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Accounting for social responsibility of business in the context of sustainable development

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Abstract. The paper focuses on the fundamental components of socially responsible business and their accounting in terms of dividing it into determinants that is justified by the emergence of corporate social reporting, the expansion of the boundaries of traditional accounting concerning the introduction of indicators related to social costs, environmental and atypical aspects. The aim of the research is to comprehensively analyze all components of the social accounting system, identify the peculiarities of socially responsible business in the context of sustainable development, and develop recommendations for the formation of methodological and organizational components of presenting relevant information in the reporting of enterprises. We have found that the modern system of social accounting reveals the facts of economic activities concerning the accounting of social costs, economic and environmental measures to make effective management decisions in terms of the impact of the enterprise activities on society, adapted to the requirements of the external and internal environment. An overview of scientific views on the essence of accounting for social reporting is considered using the methods of analysis, synthesis, comparison, grouping and generalization. The author's opinion of the social accounting system involving the following main determinants as accounting for social responsibility of business, formation of accounting information in terms of sustainable development, environmental consequences of activity, accounting for atypical social components, accounting for reputational capital, is considered. We have substantiated that further implementation of social accounting and preparation of annual reports based on the proposed elements, can help in the formation of corporate and social responsibility of the company, expanding the range of interested parties: partners, customers and investors, i.e., magnetizing in the form of reputational capital.

1. Introduction

In the last two decades, the issue of studying corporate social responsibility of business, reporting, social accounting, and auditing, both at the national and international levels, has become relevant in scientific circles. The basis for the changes is trends in the global economy leading to increased competition between countries for limited natural, socio-economic, and financial resources. The problem of accounting for the social responsibility of business in conditions of limitation of socio-economic and natural resources is designed to balance the economic, social, and ecological aspects of development. The concept of sustainable development is inextricably linked with the concept of social responsibility of business. The implementation of the principles of social responsibility in the practice of enterprise activity determines the need to account for



such activity as the basis of the sustainable development of the enterprise. Therefore, there is a growing interest in finding new methods and, accordingly, the newest objects of accounting for socially responsible activities. The problems include the implementation of the ideas of social justice, corporate responsibility and sustainable development based on the theory of “interested persons”. At the same time, the sphere of business is maximally integrated into the social and political environment, and the level of correlation of the state of individual systems and their elements as factors of development reaches maximum values. Under such conditions, there is a change in the purpose and functions of individual elements of the management process within the enterprise, including in the field of socially responsible activity and its accounting.

The issue of accounting for socially responsible activity in modern conditions and the purpose of certain types of it, is constantly raised in the socio-economic literature. Deegan defines social accounting as a direction in accounting that shows the degree of impact of company’s activities on the environment [1], and Killian and O’Regan describes the accounting of socially responsible activities as a process that helps form the reporting of enterprises, which provides solutions to their social and environmental tasks [2]. Yang et al, substantiates that the goal of socially oriented accounting is the creation of an information system that allows comparing the results of economic activity with the social needs of society [3].

It should be noted that we share the position of Owen and Swift, who note that social accounting and reporting are an integral element of corporate reporting in a democratic society [4]. According to scientists, it is this type of reporting that allows businesses to develop a level of social and environmental responsibility that, in its turn, will allow the sustainable development of the entire society to be achieved. In the article, we tried to expand the boundaries of the research and modernize the vision of these authors concerning the main components of modern social accounting in conditions of sustainable development.

The aim of the research is to comprehensively analyze all components of the social accounting system, identify the peculiarities of socially responsible business in the context of sustainable development, and develop recommendations for the formation of methodological and organizational components of presenting relevant information in the reporting of enterprises.

A peculiar approach to justifying the need to create an account system of social accounting is presented by Cooper et al [5]. The purpose of the accounts, according to the authors, is to stimulate ideological and socially oriented activities, popularization of ecological ideas. From this point of view, social accounting is a tool for creating prerequisites for social justice in society. As a result of the research, the working hypothesis has been substantiated, which states that social accounting is an integral component of sustainable development of a modern enterprise. This was achieved through the application of a complex of specialized research methods, including mathematical and economic analysis. Such substantiation made it possible to formulate the basic components of reporting on social accounting and social costs of business, particularly in terms of disclosing information not only about internal corporate social responsibility but also external projects. Therefore, representatives of businesses should disclose in their reporting information about investments in sustainable development of society, such as educational projects, infrastructure, support for startups and innovations, territorial communities, eco-projects, and social partnerships. All the achievements outlined have formed the scientific novelty of the conducted research.

The issues of the characteristics of socially responsible business are considered in related studies [6–12] and recommendations in the field of social accounting [13,14]. Baret and Helfrich [15] distinguish the concepts of tax, environmental, strategic, adaptive, actuarial, innovative, network, social accounting, and others. The analysis of the works of domestic and foreign scientists indicates insufficient theoretical development of the main provisions and components of socially significant activity and the lack of a unified point of view concerning the categorical apparatus and tasks of social accounting, social responsibility that determines the need for

further research in this area. Therefore, our research is aimed at shifting certain emphasis of scientific interest to the accounting of socially significant processes and human value components.

The purpose of the article is to assess the costs of social direction and develop recommendations for the formation of methodological and organizational approaches to the preparation of corporate social reporting in modern business conditions.

To achieve the goal we should solve a complex of interrelated, consecutive tasks defining the objects of accounting for social responsibility of business, social accounting and their essence, elemental composition, and the components of modern social accounting, reviewing the indicators of the development of socially responsible business in the context of the progress of relevant costs.

