

The Role of Ethics as a Cornerstone of Corporate Social Responsibility in the Banking Sectors Performance in Lebanon

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Abstract:

This paper aims to analyze the effect of ethical factors, leadership, and decision-making on bank performance in the Lebanese banking industry. The research employs both quantitative and qualitative research to achieve the objectives of the study. Qualitative information was obtained through interviews with key executives in the banking industry while quantitative data were collected from one hundred employees and managers from different banks. The findings depict significant positive correlations between client needs, bank credibility, ethical leadership, ethical decision-making, and general bank performance. The credibility of the data is affirmed by statistical analysis such as a Cronbach's Alpha reliability of .940 and a Kaiser-Meyer-Olkin Measure of Sampling Adequacy of .897. The study also emphasizes that customer orientation, transparency, and ethical behaviors are the key factors that contribute to sustainable success. Some of the recommendations made include; placing customer pleasure as the priority, enhancing the image of the bank, and integrating ethical concerns into decision-making. For the advancement of knowledge in this area, future research should consider using qualitative case studies, and cross-sectional and longitudinal research.

Keywords: Decision-Making, Ethical Leadership, Bank Performance, CSR, Corporate Social Responsibility, bank credibility, Banking Sector.

Introduction:

Lebanon's most significant financial crisis in decades in 2019 caused a 90% devaluation of its currency and almost total collapse of its banking industry. Ethical failures and lousy judgment were frequently mentioned as major causes of the crisis during this turbulence, highlighting the great relevance of ethical leadership and strong CSR systems in banking (Lebanese Central Bank, 2020). This begs a fascinating issue: "Can a bank thrive in today's complex financial landscape without a firm commitment to ethics?"

Often considered as the synthesis of ideas, the banking industry's culture significantly influences ethical behavior and Corporate Social Responsibility (CSR). The financial crises of recent years have made clear how unethical banking practices lead to general mistrust and economic instability (Avbelj, 2020; Bullough A.G., 2022).

Historically a pillar of the Lebanese economy, banks have been crucial in financial intermediation and economic growth Ogundana O.M. (2021). Still, recent years have revealed serious weaknesses in ethical behavior, leadership, and decision-making. A bank's performance and long-term survival depend on its culture and ethical framework; hence regulators and

stakeholders are realizing more and more how important CSR is (Ibrahim, 2023).

Problem Statement and Research Significance

This paper tackles the urgent question of how ethical issues shape the basis for socially conscious corporate policies and affect bank performance in the banking industry of Lebanon (Griffin, 2020). Though ethics is still very important, little is known about the particular effects of ethical leadership, decision-making, and CSR on bank performance in this framework (Setiawan, 2023; Alhammadi, 2024). Examining the linkages between client needs, bank credibility, ethical leadership, and decision-making in Lebanese banks (Mishra, 2023) this study seeks to close that gap.

Recent banking crises highlight the relevance of this topic since they show how unethical behavior could have disastrous results (Kunz, 2021). The important issue of "What is the true impact of ethical values on banking business performance?" this study aims to address. Apart from improving theoretical knowledge, the research on this topic will offer pragmatic insights that might guide policy development and banking operations.

Theoretical and Practical Contributions

The importance of this research is found in its capacity to guide both scholarly conversation and useful applications. By offering empirical data on the links among customer needs, bank credibility, ethical leadership, ethical decision-making, and bank performance, theoretically, it adds to the body of knowledge. This study fills in gaps in current knowledge by providing a whole picture of CSR's influence in banking.

From a practical perspective, the findings have implications for banking practitioners, policymakers, and regulators. Additionally, in light of recent banking crises and regulatory reforms, this study provides policy recommendations aimed at improving ethics and sustainability in the banking sector.

Theory and Literature Review Theoretical Background

As proved by the theory of stakeholders developed by (Freeman R. E., 2010), it is an understanding that a company includes all its shareholders, not only shareholders in its decision-making processes. This theory emphasizes a key point that satisfaction of needs and expectations for all the stakeholders, including clients, employees, shareholders, and society at large, mainly are crucial for the long-term sustainability and success of the organization (Fonseca, 2016). Therefore, it is not only a tool to reach the CSR goals of organizations and banks but also a way to determine their financial success (Freeman, R. E.; Dmytriiev, S., 2017).

In the banking industry, the stakeholder theory suggests the importance of a business that is client-focused, has ethical leadership and decision-making, and consequently the society and stakeholders gain confidence, loyalty, and welfare within the umbrella of the CSR (Ugwuaju, 2023). It is the banks' responsibility to both ensure the financial interests of their clients are protected and also contribute to the economic growth and the greater good of the communities that they serve (Peprah, 2012).

On the other hand, ethical leadership is key to stakeholder theory too (Freudenreich, Lüdeke-Freund, & Schaltegger, 2020) as leaders become the model of cultural and behavioral standards. Ethical leaders emulate integrity, accountability, and transparency in their actions, which results in trust and hope among key stakeholders (Gilbert, Carr-Ruffino, Ivancevich, & Konopaske, 2012).

