

The Relationship Between CEO Power and Corporate Social Responsibility Considering the Moderating Role of Political Connections

1. Mojtaba. Salehi^{ID} : Department of Accounting, Yas.C., Islamic Azad University ,Yasuj, Iran.
2. Reza. Khani^{ID} : Department of Accounting, Fa.C., Islamic Azad University, Fasa, Iran.
3. Ali. Pirzad^{ID} : Department of Management ,Yas.C., Islamic Azad University, Yasuj, Iran.
4. Hashem. Valipour^{ID} : Department of Accounting, Fir.C., Islamic Azad University, Firoozabad, Iran.

*corresponding author's email: za.khani@iau.ac.ir

ABSTRACT

The first and most fundamental factor in corporate success is having successful managers with distinctive characteristics. Companies with powerful managers are better able to overcome forthcoming crises and make better decisions under risky conditions. When companies have powerful managers, they can better fulfill their responsibilities toward individuals and society. The purpose of this study was to examine the relationship between CEO power and corporate social responsibility, considering the moderating role of political connections. The statistical population of this study included all companies listed on the Tehran Stock Exchange during the period from 2015 to 2024, from which 117 companies were selected as the sample using the systematic elimination method. To analyze the data, multivariate regression using panel data techniques was applied. The results of the study indicate that there is a significant relationship between CEO power and corporate social responsibility. Moreover, political connections can influence the relationship between CEO power and corporate social responsibility.

Keywords: CEO power, political connections, corporate social responsibility

Introduction

Corporate social responsibility has become one of the central concepts in contemporary management, accounting, corporate governance, and strategic decision-making because modern corporations are no longer evaluated only on the basis of financial profitability, market share, or short-term shareholder returns. Instead, companies are increasingly expected to demonstrate accountability toward a wider range of stakeholders, including employees, customers, suppliers, investors, local communities, regulators, and the natural environment. In this regard, corporate social responsibility reflects the extent to which firms integrate social, environmental, ethical, and stakeholder-oriented considerations into their policies, reporting practices, and operational decisions. From a strategic management perspective, corporate social responsibility may enhance legitimacy, reduce information asymmetry, strengthen stakeholder trust, improve access to resources, and support long-term sustainability. From an accounting and disclosure perspective, it also represents an important non-financial reporting mechanism



Article history:
Received 14 April 2026
Revised 30 June 2026
Accepted 05 July 2026
Initial Publish 29 July 2026
Published online 01 May 2027

How to cite this article:

Salehi, M., Khani, R., Pirzad, A., & Valipour, H. (2027). The Relationship Between CEO Power and Corporate Social Responsibility Considering the Moderating Role of Political Connections. *Journal of Management and Business Solutions*, 5(3), 1-16. <https://doi.org/10.61838/jmbs.379>



through which firms communicate their broader social and environmental commitments. Prior evidence in the Iranian capital market has also shown that corporate social responsibility disclosure may be associated with important economic outcomes, including investment efficiency, because transparent disclosure of social responsibility activities can improve the information environment of firms and reduce inefficient resource allocation (1).

The theoretical foundation of corporate social responsibility has gradually moved beyond a narrow economic view of the firm toward a broader political, social, and institutional conception of corporate activity. In globalized and institutionally complex environments, corporations increasingly perform roles that were traditionally associated with governments, public institutions, or civil society actors. Accordingly, corporate social responsibility is not merely a voluntary philanthropic action, but rather a governance mechanism through which firms respond to social expectations, institutional pressures, regulatory requirements, and legitimacy concerns. The political conception of corporate social responsibility emphasizes that companies operate within broader systems of power, regulation, and public accountability and that their social responsibilities may be shaped by political institutions, public expectations, and stakeholder claims (2). This perspective is especially relevant in emerging markets, where institutional voids, state influence, political networks, ownership structures, and access to public resources may affect both corporate governance and social responsibility practices.

In corporate governance research, the role of top executives has received increasing attention because strategic decisions are not made by abstract organizations but by powerful decision-makers whose incentives, authority, experience, preferences, and behavioral characteristics shape corporate outcomes. Corporate governance studies increasingly emphasize the need to examine how board structure, managerial discretion, ownership arrangements, executive incentives, and institutional context interact in influencing firm behavior (3). Among these governance mechanisms, the chief executive officer occupies a particularly important position because the CEO is responsible for strategic direction, resource allocation, disclosure policies, stakeholder relations, and the implementation of organizational priorities. Therefore, understanding CEO power is essential for explaining why firms differ in their commitment to social responsibility, even when they operate in similar industries and face similar regulatory conditions.

CEO power refers to the extent of authority, influence, discretion, and control that the chief executive officer holds over corporate decision-making processes. A powerful CEO may influence board decisions, determine strategic priorities, shape disclosure behavior, affect financing policies, and guide resource allocation toward or away from social responsibility initiatives. CEO power may arise from multiple sources, including ownership, tenure, executive experience, control over information, influence over the board, and support from dominant shareholders. Prior Iranian studies have indicated that CEO decision-making power can affect firms' financial performance and major corporate policies, suggesting that CEO authority is a meaningful determinant of organizational outcomes in listed companies (4). Similarly, evidence on financing policies indicates that powerful CEOs may influence corporate financing decisions, which confirms that CEO power is not limited to symbolic leadership but may directly affect financial and strategic policies (5).

