

BEST INFORMATION SYSTEM IN ACHIEVING SOCIAL RESPONSIBILITY STRATEGY OF THE COMPANY

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Abstract

The growing importance of the concept of social responsibility towards the environment and society has created a foundation to seek and develop appropriate information systems in this field. It is believed that the best information system presenting interactions of enterprise - natural environment - society is accounting information system. The author proposes to extend the measurement of the achievements in this field, in the presentation of data use policies and procedures that already exist in accounting, and partly to expand the scope of environmental reporting.

Keywords: *social responsibility of enterprises, accounting social responsibility, environmental accounting*

1. INTRODUCTION

The complexity of economic conditions, the intensity and speed of changes in the environment, the need to respect the boundary determining the absolute level of use of resources and the limited capacity of assimilation, led to increased interest in issues related to the natural environment. This is caused by the fact that the natural environment in which a man and the company operates mainly provides the necessary renewable and non-renewable resources, creates conditions for the progress of basic processes in the business units, adapts side-effects business, but at the same time there is a variety of limiting factors, which include among others: the need to respect the boundary determining the absolute level of use of basic raw materials and energy and the limited capacity of the environment to adapt pollution. Thus, the natural environment is largely a factor responsible for the creation, survival and development of business unit, as well as human development, which is the highest value in the natural world.

Realizing by the business unit, economic and natural consequences of carrying out actions to protect the environment or the lack of it, is important for managers, especially in the context of creating multiple relevant information, among others concerning the possibility of continuing activities by the unit, as well as the fulfilment of responsibility towards the environment. The implementation of these plans requires entities to adapt the concept of social responsibility, as well as the presentation of information in this field.

The accounting information system plays an important role in generating information on the interaction of the enterprise - natural environment - a society, which is the primary information system, revealing and presenting both financial and non-financial information, which refer to the company accounting on its activities to the natural environment and a description of links between these elements. The accounting system is a field that evolves according to the expansion and complexity of the impact of the enterprise on environment, while having an impact on changing that environment. It is rightly noted that it is information-control system, which is obliged to use its ability to measure and disclose environmental aspects of economic activity.

The main aim of this article is to present the importance of accounting information system in the implementation of corporate social responsibility strategy.

2. THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is regarded as one of the major challenges that companies face in the twenty-first century. Corporate Social Responsibility in the literature is interpreted differently, sometimes mistakenly associated only with social activities and unjustified additional costs which do not have to be perceived as the image and market position.

In the broad sense, the social responsibility of companies is a commitment to sustainable development, enabling the improvement of living conditions of workers, their families, communities and society in general, which is possible if business practices are based on ethical values and respect for employees, communities and the environment [Marcinkowska, 2009, p. 239-255]. In this definition the author refers to assumptions of the concept of balanced and sustainable development of the company, presented in the literature, which directs the individual to the need for social responsibility. Considering the basic assumptions of the concept of balanced and sustainable development, the author believes that a socially responsible company should treat human capital as the highest good. The permanent improvement of the quality of life for present and future generations realized by making economic activities should take into account the preservation of environmental quality, and should allow for the short-term and long-term optimization of the use of human and natural capital [Ferens, 2008, p. 28-29].

General recognition of corporate social responsibility of the European Commission's communication defines CSR as "the responsibility of enterprises for their impacts on society". This definition limits the social responsibility of businesses, taking care of the human capital without the aspect of increasing one's own business, taking into account the company's development strategy appropriate relationships with various stakeholder groups, as well as taking care of the natural environment.

The need to protect and increase social welfare is presented in the definition of AB Carroll, who defines CSR as the responsibility of not only achieving the objectives of maximizing profits but also responsibility towards the stakeholders [Carroll, 1999]. Enterprises should therefore not take any actions that harm society, but should take initiatives aimed at prevention and elimination of negative social phenomena. At the same time it is important to care about increasing the company's profit because it provides the basis for the operation of each business unit while contributing to realize the social and natural goal.

The definition of CSR presented in ISO 26000 (CSR strategy) treats social responsibility as a responsibility of organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- contributes to sustainable development, including the health and well-being of society,
- takes into account stakeholders' expectations,
- complies with applicable law and is consistent with international norms of behaviour,
- it is implemented throughout the organization and practiced in its actions within its sphere of influence.

