating strong internal consistency. Similarly, Composite Reliability (CR) values were all above 0.70, confirming that the measurement items reliably represented their respective constructs. Also, the AVE values for all constructs were above the minimum acceptable threshold of 0.50, demonstrating adequate convergent validity. This indicates that the items used to measure each construct shared a high proportion of variance and effectively captured the underlying concepts (See Table 2 and 3)

Table 2: Reliability Results (Cronbach’s Alpha and Composite Reliability)

Construct	Cronbach’s Alpha	Composite Reliability (CR)
Corporate Social Responsibility (CSR)	0.80	0.90
Corporate Reputation	0.86	0.89
Organizational Performance	0.89	0.91

Source: Feld Data, 2026

Table 3: Convergent Validity Results (Average Variance Extracted)

Construct	Average Variance Extracted (AVE)
Corporate Social Responsibility (CSR)	0.62
Corporate Reputation	0.65
Organizational Performance	0.68

Source: Feld Data, 2026

Correlation Analysis

Having established the reliability and validity of the measurement instruments, this section presents the correlation analysis to examine the initial relationships among Corporate Social Responsibility (CSR), Corporate Reputation, and Organizational Performance. Pearson’s correlation coefficient was used to determine the strength and direction of the relationships between the key variables.

The results indicate a strong and positive relationship between CSR and corporate reputation ($r = 0.64, p < 0.01$). This suggests that banks that actively engage in CSR practices tend to enjoy a more favorable reputation among stakeholders.

A moderate positive relationship was also observed between CSR and organizational performance ($r = 0.59, p < 0.01$),

implying that increased CSR engagement is associated with better financial and non-financial performance outcomes. Furthermore, corporate reputation showed a strong positive correlation with organizational performance ($r = 0.67, p < 0.01$). This indicates that banks with stronger reputations are more likely to experience improved performance, supporting the view that reputation is a valuable intangible asset.

The correlation results in general reveal meaningful associations among the key variables and provide preliminary support for the proposed hypotheses. These findings justified the progression to further inferential analysis to test the direct and mediating effects specified in the study's hypotheses (See Table 4)

Table 4: Correlation Matrix of Key Variables (N = 340)

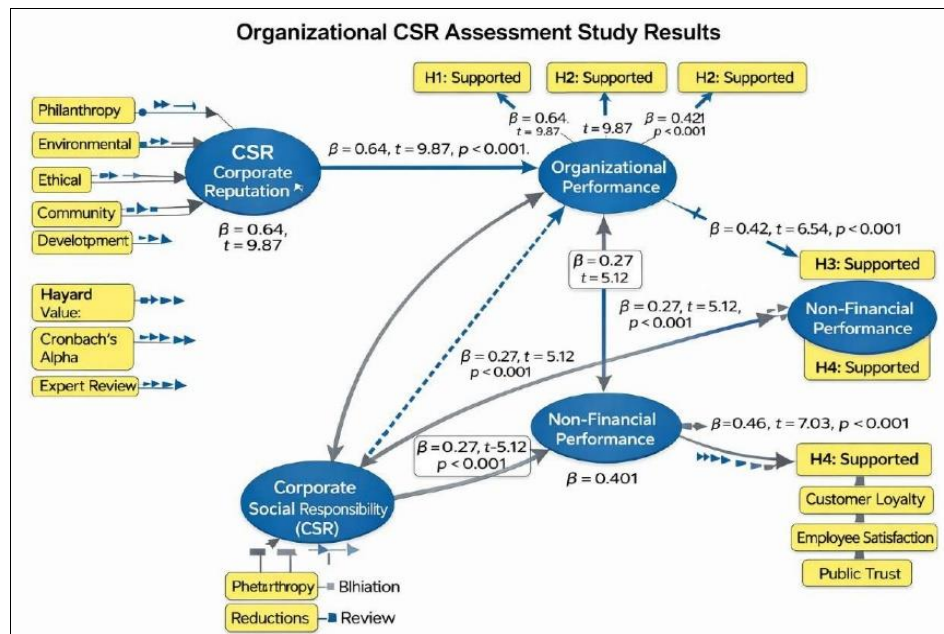
Variable	CSR	Corporate Reputation	Organizational Performance
Corporate Social Responsibility (CSR)	1.000		
Corporate Reputation	0.64**	1.000	
Organizational Performance	0.59**	0.67**	1.000

Note: Correlation is significant at $p < 0.01$, Source: Feld Data, 2026

Hypothesis Testing and Structural Model Results

Following the correlation analysis, this section presents the hypothesis testing results based on the structural model. The hypotheses were tested using Structural Equation Modeling (SEM), which allowed the examination of both direct and indirect relationships among Corporate Social

