

Accounting Policy, and Best Practices an Developing Corporate Social Responsibility in Iran

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Abstract

Introduction and aim: The development of the CSR concept has received attention of several scholars. Carroll (1979, 1991) delineated the CSR construct by stating “the social responsibility of business encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations.” This definition has become fairly widely accepted and emphasizes four principle types of responsibilities; economic, legal, ethical and philanthropic [5].

Research methodology: There are two perspectives of CSR; one with regard to corporate behavior based on “normative and ethical” considerations, the other about managing corporate risk and protecting corporate reputation. This dichotomy can be simplified as ethically driven behavior based on moral obligations and values on one hand and organizational benefit on the other. The first is related to prevailing values and ethical norms; the second correlates with the intensity of society’s role in rewarding or punishing corporate social performance and also influenced by societal values [5]. In the following the existence of CSR in Iran, Accounting history and best practices in developing CSR, Accounting policy and social accounting and CSR phenomena be studied.

Results and implications: Accountants have an important contribution to make to the debate surrounding Corporate Social Responsibility (CSR). According to Melsa, 2005 big companies with accountable accountants are amongst the main actors in creating an awareness of CSR practices. As the main targets of global NGO activism, they may be trying to establish a level playing field with their local competitors.

Conclusion: Development agencies also play a significant role in promoting improved social and environmental standards. Local perceptions of CSR are somewhat different.

There are some practical steps they should do for developing CSR in companies.

1. Develop the policy agendas which have CSR based items.
2. Dedicate a specific budget for developing CSR.
3. Using from other countries accounting systems which supports CSR much more.
4. Try to be a social accountant person themselves first then for others.

Keywords: public policy, corporate governance, Iran, corporate social responsibility

Introduction

The development of the CSR concept has received attention of several scholars. Carroll (1979, 1991) delineated the CSR construct by stating “the social responsibility of business encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations.” This definition has become fairly widely accepted and emphasizes four principle types of responsibilities; economic, legal, ethical and philanthropic [5].

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Existence of CSR in Iran

About the existence of CSR in Iran we should say that in some large, medium and small companies, factories and enterprises we can see the existence of CSR but we cannot say that in all of them CSR exists.

In Iran corporate social responsibility (CSR) like in other developed countries or not developed ones is important factor. And because Iran is going to enter to the global marketing and global competition so this factor because is important factor in developed countries then Iran wants to be obey from the international roles in this field.

Literature review of the CSR notion in the Iranian literature reveals that CSR was in the past time but with different methods. And can be categorized in two fields:

- Individual CSR, in this type people themselves wants to do their own responsibility for the society with different types of actions.
- Organizational CSR, it refers to collective actions regarding CSR not individually.

Accounting history and best practices in developing CSR in Iran

Accountants have an important contribution to make to the debate surrounding Corporate Social Responsibility (CSR). While traditionally it has been financial accountability that is the remit of accountants, for many years now, accounting academics have been at the forefront of research and theory on social and environmental accounting and, more recently, practitioners, professional associations and others have taken an interest in the topic.

Iranian accountants like other countries' accountants have keen interest to follow the CSR items in they work to create an accountable organization. And we can see this in big companies like IRAN KHODRO Company, IKC, and SAIPA which produce cars in Iran that try to produce cars with lower air pollution. Or ports and shipping organization in Iran pays 20 million dollars annually for the Iranian seas shores for help.

Also Iranian accountants' interest in CSR is much more wide ranging than simply an interest in the financial impacts on society. Some writers envision a role for accountants in improving social justice and contributing to social and environmental benefits on a global level.

The major element of Iranian accountants' contribution that they have the ability to provide a mechanism for holding corporations accountable for what they do – holding entities accountable is, after all, what accountants do as a matter of course. While traditionally it has been financial accountability that is the remit of accountants, for many years now, accounting academics have been at the forefront of research and theory on social and environmental accounting and, more recently, practitioners, professional associations and others have taken an interest in the topic. This body of work attempts to 'broaden our thinking about the role of accounting' [2,5,6].

According to Carol, 2009, the accountant's role can traditionally be classified into three areas:

- The financial accountant,
- The management accountant and
- The auditor

In terms of social and environmental accounting, the financial accountant could be said to be primarily interested in social and environmental aspects of assets and liabilities and to report on them in some standard way. The management accountant is concerned with costs and benefits associated with these issues, and the auditor in providing verification or assurance of the social account produced [1,3].

Also Accounting history and best practices have important role in developing CSR in companies. Companies with good background and history in economic ranking can be the prominent indicators in CSR.

Accounting policy, Social accounting and CSR phenomena

O'Dwyer (2006, p. 233) describes social accounting scholars as a group of individuals with 'commitment to stakeholder accountability and democracy'. The work of these scholars views accounting as 'a mechanism aimed at enhancing corporate accountability and transparency to a wide range of external stakeholders, addressing the social, environmental and ethical concerns and values of individuals upon whom a business has a non-economic impact' (O'Dwyer, 2006, p. 220), hence social accounting is a major element of corporate social responsibility, linking it with corporate social responsiveness. More recent analysis of the type and extent of social accounting indicates the variety of reporting mechanisms, including assurance statements, environmental, social and economic performance reports (also called Triple P (people, planet, profit) or Triple Bottom Line reports) and reporting within annual reports and financial statements. Also noted is the variety in the extent and nature of the reporting, particularly across industry sectors and between countries [7].

Conclusion

Accountants have an important contribution to make to the debate surrounding Corporate Social Responsibility (CSR). According to Melsa, 2005 big companies with accountable accountants are amongst the

main actors in creating an awareness of CSR practices. As the main targets of global NGO activism, they may be trying to establish a level playing field with their local competitors.

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