The above definition of corporate social responsibility shows the need to include to strategic actions carried out in the enterprise not only social and environmental aspects but also to apply appropriate management model, in which the activity will focus on the synergy of objectives of both financial, social and environmental issues. Profit is the goal of the company, but nevertheless it is equally important to ensure the company to exist in the long term, to create a favourable image in the environment, and to contribute to improving the quality of life of citizens. It should be also stressed that the social responsibility of the organization should take into account the expectations of both external and internal stakeholders' functioning in the surrounding of the individual [Ferens, 2009, p. 54-61].

The literature emphasizes the link between the six areas of social responsibility: organizational governance, human rights, labour relations, environmental protection, relationships with consumers

and social commitment. Entities that choose to integrate the concept of corporate social responsibility in management strategy, the mission and current activities should keep in mind all areas of social responsibility.

CSR is a social responsibility of every company. However, to be an effective tool to support its development at the stage of building a management strategy, it should take into account both environmental protection, social interests, as well as relationships with various stakeholder groups, which will minimize the risks associated with the uncertainty of functioning in changing environment. To do this, managers provide a variety of tools for measurement, disclosure and presentation of financial and non-financial effects of the interaction: business-natural environment - society.

3. ACCOUNTING AS A SOURCE OF INFORMATION ON THE LINKS BETWEEN THE NATURAL ENVIRONMENT AND ECONOMIC ENTITY

Overview of the accounting definition presented in the literature directly and indirectly refers to its informative nature, and they are mostly differentiated by characteristics and distinct functions among which the most frequently mentioned include the following: information, control, reporting, statistical, analytical and stimulation function [Messner 1999, p. 117].

The name of the "classic" one, emphasizing the informative function, was given to the accounting definition presented by S. Skrzywana [1968, p.5]. The author defines accountancy as a special kind of individual economic record, which is a system of on-going recognition, grouping, presentation and interpretation expressed in money and balancing out the general and detailed figures on economic activity and financial position of the entity. This definition emphasizes a balance sheet value and the accounting for assets and processes in economic entities. A. Kostur [2001, p.17] supplements presented definition with a very important element, which is the anticipation, emphasizing both the outside retrospective (ex-post) and also prospective (ex-ante) accounting for informational purposes.

Often presented accounting definition, specifying its nature and presented by the American Accounting Association, describes the accounting as "the process of identifying, measuring and transmitting information having economic substance for the assessment and decisions by users of information [Swiderska 2003, p.1]. The definition which sets the framework of accounting, emphasizes the importance of information it generates, as well as timeless possibilities and directions of change is the definition of A. Jaruga. The author defines accounting as a process of identification, measurement and transmission of information that is potentially useful for making economic decisions.

From the above definition, it appears that currently enterprises should reject incidental decisions, not supported by an analysis of the causes of the problem of decision-making, thus it is possible to select one of the alternative variants of solutions that allows you to take rational decisions. The main purpose of accounting is to provide information, that assist management companies in planning, decision making and control of their implementation [Kaplan & Atkinson 1998, p.1] on the basis of delivered reports and reports containing valuable quantitative and qualitative measurements.

Changing the purpose of business, the complexity of economic conditions and the demand for information related to environmental management sets the directions for the reconstruction of purchase accounting aspects of corporate social responsibility. Accounting as a versatile and flexible system has therefore the ability to adapt to the new challenges of the economy which is responsible for the environment.

Accounting focused on issues related to social, economic and environmental aspects is defined in the literature as - accounting for social responsibility.

Accounting for Social Responsibility (ROS) is a way of accounting for the company on its activities related to social and environmental issues to the community, and so the social effects of the functioning of enterprises and measuring their value.

Accounting social responsibility tries to meet the demand of the broad groups of companies for information, with particular emphasis on environmental information. It is believed that the accounting social responsibility should be regarded as a system which permits the management, plays an informative, diagnostic, mediation and control role but its main interest are non-financial variables. The prerequisite for the development of ROS are primarily programs and activities implemented within the framework of corporate social responsibility (CRS).

