

SOCIAL RESPONSIBILITY ACCOUNTING AND SOCIAL RESPONSIBILITY REPORTING

Dharmendra Chavda ^[1], Dr. Maitreya N. Acharya ^[2]

[1] Research Scholar, Gujarat University

[2] Assistant Professor, Department of Statistics, School of Sciences, Gujarat University

ABSTRACT

The word social responsibility means to help the society in every manner as well as social accounting is attracting the attention of many industrialists today as a result of industrial growth & economic prosperity of many nations. If an organization has to function effectively and survive, it has to be accountable to the public at a large. Many Indian companies have given "value added statement" and sustainability reports in their annual reports in place of social reporting.

Social accounting is a method by which a firm seeks to place a value on the impact on society of its operations. The effect on society of the packaging it produced share holders, mandatory social disclosure requirement and management's motivation to improve the firm image more and more corporations of developed countries.

Keywords: Social Accounting, Human resource contribution, Foreign Exchange, Multi Perspective

INTRODUCTION:

Social accounting is the measurement and reporting information concerning the impact of entity and its activities on society. Social responsibility reporting has become an integral part of good management in India and abroad. Most of the companies are making efforts to earn customers loyalty through community development schemes, good corporate governance and by engaging stake holders within and outside the company so it is mandatory that managements at all level understand the scope and content of social responsibility so they can make value added contributions towards building the reputation and brand image of the company.

The acceptance of this concept of social responsibility must be reflected in the information and disclosure that the company makes available for the benefit of the various constituents like share holders, community workers, creditors, etc. Every company apart from being able to justify itself on the test of economic viability, will have to pass the test of social responsible entity. Over population, rural development, environmental protection including conservation of resources control of population and provision of clean drinking water.

Definitions:

Social accounting is the application of double entry book keeping to socio-economic analysis. The national association of accountants defined that it is the identification, measurement, monitoring and reporting of social & economic effects of an institution on society. This debate focused on the nature of corporate social responsibility and gave a rise to the possibility that this responsibility could be discharged through method of social responsibility accounting.

Objectives:

- ☞ To determine whether the individual firm's strategies and practices are consistent with widely shared social principles.
- ☞ To identify and measure the net social contribution of an individual firms internally but also those arising from external factors effecting different segments of the society.
- ☞ Goals programs performances and use of contribution to scarce resources available.
- ☞ In order to facilitate corporate accountability bromating 1973 has identified five possible areas in which corporate social objectives.

Scope of Social Accounting:

There is some scope of social accounting which is as below.

1. Net income contribution

2. Human resource contribution
3. Public contribution
4. Environmental contribution
5. Product and services contribution

Problems in corporate social reporting:

When the firm is attempting to report its social activities in the framework of current financial reporting methodology

1. How should the social contributions be identified?
2. How should the social contribution be measured?
3. How should the social contributions be described in significant manner so that informed judgments may be made about these contributions?
4. How should the social contributions be related to the conventional financial information expressed in corporate financial reports?

Objective of the study:

1. The present study aims to evaluate the divergent social responsibility reporting practices in Indian firms from both sectors by analyzing the scope and a type of social responsibility reporting in Indian companies.
2. The study was carried out by closely analyzing annual reports of 25 companies, randomly selected for the financial year 2006-2007.
3. To bring out the latest social accounting and reporting practices of Indian firms.

Important disclosure items in Indian firms:

The most significant items receiving the most attention recently in our in our country are as below. Efforts to save energy receiving the most attention recently although reporting of energy receiving conversation is statutory as per companies in report of board directors rules 1988 u/s217(e) of the companies act 1956 information regarding environment population and control techniques adopted also needs to be disclosed as per the consumer's protection act it is essential for the companies to offer quality products and services and attend to the companies of the consumers development of human resource is necessary but also for the growth and advancement of the society the quality and quantity of manpower does make great impact on the profitability of an enterprise element in an industry, the particulars of employees required to be furnished pursuant to section 217(2A) of the company's act 1956 read with the companies rules 1975. Maintenance of adequate foreign exchange has become social obligation of a business enterprise today hence they have to disclose this information pertaining to the next foreign exchange earn by the enterprise.

Principles of Social Accounting:

- **Multi perspective:** The social accounting and reporting practices of the company should take in to consideration in the different views of people and groups that are important to the organization.
- **Comprehensive:** The report should be prepared in detail and inclusive of all activities of an organization related to various stake holders of the company.
- **Disclosed:** The firm needs to be very transparent with regard to its social cost & benefits contributed to the society. Disclosure is not mandatory but still corporate should take all possible steps to disclose timely.
- **Regular:** Social Accounting and responsibility reporting should become continuous process of an organization. It should be conducted on an ongoing basis at regular intervals.
- **Comparative:** The report should able to compare its activities with other similar companies to understand it comparative position and should also help to compare its own activities over a period of time.

The Process of Social Accounting and Auditing:

The following are the three stages involved in social accounting:

1. **Planning:** In the first stage of social accounting the organization clarifies its mission, objective and activities as well as its values. This stage also involved identification of stake holders and their interest in the organization.
2. **Accounting:** In this phase an organization decides the scope or focus on social accounts, the areas it should cover in social accounting, and then the organization sets up ways of collecting relevant information over a period of time.

3. **Reporting and Audit:** The information that was collected and analyzed in step 2 is brought together in a single document, which serves as a draft of social accounts. People from outside the organization refer as social audit panel review this document to check that the report has been properly gathered and interpreted.

SUGGESTIONS:

The social accounts give the information both qualitative and quantitative to highlight the performance of the company. Social accounts have been audited by an independent social audit panel have more credibility. The information which is audited can be used powerfully to demonstrate not only what the organization has done, but also how it intends to improve. The concept of corporate social accountability and its accounting participles of social responsibility reporting of social enterprise there are no standard norms available for measuring, reporting and evaluating the social performance of a corporate enterprise. There is need to develop one comprehensive model of social accounting which in turn will help in bringing uniformity in reporting. Reporting of the social activities of the firm should always be in the form of social report separately enclosed with the annual report that should take some steps and should make it compulsory.

REFERENCES

- [1] www.ficci.com/mediaroom/speechespresentation/2001nov-csr-lic.htm
- [2] www.irft.org
- [3] www.enterpriseimpact.org
- [4] Sengupta P R, 1988 “population disclosure in India”
- [5] Sachar Committee, 1978 “Social Responsibility of Companies” Chapter XII, sachar committee July 20-22.
- [6] Corporate social reporting, Management accounting, March page no. 36-40.
- [7] Annual reports of respective companies Epstein M, Elias H 1975, dimensions of social reporting.
- [8] Porwal L S & Sharma N, 1991 “Social Responsibility Disclosure by Indian Companies” the chartered accountant, Feb page no. 630-635.
- [9] www.neweconomics.org
- [10] www.interchangensw.com