



# THE IMPACT OF THE DIMENSIONS OF SOCIAL RESPONSIBILITY ACCOUNTING IN IMPROVING THE PERFORMANCE OF INDUSTRIAL COMPANIES

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<p><b>Received:</b> May 20<sup>th</sup> 2022 <b>Accepted:</b> June 20<sup>th</sup> 2022 <b>Published:</b> July 28<sup>th</sup> 2022</p>	<p>The research aims at measuring the impact of employee development activities on companies' performance in the short term, identifying the type of relationship between environmental protection activities and companies' financial performance, and indicating the extent to which companies' interaction with society reflects on companies' financial performance. This study was conducted in one of the most important industrial companies affiliated to the Iraqi Ministry of Industry and Minerals, the General Company for Southern Cement, and the study aimed to measure the impact of the areas of social responsibility (employee development, environmental protection, public contributions, and product quality) on the company's financial performance in the short term. The research found that all social responsibility activities lead to improving the company's performance in the short term, and that activities related to employee development are the most influential social responsibility activities on the company's financial performance, followed by the public contributions activity, then the environmental protection activity, and the last product quality activity. The study recommended that the company should pay attention to activities related to the development of workers by providing housing and transportation for them and increasing the number of training courses, as attention to the development and protection of workers improves the performance of the company.</p>

**Keywords:** Social Responsibility Accounting, Financial Performance of Companies.

## 1. INTRODUCTION

The emergence of the term social responsibility dates back to the year 1923 when Sheldon stated that the responsibility of any company is primarily a social responsibility, and that the company's survival and continuity in economic life requires it to abide by all its responsibility and obligations towards the society in which it lives .As a result of the great development in economic life in general, and the development of companies and the expansion of their activities in particular, many accounting ideas and experiences emerged and developed to face changes in economic life. To account for the social performance of companies, these companies demanded the necessity

of showing data of a social nature in the reports they issue regarding their contributions towards workers, the environment, society, and the quality of their products, as these data can be used in evaluating the performance of the company from the point of view of society. It has been observed that various companies are more interested in their social responsibility towards the society in which they operate, whether they are related to employees, customers, the environment or the quality of their products. The market share of the company's products as well as the increase in the company's ability to borrow, and in light of these benefits, companies have become obligated to meet the expectations of society and



estimate its requirements. Business organizations have become obligated - whether on their own or under pressure from the competent professional authorities - to fulfill various forms of their social responsibilities. Within the limits of its capabilities, while working at the same time to inform the concerned parties of the forms of that social performance, and accordingly, the idea of the study came to identify the impact of companies' adoption of social responsibility in all their activities (employee development, environmental protection, interaction with society, and product quality) on the performance of companies in the short term. The importance of research in explaining the impact of adopting social responsibility in improving the quality of the product and service provided to the consumer, ensuring the safety of human resources working in the company, and working to solve social problems, focusing on a vital sector with significant effects on workers, the environment and customers, and being focused on the development of the industrial sector He urged him to state its negative effects for future treatment

## **2. RESEARCH METHODOLOGY**

This study includes the research methodology that includes the following:-

### **2.1. Research Problem**

The research problem is to show the impact of adopting social responsibility in industrial companies in all their activities (domains) on the performance of companies in the short term. Therefore, the study problem can be summarized in answering the following questions:

- How do activities related to the development and protection of employees affect the financial performance of the company?
- To what extent do environmental protection activities change the company's financial performance?
- What are the dimensions of the relationship between the activities of public contributions and the performance of the company in the short term?
- Is improving product quality related to improving financial performance?

### **2.2. Research objectives**

The study aims to achieve a number of goals, the most important of which are:

- A. Defining a conceptual framework for social responsibility in terms of concept and variables.
- B. Measuring the impact of employee development activities on companies' performance in the short term.
- C. Identifying the type of relationship between activities related to protecting the environment and the financial performance of companies.

D. Indicating the extent to which the companies' interaction with the community reflects the financial performance of the companies.

E. Studying the type of relationship between the quality of the company's products and its performance at the present time.