Accounting social responsibility should be integrated economic measurement system, based on broad socio-economic approach to cost-benefit relationship and serve the needs of internal and external control and decision-making [Burzym, 1993 s.6-7]. Implementation of the information needs of internal and external stakeholders through the introduction of an integrated unit of the accounting system of social responsibility should be:

- providing information to systematically or piecemeal review of activities connected with responsibility for social affairs, as well as ongoing assessment of the social and environmental impacts of business activity,
- preparation of information for the management of costs and effects of support programs and social and environmental activities,
- providing data management to support the motivation to think about the social consequences of their decisions,
- creating the basis for the measurement and presentation of the costs - social and environmental benefits that have not been covered by the bill,
- communicating relevant information to the public in the form of reports which take into account environmental and social information.

The subsystem in the accounts of social responsibility, which provides information about the relationship and effects of the enterprise in the natural environment is determined by environmental accounting.

In previous publications, the authors emphasize different aspects, the scope and the creation of information. It is also believed that environmental accounting covers two areas: national / regional environmental accounting and environmental accounting conducted in enterprises.

The US Environmental Protection Agency EPA draws attention to the macroeconomic environmental accounting nature, which defines environmental accounting, taking into account its three dimensions-table 1.

Table 1. *Definition of environmental accounting according to US Environmental Protection Agency (EPA)*

Type of environmental accounting	The resort interests	Recipients
National revenue accounting	Country	External
Financial accounting	Enterprise	External
Management accounting	Enterprise, division, functions, product, line, the system	Internal

Source: An Introduction to Environmental Accounting As A Business Management Tool: Key Concepts And Terms. Article electronic access mode: www.epa.gov/oppt/library/pubs/archive/acct-archive/pubs/busmgt.p. 4-5

National revenue accounting - is a macroeconomic dimension and it refers to the management of natural resources. Financial Accounting - consists of the presentation of the business operations of an environmental nature and conducts their evaluation in applied (general) environmental reports with particular emphasis on material environmental costs, and management accounting, so it is to identify, collect and analyse environmental information principally for internal purposes. According to the EPA, the environmental accounting is an important management instrument, which can be used for numerous purposes including: environmental improvement activities, cost control, helping to invest in clean technologies, helping to develop "green" processes, and also help managers in making pricing decisions.

Environmental Accounting reference to the enterprise is presented by the definition [Folmer, Gabel & Opschoor, p.392-393], according to which environmental accounting structure is to create a book of accounts, accounts with one class for each form of pollution. Used quantities of the substance are presented in physical units. The accounting period is followed by their closure and transfer to the ecological balance of the company, which shows the total consumption of a variety of materials and energy in an enterprise in physical units, which are then estimated using the so-called. equivalency factors. These coefficients are used for environmental valuation of material consumption or emissions, as well as to assess the pressure exerted by the environment. According to this definition, the scope of presented information is limited to non-financial data and financial variables are beyond the scope of interest.

Among theorists, there are discrepancies regarding the issue of presenting information. United Nations Expert Working Group [Environmental Management Accounting 2001] formulated the definition, which highlighted the need to include both physical and valuable measures. According to it, environmental accounting is defined as the identification, collection and analysis of information, necessary for making management decisions from two perspectives:

- physical (information about the use and flows of energy, water and materials, including waste and emissions, expressed in physical units),
- valuable (information on costs, revenues and avoid those expenses related to the impact of the organization on the environment).

Also, theorists present similar positions in this respect. According to R.Grey [1996, p.11] the concept of environmental accounting is the process of communicating social and environmental impact of economic activities on various interest groups within society and on society in general. Keeping records of a business relationship with the environment should be not only in terms of value, but also in other gauges, for example, in natural units.

However, it seems that the choice of measurement method should depend on the expected accuracy and complexity of the measurement object because environmental accounting should apply such procedures to create information and measurement methods which are associated with the generation of financial and non-financial information to external and internal customers needed to make decisions according to the principle of sustainable development.

It is also believed that environmental accounting should be included in the accounting area and provide reports for internal and external use, providing environmental information of interest to the public and financial specialists [Bartolomeo 2000, p.31-52].

As it appears from the definition of environmental accounting, it is the primary information system, revealing and presenting financial and non-financial (environmental) information related to accounting for the company on its activities to the environment and a description of links between the trader and the natural environment. Environmental accounting should serve as a solid foundation for environmental management system, or increase the effectiveness of the existing one.

Research literature together with our own, and taking into account the information needs of both external and internal stakeholders, the author [Ferens 2014, p.76-80] suggests that environmental accounting was conducted in the business units as follows:

- autonomous subsystem records or
- financial accounting subsystem or
- integrated accounting subsystem.

