Investigating the Impact of Financial Constraints on Corporate Social Responsibility

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Abstract. Corporate social responsibility is intended to reflect the unity of the organization's activities and values in a way that reflects the interests of all stakeholders, including shareholders, customers, employees, investors, and the general public, in the policies and practices of the organization. Being aware of this can play a key role in creating an appropriate process for companies. To this end, this study is trying to examine the impact of financial constraints on corporate social responsibility of 90 companies are members of the Tehran Stock Exchange, which have been determined using a screening method and according to specific criteria by using panel data method in period 2010-2018. The results show that Financial constraint has a significant and negative impact on the social responsibility index. Financing constraints can make a company more financially financed and affect the firm's financial performance and repayment power. Findings indicate that there is a significant positive relationship between the size of the company and financial leverage and corporate social responsibility.

Key words: financial constraints, corporate social responsibility, panel data, financial leverage.

Introduction

By the growth of the services of various industrial and commercial companies and organizations, it has been possible to provide international services so that organizations and companies are able to continue their business can easily use their services and do as much as possible to fulfill this purpose. The failure of the authorities to provide corporate social responsibility will prevent them from providing effective services for the society, development and company credibility (Zhao and Xiao, 2018: 76-93).

Corporate social responsibility is one of the most important issues facing businesses today, and companies are committed to achieving the benefits of doing so. Following the impact of business activities on the environment and other stakeholders, attitudes of the businesses changed from a stakeholder attitude to merely earning profits to a stakeholder attitude to creating value and profit for all stakeholders (Liu et al., 2019: 3717). Many businesses need to broaden their scope of vision and address the residual impact of the company on all stakeholders.

Corporate social responsibility is defined as the responsibility and commitment of companies to the various stakeholder groups and communities in which they operate (Turker, 2009: 189-204). Studies show that the impact of social responsibility on market deficiencies is information asymmetry and channel agency costs through which social responsibility can lead to value creation (Attig et al. 2014: 297-314). In fact, corporate social responsibility can reduce a company's market friction, thereby affecting the gap between internal and external resource costs by reducing information asymmetry and reducing agency costs. A task that is currently performed voluntarily basis will safeguard the long-term benefits of companies (Pourali and Hojami, 2014: 150-135). Previous literature indicates that information asymmetry between managers and shareholders

substantially influences firm investment decisions and leads to exacerbated agency problems (Jiang et al., 2010: 1-20). These problems are more common in developing markets such as Iran than in developed markets. (Liu et al., 2019: 3717). One of the important roles of financial markets is the allocation of resources from various economic factors to companies that can make good use of these resources, thereby enabling companies to invest effectively. However, information problems and individuals' motivations in financial markets stemming from agency costs. Agent costs have an adverse effect on company value, i.e. if the market expects to incur such costs, the value of the company will decrease (Baradaran and Taghizadeh, 2016: 163-169). On the other hand, the hypothesis of over-investment implies that firms that invest less than the optimal level suffer from the problem of under-investment and companies that invest more than the optimal level suffer from the problem of over-investment; Important and influential on the level of investment is very important in evaluating, identifying and determining the optimal level of corporate investment (Arabsalehi and Kazemi, 2014: 97-118).

The purpose of the present study is to investigate the impact of financial constraints on corporate social responsibility using the panel data method over a period of 2010 to 2018.

Theoretical Basis and Previous Studies

The investigation of social responsibility debate tangibly goes back to the time of Adam Smith in the late eighteenth century. He promoted public welfare and believed that competing entrepreneurs would naturally seek to protect the public interest. In the 1890s, Andrew Carnegie identified corporate social responsibility. Carnegie's view was based on two principles, including the principle of benevolence and the principle of guardianship or stewardship. The principle of benevolence is regarded as one of the responsibilities of individuals, not an organization, but by the principle of guardianship of wealthy individuals and organizations, they must consider themselves the guardians of the poor. In contrast, in the 1970s and 1980s, environmental issues led to a redesign of social responsibility. Famous economist Milton Friedman is one of the pioneers who put the responsibility of business organizations to maximize profits within the law without any conspiracy or deception, and believes that social issues should be left to individuals and government entities, because the needs of their relative size and amount are not at the level of corporate executives and if so, it affects corporate earnings.

