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Corporate social accounting and accounts: a duty of accountability

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Abstract

Over the last ten to fifteen years, there has been increasing research, practical implementation and normative consideration of the issues related corporate social responsibility, including the social accounting practices. Social accounting and accounts represent fundamental components of 'corporate accountability systems', which connect an organization to its stakeholders and society at large. In particular, in the context of these 'accountability systems', social accounting and accounts play a pivotal role because these provide information on which stakeholders assess the extent to which an organization accomplishes its obligations and behaves in a responsible manner. The contention of this paper is that the decision of implementing social accounting and producing/ disclosing social accounts to the public is an 'ethically-grounded duty', i.e. the 'duty' of providing a honest, truthful, transparent and fair account 'for and on' the actions undertaken (or not) by an organization and the results of these actions. In addition, how, and the extent to which, social accounting (and accounts) is (are) related to financial accounting and how these 'two accountings' are part of the wider 'corporate accountability systems' is also discussed.

Key words: corporate social responsibility, ethics, accountability, stakeholder theory, social accounting, financial accounting; ethical theories.

1. Introduction

Since the last decade, there has been a steady increase in research, practical applications and normative consideration of issues related to corporate social responsibility (hereafter CSR), including a significant increase in the practices of social and environmental accounting undertaken by organizations (Contrafatto, 2011, KPMG, 2011, Rusconi, 2013). In the accounting literature, the term social and environmental accounting has been extensively used to indicate "a variety of accounting models [and techniques], including expanded value added accounting, environmental accounting and sustainability accounting" (Mook, 2013, p. 7), which are adopted to produce *an account for* the social and environmental impacts of an organization's economic activities (Gray, Owen and Adams, 1996)[1]. Social and environmental accounting and reporting (SEA), thus, represents the "process" (Contrafatto, 2009) and "practices" (Rusconi, 2013) for 'observing', 'measuring' and 'reporting', using different media (e.g. accounts, external reports, etc.), the results (mainly non-financial ones) of the actions undertaken by organizations.

In the late 1970s and 1980s the first theoretical considerations about SEA emerged, when a few pioneering works were published[2]. These works, mainly normative in nature, focused on exploring the theoretical basis of social accounting. Although with less emphasis than before, this interest for the analysis of theoretical foundations of social accounting continued over the 1980s and until the second half of the 1990s (Rusconi, 2010). Since the end of the 1990s, however, there has been a gradual and ongoing shift in emphasis towards empirical analysis of the practical applications undertaken by different organizations in different contexts (Contrafatto, 2009). In many instances, an 'a-critical' and 'triumphalist spirit' seems to have pervaded the diffusion of these practical applications. The attention and emphasis on the number of reports produced and/or on companies producing these reports, has diverted attention

[1] We are not particularly concerned with nomenclature and differences in terminologies that have tended to distinguish between the several forms of "accounting" for social and environmental issues. In this paper, thus, we purposively use the term 'social accounting' in a wide sense to include the process of collating, accounting and reporting social/environmental and sustainability-related issues (Hibbit, 2004, Contrafatto, 2009). In addition, for the purpose of this paper the term 'sustainability accounting and reporting', which is nowadays widely used, will be considered as a synonym of social accounting and reporting (with regard to this see, for example, Gruppo di Studio per il Bilancio Sociale (GBS, 2013)).

[2] With regard to some of the theoretical works published in the 1970s see for example: Bauer and Fenn, 1972, 1973, Dierkes, 1979, Epstein, Flamholtz and Mc Donough, 1976, Grojer and Stark, 1977, Linowes, 1973, Marques, 1977, Medawar, 1976, Ramanthan, 1976 and Superti Furga, 1977. With regard to some of the fundamental studies in 1980s see: Bandettini, 1981, Benston, 1982 a,b, 1984, Schreuder and Ramanathan, 1984 a,b, Dierkes and Antal, 1985, 1986, Gray, Owen and Maunders, 1987, Rusconi, 1987, 1988.

from other fundamental SEA-related issues such as the purpose, nature and role of social accounting and accounts.

