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Article

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Abstract

This study investigates the influence of corporate social responsibility (CSR) on firm reputation and financial performance within Afghanistan's banking industry, utilizing the frameworks of stakeholder theory and contingency theory. To gauge the perceptions of CSR, reputation, and performance among a sample of 200 employees from both private and public banks, a questionnaire survey was administered. The collected data was subjected to quantitative analysis. The findings reveal that socially responsible actions undertaken by bank employees exert a significant and positive impact on the bank's reputation and financial performance. Moreover, the study demonstrates that the relationship between CSR and financial performance, as well as CSR and firm reputation, is moderated by servant leadership. These results highlight how businesses that actively participate in social activities and adopt a servant leadership style can enhance their public image and financial performance.

Keywords:*Corporate Social Responsibility, Firm Reputation, Firm Financial Performance, Servant Leadership, Banking sector.*

Introduction

CSR entails businesses transcending profit-focused objectives to actively benefit society and the environment, encompassing ethical conduct, ecological sustainability, social projects, and stakeholder involvement, with the goal of fostering societal betterment alongside commercial operations. Since its emergence in the 1950s, CSR has had a profound global impact on organizational performance (Jamali & Karam, 2018). Over 12,000 corporate entities from 170 countries have committed to implementing sustainable and socially responsible practices through signing the UN Global Compact (United Nations Global Compact, 2014). A survey by KPMG revealed that 79 percent of 4,900 global corporations have started disclosing their CSR operations to the public (Blasco & King, 2017). While initial empirical research on CSR began in the 1970s, primarily exploring the relationship between CSR and financial performance, the generalizability of these findings to economically insecure countries like Afghanistan, specifically in the banking industry, is questionable due to the different business and institutional context (Husted, Allen, & Kock, 2015; Saeidi & Sofian, 2015).

In today's global context, a country's economic and social well-being is heavily reliant on the efficiency of its banking system. The banking sector plays a pivotal role in fostering capital accumulation, alleviating poverty, enhancing human life quality, and driving industrialization within a nation. However, the situation in Afghanistan's banking sector is markedly different; it faces significant instability and weakness, as reported in Sopiko (2014; SIGAR audit report, 2014-16), encountering a multitude of challenges regarding its performance, as outlined by Shams, Niazi, and Asim (2020). Given the crucial role of Corporate Social Responsibility (CSR) in influencing performance and considering the current state of Afghanistan's banking sector, it is imperative to explore the relationship between CSR and performance within this industry.

Moreover, scholars have argued that while extensive research has focused on the financial aspects of performance, it is advisable to incorporate nonfinancial outcomes as well, as recommended by Ameer and Othman (2012), Crifo and Forget (2015), Ittner and Larcker (1998), and Zuriekat, Salameh, and Alrawashdeh (2011). In today's intricate and uncertain business environment, corporate reputation has gained paramount importance for businesses. This is because the presence of information asymmetry between an organization and its stakeholders, as highlighted by Healy and Palepu (2001), impedes their ability to anticipate future developments, as discussed by Rindova, Williamson, Petkova, and Sever (2005). Corporate reputation acts as a mechanism to mitigate information asymmetry, as stakeholders heavily rely on a firm's reputation to make informed decisions, as suggested by Maden, Arıkan, Telci, and Kantur (2012). Their argument is that stakeholders often choose to engage with firms based on their reputation. Consequently, this study will assess the impact of CSR on both financial performance and nonfinancial outcomes, specifically corporate reputation. Examining the correlation between CSR and performance from the perspective of Freeman's stakeholder theory (1984), it becomes evident that embracing ethical business practices can yield favorable effects on an enterprise's comprehensive performance. Through catering to diverse stakeholder interests and showcasing a dedication to ethical conduct, companies can amplify their standing, nurture positive sentiments, and cultivate more robust stakeholder connections. This approach has the potential to result in heightened customer fidelity, elevated employee spirit, ameliorated community rapport, and possibly, enhanced long-term financial performance.