2. Materials and methods

Recommendations and reporting standards being the main principles of social accounting, auditing and reporting are used in the work based on the study of international experience and analysis of modern practices [16–19]:

- The Social Reporting Standard of companies developed by the Institute of Social and Ethical Accountability AA1000 AS, based on the Triple Bottom-Line reporting method of John Elkington;
- SA 8000 “Corporate Social Responsibility” defining the requirements for social protection of employees, and aiming at respecting human rights and improving the working conditions of employees by companies;
- The international standard ISO 26000:2010 “Guidance on social responsibility” presenting recommendations on the principles of social responsibility, the main topics and issues related to social responsibility;
- GRI (The Global Reporting Initiative), an international reporting standard for voluntary application by organizations reporting on sustainable development. The Recommendations propose a list of specific indicators for reporting on social, environmental, and economic activities of the enterprise.

There are legal requirements for social accounting, auditing and reporting in some countries (e.g., Bilan Social in France). The Financial Times, together with the London Stock Exchange, publishes the FTSE4Good index, which assesses the performance of companies in the field of social responsibility and promotes investment in these companies.

According to different sources, accounting for elements of socially oriented components of business, social (non-financial) accounting has different interpretations: non-financial reports, reports on sustainable development, reports on corporate social responsibility, environmental accounting. Today, more than 400 companies prepare annual reports based on the results of social accounting and auditing, which cover issues of sustainable development and corporate social responsibility (“Triple bottom reports”), but the reports differ significantly in format, style, and assessment methodology (even in the same industry) [20].

Thus, non-financial (social) reports include reports of companies that contain not only economic, but also social and environmental indicators, which characterize the level of achieving the goals of economic sustainability, social well-being, and environmental stability of society by enterprises.

General scientific and specific research methods were used while studying the components of the accounting system of socially responsible activity, namely: comparison, analysis and synthesis when considering theoretical approaches to social accounting, analogy and abstraction in the process of systematizing research elements, specification and extrapolation when developing recommendations for approbation of theoretical assets in practical activities,

establishment of specifics of implementation of corporate social responsibility programs against the background of assessment of the dynamics of indicative indicators of the development of socially responsible business.

To substantiate the working hypothesis of the article, which is formulated later on, the authors applied a complex of mathematical and economic analysis methods, which were systematized based on the approach of Vlastelica et al [21]. In the mentioned research, the authors identified the influence of individual elements of corporate social responsibility on the overall reputation of the enterprise using expert and respondent assessments. We adapted and supplemented this methodology for the needs of our own research. As a result, the authors formed a set of indicators for the effectiveness of business social expenditures, methods of their comparison, and ensured comparability, which allowed analyzing the impact of business social responsibility on achieving its sustainable development goals.

3. Research findings

Approaches to the definition of “socially responsible business” provide for achieving the overall goal of the enterprise’s activity in the form of maximum contribution to sustainable development. The social responsibility of business is a contract between a businessman and the society in which he operates. There is no single approach to the definition of a socially responsible business (“corporate social responsibility”), so we have formed different visions of the interpretation of its content (table 1).

Table 1. Definition of “social responsibility of business” [18, 22–24].

Source (author)	Definitions
ISO 26000:2010 “Guidance on social responsibility” [18]	Social responsibility is the responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behavior that promotes sustainable development, taking into account the health and well-being of society; takes into account the expectations of stakeholders and complies with applicable law; is consistent with international standards of conduct and integrated into the activities of the entire organization
World business council for sustainable development [22]	Corporate social responsibility of business is a permanent commitment of business to promote sustainable economic development, in symbiosis with workers, their families, local communities and society as a whole to improve their quality of life
Green Book of the European Union [23]	Social responsibility of business – integration of social and environmental aspects into the daily commercial activities of enterprises and their interaction with stakeholders on a voluntary basis
G. Bowen [24]	Social responsibility of business is the implementation of such policies, making such decisions, or following such a line of behavior that would be desirable from the point of view of the goals and values of society

The active social position of the company is related to the social responsibility of business (SRB), which is usually understood as the responsible attitude of the company to its product or service, to consumers, employees, and partners, and constant interaction in dialogue with society, and participation in solving the most acute social problems.

We have generalized the interpretation of the definition “social responsibility of business”, which we understand as the activities of a business entity aimed at satisfying the interests of all “stakeholders” in order to achieve the most favourable economic, environmental and social results, that is the main components of sustainable development. That’s why, We consider that to ensure the sustainable development of society, the social responsibility of business is no less important than the development of economic infrastructure, political stability, or innovative development projects. Social responsibility and sustainable development are interrelated concepts that help businesses become more environmentally and socially responsible while ensuring their long-term profitability.

Therefore, it is important to implement the concept of socially responsible behavior in enterprises that strive for their own sustainable development. Consequently, such activity, as a new component of business, requires its own accounting to meet the information needs of stakeholders. That is why it is necessary to introduce the accounting of corporate social responsibility into domestic practice. Its purpose is to preserve values, determine the results of socially responsible activities, and satisfy all stakeholders.

SRB is widespread among European countries. In some countries (Denmark, France, Finland, Sweden), it is integrated into public policy, in others (Greece, Ireland, the Netherlands, Slovenia), socially responsible practices are exclusively the prerogative of companies.

Recently, the idea of corporate social responsibility (CSR is a free choice of the company regarding the obligations to improve the welfare of society by implementing appropriate approaches to doing business and allocating corporate resources [25]) has become widespread within the framework of international initiative of the Global Compact, the purpose of which is the implementation of general principles of social equality and environmental preservation, and the creation of conditions for business cooperation with trade unions and non-governmental organizations. Thus, private businesses, joining the agreement in cooperation with other social partners, will be able to contribute to the realization of the idea of forming a stable and open global economy.

In the European Union, the role of CSR is to support the sustainable development of companies that leads to the improvement of the situation on the labour market, as well as the quality of products and services provided by companies.