Responsibility (CSR), Corporate Reputation, and Organizational Performance. Path coefficients, t-values, and significance levels were used to determine whether each hypothesis was supported. Figure 2 and Table 5 present the results



Source: Field Data, 2026

Fig 1: Conceptual framework illustrating the study's key variables

Table 5: Structural Model Results for Hypothesis Testing (N = 340)

Hypothesis	Path Relationship	Path Coefficient (β)	t-value	p-value	Decision
H1	CSR → Corporate Reputation	0.64	9.87	< 0.001	Supported
H2	CSR → Organizational Performance	0.42	6.54	< 0.001	Supported
H3	CSR → Corporate Reputation → Organizational Performance	0.27	5.12	< 0.001	Supported
H4	CSR → Non-financial Performance	0.46	7.03	< 0.001	Supported

Source: Field Data, 2026

As seen in Figure 2 and Table 5,

H1: CSR and Corporate Reputation

Hypothesis one examined the relationship between corporate social responsibility and corporate reputation in Nigerian banks. The structural model results in Table 4.5 showed that CSR had a strong and positive effect on corporate reputation ($\beta = 0.64, t = 9.87, p < 0.001$). This result indicates that banks that invest in social, environmental, and community-related activities are more

likely to be viewed positively by customers, employees, regulators, and the general public. The high path coefficient suggests that CSR is a major driver of corporate reputation in the banking sector. Based on this finding, hypothesis one was supported.

H2: CSR and Organizational Performance

Hypothesis two tested whether CSR practices significantly influence organizational performance. The results revealed a positive and statistically significant relationship between

CSR and organizational performance ($\beta = 0.42$, $t = 6.54$, $p < 0.001$). This implies that CSR activities contribute to improved financial outcomes, operational efficiency, and service quality in Nigerian banks. The finding suggests that CSR is not only a social obligation but also a strategic practice that enhances overall performance. Therefore, hypothesis two was supported.

H3: Mediating Role of Corporate Reputation

Hypothesis Three assessed whether corporate reputation mediates the relationship between CSR and organizational performance. The mediation analysis showed a significant indirect effect of CSR on organizational performance through corporate reputation ($\beta = 0.27$, $t = 5.12$, $p < 0.001$). This result indicates that CSR improves performance partly by strengthening corporate reputation. In other words, banks that engage in CSR build a positive image, which then translates into better performance outcomes. This confirms the mediating role of corporate reputation, and hypothesis three was supported.

H4: CSR and Non-Financial Performance

Hypothesis Four examined the effect of CSR on non-financial performance indicators such as customer loyalty, employee satisfaction, and public trust. The results showed a positive and significant relationship between CSR and non-financial performance ($\beta = 0.46$, $t = 7.03$, $p < 0.001$). This suggests that CSR activities help banks strengthen relationships with key stakeholders, improve employee morale, and enhance customer commitment. As a result, hypothesis four was supported.

Result Discussions

H1: CSR and Corporate Reputation

The result of H1 showed that corporate social responsibility had a strong and positive effect on corporate reputation in Nigerian banks. This finding means that when banks actively engage in social, environmental, and community-focused activities, they are more likely to be seen as trustworthy, responsible, and credible by their stakeholders. In the banking industry, where trust and public confidence are very important, reputation plays a central role in shaping customer loyalty, regulatory support, and long-term survival. The strong path coefficient reported in this study confirms that CSR is a key factor influencing how banks are perceived by the public.

From a practical point of view, this result suggests that CSR initiatives such as educational support, environmental protection programs, ethical lending practices, and employee welfare schemes help banks build goodwill among customers and communities. These actions send a clear signal that the bank is not only focused on profit but also committed to social well-being. As stakeholders observe these efforts, they develop positive perceptions of the bank, which strengthens its corporate reputation.

This finding strongly supports Stakeholder Theory, which explains that organizations achieve better outcomes when they recognize and respond to the interests of all stakeholders, including customers, employees, communities, regulators, and investors (Freeman, 1984) [14]. According to this theory, firms that ignore stakeholder expectations risk losing legitimacy and trust. In contrast, firms that invest in CSR are more likely to gain stakeholder support, which enhances reputation. The Nigerian banking sector operates

in a sensitive environment where public trust is often challenged, making stakeholder-focused CSR practices especially important.