### **2.3. Importance of Research**

The importance of the research highlights the impact of adopting social responsibility in improving the quality of the product and service provided to the consumer, ensuring the safety of human resources working in the company, and working to solve social problems. The importance of the study is evident through:

A. A statement on the subject of social responsibility and an explanation of its relationship and impact on the company's financial position.

B. Its focus is on a vital sector with great effects on workers, the environment and customers, and its focus is on developing the industrial sector and urging it to show its negative effects to be treated in the future.

C. The results that can be reached, and the expected role of the final recommendations and proposals can play an important role in consolidating the implications of social responsibility in the industrial sector.

D. Raising awareness and motivating the responsible authorities within the company's management to treat the social effects of its activities.

### **2.4. Hypotheses of Study**

In easy of the research problem and for the purpose of achieving the goals and objectives that the study seeks to achieve, the main research hypothesis and sub-hypotheses can be identified as follows:

The main hypothesis: (there is no statistically significant effect of social responsibility SORE on FIPE financial performance) and the following sub-hypotheses are derived from it:

A. There is no statistically significant effect of DEEM on the financial performance of FIPE.

B. The absence of a statistically significant effect of ENPR on FIPE's financial performance.

C. There is no statistically significant effect of GECO on the financial performance of FIPE.

D. There is no statistically significant effect of PRQU on the financial performance of FIPE.

### **2.5. Method of Research**

To achieve the research objectives, the following methods were used:

A) The Deductive Approach: The deductive approach was relied on to prepare the theoretical side of the study by relying on Arab and foreign scientific sources, as well as the global information network (Internet) was used to obtain the latest findings of the world in



the field of social responsibility and its relationship to the performance of industrial companies.

B) The inductive and scientific method: The researchers used the inductive method and the scientific method to analyze the results of the questionnaire that had been reached.

#### **2.6. Research Community and its Sample**

The study population and sample can be shown through the following:

A) The research community: the research community is represented in the companies affiliated with the Iraqi Ministry of Industry, and one of the most important justifications for choosing these companies is to draw the attention of those interested in social responsibility in all its fields to the negative effects that industrial companies leave on society in general to find appropriate solutions to these problems as well as to direct the attention of company managers and decision-makers to the positive effects that companies can reap by adopting an active role towards the society in which they operate in all its categories.

B) The research sample: The research sample is represented in one of the important industrial companies affiliated to the Iraqi Ministry of Industry, the General Company for Southern Cement, where this company was chosen with all its branches spread in a number of Iraqi governorates, except for two investor factories (Karbala cement, Samawa cement) to distribute the questionnaire.

#### **2.7. Data Collection**

The researchers relied on several means to obtain the data and information necessary for the practical side in order to achieve the objectives of the study, as these means are represented in the following:

A. Questionnaire form: This form is one of the sources of obtaining data and information necessary to know the extent to which the company has adopted its social responsibility in all its fields (employee development, environmental protection, public contributions, and product quality) and the extent to which this is reflected on the company's position in the short term.

B. Using the means of statistical analysis: The researchers relied on a set of statistical methods, including regression analysis, t- and F-tests, and Cotman's midterm segmentation, which fall within the statistical program (SPSS vr. 20) and the Excel spreadsheet processor, as the researchers relied on them for the purpose of extracting and analyzing the questionnaire

### **3. THEORETICAL FRAMEWORK OF RESEARCH**

#### **3.1 Social Responsibility Accounting**

The concept of corporate social responsibility has undergone fundamental changes, and it continues to evolve with the development of society and the expansion of its expectations, as there is no concept of corporate social responsibility that has universal acceptance. and the necessities of public interest (Mahmoud, 2002: 14). While (Carroll) indicates that social responsibility is the company's fulfillment of its economic, legal and moral responsibilities towards the society in which it operates, i.e. achieving profits and ethically obeying laws without compromising society (Ahmed, 2011: 33). ) . It can be said that social responsibility is a moral obligation on companies towards the society in which they operate, to address the damages resulting from the implementation of their activities as well as to contribute to the development of the environment and society, raise the standard of living for employees and their families, and work to improve the quality of their products.

#### **3.2. Stages of the Historical Development of Corporate Social Responsibility**

- The stage of profit maximization: the stage of profit maximization extends from the nineteenth century until the first quarter of the twentieth century (Zarkasyi, 2007: 4).

