



ACCOUNTING MEASUREMENT AND DISCLOSURE (AMD) OF SOCIAL RESPONSIBILITY AND ITS ROLE IN MEETING THE REQUIREMENTS OF STAKEHOLDERS AND RATIONALIZING THEIR DECISIONS-APPLIED STUDY IN AL-FURAT STATE COMPANY FOR CHEMICAL INDUSTRIES

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Article history:		Abstract:
Received:	26 th February 2025	The research purposes to clarify the role of dimension and accounting disclosure of social responsibility in meeting the requirements of stakeholders and rationalizing their decisions, by identifying the theoretical framework for measurement and secretarial disclosure of social responsibility and indicating the possibility of its application in the Iraqi economic units in order to help determine the extent of commitment of these units to their social responsibilities and meet the requirements of the environment and society in general. The research was applied in Al-Furat State Company for Chemical Industries, which is one of the public companies affiliated with the Iraqi Ministry of Industry and Minerals, and the research was applied in the company's research sample for the period from 2021 to 2024. Several conclusions were reached, the most important of which was that the outputs of the current accounting systems fall short of disclosing the costs of social responsibility and the extent of social benefits that it causes in the society in which it operates, and with the emergence of the modern trend in looking at the facility as part of a society affected and affected by the introduction of accounting thought accounting system for social responsibility due to the development and complexity of various economic activities and increase their impact on the environment.
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INTRODUCTION:

Governments , NGOs and local communities are calling for more Transparency and accountability, but not limited to operations daily trading, and to include how those operations affect Society is still problematic to measure the impact of a company from Businesses on civilization, let alone amount it by setting standards Therefore, investor groups project tools for assessment. According to the values, specialized organizations conduct communal reviews, administrations Establish legislation obliging the preparation of social reports and classification bodies Companies are classified into ranks, and the institutions themselves publish An increasing number of reports on her social functioning. Despite these many efforts, stakeholders are dissatisfied on the reports, and demand more information on The impact of institutions on society and how to reconcile this Impact and community needs. Social accounting is a means that helps in measuring and preparing performance reports and social responsibility accounting is associated with showing how a company's operations affect society, the environment and the economy.

PART ONE: RESEARCH METHODOLOGY

First: The research problem:

The most recent stage of accounting development is accounting for social responsibility. This contemporary development resulted from the individual growth in the size and decisions of businesses that have significant financial, economic, and social impacts. As a result, accounting and professional organizations and associations as well as



academic bodies became interested in these businesses, and since the intellectual framework of accounting for companies. In order to ensure a thorough assessment by society and the level of social performance attained by the project, the primary question of the problem is whether accounting measurement tools based on it are available for measuring costs and social benefits.

Second: The importance of research:

The significance of the study stemmed from the measurement and disclosure of social responsibility in accounting, as well as its role in satisfying stakeholder demands and assisting in the rationalization of their decisions. This led to the development of the concept known as social responsibility accounting, which holds that the facility should not only use its resources to further its economic objectives but also fulfill its social obligations in order to win over the public and satisfy customers.

Third: Research Objectives:

The research purposes to clarify the role of dimension and accounting revelation of social responsibility in meeting the requirements of stakeholders and rationalizing their decisions, by identifying the theoretical framework for dimension and accounting revelation of social accountability and indicating the possibility of its application in the Iraqi economic units in order to help determine the extent of commitment of these units to their social responsibilities and meet the requirements of the environment and society in general.

Fourth: Research hypothesis:

The research is founded on the subsequent hypothesis: Accounting dimension and revelation of social responsibility can help meet the requirements of stakeholders and rationalize their decisions.

Fifth: Research Sample:

The study was conducted in the research sample company for the years 2021–2024 at Al-Furat State Company for Chemical Industries, one of the publicly traded companies connected to the Iraqi Ministry of Industry and Minerals.

