Impact the relationship between the accounting disclosure of social responsibility and the company life cycle characteristics on the company financial risks degree (An applied study)

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Abstract

The purpose of this study is to investigate the effect of the relationship between the Corporate Social Responsibility disclosure (CSRD) and the Corporate Life Cycle (CLC) on the financial stress (FS).

In order to achieve the study objectives, we examine the effect of the firm's life cycle stages and corporate social responsibility on the financial stress. After classifying firms into the initial, growth, mature, and decline stage of the life cycle, we find that the firms in the growth and mature phases of the life cycle the CSRD engagement is negatively correlated with financial stress, while the effect of CSRD relieving financial stress is not related to firms in the initial stage or decline stage of the life cycle.

This study was applied on a sample of 65 Egyptian corporations listed at Egyptian Security Exchange during the period 2016-

2018, Multiple regression analysis was used to ascertain the relationship between the study variables.

The results of the study showed that the Corporate Social Responsibility disclosure (CSRD) and firm's life cycle stages have a significant effect on financial stress, since each life cycle stage has its unique accounting and financial characteristics affecting significantly on the financial risks (financial stress) addition to there are negative combined effects of both CSRD and financial characteristics of the firm's life cycle stages (special the maturity Stage) on financial stress for firms listed on the Egyptian stock exchange market, This results suggest that firms are not homogeneously related to the impact of CSRD on financial stress. Hence, investors can identify the firm's life cycle and take it into consideration when making decisions to minimize their investment risks.

Keywords: Corporate Social Responsibility disclosure, Corporate Life Cycle Characteristics, Financial Risk, Financial Stress.

أثرالعلاقة بين الأفصاح المحاسبي عن أداء المسئولية الأجتماعية وخصائص دورة حياة الشركة علي درجة المخاطرالمالية التي تتعرض لها الشركة (دراسة تطبيقية)

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ملخص الدراسة

هدفت هذه الدراسة الى أختبار أثر الأداء الأيجابي للمسئولية الاجتماعية خلال كل مرحلة من مراحل دورة حياة الشركات على درجة المخاطر المالية التي تتعرض لها الشركات المساهمة العامة المدرجة في البورصة المصرية .

ولتحقيق أهداف الدراسة تم استخدام أسلوب تحليل المحتوى من خلال تطبيق تحليل الأنحدار لقياس تأثير الأفصاح عن أداء المسئولية الأجتماعية خلال مراحل دورة حياة الشركة علي درجة الضائقة المالية التي تتعرض لها الشركات . وقد طبقت الدراسة على عينة مكونة من (٦٥) شركة من الشركات المساهمة المدرجة في البورصة المصرية خلال الفترة ٢٠١٦-٢٠١٨م

وأظهرت نتائج الدراسة وجود علاقة سلبية بين الأداء الأيجابي للمسئولية الأجتماعية ودرجة المخاطر المالية (الضائقة المالية) التي تتعرض لها الشركات (الفرض الأول) ، كما أظهرت النتائج وجودعلاقة ايجابية بين خصائص دورة حياة الشركة وبين الأداء الأيجابي للمسئولية الأجتماعية للشركات خاصة خلال مرحلة النضج (الفرض الثاني) ، وأظهرت النتائج أيضا أن هناك تأثير قوي للتفاعل بين الأداء الأيجابي للمسئولية الأجتماعية وخصائص دورة حياة الشركات علي تخفيض درجة الضائقة المالية التي تتعرض لها الشركات خاصة في مرحلة النضج (الفرض الثالث) .

الكلمات الافتتاحية: الأفصاح المحاسبي عن أداء المسؤولية الاجتماعية، درجة المخاطر المالية (الضائقة المالية) ، دورة حياة الشركة .

1- The theoretical framework

1/1 The nature and problem of the research:

Corporate social responsibility (CSR) is considered to have multiple dimensions, as it can be attributed to cultural, social, economic, and financial reasons, and therefore it depends on a broad perspective of corporate social responsibility activities and reporting, which is what (Moser and Martin, 2012) indicated that social responsibility includes all corporate actions that affect stakeholders.

Corporate social responsibility can also be considered as companies' consideration of their social and environmental impacts resulting from their operations and includes all the benefits that these companies can perform and positively affect the economic development of both the company and the community in which the company operates (Moser and Martin, 2012), and corporate social responsibility is considered a major factor in the success and continuity of the company (Hoi et al., 2013). However, there is no obligation for companies to disclose these activities in many countries.

CSR activities can be primarily directed as a risk management strategy used by a company to enhance its reputation, which in turn protects the company from financial risks and the risks of harmful political, regulatory, and social sanctions. (Minor and Morgan, 2011). The lack of a positive orientation towards corporate social responsibility disclosure may lead to negative

sanctions such as loss of corporate reputation, increased political or media pressure, potential fines, and penalties, and even consumer boycotts of the company's products. (El Ghoul et al., 2011) provided evidence that the presence of corporate social responsibility is positively associated with a lower cost of capital, while (Cheng et al., 2013) found that companies with a higher orientation towards social responsibility enjoy better stakeholder engagement, and transparency about social responsibility performance helps reduce capital constraints. (Hoi et al., 2013) indicated that corporate social responsibility activities and reporting can be considered an important part of corporate risk management.

According to risk management, a company that engages in and reports on social responsibility activities will serve the interests of its shareholders, which may mitigate the risks associated with financial stress, as CSR activities affect a range of stakeholders as a hedge against financial constraints or constraints. A company may be able to mobilize and rely on its connections and reputation with various stakeholders to mitigate financial risks such as financial distress (financial distress). As an extension of the risk management perspective, Tianjiao Zhao et al. (2019) pointed out, positively engaging in CSR activities creates goodwill or moral capital for the company, which provides insurance-like protection when negative events occur. In the United States, Attig et al. (2013) found a positive association

between strong social performance and corporate credit ratings due to improved stakeholder relations and increased long-term corporate sustainability, indicating efficient use of resources, sound financial performance, and reduced costs associated with socially irresponsible behavior. The same study found that management characteristics such as community relations, diversity, employee relations, environmental performance, and product characteristics are most important in explaining corporate creditworthiness. Credit analysts also found that positive corporate social responsibility activities are considered by credit analysts in credit rating decisions, because the resulting improvements in long-term sustainability reduce liquidity shortages and the resulting probability of default. The study (Hasan and Habib, 2017) indicated that large companies in the maturity stage care about the impact of the good reputation of their activities and how they interact with key stakeholders, including regulatory authorities. Therefore, these companies are likely to engage in social responsibility activities in a positive way on a larger scale compared to smaller or declining companies. The study suggests that in the maturity stage, the need to maintain capital or meet the minimum capital needs of the company is less important for mature companies. Therefore, these companies can spend more resources to ensure their participation in the social responsibility activities that companies provide to society. The study ((Gort and Klepper, 2019) indicated

that in the start-up and decline stages of the companies' life cycle, CSR activities, disclosure, and indirect costs, including reputational impacts and financial reporting impacts, are likely to be less important to their need for capital for survival, growth, innovation, and sustainable financing. In addition to the above, the disclosure of CSR information may enhance stakeholders' perception of compliance, governance, and financial risk management, which in turn can provide information about potential distributions of future cash flows. Moreover, positive participation in CSR-related activities may be associated with a range of financial benefits for companies that may outweigh the associated costs (,Lins, K.V et al., 2017).

Accordingly, companies can manage their financial behavior by increasing social responsibility activities in a positive way (Tianjio et al., 2019) in order to reduce financial risks and thus reduce the company's exposure to financial distress and financial pressures. The association between corporate social responsibility performance and financial risks such as financial distress or financial pressures is affected by the company's life cycle, given that management's access to resources and its strategy are likely to evolve across the different stages of the company's life cycle. The reason for this is that any association between the occurrence of financial distress or financial pressures to which the company is exposed and social responsibility performance is dynamic in nature and depends on the variation in

economic factors such as (cash flows, profits, asset turnover, and risks associated with financial solvency) and the opportunities available to the company throughout its different life cycles.

In light of the researcher's work on this topic, no studies have been conducted in the Arab region in general and in Egypt in particular on the impact of the relationship between disclosure of social responsibility performance and the company's life cycle on the degree of financial risks to which the company is exposed, especially financial distress or financial distress of the company. Therefore, this study expands the scope of the literature by examining the association between CSR performance and the company's life cycle and its impact on financial distress (financial distress), as it can be said that CSR activities constitute a set of risk management mechanisms and strategies that affect a whole group of stakeholders. This relationship is likely to be relevant to investors in particular in assessing the risks of premiums related to future cash flows and the cost of capital and in determining the probability of the company's exposure to risks and financial pressures during each stage of its life cycle. Therefore, this study will link CSR performance to the degree of financial risks such as financial distress or financial pressures that the company is exposed to during its life cycle and provide evidence that the integration between CSR performance and the company's life cycle has a different empirical effect on the degree of financial distress it is exposed to, as this study is the

first to document these links empirically in Egyptian companies. Therefore, the problem of this study is to answer the following questions:

- Is there a relationship between the disclosure of positive performance of social responsibility and the company's exposure to financial risks such as financial distress or financial stress?
- Does the company's life cycle affect the degree of positive performance of social responsibility of the company?
- Is there a joint effect of the characteristics of the company's life cycle and the disclosure of social responsibility performance on the degree of financial risks to which the company is exposed such as financial distress (Financial Stress)?

1/2: Research Objectives:

Considering the research problem, the most important research objectives are as follows:

- Knowing whether there is an impact of Egyptian companies adopting social responsibility activities on the degree of financial risks to which these companies are exposed, especially liquidity risks (financial distress or financial distress)
- Knowing the impact of the characteristics of the company's life cycle on the company's social responsibility performance.
- Measuring the impact of integration between disclosure of the performance of social responsibility activities and the company's life cycle on the degree of financial risks related to lack of liquidity (financial distress).