The relationship between CEO power and corporate social responsibility is theoretically complex. From the agency theory perspective, excessive CEO power may weaken monitoring mechanisms and allow managers to pursue personal preferences, reputation-building activities, or symbolic disclosure that may not necessarily maximize shareholder value. In this view, corporate social responsibility may be used opportunistically by powerful

CEOs to enhance personal image, reduce scrutiny, or legitimize managerial discretion. Conversely, from a stewardship and strategic leadership perspective, powerful CEOs may use their authority to implement long-term, stakeholder-oriented strategies that less powerful managers cannot pursue due to short-term market pressures or internal resistance. Therefore, CEO power may either promote or weaken corporate social responsibility depending on the governance environment, stakeholder pressures, and institutional setting. Empirical evidence has shown that CEO power can affect corporate social responsibility and firm value, making the relationship between managerial authority, agency conflicts, and social responsibility an important research issue (6).

Board capital and managerial power also matter for corporate social responsibility disclosure because disclosure decisions require organizational commitment, strategic coordination, and willingness to allocate resources to non-financial reporting. Evidence suggests that board characteristics and CEO power can influence the level and quality of corporate social responsibility disclosures, indicating that social responsibility reporting is partly shaped by internal governance structures rather than only by external stakeholder pressure (7). This is particularly important in contexts where mandatory social responsibility reporting is limited or where disclosure is influenced by managerial judgment. In such settings, powerful CEOs may have greater capacity to determine whether CSR-related activities are disclosed comprehensively, selectively, or minimally.

Recent research has further shown that CEO characteristics, values, and behavioral orientations can influence corporate responsibility and irresponsibility. For example, CEO narcissism has been found to affect both corporate social responsibility and corporate social irresponsibility, indicating that executive personality traits may shape the moral and strategic orientation of firms (8). Similarly, studies on academic CEOs suggest that CEO background and identity may influence corporate social irresponsibility, especially under conditions of performance shortfall and available slack resources (9). These findings imply that CEO-related variables should not be treated as peripheral in corporate social responsibility research. Instead, they should be understood as central explanatory factors that can influence whether firms engage in responsible, irresponsible, transparent, or symbolic behavior.

Ethical leadership is another relevant dimension in explaining how CEOs influence corporate social responsibility. When CEOs demonstrate ethical leadership, they may promote an organizational ethical culture, encourage responsible decision-making, and support the development of intellectual capital that strengthens corporate social responsibility. Evidence shows that CEO ethical leadership can affect corporate social responsibility through ethical culture and intellectual capital, suggesting that the impact of top executives on social responsibility may operate through formal policies as well as informal cultural mechanisms (10). Therefore, CEO power may be particularly important when combined with ethical orientation, governance quality, and stakeholder sensitivity. A powerful CEO with a long-term and ethical perspective may strengthen CSR disclosure, while a powerful CEO with opportunistic motives may use CSR selectively for impression management.

Political connections represent another important factor that may influence corporate social responsibility, especially in economies where government ownership, regulatory influence, public financing, and political access play significant roles in corporate activity. Political connections can provide firms with privileged access to resources, financing, contracts, regulatory support, and institutional protection. At the same time, they may expose firms to higher public scrutiny, legitimacy pressures, and expectations to demonstrate social commitment. Research on political connections and investment decisions has shown that politically connected firms may behave differently in corporate investment, particularly when political institutions and anti-corruption pressures change (11). This

indicates that political ties can influence strategic decisions and should be considered when examining corporate behavior in emerging markets.

In the Iranian capital market, political connections may emerge through government ownership, state-affiliated shareholders, access to bank financing, or relationships with public institutions. Prior studies have shown that political relations can affect monitoring mechanisms, agency costs, audit-related outcomes, and corporate governance conditions. For instance, political relations, ownership-management structures, and auditor reputation have been examined as mechanisms that may reduce agency costs arising from conflicts of interest (12). Political connections have also been studied in relation to internal control weaknesses and audit fees, suggesting that politically connected firms may have different audit risk profiles, monitoring conditions, and information environments (13). Moreover, from a political economy perspective, political connections may be associated with earnings management, highlighting the importance of political influence in financial reporting and managerial discretion (14).

Political connections may also moderate the relationship between CEO power and corporate social responsibility because such connections can change the incentives, constraints, and opportunities available to powerful CEOs. In firms with political connections, CEOs may face stronger legitimacy pressures to demonstrate social responsibility, particularly when the firm benefits from government-related resources or public support. At the same time, political ties may reduce external monitoring or create opportunities for symbolic disclosure. Therefore, the effect of CEO power on CSR may be stronger, weaker, or qualitatively different depending on the degree of political connection. Prior research in Iran has emphasized that political connections can moderate important firm-level relationships, including the association between employee support, investment in innovative activities, and resource-based explanations of corporate behavior (15). This supports the view that political connections are not merely independent predictors of corporate outcomes but may also reshape the influence of internal organizational resources and managerial decisions.

