
The Impact of Using Social Responsibility Accounting In Iraqi Manufacturing Companies: An Attempt to Develop An Applicable Model

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Abstract. The aim of this study is to evaluate the impact of the application of social responsibility accounting (SRA) in Iraqi manufacturing companies and the consequences arising from such practice. The other aim is to develop a particular model for application which can be used to measure and evaluate social cost of the companies towards the workers, clients, and society. The study uses the questionnaire method to collect information from a sample of (50) officials working in (25) company, as well as conducting a case study in a particular company to develop the model. Statistical methods are used to analyze the information. The study proved its hypotheses that Iraqi companies don't practice (SRA) for the time being, as well as the absence of any guided application. However, the study also proved that there is a will to apply this system by these companies. In addition, the study proved that it is possible that a particular (SRA) model can be developed and applied in the sample companies, and many benefits can be derived from such application for the companies, employees, society, financial and banking institutions who are concerned with the evaluation of these companies. Some recommendations are derived to be benefited from the concerned companies to apply the system and the steps necessary for doing that.

Key Words: Social Responsibility Accounting, Accounting Information Systems, Social Costs and Revenues, Social Performance

Introduction

Accounting, as an information system, is closely linked to the society and the environment in which it operates, especially in our contemporary societies, and it is therefore unacceptable that accounting stands away from the changing needs of its society. Thus, accounting should not stay dealing with only the information about expenditures and revenues, but should go beyond them to achieve other goals that serve the community and maintain the integrity and purity of the environment.

This thought has led to the emergence of the so-called concept of social responsibility accounting (SRA). This concept indicates that the enterprise should not only use the resources available to it in order to serve its economic objectives, but also should extend its responsibility to meet both social requirements and gain public confidence and consumer satisfaction to help serve the objectives of the company. Therefore, a company should contribute to the well-being of society by improving environmental conditions and reducing the negative effects that its activity has on the surrounding environment by reducing pollution, achieving economic development, caring for workers and social welfare. Achieving social well-being and psychological stability for workers will make them more productive by developing their technical capabilities and providing industrial security and health care.

Research Methodology

Research Problem

Based on the above discussion, the problem of the research may be summarized by the following three points, for which the research seeks to find practical solutions:

1- The lack of understanding of the majority of Iraqi industrial establishments about the concept of (SRA) and its requirements.

2- Lack of clarity of vision about whether or not this system can be applied and the required skills.

3- The lack of general agreement among the concerned accounting parties on the (SRA) model applicable in industrial companies, which enables the measurement of social cost of the companies' activities.

Research Objectives

As per the problems indicated above, the research is addressed to achieve the following objectives:

1- To introduce the attempts made by professional organizations and researchers to establish the foundation and standards that govern the process of measuring social performance of industrial companies and report its results.

2- To highlight the extent to which the Iraqi industrial companies recognize the concept, objectives, and benefits of using the (SRA) system, and explaining to what extent they are prepared to adopt it.

3- Trying to design a model for reporting social performance costs and apply it in an Iraqi company.

Research Hypotheses

The study is based on the following assumptions:

1- *First Nil Hypothesis (HO1)*: The vast majority of Iraqi industrial companies do not apply (SRA) and lack sufficient knowledge about its requirements.

2- *Second Nil Hypothesis (HO2)*: The process of applying (SRA) in Iraqi industrial companies provides the opportunity for workers to increase productivity and develop social performance, and enables the concerned authorities to better evaluation of social performance of companies .

3- *Third Nil Hypothesis (HO3)*: Most of the costs elements of social performance spent towards workers, clients, and local society's citizens can be stated, and reported as in the form of financial reports with a reasonable degree of accuracy and objectivity. It is also possible to develop a viable model that contributes effectively to the determination of the company's social costs and to judge the efficiency of its social performance towards concerned parties by developing some appropriate equations to calculate the results required for measurement.

Research Significance

Due to the lack of studies on (SRA) and the possibilities of its application in Iraqi companies, this study is considered one of the important attempts in this field and contributes to the attempt to measure the costs of social performance in companies and translate them into lists and reports of costs, which contributes to the evaluation of social performance of them.

Research Methods

The practical part of the research includes:

(1): *Questionnaire Form*: Used to collect data and information from the sample to be analyzed to prove the first and second hypothesis. Here, (28) of Iraqi industrial companies were selected small and medium-sized companies in Basra and Baghdad provinces, and (2) employees from each is taken with a position of (director, and assistance director) with a total of (56) forms, of which (50) forms were collected, i.e. (89%).

