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A Study of Relationship between Social Responsibility and Financial Performance of Top Cooperatives in Isfahan in 2010-2013 Period

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Abstract

The necessity of paying attention to social responsibility in management in the third millennium is known to everyone. Therefore, the present study attempted to investigate the relationship between social responsibility and financial performance of top cooperatives in the city of Isfahan in the 2010-2013 period. The study is an applied, descriptive-correlational study. The population comprises all top cooperatives located in the city of Isfahan as well as their staff. There are 37 top cooperatives in the city of Isfahan. The sample comprises 22 cooperatives. 5 questionnaires were distributed in each cooperative (110 questionnaires in total). Basic information was collected using questionnaires (for qualitative data) and checklists (for quantitative data). In this regard, Singhapakdi et al.'s (2007) questionnaire of social responsibility and the researcher-made questionnaire of financial performance were used the validity of which was verified by the supervisor and some of the professors. Also, to measure reliability, Cronbach's alpha was used, and, based on basic studies and pre-test, the reliability of measurement instruments was verified. Results showed that, in general, there is a relationship between the financial performance of top cooperatives in the city of Isfahan and companies' social responsibility for their customers and institutions in the society. In this regard, the relationship between social responsibility and leadership and intra-organizational processes, and the relationship of social responsibility in the society and social responsibility at the workplace and industry to financial performance have been strongly confirmed. However, the relationship between social responsibility in the environment and social responsibility at the workplace were not confirmed. The effect individual variables such as gender, marital status, education, work background and organizational position on social responsibility and financial performance were not confirmed, either.

Key words: social responsibility, financial performance, top cooperatives.

1. Introduction

Social responsibility is one of the issues which have received much attention from scientific and practical communities. This term conjures different senses for different people. In general, it can be argued that company's social responsibility is defined as the necessity of company's responding to and preserving the benefits of the beneficiary groups, either intra-organizational or extra-organizational. And considering that the benefits of some of these groups is in contrast with the benefits of others, therefore the degree of companies' responsibility affects companies' performance.

This concept is an issue which is being followed strongly by governments, companies, the urban community, scientific centers, etc. in developed countries and countries with an open economy. These people attempt to keep the concept of social responsibility alive and they each introduce their own definition for this concept from their own perspective (Omidvar, 2008: 16).

In general, responsibility can be considered as the accountability of a person or group for an action, when the action has certain results and consequences for the organization or a certain career. Namazi states that responsibility has two dimensions: 1) Admitting to do the action, 2) responding and reporting to the superiors about

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achievement of results of the action (Namazi, 1990: 32).

In general, there are three approaches towards the concept of social responsibility of companies which are as follows:

According to the first approach which was put forth by Milton Friedman in 1962, a company has one (and only one) goal and that is to maximize profit and as a result, maximize the wealth of stockholders.

According to the second approach which was introduced in the 1970s, company directors must make decisions which create a balance between the rights of stockholders, employees, suppliers of good s and services, and ordinary people.

Based on the third approach, making profit is not the ultimate goal of the institute, and the executive managers, rather than attempt to maximize profit, must try to achieve an appropriate level of activities which leads both to the achievement of profit and to the achievement of a desirable level of social goals (Khoshtinat Nikniat, 1995:19).

Companies' social responsibility can be introduced in 5 aspects as follows:

1. Social responsibility of participation in leadership and Intra-organizational processes
2. social responsibility of participation at the workplace
3. social responsibility of participation in the market and industry
4. social responsibility of participation in the environment
5. social responsibility of participation in the society and country

The process of comprehensive evaluation of the performance in the framework of expressions such as efficiency, significance, enablement of responsibility capability in the framework of principles and concepts for realizing organizational and structural goals, and long-term plans and development of the organization is referred to as organizational performance evaluation (Saghafi, 2007: 6).

As a result, commercial units can optionally maximize their long-term input by reducing their negative effects on the society, such that nowadays there is the common opinion among the commercial units that their long-term success can be realized through the management of the company's operations, concurrent with the establishment of trust in environmental support and the advancement of the company's social responsibilities (Sami et al., 2008). Therefore, fulfilling the company's social responsibilities leads to greater success for the company in the long term and ultimately brings about economic growth and increases in competitive power of the company and improves its financial performance (Sanchez et al., 2010).