The interaction between managerial characteristics and political connections has also been examined in relation to corporate social responsibility dimensions. Evidence indicates that CEO optimism and myopia can affect dimensions of corporate social responsibility, and that political connections and CEO efficiency may moderate these relationships (16). This suggests that CSR behavior is shaped by a combination of managerial cognition, governance structure, and political environment. In addition, recent evidence on political risk indicates that corporate social responsibility may be affected by political uncertainty and that operational flexibility and managerial stability can moderate this relationship (17). These findings demonstrate that CSR is highly sensitive to political and managerial conditions, particularly in institutional environments where political risk and state influence are significant.

Corporate social responsibility may also be connected to broader sustainability outcomes. Recent research has shown that CSR, green practices, organizational politics, and employee pro-environmental behavior can jointly influence sustainable business performance (18). This means that CSR should not be viewed only as an external reporting practice, but as part of an integrated managerial and organizational system that includes environmental conduct, employee behavior, internal politics, and sustainable performance. In this regard, the CEO's authority and the firm's political connections may jointly determine whether CSR remains a disclosure-oriented practice or becomes embedded in the strategic and operational behavior of the firm.

Ownership structure is also relevant to the relationship between corporate social responsibility and corporate decisions. Research on family ownership has shown that ownership characteristics can moderate the relationship between corporate social responsibility and tax avoidance, indicating that ownership arrangements influence the consequences and interpretation of CSR activities (19). Similarly, product-market competition has been found to affect the relationship between CEO power and firm value, suggesting that the impact of CEO power depends on external governance mechanisms and competitive pressures (20). These findings reinforce the idea that CEO power should not be examined in isolation; rather, its effect on CSR should be assessed in interaction with contextual factors such as political connections, ownership structure, market competition, and institutional pressures.

Despite the growing body of research on CEO power, political connections, and corporate social responsibility, important gaps remain. First, many studies have examined CEO power or political connections separately, while fewer have analyzed their combined effect on corporate social responsibility disclosure. Second, although international research has emphasized the role of executive power and political embeddedness in shaping corporate behavior, the institutional characteristics of the Tehran Stock Exchange create a distinct setting in which government ownership, long-term debt access, dominant shareholders, and managerial authority may jointly affect CSR disclosure. Third, existing evidence suggests that political connections can influence agency costs, audit fees, investment decisions, innovation, and CSR-related outcomes, but their moderating role in the relationship between CEO power and CSR requires further empirical investigation. Accordingly, examining this issue can contribute to the corporate governance and social responsibility literature by clarifying whether politically connected firms strengthen or alter the influence of powerful CEOs on CSR disclosure.

The aim of this study was to examine the relationship between CEO power and corporate social responsibility in companies listed on the Tehran Stock Exchange during 2015–2024, with particular emphasis on the moderating role of political connections.

Methods and Materials

This study was applied in terms of purpose and descriptive-correlational in terms of data collection method. In terms of reasoning, it followed a deductive–inductive approach. Since the analysis was based on historical and archival information extracted from firms' financial statements and annual reports, the study was also classified as an ex post facto research design. The statistical population consisted of all companies listed on the Tehran Stock Exchange during the period from 2015 to 2024. The required data were collected from the statistical archives of the Tehran Securities and Exchange Organization, the official website of the Tehran Stock Exchange, and Rahavard Novin software. The sample was selected using the systematic elimination method. Accordingly, companies were included in the sample if they were continuously listed on the Tehran Stock Exchange from 2015 to 2024, had no change in fiscal year or business activity during the study period, and were not classified as investment companies, banks, insurance companies, or financial intermediaries. After applying these criteria and considering the availability of the required data, 117 companies were selected as the final sample for empirical analysis.

The dependent variable of the study was corporate social responsibility disclosure. Corporate social responsibility disclosure was measured based on the content analysis of the board of directors' reports. Following the approach used by Hosseini and Amjadian (2017), corporate social responsibility disclosure was assessed using 24 disclosure items classified into six dimensions, including politics and society, employee strategy, environment, customers and suppliers, social investment, and corporate strategy. For each company-year observation, a score

of 1 was assigned if the company disclosed a given corporate social responsibility item, and a score of 0 was assigned otherwise. Therefore, the corporate social responsibility disclosure index was calculated as the ratio of the total disclosed items to the total expected items. Since the checklist included 24 items, the expected disclosure score for each company-year was equal to 24. The corporate social responsibility disclosure index was computed as follows:

$$CSR_{j,t} = \frac{\sum_{i=1}^{24} X_{i,j,t}}{24}$$

In this equation, $CSR_{j,t}$ represents the corporate social responsibility disclosure index of company j in year t , and $X_{i,j,t}$ is a binary variable that takes the value of 1 if item i is disclosed by company j in year t , and 0 otherwise. Thus, a higher value of CSR indicates a higher level of corporate social responsibility disclosure.

The main independent variable of the study was CEO power. CEO power was measured based on four criteria consistent with the approach of Lisic et al. (2016). The first criterion was CEO shareholding, which reflects the extent of shares owned by the chief executive officer. CEOs with higher ownership stakes are likely to have greater decision-making discretion and stronger influence over the board of directors, thereby increasing managerial power (Finkelstein, 1992). CEO shareholding was measured using a dummy variable, denoted as $CEO_{Holding_D}$, which took the value of 1 if the CEO shareholding of company i was higher than the industry-year median of CEO shareholding among sample firms, and 0 otherwise.