1/3: The importance of the research

This research derives its scientific and practical importance from several factors and considerations, perhaps the most important of which are the following:

- This research is a contribution to the accounting literature and an extension of previous studies that link disclosure of social responsibility performance to other variables such as financial performance and company value, but this research depends on introducing new variables that have not been previously studied in Egypt.
- The importance of this research lies in the reality imposed by new developments on the activities of companies and business organizations aiming for profit and to the increased interest of the state in measuring the level of social contribution of companies towards the surrounding environment and society, as the company's success in performing social responsibility is considered one of the most important indicators of the company's success after the indicator of achieving profitability.
- The scarcity of theoretical and applied accounting studies - within the limits of the researcher's knowledge until preparing this research - in the Arab business environment and the Egyptian in particular that tried to link the performance of social responsibility and the company's life cycle and their impact on the degree of financial risks to which the company is exposed, especially the risks of liquidity shortage (financial distress).

- The current study is one of the few studies that examined the accounting effects of the stages of the company's life cycle in an applied and direct manner on the degree of financial risks to which the company is exposed.
- The results of this study may be of interest to company managers to find out whether there are positive effects of the company performing its social responsibility during each stage of its life cycle on reducing the degree of financial risks (financial pressures) to which the company is exposed.

1/4: Research Methodology

The researcher relied on the inductive approach in reviewing the accounting literature related to the research topic through periodicals and scientific dissertations related to the research topic with the aim of benefiting from them in formulating the theoretical framework of the research. The researcher also used the deductive approach to explore and interpret the relationship between social responsibility performance during the company's life cycle and the degree of financial risks to which the company is exposed during each stage of its life cycle. The researcher also conducted an applied study on Egyptian non-financial joint-stock companies listed on the Egyptian Stock Exchange to study these relationships and test the research hypotheses.

1/5: Research Limits

There are some limitations to this research, which are as follows:

- The financial risks addressed are limited to the risks of liquidity shortage, which are referred to as (financial distress, financial distress, or financial pressures) to which the company is exposed, without being exposed to credit risks, market risks, interest rate hike risks, exchange rate fluctuation risks, etc.
- The impact of disclosure of social responsibility performance for activities related to community service is only addressed without addressing in detail the impact of each type of other social responsibility, such as (activities related to environmental protection - activities related to human resource development - activities related to upgrading products and services) on the degree of financial pressures to which the company is exposed.
- This research focuses on companies listed on the Egyptian Stock Exchange in various sectors except for (banks - finance companies - telecommunications companies) due to their special nature, and the generalizability of the research results will be conditional on the controls for selecting the research sample.

1/6: Research Plan

- 1: The intellectual framework of the research.
- 2: Extrapolation and analysis of previous studies.
- 3: Measuring the impact of disclosure of social responsibility performance during the life cycle of the company on the degree of financial risks to which the company is exposed.
- 4: Applied study methodology.
- 5: Results, recommendations, and future research directions.

- 6: Research references.

2: Induction and analysis of previous studies

The researcher addresses some previous studies related to the research topic and then analyzes these studies with the aim of reaching the research gap, which represents the main motivation for this research as an extension of previous research in this field.

2/1: Study (Nana Liu, et al., 2019):

The study aimed to measure the impact of disclosure of social responsibility performance on the company's flexibility towards financial shocks, as it found that companies that disclose their social responsibility have more flexibility towards financial shocks compared to companies that do not disclose their social responsibility, and the study measured the impact of disclosure of corporate social responsibility performance (CSR) on information related to financial constraints (FC).

The study also concluded that disclosure of corporate social responsibility negatively affects financial constraints, and the results of the quantitative regression also indicate that the effects will be more pronounced when the company faces stronger financial constraints. This study contributes to the field of corporate social responsibility and expands the empirical research on the economic effects of corporate social responsibility. It can also encourage companies to voluntarily disclose social responsibility information because of its great

importance in promoting sustainable development of the capital market and society.

2/2: Study (Farah Fawaz, 2019):

The study aimed to identify the impact of disclosure of social responsibility in making credit decisions for financial institutions in the Kingdom of Saudi Arabia. The study concluded that Saudi financial institutions rely on social responsibility information when making the decision to grant credit. Disclosure of social responsibility also improves the chances of obtaining the required financing and reduces the cost of financing for financial institutions. The study recommended that borrowing establishments should perform their social role and disclose this in their financial reports. 2/3: Study (Dutordoir et al., 2018):

This study indicated that social responsibility performance can mitigate irregular financial risks, as companies are able to absorb internal and external financial shocks, as social responsibility performance maintains and enhances good relations between the company and customers, investors and suppliers in the form of increased trust and credibility and improves the company's image in society and regulatory bodies, which provides strong protection similar to free insurance, and works to stabilize demand and supply in times of crises and increase flexibility against shocks and contributes to the speed of the company's recovery and sustainable growth.

2/4: Study (Heba Allah Abdel Salam, 2018)

The study aimed to analyze and test the relationship between institutional ownership and the level of disclosure.

of social responsibility on the one hand and the value of the company on the other hand, and the study concluded that the relationship between institutional ownership and the level of disclosure of companies about their social responsibility and the value of the company is not significant from the point of view of investors, as there is a lack of interest on the part of investors in the level of disclosure of social responsibility, and the study recommended the need to educate investors about the social role of companies, which is no less important than their economic role and achieving profitability.

2/5: Study (Chen, Y., et al., 2018):

This study addressed the relationship between social responsibility and earnings management in Chinese companies and found that there is a negative relationship between social responsibility performance and earnings management practices in Chinese companies operating in the field of oils, while a positive relationship was found between social responsibility performance and earnings management practices in Chinese companies operating in the food industry.

2/6: Study (Zhong and Gao, 2017)

This study concluded that disclosure of social responsibility is positively related to the value of cash assets, as it provides

additional information that reduces information asymmetry and thus reduces the problems of moral hazard and facilitates monitoring of investment decisions of managers, which leads to more effective use of the cash held. As for companies that refrain from disclosing social responsibility reports, they are exposed to financial risks and withdraw from their cash reserves quickly and in ways that do not enhance the company's future performance.

2/7: Study (Hasan and Habib, 2017)

This study tested the impact of social responsibility performance on cash retention in the United States of America. The study relied on a sample of American companies during the period from 1997 to 2015. The study concluded that social responsibility performance reduces cash retention through the mechanism of financial restrictions and the quality of financial reports.

2/8: Study (Tareq Al-Dhahrawi, 2017)

The study aimed to identify the nature of accounting disclosure in Jordanian joint-stock companies and its impact on the company's financial performance. The descriptive analytical approach was used through a field study that included 34 financial managers of the sample companies. The results of the study showed that there is an impact of disclosing the costs of social responsibility related to consumer protection and community service on the company's financial performance.

2/9: Study (H.and Tamayo, A) 2017)

It studied the relationship between social responsibility represented by (resources Humanity, human rights, social responsibility, environmental responsibility, and governance) and financial performance measured by (ROA, ROE) and the ratio of market value to book value. The study was applied to a sample of 329 companies distributed between the United States of America, the European Union, and Asia during the period between 2009-2014. The study concluded that there is a positive relationship between social responsibility activities and financial performance of companies.

2/10: Study (Mehralian, et al., 2016)

The study aimed to test the impact of disclosure of social responsibility performance on financial performance in Iranian companies by studying the impact of each activity related to social responsibility accounting (activities related to environmental resource development, activities related to human resource development, activities related to community service, activities related to product improvement) on financial performance. The content analysis method was used by applying a specially prepared index. The study was applied to a sample of 58 companies during the period between 2007-2012. Through the results of the multiple regression analysis, the study concluded that investment in activities related to product upgrading leads to improving financial performance, and the remaining activities

related to social responsibility accounting did not affect financial performance.

2/11: - Study (Servaes and Tamayo, 2013)

This study aimed to analyze and test the impact of companies' disclosure of their social responsibility on the value of companies in the presence of customer awareness. Based on a sample of American companies registered from the Comp stat database and using Tobin's Q as a measure of corporate performance and advertising costs as a measure of customer awareness, the study concluded that there is a positive impact of corporate social responsibility on its value in the case of a high level of customer awareness, while social responsibility did not affect morally or negatively affected the value of companies in the case of a low level of customer awareness. In addition, the study concluded that there is a negative relationship between corporate social responsibility and its value in the case of high customer awareness for companies that do not have a good reputation.

By analyzing previous studies, the researcher concludes the following:

- Previous studies concluded that there are positive effects of companies playing their role in society in general and fulfilling their responsibilities in various fields such as the environment, employees, governance, products, and services in particular.

- Most previous studies addressed the relationship between social responsibility performance and the company's value or financial performance, and some addressed its impact on cash retention.
- The methodology of this study differs from the methodology of most previous studies in using the content analysis method to examine financial reports over a more recent time series and by introducing variables that were not addressed in previous applied studies.
- Previous studies, nor any study in the Arab environment or in Egypt - to the researcher's knowledge until the date of preparing this research - did not address the impact of the relationship between disclosure of social responsibility performance and the company's life cycle on the degree of financial risks to which the company is exposed during each stage of its life cycle, which creates a research gap in this field that deserves study and gives great importance to this research.

