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Vol. 03, No. 01, January 2023
e-ISSN: 2807-8691 | p-ISSN: 2807-839X

THE ANSWER SOCIAL CHALLENGES: SOCIAL ACCOUNTING AND SOCIAL ACCOUNTING MEASUREMENT

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Article Information
Received: December 17, 2022
Revised: December 29, 2022
Approved: January 11, 2023
Online: January 26, 2023

Keywords
CSR; license to operate; social accounting; sustainability report

ABSTRACT
The social challenge that this social accounting audit is the answer to the license to operate for a company or non-profit organization which we often know as Corporate Social Responsibility (CSR). The result is (1) CSR management requires companies to implement environmental protection and economic development responsibilities, so they will take the initiative to create environmental-related knowledge to adapt to changing external ecological requirements and use green technology to build market forces. (2) Some of these sustainability reporting standards must be made by the company so that in the reporting process not only financial statements but also sustainability reports are presented in the portfolio is shared publicly as an indicator of the company's commitment to the implementation of sustainability programs, where this sustainability report must be approved by a licensed certified person. (3) With the spirit of social-techno-entrepreneurship as a form of integration of all components, a company cannot separate between economic and social values, so that the interests of various parties can be accommodated simultaneously. Researchers suggest that companies must be able to present economic legitimacy (creation of job opportunities), social legitimacy (improvement of welfare), trust in interaction (corporate response defines problems in society and mutual interaction in common life into a form of License to Operate for companies or non-profit organizations.

INTRODUCTION

Social accounting is the process of communicating social as well as environmental impacts, derived from the economic actions or behaviors of a company or organization, as well as beneficial for the benefit of a particular group or also society at large. This accounting is also known as social and environmental accounting, corporate social reporting, non-financial reporting, corporate social responsibility reporting or sustainable accounting. Generally, this accounting is used in the context of business or corporate social responsibility (CSR). However, it also includes every organization such as non-governmental organizations, charitable institutions or government agencies.

Accounting in non-profit organizations is more defined as an accountability to stakeholders. The development of accounting leads to social accounting based on the triple bottom line which emphasizes stakeholder accountability in three aspects (profit, people, and planet) (Elkington, 2013). Meanwhile, for non-profit organizations, the people in question include the board and its members.

Accounting exists to discipline individuals to care about social and environmental issues, including transcendental spiritual issues (Sukoharsono, 2010). In addition, accounting is also a spirit of sustainability in

https://doi.org/10.46799/ijssr.v3i1.195

the organization, because it has an important role in sustainability. Problems in organizations can be overcome from the dimensions of spirituality and transcendentalist, so that they become safe and sustainable (Gray et al., 1998).

Based on the discussion above, the author draws conclusions about the meaning of social accounting and the sustainability of an organization from the point of view of its members. They interpret social responsibility accounting as a moral responsibility. Moral responsibility is based on the awareness to help each other, especially when having grief (death). The sustainability of the organization is rooted in how members interpret social accounting and organizational sustainability. Social accounting and sustainability with consciousness based on spirituality can be part of man's accountability to God. Spirituality blends into culture and is implemented in everyday life.

According to Warren et al, social accounting is an information system that produces reports to interested parties regarding economic activities and conditions in the company. Meanwhile, according to Hendrisken (1994), in this accounting the company must pay attention to its social environment such as the community, consumers, government, workers and other parties who support the company's operational activities.

According to (Crowther & Reis, 2011), interpreting this one accounting as an approach to reporting on the economic activities of a company that emphasizes the need to identify what kind of social behavior is relevant, to whom the company is responsible for social performance and the development of appropriate actions and reporting techniques.

The main purpose of this accounting is to increase the awareness and attention of companies to the impact of their activities on the environment. This accounting can also be a bridge between companies and non-profit organizations related to the environment. This is to invite companies to be able to set aside their profits for the benefit of the environment. Such as environmental conservation activities, community empowerment and the environment around the company and others. Usually, this activity will be planned in detail in a CSR (Corporate Social Responsibility) program created by the company's management team.