The second criterion of CEO power was CEO tenure. CEO tenure refers to the number of years during which the CEO has held the position of chief executive officer in the company. Longer CEO tenure may increase managerial influence, organizational authority, and control over corporate decisions, thereby strengthening CEO power (Ryan & Wiggins, 2004). This criterion was measured through a dummy variable, denoted as CEO_{Tenure_D} , which took the value of 1 if the CEO tenure of company i was higher than the industry-year median of CEO tenure among sample firms, and 0 otherwise.

The third criterion was the number of executive positions previously held by the CEO before becoming the chief executive officer of the company. This criterion reflects the managerial and executive experience of the CEO. Holding multiple executive positions may increase the CEO's expertise, managerial knowledge, and organizational authority, which can improve CEO power. Executive positions considered in this study included positions such as general manager, minister, president, chief financial officer, chief operating officer, vice president, and other governmental or executive roles. This variable, denoted as $NumExec_D$, was measured as a dummy variable that took the value of 1 if the number of executive positions held by the CEO of company i was higher than the industry-year median, and 0 otherwise.

The fourth criterion of CEO power was the existence of ownership concentration above 50%. Since the CEO is elected through shareholder voting in the general assembly, the presence of a natural or legal person owning more than 50% of the company's shares indicates that the CEO has been selected by a dominant majority shareholder. Therefore, such a CEO is assumed to possess a higher level of authority and power. This variable took the value of 1 if a natural or legal shareholder owned more than 50% of the company's shares, and 0 otherwise.

Finally, the overall CEO power index was calculated as the sum of the four dummy indicators. Therefore, the CEO power index ranged from 0 to 4, with higher values indicating greater CEO power:

$$CEO\ Power_{i,t} = CEO\ Holding_{D_{i,t}} + CEO\ Tenure_{D_{i,t}} + NumExec_{D_{i,t}} + Ownership50_{D_{i,t}}$$

Political connections were considered as the moderating variable of the study. In this research, political connections were measured using two indicators: government ownership and the long-term debt ratio. Government ownership, denoted as *Govown*, was measured as a dummy variable based on the approaches of Habib et al. (2017), Hai et al. (2017), and Nikoumaram et al. (2013). If at least one major shareholder of the company, defined as a shareholder owning 20% or more of the shares, was affiliated with the government, the variable took the value of 1; otherwise, it took the value of 0.

The second indicator of political connections was the long-term debt ratio, denoted as *debt*. Firms with political connections are more likely to obtain loans from state-owned banks and receive the full amount of their requested loans; therefore, their debt ratios are expected to be higher than those of firms without such connections (Fu et al., 2017). Accordingly, in this study, firms whose ratio of long-term debt to total debt was higher than the median value of other firms were considered politically connected and were assigned a value of 1; otherwise, they were assigned a value of 0. This operationalization is consistent with previous studies that used debt-related indicators as proxies for political connections (Ebrahimi et al., 2017; Lin et al., 2015).

The study also included several control variables. Firm size, denoted as *SIZE*, was measured as the natural logarithm of total assets:

$$SIZE_{i,t} = \ln(\text{Total Assets}_{i,t})$$

Firm liquidity, denoted as *LIQUID*, was measured as the ratio of cash and cash equivalents to total assets:

$$LIQUID_{i,t} = \frac{\text{Cash and Cash Equivalents}_{i,t}}{\text{Total Assets}_{i,t}}$$

Financial loss, denoted as *LOSS*, was measured as a dummy variable that took the value of 1 if the firm reported a loss in the current year and 0 otherwise. Financial leverage, denoted as *LEV*, was measured as the ratio of total liabilities to total assets:

$$LEV_{i,t} = \frac{\text{Total Liabilities}_{i,t}}{\text{Total Assets}_{i,t}}$$

To test the research hypotheses, panel data regression models were estimated using multivariate regression analysis. The use of panel data was appropriate because the dataset included both cross-sectional observations, consisting of listed firms, and time-series observations, covering the period from 2015 to 2024. The empirical analysis was conducted to examine the direct effect of CEO power on corporate social responsibility, the direct effect of political connections on corporate social responsibility, and the moderating effect of political connections on the relationship between CEO power and corporate social responsibility. The first hypothesis examined whether CEO power has a significant effect on corporate social responsibility. The second hypothesis examined whether political connections have a significant effect on corporate social responsibility. The third hypothesis examined whether political connections moderate the relationship between CEO power and corporate social responsibility.

The first regression model was specified to test the effect of CEO power on corporate social responsibility while controlling for firm size, financial leverage, financial loss, and firm liquidity:

$$CSR_{i,t} = \alpha_0 + \beta_1 CEO Power_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 LEV_{i,t} + \beta_4 LOSS_{i,t} + \beta_5 LIQUID_{i,t} + \varepsilon_{i,t}$$

In this model, $CSR_{i,t}$ represents corporate social responsibility disclosure of firm i in year t , $CEO Power_{i,t}$ represents CEO power, $SIZE_{i,t}$ represents firm size, $LEV_{i,t}$ represents financial leverage, $LOSS_{i,t}$ represents financial loss, $LIQUID_{i,t}$ represents firm liquidity, and $\varepsilon_{i,t}$ represents the error term.