- The Industrial Revolution stage: This stage extends from the end of the first quarter of the twentieth century until the end of World War II (Steiner, 1992: 45).

- The stage of the emergence of unions: This stage extends from the end of the Second World War until 1960 (Al-Hassan, 2014: 5).

- The stage of increasing the negative effects of companies: This stage extends from 1960 to 1970 (Mahmoud, 2002: 20)

- The stage of international conventions and local laws: This stage extends from 1970 until now, (Al-Hassan, 2012: 6), and this is what the Global Compact for Social Responsibility, which was launched at the United Nations headquarters in New York by the Secretary-General of the United Nations in July 26, 2000, which puts forward a set of main principles and enshrines the concepts of cooperation between companies and the societies in which they operate, as the charter contained a set of principles such as companies respecting human rights in accordance with international conventions and encouraging the adoption of environmentally friendly techniques in manufacturing (Talwar, & Sharm 2005: 20 ). There has been an expansion of CSR activities to meet the needs of a wide range of stakeholders over time, but



the response to those needs should not be on the rights of owners and shareholders (Moser & Martin, 2012: 798). It can be said that social responsibility in the beginning was just a moral obligation carried out by companies and other industrial institutions, but as a result of some of the reasons mentioned above, such as the emergence of unions and the enactment of laws that are concerned with the dimensions and activities of social responsibility, it acquired a more binding character, and therefore it became upon these companies to take into account Positive effects that can be provided to society.

### **3.2. Reasons for Increasing Interest in Social Responsibility**

The first type - external causes: The external causes are represented in the impossibility of achieving social justice among the segments of society, the weak ability of the state to raise the standard of living of poor families due to its weak economy, environmental disasters and moral scandals that caused massive human and environmental damage (Muhammad, 2004: 36).

The second type - internal reasons: One of the internal reasons that make companies increase their interest in their social responsibility are those multiple gains that they can achieve. The company in the business environment, facilitating the process of obtaining loans and banking facilities, building strong relationships with governments, as well as attracting scientific competencies, as these factors can only be achieved through companies adopting their social responsibility (Al-Hayali, 2009: 27).

### **3.3. Social Responsibility Strategies**

There are many managers who defend the social role of companies, and others disagree with them in this, as companies can adopt a wide range of social responsibility or a reluctance position, as there are four strategies companies can follow, any of which can be stated as follows (Youssef, 2011: 32) :

- Reluctance strategy: This type of strategy is in which the management is not specifically opposed to the concept of social responsibility, but rather they take unethical ways that are in violation of the laws whenever this affects the company's activities (Kinicki & Williams, 2003: 84), and it can be said that this type of strategy He is opposed to social responsibility and puts it outside the company's concerns, as he focuses his attention on economic gains first.

- Defensive strategy: According to this type of strategy, companies carry out all social responsibilities imposed on them by law and do not exceed this limit, as they do not carry out any activities that are not stipulated by law (Griffin, 2002:132), as this type of

strategy is followed by companies Not completely convinced of the idea of social responsibility.

- Adaptive strategy: According to this type of strategy, the company appoints an ethical advisor to improve the company's image and reputation in front of the public by adopting a broader social role (Yousef, 2011: 34).

- Interactive strategy: This type of strategy constitutes the highest levels of social responsibility that companies can apply, as companies that follow this type of strategy are interested in supporting the concepts of social responsibility (Griffin, 2002: 132). It can be said that companies can follow any of the above strategies based on the extent to which the management accepts the concept of social responsibility and according to the economic situation prevailing in the country.

## **4. FINANCIAL PERFORMANCE**

### **4.1. Concept of Performance**

The concept of performance is essential for companies and has many multi-meaning concepts. Every researcher or writer shows the concept of performance from a certain point of view, and that difference stems from their intellectual opinions and the approaches they follow .The concept of performance in English means accomplishing a work, performing an activity, or performing a task, or in the sense of (to perform), that is, doing an action that leads to reaching the desired goals (Kadhim, 2015: 50). On the goals that help the company to survive, adapt, and grow, which are long-term goals for companies (Idris and Al-Galbi, 2009: 38).As for the concept of financial performance, (Abdul-Ghani) refers to the analysis of the financial position of the company to reach the extent of its ability to create financial value to meet the challenges of the future by relying on the balance sheet and the results accounts or the tables attached to it (Abdul-Ghani, 2006: 36); In light of what was presented above, the researchers believe that the company's performance in general means that continuous activity that reflects the company's success and its ability to continue in the business environment and the possibility of its adaptation, or its failure and contraction according to specific foundations and standards set by the company in accordance with the requirements of its activities and the goals that it seeks to achieve in the short term .

