SOCIAL ACCOUNTING

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29 OCT 2012
Outline

• What is social accounting?
• Why do it?
• Putting it into action
Accounting

• “Gathering, measuring, summarizing and analyzing data in order to support decision-making”

• Overall, accounting is often thought of as an objective, neutral, value-free, and technical enterprise that simply attempts to capture a picture of reality

• However, by the very act of “counting” certain things and excluding others, we could also argue that accounting shapes particular interpretations of social reality, which in turn has policy and decision-making implications.

  o Accounting is not neutral - what is included and excluded in accounting models shapes a particular perception of reality

  o Accounting is a driver of behavior (if it is not counted, it is not recognized; what gets measured gets managed), and can be used as a change agent
Critique of Conventional Accounting

• In conventional accounting, it is presumed that profit reflects and promotes the optimal distribution of limited resources.

• Thus profits, and in turn shareholder returns, are a measure of success, and the resulting behaviour is that profit organizations try to maximize them.

• On the other hand, the goals of a co-operative are both economic and social, and determined by its members, for example,
  • Providing value to its members
  • Supporting community needs
  • Providing employment for its members
What is social accounting?

• Based on a critique primarily of profit-oriented firms on the narrowness of accounts → what’s in and what’s out

• Social accounting broadens the domain of items that are included in accounting statements

  • “Social accounting is a systematic analysis of the effects of an organization on its communities of interests or stakeholders, with stakeholder input as part of the data that are analyzed for the accounting statement.”

• Quantitative and qualitative

• Supplemental to or integrated with financial reports
To Keep in Mind

• What *behaviors* are promoted in current accounting models and why?

• In designing new accounting models, what *behaviors* do we want to promote/change?
Why do it?

• To track and document performance and progress towards mission, taking into consideration economic, social and environmental factors

• To legitimize co-operative structure
To start

• To start the process, think about all the different **outputs** your co-operative creates and all the **inputs** (monetary and non-monetary) it uses. Set aside an hour at a scheduled staff meeting to brainstorm all of the direct and indirect effects of your co-operative.

• Hold focus groups with other stakeholders

• Ask: What difference are we making? What is our economic/social/environmental ‘value added’?

• Decide which impacts are most significant
To start

Examples of some guiding questions:

Direct:

• What goods and services do we provide? What goods and services have we provided free of charge or at a reduced rate to others?

Indirect:

• When members contribute social or unpaid labour to your organization, what benefits might they gain as a result of performing that activity?
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<tr>
<td><strong>Student housing co-operative</strong></td>
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<tr>
<td><strong>Economic outputs</strong></td>
<td>822 spaces of co-operative housing and related services (including meals, social activities, maintenance of buildings)</td>
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<td><strong>Social outputs</strong></td>
<td>Member skills training Consultations to co-operative sector Preferential pricing</td>
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<td><strong>Environmental outputs</strong></td>
<td>[Energy efficiency]</td>
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<td>Student housing co-operative</td>
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<tr>
<td>Employees</td>
<td>Pay, benefits, training</td>
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<td>Residents</td>
<td>Lower cost of accommodations, skills learned, sense of community, property tax credit</td>
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<td>Co-operative sector</td>
<td>Co-op development, consultation to co-op sector</td>
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<td>Government</td>
<td>Municipal taxes (less property tax credit), housing of war refugees</td>
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<td>Providers of capital</td>
<td>Interest earned</td>
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<td>Organization</td>
<td>Amortization, operating surplus/deficit</td>
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Relate to co-operative principles and sustainability

- Environmental sustainability
- Equity (intra- and inter-generational)
- Education, training and information
  - Internally
  - Externally
- Co-operation among co-operatives
- Concern for community
In Summary

- Social accounting is a framework that can be used in different ways
  - To reflect economic, social and environmental impact and demonstrate how they are inter-connected
  - To encourage stakeholder dialogue
  - To increase transparency
  - To promote organizational learning
  - To change behaviours
  - To support mission
References


• Reports

  • VanCity: https://www.vancity.com/AboutUs/OurBusiness/OurReports/2011/index.html#1/
  
  
  
  • Sustainability Support Group: [http://www.sustainabilitysolutions.ca/sites/default/files/SSG%202010%20Sustainability%20Assessment.pdf](http://www.sustainabilitysolutions.ca/sites/default/files/SSG%202010%20Sustainability%20Assessment.pdf)
Thank you! Merci!

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