The second regression model was specified to test the effect of political connections on corporate social responsibility. In this model, political connections were represented by government ownership and the long-term debt ratio:

$$CSR_{i,t} = \alpha_0 + \beta_1 Govown_{i,t} + \beta_2 debt_{i,t} + \beta_3 SIZE_{i,t} + \beta_4 LEV_{i,t} + \beta_5 LOSS_{i,t} + \beta_6 LIQUID_{i,t} + \varepsilon_{i,t}$$

In this equation, $Govown_{i,t}$ represents government ownership, $debt_{i,t}$ represents the long-term debt ratio as an indicator of political connections, and the remaining variables are the control variables previously defined.

The third regression model was specified to examine the moderating role of political connections in the relationship between CEO power and corporate social responsibility. To test the moderating effect, interaction terms between CEO power and the two political connection indicators were included in the model:

$$CSR_{i,t} = \alpha_0 + \beta_1 CEO Power_{i,t} + \beta_2 Govown_{i,t} + \beta_3 debt_{i,t} + \beta_4 (Govown_{i,t} \times CEO Power_{i,t}) + \beta_5 (debt_{i,t} \times CEO Power_{i,t}) + \beta_6 SIZE_{i,t} + \beta_7 LEV_{i,t} + \beta_8 LOSS_{i,t} + \beta_9 LIQUID_{i,t} + \varepsilon_{i,t}$$

In this model, the coefficients of the interaction terms, β_4 and β_5 , indicate whether political connections strengthen or weaken the relationship between CEO power and corporate social responsibility. A statistically significant coefficient for these interaction terms would confirm the moderating role of political connections. The significance of the regression models was evaluated using the F-statistic, while the significance of individual coefficients was assessed using t-statistics and corresponding probability values. The coefficient of determination and adjusted coefficient of determination were used to evaluate the explanatory power of the models.

Findings and Results

In this section, the results of descriptive statistics are first reported, followed by the results of inferential statistics.

Table 1. Descriptive Statistics of the Research Variables During the Period from 2015 to 2024

Variable	Mean	Median	Standard Deviation	Skewness	Kurtosis	Minimum	Maximum
CEO power	1.880	2.000	1.023	0.188	-0.511	0.000	4.000
Debt ratio	0.493	0.000	0.500	0.027	-2.003	0.000	1.000
Government ownership	0.439	0.000	0.497	0.245	-1.943	0.000	1.000
Corporate social responsibility	0.337	0.357	0.132	0.308	0.284	0.000	0.929
Financial leverage	0.587	0.597	0.206	0.480	3.470	0.037	2.078
Firm size	14.444	14.219	1.552	0.910	1.141	10.952	20.183
Financial loss	0.102	0.000	0.302	2.639	4.972	0.000	1.000
Firm liquidity	0.044	0.028	0.052	3.626	22.916	0.000	0.600

Table 2. Results of the Estimation of the First Research Model

$$CSR = \alpha_0 + \beta_1 CEO power_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 LEV_{i,t} + \beta_4 LOSS_{i,t} + \beta_5 LIQUID_{i,t} + \varepsilon_{i,t}$$

Variable	Estimated Coefficient	Standard Error	t-Statistic	Probability
Constant term	0.344	0.026	13.403	0.000
CEO power	0.017	0.002	8.387	0.000

Firm size	0.013	0.001	8.948	0.000
Financial leverage	-0.015	0.025	-0.605	0.546
Loss	0.006	0.008	0.771	0.441
Firm liquidity	-0.080	0.008	-9.407	0.000
Coefficient of determination	0.731			
Adjusted coefficient of determination	0.670			
F-statistic	23.520			
Probability of F-statistic	0.000			

According to the table above, the probability level of the F-test is 0.000, which is less than 0.05. Therefore, the model is significant, and there is a linear relationship between the independent and dependent variables. In addition, the regression coefficient of determination (R^2) is 0.731. This indicates that approximately 73% of the variations in corporate social responsibility are explained by changes in the independent and control variables, while the remaining variation is affected by other factors not examined in this study. Based on the results presented in Table 2, the probability value of the t-statistic for CEO power is 0.000, which is less than 0.05, and its coefficient is positive and significant at 0.017. Therefore, it can be stated that CEO power has a direct and significant effect on corporate social responsibility. In other words, as CEO power increases, corporate social responsibility also increases.

Table 3. Results of the Estimation of the Second Research Model

$$CSR = \alpha_0 + \beta_1 Govown_{i,t} + \beta_2 debt_{i,t} + \beta_3 SIZE_{i,t} + \beta_4 LEV_{i,t} + \beta_5 LOSS_{i,t} + \beta_6 LIQUID_{i,t} + \varepsilon_{i,t}$$

Variable	Estimated Coefficient	Standard Error	t-Statistic	Probability
Constant term	0.418	0.029	14.374	0.000
Government ownership	0.094	0.005	17.523	0.000
Long-term debt ratio	0.004	0.000	16.288	0.000
Firm size	0.006	0.002	3.222	0.001
Financial leverage	-0.017	0.017	-1.006	0.315
Loss	0.000	0.006	0.079	0.973
Firm liquidity	-0.091	0.005	-16.902	0.000
Coefficient of determination	0.843			
Adjusted coefficient of determination	0.825			
F-statistic	46.061			
Probability of F-statistic	0.000			

According to the table above, the probability level of the F-test is 0.000, which is less than 0.05. Therefore, the model is significant, and there is a linear relationship between the independent and dependent variables. In addition, the regression coefficient of determination (R^2) is 0.843. This indicates that approximately 84% of the variations in corporate social responsibility are explained by changes in the independent and control variables, while the remaining variation is affected by other factors not examined in this study.

