



ADDIS ABABA UNIVERSITY

FACILITY OF BUSINESS INSTITUTE

**THE EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY
ON MARKET PERFORMANCE IN THE CASE OF
COMMERCIAL BANK OF ETHIOPIA**

BY

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JUN, 2025

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Declaration

I, Sena Abdeta, hereby declare that the thesis entitled “ The Effects of Corporate Social Responsibility on Market Performance In The Case of Commercial Bank of Ethiopia “ is based on my original work, except for quotations and citations, which have been duly acknowledged. I further declare that this thesis has not been previously or currently submitted to Addis Ababa University or any other institution for any degree or academic qualification.

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This certificate certifies that the thesis entitled “The Effects of Corporate Social Responsibility on Market Performance In The Case of Commercial Bank of Ethiopia “was submitted as partial fulfillment for the Master's at Addis Ababa University. I confirm that this work is original and has not been submitted for any degree, either at AAU or any other university. With my approval, this thesis is now submitted for consideration.

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This is to certify that the thesis prepared by Sena Abdeta entitled: “The Effects of Corporate Social Responsibility on Market Performance In The Case of Commercial Bank of Ethiopia “ and submitted in partial fulfillment of the requirements for the Degree of Master of Art in the regulations of the University and meets the accepted standards concerning originality and quality.

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Aknowledgment

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Acronyms/Abbreviations

- CSR.....Corporate Social Responsibility
- CBE.....Commercial Bank Of Ethiopia
- SME.....Small Enterprise
- SPSS..... Statistical Package for Social Sciences
- UN.....United Nations
- HR.....Human Resource
- ROA.....Return on Assets

Abstract

The study entitled effect of corporate social responsibility on market performance in the case of commercial bank of Ethiopia. The main objective of the study was to evaluate the effect of Corporate Social Responsibility on Market Performance at CBE. To do this, the researcher used explanatory research design and quantitative research approach. A total of 306 questionnaires were distributed to respondents and 296 of them were completed properly and returned and finally the study used descriptive statistics and inferential statistics (Pearson correlation and multiple linear regression analysis) to determine the effect of CSR on market performance. The data analyzed using SPSS version 27. This study employed the corporate social responsibility dimensions such as Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability as predictor variables and used market share as metrics for the explained variables of market performance. The finding reveals that all corporate social responsibility dimensions had a positive and significant impact on market performance. Additionally, the multiple linear regression analysis revealed that 55% of the variation in market performance can be attributed to Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability. The remaining 45% were other factors that restricted CBE's market performance, which are not included in the study model. Based on the finding, the researcher recommends that CBE needs to develop a comprehensive and integrated CSR strategy dealing with four variables (philanthropy, community engagement, labor ethical practice and environmental sustainability practice of CSR).

Key words: - philanthropy, community engagement, labor ethical practice, environmental sustainability and market performance

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

CSR refers to the company's efforts to solve social, environmental, and management issues while maintaining profitability. Historically, CSR was considered a peripheral activity, but the recent trend is integrated with major business strategies. Companies related to CSR can often improve their reputation, improve their employees, and experience strong loyalty to customers, leading to competitive advantages and the best financial indicators (Dzage, 2024). CSR has shifted from pure charity to the main components of the company's strategy, which influenced the effects of the market and the relationship with the stakeholders. Companies are gradually recognizing that CSR initiatives are elements of ethical orders, financial indicators, and competitive advantages. For example, companies with reliable CSR practices often contribute to increased market efficiency, increasing their reputation for brand, customer loyalty, and employees (Gharbi, 2024).

CSR's initiatives can reduce operational risks, stimulate innovation, and create new market opportunities. A company that takes environmentally stable practices can increase its market value by attracting environmentally friendly consumers and investors (Soriano, 2022). CSR also acts in the form of reputation insurance and protects the company from potential reverse reactions during the crisis. As a risk and value creator, this dual role of CSR emphasizes strategic importance in modern competitive business environments (Soriano, 2022). Despite the advantages, there is a problem with the implementation of CSR. Critics argue that some companies participate in greenwashing which is used to cover unstable practices for surface measurements for CSR. In addition, financial costs related to CSR initiatives can prevent small companies from introducing integrated programs. Nevertheless, data is a strategic long-term advantage of CSR, such as the expansion of access to the market and the outpatient cost of capital costs (Dzage, 2024).

Corporate social responsibility (CSR) was developed as a strategic approach to the company to adjust public, environmental management, and profitability, and surpassed the requirements for ethical management and sustainable practical development. In the banking sector, CSR

initiatives, such as community investment and environmental stability programs, are increasingly recognized for enhancing market brands, customer loyalty, and differentiation (Asegedew, 2017). Nevertheless, the relationship between CSR and market efficiency is still complicated and complex with research that emphasizes the differences between other industries and regions. For example, a study on consumers and industrial sectors shows that when consumer-oriented companies experience higher financial interest from CSR due to the increase in brand loyalty (Tooley, 2023).

In developing economies like Ethiopia, CSR's role in market performance is understudied despite its growing relevance to sustainable development goals (Taneja, 2024). The Commercial Bank of Ethiopia, as the nation's largest financial institution, did not provide CSR activities, including educational sponsorships and infrastructure projects (Asegedew, 2017). While global studies suggest CSR improves market performance and shareholder value, contextual factors such as regulatory frameworks, cultural priorities, and economic conditions in developing nations may moderate these outcomes (Taneja, 2024).

In Ethiopia, where regulatory pressures for CSR are minimal compared to global standards, CBE's voluntary initiatives offer a unique test of intrinsic CSR efficacy (Asegedew, 2017). Furthermore, there is a lack of longitudinal data on CSR's impact on market performance. By examining CBE's strategies, this study aims to bridge theoretical and practical gaps regarding CSR in CBE.

1.2 Statements of the Problem

The relationship between corporate social responsibility (CSR) and market performance is still a critical but inconsistent area that can be understood worldwide. Developed countries are increasingly recognizing CSR as a strategy to create value related to improved financial indicators, and the profitability of stocks in developing countries often shows investors' indifference to CSR initiatives due to weak regulatory frameworks and amulets of the regulatory system (Jayantilal, 2023). In China, the study before liberalization shows that there is not a significant correlation between the effects of CSR and the market reaction, but using mechanisms such as stocks, the introduction of foreign investors combines the improved sensitivity of the investor with the disclosure of the CSR (Zhou, 2023).

Ethiopia's CSR practice is faced with a systematic problem including limited regulatory management, low knowledge of investors, and reactive enterprise access (Kellow, 2020). Although foreign companies such as Heineken Ethiopia accepted structured CSR programs (“The Best World Side”), domestic companies such as Commercial Ethiopia (CBE) did not showcase their efforts. The CBE CSR measures between 2011-2013 focused on sporadic donations (41.7% of the community's NPO social support), and it was not a strategic integration, and the Environment Initiative was reduced to annual wood planting campaigns (Nigatu, 2016). This is in contrast to the global trend of major banks that introduce CSR elements to basic operations to reduce risks and increase brand capital (Zhou, 2023).

In Ethiopia, CBE's leadership (67% control of bank assets) coexists with insufficiently developed CSR management. Banks do not have allocated CSR budgets, measurable exposure frames, and transparent report mechanisms that undermine the trust of stakeholders in the development market (Yohannes, 2022). According to global research, CSR strengthens the loyalty and stock effects of customers due to the improvement of corporate reputation, but the CBE's transaction approach (e.g. disposable donation to national institutions) does not create sustainable social capital. This closure deteriorates the historically closed Ethiopian financial system, and by 2025, the lack of the stock market will have eliminated the investor pressure on CSR responsibility (Nigatu, 2016).

Studies demonstrate that CSR initiatives enhance financial performance, corporate reputation, and innovation by signaling ethical commitments to stakeholders and fostering trust (Heliyon, 2024). However, the relationship between CSR and market performance (stock price volatility, and investor confidence) is less clear and context-dependent. Research on U.S. banks revealed that excessive CSR spending can increase stock price volatility due to perceived costs outweighing benefits, while Polish banks showed that CSR strengthens the value relevance of financial data by aligning with stakeholder expectations (Bolibok, 2021).

As shown in the above literature there is a theoretical gap regarding the effect of CSR on market performance, as according to Zhou (2023), there is no significant correlation between CSR and market performance. Whereas CSR improves market performance and shareholder value, contextual factors such as regulatory frameworks, cultural priorities, and economic conditions in developing nations may moderate these outcomes (Taneja, 2024). And also Bolibok (2021),

argues that excessive CSR spending can increase stock price volatility due to perceived costs outweighing benefits, while Polish banks showed that CSR strengthens the value relevance of financial data by aligning with stakeholder expectations.

Therefore this research will aim to fill this theoretical gap, and thus underscore the need for localized empirical analysis, particularly in understudied regions like Ethiopia, where cultural, regulatory, and economic dynamics may uniquely shape outcomes. By analyzing the effect of CRS on market performance in the case of CBE, with the dependent variable of environmental sustainability, ethical labor practices, community engagement, and philanthropy and market performance as dependent variables, this research will address this gap.

1.3 Research Question

1.3.1 Main Research Question

What is the effect of Corporate Social Responsibility on Market Performance at CBE?

1.3.2 Sub-Research Questions

1. How do environmental sustainability practices affect market performance at CBE?
2. What is the effect of community engagement practices on market performance at CBE?
3. Do ethical labor practices affect the market performance of CBE?
4. What is the relationship between philanthropy practices and market performance at CBE?

1.4 Objective of the Study

1.4.1 Main Objective

The main objective of the study will be to analyze the effect of Corporate Social Responsibility on Market Performance at CBE.

1.4.2 Specific Objectives

1. To examine the effect of environmental sustainability practices on market performance at CBE.
2. To analyze the effect of community engagement practices on market performance at CBE.
3. To determine the effect of ethical labor practices on the market performance of CBE.

4. To explore the relationship between philanthropy practices and market performance at CBE.

1.5 Significance of the Study

1.5.1 Thematic Significance

The study examining the effect of Corporate Social Responsibility (CSR) on market performance at CBE (Commercial Bank of Ethiopia) holds substantial thematic significance by enriching theoretical debates on CSR in underrepresented contexts. While CSR's role in driving market performance is widely studied in developed economies, this research addresses a critical gap by focusing on CBE financial institutions in Ethiopia, an emerging market. By analyzing how CSR initiatives ranging from community development to environmental sustainability impact market performance. This contextual lens advances global CSR discourse, challenging or reinforcing universal assumptions about its efficacy.

1.5.2 Practical Significance

Practically, this study provides effective information for CBE and similar organizations by the CSR strategy with a market goal. The result will show a strong relationship between CSR and performance, and banks can contribute to competitive advantage by determining the priority of initiatives resonating with the stakeholders. This study provides strategies based on actual data to strengthen market positioning in satisfying social needs by comparing the actual results of CSR with practical results such as customer maintenance or stability of stock prices.

1.5.3 Policy Significance

At the policy level, the study underscores the potential of CSR as a tool for national development, urging regulators to incentivize responsible business practices. By giving attention to CSR the policy maker adjusted the regulatory rule based on the findings of the study.

1.6 Scope of the Study

1.6.1 Geographical Scope

The study population will be delimited to professional employees of CBE at the head office in Addis Ababa, Ethiopia from December 2024 to June 2025. This geographical limitation will be because of time, access, and cost restrictions, but it is also believed that a considerable number of respondents are available in Addis Ababa.

1.6.2 Conceptual Scope

The variables included in this study on the effect of CSR on market performance dependent variables of environmental sustainability, ethical labor practices, community engagement, and philanthropy and market performance as dependent variables.

1.6.3 Methodological Scope

The researcher will use an explanatory research design and a quantitative research approach. The researcher will use probability sampling with random sampling techniques. To analyze the collected data the researcher will use SPSS-27.

