KMAN PUBLISHING INSTITUTE

Article history:
Received 10 July 2026
Revised 23 October 2026
Accepted 30 October 2026
Initial Publish 05 November 2026
Published online 01 September 2027

Journal of Resource Management and Decision Engineering

Volume 6, Issue 5, pp 1-12



The Moderating Role of Political Connections in the Relationship Between CEO Financial Expertise and Corporate Social Responsibility

Mojtaba. Salehi[1], Reza. Khani[2*], Ali. Pirzad[3], Hashem. Valipour[4]

[1] Department of Accounting, Yas.C., Islamic Azad University, Yasuj, Iran.
[2] Department of Accounting, Fa.C., Islamic Azad University, Fasa, Iran.
[3] Department of Management, Yas.C., Islamic Azad University, Yasuj, Iran.
[4] Department of Accounting, Fir.C., Islamic Azad University, Firoozabad, Iran.

*** Corresponding author email address**: za.khani@iau.ac.ir

A r t i c l e I n f o

Article type:
Original Research

How to cite this article:
Salehi, M., Khani, R., Pirzad, A., & Valipour, H. (2027). The Moderating Role of Political Connections in the Relationship Between CEO Financial Expertise and Corporate Social Responsibility. *Journal of Resource Management and Decision Engineering*, *6*(5), 1-12.
https://doi.org/10.61838/kman.jrmde.470

© 2027 the authors. Published by KMAN Publication Inc. (KMANPUB). This is an open access article under the terms of the Creative Commons Attribution-NonCommercial 4.0 International (CC BY-NC 4.0) License.

A B S T R A C T

The first and most fundamental factor in corporate success is having successful managers with distinctive characteristics. Managerial characteristics can be examined from various perspectives, and managers can directly influence major corporate decisions. Society also pays attention to managers' responses to different aspects of the organization and to organizations' responsibilities toward society. This study examines the moderating role of political connections in the relationship between CEO financial expertise and corporate social responsibility. The statistical population comprises all companies listed on the Tehran Stock Exchange during March 2015–March 2025, from which 117 companies were selected through systematic elimination. Data were analyzed using multiple regression with a panel data approach. The findings indicate a significant relationship between CEO financial expertise and corporate social responsibility. They also show that political connections can influence the relationship between CEO financial expertise and corporate social responsibility.

Keywords: *CEO financial expertise, political connections, corporate social responsibility*

1. Introduction

Corporate social responsibility (CSR) has become a central component of contemporary corporate strategy and accountability. Companies are increasingly expected to consider the economic, social, and environmental consequences of their activities rather than focusing exclusively on short-term financial returns. These expectations originate from shareholders, employees, customers, regulators, local communities, and other stakeholders whose interests may be affected by corporate decisions. CSR therefore reflects the extent to which a company recognizes its broader obligations, integrates stakeholder concerns into its decision-making processes, and communicates its social and environmental performance. From this perspective, CSR is not merely a philanthropic activity; it represents an organizational response to changing societal expectations and an important mechanism through which firms build legitimacy and maintain stakeholder support. The role assumed by major companies during domestic and international natural disasters illustrates how corporate resources and capabilities may be directed toward urgent social needs and broader public welfare (Johnson et al., 2010).

The growth of CSR has also changed how corporate performance is evaluated. Traditional assessments based primarily on profitability, growth, and shareholder returns provide an incomplete account of a company's long-term position when its operations create significant consequences for employees, communities, and the natural environment. CSR can contribute to corporate performance by improving reputation, strengthening stakeholder relationships, enhancing employee commitment, and reducing exposure to social and political risks. Evidence concerning the benefits of CSR suggests that socially responsible behavior may help firms establish valuable intangible resources and improve their relationships with important stakeholders (Galbreath, 2010). Corporate philanthropy can similarly generate moral capital that protects shareholder wealth by providing an insurance-like benefit when adverse events threaten organizational reputation (Codfrey, 2005). Consequently, CSR may produce economic value by reducing the probability or severity of stakeholder sanctions, reputational losses, and disruptions to corporate operations.

CSR reporting is particularly important because stakeholders cannot evaluate corporate responsibility unless relevant activities and outcomes are disclosed. Disclosure reduces information asymmetry and enables stakeholders to compare corporate commitments with actual organizational conduct. Nevertheless, CSR reporting practices differ considerably across firms because disclosure is influenced by institutional expectations, governance arrangements, organizational resources, and managerial judgments. An institutional perspective indicates that organizations adopt CSR reporting partly in response to regulatory, normative, and competitive pressures within their environments (Young & Marais, 2011). These pressures can encourage substantive responsibility, but they may also result in symbolic disclosure designed primarily to preserve legitimacy. Understanding CSR disclosure therefore requires attention to the decision-makers who determine which social initiatives receive resources, how those initiatives are implemented, and how their results are presented.