The present paper discusses some of these issues. In particular, the focus will be on the ethical foundations (and implications) of implementing social accounting and reporting. It is widely accepted that the process of social accounting (and accounts) represent key components of the systems of accountability, which link an organization to its stakeholders and society at large. In this sense, social accounting and accounts play a fundamental role because these provide the source of information on the basis of which stakeholders are able to assess the extent to which an organization accomplishes its 'obligations' (Contrafatto and Signori, 2012). Our contention is that the decision of producing and disclosing a social account to the public implies an intrinsic 'ethical duty', for those who decide to report, to provide an account that is transparent, correct and truthful. These issues will be discussed below.

The remainder of the paper is structured as follows. In the next section, we will briefly discuss the concept of corporate social responsibility and its 'connections' with social accounting. The analysis will continue by considering the ethics-stakeholders relationships and in particular the issue of 'discrimination' among stakeholders. The fourth and fifth sections will be devoted respectively to the analysis of social accounting (and accounts) and its (their) implication for practical implementation. The sixth section will briefly discuss the view of accountability ethics according to the different ethical theories. In the last section, we will provide come comments and insights for future discussion.

2. Corporate social responsibility and social accounting: a brief review

The concept of corporate social responsibility (CSR) has been the subject of research and academic debate in the finance, management and accounting literature since 1970s (for a review and critical analysis see, for example, Garriga and Melè, 2004). In particular, in the accounting literature, the concept of social responsibility has often been associated with that of social accounting and accountability. As explained for example by Gray, Owen and Adams (1996) and Contrafatto and Signori (2012), the notion of corporate social responsibility has been proposed as a potent normative framework for conceptualizing social accountability and accounting. However, if one wants to understand better the (complex) links between CSR and social accounting (and accounts) it is necessary to clarify two aspects: 1) what type of CSR is one referring to? 2) What type of social accounting and accounts are being considered?

With regard to point 1), nowadays everyone (even those who are 'a-critical' proponents of the mechanisms and structures of free market) generally accepts the idea of the existence of companies' social responsibility. Thus, the 'real' problem is to clarify what CSR actually means. Should CSR be exclusively understood as the *sole* responsibility of making as much profit as possible? Alternatively, should this be understood as an integration of 'other responsibilities' rather than just profit-making? Thus, when discussing about social responsibility and related duties, it is paramount to explain *a priori* to which responsibility one is referring (for a discussion of the different CSR approaches see Garriga and Melè 2004). At the outset, it should be noted that corporate social responsibility should be envisaged as an integration, in the business strategies, policies and operations, of wider 'responsibilities' rather than just the responsibility of 'cherry-picking' some social responsible actions or philanthropic initiatives.

With regard to point 2), the choice to produce specific social accounts through which to account for a company's overall economic, social and environmental results can have different purposes. On one hand, the purpose may be that of preparing a document for external public dissemination (i.e. external social accounting). On the other, the social accounts may be specifically prepared for internal purposes and used as managerial documents. The nature and contents of social accounts will thus differ in relation to the (implicit or explicit) purposes and reasons for which these are prepared. In this paper, we focus specifically on the 'external' social accounting and accounts, which are produced by organizations *to account for* and *report on* the initiatives (and results of these initiatives) undertaken to fulfil their 'wider' social responsibilities.

