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Sociological Analysis of Socio-Economic Factors Affecting the Collapse of Shareholders' Social Capital in the Tehran Stock Market

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Abstract: The stock exchange is one of the key building blocks of the country's economy, and focusing on this organization not only brings prosperity to this organization but also to the development and progress of the national economy. Due to the fact that the factors that can influence this organization must be examined. Therefore, the current research was carried out with the aim of sociological analysis of socio-economic factors affecting the collapse of social capital of shareholders in the Tehran stock market. The present study is non-experimental, exploratory qualitative research carried out using field studies. The statistical population comprises all the shareholders of the Tehran Stock Exchange in 2020-2021, who were selected via purposeful sampling until reaching theoretical saturation. Data were collected using unstructured open interviews and analyzed through the Strauss and Corbin's systemic approach. In the sociological investigation of socio-economic factors affecting the attraction of shareholders in the Tehran stock market, a paradigmatic approach and model were attained as the collapse of social capital and its impact on the stock market and the lack of economic knowledge regarding the stock market. The subsequent stages of the research and the profound examination of the subjects and categories revealed that the preceding phenomena are part of the key and greater phenomena including lack of institutionalization, abandonment, and risk of investing in the stock market.

Keywords: Sociological analysis, Collapse of social capital, Attraction of shareholders, Tehran stock market.

Introduction

Nowadays, the capital market performance in advanced countries is considered an indicator to evaluate policies and financial, economic, and commercial variations. The continuance of stock exchange activity in any country is considered the continuance of economic growth and development stages. The stock exchange is one of the significant building blocks of the economy through which the financial resources are collected and used for the progress and development of countries. The key role of the stock exchange is to attract and direct the savings and liquidity wandering and scattered in the economy towards its optimum routes to lead to the optimal allocation of scarce financial resources, however, this significant factor depends on the market efficiency. The efficacy of the market is very significant, because if the capital market is effective, both the price of securities is determined properly and fairly, and the allocation of capital, which is the most important factor in economic production and development, is done optimally (Daniali Deh Huoz and Mansouri, 2013). In the middle of the 20th century, the need for poverty mitigation programs, the decline in the importance of the functional theory of income distribution because of income inequalities, the success of the human capital theory as an interpretation of the theory of income distribution, the availability of data, the possibility of faster data analysis and finally, the intellectual debates about distributive justice contributed critically to the evolution of the idea of income distribution and the socio-formation economic indicators (Shakeri and Maleki, 2009).

In Iran, because of the lack of adequate information, lack of knowledge and familiarity with the market mechanism, lack of trust in the broker, and lack of conditions for investment, the effective use

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of the stock market has not been provided, and to attain efficacy in this market compared to the global markets, long-term advertising and culture building should be done to invest in the Iranian stock market. This issue has also been debated at the regional level and it is in this sense that creating a stock exchange hall in big cities can, while expanding and stimulating the culture of stock ownership, by providing facilities for buying and selling securities, a wide range of people can take part in productive economic activities. By collecting financial resources and optimally allocating these resources according to the needs and priorities of industries and regions, the capital market will be efficient and continue the economic growth and development of the country and increase employment and subsequently improve the income situation among the society (Saeidi and Amiri, 2017).

Based on the agency theory, management is expected to maximize its benefits, and in this regard it selects accounting methods that report a more unchanging profit to upsurge its job security and reward (Baradaran Hassanzadeh and Taghizadeh Khanqah, 2015). Furthermore, via these actions, management tries to decrease environmental risk and uncertainty in the company. Since this issue has a behavioral aspect, it is inevitable not to be influenced by sociological, behavioral and moral variables (Guiso et al., 2004). Management ethics in the financial reporting process is very vital for investors and users of financial statements. Put differently, the social environment that the management deals with are effective in its motivation to increase the cost of investment. Social capital is a set of environmental features and social relations that can lead to the attainment of common goals and interests by facilitating cooperation and coordination between individuals. Based on the preceding researches, social capital improves the economic situation at micro and macro levels by creating trust and developing social relationships between individuals and organizations (Onyx and Bullen, 2000). Coleman (1990) believes that in social capital, social relationships are relationships with predictable capacity and can produce value. Unlike human capital and traditional assets of the organization, social capital results from meaningful social relationships that people invest in over time (Acquaah, 2007).
One method to maximize the shareholders' wealth which is done by offering dividends and increasing the market price of their shares, is to minimize the cost of all data, including the cost of capital. If a significant relationship can be seen between the capital structure and the cost of capital, then it can be claimed that implementing a suitable method of financing can decrease the capital cost and increase the wealth of shareholders (Badavarnhandi et al., 2017). From this aspect, the cost of capital is considered important from the point of view of companies (Ferris et al., 2017). Gupta et al. (2018) indicate that agency risk and information asymmetry are low when social capital increases. This implies that companies with high social capital have fewer agency problems, so managers' opportunistic behaviors are restricted. Accordingly, two views can be stated. First, social capital is linked with low information asymmetry and low agency risk. Second, information risk and low agency costs can reduce the cost of capital.

According to Cheung (2016), the higher the return expected by investors, the more the company is under the burden of capital cost and must work harder to increase the wealth of its investors. So, company managers try to decrease investment risk to reduce the cost of their capital and increase the wealth of shareholders. Ferris et al. (2016) argue that social capital can reduce a firm's cost of capital by reducing information asymmetry and agency conflicts. The phenomenon of information asymmetry has confrontational consequences, such as increasing transaction costs, reducing market efficiency, reducing market liquidity, and reducing profits from transactions in the capital market (Khodarahmi et al., 2015). In such environments, the promising effect of social capital on the cost of capital is more. It is claimed that social capital represents several governance mechanisms that reduce agency conflict. Preceding research (Onyx and Bullen, 2000; Guiso et al., 2004; Pevzner et al., 2015) proposes that social capital results from reduced information asymmetry, which means lower levels of adverse selection and moral hazard. These agreements state that social capital is a tool to decrease agency risk in the company. Therefore, it is argued that if social capital is a means of reducing representation problems, then it should affect the cost of capital. Lambert et al. (2007) believe that information disclosure affects the cost of capital in two ways. First, by improving the perception of companies and second, by influencing actual decisions.

