AMERICAN JOURNALS
Open Access, Peer Reviewed Journals
American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 23, | April - 2024

ACCOUNTING MEASUREMENT UNDER SOCIAL RESPONSIBILITY AND ITS REFLECTION ON PERFORMANCE AND COMPANY VALUE-APPLIED STUDY IN A SAMPLE OF IRAQI INDUSTRIAL COMPANIES

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A B S T R A C T	K E Y W O R D S
The purpose of the study is to clarify how social responsibility accounting contributes to a company's increased value. To this end, concepts of social responsibility, accounting for social responsibility, and company value are defined, and the significance of social responsibility accounting disclosure in the financial statements of industrial companies listed on the Iraq Stock Exchange is stated. By using information from the yearly financial reports of a sample of Iraqi industrial businesses registered on the Iraq Stock Exchange a total of twenty-five companies finance seeks to increase the value of the company. where a sample of those businesses in total was chosen, and the sample accounted for 84% of the study population between 2011 and 2020. The study's practical results include the finding that each of the six independent factors significantly affected the company's worth at various points. Regarding the research's suggestions, the most notable one is that industrial company managements need to be made aware of the significance of their commitment to disclosing social responsibility.	

Introduction

The concept of social responsibility indicates that it represents a set of financial and non-financial decisions that the company must take either voluntarily, as a result of ethical and social considerations, or compulsorily, in accordance with legal requirements, in order to achieve its economic goals and achieve the social goals of the society in which it operates. Social responsibility has emerged as a realistic result of the development of ideas and movements that aroused interest in protecting society and the consumer, as well as protecting the environment and natural resources in the society in which it operates. Searching for a fresh edge in the market, which caused the majority of them to take on a distinct social role in order to ensure their continued existence in the market. This means that businesses must base the majority of their decisions on an ethical framework that restricts the harm that their operations cause to the environment, their employees, and the external society in which they operate. As a result, society as a whole has must base the majority of their decisions on an ethical framework that restricts the harm that grown more hopeful that these businesses will improve their quality of life and contribute to their growth and prosperity.

2. Literature Review

2-1 Concept and importance of social responsibility:

Researchers and writers have differing views regarding the definition of social responsibility. For example, Esfijani believes that social responsibility is the ongoing commitment made by businesses and entrepreneurs to support social and economic development while enhancing the standard of living for working-class people, their families, and the community at large. Al-Zurfi, on the other hand, believes that social responsibility has deep historical roots. The earliest sign of this idea's birth is the rise of labor unions and organizations following the industrial revolution, which started in the latter part of the eighteenth century. between the owners and the workers (Abdullah, 2021, 17).

Through the introduction of the classical theory, which is predicated on the idea that an economic unit aims to maximize its profit by using all available resources and energy to accomplish its objective in the most efficient way possible while ensuring that its profitability is realized. This strategy was founded on the idea that economic units must act as representatives of the shareholders and the general public, which means they must make choices that result in a just balance for all parties involved—shareholders, employees, suppliers, consumers, and society at large. It enables the economic entity to fulfill its profit-making objective in (Al-Zorfi, 10-11, 2018).

This article affirms that the economic unit's management is in charge of upholding the rights of various social groups as well as a number of environmental and social objectives that advance the general welfare of the community in which the economic unit works. (Esfijani, 2014: 29)

The following are some of the definitions of social responsibility that various authors and scholars have come up with: - (Al-Adhari, 2017) According to his definition, it is a moral obligation that businesses have to the communities in which they operate to rectify the harm that their activities cause and to forward the cause of social responsibility. enhance the level of living for those in the workforce, the environment, and society, as well as the caliber of its output,

(Al-Zurfi, 2018) mentioned social responsibility in passing and provided non-financial data about how the unit's decisions affect society and the environment in which it works. (Al-Zurfi, 10, 2018).

Social Responsibility is defined by Jacob and Matar as follows: The company community is achieved by integrating it with the company's activities, strategies, concepts, and goals. It also aims to add

value to the company by showcasing the company's commitment to its responsibility towards stakeholders and proving that By means of integrated reporting (Jacob and Matar, 2021:12).
According to Abdullah (2021), social responsibility is a moral duty that a business has to the people in the community in which it operates. It also entails bearing and resolving any harm that may come to them as a result of the business's operations, as well as improving the environment and the standard of living for employees and their families. (Abdullah, 2021, 17).:
According to the researchers, social responsibility can be defined as follows: it is a collection of financial and non-financial decisions that an organization must make in order to meet its economic objectives and the social objectives of the community in which it operates, either voluntarily (due to ethical and social considerations) or compulsorily (due to legal requirements).