(2): *Case Study*: This is made by selecting one of the Iraqi industrial companies to determine the nature of the social costs of its activities and apply the model that would be developed by this study on them and try to measure the results of the information collected, in order to prove the third hypothesis of the study.

This empirical side will include a study of how to apply a set of equations developed through a set of researches and related studies (Lal, 1996, pp. 497-511; Lee, 1989, p. 168-188; Thomas, 1981, pp. 223-249), and judging the extent to which this application can reach an objective and appropriate measure of social costs.

Results of Previous Studies

Studies that dealt with (SRA) concepts and objectives, measuring the costs of social performance, *reporting on companies' social performance, standards and measurement difficulties* are many (Carroll, 1989, p. 231; Al-Tuwaijri, 1988, p. 21; Al-Rajabi, 2004; Khudher, 1988, p. 7; Shiashaa, 1991, p. 4; Anderson & Frank, 1988, p.124). Here are the results of some of the previous studies.

1- A Study prepared by Al-Hassan (2014) about the role of social responsibility in improving the performance of companies was conducted in Algerian company (Naftal), which works in the oil field. The aim of the study was to know the effect of adopting social responsibility accounting system and its impact on improving the performance of the company. The study concluded that the company that seeks to improve its social position and adopts the principles that enhance its relationship with society and develops its capabilities to achieve profit and improve its financial performance, should adopt (SRA) as soon as possible. The study recommended that the state should enact strict laws to compel companies to apply social responsibility and stimulate its social role (A- Hassan, 2014).

2- In Jordan, a study was conducted by (Al-Jahmani, 1996) aimed at identifying the extent of decision makers' awareness in the Jordanian public shareholding companies of the Social Responsibility's concept. A questionnaire was distributed to a sample included Jordanian public shareholding companies listed in Amman Financial Market, and a survey of annual financial reports of industrial companies. The results indicated that the decision-makers in the aforementioned companies are aware of the concept of social responsibility, but they do not give significant attention to its various fields. The results of the survey for the annual financial reports indicate that more than half of the companies included in the survey publish descriptive information in most of them on their social performance does not exceed a few lines.

3- In (1998) Seiam and Nour conducted a study on the reality of social responsibility accounting in Jordanian public joint-stock companies. The researchers designed a questionnaire for this purpose and distributed on (47) companies in which the recipient was considered to be decision-makers. The researchers concluded that the decision-makers in these companies have an appropriate awareness of the concept of social responsibility accounting and its importance in its broad social sense, but they are not aware of how to apply and contain it among the reports prepared by the company because of the lack of clarity in the criteria for disclosing social responsibility and its calculation in the financial statements (Seiam & Noorm 1998).

4- One of the early attempts was in 1973, when the American Institute of Certified Public Accountants (AICPA) formed a committee seeking to develop an optimal system for measuring social performance in companies. The committee identified six areas of social performance for the company, namely: the environment, non-renewable resources, human resources, suppliers, customers products, and Society (AICPA, 1973).

Empirical Part

The empirical part of the research includes two phases:

First Phase: A questionnaire study is made to collect information about the study sample;

Second Phase: A Practical Case Study is made in one Iraqi industrial company to apply the developed model for (SRA) Purposes.

First Phase: Questionnaire Study

In this regard a particular form is developed to collect two types of information:

First: Personal information about the officials representing the research sample.

Second: Information related to the research assumptions and the response of the sample. This information includes four aspects explained by the tables (1-4).

(First): Personal Information (*discussion is summarized because of the limitation of No. of words in the research*). A review of the information revealed by tables (1) Job Position, (2) Experience period, (3) Scientific Specialization, and (4) Academic qualification, clearly indicate that the information collected is very reasonable and objective for the purpose of this study, where the officials are having high positions jobs enable them to give objective and mature information necessary for this research (Table 1). Their experience is also sufficient to enable them to decide the applicable systems of information and whether the (SRA) is applicable for their companies (Table 2). The sample specializations are also very relevant to the subject matter of the research which enable them to give mature opinions in this regard (Table 3), and the same for Scientific qualification of the sample explained in (Table 4).

