

SOCIAL AUDIT: A NEW PERSPECTIVE**Dr. Suresh Saini***Associate Professor, Dept. of Management Studies Compucom Institute of Technology & Management, Jaipur (Raj.)**email : drsureshabst@gmail.com*

Abstract: - The concept of social audit is of a recent observable fact. The social audit shows and measures company's concern about people and about life in our planet. It is a business statement published every year to present a set of information about the social projects, benefits and actions addressed to employees, investor's market analysts, share holders and the community at large. Currently, social audit is measured an important tool to ensure accountability and transparency in the system of governance. In this context many people consider social audit as a solution for every kind of economical misuse. However, there are many people who are impolite of the procedures for conducting a social audit successfully; there exists a lot of confusion, chaos and even exploitation in its process.

Keywords: *Social audits, accountability and transparency*

INTRODUCTION

The term 'Audit' is derived from the Latin word 'Audire that means to hear. Audit is a comparison between the performance of a certain activity vis-à-vis some established reasonable norms. The concept of social audit originated in the European and American countries in the middle of the 20th century as a process of monitoring, appraising and measuring the social performance of the business organizations. Charles Medawar pioneered the concept of Social Audit in 1972 with the application of the idea in medicine policy, drug safety issues and on matters of corporate, governmental and professional accountability.

Social auditing is the process of assessing and reporting a business's performance in fulfilling the economic, legal, ethical, and philanthropic social responsibilities expected of it by its stakeholders. The social audit provides an objective approach for an organization to demonstrate its commitment to improving strategic planning, including social accountability. There are many reasons companies choose to understand, report on, and improve their social responsibility performance. A social audit looks at factors such as a company's record of charitable giving, volunteer activity, energy use, transparency, work environment and worker pay and benefits to evaluate what kind of social and environmental impact a company is having in the locations where it operates. Social audits are optional-companies

Social Audit gives an understanding of the administrative system from the perspective of the vast majority of people in the society for whom the very institutional/administrative system is being promoted and legitimised. Social Audit of administration means understanding the administrative system

and its internal dynamics from the angle of what they mean for the vast majority of the people, who are not essentially a part of the State or its machinery or the ruling class of the day, for whom they are meant to work. A social audit is a process by which the people, the final beneficiaries of any scheme, programme, policy or law, are empowered to audit such schemes, programmes, policies and laws. A social audit is an ongoing process by which the potential beneficiaries and other stakeholders of an activity or project are involved from the planning to the monitoring and evaluation of that activity or project.

Meaning and Definition of Social Audit

A social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. A social audit helps to narrow gaps between vision/goal and reality, between efficiency and effectiveness. It is a technique to understand, measure, verify, report on and to improve the social performance of the organization. Social auditing creates an impact upon governance. It values the voice of stakeholders, including marginalized/poor groups whose voices are rarely heard. Social auditing is taken up for the purpose of enhancing governance, particularly for strengthening accountability and transparency in local bodies.

Some entrepreneurs refer to social audit as a social statement or report, business response to social priorities, report on corporate, societal policies and actions etc. Social audit is a major managerial approach for developing social programmes, as well as for reporting what is being done. Social audit focuses its attention on social performance or social involvement and social responsibility of the activities of a company and is defined as 'a commitment to systematic assessment of and

reporting on some meaningful domain of company's activities that have social impact". A social audit is designed to act "as a guide to internal management", "to balance commitments to social activity against job activity" and "to make sure the company is fulfilling its promises and commitments."

The definition given by **Omani-Antwi (2009)** on social audit is seen to be more of 'cost-saving' activity and in meeting 'social' requirement. To him, social audit concept is meant to cover matters such as workplace health and safety, employee retention, human rights issue and working conditions. He further argues that, both opportunities to save money, enhance work quality, approve employee health and safety, reduce liabilities and achieve business values. He then concludes that, social audit recognizes the fact that the sphere of influence of a company's activities extend beyond the relationship between the directors and shareholders.

Crowther defines social accounting in this sense as "an approach to reporting a firm's activities which stresses the need for the identification of socially relevant behavior, the determination of those to whom the company is accountable for its social performance and the development of appropriate measures and reporting techniques.