Accounting conducted as an autonomous subsystem records (ecological account) uses (beyond basic accounting system) eco-accounts which record non-financial effects of the environmental impact. Due to the lack, in most cases, of market prices included an eco-account environmental impacts to "reserve" material and energy consumption and emissions and assessment of enterprise environmental pressures, a variety of methods is used including equivalence ratios determined by an interdisciplinary team of experts [Butterbrod & Tammler 2000, p.62].

Environmental Accounting treated as financial accounting subsystem extends and refines information on the company-natural environment relationship. Broadening refers to the measurement, evaluation and recording the resources involved in environmental protection, as well as external financing environment, environmental costs, etc. environmental accounting subsystem maintains substantive and methodological consistency with the basic accounting system in the company.

Assumptions of integrated accounting subsystem proposed by the author are as follows:

- use different methods for evaluating and measuring, using both financial and non-financial measures, quantitative and qualitative,
- the creation of useful information throughout the lifecycle value chain, based on the account: the benefits > costs
- providing transparent, understandable data, supported by interesting descriptive information society and financial professionals (data on ongoing environmental initiatives, ways to reduce the pollutants emitted by the company, fulfilment of environmental regulations and the functioning of environmental policy instruments, etc.)
- providing data to assess the activities carried out by managers to protect the environment e.g. the introduction of "cleaner production", evaluation of the impact of strategies, policies and plans on the environment, etc.
- providing reliable information on emissions and the state of natural resources,
- sharing information related to widely understood environmental problems for the State-level statistical reporting
- providing information about groups of environmental costs incurred by the entity,
- sharing information needed during the economic entity ecological projects such as environmental reviews, environmental audits, ecological marketing, eco-labelling, creating environmental metrics for the assessment of the enterprise, metrics development.

Conducting environmental accounting, the unit should contribute to:

- better management of cost environment,
- better formulation of business strategies,
- explore new possibilities of redeployment or minimize environmental costs,
- increase its competitive advantage by reducing the negative impact on the environment, through better estimation of the costs of products and processes
- appreciate the ability to minimize compliance costs and reduce operating costs,
- reduce costs by saving energy and resources,
- identify problems arising at the interface of the company - natural environment and the proper development of these interactions.

4. PRESENTATION OF ENVIRONMENTAL INFORMATION

An entity wanting to expand the channel of communication with the environment can:

- enrich previously prepared reports with chapters about the company - natural environment relationship.
- expand the previously prepared reports with the so-called environmental management reports.

Taking into account the accounting rules, the commission's recommendations, the findings of EU directives related to the scope of environmental information necessary (in some cases possible) to present the financial statements, it is proposed that information about the interactions that exist between the enterprise and the natural environment should be included mainly in the statement of operations units, notes, introduction to the financial statements and other environmental management reports.

Taking into account the scope of environmental information necessary to present in "Entity activity report" it is suggested that the report should be supplemented by the following environmental aspects:

- Research and development costs related to the fields of the environment,
- Costs of environmental investments.
- Costs of equipment upgrade and modernization, which results in reducing adverse effects of unit on the environment,
- The costs of removing environmental pollution caused in previous years,
- Cost of consumption of non-renewable resources,
- The costs of environmental charges,
- Incurred sanctions in relation to not completed activities, to protect the environment.

Using a suitable model of environmental accounting, information which complement the "Entity activity report" should be generated directly from the modified system and presented by the tabulation, the form being proposed is presented in table 2.

Table 2. Scope of environmental costs presented in the "Entity activity report"

	Type the environmental cost	Environmental costs		Change		Data source
		Year „t ₁ ”	Year „t ₂ ”	Currency	%	
1	Research and development expenses					
2	Costs of environmental investments					
3	Costs of devices modernization					
4	The costs of pollution neutralization					
5	The costs of the consumption of non-renewable resources					
6	The costs of environmental charges					
7	The costs of environmental fines					

Source: Own studies

Taking into account the reasons to extend the content of "Additional Information" arising from the recommendations of the European Commission, it is proposed in this report, to present the following information sections:

- Expenditures (costs) of investing activities with division on costs related to prevention of pollution, the costs associated with investments limiting the adverse impact on the natural environment unit,
- Created environmental provisions
- Environmental liabilities related to environmental damage,
- Costs incurred for environmental charges and fines.

