The Open Access Journal of

Resistive Economics

www.oajre.ir

Volume 11, Issue 2, 2023

ORIGINAL RESEARCH PAPER

Pages: 12-23

Investigating the effect of the quality of internal control on the information content of social responsibility in companies listed on the Tehran Stock Exchange

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Received: *29 Jan 2023* ***Revised:****26 Feb 2023* ***Accepted:****28 March 2023*

ABSTRACT

Manager's in the category of social responsibility disclosure is the concept of their commitment to implement transparency and increase accountability in dealing with stakeholders, As managers have many motivations to establish ethical and behavioral standards in companies. Actually, the fulfillment of social responsibility can lead to the reduction of the conflict of interest between the company and the people of the society, and thus the risk of the companies is reduced and the value of the companies is increased, and the managers will benefit from the benefits of the social responsibility. The purpose of this study is to investigate the effect of the quality of internal control in the information content of social responsibility reports in companies listed on the Tehran Stock Exchange. In order to achieve the objectives of this study, information on 87 companies admitted to the Tehran Stock Exchange was collected in the period of 2016-2021 .After performing the required tests and choosing the fixed effects method, the research model using the GLS method in order to solve the problem of variance heterogeneity. The results show that the quality of internal control had a positive and significant effect on all three economic, social and environmental dimensions of the social responsibility report.

KEYWORDS: Internal control, economic dimension of social responsibility, social dimension of social responsibility and environmental dimension of social responsibility.

How to Cite This Article: Nematnezhad, K; Akbarzadeh Roshan, F. ; Qasimpour, M. ; Alinezhad, R. (2023).“ Investigating the effect of the quality of internal control on the information content of social responsibility in companies listed on the Tehran Stock Exchange”. *The Open Access Journal of Resisitive Economics*, 11(2): 12-23.

1. Introduction

Weakness in internal controls and low quality control environment often occurs in companies that do not have quality mechanisms to protect the interests of investors and control the opportunistic behavior of managers. Among these mechanisms is improving the quality of auditing and independent auditors, and on the other hand, the recent wave of financial scandals of companies and their financial bankruptcy has caused companies to pay great attention and importance to the need to improve mechanisms and increase transparency in accounting information. On the other hand, the recent wave of companies and their financial turmoil has caused companies to pay great attention and importance to the need to improve mechanisms and increase transparency in providing social responsibility. In fact, the financial scandals of the beginning of this decade, such as Enron or Tico, have raised doubts about the requirements of social responsibility disclosure. (Yang et al, 2017)

Commercial organizations can affect society with their activities. For this reason companies follow social responsibility solutions and follow up on social responsibility issues. Social responsibility helps to balance social and economic goals and efficient use of limited resources. Companies should not only disclose their social and environmental activities, but also present their social and environmental performance in the best way to the stakeholders. This is because stakeholders are critical to business success and are now increasingly concerned about the social and environmental performance of companies. Corporate social responsibility has been an important and attractive field of study in the world. The concepts of social responsibility have been investigated through different methods. (Kim et al, 2019)

Increasing internal control helps to improve the level of corporate governance and ensure the legitimacy and integrity of information disclosure. Therefore, effective internal control is the basic guarantee for the quality of information disclosure and is closely related to the interests of investors. Disclosure of social responsibility, usually voluntary, can provide unique insights into managers' cognitive biases and are usually unaudited. (Lu et al, 2017)

With increasing public supervision, companies pay more attention to corporate social responsibility. However, their efforts to acquire a true philanthropic identity or corporate reputation, the extent of corporate social responsibility commitment, and the orientation of corporate social responsibility activities vary considerably among companies. In recent years, corporate social responsibility has attracted a lot of attention from companies, policymakers, regulators, and other stakeholders. A survey conducted by the United Nations Global Compact in 2010 covering 766 CEOs reported that 93% of them consider social responsibility to be an important factor in their organization's business success. (Lassi et al, 2010)

Social responsibility has been identified as a vital introduction in terms of creating significant economic and social welfare consequences at both the macro and micro levels. (Cornet et al, 2016)