PART TWO: THE THEORETICAL FRAMEWORK OF THE RESEARCH

First: The concept and importance of AMD of social responsibility:

The need for accounting for social responsibility led to the development of one of the most recent phases of accounting theory, which emerged in response to the significance of the role that businesses play. As a result, the facility's ability to survive is now correlated with its social responsibility to society. The measurement and disclosure of social information in financial reports is one of the most crucial aspects of social responsibility. The significance of measurement and disclosure is clear in raising public trust and building the facility's reputation, both of which contribute to continuity. In order to provide enough information for different parties to make informed decisions, one of the main goals of measuring and accounting for social responsibility is to provide information and prepare social reports that demonstrate how committed corporate organizations are to sharing their social performance (Babington, 2016:142).

In order to assist relevant groups and sects in making decisions and assessing the social performance of business organizations, accounting for social responsibility is a collection of activities that measure and analyze those organizations' social performance and share that information with them. According to this definition, social accounting is interested in two things: assessing an organization's social performance and reporting the findings in a way that guarantees society will be able to assess the organization's social performance. Therefore, it is an approach to measuring and communicating the information resulting from the administration's fulfillment of its social responsibilities to the various beneficiary groups within society, in a way that enables the project's social performance to be evaluated. There are also many accounting disclosure models for social responsibility, some of which adopt a method of presenting social information (Carroll, 2019, 66).

Due to the importance of the topic, it is necessary to pay attention to educating society as a whole, through various media, about the role and importance of corporate social responsibility and its positive effects on society as a whole, and the importance of AMD of social responsibility can be clarified through the following: (Toms, 2022: 202)

1- Determine and quantify the organization's net social contribution, which goes beyond its internal and private expenses and gains.



2- Assessing the organization's social performance by figuring out whether its goals and strategy align with social priorities on the one hand and the organization's desire for people to earn a respectable portion of profits on the other.

3- This goal demonstrates the necessity of providing appropriate data on the organization's social performance and the extent to which it contributes to the achievement of social goals. Disclosure of the activities carried out by the organization that have social effects on the impact of the organization's decisions on the health and education of workers, on environmental pollution, and on the consumption of resources.

Second: Criteria for measuring social performance:

Social performance is measured based on standards set by the American Association of Accountants, to be disclosed in financial statements either optionally by the institution or mandatory, or by external sources such as the press. Different performance measurement options are selected related to process analysis, process evaluation, and understanding the relationships between principles and procedures, and these criteria can be clarified as follows: (Abigail & Siegel, 2020:129)

1- Validity criterion: where the accounting data and information related to the social activity must be closely related and related to the objective of its use, and the social reports reflect the social impact of the activities whose results are to be measured for all stakeholders and social parties (Lee & Lynn, 2018:46).

2- The criterion of freedom from discrimination: The content of this standard crystallizes in the need to identify facts and reports about them impartially and impartially and so that they do not involve any bias by including or using measurement methods that show excellence clearly and relying on an objective method of accounting measurement, whether for costs or social returns (Golems, 2015:39).

3- Relativity criterion: The content of this criterion lies in the need to indicate the reasons for achieving or not achieving social goals in order to reach the degree of public persuasion and satisfy the need of social information seekers, as well as the right of society to know the social results of the organization's activity to serve the environment and society (David, 2009: 121).

4- Historical social cost standard: This standard corresponds to the principle of historical cost recognized in the field of accounting measurement, and it is expected that the importance of this standard will increase because of the achievement of not a small amount of objectivity and comparability (Huynen,2020:214).

5- Social return standard: This standard can be replaced in the field of social accounting instead of the principle of revenue generation, because it expands to include social returns that are not directly measurable in cash and have no market price (Fustes, 2016: 155).

6- The criterion of matching social returns with the costs causing them: This criterion corresponds to the principle of matching revenues with costs, meaning that the social returns of each social activity under each of its areas are matched with the cost that caused this return and expands to include the methods developed in social measurement or social costs (Narval & Malabâr,2010:51).

Third: The relationship between measurement and accounting disclosure of social responsibility, meeting the requirements of stakeholders and rationalizing their decisions:

The expression "social responsibility costs" is used to express the sacrifices made by the organization to perform its social role under laws and instructions or based on its awareness of its responsibility towards society and includes what the organization spends in the areas of relationship with employees, improvement of the work environment, environmental protection and interaction with society (Zaire, 2011:98).).