Growth and development of companies gradually assigns commitments and obligations to the commercial units which were not as formal before. One of the obligations caused by tis growth and development is the mutual effect of social ethical values and economical values on each other. Since a number of these companies do not care much about ethical and social values the observance of which is considered as social responsibility, it is essential that the companies know that how effect there social responsibility is in achieving their goals. However, what the goals of companies are and how the companies' performance can be evaluated are questions which have encouraged researchers to try for years to seek a comprehensive method to evaluate the financial performance of companies. In this path, different procedures have been offered.

2. The concepts of efficiency, effectiveness and financial performance

Efficiency refers to the ratio of output to input, or, in other words, the ratio of the production of final goods or services to the resources used. Efficiency is a quantitative concept which refers to the degree of customer satisfaction or the degree of

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achievement of the intended goals. Efficiency has also been defined as “doing the job well, too.

An organization’s efficiency refers to the amount of resources used to produce a unit of product and it can be calculated based in the ratio of consumption to product. Accordingly, if an organization, in comparison to another, can reach its goal by spending a lower amount of resources, it has higher efficiency (Rahimi, 2006).

‘Effectiveness’ measures the degree of achievement of organization’s goals. in other words, it quantifies the impacts of organization’s products or services on the society and determines to what degree the supplied services or products are consistent with the standards and goals for which the organization has been established. In fact, effectiveness is a qualitative concept showing the satisfaction of clientele with the organization’s products and services. ‘Effectiveness’ has also been defines as ‘doing the right thing’ or ‘realizing organization’s goals’ too.

Organization’s effectiveness is the degree to which the organization achieves its objectives. Peter Drucker considers effectiveness as the key to the organization’s success.

Accordingly, efficiency shows how an individual or an organization uses the resources to make output (good or service). Besides, effectiveness shows to what degree this output is consistent with the organization’s goals. In fact, an organization which does not move toward its goals wastes resources more rapidly (Raimi, 2006).

In every organization, efficiency and effectiveness must be taken into consideration together, because it is possible that the organization enjoys efficiency but the offered goods or services do not have the required desirability, or the degree of achievement of goals be low. In this case, the organization is not effective, and although it may achieve its goals, it will incur substantial costs. In this case, the organization is not efficient.

Performance is a behavior aimed at achieving valued organizational goals. Performance is the anticipated criterion or the key dependent criterion in a presented framework which serves as an instrument for judging the effectiveness of individuals, groups and organizations.

Organizational performance is the ability of an organization to use its data and resources compatibly with goals and in relationship with beneficiary groups which leads to the creation of output. In other words, it can be argued that performance comprises a set of behaviors shown by individuals in their careers, and it is influenced by different factors and resources including knowledge (Rahimi, 2006).

Financial performance is indicative of anticipated financial behaviors and criteria for achieving goals. In other words, financial performance is indicative of the ability of the financial system of an organization to use all the intended resources in order to realize its goals (Favela, 1996).

2.1. Basis of organizational performance

From the viewpoint of Drucker, “organizational performance can be identified based on the degree of its effectiveness and efficiency.” Therefore, attempts must be made to get informed of the organization’s conditions using criteria. In the measurement of an organization’s effectiveness, besides using the related criteria, it is also necessary to pay attention to the degree of the organization’s ‘efficiency’. Different definitions have been offered for efficiency, including: Efficiency is the maximum use in relation to the costs incurred.

Besides, an organization may be efficient but not effective, i.e. we may apply all resources but still fail. Efficiency must be defined in a precise way; otherwise, the organization commits mistakes and cannot correctly measure effectiveness and efficiency. Both concepts of effectiveness and efficiency must be taken into consideration in the measurement of organization’s performance; therefore, every organization or unit - production/ service, financial or non-financial – can easily evaluate its performance in relation to different needs, and can use an optimal blend of variations

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to improve them, and, by continuously doing so, the organization can pave the way to its quick progress and success.

2.2. performance-based management

Performance-based management is a systematic approach which enjoys a special position in the evaluation of organizations and leads to the improvement of the performance of organizations using processes based on strategic performance goals, review of performance data reports and application of these data (Riahi, 2003: 2).

