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Investigating social responsibility effectiveness in net profit of manufacturing companies listed on the Tehran Stock Exchange

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Abstract

The purpose of this study is to test the moderating role of variables based on agency theory to examine the significant relationship between the impact of social responsibility and the relative net profit of manufacturing companies listed on the Tehran Stock Exchange. In this study, the independent variables are the corporate social responsibility scorecard and corporate governance factors, the ratio of net profit to total assets as a dependent variable and company size, financial leverage and age as control variables. The research community is companies operating in the Tehran Stock Exchange according to its subject and application. In this study, 165 sample companies were selected. In this study, the data of companies listed on the Tehran Stock Exchange from the beginning of 2016 to the end of 2016 for five years were used to collect. In this research, multivariate regression analysis using the panel data method with fixed effects examines the hypothesis. The results showed that there is a direct and significant relationship between social responsibility and the company's relative net profit. Board size and board independence as factors in corporate governance modify the relationship between social responsibility and relative net profit. But government ownership has no effect on the relationship between social responsibility and the company's relative net profit.

Keywords: Social Responsibility, Representation Theory, Relative Net Profit, Tehran Stock Exchange

Introduction

Today, the role of business units in society has undergone many changes. As expected, business units are not only concerned with increasing their profits, but are also responsive to society, and useful to the community in which they interact. The business unit cannot escape from the community and the company cannot exist without the business unit, therefore, there is a two-way relationship between the business unit and the community that can be considered as corporate social responsibility. (Sandho and Kapoor, 2010).

Griffin and Barney define corporate social responsibility as follows: Social responsibility is a set of tasks and responsibilities that an organization must perform to maintain, care for, and assist the community in which it operates (Fleming, 2002). Companies, like members of the community and citizens of the community, have come to understand that they are created by the community and derive their rules from the community in which they operate. They should relate their role, scope and purpose to a full understanding of environmental and social impacts and responsibilities (Salehi and Azari, 2009). In today's competitive environment, due to the high environmental distrust and intense competitive environment, organizations need to be increasingly agile and adaptable. They seek to improve their performance by stealing the ball from each other. Among these, the quality of corporate governance is of particular importance; because it is effective in creating wealth and financial performance; it is therefore an increasing necessity in today's competitive environment (Ireland and Webb, 2007). Considering the role and importance of corporate social responsibility and corporate governance, this study tries to examine the relationship between social responsibility and relative net profit by considering the moderator variable of corporate governance in the companies listed on the Tehran Stock Exchange

Teoretical foundations

Corporate governance and agency theory

It is a system of rules, regulations and factors that control the operations of the company (Gilan and Starks, 1998). This system includes mechanisms in which government ownership, board size, and board independence are used in this study.
On the other hand, agency theory (Jensen and Mackling, 1976 and Fama, 1980) states that there is a conflict of interest between managers and shareholders and includes the fact that under normal circumstances, the goals, interests and risks of both parties (owner and Representative) is not the same. This causes many representation problems such as: conflict of interest between the manager and the shareholder, ethical risks, uncertainty and risk sharing, information asymmetry between the manager and the shareholder, and making undesirable decisions. In contrast, stewardship theory offers a different view that professional and ethical motives prevent conflicts of interest between owners and agents (Math and Donaldson, 1998). This theory assumes that managers are good managers of resources (Donaldson, 1990; Donaldson & Davis, 1991 and 1994) that will yield favorable business results (Davis et al., 1997). In addition, managers are trustworthy individuals (Donaldson and Peterson, 1995) and work for the good of the owners for their own good (Donaldson & Davis, 1994). In both representation and management theories, there is agreement that the board is the executive body of the company, but there is disagreement as to who is responsible for social responsibility

investment policies and social responsibility actions. .

