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CORPORATE SOCIAL RESPONSIBILITY AS A BRIDGE BETWEEN ETHICAL LEADERSHIP AND ORGANIZATIONAL PERFORMANCE: A SURVEY OF PUBLIC AND PRIVATE BANKS IN KURDISTAN

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ABSTRACT

This paper examines how ethical Leadership influences organizational performance in the banking sector of Kurdistan, and how corporate social responsibility (C.S.R.) mediates this relationship. This study collected survey data from public and private banks in Kurdistan and analyzed the effects of ethical Leadership on C.S.R. and organizational performance. This examination found that ethical Leadership promotes C.S.R., which in turn improves organizational performance. It also found that C.S.R. partially mediates the link between ethical Leadership and organizational performance, meaning that ethical Leadership has both direct and indirect effects on organizational performance through C.S.R. This paper contributes to the literature on ethical Leadership, C.S.R. and organizational performance by providing empirical evidence from a context that has not been widely studied before.

KEYWORDS: *Corporate social responsibility, Ethical Leadership, Organizational performance, Banking sector, Mediation analysis*

1. Introduction

Organizational performance is a key goal for any organization, as it allows them to grow and prosper. However, various factors such as corporate social responsibility (C.S.R.) and ethical Leadership can affect organizational performance. C.S.R. refers to the voluntary actions that organizations take to benefit society and the environment, while ethical Leadership refers to the moral behavior and guidance of leaders in organizations. Both C.S.R. and ethical Leadership have been shown to have positive impacts on various outcomes, such as employee satisfaction, customer loyalty, stakeholder trust, and financial performance (Ali et al., 2010; Dinc & Aydemir, 2014; Ferrell et al., 1999; Luo & Bhattacharya, 2006; Porter & Kramer, 2006; Sen & Bhattacharya, 2001). However, there is a lack of research on how C.S.R. and ethical Leadership interact with each other and influence organizational performance, especially in the context of the banking sector, which has faced many scandals and crises in recent years (Ponnu & Tennakoon, 2009). This paper aims to fill this gap by investigating the relationship between ethical Leadership and organizational performance, and the mediating role of C.S.R. in this relationship. This research conducted a survey of public and private banks in Kurdistan, a region that has not been widely studied before, and analyzed the data using statistical methods.

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This paper found that ethical Leadership positively affects C.S.R., which in turn positively influences organizational performance. This examination also found that C.S.R. partially mediates the link between ethical Leadership and organizational performance, meaning that ethical Leadership has both direct and indirect effects on organizational performance through C.S.R. This paper contributes to the literature on ethical Leadership, C.S.R. and organizational performance by providing empirical evidence from a new context and by exploring the mechanisms that explain how ethical Leadership and C.S.R. enhance organizational performance.

1.2 Problem Statement

Ethical Leadership (E.L.) is the moral behavior and guidance of leaders in organizations. Previous research has shown that E.L. affects various factors, such as employee outcomes (Ponnu & Tennakoon, 2009), employee attitudes (Dinc & Aydemir, 2014), and corporate ethical values (Aslan & Sendogdu, 2012). However, no study has examined how E.L. influences organizational performance (O.P.) and how corporate social responsibility (C.S.R.) mediates this relationship. C.S.R. refers to organizations' voluntary actions to benefit society and the environment. This Study aims to fill this gap by investigating the impact of E.L. on O.P. and the mediating role of C.S.R. in this relationship. This paper conducted a survey of public and private banks in Kurdistan, a region that has not been widely studied before, and analyzed the data using statistical methods.

1.3 Research Question

This Study aims to examine how Ethical Leadership (E.L.) influences Corporate Social Responsibility (C.S.R.) and Organizational Performance (O.P.) in the banking sector of Kurdistan. C.S.R. refers to the voluntary actions that organizations take to benefit society and the environment, while E.L. refers to the moral behavior and guidance of leaders in organizations. This research propose the following research questions:

- a) How does E.L. affect C.S.R. activities?
- b) How does E.L. affect O.P.?
- c) Does C.S.R. mediate the relationship between E.L. and O.P.?