Nowadays, it is inconceivable to attain the economic objectives of any country without the public participation of the people of that country. One of the ways people participate in economic development is by investing in the capital market and precisely, the stock exchange because in this way the small and wandering savings of the people are directed towards productive activities. In the present research, the argument is that social capital may have a direct effect on the company's dividend policies because of giving preference to investors, or it may indirectly affect these company policies by influencing the opportunity cost. Conventional practice does not support the theory of dividend irrelevance, and the market reacts to a more favorable dividend. Bird-in-the-hand behavioral biases clarify why investors may favor the cash dividends of stocks over the uncertainties of future capital gains. Psychologists highlight that humans are very poor processors, especially if the information received by them conflicts with their beliefs and values. Kahneman and Tversky (1982) contend that the preference for dividends or “bird-in-the-hand” happens when the significance of regretting the sale of shares is greater for the investor than cash dividends. On the supply side, based on the cash dividend provision hypothesis presented by Baker and Wurgler (2004), the board's preferences are aligned with investors' preferences. Social capital, as an external factor, can be very significant. By inspecting the effect of this external factor on accounting and financial reporting variables, the literature in this field can be extended. Despite the significance of this concept in the country, so far its effects on accounting and financial reporting values have been very little (Barzegar and Ebrahimi, 2018) and a great gap is felt in this field. Likewise, the research results can be significant for managers, investors, auditors, and even the government sector. The key purpose of writing the present research is a sociological analysis of socio-economic factors affecting the collapse of the social capital of shareholders in the Tehran stock market.

Theoretical Framework

Social capital is a type of capital that comprises social relationships and obligations and can be converted into economic capital under certain conditions, and it can be institutionalized in reputation, authenticity, and reputation of security (Bourdieu, 2005). Most experts have divided social capital into three levels: micro, medium, and macro. 1- Micro level: at this level, social capital is inspected as personal relationships and communication networks between people and informal norms and values governing them. At this level, trusting family members, friends and colleagues have a key role and importance. 2- Medium level: At this level, Coleman and Putnam consider social capital as an entity that has aspects of social construction and facilitates the precise actions of actors within the social structure. Coleman considers trust, authority, and commitment to be the social capital of a group. In his opinion, social capital is a source of people's actions. For instance, a group of people who trust each other is more cooperative than a group that lacks such trust. Coleman emphasizes the usefulness of social capital as a source of cooperation, mutual relations, and social development. In his opinion, factors such as help, information ideology, and norms help to create and expand social capital (Coleman, 1990). Putnam considers social capital as a relational phenomenon that can be considered the property of groups, local associations, and nations. According to his opinion, social norms and styles are necessary for cooperation, participation, and social harmony. Second, social capital has important consequences for democracy (Pourmousavi, 2002). Putnam considers social trust, norms of the mutual transaction, and social interaction as horizontal interaction networks as sources of social capital. This level comprises vertical and horizontal communication, and organizations and inter-relationships such as clubs, associations, companies, and political parties are included in it (Behzad, 2002). 3- Macro level: North considers social capital from a political economy point of view and at the macro level to include the structural relations of macro institutions. At the macro level, it handles social capital, in which institutional trust and trust in the government and trust in specialized systems, are its main mechanisms. Fukuyama believes that social capital is group capital. With this capital, we will see the expansion of the process of participation in various economic, social, political, and cultural fields, as well as the expansion of voluntary associations. A process that can be an effective mechanism to attain development. Fukuyama presents the sources of creating social capital as follows: 1- Norms that are institutionally made and are from official institutions such as the government and legal systems. 2- Norms that are spontaneous and arise from the mutual actions of the members of society. 3- Exogenous constructs that arise from a society other than the society of origin and can originate from religion, ideology, culture, and common historical experience. 4- Norms that are rooted in nature, such as family, race, and ethnicity (Azkia and Ghaffari, 2005). Bourdieu likewise refers to three types of capital, economic capital, cultural capital, and social capital in the discussion of types of capital, and considers the decrease of types of capital to economic capital, which reduces the world of exchange to commercial exchange, to be an invention of the history of capitalism. According to his viewpoint, it is impossible to explain the structure and function of the social world unless capital is recognized and re-introduced not only in the same way that economic theory recognizes it but in all its forms (Bourdieu, 1997).

