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GREEN FINANCING, CORPORATE SOCIAL RESPONSIBILITY, REPUTATION AND PERFORMANCE OF COMMERCIAL BANKS IN KENYA

DENNIS KIPLANGAT KORIR - SCHOOL OF BUSINESS AND LEADERSHIP - DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION AND MANAGEMENT (FINANCE OPTION

A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND LEADERSHIP STUDIES IN PARTIAL FULFILMENT FOR THE AWARD OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION AND MANAGEMENT (FINANCE OPTION) OF ST. PAUL'S UNIVERSITY

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OCTOBER, 2026

DECLARATION

I hereby declare that this thesis is my original work and has not been submitted to any other University for the award of any degree.

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Supervisors' Declaration

This doctoral dissertation has been submitted for examination with our approval as university supervisors.

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DEDICATION

I dedicate this thesis to the most important people in my life: my dear mother, Mary, whose boundless love, constant encouragement, and selfless sacrifices have been my anchor throughout this PhD journey. Her faith in me and her wisdom have inspired me to persevere in the face of challenges and reach the milestones I celebrate today. I am deeply grateful for the foundation she has given me.

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OPERATIONAL DEFINITION OF KEY TERMS

Term	Definition
Awards & Recognition	Accolades received for excellence in business, corporate social responsibility (CSR), and industry leadership.
Carbon Finance	Financial instruments and investments aimed at reducing carbon emissions.
Climate Finance	Funding allocated for climate change mitigation and adaptation projects.
Community Engagement	Company efforts to support local communities through philanthropy, volunteerism, and partnerships.
Corporate Reputation	The perception of a company's trustworthiness, ethics, and overall standing among stakeholders, assessed through net promoter score, stakeholder perception, awards & recognition, and social media sentiments.
Corporate Social Responsibility (CSR)	A company's commitment to ethical and sustainable business practices that benefit society and the environment, including environmental initiatives, community engagement, employee welfare, and diversity & inclusion.
Customer Satisfaction	A measure of how well a company meets customer expectations and needs.
Digital/Technology Adoption	The extent to which a firm integrates digital solutions and technological advancements into its operations.
Diversity & Inclusion	Policies and practices promoting a diverse and inclusive workplace.
Employee Welfare	Programs aimed at improving employees' well-being, including health benefits and work-life balance.
Environmental Initiatives	Activities undertaken to minimize environmental impact, such as waste reduction and energy efficiency programs.
Firm Performance	A measure of how effectively a company achieves financial and non-financial objectives, evaluated through return on assets, customer satisfaction, employee

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	satisfaction, and digital/technology adoption.
Green Financing (GF)	Financial products and services designed to support environmentally sustainable projects.
Green Insurance	Insurance products that encourage environmentally friendly practices and cover climate-related risks.
Green Investments	Financial investments made in environmentally friendly projects or companies.
Green Loans	Loans provided specifically for projects that promote environmental sustainability.
Green Mortgages	Home loans designed to support energy-efficient housing projects.
Net Promoter Score (NPS)	A metric used to assess customer loyalty and the likelihood of customers recommending the company to others.
Return on Assets (ROA)	A financial metric used to evaluate a company's profitability relative to its total assets.
Social Media Sentiments	Public opinions, attitudes, and discussions about a company expressed on digital and social media platforms.
Stakeholder Perception	Public and investor perceptions regarding the company's ethical conduct, credibility, and financial standing.

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ABBREVIATIONS AND ACRONYMS

BICST	Brazil, India, China, South Africa, and Turkey
CBK	Central Bank of Kenya
CBK	Central Bank of Kenya
CFA	Confirmatory Factor Analysis
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
DiD	Difference-in-Differences
ESG	Environmental, Social, and Governance
FAHP	Fuzzy Analytic Hierarchy Process
FDI	Foreign Direct Investment
FMAC	Financial Markets Association of Canada
FP	Firm Performance
GF	Green Financing
GFRIP	Green Finance and Risk Investment Policy
GDP	Gross Domestic Product
GMM	Generalized Method of Moments
ICT	Information and Communication Technology
IMF	International Monetary Fund
ISERC	International Scientific and Engineering Research Conference
KBA	Kenya Bankers Association
KCB	Kenya Commercial Bank
KPMG	Klynveld Peat Marwick Goerdeler
NACOSTI	National Commission for Science, Technology and Innovation
OECD	Organization for Economic Co-operation and Development
OLS	Ordinary Least Squares
PLS-SEM	Partial Least Squares Structural Equation Modeling
ROA	Return on Assets
ROE	Return on Equity
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
US	United States

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ABSTRACT

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Banking in Kenya is a critical part of the economic growth of the country as it helps in the circulation of money between the borrowers and the savers. Over the past few years, commercial banks have been embracing sustainability based financial approaches especially green financing in order to improve performance. This paper has tested the correlation between green financing (GF), corporate social responsibility (CSR), corporate reputation, and the firm performance (FP) of commercial banks in Kenya and CSR and corporate reputation as mediators between the green financing and performance relationship. The study was based on the stakeholder theory, resource-based view, legitimacy theory and signaling theory and used explanatory research design and census method where all 38 commercial banks that are present in Kenya were sampled in the study, both primary and secondary data being collected. Green financing was quantified by using the tools of green loans, green investments, carbon finance, climate finance, green mortgages, green infrastructure finance, and green insurance. CSR was also evaluated through environmental activities, community intervention, workforce welfare, and inclusion and diversity programs. Net promoter score, perceptions of the stakeholders, awards and recognitions, and sentiments expressed on social media were used to assess corporate reputation, whereas firm performance was represented by the measures of return on assets, customer satisfaction, employee satisfaction and adoption of digital/technology. The hypothesized relationships were tested using structural equation modeling (SEM), and diagnostic tests were used to verify the assumptions of linear regression. The results showed that green financing positively and significantly affects the financial performance of commercial banks. It was established that CSR positively influenced corporate reputation; both CSR and corporate reputation mediated the relationship between green financing and FP, individually and in a sequential manner. Particularly, CSR enhanced the positive impact of green financing through the generation of stakeholder trust and legitimacy, and corporate perception extended this impact, generating a sequential effect whereby green financing is converted into high performance. These findings support the hypothesized sequential mediating model, and it is important to note that the incorporation of sustainability initiatives and reputational management of strategic banking activities is vital. This research paper adds to theory by supporting and generalizing the Stakeholder Theory, the Resource-Based View, the theory of legitimacy and the theory of signalling to Kenyan commercial banks. In practice, it gives practitioners useful information that can be implemented by bank managers in order to develop integrated green financing and CSR strategies to improve the bank image and performance. Evidence is also availed to policy makers and regulators such as the Central Bank of Kenya, Kenya Bankers Association and National Treasury to guide them in coming up with favourable regulatory frameworks that facilitate sustainability within the banking sector. Taken together, the results highlight the fact that, in cases where it is planned and coordinated with CSR and reputational capital, green financing is not another point of compliance or philanthropic activity but a key to long-term financial and institutional prosperity.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The banking industry is still one of the pillars of contemporary economic systems, but its financial well-being has been subject to serious questions over the past few years. Although they are essential to the capital allocation process, liquidity management, and economic stabilization, the performance of many commercial banks globally and especially in developing economies, is suffering (Indriastuti et al., 2023). Profitability and efficiency of use of the sources have shown uneven patterns, including decreasing margins, increasing credit risk, and ineffective use of resources, as indicated by Return on Assets (ROA) and Return on Equity (ROE) (Mangwa & Jagongo, 2022). These issues are compounded by the effects of more regulatory pressures, market instability, and customer demands. As a result, commercial banks are compelled to reconsider their business models and become more resilient, sustainable, and stakeholder-oriented to stay financially healthy in the long run (World Bank, 2023).

After the 2008 global financial crisis, there has been a significant change in the way banks are seeking performance and resilience. The crisis demonstrated the vulnerability of the systems and encouraged global demand for sustainable financial practices, such as stricter regulatory control, better governance, and increased transparency. In reaction to this, numerous banks, particularly those in developed economies such as the United States and the United Kingdom, have adopted Environmental, Social, and Governance (ESG) models, with green financing being part of their portfolio to finance renewable energy, clean transport, and climate-resilient projects (OECD, 2022; European Commission, 2021; Deb et al., 2024). The idea of green financing has emerged as a

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competitive tool for attaining sustainability objectives and competitive advantage, as banks aim to distinguish themselves, attract responsible investors, and respond to the demands of changing stakeholders (KPMG, 2022; Epstein & Roy, 2021). Though these are positive developments, the effects of such sustainable practices on FP are context-dependent, and there is limited empirical evidence, particularly in emerging markets.

The pace of implementation of sustainable banking practices (green finance and CSR) has been slow and uneven across Africa. Poor regulatory systems, inadequate capitalization, a green project pipeline, and poor stakeholder engagement have also been identified as structural issues that have impeded the implementation of environmental and social concerns in regular banking activities (Alay et al., 2024). Despite some positive cases, e.g., South African ESG-based banking programs and the Nigerian attempts to diversify their credit allocation, most banks on the continent continue to focus on short-term profitability rather than long-term sustainability. Financial inclusion reforms have helped to support growth in Uganda, although interest rates remain high and access to credit by the private sector is still limited (Awawdeh et al., 2023). Even though Nigerian banks have been recording high profits, they still experience the risks associated with oil price fluctuations and foreign exchange instability (Almalki, 2020). The banking industry in South Africa is known to be technologically innovative and good in governance, yet it is limited by slow GDP growth and political risks (Baruah & Panda, 2022). On the whole, sustainability practices are not fully exploited by African banks as they do not have awareness of how they can improve performance and reputation.

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In Kenya, commercial banks are significantly involved in the development of the economy by credit intermediation, digital financial innovation, and support to small and medium-sized enterprises (SMEs), which are central to employment and economic diversification (World Bank, 2023). Yet, even with a well-developed banking system, the sector is still struggling with continuous difficulties in delivering stable performance. It is reported that ROA and ROE trends are mixed because of the increase in non-performing loans (NPLs), increased competition from fintechs and mobile money platforms, and changes in monetary policy (Mangwa & Jagongo, 2022; KPMG, 2022). Kenya has already implemented some sustainability-related projects, including green bond systems and ESG reporting standards, but the use of green finance in the banking industry is still minimal (OECD, 2022). Moreover, despite the efforts of numerous commercial banks on CSR, they are not always in balance with strategic objectives, and their contribution to performance and reputation results is weak (Gao et al., 2024; Epstein & Roy, 2021). With the rising needs of regulators and customers for ethical, responsible, and sustainable banking, there is increased importance in understanding the role of green financing intermediated by CSR and corporate reputation on the performance of Kenyan commercial banks.

The connection between green financing and bank performance has become a part of a search towards corporate sustainability. Companies can use green financing to finance environmentally friendly projects, such as renewable energy and energy efficiency programs, according to Bashir (2022), such investments result in cost savings and added efficiency in the long term. Such measures improve the image of a company as well, appeal to investors and customers with a conscientious attitude to the environment, and eventually boost sales and share in the market (Gulzar et al., 2024). Moreover, green finance can enable companies to lower the risk associated with environmental policies

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and climate change, enabling them to be more financially stable. Although the financial gains might not be immediate, at initial investments might be expensive and with longer payback times, companies that adopt the concept of green financing in their business plans tend to realize enhanced profitability, risk management and competitive positioning in the long term, which is a positive contribution to overall FP (Nguyen, 2022).

Based on the empirical sources, CSR mediates the nexus between green financing and bank performance by promoting the benefits of sustainable investments. By means of green financing, entities encourage environmentally and socially responsible initiatives, which empower their CSR efforts (Bell et al., 2022). This enhanced CSR picture aids in drawing in customers, investors, as well as business associates who believe in sustainability, a rise in sales, market share and the availability of funds. Moreover, CSR can help to avoid risks by ensuring that one adheres to regulations and follows the expectations of society, which additionally enhances FP (Han et al., 2024). As a mediator, CSR conveys the beneficial effect of green financing on FP by rendering sustainability efforts of the firm more transparent and linked to its business goals (Fan & Zhang, 2024).

Moreover, corporate reputation forms the connection between green financing activities and the performance of banks by enhancing the perceptions of stakeholders regarding the sustainability activities of a company. By engaging in green financing, companies show that they are socially responsible to the environment, and this increases their corporate image (Alay et al., 2024). The positive reputation attracts more environmentally friendly clients, investors, and partners and increases sales, availability of resources, and competitiveness (Sarkis, 2020). Besides, having a good reputation

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reduces regulatory compliance risks and results in increased trust among stakeholders, which will lead to improved performance (Wue et al., 2024). In this way, the corporate reputation enhances the positive effects of green financing on FP by increasing the confidence of stakeholders and promoting long-term profitability (Xi et al., 2021).

The serial mediation model proposes that green financing of sustainable projects boosts CSR, corporate reputation and finally, FP, so as to attract a chain effect. Green financing is an improved CSR, as it finances initiatives that are ecologically and socially responsible to ensure that the activities of the firm are in line with the values of society at large. Such a reinforcement of CSR, in turn, contributes to a better reputation of the corporation because the stakeholders view the company as socially responsible and progressive (Nabil, 2023). An elevated corporate reputation leads to increased trust and involvement of stakeholders, which results in improved sales, customer loyalty, market share, and operational efficiency, and eventually, an improvement in performance (Kharb et al., 2024). In this manner, green financing, CSR, and corporate reputation are interrelated pathways through which green financing has a tremendous and multi-dimensional influence on performance.

The rationale behind examining the investigative connection between green financing, CSR, corporate reputation and bank performance is the worldwide and regional focus on sustainable finance as an important factor towards economic and environmental sustainability. The global agreements like the Paris Agreement (2015) and the Sustainable Development Goals (SDGs) point to the urgency of the task of tackling climate change and enhancing sustainable development, which are all becoming more and more dependent on green financing. Similarly, CSR has gained strategic importance in enabling companies to address societal and environmental problems and

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build trust and credibility among stakeholders (Li & Lin, 2024). Corporate reputation as a manifestation of the perceptions of stakeholders is a crucial connection between these practices and FP, as it enhances the returns on sustainability investments, customer loyalty, and the influx of investors interested in the company due to its environmentally friendly policies (Ye & Dela, 2023).

1.1.1 Bank Performance

The performance of banks is a general term that may be defined in different ways based on the context. According to Vennix et al. (2021), bank performance entails the assessment of the operational performance of a financial institution both financially and non-financially, in terms of profitability, market share, and customer satisfaction. Wahyuni (2022) considers bank performance to be the degree to which a bank achieves its strategic and operational goals in comparison to its competitors, which is usually determined through such indicators as the return on investment and market growth.

This opinion is further elaborated by Kaplan and Norton (1992), who suggest that the balanced scorecard strategy should be measured on both financial bases and the internal processes, customer attitude, and learning and development indicators. In this view, the performance of the bank can be characterized as the overall measure of success of a bank in terms of achieving its financial, market, and operational objectives (Wang et al., 2022). This expanded definition acknowledges that bank performance cannot be limited to financial metrics, but the performance of banks also extends to customer experience, innovation, and operational excellence. This type of inclusive perspective is particularly necessary in the banking sector, where long-term competitiveness is determined by financial success as well as responsiveness to the expectations of stakeholders.

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The issue of bank performance has become more pronounced in recent years as financial institutions are going through a highly volatile economic and regulatory environment. The tendency towards overemphasizing short-term financial performance, including quarterly profits, is one of the burning issues that may lead to poor decisions in terms of the long-term strategic objectives (Xiliang et al., 2023). This short-termism could reduce innovation and the capability of a bank to cope with changing market needs, which in turn impacts the resilience of the bank. Additionally, increasing societal interest in social and environmental responsibility has made banks expand their performance systems to incorporate ethical factors and corporate social responsibility (Xu et al., 2021). The traditional performance evaluation methods have been complicated by the fact that stakeholders now require that banks perform in a transparent and sustainable manner.

More extensive performance measurement systems have also been embraced in the banking industry. Non-financial indicators are becoming part of many institutions, which include the standard financial measures to determine customer experience, employee productivity, and innovation capacity (Sapiri & Kusuma, 2023). Balanced scorecard methodology is becoming a more popular method because it can help banks monitor performance within various dimensions, which leads to a more integrated vision of organisational success (Wu et al., 2024). Moreover, the introduction of sustainability reporting implies the role of environmental, social, and governance (ESG) in the contemporary evaluation of banking performance (Wei et al., 2023). These tendencies also indicate an increasing appreciation of the fact that financial profitability alone is not enough to ensure the long-term success of the banking sector, as it must also contribute to society more widely and to the increase in the credibility of the institution itself (Nguyen, 2022).

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A set of both financial and non-financial measures is generally used to evaluate bank performance to reflect both profitability and efficiency of operations (Qian & Yu, 2024). Financial ratios, especially ROA and ROE, are often applied in evaluating the efficiency of a bank in utilizing its resources to make profits. Furthermore, such measures as Net Interest Margin (NIM) and cost-to-income ratio are very common in the banking industry to evaluate profitability and efficiency (Nabil, 2023).

Customer satisfaction, employee engagement, readiness to innovate and environmental initiatives are some of the non-financial performance indicators. These are crucial in winning long-term flexibility and credibility with stakeholders. The model of the balanced scorecard by Kaplan and Norton (1996) can be viewed as an example of the integration of the financial and non-financial approaches in the complex performance evaluation instrument, with dimensions such as learning and growth, process optimization, and customer focus.

Financial and non-financial indicators provide the opportunity to conduct an overall performance assessment of banks (Li et al., 2021). Such financial indicators as ROA, ROE, NIM, and cost-to-income ratio can be used to understand the profitability and efficiency of the bank in its operations. In the meantime, non-financial indicators like customer satisfaction and technology adoption are growing more critical following the escalation of competition in the market and regulatory oversight. Recent research by Han et al. (2024) and Gao and Guo (2022) demonstrate the increased tendency to use both dimensions to measure banking performance. The financial performance measure used in this study was ROA, and the non-financial measures of performance used were customer satisfaction and adoption of technology. These measures are reasonable since

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they indicate that financial sustainability, service quality and innovation ability of a bank are important aspects in the overall performance of a bank.

1.1.2 Green Financing

Green financing has become an important aspect of sustainable development that supports climate change. According to the European Commission (2021), green financing denotes financial resources to be provided to projects which can lead to positive effects on the environment, such as renewable energy, energy efficiency, and sustainable agricultural practices, thereby contributing to the mitigation of climate change effects. The World Bank (2022) judges this concept further by stating that green financing can be taken as financial instruments and services that facilitate investments in activities that improve environmental sustainability and resilience to climate effects.

Furthermore, the Climate Bonds Initiative (2020) explains that green financing is an investment type that is focused on the projects and technologies that will help to minimize greenhouse gas emissions or enhance climate resilience and deliver the transition to the low-carbon economy. In this research, green financing will be operationally defined as the provision of financial resources to initiatives and investments that have positive environmental impacts and contribute to sustainability, including renewable energy projects, energy-saving projects, and climate resilience projects.

Green financing is generally important in ensuring that sustainability and climate change are addressed, yet at the same time, this approach has a number of challenges that have the potential to constrain its efficacy. The risk of being greenwashed is one major problem because companies depict or exaggerate environmental activities in order to entice investors or customers (Xiliang et al., 2023). This not only undermines

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the integrity of genuine green financing projects, but it also causes the misplaced resources to be directed to projects, which do not deliver anticipated environmental returns (Wahyuni, 2022).

Besides, the lack of standardized definitions and frameworks of what is considered a green project may also lead to ambiguity and inconsistency in the market (Yeow & Ng, 2022). Investors are usually reluctant to evaluate the real effects of their investments; thus, they might not take part in the endeavours of green financing. Besides, the upfront expenses of most green projects constitute a significant obstacle to financial institutions and companies, particularly in developing countries where invested funds might be limited, and economic stress might draw resources away from sustainable projects (Zhang et al., 2020).

Green financing trend has shown a high growth in recent years with both the population and the business sector realizing the importance of being green. As stated by the Global Sustainable Investment Alliance (2021), there was an increment of 15% since 2018, as global sustainable investment hit 35.3 trillion in 2020. This increase can be explained by the increased awareness of the risks of climate change, the requirements of the regulations, and the change in the preferences of investors towards eco-friendly projects (World Bank, 2023). Banks are also developing green bonds, sustainability-linked loans, and other new financial instruments with a goal to finance green projects and thus diversify their portfolios and improve their reputations (International Finance Corporation, 2021). Nevertheless, the willingness to consider the environmental aspects of financial decision-making despite prevailing adversaries continues to drive the development of green financing with a more sustainable future.

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The measurement of green financing is usually based on a number of quantitative and qualitative indicators that determine the environmental performance of financial activities and investments. The typical measures are the amount of green loans and bonds offered, the proportion of the total bank lending that goes into green, environmentally friendly projects, and carbon footprint reductions that were made using financed projects. To illustrate, in the research of Vennix et al. (2021) and Zerbib (2019), the authors have used comparable measures to examine the correlation between green financing and financial performance. The indicators that can be considered in relation to the banking industry may be the ratio of green assets to total assets, the volumes of financing allocated to renewable energy projects, and the presence of sustainability-linked loans that can be provided to customers. Green loans, green investments, green bonds, green mortgages and green insurance were adopted in this study. These indicators are also crucial because they not only show how serious a bank is about sustainability but also assist in measuring the efficacy of green financial endeavours in enhancing environmental accountability (Xu et al., 2021). Moreover, they give stakeholders information on how effectively banks incorporate environmental aspects in their financial strategies, thereby making financial performance consistent with wider sustainability objectives.

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1.1.3 Corporate Social Responsibility

The definition of corporate social responsibility varies differently in different studies, but the similarity among them is the role businesses play in contributing to the welfare of society other than financial gains. According to Schaltegger and Wagner (2017), CSR refers to the act of incorporating social, environmental, and economic issues into businesses to the advantage of both stakeholders and society in general. According to Sarkis (2020), CSR is the integration of ethics into corporate decisions so that the

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company may facilitate social justice, environmental sustainability, and sustainable development. Epstein and Roy (2021) consider CSR as the proactive activities companies undertake in fulfilling the expectations of society by enhancing social welfare, the environmental situation, and the connections of the companies with the stakeholders. In this empirical research, CSR is defined as the proactive and voluntary actions of companies in environmental protection, social well-being, and sustainable practices with consideration for the formation of long-term benefits for society and the business.

Generally, CSR is becoming critical to organizations because of the increasing demands in society, regulatory forces and the necessity of conducting business in a sustainable way. One of the major issues with CSR is striking a balance between the interests of stakeholders and corporate goals since businesses have conflicting interests to fulfil shareholder expectations and worry about social and environmental issues (Devine & McCollum, 2024). The banks often face problems with investing in CSR activities, especially in sectors like manufacturing and power generation, where their main operations may be in conflict with the CSR objectives. Additionally, not participating in CSR activities may cause reputational losses, legal and regulatory fines (Bryman, 2021). Firms also have difficulties proving the short-term impacts of CSR programs since these programs, in many cases, are long-term engagements that fail to bring short-term financial rewards (Beck, 2020). The conflict between immediate profitability and long-term CSR goals poses a difficulty when it comes to the implementation of effective CSR strategies, especially in the competitive markets where cost control is an issue (Baltas & Mann, 2024).

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In recent years, the strategy towards CSR has changed considerably, and nowadays an increasing number of companies have more integrated and strategic approaches. Previously, CSR was viewed as a peripheral practice, which involves philanthropy or regulatory compliance (Ben Belgacem et al., 2023). Nevertheless, the prevailing trend is that businesses are also making CSR part of their business strategy, and this has been due to increased customer demands, regulation, and investor interest in sustainability. Companies are moving the concept of CSR into their governance structures and are utilizing it to gain brand loyalty, secure the talent pool, and bolster investor trust (Dai et al., 2022). This has also been facilitated by the increasing transparency and responsibility in corporate sustainability practices brought about by the expansion of ESG reporting. Because of this, CSR has become more of a proactive and compliance-driven strategy than a reactionary one, as businesses have found it significant in terms of long-term competitive advantage and the trust of stakeholders (Ngo et al., 2021).

The measurement of CSR is usually carried out on a continuum of indicators that determine the effectiveness with which companies make contributions to the social and environmental well-being. The most important aspects are the ratio of the percentage of profits to be used in social and environmental programs, the engagement of employees in CSR, the observance of ethics, and the beneficial effects on the welfare of the community. Indicatively, Afsah et al. (2020) assessed the nature of CSR based on how firms donate to social causes, environmental sustainability and abide by ethical business standards. On the same note, Chuang and Yang (2014) employed indicators like consideration of CSR principles in decision-making of the corporations, participation in sustainable development programmes, and the positive impact of CSR practices on the local communities.

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The banking segment requires key metrics that determine the capability of the bank to handle risks of social and environmental factors as well as promote the development of society. Signs of this include CSR spending, sustainability reports, environmental programs, and community-oriented endeavours, which show how banks spend funds on sustainability and community-based projects. The bank is concerned with fair labour practices, business ethics, and diversity and inclusion, which are shown through employee welfare, ethical governance and diversity and inclusion measures. Besides, the CSR ratings and rankings offer an external evaluation of the bank's CSR performance. These measures are essential in demonstrating the extent of the integration of CSR into lending and investment choices since they determine the reputation of the bank as well as its stability. As has been pointed out by studies by Weber (2016) and Zamil et al. (2019), the importance of such indicators is on the rise because the regulatory and stakeholder requirements are getting more and more focused on the necessity of adopting sustainable practices. By putting much emphasis on CSR, the banks enhance relationships with stakeholders, leading to the attainment of sustainable growth and a positive image in a very competitive industry.

To determine the level of CSR, four indicators were identified including environmental initiatives, community engagement, employee welfare and diversity and inclusion. These indicators represent the multidimensionality of CSR, especially in the banking sphere, where social responsibility practices are the source of long-term stakeholder trust and institutional legitimacy. Taken together, these indicators give a comprehensive evaluation of the CSR performance of a bank, which is in line with the expectations of the stakeholders as well as the sustainable development goals.

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1.1.4 Corporate Reputation

Corporate reputation has been explained by recent scholars in different ways, and its role in organizational success is highly emphasized. According to Barnett et al. (2020), the definition of corporate reputation as the aggregate evaluation of stakeholders towards the capability of a company to fulfill their expectations and bring value to the company in various areas, such as product quality, ethics, or FP. Helm (2019) describes corporate reputation as the general sense of the stakeholders concerning a company, on the basis of its previous activities and future possibilities, which also determine trust and credibility. On the same note, Li et al. (2015) list corporate reputation as a necessary intangible resource that indicates the position of a company in the market and is determined by the opinion of stakeholders regarding their social and environmental responsibility. In this work, corporate reputation was considered as the overall analysis of the previous performance of a company, its ethical conduct, and capacity to produce value for stakeholders, pointing to the significant importance of corporate reputation to the construction of trust, competitiveness, and long-term sustainability. This definition combines the multidimensionality of the image of the corporate reputation and focuses on its strategic effect.

The fears of the corporate reputation are primarily related to its vulnerability to the adverse image in society, the rapid dissemination of information during the digital age, and increasing the requests of corporate transparency and responsibility (Gao & Guo, 2022). In the modern society of social media, any of the errors can occur because of flaws in products, unethical conduct, or ignoring environmental issues, which can quickly spread and harm a company immensely (Alharahsheh & Pius, 2020). As an intangible asset, corporate reputation can be ruined in just a few hours, although it is very difficult to build during the years (Barnett et al., 2020). Additionally, the corporate

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reputation is directly related to such issues as CSR, ethical governance, and sustainability. The parties have become more demanding of organizations that have not met the standards of social, environmental, and governance practices, which has presented a continuous problem in corporate reputation management (Bose et al., 2020). The increased focus on environmental, social and governance (ESG) standards signifies that companies are to pay attention to their social influence, as a lack of addressing the mentioned issues can result in reputational risk (Smith et al., 2022; Brown & Green, 2023).

The tendencies in the management of corporate reputation recently point to increased transparency and involvement of stakeholders. Businesses are spending more on corporate communication plans, CSR initiatives, and preemptive reporting of their operations to ensure they have a positive reputation in society (Del Gaudio et al., 2024). The regulatory requirements and the demand of informed consumers and investors are driving this increased level of transparency. The emergence of digital platforms has transformed the reputation management of companies as well, providing the opportunity to monitor the mood of the population in real-time and respond to the emergence of reputational crises faster (Peng & Chen, 2023). But with the same technology available that enables quick responses, corporate reputations are at risk of being damaged within a short time. Consequently, companies are becoming more strategic and long-term in reputation management and integrating it into their corporate governance and risk management models to protect trust and credibility among critical stakeholders (Mahmood & Bashir, 2020).

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Corporate reputation is more often quantified via a range of quantitative and qualitative measures denoting the perceptions of the stakeholders as well as those of the third parties (Xu et al., 2021). Among the frequently used approaches, there are surveys that evaluate the attitudes of such stakeholders as customers, employees, and investors and pay attention to such aspects as trust, reliability, quality of service, and corporate responsibility (Zamil et al., 2019). The reputation of a company is also determined by external sources, including rankings provided by such reputable sources as Fortune in its Most Admired Companies list or ESG (Environmental, Social, and Governance) ratings (Fombrun et al., 2015). To illustrate, Zhao et al. (2021) used an emotional appeal, product quality, and corporate citizenship as measures of corporate reputation. In the same way, Kharb et al. (2024) employed financial performance measures and reputation tests as indicators of the population opinion.

In the banking sector, corporate reputation is evaluated on the basis of indicators unique to financial organisations, such as the level of trust and satisfaction of customers, financial transaction transparency, ethical behaviour, and adherence to CS (Sapiri & Kusuma, 2023). Customer loyalty, customer complaint resolution ratio, and ESG scores are also other relevant measures that are becoming a significant concern in the industry (Peng & Chen, 2023). These indicators are especially pertinent since they influence the capacity of a bank to retain customers, to attract investment, as well as to overcome regulatory obstacles. Ethical conduct, financial sustainability, and transparency are important elements that must be upheld by the bank to ensure that its reputation is not compromised, particularly in a post-financial crisis world, where these aspects have become crucial determinants of long-term profitability and regulatory adherence (Zamil et al., 2019).

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The indicators applied to assess the corporate reputation are customer satisfaction ratings, net promoter score, media coverage, brand equity, stakeholder perception survey, employee satisfaction and retention rates, awards and accolades, crisis response effectiveness, and social media sentiment analysis. This paper selected the net promoter score, media coverage, brand equity, stakeholder perception survey, awards and accolades, and social media sentiment analysis as measures for quantifying corporate reputation in the banking industry. The reasons these indicators were chosen are that they offer a complete picture of the reputation of a bank, including customer loyalty, society's perception, and the overall effect of marketing and CSR activities. By dwelling upon these measures, the research estimates the degree of soundness of the perception of banks by their stakeholders, which is essential to retain customers and investment, as well as to adhere to the regulatory requirements. High ethical behaviour, financial soundness, and transparency also play a crucial role in safeguarding the reputation of a bank in the post-financial crisis era since the three are key determinants of their long-term profitability and compliance with regulations. Similar sets of indicators were used to measure corporate reputation in the banking sector by such studies as Zamil et al. (2019), among others, which contributes to the relevance and applicability of such measures in the perception of the banks by their stakeholders.

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1.1.5 Commercial banks in Kenya

By 2024, Kenya has 38 commercial banks operating in the banking sector, and each bank is either small or large based on its market presence. The Central Bank of Kenya (CBK) regulates these banks so that they can operate within the required financial and legal frameworks. The market is dominated by large institutions such as KCB Group, Equity Bank, and Co-operative Bank, not only because of the large number of their branches but also their innovative digital banking providers (KPMG, 2022). The

banking industry in Kenya is now world-famous due to the move towards mobile and fintech solutions, and services such as M-Pesa have transformed access to banking services for millions of people. This technology has increased financial inclusion enabling banks to access the hitherto underserved communities particularly in the rural regions (Mangwa & Jagongo, 2022). Due to this, commercial banks are very important in stimulating the growth of the economy and offering important financial services, including loans, savings and investment opportunities.

The gradual transition to sustainable banking, with particular attention paid to green financing, is one of the new trends of the Kenyan banking industry. Commercial banks have already realized the significance of environmental sustainability, and some of them have begun to invest funds in environmentally friendly projects, including renewable energy development and infrastructure resistant to climate change (KPMG, 2022). In the case of KCB Group, the company launched the first green bond in Kenya, showing the progression of the industry towards the concept of sustainability (CBK, 2023). Nevertheless, the implementation of green financing on an industry-wide level is not that fast, mainly because of impediments such as insufficient regulatory backing and a lack of public awareness. With the increased global demand for sustainability, Kenyan banks could likely increase their interest in green finance to become environmentally oriented.

The Kenya commercial banks have also taken corporate social responsibility as a major focus. Major banks such as Equity Bank and Co-operative Bank have made CSR a part of their business plan, and have created programs to solve social, environmental, and economic problems (KPMG, 2022). The example of the Wings to Fly scholarship program at Equity Bank is quite remarkable since it offers higher education

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opportunities to thousands of disadvantaged learners. In the same manner, the community endeavours of KCB Group revolve around entrepreneurship, education, and environmental protection (CBK, 2023). Although CSR activities have helped in improving the reputation of most banks, there is growing pressure on the banks to take a more holistic approach, whereby CSR programs are matched with long-term sustainability objectives instead of short-term projects.

Further, the commercial banks in Kenya have a lot to do with corporate reputation since it directly affects customer trust, investor confidence, and competitive positioning. The banks, such as KCB and Equity, have been able to build a good reputation by continuously showing financial stability, ethical practices, and compliance with regulations (Mangwa & Jagongo, 2022). Nevertheless, the industry has not gone without problems, as there are problems of governance and transparency in some smaller banks. The existence of fraud and bad governance practices, as well as liquidity issues, has tarnished the image of other banks, raising issues regarding the stability of the industry as a whole. The CBK, in turn, has increased its regulation and oversight to facilitate the operations of banks to be transparent and accountable.

The FP of Kenya commercial banks is still very favourable despite the challenges, particularly for the larger ones. The most important profitability indicators, ROA and ROE, show that numerous banks have managed to exploit digital banking innovation and diversify revenue sources (CBK, 2023). Mobile banking, online lending and collaboration with fintech companies have not only boosted revenue but also minimized the operation expenses. Nevertheless, smaller banks still have challenges, including an increase in NPLs, an increase in competition with fintech companies, and regulatory burden. In spite of these challenges, the banking industry has been strong, and there is

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a continuous struggle to ensure financial stability, better customer service and profitability.