The accounting point of view is that social cost represents the amounts spent by the society as a outcome of carrying out its social responsibilities in an optional or mandatory form that is not required by its economic activity, in addition to not obtaining an economic benefit or return for these costs, we find that this concept depends on the actual cost mainly in measurement. From an economic point of view, the social cost is price of damage borne by society as a result of the organization's exercise of its economic activity, as it thus expresses the value of the resources that society is concerned with in order to produce goods and services produced by the economic unit, and we find that this concept depends on the opportunity cost mainly in measurement (Toms,2022:203).



The majority of studies concentrated on social costs, but the main challenge in social accounting and disclosure is calculating the social return. For instance, how can the benefit that the organization provides to the community through reforestation of the surrounding area be valued in monetary terms? The challenges in measuring social returns stem from the fact that most of them are obtained for parties outside the organization, social activities benefit society rather than the organization, and many of them are hard to quantify in monetary terms. For instance, how can you measure or estimate the monetary value of the benefit that they receive as a result of reducing air pollution, and more (Johan & Johnson, 2017:322).

Estimating the monetary value of this acceptance is challenging to verify on the one hand, and it is inconsistent with the policy of caution and caution on the other. For example, if the organization is successful because of external social activities, which are reflected in the community's social acceptance of the organization, it is difficult to estimate the monetary value of this positive impression. The method by which an organization can notify the community of its various parties about its various activities that have social implications is through accounting disclosure of social performance. The financial statements or the reports that accompany them are regarded as a tool, which means that all relevant information about the company is included in the financial statements, notes, and other information that is attached to them in order to prevent deceiving potential investors. Adequate disclosure is also one of the most crucial guidelines for financial statement preparation (Lee & Lynn, 2018:47).

PART THREE: THE APPLIED ASPECT OF RESEARCH

First: About Al-Furat State Company for Chemical Industries:

Founded in 1968 under the name General Establishment for Silk Industries, the Al-Furat State Company for Chemical Industries is a subsidiary of the Ministry of Industry and Minerals and is based in the province of Babylon. It is situated on an area of 136 dunums and is 65 kilometers from the Baghdad Governorate. It is connected by roads for cars and trains, and the company owns two production facilities (a sulfuric acid plant and a caustic soda plant). The company aims to attract more domestic and foreign investments. Restore the industry's ability to create new jobs. Increase the contribution of industrial activity to GDP and export earnings. Deepen local industrialization. It also seeks to achieve profitability and increase revenues. These goals include achieving sustainable revenue growth, increasing market share, and improving cost efficiency.

Second: AMD of social responsibility in Al-Furat General Company for Chemical Industries (FGCCI) to meet the requirements of stakeholders and rationalize their decisions:

This axis includes a set of indicators, namely hiring new employees, distributing incentives to employees, maternity leave, childcare, employees covered by the health care system, employee training programs, diversity in the management and employees, human rights agreements, commitment to human rights policies and procedures, providing the best services, supporting projects, providing facilities to customers, contributing to humanitarian cases, contributing to community service, disclosing customer complaints, and complying with laws of a social nature, where social responsibility contributes in a way Significant in achieving sustainable development through: Improving the quality of life as social initiatives improve the living conditions of individuals, which contributes to enhancing the well-being of society. The accounting measurement of social responsibility in Al-Furat State Company for Chemical Industries, the research sample for the period (2021-2024), can be clarified through the following table:

Table (1)

Accounting measurement of social responsibility in FGCCI for the period (2021-2024)

Indicators	2021	2022	2023	2024
Human rights agreements	-	-	-	-
Maternity and childcare leave	2400000	3600000	6504500	4552150
Disclosure of customer complaints	-	1512000	879000	613000
Commitment to human rights policies	-	-	-	-

Compliance with laws of a social nature	217000	466500	330200	418750
Staff Training Programs	3600000	6500000	4200000	5800000
Providing facilities to customers	-	-	-	-
Diversity in management and staff	-	-	-	225000
Distribution of incentives to employees	7800000	24700000	56900000	66000000
Hiring new employees	6800000	12750000	8400000	16200000
Protecting customers and providing the best services	4200000	3100000	2175000	1170000
Supporting small and medium enterprises	-	-	-	-
Contribution to humanitarian cases	880000	1400000	975000	1500000
Contribute to community service	2270000	3121000	2050000	1800000
Healthcare System	1700000	870000	950000	1125000
Total Social Responsibility Costs	29867000	58019500	83363700	99403900