2-2 Concept and importance of company value:
The scholars have stated a number of definitions pertaining to the company's worth. (Mubarak 2017) defined the company's value as the present value of discounted future cash flows resulting from investment projects (Mubarak 2017: 232). Lestari and Armaih (Lestari & Armayah) stated that the market price of the company's ordinary shares determines the company's value and reflects the company's investments, financial decisions, and profit distribution (Lestari & Armayah, 2016:7). Fajaria and Isnalita stated (Fajaria & Isnalita,) that the company's value is the amount that the anticipated buyer will offer to purchase the business, if it is sold (Fajaria & Isnalita,
There are many indicators through which the value of the company can be maximized. My agency: - (Al-Moussawi, 2017, 95-98)
1. Competitive advantage index: The idea of a competitive advantage refers to what a business may do by maintaining a high level of output and profits in exchange, cutting expenses and growing its market share without doing so at the price of earnings and quality.
2. Market share index: The degree of a company's production and marketing efficiency, as measured by the volume of sales in the market relative to the total sales of the same firms in the industry, is known as its market share. The top businesses that are able to influence and dominate the market are those with the biggest market shares.
3. Trademark index: Most businesses rely on their trademark to set their product apart from that of other businesses operating in the same sector." The company's trademark is a valuable intangible asset that gives it a competitive edge in the market and helps it build a strong brand..
4. Economic Value Added Index: It refers to an accounting measure of the operation's performance as it currently exists, which is an accounting measure of income less the necessary accounting return needed to calculate the amount of capital invested. Because it does not include the cost of invested capital, the added economic value serves as a measure of evaluating performance that beyond the limitations of traditional criteria. Specifically, it demonstrates that the profit realized exceeds the cost of capital. (Al-Ghalabi: 6: 2017)

2-3 Social responsibility and its role in improving the value of the company:
There have been significant changes in the business environment that have impacted many facets of life. These changes have affected the progress, growth, and development of all companies, including industrial ones. As a result, they have had an impact on the coordination of social relations and the

structure of values in many nations. As a result, in light of these advancements, social responsibility has gained prominence. (Wirl 2013;229).

The American scientist James Tobin created this model in the 1960s, or 1969, and it was described as a way to measure a company's market value as a percentage. It is typically used as a useful indicator of corporate performance in the fields of financial sciences and economics. This statistic, which can be calculated using the following equation, is thought to be among the finest for assessing financial success.:

Tobin's Q=(Total market value + Total book value liabilities)/(Total book value of assets)

Where it represents:

Where the modified model was used according to many researchers to become

Company value = market value of equity ÷ book value of total assets

In contrast, the market value of ownership rights is equal to (the number of ordinary shares subscribed to times the price of an ordinary share on December 31 of each year).

The value of all assets registered at year's end equals the book value of all assets.

Because it is regarded as one of the most accurate and reliable metrics for determining a company's value, the researchers will therefore rely on the Tobin's Q scale, which was developed by American scientist James Tobin (Tobin James) in 1969. Additionally, the ease of access to the financial data required for this measure and the fact that the majority of studies have included this metric when determining a company's value also contribute to their decision.

2-4 Advantages of (Tobin's Q) scale in measuring the value of the company:

Numerous academics have chosen to utilize this metric because of its many benefits when determining the company's worth. (Youssef, 2023: 54).

1- Because the Tobin's Q scale utilizes the market value of the company's capital, which incorporates profitability aspects and the risk motive for it in the future, it helps to avoid distortions that may be induced by certain accounting and tax rules. This scale is among the most significant and effective in determining the company's worth. It is also simply calculable using the data found in the financial accounts of the business.

2- The Tobin's Q measure indicates the degree of investment motivation in the company's capital and can be a helpful tool for the business to forecast its future value. Investors can use this information to predict opportunities for the company's value to grow, including the likelihood that these opportunities will materialize and the amount of return on current operations.Tobin's Q scale has the ability to compare different industrial companies, because the model looks to the future and is not affected by accounting standards, which in turn may differ from one industrial company to another.

3- The Tobin's Q is a great predictor of market capitalization and one of the most reliable metrics for predicting stock market returns.

4- Tobin's Q illustrates the connection between the market worth of a corporation and the cost of replacing its physical assets, which shows a company's long-term profitability.

5- A corporation may use this scale, known as Tobin's Q, to help with investment decisions and to summarize information about the future that is pertinent to the decision.

6- The market's perception of the firm from the several angles that outside parties, such as investors, observe is provided by this metric (Tobin's Q).