3: Measuring the impact of disclosure of social responsibility performance during the company's life cycle on the degree of financial risks to which the company is exposed and deriving research hypotheses:

In the context of studying the influential relationship between disclosure of social responsibility performance and the company's life cycle on the degree of financial risks (financial distress) to which the company is exposed, this can be addressed through the following points:

3/1: Financial Distress (Financial Pressures):

The financial distress of companies is somewhat ambiguous as it can be attributed to several general terms commonly used in accounting research such as (financial pressures - financial distress - financial failure). The study (Tianjiao, et al., 2019) indicated that financial distress or financial distress is the inability of the entity to pay its financial obligations when they are due and this is due to many reasons and factors, including social responsibility performance. (Faff, R., et al., 2018) defined financial risks as the relationship between the required return on investment and the risks that accompany this investment, and that In order to employ this relationship in a way that leads to maximizing the value of that investment from the point of view of its owners, i.e. managing unpredictable events, which may result in potential losses in the facility, if they are not dealt with appropriately, which is the loss that may be exposed to as a result of uncertain changes, and the most important of these risks is liquidity risks, which are the risks represented by the difficulties that the company will face in terms of providing the funds necessary to meet its obligations on their due date.

In practice, in times of financial crisis, financial distress increases (Campello et al., 2012), as financially distressed firms show an increase in the cost of capital, a decrease in access to external sources of financing, a weakening of the credit rating, and, in general, an increase in the willingness of managers to take more

risks (Edwards et al., 2013). However, credit-constrained firms focus on the need to preserve capital and maintain credit ratings and meet the requirements of creditors in order to maintain their continuity. Any firm in financial distress may be exposed to the risk of severe negative penalties such as loss of corporate reputation, increased political/media pressure, potential fines, and penalties, and even loss of customers and suppliers (Diebecker, et al., 2017). In the case of a stable firm, the firm will implement social responsibility activities provided that the margin of benefits exceeds the margin of costs, as strategies designed to alleviate the severity of financial distress will become more attractive and feasible as the potential costs of financial distress increase. There are many ways to mitigate financial risk behavior, especially the risk of liquidity shortage, the most important of which is the use of corporate social responsibility, which motivated this study.

3/2: Corporate social responsibility performance and financial distress:

(Alan Gregory, et al., 2016) defined social responsibility as all attempts in which companies contribute to achieving development due to ethical and social considerations, and therefore social responsibility depends on good initiatives from companies without legally binding procedures.

(Al-Sayrafi, 2015) defined corporate social responsibility as "a social contract between the company and society to achieve

society's expectations in the long term, and includes the company's activities that support social, charitable, environmental, legal and economic dimensions, and that this contract has costs associated with the activities of fulfilling it and financial and non-financial benefits that affect the company's quantitative performance.

The success of companies in carrying out their role in social responsibility depends on their commitment to four criteria: respect and responsibility towards employees and members of society, supporting and assisting society, and protecting the environment in terms of taking the initiative to provide what serves the environment, improves environmental conditions in society and addresses various environmental problems, in addition to focusing on improving the product, which represents the basic outputs provided to society. The social responsibility of the private sector is closely linked to the concept of sustainable development (HU.Y., et al., 2016).

Many companies worldwide have moved towards paying attention to their social responsibility and carrying out activities that enable them to serve the environment and society. This trend was a result of the increasing pressure on companies to reconcile their economic goals And social requirements for their survival and growth, and the number of companies that disclose through their reports the extent of their performance of social responsibility has increased in developed countries, especially

the United States of America (Hamrouni., et al., 2019), and in Egypt the number of companies that care about performing their social responsibility and disclosing it in their financial reports has increased, and the Directors Center of the General Authority for Financial Supervision and the Egyptian Center for Corporate Responsibility, in cooperation with the Egyptian Stock Exchange and the (S&P) Foundation, prepared an index for the environment, governance and social responsibility in Egypt in 2010 to evaluate companies according to their disclosures about social responsibility performance. The study of YI LU et al., 2016) analyzed the impact of accounting disclosure of social responsibility performance on cash value, as it found that disclosure of social responsibility reports leads to an increase in the marginal value of cash assets, and this effect is clear in companies operating in a less transparent information environment. The study of (Chen et al., 2018) also attempted to analyze the relationship between social responsibility performance and the financial pressures that the company is exposed to, including the risks of liquidity shortage, as this study explained the impact of disclosure of social responsibility performance on regular and irregular risks and the impact of this on the degree of cash retention. The study of (Dutordoir et al., 2018) indicated that social responsibility performance maintains and enhances good relations between stakeholders in the form of increased credibility with investors and customers, and improves

the company's image in society and government agencies, which reduces cash retention in times of crises and increases flexibility against shocks, thus contributing to the speed of the company's recovery and continued growth and represents strong protection for the company similar to the insurance process. (Cheung, A., 2016) provided evidence that the presence of CSR is positively associated with a lower cost of capital and found that companies with a higher CSR orientation have better stakeholder engagement and transparency about CSR performance, which in turn helps reduce capital constraints and reduce financial risks. (Alan Gregory et al., 2016) also indicated that companies with a low level of CSR face high risks, and (Minor and Morgan, 2011 - Hoi et al., 2013) highlighted the emerging trend that CSR activities and reporting can be considered an important part of a company's risk management.

Hence, we find that according to risk management, a company that participates in CSR activities and reports them to its shareholders may mitigate the risks associated with falling into financial distress, as disclosure of positive CSR activities affects a group of stakeholders as a hedge against financial obstacles or restrictions, as the company is able to mobilize and rely on its ties and reputation with various stakeholders to mitigate financial risks. The company's performance to ensure financial stability is also affected by its position on CSR and related procedures, which include broader considerations regarding social and ethical responsibility (Arouri,

M., et al., 2015). As a result, the company develops its policies, strategies and activities related to social responsibility in order to provide the best financial results in a complex and competitive business environment. According to the risk management perspective, CSR activities must be increased due to their impact on the degree of financial risks, including (financial distress), since the two are systematically and negatively related. Tianjiao Zhao et al. (2019) extends the financial risk management perspective by asserting that when companies engage in corporate-type CSR activities that target society as a whole, this creates goodwill or moral capital for the company that provides insurance-like protection when negative events occur. They assume that this activity results in positive stakeholder ratios that then mitigate their negative judgments and penalties towards companies because of this goodwill and this serves to preserve the economic value of the company. Another perspective is based on stakeholder theory, where positive CSR engagement is a proxy for high-quality management. The study (Gross, 2019) indicated that corporate social responsibility activities are reflected in the quality of management in general, which means that companies engaged in these activities are less likely to fall into financial distress. The study (Gross, 2019) concluded that corporate social responsibility disclosures are negatively related to the degree of financial stress in the United States. He added that companies with high disclosure of social responsibility performance are 11% less likely to default on their financial obligations in the short term. In the

same context, (Attig et al., 2013) found a positive association between strong social performance and corporate credit ratings in the United States due to improved stakeholder relations and increased long-term sustainability of companies, indicating efficient use of resources, sound financial performance, and reduced costs associated with socially irresponsible behavior. It was also found that management characteristics such as community relations, diversity, employee relations, environmental performance, and product characteristics are the most important in increasing the creditworthiness of companies. Attig et al. (2013) also hypothesized that credit analysts view CSR activities positively in their rating decisions because the resulting improvements in long-term sustainability reduce the financial stress on the company and the likelihood of default. In addition, disclosure of CSR performance may enhance stakeholders' perceptions of compliance, governance, and risk management, which in turn can provide information about potential distributions of future cash flows, which could explain the potential negative association between positive CSR disclosure and the degree of financial distress.

Thus, we expect companies that demonstrate a high level of positive CSR activities as a risk management strategy to be subject to lower levels of financial risk, especially related to liquidity shortages.

Hence, the first hypothesis is:

H1: There is a negative and significant association between disclosure of positive CSR performance and the degree of financial risk to which the company is exposed (financial distress).

3/3: The impact of the interaction between disclosure of social responsibility performance and the company's life cycle on the degree of financial distress to which the company is exposed. The company's life cycle is a relatively recent variable in accounting studies and research. It refers to the financial and economic stage that the company goes through. Since its inception, the company has gone through several different stages, each of which faces special financial needs imposed by the financial situation and the constraints of the surrounding environment. Many studies have developed a set of models for the stages of the company's life cycle, each of which deals with those stages from the beginning to the decline stage. The study (Drobetz et al., 2016) divided the stages of the company's life cycle into four stages, each of which has certain characteristics that affect the size of cash flows, as follows:

Startup Phase: In the beginning stage of the company's life, large sales are not generated, which leads to the formation of negative cash flows from operating activities. The focus at this stage is on spending cash on investment activities by obtaining sufficient financing for these investments. This produces negative cash flows from investment activities and positive cash flows from

financing activities. Growth Phase: In this stage, the company begins to grow, and sales begin to increase until reaching the maturity stage, and positive cash flows are generated from operating activities (surplus), which helps cover the amounts associated with investment activities. The company does not need more financing at this stage due to the improvement in cash flows from operating activities.

Maturity Phase: In this stage, the company's sales reach their maximum limit so that they cannot increase at a greater rate due to the company reaching its full production capacity or the market situation and the emergence of new competitors do not allow for further growth of the company.

Decline Phase: In this stage, the company's sales begin to decline due to the emergence of new or alternative products or the increasing intensity of competition in the market to sell similar products.

The company's life cycle theory assumes that companies undergo systematic changes in operating, investment and financing activities, available resources, organizational capabilities, risk appetite and strategies as they progress through different stages (Dickinson, 2011).

