SOCIAL ACCOUNTING – BASE LEVER OF THE ORGANIZATION'S SOCIAL RESPONSIBILITY

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Abstract: Being in full ascension, social accounting is considered, in the specialty literature, a subcategory of the financial accounting within the organization. The social accounting is delimited on the non-financial information discovery and the organization's social performance towards the internal and external parts, such as the capital owners, mainly, for the interested parts, the creditors and other authorities. This non-financial information needs to represent the activities that have a direct impact on the community, the environment and on the organization's social performance. This article tries to determine the conceptual environment, the role and the objectives of the organization's social accounting, as well as finding the answer to the next question: What are the characteristics and the benefits of knowing and applying the social accounting? The product given by the social accounting is the non-financial information and, as any other product, for the acceptance of its clients, it needs to accomplish certain qualitative criteria, certain standards to satisfy the needs of its every beneficiary.

JEL classification: M14, M40, M41

Key words: social accounting, non-financial information, corporate social responsibility , social performance.

1. INTRODUCTION

Over time, in the whole process of evolution of organizations, different models of perception and assumption of corporate social responsibility have developed. Though the uncertainty of the way the process has been assimilated and the uncertainty of the motives for which it has been accepted are still questioned. The authors highlighted in their research more motives and ways about how the organizations went through the process towards adopting policies of corporate social responsibilities within their activity agenda. The progress from the desire for sustainability or durability of the business and the assumed social responsibility is a complex one and dominated by multiple changes in the corporate values and an alternative approach to the creation of values of the business on the long term (Hermann, 2004, pp205-208).

For equilibrium to exist, the organization needs to put into balance its economic aspects with the ethical and social ones and this balance needs to take into consideration every category of stakeholders. The corporate social responsibility is based on the non-financial information measured through the prism of social responsibility. Changing the environment and the social parameters has determined the organizations to account and report non-financial information regarding the accomplishment of social responsibilities (Carroll, 1979, pp. 275-282).

The limits of principles, practices and abilities of the conventional accounting have been extended for these domains to divulge and socially attest regarding the social programs' measures.

2. BRIEF LITERATURE REVIEW

The business represents a socio-economic activity which attracts its contributions from the community, that is why its objective should be the well-being of the community and it should have a responsibility towards resolving multiple social problems. As of right now with a growth of technological, economic, cultural and social awareness, the accounting not only accomplishes its function of administration of the organization's owners, but it also accomplishes its social function.

The financial accounting is the oldest concept of accounting, having appeared approximatively 525 years ago in 1494, discovered by Lucapacioli, a Greek mathematician. The social accounting represents a new concept in accounting. From a macro level social accounting is used for the first time by De Queng in 1758 in France and from a micro level the social accounting is used by the organizations in the beginning of the 1970s in the United States of America.

According to Ramanathan the social accounting represents the process of social performance variable selection at the organization's level, the measures and the measuring procedures systematically developing information of non-financial nature to evaluate the social performance and communicate this information to social groups in cause within the organization and outside the organization (Ramanathan, 1976,pp. 516-528). Therefore, it is clear that we can consider the social accounting as being preoccupied by the internal and external reporting of the costs and social benefits from a quantitative and qualitative point of view by a business.

Ralph Estes saw this social accounting as an independent discipline which consists of measuring and reporting the activities of an entity, in the measure they influence the society. Moreover, the social accounting imposes a structure on its society, which not only determines its economic activities, but it also influences its social relation and the well-being. Therefore, a limited measure to the economic consequences is inadequate as an evaluation of the cause-effect relations of the total system, it neglects the social effects (Smita, 2012).

In the specialty literature numerous definitions of the social accounting have been given, but the absence of the standard environments for divulging this information stops the appearance of a universal definition (Gray, 2005, pp. 307-317). Inventing the main definitions given to the social accounting are found in table no.1

Social accounting known as social responsibility, socio-economic accounting, social reporting and social audit, targets the measuring and informing of the large public regarding the social assistance activities undertaken by the organization and their effects on the community.