7- The Tobin's Q measure is a useful tool for evaluating performance since it takes into account several key factors, such as the assets that are registered with the firm and relevant market trends.

3. Research Methodology

3-1 The research problem:

The study's identified issue is that a significant portion of the industrial companies listed on the Iraq Stock Exchange have no interest in revealing social responsibility accounting at the level of their financial statements in a way that accurately reflects the company's social role and a statement of the losses it incurs in order to foster employee development, advance societal goals, and establish an atmosphere conducive to We note that most Iraqi industrial companies are not interested in disclosing social responsibility accounting, and there is no local accounting standard related to reporting social responsibility. These companies should deal with developments, upgrade their products and services, and disclose environmental activities.

3-2 Research objectives:

By disclosing the company's strategy and analyzing the relationship between the disclosure of governance procedures and the role they play in improving the value of the company in the industrial companies listed in the Iraq Stock Exchange, the researchers hope to ascertain the role played by social responsibility accounting in the listing of Iraqi industrial companies on the Iraq Stock Exchange.

3-3 The importance of research:

The research is significant because it attempts to demonstrate the degree to which a sample of Iraqi industrial companies listed on the Iraq Stock Exchange are committed to applying and upholding the accounting principles of social responsibility and to displaying them in their financial statements in a manner that is beneficial to both the company and the working class.

3-4 Research hypotheses:

1. There is a statistically significant correlation between the company's worth and its strategy.
2. There is a statistically significant correlation between the firm valuation and the disclosure of the governance processes.
3. There is a statistically significant correlation between the company's valuation and the disclosure of its goods and services.

3-5 The research community and its sample:

The Iraqi industrial private firms listed on the Iraq Stock Exchange comprise the research community. According to the Iraq Stock Exchange website, the study sample consisted of 25 companies, and 21 companies were selected for the research, representing 84% of the sample. The other firms were left out of the study sample because there was insufficient financial data available for the 2011–2020 timeframe. Of the sample, there were 21 observations.

4. Results & Analysis

4-1 Measuring the effect of disclosing social responsibility in its various dimensions on the value of the company and proving hypotheses

The Tobin Q index was used as a metric to evaluate the company's worth as it includes the market value and book value of the business. The process for figuring out the company's worth based on this indication is illustrated in the following equation. The primary hypothesis is to investigate the impact of a company's social responsibility disclosure across several dimensions on its overall worth. The outcomes of testing this theory and its conjectures are as follows:

According to the main premise, there is a statistically significant correlation between a company's worth and its disclosure of social responsibility. The equation (Y = â + bx + ̀) was utilized to conduct the effect test utilizing the SPSS software, and Table (1) displays the findings of the analysis of variance between the variables for the relationship's indicators.

First: Examining the relationship between hypothesis testing and the research variables The primary hypothesis 1: The value of the firm and the disclosure of social responsibility accounting are significantly correlated. The results of testing this hypothesis are displayed in Table No. (1).

Table (1) shows the results of testing the first main hypothesis using the Spearman correlation coefficient:

Correlations				
			ROE	Tobin Q
Spearman's rho	CSD	Correlation Coefficient	1.000	.914**
		Sig. (2-tailed)	.	.000
		N	195	195
	Tobin Q	Correlation Coefficient	.914**	1.000
		Sig. (2-tailed)	.000	.
		N	195	195
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Prepared by the two researchers based on the outputs of the SPSS program

Considering that r (195) = 0. 835, p <.05, indicates that the alternative hypothesis (H1), which asserts that "there is a significant relationship between the disclosure of social responsibility accounting and the value of the company," is accepted and the null hypothesis (H0) is rejected. This suggests that, at the 0.01 significance level, there is a direct correlation between the company's value and the disclosure of social responsibility accounting CSD, with an increase in the latter's level of disclosure potentially translating into a rise in the former's value.

The results of testing the sub-hypotheses of the first main hypothesis were as follows:

1- **The first sub-hypothesis (H1):** There is a significant relationship between the disclosure of the company's strategy and the value of the company.

Table (2) shows the results of testing the first sub-hypothesis using the Spearman correlation coefficient:

Table (2) results of testing the relationship between the disclosure of the company's strategy and the value of the company

Correlations				
			A	Tobin Q
Spearman's rho	A	Correlation Coefficient	1.000	.755**
		Sig. (2-tailed)	.	.000
		N	195	195
	Tobin Q	Correlation Coefficient	.755**	1.000
		Sig. (2-tailed)	.000	.
		N	195	195

Source: Prepared by the two researchers based on the outputs of the SPSS program

Considering that r (195) = 0.677, p <0.05, indicates that "there is a significant relationship between the disclosure of the company's strategy and the value of the company," rejecting the null hypothesis H0 and accepting the alternative hypothesis H1. Since an increase in the degree of strategy disclosure can result in an improvement in the company's value, this suggests a direct link between the company's strategy A disclosure and its value Tobin Q at the 0.01 important level.