Stakeholder interest and social welfare are the key factors influencing ethical decision-making in stakeholder theory (Freudenreich, Lüdeke-Freund, & Schaltegger, 2020). Ethical problems for banks include conflicts of interest, managing risks, and treating customers in a good way. Financial institutions strive to maintain these values in a fair and just manner and

as responsible managers of people's money (Christina, Rovera., 2022).

Stakeholder theory was used as the theoretical framework for this study; it was aimed at revealing the existing connections between customer needs, bank credibility, ethical leadership, ethical decision-making, and bank profitability. This study's primary aim is to use research-based evidence to augment the existing scholarship on the role of CSR in the banking sector and offer practical recommendations to practitioners, policymakers, and regulators to facilitate sustainable banking practices.

Stakeholder theory, as developed by Freeman (2010), posits that an organization's success is intricately linked to the satisfaction of its diverse stakeholders, including clients, employees, shareholders, and the broader society. Unlike traditional approaches that focus solely on shareholders, stakeholder theory emphasizes the importance of addressing the needs and expectations of all parties involved in or affected by the organization. This holistic approach is critical for ensuring long-term sustainability and success (Fonseca, 2016; Freeman R.E & Dmytriiev, S. 2017). In the context of the banking industry, stakeholder theory underscores the importance of a business model that prioritizes client-centricity, ethical leadership, and decision-making. When banks focus on these areas, they not only meet the financial needs of their clients but also contribute to the economic growth and overall well-being of the communities they serve (Ugwuaju, 2023). Consequently, by fulfilling these responsibilities, banks can earn the confidence, loyalty, and trust of their stakeholders, which are essential for maintaining a strong reputation and achieving financial success.

According to stakeholder theory, the interests of clients are paramount. Banks must prioritize satisfying the financial needs of their clients while maintaining ethical and fair practices (Christina, Rovera, 2022). By identifying and addressing the unique demands of their customer base, banks can establish and enhance their credibility, which in turn fosters customer retention and solidifies long-term relationships. This client-focused approach creates value not only for the clients themselves but also for other stakeholders, contributing to the overall success and sustainability of the bank (Peprah, 2012).

Ethical leadership is a cornerstone of stakeholder theory, as it plays a crucial role in setting the cultural and behavioral standards within an organization. Ethical leaders embody principles such as integrity, accountability, and transparency. When leaders consistently demonstrate ethical behavior, they reinforce the alignment of organizational goals with stakeholder interests, thereby enhancing the bank's reputation and standing in the market (Freudenreich, Lüdeke-Freund, & Schaltegger, 2020; Gilbert et al., 2012).

Ethical decision-making is another critical element of stakeholder theory, particularly in the banking sector, where conflicts of interest, risk management, and customer treatment are common ethical challenges. Banks that integrate ethical considerations into their decision-making processes can mitigate risks, enhance their reputation, and balance the often competing interests of their stakeholders (Christina, Rovera, 2022).

This study employs stakeholder theory as its theoretical framework to explore the relationships between customer needs, bank credibility, ethical leadership, ethical decision-making, and bank profitability within the Lebanese banking sector. By examining these variables through the lens of stakeholder theory, this research aims to contribute to the existing scholarship on CSR in banking and provide practical recommendations for practitioners, policymakers, and regulators. The ultimate goal is to facilitate the adoption of sustainable banking practices that not only meet the financial objectives of banks but also promote the well-being of all stakeholders involved.

Variables Definition

Perception of Client Needs

This variable describes the stakeholders' perception of the financial outlay, attitudes, and preferences of banking clients to their CSR activities' achievement. It includes all the aspects of a bank that relate to the bank's products, services, and interactions with clients to the extent of whether or not they understand and prioritize client needs. The client's viewpoint in perceiving the banks will be high when banks are responsive to client wishes thus leading to increased satisfaction, loyalty, or trust among the clients (Shams, Rehman, Samad, & Oikarinen, 2020; Zouari & Abdelhedi, 2021; Prabhu & Aithal, 2023).

Perception of Bank Credibility

This variable represents the assessment of the bank clients who make sure that the banks are trustworthy, reliable, and of high integrity. It entails transparency, accountability, and ethical behavior in the conduct of its business practices that are part of the CSR framework and they are critical to stakeholders' confidence in the bank. A high level of credibility rating means that the customers perceive banks as reliable and trustworthy institutions and the enhanced trust increases stakeholder loyalty, and reputation, and the CSR mission is met (Pratihari & Uzma, 2020).

Perception of Ethical Leadership

This stakeholder's perspective incorporates the ethical values, integrity, and leadership behaviors demonstrated by the bank managers and executives in the accomplishment of this social responsibility by banking institutions. It includes the degree to which managers are ethically upright, gain people's

confidence, and nurture an ethos of righteousness in the company. Asperities of ethical leadership that are very high indicate that leaders make their bank's CSR and ethical values the priority, which leads to improved employee morale, organizational commitment, and trust of stakeholders (Banks, Fischer, Gooty, & Stock, 2021; Goswami, Agrawal, & Goswami, 2021; Wu, et al., 2021).

