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CORPORATE SOCIAL RESPONSIBILITY OF BUSINESS: ACCOUNTING AND ECONOMIC ASPECTS OF THE CONCEPT

For many years, the success of business was evaluated solely on the basis of financial and economic indicators, in particular profitability, profitability, solvency, etc. However, recently, in the light of intensifying trends of humanization of global social and economic relations, rethinking and expansion of criteria of such an assessment is taking place. More and more often, the attention of state authorities and the public is focused on the economic, social and environmental impact of business on society and the environment, creation of prerequisites for sustainable development of economic entities and society as a whole. In other words, socially responsible business becomes an important factor of entrepreneurial success, and social accounting becomes one of the components of information support of modern enterprise management, designed to generate complete, reliable and objective information support for managerial decision-making in the context of sustainable development goals and strategies.

According to the strategy of sustainable development of Ukraine[1], the determining directions and priorities of our state development for the period up to 2030 are, among other things: promoting a sustained, comprehensive and sustainable economic growth, full and productive employment and decent work for all; ensuring openness, safety and environmental sustainability of human settlements; promoting the construction of peaceful and open society for sustainable development, ensuring access to justice for all and creating effective That is, the normative document defines the global goals of sustainable development and the results of their adaptation in domestic realities, which can be achieved with the coordinated cooperation of public authorities, business entities and society as a whole[2].

1 Official website of President of Ukraine (2019), Decree of the President of Ukraine "About the Sustainable Development Goals of Ukraine for the period until 2030". URL : https://www.president.gov.ua/documents/7222019-29825 (Accessed 22 Sep 2022).

2 Pokynchereda, V. and Kopniak, K. (2021), "Accounting and information support of corporate social responsibility", Efektyvna ekonomika, vol. 10. URL : http://www.economy.nayka.com.ua/?op=1&z=9433 (Accessed 23 Sep 2022).

That is, the social responsibility of business is a concept that encourages business entities to consider the interests of society by taking responsibility for the impact of the results of their activities on consumers, stakeholders, employees, the community and the environment. Consequently, the basic indicators of social responsibility of business should be integrated for all subjects, controlled not only by public authorities, but also by the public[3].

For a more thorough understanding of the essence of the concept of "social responsibility of business" let's consider the interpretation of the studied concept in various literary and normative-legal sources (Table 1).

Table 1.

Approaches to defining the essence of the concept of "corporate social responsibility" ("social responsibility of business")

Source	Meaning
1	2
ISO 26000:2010 Guidance on social responsibility[4]	The seven key underlying principles of social responsibility: Accountability Transparency, Ethical behavior, Respect for stakeholder interests, Respect for the rule of law, Respect for international norms of behavior, Respect for human rights
World Business Council for Sustainable Development[5]	Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.
United Nations Industrial Development Organization[6]	Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.
European Commission, EC Communication 2011[7]	CSR is the process whereby enterprises integrate social, environmental, ethical and human rights concerns into their core strategy, operations and integrated performance, in close collaboration with their stakeholders, with the aim of: - maximising the creation of shared value for their owners/ shareholders and for their other stakeholders and society at large. - identifying, preventing and mitigating their possible adverse impacts.

3 Levytska, S. (2014), "Social accounting: methodological approach and organizational support", Visnyk Natsionalnoho universytetu "Lvivska politekhnika", Menedzhment ta pidpryiemnytstvo v Ukraini: etapy stanovlennia i problemy rozvytku, vol. 797, p. 256.

4 ISO 26000:2010 Guidance on social responsibility (2010), available at: https://www.iso.org/standard/42546.html (Accessed 20 Sep 2022).

5 World Business Council for Sustainable Development (2000). URL : https://www.wbcsd.org/ (Accessed 20 Sep 2022).

6 United Nations Industrial Development Organization (2022). URL : https://www.unido.org/ (Accessed 20 Sep 2022).

7 An official website of the European Union (2011), "Corporate Social Responsibility: a new definition, a new agenda for action". URL : https://ec.europa.eu/commission/presscorner/detail/en/MEMO_11_730 (Accessed 21 Sep 2022).

Continuation of table 1.