1.4 Objectives of the Study

The purpose of this Study is:

- 1- To examine how Ethical Leadership (E.L.) influences Corporate Social Responsibility (C.S.R.) in public and private banks in Kurdistan.
- 2- To examine how E.L. influences Organizational Performance (O.P.) in public and private banks in Kurdistan.
- 3- To examine how C.S.R. mediates the relationship between E.L. and O.P. in public and private banks in Kurdistan.

1.5 Significance of the Study

This Study is important for practitioners and scholars who want to understand the optimal leadership style for organizations to perform ethically and effectively and engage in C.S.R. activities that can also improve their performance. This research will provide useful data for practitioners and enrich the literature for researchers. This Study will also offer some guidance to all stakeholders, including the government, the central bank of Kurdistan Region, and other interested parties, on how ethical leadership style can benefit their organization and ensure its success and sustainability.

2. Literature Review

2.1 Ethical Leadership

Kanungo and Medonca (1996) asserted that organizations hold no moral agency. Instead, the behavior of the individuals within the organizations shapes their ethical or unethical nature. Within this context, the investment in ethical behavior becomes an imperative part of an organization,

requiring strong ethical Leadership (Spangenberg & Theron, 2005). The concepts of ethical culture and climate arise here. These terms, as defined by Trevino (1990) and further clarified by Victor and Cullen (1988), pertain to the general consensus on ethical practices within an organization. Employees understand these guidelines as the “right way” of carrying out their tasks, driven by moral implications. For this ethical climate to sustain, the presence of ethical Leadership becomes paramount (Dinc & Aydemir, 2014). As Brown et al. (2005) detailed, ethical leadership is demonstrated through proper personal conduct, ethical relationships, and instructions provided to followers via dynamic dialogue, reinforcement, and considered decision-making. Brown & Trevino (2006) further sophisticate this definition through their analysis of the ethical leader's characteristics based on prior literature. They note that such leaders exhibit honesty, empathy, and emerge as individuals bound by principles. They make balanced, fair decisions, and consistently communicate about ethics to their followers. Furthermore, ethical leaders also act as a moral check, ensuring that the prescribed ethical standards are adhered to. Most importantly, they don't just instruct their followers but also actively involve themselves in achieving the desired ethical outcomes.

The concept of ethical Leadership gets further refined when Brown & Trevino (2006) explored its interactions with other leadership styles, such as authentic, spiritual, and transformational Leadership. Similarities were noted among them, such as empathy for others, ethical decision-making, integrity, and their roles as role models. However, crucial differences were also highlighted. Ethical Leadership specifically focuses on ethical norms and promoting others' awareness, while authentic leaders emphasize authenticity and self-awareness. Spiritual leaders are based on hope/faith, and transformational leaders motivate intellectual stimulation.

In the banking sector in Kurdistan, it is essential to understand how these theories apply to the cultural and contextual nuances of the region. The banking sector in various parts of the world, including Kurdistan, plays an instrumental role in the development of the region. As such institutions deal directly with a significant aspect of individuals' lives – finances, ethical conduct can make the difference between progress and stagnation, trust and skepticism. Fostering ethical Leadership is crucial to establishing a strong ethical culture within the organization, impacting its success and reputation.

2.2 Ethical Leadership and Organizational Performance:

The relationship between ethical Leadership and organizational performance while considering the mediating role of Corporate Social Responsibility (C.S.R.). Some researchers (Waldman, Ramirez, House & Puranam, 2001) have found a positive correlation between leadership behavior and organizational performance. However, others, including Fiedler (1996) and Hennessey (1998), have opposed this argument, suggesting that there is no direct association between Leadership and organizational performance. To shed light on this topic, Steyrer, Schiffinger, and Lang (2008) investigated the potential mediating factors that could explain the relationship between leadership behavior and organizational performance. In a study focusing on ethical Leadership's impact on organizational performance, The ethical Leadership positively influences employees' attitudes and behaviors and enhances overall organizational performance. Despite these findings, Trevino et al. (2006) maintain that the question of the relationship between executive ethical Leadership and organizational performance remains open and warrants further investigation. Thus, this current Study seeks to explore the mediating effect of C.S.R. on the connection between ethical Leadership and organizational performance.