In this paper, the concept of corporate social responsibility envisaged as above, represents the 'ethical bases' on which social accounting and accounts are to be constructed. In particular, from this perspective, and for the purpose of this paper, social accounting should be seen as an (ethical) process through which organizations produce and give accounts of their economic actions to their stakeholders (and society at large). The concept of stakeholder has been widely used (and to some extent misused) in the management, strategy and accounting literature (for a review of stakeholder theory see for example Freeman and Reed, 1983, Freeman, 1984, Freeman, 1994, Clarkson, 1999, Phillips et al., 2003, Freeman et al, 2007, Agle et al., 2008, Freeman et al., 2010, Harrison and Wicks, 2013). For the purpose of this paper, we will discuss some challenging aspects related to stakeholder theory and in particular we will focus on the issues of 'ethics' towards stakeholders and the role of social accounting in this regard. However, before proceeding with the analysis, it is necessary to observe that:

1) some of the most prominent stakeholders' theorists have argued the existence of several distinct normative bases of stakeholders theory (Freeman, 1994, Philips et al., 2003). In this sense, the ethical normative principles, which are applied to stakeholder management theories, are not intrinsic to the stakeholder framework, but rather derived from general ethical theorization.
2) An intrinsic relationship between an 'ethical' approach to stakeholder theory and a more 'strategic-oriented' one exists (Donaldson and Preston, 1995, Rusconi, 2009). Clearly, the approach that is adopted has an influence on the way in which social accounting and accounts are constructed.

3) The equal rights of the various stakeholders are not always easily recognized. This depends on the different 'ethical perspectives' about which the rights and legitimate expectations of different stakeholders should be (for a discussion, see Ambler and Wilson, 1995 and Goodpaster, 1991).

We will discuss some of the challenging aspects related to stakeholder theory and focus on the issues of 'ethics' towards stakeholders and the role of social accounting in this regard. These challenging aspects and, in particular, the links between 'ethics' and 'accountability' in the context of social accounting will be discussed in the following sections.

3. The ethics-stakeholder relationship and the "discrimination" among stakeholders: implications for social accounting.

The difficulties (or reluctance) to identify a solid and widely accepted ethical basis for stakeholders' management (see points 1 and 2 mentioned above), may push managers to accept (and adopt) merely a strategic approach to stakeholders management. Such a strategic approach would produce the following consequences for the social accounting process:

a) social accounts might be made available to the general public only when this is considered to be strategically convenient;
b) when the social accounts are made available to the general public, the way in which information is reported may be driven by image-promotion's motives rather than by a genuine desire to ensure reliability of information.

Thus, when there is no legal obligation to publish and prepare social accounts, the decision to undertake social accounting would be voluntary and based on several different motives (including competitive-related ones). In the context of profit private companies, top management is bound by specific legally based duties towards companies' shareholders, who are its main "principals". In other words, those who are responsible to manage a company have the duty to justify, also in terms of profitability (at least in the long term), all the choices made and initiatives undertaken. In this context, the publication on a voluntary basis of (what it may perceived to be) negative data and/or 'bad news' (Adams, 2002) may be seen by management as potential harmful initiatives for themselves and overall company's reputation. For these reasons, top management may not produce social documents or make these available as internal documents to be used exclusively as managerial tools. Alternatively, the choice to prepare and publish social accounts may be driven by other factors such as, for example: i) the increase in the public awareness of companies' ethical-social behaviour; ii) the role and influence exerted by regulative and normative initiatives issued by governmental institutions or professional bodies (e.g. the ethical-social ratings; accounting and reporting standards, etc.); and iii) the pressure exerted by some influential stakeholders (see Contrafatto, 2011 for a discussion). In one way or another, these factors may induce a company to prepare a social account, through which to disclose its ethical-social performance, for gaining competitive advantage over its main competitors.