Performance management includes experiences and models for determining goals, evaluating performance and reward system. These experiences together affect the performance of people and work groups. Goal setting determines types of desirable performances. Performance evaluation assesses them and the reward system offers boosters to ensure the repetition of this desirable result because performance management falls under a more comprehensive organizational concept and at least three factors - i.e. organizational strategy, workplace technology and staff cooperation – determine how these experiences affect performance.

However, when technology is totally dependent and work has been designed as teamwork, performance management must be aimed at team behavior, i.e. the level of staff involvement determines the nature of performance.

3. Social responsibility

Social responsibility is one of the most important elements of the philosophy of existence of organizations, such that its observance by the organizations in the framework of the theory of social identity not only leads to the possibility of organizational commitment, but it also enhances the satisfaction of beneficiaries outside the organization in order to legitimize the organization.

Since the relationship between social, political, environmental and economic roles began to increase, organizations faced new dynamics. The challenge faced by organizations is that they need to simultaneously achieve an increase in profitability and responsibility to new social expectations and then simultaneously manage these apparently paradoxical consequences which require the development of practical strategies and which have positive impacts both on the society and the organization. Implementing social responsibility in the organizational level is one of the effective mechanisms or strategies in this regard. In fact, besides doing their conventional duties, today, and organization are required to perform other activities, too. The purpose of these activities is responsibility to the expectations of the society and this responsibility is referred to as social responsibility. In this era, effective management is management which has gone beyond the limits of thought and thinks of the society and broader environments, because neither can the organizations cut themselves off the society nor can the society be viable without the organizations (Salehi and Azari, 2009).

What is to be taken for granted is that since the beginning of the second half of the twentieth century, the public have become more aware of the interdependency of organizations, society and environment and people have realized that, on the one hand, organizations reach their goals by relying on the society's existing facilitates and on the other hand, organizations' measures must lead to benefits and achievement for the society too. Hence, efforts have always been made to improve the benefits in the organizations in a way that benefit more than they spend, and, in other words, the organizations create values as well as profit. In fact, in order to preserve their legitimacy and viability, organizations must acknowledge the fact that they have public and social roles and duties.

The theory of social identity is one of the theories which established a link between organizations' social activities and employees' work tendencies. This theory states that people tend to identify or describe themselves in social contexts and classify themselves and others in different social classes. Every person has a list of membership in different social classes. Social identity includes different aspects of a person's self-perception resulting from their conformity with the class of which they consider themselves to be a member (Hewstone & Jaspars, 2005).

Hence, all members in different social classes have the same identity which describes and explains their attitudes, for example, how one can think or feel or behave (Hogg et al., 1995).

Identity can be defined as the perception of the member of a group including direct and indirect experience of failures and successes of the group. In this case, factors related to identity include the group's values and actions as compared to other groups, the group's reliability in competition with other groups or at least familiarity with other groups (Ashforth and Mael, 1998).

Accordingly, active members in commercial organizations, too, can be considered as a social class. According to the theory of social identity, organizational membership may be considered as an aspect of personal identity and may affect the employees' self-description in relation to a certain organization. For example, like the fans of a sports team, employees, too, can view the organization's success as their own success and compare their organization with other organizations. As mentioned, positive identification of the group's values and actions can directly affect identity. Therefore, social identity entails social responsibility and can be a reflection of positive distinctions in an organization's values and actions in comparison with other organizations. Therefore, if employees consider their organization as a member with social responsibility for the society, the sense of belonging to this organization can, by itself, improve their personal identity or self-perception (Brammer et al., 2007).

Accordingly, when the issue of responsibility in social life, such as in organization, is analyzed, the organization's measures must not be based merely on the rights of shareholders and founders or even the observance of obligatory legal frameworks; rather, responsibility must be deemed a voluntary issue and a kind of commitment and duty on the part of organizations (Takala and Pallap, 2000).

3.1. Defining responsibility

In 1992, in his book on ethical and social responsibilities of management, professor Mahdi Irannejad Parizi defined social responsibility as: the commitment of decision-makers to measures which generally lead to welfare in the society besides providing their own benefits.

Companies' social responsibility is their commitment to the use of their resources to benefit society and enhance welfare in the society using their revenues (Cook et al., 2001). Barney and Griffin (1992) defined social responsibility as a set of duties and commitments that an organization must have in order to preserve and help its society.