H1: This study hypothesizes that ethical Leadership will positively influence organizational performance.

They aim to contribute to the existing body of knowledge by providing insights into the potential role of C.S.R. as a mediator in this relationship.

2.3 Ethical Leadership and Corporate Social responsibility:

Corporate Social Responsibility (C.S.R.) has gained significant importance for business leaders globally, with companies being ranked based on their C.S.R. performance. This has led to increased

public attention and response towards C.S.R. initiatives (Porter and Kramer, 2006). C.S.R. is defined as the managerial obligation of organizations to protect and improve both societal welfare and the interests of the organization (Davis and Blomstrom, 1975). The perception people hold about an organization plays a crucial role in determining its outcomes. A negative public image can undermine an organization's strategies, as people may refrain from using its services or buying its products. To maintain a positive public image, companies engage in various practices, one of which is C.S.R. McWilliams and Siegel (2000) argued that C.S.R. can be a way to create a positive reputation for the organization. It involves significant investment by organizations to strengthen their relationships with stakeholders and enhance their image (Ali et al., 2010). The concept of C.S.R. has generated debates between the stockholder and stakeholders perspectives. Supporters of the stockholder view believe that social responsibility and welfare are the responsibility of the government, and stockholders' money should not be spent on social welfare. On the other hand, advocates of the stakeholders perspective argue that businesses should allocate some of their earnings to social welfare initiatives. Interestingly, both perspectives ultimately aim at profit maximization, as C.S.R. is seen as an investment that can contribute to profitability.

Jones (1980) defined C.S.R. from the stakeholders perspective, stating that corporations have an obligation towards various societal groups beyond stockholders, and these obligations may extend beyond what is mandated by law and union contracts. In other words, businesses have a responsibility to consider the interests of stakeholders beyond just legal requirements. From a theoretical perspective, four major perspectives on C.S.R. influence organizational behavior and decision-making. These perspectives shape how organizations approach their C.S.R. initiatives and their impact on society and the organization. C.S.R. has become a vital aspect of modern business leadership, as organizations seek to maintain a positive public image and strengthen relationships with stakeholders. The debate between stockholder and stakeholders perspectives on C.S.R. highlights the underlying aim of profit maximization. As the significance of C.S.R. continues to grow, businesses must navigate these perspectives to make informed decisions that benefit society and their success.

1. Instrumental Perspective:

Friedman (1970) posited that the primary social responsibility of a business is to maximize profits for its stockholders within the legal and ethical boundaries of the country. According to him, any activity undertaken by a company, including environmental initiatives, is ultimately driven by the goal of earning profits rather than purely for the purpose of environmental protection.

2. Political Perspective:

Davis (1960) emphasized that businesses wield significant power in society and should utilize it to drive social reforms. In certain societies, corporations have taken on roles traditionally held by governments in implementing social welfare initiatives.

3. The Integrative Perspective:

Ackerman (1973) made a significant contribution, advocating that corporate management must consider societal demands and align them with business operations to reflect social values. This integration involves aligning corporate strategies with the prevailing social norms, allowing companies to operate effectively within a specific context.

4. Ethical perspective:

The normative stakeholders theory suggests that companies should maintain a balance in giving attention to stakeholders, and ethics should be prioritized when stakeholders value it. Fort argues that businesses act as mediating institutions, implementing ethics and Corporate Social Responsibility (C.S.R.) while avoiding harmful activities. According to Porter and Kramer (2006), corporations contribute positively to society by providing jobs, investing capital, and engaging in business activities. However, the most crucial contribution they can make is to ensure the prosperity of the economy. Grayson and Hodges (2004) view C.S.R. as an opportunity rather than a cost, emphasizing the interdependence of corporations and society. They propose a shared value principle, where choices should benefit both parties. Failure to do so could lead to high-risk

situations. Porter and Kramer (2006) identify two forms of interdependence: inside-out linkage, where corporations impact society through their activities, and outside-in linkage, where external social conditions influence corporations. Ethical leadership is essential to promote ethical behavior within organizations (Kanungo and Medonca, 1996). Creating an ethical culture requires ethical leaders (Spangenberg & Theron, 2005). Considering the past literature, the hypothesis is proposed that Ethical Leadership is conducive to effective C.S.R. activities, with a strong positive impact on C.S.R.

