
Commitment of Iraqi Public Companies to Social Responsibility Accounting: A Case Study

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Abstract. *This research aimed to measure the extent of public sector companies' commitment to adopting social responsibility accounting in Wasit Textile and Knitting Factory as a model. The research concluded that the research sample had achieved advanced levels of adopting social responsibility accounting despite the limited capabilities of the research sample. It has yet to reach the required level of adopting social responsibility accounting. The research used the seven-point Likert scale to measure the extent of the research sample's commitment to adopting social responsibility accounting. Among the most important results reached by the study is the existence of accounting procedures and policies that are compatible with the requirements for adopting social responsibility accounting by the research sample. The study recommended the full adoption of social responsibility accounting in industrial companies and others, due to its important role in achieving the goals of social responsibility as well as moving from the stage of voluntary commitment to the stage of commitment to social responsibility.*

Keywords: *Commitment; Industrial Companies; Likert Scale*

1. INTRODUCTION

The theory of corporate social responsibility goes back to the term "social" which refers to everything related to the system of living in a community of people or groups of people, including the structure, organization, social values, and life requirements and then working to achieve them. Community life is viewed as an interconnected social system, as it consists of interconnected elements in this system. In social systems, some processes affect each other due to the interconnectedness of the components of its elements (Rahmat S. S, 2023).

Corporate Social Responsibility (CSR) is a global concept that has gained global attention and new resonance in the global economy. Therefore, the growing interest in CSR has arisen with the advent of globalization and international trade, which has increased the complexity of businesses and the requirements for enhancing transparency through their periodic reporting. Moreover, while traditional governments have assumed social responsibility alone by improving the living conditions of the population, societal needs have exceeded the ability of governments to meet those needs.

In this context, the spotlight is increasingly turning to focus on the role of companies in society (Jamali & Mirshak, 2007). Businesses take advantage of environmental and social resources. Companies are obliged to voluntarily work toward improving society and the environment in exchange for these exploitations. Corporate social responsibility is the term used to describe these businesses' continuous commitment to uphold moral standards

and promote economic growth while taking stakeholders' goals into consideration. Because of this, accounting is essential to gauging the company's financial and non-financial performance.

Accounting metrics can show how well corporate social performance is working to boost output, make better use of resources, and compensate debt and equity investors (Lal, Kumar, Kumar, Saud, & Rai, 2022). The process of communicating the social and environmental effects of a business's economic endeavors that benefit the community as a whole and that give society and decision-makers accurate and helpful information is known as social responsibility accounting. Businesses have an ethical duty to actively support the betterment of the communities in which they do business.

They carry out their societal obligations to combat poverty, redistribute wealth, and promote justice by implementing social responsibility accounting (Khodamipour, Yazdifar, Askari Shahamabad, & Khajavi, 2024). Businesses understand that upholding their social obligations can enhance their brand and increase their market share. Simultaneously, the younger generation of stakeholders, including partners, shareholders, employees, and consumers, is continuously growing in their sense of social responsibility and closely observing the company's actions. Corporate social responsibility and corporate image are equally important since social responsibility helps the company stand out from the competition (Gupta, 2002).

2. LITERATURE REVIEW

The Concept Of Accounting For Corporate Social Responsibility

Corporate social responsibility emerges as a logical act in the field of management when there is recognition of existing needs and the desire to appear as a living and active entity in a given context. Corporate social responsibility is a corporate philosophy adopted by senior executives of a company to act for the benefit of its workers, their families and the social environment in areas of influence. The concept of corporate social responsibility is complex and must be interpreted according to the environments in which it applies and the interest in doing something (Bedoya et al., 2025). The analysis of the study of the external environment occupies an important place in the accounting literature because external environmental variables have a broad impact on the company's practices and organizational culture and thus affect its performance, especially with the increasing number of associations and organizations that demand the protection of consumer rights and call for ethical and social commitment. Therefore, business companies began to face

pressure to adopt more transparent goals and directives towards the future interests of members of society and to commit to their social, ethical and economic responsibilities honestly. Here, it is necessary to emphasize the strong relationship between accounting as a social function and the company's environment in which it operates, especially in contemporary societies.