As for some other purposes of this branch of accounting, namely:

(a) Benchmark of corporate social contribution; This one accounting will help in identifying and measuring the company's contribution in social terms. Usually, this identification and measurement is carried out periodically. Which includes the benefits of the company for society, the social costs incurred by the company and the company's responsibility in the event of social impacts due to economic activities carried out by the company.
(b) Forms of corporate social responsibility; Every company must have responsibility for any social impacts that occur due to their economic or business activities.
(c) Assist in determining and creating corporate strategy; The existence of this accounting will help determine company strategies and practices that can directly affect the relativity of resources as well as the status of individuals, communities and also social segments. Where this means that the strategies and practices carried out by the company must consider social and environmental impacts.
(d) Shaping public opinion**;** Companies that can fulfill their social obligations and inform them cooperatively will certainly increase positive opinions from the public. This will certainly be related to increasing the credibility and attractiveness of your business or company.
(e) Improving the image and work motivation of employees**;** Positive opinion from the public will certainly make the company's image better. Indirectly, this will also affect the work motivation of employees.
(f) Tackling criticism that harms the company**;** This accounting can be used as evidence in countering negative criticism that can directly or indirectly have an impact on the company's economic activities. So that this will make the good name of the company can be maintained.
(g) Help market a product or service**;** A positive corporate image will have an impact on the marketing of products or services sold by the company. Because customers or communities that intersect with the company can recommend the company to another.
(h) Providing solutions for social groups**;** This accounting is also useful in providing solutions to all social groups, in the form of relevant information, related to the company's goals, policies, contributions, programs and strategies regarding its social goals.

Social accounting refers to information regarding the production, consumption, expenses of the enterprise, etc., and how it is beneficial to the social environment as a whole. All organizations must consider their social costs and benefits for sustainable development to achieve their goals, for which social accounting can be developed (Ball & Osborne, 2011):

1. Environmental Accounting

   It provides information about the impact on the natural environment. In other words, it can provide information regarding how the organization's activities impact the soil, soil, climate change, air, water change, reduction of natural resources such as coal, ferro, gasoline, gas, etc.

2. Sustainability Accounting

   Also known as corporate social responsibility, it provides social and economic sustainability information. It directly impacts the society, environment, and economic performance of an organization. For example, using materials through a recycling process can help be more sustainable.

3. National Accounting

   It refers to accounting techniques that analyze the economic activity of a country. It analyzes the total expenses incurred by the state for conducting business activities. For example, the government should record its expenditure for each project to avoid misuse.

Likewise, the benefits of implementing Social accounting in an organization, be it business activities or non-profit activities, will provide the following benefits: (1) Building trust in the community through transparency from financial statements and achievements of activities that have been carried out, (2) Providing social impact beyond the financial reporting aspect, (3) Provide information to the government, the public, the community, (4) It helps achieve the social goals of the organization by providing transparent information, and (5) Mis assistive in measuring the social cost-benefit analysis that has been carried out so far.

Furthermore, there are several fundamental questions about how the process of implementing social accounting in an organization or company operation, as follows: (1) how to implement social accounting in an organization or company, (2) how to carry out a standard measurement and reporting process to present complete information about the application of social accounting, (3) Whether the implementation of social accounting in a company can answer the challenges For the company can be licensed to operate from the community or stakeholders in its environment.

METHODS

This type of qualitative descriptive data analysis technique is a research method that utilizes qualitative data and is described descriptively (Creswell & Poth, 2016). This type of qualitative descriptive data analysis is often used to analyze events, phenomena, or situations socially. The methodology used is qualitatively using review literature on the definition of social accounting and how to measure social accounting in the process of its implementation to answer the social challenge that this social accounting audit is the answer to the license to operate for a company or non-profit organization which we often know as Corporate Social Responsibility (CSR).

RESULTS AND DISCUSSION

1. Implementation of Social Responsibility Accounting

CSR improves the efficiency of corporate debt financing by increasing external confidence, thereby providing additional funds and strength for the company to achieve green growth. To do this, the company must overcome the initial stages of economic performance losses caused by investments in environmental protection (Kim et al., 2019). To improve environmental and economic performance in the future, companies must continue to invest in green innovation. Stronger debt financing efficiency provides financial support associated with integrating more funds at a lower cost. When conducting CSR management, the company improves communication with stakeholders, which reduces information asymmetry for stakeholders, thereby increasing social trust and improving debt financing efficiency (Jia et al., 2020).

First, the company's CSR performance accelerates the external recognition of the company. Investors will consider the implementation of CSR, which can improve the reputation and integrity of the company (Miras-Rodríguez et al., 2020). In this way, the market value of the company is increased by easily attracting additional active investors and reducing financing risks, costs and uncertainties in the transaction process. Second, CSR management means that the company is willing to accept supervision and review. This causes investors to believe in the environmental protection and regulation of the company's management, which increases credibility and makes the company worthy of trust and investment. Again, implementing CSR can save time costs for investor negotiations and build trust. For example, the environmental actions of enterprises are often indirectly influenced by the government.