Table 1. Sample distribution according to position (job)

Categories of experience years	No	%	Accumulated %
General Manager	8	16%	16 %
Director	10	20%	36 %
Head of Department	14	28%	64 %
Head of Section	18	36%	100%
Total	50	100%	

Table 2. Sample distribution according to years of experience

Categories of experience years	No.	%	Accumulated %
Less than 5 years	11	22%	22 %
5-10 years	29	58%	80 %
More than 10 years	10	20%	100%
Total	70	100%	

Table 3. Sample distribution according to scientific specialization

Scientific Specialization	No.	%	Accumulated %
Management	16	32%	32%
Accounting & Finance	22	44%	76%
Economic & Law & Other	12	24%	100%
Total	50	100%	

Table 4. Sample distribution according to scientific qualification

Scientific Qualification	No.	%	Accumulated %
Bachelor	28	56%	56%
High Diploma	18	36%	92.2%

High Studies	4	8%	100%
	50	100	

(Second): Analysis of Sample's Responses about (SRA). Second part of the questionnaire is to discuss the responses about (SRA). (4) sections with (5) questions each are devoted to discuss the respondents' attitude towards (SRA):

Section (1): (SRA) Recognition

Table No. (5) summarizes the sample attitude. Also, Tables (6) and (7) indicates the percentages, weighted average, and standard deviation of the answers of each question in Section (1).

Table 5. Section (1): (SRA) recognition

Sr .	Questions	Total y Agree	Agree	Neut .	Don't Agree	Neve r Agree
1	There is sufficient awareness of the concepts and objectives of (SRA).	18	20	2	8	2
2	(SRA) represents companies' responsibility to fulfill towards employees and society.	16	19	8	7	0
3	We do not find it difficult to apply (SRA) and we have the capabilities to do so	5	9	12	19	5
4	(SRA) is a challenge for our companies, which we find necessary to meet.	18	22	6	2	2
5	(SRA) represents the expected natural development of accounting as an information system.	12	21	8	8	1

Table 6. Responses percentage

0.36	0.4	0.04	0.16	4
0.32	0.38	0.16	0.14	0
0.1	0.18	0.24	0.38	0.1
0.36	0.44	0.12	0.04	0.04
0.24	0.42	0.16	0.16	0.02

Table 7. W.A. and S.D. of answers

W.5	W.4	W.3	W.2	W.1	WA	SD
90	80	6	16	2	3.88	1.18906583
80	76	24	14	0	3.88	1.02300079
25	36	36	38	5	2.8	1.16057691
90	88	18	4	2	4.04	1.0093441
60	84	24	16	1	3.7	1.07380688

Table (5) shows that all questions are prompted in one way or another by approval, given that their weighted averages are higher than the arithmetic mean of the group (3), i.e., $(5 + 4 + 3 + 2 + 1/5 = 3)$, except for the third question that indicate a weighted average of (2.8). This question says that the company officials don't find it difficult to apply (SRA), the results indicated low approval i.e., the company officials believe that they do find it difficult to apply (SRA) practically. This is also confirmed by the percentages indicated in Tables No. (6) and (7).

Section (2): (SRA)' Applicability and Preparing Reports

Section (2) answers are reported in Table (8), indicating the extent of (SRA)'s applicability by sample companies and preparing its reports. The answers clearly indicate that the conviction is very weak. Approval percentage of the first question is only 14% compared to 74% for non approval, indicating that there is no actual practice of the system in the companies. Also second question scored an approval rate of 18% against (58%) for disapproval, which gives the idea that the company is aware that there are no actual applications in this field. However, the results of answers (3, 4, and 5) came different with positive response since the mater is related to the wish to apply (SRA).

Table 8. Section (2): (SRA) applicability & preparing its reports

Sr.	Questions	Totally Agree	Agree	Neut.	Don't Agree	Never Agree
1	We are currently implementing (SRA) in our company in one way or another	3	4	6	18	19
2	Our accounting staff has sufficient skills to apply (SRA)	4	5	12	23	6
3	There is a desire in the company's management to apply (SRA) and provide its requirements	12	17	8	8	5
4	There is an obvious wish of workers to apply the (SRA)	18	18	5	5	4
5	We believe that the application of (SRA) in our company can be done with a little training	11	12	9	13	5

Table 9. Responses percentages

0.6	0.8	0.12	0.36	0.38
0.8	0.10	0.24	0.46	0.12
0.24	0.34	0.16	0.16	0.1
0.36	0.36	0.1	0.1	0.08
0.22	0.24	0.18	0.26	0.1

Table 10. W.A. and S.D. of answers

W.5	W.4	W.3	W.2	W.1	WA	SD
30	24	30	36	10	2.6	1.27775313
45	44	36	22	7	3.08	1.3223356
60	68	24	16	5	3.46	1.29693516
90	72	15	10	4	3.82	1.25665575
55	48	27	26	5	3.22	1.32926249

Section (3): (SRA) Benefits

The third section is concerned with the sample expectations about the benefits expected from the use of (SRA). Table (11) shows the answers of the sample about these expectations. The answers show that all answers indicating positive responses and show clearly approval for all the five questions as it is indicated in the table. Table (12) and (13) support the results of Table (11) answers.