Preliminary research focused on establishing the relationship between CSR and performance(Clarkson, 1995). However, some studies have found no direct relationship between CSR and performance, suggesting the importance of considering contextual and commercial factors (Husted et al., 2015; Saeidi & Sofian, 2015). Adopting a contingency approach (Woodward, 1965), which accounts for these contextual elements, is recommended to explore the CSR-performance link (Barnett, 2007; Branco & Rodrigues, 2006; Carroll & Shabana, 2010; Galbreath & Shum, 2012; Rowley & Berman, 2000; Wang, Dou, & Jia, 2016). Moderators are crucial in understanding the CSR-performance relationship, potentially leading to financial benefits and clarifying misconceptions (Branco & Rodrigues, 2006). Leadership style, in particular, plays a significant role in implementing CSR initiatives and impacting firm performance (Waldman & Siegel, 2008). Notably, servant leadership (SL) has emerged as a contemporary strategy that concurs with CSR objectives and tackles challenges presented by stakeholders (Maak, 2007). SL represents a leadership philosophy centered on prioritizing the needs of others through service and support, cultivating a collaborative and empowering environment. Servant leadership has been linked to enhanced team performance and organizational results, owing to its emphasis on empowering and aiding team members, nurturing a sense of ownership, and fostering a collaborative culture that often results in heightened engagement, innovation, and overall effectiveness. Hence, SL is proposed as a mediator for investigating the relationship between CSR and financial performance (Grewatsch & Kleindienst, 2017; Javed et al., 2016). Given the evolving interest in CSR in Afghanistan and its potential impact, this study contributes by examining the link between CSR, firm reputation, and financial performance in a distinct context by employing the stakeholder theory. Additionally, using the contingency theory, this study investigates the moderating role of SL to shed light on the association between CSR and firm outcomes. By exploring these relationships, this research aims to provide valuable insights into the importance of CSR and leadership style in Afghanistan's business landscape.

2. Literature Review and Hypotheses Development

2.1 Definition of Key Terms

Corporate social responsibility (CSR): CSR refers to the voluntary commitments made by businesses to address social and environmental aspects of their economic activity, including initiatives related to environmental protection, philanthropy, social issues, and employee well-being, that go beyond legal obligations (Witkowska, 2008; Barnea & Rubin, 2010).

Financial performance: Financial performance refers to the financial state of a company at a specific point in time, including measures such as capital adequacy, liquidity, leverage, solvency, and profitability. It reflects the company's ability to manage and control its resources and is assessed through financial statements, which include cash flows, balance sheets, profit-loss statements, and capital changes (IAI, 2016; Didin, 2017).

Firm reputation: Firm reputation is the assessment of a company's past and expected future operations by various stakeholders. It influences the loyalty and trust of customers and suppliers and impacts employee recruitment and retention. Reputation reflects the importance given to stakeholder opinions, the company's ability to meet or exceed expectations, and market indicators of its behavior (Newburry et al., 2019; Jeffrey et al., 2019; Rettab and Mellahi, 2019; Hameed et al., 2021; Srivoravilai et al., 2011; Shamma, 2012).

Servant Leadership: Servant leadership is a leadership concept centered around serving others. A servant leader prioritizes the needs and interests of their followers and society as a whole. They make deliberate decisions to prioritize the well-being of others, foster employee relationships, care for the organization, and contribute to the community's welfare. Servant leadership influences personal development, behavior, morals, and performance of followers (Chen et al., 2020; Brohi & Jantan, 2018; Karatepe & Ozturk, 2019).

Hypothesis development

Relationship between CSR and financial performance

The relationship between corporate social responsibility (CSR) and financial performance has been subject to analysis by two main schools of thought (Goll & Rasheed, 2004). The first school, led by Friedman (1970) and neoclassical economists, comprises opponents of CSR. They argue that a company's primary objective is profit maximization, and CSR negatively affects its revenue generation capability. According to this view, CSR initiatives should be the responsibility of the government, as they impose costs on businesses and hinder their competitiveness in the marketplace. The second school of thought consists of CSR proponents (Goll & Rasheed, 2004). Founded by Freeman (1984), this school contends that CSR has a positive impact on company performance. Proponents consider companies as social institutions that contribute to society and should therefore engage with and benefit the community (Bello et al., 2016). Businesses must meet the demands of their key stakeholders to sustain their operations (Supriti Mishra & Suar, 2010). Baric (2017) suggests that a company's ability to differentiate itself from competitors and achieve sustained competitive advantage is significantly influenced by its effectiveness in engaging with stakeholders. Lev et al. (2010) and Javed et al. (2020) argue that enhancing CSR leads to improved financial performance.