H2: Ethical Leadership positively impacts corporate social responsibility (C.S.R.).

2.4 Ethical Leadership, C.S.R. and Organizational Performance

Establishing a strong ethical climate within organizations is crucial to prevent unethical practices (Ahmed and Machold, 2004). Leaders play a dominant role in shaping and maintaining this ethical climate (Ponnu & Tennakoon, 2009), and ethical Leadership is the key requirement for creating such a climate (Dinc and Aydemir, 2014). Companies that uphold an ethical culture reap numerous rewards, including increased operational efficiency, employee commitment, product quality, customer loyalty, and financial performance (Ferrell, Maignan, and Loe, 1999). Growth, profitability, and efficiency are common performance indicators (Murphy et al., 1996), and Ethical Leadership is believed to enhance organizational performance (Ferrell, 1999), serving as a foundation for effective management and success (Conrad, 2013). Ethical leaders can create shared values that influence employee conduct and foster positive relationships with customers, suppliers, investors, and society at large (Ferrell, 1999). Corporate Social Responsibility (C.S.R.) is considered a strategic tool for building strong relationships with internal and external stakeholders, positively impacts organizational performance and enhances organizations' reputation among stakeholders (Ali et al., 2010). Kim, Kim & Qian (2015) found that, under high levels of competitive actions, C.S.R. activities can enhance organizational financial performance in their Study examining the effect of C.S.R. on corporate financial performance.

Based on the existing literature, two hypotheses are proposed:

H3: Corporate social responsibility (C.S.R.) positively influences organizational performance.

H4: Corporate social responsibility (C.S.R.) mediates the relationship between ethical Leadership and organizational performance.

These hypotheses highlight the significance of C.S.R. in driving organizational performance and how ethical Leadership can indirectly impact performance through its influence on C.S.R. activities. By integrating ethical Leadership and C.S.R. initiatives, organizations can create a positive ethical climate that contributes to improved performance and fosters stronger relationships with stakeholders.

3. Methodology

3.1 Sample and Data Collection

The Study surveyed employees from public and private banks in Kurdistan to measure their perceptions of ethical Leadership, corporate social responsibility (C.S.R.), and organizational performance. The questionnaires were distributed randomly to bank branches with a cover letter explaining the purpose and scope of the Study. Out of 200 questionnaires, 188 were returned and usable, resulting in a response rate of 94 percent. The data were analyzed using frequency, descriptive, and multiple regression statistics.

3.2 Measures

All participants rated the items using a 5-point Likert scale, where 1 indicated "strongly disagree," and 5 indicated "strongly agree."

3.2.1 Ethical Leadership

The Study used the Ethical Leadership Scale (E.L.S.) Brown et al. (2005) developed to measure ethical Leadership. The E.L.S. has 10 items that assess how the leader behaves ethically in personal and professional contexts. For example, one item is: "Conducts his/her personal life in an ethical manner". The E.L.S. has a high reliability of .950.

3.2.2 Corporate Social responsibility

The Data is about how a company's social responsibility (C.S.R.) affects its performance in the banking sector of Kurdistan. C.S.R. means how a company cares about its employees, customers, society, and government. Devlepe used a scale by Turker (2006) to measure C.S.R. in four areas: social and non-social stakeholders, employees, customers, and government. The text gives some examples of questions from the scale, such as how the company invests for the future, encourages volunteering, protects consumer rights, and follows the law. The text also reports the reliability of the scale as .908, which means it is very consistent.

3.2.3 Organizational Performance

The Study is about how a bank's performance is measured using a Kim (2004) scale. The scale has 12 questions covering six aspects of performance: cost, productivity, quality, innovation, customer satisfaction, and employee morale. The Study gives some examples of questions from the scale, such as how the bank tries to reduce cost and how the work unit has improved productivity. The Study also reports the reliability of the scale as .964, which means it is very consistent.

