



Accounting and accountability: Changes and challenges in social accounting and environmental reporting

Dr.Chalindrawar Ganesh Kishanrao¹, Sabiha Akhtar Shaikh²

¹Swami Ramanand Teerth Marathwada University, Nanded

²Swami Ramanand Teerth Marathwada University, Nanded

Corresponding Author – Dr.Chalindrawar Ganesh Kishanrao

Abstract

Along with the social aspects, environmental concerns are also making headlines, especially in light of the growing effects of global warming and the growing damage being done to the environment. Since companies represent a big source of environmental damage, many believe that corporations should do more to protect the environment. The link between environmental performance and financial success has also been the subject of debate among academics and businesses. The majority of individuals believe that an environmentally conscious company, or its products or services, will be favorably appreciated by the capital markets and other markets, and that this will positively affect the financial performance. The company's success in managing the relationship between its operations, products, and services, and the environment is shown by its environmental performance. The modern industry, according to Donovan (2002), became especially concerned with environmental concerns because they believed they had an influence on corporate profits. Businesses who were interested in enhancing environmental performance ultimately want to boost sales. Asset and accounting data such as sales, operational income, profit margin, and operating expenditures are included in internal financial data. While published studies by financial advisors and experts provide external financial data. Along with financial data, other non-financial metrics, such as customer satisfaction with service providers, may be used to gauge a company's performance.

Key Words: Social Aspect, Environment, Financial performance, Modern Industry.

Introduction:

Social accounting describes the impact of corporate decision on environmental pollution, the consumption of non-renewable resources and ecological factors, on job potential, on the rights of individuals and groups and the maintenance of public services, on public safety, on health and education and many other social concerns. Thus, social accounting evaluates in monetary terms, the benefits of an organization's policies and dealings on its constituents. These constituents, in the case of public sector enterprises include employees, local community suppliers, consumers and the general public.

Due to the tremendous economic growth and integration into the global economy during the last two decades, the business climate has experienced a number of changes. Several stakeholders have questioned the role that businesses have in society. Many other types of regulations, such as requirements for more responsibility,

disclosures, and corporate activities, have been used by governments all over the globe to regulate corporate conduct.

According to Gray (2000) "preparation and publication of an account about an organization's social, environmental, employee, community, customers and other stakeholder interactions and activities and where, possible the consequences of those interactions and activities".

According to Ralph (1973) "It is the measurement and reporting, internal and external, of information concerning the impact of an entity and its activities on society.

Problem Statement

As we all know the traditional accounting has focused on establishing accounting framework that measures corporate success based on the maximization of shareholders' value by the level of profits made, but wealth maximization cannot be given so much importance by ignoring the social aspects.

It is the society which is highly affected from business, so it is important to study the existence of social cost and benefits in financial statement of the companies.

Research Methodology

Both primary and secondary data are taken into consideration. With a qualitative and quantitative approach, both descriptive and exploratory research methodologies were used for this empirical investigation. This research sought to determine the relationships between organizational success

and changes in labor legislation. Both quantitative and qualitative research methods were employed in the study.

Hypotheses On Proposed Research:

H01: There is no significant difference between the social accounting and social responsibility of reputed companies.

Ha1: There is significant difference between the social accounting and social responsibility of reputed companies.

Table 1 One-Way ANOVA Test for Hypothesis 1.

		ANOVA					Result.
	Sum of		Mean				
	Squares	df	Square	F	P-Value		
Between Groups	89.991	52	1.731	3.374	.321		NHA
Within Groups	177.999	347	.513				
Total	267.990	399					

Chi-Squared Test

Chi-squared test is used to test whether there is a significant difference between expected and observed results. There is

significant difference between expected and observed results of questionnaire survey.

Note: If P-value > 0.05 then Null Hypothesis Accepted (NHA), and if P-value < 0.05 then Null Hypothesis Rejected (NHR).

Table 2 Chi-Square Test Results.

		Chi-Square	Df	P-Value	Results
1.	Age:	.820a	3	0.845	NHA
2.	Gender:	15.545b	2	0.233	NHA
3.	Education;	1.490c	5	0.914	NHA
4.	Income per year:	2.475d	4	0.649	NHA
5.	Work Experience:	1.740a	3	0.628	NHA
6.	Type of Employment:	2.405b	2	0.300	NHA
7.	Social responsibility programs adopted by the company improves corporate reputation;	325.125d	4	0.321	NHA
8.	Social responsibility programs adopted by the company presents humane personality of the company:	17.975d	4	0.061	NHA
9.	Undertaking social responsibility strengthens ties with community and shows company as good citizen:	275.800d	4	0.053	NHA