The study (Faff, R Kwok, et al., 2018) used the company's age as a financial measure to express the stages of the company's life cycle when studying the financial and accounting effects of the company's life cycle. The Dickinson, 2011 model for measuring the stages of

the company's life cycle based on data extracted annually from the cash flow statement data is the most famous of these types of models. Dickinson, 2011 provided an applied guide that proved that the cash flow signal for the company's various activities represents fundamental differences between the different stages that the company may go through during its life cycle, and it also fairly represents the company's profitability, growth, and risks. Therefore, cash flow data resulting from operating, investment, and financing activities can be used to measure the impact of the stages of the company's life cycle, starting from the start-up stage, to the decline stage. Some studies have shown that companies in the growth and maturity stages are more profitable and less risky (Habib et al., 2018). Therefore, these differences are expected to affect the level of financial distress at each stage of the stages. The life cycle of the company, so investors evaluate the company's ability to deal with financial distress and restore profitability primarily through generating cash flows and potential profits (Anton, S., 2016). When companies face financial stress, they are likely to be in their early stages of growth, and management is looking for ways to improve their capabilities and retain resources. However, in the early stages, companies may lack liquid resources and the ability to compete effectively with their competitors. According to the dynamic resource-based theory, human capital, social capital, and resources (such as finance, technology, and materials) are more likely to face financial stress in the early stages of its life cycle (Cheung, 2016). In

the early stages of its life cycle, a company may face a high cost of capital due to uncertainty about future cash flows and profits and potential difficulties in raising additional capital (Lending et al., 2018). During the maturity stage, companies may have a greater competitive advantage by using the sufficient resources available to them. In the maturity stage, companies may be equipped with sufficient resources, which makes them less vulnerable to financial distress. Access to greater resources, including experience, in the maturity stage means that the company's management can focus on maintaining reputation and investments (Hasan and Habib, 2017). Companies at this stage of their life cycle have higher earnings per share, the ratio of retained earnings to total assets or to total equity is high, and the return on net operating assets is also high, which leads to higher and continuous profits compared to younger companies. The size and age of the company also increase in the maturity stage. Maintaining operating cash flows and continuous certainty regarding future cash flows, profits, innovations, investments, and profit margins in mature companies may mean that these companies are less vulnerable to financial distress (Hasan and Habib, 2017).

Given that accounting disclosure of CSR performance reduces financial distress, and that financial distress is contingent on the firm’s life cycle, it is also possible that both CSR performance and life cycle stages jointly affect a firm’s financial distress. Furthermore, the association between financial distress and CSR performance is likely to increase over the firm’s life cycle, as mature firms are more

concerned with the reputational effects of their activities and how they interact with key stakeholders including regulatory authorities. Thus, these firms are likely to engage in CSR activities more positively than smaller or declining firms (Nana et al., 2019). As for the impact of the company's life cycle on the quality of accounting disclosure, the study (Hansen et al., 2018) showed that the early stages of the company are controlled by the founding owners, which makes the company more inclined to withhold some information related to potential losses as well as the direct announcement of expected profits. This results in information asymmetry between the founding owners and other parties dealing with the disclosed financial information. The study also found that shareholders and stock exchange dealers will demand more disclosures from the company's management during the growth stage related to operating cash flows and operating profits, as well as the level of spending on research and development, due to the prevailing instability during that stage. This means that the amount of accounting disclosure will be the factor influencing the quality of accounting disclosure during the growth stage. As for the maturity stage and its impact on the characteristics of the quality of accounting disclosure, the study (Hansen et al., 2018) showed that the agency problem appears clearly during that stage, whether the agency problem between managers and shareholders, or managers and founding owners on the one hand and the rest of the shareholders and stakeholders on the other hand. Therefore, the management seeks to provide more

optional disclosures to shareholders and other stakeholders in the company about financial and operational performance and governance in order to reduce the cost of agency. Hence, we find that during the maturity stage, the factor affecting the quality of accounting disclosure is the level of analysis and detail of the information disclosed in the financial and non-financial reports issued by the company. Finally, with regard to the characteristics of the quality of accounting disclosure during the deterioration stage, the study showed that during that stage, the company makes its disclosures more negative, less optimistic, more complex and ambiguous (Hansen et al., 2018). The researcher believes that in the growth and decline stages of the companies' life cycle, corporate social responsibility activities, disclosure, and indirect costs, including reputational impacts and financial reporting impacts, are likely to be less important to the company due to its need for capital to survive, grow, innovate, and sustain financing. The reason for this is that younger companies face uncertainty regarding revenue streams and costs, and therefore these companies face some financial pressures from a lack of liquidity, which results in their inability to pay some short-term financial dues on their due dates. Younger companies in the growth stage are concerned with achieving growth goals and ensuring their ability to compete adequately and have sufficient resources to expand into new markets and develop new production lines, and therefore they are less concerned with performing social responsibility activities in a positive manner. The

need to maintain capital or meet the minimum capital needs of the firm is less important for mature firms, so these firms can spend more resources on ensuring that they engage in and communicate adequately with CSR activities (Cui et al., 2016). The lower degree of certainty and risk related to current (and possibly future) earnings and cash flows at the maturity stage may mean that firms at this stage have reduced risks of financial stress and are more inclined to increase their role in performing CSR activities. The reason is that managers of these firms are likely to have a better understanding of the environment in which the firm operates and have more resources at their disposal that may allow them to identify opportunities to engage in positive CSR activities (Chang, M., 2016). Moreover, if firms have excess cash, less competition, and higher levels of agency costs, management of mature firms will be motivated to revitalize the firm by engaging in CSR programs in a positive way, as this may enhance the firm's competitive position and reputation in the market. In addition, managers of firms at this stage are likely to be Maturity stage aware of the potential reputational costs associated with low level of communication and CSR.

Based on the economic and financial differences between companies during each stage of their life cycle and the company's ability to perform its social responsibility, the dynamic between CSR activities and financial distress increases (Dutordoir, M., 2018).

From the above, we find that mature companies with fixed investments that provide positive CSR activities are likely to face

low financial risk (low financial distress), the reason is that mature companies leverage their relationships with key stakeholders and society as a whole to maintain their reputation and ensure that this also helps maintain competitive advantage and financing opportunities, and thus the relationship between positive CSR performance and the degree of financial risk (financial distress) is likely to be affected during the stages of the life cycle of the company.

From the above, the second and third hypotheses are:

H2: There is a significant moral effect between the stages of the company's life cycle and the positive performance of social responsibility.

H3: The interaction between the disclosure of positive performance of social responsibility and the characteristics of the company's life cycle leads to an increase in the effect on reducing the degree of financial risks (financial distress) to which the company is exposed.

4- Applied Study Methodology

The main objective of the applied study is to test the hypotheses related to the study, as the researcher, through this study, measures the impact of accounting disclosure of social responsibility performance on the degree of financial risks (financial distress) to which Egyptian companies registered on the stock exchange are exposed during the stages of the company's life cycle, through the following points:

4/1: Study community and sample:

The study community includes a sample of joint-stock companies registered on the Egyptian Stock Exchange, during the period from 2016 to 2018, where the selection of the sample was subject to the following criteria:

- The sample companies must be among the companies registered on the Egyptian Stock Exchange and the most traded and active during the study period. This feature is available in the EGX 100 index companies, which measures the performance of the 100 most active companies in the Egyptian market, including the EGX 30 index companies and the EGX 70 index companies, as the EGX 100 index measures the change in the closing prices of companies without weighting them by market capitalization.
- The company must have continued its activity from 2016 to 2018.
- The company's published financial reports must be available on a regular basis and must contain sufficient data to calculate the study variables and must not have been delisted or merged during the study period.
- The company must not have suspended its shares from trading for a period exceeding six months during the study period.
- It must have a website and publish its financial statements on this website on an ongoing basis.
- The company must not have incurred losses on a regular basis for more than one year.

- Joint-stock companies belonging to the financial sector were excluded to avoid the undesirable impact of extreme values, as accounting practices, risks and characteristics of financial companies differ significantly from those of other companies.

The application of the previous criteria resulted in the selection of 65 joint-stock companies registered on the Egyptian Stock Exchange to represent the study sample, as shown in the following table:

Table No. (1): Statement of the study population and sample

S.N	Sector	Study Population	The Study Sample	Views	Percentage Of Sample Companies to Total Sectors
1	Tourism and	9	8	96	12%
2	entertainment	8	5	70	8%
3	Technology	16	12	152	18%
4	Construction	15	14	210	21%
5	health care	2	2	28	3%
6	media	4	3	36	5%
7	Gas and oil	21	16	192	25%
8	Food and drinks Chemicals	7	5	65	8%
	Total	82	65	849	100%

The researcher relied on collecting data and information about these companies during the study period on the financial statements and reports and their supplementary explanations and the reports of the Board of Directors for the sample companies that were selected (from 2016-2018) through their websites, the Argamm website (Argamm.com), the Mubasher. Info website, the Egyptian Information Dissemination Company website (WWW.egidegypt.com), and the Egyptian Stock Exchange website (WWW.egx.com.eg).

4/2: Analysis of the results of the applied study and testing the research hypotheses:

4/2/1: Study Variables:

In this part of the study, the researcher defines the variables and the proposed models to measure them:

- Dependent variable: The degree of financial risks to which the company is exposed (Financial Stress)

Financial distress or financial pressures to which the company is exposed expresses the lack of liquidity and the company's inability to pay its dues in the short term, and according to the study of (Campello, 2012 - Al-Najjar, 2017 - Bick et al., 2017) this variable is measured by the ratio of cash and its equivalent to the net book value of assets (total assets - cash and its equivalent).