The Study also checks how reliable the questions are. Reliability means how consistent the questions are in measuring performance. The Study finds that the reliability is .964, which is very high. This means that the questions are good at measuring performance.

4. Data Analysis and Results

Table 1 Demographic Results

| <i>Variables</i> | <i>Scale</i> | <i>Frequencies</i> | <i>Percentages</i> |
|-------------------|--------------|--------------------|--------------------|
| <i>Gender</i> | Male | 147 | 78.2 |
| | Female | 41 | 21.8 |
| <i>Age</i> | 25-30 | 75 | 39.9 |
| | 31-40 | 78 | 41.49 |
| | 50 and above | 35 | 18.61 |
| <i>Experience</i> | 1-10 | 100 | 53.2 |
| | 11-20 | 48 | 25.5 |
| | 21 and above | 40 | 21.3 |

Table 1 presents the demographic statistics of the respondents, indicating the frequencies and percentages for each category. The male respondents constituted 78.2% of the sample, while females accounted for 21.8%. In terms of age, 39.9% of respondents fell in the 25 to 30 years range, 41.49% were between 31 to 40 years old, and the remaining 18.61% were aged 50 or above. The educational background showed that 85.1% had a Bachelor's degree, and 14.9% had a Master's degree. Regarding job experience, 53.2% of respondents had 1 to 10 years of experience, 25.5% had 11 to 20 years of experience, and 21.3% had 21 years or more of experience. Notably, these demographic items were included solely for sample composition and were not further analyzed or used in drawing conclusions.

Table 2: Means, standard deviations and correlations of main variables

| <i>Variables</i> | <i>Mean</i> | <i>S.D</i> | <i>1</i> | <i>2</i> | <i>3</i> |
|---|-------------|------------|----------|----------|----------|
| <i>1. Ethical Leadership</i> | 3.88 | 0.71 | 1 (.82) | | |
| <i>2. Corporate Social Responsibility</i> | 3.86 | 0.46 | .76** | 1 (.77) | |
| <i>3. Organizational Performance</i> | 3.94 | 0.52 | .65** | .68** | 1 (.83) |

n = 188 **p < 0.01; alpha reliabilities are given in parentheses.

Table 2 displays the correlation between the dependent variable, Organizational Performance (O.P.), and the independent variables, Ethical Leadership (E.L.), and Corporate Social Responsibility (C.S.R.). The results indicate significant and positive relationships among E.L., C.S.R., and O.P. Ethical Leadership showed a significant positive correlation with both C.S.R. and

O.P., with correlation coefficients of $r(188) = 0.76$ ($p < 0.01$) and $r(188) = 0.65$ ($p < 0.01$), respectively. Additionally, there was a significant positive correlation between C.S.R. and O.P., with a coefficient of $r(188) = 0.68$ ($p < 0.01$). These findings demonstrate the strong and favorable associations between Ethical Leadership, Corporate Social Responsibility, and Organizational Performance based on data from 188 respondents.

Table 3 Model summary and Regression results for H1, H2, H3, H4

| <i>Hypothesis</i> | | | <i>Model Summary</i> | <i>Regression Results</i> | | |
|--|----------|-----------------|--|---------------------------|----------------|-------------|
| | <i>R</i> | <i>R Square</i> | <i>Variables</i> | <i>Beta</i> | <i>t-Value</i> | <i>Sig.</i> |
| | | | Organizational Performance | | 10.880 | .000 |
| <i>H1 a. Predictors: (Constant), E.L.</i> | .651 | .430 | <i>Ethical Leadership</i> | .651 | 9.733 | .000 |
| | | | a. Dependent Variable: O.P. | | | |
| | | | <i>Corporate Social Responsibility</i> | | 13.101 | .000 |
| <i>H2 a. Predictors: (Constant), E.L.</i> | .760 | .583 | <i>Ethical Leadership</i> | .760 | 13.373 | .000 |
| | | | a. Dependent Variable: C.S.R. | | | |
| | | | Organizational Performance | | 3.397 | .001 |
| <i>H 3 a. Predictors: (Constant), C.S.R.</i> | .689 | .482 | <i>Corporate Social Responsibility</i> | .689 | 10.818 | .000 |
| | | | a. Dependent Variable: O.P. | | | |
| <i>H 4 (Mediation) a. Predictors: (Constant), E.L.</i> | .651 | .430 | | | | |