With regard to the above-mentioned issue concerning 'the equal rights for stakeholders', it is important to note that the presence (or not) of a 'solid ethical' basis for organizational behaviour will also impact upon the choices stakeholders take. When the approach to (corporate social responsibility and) social accounting is not driven by solid ethical foundations, the choice to whom stakeholders report may only be made for "protecting" a company image and reputation. Such a choice would have two major implications, which are in contrast to the fundamental principle of providing reliable, correct and transparent information to public. In particular:

a) in the process of social reporting, attention could be paid only to those 'selected' stakeholders who cannot be excluded because of their 'political, economic and institutional' role and power. In this case, the published social (accounts and) reports are used as a way to strategically manage the relationships with these powerful stakeholders, rather than as documents through which to transparently report on a company's activities as a whole.
b) The 'least' powerful stakeholders may be excluded (Rusconi, 2005) as they do not have the necessary power to endanger a company's profitability and long-term existence. In this sense, these stakeholders appear to be "voiceless" (silent) stakeholders who tend to be excluded since they are not considered to be a great risk for a company's survival and development. In this case, a social account cannot be considered to be a complete and systematic report on a company's activities as a whole, but rather a managerial tool to be used for (ethically questionable) strategic-based targets. In addition, it may be possible that a relevant but potentially harmful stakeholder group may be neglected from its information 'stake', due to being perceived dangerous for a company's survival. Therefore, it would receive 'partial', 'incomplete' and 'unsatisfactory' accountability according to point b).

Thus, we contend that when a company does not recognize that its social responsibility is a moral duty in relation to the specific ethical rights of its stakeholder, a company may decide not to produce a social account or to do so only when, and in the way in which, it is seen to be strategically convenient. Some scholars argue that this hurdle may be resolved by including, from the very beginning, a mandatory requirement to prepare and disclose a social account. In our opinion, in this particular time period of spasmodic development of practical applications, such a legal requirement may result (if adopted in a-critical way) in a mere 'bureaucratic' process of preparing a document filled with a few 'selected' indicators and limited to only a few 'relevant' interested subjects. However, this does not mean that some kind of normative regulation may not be useful to improve corporate social responsibility and accountability practices. Such initiatives should not be seen as the only 'solution to all the problems' but as part of a wider approach to promote more socially responsible practices and behaviours. In addition, the relatively recent diffusion of specific professional standards for social/sustainability accounting and reporting (see for example those issued by Global Reporting Initiatives (i.e. GRI) and Gruppo di Studio per il Bilancio Sociale (GBS) (GBS, 2013)), may contribute to this debate regarding how to improve, through regulation and normative intervention, transparency, reliability and trustworthiness of social accounts and reports, which are prepared by organizations (see for example the contribution of professional bodies to the identification and adoption of independent and professional auditing procedures. For further discussion refer to ISEA, 2008 and GBS, 2004).

In conclusion, an ethical and well-grounded interpretation of social accounting and accounts may be a *sine qua non* for ensuring the need to inform all stakeholders, the reliability (especially regarding those reporting principles that are considered valid) as well as the fairness, trustworthiness and accurateness of the documents discussed above.

4. Social accounting and accounts as ethics-based components of an organizational wider accounting system.

The decision to implement social accounting and to prepare/disclose social accounts might bring some economic advantages to those companies that have no particular interest in specific ethical issues or those which are not motivated by a willingness to be genuinely accountable. In this case, there would be a risk of such documents being devoid of the necessary accountability characteristics of ‘validity’, ‘completeness’, ‘inclusiveness’ and ‘neutrality’ (for a discussion of these principles see for example Rusconi, 2013, Contrafatto, 2009). Thus, it seems necessary to ground the process of preparing and disclosing social accounts on a specific ethical duty, i.e. the duty of truthfulness, correctness and fairness. An organization, which voluntary decides to implement social accounting and prepares/discloses social accounts, has to be driven by this ‘ethical duty’. Such a duty should be valid regardless of its perceptions of what its social responsibility obligations are.