- Independent variables:

A- Disclosure of social responsibility performance:

This variable is measured according to the Egyptian index for social, environmental and corporate governance, where it takes the number 1 if the company discloses social responsibility elements and zero if they are not disclosed, then the percentage of the disclosure level is calculated according to the study (Nekhili, 2017) by dividing the number of disclosure items of social responsibility performance by the total number of social responsibility index elements using the following equation:

CSR reporting Index= $\sum n\, j\, ,\, t\;\; X\, i\, j$

N*j*

Where:

Xij = Number of social responsibility index elements disclosed for company j during period i

Nj = Total number of social responsibility index elements (32 elements) (*)

B- Accounting characteristics of the company's life cycle:

Some studies indicate that (Al Hadi et al. 2016 - De Angelo et al. ,2006)

To measure the company's life cycle using the retained earnings to total assets or to

total equity model to measure the stages of development in the company's life

cycle, as they see that retained earnings (RE) measured by total assets (TA) or total shareholders' equity (TE) includes basic information related to the company's

life cycle, they found that companies with high retained earnings to total assets (RE/TA) or retained earnings to total equity (RE/TE) are usually in the maturity

stage, while companies with a low ratio of RE/TA or RE/TE are usually in the

(*) We will take from the Egyptian Stock Exchange index for development and sustainability (EGX ESG/(S&P) the items related to disclosure of social and environmental responsibility of

companies related to community development only, and their number is 32 items.

beginning or decline stage.

The Dickinson (2011) model for measuring the characteristics of the company's life cycle stages is the most widely used model among the models for measuring the characteristics of the company's life cycle, as cash flow data resulting from operating, investment, and financing activities can be used to measure the characteristics of the company's life cycle stages from the inception stage to the deterioration stage. This model has been used in many applied studies related to the financial and accounting effects of the company's life cycle, such as the study of both (Habib, and Hassan, 2018- Akhtar et al., 2018). According to the Dickinson (2011) model, companies are classified into different stages of their life cycle according to the net cash flow from: operating activities (CFO), investment activities (CFI), and financing activities (CFF). According to the cash flow patterns of companies, the stages of the company's life cycle are classified into four stages as follows:

Initial stage: This stage occurs when the following condition is met:

INTRO: CFO<0, and CFI<0, and CFF>0

Growth stage: This stage occurs when the following condition is met:

GRO: CFO>0, and CFI<0, and CFF>0

Maturity stage: This stage occurs when the following condition is met:

MAT: CFO>0, and CFI<0, and CFF<0

Deterioration stage: This stage occurs when the following condition is met:

DEC: CFO<0, and CFI>0, and CFF<or>0

The net cash flow signals at each stage of the company's life cycle according to the Dickinson model (2011) are as follows:

Initial stage: The sign of (CFO and CFI) is negative while the sign of (CFF) is positive.

Growth stage: The sign of (CFO and CFF are positive while the sign of (CFI) is negative.

Maturity stage: The sign of (CFO) is positive while the sign of (CFI and CFF) is negative.

Deterioration stage: The sign of (CFO) is negative while the sign of (CFI and CFF) is positive.

-Control Variables:

The study addresses the effect of disclosure of social responsibility performance and characteristics of the company's life cycle on the degree of financial distress to which the company is exposed. To clarify this effect, the estimated regression model to test this relationship must include a group of other variables that may affect the degree of financial distress to which the company is exposed as a dependent variable in the regression relationship and are not included in the independent

variables, which are known as control variables. The researcher can present it in the following points:

A- Company size: It is expected that there will be a negative moral relationship between the company size and the degree of the company's exposure to financial risks (financial distress), because large companies have a lower probability of default and are therefore exposed to less financial risks. Therefore, it is expected that large companies will be able to deal better in periods of financial distress because they have greater economic and political power compared to smaller companies. The company size is measured by taking the natural logarithm of total assets at the end of the year.

B- Financial leverage: It is expected that there will be a positive moral correlation between the company's dependence on debt and the degree of financial risk (financial distress) to which the company is exposed, as financial leverage is considered an alternative measure of the company's risk, and the higher the level of financial leverage, the greater the financial risks, and the degree of financial leverage is measured by the ratio between the total book value of debt and the book value of total shareholders' equity at the end of the year.

C- Growth opportunities: which may express the increased uncertainty and risk surrounding the company's decisions, it is expected that there will be a negative correlation between growth opportunities and the degree of financial distress that the

company is exposed to, and growth opportunities are measured by the ratio of the book value of equity to the market value of equity.

D- Research and development: Research and development expenses (R&D) are measured as a percentage of total assets, and there are several controls for the level of companies' spending on research and development, and companies with intensive research and development are likely to be exposed to financial pressures more than other companies.

E- Return on assets (ROA): It is expected that there will be a negative relationship between the high rate of return on assets and the degree of financial distress that the company is exposed to, and it is measured by dividing net income by total assets.

F- Previous year's losses: It is expected that the losses incurred in the previous year (Loss) will affect the degree of financial distress that the company is exposed to this year, and it is expected that there will be a positive correlation between the company's incurring losses last year and the degree of financial distress. This variable is expressed by a dummy variable that takes the value (one) if the company incurred losses in the previous year and takes the value (zero) otherwise.

The dependent variable, independent variables and control variables are measured through the following table:

Table (2) Measurement of study variables

Variable Name	Variable Symbol	Measurement Methodology
The degree of financial stress or financial distress to which the company is exposed)	FS	This variable is measured by the ratio of cash and cash equivalents to the net book value of assets (total assets). Cash and cash equivalents)
Disclosure of social responsibility performance	CSR	The number is 1 if the company discloses the elements of social responsibility and 0 if it is not disclosed. Then the percentage of the level of disclosure is calculated by dividing the number of positive disclosure items about social responsibility performance by the total number of elements of the social responsibility index with the following equation: CSR reporting Index=$\sum_{t=1}^{n} \frac{X_{ij}}{N_j}$ whereas: j □ N = Total number of CSR elements (32 elements) Xij □ = Number of CSR elements disclosed for company j during period i
Accounting characteristics of the company's life cycle	Intro	**Submission Stage:** A company is in the application stage if cash flows from financing CFF is positive and the remaining flows are from (CFO, CFI) is negative and takes the number 1 if this is true and takes the number 0 otherwise.
	Grow	Growth stage: The company is in the application stage if the cash flows from financing (CFF) are positive and the remaining flows from (CFO, CFI) are negative and it takes the number 1 if this is achieved and takes the number zero otherwise.
	Matu	Maturity stage: The company is in the maturity stage if the cash flows from operating (CFO) are positive and the cash flows from investing (CFI) and financing (CFF) are negative and take the number 1 if this is achieved and take the number 0 otherwise.
	Decl	Deterioration stage The company is in the deterioration stage if the cash flows from investing and financing (CFI and CFF) are positive and the cash flows from operating (CFO) are negative. It takes the number 1 if this is achieved and takes the number zero otherwise.
Company size	SIZE	It is measured using the natural logarithm of the average total market value of assets
Leverage	LEV	The ratio of total liabilities (liabilities) to total assets in the statement of financial position, which shows the degree of risk to which the company is exposed. As a result of high debt, which consequently affects the financial distress to which the company is exposed.
Market value to book value of equity (degree	MB	It represents a measure of the company's growth and is expected to have an impact on the degree of financial distress to which the company is exposed. It is measured

of growth)		using the natural logarithm of the market value of equity to the book value. Market-to-Book Value
Research and development expenses	R&D	It is measured by the ratio of research and development expenses to total assets
Rate of return on assets	ROA	It is calculated by dividing net income by total assets
Losses of the previous year	LOSS	It is identified from the company's income statement for the previous year, where it takes the number 1 if there were losses in the previous year and zero otherwise

4/2/2: Study Models:

To achieve the study objective and test the research hypotheses, a model was developed for each of the study hypotheses to measure the impact of the independent variables on the dependent variable as follows:

First applied model: To measure the impact of disclosure of positive performance of social responsibility on the degree of financial distress to which the company is exposed.

This model can be represented statistically as follows:

$$FS_{i,t} = \beta0 + \beta1(CSR_{i,t}) + + \beta2\ (SIZE_{i,t}) + \beta3(LEV_{i,t}) + \beta4(ROA_{i,t}) + \beta5\ (MB_{i,t}) + \beta6(R\&D_{i,t}) + \beta7(Loss_{i,t-1}) + \varepsilon it$$

Where FS i,t: represents the degree of financial distress to which company i is exposed during year t.

CSR i,t: represents the positive social responsibility performance of company i during year t. Size represents the size of the company, Lev represents the financial leverage, ROA represents the rate of return on assets, MB represents the growth rate, Loss t-1 represents the losses of the previous year, i represents the number of companies (65 (; t = fiscal years 2016-2018.

The second applied model: to examine the relationship between the characteristics of the company's life cycle and the positive performance of social responsibility.

This model can be represented statistically as follows:

$$CSR_{i,t} = \beta0 + \beta1(Intro_{i,t}) + \beta2 (Grow_{i,t}) + \beta3 (Matu_{i,t}) + +\beta4 (Decl_{i,t}) + \beta5 (Size_{i,t}) + \beta6 (Lev_{i,t}) + \beta7 (ROA_{i,t}) + \beta8 (MB_{i,t}) + \beta9(R\&D_{i,t}) + \beta10 (Loss_{I,t-1}) + \varepsilon i,t$$

Where: CSR it represents the degree of social performance of the company ((i during year t, :Intro it represents the company's appearance at the end of the year in the introduction stage (the beginning) and takes the number 1, :Grow it represents the company's appearance at the end of the year in the growth stage and takes the number 2, :Matu it represents the company's appearance at the end of the year in the maturity stage and takes the number 3, :Decl it represents the company's appearance at the end of the year in the deterioration stage and takes the number 4.

The third applied model: Measuring the impact of disclosure of positive performance of social responsibility and characteristics of the company's life cycle on the degree of financial distress to which the company is exposed.