### **4.2. Factors Affecting Performance**

Undoubtedly, there is a difficulty in determining the factors affecting the performance of companies for researchers and thinkers as a result of the multiplicity of these factors and their differences, if there are





internal and external factors, and that studying and analyzing them is necessary to achieve a sound methodology in evaluating and evaluating performance, so these factors will be addressed through The following two types (Omar, 2013: 51):

The first type - internal factors: the internal factors are the various factors that are of an internal nature, that is, they result from internal interactions that affect the performance of the company (Al-Saeed and Naima, 2011: 298).

The second type - External factors: The external factors include the set of variables, restrictions and situations that are not under the control of the company, and that these factors can have a direct or indirect impact on the company's activities and decisions (Porter, 2003: 29, and factors that have an indirect effect such as Political and legal factors, social factors, and economic factors (Ashi, 2002: 24).

#### **4.3. Performance Appraisal**

The concept of evaluating the performance of companies is of great importance, as through it all the achieved gaps and negatives are found and ways are proposed to treat them, follow up their implementation and clarify the necessary recommendations to eliminate them, and the success and continuity of the company depends on the existence of objective, accurate and efficient criteria to evaluate its performance (Hassan, 2004 & Bassioni 42: Some view the performance appraisal process as knowing the extent to which the company has achieved its stated goals, and how the company's resources have been employed in order to achieve its goals, and calculating the benefits obtained and the costs incurred and the extent of their impact on the company (Ben Kharouf, 2008: 73).

It can be said that the performance appraisal process is a set of sequential steps to identify how the company's plans and objectives were implemented, and how the company uses its financial and human resources to achieve the highest possible production efficiency.

#### **4.4. Financial Performance Indicators**

Financial indicators witnessed a proliferation after 1930, although they were known long before that; The reason for this wide spread is the separation of corporate ownership from its management, which led to the issuance of several legislations that require the publication of financial statements related to the performance of companies. The researchers used a number of indicators in the questionnaire to assess the financial performance of the company, namely:

#### **4.4.1. Profitability**

The profitability index is one of the important indicators in evaluating the economic and financial performance of the company for internal parties (management) or for external parties (creditors, investors, and governments) in order to evaluate the company's performance for a certain period (Gurau, 2012: 55), where the profitability index focuses on the company's profitability, It provides information to many parties, including current and prospective investors, in order to make their investment decisions (Al-Hasnawi, 2014: 246).

#### **4.4.2. Market Share**

Market share means the ratio of a brand's sales to the total sales of competing brands, or the ratio of a company's sales to the total sales of all companies operating in the same sector, where market share is one of the important indicators for evaluating the company's financial performance (Bin Tata, 2009: 38), And that managers who are free to take marketing strategies and interaction strategies with society can achieve a larger market share for their companies, and managers should also have the ability to predict the future actions of competitors, and this is a difficult task in itself (Nakanishi, 2010: 10 & Cooper).

#### **4.4.3. Leverage (Debt)**

What is meant by financial leverage is the extent of the company's dependence on debt to finance investments, and it measures the relationship between the company's assets on the one hand, and the owners' rights on the other (Matar, 2006: 222). For example, the debt ratio is often preferred by creditors to be low, because a low indebtedness ratio provides Palmer , 2012: 30) It can be said that the company has to balance between borrowed financing and owned financing, in order for the company to be able to provide the necessary protection for the creditors' funds in case they are exposed to financial difficulties on the one hand, and also to increase the profits that investors can obtain on the other hand, which in turn leads To provide a source of funding in the future

### **5. STATISTICAL ANALYSIS OF THE IMPACT OF SOCIAL RESPONSIBILITY ON THE FINANCIAL PERFORMANCE OF THE STUDY SAMPLE COMPANY**