Resource dependency theory analyzes the relationships and interactions between the company and agents and values the relationships based on their impact on facilitating the maximization of company performance (Puffer, 1973; Puffer and Salankick, 1978). In this theory, board members play a key role in gaining resources (including resources to invest in corporate social responsibility activities and actions) for the company. On the other hand, according to the organizational theory presented by Scott (2001), all members of society seek to gain legitimacy, and this helps to create legitimate roles in the organizational environment (Jadg et al., 2010). If corporations seek legitimacy beyond economic efficiency (Carver, 2010), and if corporate governance addresses economic, cultural, and social issues, social well-being and the balance of stakeholders come into focus (Hess and Warren, 2008; Johansson & Ostergren, 2010). All of the above theories hold corporate governance responsible for social responsibility policies and activities. Thus, the quality of corporate governance can be an important factor in explaining how the relationship between corporate social responsibility and its relative net profit. (Al-Hamouli and et al., 2021)

In this regard, it is necessary to explain that agency theories argue that external managers, by increasing the focus on the company's relative net profit, provide a tool to monitor management activities that results in minimizing agency costs (Fama and Jensen). , 1983). Rutherford and Boehltz (2007) further argued that an increase in the proportion of non-executive board members is directly related to board care and oversight, which helps reduce the degree of information asymmetry and ultimately enhance the quality of board information. . It should be noted that the size of the board is an important element in the characteristics of the board .

The optimal number of board members should be determined in such a way as to ensure that there are enough members to respond to the duties of the board and perform various duties of the board (Hasas Yeganeh et al., 2008). Green (2005) argues that the number of board members should be limited to allow for discussion and exchange of company issues and problems, and that larger boards have less power. According to him, in such boards, agreement and consensus on a particular issue is very difficult. Goodstein et al. (1994) also found that smaller boards of one to four members could be more effective; because they are small, they are able to make strategic decisions in a timelier manner. Government shareholders, on the other hand, have a number of benefits that allow them to exercise control at the lowest cost, given the important resources at their disposal and their ability to access relevant and relevant information. According to agency theory, state ownership can act as an element of effective control. The results of empirical studies have shown that public ownership can reduce discretionary accruals (Hadani et al., 2011). Thus, in the present study, the questions are: (1) is there a direct and significant relationship between corporate social responsibility and the company's relative net profit? (2) Does corporate governance (representation theory variables) moderate the relationship between corporate responsibility and the company's relative net profit? (3) Does state ownership moderate the relationship between corporate social responsibility and the company's relative net profit? (4) Does the size of the board moderate the relationship between social responsibility and the company's relative net profit? And (5) Does the independence of the board moderate the relationship between social responsibility and the company's relative net profit? Therefore, in a word, the role of moderator of variables based on agency theory to investigate the significant relationship between the effectiveness of social responsibility and the relative net profit of manufacturing companies listed on the Tehran Stock Exchange is considered as the main research issue.

Social responsibility and its relationship with the relative net profit of the company:

The task of organizations is not limited to maximizing profits and economic returns, but includes all aspects of the environment and social services. Therefore, all organizations must implement and observe four types of social responsibilities: humanitarian responsibilities, moral responsibilities, legal responsibilities and economic responsibilities (Rahimian et al., 2012).

Economic units are forced to accept their social responsibilities. The same is true of their economic responsibilities. Therefore, the results of this study will be of great importance because it can depict a group of factors affecting the responsibility and social participation of companies, which is the effect of corporate governance mechanisms. Today, there is no doubt about the importance and position of corporate governance for the success of companies, because this issue has become more important due to the events of recent years and the financial crises of companies. Investigating the causes and pathology of the collapse of some large companies, which has caused great losses, especially for shareholders, has been due to the weakness of their corporate governance systems. (Saleh Ziabari and et al., 2021)

Corporate governance can improve the business standards of companies, encourage, provide and equip capital and investors and improve their operations and is one of the main elements in improving the economic efficiency of companies, as it oversees the relations of shareholders, board, managers and other stakeholders. They are. Also, the economic growth and development of a country requires equipping capital resources and its optimal allocation to productive economic activities, and the realization of this requires the development of the financial sector of the economy and, in particular, the expansion of the capital market and, above all, the stock exchange. Achieving this is not possible except by creating a suitable platform to encourage investors to participate in such markets. In this regard, investors need information based on which they can assess the risk and expected return on investment and make decisions about buying, maintaining or selling it. Therefore, since the present study also examines the relationship between social responsibility, corporate governance mechanisms and relative net profit in companies listed on the Tehran Stock Exchange, it can provide a new perspective on issues related to investment and the stock market. (Nouri and et al., 2021).

