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Implementation of Social and Environmental Accounting as Corporate Social Responsibility in Indonesia

Wahyuni[1], Amira Fauziah[2], Rusmiati[3], Dwi Nur Isra[4], Safaruddin[5]
Muhammadiyah University of Makassar
Email wahyuni@unismuh.ac.id

Article Info

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Abstract

This research explores the implementation of social and environmental accounting as a form of corporate social responsibility in Indonesia. Companies today are not only required to present financial reports, but also have to consider the social and environmental impacts of their operations. This research uses a literature study approach to collect data from various sources relevant to the topic of corporate social responsibility (CSR) and social accounting. The research results show that social and environmental accounting plays a crucial role in reporting corporate accountability to society and the environment. Through social accounting, companies can demonstrate their commitment to social responsibility, report social impacts, and meet stakeholder expectations. The application of social and environmental accounting also helps companies manage environmental and social risks, as well as increasing transparency and reputation. This research suggests that companies need to integrate social accounting in their reports to ensure transparent and accountable reporting. This is important to build public trust and fulfill legal obligations in accordance with applicable regulations. By adopting this approach, companies can not only increase their social responsibility but also support long-term environmental and social sustainability.

1. Introduction

The business world as an economic actor certainly has an important role in the continuity of the economy and society in general. In the face of today's globalized world, where advances in information and technology combined with open markets force the business world to be serious and transparent about their actions and their impact on the environment and society (stakeholders). Meanwhile, from an economic perspective, companies must provide direct benefits to local communities. Ralph claims that businesses put pressure on employees to prioritize profits over other considerations, such as social issues. Individuals who are intelligent, skilled, and work in business seem to be missing out everything. ability, generosity, integrity and knowledge in facing pressure from capital owners who seek to maximize profits (Wahyuni, 2020).

Apart from having an impact on local communities, there are negative impacts if a business ignores the surrounding environment. The business will face environmental monitoring bodies and receive sanctions in the form of permission to run or supervise the business. Even more so. Concerned stakeholders will also have negative opinions about the company. Businesses may start to pay attention to their surroundings by providing new job opportunities for members of the communities where they are established. This way, businesses will have a clear understanding of their social environment. If the positive impacts are managed effectively, a business can gain many benefits and build a strong reputation. In addition, the business will increase the comfort level for workers. Thus, accountants, especially corporate accountants, must pay attention to the impact of social accounting (Olivia, 2023).

Accountants must pay attention to social and environmental accounting. Since businesses must inform stakeholders about social initiatives and environmental sustainability, this accounting is very important. Companies must not only inform current and potential creditors and investors about their financial situation, but must also consider social problems in the communities where the company operates (Anggraini, 2024). According to Anisa (2018), Accounting is then seen as important because businesses must inform their stakeholders about social initiatives and environmental conservation. Several things that need to be understood regarding social and environmental accounting consist of several things such as the meaning of social accounting, objectives, space, scope, and so on.

According to Amaliah (2013) and Murni (2001), the process of selecting variables, measures and procedures for measuring social performance at the company level is known as "social accounting", sometimes known as "environmental accounting" or "socio-economic accounting". This system systematically produces information that is useful for assessing corporate social performance and disseminates this information to interested social groups, both inside and outside the company.

Environmental accounting has many definitions. Environmental accounting, also known as green accounting, is described by Cohen and Robbins (2011) as a type of accounting that combines indirect costs and benefits of economic activities, such as the impact of business planning and decisions on the environment and human health. Several previous studies also defined environmental accounting as an effort to group financing carried out by the business world and government as a type of environmental conversion activity, with costs borne by the business world and government (Lawita, 2018). Environmental accounting covers a wide range of business tasks, including accounting and finance, legal issues, and environmental interactions involving scientific and engineering domains (Sambharakreshna, 2009). The aim of environmental accounting is to report business achievements and measure the social costs and benefits of company operations (Halim et al, 1998).

In accordance with the ideas outlined previously, corporations pay attention to social and environmental accounting as they strive to meet expectations. related parties in an effort to build credibility. According to stakeholder theory, a company will try to provide reports that provide information about the organization's efforts to fulfill its duties by meeting the expectations of its stakeholders. 11 environmental and social. Sustainability reporting (SR) and corporate social responsibility (CSR) are current forms of social and environmental accounting. In addition, the field of management accounting and auditing can benefit from the application of social accounting and environmental considerations (Suaryana, 2011). This article will explain the implementation of social and environmental accounting as a form of corporate social responsibility.

4 Research Methods

This research approach uses a descriptive approach with a literature study research design. The aim of this method is to describe and analyze the application of social and environmental accounting in the context of corporate social responsibility (CSR) in Indonesia through a review and synthesis of relevant literature. The research design involves a literature study, where this research will collect, assess, and analyze data from previous research, journal articles, books, and other literature sources related to social and environmental accounting and corporate social responsibility. The research process begins with identifying topics and objectives, namely to identify and analyze the implementation of social and environmental accounting in the context of CSR in Indonesia.

The next step is data collection, which includes collecting information from relevant library sources, such as academic journals, articles, books and previous research reports that discuss social and environmental accounting and CSR. After the data is collected, an evaluation is carried out on the quality and relevance of the library sources, with a focus on studies that discuss social and environmental accounting, corporate social responsibility, as well as implementation and challenges in Indonesia. The data that has been collected is then analyzed through synthesis to understand how social and environmental accounting is applied in CSR practices. This process involves identifying patterns, themes, and gaps in the existing literature. Next, analysis and discussion are carried out by linking the findings from the literature study to the context of CSR implementation in Indonesia, as well as discussing the impact of implementing social and environmental accounting on corporate social responsibility, including the challenges and opportunities faced.

