



A Conceptual Study Of Social Responsibility Accounting In India

1 Roshni 2 Dr. Anil Saxena

1 Research Scholar, Department of Commerce (Accounts & Law), K.R. (PG) College, Mathura, Affiliated to DBRAU, Agra (UP) India.

2 Associate Professor, Department of (Accounts & Law), Faculty of Commerce, K.R. (PG) College, Mathura, Affiliated to DBRAU, Agra (UP) India.

Abstract: A corporation uses social responsibility accounting (SRA) as a tool for evaluating how its operations affect society. It is a systematic evaluation of how the company affects its shareholders based on input from stakeholders in financial statement data. It involves methods along with policies for collecting, evaluating, as well as monitoring social, financial, as well as environmental data. Phrase "social responsibility accounting" describes how a company relates to social environment. Information about social performance is currently being made public by many companies to show the public and shareholders their moral and ethical standards. The study focuses on the scope and conceptual aspects of SRA as well as the state of affairs in India currently.

Keywords: Social Responsibility Accounting, CSR, Financial, Social, Environmental

1. INTRODUCTION

Globalization has served as a stimulus for the increasing prominence of SRA. Social Responsibility Accounting is referred to by various terms, including Corporate Social Reporting, Social Accounting, Social and Environmental Accounting, Non-Financial Reporting, Social Accounting Practices Reporting, as well as Sustainability Accounting.

Recently, attention towards corporate social responsibility (CSR) has risen, and the term "responsible corporate citizen" has become a basic concept. Businesses have a significant impact on both employment and finance, which shows how important their success is to society. The modern environment of economic progress means that corporate sector doesn't operate in void anymore. The corporation has to act as responsible member of society, similar to any organization. Management ought to put society and shareholders' accountability first. The company's information and statements to stakeholders, including shareholders, employees, creditors, as well as community, must demonstrate its commitment to social responsibility.

2. REVIEW OF LITERATURE

(Farooq Al Ani1 & M. Firdouse Rahman Khan 2015) They discerned potential and difficulties via several methodologies of SRA. The research's results indicated that optimal practices for SRA are contingent upon the distinct strategies and values of each firm. Anand Patil and M. Muthu Gopalkrishnan, 2019 A study was undertaken on SRA, presenting a conceptual framework for universal acceptability. This study elucidates the theoretical benefits of SRA, emphasizing transparency and various proposed models for achieving the same objective, thereby enhancing its efficacy and motivating corporations to attain their long-term financial and social goals. (Dr. Kamlesh Gupta 2021) This paper analyzes the concept of social accounting, its origins, its current state of development, and many prominent social accounting methodologies employed by Indian enterprises. Dr. S.S. Kadam, 2021 This study examines the necessity, objectives, characteristics, and methodologies of social accounting. (Jai Tater 2022) This paper provides an overview of social accounting, encompassing its history, development, significance, challenges, along limitations.

3. OBJECTIVES OF THE STUDY

Study aims to achieve objectives given below:

- To discuss conceptual aspects of social responsibility accounting.
- To identify scope of social responsibility accounting and present status in India.

4. HISTORY OF SOCIAL RESPONSIBILITY ACCOUNTING

A company's impact on society must be valued monetarily, therefore SRA is necessary to evaluate social performance and social obligations. The phrase "social responsibility accounting" incorporates both basic corporate responsibility standards and a company's social obligation. Every business needs to create a balance sheet and income statement for social responsibility. However, it is not necessary to make these statements. In United States, France, and United Kingdom, social responsibility statements are most frequently included with additional financial statements. While social accounting isn't commonly employed in India, some Indian businesses, including Cement Corporation of India (CCI), Tata Iron and Steel Company Ltd. (TISCO), as well as Indian Textile Corporation (ITC), are putting more of an emphasis on social responsibility and have started to produce social reports that use Abt Associate as well as David F. Linowes method to determine the overall costs and benefits of carrying out social responsibility. In 1776, Adam Smith put forth the idea of social accounting in a variety of ways, and Karl Marks and Engel's theories on social expenditures were published in 1844. The distinction between private and community expenses was further developed by Pigou in 1920. After its unambiguous establishment in the 1970s, professional and academic accounting organizations began to give social accounting plenty of attention. The idea of social accounting was initially introduced in UK in early-1970s when Social Audit Ltd. was established by Public Interest Research Group. CSR is becoming more widely recognized as an indicator of success among businesses, being assessed in addition to their financial performance along with social as well as environmental effects. Profit and loss statements, balance sheets, along with additional traditional indicators of profitability as well as growth are inadequate to demonstrate extent of company's contribution to community in satisfying responsibilities towards various aspects of society.