Research Background

Kabir and Min Thai (2020) examined the relationship between corporate social responsibility and relative net profit by considering the moderator variable of corporate governance. The regression results showed that corporate social responsibility activities have a positive effect on companies' relative net profit. In addition, corporate governance characteristics, such as board size and board independence, reinforce the positive relationship between corporate social responsibility and relative net profit, but such an effect does not exist through the variable of state ownership.

Saeedi et al. (2015) in examining the relationship between corporate social responsibility and relative net profit by considering the mediating variable of competitive advantage state: The direct relationship between corporate social responsibility (CSR) and corporate performance that has been studied by many researchers Checked, it looks fake and vague. This is because many factors indirectly affect this relationship. Therefore, in this study, these researchers have considered competitive advantage, reputation, and customer satisfaction as three possible mediators in the relationship between CSR and company performance. Findings from a survey of 205 manufacturing companies show that due to the positive effect of CSR on competitive advantage, reputation, and customer satisfaction, reputation and competitive advantage mediate the relationship between CSR and firm performance.

Vancheron (2019) in an article entitled "Investigating the relationship between corporate social responsibility and their performance in the hotel industry of Khoshamui Island in Thailand" specifically addresses the positive relationship between social responsibility and ROA and ROE.

Afif and Anantadjaya (2018) in an article entitled "Corporate Social Responsibility and Performance: Evidence from Indonesia" concluded that corporate social responsibility in the field of employees and community, firm size, profitability and profitability. They have stock prices. Therefore, it can be said that there is evidence that CSR affects the level of performance of companies.

Avadileh and Fagbami (2017) in their article entitled "Social Responsibility and Financial Performance in Economic Development in Nigeria" examined 40 Nigerian companies and found that there is a positive relationship between corporate social responsibility and ROA and ROE as positive indicators.

Caminquioli et al. (2016) in an article entitled "Social Responsibility and Corporate Performance: A Strategic Analysis" in Italy, analyze the relationship between CSR and economic value added (MVA) as performance indicators. They achieved a positive and meaningful relationship. They concluded that MVAs in the group of companies that participate in social responsibility activities are more than those that do not comply with CSR.

Scott (2015) in a study entitled "Corporate Social Responsibility and Relative Net Profit" examined the relationship between relative net profit and corporate social performance, whose results showed a positive relationship between relative net profit and corporate social performance .

Choi et al. (2014) conducted a study among 1222 companies in Korea, the results of which showed a positive and significant relationship between relative net profit and social responsibility.

Nelling and Webb (2013) examined the relationship between relative net profit and social responsibility. The results indicate that there is a negative and weak relationship between relative net profit and social performance of the company.

Vanderlan et al. (2012) in a study entitled "Relative net profit and social performance of the company" examined the relationship between relative net profit and social performance of the company. The results indicate a negative relationship between relative net profit and social performance is.

Tieth-e-Soura (2012) examined the relationship between corporate social responsibility and their relative net profit. The results of the study showed a positive and significant relationship between relative net profit and corporate social performance.

Simson and Koher (2010) in a research entitled "Relationship between relative net profit and corporate social performance" examined the relationship between relative net profit and corporate social performance in the banking industry of the Netherlands, whose research shows a positive relationship between this was the relative net profit and social performance of the company**.**

Data analysis (testing of hypotheses)

Research method, model and variables:

This study is applied in terms of descriptive-analytical research method and in collecting the required data, survey and documentation. On the other hand, in correlation studies (two-variable correlation, regression analysis and analysis of variance), the relationship between variables is analyzed based on the purpose of the research. Therefore, it can be said that considering the regression analysis with the nature of panel data and the fit of econometric models, in terms of implementation, this research will be of the correlation type (using Eviews.10 software).