1.7 Organization of the Study

To keep the paper interesting, it will be organized into five main chapters. An overview of the study's background, problem statement, research questions, research objectives, and significance is provided in the first chapter. The papers in the second chapter will review relevant theoretical and empirical literature. In chapter three, the study's methodology will be thoroughly covered, including the population, sampling technique and procedure, data source, data collection tools and procedures, and data analysis mechanisms employed. Data analysis and presentation will be covered in chapter four. Chapter five, which concludes with a discussion and a recommendation, will be the last one.

CHAPTER TWO

2. RELATED LITERATURE REVIEW

2.1 Theoretical Literature Review

Corporate Social Responsibility (CSR) is a business model in which companies integrate social, environmental, ethical, and economic concerns into their operations and interactions with stakeholders. It shows a commitment to operate in ways that benefit society and the environment while maintaining profitability (Soraya, and Hhihanus, 2024).

CSR is considered a strategic tool for improving competitive positioning that matches business practices with social expectations (Lamia, Mohammed, 2022). CSR Initiatives contribute to the cost creation by improving corporate reputation that promotes customer loyalty and brand differentiation in the saturated market. This strategic adjustment is especially important in a market in which SMEs using CSR reports increase performance due to consumer trust and mutuality (Quang, 2021). The integration of CSR in major business strategies is theoretical to achieve long-term financial benefits and calculate the requirements of stakeholders in ethical and sustainable practices (Soraya, and Hhihanus, 2024).

The relationship between CSR and market efficiency is mediated by psychological and behavioral factors, especially consumer sentiment and corporate reputation. Emotional marketing theory argues that the initiative of CSR creates emotional legs in consumers and causes gratitude and loyalty based on identity (Zhang, 2022). Charity or environmental efforts controlled by CSR can cause consumer audit, which can lead to mutual actions such as increased trust and reduction in compensation during product failure (Xiufeng, 2024). Corporate reputation serves as an important intermediary, and the QSO's activities are transferred to the market advantage of QSO according to the reliability and ethical standards of the stakeholders. According to a study of Vietnam's SME sector, CSC's reputation growth directly improves the intentions of customer purchases, creating a cycle with improved sales and market share (Lutfirrahman, and Subekti, 2024).

2.1.1 Environmental Sustainability

Environmental sustainability is a key component of CSR, which focuses on minimizing negative environmental impacts with the help of sustainable development. The company takes measures

such as reducing greenhouse gas emissions, waste disposal, and renewable energy sources. For example, NESTLA organizes cleaning events to reduce contamination, while Starbucks tries to reduce water consumption and waste by 2030 (Fernando, 2024). Green finances (social, economic, and environmental) have a positive impact on the environmental indicators of Bangladesh. The finding emphasizes that the funding of environmentally friendly projects and the adoption of socially responsible programs are important for achieving the goals of sustainable development in developing countries (Zheng, 2024).

The green bank as a paradigm moves to stability. Renewable energy sources of project funding, reducing the use of papers, and promoting customer environmental behavior. This effort matches the sustainable development goals of the UN improves the bank's reputation and eliminates environmental risks (Khan, 2023). Research on the Italian banking sector takes into account the effects of the environment, society, and management on banks' performance, the researcher emphasizes green financial products to integrate environmental considerations into credit policy and to inform the stability (Menicucci, 2022).

Omar (2023), analyzes the role of CSR as a path to a sustainable bank case. He determines the initiative for CSR, which improves environmental indicators such as green financial support, reduction of operational waste, and environmentally friendly industrial support. Green banks include environmentally friendly practices such as energy-efficient operations, green financial products, and carbon credit companies. It also includes internal measures such as reducing the use of paper and external measures such as low-oxygen project funding (Akbar, 2022).

2.1.2 Ethical Labor Practices

Corporate social responsibility (CSR), especially the ethical practice of labor, has become an area of important interest in solving sustainable development and social problems. Within the framework of the CSU, the ethical practices of labor emphasize fair treatment, fair wages, and safe working conditions with employees, and financial institutions ensure positive contributions to labor and society as a whole. This approach corresponds to a broader goal of CSR, including environmental stability, charity, and economic responsibility. The bank's ethical CSR not only increases the satisfaction of employees but also strengthens the reputation of institutions among stakeholders (Jonker, 2024).

In the initiative of CSR, the integration of ethical labor practices includes guaranteeing fair wages, promoting various jobs, and maintaining transparency in the operation of the supply chain. For example, banks can accept policies to avoid partnerships with suppliers in labor practices. Ethical leadership also plays an important role in promoting pro -pro-physiological behavior among employees and introduces the value of justice and responsibility to the organizational culture. This leadership approach mediates the connection between the initiatives of the CSR and the behavior of the employee, as shown in the study that connects ethical leadership to the improvement of the mechanics of the banking sector (Safdar, 2021).

The corporate social responsibility (CSR) of the banking industry has a positive impact on society, including the integration of ethical, environmental, charity, and economic practices in business operations. The ethical practice of labor is an important element of CSR and guarantees and responsibility among all stakeholders. Banks should guarantee that there will be no unethical practices in the supply chain. This includes the inspection of suppliers and partners to prevent participation in unfair labor practices and maintain perfection throughout the activities (Somani, 2024).

The study Mesta-Cabrejos (2023), emphasized the internal level of CSR, which focuses on fair wages and quality of jobs. This approach emphasizes the importance of justice for employees as part of a wider CSR strategy (Mesta-Cabrejos, 2023). Ethics banks go beyond financial benefits and include social goals such as transparency and responsibility. Banks are expected to avoid honest practices and promote positive social results (Dorsamy, 2013). Banks often use self-regulation to ensure ethical behavior and adjust their CSR programs. This approach helps to expand the community's ability and promote innovation.

The ethical practice of labor is also beyond the framework of internal operation, which has a wider social impact. Banks can contribute to the development of the community by investing in local programs for job creation or supporting educational initiatives to improve financial literacy. This behavior increases the community and complies with the economic principles of CSR to determine the public's priority with profitability. With this practice, the bank shows a dedication to responsible corporate citizenship, which is increasingly regarded by both consumers and investors (Sayad, 2022).

2.1.3 Community Engagement

The participation of the community, a critical measurement of CSR, plays an important role in stimulating sustainable development and increasing the responsibility of the company. This concept emphasizes the active participation of the company in satisfying social needs according to the expectations and ethical orders of the stakeholders (Balakrishnan, 2013). The participation of the community in CSR is due to some factors, including the need to support public image, meet the requirements of stakeholders, and meet the expectations of the community. Hamilton, and Olivier (2016), emphasize the three main aspects of CSR, that is, economy (profitability), legal (compliance), and ethical (moral responsibility). Effective interactions should be carried out as innovative practices that expand the community's ability beyond trading interactions. For example, a company that accommodates innovation strategies will establish a long-term relationship based on trust and common values and reach mutual benefits for both companies and communities (Hamilton, and Olivier, 2016).

Conceptual models, such as assessing community engagement emphasize the importance of community participation. This model advocates principles such as comprehensive, general management, and a culturally oriented approach. Including the diversity and definition of the health of the framework, these models instruct the organization to measure the quality and effects of interaction efforts. This guarantees that interaction with the community is not only symbolic but also leads to practical results such as the definition of a health conversion system (Gaxiola, 2022).

Elpisah (2023), emphasizes the role of a strategy in the community in improving business efficiency. The study on a small and medium-sized company (SMES) shows that CSR activities increase financial stability, competitiveness, and excellence in society. However, problems such as resources and regulatory disorders often limit the adoption of this practice. Joint efforts between stakeholders can smoothly make these barriers, allowing companies to effectively integrate public interactions into major strategies (Elpisah, 2023).

The community's participation is important for the success of the initiative of CSR. This not only enhances the company's reputation and strengthens consumer trust, but also contributes to the long-term stability of the business (Amoghli, 2024). By investing in the development and social impact measurements of the community, companies can satisfy ethical obligations and increase

their market position. Moreover, the management strategy shows that the management strategy, which focuses on the community, has a positive correlation with the effects of SMEs and socio-economic development, and emphasizes the importance of inclusive growth (Elpisah, 2023).

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2.1.4 Philanthropy

Charity acts as a basic measurement within the framework of corporate social responsibility (CSR) and emphasizes voluntary distribution such as time, money, or experience to meet the needs of society. Charity is often considered a sub-set of CSR, but it plays an important role in the welfare and coordination of the community. Initial models of CSR, such as Archie Carroll Pyramid, declared charity at the discretion of the company after reaching profitability. Modern approaches emphasize the strategic adjustment of business kisses and social influences by integrating charity efforts into a wider framework of CSR (Janes, and Rau, 2020).

Corporate charity has shifted from special charity donations to strategic tools to create mutual benefits for companies and communities. Companies such as Procter & Gamble and Fannie Mae have shown a way to embed the CSR framework to support initiatives such as education, cultural projects, and public businesses. This strategic approach not only increases social results but also strengthens the business's reputation and the trust of stakeholders. Nevertheless, the effect of charity efforts depends on the strategy of United, not to emphasize the necessity of expert management, but to United's strategy and similar to major business operations (Bruch, and Frank, 2015).

Charity is different from a wider CSR model that focuses on direct social changes through resource distribution. CSR considers the immediate demands of the community due to ethical practices of business performance and various behaviors such as environmental stability charity

(Weinger, 2025). Companies such as PayPal use existing technology to support non-profit organizations, showing how Park Charity can be adjusted to comply with business functions. This adjustment allows charity initiatives to benefit the company, but also improve the identification of the company's brand and operating goals (Lazarri, 2018).

The Company explains that the charity successfully integrates the CSR strategy. Bombas contributes to the active participation of stakeholders by sacrificing essential apparel items at each perfect purchase. Similarly, the Chipote Foundation supports stable agricultural and educational programs, reducing food waste in the framework of the harvest program. This initiative shows how companies can have a significant social influence while combining charity with a broader goal of CSR (Patty, and Olivia, 2020).

2.1.5 Market Performance

The market share is a very important measurement of market efficiency, which serves as a major indicator of overall efficiency in obtaining the company's competitive position and customer needs. The conceptual market share of the market reflects the share of general market sales related to the company and is often used to evaluate marketing strategies and operational efficiency. It means that the responsibility for marketing activities is increased by ensuring the ability to associate marketing efforts with financial results (Khantimirov, 2017). To understand the factors that contribute to the long-term effect, a non-financial indicator, such as market share, customer satisfaction, and brand reputation serve as a major indicator of future financial success. The market share in the banking sector is especially important because it reflects the bank's ability to attract and maintain customers in a competitive environment. Unlike financial indicators, which are often delayed, non-financial indicators provide ideas for areas such as customer loyalty and service quality (March, 2021).

The relationship between market share and profitability has been widely studied, which shows both opportunities and complexity. The higher the market share, the greater the scale of profit, the improvement of market power, and the improvement of brand awareness. Empirical research, however, emphasizes that this connection is not universal, It depends on the characteristics of the industry related to the company and the same factors such as the epidemiology of the market. For example, companies in the service sector focusing on services can use more high-quality signal

transmissions with high market share, while products focused on products can use operational efficiency (Morgan, 2021).

The market share also serves as a competent agent and affects the ability to negotiate with suppliers and distributors. Large-scale market power allows companies to reach the advantages of costs and establish a barrier to entry from competitors. In addition, companies with a significant market share can resist more economic fluctuations in the fundamental position in the market. Nevertheless, to achieve and maintain a high market share, significant investments in marketing and innovation often require significant investments, which can be rewarded to increase profitability if not effectively managed (Bhattacharya, 2021)

The conceptual structure surrounding the market share emphasizes the role of mediators such as the company's age, switching costs, and industrial types. Young companies can experience more profitability effects by increasing the efficiency related to the increase in market share. Similarly, industries with high switching costs can improve profitability by allowing companies with a larger market ratio to keep their customers more efficiently. These nuances emphasize the importance of context when evaluating the strategic value of market share (Hsu, 2022).

