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“SOCIAL RESPONSIBILITY ACCOUNTING: MEANING, DEFINITION, NEED, AREAS AND IMPORTANCE”

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ABSTRACT

Social accounting is very important tool to measure the performance of any company in view of social responsibility. The concept of social Accounting emerged in the 1960's when social values and expectations gave rise to a debate about the role of business in society. Social Accounting has become an integral part of good management in India and abroad. Most of the enterprises are making efforts to earn customer loyalty through community development schemes, good corporate governance and by engaging stakeholders, within and outside the company. Social accounting is also necessary from the viewpoint of public interest group, social organization, investors and government bodies. Social responsibility is a primary duty of a company's management team where important decisions should be made in such a way as to promote community welfare and benefits. Social accounting helps in understanding the structure of an economy and relative importance of the different sectors and flows. It is a key to the evaluation and formulation of government policies both in the present and future.



KEYWORDS: Social accounting , viewpoint of public, interest group, social organization.

INTRODUCTION

Social responsibility concept is one of the important concepts of management. Social accounting is very important tool to measure the performance of any company in view of social responsibility. It is the duty of enterprise to do some social activities for completing their social responsibility. Social accounting has to do with incorporating social and environmental impact into traditional financial accounting. Social accounting is a way of identifying how well your community organization or enterprise is achieving its aims and values, and keeping track of the impact you are having. Social accounting will allow you to see where improvements can be made so you can better achieve your aims and values. Company has to make social responsibility income statement and balance sheet. The concept of social Accounting emerged in the 1960's when social values and expectations gave rise to a debate about the role of business in society. This debate focused on the nature of corporate social responsibility and gave rise to the possibility that this responsibility could be discharged through a method of social accounting. Social Accounting has become an integral part of good management in India and abroad. Most of the enterprises are making efforts to earn customer loyalty through community development schemes, good corporate governance and by engaging stakeholders, within

and outside the company. It is therefore necessary that managements at all level understand the scope and content of social accounting so that they can make value added contributions towards building the company's brand image and reputation. Social accounting is adopted mostly by developed nations but now developing nations are also adopting this concept as their management practice.

REVIEW OF LITERATURE:

1. **Suleiman & Shoubaki (2013)** - This study gauge the level of understanding that senior management, internal and external auditors have of the importance, requirements and constraints to the implementation of Social Responsibility Accounting (SRA) in Jordanian public shareholding corporations and its impact on their institutional continuity. The study arrived at several conclusions, most important of which is that Jordanian public shareholding corporations are concerned with providing social services, this reflects positively on their reputations, and institutional continuity.
2. **Vadera & Priyadarshini (2018)** - The objective of this paper is to study the concept of social accounting as the reporting and disclosure of social and environmental policies and communication of overall corporate performance in form of CSR. The financial reporting is supposed as a communicative system in accounting information disclosure by which the corporate activities are used to be reported in the public and external environment of business.
3. **Ghodmanan (2019)** - Social accounting and audit is a comprehensive triple bottom line planning and measurement method. The social accounting and auditing system includes the triple bottom line of Commercial and financial quantitative measurement is by regular data entry that is compared to quarterly and annual planned targets a planned and actual method. Financial ratios are used to compare trends over time within the organization and comparisons with sector standards.
4. **Jaime & Elvira (2020)** - The current accounting model measures the results of operations and what it considers are the costs and expenses associated with the productive activity at organizations, but it does not consider numerous negative externalities that actors of economic activities have been generating, such as extractive processes. Accounting that incorporates these negative effects into its accounts is what could be called social accounting, which differs from corporate social responsibility, the social balance sheet and environmental accounting, although they are related.
5. **Retolaza & Leire (2021)** - This study discuss the use of social accounting, supported by practice theory, and its contribution to social accounting theory. It is possible for stakeholder accounting to be carried out by various companies. The results of the analyses will provide companies with feedback on their social impact, which will help them to become more efficient. This study defines a framework that might guide the social value and nonfinancial information of organizations. Social accounting is seen as an accounting system based on accepted accounting principles, seeking to emphasize the notion of corporate accountability.
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7. Arab countries are classified and form an important part thereof. This era is characterized by the era of giant
8. organizations (The incorporated companies) as well as known the era of globalization, where the whole world
9. becomes a small town in the light of the modern communication means. To avoid efforts scattering, losing
10. accountabilities and resources, all individuals of the Arab Society must cooperate, to confront these challenges.
11. This requires the development of concept and then the role which can be played by the Business Organizations
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STUDY OBJECTIVES:

The study undertaken with the objective to review the meaning, need and importance and areas of social accounting and

STUDY METHODOLOGY:

This study is descriptive in nature and based on secondary source of data collected through published resources i.e. Research Journals and website.

MEANING:

The concept of social accounting originated in different forms by *Adam Smiths* in 1776, Later on, *Karl Marks* and *Engel* also expressed their views about social costs in 1844. The term '*Social Accounting*' was first introduced into economics by *J.R. Hicks* in 1942. It means 'nothing else but the accounting of the whole community or nation, just as private accounting is the accounting of the individual firm'. Social accounting, also known as National Income Accounting, is a method to present statistically the inter-relationships between the different sectors of the economy for a thorough understanding of the economic conditions of the economy. It is a method of studying the structure of the economic. It is a technique of presenting information about the nature of the economy with a view not merely to get an idea of its prosperity, past or present, but also to get guidelines for state policy to influence or regulate the economy.

