



## Economic Policy Uncertainty and Labor Investment Efficiency: The Mediating Role of Corporate Social Responsibility Disclosure

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### 1. Introduction

Economic Policy Uncertainty (EPU) has emerged as a critical factor affecting firm behavior, particularly in terms of investment decisions. Labor investment efficiency is among the key determinants of organizational performance and long-term competitiveness. In recent years, the importance of Corporate Social Responsibility (CSR) in mitigating external uncertainties and enhancing organizational transparency has also gained attention. This study investigates the effect of EPU on labor investment efficiency and examines whether CSR disclosure plays a mediating role in this relationship.

### 2. Research Hypotheses

This study aims to test the following hypotheses:

H1: EPU has a significant negative effect on labor investment efficiency.

H2: EPU has a significant negative effect on CSR disclosure.

H3: CSR disclosure is significantly associated with reduced inefficiency in labor investment.

H4: CSR disclosure partially mediates the relationship between EPU and labor investment efficiency.

### 3. Methods

This research is based on a sample of firms listed on the Tehran Stock Exchange from 2013 to 2023. Labor investment inefficiency is measured using residuals derived from a baseline investment model; while CSR disclosure is quantified using a content analysis approach. The impact of EPU is captured using a macroeconomic index adapted for the Iranian context. Panel data regression models are employed to test the hypotheses, and firm fixed effects and robust standard errors are used to ensure the reliability of results.

### 4. Results

The findings confirm that EPU negatively and significantly affects labor investment efficiency. CSR disclosure is significantly associated with improved efficiency in human capital investment. Moreover, the mediation analysis indicates that part of EPU's adverse effect on human capital investment is transmitted through a decline in CSR disclosure. This suggests that CSR not only directly supports better investment outcomes but also buffers the negative influence of policy uncertainty.

### 5. Discussion and Conclusion

This study highlights the importance of CSR as a strategic tool for mitigating the adverse effects of economic policy uncertainty. Policymakers and corporate managers should consider strengthening CSR initiatives to maintain investment efficiency in volatile environments. Additionally, the study suggests that enhanced CSR transparency can serve as a mechanism for reducing ambiguity and improving investor confidence, particularly in emerging markets such as Iran.

**Keywords:** Corporate Social Responsibility, Economic Policy Uncertainty, Labor Investment efficiency.