As accounting did not stop at its basic goals of measurement, disclosure and communication, but rather went beyond them to achieve other goals that serve members of society as a whole and maintain the safety and purity of its environment, which led to the emergence of social responsibility accounting, which aims for the company not to be satisfied with exploiting the resources available to it to achieve its economic goals, but its responsibility must also extend to confronting and achieving the most important of these social requirements (Mashkour & Musa, 2024). The stage of social responsibility accounting is considered one of the most important stages that the accounting profession has gone through. This stage is represented in the interest in building accounting rules and principles that are consistent with social values and needs. Social responsibility accounting is defined as a set of activities that are concerned with measuring, evaluating and analyzing the social performance of accounting in addition to economic performance and providing this information with the aim of rationalizing decisions (Al-Khazraji et al. 2020). **The**

Objectives Of The Social Accounting

Social responsibility accounting has become a reality that is difficult for companies to ignore. The objectives of the social accounting system can be identified as follows (Al-Asadi&Ashraf,2017 ; Maida&Nahla,2018):,

- a. Determining and measuring the company's net periodic social contribution that results from meeting social costs and social benefits
- b. Communicating social information and the results of accounting measurement to beneficiaries through the social statements created for this purpose.
- c. The potential to assess management's social performance in a manner that, when combined with an assessment of economic success, results in an assessment of the entire performance of the business.
- d. Disclosure of the economic unit's actions that affect society, such as choices about worker health and education and pollution in the environment. This goal makes it clear that information about the economic unit's social performance and the degree of its contribution to the accomplishment of social goals must be provided, and that information must be shared with all relevant parties, internal and external.

- e. Assessing the social performance of the economic unit involves figuring out whether its goals and strategy align with social priorities on the one hand, and with the aspirations of the economic unit for individuals by attaining a respectable profit margin on the other.
- f. Calculating and quantifying the economic unit's net social contribution, which takes into account both the organization's internal and private expenses and benefits as well as external social costs and benefits that affect different societal groups.

The Importance Of Social Responsibility Accounting

Given the effects of social dimensions on the objectives of economic units, the need to pay attention to social responsibility has emerged by researchers and scientific institutions due to the increasing volume of problems resulting from environmental pollution resulting from industrial expansion, in addition to the social problems resulting from the relationship of economic units with society and working individuals, in addition to the directives issued by the relevant authorities on the necessity of adhering to social responsibility and protecting the environment, as well as providing health care for workers. Through the above, the importance of social responsibility can be stated as follows: (Bayati., 2019).

- a. The application of social responsibility accounting deepens the social role of various economic units by motivating them to serve the environment in which they operate and share the burdens of social and economic development with the state.
- b. The application of social responsibility accounting provides important information used by the competent authorities in setting development plans at the national level, and the second is to provide the opportunity to improve the foundations and methods used in measuring the gross domestic product as well as the growth rates achieved in it.
- c. In addition to helping to meet society's needs and basic necessities, the economic units' performance of their social responsibility role guarantees, to some extent, that all members of society will support its development goals and mission, acknowledge its existence, and contribute to its accomplishment. It also creates new job opportunities through the establishment of charitable and social projects of a developmental nature.

Stakeholders Affected By Social Responsibility

Table (1) shows the parties affected by social responsibility and the nature of social responsibility towards them. These parties may be negatively affected by the nature of their work, which is affected by the company's environment in the contemporary environment and its social responsibilities. They differ from the parties affected in the traditional

environment, which was limited to a small number of categories. It shows their most important requirements and what they aspire to from the existence of economic unity (Maher Naji Ali, 2013).

Table 1 shows the parties affected by social responsibility and the nature of social responsibility towards them

