



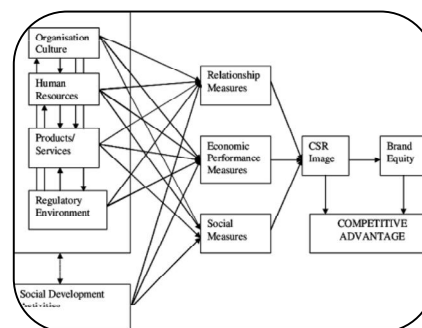
A CONCEPTUAL FRAMEWORK OF SOCIAL RESPONSIBILITY ACCOUNTING

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ABSTRACT

Social responsibility accounting is also known as social accounting. The main function of social responsibility accounting is to measure and disclose the 'costs' and 'benefits' to society created by the production related activities of a business enterprise. The objects of social responsibility accounting are to measure and inform the general public about the social welfare activities undertaken by the enterprise and their effects on the society. Social responsibility accounting is a framework established to monitor and evaluate an organizations performance to ensure that it conforms to environmental, economic and social needs. Important social accounting practices also followed in Indian firms. Social responsibility accounting is the process of communicating the social and environmental effects of organization's economic actions to particular interest groups within society at large. Social Responsibility accounting is concerned with development of measurement system to monitor social performance. Social accounting may be defined as identification and recording of business activities regarding social responsibility. This paper covers need, objectives, features and approaches of social accounting.



KEYWORDS: Social Responsibility accounting, cost, benefits, social welfare, monitor, evaluate, Measurement, social performance.

INTRODUCTION

Social responsibility accounting is a framework which allows an organization to build on existing documents and reporting and develop a process whereby it can account for its social performance, report on that performance and through which it can understand its impact on the community and be accountable to its key stakeholders. Social accounting is concerned with the development of measurement system to monitor social performance. In social accounting three parts are very important these are social book keeping, social audit and stakeholders. Social responsibility accounting is a phrase that is gaining significance in the dynamic corporate environment, and it helps bringing to light the societal obligations and actions both negative and positive of companies, under the backdrop of corporate governance, while utilizing principles of management accounting to achieve the same.

Business is a financial movement and it draws its contributions from the general public henceforth its goal ought to be the government assistance of the general public. In the current period of

developing innovative, financial, social and social mindfulness, the bookkeeping has not exclusively to satisfy its stewardship work for the proprietors of the endeavor yet in addition achieve its social capacity. Changing conditions and social boundaries have constrained business undertakings to record and report data concerning release of their social obligations. Presently a days it has required the corporate area, with tremendous measures of assets available to them, to put generous sums in friendly exercises. Social bookkeeping is significant and its application and assessment strategy in the portion of asset towards better friendly prosperity in general.

DEFINITION:

“Social Accounting is the application of double entry book keeping to social economic analysis”- Kohler

“The measurement and reporting internal and external of information concerning the impact of an entity and its activities on society”- Ralph Estes.

“Social Accounting as the means by which the effects of social programmes are attempted to be expressed in some type of quantitative terms”- Leonard Spacer.

REVIEW OF LITERATURE:

1. Seema Gull, Anand Hanchinal, Salma M. B. (2013) explain the social accounting consists with development of measurement system to monitor social performance. In corporate world social responsibility accounting has been one of the major stepping stones in corporate social responsibility. The goal of social accounting is measurement and reporting resources, costs and social benefits in the corporate world. The responsibility accountants and corporate managers tasked with preparing accounting information for either internal or external use is to perform the precise function of accounting so as to make accounting accountable.
2. Accounting to Parmanand Barodiya (2015), explain accounting for social responsibility of business is very important concept. A social report is compulsorily given by every company as per legislation passed. Report will cover the aspect of employment, salaries and associated charges, hygiene and safety, conditions of work, training, personnel and trade union activates and other matter relating to the quality of life at work. Every company must be made to maintain accounts for the social responsibilities.
3. Lu and Abeyesekera (2015) describes a study to investigate and understand those environmental and social disclosures which were practiced by responsible Chinese organizations. The proper concluded that stakeholders usually recognize different disclosure items and types of various degrees. It was concluded that CSR reports are more relevant to stakeholders than annual reports.
4. M. I. Vadera and Pragma Priyadarshni Harsha (2016), explains the main object of this 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 (Corporate Social Responsibility). The financial reporting is system in accounting information disclosure by which the corporate activities are used to be reported in the public and external environment of business.
5. Kamal C. Agrawal (2016) explain the corporate social responsibility. Social accounting is very important tool to measure the performance of any company in view of social responsibility. Company has to make social responsibility income statement and balance sheet, corporate social duty is about how organizations deal with the business procedures to create a general positive effect on society
6. Anand Patil and M. Muthu Gopalkrishnan (2019), They conducted a study of social responsibility accounting, A conceptual framework for universal acceptance. In this study explains the theoretical advantages of the process of social responsibility accounting, with transparency and different models have been proposed to achieve the same objective and it enhance its effectiveness and incentivize corporate to achieve their long term objectives, both financial and social.