The conclusion of this research will summarize the findings and provide recommendations based on literature analysis. This research will also offer guidance or steps that companies can take to improve their implementation of social and environmental accounting. The analysis techniques used include qualitative analysis, which aims to evaluate and interpret data collected from the literature. This includes identifying key themes, patterns, and relationships between key concepts. In addition, the theoretical synthesis will connect findings from various sources with theories of social and environmental accounting and CSR to provide a deeper understanding of their application in Indonesia.

Data sources used include academic journals and relevant articles, as listed in the bibliography, including "JIMAT," "Balance," "WANARGI," and others. Textbooks and references related to social accounting, environmental accounting and CSR will also be utilized, along with research reports that provide empirical data on social and environmental accounting in Indonesia. With this research method, it is hoped that it can provide a comprehensive understanding of the implementation of social and environmental accounting as a form of corporate social responsibility in Indonesia and how companies can better fulfill their social and environmental obligations.

4 Results and Discussion

Based on the research conducted, various journals that are relevant and appropriate to the main focus on the application of social accounting in corporate social responsibility have been collected, along with various articles. In-depth exploratory identification with previous research shows that corporate social responsibility is critical to business operations. Through social accounting measurements, we can determine the most effective way to communicate financial data in a transparent, firm and easy to understand manner. Clear social accounting standards make it easier for local communities to monitor nearby business activities to ensure that they do not have a negative impact, and also make it easier for businesses to fulfill their internal and external responsibilities.

Companies that want to make money must act more responsibly; they cannot compromise the environment or local communities. Sustainability of company operations through a focus on caring for society and the environment, in order to create synergy between the business world, society and the environment, is the core of corporate social responsibility. This voluntary commitment is in line with the company's goals and aspirations to create a sustainable, supportive and complementary workplace. Critique the evaluation and formulation of important commercial and economic choices based on data that has been shown to deceive users regarding social and environmental issues. As a result of this negligence, the business world and related parties are encouraged to act stingily and increasingly care less about the environment, natural resources and local communities. As a result, there is increasing environmental damage accompanied by ecological and social disasters.

Companies today cannot ignore corporate social responsibility (CSR). Companies are under pressure from various stakeholders, such as the media, employees, environmental activists, government regulators, society, and so on, to abandon old business models that only emphasize financial considerations.

Environmental performance is the result of company performance to show how much impact or damage is caused by the company's business activities. environmental performance is that if a company is not accepted by society because of the company's non-compliance with established regulations, then this legitimacy can be withdrawn at any time. Therefore, companies must comply with applicable regulations in order to run their business well (Razak, et al, 2023).

Social and environmental factors also need to be considered. Numerous studies have confirmed that more and more companies are realizing that implementing CSR will help them in the long run. The importance of implementing or executing CSR. However, CSR reporting and disclosure is also equally important so that interested parties can read, consider and decide what is best for them in relation to the company's interests. Since social accounting is a mechanism for documenting and reporting a company's social actions, social accounting can assist in CSR disclosure and reporting.

Non-financial reporting, or social accounting, is the basis on which companies carry out their social duties to internal and external stakeholders. Corporations have obligations to society, the environment and investors other than themselves. There are many approaches that businesses can take to implement social accounting, including:

1. By presenting environmental data, business actors can plan activities that will be linked to environmental conservation efforts carried out by other companies. Research findings from third parties can also be directly linked to a company's compliance with sustainable environmental practices.
2. Accountability reporting can also be included in core financial reports regarding the surrounding environment, such as tools used to reduce. Some argue that environmental pollution is a benefit.
3. Costs related to business operations incurred to stop environmental pollution or damage can be reported as expenses and added to profits.

The above approach can be used to assess a company's level of responsibility and its performance in fulfilling its duties. Apart from maintaining prime environmental conditions, this issue can also prevent socio-economic inequality in the agricultural sector and reduce the negative impacts it has caused.

Company Responsibility towards the Environment: According to "Article 74 paragraph 2 of Law no. 40 of 2007 concerning Limited Liability Companies, a company's budgeted obligations for social and environmental responsibility are determined by the costs it incurs, which are then carried out with caution and propriety. and fairness". The aim of social and environmental responsibility is to demonstrate the company's constructive response to societal norms and values in order to win public affection. Apart from prioritizing national interests, this activity also seeks to support field work, education reform, preservation of cultural assets and environmental conservation.

Impact Study on the Environment Environmental Impact Analysis is contained in Government Regulation Number 27 of 2012 concerning Environmental Permits Chapter 1 Article 2. Life is a study of the significant impacts of actions taken. and/or scheduled environmental actions necessary for the decision-making process about how to run the company

5. **Closing**

To provide information to stakeholders about social activities and environmental conservation, businesses must use social and environmental accounting. Encouraging the development of methods to reduce costs while improving environmental quality, environmental accounting plays an important role in explaining environmental costs. The aim of Social and Environmental Responsibility is to garner community support by demonstrating the company's compliance with social standards and values.

In addition, these activities seek to support national goals in various areas including job creation, arts and culture preservation, education improvement, and nature conservation. Accounting integration must consider aspects that go beyond financial benefits but also include social and environmental impacts. In this regard, it is necessary to adjust the accounting paradigm to meet the demand for more comprehensive data and take into account the environmental and social impacts of organizations. To provide more relevant and reliable information to decision makers and corporate social responsibility, environmentally friendly accounting and the desire to do so are essential.

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