Table no. 1 Definitions given to social accounting

Authors/Institutions	Definitions
Ramanathan (1976)	The process of variables and measures selection at the level of performance and the measure procedures that develop information used in evaluating the organization's performance and the communication of this information to the groups which belong to the interior and exterior of the organization.
Mathews (1993)	Voluntary broadcasts of qualitative and quantitative information made by the organizations to inform or influence an audience ensemble.
Gray (2002)	Every form of accounting which go beyond the economic accounting domains.
Capron (2007)	Regulated publication of information in the manner which the organization understands the economic, environmental and social impacts of its activity.
Hubbard (2009)	Social reporting known as social responsibility reporting which includes the environmental and social aspects of an organization's performance in relation to the economic aspects and it is a mechanism of voluntary declaration.
National Committee of Accountants (2011)	Identifying, measuring, monitoring and reporting the social and economic effects of an organization on the society.
Kohler (2014)	Applying of double registration regarding the socio-economic analysis.
Leonad Spacer (2015)	A way which helps express social effects in a certain type of quantitative terms.
Richard Dobbins and David Fanning (2017)	Measuring and reporting non-financial information regarding the impact of an organization and its activities on the community.

Source: own processing

Social accounting needs to be seen as a report of the supported costs for the employment in the domain regarding pollution fighting, safety and health and other beneficial requirements of the society and in general to be able to measure the impact of the economic entity on the environment. According to Richard Dobbins and David Fanning, social accounting represents measuring and reporting the information regarding the organization's impact and its activities on the community.

3. METHODOLOGY

This paper was based on a qualitative research which consisted of studying, synthesizing and observing some papers and studies from the specialty literature, for a knowledge and analysis of the conditions which led to the appearance and development of the social accounting concept. For the proposed objective in the qualitative research to be reached, we have studied the specialty literature to determine the conceptual environment, the role and objectives of the social accounting. The ample transformations in the corporate social responsibility's evaluation plan of the organization has generated the appearance of the accounting concept, a concept capable of surprising and directing the organizations towards the plan of global competitiveness.

4. THE CONCEPTUAL ENVIRONMENT AND THE ROLE OF THE ORGANIZATION'S SOCIAL ACCOUNTING

The concept of social accounting has gained a great deal of importance as a result of a high-level industrialization which brought prosperity to the society, as well as multiple problems. It has imposed to the corporate sector with huge sums of funds, to invest substantial sums into social activities, to cancel the negative effects of industrialization. Therefore today, the accounting efforts have been extended to the evaluation of the society's status and the social programs, not to satisfy every individual or group, but to apply the evaluation procedures into the allocation of resources towards a better social well-being. The social accounting deals with the analysis and the study of the accounting practice of the organization's activity. The concept of the society's socialist model, the movements of the civil rights, the environmental protection groups and the ecological conservation groups, the growth of the society's awareness grade towards the organizations' social contribution has contributed to the growth of social accounting importance.

The role of accounting in the social and economic life, no matter the branch it develops the activity in, especially in the context of a market economy, is that of presenting pertinent information about the organization's activity, its partners', the internal and external users of the accounting information. The instrument which helps the organization inform the users of the accounting information from their work environment about what it does and its financial performances, is accounting. Accounting represents an ambivalent mechanism of gathering, identifying, sorting, processing, registering, highlighting of the accounting elements of an activity and their financial reporting (Jasch, 2004). Accounting appeared in the Middle Ages when the monetary economy met an ample development and led to the appearance of capitalism. The daily accountant deals not only with registering the economic operations into the accounting registers but also into a series of activities which imply planification and problem solving.

The participants to an economic and social life can be advantaged to the detriment of others, the reason why it is preferred that the regulation to be made by an independent authority of accounting regulation, in which every interested party is involved. Naming the accounting a science was made tied to the knowledge development status from this domain and with the acceptance given to the concept of science. At first, accounting was considered a branch of mathematicians and afterwards it has merged into the science of rational administration. Developing an economic and social activity by an organization affects, in a big or small measure, the ensemble economy of a country as the grade of economic development of a country has implications in the organization's activity, because the commercial activity and the development are directly tied to one another. One country's economy development means creating new opportunities of employment in economy, establishing a big number of industries of commercial activity growth, avoiding unfruitful competition and increasing the living standards of individuals that live and develop their activity in this economy.