Research purpose and hypotheses

Research Model:

Operational definition: PERFi, t = the relative net profit of Company i in year t, which is equal to the ratio of net profit to total assets. (Relative net profit)

Independent variables: corporate social responsibility and agency theory

Corporate Social Responsibility: Conceptual Definition: Social responsibility is the commitment of business units and society (stakeholders) to appropriate legal, ethical and humanitarian actions to support

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and improve the welfare of society and business units, which must be consistent with the economic structure and capabilities of sectors. Be the beneficiary (Anderson, 1989).

Operational definition of variables related to representation theory:

GOi, t = State ownership of company i in year t, which is equal to the percentage of shares owned by government bodies.

BSi, t = size of the board of directors of company i in year t, which is equal to the number of board members.

BIi, t = Independence of the board of directors of company i in year t, which is equal to the ratio of the number of non-executive board members to the total number of board members.

Control variables:

LEVi, t = Company's financial leverage in year t, which is equal to the debt-to-assets ratio.

SIZEi, t = size of company i in year t, which is equal to the natural logarithm of the total assets.

AGEi, t = Company's life in year t, which is equal to the number of years since the company was established.

Operational definition: CSRi, t = Company's social responsibility in year t, which is measured by content analysis method. In this way, based on the items listed in Table 1, if one item of disclosure of corporate social responsibility items has been done, a score of one is given and if it is not disclosed, a score of zero is given. Hence, the number of items disclosed to the total disclosable items in corporate social responsibility reporting based on the data contained in the companies' annual reports, indicates the percentage of corporate social responsibility disclosure or corporate social responsibility rating. Is (Barzegar, 1392). In a general classification, these indicators are divided into three categories: "economic dimension components", "social dimension components" and "environmental dimension components", which are presented in Table 1. In a more detailed classification, these dimensions are divided into fifteen economic indicators, twenty-eight social indicators, and seventeen environmental indicators, which are used to calculate the values of social responsibility reporting. For example, in economic indicators, if a company reports eight out of fifteen, its corporate social responsibility reporting score will be equal to the fifteenth (approximately 0.53). The purpose of calculating total social responsibility reporting is also if the company has reported fifteen out of sixty cases, its social responsibility reporting score is equal to 0.25

Also, the following model is used to test the first main hypothesis of the present study ($\beta1$):

$$PERFi, t = \beta0 + \beta1\ CSRi, t + \beta2\ LEVi, t + \beta3\ SIZEi, t + \beta4\ AGEi, t + \varepsilon i, t$$

And the following model is used to test the hypothesis of the second main hypothesis and its related sub-hypotheses:

($\beta5$ = first sub-hypothesis; $\beta6$ = second sub-hypothesis; and $\beta7$ = third sub-hypothesis)

$$PERFi, t = \beta0 + \beta1\ CSRi, t + \beta2\ GOi, t + \beta3\ BSi, t + \beta4\ BIi, t + \beta5\ CSRi, t * GOi, t+$$
$$B6\ CSRi, t * BSi, t + \beta7\ CSRi, t * BIi, t + \beta8\ LEVi, t + \beta9\ SIZEi, t + \beta10\ AGEi, t + \varepsilon i,t$$

The test of the moderating role of variables based on agency theory to investigate the significant relationship between the effectiveness of social responsibility and the relative net profit of manufacturing companies listed on the Tehran Stock Exchange is the general purpose of the study.

Research hypotheses also include:

- There is a significant relationship between social responsibility and the company's relative net profit.
- Corporate governance regulates the relationship between social responsibility and the company's relative net profit.
- State ownership moderates the relationship between corporate responsibility and the company's relative net profit.
- The size of the board moderates the relationship between corporate responsibility and the company's relative net profit.
- The independence of the board moderates the relationship between social responsibility and the company's relative net profit.