Companies can gain support from the government and state-owned banks by disclosing CSR information about green growth, leveraging relational trust to obtain lower-cost funding (Awaysheh et al., 2020). Finally, companies in the process of implementing CSR for stakeholder relationship management will increase their level of environmental protection to avoid penalties. In other words, the government will set relevant punitive environmental regulations to increase the cost of corporate pollution. Consumers with green preferences will avoid polluting companies.

Therefore, the implementation of CSR can not only reduce government penalties, such as fines and business terminations, but also gain more support from consumers, which allows companies to allocate additional funds for green innovations and other environmental protection technologies, thereby gaining competitiveness based on green practices (Guzmán & Davis, 2017).

CSR management builds positive relationships with stakeholders and the company's reputation, and such behavior may gain legitimacy and gain additional external support to enhance the green competitive advantage (Miras-Rodríguez et al., 2020). This is an important basis for achieving green growth. According to the new institutional theory, legitimacy is a necessary condition for a company to survive and thrive in the environment. Achieving green growth needs to invest resources appropriate for green innovation and other activities at an early stage, so that gaining multi-dimensional legitimacy through CSR management can lay the foundation for reducing uncertainty in green growth and increasing its efficiency.

Through CSR management, the company achieves green growth for political legitimacy and market validity. Political legitimacy is mainly embodied in the consistency of the company's environmental performance and the policies, regulations, and standards set by the government. Market legitimacy is mainly embodied in the consistency of the company's environmental protection behavior and the interests of market participants who apply environmental standards and are attractive to environmental interests. Companies with high political and market legitimacy will benefit in the acquisition, allocation and utilization of environmental resources. For example, PT. Perusahaan Gas Negara (Persero – state own company) follows the development trend, interprets the spirit of the government's environmental protection policy, and plans the direction of the company's green transformation. It improves the effectiveness of green manufacturing through 13 main channels, including low-carbon public welfare design, equipment energy efficiency improvement, energy intelligent deployment, energy-saving organization, carbon absorbing technology, solid and liquid waste recycling, etc. In order to achieve efficiency, energy saving, and environmental protection in the manufacturing process, they established a globally integrated green manufacturing management system at an advanced level and built a factory

2. Measurement and Reporting of Social Responsibility Accounting

Accountability is about giving and receiving reports on whether individuals are fulfilling a given responsibility. This implies that accountability relates to the justification of actions related to the responsibility that the individual assigns. In this way, it deals with hierarchy and establishes principles for a specific way accounting measures how individuals fulfill their responsibilities. In this way, accounting is understood as the means by which accountability relationships can be established, but at the same time can be degraded as a consequence of legitimizing social surveillance in Lennon society, Niels Joseph, 2021.

Therefore, where accountability is associated with the act of giving and receiving accounts from one's con- duction, responsibility is a matter of fulfilling one's obligations morally or ethically. As a result, acting responsibly has the connotation of moral and ethical actions, in which accountability is more related to actions and the ability to provide accountability for one's actions.

Despite these discussions, we consider accountability as a constructive, giving, and receiving action on how well individuals are fulfilling their assigned responsibilities. It deals with the specificity of responsibility. Thus, accountability has to do with the justification of actions related to individual responsibility as a signature, while responsibility, although it is a social construct, is a broader, and more personal individual moral problem (Lindkvist & Llewellyn, 2003).

The economic advantage of a win-win position is possible when fewer material inputs imply a reduction in raw materials and energy costs, for example, transportation costs, or a reduction in the cost of imported fuel. Correspondingly, waste management costs and emission control costs can be reduced through successful industrial environmental management or enterprises. Financial companies, banks or investors can choose their investment focus by applying several environmental management criteria. There is a risk that the use of eco-efficiency and win-win concepts may hinder the actual contribution of business to ecological sustainability. Equally difficult is the measurement and quantification of the deeper effects of the social dimension of sustainable development, now commonly understood as a concept that carries economic, ecological and social dimensions.

Companies that are successful in carrying out CSR have three *core values* that are deeply instilled in the company, namely (1) economic resilience, (2) environmental responsibility and (3) social accountability. If the financial performance of a company is reflected in the financial statements, then the CSR performance will be able to be listened to through a report called a sustainability report.