DEFINING SOCIAL ACCOUNTING:

Social accounting may be defined as identification and recording of business activities regarding social responsibility. Social accounting is first and foremost accounting. Similar to traditional accounting, it is a method of quantifying a company's performance. Many economists and socialists have contributed in this sector with their works and thoughts. *Kohler* defined 'Social Accounting' as the application of double entry book-keeping to socio-economic analysis'. *Ralph Estes* states 'Social accounting as the 'measurement reporting, internal or external of information concerning the impact of an entity and its activities on society'.

NEED OF SOCIAL ACCOUNTING:

There is a greater need of social accounting in India are-

1. The management fulfils its social obligations and informs its members, government and general public.
2. There are certain legal obligations that have to be fulfilled by the business, such as social security obligations and welfare measures etc. The management reforms the public and governmental about its efforts in this regard through social accounting.
3. Management gets a feedback on its efforts and policies aimed at welfare of the society.
4. Social accounting is also necessary from the viewpoint of public interest group, social organization, investors and government bodies.
5. Through social accounting the company proves itself that it is not socially unethical in view of moral cultural and environment degradation.

AREAS OF SOCIAL RESPONSIBILITY:

Social responsibility stems from the social strengths of companies that are major players in societies, that in itself should compel such companies to fulfil their social responsibility obligations by undertaking various activities related to social responsibility and community service. Social responsibility is a primary duty of a company's management team where important decisions should be made in such a way as to promote community welfare and benefits. Social responsibility and community service activities can be classified as follows:

1. Performing limited activities as stipulated by laws and regulations.
2. Performing additional activities not directly stipulated by laws and regulations.
3. Inform all concerned parties about all that the industrial enterprise can offer in the field of social responsibility and services.
4. Environmental protection activities such as nature preservation, cleaning up and the prevention of pollution.
5. Special activities for employees represented by fringe benefits and services offered by their employer, and that reflect positively on their personal and family welfare
6. Environmental interaction activities including all those that positively affect and preserve society, both from a material and moral aspect.
7. Consumer protection activities including ensuring customer satisfaction and awareness in providing best service.

IMPORTANCE OF SOCIAL ACCOUNTING:

Social accounting helps in understanding the structure of an economy and relative importance of the different sectors and flows. It is a key to the evaluation and formulation of government policies both in the present and future. Importance of social accounting can be viewed as follows:

1. **Classifying Transactions:** The great merit of social accounting lies in classifying and summarizing these different kinds of transactions properly, and deriving from these such aggregates as national income, national expenditure, saving, investment, consumption expenditure, production expenditure, government spending, foreign payments and receipts, etc.
2. **Understanding Economic Structure:** Social accounting helps us to understand the structure of economic. It tells us not only about the national income but also about the size of production and consumption, the level of taxation and saving and the dependence of the economy upon foreign trade.
3. **Understanding Different Sectors and Flows:** Social accounts throw light on the relative importance of the different sectors and flows in the economy. They tell us whether the contribution of the production sector, the consumption sector, the investment sector or the rest of the world sector is greater than the other sectors in the national accounts.
4. **Clarifying Relations between Concepts:** Social accounts help in clarifying the relationships between such related concepts as net national product at factor cost and gross national product at market prices.
5. **Guiding the Investigator:** Social accounts are a guide for the economic investigator by indicating the type of data which might be collected for analyzing the behaviour of the economy. Such data might relate to gross national product, government expenditure on goods and services, private consumption expenditure, gross private investment, etc.
6. **Explaining Trends in Income Distribution:** Variations in the components of social accounts are a guide to the trends in income distribution within the economy.
7. **Provide a Picture of the Working of Economy:** Social accounts provide an ex-post picture of the working of the economy. They can also be used as a framework for drawing up an ex-ante forecast of the likely outcome of the economy in the future. Thus, social accounts ensure consistency of forecasts, both internally and in relation to other known facts.
8. **Explaining Interdependence of Different Sectors of the Economy:** Social accounts also provide an insight into the interdependence of the different sectors of the economy. This can be known from a study of the matrix of social accounts.

9. **Estimating Effects of Government Policies:** The importance of social accounts lies in estimating the effects of government policies on different sectors of the economy and in formulating new policies in keeping with changes in economic conditions, as revealed by national income accounts.
10. **Helpful in Big Business Organizations:** Social accounts are also used by big business houses for assessing their performance and to improve their prospects on the basis of the statistical information about the various sectors of the economy.
11. **Useful for International Purposes:** Social accounting is also useful for international purposes. A comparative study of the social accounts of different countries of the world helps in the categorization of countries into underdeveloped, less developed and developed. It is on the basis of social accounts that the various agencies of the United Nations make provisions for aid to poor countries of the world.

CONCLUSION:

Social accounting is very important tool to measure the performance of any company in view of social responsibility. The concept of social Accounting emerged in the 1960's when social values and expectations gave rise to a debate about the role of business in society. Social Accounting has become an integral part of good management in India and abroad. Most of the enterprises are making efforts to earn customer loyalty through community development schemes, good corporate governance and by engaging stakeholders, within and outside the company. Social accounting is also necessary from the viewpoint of public interest group, social organization, investors and government bodies. Social responsibility is a primary duty of a company's management team where important decisions should be made in such a way as to promote community welfare and benefits. Social accounting helps in understanding the structure of an economy and relative importance of the different sectors and flows. It is a key to the evaluation and formulation of government policies both in the present and future.

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