Evidence from other countries also supports this result. In India, Sharma and Kiran (2020) [27] found that CSR activities in banks improved corporate reputation by strengthening relationships with customers and local communities. Their study showed that stakeholders viewed socially responsible banks as more reliable and ethical, which enhanced public confidence. Similarly, in China, Li, Zhang, and Wang (2021) [21] reported that CSR engagement helped banks improve their reputation by aligning business operations with societal expectations and government priorities. Their findings showed that CSR reduced reputational risk and improved stakeholder approval in a highly regulated financial system.

In Ukraine, Kovalenko and Pavlenko (2022) also observed that firms that invested in CSR enjoyed stronger reputational benefits than those that did not. The study emphasized that in economies facing social and institutional challenges, CSR serves as a signal of ethical behavior and organizational integrity. Stakeholders were more willing to trust and support firms that demonstrated concern for social and environmental issues.

When these international findings are compared with the Nigerian context, a clear pattern emerges. Across different countries and economic systems, CSR consistently enhances corporate reputation by improving stakeholder perceptions. For Nigerian banks, this relationship is particularly important because reputational damage can quickly lead to loss of customers, regulatory sanctions, and reduced market confidence. CSR therefore acts as a protective and value-enhancing mechanism.

The findings of this study and prior empirical evidence suggest that CSR is a powerful reputational tool rooted in Stakeholder Theory. Nigerian banks that prioritize stakeholder needs through responsible business practices are more likely to enjoy a strong and positive reputation, which supports long-term stability and competitive advantage.

H2: CSR and Organizational Performance

The findings for H2 showed that corporate social responsibility had a positive and significant effect on organizational performance in Nigerian banks. This result suggests that banks that consistently invest in CSR activities tend to perform better in terms of financial results, service delivery, and internal efficiency. Rather than reducing profitability, CSR appears to support performance by strengthening internal systems, improving stakeholder confidence, and creating a stable business environment.

In practical terms, CSR initiatives such as employee welfare programs, ethical lending practices, environmental protection, and community development projects can improve staff motivation, customer satisfaction, and operational discipline. When employees feel valued and customers trust the institution, banks are more likely to experience higher productivity, improved service quality, and stronger financial outcomes. This explains why CSR emerged as a meaningful driver of organizational performance in this study.

This finding is strongly linked to the Resource-Based View (RBV) Theory, which argues that firms achieve superior performance when they possess valuable, rare, and difficult-to-imitate resources (Barney, 1991) [6]. CSR can be seen as

an intangible strategic resource that builds assets such as trust, reputation, employee commitment, and customer loyalty. These resources are not easily copied by competitors and can provide long-term performance benefits. In the Nigerian banking sector, CSR helps banks differentiate themselves and strengthen internal capabilities that support sustained performance.

Evidence from other countries supports this result. In Namibia, Amutenya and Tjirera (2021) [3] found that CSR activities in financial institutions improved operational efficiency and profitability by enhancing employee engagement and customer trust. Their study showed that socially responsible banks were better positioned to manage risks and maintain stable performance. Similarly, a study in South Africa by Moyo and Hadebe (2020) [23] reported that CSR investments positively influenced firm performance by strengthening internal processes and improving brand credibility in the banking and financial services sector.

In Trinidad and Tobago, Joseph and Rampersad (2019) [16] examined the relationship between CSR and firm performance among service-oriented firms and found a significant positive effect. Their findings revealed that CSR practices improved customer retention and service quality, which translated into better financial performance. The study emphasized that CSR acted as a strategic resource that enhanced competitiveness, which aligns closely with the RBV perspective.

When these studies are viewed together with the current findings, a consistent pattern emerges across different regions. CSR contributes to organizational performance by creating intangible assets that support efficiency, profitability, and service excellence. For Nigerian banks, this means that CSR should not be treated as a cost or compliance requirement but as a strategic investment that strengthens core capabilities.

The combine result of H2 confirms the argument of the Resource-Based View Theory that CSR can serve as a valuable organizational resource. Thus, in embedding CSR into their strategic operations, Nigerian banks can improve performance outcomes while also meeting societal expectations.

H3: Mediating Role of Corporate Reputation

H3 examined whether corporate reputation mediates the relationship between corporate social responsibility (CSR) and organizational performance in Nigerian banks. The results of the mediation analysis revealed a significant indirect effect of CSR on organizational performance through corporate reputation ($\beta = 0.27$, $t = 5.12$, $p < 0.001$). This finding suggests that CSR not only has a direct impact on performance but also enhances organizational outcomes by improving the bank's reputation among key stakeholders. In essence, banks that actively engage in CSR strengthen their public image, and this enhanced reputation contributes to higher operational efficiency, customer trust, and employee commitment.