1	2
Reckmann N.[8]	Corporate social responsibility is a type of business self-regulation with the aim of social accountability and making a positive impact on society. Some ways that a company can embrace CSR include being environmentally friendly and eco-conscious; promoting equality, diversity, and inclusion in the workplace; treating employees with respect; giving back to the community; and ensuring business decisions are ethical.
Budko O.[9]	Socially responsible activity is an enterprise's activity aimed at satisfying the interests of all stakeholder groups in order to achieve the most positive economic, environmental and social results.

Source: systematized by the authors

The concept of socially responsible business is implemented through conducting socially responsible activities. Thus, studies show that enterprises of different spheres of activity that apply the practice of socially responsible business act more effectively – there is a positive correlation between socially responsible business and financial efficiency of the company. Such positive dependence is realized thanks to skillful use of tools of management of socially responsible business among which social investments, social partnership, corporate communications and social reporting are allocated[10].

Conducting socially responsible activity creates the company prerequisites for increasing income, increasing sales volumes and accelerating economic growth rates, improving business reputation and customer loyalty, increasing productivity and labor efficiency, quality and competitiveness of products. This is confirmed by the data of the research of Your Cause company in the field of social responsibility of business, according to which 66 % of consumers are ready to pay more goods of the enterprises whose activity corresponds to the concept of sustainable development; the productivity of socially responsible companies increases by 13 %; the enterprises introducing programs of corporate social responsibility have 50 % less staff turnover and accordingly the staff loyalty increases[11].

For definition of a level of social responsibility of the company it is necessary to have complete, reliable and analytical information about all directions of activity which formation is impossible without organization of the corresponding ac-

8 Reckmann, N. (2022), "What Is Corporate Social Responsibility?". URL : https://www.businessnewsdaily.com/4679-corporate-social-responsibility.html (Accessed 22 Sep 2022).

9 Budko, O. (2016). «Accounting for the social responsibility of activity as an information basis for sustainable development management «, Investytsii: praktyka ta dosvid, vol. 20, p. 35.

10 Ibid.

11 Rudenko, O., Kondratiuk, O. and Horieva, A. (2020), "Business social responsibility: essence, accounting aspect and non-financial statements", Efektyvna ekonomika, vol. 11. URL : http://www.economy.nayka.com.ua/?op=1&z=8385 (Accessed 24 Sep 2022).

counting system. In addition, a rationally built accounting and information system should be able to generate information about the participation of business entities in certain social projects, bear the associated social costs, as well as reflect the impact of such social initiatives on their financial and economic activities.

In the last decade, accounting for social responsibility of business (social accounting) has developed considerably and has become strategically oriented. Previously it was viewed primarily as a charitable activity aimed at creating a positive image for the company. Today there is a tendency of introduction by the enterprises of the strategies connected with development of human resources, development of new markets of selling products, environmental protection and preservation of the environment, participation in realization of projects of social direction, charity. In this regard, there is a need for the collection of relevant information and its use in the process of development, adoption and implementation of management decisions.

Thus, corporate social responsibility is a term with different interpretations, mostly described as a "four building blocks" model for accounting and reporting on corporate social responsibility activities:

- community (how a company's actions affect the communities in which it operates);
- Environmental activities (how the company's actions affect the environment);
- Ethics and risk management (how the company's activities affect its future well-being and financial sustainability);
- human resource management (how the company's policy affects its employees and partners)[12].

Proceeding from the above, the accounting of socially responsible business activities or social accounting should be understood as a process of reflection in the accounting and reporting system of information about participation of the enterprise in the implementation of various programs and projects aimed at solving socio-economic, environmental and other pressing problems of society.

As noted by scientists[13], accounting of social corporate responsibility has its own characteristic features, in particular:

- social accounting is aimed at identifying the contradictions between the achievement of economic profit and the achievement of social and environmental goals;

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12 Pravdiuk, N. (2017), "Social aspects of accounting", Ekonomika. Finansy. Menedzhment: aktualni pytannia nauky i praktyky, vol. 12, p. 93.

