

Research Article

**THE INVESTIGATION OF THE RELATIONSHIP BETWEEN
FINANCIAL SOCIAL REPORTING AND THE COMMERCIAL
PERFORMANCE OF THE ACCEPTED ENTERPRISES IN TEHRAN
STOCK EXCHANGE**

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ABSTRACT

The main purpose of the social accounting can be considered in two terms of the controlling and responding issues. The main aim of the present study was to investigate the relationship between the financial social reporting and the commercial performance of the accepted enterprises in Tehran stock exchange. In order to measure the independent variable of the social reporting, a questionnaire made of the researcher has been applied and for calculating the commercial performance including the financial performance, the whole financial lists of 2008-2012 were applied and for measuring the customer performance, another questionnaire was also used in this study. The descriptive statistical method was also applied in order to measure the related gathered data and the column diagram was also applied in order to indicate the statistical data; Pearson correlation test was also applied in order to test the research hypotheses; SPSS Software was also applied to specify the relationship between the related variables. The results of the study indicated that there is a significant relationship between the financial social reporting and the commercial performance and its elements (customer performance and financial performance) in the accepted enterprises of Tehran stock exchange.

Keywords: *Social Reporting, Enterprises Commercial Performance, Financial Performance, Customer Performance, Financial Social Performance*

INTRODUCTION

Today due to the complexity of the relationship between the recent enterprises in the community together and the involvement of the government and people in the same community affairs has made some conditions for the whole enterprises to be responsible for the people social affairs potentially. Many behaviors of the managers and staffs have been rooted from the moral values. The lack of attention towards the moral affairs into the organizational management in communities like Iran having enriched with moral issues in one hand, and it has also got some distances with the advanced countries considerably can make some big challenges and problems for the same organizations in this pavement. In addition, along with increasing the social expectations from the organizations, the whole communities have been sensitive towards the problems such as environmental issues, women rights, minorities and lack of morality considerations, employment equality and the reduction of human forces. The lack of attention to these problems by these organizations along with external affairs can make or bring some other dramatic difficulties for the same organizations. As a result it will lead to the destruction of the organizations' success in this pavement. The weak job morality can affect on the occupational issues and the whole managers in this regard. Of course it can also affect on the personal and group performance of people. There have been represented many various problems along with the social reporting affairs confining the type of the reporting process (Omidvar, 2008). Since 1960s the enterprises have been thinking all about the importance of these social resources potentially so that this importance has shown its value during decade for the social reporting. The tendency and insist of a commercial unit towards the commitment of the social reporting in the whole dimensions has a considerable impact on the performance of the commercial unit potentially. In fact any tendency towards the social responsibility in the whole dimensions can lead a commercial unit to recover the environmental affairs and using low energy

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controlling the waste management issues in this pavement. For example the increase of the selling rate and customers' loyalty towards their own organization are the main benefits of these issues; there have been represented some basic studies into the marketplace for growing the production line along with social responsibility that these are the main sophisticated affairs in this regard (Sandhou Kapour, 2010). There have been of course carried out some other studies to investigate the relationship between the social responsibility and the commercial performance. Ti SoutSoura (2004) concluded that there is a positive relationship between the social performance and the financial performance. Wonderland *et al.*, (2008) there is a negative relationship between the financial and social performance together. Simon and Coher (2002) in a research tiling the relationship between the financial performance and enterprise social performance studied the relationship between the financial performance and enterprise social performance in the Netherland banking affairs; the results represented that there is a positive relationship between the financial and social performance; hence, due to the importance of the social reporting and the carried out studies in the scientific and informational bases as well as the newness of the topic, there have not been carried out any researches in relation to the social reporting yet. Since today the measurement of the enterprises commercial performance is one of the most important questions in evaluating the impact of the social accounting information. The main aim of the present study is to investigate the new topic of n accounting titling the financial social accounting reporting and its relationship between the reporting system with the commercial performance and its dimensions.