#### **5.1. A brief summary of the study sample (General Company for Southern Cement)**

The General Company for Cement is one of the leading companies in Iraq affiliated with the Ministry of Industry and Minerals. It was established according to Ministerial Order No. 2963 on 20/6/1995 and started its business from 1/7/ 1995. The company's



headquarters is located in Najaf Governorate, Kufa District. (8) Factories in several provinces, which are Kufa Cement Factory, Najaf Cement Factory, Karbala Cement Factory, Muthanna Cement Factory, Samawa Cement Factory, Babel Cement Factory, Basra Cement Factory, and Al-Noura Factory. The questionnaire form was distributed at the company's general headquarters and the company's laboratories, with the exception of two investor laboratories, which are the Samawa Cement Factory and the Holy Karbala Cement Factory. The company and factory managers are the most familiar with the company's decisions related to the axes of the study (social responsibility, financial performance) and that employees and ordinary workers cannot influence or access information and data that pertain to the company's business. Therefore, managers and department heads are the

most influential and knowledgeable of data and information, which contributes to Find more accurate and objective answers.

**5.2. To Test the Hypotheses of the Study**

The main hypothesis: To test the impact of social responsibility SORE on financial performance FIPE.

The researchers formulated the first major null hypothesis with the following formula:

H0: There is no statistically significant effect of social responsibility SORE on FIPE's financial performance.

Against the alternative hypothesis

H1: There is a statistically significant effect of social responsibility SORE on FIPE's financial performance.

The results required by the impact analysis, calculated based on the outputs of the statistical program SPSS vr.20, are summarized in the following table:

Table (1):

The value of the coefficient of determination R2	Corrected determination coefficient value	Regression Parameter Value	The calculated t value	Sig . Value	Researchers ' decision	Durban Watson Value	Determine the existence of an autocorrelation problem
46%	46%	<b>0.679</b>	<b>9.663</b>	<b>0.00</b>	<b>Less 5%</b>	<b>2.2</b>	<b>No</b>

It is clear from the above table that the social responsibility SORE regression on FIPE explained 46% of the total deviations and the rest was explained by other variables not included in the research, because the coefficient of determination reached a value of 46 as well as the value of the corrected determination coefficient, the results also indicate that there is no problem Autocorrelation This is demonstrated by the value of the Durban Watson test, which was close to number 2.

The value of the regression parameter was 0.679, with a t-test value equal to 9.663, which is a significant value under the 5% level since the significance value is sig. Less than 5%, from which the researchers conclude rejecting the null hypothesis and accepting the alternative hypothesis. Thus, there is a statistically significant effect of SORE on the financial performance of FIPE, and that the increase in interest in SORE by one unit leads to an improvement in the financial performance of the FIPE of the study sample company by 68%.

Sub-Hypothesis Test: The Impact of SORE Social Responsibility Activities on FIPE's Financial Performance.

The researchers formulated the following hypotheses for the purpose of determining the activities that

affected the financial performance and arranging the strength of their impact:

1. The first sub-hypothesis

H0: There is no statistically significant effect of DEEM on the financial performance.

H1: There is a statistically significant effect of DEEM on the financial performance of FIPE.

2. Second sub-hypothesis

H0: There is no statistically significant effect of ENPR on FIPE's financial performance.

H1: There is a statistically significant effect of ENPR on the financial performance.

3. The third sub-hypothesis

H0: There is no statistically significant effect of GECO on the financial performance of FIPE.

H1: There is a statistically significant effect of GECO on FIPE's financial performance.

4. Fourth sub-hypothesis

H0: There is no statistically significant effect of PRQU on the financial performance of FIPE.

H1: There is a statistically significant effect of PRQU on FIPE's financial performance.