Furthermore, investors value companies with a social conscience (Barnett and Salomon, 2006). These arguments illustrate a relationship between CSR and business success. Numerous prior studies have demonstrated a strong association between CSR and financial performance in both the short and long term (Peloza and Shang, 2010; Sheikh et al., 2010; Galbreath et al., 2012). A meta-analysis by Orlitzky et al. (2003) analyzing 52 studies found that companies with higher levels of social responsibility tend to have higher profits. The positive correlation between financial performance and CSR is primarily driven by the competitive advantage it provides to the company (Maqbool and Zameer, 2018). Businesses engaging in CSR initiatives enhance their competitiveness by reducing organizational costs and improving their capabilities (Chang, 2016). Consumers are willing to pay more for socially conscious brands, which benefits the financial standing of the company due to increased competition (Castaldo et al., 2008). Along similar lines, some recent studies have reported a significant positive relationship between CSR and financial performance (Barauskaite & Streimikiene, 2021;Kabir & Chowdhury, 2023; Li, Fu, Han, & Liang, 2023; Nguyen, Nguyen, & Nguyen, 2022; Ang, R., Shao, Z., Liu, Yang, & Zheng, 2022).

In the business sector, various stakeholders have competing interests. Consumers seek higher quality, suppliers desire prompt payment, creditors value creditworthiness, employees seek better compensation and benefits, communities aim for prosperity, and shareholders expect profits. Balancing these diverse interests is crucial for entrepreneurs. Businesses that effectively manage their stakeholders receive positive feedback, enabling them to operate efficiently and profitably (Charlo & Moya, 2010). The instrumental application of stakeholder theory suggests that CSR serves as a strategic tool for improving performance. Strong relationships with a range of stakeholders, according to the instrumental interpretation of stakeholder theory, yield benefits. Some scholars argue that protecting stakeholders' interests leads to more effective corporate operations (Harrison & Wicks, 2013). Therefore, it is hypothesized that:

H1: CSR has a positive influence on a firm's financial performance

Relationship between CSR and firm reputation

Corporate social responsibility (CSR) is a self-regulatory business model that enables corporations to be socially accountable to the organization, stakeholders, and the wider community (Farid et al., 2019). Engaging in social responsibility initiatives can enhance a company's reputation and brand by demonstrating its understanding of the impact of its actions on various aspects of society, including economic, social, and environmental factors. By practicing CSR, organizations equip themselves to effectively utilize available resources (Kim et al., 2017). Firm reputation is an invaluable resource that any company would highly value. It plays a crucial role in determining competitive advantage, particularly in markets with limited consumer choice (Arikan et al., 2016; Baudot et al., 2019).

Consumers evaluate newly introduced products or services based on the market positioning, as highlighted by Benitez et al. (2017). Additionally, a strong firm reputation, which stems from a company's commercial activities, serves as a safeguard against negative consumer perceptions. CSR initiatives, however, are widely recognized as highly effective means of cultivating a positive reputation and perception among stakeholders and customers (Lee et al., 2017; Lee, 2019). Investments in societal advancement and civic engagement contribute to an improved reputation and brand image for companies (Gulzar et al., 2018). Customer perceptions of CSR activities have been found to positively influence firm reputation, as highlighted by Melero-Polo and López-Pérez (2017). Forcadell and Aracil (2017) argue that socially responsible business practices contribute to firm reputation. Moreover, several studies have demonstrated a positive association between CSR and firm reputation (Yan et al., 2022; Brammer and Pavelin, 2016; Gardberg et al., 2019; Khan et al., 2020a; Aggarwal & Saxena, 2023; Zhao et al., 2021; Cabrera-Luján et al., 2023). Further, Stakeholder theory guides organizations to prioritize the interests of diverse stakeholders, fostering ethical and responsible actions that enhance corporate reputation through positive relationships and aligned decision-making. Based on the aforementioned discussion, the following hypothesis can be formulated:

H2: Corporate Social Responsibility positively impacts corporate reputation.