2- **The second sub-hypothesis (H2):** There is a significant relationship between the disclosure of governance procedures and the value of the company.

Table (3) shows the results of testing the second sub-hypothesis using the Spearman correlation coefficient:

Table (3) Results of testing the relationship between disclosure of governance procedures and company value

Correlations				
			B	Tobin Q
Spearman's rho	B	Correlation Coefficient	1.000	.812**
		Sig. (3-tailed)	.	.000
		N	195	195
	Tobin Q	Correlation Coefficient	.812**	1.000
		Sig. (3-tailed)	.000	.
		N	195	195
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Prepared by the two researchers based on the outputs of the SPSS program

Considering that r (195) = 0. 769, p <0.05, indicates that the alternative hypothesis H2, which asserts that "there is a significant relationship between the disclosure of governance procedures and the value of the company," is accepted and the null hypothesis H0 is rejected. Given that an increase in the amount of governance process disclosure can result in a rise in the business's value, this suggests a positive association between the disclosure of governance procedures B and the value of the firm Tobin Q at the 0.01 significant level.

3- **The third sub-hypothesis (H3)**: There is a significant relationship between the disclosure of products and services and the value of the company.

The table below shows the results of testing the third sub-hypothesis using the Spearman correlation coefficient:

Table (4) Results of testing the relationship between disclosure of products and services and company value

Correlations				
			C	Tobin Q
Spearman's rho	C	Correlation Coefficient	1.000	.805**
		Sig. (2-tailed)	.	.000
		N	195	195
	Tobin Q	Correlation Coefficient	.805**	1.000
		Sig. (2-tailed)	.000	.
		N	195	195
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Prepared by the two researchers based on the outputs of the SPSS program

Considering that r (195) = 0.763, $p < 0.05$, indicates that the alternative hypothesis H3, which asserts that "there is a significant relationship between disclosure of products and services and company value," is accepted and the null hypothesis H0 is rejected. Given that an increase in the degree of product and service disclosure can result in a rise in the company's value, this suggests a positive link between the disclosure of products and services C and the value of the business Tobin Q at the 0.01 level of significance.

5. Discussion & Conclusion

5-1 Conclusions:

1. The value of the company and the disclosure of social goals have a statistically significant relationship (73%). This suggests that there is a direct relationship (tobin Q at 0.01 importance) between the value of the company and the disclosure of social goals, as higher levels of social goal disclosure can result in higher company values.
2. There is a 77% statistically significant correlation between the firm valuation and the disclosure of governance practices. Given that increasing the amount of disclosure of governance processes can raise the value of the firm, this suggests that there is a positive link between the disclosure of governance procedures and the value of the company.
3. There is a statistically significant correlation of 57% between the company's valuation and the disclosure of its goods and services. Given that any increase in the degree of product and service disclosure can result in a rise in the company's value, this suggests that there is a positive link between product and service disclosure and value.
4. There is a statistically substantial correlation (68%), between the company's worth and the disclosure of its plan. The fact that any increase in the degree of strategy disclosure can result in a rise in the company's worth suggests that there is a direct correlation between strategy disclosure and business value.

5. There is an 83% statistically significant relationship between the company's valuation and its social responsibility declaration. As any increase in the degree of social responsibility disclosure might result in a rise in the company's value, this suggests that there is a direct link between social responsibility disclosure and value.

5-2 Recommendations:

1. In order to provide a conceptual and applied framework that illustrates the significance of social responsibility accounting and how to disclose it, accounting associations, professional organizations, and accounting departments in the faculties of administration and economics at Iraqi universities must give the disclosure of social responsibility accounting significant consideration.
2. Iraqi industrial companies listed on the Iraq Stock Exchange need to show more interest in the work of working people and protect them. They can do this by giving workers more training, offering incentives, giving them adequate housing, and offering health insurance. After all, a company's value will increase as a result of showing more interest in working people.
3. Teaching industrial firms about the necessity of following the financial statement disclosure of social responsibility guidelines and establishing a dedicated accounting system that serves this function.
4. The company's management should take into account the disclosure of social responsibility in its financial statements in all its dimensions (company strategy, governance, products and services, community development and social goals, employment, and the environment) because the company spends on these dimensions.
5. The need that business managers focus on upcoming initiatives to increase social responsibility disclosure in their financial reports.

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