A considerable body of literature covers the concept of social responsibility. Mcwilliams and siegel (2001) argue that social responsibility is a set of actions that appear to advance some social issue, beyond the interests of the company and what is required by law. Therefore, social responsibility considers the willingness of various organizational practices to serve stakeholders, such as employees and society. (Garcia-Sanchez et al, 2013)

Various studies have investigated the reasons that lead organizations to use social responsibility. These studies have tried to evaluate the impact of environmental factors such as industry and organizational environment. Despite the lack of internal corporate social responsibility determinants, studies related to internal organizational factors, including the quality of internal control, are growing to analyze why companies differ in having a commitment to the category of social responsibility. (Gupta et al, 2017)

There is a possibility that the managers' decisions and actions will affect the company's social responsibility and commitment to its implementation due to their characteristics. Managers usually make their decisions with the idea of achieving short-term goals, but fulfilling social responsibility and achieving its benefits are usually achieved in the long term. Therefore, some managers may not give importance to the implementation of social responsibility and its disclosure. The high quality of internal control can have a significant effect on this category. Companies that have a higher control environment quality pay more attention to the long-term effects and benefits of social responsibility. (Olthius et al, 2020).

2. Theoretical Background

The internal control framework emphasizes that the reporting objectives to be achieved by internal control include financial and non-financial reporting and a set of characteristics such as reliability, timeliness and transparency required by regulators, standard setters or others cover. Policymakers expand the reporting scope of internal control from the initial external financial report to internal and external financial and non-financial reports. (Hong et al, 2022)

External non-financial reports include internal control reports and sustainability reports. Social responsibility information disclosure is an extension of the company's financial information disclosure system. Internal control increases the credibility of financial reports, timely identification and assessment of related risks, increases the efficiency and benefits of the company's operations, and ensures the accuracy of internal and external information communication. (Bushman and Smith, 2001)

Therefore, CSR disclosures provide more forward-looking information than quantitative disclosures. Previous studies reported that textual information content can predict a company's future performance and generate significant market reactions. (Price et al, 2012)

The authors argue that when a company is more socially responsible, investors seem to reach more positively to flat earnings. Business operations may help increase the company's income, but at the same time it may also cause risk. Hence, focusing solely on the usual measures of corporate performance, such as Tobin Q and return on assets, may not help us understand the full impact of CSR activities on shareholder value. (Lu et al, 2006)

Managers' participation in the category of social responsibility disclosure is the concept of their commitment to implement transparency and increase accountability in facing stakeholders, as managers have many motivations to establish ethical and behavioral standards in companies. Actually, the fulfillment of social responsibility can lead to the reduction of the conflict of interests between the company and the people of the society, thus reducing the risk of the companies and increasing the value of the companies, and managers will benefit from the benefits of the implementation of social responsibility. (Hong and Sun, 2017)

If there are effective executive laws in the field of social responsibility, companies will be less exposed to lawsuits from stakeholders who claim that the lack of quality and adequate reporting of the company's social responsibility has caused them losses. Meanwhile, according to agency theory, managers pay more attention to social and environmental issues than shareholders. Therefore, environmental disclosure can be a function of managerial decisions and views. Optimistic managers evaluate the future and potential risks of the company less than they actually are. Therefore, compared to conservative managers, this category of managers undertakes less protection and risk coverage measures. (McCarthy et al, 2014)