Therefore, it is important to implement the concept of socially responsible activities at enterprises. Accordingly, these activities require accounting. In Ukraine, insufficient attention is paid to socially responsible activities (SRB, CSR). We believe it is necessary to introduce social accounting into domestic practice for information support of socially responsible activities of domestic business entities.

The purpose of accounting for socially responsible activities is to preserve values, to determine the results of socially responsible activities, and to satisfy all stakeholders. The social function of entrepreneurship (usually in practice, the categories of “social responsibility of business”, and “corporate social responsibility”) are evaluated with the help of a social audit.

3.1. Substantiation of social accounting essence and its components

Modern forms of global accounting business communication in terms of sustainable development are aimed at establishing promising relations and stabilizing the economic environment. Social accounting is a process of forming systematic, relevant information that characterizes socially responsible activities of a business entity and directed at making social decisions within the concept of sustainable development of the enterprise.

Recently, companies have been trying to pay attention to the implementation of programs and projects of social orientation, such as support for environmental protection, health, healthy lifestyle, creation of favourable working conditions, prospects for career development of staff, charity, etc. It means that the formation of public accounting information – financial reports –

must take place from the standpoint of sustainable development.

The combination of three main components of society's life: economic, social, and environmental, is embodied in the concept of sustainable development. This is a concept that describes the relationship between the social and environmental impacts of a company's economic activities on certain interest groups and on society, and is an important element of corporate social responsibility. It is this approach that will serve as a tool to ensure balance in the presentation of accounting information on social responsibility of business, certain social aspects, environmental factors of development and prospects of the enterprise.

Thus, social accounting covers: 1) accounting of corporate social responsibility; 2) accounting of sustainable development indicators; 3) environmental consequences of economic activities (accounting of social costs, the main part of which is related to the environment); 4) accounting of atypical social components (some accounting elements); 5) reputation capital (figure 1).

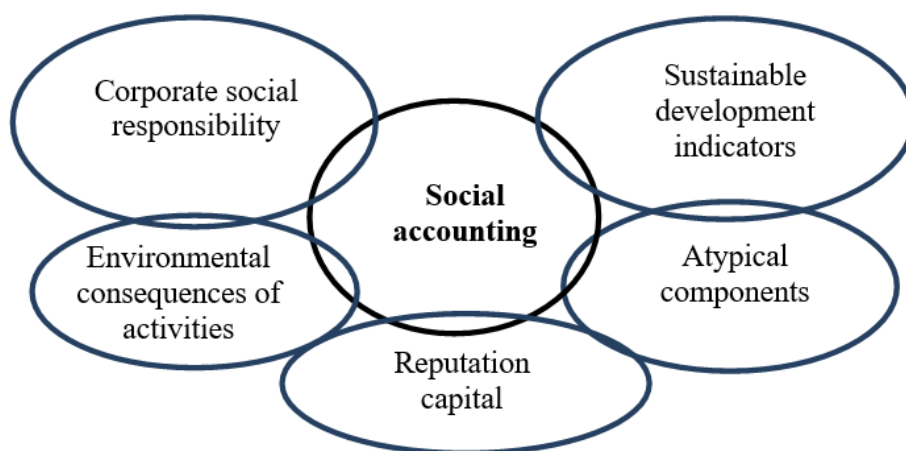


Figure 1. Components of the social accounting system.

According to its functional purpose, the social accounting system should be considered in the context of accounting subsystems (determinants) that characterize the state and use of labour resources. In terms of this approach, social accounting may be considered as a direction in accounting, which expands the boundaries of traditional accounting, reveals the facts of economic activity in accounting for social costs, economic and environmental measures in order to make effective management decisions on the impact of the enterprise on society, adapted to the requirements of the external and internal environment.

Thus, modern social accounting should combine the elements of accounting for social responsibility of business, environmental impacts of activities and relevant targeted measures, as well as the formation of accounting information in the context of sustainable development. In the practice of applying international non-financial reporting standards, such reports are called "Triple Bottom Line Reports". Each of these elements is aimed at highlighting the essence of various aspects of accounting, and accordingly has a different accounting essence.

3.2. The essence of corporate social responsibility accounting

Accounting for corporate social responsibility should reliably reflect the information on operations that affect the life of society and involve measures of green production, innovation of production technology and products; implementation of social programs and activities for both employees and society. Corporate social responsibility emerged as a response to the constant expectation of a more adequate and active role of business in society [21] and is directed not only external – to society and the business environment, but to its own staff. Research of

practical activities by 469 American companies revealed a positive correlation between corporate responsibility of business and profitability of assets, sales growth, and proved that enterprises that consider the interests of all social groups grow on average four times more intensively than those that consider only the interests of shareholders [26].

Accounting information should reveal the costs of the enterprise to ensure the needs of its own employees, their motivation and improvement of external environment: the impact of business on the environment, health and education of the population, the state of renewable and non-renewable resources. It is also important to show the effectiveness of such expenditures, i.e., the ratio of their amount to the expected positive consequences in potential monetary terms, if they can be determined. It is the information as part of the company's annual reporting that will allow to present the business as a conscious, mature, and promising enterprise. To accept responsibility for the impact on society means, above all, that the company should report on its actions and keep records of them. Therefore, a conceptual approach that describes the relationship between social and environmental impacts on the company's economic activities and on certain interest groups is an important element of social responsibility.

Thus, the essence of corporate social responsibility accounting can be presented as a process of collecting, processing, summarizing and presenting accounting information on the costs of socially responsible activities and their potential or actual effectiveness.