Based on the results presented in Table 3, the probability value of the t-statistic for government ownership is 0.000, which is less than 0.05, and its coefficient is positive and significant at 0.094. Moreover, the probability value of the t-statistic for the long-term debt ratio is 0.000, which is less than 0.05, and its coefficient is positive and significant at 0.004. Therefore, it can be stated that political connections have a direct and significant effect on corporate social responsibility. In other words, as political connections increase, corporate social responsibility also increases.

The second hypothesis: Political connections have a positive and significant effect on corporate social responsibility.

Table 4. Results of the Estimation of the Third Research Model

$$CSR = \alpha_0 + \beta_1 \text{CEO power}_{i,t} + \beta_2 \text{Govown}_{i,t} + \beta_3 \text{debt}_{i,t} + \beta_4 \text{Govown} \times \text{CEO power}_{i,t} + \beta_5 \text{debt} \times \text{CEO power}_{i,t} + \beta_6 \text{SIZE}_{i,t} + \beta_7 \text{LEV}_{i,t} + \beta_8 \text{LOSS}_{i,t} + \beta_9 \text{LIQUID}_{i,t} + \varepsilon_{i,t}$$

Variable	Estimated Coefficient	Standard Error	t-Statistic	Probability
Constant term	0.494	0.033	14.791	0.000
CEO power	0.005	0.002	2.971	0.003
Government ownership	0.033	0.008	4.194	0.000
Debt ratio	0.002	0.001	3.197	0.001
Government ownership × CEO power	0.040	0.002	17.493	0.000
Debt ratio × CEO power	0.000	0.000	2.172	0.030
Firm size	0.002	0.002	1.011	0.312
Financial leverage	-0.018	0.020	-0.906	0.365
Loss	0.005	0.006	0.829	0.407
Firm liquidity	-0.082	0.005	-15.840	0.000
Coefficient of determination	0.809			
Adjusted coefficient of determination	0.786			
F-statistic	35.414			
Probability of F-statistic	0.000			

According to the table above, the probability level of the F-test is 0.000, which is less than 0.05. Therefore, the model is significant, and there is a linear relationship between the independent and dependent variables. In addition, the regression coefficient of determination (R^2) is 0.809. This indicates that approximately 81% of the variations in corporate social responsibility are explained by changes in the independent and control variables, while the remaining variation is affected by other factors not examined in this study. Based on the results presented in Table 4, the probability value of the t-statistic for CEO power is 0.003, which is less than 0.05, and its coefficient is positive and significant at 0.005. Furthermore, the probability value of the t-statistic for the interaction term between government ownership and CEO power is 0.000, which is less than 0.05, and its coefficient is positive and significant at 0.040. In addition, the probability value of the t-statistic for the interaction term between debt ratio and CEO power is 0.030, which is less than 0.05, and its coefficient is positive and significant at 0.000. These results indicate that political connections increase the strength of the relationship between CEO power and corporate social responsibility. Therefore, the moderating role of political connections in the relationship between CEO power and corporate social responsibility is confirmed.

Discussion and Conclusion

The purpose of this study was to examine the relationship between CEO power and corporate social responsibility in companies listed on the Tehran Stock Exchange, with particular emphasis on the moderating role of political connections. The findings of the first model showed that CEO power had a positive and statistically significant effect on corporate social responsibility. The estimated coefficient of CEO power was positive, and its probability value was lower than the conventional significance level, indicating that firms with more powerful CEOs reported higher levels of corporate social responsibility disclosure. In addition, the coefficient of determination showed that a substantial proportion of the variation in corporate social responsibility was explained by CEO power and the control variables included in the model. Therefore, the first hypothesis of the study was supported. This finding suggests that CEO power, when manifested through ownership, tenure, prior executive experience, and

support from dominant ownership structures, can increase the capacity of top management to implement and disclose socially responsible activities.

This result is consistent with the strategic leadership perspective, according to which CEOs are not merely administrative agents but influential actors who shape organizational priorities, resource allocation, disclosure policies, and stakeholder-oriented strategies. Powerful CEOs may have greater discretion to overcome internal resistance, allocate resources to long-term social and environmental programs, and strengthen the company's public image through corporate social responsibility disclosure. This interpretation is aligned with the broader corporate governance literature, which emphasizes the importance of managerial discretion, board structure, and executive authority in shaping corporate outcomes (3). It is also consistent with evidence showing that CEO decision-making power affects firm performance and strategic financial outcomes in listed firms (4), as well as findings indicating that CEO power influences financing policies and major corporate decisions (5). In this sense, the present finding confirms that CEO power can extend beyond financial decisions and influence non-financial disclosure practices such as corporate social responsibility.