1.2 Problem Statement

The commercial banks in Kenya are now working within a highly dynamic and challenging environment where profitability is not a good enough measure of sustainable performance. Although commonly used financial indicators like ROA and ROE give a clear understanding of the level of profitability in the short term (CBK, 2023), they fail to capture the strategic, reputational, and environmental aspects that affect financial performance in the long term. With the growing level of regulatory expectations, stakeholder demands, and environmental concerns, banks are being forced to embrace value-based practices like green financing, CSR and proactive management of corporate reputation. Nevertheless, the research on the impacts of such strategic initiatives on the financial performance of Kenyan banks is scanty. Precisely, it is unclear whether the incorporation of green financing practices contributes to quantifiable financial returns and the role of CSR and corporate reputation in mediating or strengthening this relationship. In spite of the increased focus on sustainability and ethical banking, there are still discrepancies in the implementation and application of those strategies in various institutions.

At the same time, the increasing global concern about climate change and environmental issues has contributed to the development and implementation of the concept of green financing, and especially the necessity of sustainable development (Global Sustainable Investment Alliance, 2021). These environmental issues and increased CSR activities have had far-reaching repercussions on corporate reputation and FP. Green financing has become one of the most popular instruments for preventing

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adverse environmental impacts and reflecting business operations on the principles of global sustainability (European Commission, 2021). The trend in CSR activities has been that, with increased green financing models by banks and other financial institutions, they have begun to support environmental objectives, thus promoting corporate reputation and, hence, may lead to better FP.

Although the positive relationship between green financing and FP should have been expected theoretically, the empirical literature gives mixed results. Whereas studies have shown that there is a positive influence, there are those that outline opposite outcomes, and this explains why the relationship between green financing and FP is not always direct. Such inconsistent results may be explained by the presence of multiple conceptual, contextual, and methodological differences in methods of research. As an example, one study can be interested in short-term financial performance, whereas another one can be interested in long-term profitability, thereby making them divergent (Fan & Zhang, 2024). Moreover, the regional and institutional disparities, including differences in the regulatory environment or the degree of financial market development, can be influential factors in determining the result of green financing on FP (Gao et al., 2024). The mixed findings are also due to methodological issues, including the challenge of accurately estimating the effect of green initiatives on financial performance or the unavailability of uniform measurements between studies.

One of the voids in the current literature is that there is no current empirical research that is appropriate to identify the relationship between green financing, CSR, corporate reputation, and FP, especially in the banking industry in Kenya. Although there are studies like the ones that focus on the topics of green financing and FP individually, not many of them investigate the mediation of CSR and corporate reputation in forming the

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relationship between the two variables (Li & Lin, 2024). This knowledge gap on the effect of green financing programs, CSR programs and corporate reputation on FP creates the necessity to conduct additional research. Furthermore, the available literature tends to focus on large-scale banks or multinational companies and very little has been done to consider smaller or regional financial institutions, which can be affected differently by green financing programs. It is this complexity that this study attempts to address with an eye to the dynamics of the interactions between green financing, CSR and corporate reputation to shape the FP of the commercial banks of Kenya in the broader context of implications on sustainability and profitability in the banking industry.

1.3 Research Objectives

The general objective of the study was to determine the relationship among green financing, corporate social responsibility, corporate reputation and performance of commercial banks in Kenya. The specific objectives were:

i. To determine the effect of green financing on the performance of commercial banks in Kenya.
ii. To examine the influence of corporate social responsibility on the corporate reputation of commercial banks in Kenya.
iii. To assess the mediating role of corporate social responsibility in the relationship between green financing and the performance of commercial banks in Kenya.
iv. To determine the mediating effect of corporate reputation on the relationship between green financing and the performance of commercial banks in Kenya.

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v. To examine the serial mediating effect of corporate social responsibility and corporate reputation on the relationship between green financing and the performance of commercial banks in Kenya.

1.4 Research Hypotheses

The study tested the following null hypotheses (H_0):

H_{01}: Green financing has no significant effect on the performance of commercial banks in Kenya.

H_{02}: Corporate social responsibility has no significant effect on the corporate reputation of commercial banks in Kenya

H_{03}: Corporate social responsibility does not significantly mediate the relationship between green financing and the performance of commercial banks in Kenya.

H_{04}: Corporate reputation does not significantly mediate the relationship between green financing and the performance of commercial banks in Kenya.

H_{05}: Corporate social responsibility and corporate reputation do not sequentially mediate the relationship between green financing and the performance of commercial banks in Kenya

1.5 Significance of the study

The findings of the study have profound policy implications in policymaking in the financial sector of Kenya, with special regard to the functions of the CBK and the Kenya Bankers Association (KBA) as policymaking bodies. By showing a positive correlation between green financing and FP, the study has been able to make a strong case in favour of formulating policies that promote sustainable banking activities. This evidence can be used by policymakers, such as the CBK and KBA, to develop regulations that would encourage banks to take a more active part in green projects and

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CSR activities. The forms of such incentives can include tax breaks, grants, and other forms of financial support to encourage responsible banking in the environment. Further, the research shows how corporate reputation can play a vital mediating role when exerting its influence over the association between CSR and FP. This understanding can be used to inform the CBK and KBA on the policies that would promote transparency, accountability, and ethical practices in the banking industry, where sustainability initiatives can produce practical financial payoffs besides helping the country achieve national environmental goals.

The value of the study is crucial in the development of theoretical models and knowledge that relate to the relationship between green financing, CSR, corporate reputation, and FP in commercial banks operating in Kenya. The results aid in the advancement of the existing theories concerning sustainable banking practice by showing the positive effect of green financing on FP via CSR and corporate image. This adds to the body of knowledge by offering empirical evidence to connect these notions in the banking industry, especially in emerging markets such as Kenya, where sustainability practices are becoming more and more a critical concern.

On management practice, the findings of the research can guide the bank executives and managers on the strategic significance of incorporating green financing and CSR in their businesses. The knowledge about the beneficial connection between CSR and FP and the influence of corporate reputation as the mediator can prompt the banks to become more sustainable, which ensures the better reputation of banks and, in turn, the improvement of FP as a whole. It has the potential to create a competitive edge because customers prefer banks that are socially and environmentally responsible.

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To the policymakers, the study reinforces the fact that there is a desirable regulatory environment that should support the implementation of green financing and CSR within the banking sector. The conclusions can be used by the CBK and the KBA to develop regulations and incentives to encourage green activities and social responsibilities among the commercial banks to make the financial environment more sustainable. This type of policy measure can foster a situation in which the banks are willing to invest in green projects and maintain high corporate governance standards, which will, consequently, help not only the financial industry but society in general.

The analytical framework using the PROCESS macro model 6 in serial mediation with PLS SEM is a strong analytical tool that can be utilized to assess complex variable relationships. By doing so, it is possible to gain a more detailed insight into the influences of green financing on FP as mediated by numerous factors, namely, CSR and corporate reputation. The results of the present study may be used as a reference during future research since it is possible to implement the use of a similar method in the study of related phenomena in different contexts. Through applying superior statistical methodology, the scholars are able to advance the study of sustainability in banking and other industries and support the current discussion of corporate responsibility and FP.

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1.6 Scope of the Study

The study has a number of dimensions that are important in understanding the scope of the study. The geographical location of the research is Kenya, specifically the commercial banking sector, where there are 38 banks as of 2024. This case study on Kenya enables a detailed discussion of the special issues and opportunities of banks in an emerging market, in relation to how they integrate the concepts of green financing, CSR, reputation and performance in their work.

Regarding time, the study followed a one-year time scope, which addressed 2023-2024 data since the study is based on cross-sectional data. This strategy offers a modern review of the connections between green financing, CSR, corporate reputation, and FP. This time orientation is essential because it represents the present outlook of banking habits and banking regulations, especially due to the growing popularity of sustainability and responsible banking in the world. When analyzing the 2024 data, the researcher attempts to address the recent trends in the industry and the changing behaviours of banks and consumers towards sustainability.

The study goes content-wise to examine the interrelationship of green financing, CSR, corporate reputation, and FP and the way in which these elements interrelate with each other in the context of commercial banking. In this study, the researcher operationalized the concept of green financing with the aid of green loans, green investments, green bonds, green mortgages, and green insurance. Community engagement, employee welfare, and ethical governance were the areas of measurement of CSR. The study measured the corporate reputation through such metrics as the net promoter score, media coverage, brand equity, stakeholder perception survey, awards and accolades, and social media sentiment analysis. Lastly, ROA was used to gauge the financial performance, whereas customer satisfaction and technology adoption gauged the non-financial aspects. This area of content is aimed at revealing the strategic significance of implementing sustainable practices in the banking business, thus adding to the literature and the applied knowledge amongst the banking professionals and policymakers.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature relevant to the study and provides the foundation for understanding the relationship among green financing, corporate social responsibility, corporate reputation, and the performance of commercial banks in Kenya. The chapter is organized into three main sections: theoretical review, empirical review, and the conceptual framework. The theoretical review discusses the key theories that underpin the study and explains the relationships among the study variables. The empirical review examines previous studies related to green financing, CSR, corporate reputation, and firm performance in order to identify existing findings and research gaps. Based on the insights from the theoretical and empirical literature, the chapter concludes with the conceptual framework, which illustrates the proposed relationships among the study variables and guides the formulation of the research hypotheses.

2.2 Theoretical Literature

This study is based on the stakeholder theory, which holds that businesses owe more than their stockholders, and that they owe an extensive group of stakeholders, such as customers, employees, communities, and the environment. This theory aligns with the assumption that green financing, CSR and corporate reputation are the keys to a continued FP. The RBV justifies this argument by highlighting that intangible asset such as reputation can provide a firm with a competitive advantage. The legitimacy theory further provides that legitimate companies practice such measures as green financing and CSR to maintain their validity and receive acceptance by society. Further, signalling theory identifies how companies use CSR and corporate image to signal their

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reliability and future worthiness to outside parties, and this eventually affects FP. Combined with each other, these theories offer a balanced concept of considering the relationships between GF, CSR, CR and FP as applied to commercial banks.

2.2.1 Stakeholder Theory

Freeman (1984) is the main author of the stakeholder theory, which holds that organizations must acknowledge and take into account the interests of every stakeholder as opposed to concentrating on the interests of shareholders. This theory was developed in opposition to the traditional corporate governance views that emphasized shareholder value. It represents the overall perspective of the intricate nature of the relations that complex businesses have with different parties, including employees, customers, suppliers, and the community (Kharb et al., 2024). According to the theory, a more accommodative approach is required, which takes into account the ethical significance of business decisions, thereby making stakeholder theory a key premise in modern research in various fields (Han et al., 2024).

The stakeholder theory has a number of fundamental postulations and concepts at its heart. According to the theory, the stakeholders are defined as any individuals or groups that can influence or be influenced by the actions of an organization (Freeman, 1984). This description includes both primary and secondary stakeholders, who are vital to the existence of any given organization, including employees and customers, and secondary stakeholders, including regulators and advocacy groups, who have the power to influence the operations of an organization. According to the theory, it is important that organizations should strike a balance between these varied interests to attain long-term sustainability and success (Nabil, 2023). According to the theory, the effective management of stakeholders could increase FP, as well as promote trust and positive

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corporate reputation. In addition, the stakeholder theory emphasizes the element of ethics in corporate decision-making, which promotes the aspect of fairness, transparency, and accountability over the interactions of stakeholders (Nguyen, 2022). By meeting the needs of the different stakeholders, organizations are able to develop positive relationships which help them gain competitive advantage.

Overtime, stakeholder theory has changed a lot since its creation, and most of the scholars have refined and extended the ideas of the theory. Originally concentrated on strategic management, the theory has expanded to include more areas of corporate governance, ethics, and social responsibility (Qian & Yu, 2024). Different forms have been developed, including normative, descriptive, and instrumental dimensions, which present different kinds of perspectives. The normative dimension is concerned with moral code, which states that organizations have a moral duty to take into consideration and honour the interests of all stakeholders, and not only the shareholders (Sarkis, 2020). The descriptive aspect describes what organizations do, and how they relate to different stakeholders and how their relations affect decision-making and its consequences (Ye & Dela, 2023). The instrumental dimension analyzes the possible consequences of the effective management of stakeholder relations, connecting the management of stakeholders with high performance, sustainability, and competitive advantage of an organization (Zhang et al., 2020).

The combination of these dimensions gives us a holistic picture of the application and comprehension of the stakeholder theory in practice. The theory has also been combined with the ideas of organizational behavior, corporate governance, and sustainability, which represent the dynamics of changing business practices and the requirements of society (Wang et al., 2022). There have been more recent developments

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that have studied how digital transformation affects stakeholder engagement and how social media can be used to influence stakeholder perceptions, which shows that the theory can be adapted to modern issues.

This has been further developed by scholars who have highlighted the significance of empirical analysis in assessing the relationship among stakeholders. As an example, studies have pointed out the manner in which corporate social performance can be systematically measured based on the perspectives of stakeholders giving information on how to balance the conflicting interests in the organizational structures (Clarkson, 1995). This empirical emphasis has shed insight on the convergence of corporate strategies and stakeholder expectations, which can be used as a guiding resource to organizations that strive to establish a sustainable and ethical balance (Epstein & Roy, 2021).

Ethical aspects of stakeholder theory have also been a point of interest among scholars who investigate the topic of CSR. The theory promotes even-handedness and unbiased treatment of all stakeholders, leaving the old-fashioned profit-oriented objectives and integrating societal and moral concerns (Dai et al., 2022). This standpoint focuses on the ethical requirements of organizations to be responsible to all the parties involved in their activities, such as employees, customers, suppliers, communities, and shareholders. These investments have taken the stakeholder theory beyond a theoretical design to an actual instrument of attaining ethical corporate governance (Etikan, 2023). All these developments have made the theory a pillar of the modern debate on the subject of business ethics, CSR, and governance. The combination of ethical foundations and the practical use of the theory makes stakeholder theory a holistic way

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to approach relationships within the organization in accordance with their moral and strategic goals (Li et al., 2021).

Stakeholder theory has been highly criticized and limited despite its strengths. One of the major issues is the prioritization of the interests of multiple stakeholders since certain conflicts can emerge among different groups (Han et al., 2024). The opponents argue that in the absence of well-defined rules on how to address the conflicts, organizations are likely to fail to make any effective decision, and this will lead to confusion as to how the stakeholders will be handled (Dai et al., 2022).

Moreover, the amount of value generated for various stakeholders may not be easily quantifiable and may be subjective, which makes it difficult to determine the effects of stakeholder engagement activities (Gao et al., 2024). According to some researchers, the theory is not prescriptively clear and does not offer clear structures on how to realize stakeholder management in practice (Chan et al., 2023). In the same way, stakeholder relationships are dynamic, and external forces such as regulatory changes and market forces may make it difficult to apply the stakeholder theory in practical scenarios (Beck, 2020).

The stakeholder theory offers a well-founded approach to the study of the correlation between green financing, CSR, corporate reputation, and FP. The theory focuses on the role of entities in meeting the needs and expectations of various stakeholders such as customers, investors, regulators, and the community at large. Banks, as financial intermediaries, are very crucial in ensuring sustainable development through the incorporation of green financing in their operations. By providing sustainable financial services, including green loans and investment opportunities, banks can meet the increased demand for sustainability and promote their reputation in the eyes of socially

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responsible stakeholders. This conformance to the expectations of stakeholders positively impacts not only the enhancement of trust but also makes banks the pioneers of sustainable finance and achieves a competitive advantage in the market.

Moreover, CSR activities are also part of developing friendly relations with stakeholders and building a better reputation for the corporation, which is a major contributor to financial prosperity. In its CSR activities, such as community activities, environmental conservation initiatives and ethical business practices, banks show that they are also concerned with the greater interests of society. Good corporate reputation, which is established on the basis of trust and social responsiveness, may result in greater customer loyalty and brand equity and lower reputation risks. The combination of these advantages helps to enhance FP through a greater number of customers and investors attracted, as well as reducing the possible expenses in regard to stakeholder dissatisfaction. The stakeholder theory therefore emphasizes the inter-relationship of green financing, CSR, and corporate reputation in shaping FP, where ethical practices and stakeholders in shaping sustainable business practices are important.

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2.2.2 Resource Based View Theory

The RBV is a theoretical model that was proposed by Barney (1991), which focuses on the value of the internal resources and capabilities of a firm towards attainment of sustainable competitive advantage. RBV redirects the priorities of conventional economic theories that prioritize factors outside the market and instead on specific assets and skills of an organization (Alay et al., 2024). Barney (1991) states that competitive advantage is based on the valuable, rare, inimitable and non-substitutable (VRIN) resources. These resources facilitate the ability of firms to build unique capabilities that allow them to be distinguished from other firms, and are useful in

maintaining high performance over time. By concentrating on internal resources instead of the external environment, RBV offers a holistic approach to strategic firm management and utilization of resources to generate value over the long run (Bose et al., 2020).

One of the key points of RBV is the process of recognizing and strategically exploiting resources that can increase the sustained competitive advantage of a firm. According to Barney (1991), not every resource is important. Rare resources give a competitive edge which is hard to acquire, whereas valuable resources offer benefits to customers or maximize efficiency (Awawdeh et al., 2023).

The resources that cannot be easily copied or imitated are known as inimitable resources, and non-substitutable resources are those resources that have no similar options. Companies that are able to manage and combine these resource features are more likely to build and sustain the competitive advantage (Devine & McCollum, 2024). Such capability to control and optimize these key assets establishes a distinguishing factor in the market that enables firms to shine and attain a greater performance level (Chen et al., 2023).

In addition, RBV gives importance to the dynamic capabilities in maintaining competitive clout (Bianchi et al., 2019). There is a constant change in the environment and market conditions; thus, firms need to evolve and adopt new changes in order to suit the new challenges. As indicated by Barney (1991), dynamic capabilities help firms to keep on refining and reconfiguring their resources to make sure that they are still useful and that they are aligned with the firm's strategic goals. Through cultivating the skill of innovating and resource optimization whenever faced with a changing situation, companies can stay competitive and successful in the long run (Barnett et al., 2020).

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Such flexibility is essential in coping with the dynamics of the contemporary business landscape, whereby flexibility and responsiveness are becoming fundamental concerns to stakeholders.

RBV has experienced a lot of development since its establishment, with a number of scholarly inputs and refinements. First of all, the early studies were aimed at determining what resources can be of value and their contribution to competitive advantage (Del Gaudio et al., 2024). The framework has over time been extended to dynamic capabilities, which are the capability of a firm to be dynamic and rearrange its resources in reaction to the changes in the market (Teece et al., 1997). This development is also indicative of an increased appreciation of the value of competitive advantage determined not only by the presence of valuable resources but also by the capacity of an organization to be innovative, learn and adapt to external forces (Gulzar et al., 2024). The dynamic capabilities introduced to the RBV make it more applicable in a fast-evolving and unpredictable business environment that enables organizations to be flexible and adaptable in their strategic decisions.

Although the RBV has been extremely important, it is not without any limitations. A notable criticism is the fact that it tends to downplay the influence of externalities, including industry forces and market conditions, on the performance of a firm (Peng & Chen, 2023). According to some researchers, a concentration on internal resources can also lead to a very narrow-minded approach, which can underdeliver on the significance of external relations and interaction with the environment (Wei et al., 2023). In addition, practical implementation of RBV might also be complicated, because companies might not be able to discover and measure their specific resources properly. The subjectivity

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of the whole process of ascertaining the resources that are valuable and their role in creating competitive advantage can also make it difficult to apply RBV successfully.

The RBV offers a sound theoretical perspective of the interrelation between green financing, CSR, corporate reputation, and FP within a corporate context. By focusing on the importance of individual resources and capabilities, RBV implies that organizations can gain sustainable competitive advantage by strategically capitalizing on internal strengths. In the case of banks, these strengths can be proprietary green financial products, strong CSR efforts and an ethical reputation. Banks that put green financing first and invest in green technologies, renewable energy projects, and sustainable development projects can take a leadership role in the sustainability of the industry. Such investments are aligned with environmental priorities globally, as well as represent effective physical assets that can make the bank stand out from the crowd. Since more and more environmentally conscious customers and investors are looking to institutions that correspond to their values, banks with good CSR relations and green financing portfolios will be able to attract an increasing market niche, which will strengthen their corporate image and improve FP.

Furthermore, RBV emphasizes on the synergistic effect of harmonizing the resources with market demands in a bid to achieve sustainability. A good CSR reputation is a very important intangible asset, given that it increases customer loyalty, draws in ethical investments, and increases stakeholder confidence. In the case of banks, one can use the example of a positive corporate image that banks can develop through green financing as the core of their strategies, as they are determined to take care of the environment and society in general. Such a diffused reputation may achieve a higher retention of customers, lower cost of capital and enhanced operational efficiencies that

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eventually augment financial performance. The RBV model emphasizes the fact that the capacity of a bank to generate and maintain these advantages is determined by the capacity of the bank to recognize, create and mobilize resources in an efficient way. When organizations relate green financing and CSR initiatives with strategic objectives, they transform their reputation into an asset, which proves that internal abilities are the core component of the performance push in a competitive and sustainability-oriented market.

2.2.3 Legitimacy Theory

Dowling and Pfeffer (1975) presented the theory of legitimacy, which studies the way organizations make their operations congruent with the norms and expectations of society in order to benefit. The organizational legitimacy is said to be defined as the consistency between organizational values and the system of values that is prevalent in the wider society in which it operates. It is based on this premise that Sarkis (2020) underlined that legitimacy is a resource that should be acquired socially, and it is the responsibility of organizations to ensure they do so and uphold it, because it has a far-reaching impact on the perceptions and behaviours of the stakeholders.

According to the theory of legitimacy, organizations attempt to act within the laid-down changing societal expectations, explicit and implicit, in order to conform to societal norms, answer the call of the people, and be subject to regulatory requirements (Xi et al., 2021). These are expectations that cannot be met, which may put the legitimacy of an organization in jeopardy, forcing it to engage in activities that make it more acceptable to society. In maintaining legitimacy, organizations would be able to survive and succeed in complicated and changing social settings (Abdul-Samad, 2023).

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A key organizational resource that forms the foundation on which an entity is able to operate is legitimacy, which acquires key inputs including capital, labour and consumer trust. As Dowling and Pfeffer (1975) state, legitimacy is critical in ensuring the survival of an organization, as it eases its existence. (Deb et al., 2024). This theory assumes that organizations depend on external capitals and cannot afford not to implement measures that would ensure they have them on a constant basis. Through aligning organizational culture and values, companies safeguard them and boost their legitimacy; they are able to maintain their operations and survive in their environments.

The tactical element of social attitudes is therefore essential, since organizations employ legitimacy as a means to gain credibility as well as ensure the support of stakeholders (Baltas et al., 2024). Nevertheless, legitimacy is not a stable state, and entities have to deal with legitimacy lapses, which they enter into by going against the expectations of society (Lindblom, 1994). Organizations often embrace different measures, including making specific disclosures in form of sustainability, CSR statements or reports, to express their adherence to the norms of society (Alay et al., 2000). They might also make substantive changes in their operations or, in certain cases, link with organizations that are considered to be legitimate to enhance their reputation (Beck, 2020).

Moreover, the expectations of society are dynamic, and they change with cultural and political-economic changes. Although it is stable with explicit legal requirements, implicit societal norms are adaptable and could be interpreted (Dai et al., 2022; O'Donovan, 2002). It is this fluidity that forces organizations to be proactive and, in addition, adaptive, with disclosing behaviour that shows that they are responsive to changing demands and gaining their validity in the ever-changing social environment.

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Legitimacy Theory is a theory that argues that companies exist in a social contract with their stakeholders, which are based on shared expectations and that the presence of legitimacy is necessary to survive and thrive in the organization (Etikan, 2023). Entities must be accountable and transparent in order to be in line with the societal values and norms, developing trust and effective relationships with its stakeholders (Helm, 2019). The theory describes three major types of legitimacy, namely, pragmatic legitimacy, which is concerned with self-serving computation of the stakeholders and actual gains that they accrue; moral legitimacy which focuses on ethical conduct and equity within an organization practice; and cognitive legitimacy, which is concerned with the taken-for-granted biases and attitudes to existence and the place of an organization in society (Deb et al., 2024). By dealing with such legitimacies, organisations are able to team up well with the stakeholders they are dealing with so that they satisfy society's expectations and continue to be relevant in the social and business setting (Gao et al., 2022). This helps organizations to adjust to the evolving norms in society, improve their image, and gain a stable standing in the long term.

Since then, legitimacy theory has been greatly refined in theoretical development, which has been developed to consider the complexity of the relationships between organizations, society and behavioural demands. The first was proposed by Dowling and Pfeffer (1975). The theory highlights the fact that organizations need to align their value. The systems and operations designed to attain legitimacy that are dominated by societal norms are critical to organizational survival and success. Lindblom (1994) extended this constitutive paradigm with a new concept of the so-called & quote; legitimacy gap, which arises when there are inconsistencies between the activities of an organization and society's expectations.

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These loopholes undermine organizational legitimacy and can, in many cases, require punitive actions to put things back on track with societal norms. Subsequent scholarship contributions on it, highlighted by Suchman (1995) and Deegan (2002), are important to the strategic aspects of the management of legitimacy. Suchman (1995) described it as a socially constructed resource which can be strategically employed by organizations, observed or obtained through care or any exertion. This view brings out emphasis on such mechanisms as CSR programs, open public disclosure, and establishment of strategic alliances as legitimacy gap remedies. O'Donovan (2002) further developed the theory by emphasizing the dynamic and situational character of values in society, with emphasis on the need to adjust the organization to changing cultural, political and economic environments.

Although the legitimacy theory provides invaluable information about the relationship, it is not immune to criticism but has its own faults in line with organizational and societal expectations. Critics argue that the theory is disposed to simplify the nature of organizational dynamics by placing major emphasis on the attainment of legitimacy, at the cost of recognizing the existence of competing interests among the stakeholders (Li & Lin, 2024). Organizations often have difficulties balancing the various and even conflicting stakeholder expectations, which the theory fails to cover.

Moreover, the focus on adherence to the expectations of society may kill creativity and innovation (Ye & Dela, 2023). The other notable constraint is that legitimacy is subjective in nature, which makes it difficult to gauge and measure since stakeholder perceptions and the values that are held in society can be quite diverse in regard to culture, geography, and time (Zamil et al., 2019). According to these criticisms, although legitimacy theory offers a helpful approach, it does not fully address how

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organizations can adopt a suitable approach to legitimacy. To study the behaviour of an organization, it needs to be refined to take into consideration the dynamics of contemporary organizational settings.

The theory of legitimacy is a valuable insight that can be used in the depiction of how green financing, CSR, the reputation of the corporation, and FP interact in a corporate environment by underlining the organisational necessity to make their operations fit social norms and expectations. In this theory, organisations would strive to attain and ensure legitimacy by making sure their activities are positive to society, which will lead to acceptance and encouragement from stakeholders. In the case of commercial banks, the application of green financing and CSR initiatives is an effective method of addressing the growing need for sustainable practices and environmental responsibility. Green financial products and adoption help reduce environmental pollution; environmentally conscious banks show their commitment to sustainability, enhancing their legitimacy with stakeholders. This correspondence not only improves their corporate reputation by demonstrating their dedication as socially responsible institutions but also positions them as players in environmental and social sustainability.

Another important aspect outlined in the theory is the role of public perception in reaching the goal of organizational success. CSR initiatives and green financing are used to tackle social issues, minimize the threat of adverse criticism, and meet compliance requirements to be sustainable in a changing market that is preoccupied with social and environmental responsibility. Improved company image due to such initiatives creates credibility and trust among customers, investors and regulators, resulting in monetary benefits like increased customer retention, green access to funding opportunities, and savings in compliance costs. In addition, by remaining

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legitimate, it is possible for banks to maintain their competitive advantage, appeal to green-conscious stakeholders, and improve financial performance. In harmonizing their operations and green financing, CSR would help firms tap into societal expectations drive reputation and drive performance, showing the role of these factors in long-term success.

2.2.4 Signalling Theory

Signalling Theory is a conceptual theory which studies how entities communicate information in a scenario of asymmetric information, where one side of the communication has more information than the other. This theory, put forth by Spence (1973) was initially concerned with the job market, where would-be employees express their potential to their potential employers through their educational levels. The idea has since been applied across most fields to understand how institutions represent themselves and their intentions to their stakeholders (Nguyen, 2022).

In its simplest form, signalling theory provides an opportunity to discuss the ways organizations can reduce information asymmetry by sending valid signals to their audience (Peng & Chen, 2023). It implies that firms should exploit such mechanisms like financial disclosure, branding strategies, certifications, and indicators of product quality to show their reliability, competence, and commitment. These signals are commonly credible based on their high cost, since more expensive and imitatively more challenging signals are viewed as reliable by the stakeholders (Kharb et al., 2024). Through good signalling, organizations can create an impact on the stakeholders, develop trust, and reduce uncertainties in the decision-making process. Finally, signalling theory emphasizes the strategic significance of the alignment of signals and

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the expectations of stakeholders to build a better organizational image and competitive edge in the information-sensitive setting (Ngo et al., 2021).

Signalling theory has, over the years, developed to a great extent, with its use not limited to the labour market, but it has expanded to other domains including corporate governance, sustainability and CSR. Such transformation is seen to mirror the increasing acknowledgment of signalling as a key strategic instrument that organizations can use to overcome information asymmetries and establish credibility among the stakeholders. The scholars, including Bianchi et al. (2019), have pointed out that organizations employ signalling to communicate their interest in ethical behaviours, sustainability, and social responsibility, which in turn improves the trust of stakeholders and builds corporate reputation. As an example, sustainability programs, transparency reporting, and certifications are believable indicators of organizational values and long-term vision (Chen et al., 2023). Such signals not only eliminate uncertainties among the stakeholders, but also have an effect on the perception of organizational reliability and accountability.

By matching the signals to the expectations of the stakeholders, organizations are able to become more connected to them, gain a better reputation, and gain a competitive advantage in more open and socially aware markets (Almaki, 2020). This greater applicability highlights the key tenure of signalling in the development of organizational behaviour and stakeholder relationships in a complex and dynamic environment. Even though it has a high degree of applicability, signaling theory has its share of critics and shortcomings. One of the most notable criticisms is that it tends to simplify the complexity of communication by focusing on its signaling mechanism, but

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does not pay much attention to how stakeholders perceive and use these signals (Bashir, 2022).

Its success is not assured since it is prone to external influences which may result in its failure, including market forces, changes in regulations and even competitor strategies, variables which the theory is silent about. Moreover, there is the issue of signal jamming, as organizations can either deliberately or accidentally transmit misguided signals, and this leads to a lack of clarity and possible distrust of stakeholders (Epstein & Roy, 2021). Such manipulation of signals makes the information relayed unreliable, thus making it difficult to make wise decisions for stakeholders. Such criticisms underscore the importance of a more subtle interpretation of the interaction between signals, perception by stakeholders and external forces in order to capture all the complexities of signalling in the real world.

Signalling Theory is an essential theory that is used to explain the dynamics of green financing, CSR, corporate reputation, and FP. Since the stakeholders are more interested in sustainability and ethical business conduct, banks can use signalling to show that they adhere to these principles. By giving clear messages to stakeholders on the commitment of banks to green financing and CSR programs through clear communication of their sustainability practices through transparent sustainability reports, by gaining green certifications, or by participating in strategic alliances, banks can provide believable messages to stakeholders. Such signals not only minimize information asymmetry but also develop trust and confidence among customers, investors and regulators, making the bank appear more reliable in terms of its appearance and congruency with society's expectations.

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An enhanced corporate reputation, which results from effective signalling, can have a positive cascading effect on a firm's financial performance. A strong reputation makes the banks appear to be socially responsible and environmentally conscious, which brings in customers with an environmentally conscious mindset and economically conscious investors. Such interested parties are more inclined to work with banks, as demonstrated by credible and long-term interest in green financing and CSR, which will result in the increase of customer loyalty, capital inflows, and market share. In turn, signaling theory underscores the importance of successfully reporting green finance and CSR initiatives to narrow the gap between the expectations of the stakeholders and the actions of the organization in strengthening the corporate reputation and consequently leading to the FP. This view highlights the strategic significance of the harmonization of signaing mechanisms with the changing sustainability requirements in order to attain competitive advantage and sustainable success.

2.3 Summary of Theoretical Literature

The table below presents the major theories applicable to the study, their authors, major postulations, and the variables that they support. The theories offer different angles of how organizations work in their settings and how they relate to the stakeholders. It is important to understand these theories in order to synthesize the relationship between green financing of CSR, corporate reputation and FP.

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Table 1: *Summary of theoretical literature*

Theory	Author	Key Postulations	Variable(s) Supported
Stakeholder Theory	Freeman (1984)	Organizations must consider the interests of all stakeholders and balance these interests for success.	CSR, corporate reputation and FP
Resource-Based View	Barney (1991)	A firm's competitive advantage is derived from its unique resources and capabilities that are valuable, rare, inimitable, and non-substitutable.	Green financing, CSR, corporate reputation and FP
Legitimacy Theory	Suchman (1995)	Organizations must align their operations with societal norms and expectations to maintain legitimacy and support from stakeholders.	Corporate reputation and CSR.
Signaling Theory	Spence (1973)	Organizations convey credible information through signals to reduce information asymmetry between themselves and stakeholders.	Green financing, corporate reputation, and FP.

Note: CSR = Corporate Social Responsibility; FP = Firm Performance. The theories presented provide the theoretical foundation for explaining how green financing and corporate social responsibility influence corporate reputation and ultimately the performance of commercial banks.

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2.4 Empirical Literature

The empirical literature encompasses vital information on the effects of green financing, CSR and corporate reputation on the performance of commercial banks. This section reviews existing studies which examined the direct and indirect impact of green financing on the performance of banks, with CSR and corporate reputation as mediating variables. In combining the results of the global as well as the local context, the review identifies the current trends, the methods, the main results, and knowledge gaps.

2.4.1 Green Financing and Firm Performance

In recent empirical research, the connection between green financing and FP has received a lot of interest, which can be attributed to the rising importance of sustainability as a strategic business requirement. Green financing, which includes financial operations that encourage environmental sustainability such as green bonds, sustainable loans and investments in renewable energy, has been attributed to the

enhancement of FP in terms of resource efficiency, innovation, and image. As firms incorporate green financing programs, they are not only complying with regulatory and societal expectations of environmental friendliness, but are also providing an opportunity to differentiate themselves historically and generate long- term value. This section reviews empirical studies that focus on the effects of green financing on different aspects of FP to shed light on the effects of sustainable financing practices on profitability, market share, operational efficiency, and stakeholder satisfaction in various industries and situations.

To begin with, Li and Lin (2024) undertook innovative research that builds a regional index of green financing development in an Asian context to study the fact that the FP of environmentally responsible enterprises in China is strongly affected by green financing. The research was contextualized in the changing environment of green finance, namely, relating to publicly traded green companies of the Shenzhen and Shanghai Stock Exchanges between 2012 and 2022. The sample is based on green-listed enterprises using a solid dataset that is chosen according to strict standards. Green financing was operationalized in terms of metrics of green funding and investments, whereas FP is operationalized in terms of ROA as a central measure, with total factor productivity as a supplementary measure to determine robustness. The generalized method of moments (GMM) was used to estimate the study and indicate that there is a strong positive relationship measured to be significant between green financing and the FP of firms, with research and development (R&D) innovation being a critical mediator. The research however admits sector-specific contextual constraints in that it did not consider small or untraded firms that are involved in sustainable practices as its elucidation is limited to large and publicly traded firms.