The detailed scope of information proposed to be included in the report "Additional information" is given in table 3.

Table 3. The environmental costs presented in the "Additional information"

Environmental costs	Data source	Environmental costs		Change	
		Previous year	Current year	zl	%
Investment costs:					
• prevention					
• reduction					
• restitution					
Environmental reserves					
Environmental liabilities for damages caused to the environment					
Environmental charges					
Environmental fines					

Source: Own studies

In the "Introduction to the financial statements" it is recommended to provide a general description of the principles adapted for the recognition and measurement of rights to greenhouse gas emissions. Companies that produce or sell electricity should put the principles for recognizing and measuring property rights resulting from certificates of origin in this part of report. In these explanations there should be included information on the number and value of the purchase emission rights received for each installation with additional allocations, the number and value of the purchase price allocated emission rights divided for those uses for one's own needs and for sale, profit on sale of emission rights, the number and the value of emission rights redeemed, the number and amount of reserves to cover the deficit of emission rights, the value of current and accumulated write-downs for impairment, etc.

Taking into account first of all the value of information for the managers, it is proposed that the report on CO2 emission rights will contain information included in the table 4.

Table 4. *Clarification report "Introduction to Financial Statements"*

CO2 emission rights							
PRIMARY RIGHTS							
The number of rights granted	The value of the acquisition	Designed for one's own use		Designed for sale		Rights redeemed	A provision to cover the deficit
		Value	Data source	Value	Data source		
SECONDARY RIGHTS							

Source: Own studies

Thanks to the information contained in the report which is a clarification to the "Introduction to Financial Statements", the entity is able to determine the amount of environmental costs associated with the acquisition of emission rights (for primary and secondary markets), both incurred and planned.

Other environmental management reports presenting information on the business enterprise for the benefit of the environment and communities can have different forms, and vary in detail contained data. For the purpose of managing unit managers, they may be aggregated because they are mainly needed to assess compliance of operations with established environmental policy of the company. For the purposes of the recipients of lower levels, they should be more detailed, characterized by bigger frequency and penetrate the various environmental issues [Karmanska 2007, p. 57]. It is proposed that among management environmental reports companies should prepare:

- Report on the environmental costs,
- Report expenditures (costs) related to the activities of protection activity,
- Report on environmental charges,
- Report of environmental fines,
- Report on the costs of environmental activities.

Information from the proposed environmental management reports (both being an extension of the information presented in the financial statements, as well as others) will be helpful in preparing statistical statements, management reports for internal and external purposes of the company, including assessment of the profitability of investments, calculating the ratios, payback period investment etc.

SUMMARY

The growth of interest in financial and non-financial aspects of environmental activity, forming itself as a new holistic - ecological paradigm and bearing in mind demands of the organization and social groups, it seems necessary that in legal or international documents particularly referring to accounting, issues connected with natural environment, especially those associated with the level and environmental cost structure should be stressed.

It should be emphasized that the applicable national and international regulations and traditional practices of accounting only to a small extent account to the requirements resulting from environmental regulations which shows the need to create environmental information, especially this

that involves environmental costs. They do not solve the full problem identification, measurement and presentation of information in the field of enterprise-environment interactions in nature.

This is an important shortcoming because it is impossible to evaluate the implementation of corporate social responsibility without information on such an important aspect of its operation. There is therefore a need to harmonize and standardize international legislation in the following areas:

- developing a range of environmental accounting along with the conceptual apparatus on environmental resources, ecological reserves, environmental costs, environmental liabilities, etc.,
- developing principles for the measurement and collection of environmental information,
- the way and the place of presenting environmental information obtained in the individual financial statements.

Adaptation and harmonization of legislation in this area will, among others, permit for:

- conducting ongoing monitoring of environmental costs incurred by the entity,
- assessment of the companies fulfilment of environmental regulations,
- evaluation of the managers actions to protect the environment,
- obtaining information about emissions,
- preparation of environmental statements eco-balance, environmental impact assessment,
- smooth conducting of the economic entity ecological projects such as environmental reviews, environmental audits, ecological marketing, eco-labelling, creating environmental metrics for the assessment of the enterprise, metrics development, the introduction of an environmental management system,
- meeting the requirements of integrated environmental management, etc.

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INTERNET RESOURCES

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