However, the financing constraint refers to a situation where the company has limited access to financial resources. Financing constraints can make a company more financially financed and affect the financial performance and repayment power of the company (Liu et al., 2019: 3717). A company that has limited access to financial resources will incur high costs if it is financed from outside. Therefore, the ultimate value of cash holding and the end value of working capital may be higher for these companies due to the high cost of financing from outside, which may prevent the company from financing abroad (Zhao and Xiao, 2018: 76-93). Discussing financial constraints is one of the key issues facing all companies. Corporations need financial resources provided by owners and shareholders, or outsourced institutions and funds, both for their livelihoods and current costs and for their small and large investments.

The term corporate social responsibility refers to the emergence of an emerging movement that seeks to incorporate environmental and social factors into corporate business decisions, business strategy and accounting with the aim of enhancing social and environmental performance alongside economic dimensions such as for the business unit, society and Make the environment useful (McKinley, 2008). Many definitions of

social responsibility focus on the concept of voluntary corporate action that reflects ethical values, legal requirements, and aims to improve social or environmental conditions (Kim et al., 2014: 1-13).

According to Garriga and Mele (2004: 51-71), theories of corporate social responsibility are categorized into four groups: In instrumental theory, it is assumed that the firm is a tool for generating economic prosperity, and that it is the sole social responsibility of the company and merely the economic aspect of inter-company interaction and society is considered. This group of theories is called instrumental theory because they regard corporate social responsibility as a mere tool for profit. These are theories that view corporate social responsibility as a strategic tool for achieving economic outcomes. Political theory contains theories that the business unit must act on social demand based on political theories. The group emphasizes that social demand from the business unit is essential for the survival and growth of its business and even for its very existence. In fact, this group of theories emphasize the interaction and relationship between the business units of society and its main concern is the power and position of the company and its inherent responsibility for society, which are theories of social contract and corporate citizenship. That the responsibility of participating in its actions goes beyond the legal requirements. Integrated theory emphasizes the social power of the corporation, and in particular with regard to society and accountability in the political arena associated with this power. This power enables the company to accept legal duties or social participation and social cooperation. In these theories it is assumed that the company is socially dependent and must integrate the demands of society in its operations with social values. Therefore, in these theories, companies should always seek to meet social demands and achieve social legitimacy in their operations. Moral theory, theories that examine the relationship between business unit and society from the perspective of moral values. This leads to a view of corporate social responsibility from an ethical perspective, and companies must accept social responsibility as a moral commitment. The theory assumes that it seeks to achieve good society and emphasizes the ethical requirements of the relationship between company and society.

Generally, corporate social responsibility theories focus on the four goals of profit-making, the use of responsible business unit power, integrating social demands, and ethically sound practices to create a good society (Hassas and Barzegar, 2014: 109-133).

Liu et al. (2019: 3717) examined relationship corporate social responsibility and financial performance composed of a-share publicly listed firms from Shanghai and Shenzhen in China during 2013-2017. The results show that that CSR disclosure influences negatively financial constraints. The quantile regression results also indicate that the influences would more obvious when a company faces stronger financial constraints. Further, CSR disclosure influences negatively financial constraints in financially opaque firms, and the effect of financial opaque on the relationship strengthens when the company faces great financial constraints.

Zhao and Xiao (2018: 76-93) studied effect of corporate social responsibility on financial constraints based on a sample of China's Shanghai and Shenzhen A-share public firms during 2010-2016. They investigate the role of a firm's life cycle stage on the relationship between corporate social responsibility (CSR) and financial constraints. The results show that that firms are not homogeneously related to the impact of CSR on financial constraints. Hence, investors can identify the firm's life cycle and take it into consideration when making decisions to minimize their investment risk.

