



Alzahra University- Faculty of Social Sciences and Economics
Accounting and Social Interests, VOL. 12, NO. 2, Summer 2022, Pages 25-28

The Impact of Aggressive Business Strategy on the Relationship between Corporate Social Performance and Market Response in the Coronavirus Period¹

Nazanin Bashirimanesh², Soghra Amiri³

Received: 2022/01/21

Accepted: 2022/06/16

Research Paper

1. INTRODUCTION

The present study investigates the effect of business strategy on the relationship between corporate social performance and market reaction in the corona period. Society is the bed of economic and commercial activity and all the interested groups. Those who have a key role in the business environment are known as members of the society, therefore the social performance of the company is more effective than in the past in the evaluation of the company and the way resources are allocated. Two sources of the financial value of companies are: savings in Direct costs and increase the credibility and reputation of the business unit in the market through responsibility reporting socially. Therefore, most companies show that their responsibility reporting has financial value and creates innovation (Dagiliene 2013)

Grosi(1397) shows Social responsibility information is informative and it is considered part of the information related to investors' decision-making.

1. DOI: 10.22051/JAASCI.2022.39612.1678

2. Assistant Professor, Department of Accounting, Payame Noor University, Tehran, Iran. (Coressponding Author). (bashirimanesh@pnu.ac.ir).

3. M.Sc. Student, Department of Accounting, Payame Noor University, Tehran, Iran. (amirisoghra35@gmail.com).

Organizational theories believe that business strategies are a unique and fundamental element in the company's identity and indicate the company's competition in the market environment (Hambrick, 1983; Snow and Hambrick, 1980). As a result, the company's characteristics and strategies, such as managerial power patterns, values, and resource use, all strengthen the company's business strategy (Miles and Snow, 1978). There are several classifications for business strategy. Among them, two types of strategies can be found that are opposed to each other. A strategy that seeks to minimize costs (defensive strategy or defenders) and a strategy that seeks more flexibility and risk (aggressive strategy or concerned about the future).

The Corona crisis in the world disrupted economic systems and company operations. In this situation, there is a need for creativity, innovation, and new approaches, and it is important to use an aggressive business strategy.

Based on the above, in this research, using the information related to the companies admitted to the Tehran Stock Exchange, the main problem of the research is; Does the use of an aggressive business strategy in the Corona era affect the relationship between the social performance of companies and market reaction?

2. MATERIALS AND METHODS

The present research is considered applied research in terms of its purpose and considering that historical information has been used in the test of hypotheses (correlation between variables), taking into account the nature and method used in this study, it is a type of descriptive-correlation research. It is considered causal (after an event). In this type of research, the relationship between variables is analyzed based on the purpose of the research. The regression method is one of the correlation analysis approaches that analyze the changes in the behavior of the dependent variable in terms of changes in the independent and control

variables. The higher the correlation between the variables, the more accurate the analysis of the relationships between the variables. The data of the research has been collected by referring to the financial statements and annual reports of the board of directors of the companies admitted to the Tehran Stock Exchange and analyzed by quantitative methods and panel data.

The statistical population of the study was the companies listed on the Tehran Stock Exchange and using the systematic elimination sampling method, 129 companies were selected as a sample of the research in 8 years between 1392 and 1399. To test the research hypotheses, the multivariate regression method with combined data (year-company) and Stata software was used.

3. RESULTS AND DISCUSSION

The results of the study show that in corona, the disclosure of corporate social responsibility, in the long run, has a direct impact on the market reaction of investors. Also, in the corona period, the disclosure of corporate social responsibility has a direct long-term effect on the level of abnormal returns. Findings show that in the corona period, aggressive strategy has a direct effect on the relationship between corporate social responsibility disclosure and the market response of investors. Also, the use of aggressive strategy in the corona period affects the relationship between corporate social disclosure and abnormal returns.

According to their abilities and capabilities, managers have specific strategies to achieve goals. In critical situations such as the corona virus pandemic, managers try to overcome critical situations by choosing aggressive strategies and creating suitable opportunities for growth and survival. Therefore, using an aggressive strategy in Corona conditions has a positive effect on the relationship between the social performance of companies and normal and abnormal stock returns.

Therefore, investors and analysts are advised to pay attention to the amount of social activities of companies. Because companies with a high level of disclosure of their social responsibility have a higher level of efficiency in the Corona situation. It is also recommended to investors; Identify aggressive companies based on the variety of products, price and high quality of the product, new marketing approaches in the conditions of Corona and high research and development costs, and help the company in fulfilling its social responsibility by favoring the company's commercial activities.

4. CONCLUSION

The following study plays its role in expanding the accounting literature in different ways First, contrary to the general belief about the benefits of social responsibility, this research showed Managers who intend to consolidate their position can use accountability methods social, such as a strategy to convince the shareholders in the field of their merits and Therefore, reducing the risk of contract termination and increasing management authority. Two, this issue provides a suitable opportunity for legislators to improve the benefits of disclosing this information for capital market activities and company managers by creating appropriate and binding mechanisms for social responsibility disclosure.

In future research, it is suggested to analyze the impact of other business strategies such as defensive strategy and cost leadership on social performance and investors' reactions. Also, in future research, the impact of various business strategies on the level of voluntary disclosure in banks, financial institutions, and insurance can be analyzed and investigated.

Keywords: Business Strategy, Corporate Social Performance, the Market Reaction in the Corona.

JEL Classification: M42.