Unit root test (static variables):

As can be seen, in all variables, the significance level in the root test of the Generalized Dickey-Fuller (ADF) test unit is less than 0.05, which indicates that the variables are stable. This means that the mean and variance of the variables have been constant over time and the covariance of the variables between different years. As a result, the companies under study did not have structural changes and the use of these variables in the model caused false regression .Cannot be. In order to evaluate the reliability of the research variables, unit root tests such as generalized Dickey-Fuller (ADF) tests have been used. Based on the unit root test of generalized Dickey-Fuller test (ADF), if the significance of the test statistic is less than 0.05, the independent, control and dependent variables are stable during the research period. The results of the study of the reliability of research variables using this test are presented in Table (1).

Table 1. ADF test results

Vriables	p.value	t. statistic
Relative net profit	0.000	273.632
Corporate social responsibility	0.000	371.343
Governmental possession	0.004	131.921
Board size	0.008	207.736
Independence of the board	0.0004	144.873
Financial Leverage	0.000	305.58
Size of the company	0.0001	231.53

Source: Research Finding

Analysis of the results of estimating research models

Test of the first hypothesis:

Hypothesis 1: There is a significant relationship between social responsibility and the company's relative net profit. The following model is used to test the first main hypothesis of the present study (β1):

PERFi, t = β0 + β1 CSRi, t + β2 LEVi, t + β3 SIZEi, t + β4 AGEi, t + εi, t

In order to estimate the coefficients of the model related to the test of the first hypothesis of the research, first, to determine the method of composite data and determine whether they are homogeneous or heterogeneous, Chow test and F-Limer statistic are used. The results of this test are given in Table (1).

F-Limer test

As can be seen in Table (2), the result of the Chao test shows that the probability obtained for the F statistic is less than 5%, so to test this model, the data are used in

Table 2. Summary of F-Limer test method

probability	df	F value
0.000	26	3.668

Source: Research Finding

Hausman test (combined method or fixed effects) for the research model

According to Table (3), the significance level of Hausman test is less than 0.05, so to estimate the coefficients of the model, the fixed effects model should be used. The test result of the mentioned model using the fixed effects model and the estimated generalized least squares (EGLS) method is presented in Table (4).

Table 3. Hausman test results

probability	df	K square value
0.0015	26	17.605

Source: Research Finding

According to the results of Table 4, since the t-statistic of the social responsibility variable is greater than + 1.965 and their significance level is less than 0.05, the relationship between social responsibility and the relative net profit of the accepted companies is significant on the Tehran Stock Exchange. Thus, the first hypothesis of the present study that "there is a significant relationship between social responsibility and the company's relative net profit" is confirmed.

Table 4. Test the first hypothesis

probability	t/statistics	S.D	coefficients	Variable
0.000	5.035	0.094	0.472	**C**
0.034	2.191	0.086	0.803	**Corporate social responsibility**
0.000	-8.21	0.032	-0.259	**Financial Leverage**
0.036	2.316	0.011	0.32	**size of the company**
0.000	-5.007	0.003	-0.013	**Company age**
0.786	**The coefficient of determination**	22.99	statistics F	
0.732	**Adjusted coefficient of determination**	0.000	**probability** F	
1.75	Durbin-Watson	EGLS		

Source: Research Finding

Camera Statistics - The Watson model is between 1.5 and 2.5. Meanwhile, the significance level of F statistic is 0.000 which is lower than 0.05 and indicates the significance of the model. Another noteworthy point in Table 4-7 is the adjusted coefficient of determination of the model. The value of the modified coefficient of determination of the model used is about 79%, which shows that about 79% of the changes of the dependent variable can be explained by independent and control variables, which is an acceptable value.

Test of the second hypothesis

Hypothesis 2: Corporate governance moderates the relationship between social responsibility and the company's relative net profit.

- State ownership moderates the relationship between corporate social responsibility and the company's relative net profit.
- The size of the board adjusts the relationship between corporate responsibility and the company's relative net profit.
- The independence of the board regulates the relationship between social responsibility and the company's relative net profit.