The positive relationship between CEO power and corporate social responsibility also aligns with studies that have directly examined the association between CEO authority and CSR. Lee et al. showed that CEO power can influence corporate social responsibility and firm value, suggesting that powerful CEOs may use CSR either as a strategic value-enhancing mechanism or as a tool for managing stakeholder perceptions (6). Similarly, Muttakin et al. emphasized that board capital and CEO power affect corporate social responsibility disclosures, supporting the view that CSR disclosure is shaped by internal governance mechanisms and executive-level authority (7). The present findings are consistent with these studies because they show that firms whose CEOs have higher levels of power are more likely to disclose social responsibility activities. In the context of the Tehran Stock Exchange, this may indicate that powerful CEOs have greater capacity to institutionalize reporting practices, respond to social expectations, and use CSR disclosure as part of corporate legitimacy management.

The findings may also be explained through the behavioral characteristics of CEOs. Recent studies have shown that CEO traits, values, and orientations can influence both responsible and irresponsible corporate behavior. For example, CEO narcissism has been found to affect corporate social responsibility and corporate social irresponsibility, indicating that top managers' psychological characteristics can influence the direction and quality of firms' social behavior (8). Similarly, research on academic CEOs has shown that CEO background may influence corporate social irresponsibility under conditions such as negative attainment discrepancy and slack resources (9). Although the present study focused on structural indicators of CEO power rather than psychological traits, the findings support the general conclusion that CEO-related characteristics are important determinants of CSR behavior. Therefore, CEO power should be considered a central variable in explaining why firms differ in their social responsibility disclosure.

The positive effect of CEO power on corporate social responsibility can also be interpreted in light of ethical leadership and organizational culture. Powerful CEOs can shape organizational values, determine disclosure priorities, influence ethical norms, and encourage departments to participate in CSR-related reporting. Ullah et al. showed that CEO ethical leadership affects corporate social responsibility through organizational ethical culture and intellectual capital (10). Therefore, when CEO power is accompanied by ethical orientation and stakeholder sensitivity, it may strengthen corporate social responsibility disclosure. In the present study, the positive coefficient of CEO power suggests that powerful CEOs in the sampled firms may have used their authority to promote or

disclose CSR activities rather than suppress them. This interpretation is also consistent with the broader view that CSR is no longer a marginal activity but a strategic managerial function connected to legitimacy, sustainability, and stakeholder management (2).

The second model examined the effect of political connections on corporate social responsibility. The findings showed that both indicators of political connections, namely government ownership and long-term debt ratio, had positive and statistically significant effects on corporate social responsibility. Therefore, the second hypothesis of the study was supported. This means that firms with stronger political connections reported higher levels of CSR disclosure. Government ownership had a positive and significant coefficient, suggesting that firms with state-affiliated major shareholders tend to disclose more CSR-related information. Likewise, the positive coefficient of the long-term debt ratio indicates that firms with greater access to long-term financing, as a proxy for political connections, are more likely to engage in or disclose social responsibility activities.

This finding is theoretically meaningful because politically connected firms usually operate under higher levels of public visibility, institutional expectation, and legitimacy pressure. Firms that benefit from government ownership, public resources, or access to state-related financing may face stronger expectations to demonstrate accountability toward society, employees, the environment, and other stakeholders. In such firms, CSR disclosure can function as a legitimacy mechanism through which the company communicates its social contribution and justifies its privileged access to resources. This interpretation is consistent with studies showing that political connections can affect corporate investment decisions, particularly in institutional environments where government influence and anti-corruption pressures reshape corporate behavior (11). It is also compatible with the political conception of CSR, which views companies as embedded in political and institutional systems rather than as isolated economic entities (2).

The positive association between political connections and CSR is also supported by Iranian evidence on the role of political ties in corporate governance, monitoring, and reporting. Hasani and Salehi showed that political relations, ownership-management structures, and auditor reputation-motivated monitoring can influence agency costs arising from conflicts of interest (12). Jamei et al. also examined political connections in relation to internal control weakness and audit fees, indicating that politically connected companies may have distinct monitoring conditions and information environments (13). In addition, Nikoomaram et al. examined political economy perspectives and earnings management, suggesting that political influence may shape managerial behavior and financial reporting practices (14). The findings of the present study extend this literature by showing that political connections are also associated with higher levels of corporate social responsibility disclosure.

The result is further consistent with studies indicating that political connections can affect the relationship between organizational resources and strategic outcomes. Rezaei Pitenoeei et al. examined the moderating role of political connections in the relationship between employee support, innovation-related investment, and resource-based explanations of firm behavior (15). Their findings support the idea that political ties can change how internal resources are used and how organizational priorities are formed. In the present study, political connections were directly associated with CSR disclosure, suggesting that politically connected firms may use their institutional position and access to resources to expand or disclose CSR-related activities. This is also consistent with recent evidence showing that political risk can affect corporate social responsibility and that managerial stability and operational flexibility may moderate this relationship (17).

The third model examined the moderating role of political connections in the relationship between CEO power and corporate social responsibility. The findings showed that CEO power remained positive and significant after adding political connection variables and interaction terms. More importantly, the interaction between government ownership and CEO power was positive and statistically significant, and the interaction between debt ratio and CEO power was also positive and significant. Therefore, the third hypothesis was supported. These findings indicate that political connections strengthen the positive relationship between CEO power and corporate social responsibility. In other words, powerful CEOs are more likely to increase CSR disclosure when their firms are politically connected.