Empirical evidence

Domestic studies

- Jafari Dehkordi and Alipour Dehkordi (2022) did a study titled "Investigating the impact of social capital on the dividend policy of companies listed on the Tehran Stock Exchange." In this research, the three dimensions of cognitive, relational, and structural social capital have been used and the effect of these three variables has been investigated on the profit-sharing policy separately. The results of the research reveal that cognitive social capital, relational social capital, and structural social capital have a positive and significant effect on the dividend policy and increase the dividend of companies among the shareholders. The results of the research approve the positive and significant role of social capital on the dividend policy of companies listed on the Tehran Stock Exchange.
- Momeni Yansari and Kamizi (2022) conducted research titled "Investigating the relationship between social trust and investment efficiency in companies listed on the Tehran Stock Exchange". The results of the research hypothesis test revealed that there is a positive and significant relationship between social trust and investment efficiency.
- Kashiyan, Tahmuresi, and Barzegar (2021) conducted research entitled "Economic impact of social capital on dividends in the capital market (case study: companies admitted to the stock exchange during 2016-2020)". In this research, the effect of independent variables of social capital, profit on assets, stock return, financial leverage, and company size has been examined. The value of the test statistic for determining the significance of the regression model or the F statistic, which examines the significance of the fitted model, is 6.232, and the significance value corresponding to the test statistic to three decimal places is 0.000, which has a value much smaller than the error of 0.05. Put differently, it can be claimed with 95% confidence that the model fitted to the research data using the panel regression method is significant. The value of the adjusted coefficient of determination discloses that 74.6% of the changes in the dependent variable can be explained by the independent variables.
- Mohammadian and Nazemi Ardakani (2021) conducted research titled "Mapping the position of social capital in the mental model of policymakers (case study: the discourse governing the civil service management law)". The results suggested the two leading discourses of legal ethics and meritorious service in most chapters. From examining the text of the law in different chapters, it can be concluded that the mental model of strengthening social capital is well evident in the first, second, and third chapters. This trend wanes from the fourth and fifth chapters and reaches its minimum in the important sixth, seventh, and eighth chapters, which are about employment, recruitment, and promotion. To this end, it is recommended to simplify the employment of the above-mentioned law by instilling justice, trust, transparency, and cooperation in most of the content, structural, and behavioral revisions.
- Moslemi and Javadinia (2021), conducted research entitled "Investigating the effect of social capital on cost stickiness: Evidence from the Tehran Stock Exchange". The result of the hypothesis test of this research disclosed that there is a positive and significant relationship between social capital and cost stickiness. In other words, an increase in social capital causes an increase in cost stickiness. Based on the results of this research, it can be concluded that managers' decisions change when the components of social capital increase. In fact, with the increase in social capital, managers are less inclined to reduce costs in periods of recession because they understand the existence of strong external cooperative norms and base their decisions on avoiding social penalties.

- Mehrabanpour et al. (2017) examined the effect of social capital on audit fees. The results of the research revealed that social capital originating from religiosity, collectivism, and relationship with other companies has a negative and significant effect on audit fees. Notwithstanding, no significant effect was observed for other indicators of social capital, i.e. family values and relationship with the government. Social capital by creating trust, tendency to cooperate, and forming collective actions to attain economic and social synergies, leads to realizing economic behaviors toward collective goals and interests and avoiding opportunistic behaviors in business, and this issue significantly leads to the reduction of audit fees.

Foreign studies

- Jabran et al. (2021) via studying a sample of Chinese companies from 2004 to 2018, show how board social capital affects the risk of stock price crash. They believe that monitoring by institutional investors decreases the effect of domestic social capital, but increases external social capital on future bankruptcy risk. Furthermore, information quality, accounting practice, and tax avoidance are known as three potential channels that explain the relationship between social capital and accident risk. The offered theory advances the understanding that different social capital can have different effects on board outcomes.
- Gupta et al. (2018) studied the effect of social capital on the cost of capital in the state of California. Their findings revealed that the cost of capital is inversely related to the levels of social capital. In addition, the cost of capital decreases when firms move from low social capital to high social capital. The negative relationship is strong for firms with low levels of product market competition and is not significant for firms with high product market competition. The general findings disclose that social capital acts as a social monitoring mechanism and can be valuable for firms facing high agency costs and lower product market monitoring.
- Jain et al. (2017) investigated the effect of social capital on the financial stability of banks. Social capital signifies behavioral norms in society and reduces opportunistic behaviors and acts as an informal regulatory mechanism. The results disclose that banks in areas with social capital had low liquidity and financial constraints during the financial crises of 2007-2010. Likewise, social capital has an inverse relationship with abnormal risk and had a positive relationship with accounting transparency and accounting conservatism in the pre-crisis period from 2000 to 2006.
- Habib and Hassan (2017) examined the effect of social capital on the level of cash retention. The results disclosed that companies in countries with high social capital keep less cash than countries with low social capital. The results approve that social capital reduces the level of cash holding in companies with high financial constraints and a low level of financial reporting quality, while social capital increases the level of cash holding in the presence of systematic risk and idiosyncratic risk. Likewise, the results show that the effect of social capital on the level of cash retention is greater for companies that have more geographical dispersion.
- Ferris et al. (2016) studied the effect of managerial social capital on the cost of capital in 52 countries. Their results suggest that the relevance of social relations reduces information asymmetry and agency problems, and reduces the cost of capital. They also show that the relationship between social capital and the cost of capital is stronger in underdeveloped financial markets that have weak legal protection. Last, the influence of social capital is strong for companies facing profitable investment opportunities.

Research Method

In the present research, the grounded theory method (GTM) (Strauss and Corbin, 1990) was used to collect and analyze data. This research is considered exploratory research in terms of aim, and in terms of strategy, it was a non-experimental, field and qualitative research. This research method is known as grounded theory. Diverse models of this theory have been presented by experts. In the present research, the Strauss and Corbin's systemic approach (1989 and 1990) has been used, which focuses on data analysis through the regular coding procedure in three stages of open, axial, and selective coding. It emphasizes a logical paradigm or a visual representation of a developing theory. The statistical community of the current research is the total shareholders of the Tehran Stock Exchange in 2020-2021. The main criterion in this research was the shareholders of the Tehran Stock Exchange. Based on the data and as needed, other indicators were also considered. For a diverse range of people to be interviewed, the diversity of people in terms of education level, job, place of residence, etc. was considered. The sampling method of this research was purposive. To enrich the research, an attempt was made to conduct a personal interview with people who have experienced the subject of the research and have high knowledge and experience in this field. To this end, the partners of the accredited auditing institutions of the Stock Exchange and Securities Organization, the Managers of the Stock Exchange and Securities Organization, and the Managers of the Certified Public Accountants Society of Iran were selected as experts for this research. In the present research, unstructured open interview tools, experts, and specialists were used to collect information. Since the researcher is involved with the research subject along with the open interview, free observation, and participatory observation used to collect information, the use of existing documents related to the research subject was included in this field.