In practice, some use other names for this type of report, for example CSR reports, social reports, environmental reports or social and environmental reports. CSR reports or sustainability reports essentially contain three main aspects, namely economic, environmental and social. Therefore, this report is also called "triple bottom line reporting" or "three in one reporting". Where the content expressed in the sustainability report is the vision, mission, policies and strategies of the company, especially those related to these three aspects (economic, environmental and social). The report also reveals a concise profile of the company, parameters used in the report, governance and commitments as well as governance with stakeholders.

Furthermore, CSR performance measurement activities should also be carried out using various indicators grouped into three key sustainable aspects (economic, environmental and social). In the darft of sustainability report guidelines issued by the Global Reporting Initiative (GRI), a set of indicators for assessing sustainable performance has been provided, namely 9 economic performance indicators, 30 environmental performance indicators and 40 social performance indicators.

To build optimal social and environmental accountability, companies are not only required to comply with the provisions of applicable laws but also follow *best practices*, norms, consensuses, and initiatives initiated by various institutions or industry associations, especially those related to CSR issues. In addition, companies must be honest in conveying accountability and reporting to stakeholders, developing values that are believed in the company culture to be embraced by all employees, as well as formulating and implementing policies aimed at maintaining company sustainability, building good and organized relationships with stakeholders and finally, last but not least, management must implement the policies that have been outlined, the established procedures and the commitments that have been agreed.

In addition, through continuous reports, it will be revealed whether the level of company openness is at one level with public expectations, to the extent to which the company understands the expectations of stakeholders, what is the concern of stakeholders and how the company responds to them. And what is meant by environmental impact. Moreover, by making continuous reports, it will be revealed whether the company has disclosed information transparently and honestly including negative information.

A report is considered quality if its preparation is guided by generally accepted rules or principles, as well as a continuous report. At the global level, since 2000 it has been developed sustainably by the Global Reporting Initiative (GRI). The GRI is an independent institution, founded in 1997 in Boston United States, now based in the Netherlands. In 2002 a second-generation standard called the 2002 GRI Guidelines was born as a replacement for the previous standard. Gri guildelines 2002 was launched at the World Summit for Sustainable Development in 2002 in Johannesburg. After the standard was implemented for three years, there was a lot of improvement input from its users so that since the end of 2005, GRI has returned to work on preparing revisions to the GRI guidelines which continue to be refined until now the GRI 2021 version has appeared.

Sustainable development refers to 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. The purpose of sustainability reporting using the GRI Sustainability Reporting Standards (GRI Standards) is to provide transparency about how an organization contributes or aims to contribute to sustainable development.

GRI standards allow organizations to publicly disclose their most significant impacts on the economy, the environment, and people, including the impact on their human rights and how organizations manage these impacts. This increases transparency about the organization's impact and increases organizational accountability.

Standards contain disclosures that allow organizations to report information about their impact consistently and credibly. It improves the global comparability and quality of information reported on these impacts, which supports information users in making informed judgments and decisions about the impact and contribution of the organization to sustainable development.

Some of the well-known report standards to demonstrate good business performance are: Standard Account Ability (AA1000) based on the Triple Bottom Line (3BL) concept initiated by John Elkington, Global Reporting Initiative (GRI) Sustainable Reporting Guidelines, Verite Monitoring Guidelines, Social Accountability International (SA-8000); and ISO 14000 Environmental Management Standards.

For this reason, initiated by IAI-KAM in mid-2005, an institution such as GRI has been established called the National Center for Sustainability Reporting (NCSR). This independent institution has a mission: To develop and disseminate guidelines for the preparation of sustainable reports for organizations/companies in Indonesia. It is hoped that this independent institution can be recognized by regulators and the public as a credible and competent institution in compiling sustainable reporting standards for companies or organizations in Indonesia.

This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI Standards enable an organization to report information about its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts. The GRI Standards are structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see Figure 1 in this Standard).