The above table shows that the total social responsibility costs in FGCCI for the years 2021, 2022, 2023, and 2024 were (29867000), (58019500), (83363700), (99403900) dinars respectively, as it is noted that the highest level of disclosure was during the year 2024, while the lowest level of disclosure of information on the economic axis was during the year 2021. Which indicates the interest of the research sample company in social responsibility. Such activities generate positive social and environmental impacts. By setting CSR goals that aim to improve the quality of life and well-being of stakeholders and society, as well as protect and restore the natural environment, companies can make a positive difference in the world and enhance their long-term sustainability and profitability.

After the accounting measurement of social responsibility in Al-Furat State Company for Chemical Industries, this responsibility was disclosed, as the disclosure of corporate social accountability evidence helps to meet the demands of stakeholders, which is reflected in achieving the welfare of society and enhancing the company's reputation. The level of disclosure of social responsibility in FGCCI for the period (2021-2024) can be clarified through the following table:

Table (2)
 Level of Social Responsibility Disclosure in FGCCI for the period (2021-2024)

Indicators	2021	2022	2023	2024
Human rights agreements	-	-	-	-
Maternity and childcare leave	√	√	√	√
Disclosure of customer complaints	-	√	√	√
Commitment to human rights policies and procedures	-	-	-	-
Compliance with laws of a social nature	√	√	√	√
Staff Training Programs	√	√	√	√
Providing facilities to customers	-	-	-	-
Diversity in management and staff	-	-	-	√
Distributing incentives to employees periodically	√	√	√	√
Hiring new employees	√	√	√	√
Protecting customers and providing the best services	√	√	√	√

Supporting small and medium enterprises	-	-	-	-
Contribution to humanitarian cases	√	√	√	√
Contribute to community service	√	√	√	√
Employees are covered by the healthcare system	√	√	√	√
Total Disclosures ÷ Total Requirements	9 ÷ 15	10 ÷ 15	10 ÷ 15	11 ÷ 15
= Level of disclosure	60%	66.7%	66.7%	73.3%

The above table shows that the level of revelation of social responsibility information in FGCCI for the years 2021, 2022, 2023, and 2024 was (60%), (66.7%), (66.7%), (73.3%) respectively, as it is noted that the highest level of disclosure was during the year 2024, while the lowest level of disclosure of information for the economic axis was during the year 2021.

It turns out that social accounting artificially limits the field of accounting by challenging traditional accounting, particularly financial accounting, to provide a limited view of the relationship between organizations and society. Generally speaking, social accounting is a normative concept that aims to expand the accounting framework by requiring it to address issues other than economic ones.

The measurement and accounting disclosure of social responsibility in FGCCI can be clarified in the research sample for the old-fashioned (2021-2024) finished the following table:

Table (3)

Measurement and accounting disclosure for social responsibility in FGCCI for the period (2021-2024)

Indicators	2021	2022	2023	2024
Accounting measurement for social responsibility	29867000	58019500	83363700	99403900
Social Responsibility Accounting Disclosure	60%	66.7%	66.7%	73.3%

Since the year 2024 had the highest level of disclosure and the year 2021 had the lowest level of disclosure of information on the economic axis, it is evident from the above table that the total social responsibility costs in FGCCI for the years 2021, 2022, 2023, and 2024 were (29867000), (58019500), (83363700), and (99403900) dinars, respectively. Since the highest level of disclosure occurred in 2024 and the lowest level of information disclosure for the economic axis occurred in 2021, it is evident from the above table that the level of social responsibility information disclosure in FGCCI for the years 2021, 2022, 2023, and 2024 was 60%, 66.7%, 66.7%, and 73.3%, respectively. Obligations related to non-financial statements, especially the disclosure of information directed towards social issues. These non-financial disclosure requirements are called, Including disclosures related to human rights and the environment, this is called social disclosure. Providing information and creating social reports that demonstrate the degree of business organizations' commitment to disclosing their social performance in order to provide adequate and relevant information is one of the main goals of measuring and accounting for social responsibility. The costs associated with social responsibility are used to convey the sacrifices made, including the money spent by the organization to preserve the environment and enhance the working environment.