3.3. Specific features of accounting for sustainable development

The concept of sustainable development is based on the thesis that the company's responsibility extends to all stakeholders. It is the stakeholder theory that is the basis of modern social accounting that significantly expands the scope of traditional accounting by introducing non-financial indicators that create new opportunities for the implementation of management control tools – Balanced Scorecard, Accountability Scorecard, Performance Pyramid, and other models.

Within this concept, a stakeholder is anyone who is directly or indirectly affected by the company's activities. This concept provides for the optimal use of limited resources and the use of environmentally friendly natural energy and material-saving technologies, including the extraction and processing of raw materials, the creation of environmentally acceptable products, minimization, recycling, and disposal of waste. From an environmental point of view, sustainable development should ensure the integrity of biological and physical natural systems.

Accounting for sustainable development is the most comprehensive element of accounting systems, but at the same time, in our opinion, it becomes a subsystem of social accounting. Sustainable development combines such aspects as environmental, social environment, microclimate of the enterprise, transformation of the company's goals, change of management priorities, etc. Accordingly, the management services of the enterprise should set themselves the task of analyzing the efficiency of current and future costs of the enterprise, assessing the impact of social and environmental measures. It is this approach of accounting for sustainable development that provides for the expansion of the subject of accounting from the presentation of exclusively retrospective information on economic activity (as provided by financial accounting) by including elements of analysis and risk management in accounting processes.

Thus, the essence of accounting for sustainable development may be presented as a process of processing and presenting accounting information in the part of implementation and evaluation of the effectiveness of current and future costs of the enterprise, the impact of social and environmental measures on the strategic goals of the enterprise.

3.4. Accounting for environmental consequences of economic activity

In the present conditions of technology development and the state of the planet, environmental accounting is distinguished as an independent subsystem. Within the scope of corporate social responsibility accounting, the level of disclosure of information on the environmental

friendliness of business is insufficient. The enterprise, which claims to form a positive image in the society and cooperation with prospective partners, discloses information on the current state of environmental measures, their positive effects, environmental fees and means of overcoming the consequences of previous year activities in its annual report. Accordingly, the system of accounting data formation goes beyond the calculation and systematization of internal information. Instead, there is an active mutual integration of accounting data and methods of economic analysis, mathematical modeling, and forecasting.

On the other hand, the issue of environmental protection is a vital part of modern entrepreneurship. The phenomenon of Greta Thunberg is primarily due to the relevance and importance of the issues she raised [27]. At the same time, all skeptics are trying to calculate, i.e., to consider, positive and negative economic consequences of each of her steps. However, in our opinion, the main emphasis should still be on considering the environmental friendliness of your own business, not environmental organizations. Therefore, environmental accounting at the present stage is no longer a curiosity, but a necessary element of an effective accounting and analytical system. In the most general terms, social accounting provides information on personnel, products, and services, and focuses on the prevention or reduction of environmental pollution.

Thus, the essence of environmental accounting may be presented as the process of collecting, processing, summarizing, and presenting accounting information on the costs of retrospective and prospective environmental protection measures and their potential or actual effectiveness.

3.5. Atypical components of social accounting

Social accounting studies, controls and generalizes the processes related to the reproduction of material and social relations at the enterprise, in society. However, some aspects remain outside the analysis of socio-economic activity of the enterprise, as they are not subject to accounting data. We have called such components of social accounting atypical, i.e., those that do not comply with statistical expectations concerning social accounting or significantly deviate from it, but are those cases that characterize social stability and contribute to the effective operation of the enterprise and society as a whole, e.g., the structure of revenues by types of audit services, indicators of income inequality, charity, access to social investments, the presence of cases of social exclusion, inclusion of employees with disabilities, trade unions, gender equality, implementation of ethnic norms and values, etc.

Another positive example of the need to account atypical components can be the data of a survey of German companies on the positive correlation between investments in personnel development and the value of the company's shares. Accordingly, 87 percent of European companies' employees feel committed to socially responsible enterprises [28], and 33 percent of Europeans say that most of the economically active population would agree to work in a socially responsible company even if their salary is lower [29].

Accounting for atypical social components of the business entities' development is human-oriented and aimed at preserving the stability of social and cultural systems, in particular, at reducing the number of destructive conflicts between people, ensuring a healthy social and psychological climate in society, etc. An important aspect of this approach is the equitable distribution of goods and services.

3.6. Reputation capital as the result of social accounting and its formation in reporting

Non-financial accounting methods focus on the collection and registration of accounting data, their generalization and presentation in financial statements. As a result, an array of analytical information forms that serves as the basis for socio-economic analysis. While analyzing, the current efficiency of the incurred costs is calculated in terms of protecting the interests of own

employees, conducting environmental measures, modernization of production technology and products, logistics systems, etc.

A feature of the accounting process of social accounting is the transformation of carriers of accounting nomenclatures. At the initial stage of social accounting, in addition to primary, purely accounting, documents, an important component of accounting nomenclatures are orders and economic justifications of the costs that will incur. At the stage of current accounting, there is a need to introduce own accounts for analytical accounting of non-production social and environmental costs. In addition, the company should provide a reasonable methodology for the distribution of such costs (as general production costs) depending on their materiality in terms of each individual type of product or service. At the stage of summarizing accounting, social accounting information is presented in annual reporting. The disclosure of such information in the numerical tables (forms) of the financial statements is incorrect. However, in the annual financial statements, it is possible to disclose all the necessary information in tabular forms, as well as in graphical and textual ones. It is at this stage of the accounting process that the goals and effectiveness of those measures that have become the objects of social accounting, are presented.

