Journal of Accounting and Social Interests "Scientific Journal"

**Alzahra University- Faculty of Social Sciences and Economics**
**Accounting and Social Interests, VOL. 13, NO. 3, Fall 2023, Pages 33-37**

# Explaining and Analyzing the Moderating Role of Company Size on the Impact of Social Responsibility on the Financial Performance of Companies, Based on Meta-Analysis Technique[1]

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Received: 2022/08/12
Accepted: 2024/01/08

Research Paper

## INTRODUCTION

Based on the philosophical presuppositions of classical economics, the maximization of shareholders' assets, through an increase in profitability, company efficiency, development of functional dimensions, and especially financial performance, is the ultimate goal of any company. It is considered objective to measure the revenue situation about the expenses of the companies. However, the approach of social responsibility is an issue that forces companies to act more ethically towards society. In other words, although company managers seek to improve financial performance, they must prevent cultural and social destructive consequences and damages related to the company's activities (Jamani and Ghiyas, 2020). Socially responsible through the use of strategic processes, such as the role of main actors,

1. DOI: 10.22051/JAASCI.2023.41188.1722

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institutional structures, and stakeholders, can be effective in improving financial performance. In this direction, corporate social responsibility, which is nearly a century old, seeks to act responsibly toward the cultural, social, and environmental values of society. And this has emerged to ensure business ethics in economic activities. The empirical relationship between the two constructs of social responsibility and the financial performance of companies has been an issue of interest and motivation for researchers for many years. Getting desired results and creating value for companies is doubtful. (Avishe et al., 2020; p. 9, Christostom et al., 2011; p. 10; Meg Williams and Siegel, p. 16, 2000) The basic issue and point to consider is the presence of ambiguity and inconsistency in the results of previous research on the impact of social responsibility on financial performance Also, the role of the moderator is the size of the company. (Dakhli, 2021 p. 14) In fact, in some studies, social responsibility is significant in predicting the dispersion of financial performance data. While some studies report the negative effect of social responsibility on financial performance. (Gallant and Kadez 2017, p. 8) Therefore, despite the existence of a large number of experimental studies, it is still not possible to claim that this effect is positive or negative. Therefore, the general result of the previous studies is contradictory and questionable. (Ali et al. 2020 p. 6) In this regard, the literature survey shows that the research based on the meta-analysis of Orlitzki et al. (2003 p. 2) with a meta-analysis approach on 52 studies that were carried out in international business companies and reported the positive and significant effect of social responsibility on financial performance, while (Shorko 2010, p. 2) stated during a systematic review that they did not find a significant relationship between social responsibility and financial performance. Therefore, international research also reports contradictory results. This can be seen in domestic research as well. Research studies show the presence of contradictory results in Iranian studies. For example, Sanobar et al. (2018), Hafezpour (2016), and Salehi et al. (2011) concluded that financial performance does not have a significant effect on social responsibility, while the results of Zangeneh et al.'s research (2016) show that confirming the impact of social responsibility on financial performance. Also, the quality of studies conducted is diverse, which contributes to obtaining contradictory results. In this regard, various measurement tools such as questionnaires (Razzaghi, 2016), company financial statements in the form of panel data (Sanobar et al., 2019), and different statistical methods such as structural equation modeling (Namazi and Moghimi, 2017, Farsi et al., 2018)) linear regression (Salehi et al., 2013) and others have been used. Some of these tests are more powerful than others. Therefore, according to the methodology governing the research conducted in Iranian studies, such as the difference in results, data collection tools, statistical population, research sample, and statistical methods, systematic research (meta-analysis) is needed to integrate and combine previous studies and obtain A general result that represents the general result of previous studies.

## MATERIALS AND METHODS

The purpose of this systematic review and meta-analysis is to analyze the effect of social responsibility on financial performance and to explain the role of company size in Iranian studies. In terms of paradigm, the present study is proof-oriented and in terms of developmental and practical purpose. The method of collecting information is documentary (library) research and secondary data. The statistical population of the research consists of all scientific research articles and theses published during 1388-1399 in the number of 186 cases. Based on the research protocol, after all the studies were reviewed by the researchers, 25 studies had the necessary conditions to enter the meta-analysis portfolio as the final sample of the research. To systematically review the hypothesis of "the impact of social responsibility on financial performance" and to explain the role of company size moderator, in the first step, all the articles and theses that existed in reliable domestic databases were collected. In this regard, through the Google search engine and using the keywords social responsibility, financial performance, corporate social responsibility, financial performance of the company, and company size, all the articles and theses that are in internal databases including (the Iran Research Institute of Science and Information Technology) (Irandak), the specialized database of Noor magazines, the comprehensive portal of humanities, academic jihad, and specialized quarterly journals related to the present topic, such as financial management perspective quarterly, financial management strategy quarterly journals, financial studies and Islamic banking, etc.) Were collected. In the second step, by searching in international reliable databases such as Google Scholar, Science Direct, Springer, Emerald, and Scopus using keywords (Social responsibility, financial performance, corporate social responsibility, corporate financial performance), all published articles related to The study of the hypothesis of the effect of social responsibility on financial performance in Iran was also collected. To avoid linguistic bias. The statistical population of research articles and theses published between 1388 and 1400 is 186 cases. Based on the research protocol, 25 studies were examined as the final sample. The present research was conducted as a meta-analysis using cma2 software. Cochran's Q test was used to analyze heterogeneity.

## RESULTS AND DISCUSSION

The present research was conducted as a meta-analysis using cma2 software. Cochran's Q test was used to analyze heterogeneity. The results were analyzed based on the random effects model. For publication bias, a funnel plot and publication bias test were used. The results show that despite the existence of contradictory results in Iranian studies, social responsibility has a significant effect on financial performance. Also, the regression analysis in the present study shows the significant role of the moderator of the company size.

## CONCLUSION

Based on the output of this meta-analysis, managers, shareholders, and stakeholders of companies in Iran can improve the company's financial performance by formulating appropriate strategies and paying attention to the process of social responsibility, thereby increasing the value of the company. If company managers, shareholders, and stakeholders fulfill their social responsibilities and pay attention to social responsibility in formulating the process of planning, vision, and policies of the company, they will have a positive financial balance and financial performance. Probably, the reason for

this is the improvement of the company's position and value in the eyes of customers and society, which improves the company's brand, company's reputation, and the ability to attract and retain customers and increase the loyalty of the company's customers. On the other hand, the results of Cochran's Q test show the heterogeneity between the effect sizes in the studies conducted in Iran. This means that the impact of social responsibility on financial performance is influenced by various factors. In other words, variables and factors cause this heterogeneity that can strengthen or weaken the impact of social responsibility and financial performance. On the other hand, the regression output of the research with a significant coefficient of 3.31526 shows that the size of the company moderates the effect of social responsibility on financial performance. Which can increase the scientific value of the research. Therefore, managers of Iranian companies can strengthen and promote the effect of social responsibility on improving the company's financial performance by increasing the size of the company.

**Keywords**: Social Responsibility, Financial Performance, Company Size, Meta-Analysis.

**JEL Classification:** M21, M41.