Table 11. Section (3): Expected benefits from using (SRA)

Sr.	Questions	Totally Agree	Agree	Neut.	Don't Agree	Never Agree
1	(SRA) helps raise awareness of the nature of corporate social responsibility.	16	21	10	3	0
2	(SRA) helps to gain accurate knowledge of social costs and revenues.	18	20	12	0	0
3	(SRA) helps measure the efficiency of the company's social performance towards employees	18	18	8	4	2
4	(SRA) helps measure the efficiency of the company's social performance towards society	15	17	6	8	4
5	(SRA) helps to engage employees with the company's management and cooperate to achieve its goals.	18	20	12	0	0

Table 12. Responses percentages

5	4	3	2	1
0.32	0.42	0.2	0.06	0
0.36	0.4	0.24	0	0
0.36	0.36	0.16	0.08	0.04
0.3	0.34	0.12	0.16	0.08
0.36	0.4	0.24	0	0

Table 13. W.A. and S.D. of answers

W.5	W.4	W.3	W.2	W.1	WA	SD
80	84	30	6	0	4	0.88063057
90	80	36	0	0	4.12	0.77301424
90	72	24	8	2	3.92	1.10361188
75	68	18	16	4	3.62	1.29188993
90	80	36	0	0	4.12	0.77301424

Section (4): Difficulties and Obstacles Facing (SRA) Application

The fourth section is concerned with identifying the difficulties that would be faced when applying (SRA). Table (14) clarifies the answers indicating that approximately half of the respondents believe that the company would face such difficulties referred to in the questions, while the other half don't believe so. However, the answer of (3rd) question is different where the answer indicate mostly complete disagreement that the employees would exploit the company when applying the system. Therefore, a review of the ratios of the answers of the first two lanes of each questions' answers would indicate the following ratios, 50%, 56%,

26%, 56%, 56%. Except for question (3), the others are quite close to those ratios representing the sum of the last two fields (disapproval). Tables (15) and (16) also support the results approached by Table (14).

Table 14. Section (4): problems and obstacles facing (SRA) application

Sr.	Questions	Totally Agree	Agree	Neut.	Don't Agree	Never Agree
1	The application of (SRA) constitutes a financial burden on our company	9	16	8	16	1
2	The implementation of (SRA) poses a technical burden to our employees, especially in the accounting field.	10	18	8	12	2
3	The application of (SRA) may be exploited by some workers against the company	5	8	9	18	10
4	The implementation of (SRA) necessitates setting clear standards for how the application should be.	10	18	5	12	5
5	We lack the skills to apply (SRA) and how to prepare its reports	11	17	8	9	5

Table 15. Responses percentages

5	4	3	2	1
0.18	0.32	0.16	0.32	0.02
0.2	0.36	0.16	0.24	0.04
0.1	0.16	0.18	0.36	0.2
0.2	0.36	0.1	0.24	0.1
0.22	0.34	0.16	0.18	0.10

Table 16. W.A and S.D.

W.5	W.4	W.3	W.2	W.1	WA	SD
45	64	24	32	1	3.32	1.16828847
50	72	24	24	2	3.44	1.18079876
25	32	27	36	10	2.6	1.26168012
50	72	15	24	5	3.32	1.31614775
55	68	24	18	5	3.4	1.3223356

A review of the four sections' answers clearly indicate the following:

- 1- Obvious absence of significant applications of (SRA) system in Iraqi companies.
- 2- There is obvious recognition by companies' officials of the benefits of (SRA).
- 3- The expected difficulties and obstacles are considered few in comparison with the benefits expected by the companies' officials. According to the respondents the capabilities of the companies to implement the system will not seriously hinder the implementation.

Second Phase: Case Study in the Iraqi Company for Timber Industry

The second phase of the empirical study of the research is an applied case made in one of the Iraqi companies for Timber Industry. This company works in manufacturing wood items and has a capital of about (6000000000) Iraqi dinars which is equivalent to (5000000) USD (1 USD is equal to 1200 ID), its workplace is located in Al- Eskenderia area – Babil

City. It employs about (190) workers of various skills and about 60 administrators at different levels. Thus, the total number of employees is 250 workers.