Hong et al. (2022) investigated the effect of internal control quality on the information content of social responsibility reports. To date, the impact of internal control on corporate social responsibility reporting has rarely been investigated. This study examines the correlation between internal control and the information content of social responsibility reports based on the similarity of the report text information by listed companies in 2006-2017. In general, high quality internal control leads to low text similarity of social responsibility and high information content of social responsibility reports. The quality of internal control can increase the information content of social responsibility reports by reducing organizational agency costs. For large-scale enterprises, non-governmental enterprises and those with public interest, effective internal control can improve the information content of social responsibility reports. Agency cost can exert a partial mediating effect for large-scale firms and enterprises with public attention and a full mediating effect for non-state enterprises. Furthermore, this study extends the scope of internal control to the quantitative dimension of textual information and has fundamental implications for listed companies, investors, and governments regarding internal control and social responsibility disclosures. Lee et al. (2022) examined the quality of internal control and compared accounting information. In recent years, cases of financial fraud of Chinese listed companies have occurred frequently, which has drawn widespread public attention. Most of the financial fraud incidents happen in such a way that the disclosure of the financial statements is not correct and the accounting information is not comparable. As the key to the success or failure of corporate governance, the quality of internal control can limit the occurrence of related party transactions, especially abnormal related party transactions, and effectively affect the accuracy of financial statement disclosures and comparability of accounting information. However, existing research has not yet combined internal control quality, abnormal counterparty transactions, and comparability of accounting information. Therefore, they examine the effect of internal control quality in comparing accounting information and related party transactions. Through an empirical study of A-share listed companies in the Shanghai and Shenzhen Stock Exchanges from 2015 to 2019, we find that the scale of related party transactions, especially the scale of abnormal party transactions, is related to the comparison of accounting information. harms, while the quality of internal control has a positive effect on comparability of accounting information. The better the quality of internal control, the stronger the inhibitory effect of adverse party abnormal transactions on the comparability of accounting information. Compared with private companies, the internal control quality of public companies has a stronger inhibitory effect on abnormal counterparty transactions and comparability of accounting information. Casarino et al. (2022) investigated corporate social responsibility in emerging markets.

In emerging markets, corporate social responsibility and social entrepreneurship practices emerge as drivers of social inclusion and well-being. In countries that have significant demands for social and economic transformations, corporate social responsibility provides a positive force to address major societal challenges such as the United Nations Sustainable Development Goals. In this article, it is examined how two projects selected by the United Nations Development Program are moving their operations towards responsible management practices in a transition economy context, and two questions are answered: 1) Does corporate social responsibility that support social entrepreneurship pave the way for more inclusion? 2) How do corporate social responsibility practices help achieve the United Nations Sustainable Development Goals? By focusing the analysis on stakeholder theory, it will be determined how the context can influence the strategic management process of social inclusion choice. Elmerz et al. (2022) investigated the social responsibility of organizations. Previous research on corporate social responsibility has shown how specific social responsibility activities are related to the responses of relevant stakeholders, which mainly survey employees. However, it remains unclear whether these findings generalize to other types of CSR activities or responses from other stakeholder groups.

Indeed, the results of studies to date also show inconsistent effects that require further explanation. In this article, they provide a new perspective on this literature. Extend current insights into CSR activities and stakeholder advocacy by elucidating psychological mechanisms that may explain these relationships. They bring together recent developments in organizational humanism with insights into organizational identification to argue that the impact of social responsibility activities on a wide range of stakeholder responses depends on perceptions of organizational ethics. This new perspective allows them to expand the current debate on social responsibility and stakeholder protection. Based on this analysis, they propose a new model that provides a roadmap for future research. They explain the impact of CSR on stakeholder responses by highlighting perceived organizational ethics as a key mediating variable. Gilan et al. (2021) investigated companies and social responsibility in them. They review financial economics-based research on environmental, social and corporate governance and social responsibility with an emphasis on corporate finance. In doing so, they focus on topics of discussion and research. Although a company's environmental, social and governance and corporate social responsibility profile and activities are strongly related to the market, leadership and owner characteristics, as well as its risk, performance and value, there are still contradictory hypotheses and results that show that they are not resolved That will lead to further research.

3. Research Methodology

This study is of a causal type after the occurrence (post-event) in terms of working method. In this research, combined data is used to test the hypotheses. Three hypotheses have been developed in line with the objectives of this study, which examines the possible effect of the quality of internal control on the information content of corporate social responsibility. In the combined data method, time series data (years under review) and cross-sectional data (companies under study) are combined. Composite data are mostly used to increase the number of observations, increase the degree of freedom, reduce the heterogeneity of variance, and study the dynamics of changes. In order to estimate the efficiency of a regression model using mixed data, one of the common effects, fixed effects and random effects models are selected using appropriate tests. The tests used to choose one of the above models is the Limer F test to choose between the joint effects and fixed effects models, and if the fixed effects model is chosen, the Hausman test is used to choose between the fixed effects and random effects models. Also, autocorrelation except model disturbance and variance heterogeneity will be investigated. To explain the explanatory power of the explanatory variables, the coefficient of determination will be used, and to check the overall adequacy of the model, Fisher's F statistic will be used. Also, statistical analysis is done using Excel and Eviews software. The statistical population of this study is the companies accepted in the Tehran Stock Exchange and the sampling in this research will be done by systematic elimination method and applying the following restrictions:

1) In terms of increasing comparability, their financial period should end at the end of March.
2) The company must have been admitted to the Tehran Stock Exchange before 2016.
3) The required information regarding such companies is available.
4) Companies should not be part of banks and financial institutions (investment companies, financial intermediation, holding and leasing companies), because their financial disclosures and structures are different.
5) The company has not changed the financial year or activity during the period of time.
6) Companies should not have a trading break of more than 3 months.

According to the applied restrictions, 87 companies were selected for review.

To test the research hypotheses, the following models are presented:

The first hypothesis: The quality of internal control has a significant effect on the information content of the economic dimension of the social responsibility report in the companies admitted to the Tehran Stock Exchange.

$EC_{i,t}=\alpha_0+\beta_1 IC_{i,t}+\beta_2 LEV_{i,t}+\beta_3 SIZE_{i,t}+\beta_4 ROA_{i,t}+\beta_5 MBV_{i,t}+\mathcal{E}_{it}$

The second hypothesis: The quality of internal control has a significant effect on the information content of the social dimension of the social responsibility report in the companies admitted to the Tehran Stock Exchange.

$SO_{i,t}=\alpha_0+\beta_1 IC_{i,t}+\beta_2 LEV_{i,t}+\beta_3 SIZE_{i,t}+\beta_4 ROA_{i,t}+\beta_5 MBV_{i,t}+\mathcal{E}_{it}$

The third hypothesis: The quality of internal control has a significant effect on the information content of the social dimension of the social responsibility report in the companies admitted to the Tehran Stock Exchange.

$EN_{i,t}=\alpha_0+\beta_1 IC_{i,t}+\beta_2 LEV_{i,t}+\beta_3 SIZE_{i,t}+\beta_4 ROA_{i,t}+\beta_5 MBV_{i,t}+\mathcal{E}_{it}$

In the presented model:

1. IC: Internal quality control
2. EC: Economic dimension of social responsibility
3. SO: Social dimension of social responsibility

4. EN: Environmental dimension of social responsibility
5. ROA: Rate of return on assets
6. LEV: Financial Leverage
7. SIZE: size of the company
8. MBV: Market to book value ratio

To measure the quality of internal control, we use the index of weakness in internal control, and the important weaknesses of internal controls are used, which are obtained from the report of independent auditors. According to the checklist of internal controls governing financial reporting approved by the Securities and Exchange Organization, from 2013 onwards, the auditor of the company is required to review the company's internal controls and to disclose in the audit report the cases that indicate non-compliance or non-optimal implementation of internal controls; Therefore, following the research of Mansif et al. (2012), if the company has at least one weakness in the internal control system, the number will be 1, otherwise its value will be zero (Hajiha et al., 2016).

Social responsibility reporting dimensions: Corporate social responsibility has three social, economic and environmental dimensions. Each of these dimensions has different components. For example, the economic dimension consists of components such as economic performance, presence in the market and region, indirect economic effects, responsible investments and taxes. Social dimension of components such as Work and employees / employment and work procedures, human rights, supply chain, customers and consumers of products / services, participation and community development, business ethics / fair operating procedures, corruption, bribery and money laundering, and compliance From the laws and regulations related to the social dimension and from the perspective of the environmental dimension, components such as raw materials and energy, diversity of biological species and natural resources, emissions of gases, sewage and waste, products and services and their environmental effects, and compliance with laws and regulations It includes environmental issues. Its dimensions and sub-components are presented in the form of the following checklist based on Barzegar's studies (2013).