Presentation of such information in the annual reporting allows presenting socio-environmental risks and consequences of activities, justifying the necessity and effectiveness of the measures taken, etc. Reporting, formed by the triple bottom line method and containing social accounting information allows the company to form its own positive image in the business environment. Presentation of the company's social and environmental awareness in the annual reporting allows directing the users' opinion in the necessary direction for stakeholders. In our opinion, the positive image of the company can monetize in the form of reputational capital (goodwill) over time. That is, social accounting is not only a comprehensive method of processing accounting information, but also an effective management tool, especially value-oriented. Reputation capital is created by the enterprise from many details: product reliability and stability of payments, level of service offered to customers, investment attractiveness of business, employee satisfaction, environmental awareness, etc. Such capital can be seen as a value expression of the company's image in different markets and for different purposes. Accordingly, it can be valued also differently.

Thus, the process of quantitative assessment of reputation capital can be presented in the company's reporting in the context of social accounting: on the one hand, the result of realized social and environmental costs, and on the other hand, as their main goal, which is achieved in the form of economic efficiency.

3.7. Overview of success indicators of socially responsible business

In some studies on corporate social responsibility and social accounting as a fundamental component of sustainable development, the thesis that this is the prerogative of predominantly large businesses is directly or indirectly encountered. That is, large companies, as a maximum contribution to sustainable development, implement environmental activities (reduce environmental pollution, minimize and utilize waste, use natural resources rationally, implement programs for the health protection and strengthening of employees), educational projects, invest funds in the development of territorial communities and infrastructure of the region, create favorable conditions for personal development of personnel and improving their social security. In the conditions of the world COVID-19 pandemic, this thesis was partly refuted by reality, as even small companies invested funds in the safety of the environment and creating a barrier-free distance space for effective work in the context of sustainable development. However, the scale of costs of social responsibility and accounting mechanisms for their presentation for large consortia and holdings are integrated into the domestic business environment mainly from world experience.

A large-scale study in the American market confirmed the existence of a close direct link between the profitability of assets, sales, and their social activity, especially in terms of sustainable development. The performance of 300 corporations that have publicly stated the importance of ethics codes in their activities is two to three times higher than those companies, which have not done it. Enterprises that consider the interests of all community groups grow on average four times faster than those that consider only the interests of shareholders [26].

As experts in economics and business, Vlastelica et al [21] identified a successful set of indicators for evaluating the development and performance of social expenditures by businesses. In order to establish the characteristics of implementing corporate social responsibility programs by large businesses that contribute to sustainable economic development, we will supplement this set of indicators with measures of the number of employees in the enterprise, the total amount of expenditure on social projects, and the attractiveness of the business to employees, which we will use in our further calculations.

To determine the objects of research for evaluating the indicators of business development and its social responsibility in the context of sustainable development, we will use the data of Forbes analysts, who regularly compile rankings of the largest companies based on various criteria and parameters based on consolidated reporting [30], including Forbes' ranking of the best employers, which shows companies that best balance work and life for employees [31], and the DSNews ranking, which presents companies that carry out the best corporate social responsibility programs in Ukraine [32]. The comparison of the participants of these ratings shows that seven of them are present in all three ratings: Kyivstar, Sandora LLC (PepsiCoUkraine), MHP, Farmak, Metinvest, CarlsbergUkraine, AB InBevEfesUkraine.

The scale of business and peculiarities of their reporting unite all these enterprises, which also includes coverage of sustainability issues. These enterprises use international financial reporting standards, and present annual reports as part of not only financial reporting, but also reports on sustainable development and social responsibility reports [33–39]. The relevant business entities implement socially significant projects that do not bring them profit in the classical sense, but form the potential for the development of business environment and a positive business image, i.e., the prerequisites for the formation of reputation capital. In such reports, the main source of information on social responsibility today is the description of the relevant projects and the assessment of the total costs for their implementation (social responsibility costs).

The selected companies for analysis have access to the international market and are successful in terms of conducting business within the framework of sustainable development. The dataset for further analysis within these companies is provided in the Appendix to this article. The obtained time series based on comparing the growth rates of key business development indicators using the selected and previously adapted methodology [21] are grouped in figure 2.

Thus, as graphs show, the amount of social expenditures is not directly dependent on the profitability of the analyzed enterprises. Such projects are mostly permanent, and therefore, are implemented by businesses even in conditions of unprofitability. At the same time, the volume of social expenditures is growing at a rate similar to the growth of the business value itself, i.e., the scaling effect is working. Accordingly, we can say that the business social responsibility and the social accounting and reporting system formation should not be recognized as neither the cause nor the consequence of the enterprise development, but in modern realities, it is definitely an integral part of it.

The analyzed indicators may exhibit significant variability across different business sectors. However, their impact on the results of this study has been mitigated by using growth rate indicators, and for larger datasets, classic normalization methods with automated computational systems can be applied.

Socially responsible business forms its own positive business image, which is transformed into reputation capital. Due to this, the investment value of its securities increases, and therefore,