2.1.6 Effects of Corporate Social Responsibility on Market Performance

The relationship between CSR and market efficiency is complicated because it contains many aspects such as environmental factors, and social and management (ESG). Studies have shown that CSR can increase the company's financial indicators by improving socially conscious investors and consumers. A systematic review of 53 studies shows that CSR activities have a great impact on CSR activities, especially when the company invests ESR in market development, development, and development (Jayantilal, 2023).

One of the main mechanisms that CSR affects market efficiency is the brand's value. CSR Initiatives increase the capital of brands by improving corporate reputation and customer satisfaction. The conceptual model of recent research emphasizes that CSR contributes to the trust and loyalty of the stakeholders, which has a positive impact on the brand's value. In addition, the role of social capital in horizontal (eg partnership) and vertical (eg, hierarchy) is defined as a regulatory element that improves the advantages of CSR in financial results. This

suggests that a company with a strong stakeholder network has the best position to use CSR for competitive advantage (Zhang, 2023).

In developing countries, the influence of CSR on market indicators is mediated by factors such as eco-friendly innovation and specific epidemiology in the sector. Sectors such as production, and CSR initiatives focus on environmental stability and staff wells, greatly increasing financial results. In addition, if you include green innovation as a mediator, the connection between CSR and market efficiency improves (Bashir, 2023). This conclusion emphasizes the need to comply with CSR strategies with industry problems and functions.

2.3 Empirical Literature Review

2.3.1 Effect of Environmental Sustainability Practices on Market

Performance

Environmental initiatives for CSR directly improve market competitiveness by adjusting sustainable development goals and operating strategies. The study on Chinese SMEs showed that effective environmental practices significantly improved organizational efficiency ($B = 0.301$, $p < 0.001$), which increased the efficiency and cost savings of resources (Bian, 2022). Similarly, a study on companies found that the practice of environmental responsibility ("planet" in the framework of triple results) suggests that sustainable practices can achieve financial success without prejudice with shareholders (Kawewong, and Diskulnetivitya, 2020). This result is a theory based on resources (RBVs) that deploy CSR as a strategic resource for competitive differentiation.

Government agencies, that introduce CSR environmental projects in sports events management, have reached the highest improvement in brand identification (Cohen's $D = 1.24$), which has a direct impact on consumer awareness and market share (Kim, 2017). On the contrary, the Bangladesh Bank showed that the impact on the market performance worked through the double path: 41%, and 29% through the green financial channel due to the direct increase in stability efficiency (Siddik, Yong, and Sharifi 2023). The production sector shows especially strong intervention results, where the environmental results optimize the supply chain (Xinxin, Chenhua, and Jining, 2024) to describe 68% of the market performance.

The relationship between environmental sustainability and market efficiency is often mediated by organizational strategies. Market performance and environmental practices are partially intermediately organizational strategy, which is 62,76% of the total exposure to Chinese SMEs (Kim, 2017). The environmental strategy controlled by CSR reduces the discharge and use of harmful substances to increase the operating efficiency and reputation of the brand. In the banking sector, Green Finance's practice improves the effects of CSR initiatives, showing how the environmental funding mechanism increases market profits (Abu, and Sharif, 2023). The manufacturing equation modeling of the production company also intermediates 58% of CSR on the company's efficiency, creating a virtue between sustainable development and market outcomes (Siddik, Yong, and Sharifi 2023).

H₁: Environmental Sustainability Practices of CSR Have Positive and Significance Effects on Market Performance.

2.3.1 Effect of Ethical Labor Practices on Market Performance

As part of the CSR initiative, the ethical practices of labor can greatly increase the efficiency of the company's market and strengthen the trust and reputation among stakeholders. Studies have shown that CSR practices, including fair labor policy and workplace ethics, have a positive impact on market evaluation indicators such as Tobin's S Q and Book Price (PBR) (PBR) (Tanggamani and Rahim, 2023). The study of publicly listed companies in Malaysia was found to be suitable for the performance of CSR practices. It has been shown to mediate the relationship between CSR and ROA, as well as a humble effect on market-based measurements such as asset return (ROA) and Tobin. Tobin's Q suggests that ethical labor practices affect internal performance rather than external market recognition (Amran, Ramayah, 2022)

The integration of ethical labor practices in CSR acts as a risk management tool, reduces potential obligations, and increases investor trust. Companies that adopt socially responsible labor policies often reduce market efficiency volatility by improving letters and reducing reputation risks (Bansal, 2024). A company with a powerful management mechanism that complies with ethical labor standards should ease the negative impact of ratifying CSR mandatory rules (Hyunsu, and Sanghee, 2024).

The effects of ethical labor practice are not unified in other sectors or management structures. The corporate governance structure that aims for stakeholders in market development has been shown to improve the advantages of CSR initiatives (Salman, 2024). A study on Chinese companies shows that the main subsidy and management structure, which aims to be a stakeholder, increases the positive impact of CSR on the company's effects. This conclusion emphasizes the importance of contextual factors such as regulatory support and the participation of stakeholders when maximizing the market advantages of ethical labor practices (Erfanian, and Urog, 2023).

H₂: Ethical Labor Practices of CSR Have Positive and Significance Effects on Market Performance.

2.3.3 Effect of Community Engagement Practices on Market Performance

Research on Gan Retail Banks has become important for community engagement parties such as donations, employees' voluntary, projects and partnerships, and charity (Deight, 2016). These practices are booming consumer expectations and 66% of global consumers are ready to pay more costs for socially responsible brands (Catalano, 2024). The company integrates initiatives into the community to strengthen its loyalty to brands and positioning in the market, which has a direct impact on customers' incentives. Catalano(2024), mentioned that 52%of US consumers were the priority for their brands, and Cone Communications mentioned that the company chooses a product from a company that supports the cause of 87%of Americans. This trend emphasizes how community participation contributes to the trust and differentiation of the competitive market (Catalano, 2024). A company that emphasizes processing data or charity donations often attracts ethically conscious demographics, increasing sales and market share.

According to a systematic review, CSR activities, such as the participation of the community, increase their motives, work satisfaction, and organizational obligations. Motivated employees become brand ambassadors to increase interaction and work efficiency with customers (Joseph, 2024). Leadership practices that determine the priority of CSR strengthen this additional effect and create a culture that matches the efforts of the workpiece with the goal-centered(Marquard, 2010). This internal leveling is often associated with service quality and innovation that stimulates market performance.

Partnerships with local stakeholders and long-term public projects also increase market stability. According to Siano (2016), employee perceptions sometimes hurt implementation, but CSR initiatives aim to improve their relationship with stakeholders. Successful partnerships, as can be seen in the Gan Banks, which co-projects can be seen in local bases and customer bases, reduce reputation capital and reduce risks (Ahmed, and Tabasum, 2020). This initiative reduces the reputation crisis and stabilizes the existence of the market during economic fluctuations.

Despite the advantages, the impact of community participation on market efficiency depends on strategic consistency and adjustment with basic business. Siano (2016), pointed out that it offers limited benefits compared to long-term obligations that integrate special charity activities. In addition, the inconsistency between CSR activity and consumer expectations can weaken the capital of the brand. Therefore, empirical data advocates focus on the value of public interaction strategies to maximize transparent transparency and market results, while further studies on the application and cultural nuances between sectors are needed (Joseph, 2024).

H₃: Community Engagement Practices of CSR Have Positive and Significance Effects on Market Performance.

2.3.4 Effect of Philanthropy Practices on Market Performance

Zhang (2021), shows that charity can lead to abnormal stocks return, especially during a crisis. Chinese companies, that were engaged in charity donations during COVID-19, experienced positive market responses in proportion to the level of donation and had greater results for private companies, brand regions, and timely donors. Similarly, the professional control of charity through funds and external guarantees increases the market value, informs the reliable social obligations, and reduces the asymmetry of information about investors (Arco-Castro, 2020). This result is consistent with a signal theory, which is a positive indicator of corporate legitimacy and the trust of stakeholders.

The impact of Philanthropy on market performance depends on the organization and regional context. China's private companies are probably more prominent in the stock market than their colleagues. In addition, companies that work in social sensitivity industries (medical, education) and regions with strong regional identities have increased performance. The study of Chinese companies listed in China's A-Share showed that the attachment to the chairman of his

hometown strengthened the positive relationship between donations and financial indicators. This is because local cultural relations have helped to convert Philanthropy into legal resources (Xuelin, 2022).

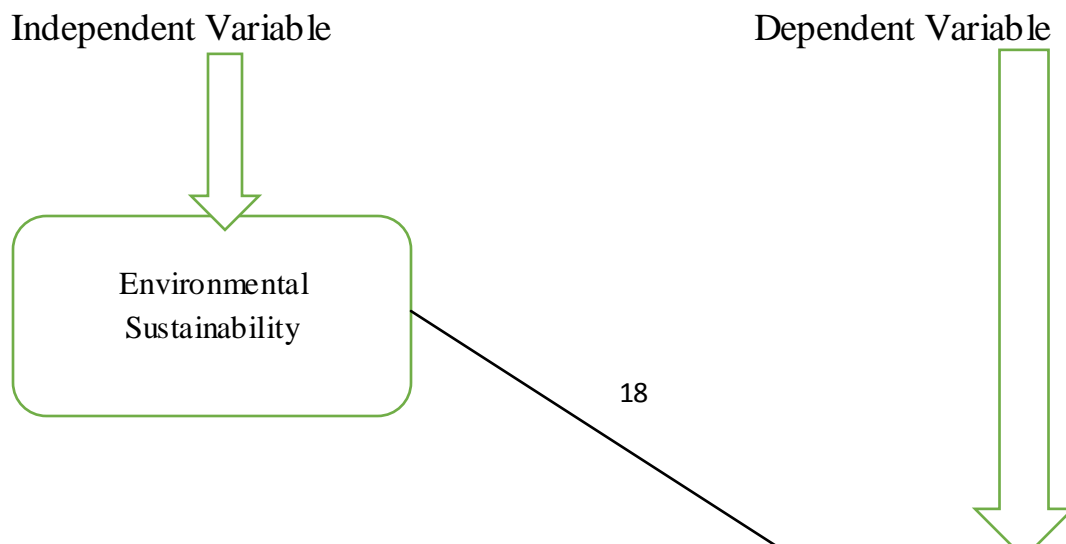
When evaluating market performance by using growth indicators (sales/assets), Indian steel companies showed 27% of Philanthropy improved investment results, but traditional market measurements, such as stock profitability, were maintained unnecessarily (Kaur, 2021). Similarly, multivariate analyses revealed that philanthropy's performance impact is most robust when measured through firm value (82% explanatory power) versus growth (27%). This inconsistency suggests that market reactions depend on both Philanthropy and selected financial indicators (Kaur, 2021).