13 Kaminska, I., Homa, S. and Chuchuk, Yu. (2019), "Social accounting as an information base for sustainable business concept implementation", Halytskyi ekonomichnyi visnyk, vol. 5(60), p. 123.

- the main purpose of social accounting is to provide users with information about the company's participation in the implementation of social projects;
- the subject of social accounting is the facts of economic life, and the objects of social accounting should be considered wider than it is accepted in financial, tax or managerial accounting;
- some of the social accounting indicators are not subject to cost measurement;
- the methods of social accounting are mostly modeling, the method of double entry is often impossible to apply.

Despite the significant advantages of introducing social accounting in an enterprise, it has certain limitations, which are as follows:

- social accounting is quite labor-intensive, especially when first introduced in an enterprise;
- social accounting is not officially recognized by financial institutions and creditors;
- social accounting is limited for comparative analysis;
- social accounting needs basic strategic planning for an enterprise.

Building a proper accounting and reporting system for socially responsible activities of an enterprise involves setting goals, defining objectives, determining the range of subjects, identifying the subject and objects (Figure 1).

Regarding practical implementation of the idea of corporate social responsibility of business in the accounting and reporting system of an enterprise, one of the first to apply the concept of social accounting in its activities was the American consulting firm ABT Associates, which in 1970 checked its previous financial statements in the context of the following issues: labor productivity, contribution to the improvement of knowledge, impact of firm activities on employment, health, education and self-development, physical education, transportation, etc. Because of these indicators disclosed in the financial statements, an attempt was made to determine the social impact of the company[14].

In 2013, the European Commission put forward a proposal to introduce social accounting elements into the reporting system of major EU companies, and the European Parliament adopted the relevant additions to the European legislation, the essence of which is that large companies must disclose data on corporate environmental behavior, social measures, long-term growth and employment policy. A number of international standards of ISO 14000 series, AA 1000, SA 8000 were formed. In particular, ISO 14000 standard (ISO 14001) was proposed by the International Organization for Standardization to define the requirements for the implementation of environmental management system.

14 Levytska, S. (2014), "Social accounting: methodological approach and organizational support", Visnyk Natsionalnoho universytetu "Lvivska politekhnika", Menedzhment ta pidpryiemnytstvo v Ukraini: etapy stanovlennia i problemy rozvytku, vol. 797, p. 257.