Moderating Role of Servant Leadership

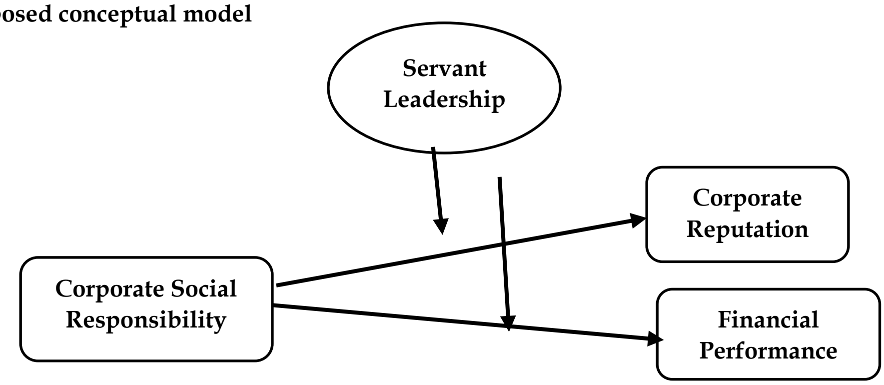
The successful implementation and growth of CSR initiatives are contingent upon the presence of strong and proactive leaders (Waldman & Siegel, 2008). Research has indicated that servant leadership is the most effective leadership style in influencing employee behavior to support a company's adoption of CSR policies (Lam et al., 2017). Thus, employing servant leadership is deemed the most optimal approach. In the context of this study, leaders can foster subordinate involvement by addressing social and ethical issues related to corporate operations (Gon and Brymer, 2011). Employees working under servant leaders are motivated to fulfill their clear and socially acceptable responsibilities (CSR activities) (Thomas et al., 2004). Effective leadership, strategic decision-making, guiding principles, and experiences significantly impact a firm's performance and reputation (Fahrbach, 2014). Studies have demonstrated that companies are more likely to engage in CSR activities when there is strong servant leadership, as these leaders decisively implement these values and support initiatives, thereby enhancing the overall performance and reputation of the firm (Zhu et al., 2013). Previous research has also highlighted the influential role of servant leadership in driving individuals' adoption of socially responsible behaviors (Tian and Fan, 2015). Given that CSR is a long-term strategy, it necessitates strong leadership. Additionally, firms led by servant leaders are more proactive in initiating CSR endeavors, which positively impacts the company's bottom line and goodwill (Manner, 2010). Therefore, the positive influence of a leader with a strong servant leadership style on the company's growth and reputation is contingent on their active participation in CSR efforts (Zhu et al., 2013). By translating principles into action and assisting companies in embracing CSR initiatives that have a positive impact on performance and reputation, servant leaders enhance the overall reputation of the organization (Zhu et al., 2013).

Based on the aforementioned discussion, we can infer that CEOs who adopt a servant leadership style directly encourage their organizations to implement CSR activities, thereby improving the company's performance and reputation. Furthermore, leaders who prioritize the values of their stakeholders are more likely to deliver superior outcomes for their organizations compared to leaders who do not (Voegtlin et al., 2012; Waldman & Galvin, 2008). Theoretical analysis of servant leadership has shown that it enhances business performance (Maak, 2007). A study by Buysse and Verbeke (203) found that organizations led by servant leaders outperform those led by conventional leaders. Further, contingency theory suggests that implementing servant leadership, which emphasizes employee well-being and empowerment, can enhance financial performance and reputation by aligning leadership style with organizational context and fostering positive stakeholder perceptions. In light of these considerations, we propose the following hypotheses:

H3: The positive relationship between CSR and firm reputation suggests that the firm's reputation will be stronger when servant leadership is high.

H4: The positive relationship between CSR and firm financial performance indicates that the financial performance will be stronger when servant leadership is high.

Proposed conceptual model



3. Research Method

3.1 Sample and Data Collection

The present study aimed to investigate the influence of CSR on firms' reputation and financial performance, with a focus on the moderating role of servant leadership. Data were collected from the banking sector organizations in Afghanistan, which comprise three government banks, seven private banks, and two foreign banks. According to the Association of Banks in Afghanistan and a recent report by the Afghanistan Bank (October 2021), the sector employs approximately 10,280 professionals. The study utilized a sample of 200 employees from the banking sector in Afghanistan, selected using the Krejcie & Morgan's (1970) sample selection table. Due to the challenging circumstances in Afghanistan and limitations imposed by the government, a non-probability convenience sampling method was employed for data collection. A total of 211 questionnaires were distributed, with a response rate of 60%. After excluding 11 incomplete questionnaires, 200 responses were analyzed using SPSS (v.23). The sample consisted of 22.0% female and 78.0% male respondents. The majority of respondents were between the ages of 20-30 (44.5%), followed by the age group of 31-40 (40.5%). The age groups of 41-50 and above 50 years old accounted for 23.0% and 3.5% of respondents, respectively.