The economic consequences associated with CSR make these managerial decisions especially significant. CSR disclosure may enhance investment efficiency by improving the quality of information available to investors and reducing uncertainties surrounding corporate conduct (Fakhari et al., 2016). CSR can also interact with governance quality and risk to shape corporate cash-holding policies (Delpasand et al., 2019). Because cash holdings provide financial flexibility but may also permit managers to pursue private interests, their relationship with CSR depends on the governance environment and the motivations underlying social investments. More broadly, corporate liquidity decisions are closely connected to risk and expected returns (Palazzo, 2012). These relationships indicate that CSR is embedded in financial decision-making rather than operating as an isolated ethical program. Research has also connected CSR with earnings management in companies listed on the Tehran Stock Exchange, emphasizing that responsible conduct and financial reporting choices may be jointly shaped by managerial incentives (Khajavi et al., 2011). In addition, the association between CSR and tax avoidance may vary according to ownership structure, including family ownership (Rezaei Pitenoei et al., 2021). CSR must therefore be examined as part of a broader system of managerial, financial, and governance decisions.

Within this system, the chief executive officer occupies a uniquely influential position. The CEO interprets environmental demands, establishes strategic priorities, allocates organizational resources, and affects the information presented to the board of directors and external stakeholders. Corporate governance research increasingly recognizes that formal governance mechanisms cannot fully explain organizational outcomes without considering the

characteristics and behavior of the individuals who operate within those mechanisms (Aguilera et al., 2016). CEOs facing similar market conditions and governance structures may make substantially different choices because their professional backgrounds, experience, knowledge, cognitive orientations, and personal incentives influence how they identify problems and evaluate alternatives. Accordingly, research on CSR should move beyond firm-level characteristics and examine the attributes that shape executives' willingness and ability to support socially responsible activities.

Recent evidence reinforces the importance of CEO characteristics in corporate policy and disclosure. CEO overconfidence can influence capital structure decisions, demonstrating how executive characteristics are translated into consequential financial policies (Alosaimi, 2026). CEO narcissism may also alter the relationship between board characteristics and financial risk disclosure, indicating that executive personality can strengthen or constrain governance mechanisms (Burton et al., 2025). Academic experience represents another relevant characteristic because academically experienced CEOs may approach ethical and social issues differently; however, the effect of academic CEOs on corporate social irresponsibility may depend on performance shortfalls and the availability of slack resources (Ren et al., 2023). Similarly, CEO optimism and myopia have been associated with different dimensions of CSR, while political connections and CEO efficiency may condition these relationships (Zanganeh et al., 2022). Together, these studies show that CSR decisions emerge from the interaction between managerial characteristics and the organizational context in which executives exercise discretion.

CEO financial expertise is especially relevant because CSR initiatives involve investment appraisal, resource allocation, risk assessment, reporting, and long-term planning. A financially knowledgeable CEO may be better able to evaluate both the direct costs and the less immediately observable benefits of responsible corporate behavior. Such a CEO may recognize that CSR can protect corporate reputation, reduce stakeholder-related risks, improve access to resources, and support sustainable value creation. Financial expertise may also help the CEO distinguish strategically valuable CSR programs from symbolic activities that consume resources without producing meaningful social or economic benefits. Moreover, an understanding of accounting and finance can enable executives to establish more effective disclosure processes and communicate the financial implications of social initiatives to boards, investors, and other stakeholders.

Previous research provides several reasons to expect CEO financial expertise to affect corporate reporting and behavior. CEOs' financial experience has been associated with the quality of corporate financial reports and disclosures, suggesting that professional background can influence reporting systems and information quality (Matsunaga & Yeung, 2008). Financial experience may also affect earnings-management decisions because executives with financial backgrounds possess both the technical knowledge required to recognize reporting implications and the organizational authority to influence accounting choices (Jiang et al., 2013). Research in the Iranian market has similarly examined the effect of CEO financial knowledge on earnings management (Mollazadeh et al., 2016). Furthermore, the experience and financial knowledge of the CEO and board members have been linked to disclosure quality and firm performance (Ghadamyari & Naghshbandi, 2020). Although these studies primarily address financial reporting and earnings management, their underlying reasoning is directly relevant to CSR: financially experienced CEOs may possess greater capacity to evaluate, implement, monitor, and disclose corporate responsibility activities.

Nevertheless, financial expertise does not necessarily produce socially responsible outcomes under all conditions. Expertise expands managerial capacity, but the purposes for which that capacity is used depend on incentives, governance arrangements, stakeholder pressure, and access to resources. A financially knowledgeable CEO may use expertise to support long-term CSR investment, but the same expertise could be employed to prioritize short-term financial outcomes or construct symbolic disclosures. The alignment between CEO and shareholder wealth may either encourage or restrain CSR, depending on how executives and shareholders perceive the costs and benefits of responsible conduct (Kim et al., 2023). Thus, the effect of CEO financial expertise on CSR is unlikely to be uniform. Identifying the contextual factors that alter this relationship is essential for explaining why financially experienced executives promote responsibility in some firms more strongly than in others.