Moradi et al. (2018: 32-47) examined The relationship between corporate social responsibility, agency costs and investment sensitivity in cash. The purpose of this study

is to investigate the relationship between corporate social responsibility, agency costs and investment sensitivity in cash in listed companies in Tehran Stock Exchange. For this purpose, a sample of 120 companies was selected through systematic elimination sampling during 2010-2016. The results show that there is a negative and significant relationship between social responsibility and investment sensitivity to cash. In other words, companies with better corporate social responsibility performance are less susceptible to investing in cash. The results also indicate that corporate representation costs increase cash sensitivity and this increase moderates the negative effect of corporate social responsibility on the sensitivity of cash investment.

Akbari et al. (2017: 49-68) examined the relationship between investment opportunities and investment sensitivity to cash flow. In this study, financial information of 80 companies listed in Tehran Stock Exchange during the period 2008-2009 was reviewed. In order to measure investment opportunities, three criteria of profit per share to price per share, ratio of asset market value to book value, ratio of stock market value to stock book value were used. Their results show that there is no significant relationship between investment opportunities and investment sensitivity to cash flow.

Salehi et al. (2017: 65-76) investigated the effect of managerial optimism on investment sensitivity to cash flow, considering the presence or absence of financial constraint in listed companies in Tehran Stock Exchange. For this purpose, financial data of 100 companies listed in Tehran Stock Exchange during the period 2007-2009 were reviewed. The number of data collected for this study is 700 years - company. Multivariate regression method with hybrid data approach was used to test the research hypotheses. The results show a significant positive relationship between managerial optimism and investment sensitivity across the sample, as well as among firms classified as having financial constraints and without financial constraints. The results also indicate that the sensitivity of investing to cash flow as a result of managerial optimism in firms with financial constraints is higher than those without financial constraints.

Mahfouzi et al. (2017: 10-20) examined the relationship between corporate social responsibility and investment sensitivity to cash flows. The results showed that there is a positive and significant relationship between social responsibility and investment sensitivity to cash flows during the period under review.

Samet and Jarboui (2017) in a study examines the relationship between corporate social responsibility, agency costs and cash sensitivity in 398 European countries over the period 2009-2014. The results showed: (1) the relationship between corporate social responsibility performance and investment sensitivity to internal funds is weak. (2) cash flow agency costs mitigate the negative effect of corporate social responsibility on the sensitivity of cash investment. Therefore, this study empirically suggests that socially responsible companies have a better position to finance capital markets by reducing market friction and agency costs.

Chen et al. (2016: 81-108) examined the impact of free cash flow and corporate governance on investment levels in 865 Chinese firms. The results of the study showed that investing more is more sensitive to current free cash flows. It is also more obvious to invest heavily in companies with positive free cash flow. Further findings show that high government ownership leads to higher investment, while in large board companies, the high proportion of tradable stocks as well as the higher leverage, the higher the investment. They also showed that increasing government ownership, large boards of directors, as well as the presence of foreign directors, were associated with lower investment intensity. While high leverage and rising trading stocks reduce investment, the company is less likely to fall.

Maurizio et al. (2015: 4442-4457) examined the relationship between cash flow sensitivity and financial constraints with the cluster analysis approach. The results of this study showed that cluster analysis can be used in contrast to single-criteria approaches, thus providing a final measure of financial constraint to provide deeper insights into the relationship between investment sensitivity to cash flow and financial constraints.

Arabsalehi and Kazemi (2014: 97-118) examined the impact of agency costs on the investment sensitivity of cash flows of listed companies in Tehran Stock Exchange. They surveyed 103 companies using logistic regression for the period 2006-2009. The results of their research showed that agency costs alone do not lead to more or less investment but increase the cash flow sensitivity of the investment.