OBJECTIVES OF THE STUDY:

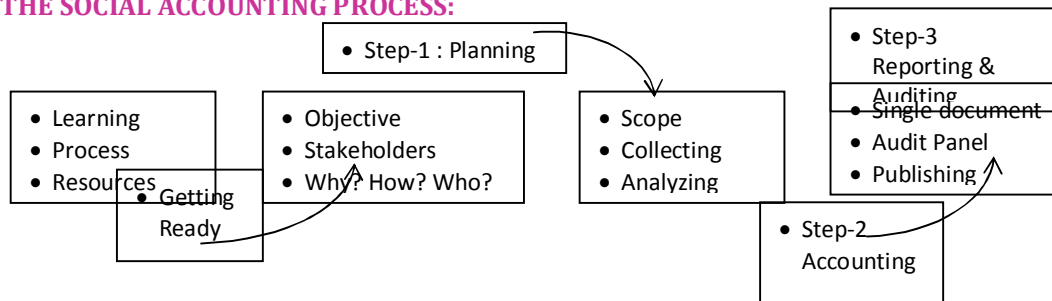
- 1) To study the need, Process, Features and objectives of social responsibility accounting.
- 2) To study the approaches of social responsibility accounting.
- 3) To suggest the suggestion of social responsibility accounting.

RESEARCH METHODOLOGY:

The present study is based on secondary data which is collected from various publications, journals, magazines, reference books, internet and annual reports etc.

NEED FOR SOCIAL RESPONSIBILITY ACCOUNTING:

- 1) It helps the executives in detailing appropriate arrangements and projects.
- 2) It goes about as a proof of social responsibility.
- 3) It further develops representatives inspiration.
- 4) It works on the picture of the association.
- 5) Through friendly obligation bookkeeping, the administration gets a reaction on its arrangements pointed at the government assistance of the general public.
- 6) It helps in showcasing through better clients support.
- 7) It works on the affirmation of investors of the firm.

THE SOCIAL ACCOUNTING PROCESS:**FEATURES OF SOCIAL RESPONSIBILITY ACCOUNTING:**

1. Social responsibility accounting is an expression of a company's social responsibilities.
2. It is related to the use of social resources.
3. Social accounting emphasize on relation between firm and society.
4. Social bookkeeping decides allure of the firm in the public eye.
5. Social bookkeeping is use of bookkeeping on sociologies.
6. Social bookkeeping underlines on friendly expenses just as friendly advantages.

OBJECTIVES OF SOCIAL RESPONSIBILITY ACCOUNTING:

1. The main objective of making social accounting is to determined whether company is properly utilizing their natural resources or not.
2. To identify and measure the periodic net social contribution of an individual firm of which must include both internal and external costs and benefits of the firm and the society as a whole.
3. To help employees by providing the good working environment conditions, providing transport free of cost and facility of education to children of employees.
4. To help investors by providing transport accounting information to them, Firm strategies and practices that directly affect relative resources can be determined.
5. Social responsibility accounting is a commitment to improvement, managing the business process to produce an overall positive impact on society.
6. It improves employee's motivation.
7. It helps the management gets feedback on its policies aimed at the welfare of the society.
8. To determine if the firm strategies are consistent with social priorities

SOCIAL ACCOUNTING APPROACHES

Following are the approaches accepted in social responsibility accounting

1. Classification Approach:

The classification approach asserts that by maximizing the profits within the constraints of the existing legal and ethical trademark, business corporations are acting in the best interest of the society at the large. so, in the changing environment and social parameters this approach is no more acceptable.

2. Descriptive Approach:

This is the simple and traditional method of reporting social information. According to this method the social activities of Business Corporation are presented along with financial statements in narrative form. Only positive social aspects of a firm are presented in a non quantitative form. Hence, under this method the impact of social activities are not measured.

3. Integral Welfare Theoretical Approach:

This approach helps the preparation of a social report comprising social benefits and social cost.

4. Programme Management Approach:

This approach is useful to whenever any enterprise has some social objective to achieve it has some benefit social programme, and plan to achieve the objectives, social plans and programmes executes and control has been exercised should be disclosed.

5. Pictorial Approach:

Under this approach, photographs health care center, schools and hospitals run by the company are presented in annual report.

6. Foot Note Disclosures:

It consists of quantitative measurement on the social involvement the firms. This is to be included as an additional footnote in the financial statement section of the annual report.

7. Social Indicator (Brummet Approach):

This approach involves different areas of social contribution to be undertaken by the business. In this approach following social indicator is used.

Total performance = Net Income + Human resource contribution + Public contribution + Environmental contribution + Product / Service contribution.

SUGGESTION:

1. Every business kept some funds and management fulfils its social obligations and it's helpful to its members, government and general public.
2. Small businesses also prepare strategic planning and allocate budget to CSR reporting.

CONCLUSION

Social Responsibility Accounting is very important tool to measure the performance of any company in view of social responsibility. Business is a socio- economic activity and it draws its inputs from the society, hence its objective should be the welfare of the society. Social accounting is concerned with the internal and external reporting of social costs and benefits both in quantitative as well as qualitative terms by a business enterprise. In corporate world social responsibility accounting has been one of the major stepping stones in corporate social responsibility. It improves the image of the firm. In India social accounting is not so popular but some Indian companies are now focusing on social responsibility and also started to make social report for calculating to total cost and benefits for performing social responsibility.

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