Political connections represent one such contextual factor. A company may be politically connected through government ownership, the political background of managers or directors, relationships with public officials, or privileged access to state-controlled resources. Political

connections may benefit firms by facilitating access to financing, information, government contracts, regulatory support, and protection from environmental uncertainty. They can also shape corporate investment choices, as evidence concerning political connections and corporate investment demonstrates (Pan & Tian, 2017). Political ties may consequently provide resources that allow managers to finance CSR initiatives whose benefits emerge gradually. From a resource-based perspective, political connections may complement internal capabilities by helping firms obtain scarce resources and manage institutional constraints. Their moderating role has been documented in the relationship between employee support and investment in innovative corporate activities (Rezaei Pitenoei et al., 2020).

Political connections may also increase a company's visibility and exposure to public scrutiny. Politically connected companies interact more closely with government institutions and may be expected to demonstrate conformity with social priorities. CSR disclosure can help such companies preserve legitimacy, respond to public expectations, and signal that privileged access to political or financial resources is accompanied by broader social contributions. Under these conditions, political connections may strengthen the positive influence of CEO financial expertise on CSR. A financially knowledgeable CEO in a politically connected firm may have both the competence to identify strategically appropriate CSR investments and the external resources or incentives required to implement them. Political connections can therefore transform financial expertise into more extensive responsibility by increasing resource availability, reducing financing barriers, and heightening the reputational importance of visible social engagement.

At the same time, political connections can create governance risks. Preferential access to resources may weaken market discipline, intensify agency conflicts, and reduce the pressure to operate efficiently. From a political economy perspective, political relationships can influence corporate reporting incentives and earnings-management behavior (Nikoumaram et al., 2013). Political ownership-management relationships and auditor monitoring based on reputational incentives also have implications for the reduction of agency costs arising from conflicts of interest (Hasani & Salehi, 2020). In addition, research on companies listed on the Tehran Stock Exchange indicates that political connections are relevant to the relationship between internal control weaknesses and audit fees (Jamei et al., 2020). These findings suggest that political connections are not uniformly beneficial or harmful. Their consequences depend on whether they operate as channels for resources and accountability or as mechanisms that protect managers from effective oversight.

This dual character makes political connections theoretically important when examining CEO financial expertise and CSR. Political ties may enable a financially skilled CEO to pursue substantive CSR by easing resource constraints and aligning corporate programs with public priorities. Conversely, those ties may permit executives to use CSR symbolically to secure legitimacy, conceal governance weaknesses, or preserve privileged relationships. The observed moderating effect should therefore be determined empirically rather than assumed. Examining the interaction between CEO financial expertise and political connections can clarify whether political ties reinforce the capacity of knowledgeable executives to improve social responsibility or alter the way that expertise is reflected in CSR outcomes.

The Iranian capital market provides an appropriate setting for this investigation because government influence, concentrated ownership, financing relationships, and political ties remain important features of the corporate environment. Listed companies differ in their degree of government ownership and access to long-term debt, creating meaningful variation in political connectedness. At the same time, growing stakeholder attention to corporate accountability has increased the significance of CSR disclosure. Although prior Iranian studies have examined CSR in relation to investment efficiency, cash holdings, tax avoidance, earnings management, innovative investment, and managerial characteristics, limited evidence explains how CEO financial expertise and political connections operate jointly. Addressing this gap can extend research on executive characteristics by showing how managerial capability interacts with institutional and political conditions, while also extending CSR research by identifying a governance context that may strengthen or weaken the translation of financial expertise into responsible corporate conduct.

Accordingly, the aim of this study is to examine the effect of CEO financial expertise on corporate social responsibility and determine whether political connections moderate this relationship among companies listed on the Tehran Stock Exchange.

2. Methods and Materials

This study is applied in terms of its purpose and descriptive-correlational in terms of its data collection method. It also employs deductive-inductive reasoning. Because the analysis is based on past and historical information from corporate financial statements, the study is ex post facto (quasi-experimental). The hypotheses are tested using a regression model with panel data.

The research data were collected from the statistical archive CDs of the Tehran Stock Exchange Organization, the Tehran Stock Exchange website, and Rahavard Novin software. The statistical population comprises all companies listed on the Tehran Stock Exchange during March 2015–March 2025. The research sample includes companies that remained listed throughout this period, did not change their business activity or fiscal year during these years, and were neither investment companies nor financial intermediaries. After applying these restrictions, and considering the limited disclosure of research and development data by capital market companies, 117 companies were selected through systematic elimination for analysis.

Corporate social responsibility (CSR): Corporate social responsibility disclosure is the dependent variable in this study. To measure corporate social responsibility and rank the sample companies, the boards of directors' reports are examined based on the study by Hosseini and Amjadian (2017). The reports are analyzed using 24 items within six groups that indicate corporate social responsibility. Nekhili et al. (2017) used 24 items within six groups for this purpose.

The following CSR reporting index is used in this study to measure corporate social responsibility disclosure.

$$CSR\ Reporting\ Index\ = \sum_{i=1}^{n_j} \frac{X_{ij}}{n_j}$$

n_j = The total expected score for company j in year t, which equals 24 for the 24 items mentioned above.

X_{ij} = The total score obtained by company j in year t. Each disclosed item is assigned a code of 1; otherwise, it is assigned a code of 0.