A large field study is made about various activities of the company, its social spending, the direction of its management in this field, and the extent of its understanding of the nature of social responsibility and spending channels. We have previously divided the categories that can be covered by the company's social performance into three categories, i.e., e-workers, customers, and the local community members.

1- Determine the Elements of Costs of Social Activities for Workers

A study is conducted to diagnose the nature and elements of the social activities' costs of the first category (workers) in the company. In the light of the discussion made with the workers in the company concerned and other companies, it has become possible to determine the costs that can be attributed to the social aspect (despite the difficulty of absolute separating from economic costs), these costs are indicated in Table (17).

Table 17. Elements of social activities' cost spent for workers

Code NO.	Item	Annual Total Cost	Average Per One Unit
A	First: Elements of Social Performance' Costs Spent Towards Workers:		
A-1	Employees' Internal Training costs		
A-2	Employees' External Training costs		
A-3	Costs of periodicals and magazines		
A-4	Costs of Hajj and Umrah missions		
A-5	Costs of establishing and maintaining places of worship		
A-6	Costs of social competitions and seminars		
A-7	Journeys costs		
A-8	Cost of resorts		
A-9	Club costs		
A-10	Costs of competitions and sports activities		
A-11	Costs of honoring outstanding students and their children		
A-12	Costs of employees' parties		
A-13	Costs of nurseries for workers		
A-14	Costs of transportation		
A-15	Staff housing costs		
A-16	Wages costs for disabled working in the company		
A-17	Costs of industrial security facilities		
A-18	Incentive costs and allowances		
A-19	Grant costs and rewards		
A-20	Costs of death and disability benefits		
A-21	Additional or extraordinary pension costs		
A-22	Nutrition costs		
A-23	Clothes costs		
A-24	Cost of treatment inside		
A-25	Costs of treatment abroad		

	Total costs of social performance towards workers and average per capita per year		
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Note. No of workers to be included in the measurement equation is (250 employees)

It should be noted that these expenses may not relate to one company, but rather are inclusive of many types of companies and therefore they represent expenses or costs that the company may incur in whole or in part as part of its social responsibility towards workers. The form also include the Number of workers to be included whose benefited from these expenses (250) workers.

2- Determine The Elements of Social Activities' Cost for Clients

The field study in the sample company and other companies also enabled a good way to diagnose the elements of social expenditures associated with clients. These expenses are incurred by companies because of their desire to provide amenities and luxury for their customers, to provide an atmosphere of calm and avoid noise, reduce negative impacts and increase their confidence in the company and its products. Such costs are shown in Table No. (18) below.

Table 18. Cost elements of social activities spent for customers

Code NO.	Item	Annual Total Cost	Average Per One Unit
B	Second: Cost Elements of Social Activities Spent for Customers:		
B-1	Costs of production quality control		
B-2	Research and development costs		
B-3	Costs of implementing after sales guarantees		
B-4	Costs of removing the causes of customer complaints		
B-5	Costs of increasing the degree of product safety		
B-6			
B-7			
	Total costs of social performance towards clients and average per ton per year		

Note. The number of clients benefited from the company is estimated on the basis of the tons of sales and this is stated at (7500) tons

3- Determine Costs Elements of Social Activities Related to Local Society

This type of social cost is spent by the company to serve the community and represents the most common type of social expense to clarify the company's responsibility towards society and its members. These costs represent the company's tolerance of its responsibilities and consequences towards the environment and the local community. Table No. (19) below show example of these.

Table 19. Elements of costs spent for of social activities for local society

Code NO.	Item	Annual Total Cost	Average Per One Unit
C	Third: Elements of Social Performance Costs Towards Society:		
A-1	Donation costs for educational institutions		
A-2	Donations Cost for cultural institutions		

A-3	Donation costs for charitable and social organizations		
A-4	Training Cost for community members during holidays		
A-5	Costs of paving and lighting community roads		
A-6	Donation costs for sports organizations		
A-7	Costs of a forestation and beautification of community areas		
A-8	Donation to Societies and Scientific Research.		
A-9	Total social performance costs towards society Average per capita per year		
	<i>Total of Costs Spent for Social Performance Towards Society</i>		

Note. Number of local citizens living around the company is estimated at (8200) persons

4- Designing a Unified Model for Social Expenditures List

Given the difference in activities between companies, or the capability of each to spend, it is necessary that the schedule of social expenditures include the largest possible kinds of expenditures expected by the group of concerned companies that are similar in their activities. Therefore, the expenses identified above were combined according to their three types (Workers, Clients, and Society).

