SOCIAL ACCOUNTING FOR NONPROFITS
IN TIMES OF THE CURRENT ECONOMIC CRISIS IN INDIA

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ABSTRACT

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Accounting primarily reflects the needs of owners and managers of profit-oriented businesses (Hines 1988; Morgan 1988; Tinker 1985). Social Accounting has attempted to reorient accounting to a broader set of social variables and social interests (Mook 2006). Institute of Social and Ethical Accountability (2000) defines social accounting as “social and ethical accounting is concerned with learning about the effect an organization has on society and about its relationship with an entire range of stakeholders — all those groups who affect and/or are affected by the organization and its activities”. This definition share the common feature of broadening the domain of accounting, attempting to deliver accountability to a broader array of stakeholders to create a more social responsible organization.

Review of Literature and Research Gap

Much research and literature can be found on the topic of social accounting on profit-oriented businesses rather than nonprofits, though there is some work with nonprofits (Brown 2000; Zadek 1997). However, there are many unanswered questions and discussion points which need to be addressed – the area of social accounting is not as ‘clear cut’ as other strands of accounting and one difference is that it needs to translate into both organisational and social value. The aim of this paper is to consider what the accounting profession can do to enhance understanding of these issues and their implications and how it can contribute to develop a coherent social accounting framework adapted to current economic crisis.

Research Questions

Research questions could potentially address:

● What are the social accounting outcomes and impacts of nonprofits on a range of stakeholders?

● How have perceptions of different stakeholders changed after the economic crisis?

● How could new social accountability framework be developed and what they look like?

● What are examples of meaningful indicators that would be used (or already are used) in social accounting, and what indicators are useful for which stakeholder groups?
Research Methodology and Design

The inclusion of stakeholders in any methodology for social accounting is imperative. Continuators, beneficiaries, local community, government and employees and there may well be more involved in the development of social accounting framework. This framework consists of social accounting outcomes and impacts of non-profits on a range of stakeholders. This framework is used for data collection through content analysis from a sample of registered non-profit’s annual reports. If an item is disclosed, anywhere in the annual report, the item is assigned score 1 and in the case of non-disclosure, score 0 is given. The score for each sample is then summed up, representing the score of the non-profits. Descriptive and inferential statistics would be used to analyze the data.

Key Theoretical and Empirical Findings

A new social accountability framework would be developed for non-profits in India on the basis of social accounting outcomes and impacts on a range of stakeholders. Social accounting information disclosure gap in non-profits would be measured on the basis of difference between expected and actual social accounting information disclosure. Perceptions of different stakeholders of non-profits would be measured in times of the economic crisis. There are policies, standards, and regulations that aim to enforce or encourage ‘good’ behaviour, which would be used to feed into a ‘social impact accounting framework’.

References:


www.accountability.org.uk.