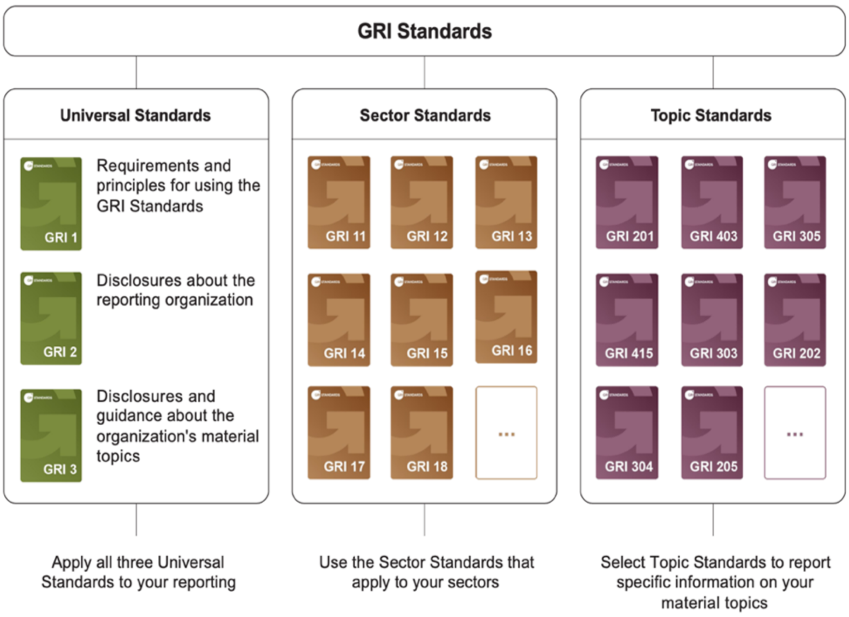

Figure 1. Universal Standards: GRI 1, GRI 2 and GRI 3

The organization begins using the GRI Standards by consulting GRI 1. GRI 1: Foundation 2021 specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. GRI 2: General Disclosures 2021 contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities, governance, and policies. GRI 3: Material Topics 2021 provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

Sector Standards: The Sector Standards provide information for organizations about their likely material topics. The organization uses the Sector Standards that apply to its sectors when determining its material topics and when determining what to report for each material topic.

Topic Standards: The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using GRI 3.

In Indonesia, this GRI standard has been widely used by large medium-sized companies, where the company usually has an export market orientation or a public company so that in the reporting process Not only financial statements but also sustainability reports are presented in the portfolio which is shared with the public through the media or the company's website. The reporting process with a mechanism follows the GRI standard, of course, it must go through an assessment or audit process to prove that the information in the reporting is declared valid by the team audits that are designated or certified CSRS (Certified Sustainability Reporting Specialist) before the report is published to the media.

3. CSR Audit Answers Social Challenges: License to Operate (SLO)

In general, an audit is known as an assessment and evaluation that involves collecting information about the system and financial statements of a company. Such audits are usually carried out by competent, independent and objective persons known as auditors or accountants. Internal auditors are those who are employees of a company in charge of auditing the company's internal control system. On the other hand, external auditors are independent staff appointed by an auditing firm to audit the financial statements of their clients in accordance with agreed approvals. Nevertheless, today audits often include not only the collection of information about the company's finances, but also environmental aspects and even the socioeconomic conditions of society.

Social workers, consultants or policy analysts usually conduct this social audit. According to (Boyd, 1998), social audit is: A process that enables an organization to assess and demonstrate its social, economic, and environmental benefits and limitations. It is a way of measuring the extent to which an organization lives up to the shared values and objectives it has committed to. Social auditing provides an assessment of the impact of an organization’s non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders.

The challenge in developing a CSR program audit protocol lies not only in the complexity of its formulation. But also, in its implementation, where social audits involve environmental and social aspects that are relatively more difficult to formulate and measure than financial aspects. Social auditing requires experts who have comprehensive competence in the environmental and social fields, in addition to the ability to apply various research methods.

The main difficulty in designing an audit system for standardized CSR programs is to formulate variables and indicators that are appropriate and can be applied to all sectors. The two main conditions that need to be met are as follows: (1) The definition of various categories should be applicable to all enterprises, industries and even social systems that allow comparative analysis to be carried out, and (2) Categories for classifying the activities of the enterprise must be stable over a period of time, so that historical comparisons can be made.

Many people believe that corporate social responsibility (CSR) is able to present a social license to operate (SLO) in local communities and other company stakeholders. In reality, CSR is not in line with SLO. The root of the problem lies in a CSR approach that dictates economic and social values.

Admittedly, although SLO research examines more extractive industries, a number of experts have begun to conduct SLO studies in other sectors, including forestry, agriculture, renewable energy, and paper (Litmanen et al., 2016). In CSR practice, many companies that give birth to one program do not come from derivatives of values and basic principles that have been agreed upon. The tendency that occurs is only to create insdentil programs that are not infrequently contrary to the needs of the community.