Ethical Decision-Making

'CSR' is the ground upon which banks stand. This variable encompasses the process of evaluating and making decisions based on CSR principles, societal welfare, and the interests of stakeholders. It covers aspects like conduct according to moral principles, regard for society and the environment, as well as careful handling of risks. Higher levels of ethical decision-making, in turn, depict the prudent and responsible banks that integrate ethical considerations at every point of their decision-making processes, leading to sustainable and socially responsible outcomes (Gal, Hansen, & Lee, 2022; McGrath & Walker, 2023; Jones, 2021; Weiss, 2021).

Empirical Studies

Perception of Client Needs and Bank Performance

Studies by Ganaie and Bhat (Ganaie & Bhat, 2020) have shown that the banks that look at CSR initiatives and clients' satisfaction as their top priorities, and design products and services to meet clients' needs, have been able to keep higher customer retention, cross-selling opportunities, and financial performance metrics like ROA and ROE. Additionally, a study by Demirbaş (Demirbaş, 2023) revealed that banks with a strong focus on understanding and addressing client needs tend to outperform their competitors in terms of market share growth and profitability.

Perception of Bank Credibility and Bank Performance

The empirical data indicates that there is a strong connection between the perception of bank credibility and bank performance in the context of CSR, which is similar to the research carried out by Özkan et al. (Özkan, Süer, Keser, & Kocakoç, 2020) that revealed that customers of banks that are credible and trustworthy not only show higher levels of loyalty but also have lower rates of attrition and they tend to keep more deposits and investments. In addition, it was revealed that Jones (Jones, 2021) and Tulcanaza-Prieto et al. (Tulcanaza-Prieto, Shin, & Lee, 2020) that CSR credibility of the bank influences the financial performance indicators such as NIM (Net Interest Margin) and ROI (Return on Investment), hence creating a deep connection between the reputation and the trust which is essential in driving long-term profitability.

Perception of Ethical Leadership and Bank Performance

Practical studies over and over again have proved that the more people believe that CSR-based ethical leadership has a contribution to the performance of banks, the higher the performance will be. (Dey, Bhattacharjee, Mahmood, Uddin, & Biswas, 2022; Guo, 2022; Saha, Shashi, Cerchione, Singh, & Dahiya, 2020) studies discover that the banks are positively affected by the fact that they have ethical leaders who are committed to following the CSR rules and prioritizing integrity, transparency, and accountability, leading to a higher level of attractiveness for employees, lower staff turnover rates, and Also, the studies (Dey, Bhattacharjee, Mahmood, Uddin, & Biswas, 2022; Guo, 2022; Zaim, Demir, & Budur, 2021) revealed a significant link between ethical leadership and financial performance, with banks whose leaders practice ethics attaining improved profitability and higher shareholder value creation than those whose leaders do not.

Ethical Decision-Making and Bank Performance

A variety of articles in the literature on CSR stresses the function of CSR-oriented ethical decision-making in boosting the performance of the bank. Kishore (Kishore, 2023), Jilani et al. (Jilani, Chouaibi, & Kouki, 2023), and Ali et al. (Ali, Rehman, Kanwal, Naseem, & Ahmad, 2022) research provided evidence that banks that incorporate ethical concerns into their decision-making mechanisms are exposed to lower risk levels, incidences of regulatory violations are reduced and there is an enhanced level of trust and confidence among stakeholders. In addition, research (Usman, Nurazi, Zoraya, & Aziza, 2023; Fatimah Noor Rashidah, 2020) demonstrated the importance of ethical decision-making to the financial performance metrics of asset quality, cost efficiency, and overall profitability, noting these long-term implications of moral guided behavior.

Through all of these, empirical research has been a great reference of the positive influence of the aforementioned variables—perception of client wants, perception of bank credibility, perception of ethical leadership, and ethical decision-making—on bank performance. Organizations that place customer satisfaction at the center of their operations, maintain the credibility and trustworthiness of their brand, cultivate good ethics in leadership, and factor in ethical issues in decision-making are more likely to realize superior financial performance and stakeholders' approval. By adhering to the tenets of Corporate Social Responsibility (CSR), banks develop the resilience required for good performance, risk management, and delivery of shared value among all stakeholders.

Based on the literature review and the empirical evidence, the research concluded the theoretical model in Fig. (1) and the hypotheses that follow.

Hypothesis 1 (H1): There is a positive relationship between the perception of client needs and bank performance.

Hypothesis 2 (H2): There is a positive relationship between the perception of bank credibility and bank performance.

Hypothesis 3 (H3): There is a positive relationship between the perception of ethical leadership and bank performance.

Hypothesis 4 (H4): There is a positive relationship between ethical decision-making and bank performance.

Hypothesis 5 (H5): Organizational Culture moderates the relationship between CSR variables and bank performance.

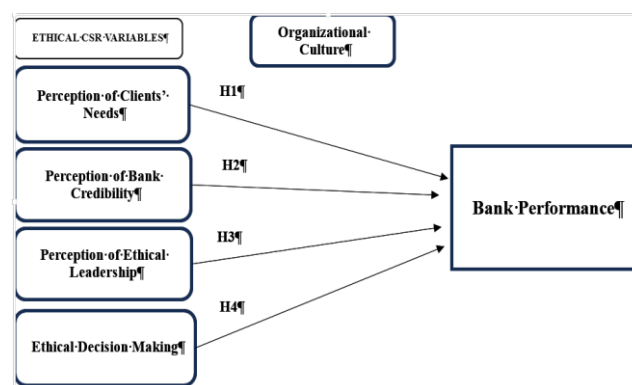


Figure 1: Conceptual Framework

Source: Developed by the researcher.