Owners	Owners achieve the highest profits, maximize the value of the stock, increase the value of the company, paint a respectable image of unity in the community, and enjoy a sound legal and ethical position.
Employees	Workers: Competitive pay and benefits, opportunities for advancement, ongoing education and training, safe and healthy working conditions, equity in the workplace, involvement in decision-making, and other services and perks
Environment:	Reasonably priced, high-quality products, truthful and reliable advertising, safe products, accessible and reasonably priced ways to purchase the good or service, a dedication to fixing any damages that may arise, repurposing some profits for the benefit of clientele, and an ethical commitment to abstain from breaking labor or market regulations
Local community	Having environmental codes of ethics, including environmental representatives on the board of directors, rewarding and incentivizing employees who excel in environmental activities, reducing energy consumption, establishing clear policies on material use, rationalizing water use, waste treatment, and biodiversity protection, and connecting environmental performance to the company's mission to reduce environmental risks
The government	In addition to fighting administrative corruption and bribery, the government must support civil society organizations, support social activities, support scientific centers, support educational institutions, support infrastructure, and respect customs and traditions while abstaining from general rules and behavior.
The Suppliers	Suppliers still deal fairly, set reasonable and reasonable prices for the materials they supply, develop new uses for those materials, fulfill their financial commitments, and conduct themselves honestly. They also continue to train suppliers in a variety of business development techniques.
Competitors	Avoid hurting other people's interests, compete honestly and fairly, and don't use unfair tactics to recruit employees from other companies.
Minorities and People with Special Needs	Non-discrimination and fostering a culture of tolerance towards minorities, equality in the workplace and fair access to senior positions, assistance for organizations that assist the disabled in integrating into society, respect for women's rights and privacy, equitable opportunities for advancement, fostering scientific thinking in youth and fostering a culture of tolerance, taking care of the elderly and retirees, protecting childhood and upholding children's rights

Source: Prepared by the researcher

The Practical Side

The extent of commitment of Iraqi public sector companies to apply social responsibility accounting. Wasit Textile and Knitting Factory as a model. An analytical study.

Developing the checklist:

- a. The checklist was developed by the researcher based on the four main research axes emanating from the four research hypotheses, which are as follows:
 - 1) The first axis: Accounting procedures and policies concerned with natural and human activities.
 - 2) The second axis: Accounting procedures and policies concerned with activities that lead to achieving social benefits.
 - 3) The third axis: Accounting procedures and policies concerned with activities that lead to achieving human resource requirements within the company.
 - 4) The fourth axis: Accounting procedures and policies concerned with the field of product or service. contributions according to scientific sources related to accounting literature and some theses and dissertations, as shown in Table (4). The checklist was dictated by the researcher after conducting a number of visits to the factory management and directing random paper inquiries in order to reach the level of accuracy and appropriate suitability in preparing the checklist.

The weighted arithmetic mean and the matching ratio were relied upon to reach the amount of gap in the actual accounting procedures and policies that aim to adopt social responsibility accounting in public sector companies. Wasit Textile and Knitting Factory as a model. The researcher relied on the seven-point Likert scale to ensure greater flexibility and accuracy in the information that will be obtained.

The Axes Adopted In The Checklist

The researcher relied on the main axes it included in explaining the role of the unified treasury account in enhancing financial sustainability through controlling cash management.

Table 2 Sources used in building the checklist

sequence	Checklist Topics	Number of paragraphs	Sources
	Accounting procedures and policies that address natural and human activities to contribute to	6	Accounting literature on

	the application of responsibility accounting		research variables
	Accounting procedures and policies that address activities that lead to the realization of social benefits.	6	
	Accounting procedures and policies that address activities that lead to the fulfillment of human resource requirements within the scope of the company.	6	
	Accounting procedures and policies that address the scope of product or service contributions.	6	

Data Presentation, Analysis And Interpretation

In order to determine the extent of the gap with management capacity of the Wasit Textile and Knitting Factory, we used a statistical method (descriptive analytical) to obtain the results of the research by extracting the frequencies, arithmetic means, and percentages of extent of conformity of the sub-variables derived from research hypotheses. This section deals with presenting the results of the answers to the checklist questions directed to those in charge of factory management in order to analyze the raw scores. The following is an analysis of the results of the checklist consisting of four parts:

- a. Table (3) Checklist (Natural and Human Activities) and includes examining .

The first hypothesis H1: The extent of conformity of accounting procedures and policies that concern natural and human activities in the factory Spinning, weaving and knitting in Kut with the requirements for applying responsibility accounting.