In this research, the researcher aimed to consider the diversity of sample dimensions both in the sample of the number of shareholders in the Tehran Stock Market and the developing concepts, and based on that, the researcher came close to symbolic representation to some extent, perhaps it can be claimed with great caution that the results can be transferred to platforms similar to those from which it was sampled. Although this research does not generalize, it has tried to approach the criteria of transferability in qualitative method. In the present research, after conducting each interview, its text was transcript and its noticeable points were noted down. In qualitative analysis, data analysis is a creative process and not merely mechanical. It took an average of 1 to 2 hours to transcribe each interview. It was tried to use the interviewee's language and literature as much as possible in the transcription to make the examples more tangible. After transcribing the interviews and data, coding methods and strategies were used for categorization, and each interview was coded separately. The obtained codes were stressed and focused on by the researcher in the subsequent interviews. The coding is done in a “Reciprocal” method (in Strauss's interpretation) and was completed after each of the other interviews.

Research findings

Table (1): Detailed information about participants

Row	Gender	Marital status	Age	Work Experience	education
1	Female	Single	33 years	10 years	Masters
2	Male	Married	41 years	18 years	Masters
3	Female	Single	32 years	12 years	Masters
4	Male	Married	50 years	30 years	Masters
5	Female	Married	52 years	25 years	Diploma
6	Female	Married	41 years	20 years	Associate Degree
7	Male	Married	37 years	15 years	Diploma
8	Male	Married	40 years	17 years	Masters
9	Male	Single	27 years	5 years	Masters
10	Male	Married	55 years	24 years	Masters
11	Female	Married	35 years	5 years	Diploma
12	Female	Married	39 years	1 year	Diploma
13	Male	Married	41 years	15 years	Masters
14	Female	Married	52 years	1 year	diploma
15	Female	Single	26 years	3 years	Masters
16	Female	Married	50 years	25 years	Masters
17	Female	Single	38 years	7 years	Masters
18	Male	Single	40 years	6 years	Masters
19	Male	Single	30 years	3 years	Masters
20	Male	Single	35 years	4 years	Masters
21	Male	Married	43 years	8 years	PhD

Row	Gender	Marital status	Age	Work Experience	education
22	Male	Single	40 years	3 years	Masters
23	Male	Single	31 years	4 years	Masters
24	Female	Married	36 years	6 years	Masters

Concepts and categories

Results of open, axial, and selective coding

In the sociological investigation of the sociological analysis of the socio-economic factors affecting the collapse of the social capital of the shareholders in the Tehran stock market, a paradigmatic approach and model was obtained as the "paradigm model: the collapse of social capital". The next phases of the research and a deeper examination of the issues and categories revealed that the preceding phenomena are part of larger phenomena under the title of "government intervention in the economy, herd movement, mistrust towards the stock market, political instability of the government towards the stock market, stagnation economic, international political changes and developments, rumors, good and promising news, unfortunate and discouraging news, inflation, interest rate, unemployment, lack of knowledge about the stock market, withdrawal of capital by small shareholders, lack of investment in the stock market. In the following, paradigm models are presented based on the conducted investigations.

Paradigm model: the collapse of social capital and its impact on the stock market

In the current section, open and axial coding related to the phenomenon of social contexts affecting the stock market as a paradigm model of the phenomenon "collapse of social capital and its impact on the stock market" is presented. Table 2 reveals the extraction of axial and repetitive and basic categories and the determination of the type of category for paradigm model or axial coding:

Table (2): Extraction of axial, repetitive and basic categories and determination of category type for paradigm model or axial coding

Axial categories	**Category type**
Downturn	Causal
Inflation rate	Causal
Rumors, information from unofficial networks	Causal
Emotional bias	Causal
Government intervention in the economy	Intervening
Political instability of the government concerning the stock market	Intervening
Plurality of power and decision-making centers in the stock market	Intervening
Domestic and international political changes and developments	Intervening
Herd movement	Phenomena/context
Lack of knowledge about the stock market	Phenomena/context
Uncertainty about the future of the stock market	Phenomena/context
Distrust of the stock market	Phenomena/context
Abandonment of the stock market	Phenomena/context
Capital withdrawal by small shareholders	Strategy
Not investing in the stock market	Strategy
Stock market collapse	Consequences
Increase liquidity	Consequences
Inflation	Consequences

In Table 2, the extraction of axial, repetitive, and basic categories and the determination of the category type for a paradigmatic model or axial coding were done. The causal conditions comprise economic stagnation, inflation rate, rumors, information from informal networks, and emotional bias. Intervening conditions include the government's interference in the economy, the political instability of the government regarding the stock market, the plurality of power centers and decision-making, and change and domestic and international political developments. Context conditions include herd movement, lack of knowledge about the stock market, uncertainty about the future of the stock market, lack of trust in the stock market, and abandonment of the stock market. The strategies comprise capital withdrawal by small shareholders and not investing in the stock market. In the following, the phenomenon-paradigm model of "social contexts affecting the collapse of social capital" is presented based on the analysis of the findings in the previous stages:

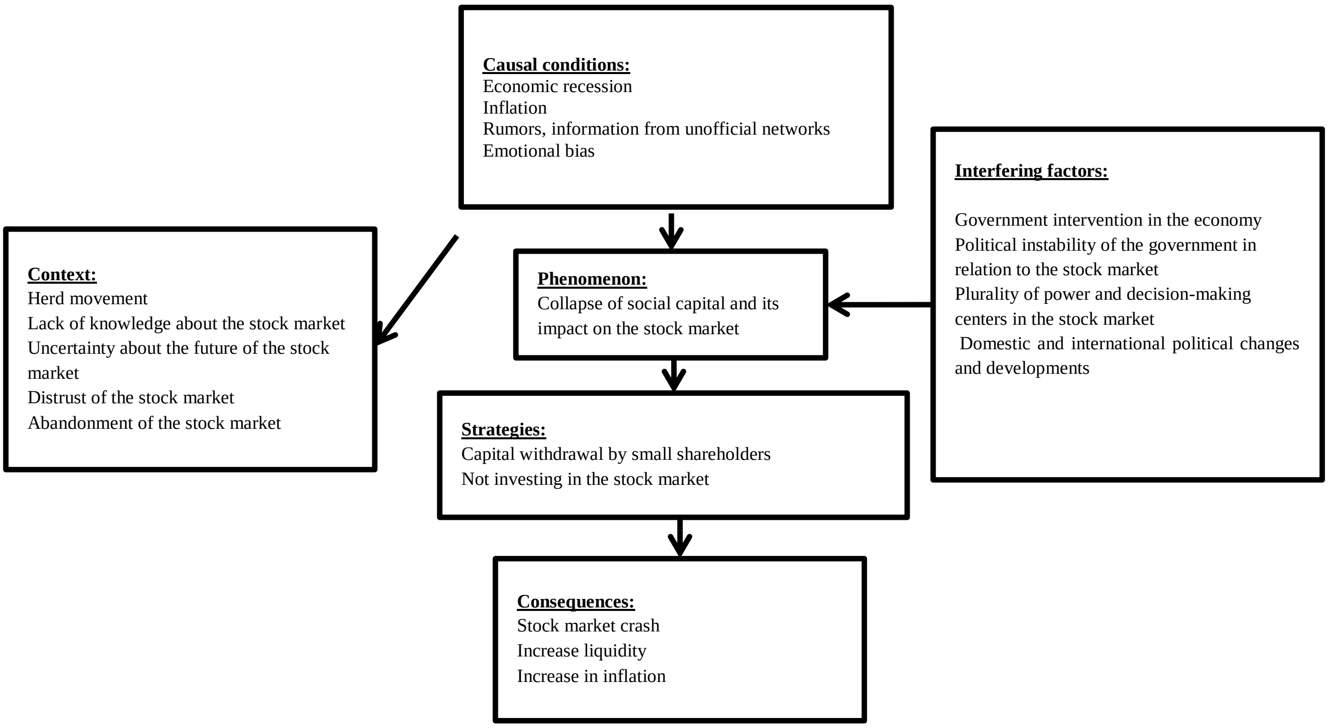

Figure (1): Paradigmatic model of the "collapse of social capital and its impact on the stock market" phenomenon

Regarding the preceding findings, the third paradigm model is according to Figure 1, in which the collapse of social capital and its impact on the stock market was chosen as a phenomenon. Attitude and outlook in the world of trading and capital markets are one of the most important psychological factors influencing the results.

Inspecting the causal conditions of the collapse of social capital and its impact on the stock market

1. Economic recession

In this setting, another participant states that: "The lack of liquidity is the most important issue in the market these days. Likewise, with the release of the financial statements of the companies, it became evident that many companies have a downward trend in profitability regarding the pressure imposed on them by the government. This discourages investors. If the profit making of companies continues to decline, investors will be attracted to parallel markets, which can lead to stagnation and an increase in supply in the stock market (Interviewee 18, male, 6 years of work experience, master's degree)."

2 .Inflation rate

In economic literature, inflation is the prevalent, continuous, and irregular growth of the general level of prices of goods and services in a period compared to the same period in the preceding period. To calculate inflation, the central bank and the statistics center define the market basket and monitor its price trends. It should be said that as much as inflation increases, people's purchasing power decreases as well. Here, the sales of the companies will decrease, and as a result, the profit of the share will decrease. When the real profit of the companies is less than the expected value, the price of the shares will also decrease (Interviewee 10, male, 24 years of work experience, bachelor). The increase in the inflation rate and instability in the economy cause losses and hinders the country's economic growth (Interviewee 16, female, 25 years of work experience, master's degree).

3. Rumors, information from unofficial networks

Since the beginning of the capital market formation in the country, there have always been many rumors about stock exchange companies and activists in this field, some of which are true and the other major part of it has been unfounded rumors that have been able to cause volatility and challenges in the stocks of companies and the behavior of brokers and activists in this market. The interviewees have mentioned rumors: “Rumors have had a great impact on these investments. When people heard about the profitability of this market from those around them, they were enthusiastic, while much of this information was wrong and rumors (Interviewee 10, male, 24 years of work experience, bachelor).” In this context, another participant states that: “The decision of the stock exchange organization is a symmetrical increase between fluctuations in the stock exchange and over-the-counter, which has a positive effect on the market. If the negotiations progress positively and if the sanctions are lifted, it is expected that the stock market will get out of recession and take an upward trend (Interviewee 17, female, 7 years of work experience, bachelor's degree).” In fact, rumors are unofficial news that unfortunately still affect the stock trading process. This category of fake news exists more or less in all capital markets and different countries, but the intensity of their influence in these markets is different. The deeper the capital markets are, the less the impact of rumors will be on them.

4. Emotional bias

Deviations, errors, bias and individual and innovative methods that are created in the process of emotional labeling about the consequences of actions, their justification, etc., about decisions and phenomena (stocks, offers to buy, sell, market trends) show the emotional bias of investors. In this regard, another interviewee points to the emotional behavior of investors: “Financial markets are not the right place to test luck. It is possible to increase the level of awareness and education of people about these financial markets, especially the stock market, by printing brochures and holding various seminars for free. It should be mentioned that prices in the market are affected by supply and demand, and emotional behavior without the knowledge of individuals may harm all investors. With proper training, these emotional behaviors can be controlled (Interviewee 16, female, 25 years of work experience, master's degree)”.