Political connections are measured using two criteria: government ownership and the long-term debt ratio.

1. Government ownership (Govown): In this study, corporate political connections, treated as an independent variable in the model, are measured using a dummy variable in accordance with Habib et al. (2017), Hai et al. (2017), and Nikoomaram et al. (2013). The variable equals 1 if at least one major shareholder, with an ownership stake of 20% or more, is affiliated with the government; otherwise, it equals 0.

2. Long-term debt ratio (debt): Companies with political connections to the government are more likely to obtain loans from state-owned banks and receive the full amount requested (Fu et al., 2017). Consequently, their debt ratios are higher than those of other companies. In this study, companies whose ratio of long-term debt to total debt exceeds the median for other companies are therefore considered politically connected and assigned a value of 1; the remaining companies are assigned a value of 0 (Lin et al., 2015; Ebrahimi et al., 2017).

- **Control Variables**

1. Firm size (SIZE): The natural logarithm of the company's total assets.

2. Firm liquidity (LIQUID): The ratio of cash and cash equivalents to the company's total assets.

3. Loss (LOSS): A dummy variable equal to 1 if the company reports a loss in the current year and 0 otherwise.

4. Financial leverage (LEV): The ratio of total liabilities to total assets.

3. Findings and Results

Research Hypotheses

Hypothesis 1: CEO financial expertise has a significant effect on corporate social responsibility.

Hypothesis 2: Political connections have a significant effect on corporate social responsibility.

Hypothesis 3: Political connections moderate the relationship between CEO financial expertise and corporate social responsibility.

Research Models

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

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

$$CSR = \alpha_0 + \beta_1 FinExp_{i,t} + \beta_2 Govown_{i,t} + \beta_3 Debt_{i,t} + \beta_4 Govown * FinExp_{i,t} + \beta_5 Debt * FinExp_{i,t} + \beta_6 SIZE_{i,t} + \beta_7 LEV_{i,t} + \beta_8 LOSS_{i,t} + \beta_9 LIQUID_{i,t} + \varepsilon_{i,t}$$

Table 1

Abbreviations for the Variables Used in the Analysis

Symbol	Variable		Variable type
Fin Exp	CEO financial expertise		Independent variable
Debt	Debt ratio	Political connections	Moderator variable
Govown	Government ownership		
CSR	Corporate social responsibility		Dependent variable
LEV	Financial leverage		Control variables
SIZE	Firm size		
LOSS	Financial loss		
LIQUID	Firm liquidity		

Table 2

Descriptive Statistics for the Research Variables During March 2015–March 2025

Variable	Mean	Median	SD	Skewness	Kurtosis	Minimum	Maximum
CEO financial expertise	0.631	1.000	0.483	-0.543	-1.709	0.000	1.000
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 3

Estimation Results for the First Research Model

Variable	Estimated coefficient	Standard error	t statistic	p value
Constant (intercept)	0.335	0.012	26.785	0.000
CEO financial expertise	0.127	0.004	34.962	0.000
Firm size	0.012	0.000	25.560	0.000
Financial leverage	-0.027	0.015	-1.807	0.071
Loss	0.004	0.005	0.837	0.403
Firm liquidity	-0.058	0.005	-12.199	0.000
R^2	0.873			
Adjusted R^2	0.859			
F statistic	60.112			
p value (F statistic)	0.000			

As shown in the table above, the p value of the F test is 0.000, which is less than 0.05. The model is therefore significant, indicating a linear relationship between the independent and dependent variables. The regression coefficient of determination (R^2) is 0.873. This indicates that approximately 87% of the variation in corporate social responsibility is explained by changes in the independent and control variables; the remainder is attributable to other factors not examined in this study. According to the results presented in Table 3, the p value of the t statistic for CEO financial expertise is 0.000, which is less than 0.05, and its coefficient is positive and significant at 0.127. Thus, CEO financial expertise has a direct and significant effect on corporate social responsibility: as CEO financial expertise increases, corporate social responsibility increases. Accordingly, the fourth subsidiary hypothesis is supported at the 95% confidence level.

Table 4

Estimation Results for the Second Research Model

Variable	Estimated coefficient	Standard error	t statistic	p value
Constant (intercept)	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
R^2	0.843			
Adjusted R^2	0.825			
F statistic	46.061			
p value (F statistic)	0.000			

As shown in the table above, the p value of the F test is 0.000, which is less than 0.05. The model is therefore significant, indicating a linear relationship between the independent and dependent variables. The regression coefficient of determination (R^2) is 0.843. This indicates that approximately 84% of the variation in corporate social responsibility is explained by changes in the independent and control variables; the remainder is attributable to other factors not examined in this study.

According to the results presented in Table 4, the p 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. Similarly, the p 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. Thus, political connections have a direct and significant effect on corporate social responsibility: as political connections increase, corporate social responsibility increases.