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Contrary to this, Wei et al. (2023) examined how corporate green bond issues affected the firm-level carbon performance based on an original database of 1,074 firms in China that issued bonds between 2009 and 2018. Their analysis used the Economic Input-Output life cycle assessment to analyze the performance of green bonds on carbon, whether they are useful in reducing carbon emissions. Surprisingly, the research found that issuing green bonds did not materially enhance carbon performance, since companies tend to place more emphasis on reducing financial constraints rather than the realization of environmental objectives. Mechanistic evidence indicates that national and industrial environmental regulations are external factors that have a positive impact on the association between green bond issuance and carbon performance. These findings demonstrate the difficulty of the use of green bonds as effective climate change instruments, and indicate that more information disclosure and tightening of the carbon performance-based supervision of green bond issuers are required. Although the study made contributions, it finds a gap in the literature, specifically the lack of a holistic framework that involves the use of mediators such as CSR or corporate reputation in better understanding the impact of green financing on FP.

Likewise, Mangwa and Jagongo (2022) investigated the effect of green financing on the FP of all the listed commercial banks in Kenya locally. The green financing was operationalized in the study using several instruments such as green credit tools, carbon asset financing, environmental credit, and emission allowances with FP metrics of ROE, ROA and ROI. Using a desktop research approach, they synthesized information from credible sources, enhancing the validity of their results. The findings supported a positive significant relationship between green financing and FP. Also, the researchers found a contextual gap, according to which the previous studies that had been

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conducted in other parts of the world, including Bangladesh, might not be applicable to Kenya because of the economic and regulatory differences on the continent. Conceptually, the research aims to highlight the aspects of proper green financing to cover untapped aspects that have been identified in the literature. Moreover, it bridges a population gap by targeting specifically at listed commercial banks in Kenya, a group that has not been paid so much attention with regards to sustainable financing.

Yeow and Ng (2022) tested the effect of green bonds on corporations' environmental and operational performance. The dataset was a sample of both types of bonds and included green and conventional bond issues by corporations in different countries from 2015 to 2019. To compare the data, the researchers used propensity score matching and the difference-in-differences methods, which formed two separate sub-groups for comparison: green bond issuers and conventional bond issuers. The changes in environmental and operational performance at the end of the period between these groups were quantitatively measured using environmental performance measures and operational performance measures, although the process of specific quantification was not described. The research results showed that although green bonds are a significant source of improvement in environmental performance, particularly when certified by a third party, they do not affect operational performance. This implies that the performance of the green bond is dependent on the external certification because of the underdeveloped market structure of the green bond, which suffers from poor governance and raises questions about whether it might be subjected to greenwashing. Further, there is a conceptual gap as the study mainly concentrated on one aspect of green bond financing, environmental performance, without emphasizing other possible aspects, including social or economic consequences.

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A detailed empirical analysis of the influence of green bonds on the performance of the banking sector was carried out by Nabil (2023) with a key focus on developed and developing markets. In particular, 14 countries were studied, including developed markets such as Germany, France, Italy, the Netherlands, the United States, Spain, and the United Kingdom and emerging markets such as Chile, Brazil, China, Mexico, India, Turkey, and the United Arab Emirates. The study employed two main measures to calculate the green bonds: the value of green bonds issued and the proportion of green bonds to GDP. In contrast, the performance of the banking sector was measured by indicators such as capital adequacy and profitability. Using the analysis of the panel data from 2013-2021, the results obtained reveal a strong influence of green bonds on banking performance, especially in capital adequacy. Nevertheless, one can indicate a conceptual gap in the fact that the study is narrowly focused on these two-performance metrics only; one can introduce more factors in the analysis, e.g., risk management or customer satisfaction, which would enable a more comprehensive picture of the impact of green bonds on the performance of the banking sector. Moreover, there was a methodological gap in the study, given that the main source of data in the study was historical data and not real-time market dynamics and external economic factors, which may influence the validity of the findings and the general interpretation of the effect of the green bond market.

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While employing an autoregressive distributed lag approach to investigate the relationships among the variables, Ngo et al. (2021) explored the influence of green finance on economic growth in Vietnam, with a particular focus on the impact of green investment and green loans. Economic growth was measured using GDP, and the analysis utilized data from the Central Bank of Vietnam and World Bank indicators covering the period from 1986 to 2019. The results indicated a positive association

between green finance and economic growth, which emphasizes the value of enhancing green finance initiatives to bolster the country's economic development. However, it is essential to acknowledge the geographical contextual gap in this research, since it exclusively addressed Vietnam's economy, which has unique cultural, geographical, and social characteristics that meaningfully influence its economic activities and growth rate. Therefore, while the findings may provide valuable insights, they may not be directly applicable to other countries such as Kenya with differing cultural, geographical, and social contexts.

In their empirical inquiry, Del Gaudio et al. (2024) employed ordinary least squares (OLS) regression with robust standard errors to estimate the effect of green lending propensity and syndicate structure on lead bank performance and risk. The population included 217 green loan facilities from the Eikon database, which were issued worldwide between 2010 and 2020 by 42 banks. The sample consisted of loan syndications where a single bank acted as the lead arranger, overseeing the due diligence process and managing the syndicate.

Data on both the lead bank and loan characteristics were collected from the Orbis database, and the variables were quantified by creating a green lending approach variable that measures the proportion of green loans in relation to the total credit exposure of the lead bank. The critical findings indicated that banks with higher green lending propensity had lower profitability in terms of ROA but experienced more moderate default and credit risks. Moreover, the study found that greater collateralization and longer loan durations contributed to improved bank performance, while larger syndicate sizes led to lower profitability and risk.

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The research suggested that while green lending offers environmental benefits, the financial risks may overshadow the economic returns, necessitating public support to offset these risks and encourage broader green financing. A key research gap identified is the unbalanced risk-return ratio in green lending, which poses a challenge to its profitability and calls for further investigation into how green lending can be made more attractive from a financial perspective. The research gap is primarily conceptual, as it highlights the need for a deeper understanding of the financial viability of green lending, particularly in the context of commercial banks in Kenya, where market conditions and institutional frameworks may differ from the global context analyzed in this study.

While employing regression analysis, Li et al. (2017) investigated the influence of green initiatives and green performance on FP among 434 top publicly traded U.S. companies. The study, which focused on ten industry sectors identified by Newsweek's 2014 report, used 2012 data for green metrics and FP data from Compustat for 2012–2013. Green initiatives were measured through Green Pay Link, a sustainability-themed committee, and an audit, while green performance was evaluated using metrics such as energy productivity, carbon productivity, water productivity, waste productivity, and green reputation. The results revealed mixed findings: green initiatives had a negative effect on energy productivity and green reputation, but, along with green performance, had a significant overall impact on FP. However, the study highlighted that the financial benefits of green performance are not immediate, often requiring more than a year to materialize. Moreover, the study revealed that companies tend to implement green initiatives in a reactive rather than a proactive manner. The study exhibited methodological limitations, including a small sample size within each sector, which potentially affected the validity of the results.

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In Asia, Yan and Tan (2023) investigated the influence of green finance development on carbon emission performance in 30 Chinese provinces from 2008 to 2018, employing a panel regression model. Green financing, measured through mechanisms such as green credit, green investment, green insurance, and green securities, was found to enhance carbon emission performance, defined as achieving maximum economic and social benefits with minimal carbon emissions. Key control variables influencing carbon emission performance included industrial structure, foreign direct investment, and population density.

The study also identified mediating variables, energy consumption structure, green industries, and green patented technology that facilitated the impact of green finance on carbon emission performance. Importantly, the relationship was found to be nonlinear, with variations based on levels of economic growth, industrial structure, and urbanization. The spatial autocorrelation analysis confirmed the robustness of the findings, demonstrating that provinces in eastern China, carbon trading pilot zones, and coal-rich areas experienced greater improvements in carbon emission performance. However, the research acknowledged conceptual flaws in measuring green finance development due to subjectivity in the constructed evaluation index system and called for future studies to adopt advanced techniques like text analysis for more precise measurements.

Moreover, Devine and McCollum (2024) explored the environmental performance of green mortgage-backed securities, particularly focusing on the efficacy of the Fannie Mae green rewards program. Their study examined 3,626 green securities issued between 2016 and 2023, analyzing the post-origination efficiency improvements of properties that participated in the green rewards program. The results derived from

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fixed-effects analysis affirmed that fixed interest rates, supplemental financing loan structures, and property characteristics such as size, age, and quality were positively associated with energy efficiency improvements.

However, the ex-ante estimates of energy and water savings provided to investors did not correlate with actual efficiency outcomes, highlighting the need for greater transparency and more accurate projections in the green bond market. While their study offers valuable insights into the real estate sector, the current research intends to build on this by addressing the sector-specific gap within the banking industry. The banking sector, which plays a pivotal role in financing and supporting green initiatives, presents a different set of challenges and opportunities for green finance. This study focused on examining the effectiveness of green financing and its impact on FP within the banking sector, contributing to the growing body of literature on green finance and its outcomes across various sectors.

Elsewhere, Gao and Guo (2022) probed the impact of China's green credit policy on the FP of commercial banks, using panel data from 62 banks between 2013 and 2020. The study utilizes a difference-in-differences approach to compare the FP of banks before and after the green credit policy was implemented in 2016. The results revealed that the policy positively influenced bank profits, mainly through increases in noninterest income and reductions in nonperforming loan ratios, but it did not affect the cost-to-income ratios. The research also validated that smaller regional and agricultural banks benefited more from the policy compared to large national banks.

The study found that various factors affect bank profits, such as total assets, nonperforming loan ratios, cost-to-income ratios, capital adequacy, loan-to-deposit ratios, and net interest income ratios, as well as external factors like GDP growth and

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market position. A conceptual gap in this study lies in its overreliance on stakeholder theory, which limits the exploration of other relevant theoretical perspectives. The integration of theories like institutional theory and resource-based theory would provide a more comprehensive understanding of how regulatory pressures and internal capabilities shape the effects of green credit policies on FP.

In the context of Bangladesh's unique institutional and regulatory context, Bose et al. (2020) made a valuable contribution to the empirical literature on green banking by investigating its impact on FP. The study highlighted that green banking performance, measured through an index derived from Bangladesh Bank's directives, definitely influenced FP, primarily through enhanced cost efficiency. Further, it identified the negative moderating role of political connections, noting that politically connected banks may prioritize motivated green activities over broader stakeholder benefits, thereby reducing the non-financial advantages of green banking initiatives.

To ensure robustness, the research employed advanced econometric techniques, including difference-in-differences analysis, propensity score matching, and Heckman's two-stage regression, effectively addressing endogeneity, sample selection bias, and reverse causality concerns. Using Tobin's Q as a measure of FP, the study underscores the role of green banking in promoting future growth prospects and sustainability. However, the reliance on voluntary disclosures to measure green banking performance is acknowledged as a conceptual gap, as it may not fully capture actual performance.

The growing importance of sustainable financial practices in becoming the driver of long-term business performance and environmental responsibility is emphasized in the empirical literature on green financing and corporate cooperation. Many researchers

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have analyzed the effectiveness of green financing to enhance corporate reputation and ensure that company strategies are aligned with sustainability goals. It has been shown that green policies (like green bonds and investments in renewable energy) can have a positive effect on environmental results and financial performance. Nevertheless, the literature has identified a number of gaps, such as regional and sectoral differences, the role of externalities, such as regulations, and the fact that more detailed frameworks are required to encompass all the intricate relationships between green financing and corporate reputation.

In an in-depth empirical study, Etikan (2023) focused on the strong interconnection between CSR at the level of ESG dimensions and organiztional reputation, as evaluated using the index of reputation quotient. Using a desktop research design, the study analyzed the existing literature using a method to evaluate the effects of CSR activities on reputation in various industries and regions. The results show that there is a meaningful, strong relationship between CSR initiatives, including environmental programs and ethical activities and positive stakeholder perceptions. Good CSR practice enhances reputation as it leads to trust and goodwill between stakeholders, and this becomes even better with open communication channels.

Besides, this research highlights that the influence of CSR on reputation can be mediated or moderated by factors such as CEO features and industry norms, and the significance of well-developed leadership and customization of strategies. In turn, the fact that CSR should be included in organizational strategies and open communication with stakeholders is the key to creating an image of a reputable organization that would contribute to sustainable success. Nevertheless, the study design is recognized to have a methodological gap since the investigation used secondary data available in the

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existing literature only, which can be a limitation to the quality and applicability of the results. The method does not have empirical evidence based on primary sources like surveys or case studies, which would give more direct evidence of the effect of CSR on organizational reputation. Moreover, the use of desktop research does not enable an exploration of real-time-based or context-specific insights, and it may be proposed that future research should implement primary data collection techniques to understand the impacts of CSR better.

In the US, Xu et al. (2021) developed a longitudinal study to examine the interaction between CSR and corporate reputation, which would fill a gap in the literature about the boundary conditions that affect the perceptions of stakeholders of CSR. The study was based on 172 US firms that were sampled using the data of Fortune 500 List of Most Admired Companies (FMAC) and 498 observations of those companies during the period 2009-2014. ESG scores were used to measure CSR performance, and firm financial data and CEO characteristics were obtained through the Compustat and Execucomp as well as the political donation records of the executive data available on OpenSecrets.org and Federal Election Commission. The indicators that were used in measuring corporate reputation included talent attraction and retention, quality of the management, social responsibility, environmental responsibility, innovativeness, quality of the products and services, appropriate utilization of resources, financial soundness, value of long-term investment, and effectiveness of business worldwide.

Using random effects models to run the panel data, the results showed that the CSR-CR relationship is stronger in firms with liberal CEOs or based in liberal states with the focus on the moderating value of the political ideologies in the individual and regional levels. Nevertheless, the restricted scope of the study to US firms leaves a gap in

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geographical context, as the study does not consider international firms that might be operating in different societal and political environments, where cultural and institutional aspects might have different influences on the CSR-CR relationship.

Baruah and Panda (2022) explored the connection between CSR and corporate reputation of the top 100 companies in India through a regression method. Measures of CSR were disclosures in sustainability and business responsibility reports, whereas CR was based on reputational scores based on perceptions of the populace and other stakeholders. The results indicated that there was no significant effect of CSR disclosures on reputational scores, which can be regarded as a contradiction to the theoretical assumption that CSR increases credibility and stakeholder perception. The contextual gap, however is noted by the study focusing on India and failing to analyze it industry specific like in the banking industry. In response to this, the present paper examines the connection between CSR and CR in the banking industry in Kenya, whereby specific economic, regulatory, and socio-economic conditions might affect such processes.

Moreover, Bianchi et al. (2019) used a sample of 429 consumers in Argentina to study how perceived CSR affects the corporate reputation and intent to purchase. The research used SEM in order to examine the connection among CSR perceptions, brand image, cognitive and affective satisfaction, brand loyalty, and purchase intention. CSR was evaluated on five dimensions, which included economic, social, philanthropic, environmental, and ethical/legal and corporate reputation was evaluated on respectability, sectoral ranking, and strength of establishment. The results showed that there were significant direct and mediated relationships, with the exception being that between CSR and affective satisfaction, which shows that the findings are limited by

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the polarized political and economic culture of Argentina. These gaps in context and measurement indicate that research is required in various socio-economic contexts. The present study covers this gap by examining the relationship between CSR and corporate reputation in the banking industry in Kenya using both affective and cognitive aspects of CSR, as a way of explaining the economic, regulatory and cultural factors that have a specific impact on these relationships.

In Asia, Zhao et al. (2021) examined the interwoven connections between CSR, corporate reputation, brand equity, and trust in the banking industry in Lahore, Pakistan. The study is based on the resource-based theory to identify the direct and indirect effects of CSR on corporate reputation through trust. A total of 309 banking consumers aged 18 years and above were used to gather data using structured questionnaires consisting of 17 items based on a rating scale of 2018-2019 on a 5-point Likert scale. The research sample was analyzed with the help of SEM, and a non-probabilistic convenience sampling method was used. The overall finding was that CSR has a positive and significant impact on corporate reputation and brand equity, and trust serves as a mediator. The study, however, had methodological weaknesses because it embraced a cross-sectional descriptive design, which was not in an advantageous position to explain causality, which is highly supported by the explanatory research design.

Mahmood and Bashir (2020) investigated how brand reputation and brand equity in the fast-food sector in Pakistan are moderated by CSR using SEM. The measurement of brand reputation was based on six items created by Erisher et al. (2006), whereas the measurement of brand equity was done using twelve items created by Hyun and Kim (2011). Carroll framework was used in assessing CSR dimensions in relation to

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philanthropic, ethical, legal, and economic. The results highlight the immense mediating effect of CSR in the brand reputation- brand equity nexus relationship, especially in the ethical and philanthropic areas. Nonetheless, the convenience sampling approach used in the study could have resulted in overrepresentation of some demographic groups, and the sample is so small and the study area is so limited that it limits generalization. Probabilistic sampling, larger and more diverse samples, and application of the model to other industries and regions can be used in future research.

2.4.2 Green Financing and Corporate Cooperation

The empirical literature on green financing and corporate cooperation underscores the increasing significance of sustainable financial practices in driving long-term business performance and environmental responsibility. Numerous studies have examined the role of green financing in improving corporate reputation and aligning corporate strategies with sustainability objectives. Empirical research has demonstrated that the adoption of green policies, such as green bonds and investments in renewable energy, can positively impact both environmental outcomes and financial returns. However, the literature highlights several gaps, including regional and sectoral variations, the influence of external factors like regulations, and the need for more comprehensive frameworks to fully capture the complex relationships between green financing and corporate reputation.

The study by Etikan (2023) highlights the significant relationship between CSR in terms of ESG dimensions and organizational reputation using the reputation quotient index. Employing a desktop research methodology, the study reviewed existing literature to examine how CSR activities influence reputation across diverse industries and regions. The findings indicate a strong positive correlation between CSR efforts,

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such as environmental initiatives and ethical practices, and favourable stakeholder perceptions. Effective CSR engagement improves reputation by fostering trust and goodwill among stakeholders, which is further enhanced through transparent communication channels.

Moreover, the study underscores that factors such as CEO attributes and industry standards can mediate or moderate CSR's impact on reputation, highlighting the role of strong leadership and strategic customization. Consequently, integrating CSR into organizational strategies and maintaining transparent communication with stakeholders are essential for building a reputable image that supports sustainable success. However, a methodological gap is identified in the research design, as the study exclusively relied on secondary data from existing literature, which may limit the depth and applicability of its findings. This approach lacks empirical data derived from primary sources, such as surveys or case studies, that could provide more direct evidence of CSR's impact on organizational reputation. Furthermore, the reliance on desktop research does not allow for an exploration of real-time or context-specific insights, suggesting the need for future studies to incorporate primary data collection methods to gain a better understanding of CSR's effects.

In the US, Xu et al. (2021) conducted a longitudinal study to investigate the relationship between CSR and corporate reputation, addressing a gap in the literature concerning the boundary conditions influencing stakeholder perceptions of CSR. Using data from Fortune's Most Admired Companies (FMAC) list, the study analysed a sample of 172 US firms with 498 observations spanning from 2009 to 2014. CSR performance was measured using ESG scores, while firm financial data and CEO characteristics were sourced from Compustat, Execucomp, and political donation records obtained from

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OpenSecrets.org and the Federal Election Commission. Corporate reputation was assessed through indicators such as the ability to attract and retain talent, management quality, social and environmental responsibility, innovativeness, product and service quality, wise use of assets, financial soundness, long-term investment value, and global business effectiveness.

Employing random effects models to analyze panel data, the findings revealed that the CSR-CR relationship is significantly stronger in firms led by liberal CEOs or headquartered in liberal states, emphasizing the moderating role of political ideologies at individual and regional levels. However, the study's focus on US firms presents a geographical contextual gap, as it does not account for international firms operating in varying societal and political contexts where cultural and institutional factors may differently shape the CSR-CR relationship.

Using a regression approach, Baruah and Panda (2022) investigated the relationship between CSR and corporate reputation among India's top 100 companies. CSR was measured through disclosures in sustainability and business responsibility reports, while corporate reputation relied on reputational scores derived from public and stakeholder perceptions. The findings revealed no significant impact of CSR disclosures on reputational scores, challenging the theoretical premise that CSR enhances credibility and stakeholder perception. However, the study's focus on India and the lack of industry-specific analysis, such as in the banking sector, highlights a geographical and sectoral contextual gap. To address this, the current study explores the CSR- corporate reputation relationship within Kenya's banking sector, where distinct economic, regulatory, and societal factors may influence these dynamics.

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Using a sample of 429 Argentine consumers, Bianchi et al. (2019) investigated the influence of perceived CSR on corporate reputation and purchase intention. The study employed SEM to analyze relationships between CSR perceptions, brand image, cognitive and affective satisfaction, brand loyalty, and purchase intention. CSR was measured across five dimensions: economic, social, philanthropic, environmental, and ethical/legal, while corporate reputation was assessed using respectability, sectoral ranking, and establishment strength. The findings revealed significant direct and mediated relationships, except between CSR and affective satisfaction, indicating limitations tied to Argentina's polarized political and economic environment. This presents a geographical and contextual gap, as the relationship between CSR and corporate reputation may differ across regions with varying economic, regulatory, and cultural conditions. The present study addresses this gap by examining the CSR–corporate reputation relationship within the Kenyan banking sector.

Moreover, a study by Zhao et al. (2021) investigated the complex relationships among CSR, corporate reputation, brand equity, and trust in the banking sector in Lahore, Pakistan. Grounded in resource-based theory, the research examines how CSR impacts corporate reputation and BE directly and indirectly via trust. Data were collected from 309 banking consumers aged 18 years and above through structured questionnaires containing 17 items rated on a 5-point Likert scale between 2018 and 2019. Employing a non-probabilistic convenience sampling technique, the study utilized SEM for analysis. Results showed a positive and significant influence of CSR on corporate reputation and brand equity, with trust acting as a mediator. However, the study faced methodological flaws due to its adoption of a cross-sectional descriptive design, which was not well positioned to explicate the causal design largely supported by explanatory research design.

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Using SEM with AMOS, Mahmood and Bashir (2020) explored the moderating role of CSR in the relationship between brand reputation and brand equity in Pakistan's fast-food industry. Brand reputation was measured through six items developed by Erisher et al. (2006), while brand equity was assessed using twelve items from Hyun and Kim (2011). CSR dimensions, in terms of philanthropic, ethical, legal, and economic, were evaluated using Carroll's framework. The findings underscore CSR's significant moderating role in the relationship between brand reputation and the brand equity nexus, particularly in the ethical and philanthropic domains. However, the study's reliance on convenience sampling may have led to the overrepresentation of certain demographic groups, and the limited sample size and geographic scope constrain generalizability. Future research should employ probabilistic sampling, larger and more diverse samples, and extend the model across different industries and regions.

2.4.3 Green Financing, Corporate Social Responsibility and Firm Performance

The relationship between CSR and FP and green financing has drawn the focus of a lot of scholarly literature, particularly on whether CSR plays the mediator in the green financing-FP relationship. Green financing, such as the tools, such as green bonds and sustainable investments, assist companies to reach their goals of environmental sustainability. The ethical practices, environmental activities and social contribution reflected by CSR are becoming an important mediator that enhances the beneficial outcome of green financing on the performance of a company. The empirical data indicate that CSR synergizes the dedication of a business to the environment and social responsibility alongside amplifies the influence of green financing on the monetary performance, image and the trust of the stakeholders. Even with those findings, additional research is required to gain a complete insight into the mediating nature of

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CSR and the exact mechanism by which these relations are generated, especially in different industries by diverse regulators.

The results of the comprehensive study by Ye and Dela (2023) discussed the impact of green investment and green financing on the sustainable business performance of foreign chemical companies in Indonesia, with a focus on the mediation of CSR. The research was conducted in the context of Indonesia's developing economy, where a quantitative approach was used to gather primary data. Finally, 238 valid replies were examined, which indicates approximately 60% of the target group. The authors used SEM through SmartPLS to test the correlation among the variables.

The indicators used to measure green investment and financing are associated with CSR practices, the level of green funding, and community development. Sustainable business performance is defined as the efficiency of companies in terms of operating in an environmentally and socially responsible way, including aspects such as energy efficiency and customer satisfaction. The outcome showed that green investments as well as GF certainly influence CSR and sustainable performance, though CSR plays a significant mediating role in these two relationships. The study, however, was restricted to foreign chemical industries in Indonesia, and this could limit the applicability of the study to the banking segment, hence displaying a sector-specific contextual gap.

Regionally, Awawdeh et al. (2023) also examined the applicability of green financing and CSR to increase technological innovation and environmental performance in the energy industry in Egypt, specifically in the face of the COVID-19 crisis. On the basis of PLS-SEM and a sample size of 175 employees, divided by demographics, including gender, age, work experience, education, registration, size and type of firm, the study observes the effect of both green financing, as a measure of green bonds and investment,

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and CSR, as a measure of ESG indicators. The results indicated that technological innovation has a positive impact on environmental and corporate performance, whereas green financing has a strong positive effect on the environmental results through efficient environmental strategies. Nevertheless, the direct impact of CSR on performance in terms of environmental performance is found to be minimal, and CSR is unlikely to generate environmental improvements without the support of green financing or technological innovation. The inquiry also revealed a conceptual gap in the literature because of the ambiguous definitions of major concepts associated with green financing and CSR, which makes their interpretation in terms of technological innovation and the environment difficult.

While utilizing a baseline regression and a DiD approach, Wu and Liu (2024) evaluated the impact of the use of green financing, in particular, green investments, on CSR in the environmental and social governance dimensions, as well as their effect on environmental performance in 40 Chinese industries between 2010 and 2020. The investigation showed that the industries financed with green funds have a significantly superior CSR practice and a greater environmental performance rating in comparison with the industries without such financial assistance. In particular, the analysis has shown that there is a positive and statistically significant impact of green financing on the implementation of more stringent environmental performance policies and improvements in CSR practices. There is, however, a significant geographic contextual gap in the literature, with the literature basically concerned with Chinese industries, which may not reveal the impact of green financing in other geographic locations with different economic and regulatory settings, such as emerging economies like Kenya.

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The research by Wang et al. (2022) probed how green financing contributes to better CSR in the banking industry in the social, environmental, and economic aspects. The economic and social indicators were used to measure green financing, whereas the employee, customer and shareholder dimensions measured CSR. FP was assessed by ROA. The research was conducted based on a survey approach, and the analysis of the results was conducted with the help of PLS-SEM, which confirmed the high contribution of GF and its corresponding dimensions to different aspects of CSR. However, the study presents a conceptual and measurement gap, as the operationalization of key constructs such as green financing, CSR, and financial performance varies across studies. The use of different definitions and indicators limits the comparability and generalizability of findings. Therefore, the current study addresses this gap by adopting clearly defined and context-appropriate indicators to measure the study variables, thereby enhancing consistency and reliability in the analysis.

In Asia, Dai et al. (2022), assessed the impact of CSR and green financing on the environmental performance of banking institutions in emerging economies like Bangladesh, besides evaluating if green innovation mediates the relationships between CSR, green financing and the environmental performance of the same. Structured questionnaires were administered to 357 bankers in commercial banks in Bangladesh, resulting in a total of 369 responses out of 487 questionnaires that were sent. The analysis used SEM to examine the primary data and found that CSR has a strong positive impact on both green innovation and environmental performance, with the latter being strongly affected by the former. In addition, it is shown that green financing has a positive impact on green innovation and green performance. The findings affirmed that green innovation completely mediates the relationship between CSR and

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environmental performance, and between green financing and environmental performance.

However, the study highlighted the paramount significance of such dimensions of CSR as social, economic, and environmental, and green financing and green innovation in favour of environmental performance, so the banks are urgently required to adopt the idea of sustainability in their strategies and support the long-term economic development of the country. Nonetheless, the study presents a geographical contextual gap because it was conducted in Bangladesh, a country with socio-economic, institutional, and regulatory conditions that differ from those of Kenya. These contextual differences may influence how green financing and CSR practices affect organizational outcomes, thereby limiting the applicability of the findings to the Kenyan banking sector.

Moreover, Sapiri and Putra (2023) applied a descriptive quantitative research study approach coupled with content analysis of the sustainability report of Bank Mandiri, 2016-2022, to explore the causal linkage between the bank's FP, based on ROA, and the green financing portfolio and C_{O2} emissions in the transportation industry. The research gathered information on the financial statements of Bank Mandiri and provided information on the FP measures as well as C_{O2} emission data during the given period. The study was based on a regression methodology and purposive sampling, which was used to study a major state-owned bank, Bank Mandiri, in Indonesia.

The statistical analysis demonstrates that the growth in the number of green bonds issued since 2016 has been a major contributory factor to the growth of the green financing portfolio which, presents a positive causal relationship between the number of green bonds and the number of green financing. The research also demonstrated the

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role of investments in green technology and sustainable practices enabled by the green financing portfolio in minimizing emissions of C_{O2} in the transportation industry. These results implied that green bonds can be a sustainable source of funds to reduce the environmental cost of the transportation activities. Nevertheless, there is a contextual gap because the research is grounded on the Indonesian situation that might not be the best to reflect on the specifics of the environmental, economic, and regulatory issues in Kenya.

Similarly, Zhou and Cui (2019) probed the effects of green bond issues on Chinese listed companies, namely, the effects on stock prices, FP, capacity for innovation and CSR. The research used data on 144 green bonds issued by 70 companies between 2016 and 2019, collected from the Wind database, including green corporate bonds, enterprise bonds, and financial bonds issued on different Chinese stock markets and among themselves. The empirical test involves the Propensity Score Matching (PSM) and Difference-in-Differences (DID) methods in evaluating the results. The findings show that the news of the issue of green bonds has a positive influence on the stock price, profitability, the efficiency of operations, and innovation potential.

Furthermore, the issuance of green bonds is observed to enhance CSR operations, which leads to environmental betterment and value generation and helps to attract investors. The study noted that the green bonds' positive impact is not limited to financial benefits, which encourages universal corporate sustainability objectives. The study, however, recognizes certain methodological weaknesses that include the brief duration of the study and the small sample size, which may compromise the accuracy of the findings. The findings also affirmed that the criteria of the green bond indexes in

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China are not the same as the international requirements; hence, it is hoped that gaps in future research may be addressed once the market becomes more mature.

An in-depth investigation by Zhou and Cui (2019) analyzed the impact of issuing green bonds on Chinese listed companies in Asia based on the propensity score matching and DiD approach, and focused on the change in stock prices, financial performance, innovation capacity, and corporate social responsibility. Data on 144 green bonds issued by 70 companies from 2016 to 2019 used in the study were obtained through the Wind database, containing green corporate, enterprise and financial bonds issued on different Chinese stock exchanges and interbank markets. The empirical results indicate that green bond issuance announcements have a positive effect on stock prices, profitability, operation, and innovation ability. Green bonds also boosted CSR operations, which led to environmental improvement and value creation in addition to attracting investors. The paper has highlighted that green bonds have more than just financial returns in terms of their contribution to the overall corporate sustainability agenda. Nevertheless, the short timeframe and the rather small amount of the sample size can impact the accuracy of the findings owing to the methodological constraints. Furthermore, the study indicated inconsistencies between the green bond standards in China and international standards thus; future studies are needed to tackle the gaps since the market continues to take a new shape.

On the other hand, Liao et al. (2024) study offers an empirical investigation of how, in multinational enterprises operating in China's energy and manufacturing industries, green environmental policies, CSR, and FP relate to each other. Using stakeholder theory, the study shows that green environmental policies, including energy management, waste management, green procurement, and carbon footprint reduction,

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have a positive effect on FP. Moreover, CSR acts as a moderator, which enhances this relationship, meaning that businesses that are committed to sustainable activities are more likely to have better FP. The analysis of the study was carried out on a sample of 743 responses and analyzed with the help of SEM. Despite the fact that the findings provide valuable information, the study exhibited a methodological gap, such as the use of a convenience sampling method despite the study population being relatively small.

In addition to this, Li (2021) also investigated the relationship between CSR and the cost of debt capital in pollution-intensive firms in China with a specific focus on the modulating effect of the Green Financial System Guidelines that were introduced in 2016. The study uses a sample of publicly listed companies between the year 2014 and 2019 to show that companies that have high CSR scores across the following dimensions, which include shareholders, employees, suppliers, customers, the environment, and the community, are more likely to incur a lower cost of debt, mainly because of less information asymmetry and business risk. Financial System Guidelines also boost this relationship because they promote the development of green credit that will increase the capacity of CSR to reduce the cost of borrowing. The research applied the DiD method, Heckman 2-stage and propensity score matching techniques to overcome the problem of endogeneity, which gives strong support that CSR has a positive impact on the financial situation of firms. Nonetheless, as this research demonstrates the importance of CSR and green financial policies in China, it is necessary to mention that the situation in Kenya is quite different. The regulatory environment, financial system, and the degree of adoption of green policies in Kenya might have some different dynamics in the impact of CSR to debt financing cost which implies that there is a contextual gap between the Kenyan environment and other regions that need further investigation of the Kenyan environment.

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Similarly, Han et al. (2024) study is a comprehensive empirical report of the effects of green financing and renewable energy in improving environmental sustainability reputation among BICST economies (Brazil, India, China, South Africa, and Turkey) between 2000 and 2021. The research evaluates the nexus between the variables in green finance, the use of renewable energy, and C_{O2} emissions using the approach of quantile regression with GDP per capita, urbanization, and electricity access as control variables. The results indicate that both green financing and renewable energy play a significant role in alleviating C_{O2} emissions, thus highlighting their key function in the fight against environmental degradation, and, by extension, in general reputation.

Nonetheless, the researchers have found that urbanization and economic development are the factors which contribute to a rise in emissions, and that the relationship between urbanization and environmental sustainability is one of trade-offs. It is important to note that access to electricity is identified as influencing environmental outcomes in a positive way, which reflects the influence of electricity in facilitating the adoption of clean energy. The methodology used to conduct the research was rigorous, and the validity of the results was ensured by using strong data collected from credible sources such as the World Development Indicators and the latest global databases. The article used green financing as an indicator of international financial flows in favour of clean energy R&D, which is consistent with the latest literature, but there was a gap in conceptual clarity. It is observed that other proxies of green (green bonds and green securities) might give additional information, and there is a need to conduct another research to determine the consistency of the results of these proxies.