3.2 Measures

In this study, the measurement of variables involved the adoption of established scales. CSR was assessed using a five-item scale developed by Maignan and Ferrell (2004). One of the items in this scale was "Treat all employees fairly and respectfully, regardless of gender or ethnic background." Firm reputation was measured using a three-item scale developed by Fombrun et al. (2000). A sample item from this scale was "In general, our organization has a good reputation." For measuring firm financial performance, a four-item scale developed by Samiee and Roth (1992) was employed. A sample item from this scale was “ in my bank, operating profits are satisfactory”. Servant leadership was measured using a seven-item scale developed by Liden and Wayne (2015). An example item from this scale was "I consider the consequences of decisions for the affected stakeholders." All items in the study were assessed using a five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5).

4. Data Analysis

4.1 Descriptive Statistics and Data Normality

Table 1: Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Corporate social responsibility	200	3.2200	.41529	1.362	.172	-.146	.342
Firm financial performance	200	3.7400	.79723	.923	.172	.386	.342
Firm reputation	200	3.2100	.70597	-.063	.172	-.523	.342
Servant leadership	200	3.0200	.80800	-.037	.172	-1.466	.342
Valid N (listwise)	200						

Source: Authors' compilation

Table 1 presents the mean values for the variables in the study. The mean for corporate social responsibility (employee responsibility) is 3.22, indicating agreement among the 200 respondents on this aspect. The mean for firm financial performance is 3.74, and the mean for business reputation is 3.21, also reflecting agreement among the respondents. The mean for servant leadership is 3.02, indicating agreement on this variable as well. To assess the normality of the data, skewness and kurtosis were examined. Skewness measures the symmetry of the variable's distribution, while kurtosis assesses the peakness of the distribution. The results of the univariate skewness and kurtosis analysis reveal that all four variables exhibit negative skewness. The CSR items have a skewness of -1.047 and kurtosis of 0.602, the firm financial performance items have a skewness of -1.122 and kurtosis of 0.794, the firm reputation items have a skewness of -1.548 and kurtosis of 1.748, and the servant leadership items have a skewness of -1.398 and kurtosis of 1.199. These findings suggest that the variables are normally distributed (refer to table 1).

4.2 Data Reliability Test

The reliability of the data was assessed using the Cronbach's Alpha test. Cronbach's alpha is a measure of internal consistency and reliability for questionnaires with multiple items (Field, 2005). It is commonly used to evaluate the consistency and reliability of data obtained from Likert scales (Trochim & Donnelly, 2010). To determine the suitability and consistency of the data, the Cronbach's alpha reliability test was conducted, which is considered the optimal method (Hinton et al., 2004). A Cronbach's alpha score below 0.7 indicates low reliability, a score between 0.7 and 0.9 indicates high reliability, and a score above 0.9 indicates outstanding reliability. The results presented in Table 2 demonstrate that Cronbach's alpha values for all the study variables fall within the acceptable range, indicating the presence of reliability.

Please refer to Table 2 for the specific Cronbach's alpha values for each variable.

Table 2: Cronbach's Alpha

Variable Name	Cronbach alpha	N. of items
Corporate Social Responsibility	.608	5
Firm Financial Responsibility	.674	4
Firm Reputation	.728	3
Servant Leadership	.775	7

Source: Authors' compilation

The association between the variables was examined using correlation analysis to assess the strength of their relationship. Furthermore, multiple regression analysis was conducted to determine the impact of independent variables on the dependent variable. The primary focus of our analysis, in conjunction with the moderating effect of servant leadership, was to investigate the direct influence of corporate social responsibility on firm financial performance and company reputation. Another important objective was to examine the direct effects of servant leadership on corporate social responsibility. Before examining the proposed study hypotheses, the following relationships were evaluated and supported by multiple regression analysis. The results presented in Table 3 indicate that the study variables exhibit significant and positive correlations. The strength of the correlation between variables ranges from 0.566 to 0.694, with p-values less than 0.001, indicating a highly significant relationship.