Table 5

Estimation Results for the Third Research Model

Variable	Estimated coefficient	Standard error	t statistic	p value
Constant (intercept)	0.444	0.037	11.987	0.000
CEO financial expertise	0.016	0.004	4.368	0.000
Government ownership	0.018	0.008	2.388	0.017
Tax payment	0.004	0.000	19.211	0.000
Government ownership × CEO financial expertise	0.131	0.006	21.924	0.000
Tax payment × CEO financial expertise	0.006	0.002	2.752	0.006
Firm size	0.005	0.002	2.085	0.037
Financial leverage	-0.013	0.015	-0.873	0.383
Loss	0.003	0.005	0.560	0.575
Firm liquidity	-0.076	0.005	-14.628	0.000
R^2	0.872			
Adjusted R^2	0.857			
F statistic	57.149			
p value (F statistic)	0.000			

As shown in the table above, the p value of the F test is 0.000, which is less than 0.05. The model is therefore significant, indicating a linear relationship between the independent and dependent variables. The regression coefficient of determination (R^2) is 0.872. This indicates that approximately 87% of the variation in corporate social responsibility is explained by changes in the independent and control variables; the remainder is attributable to other factors not examined in this study.

According to the results presented in Table 5, the p value of the t statistic for CEO financial expertise is 0.000, which is less than 0.05, and its coefficient is positive and significant at 0.016. The p value of the t statistic for the interaction between government ownership and CEO financial expertise is also 0.000, which is less than 0.05, and its coefficient is

positive and significant at 0.131. Furthermore, the p value of the t statistic for the interaction between the debt ratio and CEO financial expertise is 0.006, which is less than 0.05, and its coefficient is positive and significant at 0.006. These results show that political connections strengthen the relationship between CEO financial expertise and corporate social responsibility. The moderating role of political connections in this relationship is therefore confirmed, and the twelfth subsidiary hypothesis is supported at the 95% confidence level.

4. Discussion and Conclusion

The findings demonstrate that CEO financial expertise has a positive and statistically significant effect on corporate social responsibility (CSR). In the first regression model, the coefficient for CEO financial expertise was positive and significant ($B = 0.127$, $p < 0.001$), indicating that companies led by financially experienced CEOs exhibited higher levels of CSR. The model was statistically significant ($F = 60.112$, $p < 0.001$), and its coefficient of determination showed that the independent and control variables explained approximately 87.3% of the variation in CSR ($R^2 = 0.873$; adjusted $R^2 = 0.859$). Therefore, the first hypothesis was supported. This finding suggests that CEOs' financial knowledge and experience are relevant not only to conventional financial decisions but also to the extent to which companies recognize, implement, and disclose their social responsibilities.

One explanation for this finding is that financially experienced CEOs are better equipped to assess the long-term economic consequences of CSR. Although CSR expenditures may create immediate costs, their benefits can emerge through an improved corporate reputation, stronger stakeholder relationships, lower exposure to social and regulatory risks, and enhanced organizational legitimacy. A CEO with financial expertise may be more capable of incorporating these indirect benefits into investment and resource-allocation decisions. CSR can benefit firms by strengthening relationships with stakeholders and creating valuable organizational resources (Galbreath, 2010). It may also produce an insurance-like form of moral capital that protects shareholder wealth against reputational damage and unfavorable stakeholder responses (Codfrey, 2005). Financial expertise can consequently help CEOs recognize CSR as a strategic investment whose value extends beyond its immediate accounting cost.

The result is consistent with evidence that CEO financial experience affects the quality of corporate reporting and disclosure. Financially experienced CEOs generally possess a stronger understanding of reporting systems, accounting consequences, risk measurement, and information quality. These competencies can improve their ability to design CSR policies, assess the resources devoted to social activities, monitor implementation, and communicate outcomes to stakeholders. Previous research has associated CEO financial experience with the quality of firms' financial reports and disclosures (Matsunaga & Yeung, 2008). Similarly, CEOs' financial experience has been linked to earnings-management decisions, confirming that professional expertise influences reporting judgments and corporate information practices (Jiang et al., 2013). Iranian evidence also indicates that CEO financial knowledge affects earnings management (Mollazadeh et al., 2016), while the experience and financial knowledge of CEOs and board members have been associated with disclosure quality and firm performance (Ghadamyari & Naghshbandi, 2020). These studies support the broader conclusion that financial expertise shapes how executives evaluate and disclose corporate activities, including CSR.

The positive relationship may also be interpreted through the upper-echelons and corporate governance perspectives. Corporate decisions reflect not only economic conditions and formal governance structures but also the characteristics of the executives who interpret information and select organizational responses. Corporate governance research increasingly emphasizes the need to examine the individuals who operate governance mechanisms and exercise discretion over strategic choices (Aguilera et al., 2016). The present findings extend this reasoning to CSR by showing that a CEO's financial background is reflected in corporate social outcomes. They are also compatible with recent evidence that CEO characteristics influence major financial and nonfinancial policies. CEO overconfidence can affect capital structure decisions (Alosaimi, 2026), CEO narcissism can condition financial risk disclosure (Burton et al., 2025), and academic experience can influence corporate social irresponsibility depending on organizational performance and available slack resources (Ren et al., 2023). Therefore, CSR appears to be partly shaped by the abilities, experiences, and cognitive orientations of the CEO.