Robison believed that social responsibility is one of the commitments and obligations of an organization in order to benefit the society such that the primary goal of the organization, i.e. maximization of profit is balanced (Khalili Araghi and Yaghinlou, 2005: 54).

Kate Davis believed that social responsibility is a sense of commitment on the part of managers of commercial organizations of the private sector to make decisions in a way that serve not only benefit the institute but also to improve the general welfare of the society (Khalili Araghi and Yaghinlou, 2005: 56).

3.2. Different views on social responsibility

Companies' social responsibility is a flexible concept. It is both a method and a goal. Social responsibility is the constructive part of an organization. It is a method used by the organization to offer products or services to the market (method aspect of responsibility).

On the other hand, societal responsibility attempts to legitimize the measures taken by the organization in the society by paying attention to the basic needs and concerns of the beneficiaries

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(purposefulness aspect of responsibility).

The success of social responsibility in an organization shows how much the organization has managed to identify and respond to the needs of the beneficiaries besides implementing its organizational model. Responsibility is respecting interdependent relations which exist between the organization, beneficiary groups, economic system and the related societies.

3.3. Aspects of social responsibility

Social responsibility has four aspects (Bozorgi, 2004: 21) which are outlined below:

1. Economic aspect: It is the most important aspect of social responsibility of organizations. It deals with economic activities and measures. In other words, the primary responsibility of every economic agency is making profit; therefore, when the organization makes the required profit and ensured its viability, it can deal with other responsibilities as well. In fact, the main goal of the organization is focused upon in this aspect.
2. Legal aspect: It is the second aspect of social responsibility whereby organizations are required to act within the framework of public laws and regulations. The society determines these laws and all citizens and organizations are obligated to respect them as a social value. The legal aspect of social responsibility is also referred to as ‘social obligation’.
3. Ethical aspect: It is the third aspect of social responsibility. Like other members of the society, organizations are expected to respect values, norms, beliefs and convictions of the people and consider morality in their activities. The legal aspect of social responsibility is referred to as ‘social accountability’.
4. Public and national aspect: It is the fourth aspect of social responsibility and includes expectations, demands and policies of chief managers in the macro level. It is expected that managers and agents adopt a comprehensive view and respect and preserve public unity and interest of their country and make general decisions and strategies and have a long-term view in their decision-making. The national aspect of social responsibility is referred to as ‘social contribution’. Social accountability, in fact, refers to a kind of formal relationship where the authority is transferred from one party to the other.

Social responsibility and financial performance

The commercial unit’s tendency to and insistence on commitment to social responsibility in all aspects has a considerable effect on financial performance. In fact, tendency toward social responsibility prompts the commercial unit to attempt to improve the environment, use less energy and materials, and manage wastes, etc. (Sandhu, 2010). As a result, commercial units can optionally maximize their long-term intervals by reducing their negative effects on the society, such that today this there is the common opinion among commercial units that their long-term success can be achieved through the management of the company’s operations by ensuring environmental support and progress of the company’s social responsibilities (Sami et al., 2008). Therefore, implementation of social responsibility leads to the improvement of the success of companies in the long term, and finally results in economic growth and increase in competitive power and improvement of the performance of companies (Sanchez et al., 2010).

Based on the literature, there are three types of relationships – positive, negative and neutral (no relationship) – between social responsibility and financial performance. There are several positive views regarding the positive relationship between companies’ social responsibility and financial performance.

5. Review of literature

In a study titled “Propagating Companies’ Social Responsibility, a Factor Completing and Replacing

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Government's Policies and Duties (Government's Policy making for Propagating Companies' Social Responsibility)", Omidvar (2008), after determining the social responsibility of companies, mentions the aspects of social responsibility and describes its source and development. It is noteworthy that companies' social responsibility appeals to governments.

In their study titled 'Relationship between Companies' Financial Performance and Social Performance', Simpson and Kohrs (2002) investigated the relationship between companies' financial performance and social performance in the banking industry of Netherlands. The results of their research were indicative of the existence of a positive relationship between companies' financial performance and social performance.

6. Main hypothesis

There is a significant relationship between social responsibility and the financial performance of top cooperatives in the city of Isfahan.