The success and failure of developing an economic and social activity by an organization depend on the taste, preferences, choices, habits of the consumer which becomes a central pylon, worthy to be taken into consideration. As seen from the interior of the organization, business should fulfill responsibility towards its employees offering different facilities such as: medical services, housing, transport, entertainment, education facilities, promoting arts and culture etc. The shareholders of the business which need to support the risks and invest the capital to grow the business represent a part of the society, therefore the activity should offer them a suitable rate of return of their investment to satisfy them and the community itself. Therefore, the business developed by the organization has a well determined objective, that of obtaining profit having to satisfy both the economic aspect as well as the social one. The organization represents an important social and economic institution, built to protect the interest of the employees, shareholders, creditors, bond holders, suppliers, clients, government and the public. If the financial accounting uses the journal, register, balance sheet and so on to accomplish their functions, the social accounting does not use these specific procedures, but it can use other than the cost-benefit social report, the social declaration. When it comes to the nature of the used data, in the domain of financial accounting this data is objective with the arithmetic precision able to be judged in different stages, but the data used by the social accounting is very subjective. The arithmetic precision cannot be judged here, plus, the numbers vary from one individual to another, having as objective to determine in what measure the social objectives of the organization have been reached to accomplish the social responsibilities.

The financial accounting is seen as the communication process of the accounting-financial information which allow decision taking by the information users. So, the financial reporting has been mainly focused on reporting this information through the profit and loss account as well as the balance sheet of the activity.

The social accounting needs to highlight and report the social and environmental effects of the organizations' economic actions to certain interested groups within the community and the community itself including highlighting the supported expenses for the educational institutions, medical facilities, canteen facilities, housing, transport, water and electricity, employment for the minorities, taxes paid to the local or state government, donations and charity for the social well-being etc. The concept of social accounting is known as social audit, system of social information, social reporting, socio-economic accounting, corporate social performance etc., but all of these terms have the same meaning (Gandhi, 1995, p. 35). In fact, these terms are under a process of evolution and they show the fact that the corporate organizations have the responsibility to maintain and promote the community's life quality in which they develop their activity.

The social accounting defines the notion of corporate responsibility as D. Crowther (2000, p. 20) defines the social accounting as an approach to report the activity of an organization, highlighting "the necessity to identify the relevant social behavior, finding those whose the organization is responsible for its social performance and the adequate measure taking and reporting techniques". It represents an important step towards helping the organizations independently develop programs of corporate social responsibility which prove to be more efficient than government mandated corporate social responsibilities (Armstrong, et. all., 2014). The mechanisms of the social accounting can be initiated and supported by the state, organizations or both, but they usually are dependent on request and they work from the bottom part of the economic effect making their way up.

Social accounting is often used as an umbrella term to describe a large domain of research and practice. Using some restrictive terms to express a specific interest is not unusual, therefore. For instance, the environmental accounting refers specifically to the research or practice of the impact accounting of an organization on the environment.

The accounting regarding sustainability is often used to express the quantitative measuring and analysis of the social and economic sustainability. The national accounting "is a more limited use when concentrating on a nation as an aggregated unit of analysis and economy as a method of analysis" (Nancy, 1987, pp. 377-382). The social accounting is not accurate, and this inaccuracy is probably due to stay up until it will be put under exigent international regulations (Crowther, 2000, p. 20). In a considerable measure, the social accounting is voluntary and there is no certitude regarding the directions which should be followed by the social accounting, such as:

- The activity we report to – it could be an organization, a group, nation, geographical region or even a natural resource like water;
- The organization's type: private, public, ONG, big, medium or small organization;
- The account's subject: employees, durability, social responsibility and others;
- The participants which need to be taken into consideration;
- The account publicity, including if it is a public or private document;
- What the account needs to contain or what it is excluded from the account;
- The organization's motivation to draft and send a report (including intention – external or internal);
- The account's reliability;
- In what measure the account is governed by law, codes or guidelines;
- The report's beneficiary – the responsible organization or an independent organism;

With such variety of possibilities, there is no wonder that the radius of social account we could consider is so big and spread and this is just the information accounting – this is a clue of the social account range in which we keep the reporting, discovering and accounting language.