Research Methodology

Data Collection Method

Research Theoretical Approach

The study follows a **deductive approach**. This approach begins with existing theories and hypotheses, which are then tested through the collection and analysis of quantitative data. The deductive method is particularly suitable for establishing cause-and-effect relationships, allowing for the quantitative measurement of concepts and variables in the banking sector.

Research Purpose

The purpose of this research is **explanatory**. The study aims to clarify the relationships between the key variables: perception of clients' needs, bank credibility, ethical leadership, ethical decision-making, and bank performance. Through a hypothesis-driven approach, the study seeks to draw definitive conclusions regarding these relationships within the context of the Lebanese banking sector.

Methods

Quantitative Research Approach and Data Collection Instruments

Strictly quantitative, this work tests hypotheses and investigates the correlations between variables using

numerical data. A structured questionnaire sent to a sample of banking sector staff, managers, and clients in Koura and Tripoli, Lebanon helped to gather data. Three sections separated the questionnaire:

1. **Demographics:** Capturing basic information about respondents.
2. **Ethics:** Assessing perceptions of ethical practices within the bank.
3. **Bank Performance:** Evaluating perceptions of the bank's performance in terms of profitability, client satisfaction, and ethical conduct.

Sampling Techniques

Sampling Method

The research applied a straightforward random sampling technique. This method was adopted to guarantee that every person in the target population had an equal opportunity of being picked, therefore improving the representativeness and accuracy of the sample. Eliminating bias and guaranteeing that the sample fairly reflects the greater population from which it was taken depend especially on this approach.

Sample Size

This study included a 100-person sample consisting of managers, staff members, and clients of banks in Koura and Tripoli. The sample size was decided upon depending on the necessity of a sufficient number of respondents to accomplish dependable statistical analysis while preserving simplicity and accuracy in the representation of the greater population. The scale was also computed with consideration for the reasonable breadth of data collected within the allocated period.

Data Analysis Procedures

Using statistical tools mostly SPSS (Statistical Package for the Social Sciences), the gathered data was examined. Examining the links between the variables and testing the research hypotheses took the front stage in the study. The data was compiled using descriptive statistics; inferential statistics, such as correlation and regression analysis, were then used to investigate the correlations between the CSR variables and bank performance.

Reliability and Validity

Using Cronbach's Alpha, the study guaranteed the data's dependability by obtaining a high score of .940, thereby suggesting great internal consistency among the components of the questionnaire. With a result of 0.897, the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy evaluated the suitability of the sample size and indicated that it was sufficient for the examination.

Limitations

This study admitted a few constraints. First of all, limited time shaped the extent of data collecting and processing. Furthermore, the research limited to the banking industry in particular areas of Lebanon would restrict the generalizability of the results. Moreover, the study focused on a specific set of CSR variables, leaving out other potentially relevant factors. While sufficient for statistical analysis, a larger sample size could provide more robust findings.

Findings and Results

Descriptive Statistics

The descriptive statistics presented in Table 1 provide an overview of five variables related to perceptions and performance within a banking context. Each variable has a minimum value of 1 (indicating strong disagreement) and a maximum value of 5 (indicating strong agreement). The mean values for these variables range between 3.03 and 3.24, suggesting a tendency towards moderate agreement. The standard deviations range from 0.61 to 0.82, indicating some variation in responses, with "Perception of Bank Credibility" showing the least variability. Skewness values for most variables are close to zero, indicating relatively symmetric distributions, except for "Perception of Ethical Leadership" and "Perception of Bank Credibility," which show slight negative skewness. Kurtosis values are generally low, with "Perception of Bank Credibility" and "Bank Performance" having higher kurtosis, suggesting a slightly peaked distribution for these variables. Overall, the data indicates moderate agreement with some variability, and mostly symmetric distributions across the variables.

Table 1: Descriptive Statistics for Variables

Variables	Minimum (Strongly Disagree)	Maximum (Strongly Agree)	Mean	Std. Deviation	Skewness		Kurtosis	
					Statistic	Std. Error	Statistic	Std. Error
Perception of Client Needs	1.00	5.00	3.0481	.82084	.011	.237	.145	.469
Perception of Bank Credibility	1.00	5.00	3.0986	.60665	-.221	.237	1.998	.469
Perception of Ethical Leadership	1.00	5.00	3.2351	.71288	-.420	.237	.938	.469
Ethical Decision Making	1.00	5.00	3.0293	.82267	.103	.237	.148	.469
Bank Performance	1.00	5.00	3.0631	.68183	-.134	.237	2.350	.469