6.1. Subsidiary hypotheses

1) Social responsibility in leadership and intra-organizational processes have a significant relationship to financial performance.
2) There is a significant relationship between social responsibility in the environment and financial performance.
3) There is a significant relationship between social responsibility at the workplace and financial performance.
4) There is a significant relationship between social responsibility in the society and financial performance.
5) There is a significant relationship between social responsibility in the market and industry environment and financial performance.

7. Research model

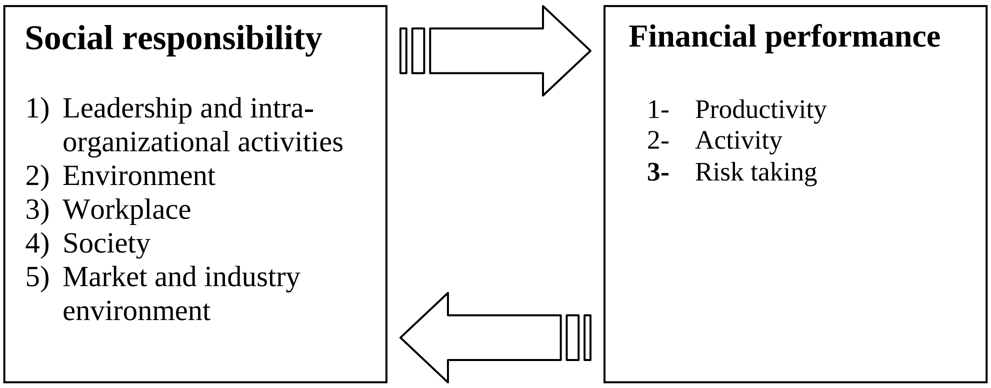

Figure 1. Schematic model of the study (based on Singhapakdi's model)

8. Methodology

This study is a descriptive-correlational survey and is subsumed under field studies. In descriptive studies, the aim is to appropriately describe a special condition in a real and objective way (i.e. what is). Since this study attempts to investigate social responsibility and financial performance in the top cooperatives working in the city of Isfahan, it is a descriptive study. And because it determined the relationship between the mentioned variables, it is considered as correlational. Also, due to the fact that the researcher has used questionnaires to elicit beliefs, thoughts, perceptions and justifications from individuals, the study is a regarded as a survey.

8.1. Population

Th statistical population is the population which is studied. In fact, statistical population is all the real

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or imaginary members to whom we which to generalize the results and findings of our research. In this research, the population comprises all employees of top cooperatives located in the city of Isfahan between the years 2010 and 2013.

8.2. Sample size and sampling method

This study used convenience sampling. The conditions for the choice of sample were as follows:

1. Access to the employees of the company or service or sales offices of the company
2. Completeness of financial data required by the company
3. Willingness of executive and financial managers of the company to cooperate

Considering the aforementioned required elements of financial and questionnaire data, 22 top cooperatives were selected as sample classes. It should be noted that 5 questionnaires were completed in each company and 110 completed questionnaires were collected.

9. Data collection instruments

The data collection tools used in this study were Singhapakdi et al.'s (2007) questionnaire of social responsibility and the researcher-made questionnaire of financial performance. Individual questions and questions based on research indices were blended into a single questionnaire which was given to the respondents. The 'social responsibility' questionnaire comprised 34 questions and the 'financial performance' questionnaire comprised 22 items bas on Likert scale.

9.1. Validity of measurement tools

To enjoy validity, the measurement instrument must be able to measure the intended feature. The importance of validity lies in the fact that inappropriate and insufficient measurements can depreciate any research and scientific projects.

Content and formal validity of the questionnaire was verified by expert judgment of professors and scholars in the area of management science and organizational behavior.

9.2. Reliability of data collection tools

To test the reliability of the questionnaires, Cronbach's alpha was used for a sample of 30 subjects based on primary studies and pre-test. Because the value of alpha obtained for the research elements and questionnaires was below 0.7, the measurement tools proved to have high reliability.