This ‘ethical duty’ implies that any organizations (for profit, non-profit, public or private, etc.) preparing and drawing up *social accounts,* which are presented to the public as accountability documents, *must “take a wider responsibility”* for doing this. Documents that contain the characteristics of *accounts “for and on”* the achievement of one’s responsibilities greatly affect those who examine and read the documents. In particular, if ‘incorrect’, ‘incomplete’ and ‘no- neutral’ information is published, this will have a negative effect on those (i.e. stakeholders) who may use this information for their decision-making in good faith. As a result of this situation, the overall ‘agency costs’ (e.g. those related to the control of illegality and immorality that are caused by the distrust) would increase and the economic system, and society in general, would be damaged. Thus, the existence of an ‘ethical duty’ behind social accounting and accounts represents a *sine qua non* for their existence. The ‘ethical duty’ of honest and transparent accountability would regard the contents (and type) of information disclosed (e.g. accounting-based data, ethical-related performance indicators, etc.) and would be independent from the opinion that those who prepare/disclose a social account have about social responsibility.

The self-produced documents that aim to ensure accountability have the characteristic of providing a truthful account for an organization's overall activities and should be prepared under a company's own responsibility. As such, these 'accountability documents' greatly differ from other forms of company communications. When information, data and *ad hoc* reports are made available to the public, it is necessary to distinguish accountability-grounded documents (e.g. social accounts) from other public relation-type documents which, although being bound by specific ethical obligations (including professional deontology), are not declared to be complete, neutral and impartial accounts of a company's overall activities.

In the second part of this section, we will concentrate on 'how' social accounting is related to financial accounting and how these two 'accounts' and types of 'accounting' could be seen as part of a wider 'accounting system'. In other words, in the remainder of this section we will discuss two questions: i) what is the role of social and financial accounting? And ii) what relationship exists between these 'two' accountings?

With regard to point i), it could be argued that both social and financial accounting (and related documents) represent components (and instruments) of *accountability* through which an organization 'gives' stakeholders 'an account of' the essential *aspects and results of its management.* Historically, financial statements were the first documents that were required to 'account for' and 'report' to the public on a company's activities and results. It is well known that the primary purpose of financial statements is to represent the economic and financial results of an organization's activities including its assets, liabilities, equity and profit and loss. In this sense, financial accounting represents an 'important' component of 'corporate accountability' with regard to how a company respects (or not) its' obligations towards stakeholders in economic-financial terms. In particular, information is provided in such a way that, for example:

a) creditors may ascertain if their rights are being 'guaranteed' by company's assets;
b) employees may gain information about job risks and their economic standing in relation to the added value generated by a company;
c) shareholders are put in a position to better assess what the status of their investments is and to make more informed 'decisions' consequently;
d) Governmental bodies (e.g. Inland Revenue) can use the information produced by these documents as a starting point to assess a company's book-keeping (and books) in order to calculate its taxation.

The IV° Directive of the European Union regarding company financial statements (No. 660 of 25 July 1978) tends to see these documents as if they were destined to all stakeholders, who in some way have a direct or indirect interest in being informed about a company's economic-financial situation[3]. When this legal requirement for accountability is not respected, the whole economic system will suffer an increase in the "agency costs" and will be affected by a lack of confidence (see for example, the effects of accounting scandals). From this perspective it seems clear that behind financial statements there is a 'legal obligation', a form of duty, to provide information in order to inform stakeholders about the economic-financial results of an organization's activities. On the other hand, social accounting is motivated by a desire to extend the scope, purposes and perspective of the information related to corporate performances, in an attempt to provide a less narrow, more encompassing and inclusive *account for* the actions, and results of these actions, undertaken by organizations in conducting their business (for an analysis, see Contrafatto, 2009, Gray, 2004). Social accounting and accounts widen the informative horizons of traditional annual reports; they are more than 'conventional accounts' and should be produced for all stakeholders.

The normative framework for social accounting, as discussed in this paper, is a 'wider form' of accountability that is related to *all* the dimensions (not just financial ones) of a company's activities. Therefore, financial accounting and social accounting (and related accounts), although can be seen as complementary parts of the wider organization accounting system, are quite distinct in their purpose, nature and perspective. Financial accounting and accounts specifically provide an account from an economic-financial perspective to interested stakeholders, whereas social accounting and accounts enlarge, re-interpret and integrate the information to include the effects of a company's activities on stakeholders. For instance, we consider the example of environmental pollution and related costs and expenditures. The financial statements must account for and disclose the information related to environmental pollution as follows:

i. The costs incurred for environmental protection, as well as the costs for future expenses or risks, must be included in the Profit and Loss Account;
ii. Environmental investments must be reported under assets and the provisions for future expenses or risk must be included in the liabilities.

