

Social business as a component of controlling's accounting support in trade enterprises

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Abstract. The disclosure of information about social business of trade enterprises is usually associated with some issues like alternative formats of presenting information (non-financial GRI reporting, managerial report, integrated report), lack of unified requirements for recognition of social business, their evaluation, scope and analytical disclosure of information, formation of data about social business in the system of controlling's accounting support in trade enterprise. The purpose is to deepen the theoretical foundations and substantiate the proposals for the formation of controlling's accounting support in trade enterprise by creating a strategic map in the context of social business. The dialectical method, methods of induction and deduction, scientific abstraction, comparative characteristics, economic and statistical methods were used in the research process. The formation of controlling's accounting support in the trade enterprises in accordance with the goals of sustainable development will solve problems related to new social challenges, reduce systemic risk, increase brand value, increase sales and will build the trust of customers and society.

1 Introduction

In the context of sustainable development, society's demand for information on global challenges, including poverty, gender inequality, climate change, environmental degradation, peace and justice, is increasing. Under such circumstances, the relevance of social business development becomes highly valuable because it combines the social mission of the organization with the inherent business discipline, innovation and determination. The development of a social business strategy is an important factor in increasing the level of economic potential of trade enterprises and is a priority for their social and economic growth. Thus, trading companies need to evaluate the effectiveness of such a strategy so that it's interlinked with the strategy of sustainable development, ensures the improvement of future results and takes into account past activities. One of the visualization options could be to use a strategic map that would reflect the social business indicators that can easily fit into the Balanced Scorecard. Such complex system of development, planning, implementation, accounting, analysis, evaluation, control and monitoring of a set of financial and non-financial indicators and their relationship with strategic social goals of the enterprise will serve as a basis for long-term strategy of controlling's accounting support in the context of sustainable development.

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2 Methods and review of research

The methodological ground of the research is a systematic approach to the study of phenomena and processes of social business, the theory of scientific knowledge. The following methods and approaches were used:

1. Dialectical method was used in the study to collect real data about disclosure of accounting information about social business among trade companies.

2. Scientific abstraction consisted in in-depth knowledge of real economic processes by separating the main, most significant permanent aspects of social business. The result of the application is the formation of the concept of social business as a component of controlling's accounting support in trade enterprises.

3. Comparison method was applied to determine the similarities and differences between economic categories "social business" and "social responsibility".

4. Economic and statistical methods were used to provide statistical data about disclosure of accounting information in sustainability reports of trade companies under GRI.

5. Historical and logical methods showed the historical sequence of strategic maps development in which they arose and, as result, provided "steps to reproduce " for implementation of social business strategy in trade companies.

Apart from that, the study used induction and deduction, illustration and observation methods, as well as materials from various fields of knowledge (accounting, social science, digital economy, management theory) that shows the interdisciplinary connections of the research.

Those methods allowed us to identify and justify the importance of social business information for controlling's accounting support at trade enterprises and to build the fragment of strategic social business map accordingly.

3 The concept of social business

There is some confusion in the scientific literature between the concepts of "social business" and "social responsibility" of business. These terms are similar and related but not identical. The definition "social business" was first used by Nobel laureate Mohammad Yunus. According to his version [10], social business should be the leading model of capitalism of the future with a human face. By "social business" he means an organization that brings no losses or dividends, belongs to the investor and uses all resources for the public good. All profits are reinvested in the business, for example, directed to social goals. The author distinguishes two types of social business:

- An organization that: belongs to the investor and does not bring any losses or dividends; the investor solves social problems by reinvesting his profits in expanding and improving the business; over time, investors have the right to withdraw their investments, but without profits and dividends;

- A commercial organization that: belongs to the poor (directly or through a trust fund) that realizes a predetermined social goal; profits go to reducing poverty [9].

The concept of "social responsibility" means a responsible attitude of the company to its product or service, to consumers, employees, partners; active social position of the company, which consists in harmonious coexistence, interaction and constant dialogue with society, participation in solving the most acute social problems [14]. The idea is that businesses should combine profitable activities with activities that benefit society. Hence, social business is a more general term that describes a business that is designed to solve social problems and can be implemented through social responsibility initiatives.