Examining context factors

• Herd movement

In examining the context factors, almost most of the interviewees mentioned this important fact: “Unfortunately, when people saw that the surrounding people get a good profit with the little money they invest in this market, they became certain about this investment. Many people went bankrupt because of this haste and lack of research (Interviewee 10, male, 24 years of work experience, bachelor).” Crowd or mass of people, psychology of socialism, psychology of congregation, psychology of revolution. He studied in ethnic psychology mass psychology. In this context, he emphasized the relationship between psychology and sociology to understand the common characteristics of humans. According to Le Bon, drowning people in a crowd is associated with the loss of individuality and reduces a person's sense of responsibility in the long run disastrously.

• Lack of knowledge about the stock market

Here, another participant indicates that: “In my opinion, many people who are literate in the stock market, don't have knowledge and awareness, for example, I have 100 codes, maybe 10 of them know what the stock market is, and the rest don't have that much knowledge, but people's information, when they bring their equity shares and tell them to get a stock code, increased a bit .It was then that they sought to find out about the stock market more carefully (Interviewee 24, female, 6 years of work experience, master's degree)”. In this context, another interviewee states that: “Many people enter the stock market without knowledge... if the index grows, people who have neither knowledge nor expertise in this field will make a profit... but when the stock market falls, it is because of the people who don't have the experience, expertise, and knowledge, lose the most (Interviewee 17, female, 7 years of work experience, bachelor's degree)”.

• Uncertainty about the future of the stock market

These days, despite the numerous uncertainties and doubts in the market, it is the concern of all shareholders to know what the future of the stock market will be. The uncertainty regarding the future of the stock market has been inspected from the standpoint of the research participants: regarding the uncertainty in the monetary and financial policies and the government's approach to control the prices of manufactured products, investors have refrained from making major investment decisions (Interviewee 13, male, 15 years of work experience, master's degree).” Some other investors point to the skepticism towards the government: “If the government planned to support, it would have done so by now and would not be satisfied with slogans and various interviews. What is evident is that the government does not intend to support this issue and does not have a problem with the loss of society (Interviewee 11, female, 5 years of work experience, bachelor's degree)”.

• Distrust towards the stock market

A high percentage of those who have lost their money, are among the not wealthy people of the society who spent their little savings on this investment and have suffered a lot. When people have seen these losses, they have lost their trust in the stock market (Interviewee 11, female, 5 years of work experience, bachelor's degree).” “I and my friends have not only lost our trust in the stock market, but if such programs are presented by the government, I will not go towards them and I have completely lost my trust in them (Interviewee 12, female, 1 year of work experience, diploma).” Defond et al. (2011) believe that trust can deteriorate opportunistic behavior and efficiently remove defects in contracts and support investments. Trust can create good investment opportunities by facilitating the exchange of semi-confidential information and bilateral agreements.

• Abandonment of the stock market

Entering the capital market led to the formation of social trust and, as a result, high economic benefits for the people. However, after a while, the process of trust collapse in the social body of the stock market started with an abnormal fall in the stock market index because of the unprofessional actions of the government, including the unplanned sale of equity shares, and issuing securities. These actions progressively revealed the lack of planning of the government and the abandonment of the stock market. The shareholders felt abandoned and believed that some people have used them for financing in the previous government or to get votes in the new government, and now, after passing through these periods, the shareholders are not important to the government. In this setting, one participant states that: “When they see it reaches a certain point, they close the door and say, well, let the others go and do the same things...not removing the law or anything else...abounded it completely… Telegram channels pump a lot of this news and rumors... (Interviewee, 18, male, 6 years of work experience, master's degree)”. Another interviewee indicates that: “In my opinion, the stock market is abounded and there is no logic and rationality… Now we have a share that there is no report about it, then you see the queue for its purchase, everyone wants to buy it, and you see that the shares are negative... why should it be like this??....or, for instance, companies give very good reports, and the next day after the report, you see that the shares are not trading well at all, even though the reports are very good and they make very good profits compared to last year, they are doing very well, but unfortunately their share is not going well (Interviewee 24, female, 6 years of work experience, master's degree)”.

Investigation of intervening factors

• Government intervention in the economy

In this setting, another interviewee states that: “There are no special rules and regulations... the pricing is mandatory. They are told that they must sell this share at this price and buy at this price... You can't implement any scientific method. It is completely something that they are planning themselves (Interviewee 23, male, 4 years of work experience, master's degree).” Another interviewee states: “Based on the future of the stock market in Iran, as long as the mandated pricing policy is considered, the variable interest rate can be raised or lowered arbitrarily, and the rate of energy carriers and refinery feedstock is in the hands of the government and can easily be raised or lowered without a specific mechanism, the stock market always suffer when it increases or decreases, why? Because the government comes to the capital market when it needs it, either to cover the budget deficit, or to save its large companies from bankruptcy, or to eliminate the problems of its large companies when they make a plan. ... as long as there are things like this, the market is manipulated, this market will reach nowhere and there is no hope for its growth (Interviewee 20, male, 4 years of work experience, master's degree)". In examining this issue, it should be stated that the economy, beyond individuals and parties, is directly related to domestic political stability and peace in foreign relations. In developed countries, there is a national consensus on such issues, and no one is worried about changing governments; Countries that are constantly involved in internal disputes and tension in diplomatic relations are left behind in the competition for development. Therefore it is said that political uncertainty and instability are big obstacles to the growth and development of countries.