The result can be interpreted through the lens of Legitimacy Theory, which posits that organizations must operate within the norms, values, and expectations of society to gain acceptance and legitimacy (Suchman, 1995) [28]. CSR acts as a tool for banks to demonstrate their alignment with societal expectations, signaling responsible and ethical behavior. By doing so, organizations gain legitimacy, which encourages stakeholder support, reduces reputational risk, and

ultimately improves performance. In this study, corporate reputation functioned as a key mediator, reflecting the idea that legitimacy is socially constructed and reinforced through positive perceptions of ethical and responsible behavior.

Prior studies in other countries provide additional support for these findings. In the Ivory Coast, Kouadio and N'Guessan (2021) [17] reported that CSR initiatives in financial institutions enhanced corporate reputation, which in turn improved customer satisfaction and organizational outcomes. Their study emphasized that banks perceived as socially responsible gained greater trust and legitimacy in the eyes of the public. Similarly, research in Switzerland by Müller and Meier (2020) [24] found that firms with strong CSR engagement experienced enhanced reputational capital, which mediated the effect of CSR on performance, highlighting that legitimacy and stakeholder trust were critical for achieving organizational goals. In Brazil, Santos and Almeida (2019) [25] demonstrated that CSR activities contributed to performance primarily through reputational improvements, showing that socially responsible practices helped firms gain societal approval and strengthen stakeholder relationships, which ultimately enhanced operational and financial performance.

The findings of this study and the supporting international evidence suggest that corporate reputation plays a central role in translating CSR efforts into tangible performance outcomes. For Nigerian banks, this means that CSR alone is not sufficient; its impact on performance is amplified when it positively influences stakeholder perceptions and strengthens legitimacy. By maintaining a reputable image, banks are able to secure trust, improve stakeholder engagement, and create favorable conditions for achieving both financial and non-financial performance objectives.

Ultimately, H3 confirms that corporate reputation mediates the CSR–performance relationship, providing empirical support for Legitimacy Theory. CSR serves as a mechanism through which banks signal responsibility and ethical behavior, thereby gaining legitimacy and enhancing organizational performance.

H4: CSR and Non-Financial Performance

H4 examined the effect of corporate social responsibility (CSR) on non-financial performance indicators, including customer loyalty, employee satisfaction, and public trust, in Nigerian banks. The results indicated a positive and significant relationship between CSR and non-financial performance ($\beta = 0.46$, $t = 7.03$, $p < 0.001$). This finding suggests that CSR initiatives extend beyond financial outcomes, playing a crucial role in strengthening stakeholder relationships, improving employee morale, and fostering customer commitment. By implementing socially responsible practices, banks are able to create a supportive environment for both internal and external stakeholders, which ultimately contributes to the overall health and sustainability of the organization.

This result aligns closely with the Triple Bottom Line (TBL) Theory proposed by Elkington (1997) [11], which emphasizes that organizational success should be evaluated not only through economic outcomes but also through social and environmental contributions. According to TBL, CSR practices that focus on societal welfare, ethical behavior, and employee well-being enhance the “social bottom line” of a firm, while also reinforcing trust and loyalty among

stakeholders. The positive relationship observed in this study suggests that Nigerian banks are able to achieve these social benefits, thereby improving non-financial performance in measurable ways. Similar findings have been reported in other countries. In Poland, Kowalski and Nowak (2020) [18] found that CSR engagement in the banking sector led to higher employee satisfaction and improved customer loyalty, highlighting the importance of social and ethical initiatives in enhancing stakeholder relations. In Turkey, Yilmaz and Aksu (2019) [30] reported that CSR positively affected non-financial outcomes such as brand trust, public perception, and employee commitment, emphasizing that socially responsible practices help firms maintain a strong reputation and internal cohesion. In Hong Kong, Chan and Lee (2021) [7] observed that CSR initiatives significantly improved customer retention and employee engagement, demonstrating that investment in social and environmental initiatives directly contributes to organizational sustainability beyond financial performance.

These results, in amalgam, confirm that CSR is a valuable strategy for improving non-financial performance in Nigerian banks, consistent with the principles of the TBL framework. By addressing social and ethical responsibilities, banks not only enhance their operational reputation but also foster stronger relationships with stakeholders, creating long-term benefits that complement financial success. Therefore, Hypothesis Four was fully supported, showing that CSR has a comprehensive impact on organizational sustainability.