The following table illustrates how the Pearson correlation coefficient can be used to clarify the relationship between the variables of the research model and the measurement and accounting disclosure of social responsibility, stakeholder requirements, and the justification of their decisions in Al-Furat State Company for Chemical Industries for the years 2021–2024:

Table (4)

Testing the correlation between dimension and secretarial disclosure of social responsibility and the requirements of stakeholders and rationalizing their decisions in Al-Furat State Company for Chemical Industries for the period (2021-2024)

Independent variable	R	SD Error of the Estimate	Durbin-Watson	Dependent variable
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AMD of social responsibility	0.817*	0.0478232	1.9098712	Requirements of stakeholders and rationalizing their decisions
* The correlation between the two variables is significant at a significant level of 0.05.				

The aforementioned table makes it evident that there is a direct and significant relationship—at the 5% level—between the measurement and accounting disclosure of social responsibility and the needs of stakeholders and the justification of their choices in FGCCI, as indicated by the correlation coefficient of 0.817. This implies that stakeholder needs are satisfied and their decisions are more logically justified the more social responsibility is measured and reported in the research sample company. However, it should be noted that the Durbin-Watson test value ranged from (1.5) to (2.5), with a value of 1.6056712. This test indicates that there is no autocorrelation between the residuals in the research model, confirming the validity of the conclusions reached and the impact of accounting disclosure and measurement of social responsibility on stakeholder requirements and decision-making. Thus, the research hypothesis has been validated. It can be stated that the governance of insurance companies is that the measurement and accounting disclosure of social responsibility can help meet the requirements of stakeholders and rationalize their decisions.

PART FOUR: CONCLUSIONS AND RECOMMENDATIONS

First: Conclusions:

- 1- A collection of activities known as accounting for social responsibility are focused on assessing and evaluating the social performance of commercial organizations and sharing that data with relevant groups and sects to assist them in making decisions and assessing those organizations' social performance.
- 2- Providing information and creating social reports that demonstrate the degree of business organizations' commitment to disclosing their social performance in order to provide adequate and relevant information is one of the main goals of measuring and accounting for social responsibility.
- 3- The expression of social responsibility costs is used to express the sacrifices made by the establishment to perform its social role under laws and instructions or based on its awareness of its responsibility towards society and includes what the establishment spends to improve the work environment and protect the environment.
4. This goal demonstrates the necessity of providing pertinent data on the organization's social performance by disclosing its operations that have an impact on the organization's decisions regarding worker health and education, environmental pollution, and resource consumption.
- 5- Estimating the monetary value of this acceptance is challenging to accomplish and is inconsistent with the policy of caution and caution on the other hand, such as creating a positive impression of the project in the community. This is true even if the organization is the consequence of external social activities, which are represented in the community's social acceptance of the organization.

Second: Recommendations:

- 1- It is necessary to provide standards for comparison and evaluation for social responsibility accounting that can be accepted and can be applied in practice, and to spread and deepen awareness through various media outlets to educate all citizens about dealing positively with the environment in a way that does not affect the environmental balance.
- 2- Obliging companies in society, especially large companies, to determine their position on social responsibility according to certain standards and indicators when preparing economic and technical feasibility studies. Conducting more studies and research on social responsibility and holding it accountable to deepen and understand its importance.
- 3- Providing the essential accounting information related to communal accountability, classified rendering to the social doings providing by companies, and clearly diagnosing the social activities on which they intend to spend,



responsibility towards society and includes what the establishment spends to improve the work environment and protect to enable accounting bodies to disclose them.

4- The management of companies must clearly diagnose the social activities on which they intend to spend, to enable accounting bodies to disclose them and the objectives sought from them in an accurate manner that facilitates their monitoring, measurement, and evaluation.

5- In order for economic units to carry out their social responsibility, they must realize First this responsibility then you carry it out and disclose it Within special reports or within traditional annual reports , taking into account all the needs and requirements of stakeholders based on its awareness of its responsibility towards society and includes what the establishment spends to improve the work environment and protect the environment.

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