10. Data analysis methods

After data collection, the data were summarized and classified and were prepared for testing the hypotheses. For this purpose, descriptive statistics including percentage and cumulative percentage were used for the personal characteristics of the respondents. Considering the hypothesis and variables under investigation, main and specialized questions of each index were combined on the questionnaire and were introduced based on mean and standard deviation. In the investigation and testing of research hypotheses, Pearson's correlation coefficient and the regression model, the t-test of two independent variables, and analysis of variance along with significant levels were used. Statistical analysis was conducted using SPSS;19.

Table 1. Frequency distribution of respondents based on gender

Gender	Frequency	Percentage
Male	72	65/5
Female	38	34/5
Sum	110	100

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Table 2. Frequency distribution of respondents based on marital status

Marital status	Frequency	Percentage
Married	85	77/3
Single	25	22/7
Sum	110	100

Table 3. Frequency distribution of respondents based on organizational position

Organizational position	Frequency	Percentage
Manager	22	20/0
Employee	88	80/0
Sum	110	100

Table 4. Frequency distribution of respondents based on education

Education level	Frequency	Percentage	Cumulative percentage
Diploma	10	9/8	9/8
AA	4	3/9	13/7
BA	83	81/4	95/1
MA and above	5	4/9	100
Sum	102	100	-
No answer	8		

Table 5. Frequency distribution of respondents based on work experience

Work experience	Frequency	Percentage	Cumulative percentage
5 years and less	8	7/5	7/5
6-10 years	47	43/9	51/4
11-15 years	12	11/2	62/6
16-20 years	25	23/4	86/0
More than 20 years	15	14/0	100
Sum	107	100	-
No answer	3		

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Table 6. Results of test of normality of data (No. 110)

Variable	Statistic(K-S)	(p)
Social responsibility in leadership and intra-organizational processes	1/3	0/07
Social responsibility of participation in the environment	1/24	0/092
Social responsibility of participation at the workplace	0/663	0/772
Social responsibility of participation in the society	1/30	0/07
Social responsibility of participation in the market and industry environment	1/045	0/225
Social responsibility of cooperatives	0/769	0/595
Financial performance	0/616	0/843

Considering the results of the test of normality of data in Table 6, in can be argued that because of the significance levels of Kolmogorov–Smirnov test are above the 5% error, the hypothesis is not rejected, which means that the data are normal.

Table 7. Correlation coefficient in the investigation of the relationship between the aspects of social responsibility and financial performance

Variable	Pearson's Correlation Coefficient	Significance Level
social responsibility	0/324	0/001
social responsibility in leadership and intra-organizational processes	0/453	0/001
social responsibility in the environment	-0/090	0/348
social responsibility at the workplace	-0/012	0/901
social responsibility in the society	0/279	0/003
social responsibility in the market and industry environment	0/559	0/001

10. Results of descriptive statistics

Participants included 110 people, of whom 65.5% were males and 34.5% were females, 77.3% were married while 22.7% were single. Managers comprised 20% of the participant and employees comprised 80% of the total participants. Majority of the participants (81.4%) had a BA degree and 3.9% had AA. Participants' average work experience was 14 years, with 8.7 of standard deviation. Modified classification of work experience would be done and reported in following sections. As it can be seen in table 5.4, highest number of participants, i.e. 43.9% had an experience between 6 to 10 years whereas the lowest number, i.e. 7.5%, had 5 or less years of work experience.

In descriptive analysis of financial performance and social responsibility of cooperatives, it was shown that mean for social responsibility of cooperatives in environment was 2.40, which is less than average. This shows that cooperatives had responsibilities less than average. However, other dimensions of social responsibility and variable of total social responsibility had means more than average. This indicates that they had responsibilities far more than the average. Also, financial performance with mean more than the average shows that cooperatives' financial

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performances were more than the average. Standard deviations are small numbers which indicate that data are accurate enough. In investigating whether data were normal with regard to research variables, levels of significance of the variables were less than 5% error in Kolmogorov Smirnov Test and therefore data were normal.

10.1. Results of inferential statistics

In testing main research assumption, Pearson coefficient of correlation was .324 and level of significance was less than .05 of error. So, there is a significant, direct, and average relationship between social responsibility and financial performance; as social responsibility increases, financial performances of cooperatives increase.

In testing first research assumption, Pearson coefficient of correlation was shown to be .453 and level of significance was less than .05 of error. This indicates that there is a significant, direct, and average relationship between social responsibility in leadership and intra-organizational processes and financial performance; increase in social responsibility in leadership and intra-organizational process, financial performance of cooperatives increases.