Departing from these factors, the SLO of a company can be seen in several levels. The SLO level is arranged in a hierarchical manner, so that the company's SLO can rise to a higher level or drop to a lower level (Thomson et al., 2011): First, withholding/ withdrawal. As the lowest level, people reject the company's business activities, so business continuity is stopped. Second, legitimacy boundary. At this level, the company's legitimacy refers not only to formal legal permits, but also to the company's efforts to provide information related to its business activities, listen to community needs, and respect local norms. Third, acceptance. This level emphasizes that community support for the company's business activities will arise if the company succeeds in gaining legitimacy (the previous level). Fourth, credibility boundary. If it is to rise to this level, the company needs to follow up and realize the community attention that has been listened to before. That way, it's not enough for companies to listen and give promises to the community. Fifth, approval. At this point, the company will be able to secure its resources and business activities if the company has managed to reach the previous two levels. Sixth, full-trust boundary. The realization of promises to the community turned out to be not enough to build harmonious relations. Therefore, this level can be obtained by the company if the company is able to initiate activities to its stakeholders, for example training to NGOs and government employees. Seventh, co-ownership. At this level, the community truly considers business activities not only for the benefit of the company, but their interests as well. Therefore, they take part by fully supporting and being responsible in maintaining the company's business continuity.

Local communities and other stakeholders revealed that the absorption of local labor is still a question mark. As the "rightful owner" of the oil and gas company's exploration and production area, the local people can only afford to be spectators. They did realize that they needed qualified qualifications to become employees of the oil and gas company, but the opportunity for menial jobs, such as welding iron, in the company's activities was very minimal. The narrative in the community even reveals that a number of local communities are "only" employed as *informal social security* to quell the demands of other residents during demonstrations. (Porter & Kramer, 2002) explain that the lack of attention to the interests of the local community has an impact on the company's internal costs.

With the spirit of *social-techno-entrepreneurship* as a form of integration of all components*,* a company cannot separate between economic and social values. Therefore, the interests of various parties can be accommodated simultaneously. Where the company must be able to present economic legitimacy (creation of job opportunities), social legitimacy (improvement of welfare), trust in interaction (the company's response defines problems in society and joint interaction in common life.

Social entrepreneurship in framing the company's business practices with the dynamics of community life is an institutional effort rooted in corporate commitment. This is indeed not populist, but the spirit of social entrepreneurship that is currently often practiced by many social business people is basically very relevant to be practiced by large-scale business people. Economic and social value need to be placed in the same box of interests as the conceptual basis of social-techno-entrepreneurship.

Where in the future social-techno-entrepreneurship can act as facilitators of change and contribute to creating new institutions and structures in their industry (Zahraie et al., 2016). In addition, this concept is a new way to participate in the commercialization of ideas, products, and services where exchanges between service providers result from. This social entrepreneurship refers to innovative behaviors by individuals or organizations in the private sector that place social goals at the center of corporate strategy (Galindo-Martín et al., 2020). So social entrepreneurship is included as an environmental entrepreneurship, which becomes a joint forum for synergy between the company and the development of the community around the company.

Companies in this spirit need to shift the conventional business paradigm to a much more inclusive face of business by making society a central actor in its production chain. Thus, the direction to obtain

SLO becomes a linear mission with the company's business practices, and CSR runs more optimally to capture two goals at once, namely business sustainability and community empowerment.

CONCLUSION

The conclusion: (1) CSR management requires businesses to implement environmental protection and economic development responsibilities, so they will take the initiative to develop environmental-related knowledge to adapt to changing external environmental requirements and use green technology to create market forces. (2) The company must create some of these sustainability reporting standards so that in the reporting process, in addition to financial statements, sustainability reports are also presented in the portfolio and shared publicly as a sign of the company's commitment to the implementation of sustainability programs. This sustainability report also needs to be approved by a licensed certified person. (3) A corporation cannot distinguish between economic and social values in the spirit of social-techno-entrepreneurship as a way of integrating all elements, so that the interests of multiple parties can be met concurrently.

To answer these social challenges, the corporate management must be able to present economic legitimacy (creation of job opportunities), social legitimacy (improvement of welfare), trust in interaction (corporate response defines problems in society and joint interaction in common life into a form of License to Operate for companies or non-profit organizations.

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