The second finding showed that political connections have a positive and statistically significant effect on CSR. Government ownership had a positive coefficient of 0.094 ($p < 0.001$), while the long-term debt ratio had a positive

coefficient of 0.004 ($p < 0.001$). The second regression model was statistically significant ($F = 46.061$, $p < 0.001$) and explained approximately 84.3% of the variation in CSR ($R^2 = 0.843$; adjusted $R^2 = 0.825$). The second hypothesis was therefore supported using both indicators of political connections. These results imply that companies connected to the government through ownership or privileged access to long-term financing tend to demonstrate higher levels of CSR.

A resource-based explanation for this finding is that political connections facilitate access to financing, information, government support, and other resources required to implement social initiatives. CSR programs may require stable financial resources, particularly when their benefits occur over an extended period. Politically connected companies may experience fewer financing constraints and may therefore be better positioned to undertake social and environmental activities. The finding aligns with evidence that political connections influence corporate investment decisions (Pan & Tian, 2017). It is also consistent with research showing that political connections moderate the relationship between employee support and investment in innovative corporate activities, suggesting that political ties influence how internal organizational resources are transformed into strategic investments (Rezaei Pitenoei et al., 2020). Political connections may similarly provide the resources and institutional support through which companies expand CSR activities and related disclosures.

Political connections can also increase public visibility and expose companies to stronger expectations regarding socially responsible behavior. Companies with government ownership or substantial access to state-related financing may be expected to contribute to employment, community development, environmental protection, and other public priorities. CSR provides a means of responding to these expectations and maintaining legitimacy. From an institutional perspective, CSR reporting is influenced by regulatory, normative, and social pressures within the organizational environment (Young & Marais, 2011). Politically connected firms may face stronger versions of these pressures because stakeholders can associate their privileged access to public resources with an obligation to produce broader social benefits. Their CSR activities may therefore reflect both improved access to resources and a greater need to demonstrate conformity with public expectations.

The positive effect of political connections should nevertheless be interpreted within their broader governance implications. Political relationships can provide valuable resources, but they may also alter monitoring, reporting incentives, and agency conflicts. Political ownership-management relationships and reputation-based auditor monitoring can affect agency costs arising from conflicts of interest (Hasani & Salehi, 2020). Political connections are also relevant to the relationship between internal control weaknesses and audit fees among companies listed on the Tehran Stock Exchange (Jamei et al., 2020). Moreover, the political economy perspective identifies political relationships as an important influence on earnings-management behavior (Nikoumaram et al., 2013). Consequently, the positive relationship observed in this study may result from substantive social engagement, legitimacy-seeking disclosure, or a combination of both. Politically connected firms may undertake meaningful CSR activities, but they may also have stronger incentives to communicate social responsibility to preserve political support and public legitimacy.

The third and principal finding indicated that political connections positively moderate the relationship between CEO financial expertise and CSR. In the third model, the interaction between government ownership and CEO financial expertise was positive and significant ($B = 0.131$, $p < 0.001$). The interaction between the long-term debt ratio and CEO financial expertise was also positive and significant ($B = 0.006$, $p = 0.006$). The model was statistically significant ($F = 57.149$, $p < 0.001$), explaining approximately 87.2% of the variation in CSR ($R^2 = 0.872$; adjusted $R^2 = 0.857$). These findings support the third hypothesis and show that the positive effect of CEO financial expertise on CSR becomes stronger as the company's political connectedness increases.

This moderating effect indicates that managerial expertise and political resources complement each other. Financial expertise gives CEOs the ability to evaluate CSR investments, anticipate their long-term consequences, and establish reporting and monitoring mechanisms. Political connections can provide the resources, access, and institutional support needed to translate this expertise into organizational action. A financially experienced CEO may recognize the strategic value of CSR, but limited financing and institutional barriers can restrict implementation. In a politically connected company, access to long-term finance and government-related resources can reduce these constraints. Political connections therefore appear to create an environment in which the CEO's financial competence

can be more effectively converted into CSR activities and disclosure.

Political connections may also strengthen the relationship because financially experienced CEOs can better respond to the heightened legitimacy requirements faced by politically connected companies. Such executives may understand that political benefits can be maintained only when the company manages reputational, regulatory, and stakeholder risks effectively. CSR may help reconcile the company's economic interests with public expectations. This interpretation is compatible with findings that CEO optimism, myopia, efficiency, and political connections jointly shape different dimensions of CSR (Zanganeh et al., 2022). It is also consistent with evidence that the relationship between CEO and shareholder wealth alignment and CSR depends on the incentives surrounding executive decisions (Kim et al., 2023). Accordingly, executive characteristics should be evaluated together with the governance and institutional conditions that determine how managerial abilities are exercised.