This model can be represented statistically as follows:

$$FS_{i,t} = \beta0 + \beta1 (CSR_{i,t} * Intro_{i,t})+ + \beta2(CSR_{i,t} *Grow it)+ + \beta3 (CSR_{i,t} * Mat_{i,t}) + \beta4 (CSR_{i,t} *Dec_{i,t}) + + \beta5 (SIZE_{i,t})+ \beta6(LEV_{i,t}) + \beta7(ROA_{i,t}) + \beta8(MB_{i,t}) + \beta9(R\&D_{i,t}) + \beta10(Loss_{i,t-1}) + \varepsilon it$$

4/2/3: Statistical analysis of study data:

Appropriate statistical methods were used to analyze the data using the statistical program Statistical Package for Social Science version No. (18), as the SPSS program is used in applied and social studies, and the selection of appropriate methods in the analysis to test the study hypotheses was taken into account as follows:

4/2/3/1: Descriptive statistics for study variables

Descriptive statistical methods are used to obtain indications about the study sample using arithmetic means and standard deviations and testing the correlation and linear interaction between variables.

Table No. (3) Descriptive statistics for variables

Variable	Mean	Std.	Median	N. of Obs.
FS	0.361	0.263	0.285	849
CSR	0.635	0.252	0.630	849
Intro.	0. 345	0.252	0.279	849
Gro.	0.575	0.419	0.441	849
Mat.	0. 651	0.222	0.596	849
Dec.	0.295	0.201	0.251	849
Size	38.635	3.402	38.030	849
Lev	2.136	1.752	1.201	849
ROA	0.689	0.052	0.673	849
MB	0.175	0.650	0. 035	849
R&D	0.336	0.203	0.340	849
Loss t-1	2.035	1.002	0.931	849

Source: Prepared by the researcher based on the analysis of the outputs of the SPSS program.

The previous table No. (3) includes a statistical description of the data of the independent variables and the dependent variable (Descriptive Statistics), where the table shows the arithmetic mean and standard deviation for each variable. The arithmetic mean for disclosure of social responsibility performance was (0.635) with a standard deviation of (0.252), which shows that there is an effect of disclosure of social responsibility performance on the degree of financial distress to which the company is exposed, which is greater than the average, indicating the presence of an effect of social responsibility performance on financial distress. The degree of influence of the stages of the company's life cycle on the degree of financial distress to which the company is exposed also differed, as we find that the strongest effect is in the maturity stage (with an arithmetic mean of 0.651 and a standard deviation of 0.222 during the study period, followed by the growth stage with an arithmetic mean of (0.575) and a standard deviation of (0.419), then the beginning stage with an arithmetic mean of 0.345)), then the deterioration stage with an average of My calculation (0.295), and this shows that the maturity stage has a clear impact on the degree of financial distress that the company is exposed to during its life cycle, and it also showed that there is a clear impact of some control variables such as the size of the company (arithmetic mean 38.635), financial leverage (arithmetic mean 2.136), and previous year's losses (arithmetic mean 2.035), and the rest of the

control variables have various effects, some of which are weak and some of which are moderate, on the degree of financial distress that the company is exposed to during its life cycle for the sample of companies selected during the study period.
4/2/3/2: Normal Distribution Test

This test is used to verify whether the study variables follow the normal distribution or not, where parametric tests are applied if the variables follow the normal distribution, but if the variables do not follow the normal distribution, non-parametric tests are used. To verify this, the Jarque-Bera Test was used on the study variables after excluding the extreme values of some observations, and the results of this test appeared as in the following table:

Table (4) Results of the normal distribution test for variables (Jarque-Bera Test)

Variables	Skewness	Jarque –Bera Test	
		P- Value	JB
FS	11.876	0.000	23.846
CSR	9.738	0.000	15.962
Intro .	7.932	0.000	8.739
Grow.	6.945	0.000	14.831
Matu.	12.392	0.000	16.834
Delc.	15.427	0.000	9.638
Size	2.956	0.000	7.439
Lev	9.764	0.000	12.267
ROA	8.593	0.000	18.365
MB	12.735	0.000	17.394
R&D	7.582	0.000	9.529
Loss t-1	2.593	0.000	10.536

Source: Prepared by the researcher based on the analysis of the SPSS program outputs

The results of the previous table showed that the level of significance represented by the probability value (P-Value) is less than 5%, which means that the data does not follow the normal distribution in most variables. This is confirmed by the fact that the skewness coefficient does not approach zero and the value of the kurtosis coefficient exceeds (3) for most variables. To address this problem, the natural logarithm function (Natural Log) was used for these variables so that they approach the normal distribution. Since the sample size is large (849) observations, the problem of the non-normal distribution of the data will not affect the validity of the study models (Osama, 2013).

4/2/3/3: Collinearity Test:

The linearity was examined by calculating the Tolerance coefficient for each of the independent variables and the control variables, and the FIV (Variance Inflation Factor) coefficient was found, as it is a measure of the effect of the association between the independent variables, and this can be explained through the following table:

Collinearity Statistics Table No. (5) Collinearity Test for Study Variables

Models	Model 2			Model 1		Model 3	
Dep. V	CSR i,t		Dep. V	FS i,t		FS i,t	
Indep.V	VIF	Tolerance	Indep. V	VIF	Tolerance	VIF	Tolerance
Intro.	4.723	0.231	CSR	3.345	0.253	4.314	0.235
Grow.	3.640	0.263	Intro.	2.625	0.273	5.025	0.195
Matu.	5.542	0.152	Grow.	3.565	0.261	6.056	0.087
Delc.	3.412	0.267	Matu.	5.095	0.174	2.334	0.304

Size	**4.413**	**0.191**	**Delc**	**2.432**	**0.353**	**4.337**	**0.213**
Lev	**2.956**	**0.275**	**Size**	**3.063**	**0.227**	**4.427**	**0.208**
ROA	**6.238**	**0.181**	**Lev**	**3.154**	**0.283**	**4.621**	**0.199**
MB	**2.084**	**0.287**	**ROA**	**4.065**	**0.206**	**2.367**	**0.296**
R&D	**3.543**	**0.207**	**MB**	**1.845**	**0.453**	**2.074**	**0.268**
Loss t-1	**8.457**	**0.141**	**R&D**	**2.572**	**0.295**	**3.152**	**0.275**
			Loss t-1	**4.635**	**0.179**	**5.241**	**0.208**

Source: Prepared by the researcher based on the analysis of the outputs of the SPSS program.

It is clear from the previous table that the value of (VIF) for all independent variables did not exceed the number (10) (Osama, 2013), which means that there is a very weak correlation between the independent variables. Therefore, the three study models do not suffer from the problem of linear interference. Also, the correlation between the variables is not statistically significant and is very low. This indicates the strength of the models used to explain the impact of the independent variables on the dependent variable (social responsibility performance in the second model) and the degree of financial distress to which the company is exposed (in the first and third models). 4/2/3/4: Testing the correlation relationship between the study variables:

To test the validity of the study hypotheses, the correlation coefficients (Correlation Matrix) are calculated between the study variables, with the aim of knowing the degree of correlation of the independent variables with each other to indicate whether there is multi-collinearity between the independent variables or not, in addition to knowing the degree of correlation of the independent variables with the dependent

variable under study, and the correlation coefficient (Pearson) was used to determine the strength and direction of the relationship between the independent variables and the dependent variables. This is shown in the following table:

The following table shows the correlation matrix for the study variables.

Table No. (6) for the correlation coefficients between the study variables

Variables	FS	CSR		Intro.	Grow.	Matu.	Decl.	Size	Lev.	ROA	MB	R&D	Loss t-1
FS	1.000												
CSR	0.431**	1.000											
Intro.	0.132*	0.102*		1.000									
Grow.	-0.310**	0.215**		0.210**	1.000								
Matu.	-** 0.531	0.470**		0.231**	0.612**	1.000							
Decl.	0.124*	0.110*		0.312**	0.312**	-0.313*	1.000						
Size	-0.452**	0.452**		-0.165**	0.212**	0.431**	0.104	1.000					
Lev.	-0.347**	-0.354**		-0.021**	-0.212**	-0.132**	-0.312**	0.127**	1.000				
ROA	-0.362**	0.253**		-0.102**	0.012*	0.231**	-0.031**	0.321**	-0.011**	1.000			
MB	0.126	0.110*		0.012	0.012	0.109*	-0.012	0.013*	-0.213*	0.211*	1.000		
R&D	0.251*	0.040*		0.103*	0.210**	0.310*	-0.011*	0.242*	-0.002**	0.312**	0.102	1.000	
Loss t-1	0.373**	-0.462**		0.352**	-0.112**	-0.127**	0.231*-*	-0.126**	0.314**	-0.210**	-0.132*	-0.105*	1.000

**. Correlation is significant at the 0.01 level. *. Correlation is significant at the 0.05 level.

The previous table shows a negative significant correlation between the dependent

variable (FS), which is financial distress, and other variables such as disclosure of social responsibility performance (-0.431**), and with the characteristics of the company's life cycle during the growth stage (-0.310**) and the maturity stage (**-0.531), as well as a negative relationship with some control variables such

as Size - Lev - ROA) and a strong positive relationship with the losses of the previous year and weak with the rest of the control variables at a significance level of less than 5%. This indicates that disclosure of social responsibility performance and some stages of the company's life cycle, in addition to some control variables, have a strong correlation and impact on reducing the degree of financial distress to which the company is exposed. It is also noted that there is a significant relationship between most of the independent variables and each other, but all correlation coefficients are less than one. It is also noted that there is a positive relationship between the degree of disclosure of social responsibility performance and the characteristics of the company's life cycle, especially during (the growth stage 0.215**, and the maturity stage 0.470**), as social responsibility performance increases during the maturity stage more than any other stage of the company's life cycle. There is also a positive correlation with high significance between the degree of social responsibility performance (CSR) and some control variables such as (company size and rate of return on investment) and a negative correlation with the degree of financial leverage and losses of the previous year and with a high degree of significance. This indicates the impact of some stages of the company's life cycle and some control variables on the company's social responsibility performance. It is also noted that all control variables have a correlation with the dependent

variable, which confirms the strength of the impact of the proposed model variables on the dependent variable. There is also a positive correlation between all independent variables with each other, with a medium to high degree of significance, except for the relationship of the variable (Loss t-1), where its relationship is negative with most of the independent variables, as well as the variable (LEV), where there is a negative relationship with some of the independent variables, and this is considered logical, as the losses of the previous year and the degree of financial leverage negatively affect the performance of social responsibility and the stages of the company's life cycle.