The results required by the impact analysis and calculated based on the outputs of the statistical program SPSS vr.20 are summarized in the following table:



**Table (2):**

Activity	The value of the coefficient of determination on R <sup>2</sup>	Corrected determination coefficient value	regression parameter value	The calculated t value	sig. value	Researchers' decision	Durban Watson Value	Determine the existence of an autocorrelation problem
DEEM	%44	%43	0.661	9.202	0.00	<b>Less 5%</b>	2.1	<b>Non problem</b>
ENPR	%24	%24	0.492	5.895	0.00	<b>Less 5%</b>	2	<b>Non problem</b>
GECO	%40	%39	0.63	8.462	0.00	<b>Less 5%</b>	2.1	<b>Non problem</b>
PRQU	%21	%20	0.456	5.352	0.00	<b>Less 5%</b>	2.1	<b>Non problem</b>

It is clear from the above table that the DEEM regression model on FIPE explained 44% of the total deviations and the rest was explained by other variables not included in the research, because the coefficient of determination reached its value 44 and the value of the corrected determination coefficient 43, the results also indicate that there is no autocorrelation problem and this is demonstrated by the value of the Durban Watson test, which was close to the number 2.

The value of the regression parameter was 0.661 with a t-test value equal to 9.202, which is a significant value under the 5% level, since the significance value is sig. Less than 5%, from which the researchers conclude rejecting the null hypothesis and accepting the alternative hypothesis. Thus, there is a statistically significant effect of DEEM activity on the financial performance of FIPE, and that the increase in DEEM activity by one unit leads to an improvement in the FIPE financial performance of the study sample company by 66%. And the ENPR regression model on the financial performance FIPE explained 24% of the total deviations and the rest was explained by other variables not included in the research, because the coefficient of determination reached its value 24 and the value of the corrected determination coefficient 24, the results also indicate that there is no correlation problem This is demonstrated by the Durban Watson test value, which was close to number 2.

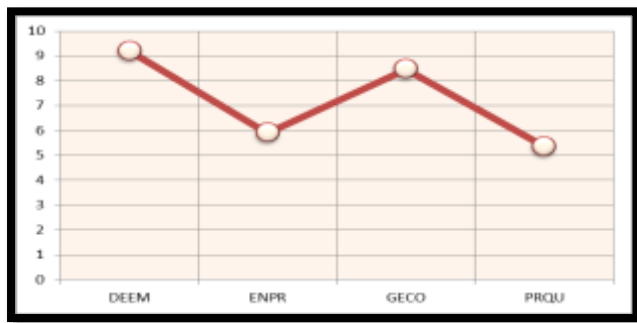
As for the value of the regression parameter, it was 0.492 with a t-test value equal to 5.895, which is a significant value under the 5% level since the significance value is sig. Less than 5%, from which the researchers conclude rejecting the null hypothesis and accepting the alternative hypothesis. Thus, there is a statistically significant effect of the ENPR environmental protection activity on the FIPE financial performance, and that the increase in interest in the ENPR activity by one unit leads to an improvement in the FIPE financial performance by 49%. The GECO regression model on financial performance FIPE

explained 40% of the total deviations and the rest was explained by other variables not included in the research, because the coefficient of determination reached its value 40 and the value of the corrected determination coefficient 39, the results also indicate that there is no autocorrelation problem This is proved by the Durban Watson test value, which was close to 2. As for the value of the regression parameter, it was 0.63 with a t-test value equal to 8.462, which is a significant value under the 5% level since the significance value is sig. Less than 5%, from which the researchers conclude rejecting the null hypothesis and accepting the alternative hypothesis. Thus, there is a statistically significant effect of GECO's public contributions activity on FIPE's financial performance, and that an increase in interest in GECO's public contributions activity by one unit leads to an improvement in FIPE's financial performance by 63%. And the regression model of product quality activity PRQU on financial performance FIPE explained 21% of the total deviations and the rest was explained by other variables not included in the research, because the coefficient of determination reached its value 21 and the value of the corrected determination coefficient 20, the results also indicate that there is no autocorrelation problem This is proved by the Durban Watson test value, which was close to 2. As for the value of the regression parameter, it was 0.456 with a t-test value equal to 5.352, which is a significant value under the 5% level since the significance value is sig. Less than 5%, from which the researchers conclude rejecting the null hypothesis and accepting the alternative hypothesis. Thus, there is a statistically significant effect of the activity of PRQU product quality on the financial performance of FIPE, and that the increased interest in the activity of PRQU by one unit leads to an improvement in the financial performance of FIPE of the study sample company by 46%. The most influential activity in FIPE was the DEEM activity, followed by the GECO activity, then the ENPR activity, and finally the PRQU activity. The



following figure shows the order of importance graphically:

**Figure shows the order of importance of the impact of each of the social responsibility activities SORE**



## 6. CONCLUSIONS AND RECOMMENDATIONS

### 6.1. Conclusions

1. The study defined the concept of social responsibility as "a moral obligation on companies towards the society in which they operate to remedy the damages resulting from the implementation of their work, as well as contributing to the development of the environment and society, raising the standard of living for workers and their families, and working to improve the quality of their products."
2. Increasing the company's interest in the activities of social responsibility as a whole by one unit can lead to an improvement in financial performance by 68%.
3. Increasing the company's interest in employee development activities by one unit can lead to an improvement in financial performance by 66%.
4. Increasing the company's interest in environmental protection activities by one unit can lead to an improvement in financial performance by 49%.
5. Increasing the company's interest in activities related to public contributions (interaction with the community) by one unit leads to an improvement in financial performance by 63%.
6. Increasing the company's interest in product quality activities by one unit can improve the company's financial performance by 46%.
7. The most influential activity in the company's financial performance was the employee development activity, followed by the public contributions activity, then the environmental protection activity, and finally the product quality activity.

### 6.2. Recommendations

1. The necessity of considering the company's social performance as one of the most important axes that must be taken into consideration when evaluating the company's performance, as the quality of social

performance directly affects the rest of the company's aspects (financial, administrative and strategic).

2. To involve managers, accountants and auditors in special courses in the field of corporate social responsibility in all its activities and how to disclose it in the financial statements and reports it issues.

3. The need for the company to pay attention to activities related to the development and protection of workers by increasing the number of training courses, disbursing the incentive reward, providing housing and transportation for them, as well as providing a fair promotion ladder among them, as attention to the development and protection of workers improves the company's performance in the short term (financial performance) according to the results of the study.

4. The necessity of increasing the interest of industrial companies in developing their relationship with the community through increasing their interaction such as strengthening scientific and cultural institutions, and assisting in facilities for health care for the community, as activities related to public contributions can contribute to improving the financial performance of the company according to the results of the study.

5. The company should pay attention to the environment, and treat its waste that may affect the environment through the development of precipitators and work to maintain them, since this activity is ranked third in terms of impact on the company's financial performance.

6. The company should support the quality of its products and work to improve it, since this activity is ranked fourth after the activity of employee development, the activity of public contributions, and the activity of product quality in supporting and developing the company's performance in the short term according to the results of the study.

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**Appendix: Survey form**

**The first axis :- Social Responsibility** It represents a moral obligation on companies towards the society in which they operate to address the damages resulting from the implementation of their work, as well as contributing to the development of the environment and society as a whole, raising the standard of living for employees and their families, and working to improve the quality of their products.

**First / activities related to employee development:** It is one of the social responsibility activities, and this field includes the company's activities related to training employees, providing additional services such as transportation and housing, and providing safe and comfortable conditions for employees, which effectively contributes to achieving the company's goals.

NO.	Questions	Totally agree	I agree	Neutral	I don't agree	I don't totally agree
1	<b>The company's management aims to provide safe and comfortable working conditions for its employees.</b>					
2	<b>The company's management provides additional services to its employees, such as transportation, housing, health insurance, and retirement for its employees.</b>					
3	<b>The company's management is working on holding training courses for its employees.</b>					
4	<b>The company's management provides social and recreational services to employees and their families.</b>					
5	<b>The company's management provides promotion opportunities for its employees without discrimination or discrimination between them.</b>					
6	<b>The company's management contributes by sending some employees abroad for the purpose of completing their higher studies.</b>					

**Second - Activities related to the protection of the environment:** These represent all activities carried out by the company for the purpose of reducing the negative effects on the environment resulting from its activities, with the aim of preserving the safety of the environment as well as preserving the available natural resources.