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2.4.4 Green Financing, Corporate Reputation and Firm Performance

The relationship nexus among green financing, corporate reputation, and FP has attracted growing scholarly attention in recent years. Green financing, through mechanisms such as green bonds, sustainable lending, and environmentally responsible investments, enables firms to support environmental sustainability initiatives while signalling their commitment to responsible business practices. These sustainability-oriented financial strategies often enhance a firm's corporate reputation by strengthening stakeholders' perceptions of its environmental responsibility, transparency, and ethical conduct. A positive corporate reputation, in turn, can improve stakeholder trust, attract investment, and strengthen customer loyalty, which ultimately contributes to improved FP. Consequently, corporate reputation is increasingly recognized as an important mediating mechanism through which green financing initiatives translate into enhanced financial and non-financial performance outcomes. The following section reviews empirical studies that examine the relationships among green financing, corporate reputation, and FP.

A comprehensive inquiry by Xi et al. (2021) explored how green credit and green reputation affect the FP of 19 Chinese listed banks in the period between 2008 and 2017. There is a direct relationship between green credit and FP, which is expressed by the green credit ratio (green credit balance/total loan balance) in terms of ROA and ROE. Green reputation, which is measured through good media reports, mediates this relationship by increasing the impact of green credit on FP. The sources of data were annual reports, CSR disclosures and regulatory filings. The findings, with the aid of regression analysis, affirmed the mediating role of green reputation on the link between green credit and FP.

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The lack of a large sample, inconsistency in the disclosure of the data, and difficulty in accurately measuring the green reputation also create a methodological gap in the study that can undermine the generalizability of the results. Furthermore, there is a conceptual gap in defining and measuring green reputation, which needs to be improved to promote empirical measures. The presence of a contextual gap can also be observed since the green bond criteria in China are not aligned with international standards, and it is evident that future studies should look at how different regulatory frameworks shape the success of green finance in different markets.

In a similar context, Qian and Yu (2024) empirical investigation provide valuable insights on the correlation between green financing (green bonds, green investments and green loans) and ESG performance based on the Green Financial System Guidelines in China. The research principally applied a DiD estimation design and found that green financing enhances ESG performance by alleviating financing constraints, especially in companies that have better internal and external governance. The study nevertheless has a weakness in its theoretical gap since it relied heavily on agency theory, which mainly addresses the conflicts between shareholders and managers and does not fully describe why various firms with different governance structures react differently to green financing policies. Although the study confirms the positive effect of green financing on the performance of ESG, it is not conducted in an integrated theoretical framework that takes into consideration Stakeholder Theory or the Resource-Based View, which would further elucidate how external pressure, firm resources, and the expectations of stakeholders influence ESG performance.

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Furthermore, Gulzar et al. (2024) performed empirical research with a mixture of the hybrid Fuzzy Analytic Hierarchy Process (FAHP) and Fuzzy VIKOR designs. The research focused on the combination of green banking principles and environmental performance in the renewable energy sector in China, which is a key factor in the shift to the low-carbon economy. The socioeconomic development, environmental protection, and engagement with the stakeholders were seen as the crucial aspects of CSR in the FAHP. Meanwhile, the FVIKOR approach highlighted the role of such strategies as innovative financing mechanisms, green bonds and green banks in the mobilization of resources in renewable energy projects.

Using secondary sources in the industry reports and stakeholder analyses, the study uncovered that green banking programs play a great role in improving environmental sustainability and aligning the financial sector with the sustainable development agenda. Although the study offered good insights, it suggested that future research include corporate reputation as a mediator to determine how the perceived reputation of a firm affects the effectiveness of green banking practices and their effects on environmental performance, to fill gaps in strategic and operational frameworks.

A study by Chen et al. (2023) surveyed how the issuance of green bonds affects the ESG performance, with a staggered DiD model. The research paper is anchored on a sample of A-share listed companies in China from 2012 to 2020, where 15 green bonds were issued in the years 2016 to 2020. The results show that the issuance of green bonds has a positive effect on ESG performance, primarily by working through the internal attention effect, defined by executive environmental awareness, and the external supervision effect, defined by media coverage.

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The research concluded that larger corporations, those that obtain greater government subsidies, or those organizations that have executive staff with environmental experience adopt stronger positive impacts. Moreover, the issuance of green bonds was associated with the better valuation of the firms. Although the study provides meaningful information on the role of green finance in the achievement of ESG, it is geographically confined to China, and its results might not have any direct implications for other countries such as Kenya. Kenya, being a developing economy, is still at the initial stages of adoption of the concept of green financing, and it has a less well-developed green bond market and established ESG reporting standards relative to China. The variations highlight the importance of locally oriented research in order to determine the impact of green finance projects such as green bonds on the performance of ESG in the Kenyan socio-economic and regulatory environment.

In the same fashion, Baltas and Mann (2024) report an empirical evaluation of the performance of four green bond indices, including iShare Green Index, Bloomberg Green Index, iShare USD Green Index, and S&P Green Index. These indices were chosen because they are the most prominent and their evaluation criteria were well defined and subject to the International Capital Market Association Green Bond Principles. The criteria included the utilization of proceeds, project evaluation procedures, fund management and continuous environmental performance reporting. The indices include mostly fixed-income securities of investment-grade credit quality, and they are a diversified combination of various geographical markets, such as the European Union, the USA, China, and Australia. The data analysis was done using major financial models such as the capital asset pricing model, the Fama-French 5-factor model, and the Sortino ratio in order to statistically establish the performance of

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the green bond indices. These models were selected to give a more sophisticated and refined look into the performance of green bond indices as opposed to other studies.

The findings also showed that the performance of green bond indices is not better than the general market when other factors besides market returns are taken into account, and the performance of the index is largely influenced by external factors such as Brent crude oil prices. The study also established a linear cause-and-effect relationship between the returns of the Title Transfer Facility and the returns of the green bond index, which is a big contribution to the body of literature on the performance and causal relation of green bonds. Moreover, the authors note changes in such relationships in the COVID-19 era, which underscores the dynamics of changing the performance of green bonds in a time of uncertainty in the world. Theoretically, the research ignores non-financial motivations for green bond investment, including investor sentiment and policy factors, which may provide a more comprehensive perspective of green bond performance. As a result, the analysis fails to examine how regional regulatory variations affect the performance of green bonds, and this makes the generalizability of the research to various financial markets more restricted.

Based on panel data from 283 prefecture-level cities in China, between 2011 and 2020, the study by Fan and Zhang (2024) investigated the economic implications of green finance, namely, its growth and crowding-out implications. The scholars utilized the difference-in-differences approach and a quasi-natural experiment that relied on the green finance innovation and Reform Pilot Zone that was carried out in 2017 to determine the effectiveness of the green finance policies. The analysis highlighted that green investment, specifically green finance affects economic growth (GDP) positively by contributing to the allocation of resources and technological advancement and

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crowds out the role of the heavy-polluting sectors. Nevertheless, the study exhibits a temporal methodological gap because the analysis relied on data covering the period 2011–2020, which may not fully capture more recent developments in green finance policies, technological advancements, and sustainability initiatives that have emerged after 2020. Consequently, the findings may not reflect the current dynamics of green finance and its broader performance implications, highlighting the need for more recent empirical investigations to provide updated evidence on the relationship between green finance and economic performance.

In their study, Kharb et al. (2024) examined the relationships between green financing, foreign direct investment (FDI), financial development, green technology innovation, and environmental sustainability in developing economies including India, Sri Lanka, Bhutan, Nepal, and Pakistan. Using fixed and random effects models with robustness checks, the study found that green financing plays a significant role in promoting green technology innovation, which in turn enhances environmental sustainability by supporting renewable energy consumption and reducing greenhouse gas emissions. The findings also revealed a positive linkage between FDI inflows (as a % of GDP) and carbon emissions, supporting the pollution haven hypothesis and highlighting potential environmental costs associated with FDI. Moreover, financial development, measured via domestic credit to the private sector and green technology innovation were identified as important drivers of sustainability outcomes. However, the study displayed a conceptual gap because it primarily focuses on macroeconomic environmental sustainability indicators while overlooking firm-level outcomes such as corporate reputation and firm performance, limiting understanding of how green financing initiatives translate into organizational performance outcomes.

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The GMM technique adopted by Ben Belgacem et al. (2023) was used to investigate the relationship between green finance, low-carbon energy transitions, and economic growth in encouraging environmental investments in the emerging Asian economy through the years 2000- 2021 in China, India, Indonesia and Malaysia. The study had good empirical support that the process of green financing, such as green bonds and green credit activities, can help greatly increase the number of environmental investments, which include renewable energy projects and eco-innovation projects. The results suggested that economic growth, cuts in C_{O2} emissions, and green financing all provide a favourable environment for the realization of sustainable development objectives and the shift towards low-carbon energy systems. Using the information provided in the World Development Indicators, Environmental Statistical Analysis Index, the research sheds light upon the fact that green financing operations can reduce the development pressure of global warming, promote eco-innovation, and guarantee efficient ecological investments. The findings are also indicative of the fact that the emerging economies have effectively put in place measures aimed at synergising green initiatives and limiting carbon emissions.

Furthermore, the study indicates that it is necessary to intensify green financing, low-carbon practices, and economic recovery to attain sustainability in the environment. Nevertheless, the research does not target certain geographic locations other than the chosen economies of Asia. This is the gap that shows the importance of similar research in other areas, including the commercial banks of Kenya, to determine the impacts of green finance, low-carbon energy transitions, and economic growth on environmental investing in different economic and regulatory settings.

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An empirical inquiry by Gao et al. (2024) probed how the policy of green finance reform and innovation pilot (GFRIP) in China influenced corporate ESG performance by utilizing a quasi-natural experiment structure. Based on the findings of A-share listed firms in the period 2012-2020, the researchers obtained evidence of a high level of improvement in ESG performance in the pilot areas after the adoption of the GFRIP policy. These results were supported by robustness tests, such as propensity score matching and placebo tests. The study emphasized that the GFRIP policy positively impacts ESG performance by improving financing limitations, raising green investments, and managerial green cognition.

The study likewise revealed that this effect is increased by external implementation of environmental regulations and an increased awareness of the environmental by management. The research method utilized was DiD model, which conceptualizes ESG performance as a nine-point assessment scale taken by the China Securities ESG system. The mediating variables, such as financing constraints, green investment, and executive green cognition, were precisely measured through the proxies set by previous studies, such as the SA index of financing constraints and the frequency of keywords in corporate reports of green cognition. However, the study presents a geographic contextual gap because it focuses solely on Chinese firms within pilot areas, limiting its applicability to other contexts such as commercial banks in Kenya. Differences in regulatory frameworks, institutional environments, and industry characteristics mean that the effects of green finance policies on ESG performance in Kenyan banks may differ.

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2.4.5 Green Financing, Corporate Social Responsibility, Corporate Reputation and Firm Performance

The linkage between green financing, CSR, corporate reputation, and FP has gained increasing scholarly attention, particularly regarding the serial or sequential mediation effects among these variables. Green financing practices, such as green bonds, sustainable loans, and environmentally responsible investments, not only advance a firm's environmental objectives but also influence its CSR initiatives. In turn, these CSR activities enhance the firm's corporate reputation by improving stakeholder perceptions, fostering customer loyalty, and strengthening investor trust. This sequential relationship suggests that green financing indirectly contributes to improved firm performance through its positive effects on CSR and the subsequent enhancement of corporate reputation. The following empirical review examines studies that explore these interconnected relationships, highlighting how green financing initiatives translate into organizational-level outcomes across diverse settings.

To begin with, Alay et al. (2024) examined the link between green business ethics, green finance, and sustainable business performance, with a focus on the mediating role of CSR. The study was conducted in Turkiye, involving 427 white-collar employees from major organizations across different industries, sampled through a convenience sampling approach. Green financing was quantified using a 5-item scale developed by Afzal et al. (2020) focusing on sustainable financial practices; CSR was measured on a 5-item scale capturing corporate social, ethical, and environmental responsibility activities; and sustainable business performance was assessed using a 20-item scale by Fernando et al. (2020), covering environmental impact, profitability, and long-term growth. SEM was employed to examine the relationships among the variables, and the results indicated that green business ethics and green financing significantly influence

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CSR, which in turn enhances sustainable business performance. Nevertheless, the study displays a sector-specific gap because it focused on employees in prestigious firms across general industries, without examining specific sectors such as banking, manufacturing, or services. This limits the applicability of the findings to particular industries where the dynamics of green financing, CSR, and sustainable performance may differ, highlighting the need for future research in sector-specific contexts.

Similarly, in Asia, Deb et al. (2024) studied a complex relationship between green financing, green tax, CSR, corporate image, and FP in Bangladesh and employed a robust PLS-SEM model to probe this phenomenon. The study conceptualized green financing based on indicators such as investments in renewable energy, stable business loans, and green infrastructure, and the green tax was measured based on incentives for environmentally friendly practices and penalties for non-adherence. CSR was assessed in the context of its contribution to the employees (training and welfare programs), customers (product responsibility and engagement), and communities (social investments and environmental restoration activities). Corporate image was measured in terms of customer perceptions of ethical behaviour, environmental responsibility and brand loyalty and performance was measured through both financial (profitability and market share) and non-financial (stakeholder satisfaction and operational sustainability) measures.

The results revealed the interdependence of these variables in the sense that CSR, which is promoted by green financing and the green tax, improves corporate image and ultimately leads to the attainment of improved FP. By combining the use of green financing practices and environmentally oriented taxation policies with each other, companies enhance their CSR promises and establish a constructive corporate image

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that appeals to stakeholders, thus gaining improved operational and financial performance. Irrespective of these inputs, the study had a contextual gap in that it is mainly concentrated on Bangladesh, an emerging market with unique socio economic and regulatory structures and not on how these relations can vary in other markets like Sub-Saharan Africa.

Moreover, Indriastuti et al. (2021) probed how green investment and CSR investment contribute to sustainable performance based on the concept of triple bottom line that includes people, planet, and profit. The research measured green investment using measures such as energy efficiency projects, the adoption of renewable energy and control of pollution. Community development programs, employee welfare programs, and philanthropic activities were used to measure the CSR investment. Green performance was determined by measuring environmental impact, social responsibility reports, and profitability.

The estimation results suggested that green investments and CSR investments certainly affect financial and sustainable performance. This implies that companies that are keen on such initiatives have higher chances of succeeding on a long-term scale and portray environmental stewardship. Nevertheless, the research also indicated that financial performance did not have a noteworthy impact on sustainable performance and mediated between green investments, CSR investments and sustainable performance. This means that financial results are significant, but they are not the only motivation for sustainability efforts.

The researchers suggested that the process of corporate reputation mediation should be investigated in future studies to have deeper insights into the indirect impact of green and CSR investments on sustainable performance. It is noteworthy that the results of

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the conducted study are applicable to manufacturing firms listed on the Indonesia Stock Exchange in 2016-2019. This is a contextual weakness since the findings might not be applicable to other departments or geographical areas, and further research is required in different geographical and industrial settings.

Moreover, Indriastuti et al. (2021) investigated how green investment and CSR investment contribute to sustainable performance, drawing on the triple bottom-line framework of people, planet, and profit. Green investment was measured using indicators such as energy efficiency projects, adoption of renewable energy, and pollution control, while CSR investment was assessed through community development programs, employee welfare initiatives, and philanthropic activities. Sustainable performance was evaluated by measuring environmental impact, social responsibility reporting, and profitability. The results indicated that both green and CSR investments positively influence financial and sustainable performance, suggesting that firms committed to these initiatives are more likely to achieve long-term success and demonstrate environmental stewardship.

However, financial performance was found to have a limited mediating effect between green/CSR investments and sustainable performance, indicating that sustainability efforts are driven by broader motivations beyond immediate financial gains. The researchers recommended that future studies explore the mediating role of corporate reputation to better understand the indirect effects of green and CSR investments on sustainable performance. Nevertheless, the study presents a contextual gap, as it focused solely on manufacturing firms listed on the Indonesia Stock Exchange between 2016 and 2019. This limits the generalizability of the findings to other industries,

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sectors, or geographic regions, highlighting the need for research in diverse industrial and national contexts.

Likewise, Xiliang et al. (2023) inspected the effects of CSR, green finance, and ICT on the financial performance of the steel industry in China, with perceived organizational support as a moderating variable. The study gathered primary data through questionnaires from 290 employees in the Chinese steel sector. FP was measured using a 5-item scale, while CSR, green finance, and ICT were operationalized as multidimensional constructs to capture their various impacts on firm outcomes. CSR indicators included community welfare, employee engagement, and environmental conservation initiatives; green finance focused on environmentally sustainable investments; and ICT captured technology adoption and process improvements.

The findings revealed that CSR, green finance, and ICT positively influence financial performance, with perceived organizational support strengthening the effects of CSR and ICT on firm outcomes. However, the study highlighted a sector-specific contextual gap, as it focuses exclusively on the steel industry in China, limiting the generalizability of the results to other industries or geographic contexts. This underscores the need for further research in different sectors, such as commercial banking in Kenya, to assess how these variables influence FP across diverse industry settings.

Moreover, Peng and Chen (2023) conducted an empirical study in the context of the Chinese renewable energy industry, aimed at exploring the effect of CSR and green financing strategies on sustainable development. The authors conducted the study on companies that operate in this industry, and the sample size used was 150 renewable energy companies that were chosen using stratified random sampling. CSR was determined via community engagement indicators, environmental programs and

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employee welfare, whereas green financing strategies were determined through financial allocations to green projects, adherence to green bonds and environmental risk management. Sustainable development was measured in a composite index that includes economic, environmental, and social performance measures.

The research used SEM as an estimation tool, which ensured strong estimation of the relationships between variables. The results showed that CSR and green finance have substantial impacts in ensuring sustainable development through the improvement of environmental performance and financial performance. CSR was also identified as enhancing corporate image and stakeholders' trust, whereas GF was offering critical financing for environmentally sustainable initiatives. In spite of these revelations, the study also considered that corporate image has not been used as a mediator, and thus it further indicated that future studies need to examine how corporate image can be used to explain the overall effect of CSR and green financing on sustainable development. The gap underlines the necessity of a more complicated interpretation of the mechanisms underlying such relationships.

By applying the SEM method, a study by Bashir (2022) tested the connection between CSR and FP in India, using such important variables as corporate reputation, advertising intensity, and market competition. The research used CSR intensity, which was the ratio of CSR spending by a firm to the operating profits of the prior year. Corporate reputation was measured using rankings from Indian sources, including Fortune India 500, Business Standard 1,000, and Economic Times 500, and a standardized reputation rank was created through nonlinear principal component analysis. The intensity of advertisement was measured by taking the ratio of advertising expenditure to the

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operating expenditure, and the market competition was measured in terms of the Herfindahl-Hirschman Index (HHI), which shows the degree of market concentration.

The FP was compared in terms of return on capital employed, net profit ratio and market-to-book ratio. The outcome showed a positive association between CSR expenditure and the reputation of a corporation but did not establish any direct relationship between corporate reputation and FP, which means that having a good corporate reputation may not always result in good FP. The investigation also demonstrated that competition is not a major factor that could affect the corporate reputation-FP linkage because well-reputed corporations are still performing well even in a highly competitive environment. Moreover, the intensity of advertising was observed to be a very important moderating variable, which amplifies the relationship between CSR intensity and corporate reputation. Nevertheless, the study displays a conceptual gap because it primarily focuses on CSR expenditure and corporate reputation without incorporating other sustainability-oriented financial mechanisms such as green financing that are increasingly recognized as drivers of both corporate reputation and firm performance. This limits a comprehensive understanding of how environmentally oriented financial strategies interact with CSR and reputation to influence FP, highlighting the need for further research integrating green financing within this relationship.

A cross-country analysis by Pham and Tran (2020) scrutinized the mediating effect of corporate reputation and the moderating effect of CEO integrity in the connection between CSR disclosure and FP using a panel regression with data from 3,588 firm-years of 833 publicly traded firms in 31 countries listed in the FMAC between 2005 and 2011. The research concluded that CSR disclosure has a meaningful effect on

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corporate reputation, which subsequently has a positive effect on FP as reflected by ROE and Tobin's values. Furthermore, the integrity of the CEOs enhances the association between the disclosure and acceptance of CSR and reputation, and consequently FP. Nevertheless, the study highlights a conceptual gap because it focuses mainly on CSR disclosure while overlooking emerging sustainability financing mechanisms such as green financing. This limit understanding of how green financing initiatives interact with corporate reputation to influence FP.

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Table 2: *Summary of Empirical Literature*

Author	Study Focus	Methodology	Findings	Research Gaps	Addressing Gaps
Li and Lin (2024)	Influence of green financing on FP of environmentally responsible enterprises in China	GMM for estimation	Strong positive correlation between green financing and FP, with R&D innovation as a critical mediator.	Narrow focus on large, publicly traded firms; excludes smaller or unlisted firms.	The current study expanded the research to include both publicly traded and smaller, unlisted firms in Kenya.
Wei et al. (2023)	Effect of corporate green bond issuance on firm-level carbon performance in China	Economic Input–Output life cycle assessment	Green bond issuance did not significantly improve carbon performance; external factors like regulations influenced the relationship.	Absence of a comprehensive framework incorporating mediators like CSR or corporate reputation.	The current study developed a comprehensive framework that includes mediators like CSR and corporate reputation, exploring their role in enhancing the relationship between green financing and FP in Kenya.
Mangwa and Jagongo (2022)	Influence of GF on FP of listed commercial banks in Kenya	Desktop research methodology, synthesizing data from credible sources	Positive significant linkage between GF and FP.	Limited focus on the context of Kenya; findings may not apply to other regions like Bangladesh due to differing regulatory environments.	The current study addressed regional differences by focusing specifically on Kenya's regulatory environment and economic context, enriching the understanding of green financing influence on FP in this market.
Yeow and Ng (2022)	Impact of green bonds on corporate environmental and operational performance	Propensity score matching and difference-in-difference methods, comparing green and conventional bond issuers	Green bonds significantly enhance environmental performance, especially when third-party certified, but do not impact operational performance.	Focused only on environmental performance; no exploration of social or economic impacts.	The current study explored a holistic approach to green bonds, including social and economic impacts, to provide a more comprehensive analysis of their effectiveness in enhancing FP.
Etikan	Relationship between	Desktop research	Strong positive	Exclusive reliance on	The current study

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Author	Study Focus	Methodology	Findings	Research Gaps	Addressing Gaps
(2023)	CSR (ESG dimensions) and organizational reputation	methodology, reviewing existing literature	correlation between CSR efforts (environmental initiatives, ethical practices) and favorable stakeholder perceptions.	secondary data from existing literature; lacks primary data collection.	incorporated primary data collection methods, such as surveys and case studies, to offer direct, context-specific insights into CSR's impact on reputation in Kenya's context.
Xu et al. (2021)	Relationship between CSR and corporate reputation in US firms, focusing on boundary conditions	Longitudinal study using data from Fortune's Most Admired Companies (FMAC), with random effects models	CSR-CR relationship stronger in firms led by liberal CEOs or headquartered in liberal states, with political ideologies moderating the relationship.	Focused only on US firms, without considering international firms or varying societal and political contexts.	The current study expanded the scope by including firms from Kenya and other African countries, considering cultural, societal, and political differences that influence CSR and corporate reputation dynamics.
Baruah and Panda (2022)	Relationship between CSR and corporate reputation among top 100 companies in India	Regression analysis using CSR disclosures and reputational scores from public and stakeholder perceptions	No significant impact of CSR disclosures on reputational scores, challenging the idea that CSR enhances credibility and stakeholder perception.	Lack of industry-specific analysis (e.g., banking sector); focused solely on India.	The current study conducted industry-specific analysis within Kenya's banking sector, focusing on how the distinct economic, regulatory, and societal factors shape CSR and corporate reputation relationships.
Ye & Dela (2023)	Influence of green investment and green financing on sustainable business performance in Indonesia's foreign chemical industries, focusing on CSR as a mediator	Quantitative methodology, primary data via structured questionnaires, SEM using Smart-PLS	Green investments and GF positively affect CSR and sustainable performance, with CSR mediating these relationships.	Limited to foreign chemical industries in Indonesia; CSR as the sole mediator.	The current study explored the CSR- green financing -sustainable performance relationship in Kenya's banking sector and incorporate additional mediators, such as green innovation, to broaden understanding.

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Author	Study Focus	Methodology	Findings	Research Gaps	Addressing Gaps
Awawdeh et al. (2023)	Role of green financing and CSR in enhancing technological innovation and environmental performance in Egypt's energy sector during COVID-19	PLS-SEM, sample of 175 employees categorized by demographics	Technological innovation positively influences environmental and corporate performance; green financing enhances environmental outcomes. CSR has limited direct impact on environmental performance.	Ambiguous definitions of green financing and CSR, with inconsistent usage of key concepts.	The current study provides clearer definitions of green financing and CSR, and establish a conceptual framework to examine their combined effect on performance in Kenya's banking sector.
Wu & Liu (2024)	Impact of green financing through green investments on CSR and environmental performance in Chinese industries	Baseline regression, DiD methodology, analysis of 40 Chinese industries from 2010-2020	Industries with access to green financing show significant improvements in CSR and environmental performance.	Focus on Chinese industries, overlooking the effects of green financing in other geographic regions (e.g., Kenya).	The current study extended the analysis to Kenya's banking sector, offering a comparison of how green financing affects CSR and environmental performance in an emerging market context.
Dai et al. (2022)	Effects of CSR and green financing on environmental performance in banks in Bangladesh, with green innovation as a mediator	SEM analysis of data from 357 bankers in Bangladesh	CSR positively influences green innovation and environmental performance, with green innovation fully mediating the relationship between CSR, green financing, and environmental performance.	Focus on Bangladesh, limiting the generalizability of findings to other emerging markets.	The current study expanded the investigation to Kenya's banking sector, examining the role of green innovation in mediating the relationship between CSR, green financing, and environmental performance in a different emerging market.
Xi et al. (2021)	Role of green credit and green reputation in shaping the financial	Data from annual reports, CSR disclosures, and	Green credit positively impacts financial performance, with green	Small sample size, inconsistent data disclosure, challenges in	The current study expanded the sample size, ensure consistent data collection

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Author	Study Focus	Methodology	Findings	Research Gaps	Addressing Gaps
	performance of listed banks in China	regulatory filings, using ROA and ROE as FP indicators	reputation enhancing the effect of green credit.	measuring green reputation; conceptual and contextual gaps regarding green reputation and regulatory differences in green finance standards.	from Kenya's banking sector, and standardize the measurement of green reputation. It also addresses varying regulatory frameworks in emerging markets like Kenya.
Qian & Yu (2024)	Relationship between green finance and ESG performance in China's Green Financial System	Difference-in-differences design, analysis of green bonds, green investments, and green loans	Green financing improves ESG performance by reducing financing constraints, especially in firms with strong governance.	Overreliance on agency theory, lack of an integrated theoretical approach, and insufficient explanation of governance differences.	The current study used an integrated theoretical framework, incorporating Institutional theory, stakeholder theory, and Resource-Based View to explore how different governance structures in Kenya influence green finance outcomes.
Gulzar et al. (2024)	Integration of green banking practices and environmental performance in China's renewable energy sector	Hybrid FAHP and FVIKOR methodologies, secondary data from industry reports and stakeholder analyses	Green banking practices enhance environmental sustainability and align the financial sector with sustainable development goals.	Lack of incorporation of corporate reputation as a mediator to enhance understanding of green banking's effectiveness.	The current study integrated corporate reputation as a mediator in examining how green banking practices affect environmental performance in Kenya's banking sector.
Alay et al. (2024)	Relationship between green business ethics, green finance, CSR, and sustainable business performance in Türkiye	SEM, data from 427 white-collar employees from leading institutions across industries	Green business ethics and green financing significantly influence CSR, which mediates sustainable business performance. Emphasizes the role of CSR in enhancing sustainability.	Narrow sample size from specific sectors in Türkiye, cross-sectional design limits long-term insights.	The current study expanded the sample to include diverse sectors in Kenya, addressing both cross-sectional and long-term effects, while also considering the broader African context.

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Author	Study Focus	Methodology	Findings	Research Gaps	Addressing Gaps
Deb et al. (2024)	Relationships between green finance, green tax, CSR, corporate image, and performance in Bangladesh	PLS-SEM, using indicators like renewable energy investments, sustainable business loans, eco-friendly infrastructure	GF and green tax foster CSR, which enhances corporate image and drives improved performance. Integration of green financing and tax strategies strengthens CSR and brand loyalty.	Contextual gap: The study focuses only on Bangladesh, not addressing how relationships may differ in other regions like Sub-Saharan Africa.	The current study explored the relationships between green financing, CSR, corporate image, and performance within the Sub-Saharan African context, particularly focusing on the regulatory frameworks and socio-economic differences.
Indriastuti et al. (2021)	Role of green investment and CSR investment on sustainable performance, focusing on the triple bottom line	Green investment measured via energy efficiency, renewable energy adoption, pollution control; CSR investment via community development, employee welfare	Green and CSR investments positively influence financial and sustainable performance, with an insignificant effect of financial performance on sustainability.	Contextual gap: Focus on manufacturing companies listed on the Indonesia Stock Exchange, limiting generalizability.	The current study broadened the scope to encompass various sectors in Kenya, considering the contextual and geographical diversity and examining the role of corporate reputation as a mediator in green and CSR investments.

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2.5 Conceptual Framework

The conceptual framework illustrates the relationships among green financing, CSR, corporate reputation, and FP. These variables collectively represent strategic initiatives aimed at enhancing organizational sustainability, accountability, and performance outcomes. The framework provides a basis for understanding how each variable influences the firm's ability to achieve its objectives while addressing broader societal and environmental goals.

Green financing is central to the framework and captures financial practices that promote environmentally sustainable initiatives. It includes green loans, which support renewable energy, sustainable agriculture, and other environmentally friendly projects. Measurement focuses on the provision of these loans, promotional activities, and the integration of sustainability criteria in loan approval processes. Green investments represent financial allocations to green bonds, sustainable equity funds, and initiatives aligned with environmental goals, measured by the extent of resources allocated and the alignment with strategic priorities. Carbon finance involves supporting carbon credit trading, greenhouse gas reduction projects, and initiatives to reduce carbon footprints, measured through participation levels and funding for related activities.

Climate finance encompasses funding for climate change mitigation and adaptation projects, with measurement criteria including the prioritization of climate initiatives and collaborations with stakeholders. Green mortgages involve tailored financial products for energy-efficient buildings, assessed based on their availability, customer uptake, and environmental impact evaluation. Green infrastructure finance reflects investments in projects like sustainable transportation and waste management, measured by the level of funding and prioritization of environmentally sound

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infrastructure. Green insurance addresses climate-related risks through tailored insurance products and policies incentivizing sustainable practices, measured by their alignment with environmental objectives.

CSR emphasizes the ethical, social, and environmental dimensions of the firm's operations. Environmental initiatives focus on policies to reduce environmental impact, such as waste reduction and adoption of clean energy technologies, measured by the implementation and effectiveness of these efforts. Community engagement captures the organization's involvement in programs that benefit society, including education and healthcare, measured by the scope and impact of such initiatives. Employee welfare encompasses ethical treatment, transparency, and adherence to laws, which are measured through employee feedback and audits. Diversity and inclusion reflect the organization's efforts to promote a balanced workforce and inclusive culture, measured by diversity metrics and related policy implementation.

Corporate reputation is a key indicator of stakeholder trust and public perception. Net Promoter Score captures customer loyalty and willingness to recommend the organization, reflecting satisfaction levels. Stakeholder perception is evaluated through responsiveness to customer needs, ethical business practices, and value placed on feedback, providing insights into the organization's relational dynamics. Awards and recognition highlight external accolades that validate the organization's achievements, measured by the alignment between awards and public perception. Social media sentiment analyzes public interactions and discussions about the organization on digital platforms, providing a real-time assessment of reputation.

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Furthermore, FP is measured using financial and non-financial indicators. ROA captures profitability relative to the organization's asset base, reflecting operational efficiency. Customer satisfaction is assessed through metrics like service quality, complaint resolution, and overall satisfaction with offerings. Employee satisfaction focuses on the work environment, professional growth opportunities, and work-life balance, measured through surveys and feedback mechanisms. Digital and technology adoption evaluates the organization's integration of technology to enhance operations and customer experiences, measured by reliability, usability, and the frequency of disruptions in digital services.

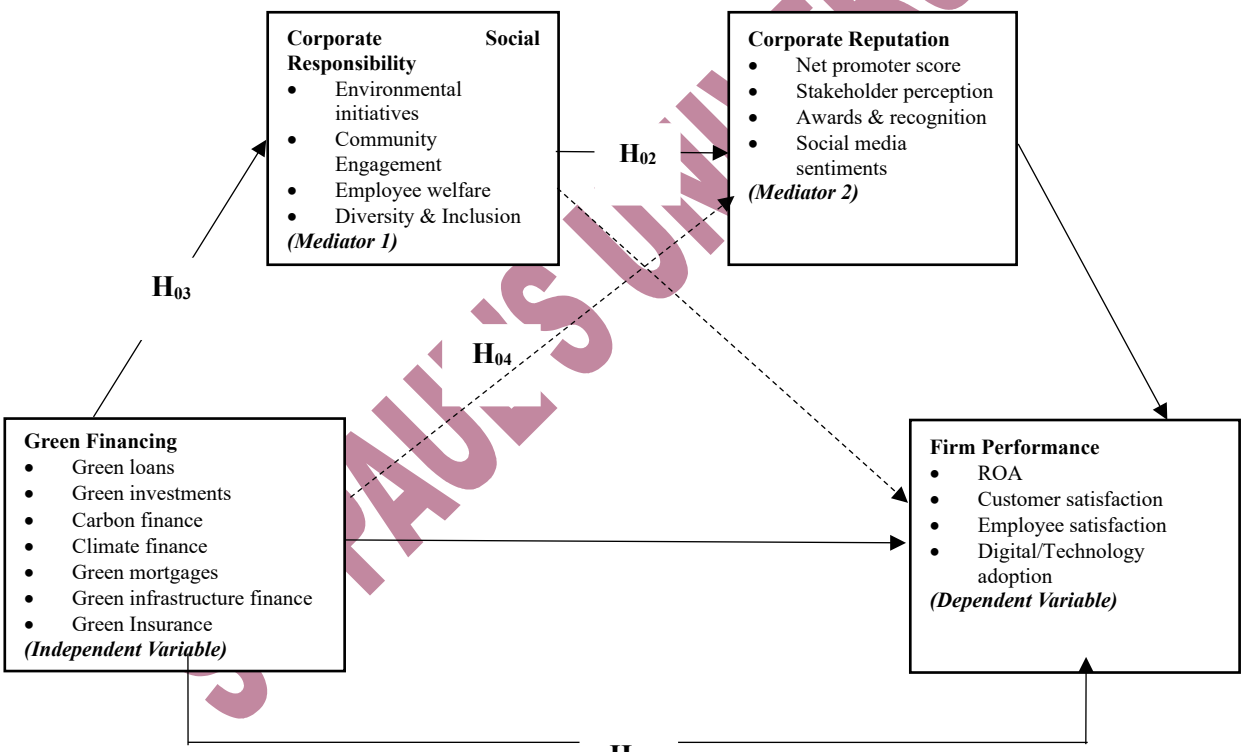


Figure 1: *Conceptual Model*

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This part summarizes the research approach taken in the study, and the research philosophy is discussed as a starting point. It presents the research design that meets the study objectives. The target population is delineated, and data collection methods are outlined in such a way that the validity and relevance of the collected information are assured. The tests carried out are validity and reliability tests to determine the strength of research instruments. The operationalization and measurement of the study variables are also presented in this section. It describes the empirical model to be utilized in hypothesis testing and the methods to be employed in the data analysis, including diagnostic tests of normality, multicollinearity, heteroskedasticity, and linearity. Finally, the ethical concerns are discussed, with the focus on the confidentiality, informed consent, and integrity of the process.