In testing second research assumption, Pearson coefficient of correlation was - .09 and level of significance was not less than .05 error. Therefore, there is no significant relationship between social responsibility in environment and financial performance.

In testing third research assumption, Pearson coefficient of correlation was .012 and level of significance was not less than .05 of error. So, there is no significant relationship between social responsibility in workplace and financial performance.

In testing fourth research assumption, Pearson coefficient of correlation was .279 and level of significance was less than .05 of error. So, there is a significant, direct, and average relationship between social responsibility in society and financial performance. Increase in social responsibility in society leads to increase in cooperatives' financial performance.

In testing fifth research assumption, Pearson coefficient of correlation was .559 and level of significance was less than .05 of error. Therefore, there is a significant, direct, and average relationship between social responsibility in market and industry environment and financial performance. Increase in social responsibility in market and industry environment leads to increase in cooperatives' financial performance.

In multiple regression analysis which was run for the investigation of simultaneous influence of each kinds of responsibility on cooperatives' financial performance, coefficient of multiple determinations indicates that 49.5% of variation in dependent variable of financial performance is initiated by independent variables (all types of social responsibility) in the model. In investigating simultaneous effect of type of social responsibility on cooperatives' financial performance, it is obvious that, in regression model, levels of significance are less than .05 of error for coefficients of all social responsibility. Therefore, coefficients of these variables are significant along with y intercept in regression model. It can said that, simultaneously, variables of "social responsibility in environment" and "social responsibility in workplace" affect cooperatives' financial performance indirectly, while "social responsibility in leadership and intra-organizational processes", "social responsibility in society" and "social responsibility in market and industrial environment" affect it directly.

Each unit of change in "social responsibility in market and industrial environment" leads to .429 unit of increase in cooperatives' financial performance. Furthermore, each unit of increase in "social responsibility in workplace", leads to .204 unit of decrease in cooperatives' financial performance. Regression model can be presented as below:

Financial performance = .872 + .269 (leadership and intra-organizational processes) - .284 (environment) – .204 (workplace) + .208 (society) + .429 (market and industrial environment)

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In quantitative analysis which was done based on cooperatives' financial data, Pearson coefficient of significance between social responsibility and "financial performance based on activity" is less than .05 and, thus, there is a significant, indirect, and average relationship. However, Pearson coefficient of correlation did not show significant relationship between social responsibility and "financial performance based on profitability" and "financial performance based on risk taking in financial support".

Linear regression analysis was run for the investigation of the effect of social responsibility on financial performance of risk taking in financial support showed that each unit of change in "social responsibility" leads to .065 unit of decrease in financial performance of risk taking in financial support. Moreover, coefficient shows that 22.3% of changes in financial performance of risk taking in financial support of cooperatives are caused by social responsibility. Regression model is presented as below:

Financial performance of risk taking in financial support = 3.489 - .065 (social responsibility)

Other findings and investigation of supplementary hypothesis show that demographic variables (including sex, education, marital status, organizational status, and work experience) do not affect social responsibility and financial performance.

Also, investigation of means of research variables in t-test revealed that mean of social responsibility in environment is significantly less than average 3. In addition, cooperative's social responsibility in environment is noticed less than the average. Means of other research variables are significantly higher than average 3 and it can be proposed that those have been noticed more than average.

Recommendation:

- Considering the fact that financial performance had a relationship with social responsibility with regard to customers and societal institutions, therefore it is recommended that company managers improve the aforementioned aspects in their companies, because improvement of social performance results in the improvement of financial performance.
- Organizations such as cooperatives must improve their company's financial performance while observing social responsibility. Considering the research findings regarding the fact that the variable of social responsibility of participation in the environment in the top cooperatives of the city of Isfahan was significantly below the average of 3, it is recommended that managers and decision-makers of cooperatives adopt appropriate policies to increase social responsibility in the environment.
- Organizations such as cooperatives must improve their financial performance while observing social responsibility.
- Managers of cooperatives should improve the financial performance by increasing social responsibility.
- Managers of cooperatives should improve the financial performance by increasing social responsibility in leadership and intra-organizational processes.

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