In Table 3, the regression analyses reveal significant results for all hypotheses. Hypothesis 1 is supported, showing a positive and significant association between Ethical Leadership and Organizational Performance (R-Square = 0.430, $\beta = 0.651$, $p < 0.05$). This suggests that the presence of ethical Leadership positively influences organizational performance.

Hypothesis 2 is also supported, with a positive and significant relationship between Ethical Leadership and Corporate Social Responsibility (R-Square = 0.583, $\beta = 0.760$, $p < 0.05$). Organizations with ethical Leadership engage in more C.S.R. activities.

Hypothesis 3 is accepted as well, indicating a positive and significant connection between Corporate Social Responsibility and Organizational Performance (R-Square = 0.482, $\beta = 0.689$, $p < 0.05$). Increased involvement in C.S.R. positively impacts organizational performance.

Regarding Hypothesis 4, the regression analysis only considers the direct impact of Ethical Leadership on Organizational Performance (R-Square = 0.430). This further confirms the significant influence of ethical Leadership on organizational performance. The results demonstrate that Ethical Leadership plays a crucial role in enhancing both Corporate Social Responsibility and Organizational Performance. The Study affirms the importance of ethical leadership practices in fostering positive outcomes for organizations.

Table 4 Hierarchical regression results for H4

| <i>Variables</i> | <i>Model 1</i> | | | <i>Model 2</i> | | |
|--|----------------|----------|-------------|----------------|----------|-------------|
| | <i>Beta</i> | <i>t</i> | <i>Sig.</i> | <i>Beta</i> | <i>t</i> | <i>Sig.</i> |
| <i>Ethical Leadership</i> | 0.651 | 9.733 | 0.000 | 0.301 | 3.116 | 0.002 |
| <i>Corporate social Responsibility</i> | | | | 0.467 | 4.841 | 0.000 |

| | | | | | | |
|--------------------------|-------|--|--|-------|--|--|
| <i>R Square Change</i> | 0.430 | | | 0.526 | | |
| <i>Adjusted R Square</i> | 0.432 | | | 0.518 | | |

a. Dependent Variable: O.P.

The social responsibility (C.S.R.) affects the relationship between ethical Leadership (E.L.) and performance (O.P.) in banks in Kurdistan. The text uses a method by Baron and Kenny (1986) to test if C.S.R. is a mediator, which means that it explains how and why E.L. influences O.P. The follows four steps to test this:

First, it shows that E.L. is positively and significantly related to O.P., which means that more ethical leaders lead to better performance.

Second, it shows that E.L. is positively and significantly related to C.S.R., which means that more ethical leaders care more about their stakeholders.

Third, it shows that C.S.R. is positively and significantly related to O.P., which means that more social responsibility leads to better performance.

Fourth, it shows that when E.L. and C.S.R. are both included in the analysis, C.S.R. still has a positive and significant effect on O.P., but E.L. has a reduced effect on O.P.

The Study concludes that C.S.R. partially mediates the relationship between E.L. and O.P., which means that it explains some but not all of the effect of E.L. on O.P. And supports this conclusion with numbers and probabilities from the analysis. However accepts the hypothesis that C.S.R. is a mediator.