3.2 Research Philosophy

A research paradigm, also known as a research philosophy, is the framework on which the research process is based; the strategy for selecting the methodology, data collection, and analysis is determined. It demonstrates the implicit assumptions of the researcher concerning the nature of reality (ontology) and the nature of knowledge (epistemology), which further reflect in the conceptualization and same treatment of the research problem (Yin, 2023). The research philosophy adopted is very fundamental in ensuring internal consistency between the aims of the study, research method, and the methods used to analyze the data, which improves the credibility and rigor of the research (Creswell & Clark, 2023).

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A significant research paradigm for this study is positivism, which is based on natural sciences and presupposes that reality is objective, measurable, and it exists outside of the researcher. According to positivists, empirical observation and systematic investigation allow finding out the truth in an objective and credible manner (Yin, 2023). This method focuses on scientific procedures, logicality, and objectivity, as well as prioritizing a systematic approach where variables are manipulated, observations can be repeated, and results generalized (Saunders et al., 2019). Positivist research is normally undertaken through quantitative techniques such as surveys, experiments and statistical evaluation in order to determine the cause-and-effect relationship and also to determine the pattern in any social or natural occurrence. Positivism is a common solution when predicting and controlling outcomes are required, especially in psychology, finance, and management, where empirical evidence and generalization are the most valued aspects (Bell et al., 2022).

The ontological view of positivism holds that reality is objective and independent of the interpretation of man and that it constitutes objective facts that can be observed and measured without subjective interference (Creswell & Clark, 2023). This position contrasts with that of interpretivism, which views reality as a social construction and as influenced by human relationships. Positivists consider that knowledge arises out of factual evidence but not beliefs and thus aim to reveal general laws to govern phenomena (Saunders et al., 2019).

According to this positivist perspective, the researcher is expected to be unbiased in his or her research by not being dependent on the research subject and by generating replicable, reliable, and universal knowledge (Kothari & Garg, 2024). Positivism methodologically follows quantitative methodology of measuring, comparing and

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statistical analysis of the data. Structured surveys, controlled experiments, and statistical models are used to enhance the consistency and objectivity, which result in the predictability and applicability of the results in various contexts (Creswell & Creswell, 2023).

This research adopted positivism as the philosophy because it is consistent with finding quantifiable relations between certain variables. As the research aimed at testing the aspects that determine FP and thus green financing, CSR and corporate reputation, the structured and objective nature of positivism would be best for objective data collection, and analysis. The quantitative research techniques used make the findings reliable, replicable and applicable to analogous situations. Also, positivism promotes testing of hypotheses and causal study, which is important in creating practical information and enriching the current theories. The positivist paradigm is a solid base in such areas as finance, where conclusions and recommendations are required to be based on data (Saunders et al., 2019).

Moreover, this paradigm supports the objectivity, neutrality and scientific rigour of the study. The study lowers the bias of the researcher as the findings are reliable because the information is based on empirical evidence and statistical analysis. This also ensures that the conclusions obtained are valid and general, which can provide insight into the development of valuable policies. As a results, positivism provides a systematic and objective foundation for the examination of a certain phenomenon, which makes it the most appropriate option in terms of the research purposes and methodological needs of the research.

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3.3 Research Design

A research design is the backbone of a study as it guides all the stages of the study, including the collection of data, analysis, and interpretation (Kothari & Garg, 2024). The importance of research design is in organizing the study based on the correct and efficient answers to the research questions and, thus, the provision of proper, trustworthy, and significant results (Dane & Carhart, 2023). An adequate research design is essential since it matches the research processes with the purpose of the study, which allows examining relationships, causation, or description aspects in a systematic manner as necessary. Moreover, an appropriate design enables the attainment of actionable findings and minimizes bias, as well as increasing the applicability of the study. As an example, an adequately selected design enables researchers to identify the existence of the relationships, as well as the mechanisms of causal relations (Mangal & Mangal, 2021).

The explanatory research design was used to establish causal relationships and is therefore useful in research that attempts to offer an understanding of what causes the observed outcomes. This type of research explores why and how particular factors affect each other, in contrast to descriptive research, which can also confirm a hypothesis to establish causal or associative relationships between variables (Hammersley, 2022). Quantitative approaches are common in explanatory research, which involves the use of statistical analysis to reveal relationships and infer causation to bring about insights beyond observation (Saunders et al., 2019). In most cases, explanatory designs are relevant in supporting theory advancement and providing data-supported advice on managerial or policy choices. This methodology is especially useful when the theoretical models are proven using empirical evidence, producing practically useful results.

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As a result, an explanatory research design was relevant in this study since it is suitable given the aim to investigate the relationship among green financing, CSR, corporate reputation, and FP of commercial banks in Kenya. The design is most apposite in determining and quantifying the effects of green financing and CSR programs on corporate reputation, and subsequently, on bank performance. By concentrating on causal relationships, the research is able to produce data-driven insights explaining their role in causing success, particularly in the Kenyan banking sector, where sustainability and reputation are becoming vital (Blair et al., 2023).

Furthermore, explanatory design increases the rigour of the study as hypothesis testing is able to test causal relationships among the variables. The strength and direction of these relationships is measured using quantitative techniques such as SEM and regression analysis and therefore being useful in drawing actionable insights. In addition, explanatory design is very suitable in evaluating the effect of green financing on the bank performance with special consideration to CSR practices and corporate reputation. Since the constructs are measurable, this design guarantees objective as well as generalizable results that are valuable to both academic research and the banking industry in Kenya (Aguinis, 2024).

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3.4 Target Population

The target population essentially represents the complete group of people, organizations or entities a study aims in general to apply from findings and draw conclusions (Blair et al., 2023). A well-defined population will improve the accuracy, relevance, and general usability of the results (Creswell & Plano, 2023). The target population in this study consist of all 38 commercial banks in Kenya that have either adopted or implemented green financing and CSR programs. These banks belong to the financial

services sector, and they critically contribute to sustainable development by lending money responsibly with ecological considerations or other social-related actions. As their engagement in sustainability-oriented initiatives is focused on, they represent an appropriate population to explore the association between green financing, CSR practices and corporate reputation as a tangible assessment of FP.

The study targeted commercial banks as the unit of analysis because it aimed at understanding institutional-level practices and outcomes. In particular, the research study focused on organizational efforts (green financing; corporate CSR) affecting corporate reputation and its consequential performance of banks. Focusing on banks as entities allows the study to explore strategic sustainability practices and their effects on overall firm performance in the Kenyan banking sector.

The research focused on managers who handle green financing and CSR sustainability, corporate reputation and performance duties in the chosen commercial banks. This formed the unit of observation of the study. The managers handle sustainability initiatives from their development to their implementation and their progress tracking, which makes them the most knowledgeable about the bank's green financing and CSR operations. Their insights provide valuable information on how such practices are operationalized and how they influence corporate reputation and FP outcomes. The study used data from these respondents to create evidence-based practical insights which help banking industry stakeholders, policymakers, and managers improve sustainable finance practices and drive corporate success in the Kenyan banking sector (Silverman, 2023).

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3.5 Data Collection

Data collection is a crucial step in the research process since it involves obtaining applicable data on which the research questions are answered, and the purpose of the study is achieved. In this section, the sources of data, the data collection methods, and the data collection instruments are discussed.

3.5.1 Data Sources

In this study, the primary data were based on green financing, CSR, corporate reputation, and non-financial performance. The primary data were gathered by means of direct collection from managers in commercial banks in charge of these areas. The specific respondents were the people who participate in the decision-making procedures of the study variables. This practice enabled this study to obtain personal experiences of the practice in the banks and their perception about green financing, CSR, corporate reputation, and non-financial performance.

In order to gather primary data, a structured questionnaire containing closed-ended questions was developed. The five-point Likert scale was used in each question, allowing the respondents to respond to certain statements based on their agreement or disagreement. The closed-ended questions were related to different aspects of green financing and CSR initiatives, their relation to corporate reputation, and their perceived FP influence. This approach offers measurable information, and it can be analyzed statistically, giving a clear conclusion on the responses.

In addition, to determine financial performance, secondary data was collected. This entailed gathering quantitative information from the financial statements of the banks, such as income statements, balance sheets, and cash flow statements. These documents present past and present data regarding the main financial metric, ROA. Incorporation

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of secondary data allows for stronger analysis to determine the impact of green financing, CSR and corporate reputation initiatives on FP in the long run.

3.5.2 Data Collection Procedure

The data collection process was also ethical and in line with the relevant bodies such as the Institute of Scientific Ethical Research (ISERC) and National Commission of Science, Technology and Innovation (NACOSTI). Moreover, its cooperation with St. Paul's University increased the validity of the study and access to the required resources and contacts.

It started with the achievement of the ethical clearance, which guaranteed that the research was conducted in line with ethical standards, especially in terms of the consent of the participant and the confidentiality of data. After this, the research team made phone calls to the targeted commercial banks in order to seek their cooperation and involvement. Appropriate communication on the aim of the study, how the study was conducted and what contributions it would make to the area of sustainable finance was highlighted to influence participation.

After giving permission, the structured questionnaires were administered to the sampled managers via the internet or face-to-face, depending on the preferences and the availability of the respondents. The data collection phase required the researchers to help the participants clarify any questions they might have regarding the questionnaire and provide accurate and comprehensive responses.

The researchers reviewed the questionnaires after gathering them to ensure that the responses were complete and clear. The quality of the collected data was safeguarded by any missing or ambiguous responses which was addressed by means of a follow-up communication with the participants. Moreover, the secondary information was

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acquired by soliciting the required financial reports of the banks, where appropriate procedures should be followed in accessing and utilizing the data.

3.5.3 Data Collection Tool

A closed-ended structured questionnaire with closed-ended questions on a five-point Likert scale was the main data collection instrument. This scale enabled the respondents to describe their degree of agreement or disagreement with several statements regarding the topic of green financing, CSR, corporate reputation, and non-financial performance. Quantifying the attitudes and perceptions regarding these constructs was easy because of the closed-ended nature of the questions; hence, easy analysis of the findings was achieved through statistical means.

The questionnaire was divided into parts that revealed all key constructs of green financing, CSR, corporate reputation and non-financial performance. Simultaneously, secondary data on financial performance was collected using a data collection matrix to permit integration in a systematic way. This sheet captures pertinent financial measures based on the banks' financial statements, such as important ratios and figures that depict the financial performance trends of the banks. The data collection matrix was structured in a way that the information can be arranged in a systematic manner and later analysis can be performed with ease.

The research utilized both primary and secondary data collection methods to come up with a balanced analysis of the connections between green financing, CSR, corporate reputation, and FP. The combination of the quantitative data in the form of the closed-ended questionnaire with the secondary financial measures makes the analysis richer and helps to better understand the dynamics at play in the banking industry in Kenya.

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3.6 Validity and Reliability of Research Instruments

The validity and reliability of the research instruments play a significant role in determining the integrity and reliability of the findings of a study. Validity ensures that the instruments are measuring what they are intended to measure, whereas reliability is a factor that ensures that the measurements are consistent and stable over time.

3.6.1 Validity of Research Instruments

Validity of the research instrument is critical to ensure that the study findings are credible and generalizable (Yin, 2023). Validity denotes to how well the instrument measures construct that it is purported to measure, which in this case are green financing, CSR, corporate reputation and non-financial performance. In this study, several strategies were used to guarantee validity:

Face validity was the first consideration, which involves assessing whether the instrument appears, at face value, to measure the intended constructs. This was achieved by seeking feedback from experts in the field, who reviewed the questionnaire items to determine if they seem appropriate and relevant to the study's objectives. While face validity does not provide strong evidence of actual validity, it is an important initial step in the validation process.

To establish content validity, a thorough literature review was conducted. This review identified key components and indicators related to green financing, CSR, corporate reputation, and non-financial performance. Based on these findings, a questionnaire was developed to include items that accurately reflect the identified components. Additionally, expert feedback was sought to assess the relevance and clarity of the questionnaire items, ensuring they appropriately represent the constructs and are suitable for the target population.

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Moreover, construct validity was examined to ensure that the measurement items adequately reflect the theoretical constructs they were intended to assess. Construct validity assesses whether the instrument accurately represents the theoretical constructs grounded in existing literature. Construct validity was achieved by establishing the relationships between the nature of the study questionnaire items and prior literature on green financing, CSR, corporate reputation and non-financial performance

3.6.2 Reliability of Research Instruments

Reliability in research is central towards ensuring that the measurement instruments applied give consistent results that are stable over time. A very dependable tool makes the risk of random error very small and, thus, increases the credibility and the generalizability of the results (Aguinis, 2024). It is important to ensure that research tools are reliable in order to make valid and meaningful conclusions. The precision of the measurements also guarantees the fact that interrelationships between these constructs are accurately reflected, and theory and practical implications can be made robust (Salkind, 2021). Reliability tests also boost confidence in the study outcomes such that any observed effects were a result of actual relationships and not inconsistencies in measurement. This is especially necessary when working with constructs such as CSR and corporate reputation, which can have different interpretations and perceptions among different stakeholders.

In order to assess the internal consistency, the present study used Cronbach's Alpha as the main assessment strategy. Cronbach's Alpha measures the extent to which a number of items in a scale measure the same construct, with the responses being unified and in line. A high value of Cronbach's Alpha means that the items that are contained in each construct are correlated with each other and they are able to measure the desired

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concept. Traditionally, Cronbach's Alpha reaches 0.70 or more, which is regarded as an acceptable level: it means that the scale is reliable enough to be used in research. Considering the reliability coefficient is below this value, required changes could be done to improve the internal consistency like revising or eliminating poorly performing items.

3.7 Measurement of Study Variables

Measurement of the variables of the study is necessary to capture and analyze the relationship between key constructs accurately. In this case, the measures of variables (green financing, CSR, corporate reputation and FP) were done by a combination of Likert scale measurements and financial ratios. The tools offered a systematic and standardized method of measuring complex constructs.

The green financing was evaluated utilizing a plethora of metrics, such as green loans, green investments, carbon finance, climate finance, green mortgages, green infrastructure finance, and green insurance. All these elements were assessed through the Likert scale, which involves the degree to which the respondents agree or do not agree with the statements concerning environmentally sustainable financial practices. The Likert scale measures were designed to range between 1(Strongly Disagree) to 5(Strongly Agree), and the responses offered ordinal data that represented the degree of the agreement or disagreement. This solution guaranteed a holistic assessment of the level of commitment of the institution towards green financing as expressed by the perceptions of the customers and the institutional efforts.

On the other hand, CSR was modelled as a moderator and was embodied by the following dimensions environmental initiatives, community engagement, employee welfare, and diversity and inclusion with the same measured using the Likert scale

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responses. The indicators were crucial to measure the degree to which the organization incorporates social and ethical values in their operations and encourages sustainable practices and community welfare. The fact that the empirical measures were based on previous studies makes the measurements reliable and acceptable in academic and industry circles. The responses to the CSR variables on a Likert scale were usually between 1 and 5, representing different levels of agreement and disagreement.

Likewise, corporate reputation was also conceptualised as a mediator, which consisted of a set of measures, including net promoter score, stakeholder perception, awards and recognition, and social media sentiments, and was assessed to determine how the organisation is viewed by its stakeholders and the general population. These constructs grant insight into how the organisation is capable of sustaining a good image and trust of its stakeholders due to good communication and transparency. The responses of the corporate reputation indicators on the Likert scale were also measured on the standard 1-5 scale, enabling the use of a uniform measure of perceptions.

The outcome variable in the study is firm performance, which was measured in terms of financial and non-financial variables (ROA, customer satisfaction, employee satisfaction, and digital/technology adoption). ROA is an objective measure of profitability since it is a financial ratio that is divided by total assets. Nonetheless, in order to have consistency with the non-financial measures, which are measured by the responses on the Likert scale between 1 and 5, ROA was rescaled into an ordinal scale. This conversion helps to make a critical comparison and combination of both financial and subjective performance levels into the same analytical process. The respondents captured customer satisfaction, employee satisfaction, and digital/technology adoption

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based on their perceptions of an organisation's performance using a 5-point Likert scale, which was used to reflect their subjective perception of an organisation.

Furthermore, composite measures also contribute to the validity and reliability of the study as they combine several indicators in each variable (Blair et al., 2023). Composite scores in particular are employed because it becomes possible to combine varied but connected objectives of a concept into one more objective which is more detailed. Indicatively, green financing, corporate reputation and non-financial performance are made up of different indicators. By amalgamating these elements into a composite score, the research was able to offer a more precise representation of the study variables under consideration (Silverman, 2023). Moreover, composite scores reduce the possibility of isolated indicators which may give distorted or partial information.

These composite measures were grounded in empirical work, which has ensured that these measures are able to capture pertinent dimensions. Such a methodological approach not only enhances the analysis, but also provides an opportunity to understand the multifaceted connections between the study variables. The composite measures can also be easily interpreted and compared across institutions or settings and therefore are invaluable in strategic decision-making and policy formulation.

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Table 3: *Measurement of the Study Variables*

Variable	Indicators	Measurement	Scale
Green Financing	Green Loans	Likert scale responses Q1-3	Ordinal
	Green Investments	Likert scale responses Q4-6	Ordinal
	Carbon Finance	Likert scale responses Q7-9	Ordinal
	Climate Finance	Likert scale responses Q10-12	Ordinal
	Green Mortgages	Likert scale responses Q13-15	Ordinal
	Green Infrastructure Finance	Likert scale responses Q16-18	Ordinal
	Green Insurance	Likert scale responses Q19-21	Ordinal
Corporate Social Responsibility (CSR)	Environmental Initiatives	Likert scale responses Q22-24	Ordinal
	Community Engagement	Likert scale responses Q25-27	Ordinal
	Employee Welfare	Likert scale responses Q28-30	Ordinal
	Diversity & Inclusion	Likert scale responses Q31-33	Ordinal
Corporate Reputation	Net Promoter Score	Likert scale responses Q34-36	Ordinal
	Stakeholder Perception	Likert scale responses Q37-39	Ordinal
	Awards & Recognition	Likert scale responses Q40-42	Ordinal
	Social Media Sentiments	Likert scale responses Q43-45	Ordinal
Firm Performance	Return on Assets	Net profit/Total assets	Ratio
	Customer Satisfaction	Likert scale responses Q46-48	Ordinal
	Employee Satisfaction	Likert scale responses Q49-51	Ordinal
	Digital/Technology Adoption	Likert scale responses Q52-57	Ordinal

Note: Measurement of the study variables

3.8 Empirical Model

An empirical model is a framework designed to assess the relationship between variables related in a research study. This study provided an empirical model that was used to probe the interactions among green financing, CSR, corporate reputation, and FP. This econometric model describes the theoretical relationships between these constructs, and it gives a systematic approach to the analysis of data. The empirical model is built based on the existing theoretical schemes and past empirical research and, therefore, the proposed relationships are founded on the current literature. According to the model, green financing has a positive impact on CSR, which in turn augments the corporate reputation of the firm. Moreover, it is expected that corporate

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reputation ameliorates the FP, creating the chain of influence that helps to highlight the interdependence between these variables.

To evaluate the empirical model, SEM using PLS-SEM was applied through the PROCESS macro integrated within the SmartPLS 4 analytical framework. PLS-SEM is extensively employed in social science research since it permits the simultaneous estimation of linkages among multiple constructs while accounting for measurement error in latent variables. The method is principally appropriate for evaluating intricate models that comprise mediation relationships. As a result, PROCESS macro was employed to assess the serial mediation effects among the study variables, precisely assessing whether CSR and corporate reputation sequentially mediate the nexus between green financing and FP. The mediation effects were assessed using bootstrapping procedures, which generate confidence intervals for indirect effects and provide robust evidence of mediation. This approach enables a more comprehensive understanding of both the direct and indirect relationships among the constructs within the proposed empirical model.

The interpretation of findings was made possible by means of manifold vital statistical indicators within the PLS-SEM framework to give a systematic evaluation of the structural model and the hypothesized linkages. The coefficient of determination (R^2) was applied to assess the model's explanatory power, demonstrating the percentage of variance in the endogenous constructs (CSR, corporate reputation, and FP) explained by the exogenous variables. Higher R^2 values reflect stronger explanatory aptitude of the model. Moreover, effect sizes (f^2) were calculated to evaluate the contribution of individual explanatory constructs to the R^2 of each endogenous variable, signifying the substantive influence of each predictor on the outcome construct. The predictive

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relevance (Q^2) was likewise computed utilizing the blindfolding approach to assess the model's out-of-sample predictive accuracy, with Q^2 values > 0 signifying satisfactory predictive relevance.

Furthermore, the study path coefficients (β) were scrutinized to establish the direction and strength of the linkages among the parameters in the estimation model. The statistical significance drawn from these linkages was evaluated utilizing bootstrapping procedures, which produced t and p-values to assess the significance of each structural path. Therefore, a significant t-value indicates that the association between variables is not likely to have occurred by chance.

Finally, confidence intervals obtained from the bootstrapping outcome were employed to offer further evidence concerning the reliability and precision of the estimation effects. These intervals show the range within which the true population parameter is expected to lie with a given level of confidence. In mediation investigation, the significance of indirect and serial mediation effects was likewise assessed by means of bootstrapped confidence intervals. Below is the statistical model for serial mediation outlined by Hayes (2018).

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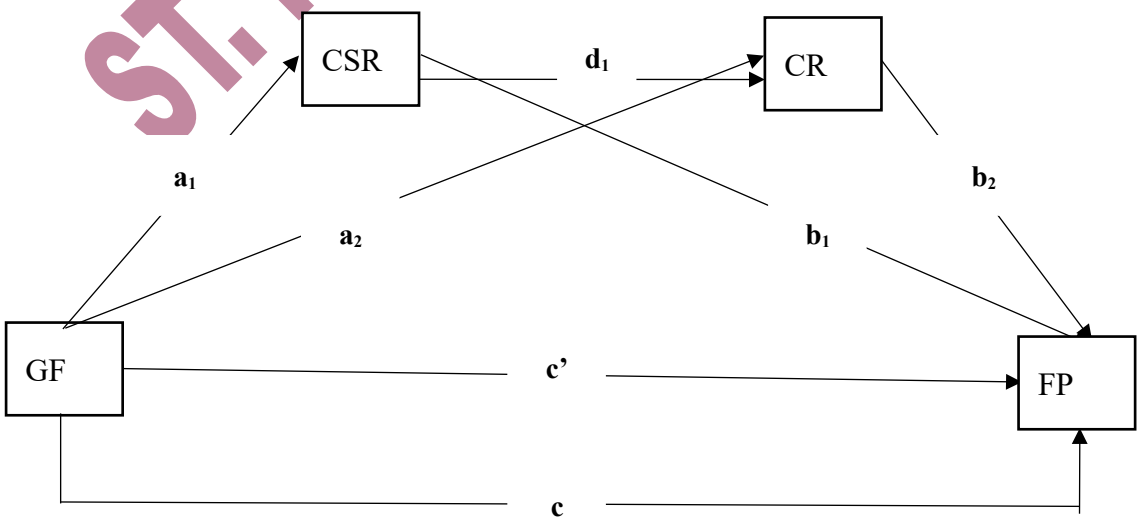


Figure 2: *Statistical Model for Serial Mediation (Hayes, 2018)*

3.8.1 Green Financing and Firm Performance (path c)

A direct effect model is a statistical model that aims to examine the relationship between two variables without considering the role of other variables. The model concentrates on the direct relationship between green financing and FP without looking at the other influences of CSR and corporate reputation. As an approximation, a linear regression model in the following form was used.

$$\mathbf{FP = \beta_0 + cGF + \varepsilon} \quad \textbf{(1)}$$

Where:

FP: Dependent variable, which is firm performance

GF: A quantifier of the indicators of green financing.

β_0: Intercept of the regression equation, which is expected to be that of FP in the case where the value of GF is zero.

c: Coefficient of the independent variable green financing, and this measures the predicted change in FP with a one-unit increase in GF, with other factors remaining constant.

ε: Error term.

3.8.2 Corporate Social Responsibility and Corporate Reputation (path d_1)

A direct effect model is a statistical method that aims at approximating the relationship between two variables, and the other variables are ignored. This model narrows down to the immediate relationship between CSR and corporate reputation, overlooking other variables like green financing and FP. In this study, CSR is modelled as an independent variable, whereas corporate reputation is modelled as the dependent variable. A linear regression model in the form below was performed in order to estimate it.

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$CR = \beta_0 + d_1 CSR + \varepsilon$……..…….... (2)

Where:

CR: Dependent variable which is corporate reputation.

CSR: The independent variable, which is corporate social responsibility.

β_0: Intercept of the regression model, which is expected to represent the level of corporate reputation when CSR equals zero.

d_1: Coefficient on the independent variable CSR, which affects the change in corporate reputation that is expected due to a one-unit rise in green financing, all other things remaining constant.

ε: Error term.

3.8.3 Mediating Effect of Corporate Social Responsibility on the Relationship Between Green Financing and Firm Performance

Mediation is said to exist when one of the variables, referred to as the mediator, mediates between two related variables. In particular, the variations in the independent variable impact the mediator, which will then have an impact on the dependent variable. The mediation analysis in this research was performed with the help of the causal steps strategy suggested by Baron and Kenny (1986). In this method, the importance of particular path coefficients, i.e. c, a_1, b_1, and c' (Figure 2), is compared to determine mediation. Path c is a summation of the effect of green financing (independent variable) on FP (dependent variable) in the absence of the CSR mediator. Path a_1 and b_1 include the indirect effect: a1 is the indirect effect between green financing and CSR, and b1 is the indirect effect between CSR and FP while controlling for the other variable (green financing). Path c' is the direct influence of the green financing on FP holding CSR constant.

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Depending on the importance of particular path coefficients, mediation can be divided into partial and full. Partial mediation is when all three coefficients, i.e. total effect (c), indirect effect (a_1 & b_1) and direct effect (c'), are significant. This shows that there is a direct and indirect impact of green financing on the FP via CSR. On the other hand, full mediation is found when the total effect (c) and the indirect effect (a_1 and b_1) are also significant, but the direct effect (c') becomes insignificant when CSR is added to the model. Here, the mediator completely explains the relationship between green financing and FP, implying that the influence of the independent variable on the dependent variable goes completely through the mediator.

The mediation was measured with the help of three regression models and 4 steps that were performed as follows.

Pathway c (Step 1): This is a relationship between green financing and FP analyzed by simple regression analysis. The suggested relationship is described as follows:

$$\mathbf{FP = \beta_0 + cGF + \varepsilon} \quad \textbf{(3)}$$

Where: FP, β_0, c, GF, ε, are as described in equation 1

Pathway a_1 (Step 2): The linkage between green financing and CSR was evaluated through a simple regression econometric model. The linkage is structured as demonstrated below:

$$\mathbf{CSR = \beta_0 + a_1GF + \varepsilon} \quad \textbf{(4)}$$

Where: CSR = corporate social responsibility, a_1 = path coefficient, β_0, GF, ε, are as described in equation 1.

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Pathways b_1 and c' (Steps 3 and 4): The nexus among green financing, CSR, and FP was tested with the help of a multiple-step regression model. The model is defined as follows:

$$\mathbf{FP = \beta_0 + c'GF + b_1CSR + \varepsilon} \quad \textbf{(5)}$$

Where: CSR = corporate social responsibility, c′, b_1 = path coefficients, FP β_0, GF, ε, are as described in equation 1.

3.8.4 Mediating Effect of Corporate Reputation on the Relationship Between Green Financing and Firm Performance

The causal steps method further developed by Baron and Kenny (1986) was used to examine the mediating effect of corporate reputation in the relationship between green financing and FP, and it entails four steps that were implemented using three regression models. The direct relationship between green financing (independent variable), and FP (dependent variable) was first established in the first step to build the total effect (path c). The 2nd step tested the link between green financing and corporate reputation (mediator) with the aim of identifying path a. The 3rd step evaluated the effect of corporate reputation on FP while holding green financing constant, which measures path b_2. Lastly, the 4th step involved the direct influence of green financing on FP (path c′) while controlling for corporate reputation. In this process, it was possible to evaluate the role of corporate reputation in mediating the relationship between corporate green financing and FP partially or completely. To measure mediation, three regression models were used to assess the process in four steps, as shown below.

Pathway c (Step 1): The link between green financing and FP was analysed with the help of simple regression analysis. The suggested relationship is based on the following equation:

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$FP = \beta_0 + c'GF + \varepsilon$…….…….... (6)

Where: FP, β_0, c, GF, and ε are as described in equation 1.

Pathway a (Step 2): The effect of green financing on corporate reputation was established through a simple regression model. The association was delineated as follows:

$CR = \beta_0 + a_2GF + \varepsilon$…….…….... (7)

Where: CR = corporate reputation, a_2 = path coefficient, β_0, c, GF, ε, are as labelled in equation 1.

Pathway b^2 and c′ (Steps 3 and 4): Multiple regression was used to measure the relationship between green financing, corporate reputation, and FP. The model was defined to be as follows:

$FP = \beta_0 + c'GF + b_2CR + \varepsilon$…….…….... (8)

Where: CR = corporate reputation, c′, b_2 = path coefficients, β_0, GF, ε, are as labelled in equation 1.

3.8.5 Serial Mediating Effect of Corporate Social Responsibility and Corporate Reputation on the Relationship Between Green Financing and Firm Performance

Serial mediation occurs when multiple mediators are interrelated in a chain-like manner revealing the influence an independent variable has on a dependent variable. Here, the independent variable goes through the first mediator (M_1), which in turn causes the second mediator (M_2), which in turn have an effect on the dependent variable. The

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sequential technique emphasizes the cause-and-effect relationship between variables, and it provides deeper perspectives into the mechanism behind the relationship.

This research determined the serial mediating effects that CSR and corporate reputation play in the correlation between green financing and FP. In particular, the analysis aimed at identifying whether the concept of green financing has any impact on CSR, which subsequently has an influence on corporate reputation, and finally has an effect on FP. This sequential model has made it possible to grasp the direct impact of green financing on FP, the indirect impacts through CSR and corporate reputation, which enables one to have a holistic idea of the pathway. The connection between variables was analyzed through the PROCESS Macro software in the Smart PLS SEM framework, Model 6, developed by Hayes (2017). This model is designed to perform serial mediation analysis to offer a systematic method of assessing the joint effect of a number of mediators.

To ascertain the existence of serial mediation, certain procedures were followed. To begin with, the connection between green financing and the first mediator, CSR, was tested whether it was significant. The connection between CSR and the second mediator, corporate reputation, was then evaluated. Afterwards, the relationship between corporate reputation and the dependent variable, FP, was analysed. Finally, the direct and indirect influence of green financing on FP, as well as the indirect effects through CSR and corporate reputation, were investigated. Serial mediation is validated if the indirect effects via both mediators are significant and if the combined pathway (GF → CSR → CR → FP) considerably explains the relationship in a significant manner.

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To estimate the serial mediation, the following model was utilized as illustrated below.

$$FP = b_0 + b_1CSR + b_2CR + \varepsilon \quad (9)$$

$$CSR = a_{01} + a_1GF + \varepsilon \quad (10)$$

$$CR = a_{02} + a_2GF + d_1CSR + \varepsilon \quad (11)$$

By substituting equations (10 and 11 into equation 9, we get the serial mediation model as outlined below:

$$FP = b_0 + a_{01}b_1 + a_1b_1GF + a_{02}b_2 + a_2b_2GF + a_{01}d_1b_2 + a_1d_1b_2 + c'GF + \varepsilon \quad (12)$$

3.9 Data Analysis and Presentation

The analysis and presentation of the data is critical to this research because it converts the raw information into information that can be used to make decisions and improve the current body of work. This research examined the connection between green financing, CSR, corporate reputation, and FP and utilized a systematic design in the analysis of data. This analysis encompassed both descriptive and inferential statistics. The description of sample traits and distribution of the main variables was presented with the help of descriptive statistics, including the means, standard deviations, and frequencies. This preliminary step gave a better insight into the trends and patterns that exist in the data.

Afterwards, inferential statistical analysis was performed using PLS-SEM to test the hypotheses and examine the linkages among the study variables. The estimation applied the PROCESS macro-option available in Smart PLS 4, which allows the estimation of direct, indirect, and total effects within mediation models. Under the PROCESS Macro process, the research tested the direct effect of green financing on FP, as well as the mediating influence of CSR and corporate reputation, by assessing specific indirect

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effects using the bootstrapping approach to gauge their statistical significance. The PROCESS output offered estimates of path coefficients and significance levels for each hypothesized linkages, hence permitting an all-inclusive assessment of the mediation paths. The outcomes were thoroughly depicted using tables to highlight crucial statistical outputs, whereas narrative descriptions were provided to interpret the results and to clarify their practical implications.

3.10 Ethical Consideration

The ethical considerations play key roles in any research project since they protect the rights and well-being of the participants and the integrity of the research process. There are a number of ethical issues that should be considered in this study. To start with, informed consent is required. The purpose of the study, its nature, and possible implications were well briefed to the participants prior to consenting to participate. This made them well informed of their rights and in a position to make a good decision concerning their participation. Anonymity and confidentiality are ethical issues too. The participants' identities were deliberately protected, and all data gathered was anonymised to avoid the association of the individual reactions with particular individuals or organisations. This guaranteed trust and allowed the participants to give sincere feedback, which improved the validity of the research findings. In addition, the study adhered to the ethical requirements mandated by the governing bodies, including the ISERC and the National Commission for Science, Technology and Innovation (NACOSTI) in Kenya. It is important to follow these guidelines to preserve the integrity of the research and make sure that it is of the appropriate ethical standard.

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In addition, it is also essential to ensure that the study did not bring any harm or distress to the participants. A lot of caution was observed when drafting the questionnaire in order not to include sensitive issues that may cause discomfort. The participants were also free to quit the study at will without any consequences. Finally, the results of the research were displayed in a truthful and open manner, and the results were not manipulated. The recognition of any potential conflict of interest and confirmation that the research adds to the current knowledge base on the matter of green financing, CSR, corporate reputation and FP is another way to strengthen ethical principles. These ethical considerations enabled the study to be executed in a responsible and ethical manner, hence winning the confidence of the respondents and providing viable recommendations to the banking industry in Kenya.