Dimensions	Components	
Economic dimension	Economic performance	EC1
	Presence in the market and region	EC2
	Indirect economic effects	EC3
	Responsible investments	EC4
	tax	EC5
Social dimension	Work and employees/employment and work procedures	SO1
	human rights	SO2
	Supply chain, customers and consumers of products/services	SO3
	Community participation and development	SO4
	Business ethics/fair operating procedures	SO5
	Corruption, bribery and money laundering	SO6
	Adhering to the laws and regulations related to the social dimension	SO7
Environmental dimension	Raw materials and energy	EN1
	Biodiversity and natural resources	EN2
	Emissions of gases, sewage and waste	EN3
	Products and services and their environmental effects	EN4
	Compliance with environmental laws and regulations	EN5

The number of disclosed items to the total items that can be disclosed in corporate social responsibility reporting based on the data included in the annual reports of companies, expressing the disclosure score of each aspect of corporate social responsibility to determine its level in each company, which is based on the checklist provided The score of each company is determined every year. In this way, the total number of disclosed items of each company in different environmental, economic and social dimensions based on the annual reports of the general assembly of the companies, board of directors' reports obtained is divided by the total items that can be disclosed and the obtained percentage is the disclosure score of each of It specifies the dimensions of social responsibility of companies. (Barzegar, 2012)

$$\text{CRS Score} = \frac{Number\ of\ exposed\ items}{The\ total\ number\ of\ items\ that\ can\ be\ disclosed}$$

The rate of return on assets is obtained by dividing the net profit by the total assets of the company. Financial leverage is obtained by dividing total liabilities by total assets. The size of the company is also calculated through the logarithm of the total assets of the company. Book market value is calculated by dividing the market value of each share by the equity. The market value of each share is obtained from the product of the year-end price of each share and the number of shares.

4. Findings

The table of descriptive statistics of the variables is presented below:

Table 1- Descriptive statistics of research variables

	EC	SO	EN	IC	LEV	SIZE	ROA	MBV
Average	0.594483	0.381609	0.480460	0.094253	0.593686	11.24997	0.062940	7.071203
Middle	0.600000	0.285714	0.400000	0.000000	0.590719	11.31488	0.054103	3.764397
Maximum	0.800000	0.857142	0.800000	1.000000	1.422768	13.87364	0.517987	227.6825
Minimum	0.200000	0.142857	0.200000	0.000000	0.072779	8.064458	-0.541203	-49.70390
standard deviation	0.183582	0.224309	0.204691	0.292517	0.196639	1.013073	0.130572	15.09624
Skewness coefficient	-0.786629	0.513480	0.206627	2.777376	0.223568	0.011169	-0.391501	8.459651
Slenderness ratio	2.925387	2.207980	1.923133	8.713817	3.589379	2.904491	4.986479	113.1750
observations	435	435	435	435	435	435	435	435

For example, the average data of the economic dimension of social responsibility is 0.594483%, the median of the data of the social dimension of social responsibility is 0.285714, and the standard deviation of financial leverage is 0.196639. In the following, we must make sure of the significance of the variables (absence of unit root) so as not to have a false regression. According to the significance table, all the variables of this study are at the significance level.

Table 2- Results of Manai test (HADRI)

Variable	Test statistics	probability level
IC (Internal Control)	12.84	0.0000
MBV (market to book value)	10.72	0.0000
LEV (financial leverage)	15.55	0.0000
SIZE (company size)	14.56	0.0000
ROA (Return on Assets)	12.67	0.0000
EC (economic dimension)	12.84	0.0000
SO (social dimension)	14.06	0.0000
EN (environmental dimension)	9.12	0.0000

Before estimating the model using composite data, it is necessary to decide on the appropriate method of using such data in estimation. Based on the results of this test, a decision is made about rejecting or accepting the hypothesis of the equality of company-specific fixed effects and finally about choosing the classical method or the panel data method.

Table 3- The results of the F test (Limer) for choosing the combined (Pooling) or integrated (Panel) method.