On the other hand, social accounts and reports should disclose, for example, the following information:

a) The expenditure to reduce and prevent pollution, by distinguishing between voluntary and legally enforced, and various data about pollution that is presented via indexes and other types of forms;
b) The negative economic externalities, for example health costs due to environmental deterioration;

[3] International Accounting Standard Principles (IAS-IFRS) tend to privilege, among several stakeholders groups, information that is produced for investors. However, other stakeholders have a right to be informed about their own 'stake' in the financial information.

c) The positive environmental economic externalities, such as, for example, the know-how and expertise related to environmental protection;
d) The ecological impacts that cannot be measured in terms of externalities, such as, for example, damages caused to lands (i.e. damages that cannot be expressed in terms of real estate value) or those related to quality of life.

5. Problematic issues related to the practical implementation of social accounting and accounts.

The implementation and application of social accounting and accounts, considered from the perspective of genuine accountability mechanisms, may be inhibited by several factors (for a discussion see for example Contrafatto, 2011). In this paper, we will concentrate in particular on the following:

1) the various “weight in importance” of each stakeholder;
2) existing cultural differences;
3) problematic issues that arise for small companies.

With regard to point 1), there is a risk that an organization, which decides to implement social accounting practices, may be subjected to pressure and influence from ‘powerful’ stakeholders who are able to exert considerable power over the activities of the organization. In this circumstance, such powerful stakeholders would be able to significantly orientate, and to some extent, manipulate social accounting-related practices. On the other hand, there may also be stakeholders groups who have little or no power to exert any influence on organizational activities. In such a situation, there is the risk that the rights of these ‘non-influential’ stakeholders would be violated. As a result, social accounting would fail to take into consideration the voice of ‘all stakeholders’ and would tend to ‘exclude’ (rather than include) those stakeholders who are not ‘powerful’ or those who are voiceless.

Social accounting and accounts that are not able to ‘guarantee’ equilibrium between the different ‘weights’ and ‘rights’ of stakeholders would not be genuine accountability mechanisms. In order to avoid this, it would be useful, among others, to envisage a mechanism of independent, competent and credible auditing of the social accounts that are produced and disclosed. Such auditing mechanisms, for example, should complement what we think there is behind the choice to implement (or not) social accounting: a deep and genuine ethical awareness of the fact that every stakeholders should be considered ‘equal’ with regard to their right to be ‘taken into account’, ‘listened’ to and ‘involved’.

With regard to point 2), at the outset it is necessary to point out that a need for social accountability initially arose in the North American and European (especially central-northern Europe) contexts (Gray, Owen and Adams, 1996). Given this, it must be taken into consideration that:

a) certain specific approaches and models, which had been elaborated in specific (cultural and institutional) contexts, are not easily and automatically applicable to other contexts;
b) the above mentioned risk could be instrumentally manipulated in order to maintain local situations of discrimination or in some cases vested interests.

In order to avoid such problems, it would be useful to ensure, for example:

a) the participation of the greatest possible number of local stakeholders in the process of developing and elaborating guidelines for social accounting;
b) the universal diffusion of an awareness of human rights;
c) the processes that would promote the involvement of all local stakeholders in the preparation of social accounts and reports.

With regard to this, the decision of the Global Reporting Initiative (GRI) and Accountability 1000 (ISEA) standards to include among their principles a consultation mechanism with different stakeholders represents, with all the necessary cautions, a useful starting point to address some of the problems discussed above in point 1) and 2).