Attig et al. (2014: 297-314) examined the impact of corporate social responsibility on the sensitivity of cash flows to investment over the period 1990-2010. The results of their research showed that corporate social responsibility affects the investment sensitivity to cash flow by reducing information asymmetry and agency costs. That is, investment sensitivity to internal cash flow decreases with increasing corporate social responsibility ratings.

Material and Methods
Data and Estimation Model
In this section, considering the theoretical and background of the research, the model and its variables are discussed. The estimation pattern of this study is panel-data and the model under study is outlined below:

$$LCS_{it} = \alpha_0 + \alpha_1 LKZ_{it} + \alpha_2 SIZE_{it} + \alpha_3 LLEV_{it} + e_i$$
(1)

Here, CS represents social responsibility index, KZ indicates financial constraint measure, SIZE indicates company size, LEV indicates financial leverage, and L represents logarithm.

The Social Responsibility Index (CS) shows the level of disclosure of environmental and social information of companies using the content analysis method to measure it. Content analysis is a method of coding text into different groups according to pre-defined criteria that is widely used in research related to environmental and social information disclosure. Because this approach provides researchers with a systematic approach to analyzing large unstructured data. In content analysis, the researcher has to use a coding checklist tool to assess the level of environmental and social information disclosure. The checklist tool is designed to encode qualitative information contained in annual reports. The coding method is to read the annual reports and identify any information on environmental and social issues and classify them into appropriate sections and sub-sections.

The following two methods can be used to measure the financial restraint index. The Financial Constraint Measurement Index presented by Kaplan and Zingalas in 1998 can be calculated as follows:

$$KZindex = -1.002 * \left(\frac{CashFlow}{Total\ Assets}\right) - 39.368 * \left(\frac{Divident}{Total\ Assets}\right) - 1.315$$
$$* \left(\frac{Cash\ Holding}{Total\ Assets}\right) + 3.139 * \left(\frac{Debt}{Total\ Capital}\right) + 0.383 * \left(\frac{M_{it}}{B_{it}}\right)$$

Cash flow: Net cash flow of company total assets; Total Assets: Total asset; Divindent: Profit

Company Divide; Cash Holding: Cash at the end of the fiscal year; Debt: Total Debt; Mit: Corporate market value; Bit: Book value.

One measurement method is the measure of the financial constraint of the Vatidovo Index presented by him in 2006.

$$WWindex = (-0.091 * CF) - (0.062 * Divpos) + (0.021 * TLTD) - (0.044 * LNTA) + (0.102 * IS) - (0.035 * SG)$$

CF is the operator of cash flow to total assets ؛ Virtual variable and for companies that have dividend during the period will be equal to zero and otherwise equal to zero $TLTD$ Long term debt to total assets. The natural logarithm of total assets. Growth of the industrial sales in which the company is located. SG is the Growth of the sales of the company. This study used this index. The size of the company is also derived from the logarithm of the company's assets. Used as an explanatory factor for voluntary disclosure to calculate the size of the company, the sum of the company's market value at the end of the year is t and t-1 divided by 2 logs. The financial leverage comes from the ratio of total debt to total assets.

The statistical population of the study is all companies listed in Tehran Stock Exchange. Data from the audit financial reports of companies by visiting the official website of Tehran Stock Exchange and other related sites such as Islamic Research, Development and Islamic Studies and Capital Market site of Iran and from new and devised software in 2010-2018. In order to summarize the data, variables were first calculated using the data collected for each company and each year studied. All summation operations were performed using Excel software data and then the hypotheses were tested using Eviews 9 software. Panel-data method was used in this study. This method increases the statistical power of the coefficients and decreases the linearity between the variables and makes the estimates more efficient by increasing the degree of freedom.

The sample size of the study, is a total of 90 companies listed in Tehran Stock Exchange, and determined by screening method and according to the following criteria:

1. Not to be part of investment companies and banks and financial intermediaries because of the specific nature of their business.