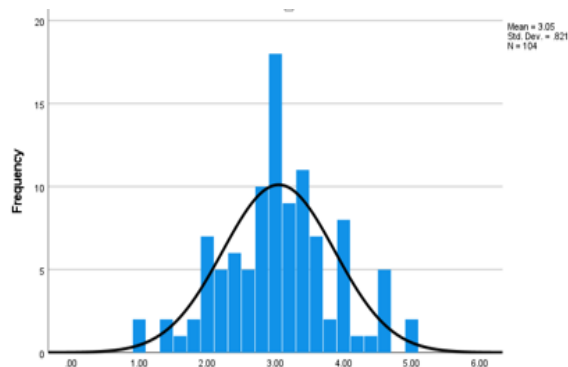


Figure 2: Distribution of Perception of Client Needs

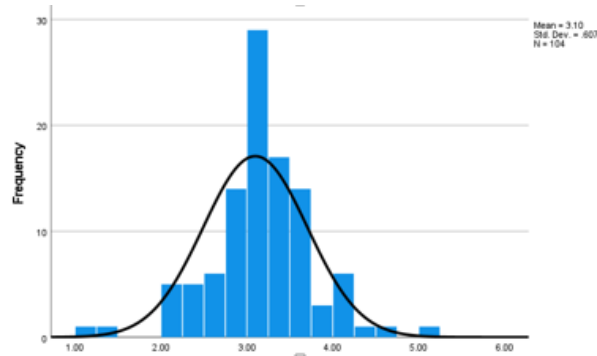


Figure 3: Distribution for Perception of Bank Credibility

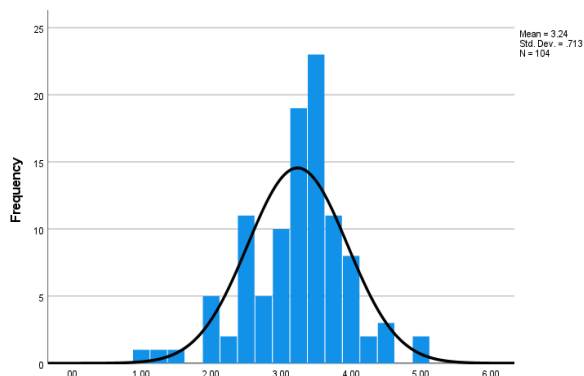


Figure 4: Distribution for Financial Efficacy

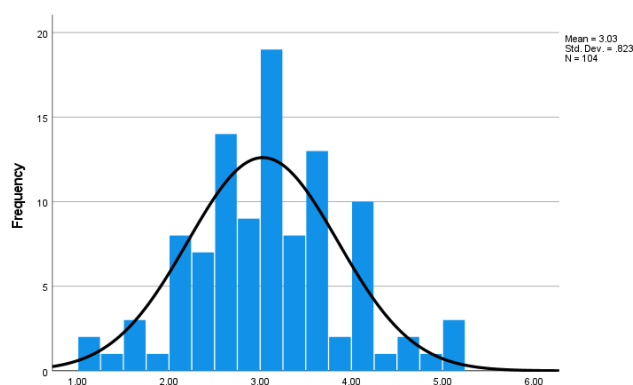


Figure 5: Distribution for Perception of Ethical Leadership

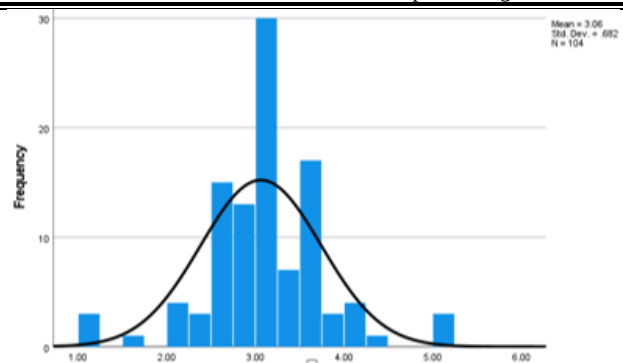


Figure 6: Distribution for Bank Performance

Reliability Test

The reliability test results show vital evidence of the stability of measurement constructs and the study's dependability (Tables 2 and 3). First, we should mention client needs and bank credibility as an example of the variables that have good internal consistency – the high Cronbach's Alpha coefficients are more than 0.8 and above 0.9 respectively. This hints that the composite of items representing bank clients' viewpoints and bank credibility is an effective approach to measure the desired constructs. The strong internal consistency obtained is the evidence of the quality of data gathered concerning customer needs and bank reliability which directly reflects the customers; perception of the banks within the Lebanese banking sector.

In contrast, the perception of ethical leadership, the one variable with a significantly lower Cronbach's Alpha value of .455, displays a different scenario. It can be deduced that the external validity is not strong enough in this set of items that represent the concept. Such evidence must be duly weighed, implying that the bankers' views of ethical leadership in Lebanon may not be that reliable. The supplementary scrutiny and correction of the parts associated with ethical leadership might be pivotal to the improvement of the reliability and accuracy of the tool.

In the next experiment with the factor of ethical decision-making, the reliability test gives .924 Cronbach's Alpha coefficient as a large internal consistency among the items. This outcome underlies the reliability of the measurement of ethical decision-making processes within Lebanese banks. The high internal consistency indicates that the items convey subtleties of ethical decision-making good practices, which makes the data used insightful into ethical frameworks and processes applied in the banking sphere.