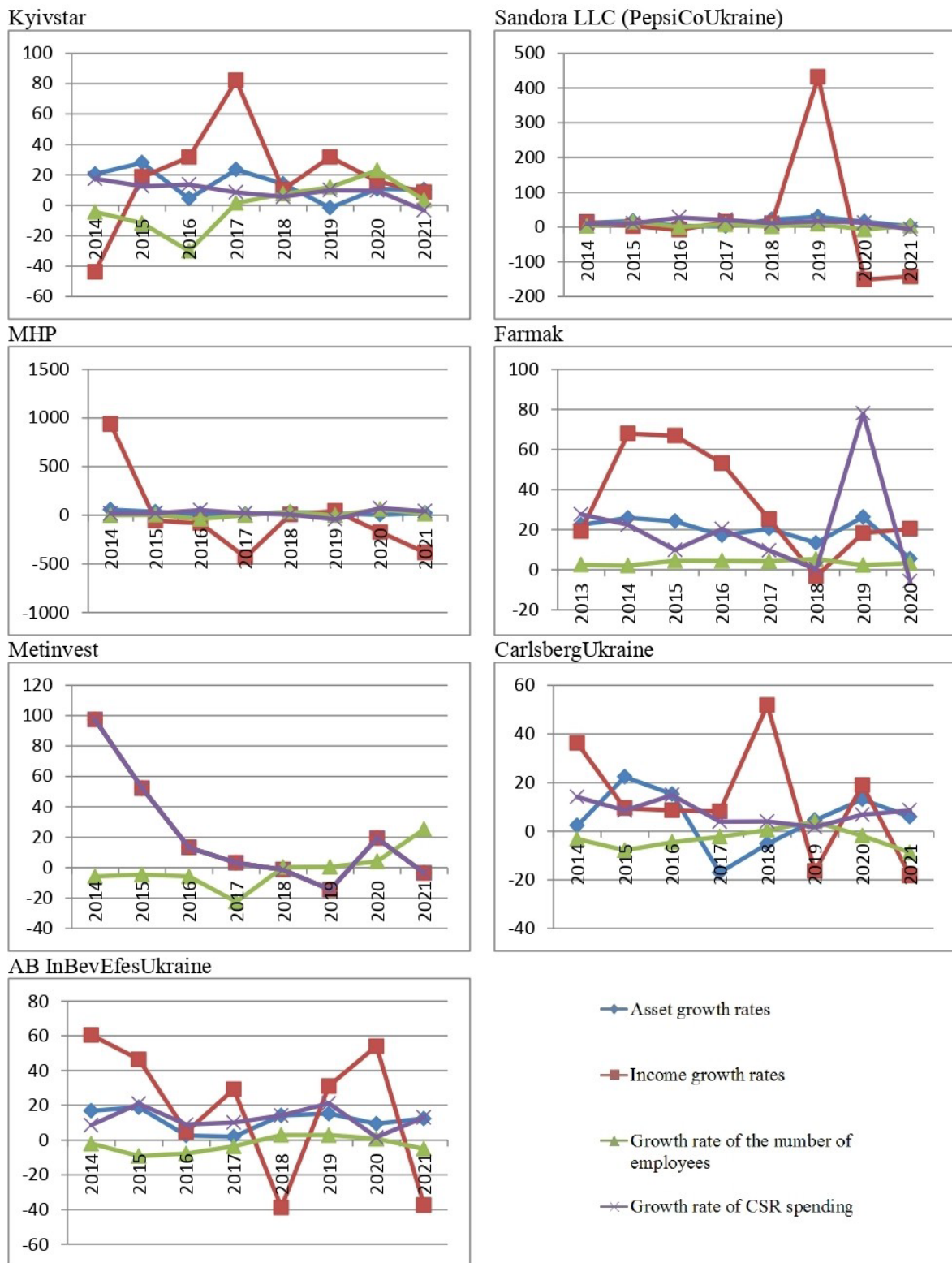


Figure 2. Dynamics of indicative indicators of business development and its social responsibility.

the reputation is monetized. A good example of the opposite effect can be the quotes of SpaceX, Tesla Inc and Twitter shares against the deterioration of their owner’s image due to statements about the war in Ukraine, the increase in fees for the use of Starlink technologies in Ukraine and Poland, as well as a sharp deterioration in working conditions and social security of their own employees [40] (figure 3).

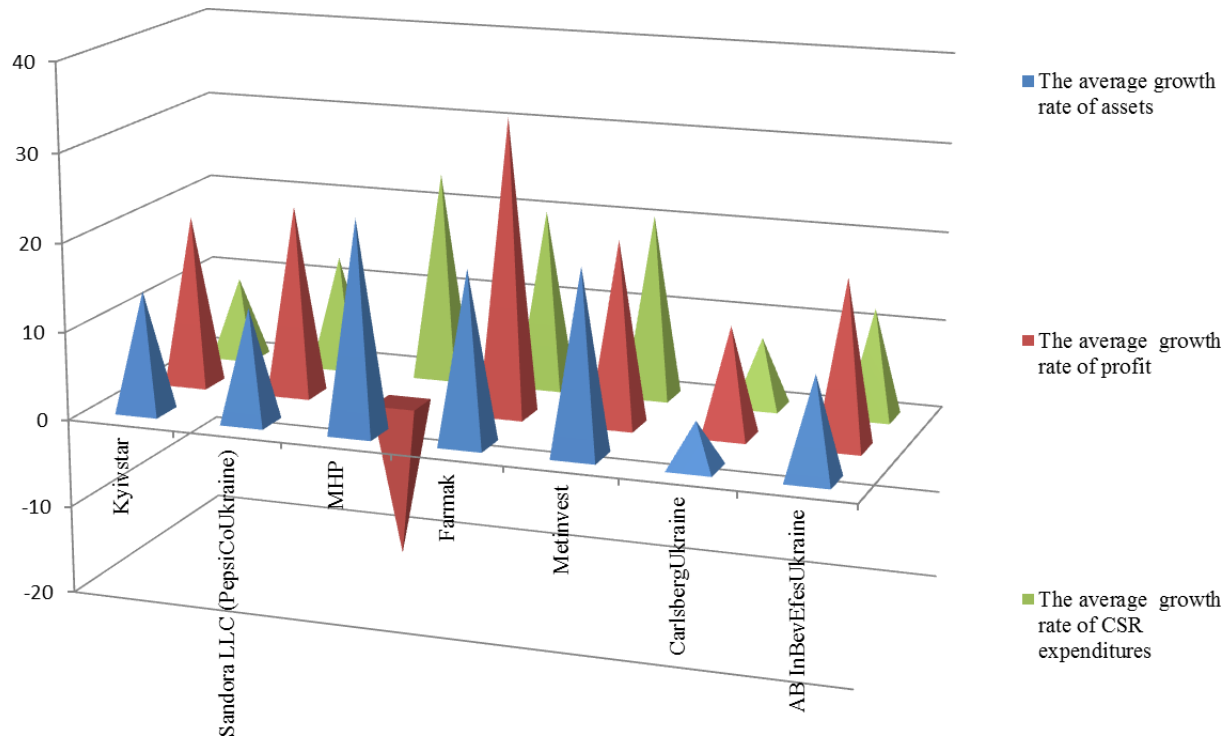


Figure 3. Comparison of average dynamics of key indicators of socially responsible business in the context of sustainable development.