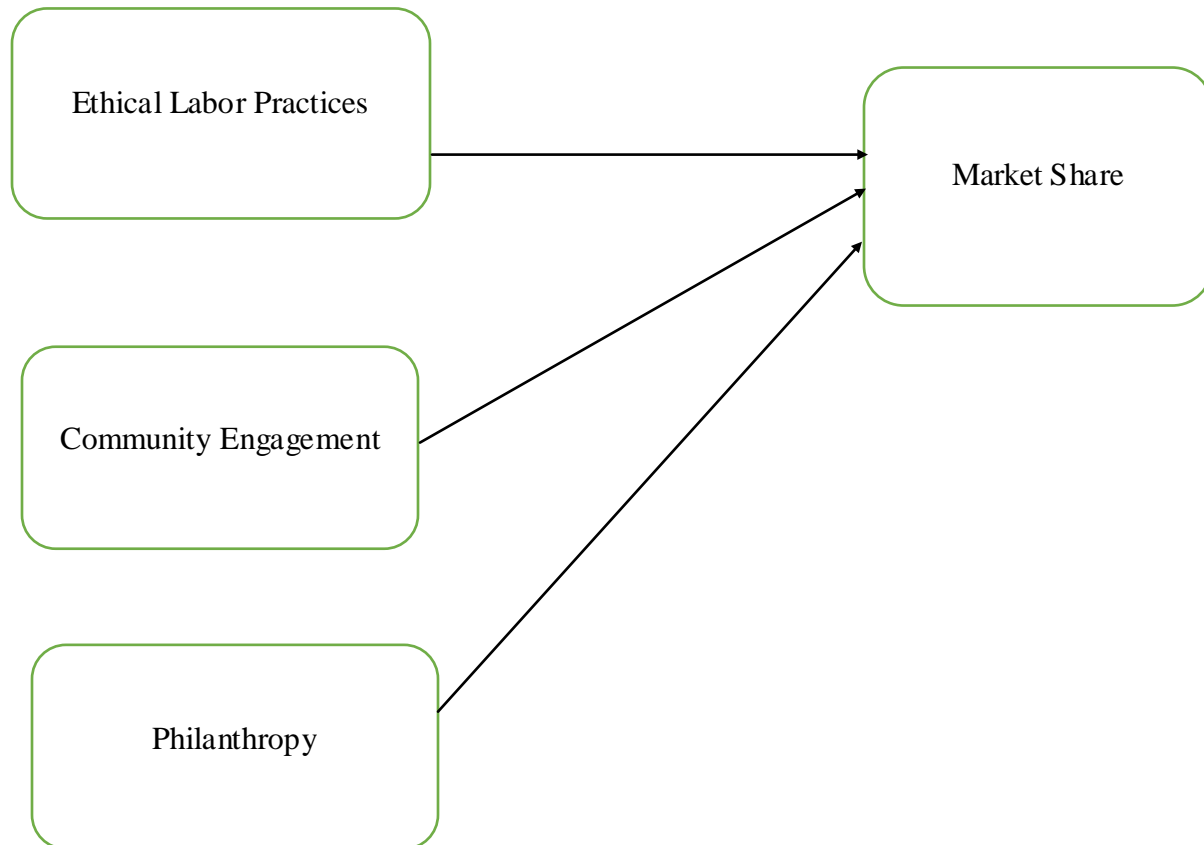
Philanthropy increases employees' participation, customer loyalty, and relationships with the government, indirectly increasing market evaluation over time. During a crisis such as COVID-19, timely donations were buffered with reputation insurance and company volatility in Pandemia (Xuelin, 2022). Externally proven donations through funds have caused greater trust in the market than direct Philanthropy since donations the assurance and transparency of philanthropic activities prove equally critical (Zhang, 2021). These results are located in the multidimensional market of market indicators, depending on the quality of the implementation and the alignment of the situation.

H₄: Philanthropy Practies of CSR Have Positive and Significance Effects on Market Performance.

2.4 Conceptual Framework

Based on the above conceptual and empirical literature the research develop the following conceptual framework.





Source: Researcher Model Based on Reviwed Empirical and Conceptual Literature

Figure 2.1 Conceptual Framework

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Research Approach

In this study, the researcher will use the quantitative research. The researcher chose this research approach because quantitative research focuses on the collection and analysis of numerical data to answer the research questions and test the hypothesis. This approach is based on the idea that numerical data can be more objective and reliable than high-quality data (Babbie, 2020). Quantitative research is a process of collecting data using surveys, and statistical analysis, and

the researchers can identify the pattern, trend, and relationship of the study variable. This approach is especially useful when the research questions focus on understanding large-scale phenomena, such as the effects of treatment on certain policies or populations (Berg, 2020).

3.2 Research Design

The researcher will use the explanatory research design. The explanatory research design is a type of research methodology aimed at revealing the causes of specific phenomena through a deeper understanding of causality between variables (Creswell, 2014). While studying the relationship between the cause and the result, of the effect of CSR on market performance, researchers can confirm or refute existing theories to create more reliable scientific knowledge. Maxwell (2012), argues that the researchers can provide effective ideas to provide information to future researchers, government bodies, and students in this area.

3.3 Target Population and Sampling

3.3.1 Target Population

The focus of this study is provided to all professional employees of the CBE at the headquarters of Addis Ababa. The researchers will analyze the perception of individual employees on how CSR practices affect the market performance of CBE. According to the HR department in headquarters, the CBE currently has 1285 employees.

3.3.2 Sampling and Sampling Techniques

The researcher will use a probability sample with a simple random selection to select the sample in the target group. According to Malhotra and Peterson (2006), there is no single exact way to determine the size of the sample. Therefore, there is a lot of inconsistency in determining the size of the sample. The larger the research sample, the more accurate the result. Based on the desired reliability level of 95% and the desired accuracy of 5%, the sample size for analysis was determined using Yamane Formula (1967).

$$n = \frac{N}{1 + N(e)^2}$$

Where N= Populations of the Study=1285

n= sample of the study

e=error=5%=0.05

$$\begin{aligned}n &= \frac{1,285}{1 + 1,285(0.05)^2} \\ &= 305.04 \\ &= 306\end{aligned}$$

Therefore the researcher will distribute 306 questionnaires for professional employees of CBE.

3.4 Data Type and Collection Technique

The data will be collected from primary sources from employees of CBE through a questionnaire using a 5-point Likert scale. The use of a 5-point Likert scale as suggested is particularly effective in capturing the nuances of participants' attitudes and opinions and allows for rich quantitative analysis of the data collected. By providing a range of responses from "strongly disagree" to "strongly agree," the scale allows for the nuances of respondents' feelings, thereby allowing for a deeper understanding of the research topic. In addition to quantifying subjective assessments, these ordinal measures standardize responses, which increases the reliability and validity of the results. As Joshi (2015), points out, this structured data collection methodology provides researchers with the ability to perform robust statistical analyses and establish meaningful correlations and patterns that can inform broader findings and implications in the context of the research objectives.

3.5 Methods of Data Analysis

Descriptive statistics will be used to measure the mean, standard deviation, and percent. On the other hand, inferential statistics will be used for correlation, linear, and multiple regressions. The multiple regression models used will be :

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where Y=Market Performance

X₁= Environmental Sustainability

X₂=Ethical Labor Practices

X_3 = Community Engagement

X_4 = Philanthropy

The analysis process involves converting the raw data into tables and graphs will be analyzed using the Statistical Package for the Social Sciences (SPSS) V-27.

3.6 Validity and Reliability

3.6.1 Validity

Adams (2007), state that the question of validity concerns whether the items capture the intended data. Experts and the research advisor will validate the survey's content validity. All the required adjustments was made in light of the feedback from these specialists and colleagues. In addition, the study's content validity is guaranteed by the alignment of the research question, conceptual framework, and data instrument. To improve the validity of the instruments the researcher used first pre-tested the questionnaire in a pilot study. The responses from the pilot study guide the researcher in making necessary changes and corrections to the questionnaire to enhance its validity. The validity of the data was checked by the correlation analysis of exact items with total correlation coefficients, with a significance level of 5%.

3.6.2 Reliability

According to Carmines and Zeller, (1979), Reliability is concerned with the degree to which the measurement of a phenomenon produces stable and consistent results. Reliability is also related to repeatability. Reliability testing is important because it indicates the uniformity of measuring equipment components (Huck, 2007). A scale is said to have high internal consistency reliability if the scale items are related to each other and measure the same construct (Huck, 2007, Robinson, 2009). The most commonly used method to measure internal consistency is Cronbach's Alpha. This is considered the most appropriate measure of reliability when using a Likert scale (Whitley, 2002, Robinson, 2009). Although there are no absolute rules regarding internal consistency, most agree on a minimum internal consistency coefficient of 0.70 (Whitley, 2002, Robinson, 2009). Hinton (2004) proposed four reliability thresholds, including excellent reliability (above 0.90), high reliability (0.70–0.90), moderate reliability (0.50–0.70), and low reliability (below 0.50). Therefore the reliability of the data was checked by Cronbach Alpha as shown in table 3.1 below.

Table 3.1 Reliability Test

Study variables	Cronbach's Alpha	No. of questionnaires
Environmental Sustainability	0.889	Five
Ethical Labor Practices	0.775	Five
Community Engagement	0.838	Four
Philanthropy	0.890	Five
Market Performance	0.896	Five
overall	0.844	Twenty four

Source: researcher own survey (2025)

As shown in table 3.1 the Chronbach alpha confidence for each statement, the result indicates that for independent variables such as Environmental Sustainability, Ethical Labor Practices, Community Engagement, Philanthropy and dependent variable(Market Performance) were 0.889, 0.775, 0.838, 0.890 and 0.896 respectively. It implies that the data was highly reliable according to Hinton (2004). Also the over all Chronbach alpha confidence was 0.844 which implies that the data was highly reliable.

3.7 Ethical Consideration

Before conducting the study to the respondents, the researcher informed the respondents about the objectives of the research and consciously consider ethical issues in obtaining consent, avoiding deception, maintaining confidentiality, respecting the privacy of all respondents, and protecting their anonymity.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

4.1 Respondents' Response Rate

Table 4.1 Respondents' Response Rate

Questionnaires	Frequency	Percentage
Total number of questionnaires distributed	306	100%
Total number of questionnaires returned	296	96.70%
Total number of questionnaires unreturned	10	3.3%

Source: researcher own survey (2025)

In the scope of this study, the researcher distributed 306 questionnaires to the employees of CBE and 296 questionnaires were completed properly with remarkable response rate of 96.70%. Only 3.3% or 10 questionnaires did not return and the researcher did not use them in study analysis. This strong answer indicates a high level of interaction and cooperation in the target group, which is an important advantage for research because it minimizes the potential to shift the absence of answers and increases the representativeness of the collected data.

4.2 Demographic Characteristics of the Respondents

Demographic Characteristics of the Respondents in this study includes Gender, Age, Qualification and related work experience. The frequency and percentage of the responders from a sample of employees of CBE at headquarters in Addis Ababa are shown below table 4.2.

Table 4.2 Demographic Characteristics of the Respondents

Gender of respondents			
		Frequency	Percent
Valid	Male	185	62.5
	Female	111	37.5
	Total	296	100.0
Age of respondents			
Valid	18-25 years	41	13.9
	26-35 years	110	37.2
	36-45 years	94	31.8
	above 46 years	51	17.2
	Total	296	100.0
Educational level of respondents			
Valid	Diploma	9	3.0
	First Degree	127	42.9
	Master's Degree and above	160	54.1
	Total	296	100.0

Work experience of respondent			
Valid	1-6 years	60	20.3
	7-14 years	114	38.5
	15-20 years	97	32.8
	over 21 year	25	8.4
	Total	296	100.0

Source: researcher own survey (2025)

As shown table 4.2, out of 296 respondents, males are account for a large number of respondents with 62.5% or 185 individuals. And the remaining 37.5% or 111 individuals are females. This implies that the majority of respondents who are participants in this study are males.

Regarding the age of the respondents, the largest segment belongs to the category of 26-35 years are 37.2% or 110 individuals followed by 36-45 years with 31.8% or 94 individuals. Young age groups aged 18-25 are 13.9% (41) and the oldest group exceeding 46 is 17.2% (51). This distribution represents an individual's response concentration in the young/adults stage that looked at how corporate social responsibility on market performance at CBE.

In terms of educational level, most respondents have a master's degree (54.1% or 160), and the important part is a first year (42.9% or 127). The small part of the respondent has a diploma (3.0% or 9). This high level of education among respondents can enrich the depth and quality of data obtained by using the questionnaire, including potentially recognized and clear samples.

Finally, respondents show a variety of professional experiences. The largest group has experience in 7-14 years (38.5% or 114 people) and 15-20 years old (32.8% or 97). The number of respondents with 1-6 years of experience is 20.3% (60), while the smallest group has more than 21 years of experience (8.4% or 25). This distribution includes a good combination of experienced people who provide various ideas.