Table 3 Checklist (Accounting procedures and policies concerned with natural and human activities to contribute to the application of responsibility accounting).

sequence	The first hypothesis H1	0	1	2	3	4	5	6
1.	There are accounting procedures and policies to manage the efficient use of raw materials.							X
2.	There are accounting procedures and policies to manage the efficient use of energy.							X
3.	There are accounting procedures and policies to manage dealing with human activities.					X		
4.	There are accounting procedures and policies to manage the discovery of new sources of raw materials and energy. There are accounting procedures and policies					X		

	to avoid causes of land and air pollution and noise.							
5.	There are accounting procedures and policies to design products and their operations in a way that leads to reducing waste, by following the most efficient technical methods to reduce the amount of waste.							X
6.	There are accounting procedures and policies to manage the efficient use of raw materials.							X
Weight		0	1	2	3	4	5	6
Repetitions		0	0	0	0	2	0	4
Score (Weight x Repetitions)		0	0	0	0	8	0	24
Weighted arithmetic mean (Score / Number of questions)		(32/6)= 5.34						
Percentage of Matching Range (Arithmetic Mean / 6) X %		5.34/6 =0.89%						
Gap Size (100 – Percentage)		% 11						

The second hypothesis H2: The extent to which accounting procedures and policies that are concerned with activities that lead to achieving social benefits in the spinning, weaving and knitting factory in Kut are consistent with the requirements of applying responsibility accounting.

Table 4 Checklist (accounting procedures and policies that are concerned with activities that lead to achieving social benefits)

sequence	The second hypothesis H2	0	1	2	3	4	5	
1.	There are accounting procedures and policies for managing the support of scientific and knowledge institutions..							
2.	There are accounting procedures and policies for supporting health care entities.							
3.	There are accounting procedures and policies for supporting entities that carry out cultural, charitable and relief activities							
4.	There are accounting procedures and policies for contributing to paving and constructing roads.							
5.	There are accounting procedures and policies for providing means of transportation for workers..							X
6.	There are accounting procedures and policies for housing activities							
Weight		1	1	2	3	4	5	

Repetitions	0	0	0	0	0	0	
Score (Weight x Repetitions)	0	0	0	0	0	0	
Weighted arithmetic mean (Score / Number of questions)	(30/6)= 5						
Percentage of Matching Range (Arithmetic Mean / 6) X %	5/6= 84 %						
Gap Size (100 – Percentage)	16%						

The third hypothesis H3: The extent to which accounting procedures and policies concerned with achieving human resources objectives in the spinning, weaving and knitting factory in Kut are compatible with the requirements of applying responsibility accounting.

Table 5 Checklist (Objectives of the Human Resources Field)

sequence	The third hypothesis H3	0	1	2	3	4	5	6
1.	The company has accounting procedures and policies that focus on providing equal employment opportunities for members of society.							X
2.	There are accounting procedures and policies that support the acceptance of student employment during the summer vacation..							X
3.	There are accounting procedures and policies that support the plan to accept employment of individuals with disabilities.							
4.	The company has accounting procedures and policies that provide employees with wages and salaries that provide them with an appropriate standard of living.							
5.	There are accounting procedures and policies to implement a promotion policy that recognizes the capabilities of all employees and achieves equal opportunities for promotion.							
6.	There are accounting procedures and policies that support the implementation of initiatives related to preparing training programs to increase the skills of employees.							
Weight		0	1	2	3	4	5	
Repetitions		0	0	0	0	0	0	6
Score (Weight x Repetitions)		0	0	0	0	0	0	36
Weighted arithmetic mean (Score / Number of questions)		36/6= 6						

Percentage of Matching Range (Arithmetic Mean / 6) X %	6/6= 100%
Gap Size (100 – Percentage)	0%

Fourth hypothesis H4: The extent to which accounting procedures and policies that deal with product or service contributions in the spinning, weaving and knitting factory in Kut are consistent with the requirements of applying responsibility accounting.

Table 6 Checklist (product or service contributions)

sequence	The Fourth hypothesis H4	0	1	2	3	4	5	
1.	The company has accounting procedures and policies that focus on marketing research to determine consumer needs							
2.	The company has accounting procedures and policies on packaging products in a way that reduces the possibility of injury during use							X
3.	The company has accounting procedures and policies to place data on the product packaging to identify the limits and risks of use and the expiration date							
4.	The company has accounting procedures and policies to conduct media programs that inform consumers of the product's characteristics, methods and areas of use							
5.	The company has accounting procedures and policies to provide service centers for product maintenance and repair							
6.	There are accounting procedures and policies that support recyclable product designs.							
Weight		0	1	2	3	4	5	
Repetitions		0	0	0	0	0	0	
Score (Weight x Repetitions)		0	0	0	0	0	0	
Weighted arithmetic mean (Score / Number of questions)		36/6= 6						
Percentage of Matching Range (Arithmetic Mean / 6) X %		6/6= 100%						
Gap Size (100 – Percentage)		0%						

Hypothesis Development

To achieve the research objective, the following two main hypotheses were formulated:

Hypothesis 1: Natural and human activities contribute to achieving the objectives of social responsibility accounting.