5. THE OBJECTIVES OF THE ORGANIZATION'S SOCIAL ACCOUNTING

Social accounting could be more efficient and attractive if it were less formal, probably implying profound discussions and brainstorming (Thomson & Bebbington, 2005; Brown, 2009) or something which involves a deeper sentiment, close to the community and connectivity as it was said by Lehman, 1995, 1999, 2001, 2007 and others such as Shearer, 2002; Ball & Seal, 2005; Gray, Bebbington, & Collison, 2006. From Tilt's (2007) point of view, there are different explanations for sustainability: social accounting, social and environmental accounting, reporting of the social responsibilities of the organizations or non-financial reporting.

The durability has been developed 20 years ago and it is considered a subcategory of financial accounting which focuses on revealing non-financial information, on an organization's performance, the external parts such as equity holders, mainly for the interested parts, creditors and other authorities. These represent the activities that have a direct impact on the society, environment and an organization's economic performance.

During 1981-1990, in the specialty literature, there has been an increased interest in the interior domain of social accounting, a growth in the interest on environmental accounting. In general, the benefits of this period of time have been:

- The empirical research has been more analytical;
- The preoccupations regarding social discoveries have been replaced through a concentration on environmental information;
- Normative declarations and consolidating the model such as the environment area;
- Developing programs of teaching in the social domain and environmental accounting;

There have also been some problems during this time period such as:

- Increased grade of individual interpretation in the financial reporting;
- Less normative declarations have been made;

The 1991-1995 time period has been characterized by the almost complete domination of the environmental accounting on the social accounting. There have also been a series of elements from the environment's part in the environmental audit, as well as developing the environment to guide the applications of the environmental audit and especially, to develop the environmental management systems.

In the 1996 – present time period the accounting in specialty literature has shown a considerable growth in the preoccupation for the durable development problems due to some reasons such as the convergence of the global market of capital and the appearance of the problems regarding global and regional quality (Deegan, et. all., 2007, pp.73-89). Studying the evaluation of the organization's social activity indicates the necessity of creating an evaluation system of the activity as a certain organization standard at a national and multinational level. In these surroundings there is the need to create and use a system of evaluation indications of the social activity of the national and multinational organizations rigorously selected and corelated with every organization's objectives.

In these conditions, making and implementing a system of indicators with the help of which one could measure the national and multinational organizations' social activity actually means taking the decision to give importance to some indicators and ignore the others. The selected financial and non-financial indicators should be corelated with the objectives of these organizations and their number should be limited to assure a clearer image regarding the organization's performance. According to the General European Commission for Enterprises (Direction générale des entreprises de la Commission européenne, 2006) the resulted benefits from a socially responsible activity are as follows:

- A higher level of satisfaction and loyalty of the organization's clients;
- Improving the reputation of the organization's image and the product's brand;
- More motivated and productive employees with a stronger tendency to stay with the organization;
- Building a better relationship with the local community and the public authorities
- Bigger economies regarding the organization's costs;

In 2001, the World Economic Forum determined eight domains in which the business environment the organizations compete in can register clear and well determined benefits if they involve in activities of social responsibility (Oprea, 2005, pp. 42-43). These domains are identified as being:

- Reputation's management;
- Identifying risk situations and conflict management;
- Personnel recruitment;
- Motivating the personnel making it loyal;
- The relationships with the investors and the access to capital;
- Learning and innovating;
- Competitiveness and market placement;
- Operational efficiency and making it easier to obtain operating systems;

Therefore, a socially responsible organization will be seen positively different and welcome into the community, it will have a larger area of workforce search, it will have the access to capital facilitated and last but not least it will be more competitive. It is proven that the implication and evaluation of the social activities of an organization can lead to more important benefits from an economic point of view, if we consider that a product or a promoted service sells better.