How honest and fair the bank leaders are (ethical Leadership)

How much the banks care about their employees, customers, society, and government (social responsibility)

The Study also wants to see if social responsibility explains how ethical Leadership affects performance. This is called mediation. The Study uses a method by Baron and Kenny (1986) to test for mediation. The method has four steps:

Step 1: Show that ethical Leadership is related to performance. The Study uses a number called beta coefficient to measure how strong this relationship is. The Study also uses a number called P-value to show how confident researchers are about this relationship. A low P-value means that the relationship is unlikely to happen by chance. A common threshold for P-value is 0.05. If the P-value is lower than 0.05, researchers say that the relationship is significant, which means that it is meaningful and reliable. The Study finds that the beta coefficient for ethical Leadership is 0.651, which is positive and high. The P-value is 0.00, which is very low. This means a significant positive relationship exists between ethical Leadership and performance.

Step 2: Show that ethical Leadership is related to social responsibility. The Study finds that the beta coefficient for ethical Leadership is 0.76, which is positive and high. The P-value is 0.00, which is very low. This means a significant positive relationship exists between ethical Leadership and social responsibility.

Step 3: Show that social responsibility is related to performance. The Study finds that the beta coefficient for social responsibility is 0.467, which is positive and moderate. The P-value is 0.00, which is very low. This means a significant positive relationship exists between social responsibility and performance.

Step 4: Show what happens when both ethical Leadership and social responsibility are included in the analysis. The Study finds that the beta coefficient for social responsibility is still 0.467, which means that it still has a positive and significant effect on performance. The beta coefficient for ethical Leadership drops to 0.301, which means that it has a reduced effect on performance. The social responsibility partially mediates the relationship between ethical Leadership and performance, which means that it explains some but not all of the effect of ethical Leadership on performance. The Study supports this conclusion with numbers and probabilities from the analysis. The Study agrees with the idea that social responsibility is a mediator.

5. Discussion

This research aims to understand the influence of Ethical Leadership (E.L.) on organizational performance (O.P.), and how Corporate Social Responsibilities (C.S.R.) may mediate this relationship within Kurdistan's public and private banking sector's. The Study unveils a notable positive correlation between E.L., C.S.R., and O.P. It confirms that ethical Leadership contributes positively to organizational performance (Correlation coefficient: 0.651, Significance level: less than 0.01). These findings resonate with previous studies like those of Khadimfar and Amiri (2013), and Waldman et al. (2001), which reported how ethical Leadership positively modifies employee attitudes and behaviors and, consequently, enhances overall performance. Furthermore, a significant and positive correlation was found between ethical Leadership and C.S.R. activities (Correlation coefficient: 0.760, Significance level: less than 0.01). This builds upon the work of Hoogh & Hartog (2008) and Aslan & Sendogdu (2012), which found leaders with ethical values have a high interest in C.S.R. Delving into the relationship between C.S.R. and organizational performance, a strong positive relationship was noted (Correlation coefficient: 0.689, Significance level: less than 0.01). This reinforces the view that C.S.R. has a positive impact on organizational performance. Kim, Kim, and Qian's (2015) research supports this finding, stating C.S.R. can even augment an organization's financial performance in highly competitive settings.

Eventually, the Study concluded that C.S.R. acts as a facilitator in the relationship between ethical Leadership and organizational performance within Kurdistan's banking sector, partially mediating this link. This novel insight signifies that ethical Leadership can indirectly influence organizational performance through effectively driving C.S.R. activities.

6. Conclusions

Like others, this examination has limitations and room for future advancement. This investigation focuses solely on the public and private banking sector in Kurdistan, and the results may not apply to other sectors within the country. Hence, future research should consider including additional sectors for a more comprehensive view. While the sample size in this Study is adequate, it is not necessarily extensive. Future research could benefit from a larger sample size for more definitive outcomes. This research utilizes C.S.R. as a mediator in the link between ethical Leadership and organizational performance. Future studies may consider incorporating other elements that could potentially mediate or moderate this relationship. The research concludes that ethical Leadership positively affects C.S.R., which subsequently benefits organizational performance. It also identifies C.S.R. as a partial intermediary in the ethical leadership-organizational performance relationship. These findings align with previous research, confirming and adding credibility to earlier results. These outcomes highlight the importance of ethical Leadership within banking sector organizations in Kurdistan. They suggest that the achievement of a company's objectives can be greatly assisted by ethical Leadership, underscoring the benefits of pursuing goals in an ethical manner.

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