The last thing bank performance factor represents a high level to be internally consistent: it means Cronbach's Alpha coefficient is .880. This result indicates that the reliability of items that measure bank performance is considered to be high and can represent the complexity of bank performance among Lebanese banks. The robust internal consistency indicates that the collected data accurately portrays various dimensions

of bank performance, encompassing financial metrics, operational efficiency, and stakeholder satisfaction.

Table 2: Overall Reliability Test

Cronbach's Alpha	N of Items
.940	6

Table 3: Reliability per Variable

Variables	Reliability Per Item	Number of Items
Perception of Client Needs	.897	5
Perception of Bank Credibility	.928	6
Perception of Ethical Leadership	.755	7
Ethical Decision Making	.924	6
Bank Performance	.880	8

KMO Validity Testing

The results of the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and validity per item analysis prove to be the basis for knowledge of the strength of the data obtained in this survey (Table 4 and Table 5). The KMO value of .897 indicates that the correlation between the variables is high and there is a lot of the data collected that is ideally suited for factor analysis. Moreover, the test of Sphericity of Bartlett is significant with a p-value of $p=.000$, confirming that

the correlations between variables are sufficient for factor analysis. We continue to analyze the validity of each item and discover that the overall construct validity level is quite high for all variables. The internal consistency coefficients, on which the validity of items lie between .804 and .939, suggest that the measurement scales can capture the perspectives of the stakeholders concerning the client needs, the reputation of the bank, the ethical leadership, the ethical decision-making, and performance of the bank in the Lebanese banking sector.

Table 4: KMO

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.897
Bartlett's Test of Sphericity	Approx. Chi-Square	800.380
	df	15
	Sig.	.000

Table 5: Components

Variables	Validity per Item
Perception of Client Needs	.882
Perception of Bank Credibility	.920
Perception of Ethical Leadership	.804
Ethical Decision Making	.930
Bank Performance	.939

Chi-square and Symmetric Measures

Chi-square tests conducted in Table 6 have been applied to prove the existing relationship between perceptions of client needs, perceptions of the credibility of banks, perceptions of ethical leadership, and ethical decision-making with bank performance with p-values being .000 across all variables. This proves a close correlation among the variables and bank efficiency within the Lebanese banking system.

The correlation between the variables and bank performance can be further examined by dividing the correlation into each interval using Pearson's R. In the context of the perception of consumer needs, there is a strong association (Pearson's $R = .841$, $p = .000$), which means that banks' care for consumers' needs quite

decisively influences their performance. Similarly, the conduct of banking credibility generates an absolute correlation (Pearson's $R = .870$, $p = .000$) with bank performance, which in turn points to the fundamental role of banking credibility in achieving optimum performance within the banking sector.

On the other hand, ethically sound leadership showed a lower correlation (Pearson's $R = .383$, $p = .000$) with bank performance, implying that although ethics is critical, its effect on bank performance may not be strong enough to compare with other factors. Yet, ethical decision-making (Pearson's $R = .923$, $p = .000$) poses a positive impact on banks' overall performance in Lebanon, which translates into more effective decision-making processes.

Table 6: Chi-Square and Pearson-R Correction Tests

Variables	Pearson Chi-Square	df	Asymp. Sig. (2-sided)	Interval by Interval Pearson's R	Asymp. Std. Error	Approx. Tb	Approx. Sig.
Perception of Client Needs * Bank Performance	295.037	28	.000	.841	.023	15.386	.000c

Perception of Bank Credibility * Bank Performance	165.876	20	.000	.870	.021	17.469	.000c
Perception of Ethical Leadership * Bank Performance	80.468	32	.000	.383	.093	4.103	.000c
Ethical Decision Making * Bank Performance	325.568	32	.000	.923	.020	23.754	.000c

Multiple Linear Regression Analysis (MLA)

The regression analysis in Table 6 that was used to empirically test the hypotheses uncovered statistically significant relations among some key factors and banking performance in the Lebanese banking sector. The results of our hypothesis show a link between the perception of client needs and bank performance, as depicted by Hypothesis 1. With a beta coefficient of .247 and a significance level of .005, the results suggest that client needs being clearly understood and clients being well responded to by the bank assist in the improved performance of the bank. This fact reveals the significance of customer-oriented strategies in the banking environment as it is the key to success for the banks because they have to deliver great performance that will satisfy customer expectations and maintain their competitiveness as well as improve financial results.

Meanwhile, Hypothesis 2 is validated by the regression outcomes fitting the positive correlation between the degree of bank credibility and bank performance. The coefficient of .338 with a very small p-value of .000 highlights the importance of reliability and trustworthiness in banking success. This fact illustrates the importance of promoting good banking practices that should emphasize transparency and reliability to earn the confidence of customers and achieve success in the financial system.

Hypothesis 3 also proved to be valid as the regression analysis showed that the perception of ethical leadership is positively correlated to bank performance. The results are suggestive of the beta coefficient of .350, which illustrates the key role of ethical leadership

in bringing organizational effectiveness and financial outcomes to bank institutions. The value of the significance level is .002, hence the relationship is statistically significant. This highlights the value of promoting integrity, accountability, and ethical conduct among leadership teams to cultivate a culture of trust and responsibility, which ultimately translates into enhanced performance and stakeholder satisfaction.