Table 3: Correlation Analysis

Variables	CSR	SL	FP	FR
CSR	(0.73)			
SL	0.694**	(0.77)		
FP	0.611**	0.566**	(0.82)	
FR	0.595**	0.672**	0.615**	(0.81)

Source: Authors' compilation

Note: CSR= Corporate Social Responsibility; SL = Servant Leadership; FP = Financial Performance; FR= Firm Reputation.

**Significant at 0.01

The regression analysis results for the two dependent variables, Firm Financial Performance and Firm Reputation, with Servant Leadership as the moderating variable and Corporate Social Responsibility (CSR) as the independent variable, are presented in Table 4 below. The Hayes process method customized for SPSS was used for data analysis. Model #1 in Table 4 displays the level of effect of the independent variable "CSR" on the dependent variable, Financial Performance. The R-Square value of 0.470 indicates that the independent variable accounts for 47.0% of the variance in Financial Performance. Similarly, Model #2 indicates that the independent variable "CSR" explains 60.4% of the changes in the dependent variable, Firm Reputation. Upon adding the moderating variable, Servant Leadership, in Model #3, the level of effect of the independent variable increases to 61.3%. The R-Square Change column demonstrates that the addition of the moderating variable contributes to a 14.3% increase in the level of effect. Furthermore, with the inclusion of interaction effects in Model #3, there is an additional increase of 0.036 in the level of effect compared to Model #2. The new R-Square value becomes 0.649, indicating that the independent variable, along with the moderating variable and interaction effects, accounts for 64.9% of the variance in the dependent variables. The significance of the model interaction effect is demonstrated by the "Sig. F Change" column, where the value is less than 0.05, indicating that there are variables that moderate the relationship between the independent variable and the dependent variables.

Table 4: Model Summary and Change Statistics

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.686a	0.470	0.461	0.43063	0.470	49.659	1	198	.000
2	.783b	0.613	0.604	0.36873	0.143	82.512	1	197	.000
3	.806c	0.649	0.634	0.35447	0.036	5.575	2	195	.000

a. Predictors: (Constant), Corporate Social Responsibility
b. Predictors: (Constant), Servant Leadership
c. Predictors: (Constant), Corporate Social Responsibility X Servant leadership
Dependent Variables: Financial Performance and Firm Reputation

Source: Authors' compilation

Furthermore, the results in Table 5 indicate the statistical significance of all the models.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.835	1	9.209	49.659	.000 b
Residual	41.538	198	.185		
Total	78.373	199			
Regression	48.053	1	9.611	70.686	.000 c
Residual	30.320	197	.136		
Total	78.373	198			
Regression	50.856	2	5.651	44.971	.000 d
Residual	27.518	195	.126		
Total	78.373	197			

5. Discussion

Organizations within Afghanistan's banking sector grapple with challenges concerning both financial performance and reputation. In light of the current circumstances and the drive to enhance sector performance, this study aims to explore the interconnections among CSR, financial performance, and corporate reputation. Additionally, the research investigates how servant leadership moderates the relationship between CSR and both financial performance and corporate reputation. The findings of this study support the first hypothesis, indicating that CSR significantly and positively influences financial performance. This finding aligns with previous research (Maqbool & Zameer, 2018; Chang, 2016; Castaldo et al., 2008; Barauskaite & Streimikiene, 2021;Kabir & Chowdhury, 2023; Li, Fu, Han, & Liang, 2023; Nguyen, Nguyen, & Nguyen, 2022; Ang, R., Shao, Z., Liu, Yang, & Zheng, 2022), highlighting the importance of CSR in enhancing a firm's financial performance. Similarly, the second hypothesis, which posited that CSR impacts firm reputation, was also supported by the study's findings. This result is consistent with previous studies (Gulzar et al., 2018; Melero-Polo & López-Pérez, 2017; Forcadell & Aracil, 2017; Yan et al., 2022; Brammer and Pavelin, 2016; Gardberg et al., 2019; Khan et al., 2020a; Aggarwal & Saxena, 2023; Zhao et al., 2021; Cabrera-Luján et al., 2023) and underscores the significance of CSR in shaping a company's reputation. These findings are also aligned with stakeholder theory. Stakeholder theory posits that Corporate Social Responsibility (CSR) initiatives, by addressing stakeholder concerns and contributing to social and environmental goals, can positively influence financial performance through enhanced stakeholder trust and subsequently bolster corporate reputation.