The concept of social business must meet 7 principles, which were developed by Professor Muhammad Yunus and Hans Reitz, the co-founder of Grameen Creative Lab, which are:

1. Business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization;
2. Financial and economic sustainability;
3. Investors get back their investment amount only. No dividend is given beyond investment money;
4. When investment amount is paid back, company profit stays with the company for expansion and improvement;
5. Gender sensitive and environmentally conscious;
6. Workforce gets market wage with better working conditions;
7. Do it with joy.

The world's leading companies actively support multidisciplinary research in the social sphere of business, initiate discussions on their issues at the level of the most authoritative business governmental and intergovernmental forums with the participation of business representatives, scientists, government officials, civil society institutions. Thus, the summit on social business "Global Social Business Summit" [4] unites participants from 40 countries – representatives of various state institutions, business, academia, community leaders and organizations.

In 2010, the first city of social business was Wiesbaden (Germany), in 2011 they talked about the second European city of social business - Luxembourg, the third was the Japanese city of Fukuoka, and in February 2013 the list was supplemented by a small town in Italy - Pistoia. In 2014, other names were announced at the Summit, in particular, Rio de Janeiro (Brazil) – with cities, the idea of villages (settlements) of social business around the world is being implemented [13].

Proponents of social business among the scientific community, along with the motives of profit maximization, advocate the idea of combining long-term interests of society and business in a form in which success is possible primarily by reconciling corporate interests with public goals. J. Post, L. Preston, S. Sachs note that the institution of the firm is increasingly acquiring the format of "extended enterprise", which is a key element in the network of interdependent internal and external stakeholders who create, maintain and expand its market opportunities [7]. M. Kitzmueller and J. Shimshack [8] express the view that the responsibility of business to society is directly related to compliance with the law, and indirectly - to employment and innovation. The great social significance of commercial enterprises determines their social responsibility to society.

There are currently no separate forms for disclosing information about social business, so some of the information can be taken from social responsibility reports. Among the representatives of trade enterprises there are companies that compile reports, namely Adidas (Germany) [2], Sainsbury's (UK) [16], Silpo (Ukraine) [17], Carrefour (France) [3], Walmart (USA) [1], IKEA [6] and many others.

According to Baker Tilly Ukraine [5] for the period 2016-2020, the number of reports submitted by companies under the GRI increased by 30-35% in the world and by 13-15% in Ukraine, respectively. A. Dligach [18], CEO of Advanter Group Ukraine, believes that in the future the division into social and non-social businesses will disappear because all businesses will become social. Now, during the COVID-19 crisis, the main social responsibility of business is to survive, remain profitable and not leave the market because only after surviving the business will be able to create jobs, pay taxes and engage in social projects.

4 Development process of social business strategy

The development of a social business strategy for the company's is a very important stage of development, and the beginning of such a process indicates the maturity of the company and its high achievements. One of the modern approaches to its effective implementation is the usage of strategic maps. The study of literature sources revealed the ambiguity of the approaches of modern scientists to determine the essence of the strategic map. Thus, according to the approach of R. Kaplan and D. Norton, the strategic map is an applied representation of the strategy, which on a single sheet of paper tells how integrated and combined goals of the enterprise are transformed into a single strategy and contains indicators by which it can be implemented [20].

As reported by M.Meedvedev, the strategic map is a visualization of the system of goals, performance indicators of the enterprise and the causal links between them [11]. N. Sablina and T.Kuzenko highlight that the strategic map details the system of indicators, illustrating the dynamics of strategic development and emphasizing the main activities of the enterprise, allowing to control the strategy within the enterprise. That is, the strategic map provides a universal and consistent way to describe the strategy so that you can set not only goals and indicators but also manage them [12].

Analysis of existing approaches allow us to make a suggestion that creation of a strategic map (in order to reflect and specify the goals of social business) will be an indispensable tool for controlling. It will grant management of commercial enterprises to effectively create value by reconciling strategic goals through a chain of causation. The expediency of using strategic maps in the practice of trade enterprises to comply with the principles of social business is that they allow controller to obtain the necessary accounting information that is measurable and entered into the strategic map while having a strategic focus. Timely information contributes to the effective assessment of the company's performance and ensures the adoption of balanced and justified decisions by top management.