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CHAPTER FOUR

EMPIRICAL RESULTS AND DISCUSSION

4.1 Introduction

This study had a general aim of establishing the relationship between green finance, CSR, corporate reputation and the performance of commercial banks in Kenya. In particular, the study was to: test the effects of green financing on FP, evaluate the effect of CSR on green financing, test the mediating effect of CSR on the relationship between green financing and FP, assess the mediating effect of corporate reputation on the link between green financing and FP and finally, test the sequential mediating effects of CSR and corporate reputation on the relationship between green financing and FP.

In order to meet the objectives, the direct, indirect, and serial mediation relations between the constructs were tested utilizing the PROCESS Macro Model 6 in a PLS-SEM framework. This method of analysis evaluates the intricate mediation pathways whilst taking into consideration measurement errors and structural confounding between latent variables.

In this chapter, the empirical findings have been presented systematically. It starts with the response rate of questionnaires, measurement reliability and descriptive statistics, regression diagnostic tests and correlation tests to verify the strength of the dataset applied. Thereafter, the chapter highlights the outcomes of the structural model, which are model fit indices, coefficients of determination (R^2), effect sizes (f^2), predictive relevance (Q^2), and direct, indirect and serial mediation effects, which provide complete evidence of the hypothesized relationships among green financing, CSR, corporate reputation, and FP in Kenyan commercial banks.

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4.2 Questionnaire Response Rate

The next important aspect of the reliability and validity of the study results is the possibility of gathering high-quality data which is representative of the target population. The target population used in this study was 38 commercial banks in Kenya, where data were gathered using structured questionnaires. Table 4 shows the rate of response of the questionnaires issued.

Table 4: *Questionnaire Response Rate from Commercial Banks in Kenya*

Category	Frequency	%
Targeted commercial banks	38	100.00
Questionnaires returned (usable)	37	97.37
Questionnaires not returned	01	02.63

Note: Survey data were gathered from 38 banks in Kenya

Table 4 shows that 37 out of the 38 questionnaires came back and were all useful, which provided a response rate of 97.37%. The fact that such a high response rate was achieved means that the data was of high quality and that there is a possibility that the data taken was very representative of the target population. Generally, it is a response rate that makes the methodology of the study more robust by reducing the chances of non-response bias and helps in raising the applicability of findings to the population of commercial banks in Kenya.

4.3 Reliability and Measurement of Constructs

Reliability of the measurement instruments is part of making sure that there is rigour in the empirical inquiry. Internal consistency reliability was tested utilizing Cronbach's Alpha coefficients, which is an assessment of the degree to which the items of a scale reliably measure analogous underlying construct(s). The results of the reliability of the study scales are given in Table 5.

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Table 5: *Reliability Statistics for Study Scales*

Scale	Cronbach's Alpha	N	Decision
Green Financing	0.738	7	Acceptable
Corporate Social Responsibility	0.727	4	Acceptable
Corporate Reputation	0.862	4	Good
Non-Financial Performance	0.789	3	Acceptable

Note: Cronbach's alpha values indicate the internal consistency of each scale.

Green financing, as shown in Table 5, showed a Cronbach's Alpha of 0.738, which is greater than the generally accepted level of 0.70 recommended by Nunnally (1978), hence acceptable reliability. On the same note, CSR has an Alpha of 0.727, which is also acceptable internal consistency. The Corporate reputation scale had a greater reliability coefficient of 0.862, which is good reliability, and it indicates that the items are very effective in capturing the intended construct. Lastly, FP obtained an Alpha coefficient of 0.789, which lies within the acceptable range and proves the consistency of the scale.

Broadly, the findings show that all the constructs have good internal consistency reliability, which provides assurance that the measurement tools applied in this research are sound and can be further analysed structurally. Reliable data affirm the methodological soundness of the study and guarantee that the relations that have been observed between green financing, CSR, corporate reputation and FP are grounded on consistently measured constructs.

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4.4 Descriptive Statistics of Constructs

Descriptive statistics provide some initial insights into the distribution of the study variables among the sampled commercial banks in Kenya. They give the central tendencies, variability and broad patterns of responses, which are essential in interpreting the other inferential analyses. Table 6 documents the descriptive statistics of green financing, CSR, corporate reputation, and FP.

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Table 6: *Descriptive Statistics of Constructs*

GREEN FINANCING							
Indicator	**SD (%)**	**D (%)**	**N (%)**	**A (%)**	**SA (%)**	**Mean**	**SD**
Green Loans	2.7	8.1	21.6	27.0	40.5	3.95	1.10
Green Investments	2.7	0.0	8.1	51.4	37.8	4.22	0.83
Carbon Finance	0.0	29.7	21.6	27.0	21.6	3.41	1.23
Climate Finance	10.8	32.4	10.8	16.2	29.7	3.22	1.48
Green Mortgages	8.1	29.7	13.5	32.4	16.2	3.19	1.33
Green Infrastructure Finance	2.7	10.8	13.5	40.5	32.4	3.89	1.08
Green Insurance	0.0	0.0	10.8	48.6	40.5	4.30	0.68
Average GF						**3.74**	**1.09**
CORPORATE SOCIAL RESPONSIBILITY	**SD (%)**	**D (%)**	**N (%)**	**A (%)**	**SA (%)**	**Mean**	**SD**
Environmental Initiatives	0.0	2.7	18.9	32.4	45.9	4.22	0.84
Community Engagement	37.8	2.7	29.7	21.6	8.1	2.30	1.41
Employee Welfare	13.5	48.6	16.2	13.5	8.1	2.55	1.19
Diversity & Inclusion	2.7	2.7	13.5	51.4	29.7	4.02	0.95
Average CSR						**3.27**	**1.10**
CORPORATE REPUTATION	**SD (%)**	**D (%)**	**N (%)**	**A (%)**	**SA (%)**	**Mean**	**SD**
Net Promoter Score	0.0	5.4	2.7	27.0	64.9	4.51	0.79
Stakeholder Perception	0.0	8.1	5.4	35.1	51.4	4.30	0.88
Awards & Recognition	0.0	5.4	13.5	48.6	32.4	4.08	0.87
Social Media Sentiments	0.0	2.7	5.4	35.1	56.8	4.46	0.76
Average CR						**4.34**	**0.83**
FIRM PERFORMANCE	**SD (%)**	**D (%)**	**N (%)**	**A (%)**	**SA (%)**	**Mean**	**SD**
Financial performance (ROA rescaled)	0.0	2.7	5.4	51.4	40.5	4.30	0.72
Customer Satisfaction	0.0	5.4	13.5	51.4	29.7	4.05	0.82
Employee Satisfaction	0.0	2.7	5.4	56.8	35.1	4.24	0.70
Digital/Technology Adoption	2.7	8.1	5.4	54.1	29.7	4.00	0.95
Average FP						**4.15**	**0.80**
Financial Performance ROA (original not rescaled)						**1.60**	**2.57**

Note: Descriptive statistics (mean, standard deviation, and response distribution) were computed for all study constructs based on survey data from commercial banks in Kenya.

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Using the findings, it can be indicated that there is moderate overall adoption of green financing (M = 3.74, SD = 1.09) in the banking sector. Of the green financing indicators, green insurance (M = 4.30, SD = 0.68) and green investments (M = 4.22, SD = 0.83) were the most adopted ones, indicating that banks were strategically oriented towards insurance-based green products and investment portfolios aligned with sustainability

development policy. On the other hand, carbon finance (M = 3.41, SD = 1.23) and climate finance (M = 3.22, SD = 1.48) were less adopted, which demonstrates that there is a gap in the adoption of advanced climate-related financial instruments. This implies that although banks have perceived the strategic importance of green financing, there is an unequal application, perhaps due to the perception of risk, regulatory direction, or the complexity of some green financial products.

In the case of CSR, the general mean score was moderate (M = 3.27, SD = 1.10), and strong in environmental initiatives (M = 4.22, SD = 0.84) as well as diversity and inclusion (M = 4.02, SD = 0.95). These findings suggest that Kenyan banks are more devoted to the visible and externally oriented CSR activities, which increase the public legitimacy and trust of the stakeholders. Conversely, community engagement (M = 2.30, SD = 1.41) and employee welfare (M = 2.55, SD = 1.19) did not have high rankings, which leads to the possibility of a lack of connection between the CSR strategy and internal stakeholder inclusivity. This imbalance implies that the banks might pursue CSR activities that are more visible, perhaps to increase reputational capital, and ignore less visible but equally important social investments that can lead to internal stability and workforce contentment.

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Moreover, corporate reputation came out as the strongest-rated construct with high scores (M = 4.34, SD = 0.83), particularly in net promoter score (M = 4.51, SD = 0.79) and stakeholder perception (M = 4.30, SD = 0.88). The consistently high CR scores indicate that banks enjoy robust reputational capital, which can be leveraged for competitive differentiation, trust-building, and enhanced stakeholder engagement. Strong reputational performance in these areas aligns with the strategic focus on green

initiatives and CSR, suggesting that banks' sustainability actions are positively perceived by both clients and external stakeholders.

When assessed on the basis of the composite of rescaled financial performance (ROA), customer satisfaction, employee satisfaction, and digital / technology adoption indicators, the FP showed good overall results (M = 4.15, SD = 0.80). The scaled-down ROA (M = 4.30, SD = 0.72) and employee satisfaction (M = 4.24, SD = 0.70) had the highest contribution to the composite, which implies that profitability and internal human resource satisfaction are the most important in the perceived performance of firms. The level of customer satisfaction (M = 4.05, SD = 0.82) and digital/technology adoption (M = 4.00, SD = 0.95) were also positive and indicated that the Kenyan banks have successfully implemented operational and service delivery processes.

To have a more detailed picture of the absolute financial performance across banks, the original, unrescaled ROA (M = 1.60, SD = 2.57) was probed. The low mean coupled with the high standard deviation implies that there is high heterogeneity in the real profitability with some banks performing well by generating high returns and others performing moderately or even negatively. This difference implies that, though banks score high on composite FP metrics (customer and employee satisfaction and digital adoption), the difference in actual financial performance is even greater, and the gap between the operational and reputational advantages and the overall (stable) profitability may exist.

A combination of original ROA and non-financial performance measures into a composite FP measure enables one to have a comprehensive view of the performance of a firm that includes actual financial results as well as strategic operational efficiency. Strategically, the data point to the idea that banks are using human capital, customer

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relationships, and digital capabilities to improve overall performance, yet there is still a chance to make the strategy of green financing and CSR more accountable to profitability results and make performance more predictable.

As a strategic insight, the descriptive statistics indicate that there is a hierarchical relationship between the constructs in that moderate adoption of green financing and selective CSR engagement seems to be converted into high corporate reputation that, in turn, promotes high FP. This trend highlights how reputational and CSR-mediated channels could be effective in leading to sustainable FP. The result underscores the need to expand the number of green financing and internal CSR programs, especially community and employee welfare, to support the favourable effects on reputation and long-term performance.

4.5 Regression Diagnostic Tests

Prior to the implementation of inferential analyses, one must consider the evaluation of the assumptions of regression analysis using the collected dataset. The evaluation of regression diagnostics is critical in ensuring that the estimated coefficients are unbiased, efficient, and valid enough to make meaningful inferences. This empirical investigation assessed four critical diagnostic tests, namely: residual normality, heteroskedasticity, omitted variable bias/linearity and multicollinearity. Table 7 captures the summary results.

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Table 7: *Regression Diagnostic Tests Results*

Test	Purpose	Statistic / Value	p	Decision (α = 0.05)
Shapiro–Wilk W test	Test of residual normality	W = 0.994, z = 1.092	0.137	Fail to reject H_0: residuals are normally distributed
Breusch–Pagan / Cook–Weisberg test	Test for heteroskedasticity	χ^2 (1) = 0.72	0.395	Fail to reject H_0: constant variance assumed

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Ramsey RESET test	Test for linearity & omitted variable	F (3, 33) = 0.57 0.637	Fail to reject H₀: no omitted variables and non-linearity detected
Variance Inflation Factor (VIF)	Test for multicollinearity	CR = 1.45, GF = 1.38, CSR = 1.27 Mean VIF = 1.37	All VIF < 10: No multicollinearity concern

Note: The diagnostic tests for cross-sectional datasets

According to the Shapiro-Wilk W test, the assumption that the residuals are normally distributed was met (W = 0.994, z = 1.092, p = 0.137) based on the estimated results. In the model, normal residuals are critical in the empirical endeavours for the validity of the significance tests and the confidence intervals.

The heteroskedasticity test, Breusch-Pagan (1), gave no evidence of heteroskedasticity (χ^2 (1) = 0.72, p = 0.395), indicating that the variance of the residuals is the same at any level of the independent variables. This result justifies the accuracy of standard errors and provides unbiased hypothesis testing.

To identify the possible omitted variable bias and non-linearity, the Ramsey RESET test was used. The outcomes (F (3, 33) = 0.57, p = 0.637) showed that the linear model is specified in the correct way, and no variables were omitted and significantly contribute to the regression results. This supports the fact that the green financing, CSR, corporate reputation, and FP relationships were linear and sufficiently explained by the model.

Lastly, VIF was used to determine multicollinearity. VIF values were less than 2 (corporate reputation = 1.45, green financing = 1.38, CSR = 1.27; mean VIF = 1.37), which is far below the critical value of 10, proving that multicollinearity was not a major concern. This makes the regression coefficient estimates stable and interpretable.

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On the whole, the diagnostic tests proved that the regression assumptions, i.e. normality, homoscedasticity, linearity, and the absence of multicollinearity, were fundamentally met. The findings offer a solid basis for structural model analysis and further analysis using PROCESS Macro.

4.6 Correlation Analysis

Correlation analysis provides a rough estimate of the strength and direction of relationships between constructs of the study prior to applying more sophisticated structural analysis. Pearson correlation coefficients were calculated in this research to investigate the relationship between green financing, CSR, corporate reputation and FP. Correlation coefficients are usually categorized into weak (r = 0.10029), moderate (r = 0.30049), and strong (r = 0.50) (Cohen, 1988). Table 8 summarizes the results.

Table 8: *Pearson's Correlations*

Path	Pearson's r	p
GF → CSR	0.366	0 .000
GF → CR	0.493	0 .000
GF → FP	0.538	0 .000
CSR → CR	0.423	0 .000
CSR → FP	0.563	0 .000
CR → FP	0.560	0 .000

Note: Pearson correlation

The correlation test shows that there are strong positive relationships between all study constructs. In particular, green financing demonstrated a moderate positive correlation with CSR ($r = 0.366$, $p < 0.05$) and corporate reputation ($r = 0.493$, $p < 0.05$), which indicates that the greater the use of green financing initiatives, the higher the CSR engagement as well as corporate reputation. Green financing also proved to have a good positive correlation with FP ($r = 0.538$, $p < 0.05$), which showed that green financing is directly related to better performance of firms.

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There was a moderate positive correlation between CSR and corporate reputation ($r = 0.423$, $p < 0.05$) and strong positive association between CSR and FP ($r = 0.563$, $p < 0.05$). Such results indicate that CSR initiatives do not only help to increase the reputation but also play an important role in ensuring the overall performance of the firm. Corporate reputation, on the same note, was also closely associated with FP ($r = 0.560$, $p < 0.05$), thus demonstrating the strategic significance of corporate reputation in the determination of financial and operational performance.

The high positive correlations as a whole constitute the first empirical evidence of interrelatedness between the constructs, which supports the theoretical assumption of the study, i.e., green financing, CSR and corporate reputation are interconnected and play a mediating or sequential role in influencing FP. The moderate and strong correlations in question are in line with the proposed mediation processes, meaning that CSR and corporate reputation may well be able to mediate how green financing affects FP.

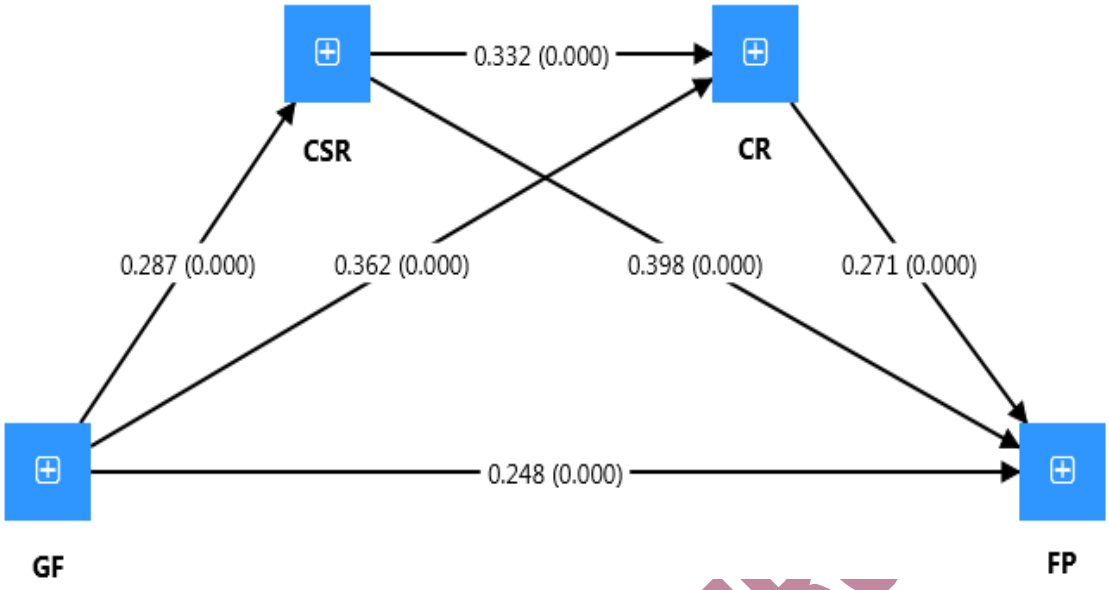
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4.7 Structural Model Evaluation

Structural model analysis evaluates the explanatory and predictive skills of the proposed linkage between constructs of the study. PLS-SEM was used in this study to address the direct, indirect, and serial mediation effects of green financing on FP using CSR and corporate reputation. The most important evaluation measures were the coefficient of determination (R2), effect sizes (f2), and predictive relevance (Q2), with additional details on root mean square error (RMSE) and mean absolute error (MAE) as measures of predictive accuracy out-of-sample. Figure 3 shows the visual representation of the structural model.

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Figure 3: *Structural model of green financing, CSR, corporate reputation, and firm performance*



Note. GF = Green Financing; CSR = Corporate Social Responsibility; CR = Corporate Reputation; FP = Firm Performance. Analysed using PROCESS Macro Model 6 in PLS-SEM.

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4.7.1 Coefficient of Determination (R^2)

The R^2 is a measure of how much the explanatory variables of an econometric model (explained by them) account for the variance in the endogenous construct. Typically, R^2 gives information on the strength of the structural model in explaining variables. Regarding standard thresholds, the R^2 values can be viewed as weak (0.02 to 0.12), moderate (0.13 to 0.25), and substantial/strong (0.26 to 1) (Hair et al., 2019). Table 9 highlights the values of R^2 for corporate reputation, CSR and FP.

Table 9: *Coefficient of Determination (R^2) for Endogenous Constructs*

Construct	R^2	Adjusted R^2
CR	0.312	0.308
CSR	0.134	0.131
FP	0.498	0.494

Note. CR = Corporate Reputation; CSR = Corporate Social Responsibility; FP = Firm Performance. R^2 indicates the proportion of variance explained in each endogenous construct by the predictor variables.

The results indicate that corporate reputation is explained by 31.2% of the variance (R^2 = 0.312), which represents a moderate explanatory power, signifying that green financing and CSR jointly account for a meaningful percentage of the variability in corporate reputation. CSR exhibited weak explanatory power (R^2 = 0.134), signifying that green financing alone explains only a modest proportion of CSR actions within the Kenyan banking segment. This outcome may reflect the influence of other unmeasured factors on CSR practices.

Moreover, FP demonstrated moderate to substantial explanatory power (R^2 = 0.498), indicating that nearly half of the variability in FP is accounted for by the combined effects of green financing, CSR, and corporate reputation. This suggests that the structural model provides robust predictive adequacy, mainly in amplifying how green financing initiatives and related mediating constructs influence aggregate corporate outcomes.

Overall, the R^2 results affirm that the proposed model highlights crucial drivers of FP, corporate reputation, and CSR, supporting its efficacy for understanding both direct and mediated pathways. The moderate to substantial R^2 values highlight the practical relevance of green financing, CSR, and corporate reputation in explaining variations in performance within the Kenyan banking segment.

4.7.2 Effect Sizes (f^2)

Effect size (f^2) gives the level of contribution of each predictor variable to the explained variance of an endogenous variable in the structural model. Cohen (1988) suggests that it is possible to interpret f^2 as small (f^2 = 0.02), medium (f^2 = 0.15), and large (f^2 = 0.35). The effect size analysis is used to complement the R^2 as it would help to determine

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those paths that have a substantive effect on the endogenous variables. The f^2 of the structural paths of the model are displayed in Table 10.

Table 10: *Effect Sizes (f^2) for Structural Paths*

Path	f^2
CR → FP	0.106
CSR → CR	0.099
CSR → FP	0.187
GF → CR	0.192
GF → CSR	0.154
GF → FP	0.109

Note. CR = Corporate Reputation; CSR = Corporate Social Responsibility; GF = Green Financing; FP = Firm Performance.

According to the results, the effect size of GF → CR (f^2 = 0.192) and CSR → FP (f^2= 0.187) is medium, which means that the effect of green financing on corporate reputation is significant, and CSR has a significant influence on FP. The pathway GF → CSR (f^2 = 0.154) also displays a medium influence, which means that green financing is an influential driver of CSR practices in Kenyan commercial banks.

Other paths such as GF → FP (f^2 = 0.109), CR → FP (f^2 = 0.106), and CSR → CR (f^2 = 0.099) also display small effect sizes, indicating a modest yet non-insignificant contribution to the variance of their respective endogenous constructs. These results indicate that, although there are direct effects, their values differ, with mediated routes via CSR and corporate reputation having significant explanatory value for FP.

Overall, the effect size analysis evidence shows that both direct and indirect paths are substantially significant, which proves the hypothesized mediation processes in the model. The findings highlight the pivotal functions of CSR and corporate reputation in the process of conveying the effect of green financing on FP, which clarifies the necessity of probing serial mediation.

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4.7.3 Predictive Relevance

The predictive relevance evaluates the capability of the model to capture the endogenous predictive variables in out-of-sample data to supplement the model's in-sample explanatory power as indicated by R^2. In PLS-SEM, the use of Stone-Geisser Q^2 is generally a predictive relevance measure. As defined by Hair et al. (2019), Q^2 values are perceived as small (>0.02), medium (≥0.15), and large (≥0.35) predictive relevance. Additionally, Root Mean Square Error (RMSE) and Mean Absolute Error (MAE) are considered to be complementary predictive accuracy measures, where low values illustrate a high level of prediction accuracy. Table 11 displays the predictive relevance and error of the endogenous constructs.

Table 11: *Q^2 Predict, RMSE, MAE, and Interpretation for Endogenous Constructs*

Construct	Q^2 Predict	RMSE	MAE	Interpretation
CR	0.239	0.878	0.679	Medium predictive relevance
CSR	0.128	0.940	0.754	Small predictive relevance
FP	0.285	0.851	0.654	Medium predictive relevance

Note. CR = Corporate Reputation; CSR = Corporate Social Accountability; FP = Firm Performance. Q^2 values that are greater than zero indicate predictive relevance. Thresholds: 0.02 = small, 0.15 = medium, 0.35 = large.

The findings demonstrate that corporate reputation (Q^2 = 0.239) and FP (Q^2 = 0.285) have a medium degree of predictive relevance, which implies that the model is quite competent to predict the outcomes of corporate reputation and FP beyond the estimation sample. This is especially significant since it proves that the structural pathways, both the direct and mediated effects of green financing, have not only an explanatory nature, but also a predictive nature.

Moreover, CSR (Q^2 = 0.128) has insignificant predictive values and this means that although this model explains some of the variability in CSR, there are other unobservable variables like regulatory imperatives, stakeholder expectations, or

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institutional norms that could be affecting CSR practices. This is in line with the theoretical insight that CSR is multi-dimensional and contextual, with external factors in addition to green financing alone.

These insights are also supported by RMSE and MAE. In the case of corporate reputation, both the RMSE of 0.878 and MAE of 0.679 suggest that observed and predicted values do not significantly differ, which confirms the competence of model predictions. The FP RMSE = 0.851 and MAE = 0.654 are slightly less than those of corporate reputation, which indicates that the model forecasts FP with a relatively higher level of precision. Instead, CSR has a marginally larger RMSE (0.940) and MAE (0.754), which is expected to have a lower Q^2 value and indicates a higher prediction error, probably associated with the fact that the model omitted certain explanatory variables.

Taken together, these results prove that the structural model possesses a strong out-of-sample predictive ability, especially in terms of constructs that have a direct relationship with FP and corporate reputation. The findings confirm the application of PLS SEM in testing both direct and serial mediation effects of CSR and corporate reputation in the nexus between green financing and FP. In practical terms, the predictive adequacy of the model highlights the usefulness of the model in policy and managerial decision-making, as it yields actionable information to Kenyan commercial banks that are interested in using green financing to improve CSR practices, corporate reputation and overall FP.

4.8 Intercept Estimates

The intercept estimates in the PROCESS Macro Model 6 are the baseline values of the final constructs of the endogenous variables at zero values of the predictors. These

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values offer a significant point of reference in determining both direct and indirect impacts on the serial mediation model. Even though the study focus is on path coefficients and mediation effects, intercepts provide understanding about the anticipation of the minimum levels of corporate reputation, CSR and FP in the case when green financing is avoided or other mediating factors. The estimated intercepts, standard errors, t-values and levels of significance of each of the endogenous constructs are captured in Table 12.

Table 12: *Intercept Estimates*

Variable	β	SE	t	p
CR	1.714	0.224	7.66	0.000
CSR	2.306	0.152	15.20	0.000
FP	0.630	0.163	3.87	0.000

Note. Research Data (2025), CR = Corporate Reputation; CSR = Corporate Social Responsibility; FP = Firm Performance.

The baseline level of corporate reputation was significant {β = 1.714, SE = 0.224, t (36) = 7.66, $p < 0.05$}, meaning that even without the corporate rating of green financial measures and CSR donations, Kenyan commercial banks will still have a baseline of corporate reputation above 0. On the same note, CSR showed a large intercept {β = 2.306, SE = 0.152, t (36) = 15.20, $p < 0.05$}, indicating that CSR activities are present in the banks, and they are possibly due to the influence of the regulatory framework and culture within the organisations.

The intercept of FP also met the significance threshold {β = 0.630, SE = 0.163, t (36) = 3.87, $p < 0.05$}, showing that commercial banks have a base of the firm level of performance that is not influenced by the effects of green financing, CSR or corporate reputation. Even though this is lower than the intercepts on corporate reputation and

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CSR, this baseline indicates the current state of operation and financial ability that supports the performance before the effect of green financing and the serial mediation processes. All these notable intercepts, in general, support the structural validity of the PROCESS Macro Model 6, which can be considered essential points of reference for interpreting the strength and practical importance of both direct and mediated effects. They show that whereas green financing improves corporate reputation, CSR and FP, the levels at the baseline are qualitatively significant, indicating underlying corporate competencies and reputational criteria in Kenyan commercial banks.

4.9 Structural Path Coefficients and Hypothesis Testing

This section presents the findings of the structural model analysis, in the form of path coefficients, such as direct (total) mediations, indirect (total) mediations, and serial mediations between the constructs of the study. The analysis measures the effect of green financing on FP both directly and indirectly via CSR and corporate reputation, giving detailed insight into how strong the effects are, in which direction, and how the mechanisms of these relationships work. The path coefficients of the structural model, the total effect of green financing on FP, as well as CSR and corporate reputation, are outlined. This is followed by the analysis of the indirect and serial mediation effects, which demonstrate how CSR and corporate reputation mediate, both independently and sequentially.

4.9.1 Structural Model Path Coefficients

The coefficients given by the structural model paths offer an empirical evaluation of the hypothesized linkages among green financing and CSR, corporate reputation and FP. Such coefficients suggest the magnitude and the strength of the direct effects upon which the magnitude and direction of influence between the constructs is based. The

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path coefficients, standard errors, t-values, and significance levels are provided in Table 13.

Table 13: *Path Coefficients, Standard Errors, t-statistics, and P Values (PROCESS Macro Model 6)*

Path	Label	β	SE	T	p
GF → FP	c′	0.248	0.044	5.601	0 .000
CR → FP	b1	0.271	0.044	6.187	0 .000
CSR → FP	b2	0.398	0.050	7.935	0 .000
GF → CR	a1	0.362	0.042	8.666	0 .000
GF → CSR	a2	0.287	0.041	7.019	0 .000
CSR → CR	d1	0.332	0.067	4.956	0 .000

Note. Research Data (2025), GF = Green Financing (X); CR = Corporate Reputation (M1); CSR = Corporate Social Responsibility (M2); FP = Firm Performance (Y). Labels are based on PROCESS Macro Model 6: *c′* = direct effect of X on Y; *a1* and *a2* = effects of X on M1 and M2; *d1* = effect of M2 on M1; *b1* and *b2* = effects of mediators on Y.

As shown in Table 13, the prediction of FP by green financing was positive and significant in nature; i.e. in this case, banks that are deeply engaged in green financing practices have a greater chance of achieving superior performance ({β = 0.248, SE = 0.044, t (36) = 5.60, p < 0.05). Corporate reputation was another significant predictor of FP {β = 0.271, SE = 0.044, t (36) = 6.19, p < 0.05}, which is indicative of the impacts of perceptions and the strength of stakeholders' reputation on performance motivation. Likewise, the significant influence of CSR on the FP was positive and significant (β = 0.398, SE = 0.050, t (36) = 7.94, p < 0.05), which means that socially responsible practices play an important role in influencing FP.

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Concerning the implications of green financing on the mediators, the prediction of the outcome of green financing by both of the parameters, corporate reputation { β = 0.362, SE = 0.042, t (36) = 8.67, p < 0.05} and CSR, β = 0.287, SE = 0.041, t (36) = 7.02, p < 0.05} shows that the implementation of green financing projects positively influences the reputational standing of commercial banks and their responsible corporate practices The CSR → CR pathway {β = 0.332, SE = 0.067, t (36) = 4.96, p <0.05) was also significant to show that CSR initiatives are further enhancing the corporate reputation which forms an important chain in the serial mediation.

As a result, all these path coefficients help to prove that the direct effect of green financing on FP is significant, and it also has a positive effect on mediators that further convey this effect. The meaning and orientation of the coefficients are consistent with the theoretical expectations, which proves the argument that CSR and corporate reputation are one of the main mechanisms through which green financing can improve FP. The findings act as a good basis to analyze the indirect and serial mediation effects, and this is done in the next section.

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4.9.2 Total Effects Evaluation

The total effects in the structural model are the effects of a predictor on an outcome, both direct and indirect. A total effect estimate gives a holistic view of the effect of green financing on FP as well as CSR on corporate reputation. The results are highlighted in Table 14.

Table 14: *Total Effects of Structural Model Paths*

Hypotheses	Path	B	SE	T	p
H_{01}	GF → FP	0.486	0.045	10.687	0 .000
H_{02}	CSR → CR	0.332	0.067	4.956	0 .000

Note. CR = Corporate Reputation; CSR = Corporate Social Responsibility; GF = Green Financing; FP = Firm Performance.

Green financing has a considerable significant effect on FP {β = 0.486, SE = 0.045, t (36) = 10.69, p < 0.05}, suggesting that an increase in the adoption of green financing is strongly correlated with the increase in performance outcomes. Likewise, significant total effect on corporate reputation {β = 0.332, SE = 0.067, t (36) = 4.96, p < 0.05}, meaning that strong socially responsible behaviour, such as environmental activities, employee welfare, and community outreach, positively affects the perception of stakeholders, as well as overall reputation.

These results are in line with theoretical expectations, which suggest that sustainable and socially responsible practices enhance FP and its reputation in a positive direction. This resulted in the simultaneous rejection of the null hypotheses for the two relationships, which empirically confirmed the hypothesized theoretical relationships: H01 (GF → FP) is rejected, and H02 (CSR → CR) is rejected, which confirms a significant total effect of green financing on FP as well as CSR on corporate reputation.

4.9.3 Indirect and Serial Mediation Effects

This part indicates the indirect and serial mediation influence of green financing on FP via CSR and corporate reputation. The indirect effects give an understanding of how a predictor affects an outcome, and in this case, CSR and corporate reputation play mediating factors, both singly and sequentially. The outcomes of the estimation are displayed in Table 15.

Table 15: *Specific Indirect Effects Results*

Hypotheses	Indirect Path	Label	β	SE	t	p
	GF → CSR → CR	a2 ✻ d1	0.095	0.025	3.822	0 .000
	CSR → CR → FP	d1 ✻ b1	0.090	0.024	3.735	0 .000
H_{03}	GF → CSR → FP	a2 ✻ b2	0.114	0.022	5.180	0 .000
H_{04}	GF → CR → FP	a1 ✻ b1	0.098	0.019	5.288	0 .000
H_{05}	GF → CSR → CR → FP	a2 ✻ d1 ✻ b1	0.026	0.008	3.235	0 .000

Note. GF = Green Financing (X); CR = Corporate Reputation (M_1); CSR = Corporate

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Social Responsibility (M_2); Y = Firm Performance. The labels indicate the notation of PROCESS Macro Model 6: a1, a2 = the effects of X on the mediators; d1 = the effect of M2 on M1; b1, b2 = the effects of the mediators on Y; ✻ = product of path coefficients.

The findings proved that green financing has a significant effect on corporate reputation via CSR ($\beta = 0.095$, SE = 0.025, $t(36) = 3.82$, $p < 0.05$), which means that green financing is a promoter of corporate reputation by increasing CSR activities first. This observation highlights the synergy impact of socially responsible practices in the translation of sustainable financing into reputational benefits. The pathway from CSR to FP via corporate reputation was also significant {$\beta = 0.090$, SE = 0.024, $t(36) = 3.74$, $p < 0.05$}, affirming that CSR augments FP by reinforcing corporate reputation, which complements the stakeholder view, underscoring the strategic value of social legitimacy.

In addition, green financing affected FP indirectly via CSR {$\beta = 0.114$, SE = 0.022, $t(36) = 5.18$, $p < 0.05$} and through corporate reputation {$\beta = 0.098$, SE = 0.019, $t(36) = 5.29$, $p < 0.05$}, implying that the two constructs had dual significant mediating effects. These findings indicate that the green financing programs do not merely push FP but do so through increases in socially responsible activities and reputational capital. Most importantly, the serial mediation pathway from GF → CSR → CR → FP was significant {$\beta = 0.026$, SE = 0.008, $t(36) = 3.24$, $p < 0.05$}, showing that CSR is a mediating variable that intensifies corporate reputation, which in turn affects FP. This supports the proposed sequential mediation, which offers the empirical evidence of an intricate interrelation of sustainability and social responsibility that mutually extend the performance benefits.

