



## Social Audit and its Impacts Naveen Kumar

**Abstract:** The purpose of this article is to examine the current state of social audit. Analyzing the importance of social audit in every aspect of life. Effect of social audit is shown with examples. The development by public or private sector is discussed with their social achievements. This research paper also consist the availability and use of social audit method. In this paper it tried to show that how it is important in present time. Social Cost and Social Profit can easily understand here with article. If we do not use the weapon of social audit then any organization can misuse of their power. So social audit is a important weapon to control the power of every origination.

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**Keywords:** Transparency and Responsibility, social audit, human resources, research, accounting, tax, and audit report.

### Introduction:

Under a market economy based on free enterprise, economic entities won the emergence of new modern forms of control that is adapted to the evolution of social management, trying to shift the incentive to coercive style. This modern form of social audit control is allowing employees to participate increasingly more including the management of the entity being considered a resource of great importance and even indispensable in the economic activity of the entity. Social audit concept is closely related to the concept of social enterprise. The concept of social enterprise was first used by Spreckley Freer in 1978 and then introduced his "social audit a management tool for cooperative work type" paper published by Beachwood College in 1981. Freer's vision, social audit is the tool that social enterprises should use it to prove that they really social purpose. Freer describes social enterprise as "a business that is owned by those who work in it, is located in a particular locality, aims to establish and control systems both social objectives and commercial objectives". The general objective of this paper is connecting to current trends show that more intense national and examining the essential elements of economic and social reality fully reflect the processes undertaken within an economic entity, identifying social risks that may threaten the proper functioning of the entity.

**Research methodology:** In the context of a topical issue, the challenge starts at the initiative to help develop the social audit process improvement efforts for social reporting information. Research methodology used in this paper respects the principle of unity of quantity and quality, combining qualitative research with quantitative research in order to increase efficiency results. The research is based on deductive approach, based on existing concepts and models outlined in terms of references including publications in the literature, into customized, at the national and

international levels. The purpose of theoretical research is the knowledge of concepts related to the issue, in this case social audit, taking into account the various opinions issued by experts in the field.

**Typology directions in achieving social audit:** Freer has identified five main areas that a company has in mind to be able to measure the results of activities undertaken with the social audit. These main directions are shown in **Figure**.



Source: own interpretation, Direction for the achievement of social audit.

**Profit of social audit:** In the literature the concept of profit is often replaced by the concept of financial surplus. Profit is a synthetic indicator representing earnings of an economic entity as a result of effective activity as an economic and financial point of view.

**Human resource:** Employees should not be regarded as a cost, but as a resource in the true sense of the word, and thus could be verified and quality of work. On this aspect, we can measure the impact of the economic entity on labor used in special training impact.

**Public impact:** According to the directions suggested by Freer (1981), the management entity must consider its involvement in community development in which economic entity operates not only create jobs and pay all fees to the various budget categories.

**Environmental impact:** According to the directions, have had the impact that they have the resources used by the entity on the environment and the economic entity's contribution to environmental protection and pollution prevention.

**The first step in the process of social audit, social audit generically define the mission is accomplished by the following:**



- Objectives of the analysis that the principal axes of social audit.
- Social audit scope and the level to which it shall carry out.
- Methods of analysis and control.

**A successful social audit depends largely on prior definition of the mission established by the entity, together with the auditor:** The diagnostic phase of human resources, the auditor should be familiar with the work that is to perform, in order to determine the significant elements to developing an audit program focused on the topic. It is necessary to note that the auditor should focus its efforts and to effectively allocate time for an efficient audit process. The auditor should also carry out a SWOT analysis, trying to identify strengths, weaknesses and potential risks that may arise in the work of human resource management.

**The third step is the establishment of the work program of auditors. The structure of auditors' work program must specify the following:**

- People to discuss the auditors.
- Findings and / or determinations to be made.
- Documents required to be analyzed.
- Budget and timeline for carrying out the actions.

**Diagram of social audit:**



Source: own interpretation-



**Conclusion:** In our opinion, the most important chapter of the social audit report is the presentation of the mission as social audit results can be used to present the social balance of the economic entity and the entity to contract growing concerns social services managers and its employees. In conclusion, social audit is a motivating factor in analyzing, improving and providing solutions to enhance the efficient use of human resources and not least an essential tool in ensuring a balance between the economic entity's financial results and social results of it.

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