4/2/3/5: Testing the validity of the study hypotheses:

4/2/3/5/1: Testing the validity of the first hypothesis.

The first hypothesis is related to measuring the impact of accounting disclosure of social responsibility performance on the degree of financial distress to which the company is exposed.

Where the first hypothesis states:

H1: There is a negative and significant correlation between disclosure of positive social responsibility performance and the degree of financial risks to which the company is exposed (financial distress)

The impact of the independent variables on the dependent variable is measured through the first applied model to measure this relationship, which is:

FS i,t = β0 + β1(CSR i,t) + + β2 (SIZE i,t)+ β3(LEV i,t) + β4(ROA i,t)+ β5 (MB i,t) + β6(R&D i,t) + β7(Loss i,t-1) + εit

The researcher used the OLS method in formulating the regression model (the first applied model) to measure the impact of disclosure of social responsibility performance on the degree of financial distress to which the company is exposed as a dependent variable.

Table No. (7) Results of the multiple linear regression analysis (according to the first model)

Dependent variable	The degree of financial distress to which the company is exposed FS				
	Unstandardized Coefficients		standardized coefficients	T-Test	
Independent variables	B	Std. Error	Beta	T	P.value
Constant	0.024	0.018		2.167	0.017
CSR	0.454-	0.005	0.109-	8.548**-	0.000
SIZE	0.327-	0.007	0.215-	5.037**-	0.000
LEV	0.043	0.021	0.184	3.979**	0.000
ROA	0.236-	0.012	0.292-	3.073**-	0.000
MB	-0.302	0.017	-0.258	-2.784*	0.038
R&D	0.018	0.013	0.258	1.569*	0.041
Loss t-1	0.316	0.002	0.364	3.531**	0.000
Summary of the results of the regression model according to the first model (testing the validity of the first hypothesis)	Multiple correlation coefficient R=0.692				
	The coefficient of determinationR2=0.584				
	Modified coefficient of determination6 =0.54 Adjust R2				
	Value F extracted from analysis of variance (ANOVA) = 196.348 P.value=0.000				
	0.16 Std. Error=				

a. Predictors: (Constant), CSR, SIZE, LEV, ROA, MB,R&D,Losst-1
Dependent Variable: FS

The researcher can see from the previous table that the value of the adjusted coefficient of determination (=0.546 Adjust R2) reflects the above-average explanatory power of the regression model, given that most of the changes can be explained through that model. As for the overall significance of the model used, it can be identified through analysis of variance (ANOVA), as the calculated F value reached 196.348, which is much higher than the tabular F value and at a high significance level (0.000). This indicates the high significance of the model used in the study and thus its suitability to achieve the study objectives. The regression results in the previous table No. (7) showed that disclosure of social responsibility performance has a negative moral impact on the degree of financial distress to which the company is exposed, as the sign of the regression coefficient (β1) was negative and its probability value was (Sig. = 0.000), in addition to the negative impact of some control variables on the degree of distress such as (Size- ROA - MB), which confirms the strength of the impact of CSR and some control variables on the degree of financial distress to which the Egyptian companies in the sample are exposed, which is consistent with some studies in developed countries such as the study (Albuquerque, et al., 2018 - Hamrouni, A., et al., 2019), as they confirm that positive performance of social responsibility reduces the degree of financial distress to which the company is exposed. The previous results also showed a positive moral effect for each of (Lev,

R&D, Loss t-1), as increasing the leverage rate, increasing research and development expenses, and incurring losses in the previous year lead to an increase in the financial distress that the company is exposed to during this year. In light of the above, the regression model can be formulated to measure the impact of disclosure of social responsibility performance on the degree of financial distress to which the sample companies are exposed as follows:

FS i,t = 0.024 - 0.454 (CSR i,t) - 0.327 (SIZE i,t) + 0.043(LEV i,t)

- 0.236(ROA i,t) - 0.302 (MB i,t) + 0.018(R&D i,t) + 0.316(Loss i,t-1) + εit

From the above, we can accept the validity of the first hypothesis, which is the existence of a negative and significant correlation between disclosure of positive social responsibility performance and the degree of financial risks to which the company is exposed (financial distress).

4/2/3/5/2: Testing the validity of the second hypothesis:

The second hypothesis states:

H2: There is a statistically significant moral effect between the stages of the company's life cycle and the positive performance of social responsibility.

The impact of independent variables on the dependent variable is measured through the second applied model to measure this relationship, which is:

CSR i,t = β0 + β1(Intro i,t) + β2 (Grow i,t) + β3 (Matu i,t) + +β4 (Decl i,t) + β5 (Size i,t) + β6 (Lev i,t) + β7 (ROA i,t) + β8 (MB i,t) + β9(R&D i,t) + β10 (Loss I,t-1) + εi,t

The impact of the characteristics of the company's life cycle and other control variables on the degree of social responsibility performance can be clarified through the following table:

Table No. (8) Results of the multiple linear regression analysis (according to the second model)

Dependent variable	Performing corporate social responsibility (CSR).				
	Unstandardized Coefficients		standardized coefficients	T-Test	
Independent variables	B	Std. Error	Beta	T	P.value
Constant	0.028	0.013		2.367	0.011
Intro.	0.023-	0.003	0.112-	3.628**-	0.000
Grow.	0.291	0.013	0.325	3.361**	0.000
Matu.	0.473	0.007	0.386	6.073**	0.000
Decl.	0.037 -	0.003	0.018-	2.749**-	0.000
SIZE	0.302	0.013	0.274	3.011**	0.000
LEV	0.039-	0.022	0.131-	1.925*-	0.000
ROA	0.202	0.002	0.162	2.002**	0.000
MB	0.102	0.011	0.148	1.054*	0.042
R&D	0.008-	0.018	0.017-	1.007-	0.112
Loss t-1	0.217 -	0.001	0.358-	3.367**-	0.000
Summary of regression model results according to the model the second (testing the validity of the second hypothesis)	Multiple correlation coefficient R= 0.661				
	The coefficient of determination547 R2=0.				
	Modified coefficient of determination0.523 Adjust R2				
	Value F extracted from analysis of variance (ANOVA) = 147.213 P.value=0.000				
	Std. Error=0.14				

a. Predictors: (Constant), intro, grow, matu, delc, SIZE, LEV, ROA,MB,R&D,Losst-1 Dependent Variable: CSR

Source: Preparation The researcher from reality analysis Outputs program SPSS.

From the previous table, we find that the value of the adjusted coefficient of determination (=0.523 Adjust R2), which means that this model explains 52% of the variables affecting the performance of social responsibility in the sample companies, which reflects the good explanatory power of the regression model, since most of the changes can be explained through this model. As for the overall significance of the model used, it can be identified through analysis of variance (ANOVA), as the calculated F value reached 147.213, which is much higher than the tabular F value and at a high significance level (0.000), and this indicates the high significance of the model used in the study and thus its suitability to achieve the study objectives. The regression results in the previous table No. (8) showed that the growth stage and the maturity stage have a positive impact on the performance of social responsibility, meaning that companies care about performing social responsibility during these two stages, and this is considered logical as the financial resources that enable the company to perform its social role during these two stages are available, as the sign of the regression coefficient (β2, β3) was positive and their probability value was (Sig. = 0.000), in addition to the positive impact of some control variables on the performance of social responsibility such as (Size- ROA - MB), which confirms the strength of the impact of the characteristics of the company's life cycle and some control

variables on the degree of social responsibility performance of the sample companies, which is consistent with some studies in developed countries such as the study (, 2018 - Hamrouni, A., et al., 2019 Woo Jae Lee) where they confirm that the growth stage and the maturity stage are the most influential in the company's performance of social responsibility, while the beginning stage and the deterioration stage cannot Performing its social responsibility, and these results are considered important for managers and owners because they give an indication of the extent of the company's ability to perform its social responsibility during each stage of the company's life cycle.

The previous results also showed that the impact of R&D is not significant, in addition to the existence of a significant negative impact for each of (Lev, Loss t-1), as increasing the leverage rate and achieving losses in the previous year leads to a negative impact on the company's performance of its social role.

The regression model for the impact of the company's life cycle characteristics on the disclosure of the CSR performance of the sample can be formulated as follows:

$$CSR_{i,t} = 0.028 - 0.023(Intro_{i,t}) + 0.291 (Grow_{i,t}) + 0.473 (Matu_{i,t}) - 0.037 (Decl_{i,t}) + 0.302 (Size_{i,t}) -0.039 (Lev_{i,t}) + 0.202 (ROA_{i,t}) + 0.102 (MB_{i,t}) - 0.217 (Loss_{I,t-1}) + \varepsilon_{i,t}$$

From the above, we can accept the validity of the second hypothesis, which is the existence of an impact of the company's life cycle on the degree of positive performance of social

responsibility, as the degree of impact varies from one stage to another.

