Corporate Social Responsibility Accounting: Case of Vietnamese Enterprises

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Abstract: An overview article on corporate social responsibility accounting for Vietnamese enterprises. Accounting is the process of observing measurement, recording and conveying information. Therefore, corporate social responsibility accounting, too, includes activities of identifying corporate social responsibility, measuring corporate social responsibility and finally recording and communicating information about commune responsibilities. Business association

Keywords: corporate social responsibility, corporate social responsibility accounting, Vietnam

1. Introduction

According to traditional accounting approach, CSR is approached based on the cost-profit aspect: According to this approach, the researcher will focus on analyzing and measuring costs and investments as well as the resources spent to implement CSR and then measure the benefits that CSR brings such as increased revenue, reputation, market share, customer loyalty, etc. After that, the accountant conducts reports of information. CSR information about the costs spent and the benefits gained to assess the effectiveness of CSR activities. However, this approach is very difficult and unreasonable because: Firstly, the benefits that CSR activities bring are long-term, not having to invest resources to gain immediate tangible benefits unlike such as buying raw materials to produce products and selling them. Secondly, the benefits that CSR offers are mainly intangible benefits such as reputation, employee satisfaction, customer loyalty, access to capital. Then indirectly through these benefits will bring financial efficiency (profit by accounting).

Stemming from the shortcomings of this traditional accounting approach, the International Accounting Federation has come up with a new CSR approach under that accounting perspective: When considering CSR from the point of view of successive transactions math, then CSR is necessary and inextricably linked to social and environmental accounting reports. Reports of social and environmental issues (also known as Corporate Social Responsibility Reports, Social and Environmental Accounting (SEA) or Corporate Social Work Announcement (CSD) according to The terms of the "Sustainable Development Report" or "Sustainable Accounting" have become popular, while financial accounting is mainly concerned with the social and environmental aspects of assets and liabilities. and reporting them on a number of criteria, the CSR management accounting is understood more and more broadly, not only at cost-benefit but also as CSR strategies, CSR policies from which, measure and provide CSR information to stakeholders The role of accountants in improving social justice and contributing to social and environmental benefits The school has been widely recognized in countries around the world.

The concept of social responsibility accounting (SRA) is the science of observing, measuring, calculating, recording, processing and analyzing information about corporate social responsibility such as: responsibility for environmental protection, responsibility to contribute to the social community, the responsibility to ensure benefits for shareholders and employees in the enterprise, responsibility for customers and suppliers.

2. Identify corporate social responsibility activities

From a traditional accounting point of view, CSR accounting must determine the costs associated with CSR activities. According to Atkinson et al. (2004), the cost of the social environment is identified in the form of expression, which is of two types, existing costs, and non-existent costs. Existing costs include direct costs related to technology and production process improvements, waste disposal costs, waste disposal
costs, operating license fees, and penalties. Environmental fees required by law, ... Non-existent costs include costs that are closely related to facilities requirements to monitor environmental issues. These costs are often included in administrative costs, legal advisory costs, staff training along with image and reputation losses if businesses cause environmental and social damages. However, access in this way is difficult to measure into money. Therefore, the International Accounting Federation suggests approaching CSR according to policies and CSR activities from which to measure and record these activities and report information on CSR in the form of sustainable reports (nonfinancial). Thus, it is very simple to identify CSR activities according to a related theory such as Mishra and Saura (2010). CSR activities include 6 aspects related to Staff, environment, suppliers, investors, customers, communities.

3. Measuring corporate social responsibility

CSR measurement is quite complicated because as the author presented in the overview of previous studies on this topic, it is shown that there is a lack of uniform theory for CSR concept (Dahlrud, 2008). Moreover, this concept is multidimensional with relative heterogeneous dimensions (Carroll, 1979). Therefore, many different methods have been used in previous studies to measure CSR. Different approaches will have different ways to measure CSR, in particular, there are four methods of CSR measurement: (1) reputation indicators; (2) content analysis; (3) question-based surveys; and (4) one-way measurement of CSR.

a. Based on the reputation index

The most common way to measure CSR is through reputation indicators provided by specialized rating agencies. Key indicators include the MSCI KLD 400 social index (Erhemjamts, Li, & Venkateswaran, 2013), Fortune magazine reputation index (Preston and O'Bannon, 1997), Dow Jones Sustainability Index (Skare & Golja, 2012) and Vigeo index (Girerd-Potin, Jimenez-Garcés, and Louvet, 2014). In addition to the main indicators, there are many national indicators such as Index of the CFIE-France Business Information Center for French companies (Ducassy, 2013), Respect Index of Polish companies (Lech, 2013), and CSR Index for Croatian companies.