Finally, with regard to small companies (i.e. point 3) the fundamental problem is that there is a cost-opportunity in deciding whether to provide complete information as dictated, for example, by accountability standard requirements. With regard to this, it is thus appropriate to: i) envisage a simplified process of social accounting for small companies; ii) focus not just on a single entity but on a group of companies such as those which are part of specific district. In more recent times, particular attention has been devoted to social responsibility and ethics of small businesses (Spence 1999, Perrini 2006, Perrini, Russo and Tencati, 2007, Schlierer et al. 2012)[4]. This research should be encouraged, especially in the context of Italy, where small companies play an essential role in the economic and social development of the country.

6. Business ethics and social accounting: some final observations.

The contention of this paper is that, from a business ethics perspective, the act of producing and disclosing correct and transparent accountability documents (e.g. social accounts) represents a 'duty', which is strictly bound up with the rejection of fraud, deception and any other fraudulent organizational behaviours. In particular, if interpreted from different ethical perspectives, it may also be asserted that:

1. from an utilitarian position (see, only as example, Pontara, 1988, Sheng, 1991), according to which ethic is identified with usefulness, in a market based economy social accounts are to be made transparent because a potential process of distrust may cause enormous damage

[4] The Italian CSR project of 2003, has given specific attention to small business (Biglietti, 2005).

to the economic system as a whole and single organizations in particular;
2. from a deontological point of view, the principle of 'not lying' represents a fundamental ethical duty for *any* individual and organizational actor. In this perspective (see for example the categorical imperatives of the philosopher Kant, 1991 and his followers), the act of 'obeying to a principle' (e.g. the principle of producing transparent social accounts) represents a value *per se* independently from any consequences or utility for the actors;
3. from the point of view of "virtue ethics" (see Aristotle, 1973, Solomon, 1992,1993,1994), the continuous act of 'not lying' in drawing up accountability documents represents a virtuous practice that enriches and reinforces the ethicalness of human behaviour and relations;
4. from the Common Good approach (Argandoña, 1998), there is the essentiality of inclusive relationships and transparency between the participants in the system of a company.

7. Concluding remarks

Social accounting and accounts play an essential role in the wider accountability system of companies. Although the quotation of Ramanathan (1976) is quite dated, it still provides valid arguments for further development:

"The usefulness and problems of integrating financial accounting and social accounting in one combined system need to be explored. Research into questions of materiality, verifiability and bias will receive fresh impetus as corporate accounting systems are broadened to include social performance data…" Ramanathan (1976, p. 527).

Our contention is that, corporate accountability systems must include what it can be identified as 'direct' accountability documents (e.g. financial statements, interim reports on short-term economic and financial performance of listed companies, social accounts, etc..) and 'indirect' ones (e.g. ethical codes, principles of responsible behaviours). The process of 'communicating and disclosing' accountability to the public requires the adoption and implementation of an organized set of individual and synergetic documents, on a par with how individual and synergetic a company is. Coordination between these different documents would allow the creation of a system of information that is available to all stakeholders. This system of information will prevent the emergence of agency costs as well as any costs related to distrust. In addition, such a system of information would also create the basis through which to assess the extent to which a company is acting in accordance with the fundamental ethical perspectives. Finally, as the process of social accounting runs the risk of being manipulated by those who are responsible for its management, it seems necessary to provide all the possible tools that would allow readers to assess what a company has (or has not) actually done with regard to its social responsibility. In other words, such a system of information would provide the essential basic information that allows stakeholders to assess organizational performance based on reliable and trustable elements.

It is also necessary to observe that the drawing up of accountability-grounded documents should not be related to provide information to mislead (for example with false, doctored or unreliable data) those who use this information in their decision-making. Such duties are more basic than social responsibility or managing for stakeholders theoretical views. Also in the context of voluntary-based documents, such as social/sustainability accounts, transparency represents a fundamental ethical 'duty' whose aim is to avoid intentional omissions, fraud, cheating or manipulation and whose scope is beyond any management or accounting theory.

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