The lists above indicate, in addition to the types of social expenditures expected, three measures or indicators that show the total number of employees in the company for the purpose of calculating the rate that affects the individual worker from the social cost incurred by the company. The other indicator is the total sales in tons, for example, according to the nature of the product and its level. This number aims to know the average share of each unit of sales (for example, ton or kilo) of the cost of dinars that were spent on social performance towards customers. The same applies to the third indicator, which indicates the ratio of social costs towards the local community.

Accordingly, the final unified model for measuring the social performance of the company that explain the social costs explained in the last three tables (17, 18, and 19), as well as the identified number of workers, clients and society numbers can be shown in the following Table No. (20).

Table 20. Elements of costs spent for of social activities for workers

Code NO.	Item	Annual Total Cost	Average Per One Unit
A	<i>First: Elements of social performance costs towards workers:</i>		
A-1	Employees' Internal Training costs	3100000	12400
A-2	Employees' External Training costs	2800000	11200
A-3	Costs of periodicals and magazines	180000	720
A-4	Costs of Hajj and Umrah missions	000	0
A-5	Costs of establishing and maintaining places of worship	650000	2600
A-6	Costs of social competitions and seminars	310000	1240
A-7	Journeys costs	000	0
A-8	Cost of resorts	000	0
A-9	Club costs	000	0

A-10	Costs of competitions and sports activities	416000	1664
A-11	Costs of honoring outstanding students and their children	1200000	4800
A-12	Costs of employees' parties	1845888	7383.552
A-13	Costs of nurseries	000	0
A-14	Costs of transportation	32512000	130048
A-15	Staff housing costs	8685500	34742
A-16	Wages costs for disabled working in the company	000	0
A-17	Costs of industrial security facilities	2100000	8400
A-18	Incentive costs and allowances	44631000	178524
A-19	Grant costs and rewards	39152500	156610
A-20	Costs of death and disability benefits	1707000	6828
A-21	Additional or extraordinary pension costs	155975500	623902
A-22	Nutrition costs	38910500	155642
A-23	Clothes costs	14106500	56426
A-24	Cost of treatment inside	3963500	15854
A-25	Costs of treatment abroad	000	0
	Total costs of social performance towards workers	352245888	
	Average per capital per year		1408983.5
B	Second: Elements of social performance costs toward customers:	Annual Total Cost	Average Cost/U
B-1	Costs of production quality control	1994000	265.87
B-2	Research and development costs	572000	76.27
B-3	Costs of implementing after sales guarantees	1469000	195.87
B-4	Costs of removing the causes of customer complaints	6426000	856.8
B-5	Costs of increasing the degree of product safety	3025500	403.4
	Total Social Performance Cost towards Clients	13486500	
	Average Social Performance Cost Per a Client		1798.2

Code NO.	Item	Total Cost Annually	Average Cost/ U
C	Third: Elements of social performance costs towards society:		
C-1	Donation costs for educational institutions	2141500	261.158537
C-2	The costs of donations to cultural institutions	1100000	134.146341
C-3	Donation costs for charitable and social organizations	3001666	366.056829
C-4	The costs of training community members during the holidays	000	0
C-5	Costs of paving and lighting community roads	1200000	146.341463
C-6	Donation costs for sports organizations	750000	91.4634146
C-7	Costs of a forestation and beautification of community areas	380000	46.3414634
C-8	Donation to Societies and Scientific Research	000	0
		450000	54.8780488

	Total social performance costs towards society year	9023166	
	Average Cost of Social Performance per a Citizen of local Society		1100.3861

Note. No. of workers (employees): 250; No. of clients (customers): 7500; No. of local citizens: 8200

Measuring the Cost of Social Performance of the Sample Company

The process of designing the form (Model) of the company's social expenditures table requires a study and determining the amounts spent by the company. The study also included a review of the situation of some similar companies with the aim of making the form developed include the largest number of expenses in order to make the model usable by all similar companies.

Therefore, the indicators obtained from the measurement process, while representing an objective measure of the social performance of the company for some aspects of spending, it does not represent a realistic measurement of other paragraphs due to the assumption of some numbers. However, the aforementioned form clarifies a holistic framework in the relevant company and similar companies as regards the social cost information, and it therefore represents an important tool for measuring and evaluating social performance.

The three rates of measurement of workers, clients, and society which should appear in the end of each section of the three sections of the form (Model) (i.e., A, B, and C) are calculated using the following equations:

First: Measuring Social Performance Efficiency Towards Company's Employees:

To measure the company efficiency as regards social performance towards workers, the following formula is used:

Annual Average of Social Performance' Cost Towards Workers = Gross Cost of (S.P.) towards workers / Gross No. of working Employees = (I.D.) / Worker

Annual Average = 352245888 ID / 250 Worker = 1408983.5 ID.