The method of constructing a strategic map of the enterprise includes the following stages: goal setting, combination of strategic goals with causal links, transfer of strategic goals into the plane of specific indicators, determination of measures to achieve goals [15]. The algorithm for developing a strategic map of a commercial enterprise in the framework of social business is illustrated in Fig. 1. For trading companies, it is advisable to implement a model of strategic maps not only to formulate a comprehensive strategy, monitor and evaluate its current activities; other goals are also the creation of trust and responsibility climate and the organization of collective efforts of the company's employees to achieve common social goals. Strictly speaking, strategic maps are designed to ensure the decentralization of responsibility for decision-making processes and to clearly define the responsibilities of each.

Strategic maps equip the company with an understanding of the logic of conducting social business in the long run, necessary for the formation of its unique competence in achieving success in the market. This is quite important both for the development of strategic plans of the company and for current operations. Also, strategic maps serve as a tool for both strategic and operational control. It is also important that when developing strategic maps of a modern trading company, it is often necessary to adjust the company's strategy in accordance with the goals of sustainable development.

Using Balanced Scorecard (BSC) to achieve the social business goals of a trading company will link strategy development to tactics. Simplicity and the presence of clear logical relationships between the prospects of a Balanced Scorecard allow us to understand the processes taking place in the company at the level of all performers. BSC is a tool to accelerate the implementation of a social business strategy.

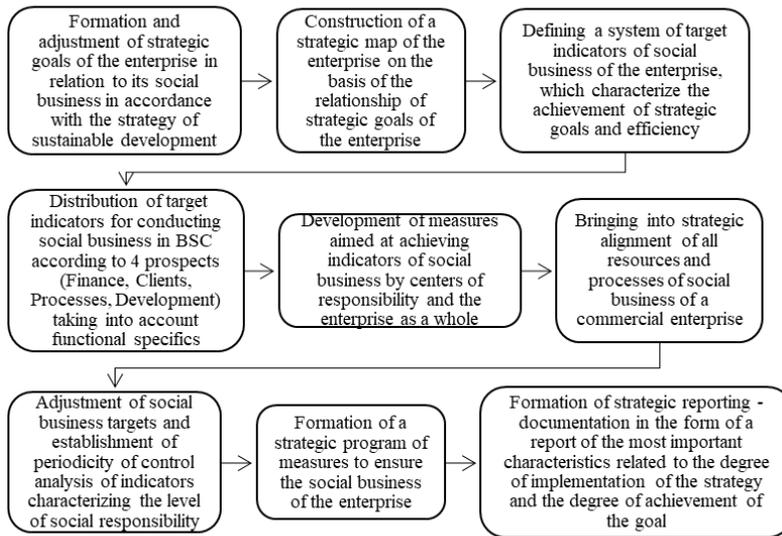


Fig. 1. Algorithm for constructing a social business strategic map for trade enterprise.

And controlling, in this case, as noted by V.Rozhelyuk and M.Dupay [19] becomes not only a defining direction of management of a new type but also a new entrepreneurial philosophy - a system of views on modern entrepreneurship and social development of trade based on consumer interests and society.

As mentioned above, the development and implementation of strategic maps will bring together different aspects of the company's activities. In order to clearly understand what are the strategic goals of a trading company in terms of social business, we have built a fragment of the strategic map (Fig. 2) and proposed indicators (highlighted in *Italic*) for each of BSC perspectives that reflect the achievement of social business goals:

1. Finance: reinvestment of profits in social business and the ratio of profits to the value of sold products within social business;
2. Clients: cost of social advertising;
3. Processes: number of sponsorship social events;
4. Development: the number of recycled products per employee.

It is also necessary that the process of developing strategic maps smoothly transitions into the process of their use in everyday activities, rather than "staying on paper".

Strategic charts help to best convey the controller's accounting information about the position and implementation of strategic plans in the context of the company's social business to all its employees. At the same time, it's an effective way of documenting and control the fastest achievement of goals and mission. Controlling as a functional management tool makes it possible to avoid inconsistencies in management decisions and allows you to identify hidden potential in the management system. As part of its practical implementation, the use of various tools and techniques for collecting and processing information must be justified.