10.	Companies that adopt social responsibility approach surmounts marketing difficulties:	139.475d	4	0.059	NHA
11.	The company improves its mental image by interest in moral and social issues:	147.775d	4	0.323	NHA
12.	Fulfilling social responsibilities positively reflects on product marketability:	273.025d	4	0.533	NHA
13.	Fulfilling social responsibilities positively reflects on greater profitability:	173.300d	4	0.324	NHA
14.	Fulfilling social responsibilities positively reflects on better competitiveness:	17.550d	4	0.434	NHA
15.	Fulfilling social responsibilities positively reflects on improves employee performance:	281.425d	4	0.242	NHA
16.	The company realizes that undertaking social responsibility is a duty towards its community:	94.325d	4	0.532	NHA
17.	Adoption of social responsibility program, the company establishes social responsibility values and concepts:	154.100d	4	0.435	NHA
18.	The company when adopting social responsibility achieves successful advertising, promotion and distribution:	204.500d	4	0.433	NHA
19.	The company adopting social responsibility accomplishes high levels of operational performance:	81.000d	4	0.424	NHA
20.	Corporate social responsibility contributes to creation added value to social capital:	205.150d	4	0.643	NHA
21.	The company offers incentives to employees:	260.250d	4	0.543	NHA
22.	Company has promotion system rewarding employee's creativity:	142.250d	4	0.546	NHA

23.	The company schedules work times to convenience of employees for increasing employee morale:	85.325d	4	0.463	NHA
24.	The company establishes employee-manager friendly relations:	44.675d	4	0.646	NHA
25.	The company holds quality training courses for employees to improve organization climate:	32.325d	4	0.432	NHA

The presented paper provides a study over the impact of implementing social accounting on market value of reputed companies. For this purpose, 400 responses were collected, and analysis of collected data illustrate following major points:

- The questionnaire is found to be valid as the ACP value was estimated as 92%.
- The data collected from questionnaire survey is found to be reliable as the Cronbach's Alpha is estimated above than 0.70.
- In the questionnaire survey, 26 % respondents were in the age group of 18-25 years, 26.3 % respondents were in the age group of 26-35 years, 23.8 % respondents were in the age group of 36-40 years and 24 % respondents were of more than 40 years in age.
- In the questionnaire survey, 57.3 % respondents were male, 40.3 respondents were female and 2.5 % respondents were neither male nor female.
- In the questionnaire survey, education of 16.3 % respondents was less than 19th standard, education of 15 % respondents was 10th pass, education of 17.5 % respondents was 12th pass, education of 18.3 % respondents was graduate, education of 16.5 % respondents was postgraduate and education of 16.5 % respondents was professional.
- In the questionnaire survey, income per year of 19 % respondents was up to 2.5 Lakhs, income per year of 19 % respondents was in range of 2.5 - 5 Lakhs, income per year of 21.5 % respondents was in range of 5 - 10 Lakhs, income per year of 18.3 % respondents was in range of 10 -20 Lakhs, and income per year of 22.3 % respondents was more than 20 Lakhs.
- In the questionnaire survey, work experience of 23.8 % respondents was less than 6 months, work experience of 23 % respondents was 6 months to 1 year, work experience of 26.5 % respondents was 1 year to 2 year, and work experience of 26.8 % respondents was 3 years to 5 years.
- In the questionnaire survey, 29.8 % respondents were having public employment, 35.8 % respondents were having private employment, 34.5 % respondents were in business.
- In the questionnaire survey, 0.3 % respondents were strongly disagree, 2 % respondents were disagree, 16.8 % respondents were neither agree nor disagree, 35.0 % respondents were agree and 46 % respondents were strongly agree that social responsibility programs adopted by the company improves corporate reputation. In the questionnaire survey, 19.8 % respondents were strongly disagree, 13.5 % respondents were disagree, 26.8 % respondents were neither agree nor disagree, 21 % respondents were agree and 19 % respondents were strongly agree that social responsibility programs adopted by the company presents humane personality of the company.
- In the questionnaire survey, 1.3 % respondents were strongly disagree, 4.3 % respondents were disagree, 16.5 % respondents were neither agree nor disagree, 34.3 % respondents were agree and 43.8 % respondents were strongly agree that undertaking social responsibility strengthens ties with community and shows company as good citizen.
- In the questionnaire survey, 0.8 % respondents were strongly disagree, 14.5 % respondents were disagree, 22.5 %