The following model is used to test the hypothesis of the second main hypothesis and its related hypotheses.

(β5 = first sub-hypothesis; β6 = second sub-hypothesis; and

β7 = third sub-hypothesis) PERFi,

t = β0 + β1 CSRi, t + β2 GOi, t + β3 BSi,

t + β4 BIi, t + β5 CSRi, t * GOi, t + β6 CSRi, t * BSi, t + β7 CSRi, t * BIi, t + β8 LEVi, t + β9 SIZEi, t + β10 AGEi, t + εi, t

In order to estimate the coefficients of the model related to the test of the second hypothesis of the research, first, to determine the method of composite data and determine whether they are homogeneous or heterogeneous, Chav test and F-Limer statistic are used. The results of this test are given in Table (5).

Table 5. Summary of F-Limer test method

probability	d.f	F value
0.000	31	3.391

Source: Research Finding

As can be seen in Table (5), the result of the Chao test shows that the probability obtained for the F statistic is less than 5%, so to test this model, the data are used in tabular form. Take. Then, in Table (6), by performing the Hausman test, the necessity of using the fixed or random effects method is examined.

Table 6. Hausman test results

probability	d.f	K square value
0.026	14	20.353

Source: Research Finding

According to Table (6), the significance level of Hausman test is less than 0.05, so to estimate the coefficients of the model, the fixed effects model should be used. The result of the model test using the fixed effects model and the estimated generalized least squares (EGLS) method is presented in Table (6).

According to the results of Table (7), since the t-statistic of variable corporate social responsibility * government ownership is less than + 1.965 and their significance level is greater than 0.05, so government ownership cannot be adjusted the relationship between social responsibility and the relative net profit of the companies listed on the Tehran Stock Exchange. Thus, the first sub-hypothesis of the present study that "public ownership modulates the relationship between social responsibility and the company's relative net profit" is not confirmed.

According to the results of Table (7), since the t-statistic of the corporate social responsibility variable * board size is greater than + 1.965 and their significance level is less than 0.05, so the size of the board can be Moderate the relationship between social responsibility and the relative net profit of companies listed on the Tehran Stock Exchange. Thus, the second sub-hypothesis of the present study that "the size of the board moderates the relationship between social responsibility and the company's relative net profit" is confirmed.

According to the results of Table (7), since the t-statistic of corporate social responsibility variable * Board independence is greater than +1.965 and their significance level is less than 0.05, so board independence can Moderate the relationship between social responsibility and the relative net profit of companies listed on the Tehran Stock Exchange. Thus, the third sub-hypothesis of the present study that "board independence modulates the relationship between social responsibility and the company's relative net profit" is confirmed.

Table 7. Test the second hypothesis

Variable	probability	t/statistics	S.D	coefficients
C	0.000	4.299	0.137	0.591
Corporate social responsibility	0.002	3.381	0.671	0.94
governmental possession	0.425	0.797	0.124	0.113
Board size	0.024	-2.134	0.017	-0.329
Independence of the board	0.007	-3.491	0.037	0.555
Corporate social responsibility * Government ownership	0.131	1.514	0.498	0.755
Corporate Social Responsibility * Board size	0.005	-3.215	0.129	-0.957
Corporate social responsibility * Independence of the board	0.0006	3.679	0.175	1.119
Financial Leverage	0.000	-8.088	0.032	-0.261
size of the company	0.017	2.388	0.01	0.024
Company life	0.000	-4.93	0.002	-0.012
	0.853	**The coefficient of determination**	24.794	statistics F
	0.818	**Adjusted coefficient of determination**	0.000	**probability** F
	1.828	Durbin watson	EGLS	

Source: Research Finding

Camera Statistics - The Watson model is between 1.5 and 2.5. Meanwhile, the significance level of F statistic is 0.000 which is lower than 0.05 and indicates the significance of the model. Another noteworthy point in Table 4-7 is the adjusted coefficient of determination of the model. The value of the modified coefficient of determination of the model used is about 82%, which shows that about 82% of the dependent variable changes can be explained by independent and control variables, which is an acceptable value

Results and Recommendations

Results

Hypothesis 1: There is a significant relationship between social responsibility and the company's relative net profit.