2. To have a continuous presence in Tehran Stock Exchange from 2010 to 2018.

3. Companies should not change financial year during research period. Because the data used is corporate-year samples, companies that have changed their financial year are destroying the statistical sample.

4. Full information of each company regarding the variables studied.

5. Companies have continuous activity in the research period.

6. The company did not have a trading break of more than 6 months during the period under review. Because stock trading stops due to possible repetition in the future, results in reduced validity and distortion of the data used in research.

The sampling method will be systematic and random. In other words, if the surveyed companies do not have the desired features, they will be excluded from the analysis process. Finally, given the limitations mentioned above, 90 companies have the above characteristics, selected as sample of the research.

Research variables include financial constraint, size and financial leverage as independent variables and corporate social responsibility as the dependent variable.

Panel Data

Panel data is data from a (usually small) number of observations over time on a (usually large) number of cross-sectional units like individuals, households, firms, or governments. In other words, panel data analysis is a method of studying a particular subject within multiple sites, periodically observed over a defined time frame. With repeated observations of enough cross-sections, panel analysis permits the researcher to study the dynamics of change with short time series. The combination of time series with cross-sections can enhance the quality and quantity of data in ways that would be impossible using only one of these two dimensions. Panel data has some more advantages; since panel data is related to individuals, firms, states, countries, etc. over time, there is bound to be heterogeneity in these units. The techniques of panel data estimation can take such heterogeneity explicitly into account by allowing for individual-specific variables. By studying the repeated cross section of observations, panel data are better suited to study the dynamics of change. Panel data can better detect and measure effects that simply cannot be observed in pure cross-section or pure time series data. By making data available for several thousand units, panel data can minimize the bias that might result if we aggregate individuals or firms into broad aggregates (Gujarati, 2004).

Results

The results of F test

Estimation of the proposed model is done using panel data method. Therefore, it is necessary to determine the type of estimation method for the particular type of cross-sectional data. We have two general considerations in estimating the panel data model. The first is that the width of the source is the same for all the cross sections, in which case we have the pool data model. The second case is the width of the source for all the different sections, this is called panel data mode. To identify the above two cases, a test called F-lymer is used. Therefore, the F-lymer test is used to select between data regression methods and fixed effects regression. The results of this test are represented in Table 1.

Table 1. F test results

F statistic	Probability
24.4118	0.0000

As can be seen from the results, the panel-data method should be used and the width of the different originals (fixed effects or random effects method) included in the model.

Hausman test results

After determining the type of panel-data method or data currency, it should be determined whether the width of the different sources for the model using the fixed effects method or the random effects method is a suitable method for estimating the model. We use the Hausman test to determine this. Table 2 shows the results of this test.

Table 2. The results of Hausman test

Hausman test	Probability
7.5522	0.0562

As Table 2 shows, the Random Effects method would be a good way to estimate the model. Then we use random effects method to estimate the model under study.

Main model estimation results

The model estimation results based on panel data model and fixed effects method for the time period investigated are shown in Table 3.

Table 3. Results of Model Estimation by Fixed Effects Method

Variables	T statistic value	Standard deviation	Ratio	Probability
C	-6.3766	0.2490	-1.5882	0.0000
KZ	-2.0547	0.0116	-0.0238	0.04.3
SIZE	1.7929	0.0228	0.0409	0.0734
LEV	4.6928	0.0581	0.2728	0.0000
R^2= 0.9299		R^{2bar}= 0.9125		D.W=1.76

As stated, in this study we use regression model estimation to test the hypotheses and analyze the results based on the significance or non-significance of the coefficients. For this purpose, the estimation results of the model under consideration are shown in the table above.