- respondents were neither agree nor disagree, 35.8 % respondents were agree and 26.5 % respondents were strongly agree that companies that adopt social responsibility approach surmounts marketing difficulties.
12. In the questionnaire survey, 0.8 % respondents were strongly disagree, 10.5 % respondents were disagree, 29.5 % respondents were neither agree nor disagree, 30.8 % respondents were agree and 28.5 % respondents were strongly agree that company improves its mental image by interest in moral and social issues.
 13. In the questionnaire survey, 2.8 % respondents were strongly disagree, 7.5 % respondents were disagree, 22.3 % respondents were neither agree nor disagree, 17.5 % respondents were agree and 50 % respondents were strongly agree that fulfilling social responsibilities positively reflects on product marketability.
 14. In the questionnaire survey, 4.3 % respondents were strongly disagree, 11.3 % respondents were disagree, 24.3 % respondents were neither agree nor disagree, 42.8 % respondents were agree and 17.5 % respondents were strongly agree that fulfilling social responsibilities positively reflects on greater profitability.
 15. In the questionnaire survey, 18.8 % respondents were strongly disagree, 17.8 % respondents were disagree, 23 % respondents were neither agree nor disagree, 26.3 % respondents were agree and 14.2 % respondents were strongly agree that fulfilling the social responsibilities positively reflects on better competitiveness.
 16. In the questionnaire survey, 17.8 % respondents were strongly disagree, 48 % respondents were disagree, 27.5 % respondents were neither agree nor disagree, 5.5 % respondents were agree and 1.3 % respondents were strongly agree that fulfilling the social responsibilities positively reflects on improves employee performance.
 17. In the questionnaire survey, 7.8 % respondents were strongly disagree, 9.5 % respondents were disagree, 32.5 % respondents were neither agree nor disagree, 26.3 % respondents were agree and 24 % respondents were strongly agree that company realizes that undertaking social responsibility is a duty towards its community.
 18. In the questionnaire survey, 15.3 % respondents were strongly disagree, 35.3 % respondents were disagree, 33.3 % respondents were neither agree nor disagree, 13.5 % respondents were agree and 2.8 % respondents were strongly agree that adoption of social responsibility program, the company establishes social responsibility values and concepts.
 19. In the questionnaire survey, 0.5 % respondents were strongly disagree, 4.8 % respondents were disagree, 30.3 % respondents were neither agree nor disagree, 30.8 % respondents were agree and 33.8 % respondents were strongly agree that company when adopting social responsibility achieves successful advertising, promotion and distribution.
 20. In the questionnaire survey, 7.8 % respondents were strongly disagreed, 33.3 % respondents were disagree, 24.3 % respondents were neither agree nor disagree, 22.3 % respondents were agree and 12.5 % respondents were strongly agree that company adopting social responsibility accomplishes high levels of operational performance.
 21. In the questionnaire survey, 2 % respondents were strongly disagree, 10.8 % respondents were disagree, 14.8 % respondents were neither agree nor disagree, 30.8 % respondents were agree and 41.8 % respondents were strongly agree that Corporate social responsibility contributes to creation added value to social capital.
 22. In the questionnaire survey, 2.8 % respondents were strongly disagree, 7.8 % respondents were disagree, 22.8 % respondents were neither agree nor disagree, 17.8 % respondents were agree and 49 % respondents were strongly agree that company offers incentives to employees.
 23. In the questionnaire survey, 2.3 % respondents were strongly disagree, 14.2 % respondents were disagree, 22 % respondents were neither agree nor disagree, 38.8 % respondents were agree and 22.8 % respondents were strongly agree that company has promotion system rewarding employee's creativity.
 24. In the questionnaire survey, 5.3 % respondents were strongly disagree, 16 %

respondents were disagree, 27 % respondents were neither agree nor disagree, 32.0 % respondents were disagree and 19.8 % respondents were strongly agree that company schedules work times to convenience of employees for increasing employee morale.

25. In the questionnaire survey, 8.5 % respondents were strongly disagree, 17.8 % respondents were disagree, 25 % respondents were neither agree nor disagree, 27.8 % respondents were agree and 21 % respondents were strongly agree that company establishes employee-manager friendly relations.
26. In the questionnaire survey, 10.5 % respondents were strongly disagree, 24.8 % respondents were disagree, 25.3 % respondents were neither agree nor disagree, 23.0 % respondents were agree and 16.5 % respondents were strongly agree that company holds quality training courses for employees to improve organization climate.

Conclusion

With the numerous discussions around the advantages of corporate social responsibility, it is crucial to investigate and test this issue. Companies are starting to see the significance of CSR as they shift away from the main focus of wealth maximization. It is necessary to measure and quantify the advantages of Social Accounting. The goal of this study is to determine the connection between Social Accounting and market value. There are numerous explanations for why accounting metrics increased along with Social Accounting. An organization that integrates CSR activities will have a competitive edge over an organization that does not. A more reputable brand name serves as the competitive edge. A business with a solid reputation can attract investors and devoted clients. Social Accounting also affects employees in different ways. The morale, output, and performance of employees may all improve as a result of social initiatives. Businesses have the chance to reduce risks by putting CSR strategies into practice.

Based on the hypothesis testing, following noteworthy points are to be consider important:

There is no significant difference between the social accounting and social responsibility of reputed companies The company improves its

mental image by interest in moral and social issues.

Fulfilling social responsibilities positively reflects on product marketability The company offers incentives to employees Company has promotion system rewarding employee's creativity.

Overall, this study has shown that Social Accounting is an important resource for businesses. Consumers, shareholders, employees, and other stakeholders are aware of a company's Social efforts. Businesses will have a competitive edge over rival businesses who do not record these actions if they make a conscientious effort to do so.

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