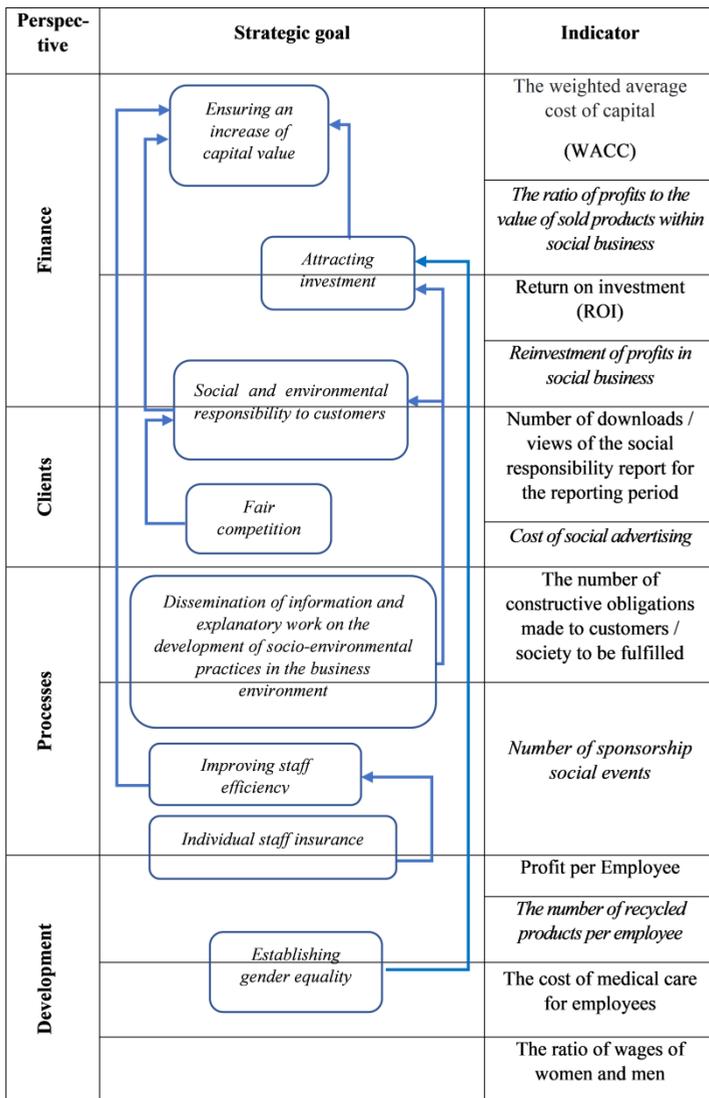


Fig. 2. Fragment of the strategic map of social business

The main feature of a successful strategic map is its transparency: the controller, and as a result the head of a trading company, can get a complete picture of the strategy of competition by analyzing only 15-20 indicators. The advantage of strategic maps is that the company that has implemented a strategically oriented management system of the company, starting from the lowest levels, results in a "coordinate system" that helps to determine the behavior in accordance with the strategy at any level.

All resources and employees of the company through a system of motivation, closely linked to key performance indicators (KPI), will be focused on the company's social business strategy. In practice, each system of controlling's accounting support is unique, so any model, methodology or reporting system must be adapted to the conditions of a particular enterprise (according to its scale, nature of activities, staff, information systems, economic environment, etc.), however, the basic principles remain unchanged.

5 Conclusions

Trading companies that have chosen a strategy of social business, receive a number of benefits, namely: the formation of a positive image of the company; increasing investor interest; improving relations with the public and local authorities; increase motivation and productivity of employees; increase in sales and market share. One of the main mistakes of commercial enterprises when they implement social business strategy is the lack of strategic goals that broken down and assigned to each structural unit and direction of company's development. An important point here will be the establishment of such an accounting system, which would make the data transparent to achieve this goal. While analyzing the experience of developed countries in integrating social business into the overall strategy of the company, it should be noted that the controlling system, which is built on these principles and follows the principles of sustainable development will bring success to the trading company. Thus, in the absence of specification of strategy for social business, competent accounting, reporting and planning (including financial), control and responsibility, trade enterprises become vulnerable and unable to make effective management decisions for the survival of the company in a tough competitive environment, especially during pandemic. Therefore, one of the main solutions to existing problems for most trade enterprise will be the development and successful implementation of a strategic map of social business and, as a result, obtaining a quality controlling's accounting support system in the context of sustainable development.

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