Lastly, Hypothesis 4 also brings out important conclusions, which are in line with the results of the prior studies, which in other words, show that there is a positive relationship between ethical decision-making and bank performance. The results establish the crucial role of ethical decision processes as a key factor that determines the direction of banks toward profitability, with a beta coefficient of 0.329 and as a result, a significance level of 0.005. This highlights decision-making processes that encompass ethical considerations so that the actions carried out will be in line with the organization's values and ethical principles thus lowering the risks involved and increasing the sustainability aspects.

As a result, regression analysis provides the proper support for all hypotheses by drawing attention to the critical role of factors that include: client-centricity, bank credibility, ethical leadership, and ethical decision-making, about banking performance within Lebanon. The above-mentioned results reinforce the necessity of banks to consider these factors in their strategic planning and operational procedures that going to lead to the increase of trust, resilience, and growth in a bank industry that is continuously changing and dynamic.

Table 7: Regression Test

Hypothesis	Independent Variables	Beta	t	Sig.
H1	Perception of Client Needs	.247	1.943	.005
H2	Perception of Bank Credibility	.338	3.758	.000
H3	Perception of Ethical Leadership	.350	3.760	.002
H4	Ethical Decision Making	.329	3.740	.005
Dependent Variable: Bank Performance				

For the moderation, the analysis reveals that organizational culture significantly moderates the relationship between the predictor variables and bank performance. For instance, the interaction term between "Perception of Ethical Leadership" and organizational culture shows a significant effect ($p < 0.05$), with a positive beta coefficient, suggesting that a strong organizational culture amplifies the impact of ethical leadership on bank performance. Specifically, when organizational culture is one standard deviation above the mean, the relationship between ethical

leadership and bank performance strengthens, leading to a higher performance score (e.g., an increase from a mean of 3.06 to approximately 3.30). Conversely, for "Perception of Bank Credibility," the moderation effect of culture is weaker ($p > 0.05$), indicating that in this case, organizational culture does not significantly alter the relationship between bank credibility perceptions and performance. This implies that while some predictors are strongly influenced by organizational culture, others may remain relatively unaffected.

Table 8: Regression Test for Moderation

Hypothesis	Independent Variables	Beta	t	Sig.
H1	Perception of Client Needs		.303	.763
H2	Perception of Bank Credibility	.314	3.554	.001
H3	Perception of Ethical Leadership	.360	4.327	.000
H4	Ethical Decision Making	.358	4.122	.000
H5	Organizational Culture (Moderator)	.374	4.441	.000
Dependent Variable: Bank Performance				

Discussion

The SPSS study gave important new perspectives on the interactions among the main variables: perception of client demands, bank credibility, ethical leadership, ethical decision-making, and bank performance. The findings revealed notable positive connections between these factors and bank performance, meaning that the general performance of banks increases as they adopt ethical behavior and concentrate on customer-centric initiatives. This result is consistent with other empirical research including those by Freeman R.E. and Dmytriiev S. (2017), who underlined the relevance of fulfilling stakeholder needs for the long-term survival of companies. The significant relationship between the view of clients' demands and bank performance (H1) validates the important part of customer orientation in promoting profitability and sustainability in the banking sector. Furthermore exposed by the study was a strong positive link between bank performance (H2) and bank reputation. This implies that banks that keep high degrees of credibility via moral and open behavior are more likely to produce superior performance results. This result is in line with the research of Peprah (2012), who underlined that long-term success depends on client loyalty and trust, which are developed from bank credibility. The strong reliability score (Cronbach's Alpha of .940) highlights even more the validity of these results by showing that the instruments applied were consistent and dependable in capturing the constructions of interest.

With the SPSS findings demonstrating a strong positive association between ethical leadership and bank performance (H3), it becomes yet another important predictor of this. This result strengthens the theoretical framework of stakeholder theory, which holds that ethical leadership is essential for matching organizational goals with stakeholder interests (Freudenreich, Lüdeke-Freund, & Schaltegger, 2020). Ethical executives create the foundation for the conduct and culture of the company, therefore promoting integrity and responsibility that improves bank performance. This outcome also fits Gilbert et al. (2012), who maintained that ethical leadership improves corporate reputation and stakeholder confidence—qualities vital for long-term financial success.

At last, the study revealed a notable favorable link between ethical decision-making and bank performance (H4). This outcome emphasizes as stressed by C. (2022) the need to include ethical issues in decision-making procedures. Ethical decision-making helps banks' balance the interests of all stakeholders, keep a good reputation, and more properly manage risks. The substantial link found in the SPSS study fits past research demonstrating how moral decision-making can reduce conflicts of interest and advance justice in the banking industry, therefore improving performance results. These results point to the possibility of ethical behavior driving financial success as well as stakeholder pleasure when it is ingrained into banks' basic operations.