In general, according to demographic data, most of the 296 respondents were in an active work year supported by age distribution, which shows the concentration of 26-45 years old. In addition, the high proportion of respondents above the bachelor's degree (42.9% of 1st degree, 54.1% of the master's degree) generally indicates a well -formed sample with high understanding levels. It is reasonable to conclude that much of the respondents have more than five years of

experience (20.3% of 1-6 years, 38.5% of 7-14 years, 32.8% of 15-20 years, and 8.4% for more than 21 years).

4.3 Descriptive Analysis of the Study Variables

The descriptive analysis is a type of statistical analysis, which aims to add up and explain the main functions of the data set, generally visual and quantitative methods. In this study, the quantitative data obtained from the closed ended questionnaire was explained in terms of mean, average mean and standard deviation. All tests were performed using statistical packages for SPSS (Social Sciences Software) version 27. The interpretation of all measurements based on Moidunny (2009), that describes the interpretation of the likert scale, accordingly the essence of the data interpreted in this study is as follows. 1.0 to 1.8 = strongly disagree, 1.81 to 2.6 = disagree, 2.61 to 3.20 = neutral, 3.21 to 4.20 = agree and 4.21 to 5.00 = strongly agree.

4.3.1 Environmental Sustainability

Table 4.3 Descriptive Analysis of Environmental Sustainability

Description	N	Mean	Std. Deviation
CBE actively implements measures to reduce energy consumption in its offices.	296	3.47	1.172
CBE prioritizes lending to businesses that demonstrate strong environmental sustainability practices.	296	3.86	1.048
CBE publicly discloses its environmental impact and sustainability goals.	296	3.99	1.054
CBE has effective programs in place to minimize waste and promote recycling.	296	3.93	1.086
CBE actively encourages employees to participate in environmental sustainability initiatives.	296	3.97	1.060
Grand mean	296	3.84	1.084

Source: researcher own survey (2025)

As shown in Table 4.3, the descriptive statistics of the application related to the environmental sustainability practice of the CBE. CBE actively implements measures to reduce energy consumption in its offices, the respondents agree with this statement with a mean of 3.47 and st. deviation of 1.172. This indicates positive perceptions of banks' efforts in this field, and suggests that employees and stakeholders recognize CBE measures to minimize energy tracking in the operating space. Regarding the second question, the CBE determines the priority of loans to companies that show strong practice of environmental stability. The average mean of 3.86 suggests that respondents agree that the CBE determines the priority of loans to companies that show strong practices of environmental stability. This indicates charges of banks to support environmental conscious companies through financial activities. Interested parties think that the CBE is considering environmental factors in loan decisions, which can potentially contribute to a more stable business system.

The CBE publicly reveals the impact on the environment and goals in the sustainable development field. Respondents agree that the CBE has an average mean of 3.99, and publicly discloses the environmental impact and sustainable development. This contract level is recognized as a transparent in the message of environmental efficiency and future purposes, which can gain trust and trust among stakeholders, which can be taken by more and more companies in sustainability, if the CBE has an effective program for minimizing waste and promoting treatment. Respondents agree with an effective program for the CBE to minimize the waste and to promote the processing with mean of 3.93. This refers to a positive idea for bank's internal efforts to manage the environment through the initiative to reduce waste and disposal, suggesting that this program is considered a noticeable and effective respondent. Finally, the CBE is actively recommended for employees to participate in the initiative for sustainable development.

Respondents agree that the CBE is actively recommended for employees to participate in the initiative for sustainable development, with an average mean of 3.97. This suggests that banks are actively participating in human resources in eco -friendly practices, which encourages employees to contribute to environmental recognition culture and encourage employees to participate in sustainable development. With the support of the Italian banking sector, the researchers, considering the effects of environmental and social and management on the results

of bank performance, emphasize green financial products to integrate environmental considerations into credit policies and integrate stability (Menicuci, 2022). Generally, the grand mean value of 3.84 in all statements is further confirmed by the general agreement that the CBE proves the commitment of environmental sustainability in various aspects of the activity.

4.3.2 Ethical Labor Practices

Table 4.4 Descriptive Analysis of Ethical Labor Practices

Description	N	Mean	Std. Deviation
CBE provides fair and competitive wages that meet the needs of its employees.	296	4.08	1.194
CBE prioritizes the physical and mental well-being of its employees by maintaining a safe and healthy work environment.	296	4.04	1.114
CBE ensures equal opportunities for all employees, regardless of their race, gender, age, and religion.	296	3.56	1.097
CBE supports employees in maintaining a healthy work-life balance by offering flexible work arrangements.	296	3.79	1.332
CBE fosters a culture of ethical conduct and treats all employees with respect and dignity.	296	3.80	1.205
Grand mean	296	3.85	1.188

Source: researcher own survey (2025)

As shown in Table 4.4, the descriptive statistics of statements related to ethical labor practices in CBE staff. The CBE offers fair and competitive wages that meet the needs of the employees, and the respondents agree with the average mean value of 4.08 and St. Deviation 1.194. This recognition suggests that the CBE's proposed rewards are appropriate and that they can contribute to the satisfaction and maintenance of employees by complying with industry standards or costs. The CBE prioritizes the physical and mental wells of employees and supports a safe and healthy working environment. Respondents agree that the CBE distributes the physical

and mental wells of the employee and supports the safe and healthy working environment with mean score 4.04. This means that a bank is recognized as devotion to ensure labor's health and safety, which has a positive impact on employees' fraud and performance and can reduce problems related to work.

The CBE provides equal opportunities to all employees, regardless of race, gender, age and religion. Respondents agree that the CBE provides equal opportunities to all employees, regardless of race, gender, age, and religion of the average point 3.56. Despite the fact that it is still in the contract range, this score is relatively lower than other aspects. There is a general perception of equal opportunities, but there may be areas where employees can see some reservations on consistent application of these principles in every aspect of diversity. Respondents also agree that the CBE will help employees to maintain a sound balance between work and personal life and provide flexible measures that can work at an average score of 3.79. This suggests that banks are trying to meet employees' needs to maintain the workplace and personal life that can help to reduce stress and improve their work with the help of options such as flexible time or remote work.

CBE contributes to the culture of ethical behavior and respects and dignify all employees. Respondents agree that the CBE contributes to the culture of ethical behavior, and is an average of 3.80 points and all employees with respect and dignity. This means positive perception of the environment at work where ethical behavior is promoted, and employees are important for creating trust, cooperation and positive organizational climate. In all statements, the grand mean of 3.85 reflects the general agreement between respondents to the CBE's efforts to ensure the fair appeal of the employee. Consistent with Ethical CSR of the Bank not only increases employees' satisfaction but also strengthens the reputation of institutions among stakeholders (Jonker, 2024).

4.3.3 Community Engagement

Table 4.5 Descriptive Analysis of Community Engagement

Description	N	Mean	Std. Deviation
CBE actively promotes financial inclusion by providing accessible services.	296	4.21	1.117

CBE invests in local community development projects that contribute to economic and social well-being.	296	4.07	1.163
CBE has Joint initiatives with local government.	296	4.24	1.113
CBE has Long-term partnerships with non-profit organizations.	296	3.99	1.190
Grand mean	296	4.13	1.146

Source: researcher own survey (2025)

Table 4.5 Shows the descriptive statistics of applications related to the community engagement practice of CBE. CBE actively promotes financial inclusion by providing accessible services, the respondents agree with this statement with a mean of 4.21 and st. deviation of 1.117. This high level of consent indicates a strong positive perception of the fact that the CBE effectively reaches and provides services to the wide range of sectors through the service, which means a significant contribution to the provision of financial resources. CBE invests in local community development projects that contribute to economic and social well-being. Respondents agree that the CBE will invest in a project for the development of a community that contributes to economic and social wells with an mean score of 4.07. This indicates recognition of bank participation in initiatives to improve the general wells of the community that a bank provides services, and the CBE is considered to be a party interested by a wider public progress outside of major financial activities.

CBE has Joint initiatives with local government. Respondents have a joint initiative with the local authorities with the average score is 4.24. This high -level agreement represents a recognized common relationship between the CBE and the government agency. This suggests that banks are actively participating in partnerships to achieve common goals in economic development or social programs. The CBE has a long -term partnership with a non -profit organization. Respondents agree that the CBE has a long -term partnership with a non -profit organization with an average score of 3.99. This means that it recognizes stable cooperation between non -profit organizations and banks, which can comply with the support of the mission and potentially use its own experience to meet social or social needs for a long time. In general,

in all statements, the grand mean of 4.13 indicates a general agreement that the CBE is actively involved in the social responsibility practices of the community. Engagement in the community is important for the success of CSR initiatives. This not only enhances the company's reputation and strengthens the trust of consumers, but also contributes to the long-term stability of the business (Amoghli, 2024).

4.3.4 Philanthropy

Table 4.6 Descriptive Analysis of Philanthropy

Description	N	Mean	Std. Deviation
CBE provides significant support to educational programs.	296	3.65	1.053
CBE consistently makes substantial charitable donations to worthy causes.	296	3.84	0.999
CBE encourages and facilitates employee volunteerism in community service.	296	3.94	1.048
CBE demonstrates a long-term commitment to its philanthropic partnerships and initiatives, rather than engaging in short-term.	296	3.93	1.061
CBE provides clear reports on the outcomes of philanthropic Practices.	296	3.97	1.039
Grand mean	296	3.87	1.041

Source: researcher own survey (2025)

As shown in table 4.6 descriptive statistics of statements related to the Philanthropy practice in CBE. CBE provides significant support to educational programs, the respondents agree with this statement with a mean of 3.65 and st. deviation of 1.053. This a positive perception that banks make significant contributions to the education sector through various initiatives, which suggests that stakeholders recognize the role of CBE in the education and development support of the community. CBE consistently makes substantial charitable donations to worthy causes. the respondents agree with this statement with a mean of 3.84. This indicates that it has recognized a regular and important financial contribution to banks' Philanthropy efforts.

CBE encourages and facilitates employee volunteerism in community service. Respondents agree that the CBE encourages and promotes employees' volunteer service in public work with mean of 3.94. This suggests that not only the bank participates in its own charity, but also enables employees to promote the time and effort for the community to implement the culture of social responsibility applied to labor. CBE demonstrates a long-term commitment to its philanthropic partnerships and initiatives, rather than engaging in short-term. Respondents agree that the CBE shows a long-term promise for charity partnerships and initiatives with average score 3.93. This means sustainable participation in the bank's charity and the perception of altruism, which suggests that CBE charity is considered strategic and stable.

CBE provides clear reports on the outcomes of philanthropic Practices. Respondents agree with this statement with a mean of 3.97. This means that banks are recognized as transparent and responsible for the transfer of the results and the impact of charity, which can increase the trust of the stakeholders and prove the effect of charity. In all statements, the grand mean value of 3.87 reflects the general consent that the CBE actively participates and devotes to philanthropic.

4.3.5 Effects Csr on Market Share

Table 4.7 Descriptive Analysis of Effects CSR on Market Share

Description	N	Mean	Std. Deviation
Strong CSR practices enhance a bank's reputation, attracting and retaining customers.	296	3.93	1.117
Customers are likely to choose banks that demonstrate a commitment to social and environmental responsibility.	296	4.35	1.143
Strong CSR Practices differentiate banks from competitors and gain a competitive advantage.	296	4.32	1.151
With growing environmental awareness, banks can adopt sustainable practices to gain a competitive edge.	296	4.38	0.997
CSR practices help banks to mitigate risks associated with environmental, social, and	296	4.13	1.207

governance factors.			
Grand mean	296	4.22	1.120

Source: researcher own survey (2025)

Strong CSR Practices differentiate banks from competitors and gain a competitive advantage. Respondents strongly agree that strong CSR practices differentiate banks from competitors and gain a competitive advantage with mean score of 4.32. This suggests a perception that engaging in meaningful CSR initiatives can set a bank apart in the market, providing a unique selling proposition that attracts customers and potentially enhances its overall market position. Respondents strongly agree, with a mean score of 4.38, that with growing environmental awareness, banks can adopt sustainable practices to gain a competitive edge. This highlights the perceived importance of environmental sustainability as a strategic imperative for banks, suggesting that embracing eco-friendly practices is not only ethically sound but can also be a key differentiator in attracting environmentally conscious customers and stakeholders.