The equation shows that the company pay an average of (1408983.5 I.D.) (equivalent to \$ 1174 . 15 USD) annually as a social cost for each worker on all of the various activities associated with it and indicated in Table No. (20)-Section (A). This figure is an indication of the extent of the company's responsibility towards society in the field of employees' rights, and therefore this consider as an indicators for evaluation and comparison with other corresponding companies.

Second: Measuring Social Performance Efficiency Towards Company's Customers:

To measure the company's social performance efficiency towards customers and knowing the extent of the company's commitment towards this aspect, the following formula can be used, which is usually measured on the basis of the services provided against the number of tons produced and sold:

An Average of One Ton Sales of S.P. Cost Towards Customers = Gross of (S.P.) Cost towards Customers / Gross Sales of The Company by Tons = (I.D.) / Tone / Customer.

The Average is = 13486500/ 7500 = 1798.2 I.D.

This means that the company incurred an average of (1798.2) I.D. (equivalent to \$ 1.474 USD) for every ton of sales to help customers and attract their trust and convince to support the company for its products and ensure its quality. These services may be done through the delivery of goods to the customer or maintenance after sale or exchange of damaged and other

services aimed to create a state of confidence with the customer. This spending is also an indicator of measurement and evaluation through the same amount of spending by competitors.

Third: Measuring Social Performance Efficiency Towards Company's Local Community

Spending within this framework represents the extent to which the company bears its responsibility towards society and its contribution to bear part of government's burdens in this regard, which appears in many areas, the model refers to some of them and can be expanded in this field. The equation used for this purpose is:

Annual Average of An Individual's Share of the Social Expenditures = *Gross of S.P. Cost towards Society / Gross of The Local Society Citizens* = (I.D.) / Individual

The Average = 9023166/ 8200 =1100.3 I.D.

This means that the company incurs an average of (1100.3 I.D.) (equivalent to (0.917 USD) for the social cost of each member of local community to create a state of cooperation, trust, and conviction that the company is able to meet its responsibilities towards society and reduce its harm to society. (Lemus, 2016, 29-31).

The process of measurement and evaluation may not give a firm assessment of the company's position in the field of social spending due to the different nature of activities and capabilities of companies and the nature of society and whether the policies are national or foreign they invest in. However, these ratios and indicators give no doubt relative measurements that can be compared with similar companies. This would provide an indication of the company's status, the extent of its commitment, its compliance with the instructions of the relevant authorities, and the extent of its compliance with the governance regulations in force.

Analysis of the Results

A review of the previous mechanisms of application to develop a model for assessing social expenditures in Iraqi companies indicates a matter that this application is possible and offers many advantages. In addition, the model provides an idea about important aspects of the activities carried out by the aforementioned companies, which is the activities related to social responsibility of Iraqi companies. These benefits can be summarized as follows:

- 1- It shows the amount of spending on social responsibility activities for each company and the ratio of this spending to the rest of activities in the company concerned.
- 2- It shows the amount of spending on each sub-activity, that is, every account of the company
- 3- It indicates to what extent the company concerned is committed to its social responsibility towards the worker, customer and the community
- 4- It shows the ratio of the company's social spending to that of other companies.
- 5- It enables the company to measure the ratio of social spending to the profit margin it accrues from its productive activity and also enables to know the percentage of what is achieved by any increase in social spending compared to the development in the achieved profit margin.
- 6- It enables banks, insurance companies, and financial institutions to evaluate the social performance of the company as a socially reliable company.

There is an important aspect should not be neglected, that is the harm and the damage the companies cause to society because of their activities. Thus, spending by the company for society is considered a part of the company response to reduce such negative effects on society (Boico, 1986, pp. 45-48; Barbley, 1988, p. 213).

As for the measurement from the project's point of view, it depends on the actual spending of these costs (Tipgos, 1985, p. 161), i.e. the amount of this spending in this aspect which, according to this study, was represented by the three aspects mentioned by the proposed

model for measurement and evaluation. This is because these costs represent what they bear to fulfill their obligations towards society, whether they are voluntary or obligatory.

Testing the Hypotheses

First Nil Hypothesis (HO1): "The vast majority of Iraqi industrial companies do not practice social responsibility accounting and lack sufficient familiarity with the application requirements and skills."