MATERIALS AND METHODS

The present study is an applied case purposefully; it also is a descriptive research in terms of gathering the related data; it is a single correlation analysis and application based type of study because its results are applicable for different groups of the investors in the stock exchange analysts, students and managers because it is achieved without any manipulation and its elements in this path. In descriptive researches, the researcher is seeking the how-to-do case. The same researcher wants to know all about how a phenomenon happens. The descriptive researches have both application and fundamentally aspects. In the application term the results are being applied and in the fundamentally term the same results are pointing to the discovery of the facts and global realities. The financial social reporting index has been considered as an independent variable in this study and the commercial performance index including the financial and customer performance elements has been considered as the dependent variable in this study. In the research literature, the library method has been applied in order to gather the related data and a questionnaire is also used in order to gather the information regarding to the financial social reporting index; this questionnaire includes some questions about the measurement of financial social reporting including the necessary expenditures for providing the health of the staffs, devoting the financial resources for the staffs' educational affairs, devoting the financial resources for providing the skillful forces, achieving expenditures for providing the occupational security of the staffs, investing to recover the physical environment of the staffs, giving facilitations to the whole staffs, devoting resources for providing the leisure times for the staffs and giving extra expenses for educational affairs; the total efficacy of the properties was also applied in order to measure the commercial performance element from the financial lists. In order to measure the pre-profit and the tax, the mean total properties is divided by two; this criteria is measured for five years; in other words, it is calculated from 2008 to 2012 and their mean has been also obtained in this regard. A questionnaire made of the researcher has been also applied in order to measure the second element of the customer performance regarding to provide the customers' requirements and satisfactions in this pavement. The questionnaire includes 20 questions consisted of two 16 questions regarding to measure the index of the financial social reporting and four other questions about measuring the customer performance. The questionnaire is achieved in the Likert framework including "I disagree, I completely disagree, I agree, I completely agree". Cronbach alpha coefficient is used in order to determine the validity and reliability of the questionnaire that about 30 questionnaires were distributed among the enterprises managers and then they were ready to be evaluated into SPSS Software and the same Cronbach alpha coefficient was obtained 0.845 representing the highest validity in

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this case. If the Cronbach alpha coefficient is higher than 0.7, the test will have acceptable validity in this regard.

The statistical population of the research includes the whole accepted enterprises in Tehran stock exchange having the following features:

- 1- They were entered into the stock exchange before the financial year 2011
- 2- The financial year is leading to the end of the year
- 3- The enterprise has not been changed during the financial year 2011 to 2012
- 4- The managerial information should be available in order to write the financial lists
- 5- It should not be devoted to the investing companies, banks or other leasing and credit institutions and generally it should be established based on manufacturing companies

For 125 accepted enterprises in the stock exchange, the questionnaire was sent due to some limitations; after two months, these were completed and then sent to the researcher by e-mail, fax or other communicating instruments in this regard.

Data analysis:

Table 1: Spearman correlation coefficient test (relationship between the financial social reporting and commercial performance)

Independent variable	Dependent variable	Number	Significance	Spearman correlation coefficient
Financial reporting	social Commercial performance	62	0.000	0.50**

According to table 1, it can be stated that there is a significant relationship between both variables because the significance level (0.000) is smaller than the standard level (0.05) and the Spearman correlation coefficient shows a strong relationship in this regard. Hence, the hypothesis is confirmed; thus it can be stated that both variables of the financial social reporting and commercial performance are related together and if any increase or decrease happens, we will observe the same increase or decrease in this case.

Table 2: Spearman correlation coefficient test (relationship between the financial social reporting and commercial performance)

Independent variable	Dependent variable	Number	Significance	Spearman correlation coefficient
Financial reporting	social Commercial performance	62	0.000	0.471**

According to table 2, it can be stated that there is a significant relationship between both variables because the significance level (0.000) is smaller than the standard level (0.05) and the Spearman correlation coefficient shows a strong relationship in this regard. Hence, the hypothesis is confirmed; thus it can be stated that both variables of the financial social reporting and commercial performance are related together and if any increase or decrease happens, we will observe the same increase or decrease in this case.

Table 3: Spearman correlation coefficient test (relationship between the financial social reporting and commercial performance)

Independent variable	Dependent variable	Number	Significance	Spearman correlation coefficient
Financial reporting	social Commercial performance	62	0.000	0.282**

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According to table 3, it can be stated that there is a significant relationship between both variables because the significance level (0.000) is smaller than the standard level (0.05) and the Spearman correlation coefficient shows a strong relationship in this regard. Hence, the hypothesis is confirmed; thus it can be stated that both variables of the financial social reporting and commercial performance are related together and if any increase or decrease happens, we will observe the same increase or decrease in this case.

Table 4: Correlation matrix between the variables and research indices

	Commercial performance	Customer performance	Financial performance	Financial reporting	social
Commercial performance	1				
Customer performance	0.754	1			
Financial performance	0.695	0.535	1		
Financial social reporting	0.50	0.282	0.471	1	

According to the correlation matrix the whole research variables have positive significant relationship together.

CONCLUSION

The main purpose of the study is to investigate the impact of the financial social reporting on the commercial performance of the accepted enterprises in Tehran stock exchange. The results of the present study represented a significant relationship between the financial social reporting and the commercial performance of the accepted enterprises in Tehran stock exchange; in other words, the financial social reporting can recover the commercial performance and its elements including the financial performance and customer performance in the accepted enterprises in the same stock exchange. The present study is coincident with the carried out studies of Smith, Pazhouhan (1999), Simon and Coher (2002), Berkley (2004), Kalno Thomas (2010), Choiee and Pazhohan (2010). The above mentioned studies have been only paid attention to the relationship of the social responsibility with the financial performance; and because the financial social reporting is one of the subcategory of the social responsibility, the obtained results can be related to the present study.

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