Objectives of a Social Audit

- Assessing the physical and financial gaps between needs and resources available for social aims and objectives.
- Evaluation of the prospect cost for stakeholders of not getting timely access to public services.
- Creating awareness among beneficiaries and providers of local social and private services.
- Inspection of various policy decisions, keeping in view stakeholder interests and priorities, particularly of rural poor.
- Increasing efficacy and effectiveness of local development programmes.

Benefits of Social Auditing for Government Departments

The following are the benefits of Social Audit:

1. Enhances reputation: The information generated from a Social Audit can provide crucial knowledge about the departments'/institutions' ethical performance and how stakeholders perceive the services offered by the government. The social angle in the delivery of services, real or perceived, can be a major factor adding to the reputation of the department and its functionaries. In an era where all the services are benchmarked and where citizens are becoming more aware about the services through citizens' charters, the government departments are also aiming towards building their reputations. Social Auditing helps the legislature and executive in

identifying the problem areas and provides an opportunity to take a proactive stance and create solutions.

2. Alerts policymakers to stakeholder trends: Social Auditing is a tool that helps managers understand and anticipate stakeholder concerns. This tool provides essential information about the interests, perspectives and expectations of stakeholders facilitating the interdependency that exists between the government and the community.

3. Affects positive organizational change: Social Auditing identifies specific organizational improvement goals and highlights progress on their implementation and completeness. Also, by integrating Social Audit into existing management systems, employees responsible for day-to-day decision making can more effectively consider stakeholders' issues and concerns.

4. Increases accountability: Due to the strong emphasis on openness and accountability for government departments, the information disclosed needs to be fair and accurate. Social Auditing uses external verification to validate that the Social Audit is inclusive and complete. An externally verified audit can add credibility to the department's efforts. But the greatest demonstration of a Social Audit's authenticity must be seen in how the performance of the department improves over time in relation to its mission, values and objectives.

5. Assists in re-orienting and re-focusing priorities: Social Auditing could be a useful tool to help departments reshape their priorities in tune with people's expectations.

6. Provides increased confidence in social areas: Social Audit can enable departments/ institutions to act with greater confidence in social areas that have been neglected in the past or have been given a lower priority.

1.4 Major Area of Social Audit

The national Association of Accountants Committee on Accounting for Corporate Social Performance, in its report (1974) has identified various areas of social audit reporting. Four major area of social reporting identified were: (i) Community Development (ii) Human Resource (iii) Physical Resource and Environmental Contributions and (iv) Product or Service Contribution. The description of each area is as follow:

- (1) Community Development:** This includes the impact of organizational activities on individuals or group who were, in fact, outside the immediate sphere of the business activities. This contribution shows an important shift in attitudes, for fund spent in society-oriented activities might be conceived as ultra virus the objective of a company as laid down in the memorandum of Association. The following are the examples of activities relating to the benefit of the community:
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- (i) **Housing:** Construction of dwellings houses, financing for housing and improving the living conditions of employees of providing various facilities in the house.
 - (ii) **Transportation:** Providing transportation without charge of at a concessional rate.
 - (iii) **Health Services:** In order to reduce diseases and illness, the support is provided by the companies for health-care facilities and services.
 - (iv) **Planning and development:** It includes area planning and crime prevention.
 - (v) **Food Programme and education:** Providing food grains, refreshment and educational facilities to the public and wards of employees, free of charge or at a concessional rate.
- (2) **Human Resources:** This area of social performance is directed towards the well being of employees. It includes recruiting practices, training programmes, working conditions, transfer and promotion policies, job security of employment levels and lay-off practices.
- (3) **Physical Resources and Environment Contribution:** This area reflects the activities directed towards abating the pollution effect of production and other policies preventing environment deterioration. Products are being improved in order to reduce their polluting effects.
- (4) **Service or Product Contribution:** It is the marketing part of the organization's environment. This contribution embraces the qualitative aspect of the organization's products of services, such as safety, product-life, truthfulness of advertising, quality, utility, accuracy and completeness of labeling, service guarantee etc.