The third and fourth hypotheses aimed to examine the moderating role of servant leadership in the relationship between CSR and financial performance, as well as CSR and firm reputation. The study's findings confirm the beneficial influence of servant leadership in moderating these associations, which is consistent with previous research (Mishra & Suar, 2010; Saeidi et al., 2015). Employees respond positively and hold a favorable view of businesses that prioritize their well-being (Chen & Kelly, 2015). Stakeholders perceive socially responsible companies more favorably than their competitors. Organizations that consistently engage in CSR initiatives are highly regarded by their workforce. CSR cultivates a positive attitude towards the company, thereby enhancing its reputation. When internal and external stakeholders are informed about a company's CSR efforts, they form a positive opinion of the organization. CSR allows companies to build goodwill and generate reputational benefits. While corporate social responsibility has gained societal relevance, many CEOs face the challenge of winning over skeptics of social responsibility while meeting their financial obligations (Achbor & Abbot, 2004; Blowfield & Murray, 2008; Graham, 1998; Porter & Kramer, 2002). Conversely, servant leaders seem to be able to fulfill both financial requirements and corporate social responsibility activities successfully (Bennis, 2004; Fassel, 1998; Zohar, 1997). In line with contingency theory, servant leadership strengthens the link between CSR and financial performance and reputation. Having a servant leader, who prioritizes serving others unconditionally, leads to a greater emphasis on CSR within the organization. This heightened focus on CSR positively impacts both financial success and the company's reputation.

6. Conclusion, Recommendations, and Limitations

6.1 Conclusion

This study highlights the significance of stakeholder-related CSR, specifically focusing on employees, in enhancing a firm's financial performance and reputation. The findings further emphasize the role of servant leadership in strengthening the relationships between CSR, reputation, and performance. The banking industry in Afghanistan, in particular, should prioritize CSR initiatives to address the social, economic, and psychological concerns of their customers. Engaging in activities that promote well-being and ethical business practices can enhance employee loyalty, motivation, reputation, and financial success.

6.2 Recommendations

Recommendations for further studies:

- Leaders in organizations should recognize the importance of CSR towards employees in order to enhance organizational performance and reputation. Implementing CSR activities that prioritize employee well-being and satisfaction can lead to improved job performance, increased profitability, and a positive organizational image.
- Senior management in the banking industry should consider adopting a servant leadership style. Servant leadership enhances the impact of CSR on firm financial performance and reputation. Leaders who prioritize serving their employees and promoting their welfare can create a positive work environment and strengthen the benefits of CSR initiatives.
- Senior management should focus on CSRE (Employee Responsibility) initiatives to inspire and motivate employees, leading to enhanced financial performance and reputation. Managers in the banking sector should recognize that CSR is an essential element for achieving organizational goals and maintaining a competitive advantage in the industry.
- Financial institutions, particularly banks, should support the professional growth of their employees and boost their self-confidence. This investment in employee development can contribute to greater profitability and a positive organizational image.

These recommendations provide avenues for future research to explore the link between CSR, leadership styles, employee well-being, and organizational outcomes in the banking sector and beyond.

6.3 Limitations of the Study

Limitations of the study and recommendations for further research:

- The study focused solely on the banking industry in Afghanistan. Future research should consider collecting data from other industries such as manufacturing, education, and small and medium-sized companies (SMEs) to compare the results and broaden the understanding of CSR's impact.
- Collecting data over extended time periods and across different industries can provide more robust and credible results. Researchers can consider longitudinal studies or comparative analyses to strengthen the findings.
- To generalize the study's findings, it is important to include a diverse sample from various cultural backgrounds and research settings. This will enhance the external validity of the research and provide a broader understanding of the relationships between CSR, firm reputation, and financial performance.
- This study only examined one moderating variable, Servant Leadership. Future studies can explore the influence of additional moderating variables to establish more reliable correlations between CSR, firm reputation, and financial performance.
- Comparing the effects of different leadership philosophies on CSR reputation and financial performance can be an interesting avenue for future research. Examining the impact of various leadership styles in conjunction with CSR initiatives may provide valuable insights into optimizing organizational outcomes.

By addressing these limitations and considering these recommendations, future research can further enrich the understanding of the relationships between CSR, leadership, and organizational performance in diverse industries and contexts.

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