CSR practices help banks to mitigate risks associated with environmental, social, and governance factors. Respondents agree that CSR practices help banks to mitigate risks associated with environmental, social, and governance factors with mean score of 4.13. This suggests an understanding that integrating CSR into business operations can serve as a risk management strategy, potentially reducing exposure to regulatory issues, reputational damage, and other challenges related to ESG concerns. Generally, the grand mean of 4.22 across all statements reflects an overall strong agreement on the strategic importance and positive impact of CSR practices for banks. CSR is considered a strategic tool for improving competitive positioning that matches business practices with social expectations (Lamia and Mohammed, 2022).

Table 4.7 Description Statistics of statements related to CBE's market performance. Strong CSR practices enhance a bank's reputation, attracting and retaining customers, the respondents agree with this statement with a mean of 3.93 and st. deviation of 1.117. This means that the devotion of social responsibility has a positive impact on the way the bank is recognized, which leads to an opportunity to attract new customers who potentially increase customer loyalty and value ethical business behavior. Customers are likely to choose banks that demonstrate a commitment to social and environmental responsibility. Respondents agree that customers will choose a bank

that shows their promises to social and environmental responsibility with an average score of 4.35. This suggests that priorities in social and environmental issues can be a significant number of customer preference and market share.

Strong CSR Practices differentiate banks from competitors and gain a competitive advantage. Respondents agree that the strong practices of CSR are distinguished by competitors and banks and have a competitive advantage with an average score of 4.32. This suggests that banks can be assigned to the market as an important initiative in CSR, providing unique proposals to attract customers and improving the overall position in the market. Regarding, Strong CSR Practices differentiate banks from competitors and gain a competitive advantage. Respondents completely agree with the average score 4.38. Banks can accept sustainable practices as environmental awareness increases to gain competitive advantage. This emphasizes the importance of environmental stability as a strategic command of banks suggesting that the use of environmentally friendly practices may be an ethically rationality, but also a key difference in attracting customers and stakeholders.

CSR practices help banks to mitigate risks associated with environmental, social, and governance factors. Respondents agree that CSR practice helps banks to reduce the risk of environmental, social and management factors, with an average score of 4.13. This suggests that the integration of CSR in business operation can be used as a risk management strategy, which can potentially reduce exposure to regulatory issues, reputation damage and other issues related to ESG issues. In general, the grand mean value of 4.22 by all statements reflects the general strong consent of the strategic importance and the positive effects of CSR practices on banks. CSR is considered a strategic tool for improving competitive positioning, which is a social expectation and business practice (Lamia and Mohammed, 2022).

4.4 Inferential Statistics Analysis

In this study, the result of inferential statistics is displayed. To achieve research objectives, Pearson's correlation coefficients and regression analysis were performed. The conclusions and decisions of the hypothesis of the research were obtained by using this statistical approach.

4.4.1 Correlation Analysis

The degree of linear connection between the two variables is determined by correlation. The correlation between Pearson’s correlation coefficient is used to characterize the direction and strength of these relationships and whether there is a relationship between variables. Pearson correlation coefficients symbolized by R are widely used statistical measurements, which quantitatively determine the strength and direction of the linear relationship between two continuous variables, with values ranging from -1 (perfect negative correlation) to +1 (perfect positive correlation), and 0 indicating no linear relationship (Stewart, 2025). This coefficient is calculated based on variables and the most suitable when the relationship is linear, and the variable is continuous and some assumptions such as independence, linearity and homogeneity met (Turney, 2022). Pearson’s R is an explanatory and logical statistics that allows researchers to summarize data and confirm the hypothesis of connections between variables. However, it should not be interpreted as evidence of causality.

Table 4.8 Correlation Analysis

		Market Share	Environmental Sustainability	Ethical Labor Practices	Community Engagement	Philanthropy
Market Share	r	1				
Environmental Sustainability	r	.554**	1			
Ethical Labor Practices	r	.682**	.526**	1		
Community Engagement	r	.495**	.415**	.474**	1	
Philanthropy	r	.524**	.722**	.471**	.359**	1
** Correlation is significant at the 0.01 level (2-tailed).						

Source: SPSS output (2025)

Table 4.8 shows the relationship between market share and four independent variables (Environmental sustainability, labor ethical practice, community engagement and charity participation). Each correlation coefficient (r) quantitatively determines the intensity and direction of the linear relationship between the market share and those independent variables.

The first independent variable, environmental stability have correlation coefficients of 0.554 with market share, which represents a medium amount of association. This suggests that market share tends to increase as the company's environmental sustainability is improved. Correlation is statistically significant at 0.01 to improve the reliability of this association.

Among four independent variables; Labor ethical practices show a much more positive correlation with a market share with a coefficient of 0.682. Ensuring that a CBE with reliable ethical labor practices is likely to have a high market share, this is the highest among the four variables. The strength and importance of this relationship emphasizes the importance of ethical labor standards in stimulating competitive advantage.

The community engagement has positive association with a market share with a correlation coefficient of 0.495, which is interpreted as a medium positive connection. This is not as strong as the previous two variables, but the larger part of the initiative related to the community indicates that it is related to higher market share. The statistical significance of 0.01 supports the effectiveness of this discovery.

Philanthropy is also positively correlated with market share and the coefficient is 0.524. This appropriate positive relationship suggests that Philanthropy activities, such as charity and social donations, are related to the increase in market share. Like other variables, the correlation is statistically significant, indicating that Philanthropy can be a valuable component of the company's strategy to improve the market.

4.4.2 Regression Analysis

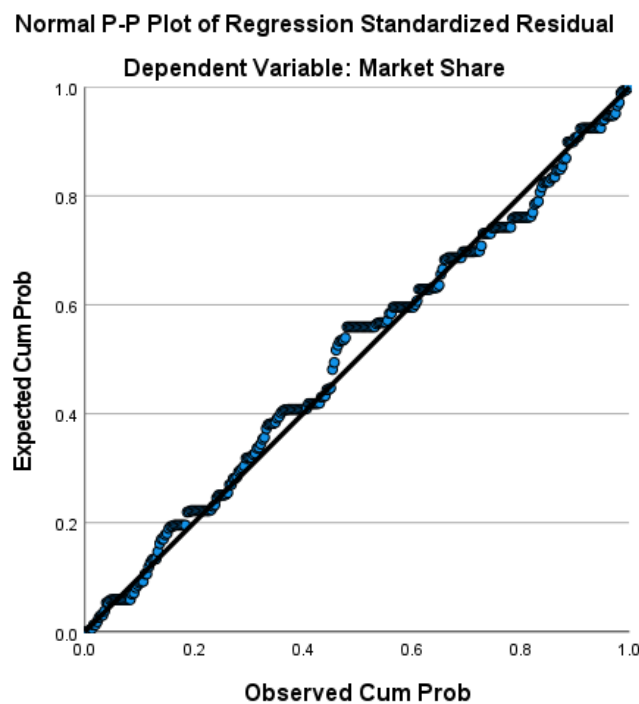
Regression analysis is the statistical methods used to study the relationship between, one or more independent variables and dependent variables are often used in studies to determine the causal relationship and quantitatively evaluate the effects of variable predicted variables on the outcome of interesting results (Montgomery, D. C., Peck, E. A., & Vining, G. G., 2015). Researchers often determine the statistical importance of this evaluation relationship and evaluate the possibility of carefully reflecting true basic relationships. Before the regression analysis for the researchers, it is the standard practice to study the basic assumptions of the regression model selected to ensure the reliability and reliability of the results.

4.4.3 Assumption Testing

In order to maintain the effectiveness and reliability of the results of regression research within the framework of the multiple regression model, the main assumption must be achieved. Thus, in this study, tests on assumptions such as linearity, Multicollinearity, normality and Heteroscedasticity were performed.

4.4.3.1 Linearity Test

Linearity is defined as a relation between predictable variables and results. As shown below in Figure 4.1, scatter plots show the relationship between the two variables (independent variables and dependent variables). The residuals scatter plot shows that the point is arranged on the bottom left side to top right in a fairly straight line. So it shows linearity. Regression analysis is based on the default principle that there is a linear relationship between variables. This means that the pattern formed by the point of the graph can be roughly expressed in a straight line.

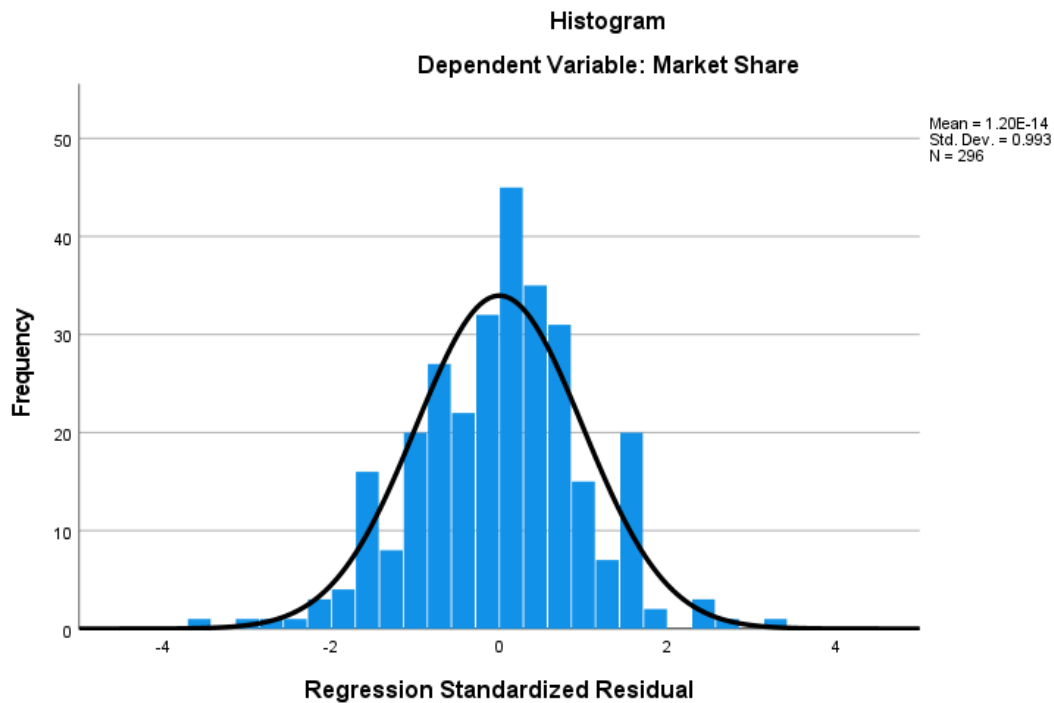


Source: results of SPSS output (2025)

Figure 4.1 Linearity Test

4.4.3.2 Normality Test

Normality proposes whether the term error is generally distributed. In regression analysis, when the standardized balance becomes a bell, the regularity of the error is displayed (Gujarati, 2004). Figure 4.2 show that the error is generally distributed because the results of the histogram are displayed on the bell shaped. Therefore, we can say the errors are approximately normally distributed.



Source: results of SPSS output (2025)

Figure 4.2 Normality Test

4.4.3.3 Multicollinearity Test

Multi collinearity test is a statistical test used to assess the degree of correlation between two or more independent variables in a regression analysis. Multi-collinearity can cause problems in regression analysis, such as inflated standard errors and unstable coefficients.