Model	null hypothesis (H0)	F statistic	p-value	Test result
1	Company-specific effects are not significant (Pooling method is suitable)	1/82	0.0001	H0 is rejected (panel data method is selected)
2	Company-specific effects are not significant	2/01	0.0082	H0 is rejected (panel data method is

	(Pooling method is suitable)			selected)
3	Company-specific effects are not significant (Pooling method is suitable)	2/19	0.0006	H0 is rejected (panel data method is selected)

According to the obtained results, the panel data method should be used, as a result, there is a discussion of choosing between fixed and random effects models, for which the Hausman test is used.

Table 4- Results of Hausman test for choosing between fixed effects and random effects model

Model	null hypothesis (H0)	Statistics χ^2	p-value	Test result
1	The random effects method is appropriate	21/50	0/0026	H0 is rejected (Fixed effects method is suitable)
2	The random effects method is appropriate	22/97	0/0099	H0 is rejected (Fixed effects method is suitable)
3	The random effects method is appropriate	27/92	0/0006	H0 is rejected (Fixed effects method is suitable)

By choosing the fixed effects method, the heterogeneity of variance test is performed in order to find the correct model estimation method.

Table 5- Results of Harvey's test to discover heterogeneity of variance

Model	null hypothesis (H0)	F statistic	p-value	Test result
1	The variances are the same	7.46	0.0000	H0 is rejected (There is heterogeneity of variance)
2	The variances are the same	16.72	0.0000	H0 is rejected (There is heterogeneity of variance)
3	The variances are the same	8.22	0.0193	H0 is rejected (There is heterogeneity of variance)

According to the results obtained in the research model, the assumption of the same variance of the disturbance (error) sentences is rejected and the model will be estimated with the GLS method, the results of which are presented below:

Table 6- Summary of the statistical results of the first research model test (dependent variable: economic dimension of social responsibility)

Variable	Coefficients	standard deviation	t statistic	Significance level	VIF
IC	0.118164	0.026698	4.425906	0.0000	1.310524
LEV	-0.040335	0.004166	-9.682772	0.0000	1.300543
MBV	0.000985	0.000627	1.570821	0.1170	1.217344
ROA	0.145276	0.030173	4.814773	0.0000	1.194350
SIZE	0.000248	0.001627	0.152309	0.8790	1.527773
C	0.589292	0.020970	28.10161	0.0000	---------
Fisher's F statistic	7.007675	Watson camera statistics		2.02	
(significant level)	0.0000	The coefficient of determination		0.75	

According to the probability of calculated F statistic (0.0000), it can be claimed that the fitted regression model is significant. According to the coefficient of determination of the fitted model, it can be claimed that about 75% of the changes in the dependent variable of the model (the economic dimension of social responsibility) are explained by the independent variables. Considering the value of Durbin-Watson statistic which is 2.02, it can be concluded that the model does not have autocorrelation problem in error sentences. Also, the results show that the model does not have a collinearity problem. The results of the model estimation show that the statistical relationships of research hypotheses are confirmed and the quality of internal control has had a positive and significant effect on the economic dimension of corporate social responsibility.

Table 7- Summary of the statistical results of the second research model test (dependent variable: social dimension of social responsibility)

Variable	Coefficients	standard deviation	t statistic	Significance level	VIF
IC	0.074400	0.019509	3.813548	0.0002	1.527773
LEV	0.109203	0.096066	1.136753	0.2564	1.194350
MBV	-0.001679	0.000785	-2.137947	0.0332	1.217344
ROA	0.173857	0.032666	5.322303	0.0000	1.300543
SIZE	-0.035120	0.019173	-1.831703	0.0679	1.310524
C	0.731747	0.226569	3.229685	0.0014	---------
Fisher's F statistic	1.077403	Watson camera statistics		2.11	
(significant level)	0.0000	The coefficient of determination		0.72	

According to the probability of calculated F statistic (0.0000), it can be claimed that the fitted regression model is significant. According to the coefficient of determination of the fitted model, it can be claimed that about 72% of the changes in the dependent variable of the model (the social dimension of social responsibility) are explained by the independent variables. According to the value of Durbin-Watson statistic which is 2.11, it can be concluded that the model does not have autocorrelation problem in error sentences. Also, the results show that the model does not have a collinearity problem. The results of the model estimation show that the statistical relationships of research hypotheses are confirmed and the quality of internal control has had a positive and significant effect on the social dimension of corporate social responsibility.