The reputation index often recognizes the multidimensional nature of CSR. Although there are many different aspects to measure CSR, these aspects are mostly similar in the main areas such as natural environment, employees, society, etc. Griffin and Mahon (1997) performed comparisons of MSCI KLD and Fortune indicators, showing that they are quite similar. The most commonly used index for measuring CSR is MSCI KLD due to comprehensive and outstanding data on stakeholder management (Coombs & Gilley, 2005) and public data (Deckop, Merriman, and Gupta, 2006). However, some other authors claim that Fortune's index is the most comprehensive and comparable (Johnson and Houston, 2000; McGuire, Sundgren, and Schneeweis, 1988). Vigeo index is mainly used when appraising European countries (Girerd-Potin et al., 2014; Van de Velde, Vermeir, & Corten, 2005) because, in these countries, the indicators are often not available. Dow Jones sustainability index measures CSR in many respects (eg risk management and crisis). These indicators are mainly implemented in developed countries such as the US, Europe, Canada, etc. From the debate above, there is no consensus on which prestige index is the best measure of CSR.

The main advantages of the indicators are the availability of data (thus minimizing data collection efforts) and the ability to compare between companies.

Indicators also have many weaknesses. First, they are often set up by private companies according to their own programs and projects and do not necessarily use scientific methods (Graafland, Eijffinger, and Smidjohan, 2004; Unerman, 2000). In relation to this, rating agencies often only provide aggregate CSR points, although researchers sometimes only care about certain dimensions or aspects of CSR. The second major weakness is the ranking of companies. Geographically, many indicators only include a specific region or country. Coverage is also limited in the number of businesses ranked. Typically, the index focuses on large companies and publicly lists. Some reputable indicators such as MSCI KLD index and Dow Jones sustainability index exclude companies operating in sectors considered unsustainable such as adult cigarettes, weapons,
alcohol, entertainment, etc. (Adam and Shavit, 2008).

b. Content analysis:

The second most common way to measure CSR is to analyze the content of business communications. Content analysis often involves identifying structures of interest, finding information about these structures and coding qualitative information to derive quantitative scales that can be used in analytical systems. Next list.

The content analysis differs in aspects of CSR because these aspects are evaluated and coded. A relatively simple way of writing code is to count words or sentences (Aras, Aybars, & Kutlu, 2010) in reports and publications on CSR issues. For example, the content "reduces CO2" and assigns binary variables (0 and 1) if a specific problem is mentioned. If some aspects of CSR are being evaluated, a binary point can be assigned to each aspect and then an integration point can be identified (Abbott & Monsen, 1979). Ho Thi Van Anh (2018), based on the criteria of the GRI4 report to measure CSR of listed companies and use two binary variables "0" and "1".

A more advanced way of coding is to analyze the specifications of aspects of CSR that are interested in and specify time periods, similar to the Likert scale, for each CSR issue presented in the report. In a recent study, Yang, Lin and Chang (2009) ranked companies on five different aspects of CSR (employee relations, environment, shareholder relations, product quality and relationships with suppliers and customers, communities) on a scale of 0-5 (where 0 = no criteria at all and 5 = complete all criteria). Karagiorgos (2010) and Chen, Feldmann, and Tang (2015) based on their content analysis of GRI reports. More specifically, Karagiorgos (2010) used 26 indicators obtained from the GRI report divided into two groups (social performance index and environmental performance index) and evaluated on a scale of 0–3 (0 if the index is not taken into account, 3 if the index is fully considered). Similarly, Chen et al. (2015) used 45 GRI indicators. Each indicator is scored on a scale of 1–5 (1 = indicator not reported; 5 = the index is fully reported) and is done by many reviewers.

The main advantage of this method is the flexibility for researchers. A researcher can identify aspects of CSR, collect data according to aspects and numerical data for further use in statistical analysis.

The main weakness of this method is that the subjectivity of the researcher is present at all stages of the research process from the selection of CSR aspects of interest, data collection, data interpretation, and Data encrypt. Another important limitation is the reporting bias. CSR reporting (sustainability reporting) is largely voluntary so many organizations do not report on their CSR activities even if they do these activities. Such activities are clearly capable of not being detected by the researcher. Even if companies reveal CSR-related data, that data needs to be interpreted with care because companies are often "exaggerated" to create a more favorable image for their companies through newspapers. CSR report (Turker, 2009). This is difficult to detect unless the researcher knows about corporate socially responsible actions or if the report is audited.

c. A method based on the survey:

CSR measurements based on surveys are often used when a specific company is not ranked by the company's ranking and reporting agency without or not enough to analyze the content. In such cases, researchers need to collect key CSR data by sending questionnaires to knowledgeable respondents or interviewing them.