As stated by (McClelland 2017) the majority of regression software can calculate the variance inflation factor (VIF) for every variable. Generally speaking, a VIF greater than 10 points

indicates issues with the multi-collinearity test. (Erik, 2014) and the values for Tolerance values below 0.1 indicate serious issues.

Variance Inflation Factor (VIF): VIF measures how much the variance of an estimated regression coefficient is increased due to collinearity. A VIF greater than 10 is often considered indicative of multi-collinearity.

Tolerance: Tolerance is the reciprocal of VIF and measures the proportion of variance in an independent variable that is not explained by other independent variables. A tolerance value less than 0.1 is considered indicative of multi-collinearity.

Table 4.9 Multicollinearity Test

Independent variables	Tolerance	VIF
Environmental Sustainability	0.425	2.354
Ethical Labor Practices	0.633	1.580
Community Engagement	0.736	1.359
Philanthropy	0.466	2.145

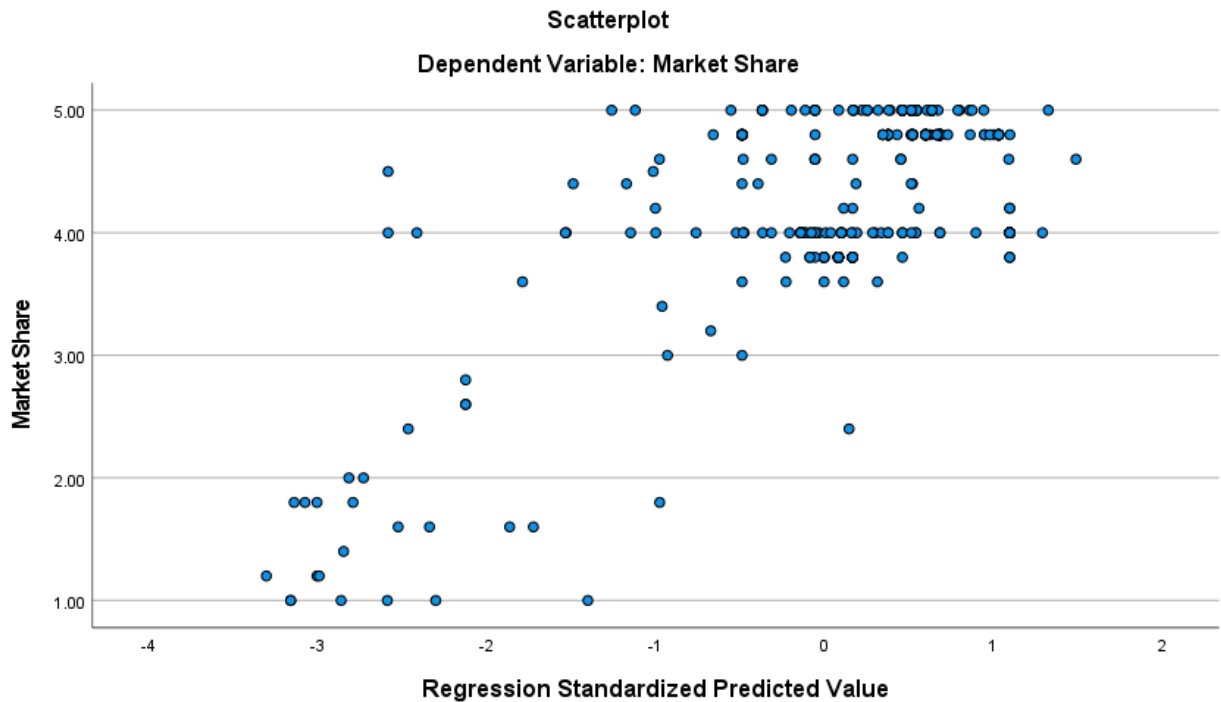
Source: result of SPSS output (2025)

4.4.3.4 Heteroscedasticity Test

The heteroscedasticity test is a statistical test used to check for the presence of heteroscedasticity, which is a violation of the assumption of homoscedasticity in regression analysis. Homoscedasticity means that the variance of the errors is constant across all levels of the independent variables. Heteroscedasticity, on the other hand, occurs when the variance of the errors is not constant.

Error terms don't have a continuing variance, according to this assumption. Hypothesis testing is no longer valid or reliable if heteroscedasticity occurs because the standard least square method's estimators become inefficient and underestimate variances and standard errors. The variance of the error term that is constant across all model measures is used to test heteroscedasticity graphically or visually. This implies that, in the absence of heteroscedasticity, the data is not heteroscedastic.

As shown in the below figure 4.3 the residuals do not make regular patterns, therefore there is no heteroscedasticity.



Source: result of SPSS output (2025)

Figure 4.3 Heteroscedasticity Test

4.4.4 Multiple Linear Regression Analysis

Using regression analysis, the researcher evaluated the predictions of research variables to determine the influence between the independent variables of corporate social responsibility for the dependent variable, which is the market performance of the CBE. The 27 SPSS version was used to encode input and calculate multiple regression analysis. Independent and use of dependent variables, multiple regression analysis can explain or predict the distribution of dependent variables. The degree of effect on dependent variables is determined by the coefficient determination known as R^2 (Hair et al., 2010). The higher the coefficients, relatively the stronger

effect of independent variables on the dependent variable assuming other factors held constant. This allows, the researchers can compare the relative importance of each independent variable.

Regression analyses results can be made to increase market performance of CBE by providing valuable information about the effect of corporate social responsibility on the market performance. The CBE can make a reasonable decision on how to create a more favorable and advantageous work environment for its customers, ultimately to improve its market performance.

Table 4.10 Anova Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	143.539	4	35.885	88.985	.000 ^b
	Residual	117.351	291	0.403		
	Total	260.890	295			
a. Dependent Variable: Market Share						
b. Predictors: (Constant), Philanthropy, Community Engagement, Ethical Labor Practices, Environmental Sustainability						

Source: result of SPSS output (2025)

The table 4.10 above shows that a regression model, including Philanthropy, Community Engagement, Ethical Labor Practices, Environmental Sustainability as a predictor, predicts the market share ($p < 0.001$). The F- statistics used to measure the goodness of fit as specified regression model, F value (0.000) is indication strong statistical significance which enhanced the reliability and validity of the model. This implies that there is linear relationship between independent variables (Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability) and dependent variables which is market share. This indicates that the independent variables significantly predict market performance.

Table 4.11 Multiple Linear Regression Analysis

Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.742 ^a	0.550	0.544	0.63503	2.356
a. Predictors: (Constant), Philanthropy, Community Engagement, Ethical Labor Practices, Environmental Sustainability					
b. Dependent Variable: Market Share					

Source: result of SPSS output (2025)

Table 4.9 shows that all independent variables accounted for 55% of contributions to market performance measured by market share. Therefore, 55% of the variation in market share can be explained by Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability. The remaining 45% were other factors that restricted CBE's market performance that are not included in the study variables.

R: The value of the multi-correlation coefficient between the predictor and the result is a range of 0 to 1, a wider value that indicates a large correlation, and 1 indicates an equation for completely predicting the observed value. Model summary (R = 0.742) showed that the linear combination of four independent variables (Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability) decisively predicted dependent variables (market performance).

R Square (R²): Indicates the measure of variance that can be illustrated as a dependent variable linear combination of independent variables. In other words, the R² consequently evaluates the amount of variability of dependent variable considered by the predictive variable. The linear combination of variable involvement of corporate social responsibility or predictors describes 55% of variability in market performance measured by market share, and the remaining 45% is described by external variables that are not included in this regression model. In other words, 55% of the variation in market performance is described by the change in the independent variables such as Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability, while the remaining 45% are described as other different factors.

The adjusted R²: The adjusted R² provides an assumption of how well the model is, the meaning is the same or very close to the value of the R². This means that the value of the R² is modified

to more accurately express the research population. The difference between the final model is small (the difference between R2 and adjusted R2 is $0.550 - 0.544 = 0.010$), which means that if the model is obtained from the population; it will be considered by a 0.01% lower diversification rather than a sample.

Durbin–Watson: The Durbin–Watson statistic indicates whether the supposition of independent errors is acceptable or not. As the conservative rule suggested, values less than 1 or greater than 3 should raise alarm bells (Field, 2005). So that the wanted result is when the value is closer to 2, and for this data, the value is 2.356, which is less than 3 that the assumption has almost certainly been met.

Table 4.12 Coefficients Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.446	0.211		2.109	0.036
	Environmental Sustainability	0.140	0.063	0.134	2.224	0.027
	Ethical Labor Practices	0.502	0.054	0.462	9.352	0.000
	Community Engagement	0.166	0.046	0.166	3.631	0.000
	Philanthropy	0.161	0.062	0.149	2.595	0.010
a. Dependent Variable: Market Share						

Source: result of SPSS output (2025)

Above table 4.13 presents the result of the regression analysis; the result of regression analysis is based on corporate social responsibility factors as an independent variable and market performance measures as dependent variable. According to the regression analysis shown in the above table, Ethical Labor Practices affect market performance with a beta weight of 0.462, which means that independent variables greatly affect the dependent variable which is the

Ethical Labor Practices, Philanthropy, Community Engagement, Environmental Sustainability affect organizational productivity at 0.149, 0.166 and 0.134 respectively.

Based on these results, the regression model that predicts the effect of corporate social responsibility on market performance was:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where Y=Market Performance

X₁= Environmental Sustainability

X₂=Ethical Labor Practices

X₃= Community Engagement

X₄= Philanthropy

$$Y = 0.446 + 0.134X_1 + 0.462X_2 + 0.166X_3 + 0.149X_4$$

As shown in Table 4.12, the standardized beta- coefficients and P-values results of Ethical Labor Practices are 0.462 and at a significant level is 0.05. The value of P is 0.000 which is less than 0.05. According to this analysis, Ethical Labor Practices had a strongly positive and significant effect on market performance of CBE and the CBE needed to be very conscious on Ethical Labor Practices to improve competitive advantage in the market. This finding, related with the exist study of organizations that determine fair wages, safe working conditions, discrimination, and priority of employees often have a high reputation, and ultimately lead to the highest results in the market when they experience increase and improve customer loyalty of employees and performance (Trevino, L. K., & Nelson, K. A., 2021). And on the contrary, companies involved in non -ethical labor practices have a risk of negative effects on legal results, reputation damage, and reduction of consumer trust, increased employee turnover, market efficiency and long -term stability (Weiss, 2021).

The second variable in the model, Environmental Sustainability practice had significant and positive influence on market performance at 5% of significance level with ($\beta=0.134$, $P= 0.027$) which is less than 0.05. Based on this analysis, the CBE needed to be focused on Environmental Sustainability to maintain its market performance. This result consistent with study by (Babu, et

al, 2025), companies adopted by sustainable practices often point out that they often experience market competitiveness and long-term economic advantages, differentiate themselves, and attract environmentally friendly customers.

The others factor of corporate social responsibility, Community Engagement, the standardized beta-coefficients and P-values results are 0.166 and at a significant level is 0.05. The value of P is 0.000 which is less than 0.05. According to this analysis, Community Engagement had a positive and significant effect on market performance of CBE and the CBE needed to be aware on Community Engagement to improve competitive advantage in the market. Supported the exist study by Catalano (2024), emphasizes how community participation strengthens the trust and differentiation of the competitive market. Companies that emphasize the ethics of data processing or charity donation often attract ethically conscious consumers to increase sales and market share.

The last explanatory variables included in the model, Philanthropy had positive and significance effect on market performance with ($\beta = 0.149$, $p = 0.010$) at 1% significance level. This recommend that CBE need to focused on Philanthropy to boost its market performance. Consistent with studies show that Philanthropy can have a positive impact on consumer behavior and brand preference and adjust the company's value to ethically conscious consumers (Cho, S. H., & Lee, J. W., 2017). Ultimately, the impact of Philanthropy on market performance depends on whether it is strategically embodied and reported, agreement with business goals and resonance with stakeholders (Trespeuch, C., & Robinot, E., 2023).