To test the first research hypothesis, the sample answers of the first and second questions from Section No. (2) clearly indicate the absence of real applications in the sample company and other companies in the same sector, which confirms the first hypothesis indicated above and refuses the alternative hypothesis that assumes the existence of such practice.

Second Nil Hypothesis (HO2): "The attempt to apply social responsibility accounting in Iraqi industrial companies provides the necessary opportunity for workers to enhance productivity and develop social performance etc. "

To test the second hypothesis, the sample's answers to the contents of the questions (1-5) of this Section indicates high level of conviction that they expect many benefits would be achieved through the practice of the system. All the ratios of the answers were positive and prove this results. The sample also believe that such benefits will be positively reflected on the employees' productivity and the companies profitability and enhance its picture in the society.

These results confirm the second hypothesis of the research, and accordingly refuse the alternative hypothesis which says that the (SRA) practice will not provide positive advantages of the practice.

Third Nil Hypothesis (HO3): "most of the elements of social performance costs towards workers in companies and customers who benefit from their products, and members of local society can be identified and subjected to quantitative measurement and reported etc.

The practical application of the model developed, the equations and the rates of measurements reported in the second part of the empirical work of the research (case Study) and the conclusions drawn accordingly prove this third hypothesis and concluded that the application of (SRA) system in Iraqi companies is possible and the requirements and skills are not difficult to save. This would prove this hypothesis and refuses the alternative hypothesis which assumes the difficulty to provide the necessary skills to apply the system.

Conclusion and Recommendations

Current research is directed to significant dialogue on the role of accounting as regards corporate social responsibility. The discussion extended to how to provide measurement elements in this aspect. The study developed a model for collecting, classifying and measuring social costs in Iraqi manufacturing companies. The model is developed according to the principle of disclosure from the company's point of view, and as per the basis of actual spending, explaining at the same time the equations and methods of measurement in this respect. Therefore, the following conclusions may be summarized:

First: In the light of the results approached, the first, second and third Nil hypotheses are approved and accordingly the alternative hypotheses are rejected.

Second: The study, despite its little discussion on how to analyze the activities and functions performed by the company in order to reach the numbers associated with each of them, however, it is necessary to emphasize the need for a conscious understanding of how to analyze the activities in the company to determine the volume of tunnels directed to each activity. This is because some costs are spent on activities with a social content while in reality they are costs that are spent for economic purposes.

Third: Although the study gave concern to the wide and accurate identification of activities of a social nature and clarified them in three indicators indicated by the model, the model can be developed to accommodate other areas and channels of a social nature that the proposed model did not refer to, depending on the nature of the company's activity, its size, and the discovery of other areas of damage that it causes them to society, which requires more spending in the social field.

Fourth: The accounting system seeks to cover the emerging and evolving needs of information in society. In the field of social responsibility, the accounting systems in the company concerned in particular and other companies in general, should play the role required to provide the appropriate disclosure, and provide the ability to accurately diagnose the expenses that fall within this framework

Fifth: The application of the model has reached specific results regarding what affects one unit of the social cost for each of the three phases referred to by the model. However, it is necessary to point out the fact that the company in question had not made actual expenditures on some aspects of the activity, but it did spend on other activities of a social nature included in the model. Also, some of its expenditures were a mixture of social and economic orientation, as the study separated and fragmented it for the purpose of determining expenditures on social activities away from economic activities.

Recommendations

The companies under study, in order to benefit from the results of this study, have to take the following recommendations into account:

First: Developing the accounting system to include requirements for disclosing social responsibility. In this direction, the company's management must diagnose the social activities that it intends to spend, to enable the accounting agencies to disclose them and their intended objectives in an accurate manner that is easy to monitor, measure and evaluation.

Second: There is a necessity that the professional accounting bodies to provide standards for comparison and evaluation that can be accepted and can be applied in practice. The process of developing such standards is a joint responsibility of all relevant agencies. It is also their responsibility to assess these standards suitability and the significance of the indicators that can be provided by the responsibility of internal and external audit bodies.

Third: It is very important that working to increase spending to prevent damages is better than to spend on treating damages, as this is important in getting rid of the effects of activities whose spread causes damage to the health of individuals, the environment and society in general. For this, the companies should adopt (SEA) rather than neglect its benefit to all concerned parties and society.

Fifth: The concerned company, and other concerned companies, has to maintain a set of records and documents that enable the collection, recording, classification, analysis and communication of information on social spending and designing a set of lists and internal sub-statements that enable the presentation of results periodically and the necessary reports.

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