NO.	Questions	Totally agree	I agree	Neutral	I don't agree	I don't totally agree
1	<b>The company uses machines that are less</b>					



	<b>polluting to the environment, even if they are expensive.</b>					
2	<b>The company works to reduce the waste of natural resources and to save energy.</b>					
3	<b>The company's management contributes to supporting environmental protection and improvement programs.</b>					
4	<b>The company's management chooses the best ways to dispose of production waste, even if it has high costs.</b>					
5	<b>The company's management is working on holding training courses to increase the environmental awareness of its employees.</b>					
6	<b>The company is interested in the recycling of waste from industrial processes.</b>					

**Third - Activities related to public contributions:** This area is represented by the contributions of the public company towards the outside community, such as supporting scientific and cultural institutions, working to solve humanitarian problems such as child care and employing the disabled, and assistance in implementing housing programs that specialize in constructing housing and distributing it to the poor classes.

NO.	Questions	Totally agree	I agree	Neutral	I don't agree	I don't totally agree
1	<b>The company's management provides financial aid for educational programs for the community and contributes to the establishment of health programs.</b>					
2	<b>The management of the company supports the participation of employees in external social activities.</b>					
3	<b>The company's management provides job opportunities for the disabled and the unemployed.</b>					
4	<b>The company's management works to establish projects in poor and less developed areas.</b>					
5	<b>The company's management contributes to solving housing problems.</b>					
6	<b>The company's management supports the establishment of festivals and celebrations on national and religious occasions.</b>					

**Fourth - Activities related to product quality improvement:** This field includes all activities that aim to improve the quality of products, such as research on product quality and the production of high-quality goods.

NO.	Questions	Totally agree	I agree	Neutral	I don't agree	I don't totally agree
1	<b>The company produces goods of high quality and specifications.</b>					
2	<b>The company's management is concerned with research programs, product development and quality improvement.</b>					
3	<b>The company does not neglect the quality and</b>					



	quality of the products at the expense of making profits.					
4	The company's management discusses consumer suggestions and complaints about its products.					
5	The company includes data and details on its products that match the contents and validity of the product.					

**The second axis - financial performance** It represents a tool through which it is possible to identify the financial situation prevailing in the company during a certain period of time, and financial performance is a means to motivate employees and management to exert more effort in order to achieve better financial results than previous periods. The study used indicators of profitability, market share and the ability to borrow to evaluate performance.

**First - Profitability:** This indicator shows the company's profitability for a certain period of time, by focusing on several indicators such as gross profit on sales, net profit on assets, and net profit on equity.

NO.	Questions	Totally agree	I agree	Neutral	I don't agree	I don't totally agree
1	The company's management expects an increase in gross profit over sales in the short term.					
2	The company's management predicts an increase in net profit over sales in the short term.					
3	The company's management expects an increase in net profit on fixed assets in the short term.					
4	The company's management expects an increase in net profit over total assets in the short term.					
5	The company's management predicts an increase in net profit over equity in the short term.					
6	The company's management predicts an increase in net profit on capital in the short term.					
7	The company's management expects to cover its interest from the net profit after interest and taxes are deducted.					
8	The company's management expects to cover fixed charges (interest and rent) from net profits in the short term.					

**Second:-Market share:** The market share is the ratio of the company's sales to the total sales of all competing companies operating in the same economic sector, as it is considered one of the most important effective indicators of the success of the company's plans.

NO.	Questions	Totally agree	I agree	Neutral	I don't agree	I don't totally agree
1	The company has achieved a noticeable increase in the number of its customers.					
2	The company has a distinct geographical location better than the competing					





	<b>companies.</b>					
3	<b>The company's management uses advanced marketing policies that outweigh its competitors.</b>					
4	<b>The company's management managed to significantly increase the amount of its annual sales.</b>					
5	<b>The company's management is opening new branches as showrooms for sale.</b>					
6	<b>The company's management exports part of its products to the foreign market.</b>					

**Third - Financial leverage (the ability to borrow):** This indicator shows the extent to which the company's management can obtain the necessary funds from financial and banking institutions for the purpose of supporting its financial position.

NO.	Questions	Totally agree	I agree	Neutral	I don't agree	I don't totally agree
1	<b>The management of the company can have access to banking facilities without strict restrictions.</b>					
2	<b>The company has a good reputation with financial and banking institutions in fulfilling its financial obligations.</b>					
3	<b>The company's management is able to obtain loans with low interest rates compared to competing companies.</b>					
4	<b>The company's management relies heavily on borrowing to finance its projects in the short term.</b>					
5	<b>The management of the company can obtain banking facilities from external banks.</b>					