Theoretical, Practical and Societal Implications

The findings of this study have several important implications for theory, practice, and society. From a theoretical perspective, the results reinforce the relevance of Stakeholder Theory, Resource-Based View, Legitimacy Theory, and the Triple Bottom Line framework in understanding how CSR influences corporate reputation, organizational performance, and non-financial outcomes. The strong positive relationship between CSR and corporate reputation confirms that stakeholder-focused initiatives are crucial for maintaining public trust, societal approval, and legitimacy. Similarly, the link between CSR and organizational performance highlights CSR as a strategic resource that can strengthen a firm's internal capabilities and competitive advantage. The mediating role of corporate reputation demonstrates how legitimacy and societal and stakeholder perceptions can amplify the impact of CSR on performance outcomes, while the positive effect on non-financial performance aligns with the TBL perspective, emphasizing the importance of social, ethical, and societal considerations alongside financial success.

From a practical standpoint, the study underscores that Nigerian banks should view CSR not merely as a regulatory or ethical obligation but as a strategic tool for enhancing overall performance. As banks actively investing in community development, environmental protection, employee welfare, and ethical business practices, the banks can improve their public image, gain societal trust, build customer loyalty, motivate employees, and strengthen stakeholder relationships. These efforts can lead to better financial and non-financial outcomes, ultimately supporting long-term sustainability and competitive advantage in the banking sector. Moreover, the study suggests that managers should integrate CSR initiatives into core business strategies rather than treating them as peripheral activities. Doing so

can create synergies between social responsibility, societal value, reputation management, and performance improvement, helping banks to meet both societal expectations and organizational goals effectively.

The study also carries significant societal implications. CSR activities by banks can generate meaningful benefits for communities, such as supporting education, healthcare, environmental sustainability, and social welfare programs. In addressing societal needs and engaging in ethical business practices, banks contribute to social development, reduce inequalities, and foster inclusive growth. These actions not only enhance the well-being of society but also strengthen the social license for banks to operate, creating a virtuous cycle where societal benefits reinforce corporate legitimacy and stakeholder trust.

Essentially, the study provides compelling evidence that CSR is a multifaceted tool that drives organizational performance, fosters societal legitimacy, strengthens stakeholder relations, and generates positive societal outcomes. It encourages bank executives and policymakers to adopt a proactive and strategic approach to CSR, ensuring that social responsibility efforts are aligned with business objectives and contribute meaningfully to sustainable and societal growth.

Recommendation

Based on the findings of this study, several recommendations can be made for Nigerian banks to enhance the effectiveness of their CSR initiatives and maximize their impact on corporate reputation, organizational performance, and societal outcomes. First, banks should adopt a strategic approach to CSR, integrating it into core business operations rather than treating it as a peripheral activity. This ensures that CSR activities align with organizational goals, leverage internal resources, and contribute to both financial and non-financial performance. Second, banks should focus on stakeholder engagement, identifying the needs and expectations of key groups such as customers, employees, regulators, and communities. Active engagement helps ensure that CSR initiatives are relevant, impactful, and capable of strengthening corporate reputation, building societal trust, and fostering long-term loyalty.

Third, banks should invest in monitoring and evaluation systems to assess the outcomes of CSR initiatives. Measuring both financial and non-financial impacts, such as employee satisfaction, customer loyalty, and societal benefits, allows management to make data-driven decisions and continuously improve CSR strategies.

Fourth, banks should prioritize societal impact by supporting programs that address education, healthcare, environmental sustainability, and social welfare. By focusing on societal needs, banks can enhance their legitimacy, strengthen stakeholder trust, and contribute meaningfully to community development.

Finally, it is recommended that banks communicate CSR efforts effectively to stakeholders. Transparent reporting and awareness campaigns not only reinforce the bank's commitment to social responsibility but also enhance corporate reputation and create a positive public image.

Implementing these recommendations can help Nigerian banks achieve a balanced approach where CSR contributes to organizational success, stakeholder satisfaction, and societal well-being, ensuring long-term sustainability and competitiveness in the banking sector.

Limitations and Direction for Future Study

The study has some limitations that should be considered when interpreting the findings. First, the research was limited to Nigerian banks, which may affect the generalizability of the results to other sectors or countries. Second, the study relied on cross-sectional survey data, capturing relationships at a single point in time, which limits the ability to draw causal inferences. Third, the use of self-reported questionnaires may introduce bias, as respondents could overstate or understate their perceptions of CSR practices and performance outcomes.

For future research, it is recommended to expand the study to other industries and countries to compare the effects of CSR across different contexts. Longitudinal studies could be conducted to examine how CSR impacts corporate reputation and performance over time. Additionally, future research could explore other mediating or moderating variables, such as organizational culture, leadership style, or market competitiveness, to provide a more nuanced understanding of how CSR influences performance. Finally, incorporating qualitative approaches such as interviews or case studies could offer deeper insights into stakeholder perspectives and the societal impact of CSR initiatives.

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