



Social Audit

Meaning



- Social Audit is a method / technique used for judging the social responsiveness of companies.
- It is self evaluation of social performance.
- It is a technique used for finding out how the social responsibilities are being discharged by a business unit.
- It is a performance appraisal technique of an enterprise in relation to ecological balance, welfare of employees, consumer protection, community services and so on.
- It is also used for introducing remedial measures, if required.
- Thus Social Audit is a technique for monitoring, appraising and measuring the social contribution of business.
- It originated in the USA in 1953, Howard R. Bowen developed the concept in the fifties. Kreps Theodore J. is regarded as the Founding Father.



- Social Audit creates an impact on Corporate Governance.
- It is for strengthening accountability and transparency in corporate organisations. Social Audit is a way of measuring, understanding, reporting and finally improving an organisations social and ethical performance.
- The purpose of social audit is to review the social performance of a company and to make the top level management alert and conscious as regards social responsibilities of the company.
- It also creates goodwill and good image of a company by improving social performance.
- **SOCIAL RESPONSIBILITY AND SOCIAL AUDIT CONCEPT ARE CLOSELY RELATED.**

Definition

“a systematic study and evaluation of an organisation’s social performance, as distinguished from its economic performance”.

“a report of social performance in contrast to the financial report which is concerned with economic performance”.



Features

- Systematic evaluation
- Measures social performance
- Conducted frequently
- Wide coverage
- Supplements social responsibility
- Guides top level management
- Voluntary in Character
- Different from Commercial Audit



Evolution



- Came into existence in 1972
- Derived from Latin word 'Audit'
- Practiced since ancient time
- Tata group in 1979
- Dunston social audit in 1982



Types

The basic purpose is to study social performance in that area and not in terms of profit.

Contribution of that activity for social welfare is analyzed in full.

- Marketing Audit*
- Personnel Audit*
- Shareholders Audit*
- Issue Audit*



Marketing Audit

- Marketing Audit enables the management to formulate consumer friendly strategies.
- It evaluates the following aspects of marketing policies. Pricing, Product, Distribution, Promotion, Advertising, Personal Selling, Marketing Research, Trade Practices and After Sales services.



Personnel Audit

- It helps management to remove causes of conflicts b/w employers and employees and maintain sound personnel policies.
- It evaluates the following areas recruitment and selection, compensation, training, promotion, industrial disputes, labour absenteeism and turnover.



Shareholders Audit

- It evaluates the following policies relating to shareholders : conviction to shareholders about soundness of proposal, secured returns, safety of investment, regular appreciation of returns organising shareholders meeting regularly etc.



Issue Audit

- It aims at finding out whether the business has fulfilled its obligations to the society or not.
- It evaluates social welfare schemes undertaken by the business, creation of employment opportunities, financing rural development programme, fighting pollution, maintaining ecological balance etc.



(A) Benefits to Sponsoring Organisation

- Supply data on social performance
- Guidance to top management
- Publicity to social performance
- Improves corporate image



(B) Benefits to Society/Social. Groups

- Supply information to shareholders
- Prevents unfair practices
- Protection to different social groups
- Provides social benefits
- Makes enterprise conscious of its social responsibilities





Difference Between

Social Audit

- Meaning
- Purpose
- Who conducts
- Scope
- Legal Position
- Procedure
- When conducted
- Format for Reporting

Commercial Audit

- Meaning
- Purpose
- Who Conducts
- Scope
- Legal Position
- Procedure
- When conducted
- Format for Reporting



Thank you...