

**THE ROLE OF ETHICAL LEADERSHIP ON  
ORGANIZATIONAL PERFORMANCE WITH THE MEDIATING  
ROLE OF CSR IN BANKING INDUSTRY**



Project Report  
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**BY:**

**VIKNESWARAN VINOTHKUMAR**

**EU/IS/2019/MS/107**

**INDEX NO: MS 2287**

A Project Report submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka, as a partial full filament of the requirement for the Degree of Bachelor of Business Administration Honours (BBAHons.)

**DEPARTMENT OF MANAGEMENT  
FACULTY OF COMMERCE AND MANAGEMENT  
EASTERN UNIVERSITY, SRI LANKA**

**2025**

## ABSTRACT

In the rapidly evolving landscape of the banking sector, ethical leadership has emerged as a pivotal driver of organizational success and innovation. This study investigates the impact of ethical leadership on organizational performance with the mediating role of CSR in banking industry.

In addition to this, the researcher identified the level of ethical leadership, corporate social responsibility, and organizational performance of selected banks and relationship between ethical leadership & organizational performance, ethical leadership & corporate social responsibility, and corporate social responsibility & organizational performance of selected banks. While there has been lack of research conducted in this area. Utilizing a sample of 250 banking employees, data were collected through structured questionnaires and analyzed using (SPSS 26.0 Version).

The study findings that there is high level of ethical leadership, corporate social responsibility and organizational performance are existing selected banks. The findings reveal a significant and strong positive relationship between ethical leadership and organizational performance. Moreover, the study finds that CSR partially mediates this relationship, highlighting employees' voluntary and altruistic behaviours as a key mechanism through which ethical leadership influences organizational performance. The results from the regression analysis, employing PROCESS Macro version, demonstrate that CSR partially mediates the relationship between ethical leadership and organizational performance, explaining 50% of the effect.

The study offers valuable insights for banking leaders and financial regulators striving to align operations with organizational goals. It highlights the strategic need for banks to integrate ethical leadership frameworks. The research contributes to the growing understanding of how targeted ethical leadership can collectively influence organizational performance with the mediating role of CSR in the banking industry. It reinforces the significance of aligning financial decision-making with ethical and environmental priorities, thereby nurturing a culture of responsible banking and accelerating the transition toward employees in Batticaloa Region.

**Keywords:** *Ethical Leadership, CSR, and Organizational Performance*

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