Hypothesis 2: Social benefits contribute to achieving the objectives of social responsibility accounting.

Hypothesis 3: Fulfilling the requirements of human resources within the company contributes to achieving the objectives of social responsibility accounting.

Hypothesis 4: Improvements in products or services contribute to achieving the objectives of social responsibility accounting.

3. METHODOLOGY

Research Problem:

The problem of the study is to evaluate the extent of adoption of social responsibility accounting by Wasit Textile and Knitting Factory, by answering the following questions:

To what extent is Wasit Textile and Knitting Factory committed to natural and human activities that affect the work environment and the surrounding community?

To what extent does Wasit Textile and Knitting Factory contribute to achieving social benefits for community members through its activities?

To what extent does Wasit Textile and Knitting Factory pay attention to the company's human resources by providing safe and stimulating working conditions?

To what extent does Wasit Textile and Knitting Factory pay attention to the contributions of the product or service it provides in achieving social benefits and preserving the environment?

Research objectives: The research seeks to achieve the following:

The study generally aims to examine the extent of adoption of social responsibility accounting in the factory. There are a number of secondary objectives, which are:

- a. Verifying that the factory has implemented activities that care about natural and human resources related to achieving social responsibility accounting.
- b. Verifying that the factory has implemented activities that lead to achieving social benefits for members of society. • Verifying that the factory has implemented activities that lead to achieving human resource requirements within the company?
- c. Verifying that the factory has implemented activities that lead to interest in the field of product or service contributions?

Importance of the research: The importance of the study lies in the importance of social responsibility accounting in industrial companies and its impact on the company's environment.

4. DISCUSSIONS AND CONCLUSIONS

The research results showed that there were somewhat different gaps between the actual reality and the research variables, the extent of adopting social responsibility accounting in the Wasit Textile and Knitting Factory, as the total percentage of adopting social responsibility accounting in the management of the spinning, weaving and knitting factory in Kut for the four research axes, the first axis reached 89% adoption compared to the standard application of these requirements, which indicates that there is a great convergence between the actual reality and the requirements for adopting social responsibility accounting in the Wasit Textile and Knitting Factory, while the gap in this axis was 11%, while the second axis reached 84% compared to the standard application of the requirements of the second axis, accounting procedures and policies concerned with activities that lead to achieving social benefits, and the gap was 16%. Despite the financial conditions and economic challenges, the factory achieved a very high percentage in this field. The research results also showed complete adoption of the third and fourth axes according to the environment of the Wasit Textile and Knitting Factory to some extent between the actual reality and human resources requirements with regard to the third axis, while the fourth axis, product or service contributions, also reached Full adoption according to the environment of the Wasit Textile and Knitting Factory to some extent between the actual reality and accounting procedures and policies concerned with the field of product or service contributions and the result, as for the gaps that appeared in the results of evaluating the extent of adoption of social responsibility accounting in the Wasit Textile and Knitting Factory, the research recommended the necessity of working on the full adoption of social responsibility accounting in the Wasit Textile and Knitting Factory. The research results showed a small gap between the actual reality of the first axis, which aims to provide accounting procedures and policies concerned with natural and human activities to contribute to the application of responsibility accounting, as for the second axis, which suffers from a small gap, which is limited by accounting procedures and policies concerned with activities that lead to achieving social benefits, so the study recommends more accounting procedures and policies that support the full adoption of accounting. As for the validity of the three main hypotheses, they are: The first main hypothesis H1: There is a

strong (positive) correlation. The second main hypothesis H2: There is a strong (positive) correlation. The third main hypothesis H3: It was strongly achieved. The fourth main hypothesis H4: It was strongly achieved.

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