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All the indirect and serial mediation effects were significant with $p < 0.05$, which showed that H_{03}, H_{04}, and H_{05} null hypotheses were rejected. These results provide strong proof that CSR and corporate reputation are significant mediators, either simultaneously or in sequence, in the connection between green financing and FP. The findings can contribute to a subtle comprehension of how sustainability efforts turn into superior FP outcomes along the lines of reputational and social responsibility, which reinforces the theoretical background of the stakeholder framework and resource-based approaches.

4.10 Discussion of Findings

In this section, the results of the study are interpreted in terms of the research objectives, hypotheses, and conceptual framework, with a focus on green financing, CSR, corporate reputation, and FP. It not only describes the meaning and implications of the observed relationships, but also compares and contrasts the results with previous empirical studies to ascertain whether they support, extend or contradict existing evidence. In this manner, the discussion shows the point of convergence where the findings relate to the previous studies, points of extension where original knowledge is added, and points of divergence where new avenues of questioning are identified. Furthermore, the section scrutinises whether the empirical findings support the theories anchoring the study, hence validating, refining, or challenging theoretical assumptions about how sustainability-oriented strategies and reputational capital influence financial outcomes

4.10.1 Effect of Green Financing on Firm Performance

The first objective was to investigate the impact of green financing on the performance of commercial banks in Kenya. Green financing denotes financial initiatives to ensure

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environmental sustainability, as encompassed in green bonds, sustainable loans, investments in renewable energy, carbon credit financing, and other financial instruments that are environmentally friendly. The study aimed at ascertaining whether embracing and integrating green financing mechanisms positively influences profitability, operational efficiency, and overall financial outcomes for banks operating within Kenya's different economic and regulatory settings.

The null hypothesis of the study was that there is no significant influence of green financing on the performance of the commercial banks. This hypothesis, however, was rejected on the basis of the empirical findings since evidence has shown that the relationship between green financing and FP was positive and significant. In particular, it was found that those banks that actively employed green financing strategies gained superior profitability, operational performance, and financial performance in general than those banks that had low involvement in sustainable financial practices. These findings corroborate the strategic value of green financing, as it is not only a tool for ensuring environmental responsibility but also a value-creating tool for long-term value, improved operational performance, and competitive advantage in the Kenyan banking industry.

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The results of the present research highly resonate with outcomes of the research conducted by Li and Lin (2024) exploring the role of green financing in influencing the FP of green environment-oriented enterprises in China based on the regional green financing development index and a set of publicly traded firms in the Shenzhen and Shanghai Stock Exchanges. They noted a significant positive relationship between green financing and FP and the mediating effect of R&D innovation on the

hypothesized linkage. Equally, the data of the present research demonstrate that Kenyan banks that embraced green financing exhibit a stronger ROA and better utilization of capital, as revealed by the positive correlation between green financing and FP. The current study goes further to build on their results to show that the positive impact of green financing can be seen not only in large, publicly traded companies but also in smaller listed commercial banks and local banking institutions in the developing economies.

In contrast, Wei et al. (2023) investigated the concept of corporate green bond issuance in China and found that the concept of corporate green bond issuance did not add any significant value to the carbon performance of firms because of the financial constraints that the firms focus on. Although this outcome is contrary to the current study, which found a positive influence of green financing initiatives on FP in Kenyan banks, it brings to the fore the contextual significance of regulatory enforcement and firm-specific priorities. The present study builds upon the findings of the reviewed study and shows that the financial gains of the green financing interventions can be magnified by strong institutional structures and regulatory regulation of the country in Kenya, so that sustainable funding can play a significant role in ameliorating FP.

The findings of the research support the estimation results of Mangwa and Jagongo (2022) who analyzed the instruments of green finance like green credit, carbon asset financing, and emission allowances among Kenyan banks. Their findings showed that there was a noteworthy impact of green financing on FP. These findings are reflected in the current study, which additionally proves the hypothesis that green financing initiatives lead to an improvement in FP. The findings further elaborate on the reviewed

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study by validating these empirical results and thereby giving more detailed evidence in the Kenyan banking sector, which is understudied.

The analysis is also in line with the partial findings of Yeow and Ng (2022) who discovered that green bonds enhance environmental performance, although this is dependent on third party certification, which does not have significant consequences on operational performance. In the current study, operational performance also did not show significant changes, but such FP measures like ROA and capital adequacy were positively affected by the implementation of green financing. Such results are an extension of the reviewed empirical works since they proved that the positive influence of green financing adoption on financial returns is measurable in the banking sector where green bonds and credit products are commonly practised. This shows the effectiveness of sustainable financing practices in the sector.

In the same vein, the research validates the findings of Nabil (2023), who concluded that the performance of the banking sector in developed and emerging market economies was positively affected by green bonds, especially capital adequacy and profitability. These findings are also supported by the current study and further elaborated through the addition of other FP indicators, such as customer satisfaction, which provide a more comprehensive picture of the impact of green financing on the performance of the banking sector.

Likewise, Ngo et al. (2021) investigated the macroeconomic effects of green financing in Vietnam and concluded that the effects are positively correlated with GDP growth. Although the contextual focus varies, the principle of green financing being a contributor to institutional and broader economic performance is congruent with the findings of the current study. The current study builds upon the conclusions of the

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reviewed study by showing that green financing implementation in Kenya does not just enhance the profitability of the institutions, but also adds to the financial stability at the firm level, which proves that sustainable financing may provide both environmental and economic goals.

The current study also echoes the findings of Del Gaudio et al. (2024), who noted that an increased green lending propensity lowered ROA and alleviated credit risks. Similarly, the present study also observed that Kenyan banks involved in the green lending business reported having poorer short-term returns but, in the long term, enjoyed greater profits as well as better risk-adjusted performance. These conclusions extend and build on the conclusions of the reviewed study and state that the overall FP impact of green financing can be optimized in the emerging markets with the support of efficient regulatory frameworks and diversified green financing portfolios.

Consistent with the findings of Li et al. (2017), who documented mixed short-term impact of green practices on reputation and productivity but aggregate positive long-term FP, the present research likewise established that green financing practices augment FP over time. The Initial operational costs and implementation adjustments may momentarily hinder returns, yet the general trajectory echoes pecuniary gains as entities institutionalize sustainable initiatives. This supports the view that the benefits of green financing are cumulative and attained gradually rather than promptly.

The results are similar to those of Yan and Tan (2023), who emphasized the mediating effect of such variables as energy consumption structure, green industries and green technology in China. The current study highlights that contextual aspects such as Kenyan banking policies, the maturity of the industry, and institutional capabilities also mediate GF-FP relationship hence extending the findings of the reviewed study,

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which confirms the inferences that regulatory preparedness and institutional facilitation play a vital role in maximizing financial gains of green financing.

This finding is also reflected in the findings of Devine and McCollum (2024), who reported a mismatch between projected and actual energy efficiency gains in green mortgage-backed securities and the role of transparency and proper reporting. Although they concentrated on real estate, the current study conforms to these principles in the Kenyan banking setting, showing that effective reporting and monitoring systems are the only way to achieve the full financial and sustainability benefits of green financing.

The findings of this study are consistent with those of Gao and Guo (2022), who analysed the green credit policy of China and reported that it had a positive impact on profitability and the non-performing loan ratio among small banks. The current research supports these results, indicating that Kenyan financial institutions that implement green-based financing tools also report having higher profitability, less credit risk, and efficiency in their operations. Such findings would enhance the reviewed study by proving the transferability of the benefits of green credit policy to developing economies that have different economic and regulatory environments.

Lastly, Bose et al. (2020) confirmed the moderating effect of political relations on green banking performance in Bangladesh. The current study notes that governance and institutional aspects likewise affect the green financing -FP relationship in Kenya, though with minimal political alterations. These results confirm the idea that competent regulatory supervision may enhance the financial benefit of green financing projects, extending prior works by accentuating the role of governance structures in shaping sustainable financing outcomes.

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The positive impact of green financing on FP is observed to give empirical support to a variety of theoretical frameworks, besides improving their performance in the banking context. Based on the RBV, the results confirm that green financing is a strategic capability, which allows banks to utilize special resources, including the availability of sustainable financing, new financial products, and better operational procedures to enhance FP. The findings refine RBV as they prove that sustainability-oriented financial practices can be one of the key resources that can provide a competitive advantage and tangible financial benefits. Regarding stakeholder theory, the results confirm the idea that green financing helps a bank align with the expectations of society and regulatory bodies, and by doing so, it creates legitimacy and trust and establishes better relations with the most important stakeholders. Moreover, the evidence extends this theory by showing that adherence to green financing practices can translate directly into financial benefits, rather than merely enhancing reputational capital.

The Signalling theory is also supported since the findings of the current study suggest that active participation in green financing signals that a bank is committed to sustainability and innovation and thus draws investors and clients who are concerned about the environment. This observation also reinforces the theory by noting that the signalling role of green financing not only strengthens external perceptions, but also has tangible effects on FP. Overall, these findings demonstrate that green financing can be viewed as a dual process as a strategic and a signaling process that simultaneously promotes the goals of the environment and economic value, therefore, broadening the explanatory capabilities of the developed theoretical approaches to the Kenyan commercial banks.

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4.10.2 Influence of Corporate Social Responsibility on Corporate Reputation

The second objective of the study was to determine the influence of CSR on corporate reputation among the commercial banks in Kenya. The research aimed at identifying the role of implementing expanded CSR practices on the reputational capital of the firms through promoting the trust of the stakeholders, social legitimacy, and alignment with environmental sustainability norms. The null hypothesis stated that there is no significant linkage between CSR and corporate reputation. The study, however, gave empirical evidence that rejected the null hypothesis, as it proved that those firms that actively participated in CSR had better corporate reputations, stakeholder perceptions, and greater brand credibility. These findings indicate that CSR actions signal responsible corporate conduct, thus shaping positive stakeholder perceptions and solidifying the trustworthiness of firms.

The estimation results resonate strongly with those of Etikan (2023), who found that CSR, especially environmental programs and corporate reputation have a strong positive correlation by examining the reputation quotient index. The research noted that open CSR interactions foster trust and goodwill with diverse stakeholders and hence improve the reputational returns. Likewise, the present study has also shown that Kenyan banks adopting favourable CSR policies often solicit positive stakeholder endorsements and reputation. The research extends the work of Etikan (2023) by including a primary empirical dataset from the banking industry, which overcomes the methodological drawback of depending on secondary desktop research in previous studies.

The current findings mirror those of Xu et al. (2021), who investigated the CSR-reputation relationship as moderated by CEO qualities and political ideologies in the

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context of the Fortune Most Admired Companies in the U.S. They found that CSR activities have positive implications with regard to corporate reputation, especially in companies that are under liberal CEOs or in liberal states. The results obtained align with the conclusions of the reviewed research by illustrating that CSR and green financing adoption are influenced by the context and organizational conditions, such as management commitment, as well as the institutional environment, to influence the effectiveness of corporate reputation. Nonetheless, the current study goes further to apply these findings to a developing economy situation in which it can be seen that regulatory and socio-economic influences in Kenya equally have a moderating effect on the relationship between CSR and corporate reputation.

In Asia, Baruah and Panda (2022) did not find a significant impact of CSR disclosures on the corporate reputation of the leading 100 companies in India, signifying that simple reporting is inadequate to influence the perceptions of stakeholders. Conversely, the current research reveals that proactive application of green financing coupled with strategic CSR activity can prove to form reputational benefits, which means that in the Kenyan banking industry, action-based measures are more powerful than voluntary disclosures. The observation refines the theoretical assumptions by highlighting that reputational effects are not determined by communication but instead by substantive action.

Moreover, Bianchi et al. (2019) established that perceived CSR has a direct and a mediated effect on corporate reputation and purchase intention among Argentine consumers, with significant but context-specific direct and mediated effects. The present research reflects these results by establishing that green financing and CSR have a positive impact on stakeholder perception in Kenya, both in the affective and the

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cognitive aspects, extending the reviewed literature by revealing that the same processes also occur in a financial services environment and a different socio-economic environment.

These empirical findings are also congruent with Zhao et al. (2021), who reported that CSR has a direct and indirect effect on the corporate reputation and brand equity through trust in the Pakistani banking industry. The present research corroborates this finding by demonstrating that green financing and CSR activities in Kenyan banks enhance reputation capital, and the mediating role of trust and stakeholder engagement is very important. This consistency prolongs the findings of the reviewed study by displaying that reputational benefits can be achieved across various institutional, regulatory, and cultural settings. Consequently, this affirms the universality of the CSR-corporate reputation nexus and, at the same time, focuses on the contextual specifics.

Nevertheless, Mahmood and Bashir (2020) observed that the nexus between brand reputation and brand equity is moderated by CSR, especially in the ethical and philanthropic areas. On the same note, the present study indicates that CSR and green financing practices are not only beneficial to the corporate image, but also help the greater brand value of the banking institutions in Kenya. The findings of the reviewed study are extended to the current study because it offers evidence that embedding sustainability-oriented financial behaviour into core business operations enhances reputational performance over and above traditional CSR initiatives, which demonstrate sector-specific strategic worth.

Taken together, the results of the findings of this study support the theoretical understanding, including the RBV, which infers that CSR and green financing projects represent the strategic assets that increase the intangible resources of a company,

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including its reputation. The findings also support the stakeholder theory by underscoring that sustainable practices enhance the level of legitimacy and trust between major stakeholders. As a result, this further increases its applicability by revealing that sustainable practices bring feasible reputational benefits that can be translated into competitive advantage. Moreover, the results affirm and augment signalling theory by suggesting that participation in green financing signals corporate environmental and social responsibility, which positively impacts stakeholder perception and corporate image. Overall, these facts highlight that green financing and CSR are two systems that simultaneously boost reputational capital and create strategic economic value and, thereby, confirm their vital role in corporate performance and long-term sustainability within the Kenyan banking sector.

4.10.3 Green Financing, Corporate Social Responsibility and Firm Performance

The study's third objective was to determine the mediating role of CSR in the relationship between green financing and performance of commercial banks in Kenya. In particular, the research sought to determine whether CSR practices, encompassing environmental activities, ethical behaviour, and social responsibility, make green financing more effective in enhancing FP. The null hypothesis was that the relationship between green financing and FP is not mediated by CSR. However, the empirical results showed that CSR is a significant mediator, hence resulting in the null hypothesis being rejected. This suggests that banks that exploit the use of green financing mechanisms have higher chances of improving their FP in cases where such funding is supported by a strong CSR involvement strategy, which reinforces the legitimacy, trust, and reputational capital of these stakeholders.

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The findings of this research are aligned with the bulk of empirical evidence showing the mediation role of CSR in the GF-FP relationship. For example, Ye and Dela (2023) reported that CSR meaningfully mediated the link between green investment schemes and sustainable performance in Indonesia's chemical industry, affirming that sustainability-oriented actions intensify the benefits of green financing. The present study's findings are consistent with these results since it reveals the same dynamics in the banking industry of Kenya, although in a different institutional and regulatory setting. The reviewed research narrowed down their efforts to foreign chemical industries, but the current research extends their findings to the financial services industry, which faces special regulatory demands and stakeholder expectations.

The current findings equally mirror those of Awawdeh et al. (2023), who noted that green financing improves environmental performance, whereas CSR alone does not produce any meaningful improvements unless it is accompanied by either green financing or technological innovation. The current results clarify this point of view by demonstrating that CSR, when strategically integrated with green financing, becomes one of the most important channels through which the decisions made in financing are transformed into the high performance of the firm. This underscores the need to have synergies between financial strategies and CSR practices as opposed to focusing on any of them individually.

Likewise, Wu and Liu (2024) applied a Difference-in-Differences methodology with firms in the Chinese industrial sector and found that green financing helps to facilitate the adoption of CSR and environmental performance, emphasizing the role of CSR as the crucial mediator. The present research echoes this line of reasoning and goes even further by putting the evidence into the context of the banking industry in Kenya. This

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shows that CSR not only directs green financing to environmental initiatives but also enhances reputational positions and FP.

With respect to the financial segment, Wang et al. (2022) established that green financing contributes meaningfully to CSR initiatives, which afterwards enhance FP. The current findings are in tandem with these outcomes and further enrich them by signifying that in Kenya's banking segment, the incorporation of green financing and CSR offers a sustainable source of competitive clout. This is predominantly pertinent given the growing emphasis on sustainability by regulators and stakeholders in the region.

The estimation results of the current empirical inquiry are in line with those of Dai et al. (2022) who suggested that CSR had a positive impact on green innovation and the environment, and the impact of CSR on FP was completely mediated by innovation. Although they researched innovation as the focal channel, the current study illustrates that CSR in itself can also serve as a direct mediator between green financing and FP. This adds value to the body of existing evidence by making CSR not just a driver of innovation, but also an independent mechanism through which green financing improves FP.

The findings of the present empirical investigation are also supported by other empirical studies. Sapiri and Putra (2023) and Zhou and Cui (2019) emphasized that the economic and image advantages of green bonds and sustainable investments, revealing that these practices enhance profitability and CSR results. These arguments are substantiated by the current findings, especially by depicting how CSR enhances the financial and reputational benefits of green financing, making it a keystone in sustainable financing policies. Similarly, Liao et al. (2024) demonstrated that CSR enhances the connection

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between a green environmental policy and FP among Chinese firms. This study builds upon the reported findings by giving industry-specific evidence that makes CSR an influential mediator in the GF-FP relationship.

The further input by Li (2021) indicates that CSR performance is capable of minimizing the cost of debt through decreasing information asymmetry, thus enhancing financial stability. This is consistent with the findings of the current research, which concluded that CSR not only mediate the green financing -FP relationship; it is also an indicator of low financial risk and increased transparency, which are important aspects for banks. In the same way, Han et al. (2024) attested to the fact that investment in green financing and renewable energy minimized carbon emissions and improved environmental reputations across BICST economies. These insights are reflected in the current research exploring the manner in which CSR entrenches sustainability in the strategies of financial institutions, hence transforming green financing into reputational and financial benefits.

All these results reinforce the importance of CSR as a central mediating variable between green financing and FP in the banking industry of Kenya. From a theoretical perspective, the evidence enhances the RBV in that CSR is viewed as a unique intangible asset that boosts the strategic worth of green financing in helping to establish a sustained competitive edge. At the same time, it also broadens the scope of the stakeholder theory application by illustrating how CSR converts the gains of green financing into increased legitimacy, trust, and goodwill, which strengthens long-term organizational accomplishments. Besides this, the findings reinforce signalling theory by demonstrating that CSR is a plausible path that banks use to inform external stakeholders about their sustainability orientation and hence increase both reputational

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capital and performance benefits that are attributable to green financing. This multifaceted support of theoretical standpoints underscores CSR's dual role as both a tactical asset and a signaling instrument, further extending its significance in augmenting the financial and institutional outcomes of green financing initiatives.

4.10.4 Mediating Role of Corporate Reputation in the Green Financing–Financial Performance Relationship

The fourth objective was to explore the mediating role of corporate reputation on the link between green financing and the performance of commercial banks in Kenya. In particular, the study probed whether reputation fashioned by stakeholder perceptions of ethical responsibility, sustainability, and corporate legitimacy reinforces the effect of green financing on FP. The null hypothesis guiding the study suggested that corporate reputation does not mediate the nexus between green financing and FP. Nevertheless, the empirical findings indicated that corporate reputation plays an integral mediating role, hence contributing to the rejection of the null hypothesis. This indicates that green financing, when strengthened by a heightened corporate reputation, can concurrently ameliorate FP, build stakeholder confidence, and secure long-term competitiveness.

The results are in line with the previous empirical studies that highlight the importance of reputation in establishing the causal link between green finance and FP. An example is a study conducted by Xi et al. (2021), which noted that green credit certainly influenced FP of Chinese banks, with green reputation quantified via positive media coverage acting as a critical pathway. This view relates to the current study in that reputation converts green actions of financing into aspects of measurable financial or legitimacy gains. Nevertheless, the reviewed study's context-specific analysis

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underlines the importance of extending the inquiry into diverse institutional environments, such as Kenya's banking sector.

Similarly, Qian and Yu (2024) noted that green financing, with the help of such instruments as green bonds, loans, and sustainable investments, improves ESG performance. As a result, this reduced the pressure on financing, especially in companies that are better governed. They, however, based their framework largely on agency theory and did not further explore the role of corporate reputation in the overall context of determining the trust of stakeholders. The current results improve on this viewpoint by placing reputation as a more integrative mediator that bridges the gap between green financing and ESG outcomes, as well as financial and institutional performance.

The findings of the current empirical inquiry corroborate those of Gulzar et al. (2024), who, while looking at the renewable energy sector in China, found that the involvement of stakeholders and enhanced corporate image, as well as the implementation of green banking, certainly contributed to the improvement of environmental performance. On the same note, Chen et al. (2023) showed that the issuance of green bonds enhanced ESG performance through both internal processes (e.g., executive awareness of environmental issues) and external processes (e.g., media scrutiny). This further supports the claim that corporate image is made via internal adherence and external authentication, which enhances the favourable influence of green financing.

These findings of the current study are also supplemented by the work of Baltas and Mann (2024). They examined worldwide green bond indices and discovered that other external issues, such as swings in oil prices and macroeconomic shocks, impacted performance results. Although their analysis centres on financial measures, the concept

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of non-financial mediators, including reputation and policy signalling, highlights broader contextual implications for defining the efficiency of green financing. This corroborates the current findings argument that corporate reputation, albeit intangible, is a potent medium through which green financing can help in high-quality performance.

The estimation results of the current study also converge with the bulk of prior empirical works. According to Fan and Zhang (2024), the number of stakeholders in China receives economic growth and technological innovation through the reputational pathways, which they did not take into consideration. In the same manner, Kharb et al. (2024) noted that green financing leads to green technological innovation in South Asia, but more importantly, highlight the environmental risks with respect to foreign direct investment. Their results highlight the fact that corporate reputation may help reduce legitimacy risks and guarantee that green finance can provide economic and reputational payoffs.

The findings in the Asian economies also support the findings of the present study on multiple fronts. Ben Belgacem et al. (2023) observed that green financing encourages environmental investments and low-carbon transitions, which is better exploited in the presence of excellent corporate reputation. Similarly, Gao et al. (2024) concluded that the green financing reform and innovation pilot policies have a critical positive effect on ESG performance because of the increase in green investment and managerial cognition. Although their research emphasized internal cognitive processes, the current analysis takes it a step further by acknowledging corporate reputation as the external facet that converts these internal processes into monetary value and popularity.

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Taken together, these empirical studies highlight the importance of corporate reputation as a mediator in the green financing-FP relationship. Theoretically, the findings reinforce the RBV by theorizing reputation as the intangible, inimitable and valuable asset that augments the strategy returns of green financing. The findings buttress stakeholder theory by demonstrating how reputation transforms the activities of green financing into a sense of legitimacy, trust, and sustainable goodwill to consolidate the overall long-run FP. Moreover, the implications of the upshots support the signalling theory by demonstrating that reputation can be an authentic external indicator of sustainability commitment and, therefore, attract investors, regulators, and customers. Overall, the inclusion of corporate reputation in the nexus between green financing and FP adds to financial, social, and environmental gains.

4.10.5 Sequential Mediation of Corporate Social Responsibility and Corporate Reputation in the Green Financing– Firm Performance Relationship

The fifth objective was to investigate the sequential mediation effect of CSR and corporate reputation on the nexus between green financing and FP in the Kenyan banking segment. The null hypothesis was that CSR and corporate reputation have no sequential mediating effect in the relationship between green financing and FP. However, the study findings established that the serial mediation pathway was significant, signifying that green financing leads to improved CSR; in turn, CSR enhances corporate reputation, which consequently positively influences FP. According to the obtained results, the null hypothesis was rejected, hence affirming that CSR and corporate reputation are effective mediators in the relationship between green financing and FP.

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The results of the current research are highly supported by the empirical evidence presented in a variety of settings. In their study on Turkish companies, Alay et al. (2024) verified that green financing, green business ethics, and sustainable business performance have a mediating relationship through CSR. Their findings indicated that both green financing and ethical orientations facilitate CSR initiatives, which subsequently improve sustainability results. These results can be compared to those of the present study, which equally proves CSR to be an essential mediating factor. Nonetheless, since the reviewed study focused more on sustainability overall, the current research contributes to this body of knowledge by including corporate reputation in the chain, thus demonstrating that CSR not only create sustainability effects but also enhances corporate reputation, which in turn enhances FP. This extension further polishes the mediation process by incorporating another intangible resource through which CSR has its power.

Similar findings were corroborated by Deb et al. (2024), who tested green financing, green taxation, CSR, corporate reputation, and FP in Bangladesh. Their results revealed that CSR is promoted by green financing and green taxation, which foster CSR, which improves corporate reputation and, finally, FP, providing empirical evidence of the GF → CSR → CR → FP relationship. The findings are consistent with the findings of the current research that also confirm this successive mechanism within the Kenyan banking industry. But when the reviewed study used the concept of green taxation as an extra antecedent, the present research uses green financing as a trigger and shows that it is adequate in starting the CSR–CR–FP series. This difference emphasizes that despite the lack of fiscal policy stimuli, green financing leads to the stimulation of CSR and corporate reputation, underscoring its strategic importance.

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Moreover, Indriastuti et al. (2021) probed the likage between green investments, CSR, and sustainable performance. Their findings indicated that both forms of investment positively contributed to sustainability upshots, although FP did not mediate these effects. On the contrary, the current findings single out FP as a definitive product of the sequential mechanism, mediated by CSR and corporate reputation. Additionally, the reviewed study did not include the integration of corporate reputation in future estimations, identifying its potential role in translating CSR into corporate performance. The present study addresses this gap by empirically validating corporate reputation as a mediator, hence extending their theoretical proposition and advancing the literature on how sustainability practices convert into tangible financial benefits.

Additional findings in China confirm this result of the sequential mediation analysis. Xiliang et al. (2023) reported that CSR, green financing, and ICT adoption have a positive impact on FP, and organizational support heightens the effects. Equally, Peng and Chen (2023) affirmed that CSR leads to a stronger corporate reputation and trust among stakeholders, whereas green financing ensures the funding that sustainability projects require. Nevertheless, corporate reputation as a formal mediator was not specifically tested in the reviewed study. The current research expands on these results by explicitly modelling CSR and corporate reputation in a serial mediation model, therefore explaining how the process of converting green financing into better FP works. This extension advances the Chinese studies in that the parallel associations are redirected to a more specific sequential pathway.

The Indian background also offers some insights into the relationship between green financing, CSR, corporate reputation and FP. Bashir (2022) showed that investments in CSR contributed greatly to corporate reputation, but the direct association between

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reputation and FP was less clear. In addition, advertising intensity reinforced the CSR-CR relationship, which underlines the influence of external visibility in enhancing reputational gains. To some extent, these results can be aligned with the present study, which sets the premise that corporate reputation is an essential factor in conveying the effects of CSR to FP. Through the present study, as opposed to Bashir (2022) study, which has established a weak CR-FP relationship, the researchers have confirmed the existence of a significant mediation pathway, which thus supports the argument that corporate reputation is an essential intangible asset that promotes FP when combined with CSR. On an international scale, Pham and Tran (2020) found that CSR disclosure augments corporate reputation, which, in turn, enriches FP, and that the relationships were enhanced by CEO integrity. Although the findings are consistent with the present study that supports the mediating aspect of corporate reputation, the fact that they do not include green financing in their analysis process is a conceptual weakness.

The current work solves this gap by showing that green financing is a triggering force of CSR and corporate reputation, and thus, sustainable finance gets incorporated into the CSR-corporate reputation-FP nexus. In such a manner, the present study adds to a more comprehensive vision of the process of improving FP by financial strategies and sustainability commitments working in harmony with one another. Taken together, the literature reviewed highlights the fact that the sequential mediation process GF → CSR → corporate reputation → FP is strong in wide settings. Nevertheless, the current study is an extension of the previous research in that it empirically confirms this channel in the banking industry of Kenya, therefore demonstrating the strategic value of green financing as both a financial tool and driver of sustainability-oriented reputation engagement.

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Theoretically, this accruing evidence is enhancing the RBV by showing that CSR and corporate reputation are unique intangible resources that make green financing a competitive advantage. It also advances the stakeholder theory in the sense that it demonstrates how CSR and corporate reputation are combined so that sustainability-oriented financing can be converted into legitimacy, trust and goodwill of the stakeholders. Moreover, the signalling theory is augmented justifiably since CSR and corporate reputation are plausible signals of sustainability orientation that will attract investment, regulatory goodwill, and customer loyalty. The results therefore not only corroborate the available literature but also improve on it by offering a more comprehensive sequential mediation model on a progressive basis, especially in the under-researched Sub-Saharan African region.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter offers a broad overview of the study by introducing a summary of the most essential findings, making well-grounded conclusions, and documenting the contributions to theory, new knowledge, empirical literature and methodology. It also presents practical and policy recommendations based on the research objectives, recognizes the limitations that were experienced in the study, and identifies the areas for further research. The discussion focuses on the relationships among green financing, CSR, corporate reputation, and performance in the Kenyan commercial banking industry.

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5.2 Summary of the Key Findings

This research was primarily aimed at analyzing the relationship that exists among green financing, CSR, corporate reputation and FP in the Kenyan banking industry. Guided by five specific objectives, the study offers evidence that supports the theoretical understanding and offers practical implications on the concept of sustainable banking practices.

The first objective sought to determine the influence of green financing on the performance of commercial banks in Kenya. The results indicated that green financing in the form of green credit, green investment and environmentally friendly financial practices has a positive and significant relationship with FP and indicated that adoption of these practices results in better profitability and general financial results. This means that sustainability-based financing systems not only bring banks into line with the global environmental agenda, but they also contribute to their competitive capabilities and financial strength within the Kenyan financial market.

The second objective probed the effect of CSR on corporate reputation. The results showed that CSR activity had a significant improvement and promotion of the reputational standing of the banks, meaning that by actively playing a part in socially responsible activities like community development, ethical behaviour, and environmental protection, the banks gains credibility and confidence of the population. This relationship highlights the importance of CSR as a driver of reputational asset in the banking sector.

The third objective looked at the mediating influence of CSR on the link between green financing and FP. The findings indicated that CSR moderates this relationship partially; i.e. where green financing has a direct positive impact on FP, its effect is actually

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channelled through CSR. This implies that banks leveraging CSR as an extension of their green financing strategies can attain heightened legitimacy and enhanced performance in a highly competitive setting.

The fourth objective assessed the mediating role of corporate reputation on the relationship between green financing and FP. The estimation results recognized that corporate reputation plays a significant mediating influence, suggesting that green financing advances corporate reputation, which in turn improves FP. This buttresses the claim that valuable intangible assets in the form of reputation serve as vital pathways via which sustainability-oriented financial strategies generate value for banks.

The fifth objective examined the sequential mediation of CSR and corporate reputation on the nexus between green financing and FP. The findings affirmed that the path (GF → CSR → CR → FP) was significant, signifying that green financing enhances CSR initiatives, CSR initiatives strengthen corporate reputation, which subsequently enhances FP sequentially. This chronological process emphasized the compounding process of integrating both CSR and corporate reputation into green financing plans so as to attain superior FP. It implies that Kenyan banks, which aim to achieve the maximum financial value out of sustainability, must both introduce green financing and effectively incorporate CSR and reputation-enhancing techniques into their business models so as to enhance their aggregate performance.

In general, the results of the five objectives give strong empirical evidence on the interrelationships among green financing, CSR, and corporate reputation as determinants of FP. The findings suggest that sustainability-based practices do not occur at the periphery but are core to financial success in the Kenyan banking industry. By presenting direct and mediated pathways, the findings expand empirical and

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theoretical discussions and offer practical implications to banking practitioners and policymakers.

5.3 Conclusions of the Study

The outcome of this research contributes to some important conclusions that contribute to theoretical knowledge and practical implementation of green financing, CSR, corporate reputation and performance in the Kenyan banking industry. The principal finding of the first conclusion is that green financing has a positive and significant effect on FP, which demonstrates that environmentally-focused financing is not only an ethical strategy, but also a profitable one. The Kenyan banks embracing green lending, investment and credit practices realize better returns by reducing their risks, improving innovation, and gaining entry into new markets through sustainable practices. This proves that sustainability as an element of financial strategies is no longer a choice, but a key to long-term profitability. Notably, this contradicts the old dichotomy that pitted profit and sustainability against each other, rather than supporting the complementary nature of the two in the changing financial environment.

The second conclusion is that CSR has a strong positive effect on corporate reputation within Kenyan banks. The results indicate that CSR activities serve as reputational capital, and they have placed banks in the role of responsible corporate citizens, as well as increasing customer trust, loyalty and stakeholder confidence. In the Kenyan setting, where financial institutions are being monitored following past crises of governance and lack of trust, CSR is a rehabilitative factor, as it implies the manifestation of ethical behaviours and responsiveness to the stakeholders. The conclusion made in this case is that CSR is not a marginal philanthropic action but a strategic investment that enhances reputational status and improves FP indirectly. Unless banks incorporate CSR into their

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core activities in meaningful ways, they run the risk of losing reputation, losing competitive edge in the marketplace, and losing stakeholder interest.

The third conclusion is that CSR mediates the nexus between green financing and FP, which supports the idea that sustainability-driven financing is most effective when implemented through socially responsible behaviour. Green financing alone can create financial returns, yet its transformational effect on performance is more evident when linked to efforts that express actual concern about social and environmental performance. This mediating role underscores the importance of CSR as a mediating process to combine the economic rationale of banking and the larger requirements of responsible citizenship. The conclusion is that institutions in the financial sector that structure green financing in alignment with CSR can multiply the financial and societal returns of such investments, thus ensuring both profitability and legitimacy.

The fourth conclusion is that the relationship between CSR and FP is mediated by reputation in companies; hence, reputation is a great intangible asset. When banks strategically carry out CSR initiatives, they develop reputation equity that results in customer loyalty, brand differentiation, and increased investor confidence that leads to financial performance. In Kenya, where ethical practices and transparency are becoming sensitive issues among customers, reputation stands out as a critical channel through which responsible practices can be converted to financial benefits. This implies that bank institutions need to think of reputation as a strategic asset that needs to be actively developed and managed, and not a by-product of CSR.

The fifth and last conclusion states that the sequential mediation (green financing CSR, corporate reputation, FP) process presents a holistic process by which green financing generates financial value. This interrelationship indicates that green financing

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reinforces CSR, which further increases corporate reputation, resulting in better financial performance. It is concluded that sustainable banking should be viewed as a complex model as opposed to individual practices. Through integrating green financing into socially responsible models and reputation management practices, Kenyan banks will be able to experience the long-term performance benefits and will be in line with the global sustainability requirements. This result places Kenyan banks in a global trend of integrated sustainable finance, in which financial, social, and reputational aspects are reinforced to build strong institutions.