As shown in Table 3, the negative coefficient of the financial constraint variable indicates a negative relationship between this variable and the social responsibility index, which is statistically significant with respect to the calculated probability value. In other words, the estimated coefficient for the financial constraint variable is negative and significant. As can be seen, financial constraints have a significant negative impact on the social responsibility index. Therefore, as the financial constraint increases, the social responsibility index deteriorates. So it can be said that with a 1% increase in the financial constraint, the social responsibility index situation is getting worse by 0.02%. Financing restriction refers to a situation where the company has limited access to finance. Financing constraints can make a company more financially financed and affect the firm's financial performance and repayment power. Corporations need both financial resources that can be provided by owners and shareholders, or outsourced institutions and funds, both for their livelihoods and current costs and for their small and large investments. Be. Due to the prevailing poverty and the lack of financial savings in most developing countries, the domestic capacity of these countries is not sufficient to raise capital to meet development goals and to undertake infrastructure projects, and therefore most of these countries are in dire need of capital. From foreign sources, and thus a tendency to attract foreign funds. Companies are in the midst of financing when there is a gap between internal and external costs of the funds allocated. Thus, by using this definition, all corporations can be regarded as corporations with financial constraints, but the levels of financial constraints are different. The use of external funds is a good framework for separating companies based on their financial constraints. When the difference between domestic and foreign investment funds in a company is high and high, that company is more financially constrained. Also, in general, companies with no financial constraints or less financial constraints are those that have relatively high liquidity assets and their net assets are high. Therefore, financial constraints are constraints that hinder the provision of all the funds needed for optimal investment for companies. Therefore, financial constraints can cause many problems for companies. Corporate Social Responsibility is,

therefore, a transcendent approach to business that considers the social impact of an organization on both internal and external society. Its main purpose is to bring all sectors together to work together to bring economic benefits to the environment and, on the other hand, to succeed in business growth and sustainability. Now, if a company faces financial constraints, it will no longer be able to address the issue of social responsibility properly and its liability reduced. Based on the results, the research hypothesis was confirmed.

As can be seen in Table 3, the positive coefficient of firm size indicates a positive relationship with this variable of social responsibility index, which is statistically significant with respect to the calculated probability value. In other words, the estimated coefficient for the firm size variable is also positive and significant. Therefore, there is a significant positive relationship between company size and social responsibility. As can be seen with a 1% increase in company size, social responsibility improves by 0.04%. The least impact among the variables studied is the company size variable. According to agency theory, disclosing social responsibility can be used to reduce those political costs that can reduce corporate wealth. For example, the amount of political spending is very much dependent on the size of the company. It is inferred that there is a positive relationship between company size and disclosure of environmental and social information. One explanation for the positive relationship between company size and disclosure level is that larger companies are more entrepreneurial and have a greater impact on society. Larger companies are also subject to greater scrutiny by different groups of society and are therefore under greater pressure from the public to disclose environmental and social information to legitimize their activities. The legitimacy theory suggests that organizations should be held accountable by increasing the scope of environmental and social information disclosure in their annual reports. Some researchers explain managers' accountability by saying that managers of larger corporations are more likely to benefit from their disclosure as a result of better disclosure, but managers of smaller corporations are more likely to feel that full disclosure of information can jeopardize their competitive position. Therefore, there is a positive and meaningful relationship between the size of the company and its social responsibility.

As can be seen in Table 3, the positive coefficient of financial leverage variable indicates a positive relationship between this variable and the social responsibility index, which is statistically significant with respect to the calculated probability value. In other words, the estimated coefficient for the financial leverage variable is also positive and significant. So there is a significant positive relationship between financial leverage and social responsibility. As can be seen, with a 1% increase in financial leverage, the social responsibility rate improves by 0.27%. The capital structure is the amount of debt and ordinary shares used to finance assets, meaning the company has both equity and debt in its capital structure. The financial leverage determines the financial ability of the nominated company. Companies with riskier debt and acting in the interests of their shareholders use distinct decision-making rules than companies with no or no debt. A corporation financed through lucrative debt will ignore valuable investment opportunities. Opportunities that can have a major positive impact on the market value of the company. One of the things that can be deduced is that companies facing financing constraints may neglect to accept and operate positive net present value projects due to the high cost of financing, making this a difficult investment. it is named inadequate and its value increases with more growth options in the set of corporate investment opportunities. As a result, companies with higher leverage (compared to companies with lower leverage) will have fewer growth opportunities. The lever contains a warning from managers about their investment opportunities. Theories of capital structure suggest that managers with