Thus, as a result of the analysis, it has been proven that the actual amounts of corporate social responsibility expenditures from the perspective of sustainable development do not depend on profitability, but rather correspond to the scale of activities of the analyzed enterprises, since the average growth coefficient for a series of asset dynamics and the average growth coefficient for a series of social responsibility expenses dynamics for all analyzed enterprises are either identical or very close in value. In the future, the proposed working hypothesis can be empirically tested on a larger scale based on the methodology already presented.

So, reports on corporate social responsibility should be aimed at disclosing information about expenses made towards the relevant areas of expenditure. Such expenses should be perceived as investments in sustainable development of the external business environment, which over time convert into the company’s own reputational capital and shape real growth in the value of the enterprise not just as a collection of assets, but as a value system. Accordingly, the organizational component should provide for the systematization of the information basis of such reporting: a list of social responsibility projects and the actual amount of expenses incurred for their implementation. The methodological component should include the formation of a unique approach to presenting this information by disclosing it according to socially significant directions: educational projects, infrastructure, support for startups and innovation, territorial communities, eco-projects, and social partnerships, among others. All analyzed enterprises already finance similar initiatives to some extent, but present information about them in the

form of brief summary tables or concise presentations. In our opinion, disclosure and detailing of information on social expenses according to the specified directions (in the form of typical accounting tables with indicators of economic elements of the incurred expenses) will allow for creating preconditions for evaluating their effectiveness in the future. Moreover, disclosure of the actual components of incurred expenses will allow for evaluating the reality and scale of social responsibility projects of each economic entity. Thus, an educational project can be both a school trip to a production facility and the organization of a summer school with professional tutors. At the same time, the effectiveness and costs of these educational projects will be radically different, which should be illustrated by reports on social accounting.

4. Conclusion

We consider business social responsibility as the activities of a business entity aimed at satisfying the interests of all stakeholders in order to achieve the most positive economic, environmental and social results. Accounting of socially responsible activities may be considered as a direction in accounting, which expands the boundaries of traditional accounting, concerns many aspects and facts of economic activities: economic and environmental measures, implementation of social programs, building relationships with stakeholders, creating proper working conditions, implementation of ethnic norms and values in order to make effective management decisions on the impact of the enterprise on society, adapted to the requirements of the external and internal environment. Arguably, in order to ensure socially responsible activities of business entities, it is necessary to introduce social accounting into business practice. The study argues that in order to ensure the socially responsible activity of business entities, it is necessary to introduce social accounting into business practice. It has been proven that the modern system of social accounting contains the following main structural determinants: accounting of corporate social responsibility, accounting of environmental consequences of economic activity, accounting of sustainable development, atypical components of social accounting, reputation capital. These components are tangential, prolong each other, but have different essence. The social accounting system is implemented by combining methods of non-financial accounting, economic analysis and economic and mathematical modeling. In modern conditions, social accounting becomes an effective tool for enterprise management. Annual reports prepared using social accounting approaches present the company as a conscious, business-mature, and promising partner. Presentation of social accounting information in the annual reporting allows to present the effectiveness and prospects of the company's social and environmental measures and to promote the formation of reputation capital as monetization of the company's positive image in the growth of its total value and investment attractiveness in the market.

During the analysis of the criteria that describe the features of the implementation of social responsibility projects and their accounting process, we established that the amount of actual CSR expenditures does not directly depend on the profitable activity of the enterprise. However, it corresponds to its scale, because the average growth rates for a number of assets dynamics and social responsibility expenditures within the studied enterprises are either identical or quite close in value. The results of the analysis confirm the need for social accounting and the formation of reports on social expenses (which currently exist partially in the form of corporate social responsibility reporting), which in turn convert into economic benefits in the form of reputation capital. In other words, business investments in sustainable development of the external environment today will create conditions for their own sustainable development tomorrow and contribute to the growth of the value and worth of such businesses. As an expert in economics and business, I believe that this demonstrates the importance of considering social and environmental factors in business decision-making for long-term success.

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Appendix A.

Table A1: Calculation of growth rates of indicative business development indicators and its social responsibility.