This moderating effect can be explained by the interaction between managerial discretion and institutional embeddedness. CEO power provides the authority and discretion required to influence corporate policies, while political connections provide legitimacy incentives, access to resources, and external expectations that may encourage CSR disclosure. When these two conditions exist simultaneously, powerful CEOs may have both the ability and motivation to expand social responsibility disclosure. The positive interaction between government ownership and CEO power suggests that in firms with state-affiliated shareholders, powerful CEOs may face stronger expectations to present the firm as socially responsible. Similarly, the positive interaction between debt ratio and CEO power suggests that when firms have greater access to long-term financing, powerful CEOs may use CSR disclosure to maintain legitimacy, strengthen stakeholder trust, and protect the firm's relationship with external resource providers.

This finding is aligned with prior evidence showing that CEO characteristics and political connections jointly influence corporate social responsibility. Zanganeh et al. showed that CEO optimism and myopia affect dimensions of corporate social responsibility and that political connection and CEO efficiency can moderate these effects (16). The present study complements that evidence by showing that political connections also moderate the relationship between CEO power and CSR disclosure. The finding is also consistent with research showing that external governance conditions, such as product-market competition, can influence the relationship between CEO power and firm value (20). Therefore, CEO power does not operate in isolation; its effect depends on contextual factors such as political embeddedness, ownership structure, financing access, and institutional pressure.

The findings also support the view that corporate social responsibility is linked to sustainability and broader organizational performance. Danish et al. demonstrated that CSR, green practices, organizational politics, and employee pro-environmental behavior contribute to sustainable business performance (18). This indicates that CSR is not only a disclosure mechanism but also part of a broader organizational system involving political dynamics, employee behavior, and sustainability practices. The present study shows that political connections can intensify the influence of CEO power on CSR disclosure, suggesting that CSR in politically connected firms may function as both a strategic and institutional response. In addition, the finding is compatible with research showing that CSR can affect other corporate outcomes, such as investment efficiency and tax-related decisions (1, 19). Thus, the CSR behavior of firms should be understood as the result of interactions among managerial power, ownership structure, political ties, and stakeholder expectations.

Overall, the results of this study contribute to the literature in several ways. First, they confirm that CEO power has a significant positive effect on corporate social responsibility disclosure in the Tehran Stock Exchange. Second, they show that political connections, measured through government ownership and long-term debt ratio, have a positive effect on CSR disclosure. Third, and most importantly, they demonstrate that political connections strengthen the relationship between CEO power and CSR. These findings are consistent with the corporate

governance, political economy, and CSR literature, which emphasizes that corporate behavior is shaped by the interaction of internal managerial authority and external institutional forces (2, 3). Therefore, the study provides empirical evidence that the social responsibility behavior of firms cannot be fully explained without considering both the power of top executives and the political embeddedness of the firm.

This study has several limitations that should be considered when interpreting the findings. First, the research was limited to companies listed on the Tehran Stock Exchange during 2015–2024; therefore, the results may not be generalizable to private firms, small and medium-sized enterprises, financial institutions, or companies operating outside the Iranian capital market. Second, corporate social responsibility was measured through disclosure in board of directors' reports, which may not fully reflect the actual quality, depth, or effectiveness of CSR activities. Some firms may disclose CSR-related items symbolically, while others may perform socially responsible activities without extensive disclosure. Third, CEO power and political connections were measured through observable indicators, such as ownership, tenure, executive experience, dominant ownership, government ownership, and long-term debt ratio; although these indicators are theoretically defensible, they may not capture all informal, behavioral, or network-based dimensions of managerial power and political influence.

Future studies are recommended to extend the present research in several directions. Researchers can examine the same model in different institutional settings, industries, or ownership structures to determine whether the moderating role of political connections differs across economic sectors. Future studies may also use alternative or complementary measures of corporate social responsibility, such as sustainability reports, environmental performance indicators, stakeholder ratings, or independent CSR scoring systems. In addition, future research can investigate the role of CEO psychological characteristics, ethical orientation, managerial overconfidence, narcissism, or political ideology in explaining CSR decisions. Another useful direction would be to examine whether corporate governance mechanisms, such as board independence, audit committee quality, institutional ownership, ownership concentration, and external audit quality, strengthen or weaken the relationship between CEO power, political connections, and CSR disclosure.

The findings of this study have important implications for managers, investors, regulators, and policymakers. Corporate boards should recognize that CEO power can influence CSR disclosure and should therefore establish governance mechanisms that ensure managerial authority is directed toward genuine stakeholder value rather than symbolic reporting. Investors and analysts should consider CEO power and political connections when evaluating the credibility and strategic meaning of CSR disclosure. Regulators may also improve transparency by developing clearer CSR reporting standards and encouraging firms to disclose not only the existence of CSR activities but also their scope, outcomes, and measurable impacts. Finally, politically connected firms should use their privileged access to resources responsibly by strengthening social, environmental, and stakeholder-oriented practices in a transparent and accountable manner.

Acknowledgments

We would like to express our appreciation and gratitude to all those who helped us carrying out this study.

Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adhered in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

Funding

This research was carried out independently with personal funding and without the financial support of any governmental or private institution or organization.

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