the right growth opportunities should choose less leverage because if they increase the amount of external debt they cannot take advantage of their investment opportunities and therefore between growth and leverage. Negatives are created because managers of high growth companies will choose the low lever. Therefore, financial leverage is one of the most important issues in companies. Therefore, trying to increase corporate social responsibility should also improve the financial leverage so that optimal conditions are put in place for the company.

The estimated coefficient of determination of the model is 0.92, this concept indicates that the model under study has high explanatory power so that the independent variables are able to interpret the dependent variable well.

The Durbin Watson test statistic for the model under study was 1.76. This indicates that the model under study does not show autocorrelation.

Conclusion

Corporate social responsibility is intended to reflect the unity of the organization's activities and values in a way that reflects the interests of all stakeholders, including shareholders, customers, employees, investors and the general public, in the policies and practices of the organization. In other words, the organization must always consider itself part of the community and have a sense of responsibility towards society and strive to improve public welfare independently of the direct benefits of the company. Companies with high social performance are more likely to disclose their social activities publicly. The high level of transparency in information reduces the information asymmetry between the company and the investors, thus reducing the risk. To this end, this study is trying to examine the impact of financial constraints on corporate social responsibility. The sample size of the study, is a total of 90 companies listed in Tehran Stock Exchange, and determined by screening method and according to the following criteria: Not to be part of investment companies and banks and financial intermediaries because of the specific nature of their business; To have a continuous presence in Tehran Stock Exchange from 2010 to 2018; Companies should not change financial year during research period. Because the data used is corporate-year samples, companies that have changed their financial year are destroying the statistical sample; Full information of each company regarding the variables studied; Companies have continuous activity in the research period; The company did not have a trading break of more than 6 months during the period under review. Because stock trading stops due to possible repetition in the future, results in reduced validity and distortion of the data used in research.

By examining and estimating the model we deduce that Financial constraint had a significant negative impact on corporate social responsibility. The estimated coefficient for the financial constraint variable is negative and significant. As can be seen, financial constraints have a significant negative impact on the social responsibility index. Therefore, as the financial constraint increases, the social responsibility index deteriorates. So it can be said that with a 1% increase in the financial constraint, the social responsibility index situation is getting worse by 0.02%. In the present study, the relationship between firm size and corporate social responsibility was investigated and the results were positive. The estimated coefficient for the firm size variable is also positive and significant. So there is a significant positive relationship between company size and social responsibility. As can be seen, with a 1% increase in company size, social responsibility improves by 0.25%. In the present study, the impact of financial leverage on corporate social responsibility was also examined. The results showed that there is a significant positive relationship between financial leverage and corporate social

responsibility. The estimated coefficient for the financial leverage variable is also positive and significant. So there is a positive and significant relationship between financial leverage and social responsibility. As can be seen, with a 1% increase in financial leverage, social responsibility improves by 1.6%. The research hypothesis that was confirmed. Thus, it can be said that the financial constraint affects the social responsibility of the companies listed in the Tehran Stock Exchange.

Based on the results of the research, the following policy recommendations can be made:

1. Efforts to reduce the amount of financial constraints and create new and different sources of finance to further enhance the financial position of companies and increase the share of corporate capital in order to improve the corporate social responsibility structure;

2. Increasing the size of the company and finding different ways to improve the investment structure and planning precisely and effectively to make the most of the available opportunities and establish different relationships at national and international levels to create greater partnerships to increase corporate social responsibility;

3. Improve financial leverage to maximize the use of corporate funds and attract new investment to improve corporate social responsibility.

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