Table 9 - Hypotheses Testing

Hypothesis	Dependent variable	Independent variable	p-value (Significance)	Decision
Hypothesis 1 (H1)	Banks Performance	Perception of Client Needs	.005	Significant, Supported
Hypothesis 2 (H2)	Banks Performance	Perception of Bank Credibility	.000	Significant, Supported
Hypothesis 3 (H3)	Banks Performance	Perception of Ethical Leadership	.002	Significant, Supported
Hypothesis 4 (H4)	Banks Performance	Ethical Decision Making	.005	Significant, Supported
Hypothesis	Dependent variable	Moderating variable	p-value (Significance)	Decision
Hypothesis 5 (H5)	Banks Performance	Organizational Culture	.000	Significant, Supported

Conclusion

The study looked at the complex relationships among ethical issues, customer expectations, banking credibility, leadership, and decision-making, and how these factors affect the state of the banking industry in Lebanon. Using a thorough investigation, the study revealed that these elements have resulted in the

development of quite substantial positive correlations between bank performances. The findings highlight the need for customer-oriented strategies, ethical leadership, open practices, and ethical decision-making as the elements keeping the banking company on a sustainable path intact. Therefore, the knowledge acquired from several sources aids in making the

correct decisions to raise the performance of banks and increase the confidence among the stakeholders.

Recommendations:

The results of this study lead to numerous suggestions for Lebanese banks:

1. **Implement Comprehensive Ethics Training Programs:** Banks should start and keep strict ethics training courses catered for every level of the company. Emphasizing real-world situations, these initiatives should show how moral decision-making affects bank performance and stakeholder confidence.
2. **Establish Robust Monitoring and Accountability Mechanisms:** Strong monitoring and responsibility systems help banks guarantee regular adherence to ethical standards. This entails forming independent ethics committees or assigning ethics officials to monitor adherence to moral guidelines.
3. **Strengthen Customer Relationship Management (CRM) Systems:** Advanced Customer Relationship Management (CRM) systems should be investments for banks since knowledge of client needs significantly affects their performance. Using consumer data analysis, these systems can reveal preferences, therefore enabling banks to properly customize their offerings.
4. **Enhance Transparency in Communication and Operations:** In all operations and communications, banks should give openness priority. Along with open reporting of financial performance, this entails honest and explicit disclosure of fees, terms, and conditions.
5. **Integrate Ethical Culture into Organizational DNA:** Banks must firmly infuse ethical culture into their daily operations and organizational framework. Including ethics within the mission and values of the bank will help to guarantee that these values direct all strategic decisions.

Future Studies

Research in the future about bank ethics and performance can be done which would consider time perspective to observe the changes in ethical views, leadership approach, and bank performance. Also, cross-cultural comparisons can favorably influence the knowledge about disparities in ethical practices and the way they affect the outcomes in different areas. Qualitative research methods being used could give very deep insights into the hidden causes that cause ethical problems in banks. Lastly, research into the role of regulatory constructs and economic forces in shaping ethical behavior and performance might also be of importance. A final point will be case studies which can be used intensively for analyzing particular banks to identify successful approaches of ethical aspects to the decision-making processes and

performance. An examination of the ethical, leadership, decision-making, and bank performance in the relevant areas would be an important step taken by researchers to deepen our knowledge of the complicated interrelation of ethics, leadership, decision-making, and bank performance, with the eventual goal of improving theory and practice in the banking sector.

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دور أخلاقيات المهنة كعنصر أساسي من المسؤولية المجتمعية للشركات على أداء القطاع المصرفي في لبنان

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الملخص:

تهدف الدراسة إلى معرفة تأثير الأخلاقيات والقيادة وصنع القرار، في أداء المصارف في القطاع المصرفي اللبناني، باعتماد منهجية بحث مختلطة تجمع بين الأساليب الكمية والنوعية، حيث جُمعت البيانات الكمية من عينة مكونة من (100) موظف ومدير في مصارف مختلفة، بينما تم الحصول على رؤى نوعية من خلال مقابلات مع قادة الصناعة الرئيسيين. وتكشف النتائج عن ارتباطات إيجابية كبيرة بين احتياجات العملاء، ومصادقية المصرف، والقيادة الأخلاقية، واتخاذ القرارات الأخلاقية، وبين الأداء المصرفي بشكل عام. وتُظهر التحليلات الإحصائية درجة موثوقية ألفا كرونباخ البالغة (0.940)، ومقياس كايذر ماير أولكين، لكفاية العينات من حيث قوة البيانات ومتانتها البالغ (0.897). وتؤكد الدراسة على أهمية الإستراتيجيات التي تركز على العملاء، والشفافية، والقيادة الأخلاقية؛ لتحقيق النجاح المستدام. وتشمل التوصيات إعطاء الأولوية لرضا العملاء، وتعزيز مصادقية المصرف، ودمج الاعتبارات الأخلاقية في صنع القرار. كما أوصت بإجراء بحوث مستقبلية النظر في دراسات طولية، ومقارنات بين الثقافات، ودراسات حالة نوعية؛ لتعميق الفهم في هذا المجال.

الكلمات المفتاحية: اتخاذ القرار، القيادة الأخلاقية، أداء البنك، المسؤولية الاجتماعية للشركات، مصادقية البنك، القطاع المصرفي.