Principles of Social Audit

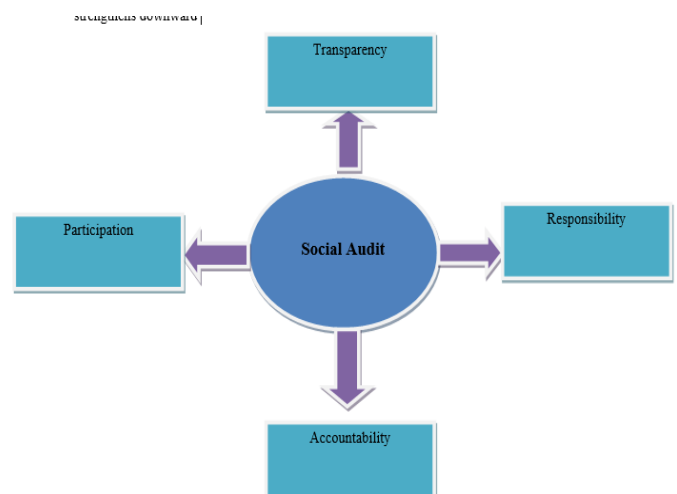
In the past there have been substantial efforts to define common themes in social audit. From the experience of all those involved, a good social audit carries all these characteristics.

1. **Improved social performance:** This is the overarching principle, and refers to the continuous improvement in performance by the organization relative to the chosen social objectives as the result of social audit;
2. **Multi –perspective:** It is important for all group affected or who affect the organization to be included in the process;
3. **Comparative:** The process should allow for comparison with other organizations, over time and between stakeholder groups.

4. **Comprehensive:** The process should be designed to collect all relevant materials and no areas of concern should be left out simply because the organization does not like the result.
5. **Regular:** To facilitate comparability and to demonstrate a commitment to the process, it should be regular, with a frequency of once every two years.
6. **Verified:** Verification by independent auditors give the process credibility.
7. **Publish:** The result (or a synopsis) of the audit should be published so that the stakeholders can see it; it will encourage openness.
8. **Improvement:** It is important to receive feedback about the process itself and the report, and to improve the system over time.
9. **Embeddedness:** The social audit process should be integrated with other business information gathering systems.

Relevance of Social Audit

The people in coordination with the local administration conduct social audits. It is a process in which the details of resources, both financial and non-financial used by public agencies for development initiatives are shared with the people. The sharing takes place through a public platform. The process provides users an opportunity to scrutinise developmental activities and allows people to enforce transparency and accountability in those activities. Social audit strengthens downward accountability and helps in prioritisation of voices of the poor and marginalised. Different stakeholders, like community people (the primary beneficiaries), department officials, representatives of implementing agencies, office bearers of the institution of local government etc. participate in this audit. Social audit is an important tool to promote accountability. Moreover; it promotes participation of the people, transparency of the system and responsibility of different stakeholders.



Transparency– Ensuring transparency in the administrative system and all its decisions is an ideal situation that can be promoted through the social audit. Public institutions can provide full access to all the relevant information to common people on a suomotobasis.

Participation– Social audit provides space to all the affected persons, including their representatives, to participate in all the phases of decision making and its validation.

Responsibility– Social audit increases a sense of ownership related to the activities, along with participation in the processes that are being carried out for development. This ownership ultimately increases the sense of responsibility of the community members, before, during and after implementation of the projects.

Accountability– The ultimate objective of social audit is to enhance the level of accountability among all stakeholders. This also demands and fixes accountability of the elected representatives and government functionaries, along with the representatives of implementing agencies. The community now has open access to all the information regarding the consequences of the actions of these people that affect the intended beneficiaries.

CONCLUSION

A social audit entails an individualized procedure and individualized outcomes for each firm, as it requires the careful deliberation of the unique issues that face a particular organization. Although the concept of auditing implies an official examination of social performance, many organizations audit their performance casually. The social audit should be conducted frequently. Although social auditing may present problems, it can generate many benefits. Through the auditing process, a firm can demonstrate the positive impact of social responsibility efforts on its bottom line, convincing stakeholders of the value of more socially responsible business practices. A social audit should be planned with extreme care, caution, better efficiency, economy and with effectiveness otherwise the purpose will not be served. We can say forewarned is forearmed in social audit.

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