Table 8- Summary of the statistical results of the third research model test (dependent variable: environmental dimension of social responsibility)

Variable	Coefficients	standard deviation	t statistic	Significance level	VIF
IC	0.148325	0.027078	5.477604	0.0000	1.384071
LEV	0.084748	0.073237	1.157175	0.2480	1.151512
MBV	0.000384	0.000675	0.568691	0.5699	1.201996
ROA	0.077582	0.110792	0.700243	0.4843	1.186545
SIZE	0.032846	0.014689	2.236045	0.0260	1.492780
C	0.056810	0.175863	0.323036	0.7469	---------
Fisher's F statistic	2.452254	Watson camera statistics		2.16	
(significant level)	0.0000	The coefficient of determination		0.69	

According to the probability of calculated F statistic (0.0000), it can be claimed that the fitted regression model is significant. According to the coefficient of determination of the fitted model, it can be claimed that about 69% of the changes in the dependent variable of the model (the social dimension of social responsibility) are explained by the independent variables. According to the value of Durbin-Watson statistic which is 2.16, it can be concluded that the model does not have autocorrelation problem in error sentences. Also, the results show that the model does not have a collinearity problem. The results of the model estimation show that the statistical relationships of research hypotheses are confirmed and the quality of internal control has had a positive and significant effect on the environmental dimension of corporate social responsibility.

5. Discussion And Conclusion

In order to maintain social responsibility, companies are under great pressure to maintain ethical standards and transparency in their business practices. Based on stakeholder theory, socially responsible companies seek to increase long-term profits, build trust in shareholders, and fulfill their responsibilities to society through ethical and transparent behaviors. On the other hand, based on the signaling hypothesis, people such as high-level managers of the company and the companies themselves may take advantage of corporate social responsibility with opportunistic intentions. Considering that the power of stakeholders such as owners, lenders and legislators has an effect on the organization and successful organizations are organizations that behave according to the demands and rights of stakeholders, corporate social responsibility, by resolving conflicts between managers and other stakeholder groups. , improves the level of shareholders' well-being and maximizes their wealth, it indicates that companies with social responsibility have high ethical standards and the culture and governance of such companies play a significant role in determining their operating policies, including policy related to the effective implementation of the internal control system and ultimately improving the quality of internal control leads to improving the information content of all three dimensions of corporate social responsibility.

The results of data analysis in testing the first hypothesis of the research show that the quality of internal control had a positive and significant effect on the information content of the economic dimension of social responsibility. In fact, by reducing the weakness in the internal control system, the economic performance of companies improves and leads to a stronger presence of companies in the market and region. Responsible investments will increase and companies will avoid tax evasion. The results obtained from this hypothesis are consistent with the results obtained from the study of Hong et al. (2022).

The results of data analysis in testing the second hypothesis of the research show that the quality of internal control had a positive and significant effect on the information content of the social dimension of social responsibility. By increasing supervisions and improving the quality of internal control, the procedures related to employment and employees are improved, and cases related to human rights and the supply chain of customers are followed more seriously. Participation in the development of society will increase and the reduction of corruption, money laundering and bribery seems likely. The results of this hypothesis are in the same classification with the results of the study of Hong et al. (2022) in terms of concept.

The results of data analysis in testing the third hypothesis of the research show that the quality of internal control had a positive and significant effect on the information content of the environmental dimension of social responsibility. With increasing supervisions and improving the quality of internal control, the opinion of companies is more attracted towards environmental issues and the opinion of companies is directed towards more compliance with environmental laws and regulations. The results of this hypothesis are in the same classification with the results of the study of Hong et al. (2022) in terms of concept.

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ACKNOWLEDGMENTS

The current study has not received any grant, fund or contribution from private or government institutions. Also, the authors declare that there is no conflict of interests

ETHICAL CONSIDERATION

Authenticity of the texts, honesty and fidelity has been observed.

CONFLICT OF INTEREST

Author/s confirmed no conflict of interest.