5. OBJECTIVES AND SCOPE OF SOCIAL RESPONSIBILITY ACCOUNTING

Primary objective of SRA is to benefit society by making sure businesses offer a variety of services while maintaining a check on their performance. Few are listed below:

- Efficient use of natural resources: Social accounting's primary objective is for determining whether a business is using natural resources appropriately.
- Employee assistance: Assess whether company may help workers by providing free transportation, good working conditions, and educational chances for their children.
- Contribution to society: Environmental pollution from industry has a severe negative impact on society. It must thus decide if the corporation can make a positive impact on society by establishing new parks in industrial areas, planting trees, or even building new clinics.
- Customer service: This is the aspect of a company that helps society, such as when it offers high-quality products at affordable costs, according to social accounting.
- Investor assistance: Assess whether the corporation provides correct accounting information to investors, as the preservation of natural resources is associated with several objectives.

Since a variety of social activities can be conducted with it, However, Brummet (1973) identified five potential areas for the establishment of corporate social objectives. To promote corporate responsibility, each area of contribution from CSR efforts can be monitored as well as reported.

- Net Income Contribution: Every business prioritizes making a profit. The value of the company's profit will not decrease as its social initiatives acquire traction. Profit must be made within legal bounds of "profit in a socially acceptable manner," according to corporation.
- Human Resource Contribution: This indicator shows how the company affects its human capital. Hiring procedures and policies, training, experience building, work enrichment, pay and remuneration, job safety, occupational health, and employee-organizational alignment are a few examples of organizational activities.
- Public Contribution: This measure assesses how an organization's actions affect people outside the company. General philanthropy, general community volunteer work, and the training and employment of disabled people are among the organization's efforts.
- Environmental Contribution: This indicator determines environmental effect of company's operations.
- Product or Service Contribution: The primary focus of this section is standard of business's products or services. Besides product or service's utility, longevity, safety, and serviceability, it also covers its welfare role. Customer satisfaction, honesty in product advertising, etc., are also included.

6. NEED FOR SOCIAL RESPONSIBILITY ACCOUNTING

Demand for SRA is growing in India.

- The management educates members, government, as well as public in accordance with its social obligations.
- The company is subject to certain legal obligations, including welfare and social security requirements.
- Feedback is given to management regarding its initiatives and policies that are meant to enhance the welfare of society.
- Social accounting is also necessary from the perspectives of investors, government agencies, social organizations, and public interest groups.
- The organization employs social accounting to demonstrate that, despite moral, cultural, and environmental deterioration, it is not socially unfair.

7. SOCIAL RESPONSIBILITY ACCOUNTING IN INDIA

In its 1978 report, Sachan Committee recognized that social disclosures were necessary. It was a novel idea for India, and it wasn't adopted. Tata Iron Steel was first corporation in India to implement SRA, with primary objective being to assess and record the degree to which the business had fulfilled its community as well as social objectives. India might be first nation globally to mandate CSR, which paved path for Companies Bill, 2011 to be reintroduced during monsoon session. If legislation is adopted once Parliamentary Standing Committee on Finance has approved all proposals, CSR will be made mandatory for first time in any nation's history. Parliament decided to require CSR in August 2012. According to the declaration, companies have a minimum net worth of Rs.500crore or annual revenue of at least Rs.1,000crore were required to devote 2% of average net income during preceding three years to CSR. Although companies were obliged to disclose their CSR expenditures to shareholders, the CSR component of the proposed Firms Bill of 2009 was voluntary. Furthermore, having at least 1 female member on company's board of directors was advised. (October 16, 2012, Times of India) Organizations are beginning to understand that sponsoring non-profit-founded causes is inadequate and that employee volunteering for a cause, benefits both the company and the individual by enhancing managerial skills and boosting revenues.

8. CONCLUSION

Debate concerning role of business within society was prompted by public expectations and aspirations in the 1960s, which gave rise to the idea of SRA. This argument was centered on the idea of CSR and whether it was feasible to implement commitment using social accounting approach. Effective management across India and elsewhere is increasingly reliant on social accounting. Most businesses attempt to gain the loyalty of their clients by participating in internal and external stakeholders, community development programs, and sound corporate governance. The scope and content of social accounting must therefore be understood by managers at all levels to enhance the company's reputation and brand image.

9.CONFLICT OF INTEREST

The author define there is no conflict of interest in this study.

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