4/2/3/5/3: Testing the validity of the third hypothesis:

Where the third hypothesis states:

H3: The interaction between disclosure of positive social responsibility performance and the characteristics of the company's life cycle leads to an increased impact on reducing the degree of financial risks (financial distress) to which the company is exposed.

The impact of independent variables on the dependent variable (financial distress) is measured through the third applied model to measure this relationship, where this model can be represented statistically as follows:

FS i,t = β0 + β1 (CSR i,t * Intro i,t)+ + β2(CSR i,t *Grow it)+ + β3 (CSR i,t * Matu i,t) + β4 (CSR i,t *Decl i,t) + + β5 (SIZE i,t)+ β6(LEV i,t) + β7 (ROA i,t) + β8 (MB i,t) + β9(R&D i,t) + β10(Loss i,t-1) + εit

(CSR × each stage of the company's life cycle) represents an interactive term that includes a variable that includes corporate social responsibility (CSR) during each stage of the company's life cycle.

The effect of the interaction between disclosure of social responsibility performance, characteristics of the company's life cycle, and other control variables on the degree of financial

distress to which the company is exposed can be measured through the following table:

Table No. (9): Results of multiple linear regression analysis (according to the third model)

The degree of financial distress to which the company is exposed FS					Dependent variable
T-Test		standardized coefficients	Unstandardized Coefficients		
P.value	T	Beta	Std. Error	B	Independent variables
0.103	2.827		0.017	0.028	Constant
0.000	2.548**-	0.114-	0.038	0.154-	CSR*Intro.
0.000	-7.937**	0.217-	0.012	0.328-	CSR*Grow.
0.000	9.024**-	0.395-	0.009	0.623-	CSR*Matu.
0.021	1.746*	0.109	0.031	0.032	CSR*Decl.
0.000	4.068**-	0.215-	0.007	0.327-	SIZE
0.000	2.956**	0.174	0.021	0.043	LEV
0.000	3.132**-	0.296-	0.012	0.236-	ROA
0.033	-2.485*	-0.256	0.017	-0.302	MB
0.042	1.847*	0.257	0.013	0.018	R&D
0.000	3.897**	0.368	0.002	0.316	Loss t-1
Multiple correlation coefficient R= 0.723					Summary of the results of the regression model according to the third model (testing the validity of the third hypothesis)
The coefficient of determinationR2=0.736					
Modified coefficient of determination=0.703 Adjust R2					
Value F extracted from analysis of variance (ANOVA) = 237.326 P.value=0.000					
0.12 Std. Error=					

Predictors: (Constant), CSR* intro, CSR*Grow, CSR*matu, CSR*delc, SIZE, LEV, ROA, MB, R&D, Lost-1 Dependent Variable: FS

The researcher can see from the previous table that the value of the adjusted coefficient of determination (=0.703 Adjust R2) reflects the high explanatory power of the regression model, given that most of the changes can be explained through that

model. As for the overall significance of the model used, it can be identified through analysis of variance (ANOVA), as the calculated F value reached 237.326, which is much higher than the tabular F value and at a high significance level (0.000). This indicates the high significance of the model used in the study and thus its suitability to achieve the study objectives. The regression results in the previous table No. (9) showed that disclosure of social responsibility performance during the maturity stage had the greatest impact on reducing the financial distress to which the company is exposed, as the sign of the regression coefficient (β3) was negative and its probability value was Sig. = 0.000)) CSR during the growth stage also had an impact on reducing financial distress, but its impact was less than the impact of CSR during the maturity stage, in addition to the negative moral impact of some control variables on the degree of distress such as (Size- ROA - MB), which confirms the strength of the impact of CSR during the maturity stage and the growth stage and some control variables on the degree of financial distress to which the Egyptian companies in the sample are exposed, which is consistent with some studies in developed countries such as the study (Albuquerque, R.; Koskinen, Y.; Zhang, 2018 - Hamrouni, A., et al., 2019), as they confirm that the positive performance of social responsibility during the maturity stage has the greatest impact To reduce the financial distress that the company is exposed to.

The previous results also showed a positive moral effect for each of (Lev, R&D, Loss t-1), where increasing the leverage rate, increasing research and development expenses, and achieving losses in the previous year during each stage of the company's life cycle lead to an increase in the financial distress that the company is exposed to during this year.

From the above, we can formulate a regression model for the effect of disclosure of social responsibility performance during the stages of the company's life cycle on the degree of financial distress experienced by the sample companies as follows:

FS i,t = 0.028 - 0.154 (CSR i,t * Intro i,t) - 0.328(CSR i,t *Grow it) - 0.623 (

CSR i,t * Mat i,t) + 0.032 (CSR i,t *Dec i,t) - 0.327 (SIZE i,t) + 0.043(LEV i,t)

- 0.236 (ROA i,t) - 0.302 (MB i,t) + 0.018(R&D i,t) + 0.316(Loss i,t-1) + εit

From the above, we can accept the validity of the third hypothesis, which is that the interaction between social responsibility performance Social and company life cycle increases the impact of social responsibility performance on the degree of reducing the financial risks to which the company is exposed, as previous results showed that the strongest impact of social responsibility performance on financial distress is during the maturity stage, followed by the growth stage.

- Results, recommendations, and future research

The most important theoretical results reached at the end of this study are as follows:

- This study addressed the impact of CSRD on the degree of financial risks

(financial distress) to which the company is exposed during each stage of its life cycle.

- The study concluded that the positive performance of social responsibility can negatively affect the degree of financial pressures (financial distress) to which the company is exposed, and the degree of impact varies according to each stage of the company's life cycle.

- The negative association between the positive performance of corporate social responsibility activities and financial distress increases in the maturity stage, as this study - the first study in the Arab and Egyptian environments - provides evidence that the interaction between both the positive performance of corporate social responsibility and the development of the life cycle is experimentally linked to financial distress.

- Companies face different objectives for disclosing social responsibility performance at each stage of their life cycle, as it was shown that during the maturity and growth stages, companies are more positive in performing and disclosing social responsibility in order to achieve more stability for them, while companies in the decline stage (deterioration) are less likely to engage in social responsibility activities and disclose them.

- The practical results of the study are consistent with the theoretical framework and hypotheses of the study, and with the results of some previous studies in developed countries, which indicates the importance of addressing this research in the Egyptian environment.
- The company's management can develop a - This research is useful and important for companies because it helps them develop strategies for performing social responsibility according to each stage of their life cycle and in a way that helps them achieve their economic goals, as the results we have reached expand the scope of the literature related to the drivers of financial distress in particular and the economic effects of engaging in corporate social responsibility activity in a positive way.

strategic approach to performing social responsibility activities based on the fact that the company's ability to provide resources depends on the development of its life cycle and its exposure to financial distress. The results we have reached are likely to be relevant to investors in particular in assessing risk premiums related to future cash flows and the cost of capital, and in determining the possibility of the company being exposed to financial pressures in the future.

The most important results of the applied study are:

- The study was conducted on a sample of 65 companies from the joint-stock companies registered on the Egyptian Stock Exchange and whose shares are traded within the EGX-100 index during

the period from 2016 to 2018, with a total number of observations of 849 observations (company / year).

- There is a negative impact of social responsibility performance on the degree of financial distress to which the company is exposed, as the applied study proved through the first hypothesis that there is a significant inverse relationship between the positive performance of social responsibility and the degree of financial distress to which the company is exposed, as the regression results showed that the positive performance of corporate social responsibility significantly reduces the company's financial distress.
- There is an impact of the company's life cycle on the positive performance of social responsibility, as the applied study proved through the second hypothesis that the positive performance of social responsibility increases during the maturity stage more than any other stage of the company's life cycle, and this is considered logical because the company in the maturity stage has the financial resources that enable it to perform its social role well, and this helps it to continue performing its activity and achieve more profits as a result of the community's support and satisfaction with the positive performance of social responsibility that the company provides to society.
- The impact of the interaction between social responsibility performance and the characteristics of the company's life cycle is stronger in reducing the degree of financial distress, as the

applied study proved through the regression results of the third hypothesis, that the impact of social responsibility performance on reducing the degree of financial distress that the company is exposed to increases during the maturity stage, followed by the growth stage, as the regression results proved that there is a strong negative moral impact of social responsibility performance during the maturity stage on the degree of financial distress that the company is exposed to.

- There are some control variables that help reduce the degree of financial distress that the company is exposed to, such as (large size of the company - increased growth rate - and increased rate of return on investment), while there are some other control variables that increase the degree of financial distress that the company is exposed to, such as (increased leverage rate - increased research and development expenses - the existence of losses realized during the previous year).

In light of the previous results, the researcher recommends the following:

- The need for Egyptian companies to study the results of this study and benefit from them in evaluating their community participation that they provide to society during each stage of their life cycle, due to its importance for the company's continuity, growth, and achieving more profits.

- The need to encourage companies to disclose their social responsibility performance, as this reduces their sensitivity to the

risks of financial pressures, and provides them with strong relationships with stakeholders, which helps these companies to access external financing easily and thus reduces the financial distress that the company may be exposed to.

In light of the results and recommendations reached, the most important areas that may form the basis for future research can be identified as an extension of this study in:

- The impact of corporate governance on social responsibility activities during the stages of the company's life cycle.
- Studying the relationship between disclosure of social responsibility performance and the degree of financial risks in small and medium-sized projects.
- A comparative study to measure the impact of each type of social responsibility (environmental - social - consumer protection - human resources) during the company's life cycle on the degree of financial risks that the company is exposed to, between Egypt and some Arab countries.

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