Indicator	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average growth rate for a series of dynamics
“Kyivstar”										
A	10944749	13192320	16879270	17618618	21751813	24809448	24393604	27013368	29812247	
P	3854635	2168375	2572679	3387067	6168938	6802455	8961220	10369859	11266926	
N	4149	3968	3500	2450	2486	2674	2992	3680	3804	
SRE	31500	37000	41650	47350	51400	54250	59650	65400	63200	
AG		20.535610	27.947699	4.3802131	23.459246	14.056920	-1.676152	10.739553	10.361089	13.7255224
P		-43.74629	18.645483	31.655251	82.132152	10.269467	31.735087	15.719277	8.6507155	19.3826421
N		-4.362497	-11.79436	-30	1.469388	7.5623492	11.892296	22.994652	3.3695652	0.14142486
SRE		17.460318	12.567568	13.685474	8.5533263	5.5447471	9.9539171	9.6395641	-3.363914	9.25512492
Sandora LLC (PepsiCo-Ukraine)										
A	2331534.5	2605066.4	3050429.1	3161066	3225578	3924682	5071435	5860243	5995029	
P	81632	93254	95654	88250	101250	111581	593229	-302480	128450	
N	2289	2354	2702	2715	2920	2963	3230	2990	3102	
SRE	7520	8256.3	9141.2	11641.6	14030	15632	18254	20514	19258	
AG		11.731844	17.096019	3.6269430	2.0408163	21.673759	29.219004	15.553941	2.3	12.9052907
P		14.237064	2.573616	-7.740398	14.730878	10.203457	431.65772	-150.9887	-142.4656	21.5259973
N		2.839668	14.783348	0.4811251	7.5506446	1.4726027	9.0111374	-7.430341	3.7458194	4.05675051
SRE		9.7912234	10.71788	27.35308	20.51608	11.41839	16.77329	12.38085	-6.122648	12.853517
MHP										
A	21343589	33411357	44860883	51796002	55789014	73946174	87413803	92820479	111943704	
P	1198255	-12417227	-5578761	-999966	3324384	3544102	5092533	-3760522	10720333	
N	30200	29923	30979	19100	19114	25750	25220	40960	46350	
SRE	72000	84000	101200	154000	186000	200000	117000	202000	284000	
AG		56.540482	34.268366	15.45917	7.7091124	32.546121	18.21275	6.185151	20.60238	23.9404
P		-1136.276	-55.07241	-82.07548	-432.4497	6.609285	43.69036	-173.8438	-385.0757	-276.8117
N		-0.91722	3.529057	-38.34533	0.073298	34.718	-2.05825	62.41079	13.1592	9.071191
SRE		16.66667	20.47619	52.1739	20.7792	7.52688	-41.5	72.6496	40.5940	23.67081
“Farmak”										
A	2235684	2736756	3444341	4278316	5011917	6040769	6851833	8655421	9124365	
P	202401	241411	405415	676383	1035217	1296353	1253843	1482977	1785326	
N	2150	2204	2250	2351	2456	2560	2698	2761	2854	
SRE	315230	402360	492650	541300	651320	714000	716292	1275000	1201320	
AG		22.41246	25.85488	24.2129	17.14696	20.5281	13.4265	26.3227	5.41792	19.415307
P		19.27362	67.93559	66.83719	53.05189	25.22524	-3.27919	18.2745	20.3879	33.46336
N		2.51163	2.08711	4.488889	4.46618	4.234528	5.390625	2.33506	3.36834	3.610297
SRE		27.64014	22.4401	9.875165	20.32514	9.62353	0.32101	78.00	-5.7788	20.3058
“Metinvest”										
A	135130	266584	405756	459689	474504	468098	400439	478010	461165	
P	3133	6181	9408	10659	11002	10854	9285	11084	10693	
N	100382	94581	90319	85096	66038	66241	66565	69383	86955	

Continued on next page

Table A1 – continued from previous page

Indicator	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average growth rate for a series of dynamics
SRE	144	284	432	489	505	498	426	509	491	
AG		97.28012	52.2056	13.29211	3.2227	-1.34997	-14.4541	19.3716	-3.52401	20.75552
P		97.28012	52.2056	13.29211	3.2227	-1.34997	-14.4541	19.3716	-3.52401	20.75552
N		-5.77892	-4.50619	-5.78283	-22.3959	0.3074	0.48912	4.23346	25.326	-1.013471
SRE		97.28012	52.2056	13.29211	3.2227	-1.34997	-14.4541	19.3716	-3.52401	20.75552
CarlsbergUkraine										
A	3972005	4064795	4972260	5731056	4756605	4509135	4713533	5329646	5643378	
P	621148	845844	925697	1005025	1086424	1649287	1379265	1640449	1341539	
N	1751	1694	1561	1491	1457	1464	1522	1493	1362	
SRE	1625	1854	2012	2312	2402	2498	2541	2714	2946	
AG		2.3361	22.325	15.2606	-17.003	-5.20266	4.53298	13.0712	5.8866	5.15084
P		36.1743	9.44063	8.56954	8.0992	51.8088	-16.372	18.9365	-18.221	12.30446
N		-3.25528	-7.85124	-4.4843	-2.28035	0.48044	3.96179	-1.90539	-8.77428	-3.01359
SRE		14.0923	8.52211	14.9105	3.89273	3.99667	1.72138	6.80834	8.54827	7.811544
AB InBevEfesUkraine										
A	2079144.7	2428907	2888118	2965214	3022644	3450703	3975210	4348880	4888141	
P	-125410	-201164	-294561	-308651	-398835	-244105	-320101	-493000	-308741	
N	2369	2320	2108	1945	1875	1930	1985	2000	1898	
SRE	498	541	654	712	784	895	1084	1101	1245	
AG		16.82243	18.90606	2.669405	1.936799	14.16174	15.2	9.4	12.4	11.43705
P		60.40507	46.42829	4.78339	29.2188	-38.7955	31.1325	54.0139	-37.375	18.72642
N		-2.06838	-9.13793	-7.732448	-3.59897	2.9333	2.84974	0.75567	-5.1	-2.637374
SRE		8.634538	20.88724	8.8685	10.1124	14.15816	21.1173	1.56827	13.079	12.30318

Notation: Assets (UAH th.) – A; Profit (UAH th.) – P; Average number of employees (persons) – N; Social responsibility expenditures (UAH th.) – SRE; Asset growth rate (%) – AG; Profit growth rate (%) – P; Number of employees (%) – N; Social responsibility expenditures (%) – SRE.

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