This method has been implemented since 1985 by Aupperle, Carroll, and Hatfield (1985). Measuring tools are based on four aspects of CSR of Carroll (1979) (including economics, legal, moral and charitable) and include 80 items, organized into 20 sets of reports (each set consists of four sections; Each part is an aspect of CSR). Respondents were asked to allocate up to 10 points for each set of questions about CSR. For the purpose of studying CSR-financial efficiency links, Rettab, Brik and Mellahi (2009) combine different structures to collect data on CSR and financial efficiency using questionnaires. Mishra and Suar (2010), using a survey table of 61 indicators of CSR measurement on 6 aspects of staff, environment, community, suppliers, customers and
investors/lenders. The authors use a 5-point likert scale from absolutely no to have and done very well. In a more recent study, Gallardo-Vázquez and Sanchez-Hernandez (2014) developed a CSR scale to assess the social, economic and environmental efficiency of CSR.

The main advantage of this method is similar to the advantage of content analysis. It provides great flexibility for researchers to identify aspects of concern and collect data on these aspects.

The possible drawback of this approach is that in addition to the general limitations of the survey study, there is a bias option that may occur when corporate social responsibility companies are able to answer more than businesses. less social responsibility (Cadez & Czerny, 2016). Respondents can choose according to social expectations while they have other actions (Epstein and Rejc-Buhovac, 2014). One measure to overcome this drawback may be to be able to collect data not only from companies but also (or only) from their stakeholders.

**d. Measure CSR in one aspect / one way:**

One-way measurement means focusing only on one-way CSR, such as environmental management or charity. Examples of environmental activities include pollution control investment data (Peng and Yang, 2014), deployment of carbon reduction strategies (Cadez and Czerny, 2016; Lee, 2012; Liu, 2012; Liu and Liu, 2016), using ecological control (Henri & Journeault, 2010), rate of recycled hazardous waste, total amount of hazardous waste (Al-Tuwaijri, Christensen, and Hughes, 2004), applying pepper Global environmental standards (Dowell, Hart, and Yeung, 2000). (Primej and Čater, 2015), implementing environmental management accounting (Mokhtar, Jusoh, and Zulkifli, 2016), environmental sustainability policies (Naranjo-Gil, 2016), etc. Examples of charitable activities include contributions (Lin, Yang, and Liou, 2009), growth in charitable contributions (Lev, Petrovits, and Radhakrishnan, 2010) and public health policies ( Naranjo-Gil, Sánchez-Expósito, and Gómez-Ruiz, 2016).

The main advantage of a one-way index is the availability of data (thus minimizing data collection efforts) and the ability to compare between companies. However, the use of one-way structures is theoretically unconvincing because most studies recognize the concept of CSR is clearly multidimensional (Carroll, 1979). For example, a specific company may get very strong CSR in one aspect (eg employees) while it ignores another aspect (eg environmental issues). This will lead to a general imbalance in the business.

**4. Report on corporate social responsibility**

In recent times, some studies have used political economy theory, legitimacy theory, stakeholder theory, and institutional theory. institutional theory) in explaining CSR reports (Amran and Devi, 2008; Islam and Deegan, 2007; Ratanajongkol et al, 2006); Adams, 2002; Deegan, 2002; Gray et al, 1995a).

In addition, to report CSR, you can refer to the following instructions:


- Triple bottom line tool: People, Plannet, Profit (abbreviated TBLv, or 3P) by John Elkington, UK's world-renowned consultant on corporate social responsibility and sustainable development, declared published in 1997. The Triple bottom line tool helps businesses incorporate sustainable development goals into business strategies, reviewing social and human outcomes (People), and ecological environmental results (Plannet) in close relationship and interaction with financial results (Profit) of the business.

![Figure 1: Triple bottom line](Source: John Elkington, 1997)

- Guidelines for sustainability reporting of the Global Reporting Initiative (Global Reporting Initiative - GRI).

In addition, businesses can report CSR information to related parties through either Annual Reports or Sustainable Reports or Internal Management Reports. In the report, we can only mention the CSR activities that have been implemented and the level of implementation as well as analyze the benefits that CSR brings to the managers to see the benefits of CSR and see CSR as business culture as well as the business strategy of the business.

Martin (2007) argues that a full set of reports on CSR may include: A report on the effectiveness of the proposed goal (What has the business done compared to the target?). Evaluate the impact on the community (this can be measured according to the process of social input, implementation, and impact on society). Stakeholders' views on the organization's goals and values (enterprises carry out activities to please stakeholders). A report on environmental activities (Demonstrating environmentally responsible businesses, reducing emissions, etc.). A report on how businesses perform equal opportunities (businesses encourage social inclusion). A report on quality compliance and statutory and voluntary standard processes (businesses do more than what the public expects). All of this may be in the same report called the Sustainable Development Report (TNG Sustainability Report, or Vietnam Textile and Apparel Group's Annual Report).

5. References