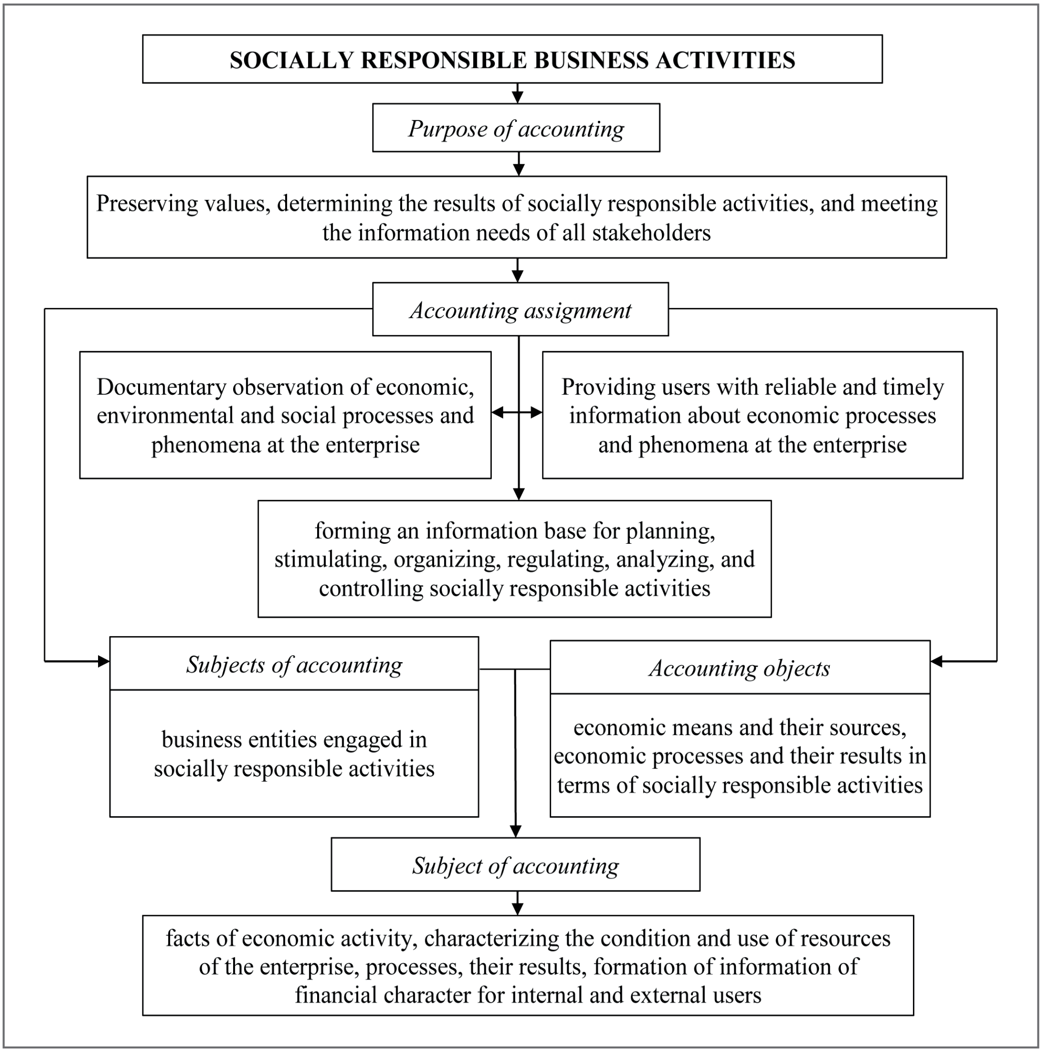

Figure 1. Accounting system for socially responsible business activitiesSource: formed by the authors on the basis of[15]

One of the standards used in international practice to determine approaches to the setting up of social responsibility accounting and compiling corporate social reporting is the AA 1000 Account Ability standard. It contains effective tools for reporting in the field of sustainable development and non-financial audit, is the basis for planning, execution, evaluation, informing and non-financial verification of the quality of interaction with stakeholders. Based

15 Budko, O. (2016). "Accounting for the social responsibility of activity as an information basis for sustainable development management ", Investytsii: praktyka ta dosvid, vol. 20, p. 35–36; Pokynchereda, V. and Kopniak, K. (2021), "Accounting and information support of corporate social responsibility", Efektyvna ekonomika, vol. 10. URL : http://www.economy.nayka.com.ua/?op=1&z=9433 (Accessed 23 Sep 2022).

on the reporting quality criteria presented in this standard, the principles of corporate social reporting are formulated: the principle of content and neutrality, comparability, completeness (completeness of information), regularity and timeliness, consistency, communication, quality and mandatory external review, continuous improvement. Exactly these principles are the fundamental parameters of quality on which the accounting of socially responsible activity should be based[16].

In view of the above, the primary task in assessing the socially responsible activity of the enterprise is to determine the system of indicators by which we can analyze the level of its activity in addressing important public issues, problems of environmental direction, social and domestic needs of employees, etc. It is expedient to group these indicators into indicators of social responsibility to employees, indicators of participation in protection and environmental protection, indicators of involvement of the company in public life (participation in solution of urgent problems of the public, participation in charitable and social projects, etc.) (Table 2).

Table 2.

Indicators of assessment of socially responsible activity of the enterprise

Indicators for assessing the socially responsible activities of an enterprise		
Indicators of the company's social responsibility to its employees	Indicators of the company's participation in environmental protection and conservation	Indicators of the company's engagement with the public
1	2	3
Providing for social and domestic needs	Implementation of environmental projects	- the number of contracts signed with partners to solve urgent social and environmental problems; - expenditures on solving urgent social and environmental problems; - expenditures on charitable assistance; - expenditures on social investments; - expenditures on sponsorship; - expenditures on fines for environmental pollution and violation of other laws
- the number of employees on the waiting list for departmental housing; - costs of purchasing departmental housing; - expenditures on compensation for rent; - expenses for compensation of communication services and other expenses of employees; - payment of financial aid; - turnover rate	- costs of creating and implementing innovative resource-saving technologies; - expenses for processing and utilization of industrial waste; - costs of technical modernization; - costs of introducing alternative energy development projects, etc.	
Ensuring the health of employees	Ecologization of production	

16 Budko, O. (2016). "Accounting for the social responsibility of activity as an information basis for sustainable development management ", Investytsii: praktyka ta dosvid, vol. 20, p. 36-37.