Based on the results, there is a significant relationship between social responsibility and the relative net profit of companies listed on the Tehran Stock Exchange. If they are more social, they will see better relative net profit in the long run. Therefore, from a managerial point of view, by improving the working environment and employees 'rights, business behavior, environmental protection, aligning the company's interests with the interests of the community, the importance of customers' wants and needs, etc., although the company may incur costs in this However, in the long run, the benefits of complying with these indicators outweigh the costs, which in turn improves relative net profit and improves productivity. The result of this research is consistent with the results of some internal and external studies. Vancheron (2013) in a study found a positive relationship between social responsibility and ROA and ROE as characteristics of performance.

Hypothesis 2: Corporate governance moderates the relationship between social responsibility and relative net profit.

Based on the results of the second hypothesis, the relationship between social responsibility and the company's relative net profit is influenced by stimuli such as corporate governance characteristics. Resource dependency theory analyzes the relationships and interactions between the firm and agents and values relationships based on their impact on facilitating the maximization of firm performance (Puffer 1973; Puffer and Salankick, 1978). In this theory, board members play a key role in gaining resources (including resources to invest in corporate social responsibility activities and actions). On the other hand, according to the organizational theory presented by Scott (2001), all members of society seek to gain legitimacy, and this helps to create legitimate roles in the organizational environment (Jadg et al., 2010). Agency theories argue that external managers, by increasing their focus on the firm's relative net profit, provide a tool for monitoring management activities that results in minimizing agency costs (Fama and Jensen, 1983). Rutherford and Boehltz (2007) further argued that an increase in the proportion of non-executive board members is directly related to board care and oversight, which helps reduce the degree of information asymmetry and ultimately enhance the quality of board information. . It should be noted that the size of the board is an important element in the characteristics of the board. The optimal number of board members should be determined in such a way as to ensure that there are enough members to respond to the duties of the board and perform various duties of the board (Hasas Yeganeh et al., 2008). Green (2005) argues that the number of board members should be limited to allow for discussion and exchange of company issues and problems, and that larger boards have less power. According to the results of this study, public ownership cannot moderate the relationship between social responsibility and the company's relative net profit, and this result can be due to the small number of companies or the small number of years under study, although the data under the influence of political conditions And the country's economy and the psychological atmosphere prevailing in the Tehran Stock Exchange.

Recommendations

According to the results of the hypotheses, corporate social responsibility has a direct effect on relative net profit, so in order to include corporate social responsibility (CSR) in all practical aspects of companies, it is recommended to take the following key steps:

1. Determining the position of CSR in the levels of strategic decisions to manage the success of the development of company policies and its implementation.
2. -Establishment of a feedback system or process that prevents

illegal activities by external observers

3. -Develop continuous relationships with all stakeholder groups and develop their interests
4. Include a CSR-related social review in the company's annual report.
5. -Ensuring the reward system in the organization to strengthen the established policies related to CSR

According to the results of testing the second hypothesis of the research that corporate governance scandals including board size and board independence have a significant effect on the relationship between social responsibility and relative net profit, are recommended to investors in companies listed on the Tehran Stock Exchange. In order to make investment decisions, pay attention to their supervisory role in management decisions and relative net profit. In addition, active and non-executive members of the board of directors (especially non-executive members) are encouraged to take steps to maintain the value of shareholders, which is one of their most important duties, by playing their supervisory role.

According to the results of the second hypothesis test, since in this study it was found that in companies operating in the Iranian stock market, the relationship between social responsibility and relative net profit with corporate governance variables, including board size and board independence is a significant relationship. Therefore, it is suggested that with the development of studies and theoretical literature on corporate governance of stock exchange activists, board members, shareholders, auditing firms, researchers, etc., become more familiar with corporate governance issues so that they can properly play a role in governance. Corporate and consequently affect the relative net profit of companies.

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