4.5 Hypothesis Testing

Multiple linear regression models have tested four hypotheses of this study concerning on the influence of corporate social responsibility factors (Philanthropy, Community Engagement, Ethical Labor Practices, Environmental Sustainability) on the market performance measured with market share at CBE. According to the above regression Table 4.13, the P-value was used to determine whether the hypothesis of truth or false and based the beta coefficient and 95% confidence level.

H₁: Environmental sustainability practices of CSR have positive and significance effects on market performance.

Standardized beta coefficients ($\beta_1 = 0.134$, $p < 0.027$) showed that the Environmental Sustainability Practices of CSR has a positive and significant effect on market performance. This result not supports the null hypothesis, instead forcing researcher to accept alternative hypothesis. This suggests that Environmental Sustainability Practices of CSR had a significant impact on the market performance. So it is accepted.

H₂: Ethical labor practices of CSR have positive and significance effects on market performance.

Standardized beta coefficients ($\beta_2 = 0.462$, $p < 0.000$) indicate that the Ethical Labor Practices of CSR has a positive and significant effect on market performance. This result not supports the null hypothesis, instead forcing researcher to accept alternative hypothesis. This suggests that Ethical Labor Practices of CSR had a significant effect on the market performance. So it is accepted.

H₃: Community engagement practies of CSR have positive and significance effects on market performance.

Standardized beta coefficients ($\beta_3 = 0.166$, $p < 0.000$) indicate that the Community engagement practies of CSR has a positive and significant effect on market performance. This result also not supports the null hypothesis, instead forcing researcher to accept alternative hypothesis. This suggests that Community engagement practies of CSR had a significant influence on the market performance. So it is accepted.

H₄: Philanthropy Practies of CSR Have Positive and Significance Effects on Market Performance.

Standardized beta coefficients ($\beta_4 = 0.149$, $p < 0.010$) indicate that the Philanthropy Practies of CSR has a positive and significant effect on market performance. This result not supports the null hypothesis, instead forcing researcher to accept alternative hypothesis. This indicates that Philanthropy Practies of CSR had a significant influence on the market performance. So it is accepted.

Table 4.13 Summary of Hypot hesis Testing

Hypot hesis	P- value	β -value	Expected effect	Decision
Environmental sustainability practies of CSR have positive and significance effects on market performance.	0.027	0.134	Positive	Accepted
Ethical labor practices of CSR have positive and significance effects on market performance	0.000	0.462	Positive	Accepted
Community engagement practies of CSR have positive and significance effects on market performance.	0.000	0.166	Positive	Accepted
Philanthropy Practies of CSR Have Positive and Significance Effects on Market Performance.	0.010	0.149	Positive	Accepted

Source: SPSS output (2025)

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Finding

Investigating the effect of corporate social responsibility on market performance, the case of commercial bank of Ethiopia was the main objective of this study. Also this study tried identify which dimensions of CSR have the highest effect on market performance of CBE. The researcher distributed 306 questionnaires and 296 of them are completely filled and returned.

According to the descriptive analysis, most CBE staff was male and most respondents fell between 26 and 45 years of age, which means age group of adults. As for the level of education, 54.1% of the employees are the master degree holder. Most CBE employees are 7 to 20 years of work experience. The statistical results of the company have a good level of corporate social responsibility practice and have an important role on the market performance with the average score of 3.98 on the 5 -point likert scale. This suggests that environmental stability, ethical practice of labor, and the community engagement and philanthropy affect market performance of CBE.

According to correlation analysis, the correlation coefficient between corporate social responsibility dimension (environmental stability, ethical practice of labor, and the community engagement and philanthropy) and market performance were 0.554, 0.682, 0.495, and 0.524 respectively. This finding reveals that all corporate social responsibility dimensions had positive and significance association with market performance. This finding has an important suggestion for CBE, as it provides the importance of focusing on corporate social responsibility to improve its business success.

Regression analysis shows that all independent variables accounted for 55% of contributions to market performance measured by market share. Therefore, 55% of the variation in market share can be explained by Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability. The remaining 45% were other factors that restricted CBE's market performance that are not included in the study model. However, it does not mean that all corporate social responsibility dimensions have equally significant effect on market performance. Multiple linear regression result shows that corporate social responsibility dimensions have affected market performance different degree of effect such as Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability increase with one unit leads market performance by 16.1%, 16.6%, 50.2%, and 14% respectively. The study's hypothesis is accepted, and the results are significant at a 5% level of precision.

5.2 Conclusions

Based on the findings of the study, the following conclusion was made on the effect of corporate social responsibility on the market performance of CBE.

According to correlation analysis, all corporate social responsibility dimensions (Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability) had a positive and significant association with market performance. Among all explanatory variables, Ethical Labor Practices of CSR had a more strongly positive and significant correlation with the market performance of CBE. Regression analysis results concluded that all corporate social responsibility dimensions (Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability) at CBE had a positive and significant effect on market performance. Ethical Labor Practices had the strongest positive association with market performance, followed by Community Engagement, Philanthropy, and Environmental Sustainability practices of CSR, respectively.

Generally, the study concludes that the effect of corporate social responsibility dimensions (Philanthropy, Community Engagement, Ethical Labor Practices, and Environmental Sustainability) over market performance measured by market share was statistically positive and significant. Thus, corporate social responsibility influence on marketing performance was positive and significant for determining the market performance of the CBE.

5.3 Recommendations

Depending on the findings, the researcher proposes the following recommendations for CBE.

- ✦ To develop a comprehensive and integrated CSR strategy: To maximize the advantages of CSR in the market indicators, CBE needs to develop a comprehensive and integrated CSR strategy dealing with four studies (philanthropy, community engagement, labor ethical practice and environmental sustainability practice of CSR). This strategy must clearly define the goals, set measurable goals, distribute resources effectively, and set up a mechanism for monitoring and evaluating the effects of CSR initiatives on market share and other appropriate performance indicators.
- ✦ Priorities and invest in labor ethical practices, which clearly show that labor's ethical practice has the most important effect and the strongest correlation with market performance. Therefore, the CBE needs to continue to strengthen and expand the initiatives related to fair wages, employees' wells, safe working conditions, education and development and transparent labor policy. This will not only increase the fraud of employees, but also increase the proportion of the bank market.
- ✦ Initiative improvement of community engagement: community engagement also has a significant positive impact on the market performance. The CBE should actively find opportunities to deepen the participation in initiatives that meet community development projects, local sponsorships and social needs of Ethiopia. This may include financial literacy programs, local business support, or education and health care investment. This interaction can increase the loyalty to the brand and create a positive public image, which ultimately contributes to the increase in market share.
- ✦ Philanthropy has a positive impact, but its effect is relatively lower than the ethical practice of labor and the engagement of the community. The CBE need to ensure that it's Philanthropy is strategically agreed with the core value and business objectives. This can focus on initiatives that increase his reputation, support the target market, or contribute to the overall economic development of the country. Clear communication of these initiatives can improve the public's perception.
- ✦ Environmental sustainability shows a positive but relatively low effect on market performance compared to other CSR aspects studied. The CBE needs to actively integrate the environmentally responsible practices, such as reducing carbon tracking, minimizing

paper use and promoting digital banking to support environmentally friendly projects. Banks need to effectively convey these efforts to the stakeholders, emphasize their efforts on environmental management that can have a greater impact on the customer's preference and improve the brand.

5.4 Suggestions for Future Research

This study investigates the impact of corporate social responsibility on the effects of CBE's market, especially at the headquarters in Addis Ababa. The results provide valuable information about this specific case, but the generalization of the results may be limited when applied to other points and areas of CBE and other business companies. Future researchers will expand their research to attract wider samples to increase the possibility of applying of results in other situations and sectors.

In addition, the variables studied in this study may not deal with all the factors that affect the market performance. Future research can be gained by including additional variables that are not considered in the current study. Researchers can provide a more complete understanding of the main mechanisms. Given these considerations, it is recommended that the findings of this study be made accessible for replication by other companies. This helps to compare the results and identify general problems and benefits in other media of the company. In general, support for joint research can provide more information and contribute to a more detailed understanding of how corporate social responsibility affects the effects of the market under various conditions.

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Appendix I

Questionnaires



ADDIS ABABA UNIVERSITY

FACILITY OF BUSINESS INSTITUTE

Dear Participants,

This questionnaire is designed to collect primary data that support my research on **‘The Effects of Corporate Social Responsibility on Market Performance: The Case of CBE’** which I am conducting as a partial fulfillment of the requirements for the Masters degree. The findings of the research are will used only for the academic purposes authorized by Addis Ababa University.

Sincerely

Part One: Demographic Information of the Respondents.

Please put a tick mark (☐) in the BOX which most closely represents your situation.

Please mark one item only per question.

- 1. Gender Male ☐ Female ☐
- 2. Age 18-29 ☐ 30-39 ☐ 40-49 ☐ 50 and above ☐
- 3. Educational Qualification Diploma ☐ First Degree ☐ Master ☐
PhD ☐
- 4. Work Experience 5 and below ☐ 6-10 years ☐ 11-20 years ☐ above 20
years ☐

Part Two: Opinion Survey on The Effects of Corporate Social Responsibility on Market Performance.

Please read each statement carefully and indicate your level of agreement with each statement on a scale of 1 to 5.

Strongly Disagree (SD) =1, Disagree (DA) =2, Neutral (N) =3. Agree (A) =4, strongly Agree (SA) =5

2.1 Environmental Sustainability

No	Statements	Scale				
		1	2	3	4	5
1	CBE actively implements measures to reduce energy consumption in its offices.					
2	CBE prioritizes lending to businesses that demonstrate strong environmental sustainability practices.					
3	CBE publicly discloses its environmental impact and sustainability goals.					

4	CBE has effective programs in place to minimize waste and promote recycling.					
5	CBE actively encourages employees to participate in environmental sustainability initiatives.					

2.2 Ethical Labor Practices

No	Statements	Scale				
		1	2	3	4	5
1	CBE provides fair and competitive wages that meet the needs of its employees.					
2	CBE prioritizes the physical and mental well-being of its employees by maintaining a safe and healthy work environment.					
3	CBE ensures equal opportunities for all employees, regardless of their race, gender, age, and religion.					
4	CBE supports employees in maintaining a healthy work-life balance by offering flexible work arrangements.					
5	CBE fosters a culture of ethical conduct and treats all employees with respect and dignity.					

2.3 Community Engagement

No	Statements	Scale
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		1	2	3	4	5
1.	CBE actively promotes financial inclusion by providing accessible services.					
2	CBE invests in local community development projects that contribute to economic and social well-being.					
3	CBE has Joint initiatives with local government.					
4	CBE has Long-term partnerships with non-profit organizations.					

2.4 Philanthropy

No	Statements	Scale				
		1	2	3	4	5
1	CBE provides significant support to educational programs.					
2	CBE consistently makes substantial charitable donations to worthy causes.					
3	CBE encourages and facilitates employee volunteerism in community service.					
4	CBE demonstrates a long-term commitment to its philanthropic partnerships and initiatives, rather than engaging in short-term.					
5	CBE provides clear reports on the outcomes of philanthropic Practices.					

2.5 CSR VS Market Share

No	Statements	Scale				
		1	2	3	4	5
1	Strong CSR practices enhance a bank's reputation, attracting and retaining customers.					
2	Customers are likely to choose banks that demonstrate a commitment to social and environmental responsibility.					
3	Strong CSR Practices differentiate banks from competitors and gain a competitive advantage.					
4	With growing environmental awareness, banks can adopt sustainable practices to gain a competitive edge.					
5	CSR practices help banks to mitigate risks associated with environmental, social, and governance factors.					

Thank you for all!!