Continuation of table 2

1	2	3
- expenses for occupational health and safety; - expenses for medical insurance of employees; - Number of workplace injuries; - expenses for sanatorium-resort support; - Number of days of incapacity for work; - Expenses for sports recreation of employees; - Number of days of occupational diseases	- the cost of creating and implementing low-waste and zero-waste production facilities; - the level of use of renewable energy sources in the production process; - the level of emissions of pollutants into the atmosphere; - level of material intensity and material output of production; - expenditures on recycling and disposal of production wastes; - the level of recycling and utilization of own production waste, etc.	- expenditures on taxes; - number of employees by category (youth, people with disabilities, etc.); - expenditures on charitable marketing; - expenditures on socially responsible marketing; - expenditures to cover grants for the development of civil society, improvement of life of the country's population, solving environmental problems; - participation in local community development programs; - availability of the company's website with information on social activities; - availability of the company's corporate code; - compilation and presentation of social reporting, etc.
Professional development of employees		
- the number of employees who have been promoted; - the number of employees who have undergone training; - expenditures on professional development of employees; - expenditures on training of employees; - number of employees with higher education		
Recreation and Entertainment	Development of environmental awareness	
- expenses for tourist trips; - expenses for paying for corporate events; - Expenses for purchasing gifts; - expenses for cultural events (going to the theater, cinema, etc.)	- costs of measures to develop an environmental culture and raise the environmental consciousness of employees; - costs of creating and implementing the «green office» concept, etc.	
Work Motivation		
- average salary by employee category; - one-time bonus payments; - payment of additional vacations; - expenditures on contributions to non-state pension funds		

Source: formed by the authors using[17]

The above evaluation indicators are closely related to the costs incurred in the performance of the tasks of socially responsible activities. Such costs should be considered as objects of accounting, systematize and summarize

17 Levytska, S. (2014), "Social accounting: methodological approach and organizational support", Visnyk Natsionalnoho universytetu "Lvivska politekhnika", Menedzhment ta pidpryiemnytstvo v Ukraini: etapy stanovlennia i problemy rozvytku, vol. 797, p. 255–262.

information about social costs in the accounting accounts. That is, the accounting system should form information about the cost estimate of the enterprise's resources spent on social initiatives and disclose such information in social reporting.

Social reporting should consist of quantitative indicators relating to charity, social programs, sponsorship, etc. At that, the specificity of social reporting is that when reading the information given in it, it should be clear why this particular social initiative was supported by the company and how it corresponds to the social and general activity strategy. In other words, the information presented in social reporting should reveal the main strategic directions of social policy implemented by the company and be relevant to users of accounting data. This allows to improve the quality of management of the company, to systematize the implemented social programs and to determine the directions of their further implementation.

A company's social reporting is not related to its financial reporting, but given the current trends, it can be assumed that such reporting will become a mandatory element of business value assessment. Already today there is a convergence of company financial reporting and sustainability reporting. Large enterprises and transnational corporations increasingly publish a single annual report that contains complete information about all types of activities.

Thus, socially responsible business can be defined as the activities of business entities aimed at solving important economic, environmental and social problems of society. Conducting socially responsible business requires building a proper accounting and reporting system, which provides for the definition of goals, objectives, subject, objects and subjects of accounting. The implementation of such accounting system allows to generate relevant information about socially responsible business activities in the interests of all stakeholder groups and creates prerequisites for generalization, systematization and presentation of this information in the forms of social reporting of the enterprise. The implementation of the proposed proposals for the definition of indicators of socially responsible activity and its results will allow to generalize information in the necessary analytical section, to form the reporting information of the company and to inform stakeholders about the corporate social responsibility of the company.

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