The social accounting of an organization has the next major objectives, shown in table no. 2

Table no. 2 Social accounting's objectives

Elements	Objectives
Natural resources	• The organization needs to determine whether it uses the natural resources efficiently or not • To identify and measure periodically the net social contribution as the difference between costs and intern and extern benefits which affect the community
Employees	• The organization can help the employees offering the facility of educating the employees' kids, assuring costless transport and offering good work conditions
Community	• The organization needs to determine whether its strategies and practices affect directly the community, social segments, future generations in concordance to the shared social priorities and the individual aspirations • Because the organizations spread pollution in the natural community, they need to help it (for example by planting trees, establishing new parks close to the factory and opening new hospitals)
Clients	• If the organization offers merchandise to the clients at a lower price and a higher quality, the organization itself as well as the community benefit • The organization needs to supply optimal information to every component elements of the community. This information allows the organizations to take decisions in matters of social resources allocation (in case they optimally involve the reporting strategy cost/benefit, which balances the potential conflicts of information between different components of the organization).
Investors	• The organization can help the investors by supplying transparent non-financial information for the investors • The strategies and the practices of the organizations which directly affect the relative resources can be determined

Source: Adaptation and processing with the influence of Verma S.B (1997, pp.445-447)

The economic objectives of an organization synthetize and quantify the long-term purposes by it. The most known and frequent economic objectives of an organization refer to: earning per share, share value, coefficient of capital efficiency, profit, profit rate, fiscal value, market share, work productivity, product and service quality.The social objectives are less common in the organizations' strategies, but with a tendency of rapid growth in the last decade, especially for the organizations of medium and large dimensions. The social objectives refer to: pollution control, cooperation with the authorities, wages and employees' work conditions, client satisfaction through quality, durability, flexibility and the price of the products and services given by the organization, permanent suppliers in exchange for quality products at accessible prices and convenient terms (Gawel, 2006, p. 10). The organizations need to discover and recognize the negative effects appeared as a result of an economic activity on the environment and the community, to develop new measuring and evaluation systems of social costs. Moreover, the organizations need to contribute to the development of new systems of accounting and financial, informational and control responsibility, systems that allow to profit from the environmental advantages triggered by administrative decisions. With the help of social accounting, through the annual reports, the organizations publish the details of their social well-being and their effects on the community and the workforce.

The main objective of financial accounting is the economic measuring in terms of the money of the organization's activity, while the social accounting's objective is that of determining the important variable of the social consequences in non-financial terms (Jahan, N.F., 2010, p. 516). The social accounting or the accounting of social responsibility represents that part of accounting which includes the domain regarding "pollution control", "equal employment opportunities", "charitable contributions", "community relations", "product quality", "planet safety", "employee benefits and their capacity of reaction", "consumer complaints".

Analyzing the social benefits represents a technique to measure the benefits and the social and environmental costs of a sustainable business. Social accounting is used to understand the expectations and preoccupations of the community regarding the social and environmental potentials, the impact of a project that allows the organizations to approach them and to make the project more acceptable. Within this system, the organizations present non-financial information through the social balance.

6. CONCLUSIONS

The social accounting (strictly defined as social and audit accounting) establishes an environment for monitoring and evaluating the interested parties, including the internal and external ones.

Social accounting can help an organization investigate its performance in relation to the social, environmental and economic objectives and assure it its working in conformity with its values. In the private sector, social accounting is aligned with the social responsibility of the organizations. Such an organization has the interest to implement actions of corporate social responsibility due to the following reasons:

- The pragmatic or rational reason: the business organizations assume more and more responsibilities and actively get involved in social projects to win in terms of image and to consolidate profits on the long-term.
- The ethical reason: the organizations feel obligated to involve in activities of social responsibility: the community is the one that allows businesses to exist for the economic and commercial activities appear as a result of a social need existence that needs to be satisfied correctly and rationally, businesses having a moral duty in relation to the community, duty materialized through an ethical socially responsible behavior.
- The social pressure motive: the organizations assume social responsibilities and due to the fact that they need to respond to the social requirements. The community as a whole rejects the organizations which do not prove of a responsible behavior and it has certain expectations regarding the corporate involvement in aspects of social order.

An empirical analysis of the global environment demonstrates that the world's business organizations assume social initiatives for mixed reasons, representing a combination of those three above. Even though the organizations affirm that their socially responsible actions are dictated by rations of ethical order, in reality the rational motive or that of social pressure is the one that determines the organizations to reconsider and continuously update the policy of corporate social responsibility.

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