• Political instability of the government regarding the stock market

The government continuously intervenes in the stock market in different ways, directly or indirectly. Writing and communicating various government instructions for companies and the stock market has led to the destruction of the capital market. Since these interventions increased, the efficiency also decreased. Government intervention cannot be confirmed or denied initially glance. Now, there is a lack of stability in the laws that are enacted. In the instructions issued by the government, numerous laws are issued on the spur of the moment and without necessary expert work. In this setting, one of the interviewees points to the non-implementation of the government's policies: "Society has always expected the government to support the people, but this has always been at the level of an expectation and it has never been implemented. Before the stock market collapse, high-ranking people encouraged people to invest in the stock market and it was constantly talked about, but after that, none of those high-ranking people talked about these losses (Interviewee 7, male, 15 years of work experience, diploma)." Another participant points to the non-fulfillment of the government's promises: "Now that the attractiveness of the market has decreased for the government and because of the lack of necessary knowledge, they could not fulfill the good promises they made to the people about the stock market" (Interviewee 13, male, 15 years old) work experience, master's degree).

• Multiple centers of power and decision-making

One of the interviewees states his experience: "Unfortunately, the authorities do not have coordinated and accurate opinions in line with the conditions of the stock market, and in Dara II shares, the differences between the decision-making bodies and the relevant ministries caused the stock to fall (Interviewee 18, male, 6 years of work experience, master's degree)." Another participant, describing the plurality of power and decision-making centers, indicates that: "The second fund, which comprises government shares in refining companies, was supposed to be formed and offered on the stock market in August. This decision was approved by the government, and during the past months, officials have always insisted on its implementation. Suddenly, the public relations of the privatization organization denied the start of the underwriting contract of Dara II (Interviewee 19, male, 3 years of work experience, master's degree)."

• Domestic and international political changes and developments

Global capital markets are continuously affected by numerous risks .Social, economic, and political developments, various events, countries' decisions, etc. all affect these markets. In this context, one interviewee admits that "it is effective when the country has the right political conditions, people go towards such investments, and on the contrary, if the political conditions are not right, people do not go to these markets. (Interviewee 9, male, 5 years of work experience, bachelor's degree)." Another participant points to political communication and decisions: "Political communication and decisions have a lot of effects on the difficulties of the stock market index (Interviewee 13, male, 15 years of work experience, master's degree)."

Strategies

• Capital withdrawal by small shareholders

In this context, one interviewee stated: "Prescriptive pricing set by the government itself is the worst... especially in the pharmaceutical, food, tire, and energy industries, which is the worst and causes us not to have a competitive market...their policies can be seen directly and with obvious effects in the market... (Interviewee 20, male, 4 years of work experience, master's degree)".

• Not investing in the stock market

Lack of reinvestment and growing mistrust towards the stock market because of the non-fulfillment of the officials' promises is another strategy adopted by investors. The withdrawal of liquidity from the market and its entry into fixed-income funds are two things that we see in the market these days. For the capital market to develop, it is essential to win the trust of investors. In the current situation, the market is in doubt and there is no significant buying and selling compared to before.

Consequences

In summarizing the paradigm model, it should be said that presently the economic thermometer of each country is its stock market, and it can be concluded from the prosperity of each country's stock market that their economic situation is also good. The stock market is very appropriate for all those who are seeking a second job or investment in a space with high returns. Presently, all the countries that have an advanced economy have a stock exchange, and a large part of the population of that country is also engaged in activities and investments in it, such as the United States, where nearly 98% of its people are USA stock market shareholders. The attitude towards the stock market in Iran is negative and people think that the stock market has a high risk and may one day make the investor miserable and lose all his capital. According to the above, it can be approved that social capital is the factor that determine the growth of the country's capital market and, as a result, the growth of the national economy, if some studies indicate that trust, as one component of social capital, is a key variable in explaining the economic growth of countries. Essentially, in line with social trust, if we consider the major stakeholders of the capital market, i.e., the stock exchange organization, the government, and the people, and when these stakeholders enter a joint economic activity, one party may destroy the other's social capital for its economic benefit and lose the trust of other parties (for example, people). The first destroyer of social capital may achieve a high economic benefit in the short term, however in the medium term, its economic benefit will decline and the capital market will also be marginalized because of the reduction of social participation, as the government and the stock exchange organization face such a situation willingly or unwillingly. Uncertainty about the future of the stock market, mistrust of the stock market, and the feeling of abandonment of the stock market, in a general summary, show the collapse of social capital in the stock market.

Conclusion

The key aim of the economic activity of companies to upsurge value and create profit will not be implemented without financial resources. To increase the company's profitability, companies choose the least expensive type of capital structure. In line with the capital structure and investment of funds, capital cost is one of the main topics. Company managers are continuously trying to decrease the minimum rate of return expected by investors by reducing the risk of the company to maintain the company value. With the ever-increasing significance of social capital in the management of companies, the conservation of human and structural capital, and attention to other stakeholders, including employees and legal authorities, have been included as non-financial criteria in assessing the performance of companies. Accomplishing humanitarian responsibility and disclosing social information can prevent social crises, such as unemployment and rising prices. This research aims to investigate the sociological analysis of socio-economic factors affecting the collapse of the social capital of shareholders in the Tehran stock market. Structural, relational, and cognitive capital indicators were used to measure social capital. The results reveal that social capital has a negative and significant effect on the cost of capital. The results of the social capital subcategory were confirmed. This means that when social capital (structural, relational, and cognitive capital) is considered, the desire for optimal investment increases, so the cost of capital decreases; because managers must be accountable to stakeholders. Managers are more inclined to act in the interests of stakeholders by disclosing social capital. Thus, they realize that all stakeholders, including stockholders, investors, employees, financing institutions, and customers, observe the performance of the company. They try to maximize the company value and decrease the cost of capital. The results are consistent with the findings of Chen et al. (2009); Gil et al. (2016); Cheung (2016); Ferris et al. (2016) and Gupta et al. (2018). Likewise, the results revealed that the effect of social capital disclosure on capital cost is greater in companies with high information asymmetry. When the information asymmetry between managers and shareholders is greater, the gap of interests imposes costs on shareholders. One of these costs is the cost of capital, which results from the financing of desirable investments. Making unfavorable investments and not having suitable returns will impose more capital costs on the company. This hypothesis was established for three levels of structural, relational, and cognitive capital. While the results reveal that social capital does not affect the cost of capital in environments with low information asymmetry. The results are consistent with the findings of Ferris et al. (2016) and Gupta et al. (2018).