The results also contribute to the literature on the financial consequences of CSR. CSR disclosure has been associated with improved investment efficiency (Fakhari et al., 2016), while CSR, risk, and corporate governance can jointly affect corporate cash holdings (Delpasand et al., 2019). Cash-holding decisions themselves are related to risk and expected returns (Palazzo, 2012). These relationships help explain why financially knowledgeable CEOs may attach greater importance to CSR when political connections improve access to financial resources. They may view CSR as part of an integrated strategy for managing risk, investment, liquidity, reputation, and stakeholder relationships rather than as an independent philanthropic activity.

The findings are also compatible with Iranian evidence connecting CSR to other governance and financial outcomes. CSR has been examined in relation to earnings management among Tehran Stock Exchange companies (Khajavi et al., 2011), while the relationship between CSR and tax avoidance has been found to vary according to ownership conditions (Rezaei Pitenoei et al., 2021). These studies demonstrate that the consequences and determinants of CSR depend on the governance setting in which corporate decisions are made. The present study extends this evidence by showing that political connections do not merely have a direct relationship with CSR; they also strengthen the extent to which CEO financial expertise is reflected in corporate social behavior. The findings therefore emphasize the need to integrate executive characteristics, ownership relations, financing access, and political conditions when explaining differences in CSR among listed companies.

The control-variable results provide additional context. Firm size had a positive and significant relationship with CSR across the models, indicating that larger firms may possess more resources and face greater public scrutiny. Corporate liquidity had a negative and statistically significant coefficient, which may reflect competing demands for liquid resources or managerial caution regarding discretionary expenditures. Financial leverage and loss were not statistically significant in the estimated models. These results suggest that CEO expertise and political connections provide explanatory value beyond several conventional firm-level characteristics. However, the negative association between liquidity and CSR should be interpreted cautiously because cash holdings can reflect precautionary motives, risk conditions, investment opportunities, and governance quality rather than simply the availability of funds.

This study is subject to several limitations. First, the sample was limited to 117 companies listed on the Tehran Stock Exchange, and the findings may not be generalizable to unlisted companies, financial institutions, small enterprises, or firms operating in countries with different institutional structures. Second, CSR was measured from disclosed items in boards of directors' reports; this measure may capture the extent of disclosure more strongly than the substantive quality or social impact of corporate activities. Third, government ownership and the long-term debt ratio are indirect indicators of political connections and may not identify informal political relationships involving executives, directors, or influential shareholders. Fourth, the archival and ex post facto design permits the identification of statistical relationships but does not establish causality with certainty. Fifth, unobserved factors such as CEO tenure, education, personality, ownership concentration, board independence, industry sensitivity, and regulatory changes may affect the estimated relationships.

Future studies should replicate the analysis in other institutional and national settings and compare politically intensive environments with market-oriented economies. Researchers could use alternative measures of political connections, including the political experience of directors, personal relationships with public officials, government contracts, and dependence on state-owned banks. CSR could be evaluated using independent sustainability reports, environmental and social performance indicators, external

ratings, or separate measures of substantive activities and symbolic disclosure. Longitudinal designs, natural experiments, instrumental-variable approaches, and changes in CEOs or political status could provide stronger causal evidence. Future models could also examine whether board independence, family ownership, institutional ownership, CEO tenure, gender, overconfidence, narcissism, optimism, or managerial ability strengthen or weaken the observed relationships. Qualitative interviews with executives and board members could further clarify the mechanisms through which financial expertise and political access influence CSR decisions.

Companies should consider financial expertise when selecting, evaluating, and developing CEOs because this competence can support both financial reporting and responsible corporate decision-making. Boards should provide executives with training that integrates financial analysis, stakeholder management, sustainability reporting, and social-impact assessment. Politically connected companies should establish transparent procedures for allocating resources to CSR and should disclose the objectives, costs, beneficiaries, and measurable outcomes of their programs. Independent board and audit committee oversight should ensure that CSR is substantive and is not used merely to protect political relationships or managerial reputation. Regulators should require consistent and comparable CSR disclosures and monitor whether government-owned or publicly financed companies fulfill their broader responsibilities. Investors should evaluate CEO expertise, political connections, and CSR jointly when assessing governance quality, long-term risk, and corporate sustainability.

Authors' Contributions

Authors contributed equally to this article.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

Acknowledgments

We would like to express our gratitude to all individuals helped us to do the project.

Declaration of Interest

The authors report no conflict of interest.

Funding

According to the authors, this article has no financial support.

Ethics Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were considered.

References

Aguilera, R., Florackis, C., & Kim, H. (2016). Advancing the Corporate Governance Research Agenda. *Corporate Governance: An International Review*, *24*(3), 172-180.

Alosaimi, A. K. (2026). CEO Overconfidence and Capital Structure Decisions: Do CEO Characteristics and Corporate Policy Matter? *Humanities and Social Sciences Communications*, *13*, 958. https://doi.org/10.1057/s41599-026-07649-3

Burton, B., Ahmad, M. I., Battisti, E., Naseem, M. A., & Liu, J. (2025). Gender Diversity and Financial Risk Disclosure: Investigating the Moderating Role of CEO Narcissism. *Corporate Social Responsibility and Environmental Management*, *32*(4), 5088-5101.