These research results prove that green financing has a revolutionary role in shaping the FP of Kenyan financial institutions not only as a profitability driver but also as an enabler of sustainable growth. The evidence indicates that banks that incorporate green credit, green bonds, and green investment policies in their operations have better financial returns and, at the same time, enhance institutional legitimacy. This suggests that green financing is not a solitary invention but a component of a wider paradigm shift that entails making sustainability a key aspect of the banking strategy. Further, the mediation aspect of CSR and reputation strengthening demonstrates a sequential pathway in which FP is not only obtained through the direct economic benefits but also by exploiting social legitimacy and reputational capital. The Kenyan banking industry is, in this regard, shifting from the old paradigm of profitability to unified structures in which financial, social, and reputational demands are mutually supportive.

Drawing parallels from global contexts augments these conclusions further. In Europe, for example, the European Union has institutionalized the place of green financing in the European Green Deal and taxonomy of sustainable activities, and banks like BNP Paribas and Deutsche Bank have shown profitability growth and improved CSR values.

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In the United States, banks such as Bank of America and JPMorgan Chase have leveraged the benefits of using green bonds and sustainability-related loans, and at the same time have been investing in CSR-related activities in a bid to enhance their reputational value, thus supporting the sequential pathway seen in this study. Japanese MUFG Bank and Chinese ICBC have been able to position green financing as a strategic extension of CSR pledges in Asia, which not only earned them reputational value but also financial stability in the intensely competitive markets. In Africa, Standard Bank of South Africa and Access Bank of Nigeria have adopted green financing, and CSR has served as a conduit through which it increases reputational capital and long-term profitability. Kenyan banks, in their turn, are emergent and promising by comparison to these situations, and the conclusions of the study imply that through the institutionalization of an integrated approach to green financing, CSR, and reputation-building strategies, they can also achieve and even exceed the standards on the global market.

These similarities indicate the universality of the association between green financing, CSR, reputation, and FP, but also point to unique opportunities for Kenyan banks. As compared to Europe and North America, where regulatory frameworks and capital markets have already institutionalized green financing, Kenya is in its early stages of institutionalizing green financing. This is a rare chance for Kenyan banks to come up with agile and contextual models that match financial interests to sustainable development goals. Unlike in Asia, where the policies of the state play an influential role in green finance, in Kenya, the development goes much more through sectoral cooperation and market innovation. Moreover, in the African continent, the Kenyan banking industry is an emerging power that can influence other nations to follow trends. By emulating the achievements of the well-established international players without

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committing many of their mistakes, including missing the point and focusing on compliance instead of real innovation, Kenyan banks can soar to the top in promoting sustainable finance.

Lastly, the implications of this empirical investigation elevate the discourse from a narrow concern with profitability to a holistic framework that integrates financial performance with societal value and long-term institutional resilience. The international similarities prove that it is not only developed markets that have sustainable finance as a universal strategy but also a universal strategic direction that banks must follow in all their settings. In the case of Kenya, this means alignment of green financing, CSR, and reputation is not simply a matter of choice but a strategic requirement to be competitive in the changing global financial ecology. Therefore, having these dimensions incorporated into their core strategy, the Kenyan banks are now in a good position to realise high performance, legitimacy, and also make a contribution to national development, as well as global sustainability processes.

5.4 Contributions of the Study

The contributions made by this study are not only important to its current empirical results but also to its theoretical, knowledge, methodological and practical value. When examining the link between green financing, CSR, reputation, and performance of banks in Kenya, the research incorporates the views of sustainability, strategic management, and financial performance scholarship. The results not only reinforce the current theoretical underpinnings but also yield new knowledge in line with the developing economies and promote the rigour of the methods and the empirical literature. All these contributions together offer a holistic approach to enrich academic debate and educate managerial and policy practices of sustainable banking.

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5.4.1 Theoretical Contribution

The results of this research make important contributions to the current theories as they support them and expand their explanatory capabilities as applied to the topic of sustainable banking in Kenya. In the stakeholder theory perspective, the findings confirm that banks that take active steps in green financing as well as CSR endeavours stand in a better position to fulfil the expectations of various stakeholders, which include regulators and customers, investors and the community at large. The research enhances this theory by revealing that salience of stakeholders is not an absolute context-independent phenomenon in the newly emerging economies, as environmental issues, regulatory demands, reputation pressures, among others, are progressively defining FP levels. In this way, the results extend the stakeholder theory by highlighting that in the resource-limited setting, active interest in sustainability might transform the priorities of the stakeholders and increase the organizational legitimacy.

To advance the RBV, the research indicates that the adoption of green financing instruments and the integration of sustainability into corporate strategies may be thought of as special intangible resources that create a sustainable competitive edge in the long run. Contrary to conventional financial resources, these sustainability-oriented practices are socially complicated, path-dependent and challenging-to-replicate capabilities. The research contributes to the development of RBV in terms of a new construct, sustainability capital, which contributes to the competitiveness of firms, which implies that green financing cannot be perceived as only compliance or cost but as a strategic asset. Furthermore, the results broaden the theoretical course of the RBV by incorporating reputation as a mediating parameter, therefore enhancing the model to establish mediating and compounding influences of intangible resources in leading to high-quality FP.

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The given study also enhances Legitimacy Theory, as it empirically shows that the importance of environmental and social responsiveness is not marginal but core in the process of preserving the social license to operate. The banking industry in Kenya is becoming more associated with legitimacy when it comes to apparent act of commitment to green practices and responsible financing. The results can thus advance the legitimacy theory by highlighting how, in the context of regulatory uncertainty and increased public attention, legitimacy is achieved not only through symbolic congruence but also through the substantive operational practices of green lending and sustainable investment portfolios. This makes legitimacy not a fixed compliance-based concept but rather a dynamic concept that is informed by credibility, transparency, and concrete results in sustainable finance.

Lastly, the findings enrich signalling theory by showing how banks strategically apply CSR and green financing procedures to deliver credible signals of stability, trustworthiness and progressive risk management to investors, regulators and clients. Specifically, the results indicate that signalling by means of sustainability activities works particularly effectively in emerging markets, where the information asymmetry is significant, and the lack of trust is common. By empirically confirming the signalling role of green financing, the study applies the theory to the context of sustainable banking, where the signalling role is found to lower uncertainty, as well as to convert into quantifiable changes in FP. This paves the way for sophisticated theoretical models that combine signaling mechanisms and resource-based and legitimacy-based explanations that provide a more comprehensive description of corporate performance during sustainability pressures.

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Together, the research brings new conceptual contributions to the study through its combination of these theories to form a conceptual map that encompasses the multidimensional effects of green financing, CSR and reputation in shaping FP. It functions to narrow the conceptual avenues by demonstrating the convergence of stakeholder demands, sustainability resources, legitimacy demands and signalling strategies towards the generation of new competitive advantage avenues in the banking industry. Besides, by empirically validating and generalizing these theories to an under-researched setting of the Kenyan banking sector, the study creates theoretical contributions that are not only relevant to the Kenyan context but also globally transferable, hence broadening the frontiers of knowledge on sustainable finance and organizational performance.

5.4.2 New Knowledge Creation

The present research has produced novel knowledge, which contributes to the understanding of the relationship among green financing, CSR, corporate reputation, and FP in the Kenyan banking industry. Despite the fact that previous research has focused on sustainability financing and CSR in the global banking setting, minimal literature has combined the two variables into a single conceptual framework with the aim of uncovering the descriptive dynamics and a cumulative effect on the FP of emerging economies. By filling this gap, the research disrupts the standard definition of FP as a mere result of efficiency within the firm or positioning in the market and instead presents it as the result of an interdependent system in which sustainability-oriented capital, socially responsible practices, and reputational capital collectively define the success of the institution. Such an integrative approach yields knowledge that transcends fragmented perspectives and generates a more refined conceptualization

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of how banks may integrate sustainability into their fundamental long-term competitiveness strategies.

One of the key contributions of this knowledge is that it shows that CSR mediates the link between green financing and FP. This indicates that the advantages of sustainability financing are not simply realized, but are enhanced when banks incorporate green financing into their CSR agenda. This observation opens up a new avenue to the green finance-FP argument by providing an understanding of CSR as the process that converts sustainability investments into financial and social value. Also, the study describes the fact that the reputation of the corporation is an intermediary factor in the same relationship, which serves to underscore the intangible yet great power of reputational capital in streamlining customer loyalty, investor loyalty and trust of the stakeholders. These results refine existing theoretical pathways by demonstrating that, in the Kenyan banking industry, green financing is only able to generate optimal value when aligned with CSR commitments and reputational approaches.

Additional knowledge is created by introducing a sequential mediation model where CSR reinforces corporate reputation, which, consequently, improves FP. This cumulative process is important in emphasizing that the financial results of green financing are not direct but are experienced in stratified processes of responsibility and credibility-construction. The sequential mediation pathway adds a conceptual dimension to the literature that goes far beyond single-mediation models and offers a comprehensive explanation of the way sustainability-oriented financing can create value. It emphasizes that CSR and reputation should not be an addition but a lever with which green financing will be converted into quantifiable financial and social benefits by the banks.

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Outside of the Kenyan setting, the results challenge the generalizability of the current models of finance and performance that have been mainly developed in Western and Asian backgrounds and focus principally on direct profitability results. This study provides knowledge that is contextually specific and globally applicable in the discovery of the distinct ways in which green financing interacts with CSR and corporate reputation in Kenya. It reveals that the concept of sustainability financing can never be separated from the context of CSR and reputational strategies in an emerging market, where trust, legitimacy and social license to operate are the core components of business continuity. The shift in conceptualization provides both theoretical and practical value in that the notion of sustainability is no longer seen as a tool of compliance or marketing but a strategic driver of FP. Through this, the study offers new insights that can be generalized, outlining the application of current frameworks in new contexts, besides forming foundations for comparative studies across regions and institutional contexts.

5.4.3 Methodological Contribution

The study makes valuable methodological contributions because it uses a detailed multi-dimensional analytical model to analyse how green financing, CSR, corporate reputation, and FP interrelate in the banking industry in Kenya. To begin with, this study is unique because most of the previous works on these constructs have only tested them separately, whereas the current study used a combined model that scrutinized the direct, mediating, and moderating effects of these constructs simultaneously. Such methodological combination offers a more comprehensive view of how, in Kenya, banking institutions generate value based on practices that are sustainability-minded, coupled with reputational capital. By operationalizing complex constructs like green financing, CSR, corporate reputation and FP into measurable terms, the study helps to

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enhance methodological clarity, as the research provides tools that can be replicated or transformed into an empirical investigation in different settings.

Second, the research has methodological contributions in the sense that the measurements and analyses are based on context-relevant realities of banks in Kenya, although they are in tandem with international best practices. As an illustration, the use of SEM allowed for robust testing of hypothesized relationships among green financing, CSR, corporate reputation, and FP. This sophisticated method of analysis not only confirmed the relevance of some global theories such as stakeholder, legitimacy, RBV, and signalling theories within the Kenyan banking industry, but also provided some context-specific dynamics, including the enhanced mediating effect of corporate reputation and CSR on the relationship between green financing and FP. Such insights show methodological refinement, demonstrating how advanced modeling techniques can uncover vital pathways in emerging economies where institutional pressures, regulatory frameworks, and market dynamics differ from those in developed regions.

Third, the methodological contribution of the research is that it extends the empirical investigation by linking sustainability-related aspects (green financing and CSR) with the strategic intangible resources (corporate reputation) and the conventional indicators of the FP. In this way, it offers new methodological opportunities to evaluate the performance of firms beyond the traditional financial measures of ROA and ROE while remaining financially rigorous. The integration of non-financial and financial constructs offered by this merger provides a multidimensional instrument to scholars and practitioners who would like to examine the performance of organisations in their entirety. Moreover, the study shows that it is possible to use cross-sectional survey data with sophisticated quantitative methods to measure these multi-level relationships

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within the context of developing countries, where longitudinal data is not always available.

Lastly, the study has achieved methodological generalizability because it introduces replicable measurement scales that have been empirically validated in the Kenyan banking sector. Not only do these instruments strengthen construct validity, but they also facilitate comparative across-country and industry studies, which increases the scope of sustainability and reputation studies in financial institutions. The methodological rigour demonstrated in this study therefore provides a point of reference in future studies in Sub-Saharan Africa and other parts of the world, which supports the argument that new market settings can be equally applied to the global academic discourses provided that methodologically sound design is used.

5.4.4 Empirical Contribution

The present research contributes greatly to the existing body of empirical evidence because it gives new evidence regarding the nexus among green financing, CSR, corporate reputation, and FP in the Kenyan banking industry. First, the results empirically demonstrate that the initiative of green financing, such as green credit, green investment, and green insurance, produces a substantive and positive impact on FP. Although the available literature of empirical observations has concentrated on developed economies of Europe, North America, and Asia, the evidence in Sub-Saharan Africa has been scattered. By developing such a relationship within the banking industry in Kenya, the study expands the empirical frontiers of green finance studies into an environment characterized by regulatory limitations, comparatively shallow capital markets and increased environmental vulnerabilities. This not only bridges a geographical gap but also empirically supports the idea that green financing is not a

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normative ideal; it is actually a performance-enhancing strategic decision even in emerging economies.

Second, the findings empirically confirm the multidimensional driver of FP, specifically in an African banking business context as CSR. Although available literature tends to relate CSR with reputational gains in international banking systems, the outcomes of the Kenya system indicate that CSR has a more direct impact on the banking system in improving customer loyalty, community relations and aligning with regulatory standards under the CBK and SASRA. This research, therefore, proves empirically that CSR in emerging markets has dual value, which is not only that it satisfies the expectations of the stakeholders but also protects long-term profitability. This duality is not normally well reflected in previous studies; thus, the findings are an important addition to CSR literature in third world economies.

Third, the empirical results establish that CSR and corporate reputation mediate the link between green financing and FP simply and serially. As compared to the existing literature, where most researchers have investigated CSR and corporate reputation as separate constructs, the study demonstrates empirically that CSR and corporate reputation act as intermediaries whereby green finance strategies can translate into financial results. As an example, banks that are seen to have pledged adherence to green causes and social responsibility are viewed as more reliable and credible, which, in turn, makes them more loyal to their customers, more trusted by their investors, and, finally, more profitable. This empirical result hones our perspective on the role of intangible assets as strategic resources within the African financial services industry, which provides detailed data on the reputational returns of responsible banking behaviour.

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Fourth, the study, incorporating green financing, CSR and corporate reputation in a single empirical model, helps to operationalize the performance of firms in a manner that reflects both traditional financial performance (such as ROA and ROE) and reputational value. This holistic framework of measurement empirically enhances the banking research measurement practice, especially in situations where the new non-financial performance drivers are increasingly becoming pertinent within the global environmental and social sustainability frameworks. This operationalization is particularly useful in the Kenyan banking sector, in which competition is on the rise, and differentiation is becoming more and more reliant on how the institutions strike a balance between financial goals and social and environmental requirements.

Lastly, the research provides empirical evidence that disproves the belief that African financial institutions are very far behind in terms of sustainability practices. The findings make the Kenyan banking sector a possible model for other African economies by demonstrating that Kenyan banks have adopted and are beneficiaries of green finance and CSR. As a result, it not only enhances the empirical data on under-studied contexts, but it also gives a point of reference for comparative studies across regions. By so doing, the study deepens our empirical knowledge of the operation of sustainable banking practices with specific cultural, economic and regulatory interactions.

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5.5 Recommendations of the Study

The results obtained through this study have far-reaching implications not only for academic purposes but also for applications in practice, policies, and future research. By examining the intertwined relationship between green finance, CSR, corporate reputation, and FP in the context of the Kenyan banking industry, this research has generated valuable information that can be used to guide managers and develop policies

that foster the adoption of best practices in sustainable business operations. As suggested in this study, the following recommendations should be approached from three major angles: practical and managerial interventions designed to improve competitive advantage and sustainability; policy directives meant to improve regulatory and institutional settings that promote sustainable banking; and a future research agenda.

5.5.1 Practical/Managerial Recommendations

The implications of the results of this study, which revealed positive and significant relationships between green financing and CSR, corporate reputation, and the performance of commercial banks in Kenya, have far-reaching managerial implications and strategic decision-making in the banking industry. Managers need to understand that sustainable financial practices are no longer a fringe activity, but the core of profitability, competitive edge, and institutional sustainability.

To begin with, the fact that green financing has a great impact on the performance of banks highlights the need to ensure that managers are keen on embedding sustainable financial products in their portfolio of operations and strategies. Managers ought to proactively create and market novel tools like green bonds, climate-linked loans, financing of renewable energy and environmentally focused investment funds. These products can not only cope with the global sustainability requirements, but also improve the FP by providing access to environmentally sensitive investors and new market opportunities. A strategic share of credit facilities on renewable energy, clean technology and sustainable infrastructure makes the banks leaders in practising responsible finance, and at the same time reduces environmental and operational risks.

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Secondly, the results show how CSR activities contribute positively towards building up a bank's reputation, and thus, the need to integrate CSR as an integral part of the management process cannot be ignored. Managers should work on formulating and executing CSR activities which provide real benefits socially and environmentally. These include financial inclusion schemes, community empowerment programs, sponsorship of education and other environmental protection initiatives. Through such activities which match the interests of stakeholders and communicate their positive effects, the banks are able to develop a trustworthy and loyal relationship with stakeholders, hence building up reputational capital. Good reputational capital is not only important in building differentiation from competitors but also shields the organization from any damage to reputation.

Third, the research proved that CSR is a vital mediator in the link between green financing and financial performance, meaning that the impact of FP due to green financing can only be enhanced by incorporating the elements of CSR into green financing activities. The managers ought to then embrace coherent strategies that incorporate CSR in the programs of green financing. For instance, there could be community awareness programs on the benefits of green loans, while CSR activities could be directly tied to sustainable investments. This will ensure that green finance is able to create not only profit but also legitimacy, thus maximizing the gains from sustainability efforts.

Fourth, it is evident, based on the large mediating role of corporate reputation between green financing and bank performance, that managers should actively protect and make use of reputational capital. Green financing efforts must be transformed into performance improvements through transparent reporting, proactive stakeholder

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support, and strategic communication of sustainability commitments. Digital platforms, sustainability reports, and disclosures to the public should be used by managers to demonstrate responsibility, environmental management, and future-oriented plans, and are likely to position the bank as a reliable and credible institution in the context of sustainability.

Lastly, the sequential mediation influence of CSR and corporate reputation on the green financing-performance relationship shows that managers should assume a holistic view in their approach to enforcing the sustainability strategies. Green financing, CSR, and corporate reputation are not to be handled in autonomous vacuums, but are part and parcel of a corporate lattice that is in a process of cumulative reinforcement of FP. It is recommended that these constructs should be institutionalized in the organizational culture, policies, and decision-making processes so as to ensure that sustainability, social responsibility, and reputational excellence come up as a collective touch to drive performance. Such a long-term orientation predisposes the banks to attain sustainable competitiveness, trust among the stakeholders and compliance with global standards of sustainable finance.

In conclusion, the research presents valuable management advice by recommending that managers must invest in green finance, integrate CSR into their strategies, and build corporate reputations as important levers to improve their financial performance and maintain competitiveness in the Kenyan commercial banking industry. If implemented effectively, these recommendations will enable managers to change sustainability from merely fulfilling regulatory requirements to a competitive advantage tool that can create financial and non-financial benefits.

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5.5.2 Policy Recommendations

The results of this research provide unique critical implications to policymakers and regulators in Kenya and government agencies to address how regulatory frameworks can inculcate sustainable banking practices and bolster FP. Since green financing has a positive and significant influence on the performance of commercial banks, regulators like the CBK and the Ministry of Environment and Forestry ought to formulate and enact policies which encourage banks to take up green financing products. Such policies may involve special capital requirements on banks giving out green loans, tax breaks on funds used to fund renewable energy development and standardized reporting procedures for environmentally conscious investment. By facilitating a favourable regulatory framework, the Kenyan government can speed up the use of sustainable finance to enhance the resilience, profitability, and contribution of the sector to regional and national environmental and climate goals.

The research also established that CSR affects corporate reputation greatly, indicating that policy responses ought to encourage institutionalized CSR activities in the banking industry. The CBK, together with the Kenya Bankers Association (KBA), might require planned CSR reporting under the annual disclosures, which would guarantee social, ethical, and environmental program transparency. Also, the banks can be motivated to invest in community development, financial inclusion and environmental stewardship by public recognition programs or the rating systems of CSR excellence that are organised by the Ministry of Public Service, Youth and Gender Affairs. Such measures would reinforce ethical behaviour in the banking industry and increase trust among the stakeholders, which is essential for the long-term sustainability of the sector.

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This result that CSR mediates the effect of green financing and FP is a reaffirmation of the significance of integrated policy frameworks. Kenyan regulatory agencies must promote the integration of CSR programs with green financing programs by companies, such as asking banks to allocate a portion of green financing proceeds to fund social and environmental projects. This will make sure the economic benefits of green finance can be strengthened through social legitimacy in order to provide a two-pronged avenue to enhance profitability and social effectiveness. State agencies like the National Treasury, in the form of development funding policies and incentives, might be in a key position to steer the banks towards such integrated sustainability approaches.

Likewise, the mediating effect of corporate reputation on the relationship between green financing and FP has shown the necessity to have regulations that foster transparency, ethics, and reputational responsibilities in the Kenyan banking industry. The policymakers are expected to put down clear policies on sustainability reporting, stakeholder interaction, and reporting environmental and social risks. This can be organized and executed by the CBK and KBA in order to ensure that the reputational assets of the banks are safeguarded and used strategically to improve FP. These actions lessen exposure to reputational shocks and increase investor, customer and stakeholder trust.

Lastly, the sequential mediating influence of CSR and corporate reputation on the relationship between green financing and FP in the study shows that policy frameworks must take a holistic view in terms of the reliance on sustainability, CSR, and reputation in determining financial results. Policies that foster or mandate integrated sustainability plans, which tie green financing, CSR, and reputational management, would entrench a sustainable performance direction. In such a way, the Kenyan banking sector will be

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able to become a leader in sustainable finance in Africa, an investment in the development agenda of the country and the global environmental goals.

5.6 Limitations of the Study

While the results of this study offer profound insights into the link between green financing, CSR, corporate reputation, and FP, a few limitations need to be taken into account to understand the nature of the results better. First, the current research was based on the use of a cross-sectional research design. This means that the relationships between these factors were studied at one particular point in time and thus, the researchers failed to analyze how these variables influence each other over a period of time. Therefore, even though some strong links between green financing, CSR, corporate reputation, and FP have been identified, their causal relationship cannot be asserted.

Second, the research area was limited to commercial banks that operated in Kenya. Though this interest promotes the topicality of the results to the Kenyan banking industry, it limits the extrapolability of the findings to other financial institutions or geographical settings. The mechanisms between green financing, CSR, and corporate reputation and FP might not be the same in microfinance institutions, deposit taking SACCOs or insurance companies, which have different -structure of governance, regulatory requirements and expectations of stakeholders. Therefore, one should be careful in the process of extrapolating these findings to other industries or nations that have not been empirically confirmed.

Third, the study considered the mediating effects of CSR and corporate reputation; however, other possible moderating or mediating variables that may affect the relationships were not factored in. Leadership commitment, organizational culture,

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technological adoption, market competitiveness and external economic shock are an example of organizational variables that may either amplify or attenuate the effects of green financing on FP. The absence of these contextual and organizational factors restricts the holistic nature of the conceptual framework and has the potential to disregard the important pathways through which sustainability-oriented strategies can affect financial performance.

Fourth, the researchers have mainly used quantitative survey and archival financial information, which, despite being powerful, might not indicate with full detail the realities involved in the practical aspects of implementing the strategies of green financing, CSR and reputation management. Qualitative insights obtained through interviews conducted among bank managers and regulatory authorities, as well as other relevant parties, would offer additional context about the complexities and nuances of implementing sustainable development practices. In light of this gap, some contextual variation witnessed within the results could not be fully explained.

Lastly, the theoretical framework of the study, based on stakeholder theory, the RBV, legitimacy theory, and signalling theory, failed to consider other constructs, including ESG disclosures, environmental risk management, or stakeholder engagement practices. These abandoned constructs can contribute largely to the development of the relationships among green financing and CSR and corporate reputation and FP. The study could have possibly missed other mechanisms of explanation by the exclusion of the dimensions and so constrained the definitive contribution of theory to the study.

5.7 Areas for Future Research

Based on the significant findings of the current study, various possibilities for further studies can be derived to shed more light on the intricate relationship between green

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financing, CSR, corporate reputation, and FP in the banking industry in Kenya. To begin with, although this study was able to come up with positive significant relationships between these variables, it used a cross-sectional design. Future studies might use longitudinal research methods to help capture the dynamics of time and causality of these relationships. Monitoring banks across numerous periods would enable academicians to examine the influence of sustained green financing policies, CSR policies, and reputation management on FP in the long term, especially when economic situations are stable, when regulation has been reformed or when there is a market shock. This type of temporal analysis would give more valuable information on the sustainability and strength of sustainability-oriented banking strategies.

Second, the sequential mediation effect between CSR and corporate reputation on the nexus between green financing and FP reported in this study also sheds light on the possible effect of other organisational and contextual factors. The moderating or mediating variables which might strengthen or weaken the GF-CSR-CR-FP path could be investigated in future studies, including leadership commitment, organisational culture, technological adoption, or competitive intensity. Comparative research on how institutional structures, regulatory environments and cultural contexts influence these mechanisms could be enriched through some cross-country analysis of African countries or emerging versus developed markets. It is not only that such research would contribute to a better generalizability of the theory, but it would also present practical recommendations that policymakers, regulators and bank managers could use to design sustainability strategies that are more responsive to the local environment.

Third, this research was limited to commercial banks, but the researcher could still consider the same constructs in other types of financial institutions such as

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microfinance institutions, insurance firms, and deposit-taking SACCOs. Exploring the interaction of green financing, CSR, and corporate reputation in such a wide range of environments may lead to the discovery of industry-specific dynamics and the indication of practical implications in the development of sustainability-oriented financial tools. Through the expansion of the institutional coverage, future studies would be able to inform the cross-sectoral best practices and identify the specific obstacles and opportunities of adopting the green finance approaches outside of the traditional banking.

Fourth, although CSR and corporate reputation were considered as mediators in the present study, further studies may broaden the theoretical focus and add more constructs like stakeholder engagement, ESG (Environmental, Social, and Governance) disclosures, environmental risk management, or corporate innovation. Researchers may also look into nonlinearities, thresholds, or interaction effects, for example, if there is a critical point that needs to be achieved before any positive changes in FP can be noticed. This will further enhance the theoretical model by providing a deeper insight into how sustainable finance impacts FP.

Lastly, mixed-method research methods that combine qualitative knowledge with quantitative research techniques might be of great importance to increase the knowledge of how processes leading to the emergence of green financing, CSR, and corporate reputation impact FP. The in-depth interviews or focus group discussions with the bank administrations, regulators, and other stakeholders may help in identifying the impediments in implementation, situational issues, and real-life experiences that may not be well understood in terms of the surveys or archival records. These would help

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provide a more comprehensive view of the practices of sustainability in the Kenyan banking industry by supplementing the statistics with in-depth narrative data.

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APPENDICES

Appendix I: Questionnaire

You have been selected for the study on **Green Finance, Corporate Social Responsibility, Corporate Reputation and Performance of Commercial Banks in Kenya**. If you voluntarily agree to be part of the study, kindly complete every section of the questionnaire and answer all the questions. For confidentiality, please do not indicate your name. The information provided will be treated with utmost confidentiality. Your support in filling out the questionnaire is highly appreciated.

SECTION A: DEMOGRAPHIC INFORMATION

Name of the bank……

SECTION B	**Green Financing**				
Indicate the extent to which you agree or disagree with the following statements in regard to green financing.					
1- Strongly Disagree; 2 – Disagree; 3 – Neutral; 4- Agree; 5- Strongly Agree					
Green Loans	**1**	**2**	**3**	**4**	**5**
1. The bank provides loans specifically for renewable energy or sustainable agricultural projects.					
2. The bank actively promotes eco-friendly loan products to its customers.					
3. The bank evaluates environmental sustainability as a key factor when approving loans.					
Green investments	**1**	**2**	**3**	**4**	**5**
4. The bank invests in environmentally responsible initiatives such as green bonds.					
5. The bank supports sustainable equity funds to promote environmental goals.					

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6. The bank allocates resources to investment opportunities aligned with green initiatives.					
Carbon Finance					
7. The bank participates in projects aimed at reducing greenhouse gas emissions.					
8. The bank supports carbon credit trading or similar mechanisms to mitigate climate risks.					
9. The bank finances activities that help reduce the carbon footprint of businesses or communities.					
Climate Finance					
10. The bank funds projects addressing climate change adaptation or mitigation.					
11. The bank prioritizes initiatives that focus on combating the effects of climate change.					
12. The bank collaborates with stakeholders to provide financial solutions for climate resilience.					
Green Mortgages	**1**	**2**	**3**	**4**	**5**
13. The bank offers mortgage products tailored for energy-efficient buildings.					
14. The bank incentivizes customers to adopt energy-saving technologies in their properties.					
15. The bank assesses environmental impact as part of its mortgage evaluation process.					
Green Infrastructure Finance					
16. The bank invests in sustainable transportation or waste management projects.					
17. The bank finances infrastructure projects designed to minimize environmental harm.					
18. The bank prioritizes funding for green infrastructure in urban and rural development.					
Green Insurance	**1**	**2**	**3**	**4**	**5**
19. The bank provides insurance products designed to cover climate-related risks.					
20. The bank promotes policies that incentivize sustainable practices among clients.					
21. The bank ensures that its insurance offerings align with environmental goals.					
SECTION C	**Corporate Social Responsibility**				
Indicate the extent to which you agree or disagree with the following statements in regard to corporate social responsibility.					
1- Strongly Disagree; 2 – Disagree; 3 – Neutral; 4- Agree; 5- Strongly Agree					
Environmental Initiatives	**1**	**2**	**3**	**4**	**5**
22. The bank actively implements policies to reduce its					

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environmental impact.					
23. The bank invests in clean energy and sustainable technologies.					
24. The bank promotes recycling and waste management within its operations.					
Community Engagement					
25. The bank supports local community development programs, such as education or healthcare initiatives.					
26. The bank's community engagement programs have a positive impact on society.					
27. I am aware of the bank's contributions to improving the well-being of the community.					
Employee Welfare	**1**	**2**	**3**	**4**	**5**
28. The bank consistently adheres to laws and regulations in its operations.					
29. The bank demonstrates transparency and fairness in its business practices.					
30. The bank ensures ethical treatment of its customers and stakeholders.					
Diversity and Inclusion	**1**	**2**	**3**	**4**	**5**
31. The bank promotes a balanced workforce reflective of societal diversity.					
32. The bank fosters an inclusive culture that respects individual differences.					
33. The bank provides equal opportunities regardless of gender, race, or background.					
SECTION D	**Corporate Reputation**				
Indicate the extent to which you agree or disagree with the following statements in regard to corporate reputation.					
1- Strongly Disagree; 2 – Disagree; 3 – Neutral; 4- Agree; 5- Strongly Agree					
Net Promoter Score	**1**	**2**	**3**	**4**	**5**
34. I would recommend our bank to others.					
35. I am satisfied with the overall services provided by this bank.					
36. This bank meets my expectations better than its competitors.					
Stakeholder Perception	**1**	**2**	**3**	**4**	**5**
37. This bank is committed to addressing customer needs.					
38. The bank maintains high ethical business standards.					
39. The bank values my feedback and suggestions.					
Awards and Recognitions	**1**	**2**	**3**	**4**	**5**
40. Awards received by this bank are important to my opinion of it.					
41. The bank's recognitions reflect its actual performance.					
42. I feel proud to be associated with a bank that wins industry					

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awards.					
Social Media Sentiment Analysis	**1**	**2**	**3**	**4**	**5**
43. The bank effectively responds to feedback on social media.					
44. Discussions about the bank on social media are generally positive.					
45. Social media influences my perception of this bank.					
SECTION C	**Non-financial performance**				
Indicate the extent to which you agree or disagree with the following statements in regard to corporate social responsibility.					
1- Strongly Disagree; 2 – Disagree; 3 – Neutral; 4- Agree; 5- Strongly Agree					
Customer Satisfaction	**1**	**2**	**3**	**4**	**5**
46. The bank resolves my complaints promptly and effectively.					
47. I am happy with the quality of customer service provided by this bank.					
48. The bank's services meet my expectations					
Employee Satisfaction	**1**	**2**	**3**	**4**	**5**
49. I am satisfied with the overall work environment in this bank.					
50. The bank provides adequate opportunities for professional growth and development.					
51. I feel that my work-life balance is well-supported by this bank.					
Service Quality	**1**	**2**	**3**	**4**	**5**
52. The bank delivers services in a timely and efficient manner.					
53. The accuracy of transactions and services provided by the bank meets my expectations.					
54. The convenience of accessing banking services (e.g., branches, ATMs) is satisfactory.					
Digital /Technology Adoption	**1**	**2**	**3**	**4**	**5**
55. The bank's digital platforms (mobile app/online banking) are easy to use.					
56. The bank's digital services are reliable and free from frequent disruptions.					
57. I am satisfied with the bank's technology adoption to improve customer experience.					

THANK YOU

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Appendix II: Data Collection Sheet

No	Variable/Indicator		Year
	Financial Performance		2024
1	**Return on Assets**		
	A	Net Profit	
	B	Total assets	

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Appendix III: List of Commercial Banks in Kenya

1. Absa Bank(K) Plc
2. Access Bank (K) Plc
3. African Banking Corporation Limited
4. Bank of Africa (K) Limited
5. Bank of India(K)
6. Bank of Baroda (K) Limited
7. Citibank N.A. Kenya
8. Consolidated Bank Limited
9. Co-operative Bank Limited
10. Commercial International Bank (CIB) Kenya Limited
11. Credit Bank Limited
12. Development Bank Limited
13. Diamond Trust Bank (K) Limited
14. DIB Bank Kenya Limited
15. Ecobank (K) Limited
16. Equity Bank(K) Limited
17. Family Bank Limited
18. Guaranty Trust Bank (K) Limited
19. Guardian Bank Limited
20. Gulf African Bank Limited
21. Habib Bank A.G. Zurich
22. I & M Bank (K) Limited
23. KCB Bank (K) Limited
24. Kingdom Bank(K) Limited
25. Middle East Bank (K) Limited
26. M Oriental Bank (K) Limited
27. National Bank of Kenya Limited
28. NCBA Bank(K) Plc
29. Paramount Bank Limited

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30. Premier Bank Limited
31. Prime Bank Limited
32. Sidian Bank Limited
33. Spire Bank Limited
34. Stanbic Bank(K) Limited
35. Standard Chartered Bank (K) Limited
36. SBM Bank (K)Limited
37. UBA Kenya Bank Limited
38. Victoria Commercial bank

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Appendix IV: NACOSTI Research Licence

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Date of Issue: **16/September/2025**

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