A negative relationship between the social capital disclosure and the cost of capital discloses that the strategic adoption of social capital is an effective way to strengthen the company's growth and support the interests of stakeholders. So, companies must consider environmental and social concerns in business, such as employment quality, health and safety, human rights, natural resource depletion, and pollution reduction, which may signify a source of competitive advantage. Likewise, it is recommended to investors and shareholders choose companies for investment in which the return on investment is higher than the cost of capital. It also seems that the existence of social capital and focusing on its structures have a favorable effect on company processes .So, because of the existence of alignment of interests and creating a favorable image of the company, the disclosure of social capital, the motivations of investors increase. It is also recommended to companies choose the solutions to focus on the company's social capital because it causes more transparency of the company's events and reduces information asymmetry.

In the context conditions section, its categories include the collapse of social capital in the stock market, the lack of investment culture, herd movement of shareholders, and information transparency in the stock market, which lead to the lack of institutionalization, abandonment, and investment risk in the stock market. One of the most significant reasons for the situation in the stock market is the collapse of social capital. Essentially, regarding social trust, if we consider the key stakeholders of the capital market, i.e., the stock exchange organization, the government, and the people, and when these stakeholders enter a joint economic activity, one party may end the other's social capital for its economic benefit and lose the trust of other parties (for example, people). The first destroyer of social capital may attain a high economic benefit in the short term, but in the medium term, its economic benefit will decline and the capital market will be sidelined because of the reduction of social participation, as the government and the stock exchange organization faced such a situation willingly or unwillingly. The lack of investment culture is another reason for the current situation in the stock market. Culturalization in the capital market is one of the most important and basic priorities. When awareness in investment has been neglected to a large extent, paying special attention to this issue can bring favorable results not only in the capital market but also in the country's economy. Herd movement of shareholders is another reason for the situation in the stock market. In finance and investment, numerous people follow what other investors are doing instead of relying on their analysis. When this is done on a large scale, it becomes a herd movement. Undeniably, sometimes a group of investors may buy and sell similar stocks over some time. This movement does not mean that they are influenced by others, and it cannot be called a herd movement. In herd bias, shareholders may be influenced by information or a common factor and make uninformed herd transactions, or sometimes form herd behavior with transactions caused by imitation. Another reason for the situation in the stock market is information transparency in the stock market. Transparency is an essential part of the stock market that distinguishes it and gives confidence to investors and depositors to operate in it with less concern. In numerous cases, the stock market is considered being a glass room, where nothing remains hidden from the eyes of investors as well as supervisory institutions, and at the highest level of transparency, everyone is based on information that has the same level of access for all people, and in fact, there is no informational rent.

In the section on actions and interactions, which signifies targeted behaviors, activities, and interactions that are in the axial class and are influenced by the intervening conditions and the prevailing context, and in the model of lack of institutionalization, abandonment and investment risk in the stock market, it is manifested as some strategies that include investing in the stock market by shareholders, suggesting investment to friends and acquaintances, increasing investment in the stock market by experts, fluctuating in the stock market, not reinvesting in the stock market by shareholders and capital withdrawal by small shareholders, which are related to the results of researches by Abbaszadeh, Nasirzadeh and Pourhosseini Hesar (2020) and Shariat Panahi and Abjadpour (2013). Based on the conditions governing the Iranian stock market, investors disclose dissimilar behavior in investment. In this context, some investors choose the strategy of investing. There are diverse methods to invest in this market. Direct and indirect investment can be stated among the investment methods in the stock market. Some people have the essential time and knowledge to make transactions directly in the capital market and can invest independently in the short, medium, and long-term periods in this market. This method is called direct investment. Some people don't have enough financial and analytical knowledge to work directly in this market, or because they have another job, they do not have enough time to do transactions directly . Because of this fact, they prefer to invest indirectly as investment funds or portfolio companies. To invest and buy shares of companies directly in the stock market, sufficient knowledge is needed in this market, and only people who have the basic concepts and principles of this market and the expertise to analyze information to decide about buying and selling shares can take part in this market. Likewise, investing in high-risk instruments, such as futures contracts, is only done by professionals. There are three types of investing in the stock market: short-term, medium-term, and long-term. In long-term investment, a person buys shares to keep them for over 6 months. In the medium-term type, a person is a shareholder of shares for one to six months. In a short-term investment, a person buys shares for less than one month and does not intend to hold the shares for a long time. Short-term investment sometimes reaches a day or a week, which is called fluctuation. In this investment method, a person makes a profit from the price fluctuation in one day. Numerous people who invest in the stock market and get a good profit in this way, recommend investing in the stock market to their friends and acquaintances. Some investors do not reinvest because of a lack of trust in the Iranian stock market. Lack of reinvestment and growing mistrust towards the stock market because of the non-fulfillment of the officials' promises is another strategy adopted by investors. The withdrawal of liquidity from the market and its entry into fixed-income funds are two things that we see in the market these days. For the capital market to grow, it is necessary to win the trust of investors. In the present situation, the people of the market are in doubt and there is no significant buying and selling compared to before. Essentially, the financial markets in other countries act as a shield for inflation, and by attracting excess financial resources, they cease inflation in the goods market and other markets, but in Iran, because of the events of the last one or two years, the stock market has not only become a barrier to prevent the devastating flood of inflation, but it has become a cause of inflation these days.

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