Codfrey, P. C. (2005). The Relationship Between Corporate Philanthropy and Share Holder Wealth: A Risk Management Perspective. *Academy of Management Review*, *30*(4), 777-798.

Delpasand, C., Nasirzadeh, F., & Hesarzadeh, R. (2019). Mechanisms through Which Corporate Social Responsibility, Risk, and Corporate Governance Affect Cash Holdings. *Financial Accounting Research*, *10*(4), 59-78.

Fakhari, H., Rezaei Pitenoei, Y., & Norouzi, M. (2016). The Impact of Corporate Social Responsibility Disclosure on Investment Efficiency. *Financial Management Strategy*, *4*(4), 85-106.

Galbreath, J. (2010). How Does Corporate Social Responsibility Benefit Firm? Evidence From Australia. *European Business Review*, *22*(4), 411-431.

Ghadamyari, M., & Naghshbandi, N. (2020). Examining the Impact of the CEO's and Board Members' Experience and Financial Knowledge on Disclosure Quality and Firm Performance. *Quarterly Journal of Contemporary Research in Management and Accounting Sciences*, *2*(5), 22-33.

Hasani, M., & Salehi, A. (2020). An Analytical Evaluation of the Effects of Political Ownership-Management Relations and Auditor Monitoring Based on Reputation Incentives in Reducing Agency Costs Arising from Conflicts of Interest. *Financial Accounting Research*, *12*(3), 1-22.

Jamei, R., Kolivand, Z., & Mohammadi Kalareh, N. (2020). Examining the Relationship between Internal Control Weakness and Audit Fees with Emphasis on Political Connections in Companies Listed on the Tehran Stock Exchange. *Financial Accounting Research*, *12*(2), 99-114.

Jiang, F., Zhu, B., & Huang, J. (2013). CEOs Financial Experience and Earnings Management. *Journal of Multinational Financial Management*, *23*, 134-145.

Johnson, B. R., Connolly, E., & Carter, T. S. (2010). Corporate Social Responsibility: The Role of Fortune 100 Companies in Domestic and International Natural Disasters. *Corporate Social Responsibility and Environmental Management*, *18*(6), 352-369.

Khajavi, S., Bayazidi, A., & Jabbarzadeh Kangarloei, S. (2011). Examining the Relationship between Earnings Management and Corporate Social Responsibility in Companies Listed on the Tehran Stock Exchange. *Accounting Advances, Shiraz University*(60), 29-54.

Kim, H. J., Mun, S., & Han, S. H. (2023). Corporate Social Responsibility and the Alignment of CEO and Shareholders Wealth: Does a Strong Alignment Induce or Restrain CSR? *Corporate Social Responsibility and Environmental Management*, *30*(2), 720-741. https://doi.org/10.1002/csr.2384

Matsunaga, S., & Yeung, E. (2008). *Evidence on the Impact of a CEO's Financial Experience on the Quality of the Firm's Financial Reports and Disclosures*.

Mollazadeh, M., Lari Dasht Bayaz, M., & Saei, M. J. (2016). Examining the Impact of CEO Financial Knowledge on Earnings Management. *Financial Accounting and Auditing Research*, *8*(30), 37-59.

Nikoumaram, H., Bani Mahd, B., Rahnamay Roudposhti, F., & Kiaei, A. (2013). Political Economy Perspective and Earnings Management. *Management accounting*(6).

Palazzo, D. (2012). Cash Holdings, Risk, and Expected Returns. *Journal of Financial Economics*, *104*(1), 162-185.

Pan, X., & Tian, G. G. (2017). Political Connections and Corporate Investments: Evidence from the Recent Anti-Corruption Campaign in China. *Journal of Banking and Finance*. https://doi.org/10.1016/j.jbankfin.2017.03.005

Ren, L., Zhong, X., & Wan, L. (2023). Do Academic CEOs Influence Corporate Social Irresponsibility? The Moderating Effects of Negative Attainment Discrepancy and Slack Resources. *Business Ethics the Environment & Responsibility*, *32*(3), 946-960. https://doi.org/10.1111/beer.12549

Rezaei Pitenoei, Y., Gholamrezapour, M., Kazemi, S. P., & Amirnia, N. (2021). Examining the Moderating Role of Family Ownership in the Relationship between Corporate Social Responsibility and Tax Avoidance. *Financial Accounting Research*, *13*(1), 45-66.

Rezaei Pitenoei, Y., Safari Gerayli, M., & Gholamrezapour, M. (2020). An Investigation of the Resource-Based Theory in Explaining the Relationship between Employee Support and Investment in Innovative Corporate Activities with the Moderating Role of Political Connections. *Management accounting*, *13*(47), 71-85.

Young, S., & Marais, M. (2011). *CSR Reporting: An Institutional Perspective* Finance and Corporate Governance Conference,

Zanganeh, J., Ashrafi, M., Abbasi, E., & Naderian, A. (2022). The Effect of CEO Optimism and Myopia on the Dimensions of Corporate Social Responsibility Considering the Moderating Role of Political Connection and CEO Efficiency. *Accounting and Social Interests*, *12*(3), 103-134.